

Singapore's first listed business trust with golf course assets in Japan

ANNUAL DISTRIBUTION YIELD OF
9.1%⁽¹⁾
(including non-recurring items)
NORMALISED DISTRIBUTION YIELD OF **7.0%⁽²⁾**
(excluding non-recurring items)
FOR FORECAST YEAR 2015^{(3) (4)}



Offering of 782,025,000 Units (subject to the Over-Allotment Option)
Offering Price Range: S\$0.97 to S\$1.00 per Unit

Accordia Golf Trust Management Pte. Ltd. (Registration Number: 201407957D), as the trustee-manager (the “**Trustee-Manager**”) of Accordia Golf Trust (“**AG Trust**”), is making an offering (the “**Offering**”) of 782,025,000 units representing undivided interests in AG Trust (the “**New Units**”) for subscription at the offering price (the “**Offering Price**”) which will be between S\$0.97 per Unit (the “**Minimum Offering Price**”) and S\$1.00 per Unit (the “**Maximum Offering Price**”) and the range between the Minimum Offering Price and the Maximum Offering Price, the “**Offering Price Range**”). The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore (the “**Placement**”), (ii) an offering to the public in Singapore (the “**Singapore Public Offering**”) and (iii) a public offering without listing in Japan (the “**Japanese Public Offering**”). The minimum size of the Singapore Public Offering will be 41,163,000 Units. Investors subscribing for Units under the Singapore Public Offering will pay the Maximum Offering Price (subject to refund). There is one Unit in issue as at the date of this Prospectus. The total number of outstanding Units immediately after the completion of the Offering will be 1,099,122,000 Units.

Daiwa Capital Markets Singapore Limited and Citigroup Global Markets Singapore Pte. Ltd. are the joint global coordinators, bookrunners, issue managers and underwriters for the offering (together, the “**Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters**”) or the “**Joint Bookrunners**”). The Offering is fully underwritten at the Offering Price by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement (as defined herein).

Separate from the Offering, Accordia Golf Co., Ltd. (the “**Sponsor**” or “**Accordia Golf**”) will receive, as part settlement of the consideration for the acquisition of the Initial Portfolio, through the acquisition of the TK Interests (both as defined herein), an aggregate of 317,096,999 Units (the “**Consideration Units**”).

No Units shall be allotted or allocated on the basis of this Prospectus later than six months after the registration of this Prospectus by the Monetary Authority of Singapore (the “**Authority**” or the “**MAS**”). Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore. Application has been made to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to list on the Main Board of the SGX-ST (i) all the Units in issue, (ii) all the New Units, (iii) all the Consideration Units and (iv) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager’s fees. Such permission will be granted when AG Trust has been admitted to the Official List of the SGX-ST on the Listing Date. Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted by the SGX-ST to list and deal in and for quotation of the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor’s own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners.

AG Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) all the Units in issue, (ii) all the New Units, (iii) all the Consideration Units and (iv) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager’s fees on the Main Board of the SGX-ST. AG Trust’s eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or the Units.

Notes:

- (1) Based on the illustrative annual DPU yield (including non-recurring items) and the Minimum Offering Price
- (2) Based on the illustrative normalised DPU yield (excluding non-recurring items) and the Minimum Offering Price
- (3) Illustrative DPU yields are calculated by dividing the respective DPU in S\$, which is converted from JPY at the assumed exchange rate of JPY 81.16/US\$, by the respective estimated issue price. The forecast distribution yield is calculated based on the underlying assumptions in the Prospectus. Such yields will vary accordingly for investors who purchase the Units in the secondary market at a market price different from the Offering Price
- (4) The 12-month period from 1 April 2014 to 31 March 2015

AG Trust is a business trust (Registration Number: 2014002) registered under the Business Trusts Act, Chapter 31A of Singapore (the “**Business Trusts Act**” or “**BTA**”). A copy of this Prospectus has been lodged on 30 June 2014 with and registered on 21 July 2014 by the MAS. The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**” or “**SFA**”), or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the units in AG Trust being offered for investment.

See “**Risk Factors**” for a discussion of certain factors to be considered in connection with an investment in the Units. None of AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners guarantees the performance of AG Trust, the repayment of capital or the payment of a particular return on the Units.

In connection with the Offering, Citigroup Global Markets Singapore Pte. Ltd. (the “**Stabilising Manager**”) has been granted an over-allotment option (the “**Over-Allotment Option**”) by the Sponsor (the “**Unit Lender**”), exercisable by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in consultation with the Joint Bookrunners, in full or in part, on one or more occasions, to acquire from the Unit Lender up to an aggregate of 41,217,000 Units at the Offering Price representing not more than 5.3% of the total number of Units in the Offering, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earliest of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 41,217,000 Units representing not more than 5.3% of the total number of Units in the Offering, to undertake stabilising actions. The exercise of the Over-Allotment Option will not increase the total number of Units in issue. (See “**Plan of Distribution – Over-Allotment and Stabilisation**” for further details.)

Prospective investors applying for Units under the Singapore Public Offering by way of Application Forms or Electronic Applications (both as referred to in Appendix H, “**Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore**”), will have to pay the Maximum Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners), where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason, or (iii) if the Offering Price is less than the Maximum Offering Price. The Offering Price will be determined following a book-building process by agreement between the Trustee-Manager and the Joint Bookrunners on a date currently expected to be 24 July 2014 (the “**Price Determination Date**”), which date is subject to change. The Joint Bookrunners have no obligation whatsoever to agree to any price as constituting the Offering Price. If for any reason whatsoever, the Offering Price is not agreed between the Joint Bookrunners and the Trustee-Manager, the Offering will not proceed. Notice of the Offering Price will be published in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* not later than two calendar days after the Price Determination Date.

Nothing in this Prospectus constitutes an offer for Units for sale in the United States or any other jurisdiction where it is unlawful to do so. The Units have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and, accordingly, may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Units are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S under the U.S. Securities Act (“**Regulation S**”).

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.



Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters





Accordia Golf Trust

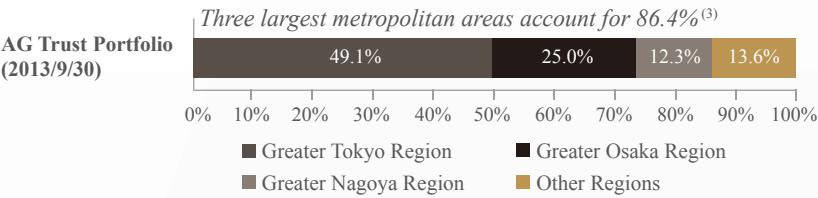
Presents A Unique Opportunity

To Invest In Japan’s Golfing Market

About Accordia Golf Trust (“AG Trust”)

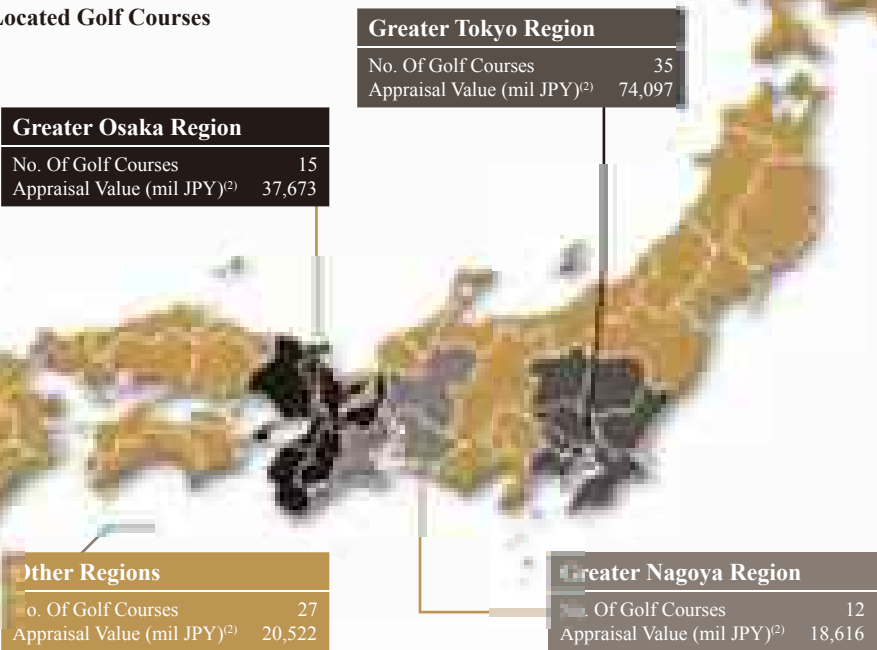
- First business trust comprising investments in golf course assets in Japan to be listed on the SGX-ST
- Initial Portfolio: 89⁽¹⁾ golf courses (including golf course related assets) located across Japan, valued at approximately JPY150,908 million⁽²⁾ (approximately S\$1,851 million)
- 86.4%⁽³⁾ of the Initial Portfolio Golf Courses, are located in the three largest metropolitan areas in Japan, which have better developed and well-maintained transport infrastructure and can be conveniently accessed by customers

Appraised Value⁽²⁾ of the Initial Portfolio Golf Courses



Source: Sponsor, CBRE, Tanizawa

Strategically Located Golf Courses



- Notes:
- (1) Calculated on the basis that Otsu Country Club, one of the Initial Portfolio Golf Courses with two courses, is a single golf course.
 - (2) Based on the real estate appraisals by CBRE K.K. (“CBRE”) and Tanizawa Sogo Appraisal Co., Ltd. (“Tanizawa”, together with CBRE, the “Independent Real Estate Appraisers”) as at 30 September 2013.
 - (3) This percentage is calculated by dividing (i) the aggregated appraised values by the Independent Real Estate Appraisers of the Initial Portfolio golf courses in the three largest metropolitan areas by (ii) the aggregated appraised values by the Independent Real Estate Appraisers of all the Initial Portfolio golf courses



Key Investment Highlights and Competitive Strengths

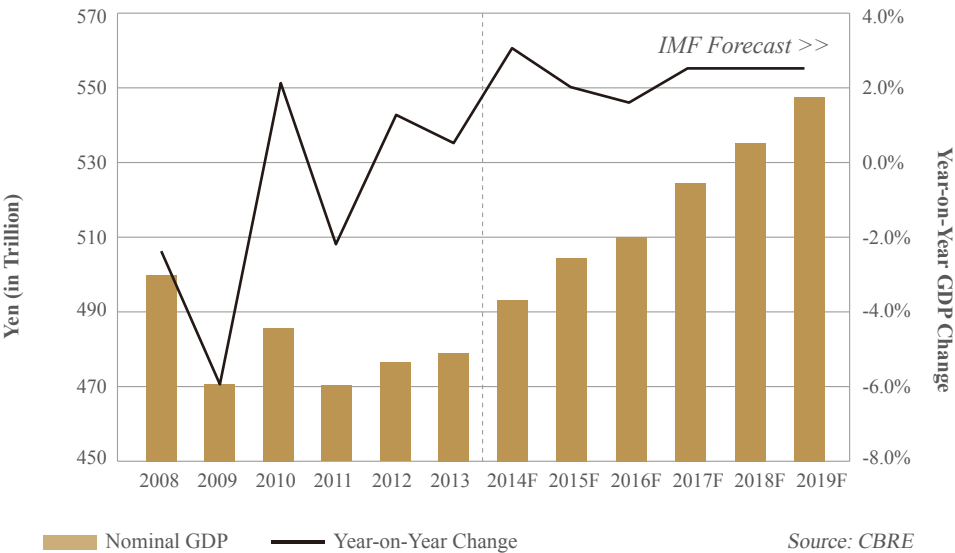
A unique opportunity to invest in the first SGX-listed business trust with an initial portfolio comprising golf course assets in Japan

Access and Exposure to the Golf Course Industry in Japan

POSITIVE MACRO-ECONOMIC TRENDS

- Japan’s golf market has consistently shown a strong positive correlation with the underlying condition of the economy
- The demand for golf and consequently for the courses owned by AG Trust, will benefit from the possible economic recovery across Japan

Japan Nominal GDP (Historical and Forecast)



CHANGE IN DEMOGRAPHICS WITH MORE SENIOR CITIZENS

- The increase in the number of senior golfers is anticipated to be a growth driver as senior golfers tend to play more rounds per year, especially those who have reached retirement age

RETURN OF GOLF TO THE OLYMPIC GAMES IN 2016 AND TOKYO TO HOST THE 2020 SUMMER OLYMPICS

- Return of golf to the Olympic Games in 2016 is expected to impact the appeal and popularity of golf and increase world-wide coverage and sponsorship of golf events
- Tokyo to host the 2020 Summer Olympics, which will enhance the visibility of golf and golf courses in Japan

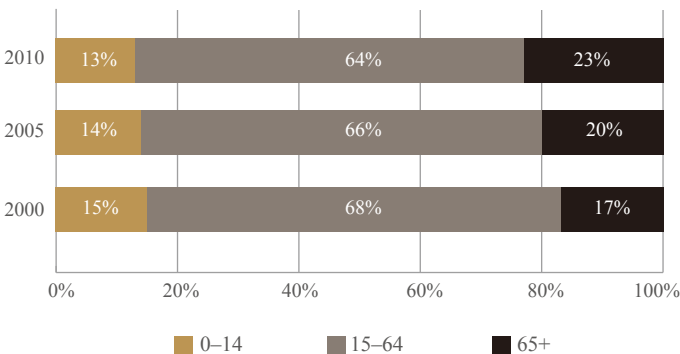
PLANS TO GROW TOURISM IN JAPAN TO BENEFIT GOLF TOURISM

- Japanese government targets to increase the annual number of foreign visitors to 18 million by 2016 and 25 million by 2020
- Depreciation of the yen, the deregulation of visa-related procedures, the proposal to legalise casinos in Japan and the Olympics Games could contribute to growth in tourism and an increase in golf course usage in Japan

LIMITED SUPPLY OF GOLF COURSES IN JAPAN DUE TO HIGH BARRIERS OF ENTRY IN THE MARKET

- High land cost and large land area required
- Construction cost of average golf course at least US\$50 – 60 million (approximately JPY 5 – 6 billion)
- Market competition, maintenance expertise and economies of scale required to successfully enter market

Population Profile in Japan



Quality initial portfolio of golf courses to provide stable and attractive yield

A WELL-DIVERSIFIED AND BALANCED INITIAL PORTFOLIO WITH LOW CUSTOMER CONCENTRATION RISK

- No single golf course accounts for more than 6.0% of the aggregate appraised value of the Initial Portfolio as at 30 September 2013

LOCATED MAINLY IN THE THREE LARGEST METROPOLITAN AREAS IN JAPAN WITH GOOD ACCESS TO DENSELY POPULATED CITIES

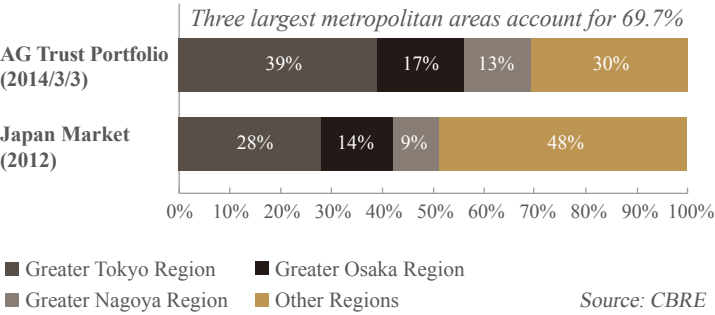
- Generally able to attract more visitors and generate higher revenue
- Better developed and well-maintained transport infrastructure and can be conveniently accessed by customers
- Weather conditions are more stable
- Liquidity of assets will be higher in the event of a sale, as compared to those located in regions outside of the three largest metropolitan areas in Japan

INITIAL PORTFOLIO OF INCOME-GENERATING STABILISED GOLF COURSES AND GOLF COURSE RELATED ASSETS CAPABLE OF GENERATING A STABLE AND ATTRACTIVE YIELD

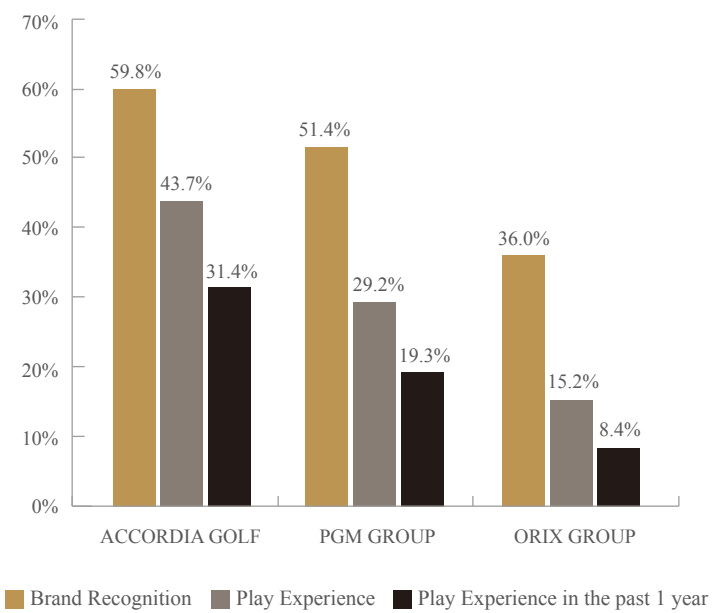
- Operated under the “Accordia” brand, which enjoys the highest brand recognition among the three major golf course operators in Japan⁽⁴⁾
- High utilisation rate of 75.9% on average in FY2013
- The “Accordia” brand golf courses tend to be more resilient to economic downturns given their relatively reasonable fees and cost efficient operations



Number of Golf Courses



Brand Recognition and Play Experience Survey of the Three Major Golf Courses Operators in Japan⁽⁴⁾



Note:
⁽⁴⁾ Based on the internet survey of 2,000 people who played golf in the most recent one year done by MACROMILL, INC in 9/2013. The survey was commissioned by the Sponsor as part of its annual survey on the trend of golfers. MACROMILL, INC has not provided its consent, for purposes of Section 2821 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



Strong growth opportunities

STRONG EXTERNAL GROWTH OPPORTUNITIES BASED ON A VISIBLE PIPELINE

Sponsor's Portfolio post-IPO

- The Sponsor has identified 26 golf courses held by the Sponsor and operated under the "Accordia" brand which could potentially be offered to AG Trust
- The Sponsor has granted AG Trust:
 - (i) a right of first refusal over any golf course business to be acquired or disposed by the Sponsor which falls within AG Trust's investment mandate;
 - (ii) certain rights to initiate discussions with the Sponsor; and
 - (iii) certain undertakings to offer, and a call option over, the existing and future golf course business which are held by the Sponsor under the "Accordia" brand
- Sponsor has acquired as many as 59 golf courses between FY2006 and FY2013 and is expected to continue acquiring golf courses in future

Third Party Acquisition Opportunities

- Only 295 or 12.3% of the 2,405 golf courses in Japan are affiliated to major golf course operators⁽⁵⁾ and operators of such golf courses may find it necessary to sell their golf courses whether as part of a legal liquidation procedure due to poor business performance or on a voluntary basis

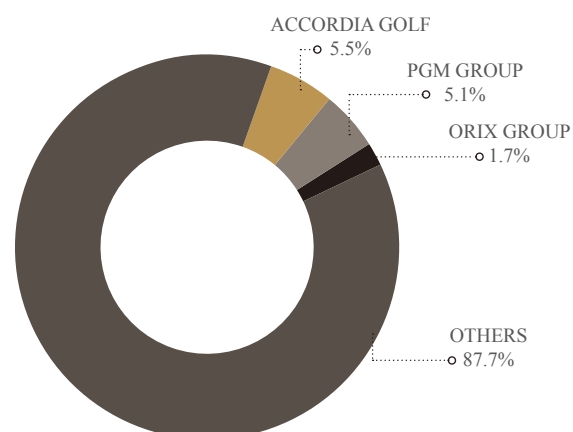
INTERNAL GROWTH OPPORTUNITIES

- AG Trust to fully capitalise on the Sponsor's strengths, such as its network, customer base and existing strategies in increasing the revenue of the golf courses in the Initial Portfolio managed and operated by the Sponsor pursuant to the Golf Course Management Agreement under which the Sponsor will provide golf course management and other services in respect of the Initial Portfolio Golf Courses
- Implementation of streamlining measures, including operational cost optimisation and administrative rationalisation

Note:

(5) Major golf course operators include PGM and ORIX Group, which are the second and third largest golf course operators as of March 2013.

Market Share of Golf Courses as at March 2013



Source: CBRE



Sponsorship by Japan’s Leading Golf Course Operator

COMPREHENSIVE SUPPORT UNDER THE SPONSOR SUPPORT AGREEMENT

- AG Trust will leverage on the expertise, know-how and experience of the Sponsor in golf course management, the strong brand awareness of the Sponsor in the golf course management industry, as well as established value chains associated with golf courses held by the Sponsor

LEVERAGING ON THE SPONSOR’S STRONG NETWORK OF RELATIONSHIPS WITH FINANCIAL INSTITUTIONS AND AG TRUST’S CONSERVATIVE CAPITAL STRUCTURE TO SUPPORT FUTURE GROWTH

ALIGNMENT OF INTEREST BETWEEN SPONSOR AND UNITHOLDERS

- The Sponsor will, immediately after the completion of the Offering, be the largest Unitholder of AG Trust, holding an aggregate of 28.85% of the Units upon listing of AG Trust (assuming the Over-Allotment Option is not exercised) or an aggregate of 25.10% of the Units upon listing of AG Trust (assuming the Over-Allotment Option is exercised fully), and intends to maintain its stake in AG Trust



- About the Sponsor
- Accordia Golf Co., Ltd., is the leading golf course operator in Japan
 - Operates 135 golf courses and 26 driving ranges as at the Latest Practicable Date
 - Listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY136.5 billion or S\$1.67 billion as at the Latest Practicable Date

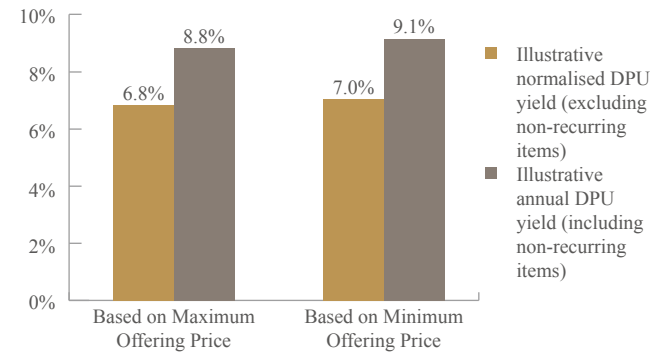
- About the Trustee-Manager
- Accordia Golf Trust Management Pte. Ltd. is 49.0% held by the Sponsor and 51.0% held by Daiwa Real Estate Asset Management Co. Ltd., a wholly-owned subsidiary of Daiwa Securities Group Inc.
 - The Trustee-Manager’s management team has significant experience in Japan’s golf course industry and the golf course management business

- ASSET MANAGEMENT STRATEGY:
- Increase revenue of the Initial Portfolio
 - Acquisition of new assets and divestment of under-performing assets
 - Optimising and improving operational efficiency and reducing operating costs

- RISK AND CAPITAL MANAGEMENT STRATEGY:
- Assess risks relating to AG Trust’s business
 - Optimise overall capital structure of AG Trust and its assets (including the Initial Portfolio)
 - Proactively manage overall financing costs
 - Utilise hedging techniques as appropriate to manage the foreign exchange exposure

- ACQUISITION AND GROWTH STRATEGY
- A right of first refusal and call option over the Sponsor’s pipeline of golf courses and driving ranges
 - Pursue selective acquisition opportunities to expand AG Trust’s business and portfolio of assets

Distribution Yield for Forecast Year 2015⁽⁶⁾⁽⁷⁾



ATTRACTIVE DISTRIBUTION YIELD

ANNUAL DISTRIBUTION YIELD OF

9.1%⁽⁸⁾

(including non-recurring items)

NORMALISED DISTRIBUTION YIELD OF 7.0%⁽⁹⁾

(excluding non-recurring items)

FOR FORECAST YEAR 2015⁽⁶⁾⁽⁷⁾

- To distribute 100.0% of AG Trust’s Distributable Income for Forecast Year 2015
- First distribution will be for the period from the Listing Date and ending on 31 March 2015
- To distribute at least 90.0% of AG Trust’s Distributable Income thereafter

Notes:

(6) Illustrative DPU yields are calculated by dividing the respective DPU in S\$, which is converted from JPY at the assumed exchange rate of JPY 81.16/ S\$, by the respective estimated issue price. The forecast distribution yield is calculated based on the underlying assumptions in the Prospectus. Such yields will vary accordingly for investors who purchase the Units in the secondary market at a market price different from the Offering Price

(7) The 12-month period from 1 April 2014 to 31 March 2015

(8) Based on the illustrative annual DPU yield (including non-recurring items) and the Minimum Offering Price

(9) Based on the illustrative normalised DPU yield (excluding non-recurring items) and the Minimum Offering Price





Collaboration with Daiwa Securities Group, which is highly experienced in asset management

- Daiwa Real Estate Asset Management Co. Ltd., the real estate asset management arm of Daiwa Securities Group, will be appointed as the asset manager
- It has a strong proven track record and experience in the management of listed REITs, having been engaged as a real estate asset manager of J-REITs since 2005 and is licensed to provide investment management, advisory and agency services
- AG Trust will be able to leverage Daiwa Real Estate Asset Management Co. Ltd.'s supervisory function and investment advisory capabilities through its role as the asset manager

Indicative timetable

Event	Date & Time
Opening Date & Time for Public Offer	22 July 2014, 9:00 a.m.
Closing Date & Time for Public Offer	24 July 2014, 12:00 p.m.
Listing on the SGX-ST	1 August 2014, 2:00 p.m.



TABLE OF CONTENTS

NOTICE TO INVESTORS	iii
FORWARD-LOOKING STATEMENTS	v
MARKET AND INDUSTRY INFORMATION	vii
CERTAIN DEFINED TERMS AND CONVENTIONS	viii
OVERVIEW	1
RISK FACTORS	71
USE OF PROCEEDS	98
INFORMATION CONCERNING THE UNITS	102
DISTRIBUTIONS	104
EXCHANGE RATE INFORMATION AND EXCHANGE CONTROLS	106
CAPITALISATION AND INDEBTEDNESS	108
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	119
UNAUDITED PRO FORMA FINANCIAL INFORMATION	147
PROFIT AND CASH FLOW FORECAST	151
THE RESTRUCTURING EXERCISE	176
THE BUSINESS OF ACCORDIA GOLF TRUST	183
OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN JAPAN	274
OVERVIEW OF THE GOLF COURSE INDUSTRY	282
THE TRUSTEE-MANAGER	297
THE SPONSOR	316
CORPORATE GOVERNANCE	326
INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST	332
THE CONSTITUTION OF ACCORDIA GOLF TRUST	354
CERTAIN AGREEMENTS RELATING TO ACCORDIA GOLF TRUST	365
TAXATION	414
PLAN OF DISTRIBUTION	418
CLEARANCE AND SETTLEMENT	428
EXPERTS	429
REPORTING ACCOUNTANT	430
GENERAL AND STATUTORY INFORMATION	431
GLOSSARY	438

APPENDIX A	–	REPORTING ACCOUNTANT’S REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND FOR THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013	A-i
APPENDIX B	–	REPORTING ACCOUNTANT’S REPORT ON THE PROFIT AND CASH FLOW FORECAST OF ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2015	B-1
APPENDIX C	–	INDEPENDENT TAXATION REPORT	C-1
APPENDIX D	–	INDEPENDENT FINANCIAL ADVISER REPORT ON CERTAIN INTERESTED PERSON TRANSACTIONS	D-1
APPENDIX E	–	INDEPENDENT REAL ESTATE VALUATION SUMMARY REPORTS	E-1
APPENDIX F	–	INDEPENDENT VALUATION SUMMARY LETTER	F-1
APPENDIX G	–	INDEPENDENT REPORT ON THE GOLF COURSE INDUSTRY . .	G-1
APPENDIX H	–	TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE	H-1
APPENDIX I	–	LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS	I-1

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of any of AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners. If anyone provides you with different or inconsistent information, you should not rely upon it.

Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of AG Trust, the Trustee-Manager or the Units since the date of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 282D of the SFA and take immediate steps to comply with the said Section 282D. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

None of AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any subscriber of Units regarding the legality of an investment by such subscriber under any securities, investment or similar laws. In addition, this Prospectus is issued solely for the purpose of the Offering and prospective investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, business, financial or tax and related aspects of an investment in the Units.

By applying for the Units on the terms and subject to the conditions in this Prospectus, each investor in the Units represents and warrants that, except as otherwise disclosed to the Trustee-Manager and the Joint Bookrunners in writing, he is not (i) a Director or substantial shareholder/Unitholder of AG Trust, the Trustee-Manager or the Sponsor, (ii) an associate of any of the persons mentioned in (i), or (iii) a connected client of any Joint Bookrunner or lead broker or distributor of the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

Daiwa Capital Markets Singapore Limited	Citigroup Global Markets Singapore Pte. Ltd.
6 Shenton Way OUE Downtown 2	8 Marina View
#26-08	#21-00 Asia Square Tower 1
Singapore 068809	Singapore 018960

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: <<http://www.sgx.com>>.

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, the Independent Report on the Golf Course Industry, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from

sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Trustee-Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Trustee-Manager has not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein.

The distribution of this Prospectus and the offering, subscription, sale or transfer of the Units in certain jurisdictions may be restricted by law. AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners require persons into whose possession this Prospectus comes, to inform themselves about and to observe any such restrictions at their own expense and without liability to any of AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners. This Prospectus does not constitute, and the Trustee-Manager, the Sponsor and the Joint Bookrunners are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued must not circulate it to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. For investors in member states of the European Economic Area, a separate document on the applicable disclosure requirements under the Alternative Investment Fund Managers Directive 2011/61/EU will be provided together with the Prospectus.

The Units have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Units are being offered or sold outside the United States in reliance on Regulation S.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute “forward-looking statements”. This Prospectus also contains forward-looking financial information in “Profit and Cash Flow Forecast”. All statements other than statements of historical facts included in this Prospectus, including those regarding the future financial position and results of AG Trust, the business strategy, plans and objectives of the Trustee-Manager for future operations of AG Trust (including development plans and dividends) and statements on future changes in the industry, are forward-looking statements. These forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of AG Trust, the Trustee-Manager or the Sponsor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements and financial information. These forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager’s present and future business strategies and the environment in which AG Trust, the Trustee-Manager and the Sponsor will operate in the future. As these statements and financial information reflect the Trustee-Manager’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any undue reliance on these forward-looking statements.

The important factors that could cause AG Trust’s or the Trustee-Manager’s actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to:

- general global, regional and local economic conditions, particularly in Japan;
- regulatory developments and changes in the golf course industry;
- implementation of new or changes in government regulations, including tax or licensing laws, particularly in Japan;
- the ability of the Trustee-Manager to successfully execute the business strategies of AG Trust;
- changes in the need for capital and the availability of financing and capital to fund these needs;
- changes in interest rates or rates of inflation;
- breaches of laws or regulations in the operation and management of AG Trust and other future businesses and assets;
- the ability of the Trustee-Manager and New SPC to anticipate and respond to changes in the golf course industry and in customer demand, trends and preferences;
- man-made or natural disasters, including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God such as floods, earthquakes, typhoons and other adverse weather and natural conditions that affect the business or assets of AG Trust;
- the loss of key personnel of the Trustee-Manager and New SPC (as defined below) and the inability to replace such personnel on a timely basis or on terms acceptable to the Trustee-Manager or AG Trust;

- foreign currency exchange rate fluctuations, including fluctuations in the exchange rates of currencies that are used in the business of AG Trust;
- legal, regulatory and other proceedings arising out of the operations of AG Trust;
- general global, regional and local political and social conditions and the implementation of or changes to existing government policies in the jurisdictions where AG Trust operates now or in the future, particularly Japan;
- delays in obtaining business related approvals;
- timing of cash flows;
- the acquisition of new golf courses and associated capital expenditure;
- business trust expenses;
- other factors beyond the control of AG Trust; and
- other matters not yet known to AG Trust.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Profit and Cash Flow Forecast”, “Distributions” and “The Business of Accordia Golf Trust”. These forward-looking statements and financial information speak only as at the date of this Prospectus. AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Trustee-Manager’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. The Trustee-Manager has commissioned CBRE K.K. (“**CBRE**”), to prepare a report on the global golf course industry for the purpose of inclusion in this Prospectus, including data (actual, estimated and forecast) relating to, among other things, demand and market share information. While the Trustee-Manager believes that the third party information and data contained in this Prospectus are reliable, the Trustee-Manager cannot ensure the accuracy of the information or data, and the Trustee-Manager, the Sponsor and the Joint Bookrunners and any of their affiliates or advisers have not independently verified this information or data or ascertained the underlying economic assumptions relied upon therein.

CERTAIN DEFINED TERMS AND CONVENTIONS

AG Trust will publish its financial statements in Japanese yen. In this Prospectus, references to “S\$”, “SGD”, “Singapore dollars” or “Singapore cents” are to the lawful currency of Singapore, references to “U.S.\$”, “U.S. dollars” or “U.S. cents” are to the lawful currency of the United States of America and references to “¥”, “JPY” or “Japanese yen” are to the lawful currency of Japan.

For the reader’s convenience, certain Japanese yen amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations have been made based on the exchange rate as at 16 June 2014, being the latest practicable date prior to the lodgment of this Prospectus with the MAS (the “**Latest Practicable Date**”), of JPY81.52 = S\$1.00. Such translations should not be construed as representations that the Japanese yen or Singapore dollar amounts referred to could have been, or could be, converted into Japanese yen or Singapore dollars, as the case may be, at that rate indicated or any other rate or at all. See “Exchange Rate Information and Exchange Controls” for further information regarding rates of exchange between the Japanese yen and the Singapore dollar.

Unless otherwise specified, references to revenue from the golf courses excludes revenue from the Pro-Shop Business (as defined herein). See “The Restructuring Exercise – Details of the Restructuring – 5. The Arrangement of the Pro-Shop Business” for details of the Pro-Shop Business arrangement.

Capitalised terms used in this Prospectus have the meanings set out in the Glossary.

The forecast yields are calculated based on the Minimum Offering Price and the Maximum Offering Price. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Minimum Offering Price and the Maximum Offering Price.

Where appropriate, certain figures that appear in this Prospectus have been rounded. Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding.

References to “Appendix” or “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

In this Prospectus, references to “SPC” is to Accordia Golf Asset Godo Kaisha in general, while references to “New SPC” is to the same entity after the Merger (as defined herein). See “The Restructuring Exercise” for further details.

OVERVIEW

*The following overview is qualified in its entirety by, and is subject to, the more detailed information contained in or referred to elsewhere in this Prospectus. The meanings of terms not defined in this overview can be found in the Glossary or in the trust deed of AG Trust (the “**Trust Deed**”). A copy of the Trust Deed can be inspected at the registered office of the Trustee-Manager, which is located at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809.*

Statements contained in this overview that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions that could cause actual results, performance or achievements of AG Trust or the Trustee-Manager to differ materially from those forecasted in this Prospectus (see “Forward-Looking Statements”). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this overview, but should read this Prospectus in its entirety and, in particular, the sections from which the information in this overview is extracted and “Risk Factors” to better understand the Offering and AG Trust’s businesses and risks.

INTRODUCTION TO ACCORDIA GOLF TRUST

AG Trust is the first business trust comprising investments in golf course assets in Japan to be listed on the SGX-ST. AG Trust is constituted with the principal investment strategy of investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses, driving ranges and golf course related assets worldwide, with an initial focus on Japan. For the avoidance of doubt, “golf course related assets” means assets which are located on the golf courses and driving ranges and integral to the golf course business, including golf club houses and hotels. AG Trust will not be involved in the business of developing golf courses or developing or acquisition of hotels or hotel businesses which are not related to any golf course business.

The Trustee-Manager’s key objectives are to invest in golf courses, driving ranges and golf course related assets that are able to generate long-term, stable cash flows, while paying continuous distributions to Unitholders and maximising long-term investment returns of Unitholders by generating long-term capital value growth through future acquisitions.

AG Trust’s initial portfolio (the “**Initial Portfolio**”) will comprise 89¹ golf courses (including the golf course related assets relating to such golf courses) located across Japan (the “**Initial Portfolio Golf Courses**”), with 86.4%² of the Initial Portfolio Golf Courses, based on their appraised values as at 30 September 2013, located in the three largest metropolitan areas in Japan, namely, the Greater Tokyo Region, the Greater Nagoya Region and the Greater Osaka Region (see map – “The Three Largest Metropolitan Areas in Japan” below). 10 of the Initial Portfolio Golf Courses have hotel facilities located on them. The Initial Portfolio is valued³ at an aggregate of

1 Calculated on the basis that Otsu Country Club Course, one of the Initial Portfolio Golf Courses with two courses, is a single golf course.

2 This percentage is calculated by dividing (i) the aggregated appraised values by the Independent Real Estate Appraisers of the Initial Portfolio Golf Courses in the three largest metropolitan areas by (ii) the aggregated appraised values by the Independent Real Estate Appraisers of all the Initial Portfolio Golf Courses.

3 Based on the real estate appraisals conducted by the Independent Real Estate Appraisers (as defined herein), CBRE valued 30 Initial Portfolio Golf Courses at approximately JPY42,881 million as at 30 September 2013 and Tanizawa Sogo Appraisal Co., Ltd. (“**Tanizawa**”) valued the remaining 59 Initial Portfolio Golf Courses at approximately JPY108,027 million as at 30 September 2013.

approximately JPY150,908 million (equivalent to approximately S\$1,851 million) as at 30 September 2013 by CBRE and Tanizawa (each an “**Independent Real Estate Appraiser**” and together, the “**Independent Real Estate Appraisers**”). (See Appendix E – “Independent Real Estate Valuation Summary Reports”).)

The Trustee-Manager will acquire the Initial Portfolio, through the acquisition of the TK Interests, at an acquisition price of S\$945 million¹, based on the valuation by PricewaterhouseCoopers Co., Ltd. (the “**Independent Valuer**”). This value is based on the valuation by the Independent Valuer using the discounted cash flow method, being JPY81,982 million² (equivalent to approximately S\$1,006 million), and is net of net debt (comprising intercompany loans and lease obligations) and the value attributable to membership interests in New SPC.

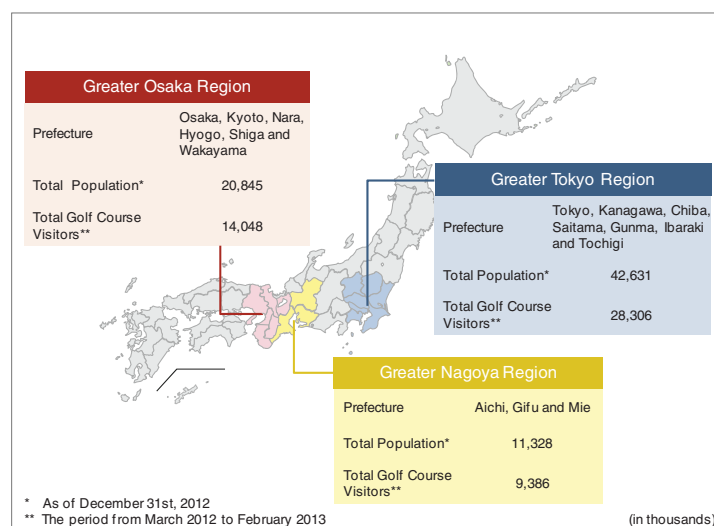
The acquisition price of the TK Interests is based on the valuation by the Independent Valuer and not the valuations by the Independent Real Estate Appraisers as AG Trust is acquiring the TK Interests, being the business of New SPC (which takes into consideration working capital of New SPC and debt) and not the golf courses as real estate assets. In adopting the discounted cash flow method, the results of the real estate appraisals were not applied.

In addition, as the real estate appraisals are based on the cash flows of the golf courses and there have not been damages to the buildings or significant deterioration of the course conditions resulting from disasters such as earthquakes to have resulted in an adverse change to the real estate appraisals as at 30 September 2013, the Trustee-Manager is of the view that there should not be any material differences to the real estate appraisals as at 30 September 2013 and an update thereof is not necessary.

1 This is a provisional acquisition price based on the Maximum Offering Price and is subject to adjustment under the TK Interest Transfer Agreement (as defined herein) based on the actual Offering Price, and subject to a minimum acquisition price of S\$913 million (based on the Minimum Offering Price).

2 The Independent Valuer’s valuation of the fair value of the TK Interests lies in the range of JPY61,223 million (equivalent to approximately S\$751 million) to JPY81,982 million (equivalent to approximately S\$1,006 million).

The Three Largest Metropolitan Areas in Japan



(See Appendix G – “Independent Report on the Golf Course Industry”).

The population in Japan is unevenly distributed, with the majority located in the Greater Tokyo Region, the Greater Nagoya Region and the Greater Osaka Region. Golf courses located in these densely populated areas, as compared to other regions in Japan, are generally able to attract more visitors and generate higher revenue. These areas have better developed and well-maintained transport infrastructure and can be conveniently accessed by customers. In addition, weather conditions in these three largest metropolitan areas are generally more stable (for instance, shutdown periods due mainly to snowfalls are shorter).

(See “– Key Investment Highlights and Competitive Strengths – (III) Quality initial portfolio of golf courses to provide stable and attractive yield – Portfolio located mainly in the three largest metropolitan areas in Japan with good access from densely populated cities”).

The tables below set out certain information on the Initial Portfolio:

Summary of the Number of Golf Courses, Holes and Appraisal Value of the Initial Portfolio by Region

Regions	Number of Courses	%	Number of Holes	%	Appraisal Value⁽¹⁾ (JPY/SGD 'million) As at 30 September 2013	%
Three Largest Metropolitan Areas in Japan	62	69.7	1,375	72.1	JPY130,386 SGD1,599	86.4
Greater Tokyo Region	35	39.3	781	41.0	JPY74,097 SGD909	49.1
Greater Osaka Region	15	16.9	369	19.4	JPY37,673 SGD462	25.0
Greater Nagoya Region	12	13.5	225	11.8	JPY18,616 SGD228	12.3
Other Regions	27	30.3	531	27.9	JPY20,522 SGD252	13.6
Total	89	100	1,906	100	JPY150,908 SGD1,851	100

Note:

- (1) Based on the real estate appraisals as at 30 September 2013 conducted by each of the Independent Real Estate Appraisers.

Summary of the Revenue of the Initial Portfolio by Region

Regions	Revenue ⁽¹⁾ (JPY/SGD 'million)				
	FY2011	FY2012	FY2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
Three Largest Metropolitan Areas in Japan ⁽²⁾	JPY45,140 SGD554 (79.9%)	JPY43,878 SGD538 (80.0%)	JPY43,752 SGD537 (79.9%)	JPY35,221 SGD432 (79.6%)	JPY34,657 SGD425 (79.5%)
Greater Tokyo Region ⁽²⁾	JPY24,782 SGD304 (43.9%)	JPY23,771 SGD292 (43.3%)	JPY23,932 SGD294 (43.7%)	JPY19,235 SGD236 (43.5%)	JPY18,810 SGD231 (43.2%)
Greater Osaka Region ⁽²⁾	JPY13,239 SGD162 (23.4%)	JPY12,919 SGD158 (23.5%)	JPY12,609 SGD155 (23.0%)	JPY10,125 SGD124 (22.9%)	JPY10,119 SGD124 (23.2%)
Greater Nagoya Region ⁽²⁾	JPY7,119 SGD87 (12.6%)	JPY7,188 SGD88 (13.1%)	JPY7,211 SGD88 (13.2%)	JPY5,861 SGD72 (13.2%)	JPY5,728 SGD70 (13.1%)
Other Regions ⁽²⁾	JPY11,357 SGD139 (20.1%)	JPY10,999 SGD135 (20.0%)	JPY11,021 SGD135 (20.1%)	JPY9,025 SGD111 (20.4%)	JPY8,931 SGD110 (20.5%)
Sub total ⁽²⁾	JPY56,497 SGD693 (100%)	JPY54,877 SGD673 (100%)	JPY54,773 SGD672 (100%)	JPY44,246 SGD543 (100%)	JPY43,588 SGD535 (100%)
Adjustment ⁽³⁾	JPY(544) SGD(7)	JPY(947) SGD(12)	JPY(1,179) SGD(15)	JPY(902) SGD(11)	JPY(820) SGD(10)
Total ⁽⁴⁾	JPY55,953 SGD686	JPY53,930 SGD662	JPY53,594 SGD657	JPY43,344 SGD532	JPY42,768 SGD525

Notes:

- (1) Revenue includes golf course revenue (playing fees (green fee and cart fee) and others), restaurant revenue, membership revenue (annual membership fee, new membership fee and name transfer fee) from the golf course.
- (2) Calculated by the sum of the revenues of individual golf courses in the regions.
- (3) Adjustment for reconciliation with the unaudited pro forma financial information of AG Trust.
- (4) Based on the unaudited pro forma financial information of AG Trust.

Summary of Net Operating Income of the Initial Portfolio by Region⁽¹⁾

Regions	NOI ⁽²⁾ (JPY/SGD 'million)				
	FY2011	FY2012	FY2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
Three Largest Metropolitan Areas in Japan ⁽³⁾	JPY15,863 SGD195 (83.9%)	JPY15,702 SGD193 (83.9%)	JPY15,737 SGD193 (83.2%)	JPY13,354 SGD164 (83.0%)	JPY12,783 SGD157 (82.8%)
Greater Tokyo Region ⁽³⁾	JPY8,986 SGD110 (47.5%)	JPY8,731 SGD107 (46.6%)	JPY8,846 SGD109 (46.8%)	JPY7,489 SGD92 (46.6%)	JPY7,032 SGD86 (45.6%)
Greater Osaka Region ⁽³⁾	JPY4,817 SGD59 (25.5%)	JPY4,703 SGD58 (25.1%)	JPY4,490 SGD55 (23.7%)	JPY3,782 SGD46 (23.5%)	JPY3,748 SGD46 (24.3%)
Greater Nagoya Region ⁽³⁾	JPY2,060 SGD25 (10.9%)	JPY2,268 SGD28 (12.1%)	JPY2,401 SGD29 (12.7%)	JPY2,083 SGD26 (13.0%)	JPY2,003 SGD25 (13.0%)
Other Regions ⁽³⁾	JPY3,047 SGD37 (16.1%)	JPY3,015 SGD37 (16.1%)	JPY3,172 SGD39 (16.8%)	JPY2,726 SGD33 (17.0%)	JPY2,653 SGD33 (17.2%)
Sub total ⁽³⁾	JPY18,910 SGD232 (100%)	JPY18,717 SGD230 (100%)	JPY18,909 SGD232 (100%)	JPY16,080 SGD197 (100%)	JPY15,436 SGD189 (100%)
Adjustment ⁽⁴⁾	JPY(932) SGD(11)	JPY(322) SGD(4)	JPY(563) SGD(7)	JPY(293) SGD(4)	JPY(220) SGD(3)
Total	JPY17,978 SGD221	JPY18,395 SGD226	JPY18,346 SGD225	JPY15,787 SGD194	JPY15,216 SGD187

Notes:

- (1) Based on the unaudited pro forma financial information of AG Trust.
- (2) NOI has been calculated by deducting merchandise and material expense, labour cost and other operating expenses from revenue.
- (3) Calculated by the sum of the NOIs of individual golf courses in the regions.
- (4) Adjustment for reconciliation with the unaudited pro forma financial information of AG Trust.

Summary of the Number of Visitors and Utilisation Rate of the Initial Portfolio by Region

Regions	Average Number of Annual Visitors per 18 Holes					Utilisation Rate (%) ⁽¹⁾				
	FY2011	FY2012	FY2013	Nine-month period ended 31 December		FY2011	FY2012	FY2013	Nine-month period ended 31 December	
				2012	2013				2012	2013
Three Largest Metropolitan Areas in Japan	54,151	54,257	55,998	44,846	44,644	76.3	75.7	78.5	81.8	81.6
Greater Tokyo Region	53,327	52,638	55,068	44,103	43,166	75.3	73.7	77.5	80.4	79.1
Greater Osaka Region	57,275	57,275	57,933	46,344	47,475	80.2	79.0	80.4	84.4	86.5
Greater Nagoya Region	51,734	54,927	55,988	44,968	45,130	73.6	77.5	78.5	82.3	82.5
Other Regions	43,839	44,130	45,262	37,111	37,418	66.8	67.2	68.9	70.4	70.4
Total	51,278	51,435	53,007	42,691	42,631	73.8	73.5	75.9	78.7	78.6

Note:

- (1) Utilisation rate is calculated based on the following formula for each region:

Utilisation rate = Total number of visitors per 18 holes/Total operating days × 200 persons.

“200 persons” in this formula is a standardised maximum visitor capacity per 18 holes per day (50 parties with 4 players per day) used by the Sponsor based on its experience in operating golf courses. However, as this is only an assumed maximum visitor capacity and the number of visitors in a day can exceed 200, the utilisation rate of certain Initial Portfolio Golf Courses can exceed 100% (see the utilisation rates of certain of the top 10 golf courses in the Initial Portfolio by appraisal value as at 30 September 2013 under “The Business of Accordia Golf Trust – The Initial Portfolio – Top 10 Golf Courses”).

While the utilisation rate is not a measure of golf course operations commonly used in the industry, the Trustee-Manager believes that this measure reflects the level of efficiency in the operation and capacity utilisation of a golf course in a meaningful manner.

As shown in the table “Summary of the Number of Visitors and Utilisation Rate of the Initial Portfolio by Region”, the golf courses located in the three largest metropolitan areas in Japan have consistently attracted a significantly higher number of visitors in the past, resulting in their higher utilisation rates compared to the golf courses in other regions. Having 86.4% of the Initial Portfolio Golf Courses located in the three largest metropolitan areas on an appraisal value basis, in turn, contributes to the stability of revenue of the Initial Portfolio.

AG Trust will invest in the Initial Portfolio through a *tokumei kumiai* structure (the “**TK Structure**”), where AG Trust will enter into a Japanese *tokumei kumiai* arrangement (“**TK arrangement**”) as a *tokumei kumiai* investor (“**TK Investor**”) with the special purpose vehicle (“**New SPC**”), which will be the *tokumei kumiai* operator (“**TK Operator**”) under the TK arrangement. (See “The Business of Accordia Golf Trust – Structure of Accordia Golf Trust – Overview of, Key Features of and Rationale for TK Structure” for the key features of and rationale for adopting the TK Structure and “The Restructuring Exercise”).

The Trustee-Manager is 49.0% held by the Sponsor and 51.0% held by Daiwa Real Estate Asset Management Co. Ltd. (the “**TM Partner**”), a wholly-owned subsidiary of Daiwa Securities Group Inc. (“**Daiwa Securities Group**”). The TM Partner will also be the asset manager of the Initial Portfolio Golf Courses (the “**Asset Manager**”), pursuant to an asset management agreement (the “**Asset Management Agreement**”) entered into with New SPC.

The Sponsor of AG Trust is Accordia Golf Co., Ltd., the leading golf course operator in Japan operating 135 golf courses (of which 132 are owned by the Sponsor prior to the transfer of the TK Interests) and 26 driving ranges as at the Latest Practicable Date. (See the table “Market Share of Golf Course Operators as at March 2013” under “Key Investment Highlights and Competitive Strengths – (IV) Strong growth opportunities – (a) Strong external growth opportunities based on visible pipeline” with the Sponsor as the golf course operator with the largest market share.) The Sponsor was incorporated in Japan in 1981 and is listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY136.5 billion or S\$1.67 billion as at the Latest Practicable Date. The Sponsor is in the business of providing integrated golf course services and owning and operating golf courses, mainly in large metropolitan areas and major regional urban centres in Japan and has a strong track record of acquiring and turning around of troubled golf courses with its expertise in golf course management and operational know-how. 78 out of the 89 Initial Portfolio Golf Courses were acquired by the Sponsor when the vendors were in bankruptcy proceedings/corporate re-organisations, which demonstrates the Sponsor’s ability to turn around and improve the revenue of these golf courses to a level and stability that is suitable for investment by AG Trust. Since its listing on the Tokyo Stock Exchange in 2006, it has expanded its golf course and driving range operation business, acquiring as many as 59 golf courses between FY2006 and FY2013, and establishing its current position as the leading golf course operator in Japan. (See “The Sponsor” for further details.)

The golf courses comprised in the Initial Portfolio will be operated under the “Accordia” brand by the Sponsor pursuant to a golf course management agreement entered into between the Sponsor and the SPC on 27 June 2014 (the “**Golf Course Management Agreement**”). The “Accordia” brand represents casual and enjoyable golfing, targeting a wide demographic range of golf players. The “Accordia” brand golf courses are distinguished from other golf courses by, *inter alia*, consistent well-maintained course conditions and reasonable playing fees and meal charges facilitated by the Sponsor’s expertise in golf course management and cost-efficient operations. The “Accordia” brand is also increasingly well-accepted among female players, with the number of female visitors to the Initial Portfolio Golf Courses increasing, accounting for 11.8%, 12.0% and 12.1% of the total visitors to the Initial Portfolio Golf Courses in FY2011, FY2012 and FY2013, respectively.¹ Such positioning and targeting strategies of the “Accordia” brand golf courses contribute to their high utilisation rate as reflected in the table “Summary of the Number of Visitors and Utilisation Rate of the Initial Portfolio by Region” above. In addition, the “Accordia” brand golf courses tend to be more resilient to economic downturns given their relatively reasonable fees and cost efficient operations.

THE INITIAL PORTFOLIO

The tables below summarise certain key information in relation to the Initial Portfolio. In relation to the appraisal value of the golf courses, each of the golf courses is valued by only one Independent Real Estate Appraiser, being either by CBRE or Tanizawa. Accordingly, the appraisal value of each golf course in the tables below reflects the valuation of CBRE or, as the case may be, Tanizawa:

¹ The Trustee-Manager believes that female players, especially those in the middle-age or older age groups who are more affluent and have more leisure time, will increasingly be a target customer group in the face of a declining population in Japan.

Greater Tokyo Region

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
1	Daiatsugi Country Club Hon Course	JPY8,430 SGD103	Atsugi-Shi, Kanagawa	1,258,046	27	1970	2005	Within 10 km
2	Daiatsugi Country Club Sakura Course	JPY6,650 SGD82	Atsugi-Shi, Kanagawa	813,283	18	1981	2005	Within 10 km
3	Northern Country Club Nishikigahara Golf Course	JPY4,020 SGD49	Saitama-Shi, Saitama	1,328,762	43	1963	2005	Within 10 km
4	Tokyouwan Country Club	JPY3,830 SGD47	Sodegaura-Shi, Chiba	856,861	27	1979	2005	Within 10 km
5	Tsuchiura Country Club	JPY3,830 SGD47	Inashiki-Shi, Ibaraki	814,039	27	1962	2005	Within 10 km
6	Fujioka Golf Club	JPY3,030 SGD37	Fujioka-Shi, Gunma	1,216,014	36	1968	2008	Within 10 km
7	Odawara Golf Club Matsuda Course	JPY2,930 SGD36	Ashigarakami- Gun, Kanagawa	609,524	18	1973	2007	Within 10 km
8	Aqualine Golf Club	JPY2,810 SGD34	Kisarazu-Shi, Chiba	812,297	18	1997	2006	Within 10 km
9	Central Golf Club	JPY2,760 SGD34	Namegata-Shi, Ibaraki	1,908,836	36	1974	2005	Within 30 km
10	Yorii Country Club	JPY2,410 SGD30	Osato-Gun, Saitama	781,816	18	1978	2006	Within 10 km
11	Naritahigashi Country Club	JPY2,320 SGD28	Katori-Shi, Chiba	772,311	18	1982	2005	Within 20 km

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
12	Chiba Sakuranosato Golf Club	JPY2,260 SGD28	Katori-Shi, Chiba	948,171	18	1984	2005	Within 10 km
13	Kanetsuhighland Golf Club	JPY2,250 SGD28	Takasaki-Shi, Gunma	1,047,405	27	1972	2008	Within 10 km
14	Mito Golf Club	JPY2,190 SGD27	Mito-Shi, Ibaraki	1,453,942	36	1966	2005	Within 10 km
15	Sawara Country Club	JPY2,120 SGD26	Katori-Shi, Chiba	759,508	18	1990	2005	Within 10 km
16	Minagawajo Country Club	JPY2,120 SGD26	Tochigi-Shi, Tochigi	569,047	18	1973	2005	Within 10 km
17	Ohiradai Country Club	JPY1,970 SGD24	Tochigi-Shi, Tochigi	797,090	27	1974	2005	Within 20 km
18	Kanra Country Club	JPY1,710 SGD21	Kanra-Gun, Gunma	1,156,822	18	1975	2007	Within 10 km
19	Myogi Country Club***	JPY1,500 SGD18	Tomioka-Shi, Gunma	803,549	18	1986	2005	Within 10 km
20	Tamagawa Country Club	JPY1,410 SGD17	Hiki-Gun, Saitama	1,054,979	18	1994	2005	Within 20 km
21	Sainomori Country Club***	JPY1,410 SGD17	Chichibu-Shi, Saitama	1,243,143	18	1989	2005	Within 30 km
22	Central Golf Club New Course***	JPY1,390 SGD17	Namegata-Shi, Ibaraki	1,030,232	18	1979	2005	Within 20 km
23	Kodamakamikawa Country Club	JPY1,290 SGD16	Kodama-Gun, Saitama	1,088,693	18	1988	2005	Within 20 km

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
24	Wildduck Country Club	JPY1,240 SGD15	Kamisu-Shi, Ibaraki	836,671	18	1991	2008	Within 20 km
25	Twin Lakes Country Club	JPY1,130 SGD14	Fujioka-Shi, Gunma	1,280,567	18	1988	2005	Within 20 km
26	Midono Country Club	JPY1,110 SGD14	Fujioka-Shi, Gunma	1,668,200	18	1990	2005	Within 20 km
27	Koryo Country Club	JPY1,100 SGD13	Kanuma-Shi, Tochigi	984,175	27	1975	2007	Within 20 km
28	Ishioka Golf Club West Course	JPY1,010 SGD12	Kasama-Shi, Ibaraki	1,262,015	18	1990	2005	Within 20 km
29	Hanao Country Club	JPY998 SGD12	Isumi-Gun, Chiba	1,242,026	18	1992	2005	Within 40 km
30	Kamogawa Country Club***	JPY688 SGD8	Kamogawa-Shi, Chiba	889,599	18	1970	2005	Within 40 km
31	Chichibu Kokusai Country Club	JPY671 SGD8	Chichibu-Gun, Saitama	784,338	18	1975	2006	Within 20 km
32	Northern Country Club Akagi Golf Course***	JPY603 SGD7	Shibukawa-Shi, Gunma	1,516,533	27	1976	2005	Within 20 km
33	Kitsuregawa Country Club***	JPY413 SGD5	Sakura-Shi, Tochigi	1,084,069	27	1987	2008	Within 20 km
34	Northern Country Club Jomo Golf Course	JPY264 SGD3	Agatsuma-Gun, Gunma	908,267	18	1978	2005	Within 20 km
35	Village Higashi Karuizawa Golf Club***	JPY230 SGD3	Annaka-Shi, Gunma	748,362	18	1978	2008	Within 10 km

Note:

¹ "Inaugural year" means the year in which the golf course first commenced operations after the completion of its development and construction.

Greater Osaka Region

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD ¹ million)	Location	Area (m ²)	Number of Holes	Inaugural year	Year of Acquisition by the Sponsor	Distance from nearest highway exit
1	Otsu Country Club ¹	JPY7,040 SGD86	Otsu-Shi, Shiga	2,051,043	45	1969	2009	Within 10 km
2	Izumisano Country Club	JPY4,640 SGD57	Izumisano-Shi, Osaka	1,343,189	27	1972	2005	Within 10 km
3	Kisaichi Country Club	JPY4,430 SGD54	Katano-Shi, Osaka	575,504	27	1968	2005	Within 10 km
4	Kamo Country Club	JPY4,120 SGD51	Kizugawa-Shi, Kyoto	1,206,331	36	1974	2005	Within 20 km
5	Atagohara Golf Club	JPY2,900 SGD36	Takarazuka-Shi, Hyogo	615,164	27	1960	2005	Within 10 km
6	Lake Forest Resort***	JPY2,530 SGD31	Soraku-Gun, Kyoto	1,031,318	45	1993	2005	Within 20 km
7	Harima Country Club	JPY2,030 SGD25	Ono-Shi, Hyogo	743,267	18	1965	2005	Within 10 km
8	Kameoka Golf Club	JPY1,940 SGD24	Kameoka-Shi, Kyoto	694,053	18	1998	2005	Within 20 km
9	Naranomori Golf Club	JPY1,930 SGD24	Nara-Shi, Nara	1,326,963	18	1988	2005	Within 20 km
10	Sorei Golf Club Tsuchiyama Course	JPY1,430 SGD18	Kouka-Shi, Shiga	746,061	18	1996	2005	Within 10 km

¹ This golf course consists of the Higashi Course (27 holes) and the Nishi Course (18 holes), and they are treated by AG Trust as a single golf course.

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Year of Acquisition by the Sponsor	Distance from nearest highway exit
11	Kyowa Golf Club	JPY1,410 SGD17	Soraku-Gun, Kyoto	1,145,952	18	1974	2005	Within 30 km
12	Misaki Country Club	JPY1,120 SGD14	Sennan-Gun, Osaka	206,026	18	1970	2005	Within 20 km
13	Yamato Kougen Country Club	JPY809 SGD10	Nara-Shi, Nara	1,486,731	18	2001	2007	Within 20 km
14	Kasai Country Club	JPY735 SGD9	Kasai-Shi, Hyogo	1,169,572	18	1987	2005	Within 10 km
15	Shirasagi Golf Club	JPY609 SGD7	Himeji-Shi, Hyogo	1,024,084	18	1996	2005	Within 20 km

Greater Nagoya Region

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
1	Yokkaichinosato Golf Club	JPY2,420 SGD30	Yokkaichi-Shi, Mie	661,573	18	1988	2009	Within 10 km
2	Fujiwara Golf Club	JPY2,160 SGD26	Inabe-Shi, Mie	1,278,719	27	1993	2005	Within 30 km
3	Shinyo Country Club	JPY2,090 SGD26	Toki-Shi, Gifu	1,495,987	18	1990	2005	Within 20 km
4	Castlehill Country Club	JPY1,960 SGD24	Toyokawa-Shi, Aichi	1,635,889	18	1993	2009	Within 10 km
5	Forest Mizunami Country Club***	JPY1,600 SGD20	Mizunami-Shi, Gifu	1,079,483	18	1987	2008	Within 20 km
6	Kasumi Golf Club	JPY1,440 SGD18	Tsu-Shi, Mie	869,786	18	1992	2009	Within 10 km
7	Forest Geino Golf Club	JPY1,400 SGD17	Tsu-Shi, Mie	592,471	18	1991	2009	Within 10 km
8	Sorei Golf Club Seki Course	JPY1,380 SGD17	Kameyama-Shi, Mie	704,063	18	1996	2005	Within 10 km
9	Sun Classic Golf Club	JPY1,180 SGD14	Kani-Gun, Gifu	1,058,367	18	1992	2008	Within 10 km
10	Tsukude Golf Club	JPY1,180 SGD14	Shinshiro-Shi, Aichi	435,805	18	1994	2009	Within 40 km
11	Route 25 Golf Club	JPY945 SGD12	Iga-Shi, Mie	961,379	18	1995	2007	Within 10 km
12	Meisho Golf Club	JPY861 SGD11	Tsu-Shi, Mie	1,345,960	18	1984	2005	Within 20 km

Other regions

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Year of Acquisition by the Sponsor	Distance from nearest highway exit
1	Mishima Country Club	JPY3,050 SGD37	Mishima-Shi, Shizuoka	1,069,886	18	1988	2005	Within 20 km
2	Ashitaka Six Hundred Club***	JPY2,120 SGD26	Numazu-Shi, Shizuoka	873,030	18	1969	2005	Within 10 km
3	Jurigi Country Club	JPY1,710 SGD21	Fuji-Shi, Shizuoka	722,429	18	1973	2008	Within 20 km
4	Nijo Country Club	JPY1,340 SGD16	Itoshima-Shi, Fukuoka	952,335	18	1974	2007	Within 10 km
5	Sanyo Kokusai Golf Club	JPY1,230 SGD15	Sanyoonoda-Shi, Yamaguchi	1,863,554	36	1980	2005	Within 10 km
6	Yunoura Country Club	JPY968 SGD12	Hioki-Shi, Kagoshima	1,454,590	18	1989	2005	Within 20 km
7	Hongo Country Club	JPY961 SGD12	Mihara-Shi, Hiroshima	1,168,476	18	1977	2008	Within 20 km
8	Dainiigata Country Club Izumosaki Course	JPY846 SGD10	Santo-Gun, Niigata	489,212	18	1974	2005	Within 20 km
9	Sasebo Kokusai Country Club	JPY811 SGD10	Sasebo-Shi, Nagasaki	363,153	18	1976	2007	Within 10 km
10	Beppu No Mori Golf Club	JPY791 SGD10	Beppu-Shi, Oita	1,292,070	27	1974	2005	Within 10 km
11	Central Fukuoka Golf Club	JPY764 SGD9	Chikushino-Shi, Fukuoka	661,225	18	1975	2007	Within 20 km

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Year of Acquisition by the Sponsor	Distance from nearest highway exit
12	Takehara Country Club	JPY620 SGD8	Takehara-Shi, Hiroshima	1,116,606	18	1994	2005	Within 20 km
13	Osato Golf Club	JPY597 SGD7	Kurokawa-Gun, Miyagi	1,377,510	18	1998	2006	Within 20 km
14	Izukokusai Country Club	JPY548 SGD7	Izu-Shi, Shizuoka	596,199	18	1961	2005	Within 40 km
15	Aoshima Golf Club	JPY464 SGD6	Miyazaki-Shi, Miyazaki	816,506	18	1991	2005	Within 20 km
16	Dainiigata Country Club Sanjo Course	JPY448 SGD5	Sanjo-Shi, Niigata	675,500	18	1976	2005	Within 20 km
17	Fukuoka Pheasant Country Club	JPY425 SGD5	Tagawa-Gun, Fukuoka	1,072,749	18	1976	2005	Within 40 km
18	Kikuchi Country Club	JPY403 SGD5	Kikuchi-Shi, Kumamoto	1,573,608	18	1979	2005	Within 30 km
19	Nagasaki Park Country Club	JPY390 SGD5	Saikai-Shi, Nagasaki	1,016,537	18	1994	2005	Within 30 km
20	Amagaseonsen Country Club	JPY365 SGD5	Hita-Shi, Oita	677,450	18	1967	2005	Within 20 km
21	Onuma Lake Golf Club	JPY361 SGD4	Kayabe-Gun, Hokkaido	1,236,330 ¹	27	1975	2005	Within 10 km
22	Tarumae Country Club	JPY324 SGD4	Tomakomai-Shi, Hokkaido	2,131,128	27	1963	2008	Within 10 km

1 Area of the golf course currently but the actual area which will comprise the land in respect of the golf course which AG Trust will acquire is 1,236,132 square metres, which is a slight reduction of the land area arising from the requirement to sell a small portion of the land to the government for road construction. The Trustee-Manager is of the view that this slight reduction in the land area will not affect the operations of this golf course.

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Year of Acquisition by the Sponsor	Distance from nearest highway exit
23	Rainbow Sports Land Golf Club	JPY289 SGD4	Miyakonojo-Shi, Miyazaki	682,127	18	1992	2007	Within 10 km
24	Hananomori Golf Club	JPY276 SGD3	Kurokawa-Gun, Miyagi	1,211,083	18	1992	2005	Within 20 km
25	Yamagataminami Country Club	JPY262 SGD3	Higashiokitama-Gun, Yamagata	885,800	18	1985	2005	Within 60 km
26	Huis Ten Bosch Country Club	JPY110 SGD1	Saikai-Shi, Nagasaki	994,455	18	1991	2007	Within 20 km
27	Kanazawa Central Country Club	JPY49 SGD1	Kanazawa-Shi, Ishikawa	1,311,095	18	1993	2007	Within 10 km

(**): These 10 golf courses have hotel facilities at the golf course.

KEY STRATEGIES OF THE TRUSTEE-MANAGER

The Trustee-Manager intends to invest in golf courses, driving ranges and golf course related assets worldwide, with an initial focus in golf courses and golf course related assets across Japan, that can generate long-term, stable cash flows, while paying continuous distributions to Unitholders and maximising long-term investment returns of Unitholders by generating long-term capital value growth through future acquisitions. The Trustee-Manager believes that the positive outlook of the golf course industry in Japan provides AG Trust with the opportunity to increase the returns of its portfolio of assets through a combination of the following strategies:

- ***Asset Management Strategy:***

The Trustee-Manager aims to benefit from the following strategies via the TK arrangement with New SPC, the operator of the golf course business, so as to increase AG Trust's revenue, profitability and cash flows. New SPC aims to maximise revenue, profitability and cash flows of the golf course business under the TK arrangement by utilising advice from the Sponsor and the Asset Manager.

- Increase revenue of the Initial Portfolio
- Acquisition of new assets and divestment of under-performing assets
- Optimising and improving operational efficiency and reducing operating costs

- ***Risk and Capital Management Strategy:***

- Assessing risks relating to AG Trust's business
- Optimise overall capital structure of AG Trust and its assets (including the Initial Portfolio)
- Proactively manage overall financing costs
- Utilise hedging techniques as appropriate to manage the foreign exchange exposure

- ***Acquisition and Growth Strategy:***

- A right of first refusal and call option over the Sponsor's pipeline of golf courses and driving ranges
- Pursue selective acquisition opportunities to expand AG Trust's business and portfolio of assets

OVERVIEW OF THE GOLF COURSE INDUSTRY

Global Overview

Golf is one of the most popular sports in the world generating over US\$300 billion in annual direct revenue and played by an estimated 80 million golfers at approximately 40,000 golf courses worldwide. The global golf industry is highly diverse and fragmented, with mature markets in the US, UK and Japan, where the sport is firmly established, and emerging markets such as China, India and Korea, where the game is still gaining in popularity.

At present, the US contains the largest number of golf courses in the world followed by the UK and Japan. These are also the most mature golf markets and have the most advanced golf facilities. In the mid 1980s to late 1990s, golf experienced strong growth in developed countries as the sport started to penetrate the affluent and middle income classes. This encouraged the construction of many courses to capture demand from affluent baby boomers in anticipation of substantial growth opportunities as they reached retirement age. However, from 2008 to 2011, the global financial crisis and corresponding recession in many countries impeded further growth in the golf industry and resulted in a contraction in demand. A reduction in leisure spending, and hence rounds of golf played, coupled with increased competition amongst courses, triggered a series of mergers, acquisitions and closures in the industry. Nevertheless, as the world economy improved in late 2012 and 2013, the total number of rounds played rebounded and there were preliminary signs that golf markets in these countries were nearing the end of their contraction.

Golf Market in Japan

The golf market in Japan has undergone substantial change since its peak in the early 1990s. Industry consolidation has been occurring for over a decade and a number of inefficient golf courses have closed or have been converted to alternative uses. The industry has become increasingly a two-tier market with experienced golf courses operators driving efficiency and synergising between operations and related businesses. Well managed golf courses within proximity to large urban areas such as Tokyo, Kanagawa, Osaka, Aichi, Saitama and Shizuoka have proven relatively resilient to market downturns and remain popular with locals. On the other hand, smaller operators that are resistant to change and golf courses in remote locations have continued to struggle. Although the number of transactions has decreased in recent years, divestments and acquisitions remain commonplace, and experienced golf companies continue to seek opportunities to acquire golf courses in good locations.

The performance of the golf market in Japan has historically been positively correlated with that of the greater economy, and it has benefited from the recent economic improvement resulting from economic stimulus introduced by the government under Prime Minister Shinzo Abe. Market sentiment, exports, inbound tourism, corporate profits and stock market investment have all increased since 2012. During the same period, the number of visitors to golf courses, golf course revenue and golf equipment sales have rebounded as underlying economic conditions improved. The positive correlation between golf demand and the underlying economy suggests that the golf course industry will benefit if recent initiatives succeed in freeing the economy from deflation.

Demographic and cultural developments also bode well for the market. The majority of Japanese golfers are presently over 40 years old. As golfers approach retirement age and have greater leisure time and disposable income, they are able to play more rounds of golf, which may explain why the frequency of play has been rising in recent years. Additionally, the inclusion of golf in the 2016 and 2020 Olympics is expected to enhance the image of golf as a sport and may provide further catalysts for the industry to grow.

At present, female and junior golfers represent a small percentage of the golf-playing population and are underdeveloped segments of the market. If potential demand can be unlocked, it may result in a structural change and surge in the number of golf participants.

KEY INVESTMENT HIGHLIGHTS AND COMPETITIVE STRENGTHS

The Trustee-Manager believes that an investment in AG Trust offers Unitholders:

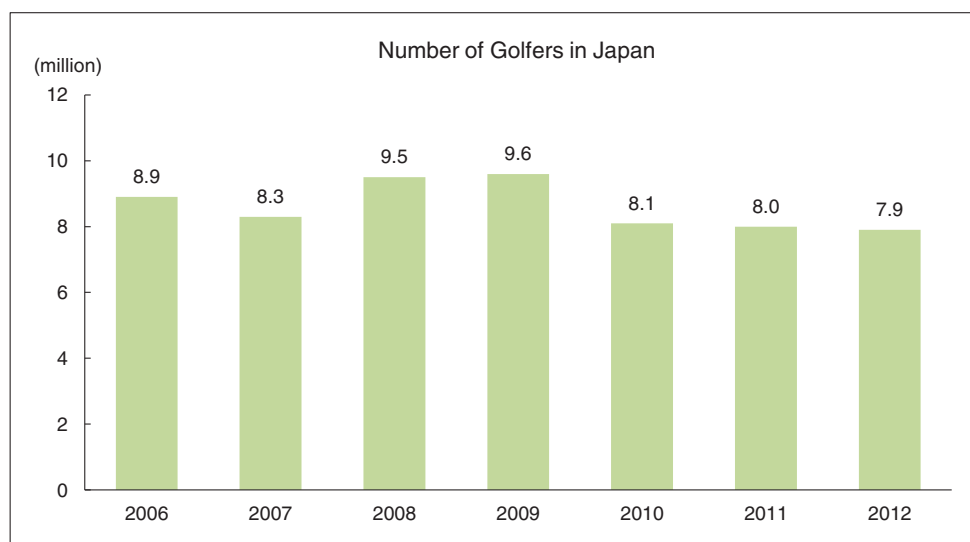
(I) A unique opportunity to invest in the first SGX-ST listed business trust with an initial portfolio comprising golf course assets located in Japan

AG Trust is the first business trust to be listed in Singapore with an asset portfolio comprising the golf course business. AG Trust will provide Unitholders with a unique opportunity to invest in a new asset class, providing access and exposure to the Japan golfing market and an acquisition platform that delivers growth opportunities in the golfing sector.

(II) Access and exposure to the golf course industry in Japan

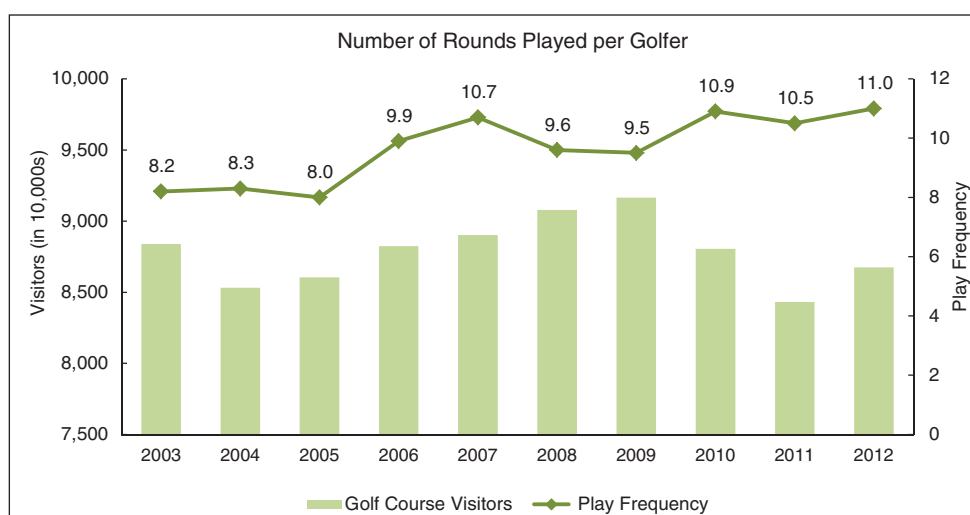
(a) Stability and growth potential of golf course industry in Japan

Japan is the third largest golf market in the world with over 2,405 golf courses and 3,425 driving ranges as at February 2013. The number of golfers in Japan is approximately 7.9 million as at the end of 2012 and golf is one of the recreational sports enjoyed in Japan. Demand for golf courses has remained stable in recent years (see graph below – “Number of Golfers in Japan”).



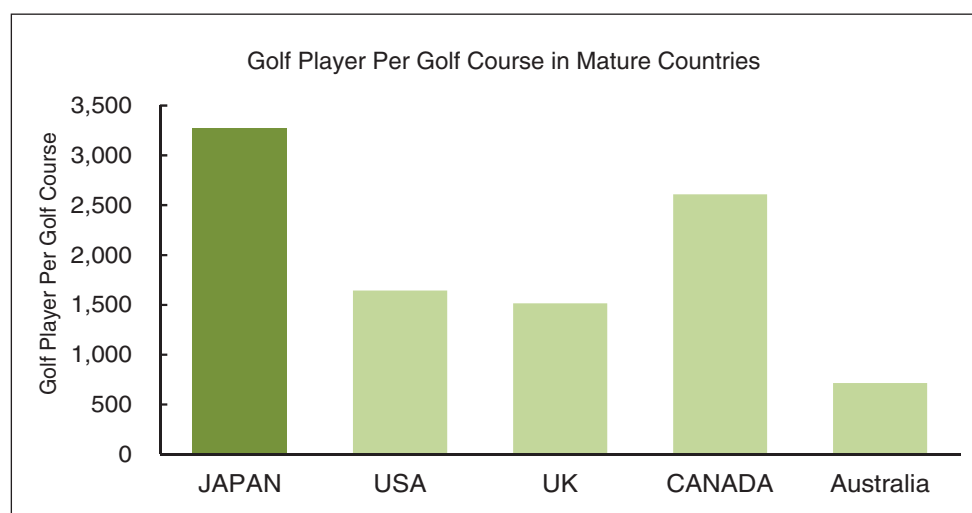
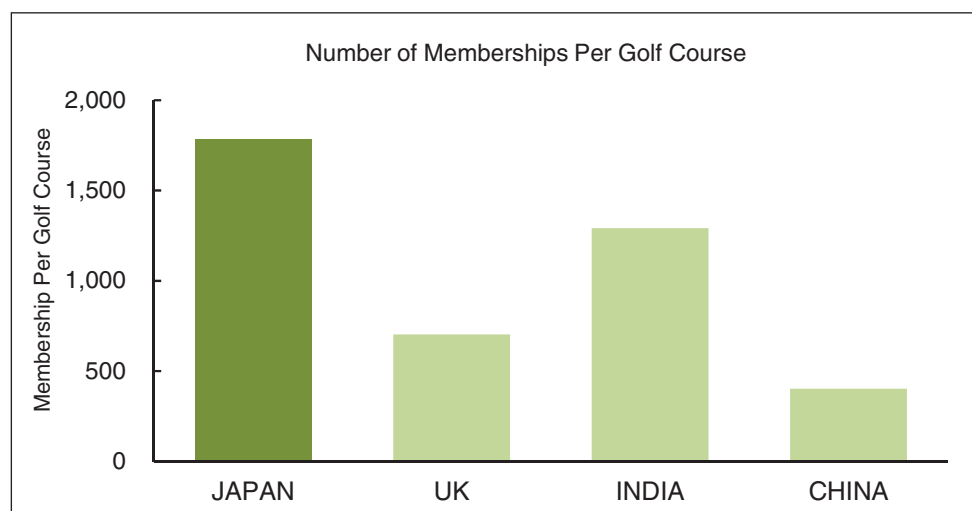
(See Appendix G – “Independent Report on the Golf Course Industry”).

The emergence of Japanese professional golfers such as Ai Miyazato, Ryo Ishikawa and Hideki Matsuyama, has fostered the Japanese public’s awareness of golf and increased the appeal of the game in recent years, and during the same period, there has been an increase in the number of rounds played per golfer. (see graph “Number of Rounds Played per Golfer”).



(See Appendix G – “Independent Report on the Golf Course Industry”).

In comparison with other mature golf markets, Japan has relatively few golf courses for the size of its golf playing population. Both the average number of members and the average total number of players (both member and non-member) per golf course are higher in Japan than in other countries. (See graphs – “Number of Memberships Per Golf Course”¹ and “Golf Player per Golf Course in Mature Countries”².) Consequently, demand for and utilisation of golf courses in Japan has remained relatively stable over time.



(See Appendix G – “Independent Report on the Golf Course Industry”).

In addition, the Trustee-Manager believes that the demand for golf, and consequently for the courses owned by AG Trust, will benefit from the possible economic recovery across Japan as a result of Abenomics, an economic growth strategy introduced by the government of Prime Minister Shinzo Abe. Japan’s golf market has consistently exhibited a strong positive correlation with the underlying condition of the economy. Improved economic conditions result in higher discretionary income, which translates into greater numbers of visitors and higher sales at golf courses.

1 As of 2010 for Japan and as of 2008 for each of UK, India and China, being the most recent year for which relevant data is available.

2 As of 2012 for each of Japan, US and UK, 2012 for Canada and 2008 for Australia, being the most recent year for which relevant data is available.

Japanese baby boomers are now in their sixties and approaching retirement. Because they will have more time in retirement to play golf, demand from this segment of players is expected to be a driver of growth in future. Additionally, the return of golf to the Olympic games in 2016 is expected not only to improve the appeal and popularity of golf but also to increase world-wide coverage and sponsorship of golf events. Tokyo will also be hosting the 2020 Summer Olympics which will further enhance the visibility of golf and golf courses in Japan. This added exposure comes at an opportune time when a growing number of women and young people are showing an interest in the game and could help promote the growth of these new and undeveloped market segments.

Furthermore, the depreciation of the yen, the deregulation of visa-related procedures, the proposal to legalise casinos in Japan and the Olympic Games could contribute to growth in tourism and an increase in golf course usage in Japan.

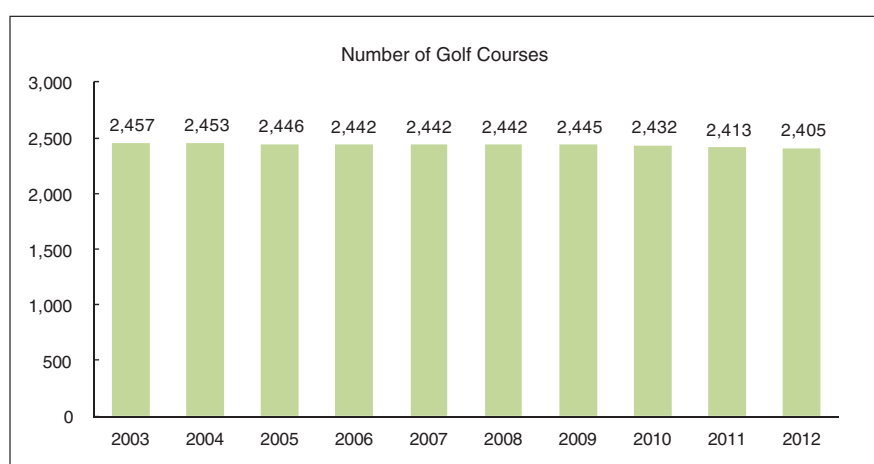
The Trustee-Manager believes that the stability and growth potential of the golf course industry in Japan is likely to lead to sustainable and stable distributions to Unitholders with potential for growth.

(See “Appendix G, Independent Report on the Golf Course Industry”).)

(b) High barriers to entry in the golf course market

Land cost remains high in Japan and a typical golf course will require 50 to 80 hectares of land due to the hilly nature of golf course land in Japan. According to CBRE, the current cost of constructing an average golf course in Japan is at least US\$50.0 million to US\$60.0 million (approximately JPY5 billion to JPY6 billion). However, in light of decreasing membership prices, it is generally difficult to recover that cost from the sale of memberships and other golf course revenues. Accordingly, most golf course sales are transacted at below replacement value in Japan¹, and no new golf course development has taken place in the past few years.

The market competition, maintenance expertise and economies of scale required have also made it increasingly hard for potential new entrants to successfully enter the market in recent years. In addition, there is an increasing number of golf courses located in remote areas which are being closed or converted to other uses, including large-scale solar power plants, contributing to a decrease in the total number of golf courses in Japan (see graph “Number of Golf Courses”). As such, golf courses with greater competitive advantages are better positioned to attract visitors and capture demand.



(See Appendix G – “Independent Report on the Golf Course Industry”).)

¹ As this is relevant only if an entity constructs and develops golf courses, such a risk is not relevant to AG Trust as AG Trust’s investment mandate is to invest in stabilised, income-generating golf courses, driving ranges and golf course related assets, and will not be involved in the business of developing golf courses.

(III) Quality initial portfolio of golf courses to provide stable and attractive yield

(a) A well-diversified and balanced initial portfolio with low customer concentration risk

The Initial Portfolio is well-diversified geographically across Japan, being spread across seven regions in Japan. Based on the total number of Initial Portfolio Golf Courses, the geographical breakdown of the Initial Portfolio is as follows: 3.4% in the Chugoku region¹, 5.6% in the Hokkaido and Tohoku regions², 7.9% in the Hokuriku, Tokai and Koshinetsu regions³, 13.5% in the Kyushu and Okinawa regions⁴, 13.5% in the Greater Nagoya Region⁵, 16.9% in the Greater Osaka Region⁶ and 39.3% in the Greater Tokyo Region⁷. The majority of the Initial Portfolio Golf Courses are widely distributed across the three largest metropolitan areas in Japan (see (III)(b) below) in a well-balanced manner, catering to the customers in these highly populated areas. This geographical diversification also minimises the impact on the overall performance of AG Trust from any adverse weather conditions occurring in a single location, prefecture or region, any changes in regulations or regulatory policies by a particular local authority, any drop in demand in a particular region and any other localised adverse conditions. Further, no single Initial Portfolio Golf Course accounts for more than 6.0% of the aggregate appraised values as at 30 September 2013 of the Initial Portfolio Golf Courses.

As AG Trust's portfolio grows, it is anticipated that AG Trust may in future pursue opportunities to invest in golf courses, driving ranges and golf course related assets, whether located in Japan or elsewhere globally which fit within its investment strategy of stabilised, income-generating golf courses, driving ranges and golf course related assets.

(b) Portfolio located mainly in the three largest metropolitan areas in Japan with good access from densely populated cities

The population in Japan is unevenly distributed, with the majority located in the Greater Tokyo Region, the Greater Nagoya Region and the Greater Osaka Region, which are the three largest metropolitan areas in Japan. Golf courses located in these densely populated areas, as compared to other regions, are generally able to attract more visitors and generate higher revenue. These areas have better developed and well-maintained transport infrastructures and can be conveniently accessed by customers. In addition, weather conditions are more stable (for instance, shutdown periods due mainly to snowfalls are shorter). The above factors contribute to the ability to attract more users and allow for higher and more stable revenues. Further, liquidity of these assets will be higher in the event of a sale, as compared to those located in regions outside of the three largest metropolitan areas in Japan.

1 The Chugoku region includes the Hiroshima and Yamaguchi prefectures.

2 The Hokkaido and Tohoku regions include Hokkaido, Miyagi and Yamagata prefectures.

3 The Hokuriku, Tokai and Koshinetsu regions include Niigata and Ishikawa prefectures.

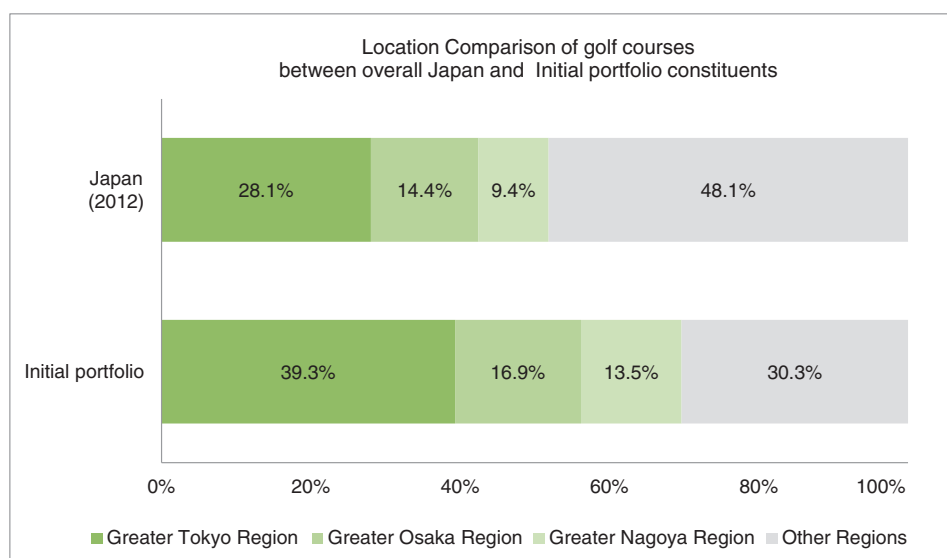
4 The Kyushu and Okinawa regions include Fukuoka, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures.

5 The Greater Nagoya Region comprises Aichi, Gifu and Mie prefectures.

6 The Greater Osaka Region comprises Shiga, Kyoto, Nara, Osaka, Wakayama and Hyogo prefectures.

7 The Greater Tokyo Region comprises Ibaraki, Tochigi, Gunma, Saitama, Chiba and Kanagawa prefectures and Tokyo Metropolis.

69.7% of the Initial Portfolio Golf Courses are located in the Greater Tokyo Region, the Greater Nagoya Region and the Greater Osaka Region. This percentage indicates that, as compared to the geographical distribution of golf courses across Japan, the Initial Portfolio consists of a greater proportion of golf courses in these highly populated areas which are more easily accessible (see graph “Location comparison of golf courses between overall Japan and Initial Portfolio constituents”).



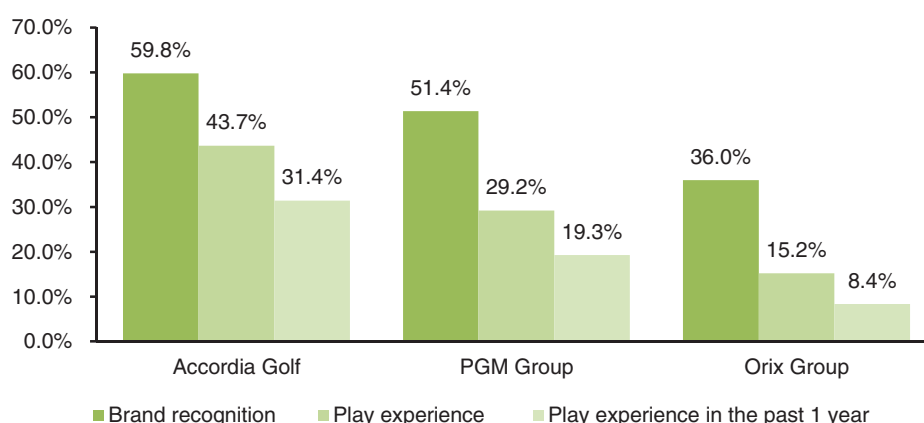
(See Appendix G – “Independent Report on the Golf Course Industry”).

Further, AG Trust aims for stable growth in revenue of the Initial Portfolio Golf Courses, and accordingly, the three largest metropolitan areas are considered to be high priority regions. Based on the appraised values of the Initial Portfolio Golf Courses as at 30 September 2013, 86.4% of the golf courses are located in the three largest metropolitan areas in Japan.

(c) Initial portfolio of income-generating stabilised golf courses and golf course related assets capable of generating a steady and attractive yield

The Initial Portfolio Golf Courses will be operated under the “Accordia” brand. The “Accordia” brand represents casual and enjoyable golfing, targeting a wide demographic range of golf players. “Accordia” brand golf courses are distinguished from other golf courses by, *inter alia*, consistent well-maintained course conditions and reasonable playing fees and meal charges. Based on a survey of 2,000 golf players, “Accordia” brand’s recognition among the golf players in Japan is the highest among the three major golf course operators in Japan (See graph “Brand Recognition and Play Experience Among the Three Major Golf Course Operators In Japan”).

Brand Recognition and Play Experience Survey of the Three Major Golf Course Operators In Japan



Note: Based on the internet survey of 2,000 people who played golf in the most recent one year done by MACROMILL, INC in 9/2013. The survey was commissioned by the Sponsor as part of its annual survey on the trend of golfers. MACROMILL, INC has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Also, the loyalty card programme for “Accordia” brand golf courses has been used to enhance customer attraction and retention. Such positioning and targeting strategies of “Accordia” brand golf courses, together with the customer loyalty card programme, contribute to the high utilisation rate of the Initial Portfolio Golf Courses of 75.9% on average in FY2013. In addition, the “Accordia” brand golf courses tend to be more resilient to economic downturns given their relatively reasonable fees and cost efficient operations.

By virtue of the strong brand recognition in the industry and ability of the “Accordia” brand to attract customers, the Initial Portfolio Golf Courses have generated stabilised revenue and income. Further, the Initial Portfolio Golf Courses have varying features and are distinguishable from competing golf courses. See for example the description of the Otsu Country Club Course under “The Business of Accordia Golf Trust – The Initial Portfolio – Top 10 Golf Courses”.

AG Trust’s initial portfolio of income-generating stabilised golf courses in Japan, coupled with the strategic locations of the geographically well-diversified Initial Portfolio Golf Courses, is expected to deliver a stable distribution income and steady and attractive yield to Unitholders.

(See “Profit and Cash Flow Forecast” and the various assumptions set out therein.)

(IV) Strong growth opportunities

(a) Strong external growth opportunities based on visible pipeline

To demonstrate its support for AG Trust, the Sponsor has granted AG Trust (i) a right of first refusal over any golf course business to be acquired or disposed by the Sponsor which falls within AG Trust’s investment mandate, (ii) certain rights to initiate discussions with the Sponsor and (iii) certain undertakings to offer, and a call option over, the existing and future golf course business which are held by the Sponsor, operated under the “Accordia” brand. (See “Certain Agreements Relating to Accordia Golf Trust – ROFR to the Trustee-Manager”.)

There are 2,405 golf courses in Japan as at 28 February 2013, of which only 295 or 12.3% are affiliated to major golf course operators¹. Many golf courses without the backing of established franchises such as major golf course operators are disadvantaged when competing with golf courses under the support of a major operator. These unfranchised operators may find it necessary to sell their golf courses whether as part of a legal liquidation procedure due to poor business performance, or on a voluntary basis, especially the golf courses held by large companies as a non-core business (See table “Market Share of Golf Course Operators as at March 2013” and graph “Disposal and Legal Liquidation of Golf Courses Each Year in Japan”).

Market Share of Golf Course Operators as at March 2013

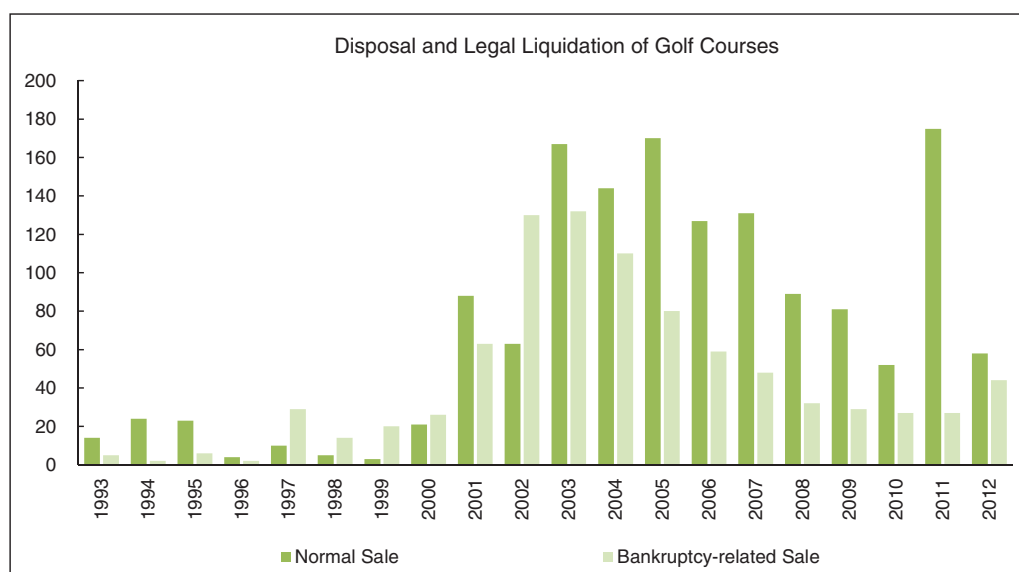
Company Name	No. of Golf Courses	No. of Holes	Market Share
Accordia Golf	133 ⁽¹⁾	2,797	5.5%
PGM Group	122	2,664	5.1%
Orix Group	40	837	1.7%
Ichikawa Landscape Gardening Group	34	675	1.4%
Seibu Group	28	675	1.2%
Tokyu Group	26	522	1.1%
Cherry Golf Group	23	423	1.0%
Unimat Group	19	351	0.8%
Taiheyo Club	17	333	0.7%
Chateraise	14	288	0.6%
Resort Trust	13	288	0.5%
Kamori Kanko	12	252	0.5%
RESOL	12	252	0.5%
Tokyo Tatemono (JGolf)	12	243	0.5%
GCE Group	11	234	0.5%
Hotel Monterey Group	11	198	0.5%
Akechi Club & Boso Country Club Group	10	297	0.4%
JGM Golf Group	10	216	0.4%
Dailysha Group	10	216	0.4%
Daiwa House	10	189	0.4%
Shin Nihon Kanko	9	243	0.4%
Adachi Group	9	207	0.4%
OGI Group	9	171	0.4%
Kajima Corporation	7	138	0.3%

Note:

- (1) 133 golf courses held by Accordia Golf calculated on the basis that Otsu Country Club is calculated as two courses (Otsu higashi and Otsu nishi) and Accordia Golf Garden is not counted.

¹ Major golf course operators include PGM and ORIX Group, which are the second and third largest golf course operators as of March 2013.

Disposal and Legal Liquidation of Golf Courses Each Year in Japan



(See Appendix G – “Independent Report on the Golf Course Industry”).

Having capitalised on these takeover opportunities, the Sponsor has acquired as many as 59 golf courses between FY2006 and FY2013, and is expected to continue acquiring courses in future:

Total Number of Golf Courses Owned by the Sponsor as at the end of:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
91	103	125	125	128	132	131	133

Number of Golf Courses Newly Acquired by the Sponsor in:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
0	12	22	5	7	4	4	5

Number of Golf Courses Sold by the Sponsor in:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
0	0	0	5	4	0	5	3

While the Sponsor intends to continue taking over golf courses, the Sponsor is also prepared to continue selling its golf courses to AG Trust, including those newly acquired and turned around, as part of its asset-light management strategy (see “The Sponsor”).

As at the Latest Practicable Date, the Sponsor has identified 26 golf courses held by the Sponsor and operated under the “Accordia” brand which could potentially be offered to AG Trust when the income of these golf courses has reached a suitably stabilised level or when the property issues in respect of such golf courses have been resolved. (See table “Pipeline Golf Courses held by Sponsor (under the “Accordia” brand)” below). Pursuant to the rofrs, undertakings to offer and call options, these existing golf courses, together with the golf courses the Sponsor acquires in the future, provide a wealth of opportunities for AG Trust’s external growth through the acquisition of additional golf courses.

Pipeline Golf Courses held by Sponsor (under the “Accordia” brand)

No.	Name of Golf Course	Location
Greater Tokyo Region		
1.	Saitama Golf Club	Iruma-Gun, Saitama
2.	Toride Sakuragaoka Golf Club	Toride-Shi, Ibaraki
3.	Minami Ichihara Golf Club	Ichihara-Shi, Chiba
4.	Boshu Country Club	Tateyama-Shi, Chiba
5.	Kanto Kokusai Country Club	Haga-Gun, Tochigi
6.	Suifu Golf Club	Hitachiota-Shi, Ibaraki
7.	Kazusa Country Club	Ichihara-Shi, Chiba
8.	Kasumidai Country Club	Inashiki-Shi, Ibaraki
Greater Osaka Region		
9.	Yamanohara Golf Club	Kawanishi-Shi, Hyogo
10.	Yashiro Tojo Golf Club	Kato-Shi, Hyogo
11.	Sakai Country Club	Sakai-Shi, Osaka
12.	Inagawa Kokusai Country Club	Kawabe-Gun, Hyogo
13.	Inagawa Green Country Club	Kawabe-Gun, Hyogo
14.	Loveam Shirahama Golf Club	Nishimuro-Gun, Wakayama
Greater Nagoya Region		
15.	Suzukanomori Golf Club	Suzuka-Shi, Mie
Other Regions		
16.	Hiroshima Asa Golf Club	Hiroshima-Shi, Hiroshima
17.	Kaho Golf Club	Iizuka-Shi, Fukuoka
18.	Fukui Country Club	Sakai-Shi, Fukui
19.	Echizen Country Club	Arawa-Shi, Fukui
20.	Otsuki Garden Golf Club	Tsuru-Shi, Yamanashi
21.	Chitose Country Club	Chitose-Shi, Hokkaido
22.	Liberal Hills Golf Club	Futaba-Gun, Fukushima
23.	Palm Hills Golf Resort Club	Itoman-Shi, Okinawa
24.	Onahama Ocean Hotel & Golf Club	Iwaki-Shi, Fukushima
25.	Miyagino Golf Club	Watari-Gun, Miyagi
26.	Ishikawa Golf Club	Kawakita-Gun, Ishikawa

Liberal Hills Golf Club, Onahama Ocean Hotel & Golf Club and Miyagino Golf Club under the table “Pipeline Golf Courses held by Sponsor (under the “Accordia” brand)” above were affected by the earthquake (“**Great East Japan Earthquake**”) and resultant tsunami and nuclear power plant accident which took place in March 2011. Liberal Hills Golf Club was affected by the nuclear power plant accident at the Fukushima Nuclear Plant as it is within the evacuation zone, for which the Sponsor has not received compensation from Tokyo Electric Power Company, Incorporated (“**TEPCO**”), and as a result of which it is not currently in operation. While Onahama Country Club did not

sustain damage from the nuclear power plant accident or the Great East Japan Earthquake in 2011, revenues had suffered as a result of the adverse effect on the reputation of the region, for which the Sponsor has received compensation from TEPCO. While it was not affected by the nuclear power plant accident, Miyagino Golf Club also sustained earthquake damage at the ninth hole, as a result of which the club is currently operating only 18 of its 27 holes.

In any case, the Trustee-Manager will only acquire stabilised golf courses from the Sponsor's pipeline that meet its investment objectives.

(b) *Internal growth opportunities*

The Sponsor, as the leading golf course operator in Japan, has been maximising profits by offering optimum prices to golf course users through optimum capacity utilisation, along with other novel services related to golfing and tied to branding. As a result, the Sponsor has achieved enhanced profitability of the golf courses acquired by it thus far, by turning them around based on its experience in the management of golf courses. For further details, see "The Sponsor".

Pursuant to the Golf Course Management Agreement under which the Sponsor will provide golf course management and other services in respect of the Initial Portfolio Golf Courses, AG Trust will be in a position to fully capitalise on the Sponsor's strengths, such as its network, customer base and existing strategies in increasing the revenue of the golf courses in the Initial Portfolio managed and operated by the Sponsor. The Sponsor will, going forward, also further expand its business to cater to the growing demand brought about by macro economic factors, such as economic recovery of Japan, and the expectation of an increase in demand from the older generation, an increase in tourism and an increase in the golfing population brought about by golf returning as an Olympic sport (see – "Access and exposure to the golf course industry in Japan – Stability and growth potential of golf course industry in Japan"). Further strengthening of earning power of the Initial Portfolio can be achieved through the implementation of various streamlining measures, including operational cost optimisation and administrative rationalisation.

Specifically, the Sponsor intends to focus on golf courses held by AG Trust that have higher operational costs relative to sales in order to improve profitability. The Sponsor also intends to utilise the following measures to achieve such a reduction in overall costs:

- (i) Promotion of self-service and automation;
- (ii) Turning labour charges into variable costs through outsourcing of processes along with deployment of part-time workers;
- (iii) Pooling of human resources between course managing departments; and
- (iv) Streamlining of food preparation processes, including implementation of no-cook procedures.

At the same time, cost cutting measures will be pursued. Administrative work in relation to the golf courses will be centralised at the administration centre and collective procurement initiatives will be undertaken to reduce purchase prices.

(V) Sponsor's comprehensive support under the Sponsor Support Agreement

The Sponsor is the leading golf course operator in Japan, with golf courses operated by the Sponsor accounting for approximately 5.5% of Japan's golf courses as at March 2013 (see table "Market Share of Golf Course operators as at March 2013"), mostly distributed in the heavily populated three largest metropolitan areas or major regional urban centres. The total number of golf course visitors to the Sponsor's golf courses was 7.8 million from April 2012 to March 2013.

AG Trust will outsource the management and operation of the golf course assets held by AG Trust to the Sponsor, the leading golf course operator in Japan, thereby capitalising on the Sponsor's business experience and know-how.

This relationship between the Sponsor and AG Trust will be complementary, whereby AG Trust will primarily invest in golf courses and golf course related assets while the Sponsor focuses on the operation and acquisition of the golf courses and golf course related assets which may not have stabilised in profitability. The Trustee-Manager believes that AG Trust will be able to leverage on the Sponsor's established network of relationships and extensive knowledge in the Japan golf course industry to strengthen AG Trust's operations.

AG Trust will leverage on the expertise, know-how and experience of the Sponsor in golf course management, the strong brand awareness of the Sponsor in the golf course management industry, as well as established value chains associated with golf courses held by the Sponsor. To this end, AG Trust has entered into the Sponsor Support Agreement with the Sponsor, which consolidates the support from the Sponsor in various aspects, some of which are set out below:

(a) A support framework to enhance profits through organic growth

The operation of the Initial Portfolio is delegated to the Sponsor pursuant to the Golf Course Management Agreement, under which the Sponsor shall apply its operational expertise and know-how to enhance the profitability of golf courses and ensure stability in its operations.

(b) A support framework to grow AG Trust's asset portfolio through inorganic acquisition opportunities

To demonstrate its support towards the growth of AG Trust, the Sponsor has also granted a right of first refusal, a right to initiate discussions, certain undertakings to offer and a call option to New SPC or AG Trust, subject to certain terms and conditions, which provides New SPC or, as the case may be, AG Trust with access to future acquisition opportunities and a visible pipeline of golf courses and golf course related assets.

(c) Provision of human resources and know-how to the Trustee-Manager

In order for the Trustee-Manager to be able to tap on the Sponsor's knowledge and know-how regarding golf course management and operations required for conducting asset management business, the Sponsor will cooperate with the Trustee-Manager to provide human resources as required.

(d) AG Trust will leverage on the Sponsor's network of relationships with financial institutions

AG Trust will leverage on the Sponsor's existing relationships with the major financial institutions to seek favourable terms for its financing activities, which include the refinancing of existing loans, risk hedging and financing the acquisition of new golf courses.

(VI) Sponsor's strong network of relationships with financial institutions and AG Trust's conservative capital structure to support future growth

In order to facilitate the steady growth of, as well as efficient and stable investment of assets under management, AG Trust, New SPC and the special purpose vehicles which may be newly formed for the purpose of further acquisitions of golf course assets after the date of listing of AG Trust on the SGX-ST (the "**Listing**") may borrow funds or issue bonds for the purposes of, *inter alia*, future acquisition of assets, funding future capital expenditures or debt repayments.

In order to finance part of the purchase consideration of the Initial Portfolio, New SPC is scheduled to borrow funds from nine major banks in Japan at a relatively favourable rate, which is possible due to the favourable relationships between the Sponsor and these major financial institutions.

As at Listing Date, AG Trust is expected to have gross borrowings of JPY45,500 million (equivalent to approximately S\$558 million) with an LTV¹ ratio of 30.2%. The Trustee-Manager believes that AG Trust's conservative capital structure supports the stability of its operations and cash flows, and provides a buffer against potential volatility in the debt financing market, while positioning AG Trust to effectively pursue future acquisitions on attractive terms.

In addition, with the current capital structure of an LTV ratio of 30.2%, AG Trust has the debt headroom to utilise further debt financing for the acquisition of additional golf courses rather than relying only on equity fund raising. This provides AG Trust with the financing flexibility to capitalise on acquisition opportunities in an expedient manner should such opportunities arise.

(VII) Alignment of interest between Sponsor and Unitholders

The Sponsor intends to support and grow AG Trust over the long-term. The Sponsor will, immediately following the completion of the Offering, be the largest Unitholder, holding an aggregate of 28.85% of the Units upon listing of AG Trust (assuming the Over-Allotment Option is not exercised) or an aggregate of 25.10% of the Units upon listing of AG Trust (assuming the Over-Allotment Option is exercised fully), demonstrating the alignment of its interests with those of the Unitholders. The Sponsor intends to maintain its stake in AG Trust and will demonstrate its commitment to AG Trust by participating in future equity issuances by AG Trust where appropriate.

The Sponsor has also agreed to a (i) lock-up arrangement during the period commencing from the Listing Date until the date falling six months after the Listing Date (both dates inclusive) (the "**First Lock-up Period**") in respect of all of the Units which will be held by the Sponsor on the Listing Date (the "**Lock-up Units**") and (ii) a lock-up arrangement during the

¹ LTV: Debt amount/Total appraisal value of the Initial Portfolio. (The LTV ratio of 30.2% is arrived at by using the total real estate appraisal value as at 30 September 2013 of the Initial Portfolio by CBRE and Tanizawa.)

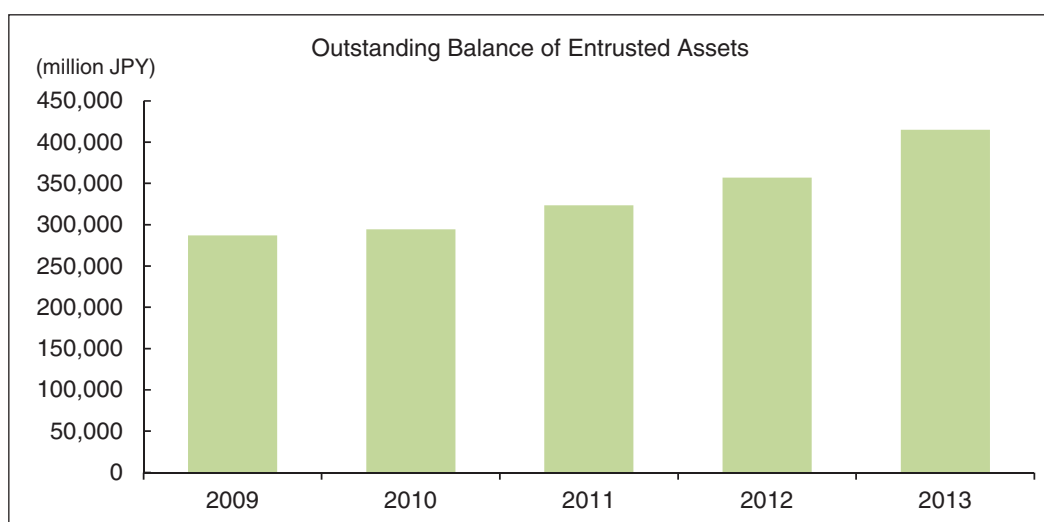
period commencing from the day immediately following the First Lock-up Period until the date falling 12 months after the Listing Date (the “**Second Lock-up Period**”) in respect of 50% of the Lock-up Units, subject to certain exceptions.

With regard to the fees payable to the Trustee-Manager in accordance with the Trust Deed, AG Trust will employ a performance fee structure for part of the management fees, which is linked to the turnover and net operating income of the Initial Portfolio. This structure gives the Sponsor an incentive to maximise the equity value of AG Trust.

The fees to be paid to the Sponsor under the Golf Course Management Agreement comprise a corporate fee of JPY2,750,000 per 18 holes¹ and JPY1,000,000 per golf driving range per month², an integrated purchasing system³ usage fee of JPY15,000 per course per month and a variable fee that consists of 3.0% of turnover, 5.0% of incremental operating profits and 60.0% of admission fees received during the relevant month from new members.

(VIII) Collaboration with Daiwa Securities Group, which is highly experienced in asset management

Daiwa Real Estate Asset Management Co. Ltd., the real estate asset management arm of Daiwa Securities Group, will be appointed as the asset manager. The Asset Manager has a strong governance framework and has a proven track record and extensive experience in the management of listed REITs, having been engaged as a real estate asset manager of J-REITs since 2005 (see table “Outstanding Balance of Entrusted Assets”).



- 1 With respect to the facilities with fewer than 18 holes, the amount calculated in proportion to the number of holes at the facilities (any fraction less than one yen shall be rounded down to the nearest whole yen).
- 2 If the number of driving areas in the golf driving range exceeds 100, the Sponsor shall be entitled a monthly amount of JPY10,000 for each excess driving area.
- 3 The integrated purchasing system is a web-based procurement system known as “green@stock” which is operated by Golf Alliance Co., Ltd. (a subsidiary of the Sponsor) and used by the Sponsor and its subsidiaries. Each golf course subsidiary uses the system to order the supplies it needs for the operation of the golf course, including golf course materials such as sand and fertiliser, restaurant food supplies, club house consumables and office supplies. By consolidating orders (in terms of products and suppliers) to enable the placement of large volume orders, the system achieves economies of scale in pricing and reduces logistical costs, leading to lower procurement costs for the Sponsor and its subsidiaries.

Daiwa Real Estate Asset Management Co. Ltd. is licensed as a Financial Instruments Business Operator (“**FIBO**”) by the Financial Services Agency of Japan (the “**FSA**”) to provide investment management, advisory and agency services and is subject to the supervision of the FSA in its conduct of these activities.¹

With such a governance framework and expertise, AG Trust will be able to leverage Daiwa Real Estate Asset Management Co. Ltd.’s supervisory function and investment advisory capabilities through its role as the asset manager.

(IX) The Trustee-Manager’s highly experienced management team

The Trustee-Manager’s management team has significant experience in Japan’s golf course industry and the golf course management business. The Trustee-Manager believes that its senior management’s knowledge and experience are important elements which will contribute to the success of AG Trust.

Specifically, the CEO, Mr Yoshihiko Machida, has extensive experience in general management and is very familiar with the golf course management business. He spent the last 10 years working at senior roles at the Sponsor, whereby he was involved in the strategic planning of the Sponsor’s golf course business and also had an oversight and supervisory role over the general business of the Sponsor.

The CFO, Mr Shunichi Nemoto, has held a variety of senior accounting roles with listed companies and also established his own accounting practice. He has also had prior experience in advising golf course operators on the preparation of financial statements.

The Chief Investment and Asset Management Officer, Mr Takahiro Kurosawa, has extensive experience in finance, investment and asset management, having worked in the real estate sector for over 25 years. He served as a senior executive in the Sponsor where he was mainly in charge of the buying and selling of golf courses.

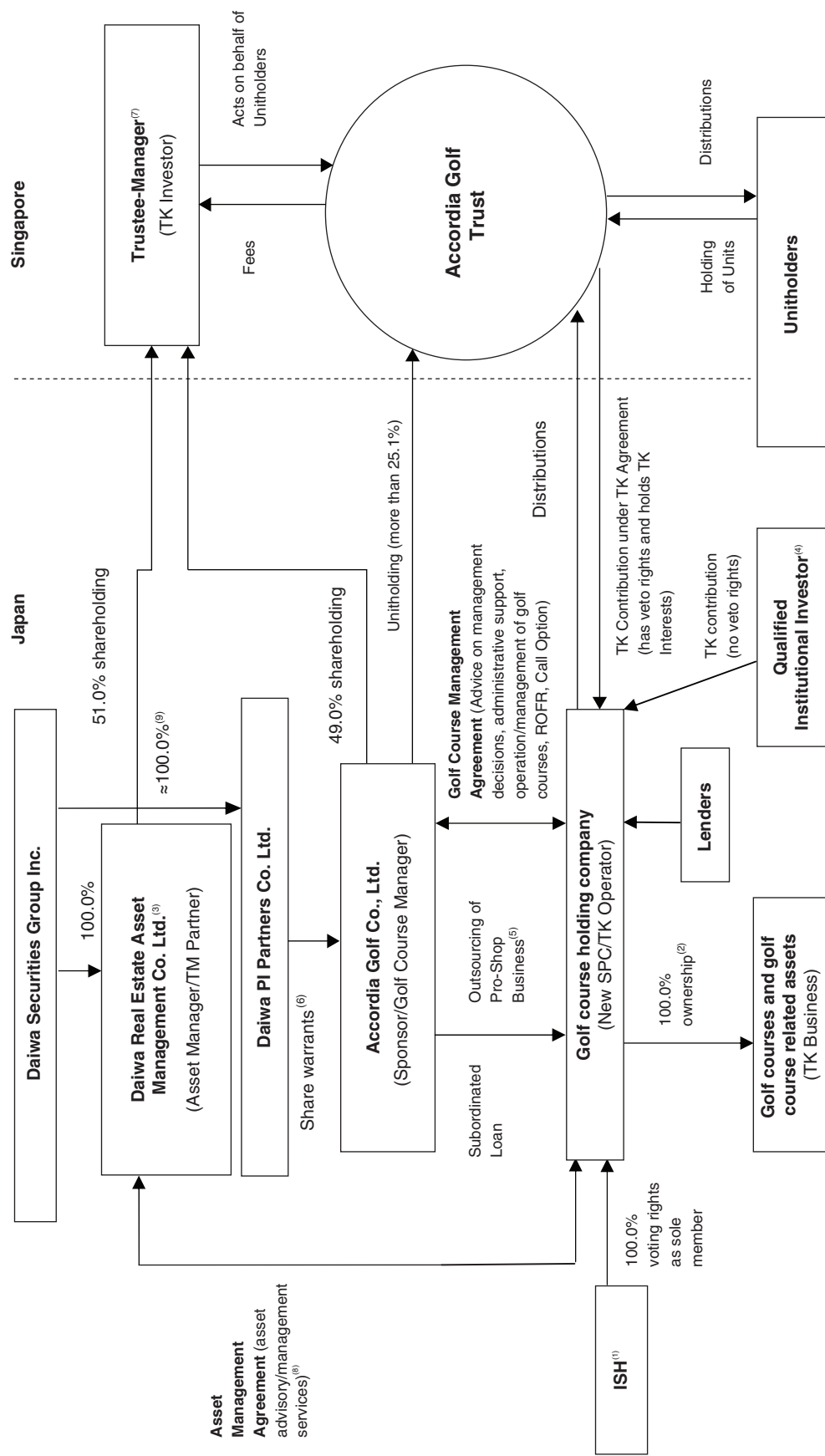
The Head of Investor Relations, Mr Takuya Nagano, has extensive experience in investment banking, having around 20 years of experience working in various departments in the Daiwa Securities Group, where he had many opportunities to interact with and be exposed to a diverse pool of investors.

The Trustee-Manager’s board of directors comprises professionals who collectively have a range of commercial expertise in accounting, finance and asset management, as well as in the golf course industry. The board and management of the Trustee-Manager will benefit AG Trust through their experience and ability to identify potential asset investment opportunities on behalf of the Unitholders. The Sponsor’s record of turning around as many as 59 golf courses between FY2006 and FY2013 will provide AG Trust with valuable practical operational know-how and acquisition sourcing capabilities.

1 Under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) of Japan (the “**FIEA**”), the FSA has authority to demand reports from and inspect FIBOs, order a FIBO to improve its business operations and to impose penalties. As stated in the January 2014 revision of the FSA’s “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”, the FSA evaluates FIBOs, including Daiwa Real Estate Asset Management Co., Ltd.. Furthermore, as Daiwa Securities Co., Ltd. (“**Daiwa Securities**”) (a subsidiary of Daiwa Securities Group) has more than 1 trillion yen in total assets, it is designated as a “Special FIBO”. Daiwa Securities Group, being the parent entity of a “Special FIBO”, is considered to be a “Designated Parent” by the office of the prime minister. As Daiwa Securities Group is a “Designated Parent”, the FSA has authority to demand reports from and inspect Daiwa Securities Group, order Daiwa Securities Group to improve aspects of its business and implement certain measures, and impose penalties on Daiwa Securities Group. Additionally, under the abovementioned guidelines, Daiwa Securities Group is subject to requirements and standards with regard to governance, appropriateness of operations, enhancement of shareholders’ equity, and risk management.

STRUCTURE OF ACCORDIA GOLF TRUST

The following chart illustrates the relationship between, *inter alia*, AG Trust, the Trustee-Manager, the Sponsor, the TK Operator, the Asset Manager and the Unitholders as at the Listing Date.



Notes:

- (1) 100% of ISH's voting rights will be held by the members of ISH, which will consist of two certified public accountants who are members of TKAO (as defined below), an independent structured vehicle management service provider with nominal equity contribution to achieve bankruptcy remoteness.
- (2) TK Operator will not be entitled to receive any fees from AG Trust. Instead, as the TK Operator will be injecting its own cash (funded using the subordinated loan granted by the Sponsor to New SPC (the "**TK Operator's Own Funding**")) into the TK Business (amounting to approximately 0.6% of the aggregate of (i) the TK Contribution made by AG Trust and the Qualified Institutional Investor and (ii) the TK Operator's Own Funding), it will be entitled to receive return of distributions from the TK Business equal to 1.0% of the distributable income from the TK Business.
- (3) The Asset Manager is regulated under the FIEA.
- (4) A 0.01% TK contribution by the Qualified Institutional Investor is required to satisfy certain regulatory requirements under the FIEA.
- (5) Pursuant to a Pro-Shop Business outsourcing agreement entered into between the SPC and a subsidiary of the Sponsor (the "**Pro-Shop Subsidiary**"), the Pro-Shop Subsidiary will pay New SPC a "commission fee" in connection with certain outsourced services.
- (6) As at the Listing Date, Daiwa PI will be issued share warrants of the Sponsor which, if fully exercised, will result in Daiwa PI holding 11.86% of the total issued shares of the Sponsor (including treasury shares) and 12.14% of the total voting rights in the Sponsor (based on the current share capital of the Sponsor).
- (7) The Trustee-Manager is 51% owned by the Asset Manager and 49% owned by the Sponsor.
- (8) The services to be provided by the Asset Manager include advice on the termination and renewal of the Golf Course Management Agreement and advice on golf course acquisition/sale.
- (9) Daiwa PI is 95.00% owned by Daiwa Securities Group's wholly-owned subsidiaries and 5.00% owned by Daiwa Securities Co. Ltd. (which is in turn almost wholly owned by Daiwa Securities Group, with a nominal amount owned by another securities firm in Japan, which has no veto rights over the matters of Daiwa PI).

Accordia Golf Trust

AG Trust is a trust constituted by a trust deed dated 16 June 2014 and registered as a business trust with the Authority on 21 July 2014. AG Trust is principally regulated by the BTA and the SFA. Under the Trust Deed, the Trustee-Manager has declared that it will hold all its assets (including businesses) acquired on trust for Unitholders as trustee-manager for AG Trust.

Overview of, Key Features of and Rationale for TK Structure

Basic Framework of the TK Structure

AG Trust will invest in the Initial Portfolio held by New SPC using an investment structure known as a TK Structure.

The relationship between New SPC and AG Trust will be governed by a *Tokumei Kumiai* agreement, being a silent partnership agreement under which *Tokumei Kumiai* will be formed. *Tokumei Kumiai* is a contractual relationship between an investor and a business operator, whereby the investor makes certain contributions to the business operator (whether in the form of cash, shares or other things of value) in return for the right to receive distributions of profits generated from the business managed by the operator. An investor can enter into *Tokumei Kumiai* by either (i) acquiring all of an existing investor's rights and obligations under a *Tokumei Kumiai* agreement, or (ii) entering into a new *Tokumei Kumiai* agreement with the business operator. There is no difference in an investor's rights and obligations under a *Tokumei Kumiai* agreement regardless of whether it was entered into by way of (i) or (ii) above.

(See "Overview of Relevant Laws and Regulations in Japan" for details of the laws and regulations relating to a TK structure.)

Steps to set up the TK Structure related to the Initial Portfolio

The Sponsor has established a *Godo Kaisha* on 4 February 2014 (the "**SPC**") and entered into a *Tokumei Kumiai* agreement with the SPC (the "**TK Agreement**"). Under the TK Agreement, the Sponsor as the investor will make a contribution in kind to the SPC by transferring its shares in the relevant golf course subsidiaries which hold the Initial Portfolio Golf Courses (the "**BT Golf Course Subsidiaries**") and such subsidiaries will be merged into the SPC (after such merger, "**New SPC**"). New SPC as TK Operator will hold the the Initial Portfolio Golf Courses for the purposes of managing and operating the golf course business (the "**TK Business**"). To invest in the TK Business, the Trustee-Manager, on behalf of AG Trust as TK Investor, has entered into an agreement (the "**TK Interest Transfer Agreement**") with the Sponsor to acquire the Sponsor's rights and interests as TK Investor under the TK Agreement (the "**TK Interests**") at a purchase consideration of S\$945 million¹.

(See "The Restructuring Exercise" and "Certain Agreements Relating to Accordia Golf Trust" for further details.)

¹ This is a provisional acquisition price based on the Maximum Offering Price and is subject to adjustment under the TK Interest Transfer Agreement based on the actual Offering Price, and subject to a minimum acquisition price of S\$913 million (based on the Minimum Offering Price).

Contributions to the TK Business and Profits Allocation

The aggregate contributions to the TK Business (the “**Aggregate Contributions to the TK Business**”) will comprise contributions from (i) the TK Operator (approximately 0.6% of the Aggregate Contributions to the TK Business), (ii) the TK Investor (approximately 99.39% of the Aggregate Contributions to the TK Business) and (iii) the QII (as defined herein) (approximately 0.01% of the Aggregate Contributions to the TK Business). The reasons for the contributions from each of the three parties are set out below.

New SPC as the TK Operator will inject into the TK Business its own cash (to be funded using a subordinated loan from the Sponsor to New SPC) (the “**TK Operator’s Own Funding**”) amounting to approximately 0.6% of the Aggregate Contributions to the TK Business. In the TK arrangement, the TK Operator must have sole responsibility in operating the TK Business and must in that capacity act as an entrepreneur. While Japanese tax rules do not contain specific requirements to meet the above test, as a matter of market practice, the TK Operator should have its own capital at risk to support its position as the entrepreneur of the TK Business. The purpose of the subordinated loan from the Sponsor to New SPC is to enable New SPC to meet this requirement¹. The interest rate (which is at a fixed rate of 3.0% per annum for the entire term of the subordinated loan) is based on the market rate and will be paid by New SPC out of its own cash proceeds (from both the proceeds of the Pro-Shop Business and its distributions on its 1.00% interest in the TK Business).

The TK Investor will inject into the TK Business its TK contribution amounting to approximately 99.39% of the Aggregate Contributions to the TK Business.

Mizuho Securities Co., Ltd., a “qualified institutional investor” (“**QII**”) under the FIEA, will make contributions to the TK Business of approximately 0.01% (the “**QII Contribution**”) of the Aggregate Contributions to the TK Business, in order to satisfy certain regulatory requirements under the FIEA. Details of the regulatory requirements are set out in the section “Overview of Relevant Laws and Regulations in Japan – Other Regulations – Financial Instruments and Exchange Act”. Accordingly, the QII will have the right to receive distributions from the TK Business proportionate to the QII Contribution. Further, the QII will not have any voting rights or veto rights in respect of the TK Business and only has the right to request the inspection of the balance sheet of the TK Operator and to inspect the status of the business and property of the TK Operator under the Commercial Code of Japan (Act No. 48 of 1899, as amended). The QII has no relationship with the Sponsor and New SPC except that it is acting as a debt arranger for the Sponsor and is the debt arranger in respect of the New Debt Facilities (as defined herein). (See “Capitalisation and Indebtedness – Indebtedness – New Debt Facilities” for the details of the debt facilities for New SPC.)

The TK Operator will allocate and distribute to AG Trust as the TK Investor, to itself as the TK Operator and to QII approximately 98.99%, 1.00% and 0.01% of the distributable income generated from the TK Business, respectively.² Under the TK Agreement, in the event of future contributions to the TK Business, TK Operator will continue to contribute 0.6% of such aggregate contribution together with the TK Investor’s and/or the QII’s contributions. In addition, the Trustee-Manager will not, as the TK Investor, agree to an amendment to the TK Agreement to

1 It is common for a sponsor to provide such funding to the TK operator in Japanese structured finance transactions as it is the party that benefits from the transaction. It would therefore generally be difficult to find a third party who does not benefit economically from the transaction to provide such funding to the TK operator.

2 As between the TK Investor and the QII, the percentage of distributable income to them is based on the Aggregate Contributions to the TK Business as at the Listing Date and may vary according to the change in their percentage contributions to the TK Business in future, as a result of additional contributions from them. In any case, receiving additional contributions to the TK Business from any investor other than the TK Investor, is subject to a veto right of the TK Investor under the TK Agreement.

reduce the percentage contribution of the TK Operator unless required by applicable laws and regulations or as may be necessary to maintain the validity of the TK structure. Although the TK Operator makes approximately 0.6% of the Aggregate Contributions to the TK Business but receives 1.0% of distributable income, the higher percentage received is necessary so that the TK Operator receives sufficient funds to pay the local taxes required to be borne by the TK Operator and yet retain sufficient profits which is necessary for the TK Operator to remain as an entrepreneur in respect of the TK Business. In respect of the local taxes payable by the TK Operator, one of such taxes, being the inhabitant tax on a per capita basis is computed based on the location of the golf courses, the number of employees and statutory capital amount of New SPC and is borne solely by the TK Operator even though it is a tax applicable to the TK Business (which is the main business of New SPC) and which the TK Investor derives benefit from. After application of the distributions received by the TK Operator towards payment of taxes, the remaining amount available for its costs of operations and payment of interest on the subordinated loan granted by the Sponsor is significantly less than the 1.0% of distributable income the TK Operator receives.

The 1.0% of distributable income received by the TK Operator will belong to the TK Operator and do not belong to the Sponsor or the TK Investor. Accordingly, the retained profits, after taking into account the commission fee that the TK Operator will receive from the Pro-Shop Business and the payment of applicable taxes, costs of operations and payment of interest on the subordinated loan from the Sponsor (which, based on the Forecast Year 2015 financial information of AG Trust, amounts to approximately JPY22.0 million (equivalent to approximately S\$270,000)), will accumulate on the TK Operator's own books and do not belong to the Sponsor. For so long as the New Debt Facilities are in place, such retained profits will also not be applied towards repayment of the principal on the subordinated loan granted by the Sponsor. Accordingly, the Sponsor will only receive fixed interest payments on the subordinated loan and will not receive additional benefits that are proportionate to the amount of distributions received by the TK Operator.

Veto Rights of AG Trust as the TK Investor

Under the TK Agreement, AG Trust as the TK Investor will have veto rights in respect of certain key operational matters including any amendment to the articles of incorporation, cessation or change of principal business, entry into Interested Person Transactions and preparing or amending the annual business plan.

(See "Certain Agreements Relating to Accordia Golf Trust" for further details of the veto rights of the TK Investor under the TK Agreement.)

New SPC as the TK Operator

New SPC, which will act as the TK Operator, is a *Godo Kaisha* which is a Japanese limited liability company under the Companies Act of Japan (Act No. 86 of 2005, as amended). New SPC will be responsible for holding the Initial Portfolio Golf Courses and managing their day to day operation, subject to the veto rights of the Trustee-Manager. (See "The Trustee-Manager – The Trustee-Manager of AG Trust – Legal Representative" for details relating to the ownership and operation of New SPC.)

Mizuho Securities Co., Ltd. as the Qualified Institutional Investor

Mizuho Securities Co., Ltd., a QII under the FIEA, will make the QII Contribution to the TK Business, in order to satisfy certain regulatory requirements under the FIEA. Details of the regulatory requirements are set out in the section "Overview of Relevant Laws and Regulations in Japan – Other Regulations – Financial Instruments and Exchange Act".

ISH as the holding vehicle of New SPC

The Sponsor transferred all of its membership interests (i.e. voting rights) in the SPC to a newly established general incorporated association known as an *Ippan Shadan Hojin* (“ISH”), a type of special purpose vehicle under Japanese law. The ISH will only hold the voting rights of New SPC for itself and not on behalf of any entity. The voting rights of the ISH are held by certified public accountants who are members of the Tokyo Kyodo Accounting Office (“TKAO”) which will provide limited corporate administrative services to maintain the function of the ISH as a static holding vehicle.

In order to address the possibility of breach by the ISH and/or TKAO of its duties as an executive member of New SPC or as its operating officer, AG Trust holds a second ranking pledge¹ over the ISH’s membership interests in New SPC to secure potential liabilities owed to the TK Investor by the ISH and/or TKAO under the Companies Act of Japan.

If the ISH and/or TKAO causes damage or losses to AG Trust by its malicious or gross negligent act (or failure to act) in performing their duties as an executive member of New SPC or as its operating officer, subject to the senior lenders’ consent, AG Trust will be entitled to enforce the pledge and force the ISH to transfer its membership interests in New SPC to any third-party (which may be another ISH or accountants providing similar nominee services), thereby replacing the ISH and TKAO. AG Trust, as the TK Investor itself, cannot acquire the membership interests due to statutory restrictions on a TK Investor. (See “Overview of Relevant Laws and Regulations in Japan – Laws and Regulations relating to the TK Structure” for details of the laws and regulations relating to a TK structure.) Given that the ISH and TKAO will be effectively the persons controlling New SPC, this achieves the same practical effect of replacing the TK Operator.

Limited Liability of AG Trust

Under the TK Structure, as New SPC will be the legal owner in respect of the Initial Portfolio, generally, only New SPC has rights against and obligations to third parties. Therefore, third parties will have no recourse against AG Trust as the TK Investor and the liability of AG Trust is limited to the amount of its TK contribution to New SPC.

Taxation

From a tax perspective, the TK Structure as properly implemented should allow economic ownership of the golf courses at a preferential tax rate as compared with full legal ownership of such assets. Full ownership of such assets exposes AG Trust to Japanese corporate taxation at a current rate of approximately 37.1%. In contrast, economic ownership through the TK Structure, as properly implemented, should reduce such taxation to an approximate 20.4% withholding tax on the profit distributions from the TK Structure to AG Trust, with no need for AG Trust to file Japanese tax returns. As the Japanese taxes on the income stream from the TK Structure (i.e. income from the golf courses) should fully offset any Singapore taxes due on such income, AG Trust should not be subject to incremental Singapore corporate tax or income tax.

The Trustee-Manager: Accordia Golf Trust Management Pte. Ltd.

Accordia Golf Trust Management Pte. Ltd. is the Trustee-Manager of AG Trust. The Trustee-Manager has the dual responsibility of safeguarding the interests of the Unitholders and managing AG Trust’s businesses.

1 First ranking pledge is held by the senior lenders under the New Debt Facilities (as defined herein).

The Trustee-Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (“**Companies Act**”), on 20 March 2014. It has an issued and paid up capital of S\$625,000 and its registered office is located at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809.

The Trustee-Manager is 49.0% held by the Sponsor and 51.0% held by the TM Partner, a wholly-owned subsidiary of Daiwa Securities Group.

The board of directors of the Trustee-Manager (the “**Directors**”, and the board of Directors, the “**Board**”) consists of individuals with a broad range of commercial experience, including expertise in accounting and finance and in the golf course industry. The Board consists of Mr Khoo Kee Cheek, Mr Yoshihiko Machida, Mr Takuya Nagano, Mr Hitoshi Kumagai and Mr Chong Teck Sin.

The Trustee-Manager is generally responsible for AG Trust’s investment and financing strategies, asset acquisition and divestment policies and the overall management of AG Trust’s investments and assets. The Trustee-Manager is also responsible for the strategic business direction and risk management of AG Trust.

The Sponsor

The Sponsor of AG Trust is Accordia Golf Co., Ltd., the leading golf course operator in Japan operating 135 golf courses (of which 132 are owned by the Sponsor prior to the transfer of the TK Interests) and 26 driving ranges as at the Latest Practicable Date. The Sponsor was incorporated in Japan in 1981 and is listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY136.5 billion or S\$1.67 billion as at the Latest Practicable Date. The Sponsor is in the business of providing integrated golf course services and owning and operating golf courses, mainly in large metropolitan areas and major regional urban centres in Japan and has a strong track record of acquiring and turning around troubled golf courses with its expertise in golf course management and operational know-how. 78 out of the 89 Initial Portfolio Golf Courses were acquired by the Sponsor when the vendors were in bankruptcy proceedings/corporate re-organisations, which demonstrates the Sponsor’s ability to turn around and improve the revenue of these golf courses to a level and stability that is suitable for investment by AG Trust. Since its listing on the Tokyo Stock Exchange in 2006, it has expanded its golf course and driving range operation business, acquiring as many as 59 golf courses between FY2006 and FY2013 and establishing its current position as the leading golf course operator in Japan. (See “The Sponsor” for further details.)

The TM Partner and Asset Manager

The TM Partner, which is also the Asset Manager, is a wholly-owned subsidiary of Daiwa Securities Group, a provider of integrated financial services. The TM Partner is the property asset management arm of the group.

Established as an asset management company in 2004, the TM Partner was originally known as daVinci Select. In 2009, Daiwa Securities Group acquired the entire issued share capital of daVinci Select from daVinci Holdings. Following the acquisition, the name of the company was changed to Daiwa Real Estate Asset Management Co. Ltd. As at March 2014, the TM Partner operates three REITs, with total assets under management of over JPY400 billion (equivalent to approximately S\$5 billion).

The TM Partner operates its business with the following strategies:

- implementing a compliance system and effective risk control structure to comply with its regulatory obligations as a licensed FIBO;
- with its status as an independent real estate management company in the financial companies group, it has the ability to establish strong relations with business companies, financial institutions, leading real estate brokers and other parties, thereby being able to source and secure acquisition and financing opportunities;
- strengthening relationships with leasing firms and capitalising on the Daiwa Securities Group network, so as to locate and keep in close contact with tenants to better understand and address their needs; and
- taking advantage of the Daiwa Securities Group's credibility and favourable relationships with lenders to obtain financing.

The TM Partner is currently the asset manager of Daiwa Office Investment Corporation (a J-REIT), which was founded in 2005 and is listed on the Tokyo Stock Exchange. The TM Partner was granted a licence for Investment Advisory and Agency Business in 2010 and has been expanding its business by conducting investment advisory and agency business. The TM Partner is also the asset manager of Daiwa Residential Private Investment Corporation and Nippon Healthcare Investment Corporation.

The Asset Manager will, under the Asset Management Agreement with New SPC, provide *inter alia*, the following services to New SPC:

- advisory services in connection with acquisition and divestment opportunities, including gathering and analysis of market information;
- identify acquisition and divestment opportunities for New SPC, conduct due diligence in respect of these investments and prepare the relevant documentation and proposals; and
- monitor operating results and the Sponsor's performance of its obligations under the Golf Course Management Agreement and advise New SPC with regard to continuation or termination (including appointment of a successor) of the Golf Course Management Agreement.

CERTAIN FEES AND CHARGES

The table below summarises certain fees and charges payable by AG Trust in connection with the establishment and on-going management and operation of AG Trust.

	Payable by AG Trust	Amount payable
(a)	Management Fee (payable to the Trustee-Manager)	Base Fee The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property¹ a base fee (the “Base Fee”) of 0.11% per annum of the value of the total assets² of AG Trust on a consolidated basis. Performance Fee The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property a performance fee (the “Performance Fee”) of 0.25% per annum of the Adjusted Net Operating Income of the investments of AG Trust³. “Adjusted Net Operating Income” means the gross revenue comprising the aggregate revenue of the golf courses, driving ranges, golf course related assets and driving range related assets, whether directly or indirectly held by the Trustee-Manager (whether wholly or partly and whether through a special purpose vehicle or otherwise) less merchandise and material expenses, labour costs and other operating expenses in respect of such golf courses, driving ranges, Golf course related assets and driving range related Assets but before deduction of fees payable to the Sponsor under the Golf Course Management Agreement. The Base Fee and the Performance Fee (collectively, the “Management Fee”) are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect). The Base Fee to be paid to the Trustee-Manager will be offset by the Performance Fee, so as to reduce the amount of the Base Fee payable to the Trustee-Manager in the event that the Performance Fee is a negative figure (arising from a negative Adjusted Net Operating Income figure), subject always to a minimum of zero. Accordingly, if the Performance Fee is a negative figure, it cannot be carried forward to offset the Base Fee in the next relevant period or any subsequent periods.

1 “**Trust Property**” has the meaning ascribed to it in the BTA.

2 The value of the total assets of AG Trust shall be based on the unaudited management accounts of AG Trust. Based on the value of the total assets of AG Trust as at 31 December 2013, the amount of Base Fee that the Trustee-Manager will receive for one year will be JPY193.6 million (equivalent to approximately S\$2.4 million).

3 Based on the financial information of AG Trust in respect of Forecast Year 2015, the amount of Performance Fee that the Trustee-Manager will receive for one year will be JPY47.6 million (equivalent to approximately S\$0.6 million).

	Payable by AG Trust	Amount payable
		The Trustee-Manager has elected to receive 100% of the Management Fee in cash for Forecast Year 2015. The Trustee-Manager will also be paid a one-time initial setup fee of JPY400 million (equivalent to approximately S\$4.9 million), being 0.232% of the value of the assets of AG Trust on a consolidated basis as of 31 December 2013 (based on the unaudited pro forma financial information of AG Trust as at 31 December 2013). (See “The Trustee-Manager – Fees payable to the Trustee-Manager – Management fees”.)
(b)	Any other substantial fee or charge ¹ (i.e. 0.1% or more of AG Trust’s asset value)	
	(i) Acquisition Fee (payable to the Trustee-Manager)	The Acquisition Fee will be 0.6% of the appraised value of any investments acquired directly or indirectly (through a special purpose vehicle or otherwise) by AG Trust, as determined by an independent third party appraiser appointed by the Trustee-Manager or, where the acquisition is made by a special purpose vehicle, such special purpose vehicle. The Acquisition Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. Any payment to third-party agents or brokers in connection with the acquisition of any investment for AG Trust shall be paid by AG Trust. The total acquisition fee payable to the Trustee-Manager and the Asset Manager would amount to 1.35% of the value of the acquired assets. For the avoidance of doubt, the Acquisition Fee is payable to the Trustee-Manager for acquisitions from the Sponsor. (See “The Trustee-Manager – Fees payable to the Trustee-Manager – Management fees”.)

¹ The following fees and charges are expected to be 0.1% or more of AG Trust’s asset value but are payable whether or not they are 0.1% or more of AG Trust’s asset value.

	Payable by AG Trust	Amount payable
	(ii) Divestment Fee (payable to the Trustee-Manager)	The Divestment Fee will be 0.15% of the last available appraised value obtained by the Trustee-Manager or the relevant special purpose vehicle of any investments sold or divested directly or indirectly (through a special purpose vehicle or otherwise) by AG Trust, as determined by such an appraiser appointed by the Trustee-Manager or, where the divestment is by a special purpose vehicle, such special purpose vehicle. The Divestment Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. Any payment to third-party agents or brokers in connection with the divestment of any investment for AG Trust shall be paid by AG Trust. For the avoidance of doubt, the Divestment Fee is payable to the Trustee-Manager for divestments to the Sponsor. (See “The Trustee-Manager – Fees payable to the Trustee-Manager – Management fees”.)

	Payable by AG Trust	Amount payable
	(iii) Asset management fees (payable to the Asset Manager)	The Asset Manager shall be entitled to asset management fees comprising a base fee, an acquisition fee and a divestment fee: (a) a base fee being 0.066% per annum of the appraisal value of all the golf courses and golf driving ranges, and related hotels and restaurants (if any) of New SPC based on the last available appraisal reports issued by an appraiser appointed by New SPC¹; (b) an acquisition fee being 0.75% of the appraisal value of any investments acquired by New SPC, as determined by the appraiser appointed by New SPC; and (c) a disposition fee being 0.15% of the appraisal value of any investments sold or divested by New SPC, based on the last available appraisal reports issued by an appraiser appointed by New SPC. The total acquisition fee payable to the Trustee-Manager and the Asset Manager would amount to 1.35% of the value of the acquired assets. The Asset Manager will also be paid a one-time initial setup fee of JPY400 million (equivalent to approximately S\$4.9 million), that is 0.265% of the total appraisal value of the SPC's Golf Courses as of 30 September 2013 based on the latest appraisal report of the SPC. Asset management fees will be paid in cash by New SPC. Other than as set out above, there are no other fees payable to the Asset Manager under the Asset Management Agreement. (See "Certain Agreements Relating to Accordia Golf Trust – Asset Management Agreement".)

¹ Based on the appraised value of the Initial Portfolio as at 30 September 2013, the amount of base fee that the Asset Manager will receive for one year will be JPY99.6 million (equivalent to approximately S\$1.2 million).

	Payable by AG Trust	Amount payable
	(iv) Golf course management fees (payable to the Sponsor)	Pursuant to the Golf Course Management Agreement, the Sponsor is entitled to golf course operating and management fees comprising a base fee, an incentive fee, a membership revenue incentive fee and an integral purchasing system usage fee: (a) a base fee¹ being 3.0% of the net sales (excluding tax) in the TK Business for the relevant month, which is adjusted by adding or subtracting the amount equivalent to 3.0% of the difference in the net sales in the TK Business, if the net sales (excluding tax) in the TK Business for the previous months is found to be different during the relevant month; (b) an incentive fee being 5.0%² of the incremental operating profits before amortisation (after deducting the base fee and corporate fee) for the relevant month which is adjusted by adding or subtracting the amount equivalent to 5.0% of the difference in the incremental operating profits before amortisation of the TK Business if the incremental operating profits before amortisation for the previous months are found to be different during the relevant month; (c) a one-time membership revenue incentive fee³ being 60.0% of the admission fees (excluding tax) received during the relevant month from persons who become new members of the golf courses held by New SPC through Accordia Golf's efforts; and (d) an integrated purchasing system⁴ usage fee of JPY15,000 (equivalent to approximately S\$184) per course per month.⁵

1 Based on the financial information of New SPC in respect of Forecast Year 2015, the base fee payable for one year is JPY1,633 million (equivalent to approximately S\$20.0 million).

2 The incentive fee is payable even if the operating profits for the relevant month is negative, so long as there has been an increase operating profits from the preceding month. Based on the financial information of New SPC in respect of Forecast Year 2015, the incentive fee payable for one year is JPY699 million (equivalent to approximately S\$8.6 million).

3 Based on the number of new members of the Initial Portfolio Golf Courses in respect of Forecast Year 2015, the one-time membership revenue incentive fee payable is JPY246 million (equivalent to approximately S\$3.0 million).

4 The integrated purchasing system is a web-based procurement system known as "green@stock" which is operated by Golf Alliance Co., Ltd. (a subsidiary of the Sponsor) and used by the Sponsor and its subsidiaries. Each golf course subsidiary uses the system to order the supplies it needs for the operation of the golf course, including golf course materials such as sand and fertiliser, restaurant food supplies, club house consumables and office supplies. By consolidating orders (in terms of products and suppliers) to enable the placement of large volume orders, the system achieves economies of scale in pricing and reduces logistical costs, leading to lower procurement costs for the Sponsor and its subsidiaries.

5 For the purposes of computing this fee, the east and west courses of Otsu Country Club, being the Higashi Course and the Nishi Course shall be counted as two courses. Based on the financial information of New SPC in respect of Forecast Year 2015, the integrated purchasing system usage fee payable in respect of one year is JPY16 million (equivalent to approximately S\$0.2 million).

	Payable by AG Trust	Amount payable
		Under the Golf Course Management Agreement, to allow for timely payment of the base fee to the Sponsor, the base fee is calculated using the provisional net sales figures as the actual figures would only be available in the following month. Should there be a difference between the provisional figures and actual figures, 3.0% of the difference will be added to, or deducted from, as the case may be, the following month's provisional net sales figure. The same methodology is applied in computing the incentive fee payable to the Sponsor under the Golf Course Management Agreement. The Sponsor is also entitled to a corporate fee¹ calculated as (i) the monthly amount of JPY2,750,000 per 18 holes (however, with respect to the facilities with fewer than 18 holes, the amount calculated in proportion to the number of holes at the facilities (any fraction less than one yen shall be rounded down to the nearest whole yen) and (ii) the monthly amount of JPY1,000,000 per golf driving range (however, if the number of driving areas in the golf driving range exceeds 100, the Sponsor shall be entitled a monthly amount of JPY10,000 for each excess driving area). The sum of the base fee and corporate fee to be paid to the Sponsor will be offset by the incentive fee, so as to reduce the amount of the base fee and corporate fee payable to the Sponsor in the event that the incentive fee is a negative figure (if the incremental operating profits is negative), subject always to a minimum of zero. Accordingly, if the incentive fee is a negative figure, it cannot be carried forward to offset the base fee and corporate fee in the next relevant period. The fees payable to the Sponsor will be paid in cash by New SPC. Other than as set out above, there are no other fees payable to the Sponsor under the Golf Course Management Agreement. (See "Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement".)

¹ Based on the Initial Portfolio, the amount of corporate fee that the Sponsor will receive for one year will be JPY3,494 million (equivalent to approximately S\$42.9 million).

The table below summarises the work undertaken by the Trustee-Manager, the Sponsor and the Asset Manager for the fees payable by AG Trust.

Type of Fee	Trustee-Manager	Trustee-Manager (Scope of Work)	Asset Manager	Asset Manager (Scope of Work)
Base Fee	0.11% per annum of the value of the total assets of AG Trust (to be offset by the performance fee if the performance fee is a negative figure, subject to minimum of zero)	Management of all the assets of AG Trust as a whole (with management of the Initial Portfolio possible through its veto rights), with overall oversight of the performance of the assets of AG Trust, the portfolio mix, the capital management strategy and investor relations/reporting.	0.066% per annum of the appraisal value of all the assets ¹ of New SPC	Provides advisory services to New SPC in respect of the golf courses, for example in advising New SPC on whether to continue or terminate the Golf Course Management Agreement, change the fee structure and monitoring the Sponsor's performance under the Golf Course Management Agreement.
Performance Fee	0.25% per annum of Adjusted Net Operating Income ² of the investments of AG Trust	This fee is to incentivise the Trustee-Manager to focus on the yield that accrues to Unitholders so that the Trustee-Manager will actively look into not only increasing the revenue but also managing the expenses of operating the golf courses. ³	–	Not applicable

¹ Being all the golf courses and golf driving ranges, and related hotels and restaurants.

² “**Adjusted Net Operating Income**” means the gross revenue comprising the aggregate revenue of the golf courses, driving ranges, golf course related assets and driving range related assets, whether directly or indirectly held by the Trustee-Manager (whether wholly or partly and whether through a special purpose vehicle or otherwise) less merchandise and material expenses, labour costs and other operating expenses in respect of such golf courses, driving ranges, golf course related assets and driving range related assets but before deduction of fees payable to the Sponsor under the Golf Course Management Agreement.

³ The Trustee-Manager will achieve this through its veto rights under the TK Agreement in respect of New SPC's annual business plan and acquisition and divestment of assets.

Type of Fee	Trustee-Manager	Trustee-Manager (Scope of Work)	Asset Manager	Asset Manager (Scope of Work)
Acquisition Fee (total payable to TM + AM = 1.35%)	0.6% of appraised value of investments acquired directly or indirectly by AG Trust	In a proposed acquisition, the Trustee-Manager has to undertake work which is different from the work undertaken by the Asset Manager. For example, the Trustee-Manager has overall management responsibility to determine the impact of the acquisition to AG Trust as a whole, and has to undertake a risks and returns analysis and analyse the impact of the acquisition on DPU. For example, it has to determine the optimum financing strategy, e.g. whether financing the acquisition should be through additional TK investment (i.e. injection of funds from the Trustee-Manager) or through debt financing at New SPC level, would be in the best interests of Unitholders. Implementing capital management involves examining and weighing out many financing options and analysing foreign exchange rate movements and interest rate movements. In addition, the Trustee-Manager will need to commission and oversee the work of professionals in connection with the acquisition, like the independent financial adviser (in the case of Interested Person Transactions) and the legal advisers for the purposes of ensuring compliance with regulatory requirements (like compliance with the Listing Manual in terms of obtaining Unitholders' approval (if required) and making the necessary announcements). The Trustee-Manager will also need to handle the investment relations aspect, for example, in addressing investors' queries/concerns about the acquisition.	0.75% of appraised value of any investments acquired by New SPC ¹	As golf course assets require significant due diligence, the Asset Manager's role will be to advise and support New SPC, which involves assistance in commissioning engineering reports, examining property rights and other land issues and obtaining of appraisals. Based on the information, the Asset Manager will undertake an analysis to determine whether the assets are suitable for acquisition by New SPC and whether the performance of New SPC would benefit therefrom, and will advise New SPC as to whether or not to undertake the acquisition.

¹ Such a fee is not payable to the Asset Manager under the existing Asset Management Agreement if the asset acquired is not undertaken by New SPC.

Type of Fee	Trustee-Manager	Trustee-Manager (Scope of Work)	Asset Manager	Asset Manager (Scope of Work)
Divestment Fee/Disposition Fee	0.15% of the last available appraised value of investments sold/divested directly or indirectly by AG Trust	The Trustee-Manager is responsible for overall portfolio management and has to consider the impact of the divestment of the asset to AG Trust as a whole. While it does not need to source financing, it will still need to consider the application of the sale proceeds, for example, whether to pre-pay a loan, to distribute to Unitholders or to retain the sale proceeds with AG Trust and apply towards acquisition of new assets. This will in turn have an impact on DPU so detailed analysis is also required. In addition, the Trustee-Manager is also responsible for the investor relations aspect, e.g. to address investor concerns/queries as to why a decision was undertaken to sell the golf course. While there is less work than in an acquisition, this is also reflected in the substantially lower fee compared to the acquisition fee.	0.15% of the last available appraised value of investments sold/divested by New SPC ¹	The Asset Manager is responsible for overseeing the terms of the sale, and providing advisory services to New SPC on the proposed divestment. The Asset Manager will also be responsible for assisting New SPC with furnishing information to the buyer for the buyer's own due diligence of the asset.
One-time Initial Setup Fee	JPY400 million	The one-time initial set up fee payable to the Trustee-Manager is akin to an acquisition fee payable to the Trustee-Manager for its work done in connection with the acquisition of the Initial Portfolio by AG Trust. The work undertaken by the Trustee-Manager in this regard is set out below. Although it is typical for all managers to undertake due diligence on acquisition of assets, the extent of work undertaken by the Trustee-Manager in this case is very extensive and involves many different areas with more complications. For example, it had	JPY400 million	The fee is payable to the Asset Manager as this is a fee for the costs of advisory and management services provided during the set up process and commencement of operations of New SPC. Specifically, we understand that the restructuring process was

¹ Such a fee is not payable to the Asset Manager under the existing Asset Management Agreement if the asset divested is not undertaken by New SPC.

Type of Fee	Trustee-Manager	Trustee-Manager (Scope of Work)	Asset Manager	Asset Manager (Scope of Work)
		to undertake due diligence in respect of different aspects, which include commissioning the real estate appraisals, the business valuation, the engineering reports (for structural due diligence), and the legal due diligence reports, and obtaining the cadastral maps. It also had to analyse title issues which are very extensive in light of the size of the Initial Portfolio. There was also extensive restructuring work undertaken which involved conceptualising the steps required for the injection of the Initial Portfolio into AG Trust through a series of corporate splits and mergers. The restructuring exercise was necessary to separate the golf courses which were not to be sold to AG Trust from the golf courses to be sold to AG Trust without having to transfer the golf courses from one legal entity to another legal entity as this would have involved the novation of many agreements, including the leases in respect of the golf courses which would not have been practically possible. The Trustee-Manager therefore had to work very intensely with the professionals like the legal counsels and the Asset Manager to conceptualise, put in place the documentation and implement the steps for this purpose. While a lot of the work in connection with the acquisition of the Initial Portfolio was undertaken by the employees of the Sponsor, the work is attributed to the Trustee-Manager because the Sponsor		a novel and complex one as the process of undertaking restructuring involving golf course subsidiaries and the TK structure (with the eventual step of injection into a business trust) is novel and the Asset Manager had provided structuring advice to New SPC in this process. This involved, <i>inter alia</i>, determination of a set of policies and rules to govern acquisitions, consultations with the Financial Services Agency of Japan and establishment of organisation and procedures for advising on the acquisition and sale of securities.

Type of Fee	Trustee-Manager	Trustee-Manager (Scope of Work)	Asset Manager	Asset Manager (Scope of Work)
		effectively gave up its resources (e.g. the time of its employees) to the Trustee-Manager in order for the Trustee-Manager to undertake the extensive work required for its acquisition of the Initial Portfolio under the supervision of the management team of the Trustee-Manager. Although the Trustee-Manager as a separate legal entity was only incorporated fairly recently, the key executive officers of the Trustee-Manager, being the Chief Executive Officer and the Chief Investment and Asset Management Officer had been earmarked to take on these roles since the start of the Offering process. As the Initial Portfolio is large and the work required for the acquisition by the BT is extensive, the Sponsor had accordingly also provided a lot of support and resources (through the Sponsor's own employees) to the Trustee-Manager team in respect of all the work required to be undertaken by the Trustee-Manager. As post-Listing, any further acquisition is unlikely to be of such a scale, and ongoing management of the asset portfolio will not require as much manpower, it would not have been commercially efficient for the Trustee-Manager to hire a large team just for the purposes of the initial set-up work.		

Fees Payable to Sponsor under the Golf Course Management Agreement	Scope of Work
<u>Base Fee</u> • 3.0% of the net sales (excluding tax) in the TK Business for the relevant month • Adjusted by adding or subtracting the amount equivalent to 3.0% of the difference in the net sales in the TK Business, if the net sales (excluding tax) in the TK Business for the previous months is found to be different during the relevant month	The scope of work for the base fee and incentive fee involves: – Operating, observing and supervising New SPC's employees at the golf courses – Although on average, there will be approximately 50 employees per New SPC working at a golf course, the nature of operation of golf courses is such that it is a labour intensive exercise and the day-to-day running of the golf courses will itself require much labour.
<u>Incentive Fee</u> • 5.0% of the incremental operating profits before amortisation (after deducting the base fee and corporate fee) for the relevant month • Adjusted by adding or subtracting the amount equivalent to 5.0% of the difference in the incremental operating profits before amortisation of the TK Business if the incremental operating profits before amortisation for the previous months are found to be different during the relevant month	– The Sponsor, however, is responsible for overall supervision and oversight of the performance of the golf courses, and would be responsible for the overall strategy of the golf courses, for example, how to keep expenses efficient in order to improve the performance of the golf courses. – Through the course managers seconded from the Sponsor, the Sponsor will convey and implement its know-how in operating golf courses which will benefit New SPC as one of the key strengths of the Sponsor lies in its know-how and experience in the operation of golf courses.
<u>Membership Revenue Incentive Fee</u> • 60.0% of the admission fees (excluding tax) received during the relevant month from persons who become new members of the golf courses held by New SPC through Accordia Golf's efforts	– The membership revenue incentive fee is to incentivise the Sponsor to actively market to new members or to manage the courses well as a whole so that existing members will bring in new members.
<u>Integrated Purchasing System Usage Fee</u> • JPY15,000 (equivalent to approximately S\$184) per course per month	– This is payable to the Sponsor for the use of its integrated purchasing system.

Fees Payable to Sponsor under the Golf Course Management Agreement	Scope of Work
Corporate Fee • monthly amount of JPY2,750,000 per 18 holes - o however, with respect to the facilities with fewer than 18 holes, the amount calculated in proportion to the number of holes at the facilities (any fraction less than one yen shall be rounded down to the nearest whole yen) • monthly amount of JPY1,000,000 per golf driving range - o however, if the number of driving areas in the golf driving range exceeds 100, the Sponsor shall be entitled to a monthly amount of JPY10,000 for each excess driving area	– This fee is payable to the Sponsor for undertaking the head office functions of New SPC. – Although the fee payable to the Sponsor for this administrative function is more substantial than the fee payable to the Sponsor for the management function, the amount of work undertaken by the Sponsor with its own employees for such a role is more labour intensive, as this involves managing the general affairs of the New SPC employees (for example, the HR and welfare issues), assisting with the finance functions, undertaking internal audit on the golf courses, performance control and undertaking the marketing activities of the golf courses. – In addition, the Sponsor will assist New SPC with the accounting function (which includes preparation of New SPC's financial statements), budgeting and preparation of the business plan and computation of all the cash amounts relating to the business.

Having regard to, *inter alia*, the scope of work of the Sponsor for each of the ongoing fees payable to the Sponsor under the Golf Course Management Agreement and noting the pro forma aggregate amount of such fees payable as set out above in the footnotes set out under the section "Certain Fees and Charges" of this Prospectus (JPY6,088 million (equivalent to approximately S\$74.7 million)), the Trustee-Manager is of the view that the fees payable to the Sponsor are on arm's length basis and on normal commercial terms, and are not prejudicial to the interests of AG Trust and its minority Unitholders.

THE OFFERING

AG Trust	Accordia Golf Trust
The Trustee-Manager	Accordia Golf Trust Management Pte. Ltd.
The Sponsor	Accordia Golf Co., Ltd.
The TM Partner	Daiwa Real Estate Asset Management Co. Ltd.
The Unit Lender	Accordia Golf Co., Ltd.
The Offering	Up to 782,025,000 Units offered under the Placement, the Singapore Public Offering and the Japanese Public Offering.
The Placement	164,592,000 Units offered by way of an international placement to investors, including institutional and other investors in Singapore. The Units have not been and will not be registered under the U.S. Securities Act and, accordingly, may not be offered or sold within the United States (as defined in Regulation S), except in a transaction that is exempt from or not subject to the registration requirements of the U.S. Securities Act. The Units are being offered and sold outside of the United States in reliance on Regulation S and other applicable laws. See “Plan of Distribution”.
The Singapore Public Offering	41,163,000 Units offered by way of a public offer in Singapore.
The Japanese Public Offering	576,270,000 Units offered by way of a public offering without listing in Japan.
Clawback and Re-allocation	The Units may be re-allocated between the Placement, the Singapore Public Offering and the Japanese Public Offering at the discretion of the Joint Bookrunners (in consultation with the Trustee-Manager), subject to any applicable laws.
Consideration Units	On the Listing Date, separate from the Offering, the Sponsor will receive, as part settlement of the consideration for the acquisition of the TK Interests, an aggregate of 317,096,999 Units constituting 28.85% of the Units in issue on the Listing Date.
Offering Price Range	Between S\$0.97 (the Minimum Offering Price) and S\$1.00 (the Maximum Offering Price)

Price Determination

The Offering Price will be determined following a book-building process by agreement between the Joint Bookrunners and the Trustee-Manager on the Price Determination Date, which is expected to be 24 July 2014 and is subject to change. The Joint Bookrunners have no obligation whatsoever to agree to any price as constituting the Offering Price. If for any reason whatsoever the Offering Price is not agreed between the Joint Bookrunners and the Trustee-Manager, the Offering will not proceed. Among the factors that will be taken into account in determining the Offering Price are the level of investor demand for the Units under the Offering and the prevailing conditions in the securities markets. Notice of the actual Offering Price will be publicly announced via the SGXNET and published in one or more major Singapore newspapers, such as The Straits Times, The Business Times and Lianhe Zaobao, not later than two calendar days after the Price Determination Date.

Subscription for Units in the Singapore Public Offering

Investors applying for Units under the Singapore Public Offering by way of Application Forms or Electronic Applications (both as referred to in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”) will pay the Maximum Offering Price per Unit in respect of the number of Units applied for, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners) where (i) an application is rejected or accepted in part only, or (ii) the Offering Price is less than the Maximum Offering Price for each Unit, or (iii) the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Singapore Public Offering will have to pay S\$1,000, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.

The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 1,000.

Investors in Singapore must follow the application procedures set out in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”. Subscriptions under the Singapore Public Offering must be paid for in Singapore dollars. No fee is payable by applicants for the Units under the Singapore Public Offering, save for an administration fee for each application made through the automated teller machines and the Internet banking websites of the Participating Banks.

Over-Allotment Option

In connection with the Offering, the Unit Lender has granted the Over-Allotment Option to the Stabilising Manager for the acquisition from the Sponsor of up to an aggregate of up to 41,217,000 Units at the Offering Price per Unit. The number of Units subject to the Over-Allotment Option will not be more than approximately 5.3% of the initial total Units under the Placement, the Singapore Public Offering and the Japanese Public Offering (excluding the Over-Allotment Option). The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may exercise the Over-Allotment Option in full or in part, on one or more occasions, subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 41,217,000 Units, representing not more than 5.3% of the total number of Units in the Offering, to undertake stabilising actions. The total number of outstanding Units immediately after completion of the Offering will be 1,099,122,000 Units. The exercise of the Over-Allotment Option will not increase the total number of Units in issue.

(See “Plan of Distribution – Over-Allotment and Stabilisation”.)

Lock-ups

The Sponsor has agreed to a (i) lock-up arrangement during the period commencing from the Listing Date until the date falling six months after the Listing Date (both dates inclusive) (the “**First Lock-up Period**”) in respect of the Units in which it legally and/or beneficially, directly or indirectly, owns or has an interest in on the Listing Date (collectively, the “**Lock-up Units**”) and (ii) a lock-up arrangement during the period commencing from the day immediately following the First Lock-up Period until the date falling 12 months after the Listing Date (the “**Second Lock-up Period**”) in respect of 50% of the Lock-up Units, subject to certain exceptions.

The Trustee-Manager has also agreed not to offer, issue or contract to issue any Units, and the making of any announcements in connection with any of the foregoing transactions, during the First Lock-up Period, subject to certain exceptions. (See “Plan of Distribution – Lock-up Arrangements”).)

Capitalisation

The market capitalisation of AG Trust will be between S\$1,066,148,340 based on the Minimum Offering Price and S\$1,099,122,000 based on the Maximum Offering Price immediately following the close of the Offering (See “Capitalisation and Indebtedness”).)

Use of Proceeds

The proceeds from the Offering will be applied towards the following:

- (i) partial funding¹ of the consideration for the acquisition of the TK Interests;
- (ii) working capital purposes;
- (iii) Equity Issue Expenses (as defined herein); and
- (iv) Further investment² in the TK Business by way of additional TK contributions to the TK Business of S\$72 million.

(See “Use of Proceeds” and “The Restructuring Exercise”).)

Listing and Trading

Prior to the Offering, there has been no market for the Units.

Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST (i) all the Units in issue, (ii) all the New Units, (iii) all the Consideration Units and (iv) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager’s fees (See “The Trustee-Manager – Fees payable to the Trustee-Manager”). Such permission will be granted when AG Trust is admitted to the Official List of the SGX-ST.

The Units will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited (“**CDP**”). The Units will be traded in board lot sizes of 1,000 Units.

(See “Clearance and Settlement” for further details.)

1 The remaining consideration for the acquisition of the TK Interests will be funded through the issue of Consideration Units to the Sponsor.

2 The TK contribution from the Trustee-Manager will be applied towards the partial repayment of existing intercompany loans of New SPC.

Stabilisation

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Bookrunners, over-allot or otherwise effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising actions.

Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days thereafter or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of up to 41,217,000 Units, representing not more than 5.3% of the total number of Units in the Offering, to undertake stabilising actions.

(See “Plan of Distribution – Over-Allotment and Stabilisation”.)

Transfer restrictions

The Units offered in this Offering have not been, and will not be registered under the U.S. Securities Act. Therefore, resales by subscribers and/or purchasers of the Units and by subsequent transferees will be subject to certain restrictions described in “Plan of Distribution – Transfer Restrictions”.

No Redemption by Unitholders

Unitholders have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

Distribution Policy and Distribution Currency

Distributions will be declared in Singapore dollars. All Units will be held through CDP, or directly by Unitholders in the form of certificates issued by the Trustee-Manager (in its sole discretion) to them in respect of the Units. Each Unitholder will receive his distribution in Singapore dollars.

The foregoing are statements of the present intentions of the Trustee-Manager in relation to AG Trust and may be subject to modification (including the reduction or cancellation of any proposed distribution) in the sole and absolute discretion of the Trustee-Manager. The form, frequency and amount of future distributions (if any) on the Units will depend on the earnings, financial position and results of operations of AG Trust, as well as contractual restrictions, provisions of applicable law and other factors that the Trustee-Manager may deem relevant.

See “Risk Factors” and “Distributions” for a discussion of factors that may adversely affect the ability of AG Trust to make distributions to Unitholders.

Tax Considerations

See “Taxation” and Appendix C – “Independent Taxation Report”.

Governing Law

The Trust Deed, pursuant to which AG Trust was constituted, is governed by Singapore law.

Underwriting and Selling Commission

See “Plan of Distribution” for the underwriting and selling commission (the “**Underwriting and Selling Commission**”) payable to the Joint Bookrunners.

Risk Factors

Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under “Risk Factors”.

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time	Event
21 July 2014, 9.00 p.m.	: Opening date and time for the Singapore Public Offering
24 July 2014, 4.00 p.m.	: Closing date and time for the Singapore Public Offering
24 July 2014	: Price Determination Date (subject to change)
25 July 2014	: Balloting of applications under the Singapore Public Offering, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary
1 August 2014, 2.00 p.m.	: Commence trading of the Units on the Listing Date
6 August 2014	: Settlement date for all trades done on a “ready” basis on the Listing Date

The above timetable is indicative only and is subject to change. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement of trading of the Units on the SGX-ST. It assumes that (i) the closing of the application list for the Singapore Public Offering (the “**Application List**”) is 24 July 2014, (ii) the Listing Date is 1 August 2014, (iii) there has been compliance with the unitholding spread requirement of the SGX-ST, (iv) there has been compliance with the SGX-ST’s listing requirements and (v) the Units will be issued and fully paid up prior to 2.00 p.m. on 1 August 2014. All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST is expected to commence on a “ready” basis on 6 August 2014 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a “ready” basis have been fulfilled). There will be no trading of the Units through the SGX-ST on a “when-issued” basis. If AG Trust is terminated by the Trustee-Manager under the circumstances specified in the Trust Deed prior to the Offering, the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant’s own risk and without any right or claim against AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other person involved in the Offering).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Trustee-Manager will publicly announce the same:

- via the SGXNET, with the announcement to be posted on the Internet at the SGX-ST website: <<http://www.sgx.com>>; and
- in one or more major Singapore newspapers, such as The Straits Times, The Business Times and Lianhe Zaobao.

For the date on which trading on a “ready” basis will commence, investors should monitor the SGXNET, the newspapers, or check with their brokers.

The Trustee-Manager will provide details and results of the Singapore Public Offering through the SGXNET and in one or more major Singapore newspapers, such as The Straits Times, The Business Times and Lianhe Zaobao.

The Trustee-Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason for it, and no enquiry and/or correspondence on the decision of the Trustee-Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is rejected or accepted in part only, or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners.

Where the application is unsuccessful, the return of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant is expected to be completed at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (as defined herein) after the completion of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

If, following the receipt by the Trustee-Manager of the proceeds from the Offering under the Underwriting Agreement, the Authority issues a stop order preventing the listing of the Units on the SGX-ST, or the listing of the Units on the SGX-ST does not otherwise occur on 1 August 2014, all of the Units issued or sold in the Offering will either be returned to the Trustee-Manager for cancellation, repurchase or redemption or be deemed to be void under Singapore law. Upon the occurrence of such an event, the Trustee-Manager will refund the applicants’ payments for the Units (without interest or any share of revenue or other benefit arising from any ownership of the Units) in accordance with all applicable laws, rules and directives of any governmental or regulatory agency, or otherwise within 14 days of such occurrence.

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

The manner and method for applications and acceptances under the Placement will be determined by the Joint Bookrunners at their sole discretion.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

You should read the following summary unaudited pro forma financial information for the periods and as at the dates indicated in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, the unaudited pro forma financial information and the accompanying notes included in this Prospectus.

The following tables present AG Trust’s unaudited pro forma financial information for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013. Such unaudited pro forma financial information should be read in conjunction with the unaudited pro forma financial information included in the report in Appendix A – “Reporting Accountant’s Report on the Compilation of the Unaudited Pro Forma Financial Information of Accordia Golf Trust and its Subsidiaries for the Financial Years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013”.

AG Trust’s unaudited pro forma financial information has been prepared for illustrative purposes only, required by the provisions set out in the Securities and Futures (Offers of Investment) (Business Trusts) (No. 2) Regulations 2005, and are based on certain assumptions after making certain adjustments to show what:

- (i) the financial results of AG Trust for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013 would have been if the significant events had occurred at 1 April 2010;
- (ii) the financial position of AG Trust as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 December 2013 would have been if the significant events had occurred at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively; and
- (iii) the cash flows of AG Trust for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013 would have been if the significant events had occurred at 1 April 2010.

See “The Restructuring Exercise”.

Pro forma Statements of Comprehensive Income

	For the financial years ended 31 March			For the Nine-month periods ended 31 December	
	2011	2012	2013	2012	2013
	JPY' millions	JPY' millions	JPY' millions	JPY' millions	JPY' millions
Revenue	55,953	53,930	53,594	43,344	42,768
	S\$686 million	S\$662 million	S\$657 million	S\$532 million	S\$525 million
Other operating income	462	368	626	450	351
Operating Income	56,415	54,298	54,220	43,794	43,119
Merchandise and material expense	(3,519)	(3,644)	(3,745)	(2,989)	(2,935)
Labour cost	(15,536)	(13,957)	(13,828)	(10,546)	(10,654)
Management fee expense	(5,891)	(5,836)	(5,843)	(4,578)	(4,529)
Asset Manager's fee	(100)	(100)	(100)	(75)	(75)
Depreciation and amortisation expenses	(3,578)	(3,361)	(3,269)	(2,444)	(2,441)
Trustee-Manager's fee	(245)	(246)	(245)	(184)	(184)
Other trust expenses	(116)	(116)	(116)	(87)	(87)
Other operating expenses	(18,920)	(17,934)	(17,675)	(14,022)	(13,963)
Operating expense	(47,905)	(45,194)	(44,821)	(34,925)	(34,868)
Operating profit	8,510	9,104	9,399	8,869	8,251
Interest expense and other finance cost	(1,702)	(1,706)	(1,716)	(1,286)	(1,312)
Profit before income tax	6,808	7,398	7,683	7,583	6,939
	S\$84 million	S\$91 million	S\$94 million	S\$93 million	S\$85 million
Income tax expense	(1,498)	(1,623)	(1,682)	(1,697)	(1,538)
Profit for the year, representing total comprehensive income	5,310	5,775	6,001	5,886	5,401
	S\$65 million	S\$71 million	S\$74 million	S\$72 million	S\$66 million
Profit and total comprehensive income attributable to					
Unitholders of AG Trust	5,257	5,717	5,941	5,827	5,347
Non-controlling interest	53	58	60	59	54
	5,310	5,775	6,001	5,886	5,401
	S\$65 million	S\$71 million	S\$74 million	S\$72 million	S\$66 million

Pro forma Statements of Financial Position

	As at 31 March			As at 31 December 2013
	2011	2012	2013	
	JPY' millions	JPY' millions	JPY' millions	JPY' millions
Current assets				
Cash and cash equivalents	4,500	4,500	4,500	4,500
Trade and other receivables	7,557	7,393	9,661	2,090
Inventories	289	301	296	235
Other assets	1,139	1,029	1,138	1,094
	13,485	13,223	15,595	7,919
	S\$165 million	S\$162 million	S\$191 million	S\$97 million
Non-current assets				
Trade and other receivables	70	69	69	69
Property, plant and equipment	151,512	151,382	151,377	151,583
Intangible assets	11,950	11,915	11,892	11,887
Other assets	550	480	605	603
	164,082	163,846	163,943	164,142
	S\$2,013 million	S\$2,010 million	S\$2,011 million	S\$2,013 million
Total assets	177,567	177,069	179,538	172,061
	S\$2,178 million	S\$2,172 million	S\$2,202 million	S\$2,110 million
Current liabilities				
Borrowing from financial institutions	450	450	450	450
Current portion of finance lease payables to a related party	1,097	967	1,051	862
Trade and other payables	2,399	1,935	1,938	1,880
Membership deposits	10,143	9,241	8,480	8,119
Income taxes payable	3,036	4,072	5,617	4,095
Other liabilities	5,526	5,298	7,016	1,339
	22,651	21,963	24,552	16,745
	S\$278 million	S\$269 million	S\$301 million	S\$205 million
Non-current liabilities				
Borrowing from financial institutions	42,145	42,145	42,145	42,145
Finance lease payables to a related party	2,453	1,942	1,702	1,736
Borrowing from a related party	500	500	500	500
Membership deposits	8,976	8,890	8,795	8,743
Deferred tax liabilities	18,302	19,088	19,304	19,652
Other liabilities	28	29	28	28
	72,404	72,594	72,474	72,804
	S\$888 million	S\$891 million	S\$889 million	S\$893 million
Total liabilities	95,055	94,557	97,026	89,549
	S\$1,166 million	S\$1,160 million	S\$1,190 million	S\$1,098 million
Net assets	82,512	82,512	82,512	82,512
	S\$1,012 million	S\$1,012 million	S\$1,012 million	S\$1,012 million
Equity				
Unitholders' funds	82,508	82,508	82,508	82,508
Non-controlling interest	4	4	4	4
Total equity	82,512	82,512	82,512	82,512
	S\$1,012 million	S\$1,012 million	S\$1,012 million	S\$1,012 million

Pro forma Statements of Cash Flow

	For the financial years ended 31 March			For the Nine-month periods ended 31 December	
	2011	2012	2013	2012	2013
	JPY' millions	JPY' millions	JPY' millions	JPY' millions	JPY' millions
Operating activities					
Cash generated from operations	13,395	11,754	14,165	7,422	5,363
Interest paid	(984)	(976)	(973)	(736)	(739)
Income tax paid	(4,838)	(798)	(1,649)	(1,649)	(1,784)
Net cash from operating activities	7,573 S\$93 million	9,980 S\$122 million	11,543 S\$142 million	5,037 S\$62 million	2,840 S\$35 million
Investing activities					
Acquisition of property, plant and equipment, and intangible assets, net of proceeds from disposals	(2,688)	(765)	(1,681)	(1,361)	(1,391)
Payment for acquisition of Golf Business	(76,479)	—	—	—	—
Net cash used in investing activities	(79,167) S\$(971) million	(765) S\$(9) million	(1,681) S\$(21) million	(1,361) S\$(17) million	(1,391) S\$(17) million
Financing activities					
Issuance of units	89,187	—	—	—	—
Transaction costs related to issuance of units	(6,770)	—	—	—	—
Proceeds on borrowings from financial institutions	45,000	—	—	—	—
Transaction costs related to Borrowings from financial institutions	(2,405)	—	—	—	—
Repayment of borrowings from financial institutions	(450)	(450)	(450)	(225)	(225)
Repayment of borrowings from a related party	(38,336)	—	—	—	—
Repayment of membership deposits	(1,113)	(1,107)	(978)	(398)	(504)
Repayment of finance lease obligations	(1,163)	(1,126)	(1,066)	(793)	(846)
Dividends paid	—	—	(10,000)	—	—
Net cash from (used in) financing activities	83,950 S\$1,030 million	(2,683) S\$(33) million	(12,494) S\$(153) million	(1,416) S\$(17) million	(1,575) S\$(19) million
Increase (decrease) in cash and cash equivalents	12,356	6,532	(2,632)	2,260	(126)
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement	(7,856)	(6,532)	2,632	(2,260)	126
Balance of cash and cash equivalents at the beginning of the year	—	4,500	4,500	4,500	4,500
Balance of cash and cash equivalents at the end of the year	4,500 S\$55 million	4,500 S\$55 million	4,500 S\$55 million	4,500 S\$55 million	4,500 S\$55 million

SUMMARY PROFIT AND CASH FLOW FORECAST

Statements contained in this “Summary Profit and Cash flow Forecast” section and the “Profit and Cash flow Forecast” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties, which could cause actual results to differ materially from those that are forecast. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of AG Trust, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters or any other person, or that these results will be achieved or are likely to be achieved. (See “Forward-Looking Statements” and “Risk Factors”) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements, which are made only as at the date of this Prospectus.

None of AG Trust, the Trustee-Manager, the Sponsor or the Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters guarantees the performance of AG Trust, the repayment of capital or the payment of any distributions, or any particular return on the Units. AG Trust’s actual distributions in future years could differ significantly from those contained in this section, see “Risk Factors – Risks Relating to AG Trust’s business and the Golf Course Industry – The actual performance of AG Trust could differ materially from the forward-looking statements and forecasts in this Prospectus”.

The actual distribution will vary if the Listing Date is not on 1 August 2014, and the actual distribution and yield will vary in relation to investors who purchase Units in the secondary market at a price that differs from the Offering Price.

The following tables set forth AG Trust’s forecasted income statements and cash flow statements for the 12-month period from 1 April 2014 to 31 March 2015 (“**Forecast Year 2015**”). The forecast results for Forecast Year 2015 may be different to the extent that the actual date of issuance of Units is other than 1 August 2014, being the assumed date of the issuance of Units for the Offering. The financial year end of AG Trust is 31 March. AG Trust’s first accounting period is for the period from 16 June 2014, being the date of its constitution, to 31 March 2015.

The distribution per Unit (“**DPU**”) for Forecast Year 2015 is calculated on the assumption that the Units are issued on 1 August 2014 and made eligible for distributions between 1 April 2014 and 31 March 2015. Assuming that the Units are issued on 1 August 2014, the forecast distributable income to Unitholders for the period from 1 August 2014 to 31 March 2015 is S\$67.6 million on the estimated foreign exchange rate of S\$81.16/JPY for the Forecast Year 2015, or JPY5,487 million. This distributable income will be paid to Unitholders after 31 March 2015 upon the receipt of cash distribution from New SPC on the distributable income generated from the TK business.

Investors in the Units should read the entirety of this “Summary Profit and Cash Flow Forecast” section, together with the report set out in Appendix B, “Reporting Accountant’s Report on the Profit and Cash Flow Forecast of Accordia Golf Trust and its Subsidiaries for the Financial Year Ending 31 March 2015”, as well as the “Profit and Cash Flow Forecast” section, including the assumptions and the sensitivity analysis set out in “Profit and Cash Flow Forecast – Sensitivity Analysis”.

Forecast Consolidated Income Statement

	Forecast Year 2015 (JPY in millions)	Approximate SGD equivalent amount in millions ⁽³⁾
Operating income	53,497	656
Revenue	53,371	655
Golf course revenue	35,444	435
Restaurant revenue	12,639	155
Membership revenue	5,288	65
Other operating income	126	1
Operating expenses	44,264	543
Merchandise and material expense	3,750	46
Labour cost	13,569	166
Management fee ⁽¹⁾	5,826	72
Asset Manager's fee ⁽²⁾	100	1
Depreciation and amortisation expenses	3,640	45
Trustee-Manager's fee ⁽²⁾	250	3
Other trust expenses ⁽²⁾	116	1
Other operating expenses	17,013	209
Operating profit	9,233	113
Interest expenses and other finance costs	1,668	20
Profit before income tax	7,565	93
Income tax expense	1,645	20
Profit for the year, representing total comprehensive income	5,920	73
Profit and total comprehensive income attributable to	5,920	73
Unitholders of AG Trust	5,908	72
Non-controlling interest	12	1

Notes:

- (1) Management fee does not include certain stable fees expected to be incurred by New SPC such as the fee in relation to its continuous use of the Sponsor's integrated purchasing system of approximately JPY16 million per year, as such expense is included in "Other operating expenses".
- (2) The Asset Manager's fee, the Trustee-Manager's fee and other trust expenses are the estimated annual fee expenses according to the prospective agreement terms with respective service providers.
- (3) The S\$/JPY foreign exchange rate of 81.52 is used for the purpose of conversion of SGD equivalent amount for the Forecast Year 2015.

Forecast Cash Flow Statement

	Forecast Year 2015 (JPY in millions)	Approximate SGD equivalent amount in millions ⁽¹⁰⁾
Operating activities		
Profit for the year, representing total comprehensive income	5,920	73
Adjustment for:		
Depreciation and amortisation expenses	3,640	45
Interest expenses and other finance costs ⁽¹⁾	1,668	20
Income tax expense	1,645	20
Operating cash flow before movements in working capital	12,873	158
Changes in working capital ⁽²⁾	1,180	14
Cash generated from operations	14,053	172
Interest paid ⁽¹⁾	(957)	(12)
Income tax paid ⁽³⁾	(5,445)	(66)
Net cash from operating activities	7,651	94
Investing activities		
Acquisition of property, plant and equipment ⁽⁴⁾	(1,759)	(22)
Payment for acquisition of Golf Business ⁽⁵⁾	(76,301)	(936)
Net cash used in investing activities	(78,060)	(958)
Financing activities		
Issuance of units	89,187	1,094
Transaction costs related to issuance of units	(6,770)	(82)
Borrowings from financial institutions	45,000	552
Transaction costs related to Borrowing from financial institutions	(2,405)	(30)
Repayment of borrowings ⁽⁶⁾	(450)	(6)
Repayment of borrowings from a related party ⁽⁷⁾	(38,336)	(470)
Repayment of Membership deposits ⁽⁸⁾	(822)	(10)
Lease payment ⁽⁹⁾	(793)	(10)
Net cash from financing activities	84,611	1,038
Net increase in cash and cash equivalents	14,202	174

Notes:

- (1) Interest paid of JPY957 million (equivalent to approximately S\$12 million) represents AG Trust's interest payments for a subordinated loan from the Sponsor on and after the Listing Date and interest payments on the New Debt Facilities (as defined herein) which New SPC will have in place upon the Listing Date. Interest expenses and other finance costs of JPY1,668 million (equivalent to approximately S\$20 million), include in addition to the interest paid, the annual amortisation of capitalised loan facility fees and accrued interest payable on non-interest bearing deposits from registered members.
- (2) Changes in working capital mainly comprised of the increase in payables for the employees, supplies, management fee, asset manager's fee, and Trustee-Manager's fee, net of the decrease in deferred annual membership fees and deferred membership revenue. A significant portion of those changes results in an increase in cash on a non-recurring basis only.
- (3) Income tax paid is comprised of (i) tax liabilities arising from the absorption-type corporate split carried out by AH11, AH12 and AH36 to transfer the golf courses retained by the Sponsor and (ii) tax liabilities attributable to the taxable income of AH11 and AH12 for the period from 1 April to 31 July 2014 which will incur before the Listing Date.
- (4) Acquisition of property, plant and equipment comprises expenditures for maintenance and renewal of golf courses, clubhouses, business offices and other facilities. Capital expenditures under finance leases for certain equipment such as golf carts are also expected to be incurred.
- (5) Payment for acquisition of Golf Business of JPY76,301 million (equivalent to approximately S\$936 million) represents sum of the consideration paid to acquire the TK Interests of JPY75,832 million (equivalent to approximately S\$930 million) and the registration tax paid upon transfer of the title of properties of JPY469 million (equivalent to approximately S\$6 million). The consideration paid to acquire the TK Interests comprises the estimated acquisition price of the TK Interests of S\$940 million, net of estimated cash on hand of JPY832 million (equivalent to approximately S\$10 million), which will be transferred with the Initial Portfolio at the Listing Date. The estimated acquisition price of the TK Interests was determined to be the almost highest end of the range indicated by the Independent Valuer, PricewaterhouseCoopers Co., Ltd., who estimated the fair value of the TK Interests.
- (6) Repayment of borrowings includes scheduled cash repayments of the New Debt Facilities to financial institutions.
- (7) Repayment of borrowings from a related party represents cash settlement of all the outstanding intercompany loans and payables, net of receivables due to the Sponsor.
- (8) Repayment of Membership deposits represents the repayment of non-interest bearing deposits for which registered members can call for repayment after a lock-up period of a certain number of years.
- (9) Lease payment consists of lease payments under finance lease arrangements with the Sponsor for certain golf course equipment such as carts.
- (10) The S\$/JPY foreign exchange rate of 81.52 is used for the purpose of conversion of SGD equivalent amount for the Forecast Year 2015.

RISK FACTORS

An investment in the Units involves risks. Prospective investors should consider the following risk factors carefully, together with all other information contained in this Prospectus, before deciding to invest in the Units as these may, among other things, adversely affect AG Trust, the trading price of the Units and the ability of AG Trust to make distributions to Unitholders. The risks set forth below are not an exhaustive list of the challenges currently facing AG Trust or that may develop in the future and may not be set out in any particular order. There may be additional risks and uncertainties not described below, not presently known to the Trustee-Manager or that the Trustee-Manager currently considers as immaterial that could turn out to be material, which may also impair AG Trust's business, the trading price of the Units and the ability of AG Trust to make distributions to Unitholders.

This Prospectus also contains forward-looking statements (including the Profit and Cash Flow Forecast) that involve risks, uncertainties and assumptions. Forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any prospective Unitholder as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Due to various risks and uncertainties, actual events and circumstances are difficult or impossible to predict and will differ from assumptions. The actual results of AG Trust could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by AG Trust as described below.

Investors should not expect short-term gains from their investment in AG Trust. Investors should be aware that the price of Units, and the income from them, may be subject to volatility. If any of the risks described below occur, AG Trust's business and prospects could be adversely affected, the trading price of the Units could decrease and investors could lose all or part of their original investment. Before deciding to invest in the Units, prospective investors should seek professional advice from their legal, tax, financial and other advisers about the appropriateness of an investment in the Units.

The value of the Units may fluctuate. There is no guarantee, nor can any assurance be given that any strategic objectives of AG Trust will be achieved or that Unitholders will receive a return of all or any part of their investment.

RISKS RELATING TO AG TRUST'S BUSINESS AND THE GOLF COURSE INDUSTRY

The financial performance of AG Trust is dependent on the condition and outlook of the golf course and golf course related industries, which are in turn susceptible to cyclicity and other factors outside the control of AG Trust or the Trustee-Manager

Both the golf course and golf course related businesses are cyclical and sensitive to external and economic changes. There are a number of factors which are beyond the control of AG Trust and the Trustee-Manager. These factors could affect the financial performance of AG Trust, including the following but not limited to:

- adverse weather conditions, such as long periods of heavy rain during the rainy season and unexpected snowfall;
- the occurrence of natural disasters, such as an earthquake, tsunami, typhoon, hurricane, fire or flood;
- the condition of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as the political landscape, environmental conditions and epidemics arising from the spread of infectious diseases that may result in reduced visitors and demand for the golf courses, driving ranges and golf course related assets of AG Trust;

- unexpected increase in the number of new golf courses, which could adversely impact the revenue of the Initial Portfolio or future golf courses, driving ranges or golf course related assets of AG Trust;
- changes in (i) the performance and reputation of the Sponsor, and/or (ii) AG Trust's and/or New SPC's relationships with service providers and other companies with whom AG Trust and/or New SPC may contract;
- changes in government laws and regulations, fiscal policies and zoning ordinances, labour laws and the related costs of compliance with laws and regulations, fiscal policies and ordinances affecting AG Trust;
- increased competition in the golf course industry in Japan;
- unexpected increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather conditions that could affect travel demand;
- increases in operating costs due to inflation, labour costs (including the impact of unionisation), workers' compensation and healthcare-related costs, maintenance costs, utility costs, insurance, costs of raw materials due to foreign exchange fluctuations and unanticipated costs, such as those resulting from acts of nature;
- changes in exchange rates that may adversely affect AG Trust's operating results or ability to finance its operations;
- changes in interest rates¹ and in the availability, cost and terms of debt financing and other changes that may adversely affect AG Trust's ability to source capital to fund capital expenditures, acquisitions and other general corporate purposes or to comply with debt financing covenants;
- difficulties in identifying golf courses, driving ranges and golf course related assets to acquire and difficulties in completing and integrating acquisitions;
- the ability to upgrade the Initial Portfolio and future assets of AG Trust in order to preserve or increase demand for such assets;
- unfavourable publicity in relation to the Initial Portfolio;
- loss of regular customers to newer or alternative golf courses as a result of convenience, better services, lower green fees or otherwise; and
- other matters not yet known to the Trustee-Manager or not currently considered material by the Trustee-Manager.

These factors could lead to deterioration in the amount of revenue from the Initial Portfolio. This could also have an adverse effect on the business, financial condition, results of operations and prospects of AG Trust and reduce its ability to make distributions to Unitholders.

¹ Although the Trustee-Manager has assumed fixed interest rates ranging from 1.7% to 2.3% in respect of JPY35,000 million to be drawn down under the New Debt Facilities and which New SPC will enter into interest rate swap contracts for, as such contracts will only be entered into on the Listing Date, there is no assurance that the interest rate swaps will yield the fixed interest rates assumed.

Future acquisition of golf courses by AG Trust (through New SPC or otherwise) may not provide the anticipated benefits and may ultimately fail

The Trustee-Manager's current investment and business strategies include expanding AG Trust's portfolio of golf courses, driving ranges and golf course related assets through future acquisitions. There can be no assurance that the Trustee-Manager will be able to implement this strategy, or that this strategy will be successful in increasing AG Trust's profits and distributable income. Any potential acquisitions may result in material transaction expenses and increased interest, amortisation, depreciation and operating expenses, any or all of which could have a material adverse effect on AG Trust's results of operations and financial condition. Acquisitions may entail integration and management of new projects to realise economies of scale and control costs. New SPC may face risks frequently encountered by businesses that experience significant growth in a short period of time, including an inability to effectively manage large scale projects (for example, if New SPC acquires a large number of golf courses at the same time) and implement internal frameworks and processes. In addition, New SPC may not be able to identify suitable acquisition candidates, obtain financing on acceptable terms or consummate any future acquisitions. Further, any acquisitions may expose New SPC to the risk of unanticipated business uncertainties or legal liabilities relating to those acquired assets for which the sellers of the acquired assets may not indemnify New SPC against. Future acquisitions may also cause AG Trust to issue securities, which will have a dilutive effect on its Unitholders. Any of these events could have a material adverse effect on AG Trust's business, financial condition, results of operations and prospects, and reduce its ability to make distributions to Unitholders.

Unforeseen difficulties and costs associated with the acquisition and/or management of the portfolio of AG Trust (through New SPC or otherwise) could reduce or prevent future growth and profitability

The growth strategy of AG Trust contemplates future acquisitions and investments in additional golf courses, driving ranges and golf course related assets, whether in Japan or worldwide in future. AG Trust may encounter difficulties in investing in golf courses on favourable terms or at all. Increased competition for golf courses could also reduce AG Trust's acquisition and investment opportunities or cause it to pay higher prices for acquisitions. AG Trust's growth strategy may not ultimately be successful and may not provide positive returns to Unitholders and may adversely impact AG Trust's financial performance.

There can be no assurance that any future acquisitions of and investments in additional golf courses, driving ranges and golf course related assets will be profitable to AG Trust or that it will generate sufficient cash flow to justify such investments. As a result, new Units issued in connection with any new acquisition or investment could be dilutive to Unitholders.

In addition, the acquisition growth strategy exposes AG Trust to risks that may adversely affect its business, financial condition, results of operations and prospects, including risks that AG Trust may:

- fail to realise anticipated benefits, such as new customer relationships or cash flow enhancements;
- impair its liquidity by using a significant portion of its available cash or borrowing capacity to finance acquisitions and investments;
- significantly increase its interest expense and financial leverage to the extent it incurs additional debt to finance acquisitions and investments;
- incur or assume unanticipated liabilities, losses or costs associated with the golf courses, driving ranges and golf course related assets that it may acquire or invest in; or
- incur other significant charges, including asset impairment or restructuring charges.

The scope of the due diligence exercise on the Initial Portfolio prior to the acquisition by AG Trust is limited. For example, the lease contracts were inspected on a sampling basis due to their large volume. Accordingly, there can be no assurance that the due diligence exercise could have identified all material defects, breaches of laws and regulations and other deficiencies. To the extent that there are defects, breaches or deficiencies requiring remedying, repair or maintenance, significant capital expenditures, payment or other obligations to third parties may need to be incurred. These costs could decrease cash flow and reduce liquidity, which could in turn have a material adverse impact on the ability of AG Trust to make distributions to Unitholders.

See “The Business of Accordia Golf Trust – Property” for the land and building issues which were identified from the due diligence exercise.

The Initial Portfolio of AG Trust is located in Japan, but AG Trust may make future acquisitions of or investments in golf courses and golf course related assets elsewhere in the world. This exposes AG Trust to economic and market conditions and changes in such other countries in which such assets are located

While the Initial Portfolio Golf Courses are all located in Japan, AG Trust’s investment strategy includes investments worldwide. As a result, AG Trust’s results of operations may in the future depend, to a large extent, on the performance of the local, regional and/or global economy.

An economic decline in any one or more of the countries in which the assets of AG Trust are located could adversely affect AG Trust’s results of operations and future growth.

Further, AG Trust will be subject to foreign laws, regulations and policies as a result of its investments in foreign countries. There may be a negative impact on the assets owned by AG Trust in a foreign country as a result of measures and policies adopted by the relevant foreign governments and regulatory authorities, such as government control over property investments or regulations in relation to foreign exchange. Legal protection and recourse available to AG Trust in certain countries may also be limited.

New SPC and/or AG Trust may not be able to divest underperforming golf courses on a timely basis and on acceptable terms in order to optimise its portfolio

In addition to acquiring golf courses, driving ranges and golf course related assets, New SPC and/or AG Trust may also divest underperforming assets to optimise its portfolio. However, golf course business investments are generally relatively illiquid, which may limit the ability of New SPC and/or AG Trust to sell its underperforming assets to adjust its portfolio. If such assets are not sufficiently liquid for New SPC and/or AG Trust to divest its assets on acceptable terms when it determines that a sale would be desirable, then the results of operations and financial condition of AG Trust and the ability of AG Trust to make distributions to Unitholders could be adversely affected.

The Senior Loan Agreement (as defined herein) contains certain financial and other covenants

The loan agreement for the New Debt Facilities (the “**Senior Loan Agreement**”) contains various financial and other covenants (including events of default) which effectively require, *inter alia*, the maintenance of certain levels of shareholding in certain entities (for instance, in the event that the Sponsor ceases to hold at least 49.0% of the entire voting rights in the Trustee-Manager or more than 25.0% of the entire voting rights in AG Trust, it will constitute an event of default) and the maintenance of certain levels of financial performance. See “Capitalisation and Indebtedness – Indebtedness – At the level of New SPC – New Debt Facilities – Events of Default”.

If New SPC fails to comply with these covenants, it could constitute an event of default under these loans and the Lenders (as defined herein) would have the right to, *inter alia*, accelerate the repayment of the outstanding loans. If New SPC cannot repay its outstanding obligations, the Lenders could enforce their security interests, including the pledge over AG Trust's TK Interests or any other relevant security over New SPC's assets created to secure these loans. This may limit New SPC's or AG Trust's ability to raise future financing and could have a material adverse effect on New SPC's business and financial condition, which could be detrimental to AG Trust's investment in New SPC's business and AG Trust's ability to make distributions to Unitholders.

The constraints on the ability of New SPC or special purpose vehicles which may be newly formed after the IPO, to raise future financing could have a material adverse effect on AG Trust's business and financial condition

New SPC or special purpose vehicles which may be newly formed for the purpose of further acquisition of golf courses after the IPO (if any) may pursue additional debt financing through loans from financial institutions or other means to raise necessary funds. However, there is no assurance that they can conclude the debt financing at an appropriate time and on desirable conditions since the availability and the terms and conditions of loans are subject to interest conditions and other aspects of the economic environment. Such loans may also contain various financial and other covenants that are similar to or more restrictive than, those contained in the New Debt Facilities. Those covenants may restrict the business and operations of AG Trust and limit the ability of New SPC or AG Trust to raise future financing. Financing cost may increase, it may become difficult to expand AG Trust's portfolio in the future, and it could be in default under existing loans if it is not able to refinance those existing loans (in which case the Lenders would enforce the security interests, including the pledge over AG Trust's TK Interests or New SPC's assets under these loans), which could have a material adverse effect on the business, financial condition, results of operations and prospects of AG Trust.

AG Trust may engage in hedging transactions, which could limit gains and not offer full protection against interest rate and exchange rate fluctuations. These could fail to protect AG Trust or even adversely affect AG Trust

AG Trust may enter into hedging transactions to protect itself from the adverse effects of interest rates on floating debt and currency exchange fluctuations and also to protect its portfolio from interest rate and prepayment fluctuations. However, hedging activities may not have the desired beneficial impact on the results of operations or financial condition of AG Trust.

Hedging could fail to protect AG Trust or may even adversely affect AG Trust because, *inter alia*:

- the available hedging may not correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs AG Trust's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments of the value of the derivatives used for hedging would reduce the value of AG Trust.

Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to Unitholders.

The performance, commercial viability and profitability of the Initial Portfolio Golf Courses are or will be dependent upon weather conditions and seasonality factors

The golf course business generates revenue mainly from the fees expended by golf course players at the golf courses. The golf course business is seasonal in nature and the profitability of the golf courses and driving ranges therefore depend on climatic conditions, which can vary across the seasons, from year to year and between locations of the golf courses and driving ranges. Specifically, revenue opportunities are lost in the event that advanced reservations are cancelled as a result of rain or snowfall on the scheduled play date. Further, long periods of heavy rain during the rainy season and unexpected snowfall may affect the number of days golf courses are in operation, as well as the number of rounds played by visitors. Such climatic changes and changing weather patterns are variable and difficult to predict. The results of operations of New SPC may fluctuate significantly from period to period during the year and this could have a material adverse effect on AG Trust's revenue. In Japan, revenues of golf course operators are generally higher in spring and autumn, while revenues are generally lower in summer and winter (during which time the weather is more extreme). See "The Business of Accordia Golf Trust – Seasonality".

The performance, commercial viability and profitability of the Initial Portfolio Golf Courses are or will be dependent upon changes in operating conditions

The golf course business is positioned within the leisure industry, and is therefore easily affected by economic trends. The average outlay per customer is seeing a gradual decline due to recent deflationary trends and natural disasters. Moreover, the golf course business faces competition from other operators of competing golf courses in Japan who may reduce playing fees in order to attract customers, which is also a contributing factor in the decline in average outlay per customer. In recent years, some competitors operating high-end golf courses with green fees higher than those charged by the golf courses in the Initial Portfolio have reduced their green fees to a similar price range as the fees of the Initial Portfolio Golf Courses (primarily on weekdays), and the price cuts have resulted in more severe competition among golf course operators in Japan. In addition, it has become easier for golfers to compare the green fees of different golf courses because of the recent spread of online reservation systems for golf courses, a trend which has also caused price competition among some golf courses. There can be no assurance that operating conditions will improve in future and the declining trend could have a material adverse effect on the business, financial condition and results of operation of AG Trust.

Further decline in the golfing population in Japan may adversely and materially affect the golf course business and operations of AG Trust

The aging population, decreasing birth rate and decreasing population are regarded as structural problems in Japan and have an impact on the golfing market. Due to the increase in the age of the average frequent golfer, the rate of decrease in the golfing population in Japan may accelerate in the near future. Although the aging of the golfing population could contribute to an increase in the number of visitors in the short term because of an increase in senior golfers who tend to play more frequently, it will lead to the decrease of the entire golfing population in the long term. To mitigate the impact of such a decrease, the Sponsor has undertaken initiatives to build a new base of golfers, including people in their 20s and 30s, as well as junior golfers and women, but there is no assurance that the Sponsor will ultimately be successful in its efforts. In addition to a decline in golf as a sport for corporate entertainment, deteriorating economic conditions and changing levels of interest in golf, as well as a decrease in tours to Japan for golfing purposes, may also

lead to a decrease in golf course visitors. Further, while the golfing population is expected to increase as a result of, among other things, the inclusion of golf as an official sport in the Olympics, the golfing population may not increase as much as AG Trust expects or may even decline in the future. If structural improvements to or the popularisation of the golfing market is not successful in the future, the Japanese golfing market may face a further decline in golf players, which, when combined with a decline in the amount of spending per player, could have a material adverse effect on the business, results of operations and financial condition of AG Trust.

AG Trust may face risks associated with the structure of income and expenditure of New SPC

A large portion of the revenue of New SPC comes from green fees and spending by golf players at its golf courses and the restaurants located on the golf courses. Therefore, a decrease in the number of golf course visitors, and consequently, the consumption of services at the golf courses, will lead directly to a decrease in the revenue of New SPC and in turn, to a decrease in AG Trust's revenue. In addition, a decrease in the ratio of the number of members to the total number of golf course visitors (which comprise both members and non-members) will cause the golf course's revenues to vary, and such decrease could increase the average outlay per client. On the other hand, New SPC will spend on personnel and raw material supplies, and sometimes incur substantial capital expenditures for maintenance and ensuring the safety of their golf courses, compliance with applicable laws (including environmental regulations), building repairs, and renovations or expansion of facilities in its golf courses, which are expenditures which will be incurred irrespective of the number of golf course visitors, even where there is a decline in the number of golf course visitors. The same amount expended coupled with declining revenue, may result in a decrease in the profits of New SPC and AG Trust. Further, if New SPC fails to conduct sufficient maintenance, repairs and renovations in a bid to reduce such expenditures, it may lose its competitive advantage and may face a further decline in the number of golf course visitors, which could have a material adverse effect on the business, results of operations and financial condition of AG Trust.

Occurrence of any acts of God, war, terrorist attacks and other hostilities may adversely and materially affect the golf course business and operations of AG Trust

Acts of God, such as natural disasters like tsunamis and earthquakes, are beyond the control of AG Trust or the Trustee-Manager and may materially and adversely affect the economy, infrastructure and livelihood of the local population where the golf courses are or may be located in the future. AG Trust's business, results of operations and financial conditions may be materially and adversely affected should such acts of God occur. There can also be no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material adverse effect on the business in future.

Epidemic diseases in Japan and elsewhere in Asia may adversely affect the business and operations of AG Trust

Several countries in Asia have suffered from outbreaks of communicable diseases like severe acute respiratory syndrome, avian flu and swine flu. A new and prolonged outbreak of such diseases may have a material adverse effect on AG Trust's business, financial condition and results of operations. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of such communicable diseases had an adverse effect on the economies of those countries in which they were most prevalent.

An outbreak of a communicable disease in Japan and other regions in Asia may affect AG Trust in a number of ways which could materially and adversely affect the business, financial condition and results of operations of AG Trust.

AG Trust's business is subject to fluctuations in Japan's overall demographics and economic environment

A significant part of AG Trust's growth strategy depends on favourable demographic development and macro-economic conditions in Japan. The ability of AG Trust to generate additional revenue depends on demographic and macro-economic factors such as growth in the number of golfers in the geographical areas where the golf courses, driving ranges and golf course related assets are located, overall growth in Japan, an improved employment rate, increases in disposable income and the existence of a strong transport infrastructure. The Japanese economy, like the global economy, has faced difficulties following the U.S. financial crisis and the Eurozone debt crisis, which led to slower growth in gross domestic product ("GDP"). In addition, Japan's economy is significantly influenced by other countries in the Asia Pacific region and thus, the economic slowdown of the region has an effect on Japan's real GDP growth. The macro-economic performances of other countries are expected to continue to have an impact on Japan's economic condition and GDP growth. Any decline in national GDP, disposable income or overall economic growth could have a material adverse effect on AG Trust's business, financial condition, results of operations, prospects and AG Trust's ability to make distributions to Unitholders.

The attractiveness of the Initial Portfolio Golf Courses is subject to changes in consumer preferences which are difficult to predict

Changes in golfers' preferences may occur and the resulting impact on AG Trust's business is difficult to predict. In addition, current and future competitors may be able to offer a wider range of services to golfers across a broader demographic than New SPC. Any of these events could result in the loss of customers at the Initial Portfolio Golf Courses and force New SPC to change its existing operation, including reducing its prices, or otherwise adversely affect the profit margin it is able to achieve from the Initial Portfolio. Consequently, AG Trust's ability to make distributions to Unitholders may be adversely affected.

AG Trust depends on the Sponsor to provide certain services for the operations of its Initial Portfolio, and AG Trust's inability to maintain a good relationship with the Sponsor could have a material adverse effect on AG Trust's business, financing and financial condition

AG Trust and the Sponsor have entered into the Sponsor Support Agreement, which consolidates the support from the Sponsor in respect of (i) the Golf Course Management Agreement, under which the Sponsor will apply its operational expertise and know-how, (ii) the right of first refusal, right to initiate discussions and certain undertakings to offer and a call option to AG Trust, (iii) the provision of human resources to the Trustee-Manager and (iv) leveraging the Sponsor's network of relationships with financial institutions. The SPC and the Sponsor have entered into the Golf Course Management Agreement relating to the operation of golf courses, where the Sponsor will provide certain services including managing and operating the Initial Portfolio. Furthermore, AG Trust uses the Accordia Golf brand under the Golf Course Management Agreement. If it becomes difficult for New SPC to receive support from the Sponsor due to a deterioration in the results of operations and the financial condition of the Sponsor or otherwise, the ability of New SPC to raise financing from financial institutions (which may have been more amenable to provide financing to New SPC due to the support by the Sponsor) could be adversely and materially affected, resulting in a material adverse effect on the business, financial condition, results of operations and prospects of AG Trust. If AG Trust cannot maintain a good relationship with the Sponsor, or if the Golf Course Management Agreement is not renewed or is terminated and New SPC is unable to engage a suitable replacement golf course operator for similar services on a timely basis and on acceptable terms, the business, financial condition, results of operations and prospects of AG Trust could also be adversely affected.

The Sponsor's operations of golf courses could have a material adverse effect on AG Trust's business and financial condition

AG Trust, through New SPC, will delegate the management and operation of the Initial Portfolio to the Sponsor under the Golf Course Management Agreement. The Sponsor intends to focus on (i) expanding the demand for playing golf, (ii) setting reasonable unit prices and maximising sales volume by securing visitors, (iii) setting reasonable operational costs and (iv) setting reasonable clerical and materials costs to improve the profitability of golf courses and driving ranges, including those in the Initial Portfolio which the Sponsor manages and operates. However, there is no assurance that these business strategies will be effective, and the Sponsor's inability to pursue these strategies effectively could result in the Initial Portfolio failing to generate the expected revenues, or a decline in the profitability of the Initial Portfolio.

In addition, the Initial Portfolio is operated by the Sponsor under the Accordia Golf brand. The Initial Portfolio's operating performance is supported by the Sponsor's various measures to maintain or enhance the reputation of the Accordia Golf brand. Notwithstanding that there were no past incidents where the reputation of the Accordia Golf brand was impaired, the reputation of the Accordia Golf brand may be impaired due to diverse factors such as the leakage of personal information managed by the Sponsor, food poisoning scandals, food fraud and accidents at golf courses and driving ranges although no such material incidents have occurred at the Sponsor's golf courses and driving ranges in recent years.

All these could have a material adverse effect on the business, financial condition, results of operations and prospects of AG Trust.

AG Trust does not own the Accordia trademark and logo and its ability to use the trademark and logo may be impaired

AG Trust does not own the Accordia trademark and Accordia logo, which are owned by the Sponsor. However, pursuant to the Golf Course Management Agreement, the Sponsor will grant New SPC, which New SPC will in turn grant AG Trust and SPCs which may be newly formed in the future (if any), the non-transferable right to use the Accordia trademark as part of its corporate name, as well as the Accordia logo in connection with its business on a non-exclusive basis. No fees are payable by AG Trust to the Sponsor for the right to use the Accordia trademark and logo as disclosed above and the Golf Course Management Agreement (and accordingly the right to use the Accordia trademark and logo) is valid until the termination of the Golf Course Management Agreement.

If AG Trust is unable to use the Accordia trademark and logo in its corporate name and business due to the termination of the Golf Course Management Agreement or for any other reasons, the business, financial condition, results of operations and prospects of AG Trust could be adversely and materially affected.

AG Trust depends on certain executive officers and key employees and the Trustee-Manager's inability to retain such personnel or to replace them with similarly qualified personnel could have a material adverse effect on its business and financial performance

AG Trust's performance depends, in part, upon the service and performance of certain executive officers and key employees of the Trustee-Manager and its ability to hire, train and retain qualified employees to undertake day-to-day operations. Skilled personnel with relevant industry expertise have on occasion been in short supply, and any shortages in the future may increase competition for such personnel and hence staff turnover and/or employment costs incurred may increase. Any inability by the Trustee-Manager to retain its executive officers or key employees, or the inability to replace such individuals with similarly qualified personnel, could have a material adverse effect on the business, financial condition, results of operations and prospects of AG Trust.

AG Trust and the Trustee-Manager are newly formed with no established operating and financial history and therefore investors are not able to assess AG Trust's prospects on the basis of past results

AG Trust was constituted on 16 June 2014, and the Trustee-Manager was incorporated on 20 March 2014, under the laws of the Republic of Singapore. As such, the operating and financial history of AG Trust and the Trustee-Manager are not sufficiently established for its past performance to be judged. This will make it difficult for investors to assess AG Trust's likely future performance.

It may be difficult, therefore, to evaluate AG Trust's current or future prospects. There are substantial business and financial risks present in AG Trust's initial stages of development and AG Trust may suffer losses. AG Trust also has no trading history and proper price discovery may not be possible at the time of the Offering.

There can be no assurance that AG Trust will be able to generate sufficient revenue from operations to ensure that its capital growth will be in line with that set out in the section "Profit and Cash Flow Forecast".

AG Trust is subject to risks inherent in investing in a single industry and this may entail a higher level of risk compared to other business trusts that have a more diverse range of investments

The principal investment strategy of AG Trust is to invest, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses, driving ranges and golf course related assets worldwide, with an initial focus on Japan. The level of risk of AG Trust's investment objectives, which are to focus primarily on investments in the golf course industry, could be higher and more volatile compared to other business trusts that have a more diverse range of investments.

A concentration of investments in a portfolio of golf courses as well as golf course related assets exposes AG Trust's operations to a downturn in the golf course market which may correlate with a decline in demand for the sport, and could result in the income from the portfolio being adversely affected. As a result, there may be a material adverse impact on the results of operations and the financial condition of AG Trust, and distributions to Unitholders could be adversely affected.

The pro forma financial information presented in this Prospectus may not be indicative of AG Trust's future financial condition and results of operations

Upon completion of the Offering, the only assets of AG Trust will be the TK Interests in New SPC (which will hold the Initial Portfolio). AG Trust will rely on cash flows from dividends and principal and interest payments (net of applicable taxes and expenses) from New SPC, in order to make distributions to Unitholders. For the purpose of the Listing, the pro forma financial information presented in this Prospectus have been prepared by the Trustee-Manager to present the pro forma financial position, results of operations and cash flows of AG Trust for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013. These financial information have been prepared for the sole purpose of the Offering and may not reflect the actual financial position, results of operations and cash flows of AG Trust had it been in existence during the periods presented, nor do they give an indication of the financial results, cash flows and financial position of AG Trust in the future.

After the Listing Date, there may be certain changes to AG Trust's cost structure, level of indebtedness and operations. The cost structure after the Listing Date may differ in certain significant respects from the cost structure of AG Trust as indicated in the pro forma financial statements.

AG Trust's investment in the Initial Portfolio is held through New SPC and AG Trust's ability to make distributions to the Unitholders is therefore dependent on the financial position of New SPC

AG Trust's investment in the Initial Portfolio is held solely through New SPC. If New SPC has insufficient cash flows or distributable profits surplus or reserves, or if they do not make the expected level of distributions, dividends or advances in any financial year, AG Trust's income, cash flow and ability to pay or maintain distributions to Unitholders will be adversely affected. Although AG Trust may seek additional borrowings in order to make the expected level of distributions if it faces liquidity constraints, it may not have access to such borrowings in a timely or cost effective manner. As a result, any use of borrowings to make the expected level of distributions would only be a short term measure.

The level of profits or surplus of New SPC available to make distributions or make advances may be affected by a number of factors including, among other things:

- the level of cash flows received by New SPC from the Initial Portfolio;
- applicable laws and regulations which may restrict the distributions by New SPC;
- operating results of New SPC in any Financial Year; and
- changes in accounting standards, taxation laws and regulations (or interpretation thereof), laws and regulation in respect of foreign exchange and repatriation of funds, corporation laws and regulations (for example, if laws and regulations in respect of statutory reserves required to be maintained by New SPC in Japan are implemented).

Neither AG Trust nor the Trustee-Manager is actively involved in the business of acquiring and operating the golf courses and golf course related assets which are owned by New SPC and operated by the Sponsor

On the Listing Date, AG Trust will acquire the TK Interests to the TK Business pursuant to the TK Interest Transfer Agreement. Under Japanese laws, a TK Investor is not allowed to actively participate in or directly control the TK Business. If a TK Investor directly controls the TK Business, it would most likely harm the *Tokumei Kumiai* (silent partnership) nature of the arrangement and the parties could possibly lose the benefits and advantages that would otherwise be available under the TK structure. Therefore, under the TK Agreement, New SPC as the TK Operator has sole responsibility for the acquisition and management of the golf courses. Neither AG Trust nor the Trustee-Manager, nor any of their officers, directors, or employees, will have any active involvement in such activities.

Although the Trustee-Manager believes that, due to the veto rights granted by the TK Operator to the TK Investor over certain material matters related to the TK Business pursuant to the TK Agreement, New SPC will not carry out the TK Business in a way that is inconsistent with or detrimental to the interests of AG Trust, day-to-day operations of the TK Business and matters relating to the TK Business which fall outside the scope of the veto rights granted to AG Trust will be solely managed by New SPC at its own discretion. There is therefore no assurance that New SPC will not make decisions over matters which AG Trust is not granted a veto right regarding the management of the golf courses and driving ranges which could adversely affect the financial condition of AG Trust and its ability to make distributions to the Unitholders. In such an event, the executive members of New SPC, being the ISH and the certified public accountants who are members of TKAO holding the voting rights of the ISH, may be called to account for breach of the duty of care required of a good manager.

If the Golf Course Management Agreement is terminated, AG Trust will not be able to benefit from the Sponsor's experience and expertise in the management and operation of golf courses

The initial term of the Golf Course Management Agreement will be for a period of five years from the day on which the merger between the SPC and the BT Golf Course Subsidiaries under the merger agreement dated 27 June 2014 between the SPC and the BT Golf Course Subsidiaries becomes effective, and unless either party gives written notice of rejection of renewal six months prior to the expiration of the term, the term will be automatically extended for a further five year period, and the same will apply thereafter (See "Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement".)

If the Golf Course Management Agreement is not renewed and is terminated or cancelled during the term, New SPC and AG Trust will not be able to benefit from the Sponsor's expertise in operations and management in relation to the golf course business. Also, if the Golf Course Management Agreement is terminated, it is possible that New SPC will not be able to find an appropriate new golf course operator on a timely basis and on acceptable terms.

In addition, if the Golf Course Management Agreement terminates, the Secondment Agreement automatically terminates. Although New SPC will still have its own employees to carry out the day to day operations of the Initial Portfolio Golf Courses, New SPC will not be able to benefit from the secondment of the management level course managers from the Sponsor. Although the new golf course operator that replaces the Sponsor is likely to be able to second its employees to carry out the management level function at the Initial Portfolio Golf Courses, such seconded employees will in turn depend on the ability of New SPC to find an appropriate new golf course operator on a timely basis and on acceptable terms (which will include the agreement to second management level employees).

Accordingly, a termination of the Golf Course Management Agreement could have a material and adverse impact on the results of operations and financial condition of AG Trust which may consequently affect its ability to make distributions to its Unitholders.

The right of first refusals and call options will be terminated if certain conditions do not remain in full force and effect

The right of first refusal and call option granted by the Sponsor to New SPC under the Golf Course Management Agreement, the right of first refusal agreement to be made between the Sponsor and the Trustee-Manager ("**ROFR Agreement**") and the Deed of Call Option between the Sponsor and the Trustee-Manager are granted to AG Trust with effect from Listing and will cease immediately upon the occurrence of certain conditions. (See "Certain Agreements Relating to Accordia Golf Trust – ROFR to the Trustee-Manager, Sponsor's Undertaking to Offer and Call Option to the Trustee-Manager and Golf Course Management Agreement" for further details.)

There is no guarantee that the level of shareholding of the Sponsor in the Trustee-Manager required for the continued validity of the ROFR Agreement and the Deed of Call Option will be maintained. If the conditions to the ROFR Agreement or the Deed of Call Option remaining in full force and effect are not satisfied, these agreements will be terminated and AG Trust will not be able to benefit from the ROFRs and call option and AG Trust's ability to implement its acquisition growth strategy will be inhibited.

The actual performance of AG Trust could differ materially from the forward-looking statements and forecasts in this Prospectus

This Prospectus contains forward-looking statements regarding, among other things, forecast distribution levels for Forecast Year 2015. These forward-looking statements are based on a number of assumptions that are subject to significant uncertainties and contingencies, many of which are beyond the Trustee-Manager's control. See "Profit and Cash Flow Forecast – Assumptions".

AG Trust's income is dependent on income distributions from New SPC, whose revenue is dependent on a number of factors, including the revenue received from golf players, which may decrease for a number of reasons such as a deterioration of financial condition and the state of the global economy. These may adversely affect AG Trust's ability to achieve the forecast distributions as some or all events and circumstances assumed may not occur as expected, or events and circumstances may arise that are not currently anticipated.

If any of the assumptions relied upon by the Trustee-Manager in preparing the profit and cash flow forecast included in this Prospectus do not occur, AG Trust's profit and cash flows for Forecast Year 2015 may be less than expected.

No assurance is given that the assumptions will be realised and the actual distributions will be as forecast.

Information contained in the third party reports included in this Prospectus are based on certain assumptions and are subject to certain qualifications and limitations

Investors should be aware that the third party reports included in this Prospectus, including the Independent Valuer's Independent Valuation Summary Letter, are based on certain assumptions and are subject to certain qualifications and limitations, which they should carefully consider in deciding whether to invest in the Units.

For example, investors should note that the Independent Valuer's Independent Valuation Summary Letter is not an opinion on the commercial merits and structure of AG Trust, nor is it an opinion, expressed or implied, as to the future trading price of Units or the financial condition of AG Trust upon the Listing, and the valuation of the assets of AG Trust contained therein may not be indicative of the true value of the assets of AG Trust. The valuation is based on various assumptions with respect to the assets of AG Trust including its present and future financial condition, business strategies and the environment in which it will operate in the future and discussions with the management of the Trustee-Manager, and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties. There can be no assurance that the valuation prepared by the Independent Valuer reflects the true value of AG Trust or that other independent valuers would arrive at the same valuation. Any significant variance between the valuation of the assets of AG Trust in the Independent Valuation Summary Letter and the true value of the assets of AG Trust may have a material adverse effect on certain assumptions upon which the Trustee-Manager relies in developing its business strategy.

For the above reasons, potential investors should not expect the forecasts, estimates and other information contained in the third party reports included in this Prospectus to be a guarantee of performance or rely on them without considering the context, assumptions, qualifications and limitations pursuant to which they were prepared.

There may be potential conflicts of interest between AG Trust and the Sponsor

The Trustee-Manager is 49.0% held by the Sponsor (see “The Sponsor”). Immediately following the Offering, it is intended that the Sponsor will hold 28.85% of the total number of Units expected to be in issue at the Listing Date (assuming the Over-allotment Option is not exercised). The Sponsor will therefore be in a position to exercise influence over matters which require the approval of the Unitholders.

The Sponsor, its subsidiaries and/or associates are engaged in, and/or may engage in, amongst other things, management and operation of golf courses which are not operated under the “Accordia” brand which may compete indirectly with AG Trust.

The Trustee-Manager may change AG Trust’s investment strategy after three years

AG Trust’s policy with respect to certain activities, including investments and acquisitions, will be determined by the Trustee-Manager.

The Trustee-Manager’s strategy may not be changed for a period of three years commencing from the Listing Date as the Listing Manual of the SGX-ST (“**Listing Manual**”) prohibits a departure from the Trustee-Manager’s stated investment strategy for AG Trust for the said period unless otherwise approved by an Extraordinary Resolution¹ passed by Unitholders. After this initial period of three years, the Trustee-Manager may change AG Trust’s investment strategy without Unitholders’ approval as the Trust Deed grants the Trustee-Manager wide powers to invest in other types of assets. However, if the Trust Deed is required to be amended as a result of a change in the investment strategy, Unitholders’ approval by way of an Extraordinary Resolution will be required. There are risks and uncertainties with respect to the selection of investments and with respect to the investments made.

The methods of implementing AG Trust’s investment strategies and policies may also vary as new investment and financing techniques are developed or otherwise used. Any such changes may adversely affect the Unitholders’ investment in AG Trust.

Changing laws, rules and regulations in Japan and Singapore may adversely affect the business and financial performance of AG Trust

AG Trust may be affected by the introduction of new or revised legislation, regulations or accounting standards. Accounting standards in Japan and Singapore are subject to change as these accounting standards are further aligned with international accounting standards. The financial statements of AG Trust may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities.

There is no assurance that these changes will not:

- have a significant impact on the presentation of AG Trust’s financial statements;
- have a significant impact on AG Trust’s results of operations;
- have an adverse effect on the ability of AG Trust to make distributions to Unitholders;

¹ “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

- have an adverse effect on the ability of the Trustee-Manager to carry out AG Trust's investment mandate; and/or
- have an adverse effect on the business, financial condition, results of operations and prospects of AG Trust.

New SPC may be required to record impairment losses on goodwill in relation to investments and acquisitions of golf courses

New SPC is expected to have approximately JPY19.5 billion of goodwill in relation to investments and acquisitions of the Initial Portfolio Golf Courses. In addition, to the extent New SPC additionally acquires or invests in new golf courses, it may record additional goodwill in the future. New SPC is required to evaluate periodically whether such goodwill has been impaired and the possibility of realising such goodwill based on comparisons of future cash flows projected as of the acquisition date with actual cash flows. New SPC may record impairment losses on goodwill if actual cash flows fall substantially short of the future cash flows projected as of the acquisition date, and hence the goodwill stated in the balance sheet may be considered too excessive that recovery is not possible. Such impairment losses could have a material adverse effect on the business, financial condition, results of operations and prospects of AG Trust.

RISKS RELATING TO JAPAN

Some of the Initial Portfolio Golf Courses are situated on agricultural lands where the existence of Conversion Permission cannot be confirmed by means of any written evidence

Under the Agricultural Land Act of Japan (Act No. 229 of 1952, as amended) (the “**ALA**”), agricultural lands may not be transferred or leased for purposes other than for use as agricultural lands without first obtaining proper permission for change of use (“**Conversion Permission**”) from the local government or the agricultural committee. Thus, if agricultural lands, whether owned or leased, are to be developed and converted into golf courses, it is necessary to obtain Conversion Permission, otherwise such transfer or lease would not be valid.

If a golf course was developed and operated on agricultural land and transferred or leased to a Golf Course Subsidiary (as defined below) without Conversion Permission, that Golf Course Subsidiary will be considered to be in violation of the ALA and to have failed to acquire effective title or leasehold interest to the land. The penalty for such a violation of the ALA includes an order to convert the land use from a golf course back to agricultural land and the imposition of a fine of up to JPY100 million for a corporation and/or a fine of up to JPY3 million, or an imprisonment term of not more than three years for an individual who actually committed the violation as a representative, employee or agent of the corporation, at the time when the relevant golf course was first developed.

Proof of Conversion Permission having been granted could not be found in respect of a certain number of lands on which the Initial Portfolio Golf Courses are situated and those lands may therefore not be in compliance with the ALA. There can be no assurance that the local government will not impose on New SPC (post-merger between the BT Golf Course Subsidiaries and the SPC) an order to convert the land from the current use as a golf course back to agricultural land or impose a fine as a criminal charge.

As at the Latest Practicable Date, the land affected by the ALA issues and located within “key areas” of the Initial Portfolio Golf Courses (see “Certain Agreements Relating to Accordia Golf Trust – Letter of Representations and Warranties and Indemnity – Repurchase Obligation of Inoperable Golf Courses” for a description of the three major criteria used to determine whether an affected land parcel is within the “key areas” of a golf course) affect five golf courses (being 5.6% of the total number of Initial Portfolio Golf Courses) and amount to 0.6% of the total area of

the Initial Portfolio Golf Courses. The estimated maximum impact of such key areas of the affected golf courses on the net operating income¹ of the golf course business in the Initial Portfolio is approximately 5.6%, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

Certain buildings located on the golf courses in the Initial Portfolio may have issues relating to the Building Standards Act

Under the Building Standards Act of Japan (Act No. 201 of 1950, as amended) (the “**BSA**”), a building confirmation certificate (the “**Confirmation Certificate**”) should be obtained from the local government before the commencement of the initial construction, extension or reconstruction of a building and a certificate of a building inspection (the “**Inspection Certificate**”, and together with the building confirmation certificate, the “**Building Certificates**”) should be obtained from the local government upon the completion of the construction, extension or reconstruction of a building. Any building that is constructed, extended or reconstructed without any duly issued Building Certificates will be in violation of the BSA and the penalty for such violation is a fine of up to JPY1 million for a corporation; and/or a fine of up to JPY1 million or an imprisonment term not exceeding one year for an individual who committed the violation as a representative, employee or agent of the corporation.

The local government issues Building Certificates only if it is able to confirm that the building is compliant with specific mandatory requirements under relevant laws and regulations concerning building standards (the “**Substantive Building Standards**”). There is no evidence that a building is compliant with the Substantive Building Standards if such building does not have the Building Certificates. If a building is in violation of the Substantive Building Standards, the local government may order the demolition, removal, rebuilding, enlargement, remodelling, prohibition of use, or restriction on use of the building, or may order the owner to take other necessary measures to make it compliant with such laws and regulations.

Not all the Building Certificates for the buildings located on the golf courses in the Initial Portfolio could be located and therefore there is a possibility that these buildings may not be compliant with the proper building procedures under Japanese laws. There is therefore a risk that these buildings were in violation of the BSA and there can be no assurance that the local government will not order the demolition, removal, rebuilding, enlargement, remodelling, prohibition of use, or restriction on use of the building, or order the owner to take other necessary measures to make it compliant with such laws and regulations, or impose a fine as a criminal charge.

As at the Latest Practicable Date, four golf courses (being 4.5% of the total number of Initial Portfolio Golf Courses) have buildings which are not in compliance with the BSA. The aggregate net operating income of the affected golf courses is approximately 5.9% of the total net operating income of the Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

1 The maximum impact on net operating income, a concept applicable only to this issue, is the maximum impact to the net operating income should such ALA issues materialise. This figure reflects the fact that some of the golf courses have more than 18 holes. The Sponsor manages its courses in sets of nine holes. Where a golf course has more than 18 holes (i.e. three or more sets of nine holes, for a total of 27 or 36 holes), if an ALA issue were to materialise, the Sponsor would be able to replace the set of nine holes containing the affected parcel with another set of nine holes. By doing so, the impact of the ALA issue on net operating income would be less than the full net operating income of the affected golf course. Therefore, the figure provided on the maximum impact on the net operating income reflects the partial loss of net operating income that would occur in the case of courses with more than 18 holes. This calculation involves discounting the full net operating income of the affected golf course by the proportion of holes that would be unable to be used. In contrast, the “aggregate net operating income” for the purposes of all other issues other than the ALA issue is the sum of the net operating income of the affected golf courses.

Some of the Initial Portfolio Golf Courses are situated on lands to which the Golf Course Subsidiaries and therefore New SPC, does not have title over

Some of the lands used for the operation of the Initial Portfolio Golf Courses were neither owned nor leased to the Golf Course Subsidiaries, and the Golf Course Subsidiaries accordingly had no title or leasehold interest over those lands. Post-merger between the BT Golf Course Subsidiaries and the SPC, and as at Listing Date, New SPC will have no title over these lands.

There can be no assurance that the real land owners of these lands will not launch a claim for the land from New SPC and demand repossession of the lands and/or payment of certain damages for such infringement. New SPC may be required to suspend or cease using such land parcel and return it to the real land owners, and this may have a material adverse effect on the business, financial condition, results of operations and/or prospects of AG Trust and its ability to make distributions to the Unitholders.

As at the Latest Practicable Date, the land in respect of which Golf Course Subsidiaries have no title and located within “key areas” of the Initial Portfolio Golf Courses (see “Certain Agreements relating to Accordia Golf Trust – Letter of Representations and Warranties and Indemnity – Repurchase Obligation of Inoperable Golf Courses” for a description of the three major criteria used to determine whether an affected land parcel is within the “key areas” of a golf course) affect five golf courses (being 5.6% of the total number of Initial Portfolio Golf Courses) and amount to 0.1% of the total area of the Initial Portfolio Golf Courses. The aggregate net operating income of the affected golf courses is approximately 4.4% of the total net operating income of the Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

Certain Golf Course Subsidiaries are not registered in the land records as current owners and/or lessees of the lands on which some of the Initial Portfolio Golf Courses are situated

Some of the lands of the Initial Portfolio Golf Courses have not been registered in the name of the Golf Course Subsidiaries but are still registered in the name of the former land owners. Post-Merger between the BT Golf Course Subsidiaries and the SPC, and as at Listing Date, New SPC will also not be reflected in the land records as the current owner of these lands. Further, most lease rights over the leased lands in the Initial Portfolio have not been registered.

For these affected lands, there is a risk that if (i) the former owner or the land owner of the leased land transfers the land to a third party, (ii) a creditor of the former owner or the land owner of the leased land seizes the land, or (iii) a bankruptcy trustee is appointed in case of the bankruptcy of the former owner or the land owner of the leased land, New SPC may not be able to assert its ownership rights or lease rights against such transferee, creditor or bankruptcy trustee. New SPC may be required to vacate and deliver the land to such third party. This may have an adverse effect on the business, financial condition, results of operations and prospects of AG Trust and its ability to make distributions to the Unitholders.

As at the Latest Practicable Date, the land in respect of which ownership rights of the Golf Course Subsidiaries are not registered affect eight golf courses (being 9.0% of the total number of Initial Portfolio Golf Courses) and amount to 0.04% of the total area of the Initial Portfolio Golf Courses. The aggregate net operating income of the affected golf courses is approximately 15.1% of the total net operating income of the Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. As at the Latest Practicable Date, the land in respect of which leasehold interests of the Golf Course Subsidiaries are not registered affect 75 golf courses (being 84.3% of the total number of Initial Portfolio Golf Courses) and amount to 24.6% of the total area of the Initial Portfolio Golf Courses. The aggregate net operating income of the affected golf courses is approximately 89.6% of the total net operating income of the

Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

Some of the Initial Portfolio Golf Courses are situated on lands where there is no clear delineation of boundaries

Not all the boundaries of the lands on which the Initial Portfolio Golf Courses are situated are clearly delineated as some of the stakes have decayed and the boundaries are now unclear. A golf course is surrounded by numerous neighbours and re-delineation is a complicated and difficult task because it requires obtaining the consent of each neighbour to the delineation.

There is therefore a risk that the neighbours of these lands may assert their rights over certain parcels of land which have not been clearly delineated. If parties are unable to compromise on the matter, there is no assurance that the dispute will not be escalated for judicial determination in court to decide how the relevant parcels should be delineated. If it is judicially determined that New SPC has infringed upon the land of a third party, then the third party may demand for New SPC to vacate and deliver the land and/or pay certain damages for such infringement. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

Not all the land owners of the lands which have been leased by the Golf Course Subsidiaries are known

Not all the land owners of the leased lands are known. For example, some land owners have died and their heirs could not be found. In such cases, the Golf Course Subsidiaries typically considered one of the known heirs as the legal successor to the land parcel and continued to pay rent to that person. The Golf Course Subsidiaries execute confirmation documents with that person to confirm that he or she is legally entitled to act as lessor and to receive rent on behalf of all heirs. However, such documents are not binding on a third party and therefore there is a risk that a third party claiming to be the true heir may dispute the validity of such confirmation documents.

As at the Latest Practicable Date, the leased lands in respect of which the land owners are not known affect two golf courses (being 2.2% of the total number of Initial Portfolio Golf Courses) and amount to 0.01% of the total area of the Initial Portfolio Golf Courses. The aggregate net operating income of the affected golf courses is approximately 2.6% of the total net operating income of the Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

Not all the leased lands held by the Golf Course Subsidiaries have leases executed or renewed in writing

Not all the leased lands on which the Initial Portfolio Golf Courses are located have had leases executed or renewed in writing. Six golf courses out of 89 of the Initial Portfolio Golf Courses contain at least one leased land parcel for which the original lease agreement had not been executed in writing, while 31 courses out of 89 of the Initial Portfolio Golf Courses contain at least one leased land parcel for which the renewal lease agreement had not been executed in writing. These leases are treated as having been entered into orally. Under such an oral lease, if the parties had only agreed to lease the land without specifying any definitive term, either the lessor or the lessee may request to terminate the lease at any time, and the lease will automatically terminate after one year from the date of such request to terminate. There is therefore no

assurance that the respective lessors will not request to terminate the leases. If the leases are terminated, this may have an adverse effect on the business, financial condition, results of operations and/or prospects of AG Trust and its ability to make distributions to the Unitholders.

As at the Latest Practicable Date, the leased lands in respect of which the original lease agreements are not executed in writing affect six golf courses (being 6.7% of the total number of Initial Portfolio Golf Courses) and amount to 0.10% of the total area of the Initial Portfolio Golf Courses. The aggregate net operating income of the affected golf courses is approximately 7.4% of the total net operating income of the Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. As at the Latest Practicable Date, the leased lands in respect of which the renewal lease agreements are not executed in writing affect 31 golf courses (being 34.8% of the total number of Initial Portfolio Golf Courses) and amount to 2.2% of the total area of the Initial Portfolio Golf Courses. The aggregate net operating income of the affected golf courses is approximately 41.9% of the total net operating income of the Initial Portfolio Golf Courses, based on the net operating income of the Initial Portfolio Golf Courses in Forecast Year 2015. See “The Business of Accordia Golf Trust – Property – The table below sets out a summary of the land and building issues in relation to the Initial Portfolio” for further details.

New SPC has comparatively weaker rights as compared to a lessee who owns buildings on leased land

Under Japanese law, the rights of a lessee who operates a golf course on leased land are weaker than the rights of a lessee who owns a building on leased land. Lessees who own buildings are well-protected under the Act on Land and Building Leases of Japan (Act No. 90 of 1991, as amended), under which a land owner will not be able to terminate the lease at the end of the relevant lease period unless it has a justifiable reason to do so. In the case of the Golf Course Subsidiaries, and post-Merger, New SPC, the land owners may refuse to extend the relevant lease agreement without showing any justifiable reason, and accordingly it is at the land owners' discretion to either extend or terminate the lease agreement at the end of the lease period. As such, there is a risk that the lease agreements may terminate at the end of their respective terms, some of which are only for a year. If the leases are terminated, this may have an adverse effect on the business, financial condition, results of operations and/or prospects of AG Trust and its ability to make distributions to the Unitholders.

The Initial Portfolio Golf Courses are located in Japan, which exposes AG Trust to economic and market conditions in Japan as a whole, as well as to economic measures implemented by the Japanese government

The Initial Portfolio Golf Courses are all located in Japan and as a result, AG Trust's results of operations depend, to a large extent, on the performance of the economy in Japan.

Further, the value of the Initial Portfolio Golf Courses may be adversely affected by a number of local market conditions such as demand and supply factors and the performance of other competing golf courses in Japan. An economic decline in Japan could adversely affect AG Trust's results of operations and future growth.

Financial instability in countries other than Japan could disrupt the Japanese markets and AG Trust's business, and cause the trading price of the Units to decrease

The Japanese financial markets and the Japanese economy are influenced by economic and market conditions in other countries. Further, the global financial crisis that began in 2007 has had a significant impact on the Japanese economy as well as the stability of the Japanese financial markets. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other

countries, including Japan. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Japanese financial markets and, indirectly, in the Japanese economy in general. Any worldwide financial instability could also have a negative impact on the Japanese economy. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. In short, any significant financial disruption could have an adverse effect on AG Trust's business, financial condition, cash flows, results of operations, future financial performance and the trading price of the Units. Although the Japanese economy has been showing signs of recovery since 2012, a number of macroeconomic factors, such as uncertainty of the effect of monetary easing policy of the Japanese government and the Bank of Japan and impact of the scheduled increase of consumption tax, could have an adverse effect on the Japanese economy.

Japan has experienced a number of major natural catastrophes over the years, most notably earthquakes which, were they to recur, may materially disrupt and adversely affect the business and operations of the Initial Portfolio Golf Courses

Severe weather conditions and natural disasters such as major earthquakes may affect the operations of the golf courses. These events may cause substantial structural and physical damage to the layout of the golf courses and buildings located on the golf courses, resulting in expenses being incurred in order to repair the damage caused. For example, some of the golf courses operated by the Sponsor suffered during the Great East Japan Earthquake, and one golf course is still closed due to the nuclear accident at the Fukushima Nuclear Plant. Although only the golf courses which have recovered from the after effects of the Great East Japan Earthquake are included in the Initial Portfolio Golf Courses, there is no assurance that the Initial Portfolio Golf Courses will not be adversely affected by future natural disasters. The environmental conditions may also cause disruptions, affect investments and result in various other adverse effects on the Japanese economy in general. This may lead to a decreased demand for the sport. There could therefore be a material adverse impact on the capital growth of AG Trust and/or on the results of operations and financial condition of AG Trust and the ability of AG Trust to make distributions to Unitholders.

AG Trust may suffer material losses in excess of insurance proceeds

The buildings located on the Initial Portfolio Golf Courses face the risks of suffering physical damage caused by fire, earthquakes or other acts of God or other causes, as well as potential public liability claims, including claims arising from the operations of the buildings, all of which may result in losses and New SPC and AG Trust may not be fully compensated by insurance proceeds. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

Earthquake insurance will not generally be maintained on all buildings located on the Initial Portfolio Golf Courses, except where the Probable Maximum Loss (being the probable maximum loss (i.e. repair and reprourement expenses) that would be incurred if a major earthquake struck) for a building is in excess of 15.0% of current building replacement construction cost, which is the case for the buildings on 18 of the golf courses in the Initial Portfolio Golf Courses in respect of which earthquake insurance is taken.

The buildings located on the Initial Portfolio Golf Courses may violate earthquake resistance building codes, requiring expenditure by New SPC to rectify the non-compliance or repair extensive damage caused during an earthquake

There can be no assurance that any of the buildings located on the Initial Portfolio Golf Courses will not subsequently be discovered to have been built in violation of earthquake resistance building codes¹. New SPC may be required to spend large sums of money and dedicate significant resources to strengthen the affected buildings. Furthermore, these non-compliant buildings may collapse or suffer extensive damage even in a minor earthquake. Should any of such buildings be heavily damaged and/or endanger lives during an earthquake, New SPC may be required to compensate victims, incur huge costs to repair the buildings, and suffer a loss of revenue. New SPC may also be subject to penalties and fines arising from such non-compliance. These losses and expenditures may exceed any indemnity, damages awarded or insurance proceeds (if available) paid to New SPC. This would in turn adversely affect AG Trust's financial condition and its ability to make distributions to Unitholders.

The Initial Portfolio Golf Courses or parts thereof may be acquired compulsorily by the Japanese government

The Japanese government has the power to acquire compulsorily any land in Japan for public interest pursuant to the provisions of applicable legislation. In the event of any compulsory acquisition, the amount of compensation to be awarded is assessed on the basis prescribed in the relevant laws and regulations. If any part of the Initial Portfolio Golf Courses were acquired compulsorily by the Japanese government, the level of compensation paid to New SPC pursuant to this basis of calculation may be less than the price which AG Trust paid for the Initial Portfolio Golf Courses.

The management of the Initial Portfolio Golf Courses is subject to environmental laws and regulations

With respect to the management of the Initial Portfolio Golf Courses, the TK Operator is bound by environmental laws and regulations such as the Pesticide Act, the Soil Contamination Countermeasures Act of Japan (Act No. 53 of 2002, as amended) (the “**Soil Contamination Countermeasures Act**”), the Water Pollution Prevention Act of Japan (Act No. 138 of 1970, as amended), the Waste Management and Public Cleaning Act of Japan (Act No. 137 of 1970, as amended) and the Environmental Impact Assessment Act of Japan (Act No. 81 of 1997, as amended). Substantial future liabilities could arise as a result of TK Operator's failure to comply with these laws and regulations. If major revisions to such laws or new regulations affecting TK Operator's operations are enacted in the future, TK Operator will be forced to adapt to those new laws and regulations possibly at a substantial cost, which could have a material adverse effect on the results of operations, the financial condition of AG Trust and the ability of AG Trust to make distributions to Unitholders.

New SPC (as the TK Operator) and the Sponsor (as the Golf Course Manager) are subject to supervision by the Japanese regulatory authorities

Each of New SPC and the Sponsor is subject to supervision by the Japanese regulatory authorities under various laws and regulations. In the event of any administrative order or other sanction being imposed on New SPC or the Sponsor as a result of any inappropriate action taken with respect to the management and operation of the Initial Portfolio Golf Courses, there could be harm to the reputation of AG Trust, New SPC and the Sponsor.

¹ Under the BSA and other related regulations, buildings are to comply with a technical standard of structure method which is assessed by certain structure calculation methods based on, amongst others, the structure type of the building.

There is no public system to search for the existence of pending lawsuits or other disputes in Japan

As there is no public system available to search for the existence of pending lawsuits or other disputes in Japan, due diligence investigations regarding the existence of lawsuits or other disputes are limited to interviewing the relevant parties. Although the Initial Portfolio Golf Courses are from the Sponsor, there still remains a risk that such information is not accurate or complete, and due diligence investigations may fail to reveal disputes which have arisen if the information provided by the third party vendors to the Sponsor in the Sponsor's own acquisition is not accurate or complete. Any such pending disputes may have a material adverse effect on the business, financial condition, results of operation or cash flow of AG Trust.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

Fluctuation of the Japanese yen could adversely affect the value of distributions paid in respect of the Units

Since the income and profit of AG Trust from its assets are denominated in the Japanese yen, any fluctuation in the value of the Japanese yen may adversely affect the value of distributions paid in respect of AG Trust in Singapore dollars. Further, as the Initial Portfolio Golf Courses are entirely located in Japan, its earnings and cash flow position (including its NAV per Unit) may be adversely affected if the Japanese yen weakens against the Singapore dollar.

The price of the Units may be adversely affected by a sale or possible sale of a substantial number of Units by the Sponsor in the public market following the lapse of any applicable lock-up arrangements

Following the Offering, AG Trust will have 1,099,122,000 issued Units, of which 28.85% of the total number of Units in issue immediately after the Listing will be held by the Sponsor (assuming the Over-allotment Option is not exercised). If any of the Sponsor and/or its transferees of Units (following the lapse of the relevant respective lock-up arrangement, or pursuant to any applicable waivers) sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected.

(See "Plan of Distribution – Lock-up Arrangements")

The NAV per Unit may be diluted if further issues are priced below the current NAV per Unit

New Units may be issued at a subscription price at or below the current NAV per Unit. Where new Units, including Units which may be issued to the Trustee-Manager's management fees, are issued at less than the current NAV per Unit, the NAV of each existing Unit will be diluted.

AG Trust may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting Registered Business Trusts in Singapore

AG Trust may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts registered with the MAS ("Registered Business Trusts"). There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect Registered Business Trusts in general, or AG Trust specifically.

Foreign Unitholders may not be permitted to participate in future rights issues and preferential offerings by AG Trust

The Trust Deed provides that in relation to any rights issue or preferential offering, the Trustee-Manager may, in its absolute discretion, elect not to extend an offer of the Units under a rights issue or preferential offering to those Unitholders whose addresses, as registered with CDP, are outside of Singapore. In the case of a rights issue, the rights or entitlements to the Units to which such Unitholders would have been entitled may be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Trustee-Manager may determine, subject to such other terms and conditions as the Trustee-Manager may impose. The proceeds of any such sale, if successful, will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to any single Unitholder are less than S\$10.00, the Trustee-Manager is entitled to retain such proceeds as part of the Trust Property. The holding of the relevant Unitholder may be diluted as a result of such sale.

The distribution policy of AG Trust may cause AG Trust to face liquidity constraints

The Trustee-Manager intends to distribute 100.0% of AG Trust's Distributable Income for Forecast Year 2015. Thereafter, the Trustee-Manager will distribute at least 90.0% of AG Trust's Distributable Income, with the actual level of distribution to be determined at the Trustee-Manager Board's discretion. As such, the Trustee-Manager may have to borrow to meet ongoing cash flow requirements in order to distribute at least 90.0% of AG Trust's Distributable Income since it may not have any reserves to draw on.

AG Trust may not be able to make distributions to Unitholders or the level of distributions may fall

The income which AG Trust earns from its investments depends upon, among other factors,

- the amount of revenue received from operations; and
- the level of operating expenses incurred.

If the investments held by AG Trust do not generate sufficient income, AG Trust's cash flow and ability to make distributions to the Unitholders will be adversely affected. As such, AG Trust is highly reliant on the continued good performance of its investments to maintain distributions. Further changes in the applicable laws in Japan may limit AG Trust's ability to pay or maintain distributions to the Unitholders. There is no assurance that the level of distributions to the Unitholders will not be adversely affected in the future. No assurance can be given as to AG Trust's ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that there will be any increase in the operating revenue of the Initial Portfolio or that the receipt of operating revenue in connection with any expansion of the Initial Portfolio or further acquisitions of or investment in assets will increase AG Trust's income available for distribution to Unitholders.

Market and economic conditions may affect the market price and demand for the Units

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Units. An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

Certain provisions of the Singapore Code on Take-overs and Mergers (the “Take-over Code”) could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Units

Under the Take-over Code, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined in the Take-over Code) in the event that an increase in the aggregate holdings of Units of it and/or parties acting in concert with it results in the aggregate holdings of Units crossing certain specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among the Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The Trustee-Manager is not obliged to redeem the Units

Unitholders have no right to request the Trustee-Manager to redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in the Units.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. The Trustee-Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST. However, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders must be prepared to hold their Units for an indefinite length of time.

There is no assurance that the Units will remain listed on the SGX-ST

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, AG Trust may not continue to satisfy the listing requirements of the SGX-ST. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

The price of the Units may decline after the Offering

The Offering Price of the Units is determined by agreement between the Trustee-Manager and the Joint Bookrunners. The Offering Price may not be indicative of the market price for the Units upon the completion of the Offering. The trading price of the Units will depend on many factors, including:

- the perceived prospects of the business and investments of AG Trust and the golf course industry in Japan and other countries which AG Trust may invest in;
- differences between the actual financial and operating results of AG Trust and those expected by investors and analysts;
- changes in analysts’ recommendations or projections;
- changes in general economic or market conditions;

- the market value of the assets of AG Trust;
- favourable or unfavourable news on or developments of AG Trust;
- the perceived attractiveness of the Units against those of other equity or debt securities;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Singapore business trust market;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore business trusts;
- the ability on the part of the Trustee-Manager to implement successfully the investment and growth strategies;
- the ability of AG Trust to service its debt obligations;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity market and increases in interest rates.

The Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that AG Trust retains operating cash flow for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in the Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in AG Trust.

The Units are not capital-safe products. There is no guarantee that Unitholders can regain the amount invested. If AG Trust is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

Third parties may be unable to recover in claims brought against the Trustee-Manager as it is not an entity with significant assets

Third parties, in particular, Unitholders, may in future have claims against the Trustee-Manager in connection with the carrying on of its duty as trustee-manager of AG Trust (including in relation to the Offering and this Prospectus).

Under the terms of the Trust Deed, the Trustee-Manager is indemnified out of the Trust Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the trustee-manager unless occasioned by the fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise Due Care. In the event of any such fraud, wilful default, breach of trust or failure to exercise Due Care, only the assets of the Trustee-Manager itself and not the Trust Property would be available to satisfy a claim.

The Trustee-Manager may only be removed by an extraordinary resolution of the Unitholders

Under the Trust Deed and the BTA, the Trustee-Manager may only be removed by Unitholders by way of an Extraordinary Resolution. Accordingly, a Unitholder who owns or controls more than 50% but less than 75% of the Units and has statutory control of AG Trust may not be able to remove the Trustee-Manager. Correspondingly, a Unitholder who owns or controls more than 25% of the Units will have the ability to block any resolution to remove the Trustee-Manager. All Unitholders will be able to vote on the resolution to remove the Trustee-Manager.

It may not be possible for investors in AG Trust to pursue a claim in Japan or to enforce foreign judgements

The Trustee-Manager is incorporated in Singapore while New SPC and all the Initial Portfolio Golf Courses are located in Japan. Investors outside of Japan may be required to pursue claims in Japan directly if they are unable to pursue their claims through the Trustee-Manager. Furthermore, when investors who are located outside of Japan wish to enforce foreign judgements in Japan where New SPC and all the Initial Portfolio Golf Courses are located, they may face difficulty in enforcing such foreign judgements. There can be no assurance that a suit brought in a Japan court in relation to a foreign judgement will be disposed of in a timely manner, if at all.

RISKS RELATING TO TAXATION

AG Trust is exposed to various types of taxes in Japan and Singapore

The income and gains derived by New SPC and/or AG Trust, directly or indirectly, from its investment in the golf courses, driving ranges and golf course related assets, may be exposed to various types of taxes in Japan and Singapore (See “Taxation”). The level of taxation in each of these countries is subject to changes in tax laws and regulations (and interpretations thereof) and such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. These factors could adversely affect and erode the returns from AG Trust’s investments and hence the amount of distributions to the Unitholders.

More specifically, the Japanese tax position of AG Trust’s TK contributions to New SPC under the TK Agreement is based on current tax laws, interpretations thereof and practice in Japan, and on AG Trust, the Trustee-Manager and New SPC satisfying certain requirements under Japanese tax laws, the TK Agreement and related agreements. Changes to these requirements or a failure of New SPC, AG Trust or the Trustee-Manager to meet these requirements may increase the Japanese tax due on the distributions made by New SPC to AG Trust, which would in turn have an adverse effect on the future earnings of AG Trust. If AG Trust, the Trustee-Manager, or any of their representatives were actively involved in the conduct of the businesses of New SPC, and the TK Agreement were to be re-characterised from a *tokumei kumiai* arrangement to a partnership (*Nin-I Kumiai*) arrangement by the Japanese tax authorities, AG Trust may be subject to additional Japanese taxes. In such an event, AG Trust would be required to file a tax return in Japan and pay such liabilities.

AG Trust may face exposure to a permanent establishment and resulting Japanese taxation due to the activities of the Sponsor in Japan

The Sponsor intends to conduct its activities in Japan with respect to New SPC, AG Trust, and/or the Trustee-Manager, as may be the case, in a manner that does not give rise to a permanent establishment for either AG Trust or the Trustee-Manager in Japan. However, no assurances can be made that such will not occur. In the event that the Japanese tax authorities assess a

permanent establishment against either AG Trust or the Trustee-Manager, the income of that entity could be subject to additional Japanese taxes. In such an event, AG Trust and/or the Trustee-Manager would be required to file a tax return in Japan and pay such liabilities.

AG Trust may be unable to comply with the conditions for various tax rulings obtained, or the tax rulings may no longer apply

AG Trust may, from time to time, obtain various tax rulings from the Inland Revenue Authority of Singapore (“**IRAS**”) or the Ministry of Finance, Singapore. The approvals for these tax rulings may be subject to AG Trust satisfying the stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied by AG Trust, the tax rulings may not apply. The approvals may also be granted based on the facts presented to the IRAS and/or the Ministry of Finance, Singapore. Where the facts turn out to be different from those represented to the IRAS and/or the Ministry of Finance, Singapore, or where there is a subsequent change in the tax laws, the tax rulings may not apply.

Disposal of assets by New SPC could result in AG Trust bearing substantial tax costs in Japan

Although the Trustee-Manager intends to invest in New SPC’s assets on a long term basis and save for under-performing assets, it is unlikely for New SPC to sell its assets, any built-in gain in the assets in the TK arrangement as at the starting date of such an arrangement may constitute taxable income to New SPC when realised on disposal of such assets in the future. In such a case, any corresponding Japanese corporate taxes, as calculated on a grossed up basis, may be deducted from the corresponding TK distribution to AG Trust, which would have an adverse effect on the earnings of AG Trust in a disposal.

USE OF PROCEEDS

ISSUE PROCEEDS

The Trustee-Manager expects the net proceeds from the Offering will be between approximately S\$682 million (based on the Minimum Offering Price) and S\$704 million (based on the Maximum Offering Price)¹ and the gross proceeds from the Offering and taking into account the amount attributable to the Consideration Units will be between approximately S\$1,066 million (based on the Minimum Offering Price) and S\$1,099 million (based on the Maximum Offering Price).

USE OF PROCEEDS

The Trustee-Manager intends to apply the proceeds from the Offering towards the following:

- (i) partial funding² of the consideration for the acquisition of the TK Interests on the Listing Date (the “**Partial Acquisition Amount**”). Based on the Maximum Offering Price, the Partial Acquisition Amount, which amounts to S\$628 million, constitutes 89.2%³ of the net proceeds from the Offering;
- (ii) working capital purposes, comprising 0.6%⁴ of the net proceeds from the Offering based on the Maximum Offering Price;
- (iii) Equity Issue Expenses; and
- (iv) Further investment⁵ in the TK Business by way of additional TK contributions to the TK Business of S\$72 million, comprising 10.2%⁶ of the net proceeds from the Offering based on the Maximum Offering Price.

For the avoidance of doubt, as none of the Trustee-Manager or any subsidiary of AG Trust has any existing loans from banks which are interested in the success of the Offering, none of the proceeds will be applied by AG Trust towards repayment of loans to banks which are interested in the success of the Offering.

New SPC Borrowings to be Repaid

As at the Latest Practicable Date, the SPC has outstanding loans and payables, net of receivables, due to the Sponsor and its subsidiaries amounting to JPY38,336 million (equivalent to approximately S\$470 million). These loans and payables will be repaid in full as at the Listing Date, partially out of the additional TK contribution by the Trustee-Manager, which will be funded using the Offering proceeds.

1 An Underwriting and Selling Commission is payable on the Units which are subject to the Over-Allotment Option only if the Units are over allotted (see “Plan of Distribution”). Accordingly, if all the Units are not over allotted, the net proceeds from the Offering will be between approximately S\$684 million (based on the Minimum Offering Price) and S\$706 million (based on the Maximum Offering Price).

2 The remaining consideration for the acquisition of the TK Interests will be funded through the issue of Consideration Units to the Sponsor.

3 88.9% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

4 0.6% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

5 The TK contribution from the Trustee-Manager will be applied towards the partial repayment of existing intercompany loans of New SPC.

6 10.2% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

The following tables, which are included for the purpose of illustration, set out the intended application of the total proceeds from the Offering and taking into account the amount attributable to the Consideration Units:

Based on Maximum Offering Price, the intended source and application of the total proceeds from the Offering and the Consideration Units are as follows:

Sources	(S\$'000)	Applications	(S\$'000)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the Consideration Units
Offering	782,025	Funding of the consideration for the acquisition of the TK Interests on the Listing Date	944,873	0.860
Consideration Units	317,097	Working capital purposes	4,514 ⁽¹⁾	0.004
		Equity Issue Expenses	77,945 ⁽²⁾	0.071
		Further investment in the TK Business by way of additional TK contributions to the TK Business	71,789	0.065
Total	1,099,122	Total	1,099,122	1

Notes:

- (1) S\$6,575,000 if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid as the amount payable if all the Units had been over allotted will be applied towards working capital purposes.
- (2) S\$75,884,000 if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

Based on Minimum Offering Price, the intended source and application of the total proceeds from the Offering are as follows:

Sources	(S\$'000)	Applications	(S\$'000)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the Consideration Units
Offering	758,564	Funding of the consideration for the acquisition of the TK Interests on the Listing Date	913,135	0.856
Consideration Units	307,584	Working capital purposes	4,514 ⁽¹⁾	0.004

Sources	(S\$'000)	Applications	(S\$'000)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the Consideration Units
		Equity Issue Expenses	76,710 ⁽²⁾	0.072
		Further investment in the TK Business by way of additional TK contributions to the TK Business	71,789	0.067
Total	1,066,148	Total	1,066,148	1

Notes:

- (1) S\$6,513,000 if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid as the amount payable if the all the Units had been over allotted will be applied towards working capital purposes.
- (2) S\$74,711,000 if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

The Trustee-Manager will make periodic announcements on the utilisation of the net proceeds from the Offering via SGXNET as and when such funds are materially utilised, and will provide the status on the use of the net proceeds in the annual report of AG Trust.

Pending the deployment of the proceeds, as described above, the Trustee-Manager may place funds in fixed deposits with banks or financial institutions or use the funds for investment in short term money market instruments, as the Trustee-Manager may deem appropriate in its absolute discretion.

EQUITY ISSUE EXPENSES

The Trustee-Manager (on behalf of AG Trust) will bear all of the Equity Issue Expenses (as defined herein). The Trustee-Manager estimates that the costs and expenses payable in connection with the Offering and the application for listing, including the Underwriting and Selling Commission and the Incentive Fee, professional fees and all other incidental expenses relating to the Offering (including the Underwriting, Selling and Management Commission, and other fees and expenses in connection with the exercise of the Over-Allotment Option) (together, the “**Equity Issue Expenses**”) will be approximately S\$77.9 million (assuming all the Over-Allotment Option Units are over allotted and the Underwriting and Selling Commission is paid) based on the Maximum Offering Price. A breakdown of these estimated expenses is as follows⁽¹⁾:

Based on the Maximum Offering Price:

	(S\$'000) ⁽¹⁾	As a dollar amount for each S\$ of the total issue proceeds of the Offering
Underwriting and Selling Commission ⁽²⁾	41,162 ⁽⁵⁾	5.3% ⁽⁴⁾
Professional fees and other Offering-related expenses ⁽³⁾	36,783	4.7%
Total	77,945	10.0%⁽⁶⁾

Notes:

- (1) Amounts exclude GST, where applicable.
- (2) Payable on (i) all the Units comprised in the Offering and (ii) the 41,217,000 Units which are subject to the Over-Allotment Option only if the Units are over allotted.
- (3) Includes solicitors' fees and fees for the Reporting Accountant, the Independent Tax Adviser, the Independent Financial Adviser, the Independent Industry Consultant, the Independent Valuer and other professionals' fees as well as the cost of the production of this document, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering.
- (4) 5.0% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.
- (5) S\$39,101,000 if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.
- (6) 9.7% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

Based on the Minimum Offering Price:

	(S\$'000) ⁽¹⁾	As a dollar amount for each S\$ of the total issue proceeds of the Offering
Underwriting and Selling Commission ⁽²⁾	39,927 ⁽⁵⁾	5.3% ⁽⁴⁾
Professional fees and other Offering-related expenses ⁽³⁾	36,783	4.8%
Total	76,710	10.1%⁽⁶⁾

Notes:

- (1) Amounts exclude GST, where applicable.
- (2) Payable on all the Units comprised in the Offering and the 41,217,000 Units which are subject to the Over-Allotment Option.
- (3) Includes solicitors' fees and fees for the Reporting Accountant, the Independent Tax Adviser, the Independent Financial Adviser, the Independent Industry Consultant, the Independent Valuer and other professionals' fees as well as the cost of the production of this document, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering.
- (4) 5.0% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.
- (5) S\$37,928,000 if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.
- (6) 9.8% if all the Over-Allotment Option Units are not over allotted and the Underwriting and Selling Commission is not paid.

OTHER MATTERS

Taking into account the expected cash to be generated from the operations of AG Trust, together with cash and cash equivalents, and the financing facilities available to AG Trust and New SPC, the Directors are of the opinion that the working capital available to AG Trust and New SPC as at the Listing Date is sufficient for AG Trust's and New SPC's present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this Prospectus.

INFORMATION CONCERNING THE UNITS

On 16 June 2014, one Unit was issued to the Sponsor upon the constitution of AG Trust. The issue price of this Unit was S\$1.00. No other Units have been issued.

CONSIDERATION UNITS

On the Listing Date, separate from the Offering, the Sponsor will receive, as part settlement of the consideration for the acquisition of the Initial Portfolio, through the acquisition of the TK Interests, an aggregate of 317,096,999 Consideration Units (which will be fully paid) constituting 28.85% of the Units in issue on the Listing Date.

SUBSCRIPTION BY THE DIRECTORS AND EXECUTIVE OFFICERS

The Directors and the Executive Officers may, subject to applicable laws, subscribe for Units under the Singapore Public Offering and/or the Placement. In such cases, the Trustee-Manager will make announcements via SGXNET as soon as practicable. Save for the Trustee-Manager's internal policy, which prohibits the Directors and the Executive Officers from dealing in the Units at certain times, as well as applicable insider trading laws, there is no restriction on the Directors and the Executive Officers disposing of or transferring all or any part of their unitholdings. See "The Trustee-Manager" and "Corporate Governance".

SUBSCRIPTION FOR MORE THAN 5.0% OF THE UNITS

To the Trustee-Manager's knowledge, as at 16 June 2014, being the latest practicable date prior to the lodgment of this Prospectus with the MAS (the "**Latest Practicable Date**"), no person intends to subscribe for more than 5.0% of the Units in the Offering. If any person were to make an application for Units amounting to more than 5.0% of the Units in the Offering and were subsequently allotted or allocated such number of Units, the Trustee-Manager will make the necessary announcements at an appropriate time. The final allocation of Units will be in accordance with the unitholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

OPTIONS ON UNITS

No option to subscribe for Units has been granted to any of the Directors or to the Chief Executive Officer or any other senior executive officers of the Trustee-Manager.

LOCK-UPS

The Sponsor and the Trustee-Manager have agreed to certain lock-up arrangements. See "Plan of Distribution – Lock-up Arrangements".

PRINCIPAL UNITHOLDERS, DIRECTORS, EXECUTIVE OFFICERS OF ACCORDIA GOLF TRUST AND THEIR UNITHOLDINGS

On 16 June 2014, upon the constitution of AG Trust, one Unit was issued to the Sponsor. The issue price of this Unit was S\$1.00. No other Units have been issued.

The following table sets out the principal Unitholders of AG Trust and their unitholdings after the Offering:

	Units owned after the Offering (Assuming that the Over-Allotment Option is not exercised)			Units owned after the Offering (Assuming that the Over-Allotment Option is exercised in full)		
	Direct Interest ('000)	Deemed Interest (%)	Deemed Interest ('000)	Direct Interest ('000)	Deemed Interest ('000)	Deemed Interest (%)
Sponsor	317,097	28.85	-	275,880	-	-
Public and Institutional Investors	782,025	71.15	782,025	823,242	823,242	74.90

Save for Units acquired pursuant to the Offering, none of the Directors of the Trustee-Manager or the Executive Officers of AG Trust has an interest in the Units (whether direct or deemed).

DISTRIBUTIONS

Statements contained in this “Distributions” section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date of this Prospectus. See “Forward-Looking Statements”.

The distribution of AG Trust is substantially based on the cash flow generated from the underlying operations of the Initial Portfolio Golf Courses. The cash flow will be received by AG Trust in the form of TK distribution received or receivable from New SPC net of applicable taxes and expenses.

The distribution from New SPC to AG Trust will, in turn, be paid out substantially using funds generated from TK operations of the portfolio golf courses operated by New SPC.

AG Trust’s distributable income in relation to a distribution period (“**Distributable Income**”) is comprised of the consolidated net profit for that distribution period adjusted for net reserves set aside (as deemed appropriate by the Trustee-Manager) such as capital expenditure and working capital reserves, as well as adjusted for the following:

- (i) adding back amortisation of the capitalised loan facility fee, accrued interest payable on non-interest bearing deposits from registered members of the golf courses, depreciation of property, plant and equipment, and amortisation of finance lease;
- (ii) deducting increase in, or adding decrease in, working capital;
- (iii) deducting capital expenditure, amortisation or repayment of loan, repayment of Cash Deposits (as defined herein) and lease obligation (as deemed appropriate);
- (iv) deducting unrealised income and adding back unrealised losses;
- (v) deducting distributions to non-controlling interests; and/or
- (vi) adding back any non-recurring expenses and deducting any non-recurring income (as deemed appropriate by the Trustee-Manager).

“**Cash Deposit**” is cash deposits received from members of portfolio golf courses upon initial admission to membership. Cash Deposits are repayable upon termination of membership.

AG Trust has not made any distributions since its constitution.

AG Trust has adopted the following policy in respect of distributions to be made to Unitholders out of Distributable Income:

- (i) in respect of Forecast Year 2015, the Trustee-Manager shall make distributions of 100.0% of Distributable Income to Unitholders; and
- (ii) in respect of FY2016 onwards, the Trustee-Manager shall make distributions of at least 90.0% of Distributable Income to Unitholders.

The actual level of distribution will be determined at the Trustee-Manager's discretion, having regard to funding requirements, other capital management considerations and ensuring the overall stability of distributions.

Distributions, when paid, will be in Singapore dollars.

After AG Trust has been admitted to the Main Board of the SGX-ST, AG Trust will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. However, AG Trust's first distribution after the Listing Date will be for the period from the Listing Date and ending on 31 March 2015 and will be paid by the Trustee-Manager on or before 30 June 2015. Subsequent distributions will take place on a semi-annual basis. Under the Trust Deed, the Trustee-Manager is required to pay distributions within 90 days after each of the said dates.

EXCHANGE RATE INFORMATION AND EXCHANGE CONTROLS

EXCHANGE RATE INFORMATION

The table below sets forth, for the periods indicated, information concerning the exchange rates between Singapore dollars and Japanese yen (in Japanese yen per Singapore dollar). The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg L.P. No representation is made that the Japanese yen amounts actually represent such Singapore dollar amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars at the rates indicated, at any other rate, or at all.

	Japanese yen/Singapore dollar ⁽¹⁾		
Financial Year/Period ended	Average	High	Low
2011	63.43	67.85	58.08
2012	63.93	71.03	59.28
2013	78.02	83.36	70.81
December 2013	79.15	83.36	75.10
Month	Average	High	Low
July 2013	78.60	79.44	77.02
August 2013	76.86	77.98	75.66
September 2013	78.56	79.78	77.79
October 2013	78.69	79.48	77.51
November 2013	80.22	81.62	78.77
December 2013	82.27	83.36	81.22
January 2014	81.62	83.34	79.93
February 2014	80.67	81.17	79.15
March 2014	80.76	82.08	79.82
April 2014	81.69	82.31	81.22
May 2014	81.35	81.69	80.89
1 June 2014 to the Latest Practicable Date ⁽²⁾	81.67	82.04	81.42

Notes:

- (1) *Source: Bloomberg L.P.* Bloomberg L.P. has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.
- (2) As at the Latest Practicable Date, the exchange rate between Singapore dollars and Japanese yen is S\$1.00: JPY81.52.

EXCHANGE CONTROLS

Singapore

There are no exchange controls in Singapore.

Japan

Under the Foreign Exchange and Foreign Trade Act of Japan (Law No. 228 of 1949, as amended) (the “**Foreign Exchange Act**”), all cash dividends and other cash distributions payable in Japanese yen may be converted into foreign currency and freely transferred out of Japan except as may be restricted pursuant to the Foreign Exchange Act for certain limited circumstances, and subject to the reporting requirements unless exempted.

CAPITALISATION AND INDEBTEDNESS

The information in the table below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Use of Proceeds”.

The following table sets forth the pro forma capitalisation and indebtedness of AG Trust as at the Listing Date and after application of the total proceeds from the Offering and the issuance of the Consideration Units, based on the Minimum Offering Price and the Maximum Offering Price.

The following table is adjusted to give effect to:

- the issue of Units and receipt of proceeds from the Offering at the Minimum Offering Price of S\$0.97 per Unit; and
- the issue of Units and receipt of proceeds from the Offering at the Maximum Offering Price of S\$1.00 per Unit.

The pro forma information below is illustrative only and does not take into account any changes in AG Trust’s short-term borrowings and capitalisation after the Listing Date, other than to give effect to the Offering, the expected drawdown under the New Debt Facilities and the transactions contemplated by the Restructuring.

	Minimum Offering Price JPY	Maximum Offering Price JPY
	(in million)	
Indebtedness		
Current:		
Bank loans – due within one year (secured and unguaranteed)	450	450
Total current debt	450	450
Non-Current:		
Bank loans – due after one year (secured and guaranteed)	42,145	42,145
Subordinated Loan	500	500
Total non-current debt	42,645	42,645
Total indebtedness	43,095	43,095
Capital and Reserves		
Equity attributable to Unitholder(s) of AG Trust	80,659	83,246
Non-controlling interests ⁽¹⁾	4	4
Total Equity	80,663	83,250
Total capitalisation and indebtedness⁽²⁾	123,758	126,345
SGD million	S\$1,518	S\$1,550

Notes:

- (1) Represents the interests in the operating results and net assets of New SPC attributable to the ISH.
- (2) Total capitalisation equals non-current indebtedness plus total equity.

INDEBTEDNESS

At the level of New SPC

New Debt Facilities

A summary of selected information on the secured senior debt facilities (“**New Debt Facilities**”) of up to JPY45,000 million (equivalent to approximately S\$552 million) granted by certain financial institutions (the “**Lenders**”) to New SPC is set out in the table below:

Initial Lenders¹	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd. Shinsei Bank, Limited The Tokyo Star Bank, Limited Mitsubishi UFJ Trust and Banking Corporation Mitsubishi UFJ Lease & Finance Company Limited ShinGinko Tokyo, Limited
Agent	Mizuho Bank, Ltd.
Execution Date	27 June 2014
Drawdown Date	1 August 2014
Debt Amount	Term loan A: 15 billion yen Term loan B: 15 billion yen Term loan C: 15 billion yen
Applicable Interest Rate	Base interest rate plus the spread
Base Interest Rate	6-month Yen TIBOR
Spread	Term loan A: 1.25% Term loan B: 1.50% Term loan C: 1.75%
Method of Repayment of Principal	Final Maturity Date: Term loan A: 1 August 2017 (three years) Term loan B: 1 August 2018 (four years) Term loan C: 1 August 2019 (five years) Method of repayment: Repayment of principal in the following installments

¹ This list indicates certain financial institutions which are currently expected to disburse the New Debt Facilities on the Drawdown Date. It should be noted that there could be some change to the lineup of initial lenders. It should also be noted that the loan receivables could be transferred by any of the initial lenders to a third party pursuant to the Senior Loan Agreement at any time after the Drawdown Date.

	Repayment schedule:	
	Principal Repayment Date	Term Loan A Principal Repayment Amount
	31 March 2015	75 million yen
	30 September 2015	75 million yen
	31 March 2016	75 million yen
	30 September 2016	75 million yen
	31 March 2017	75 million yen
	Maturity Date (1 August 2017)	Full amount of outstanding principal
	Principal Repayment Date	Term Loan B Principal Repayment Amount
	31 March 2015	75 million yen
	30 September 2015	75 million yen
	31 March 2016	75 million yen
	30 September 2016	75 million yen
	31 March 2017	75 million yen
	30 September 2017	75 million yen
	31 March 2018	75 million yen
	Maturity Date (1 August 2018)	Full amount of outstanding principal
	Principal Repayment Date	Term Loan C Principal Repayment Amount
	31 March 2015	75 million yen
	30 September 2015	75 million yen
	31 March 2016	75 million yen
	30 September 2016	75 million yen
	31 March 2017	75 million yen
	30 September 2017	75 million yen
	31 March 2018	75 million yen
	30 September 2018	75 million yen
	31 March 2019	75 million yen
	Maturity Date (1 August 2019)	Full amount of outstanding principal
Interest Payment Date		March and September

Concurrently with the drawdown of the New Debt Facilities, New SPC will enter into interest rate swaps contracts with a total notional amount of JPY35,000 million which have fixed interest payments at average rates ranging approximately from 1.7% to 2.3% and receipts at the floating interest rate of 6-month Japanese Yen TIBOR. Post-Listing, the fixed rate will not change while the floating rate will reset every 6 months based on the 6-month Japanese Yen TIBOR at each reset date. The interest rate of 6-month Japanese Yen TIBOR is forecasted to be 0.31%.

New SPC as the borrower (the “**Borrower**”) will be subject to the following key covenants and certain material provisions relating to the New Debt Facilities under the Senior Loan Agreement and the project agreement entered into between the Lenders, the Borrower, the ISH as the Borrower’s holding entity (the “**Borrower Parent Entity**”), the Sponsor, the Trustee-Manager, the Asset Manager and the Pro-shop Subsidiary (the “**Project Agreement**”)¹:

Financial Covenants

- (i) If the amount of operating profit/loss or ordinary profit/loss for any semi-annual period becomes a negative amount, the Borrower shall ensure that both of the amounts of operating profit/loss and ordinary profit/loss for the next semi-annual period will not become a negative amount.
- (ii) The Borrower shall maintain the Leverage Ratio at 6.5 or less (to be checked semi-annually²). The “**Leverage Ratio**” is the amount of interest bearing liabilities (including lease obligations but excluding subordinated obligations and obligations on a non-recourse basis) divided by EBITDA.
- (iii) The Borrower shall maintain the LTV at 60.0% or less (to be checked semi-annually³). The “**LTV**” is (a) the outstanding amount of the principal of the New Debt Facilities under the Senior Loan Agreement on a reference date divided by (b)(A) the most recent appraisal value of all the golf courses held by the Borrower less (B) the total amount of the Borrower’s obligations to refund deposits owed by the Borrower to the relevant golf course members as of the reference date.
- (iv) The Borrower shall ensure that the amount of current deposits (the balance as at the last day of each month) does not become less than JPY3 billion for three consecutive months and does not become less than JPY2 billion for two consecutive months (provided however that if, and as long as, the Leverage Ratio exceeds 6.0, the amount of current deposits must not become less than JPY5 billion for three consecutive months and must not become less than JPY4 billion for two consecutive months thereafter).

1 The Project Agreement is an intercreditor agreement which provides for, *inter alia*, cancellation and amendment of the Golf Course Management Agreement and the Asset Management Agreement, the cash/account management rules, the priority/subordination among creditors and the refinancing procedure.

2 The Leverage Ratio is to be tested within 45 days after the end of an interim fiscal term (30 September) and within 45 days after the end of a business year (31 March). The test will start from the term ending in September 2015.

3 The LTV is to be tested within 45 days after the end of an interim fiscal term (30 September) and within 45 days after the end of a business year (31 March). The test will start from the term ending in March 2015. The LTV test commences earlier than the Leverage Ratio test because the components for the former (being the outstanding principal amount under the New Debt Facilities, the appraisals of the golf courses and New SPC’s obligations to refund deposits) will be available by then but the latter Leverage Ratio as of March 2015 cannot be computed as New SPC’s full business year’s EBITDA would not be available at the end of March 2015.

- (v) The following amounts shall be reserved at the Borrower's main account for the purpose of cash reserve:
 - (a) miscellaneous costs and expenses for the maintenance of the Borrower: JPY3 billion less the aggregate amount reserved for the items (b) to (e) below (the obligation to reserve an additional amount for employees' salary to be paid for the next four month period will arise if (i) the Leverage Ratio exceeds 6.0, (ii) the Capital Equity Ratio (the total net assets divided by the total gross assets) falls below 20.0%, or (iii) the amount of total net assets falls below 75.0% of that of the preceding year or JPY37.5 billion);
 - (b) principal and interests: the amount to be paid on the next Interest Payment Date;
 - (c) taxes and other public charges: the amount to be paid for the next six month period (half of the estimated amount of fixed assets tax, as stated in the annual business plan of the Borrower);
 - (d) repairing costs: the amount to be paid for the next six month period (half of the estimated amount of capital expenditures as stated in the annual business plan of the Borrower); and
 - (e) golf course members' deposits: the amount to be paid for the next six month period (half of the estimated amount of deposits as stated in the annual business plan of the Borrower).

Prohibited Matters¹

The Borrower shall not conduct any of the following acts until the Borrower's obligations under the Senior Loan Agreement are fully repaid:

- (i) Business of the Borrower other than the acquisition, possession and operation of golf courses and golf driving ranges, or the operation of related hotels and restaurants (maintaining a nature of a single purpose company);
- (ii) Amendment to the articles of incorporation of the Borrower or the Borrower Parent Entity except for any amendment required in the course of the Restructuring or any amendment or abolishment of other internal rules of the Borrower or the Borrower Parent Entity;
- (iii) (a) Merger, corporate split, or other corporate restructurings (except for those carried out for the purpose of acquisition or disposal of shares or equity interests of any companies operating golf courses and golf driving ranges) pursuant to the Relevant Agreements (as defined below); or (b) a partnership or a tie-up with a third party;
- (iv) (a) Establishment of any subsidiary or affiliate; or (b) merger, corporate split or other corporate restructurings of a subsidiary or an affiliate of the Borrower, except for those carried out for the purpose of acquisition or disposal of shares or equity interests of any companies operating golf courses and golf driving ranges pursuant to the Relevant Agreements (as defined below);

¹ For the avoidance of doubt, these prohibited matters apply only to New SPC and not to AG Trust as a whole. In the context of an operating golf course business, the Lenders would be justifiably concerned about such key operational matters of New SPC, the outcome of each of which may in turn have an adverse effect on the Borrower's ability to meet its obligations under the Senior Loan Agreement. Accordingly, the Lenders' consent is required for the Borrower to undertake each of the prohibited matters. Although the Trustee-Manager is free to exercise its veto rights under the TK Agreement, in the event that the Lenders' consent is not obtained for a prohibited matter that the Trustee-Manager also has a veto right over under the TK Agreement, the Borrower will still be unable to undertake such matter even if the Trustee-Manager consents.

- (v) Capital decrease;
- (vi) (a) Amendment to, cancellation of, refusal of, renewal of, or other termination of the TK Agreement, the Asset Management Agreement, the Golf Course Management Agreement and certain other material agreements (the “**Relevant Agreements**”) to which the Borrower is a party or (b) entry into or amendment to other agreements (if any) of importance equivalent to the Asset Management Agreement and the Golf Course Management Agreement (the “**Other Material Agreements**”) (including the approval of the assignment of TK contribution interests, but excluding a decrease in the amount of fees payable to the Asset Manager or the Golf Course Manager). This prohibition shall only apply where there is an adverse effect on the preservation of the Lenders’ receivables arising from such action set out in either (a) or (b) above;
- (vii) (a) Waiver of, or failure to exercise, the cancellation right, or (b) waiver of the rights or remedies against the other parties who have breached their obligations, or pardon for such breach of obligations under the Golf Course Management Agreement, the Asset Management Agreement or Other Material Agreements (if any);
- (viii) Borrowing or other acts to assume financial obligations. This prohibition shall not apply to certain acts to assume financial obligations such as financing permitted under the Senior Loan Agreement or with the prior written approval of the Majority Lenders¹, subordinated loan extended by the Sponsor as set out in the Senior Loan Agreement, or lease or installment obligations;
- (ix) Issue of new securities (excluding the TK Interests to be issued under the TK Agreement);
- (x) Distribution or other disposal of profits to members (shareholders) of the Borrower. This prohibition shall not apply to the distribution of cash to the TK Investors to be made pursuant to the Relevant Agreements;
- (xi) Sale of, creation of security interests over, or other disposal or waiver of, assets held by the Borrower (excluding disposal of the assets conducted in the ordinary course of business of the Borrower)²;
- (xii) Acquisition of new assets by the Borrower (including the new acquisition of golf courses or the shares of companies owning golf courses and driving ranges) except for that conducted in the ordinary course of business of the Borrower³;
- (xiii) Material change of the uses of the Borrower’s golf courses and driving ranges in a manner which could cause any adverse effect on the repayment of the Borrower’s obligations under the New Debt Facilities;
- (xiv) General provisions relating to exclusion of anti-social forces;
- (xv) Capital expenditure of a value more than JPY500 million on an annual basis. This prohibition shall not apply to expenditures that are specified in an annual business plan approved by the Lenders or funded by additional TK contributions by AG Trust with respect to the amount exceeding the limit specified in such annual business plan;

1 “**Majority Lenders**” means one or more Lenders whose committed or outstanding loan amounts constitute the majority in total at any given point in time.

2 This carve-out does not apply to any disposal of golf courses or disposal of shares of companies owning golf courses and driving ranges.

3 This carve-out does not apply to any acquisition of golf courses or acquisition of shares of companies owning golf courses and driving ranges.

- (xvi) Expenditure (other than capital expenditure) of more than 110% (save for where a breach of any of the Financial Covenants has occurred and is continuing, 105%) of the amount stated in the annual business plan approved by the Lenders;
- (xvii) Entry into interested person transactions (as defined in the Listing Manual) by the Borrower. This shall not apply to interested person transactions which do not require the approval of unitholders of AG Trust under the Listing Manual or any other relevant regulations and interested person transactions deemed approved by the unitholders at the time of the IPO;
- (xviii) Resolution for dissolution or filing of a petition for insolvency proceedings;
- (xix) Lending to or investment in a third party;
- (xx) Granting a guarantee or security for a third party's indebtedness;
- (xxi) Acceptance of a guarantee or security granted by a third party;
- (xxii) Derivative transactions for a speculative purpose;
- (xxiii) Opening any bank account other than those expressly permitted under the Senior Loan Agreement;
- (xxiv) Change of the Borrower's auditor;
- (xxv) Change of the Borrower's financial year; and
- (xxvi) Change of the Borrower's accounting principles in any manner which could cause any material adverse effect on the Borrower's assets, business or financial conditions.

Restrictions on Cash Distribution to the TK Investors

Under the Project Agreement, if any of the events¹ set out below has occurred and is continuing, no distributions or no other payment from the Borrower's release account may be made by the Borrower to the TK Investor without prior written approval of the Lenders:

- (i) The Leverage Ratio exceeds 6.5;
- (ii) The LTV exceeds 60%; or
- (iii) Any of the Events of Default or potential Events of Default occurs under the Senior Loan Agreement.

¹ However, for so long as the Borrower continues to meet its payment obligations under the New Debt Facilities and these events under the Project Agreement do not occur, distribution payments to the TK Investor is not subject to the approval of the Majority Lenders.

Events of Default

Events of Default triggering automatic acceleration of the New Debt Facilities

The occurrence of any of the following events with respect to the Borrower or the Borrower Parent Entity:

- (i) Filing a petition for legal insolvency proceedings;
- (ii) Dissolution;
- (iii) Business abolishment;
- (iv) Suspension of payment or suspension of transactions at a clearing house; or
- (v) (a) Issuance of an order or notice of provisional attachment, preservative attachment, or attachment or (b) attachment for tax delinquency, on any deposits or other receivables held by the Borrower or the Borrower Parent Entity against the Lenders.

Events of Default triggering acceleration upon the request of the Lenders

- (i) Default of a payment obligation relating to any of the Senior Loan Agreement, the Project Agreement, the relevant interest rate swap agreement and the relevant security agreements relating to the New Debt Facilities (collectively referred to as the “**Loan Related Agreements**”).
- (ii) Breach of a representation and warranty stated in the Loan Related Agreements.
- (iii) Breach of any prohibited matters, covenants or other obligations under the Loan Related Agreements.
- (iv) Breach of any representations and warranties or any obligations under the Relevant Agreements (other than the Loan Related Agreements).
- (v) Failure to create the security interests pursuant to the Loan Related Agreements¹.
- (vi) Termination, ineffectiveness, rescission or avoidance of the security interests created pursuant to the Loan Related Agreements.
- (vii) (a) Issuance of an order or notice of provisional attachment, preservative attachment, or attachment², (b) filing of a petition for commencement of auction, or (c) attachment for tax delinquency, on any assets held by the Borrower.
- (viii) Default or acceleration of any debt (equivalent to or more than JPY100 million in the aggregate) other than those debts under the Senior Loan Agreement.

1 This is to capture a case where the security interests created under the relevant security agreements cease to be effective or cease to be in the order of priority set out in such security agreements, or where the perfection of such security interests is invalidated, including the case of denial or rescission by way of fraudulent conveyance or voidable preference.

2 This is to capture a case where any of other secured or non-secured creditors of the Borrower has obtained an order from the competent court in order to preserve or enforce their rights against the Borrower, typically in case of the significant deterioration of the financial status of the Borrower or the default of any obligations owed by the Borrower to any other creditor.

- (ix) Breach of financial covenants¹ under the Senior Loan Agreement.
- (x) Occurrence of (a) a business suspension order, (b) forfeiture or cancellation of any permission or approval, or (c) any other event that makes the Borrower's business illegal or that significantly limits the Borrower's business.
- (xi) Reservation of an opinion by an accounting auditor.
- (xii) (a) Recission or termination of any approval or permission of the governmental authorities or the SGX-ST necessary for the listing of the Units on the SGX-ST; (b) occurrence of any of the events provided for under Rule 1305(1) or 1305(4) of the Listing Manual with respect to AG Trust; or (c) determination by the SGX-ST that any of the events provided for under Section 1305(2) or (3) of the Listing Manual has occurred.
- (xiii) The share of the voting rights of the Trustee-Manager held by the Sponsor falling below 49.0%².
- (xiv) The share of the voting rights of AG Trust held by the Sponsor becoming 25.0% or less³.
- (xv) Any of the membership interests of the Borrower being held by any person or entity other than the Borrower Parent Entity.
- (xvi) Occurrence of an event which could cause any adverse effect on the nature of the Borrower as a bankruptcy-remote financing vehicle.
- (xvii) Material illegality arising from execution and performance of the Relevant Agreements which cannot be remedied and makes the New Debt Facilities unsustainable.
- (xviii) Need to preserve the Lenders' receivables due to a material deterioration of business condition or financial status of the Borrower⁴.

Cancellation and Amendment of the Golf Course Management Agreement by the Lenders

Under the Project Agreement, if and only if any of the events provided for in (i) through (iv) below occurs and it becomes necessary for the Lenders to preserve their receivables due to the deterioration of the financial status of the Borrower, the Lenders may amend or cancel the Golf Course Management Agreement and delegate those operations to a third party designated by the

1 See "Capitalisation and Indebtedness – Indebtedness – Financial Covenants" above for a list of the financial covenants which include the covenants in relation to the maintenance of the Leverage Ratio at 6.5 or less and maintenance of the LTV at 60% or less. If these financial covenants are breached, these events of default do not trigger automatic acceleration of the New Debt Facilities. In practice, the Borrower may approach the Lenders for a waiver of the breach and request the Lenders not to accelerate repayment of the New Debt Facilities. This is, however, subject to the Lenders' full discretion on whether they would exercise their right to request for repayment of the New Debt Facilities to be accelerated.

2 The Sponsor has undertaken to notify the Trustee-Manager as soon as it becomes aware of the details of or enters into any pledging arrangements relating to its shares in the Trustee-Manager, and of any event which may result in a breach of New SPC's loan provisions or financial covenants in accordance with Rule 728 of the Listing Manual.

3 The Sponsor has undertaken to notify the Trustee-Manager as soon as it becomes aware of the details of or enters into any pledging arrangements relating to its Units in AG Trust, and of any event which may result in a breach of New SPC's loan provisions or financial covenants in accordance with Rule 728 of the Listing Manual.

4 It would not be possible to set out definitively and exhaustively what "material deterioration of business condition or financial status" means as a "case-by-case" analysis of the factual matrix will be employed to determine if this provision is triggered as a matter of legal interpretation. If the Lenders and the Borrower disagree on whether this provision has been triggered, this will be determined by the court.

Lenders or cause a third party designated by the Lenders to succeed to the status of the Golf Course Manager¹. In the process of such decision, the Lenders shall take into consideration any material external factors such as extremely bad weather, extremely bad economy and natural disasters. However, until the transfer to that third party is complete, the Golf Course Manager shall continue to carry out those operations under the Golf Course Management Agreement. The fees in such case will be determined separately:

- (i) The Leverage Ratio exceeds 6.5;
- (ii) The LTV exceeds 60%;
- (iii) Any of Events of Default or potential Events of Default occurs under the Senior Loan Agreement; or
- (iv) A termination or cancellation event (limited to where the Borrower has a right to cancel) provided for in the Golf Course Management Agreement occurs. (See “Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement – Cancellation” for details of the termination events under the Golf Course Management Agreement.).

Cancellation and Amendment of the Asset Management Agreement by the Lenders

Under the Project Agreement, if and only if any of the events provided for in (i) through (iii) below occurs, the Lenders may amend or cancel the Asset Management Agreement and delegate those operations to a third party designated by the Lenders or cause a third party designated by the Lenders to succeed to the status of the Asset Manager:

- (i) The financial condition of the Asset Manager seriously deteriorates and there is a reasonable need to preserve the Lenders’ receivables;
- (ii) A Default Event or a Potential Default Event occurs under the Senior Loan Agreement (except where a potential Event of Default occurs and the Lenders are reasonably of the opinion that such event can be remedied within a reasonable time period); or
- (iii) A termination or cancellation event (limited to where the Borrower has a right to cancel) provided for in the Asset Management Agreement occurs. (See “Certain Agreements Relating to Accordia Golf Trust – Asset Management Agreement – Cancellation” for details of the termination events under the Asset Management Agreement.).

Security Interests in connection with the New Debt Facilities

The following security interests will be created to secure the obligations of the Borrower under the New Debt Facilities:

- (a) mortgage (*teitoken*) over the real properties in the Initial Portfolio Golf Courses;
- (b) pledge (*shichiken*) over the bank accounts opened in the name of the Borrower;
- (c) pledge (*shichiken*) over the membership interests of the Borrower held by ISH;
- (d) pledge (*shichiken*) over the TK Interests held by the BT;

¹ The Lenders are entitled to replace the golf course manager under the existing TK structure but they do not have any contractual rights to force New SPC to change the existing TK Agreement and any other major agreements in conjunction with replacement of the golf course manager.

- (e) pledge (*shichiken*) over the receivables held by the Borrower under certain agreements;
- (f) pledge (*shichiken*) over the insurance claims held by the Borrower; and
- (g) conditional assignment (*joto-yoyaku*) of the contractual status of the Borrower under certain agreements.

Subordinated loan from the Sponsor

A subordinated loan will be extended from the Sponsor to New SPC under the subordinated loan agreement between the Sponsor and New SPC. Since the disbursement and interest payment of the subordinated loan is made through New SPC's own account (the "**TK Operator Independent Account**") which is opened solely to deposit and manage New SPC's own funds (separate from funds deposited and managed at New SPC's main account (the "**Main Account**") in connection with the TK Business), the subordinated loan does not affect and is not affected by the TK Business. The proceeds of the subordinated loan will be transferred from the TK Operator Independent Account to the Main Account and be used for the purpose of the TK Business.

Subordinated Lender: the Sponsor

Debt Amount: JPY500 million

Due Date: The day on which New SPC discontinues the TK Business

Disbursement: To be disbursed into the TK Operator Independent Account

Use of Funds: To operate the TK Business (via transfer to the Main Account).

Applicable Interest Rate: 3%

Interest Payment Date: The last day of June and December of each year.

Deferral of Interest Payment: In case of any shortfall for the interest payment on an Interest Payment Date, the payment of such shortfall will be deferred until the next Interest Payment Date and the same applies thereafter.

Subordination: Payment obligations to the Sponsor are subordinated to those to all the Lenders under the Senior Loan Agreement.

Recourse Assets: To be limited to the cash/deposit remaining at the TK Operator Independent Account (including accrued interests).

Additional Drawdown: New SPC may request additional drawdown from the Sponsor under certain circumstances.

For further details see "The Restructuring Exercise" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness – Borrowings from Related Parties".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the "Unaudited Pro Forma Financial Information" of the Trust Group (See "— Overview" for the concept of "Trust Group"), and notes thereto included elsewhere in this Prospectus. Results for interim periods are not necessarily indicative of results for the full financial year. The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies to be adopted by the Trust Group which are in accordance with IFRS.

Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-Looking Statements" and "Risk Factors" for further details.) Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

The Unaudited Pro Forma Financial Information of the Trust Group has been prepared for illustrative purposes only, and is based on certain assumptions after making certain adjustments to show what:

- (i) the financial results of the Trust Group for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013 would have been if the Restructuring Exercise, the Listing of AG Trust, the New Debt Facilities and the Distribution Payment as described in Note 3 to the Unaudited Pro Forma Financial Information (the "**Significant Events**") had occurred at 1 April 2010;*
- (ii) the financial position of the Trust Group as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 December 2013 would have been if the Significant Events had occurred at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively; and*
- (iii) the cash flows of AG Trust for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013 would have been if the Significant Events had occurred at 1 April 2010.*

The Unaudited Pro Forma Financial Information is not necessarily indicative of the results of the operations or the financial position that would have been attained had the Offering and the acquisition of the Initial Portfolio actually occurred in the relevant periods. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true or accurate picture of AG Trust's actual total returns or financial position.

The following discussion and analysis of the financial condition and results of operations is based on and should be read in conjunction with the Unaudited Pro Forma Financial Information, and related notes thereto, which are included elsewhere in this Prospectus.

OVERVIEW

Upon listing, AG Trust will become the first Singapore-listed business trust with an initial portfolio comprising investments in golf course assets in Japan. AG Trust is constituted with the principal investment strategy of investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses, driving ranges and golf course related assets

worldwide, with an initial focus on Japan. For the avoidance of doubt, “golf course related assets” means assets which are located on the golf courses and driving ranges and integral to the golf course business, including golf club houses and hotels. AG Trust will not be involved in the business of developing golf courses or developing or acquiring of hotels or hotel businesses which are not related to any golf course business.

In connection with the Offering, the Trustee-Manager (on behalf of AG Trust) will acquire from the Sponsor the TK Interests in New SPC, which will hold the 89 golf courses comprising the Initial Portfolio.

The Initial Portfolio is located across Japan, with the majority of the golf course assets located in the three largest metropolitan areas in Japan. As at 31 December 2013, the Initial Portfolio Golf Courses serve over two million loyalty card holders. The Trust Group (as defined herein) generated revenues of JPY55,953 million (equivalent to approximately S\$686 million) in FY2011, JPY53,930 million (equivalent to approximately S\$662 million) in FY2012 and JPY53,594 million (equivalent to approximately S\$657 million) in FY2013. The revenue generated by the Trust Group for the nine-month period ended 31 December 2013 was JPY42,768 million (equivalent to approximately S\$525 million). The total annual visitors to the Initial Portfolio Golf Courses in FY2011, FY2012 and FY2013 were approximately 5.4 million, 5.4 million and 5.6 million, respectively. For further details, please refer to “The Business of Accordia Golf Trust – The Initial Portfolio”.

The Sponsor of AG Trust is Accordia Golf Co., Ltd., a leading operator of golf courses in Japan listed on the Tokyo Stock Exchange, which currently operates 135 golf courses (of which 132 are owned by the Sponsor prior to the transfer of the TK Interests). The SPC has entered into the Golf Course Management Agreement with the Sponsor, pursuant to which the Sponsor will provide, *inter alia*, golf course management services in respect of the Initial Portfolio.

As at the date of this Prospectus, the Trustee-Manager has entered into the TK Interest Transfer Agreement with the Sponsor for the transfer of the TK Interests to AG Trust at an acquisition price of S\$945 million¹. AG Trust will fund the acquisition price using a combination of cash and by the issue of Consideration Units which will give the Sponsor 28.85% of the Units upon completion of the Offering. (For further details, see “The Restructuring Exercise” and “Certain Agreements Relating to Accordia Golf Trust”).

New SPC (being the restructured entity) and the Trustee-Manager taken as a whole, as if the restructuring and acquisition by the Trustee-Manager of the TK Interests had been completed, are collectively referred to in this section of this Prospectus as the “Trust Group”, which owns and operates the Initial Portfolio. For the avoidance of doubt, the term “Trust Group” is used in this section for convenience only and does not in any way imply that the Trustee-Manager is or will be actively involved in New SPC’s business or that the Trustee-Manager and New SPC will be in a joint working relationship.

¹ This is a provisional acquisition price based on the Maximum Offering Price and is subject to adjustment under the TK Interest Transfer Agreement based on the actual Offering Price, and subject to a minimum acquisition price of S\$913 million (based on the Minimum Offering Price).

SIGNIFICANT FACTORS AFFECTING THE TRUST GROUP'S RESULTS OF OPERATIONS

The Trust Group's results of operations are affected by a number of factors, the most significant of which are described below.

Business Environment of the Golf Course Industry

AG Trust is constituted with the principal investment strategy of investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses and driving ranges and other golf course related assets worldwide, with an initial focus on Japan. The results of AG Trust's operations are likely to be affected by the business environment and the growth of the golf course industry. A deterioration in the financial condition of the golf course industry may cause AG Trust to be adversely affected by, amongst others, downward pressure on demand for the Initial Portfolio Golf Courses which would influence the size and growth of AG Trust's portfolio, and hence, its income and financial results.

Golf Course Visitors and Members

The Trust Group derives a significant majority of its revenue from the usage of the facilities at the golf courses by the visitors to the golf courses. The number of visitors to the golf courses is thus an important factor in determining the financial performance of each golf course. The number of visitors at the golf courses is in turn affected by external factors such as the transport infrastructure, demographic and global and Japan macro-economic factors including growth in the number of golfers in the geographical areas where the golf courses and golf course related assets are located, overall growth in Japan, an improved employment rate and increase in disposable income and seasonal and weather conditions.

The global financial crisis in 2008 weakened the global economy and consumer confidence which in turn impacted the number of golf course visitors in an adverse manner. The after effects of the global financial crisis continued to have a negative impact on the number of golf course visitors. Furthermore, there was the Tohoku earthquake and serious trouble due to nuclear power in March 2011 that had a negative effect on golfers' appetite to play. Such massive impact gradually faded away and the Sponsor saw the recovery of visitors from FY2012. According to CBRE, the total number of golf course visitors decreased by 3.9% and 4.2% in 2010 and 2011, respectively. With the upturn in market sentiment and economic conditions, the number of golf course visitors increased by 3.2% in 2012 and 5.3% in the first half of 2013.

The total annual visitors to the Initial Portfolio Golf Courses increased from 5.430 million to 5.446 million from FY2011 to FY2012, and further increased to 5.613 million in FY2013. In the nine-month period ended 31 December 2013, the total number of visitors was 4.514 million.

The members of each of the golf courses constitute an important customer base of the Trust Group. The members not only visit the golf courses themselves, but also bring along other players, such as their family or friends. Among the total annual visitors, members accounted for approximately 20.5%, 19.9% and 19.4% of the Initial Portfolio Golf Courses' total annual visitors for FY2011, FY2012 and FY2013, respectively and for the nine months ended 31 December 2013, members accounted for approximately 18.7% of total visitors. As the number of members decreased from 162,846 as of March 2011 to 147,588 as of March 2013, while the number of total annual visitors had increased from FY2011 to FY2013, the ratio of member visitors has declined.

The financial performance of the Trust Group thus depends on its ability to attract visitors to the golf courses and thereby, maintaining or increasing the usage of the golf course facilities and its ability to attract and retain members at the golf courses.

To attract visitors and promote the usage of its golf course facilities, the Sponsor has historically offered various loyalty card programmes. In addition, the Sponsor has tried to continue attracting members of each Initial Portfolio Golf Courses by continuously improving the services to them, including but not limited to, giving members more favourable discount rates for loyalty points earned and offering free golf clinic services or special events limited to members only.

(See “The Business of Accordia Golf Trust – Customers”.)

Seasonality of Demand and Fluctuations in Results

Usage of the golf course facilities is dependent on seasonal changes and weather patterns. Revenue of the Trust Group has shown a historical trend of being higher during the first and third quarters of the year, which correspond to the moderate spring and fall seasons, and declining during the second and fourth quarters of the year, when severe summer or winter reduces the demand for golf and golf-related activities.

(See “Structure of Accordia Golf Trust – Seasonality”.)

Competition

In addition, the Trust Group’s ability to set playing fees (green fees and cart fees) depends on its overall competitiveness, which is determined by a number of factors, such as location, course conditions, ease of access, customer service, crowding, ease of play and quality of facilities. The Trust Group’s golf courses are located across Japan and are generally well connected to well-developed transportation networks. The Sponsor has also developed pricing strategies based on a system to analyse historical demand and is as such able to competitively determine the playing fees at the Trust Group’s golf courses while maximising the number of golf course visitors.

Labour Cost

Other key contributors to the financial performance of the Trust Group are personal expenses for permanent and temporary employees of New SPC, which accounted for 32.4%, 30.9% and 30.9% of the Trust Group’s total operating expenses in FY2011, FY2012 and FY2013, respectively. These costs have been a major component of the Trust Group’s operating costs historically.

To manage operating expenses, the Trust Group optimises the mix of full time and contract workers without compromising on the quality of service provided at its golf courses.

Growth of Portfolio

As AG Trust’s revenues will primarily be generated through income distributions from its TK Interests in the TK Business, its financial results will be directly affected by the growth of the business portfolio of the TK Business.

The Trustee-Manager will endeavour to identify, evaluate and selectively pursue value-enhancing acquisitions of new golf courses and golf course related assets which meet AG Trust’s investment mandate. AG Trust’s ability to implement its investment strategy is contingent on various factors, such as the availability of opportunities for the investment in golf courses and the availability of financing. AG Trust’s ability to invest in additional golf course and golf course related assets will have a direct impact on AG Trust’s revenue and its ability to make distributions to Unitholders. However, from time to time, the Trustee-Manager may sell or divest under-performing golf courses in its ordinary course of business. Also, the Trustee-Manager expects improved performance in

the golf course operations of the Initial Portfolio Golf Courses managed by the Sponsor, especially due to its cost control measures and effective marketing strategies to maintain or improve revenues from golf courses.

Tax Incentives

Any change in the tax treatment in Singapore, Japan or elsewhere (including the tax incentives) may affect the financial position of AG Trust (see Appendix C – “Independent Taxation Report”).

Exchange Rate Fluctuations

As all of the Trust Group’s operating cash flows are in Japanese Yen while distributions to Unitholders are made in Singapore dollars, fluctuations in the exchange rate between the Japanese Yen and the Singapore dollar can have an impact on the amount of Singapore dollars that can be translated from the Japanese Yen cash flows. For instance, if the Japanese Yen depreciates against the Singapore dollar, AG Trust will have less cash in Singapore dollar terms to distribute to its Unitholders.

Interest Rate Fluctuations

As the Trust Group has to bear a variable interest rate for its bank borrowings under the New Debt Facilities, the fluctuation of the interest rate in Japan could have an impact on the financial result of the Trust Group, TK distributions to the BT and the distributions to Unitholders. Out of the total bank loan balance of JPY45,000 million, JPY35,000 million is covered by interest rate swap contracts.

BASIS OF PRESENTATION

Restructuring

In preparation for the Offering, a restructuring exercise is being implemented by the Sponsor to establish AG Trust and to set up the ownership structure of the Initial Portfolio.

The Restructuring is being implemented in the manner as described in “The Restructuring Exercise”.

On 27 June 2014, the Sponsor and the Trustee-Manager entered into the TK Interest Transfer Agreement, pursuant to which the Sponsor will transfer its TK Interests in the TK Business with New SPC to the Trustee-Manager, following which all the rights and obligations of the Sponsor under the original TK Agreement will be transferred to the Trustee-Manager.

Completion of the acquisition of the TK Interests will take place on the Listing Date.

(See “Certain Agreements Relating to Accordia Golf Trust – TK Interest Transfer Agreement” for further details.)

The consideration for the transfer of the TK Interests is approximately S\$945 million¹ and will be satisfied on completion of the acquisition partially by cash proceeds raised from the Offering and partially by an issuance of the Consideration Units to the Sponsor. The consideration has been determined based on the valuation by the Independent Valuer using the discounted cash flow

¹ This is a provisional acquisition price based on the Maximum Offering Price and is subject to adjustment under the TK Interest Transfer Agreement based on the actual Offering Price, and subject to a minimum acquisition price of S\$913 million (based on the Minimum Offering Price)

method, being JPY81,982 million¹ (equivalent to approximately S\$1,006 million), and is net of net debt (comprising intercompany loans and lease obligations) and the value attributable to membership interests in New SPC.

For further details regarding the Restructuring, see “The Restructuring Exercise”, “Certain Agreements Relating to Accordia Golf Trust” and “Unaudited Pro Forma Historical Financial Information”.

Post-IPO Trust Structure

AG Trust is a business trust registered under the Business Trusts Act, Chapter 31A of Singapore. Business trusts are allowed to pay distributions to investors out of operating cash flows (provided that immediately after making the distribution, the trustee-manager will be able to fulfil, from the trust property, the liabilities of the business trust as these liabilities fall due) unlike Singapore-incorporated companies, which can only pay dividends out of accounting profits. As a result, there are some differences in the financials of AG Trust when compared to those of a Singapore-incorporated company.

A business trust is able to make distributions to its unitholders in excess of its net profit after tax or when it records a loss after tax, so long as the distributions are supported by the operating cash flows.

New Debt Facilities

In connection with the Restructuring, New SPC has taken a subordinated loan of JPY500 million (equivalent to approximately S\$6 million) from the Sponsor for the purposes of New SPC making a contribution into the TK Business (amounting to approximately 0.6% of the aggregate of the amounts contributed to the TK Business). The liabilities of this subordinated loan will be entirely satisfied by New SPC from its own cash flows (including the distributions it is entitled to from the TK Business) and income outside of the TK Business, such as the commission fee paid by a subsidiary of the Sponsor for operating the Pro-Shop Business in the clubhouse.

Further, in connection with the Restructuring and in order to refinance certain existing indebtedness of the Trust Group, New SPC will have in place the New Debt Facilities on the Listing Date. New SPC will use the proceeds from the New Debt Facilities to repay all the existing borrowings from the Sponsor and to pay fees and expenses in respect of the new financing of JPY2,405 million (equivalent to approximately S\$30 million). The New Debt Facilities will be denominated in Japanese Yen and bear a floating interest rate of 6-month Japanese Yen TIBOR plus 125 to 175 basis points. Interest on the New Debt Facilities will be payable semi-annually.

Distribution Payments to Sponsor

Distributions of JPY39,015 million (equivalent to approximately S\$479 million) were paid to the Sponsor on the relevant dates prior to the Listing Date as dividends from the golf course subsidiaries of the Sponsor prior to the restructuring.

The Unaudited Pro Forma Financial Information of the Trust Group included elsewhere in this document has been prepared on the assumption that the Significant Events took place.

For further details on the Significant Events, see “The Restructuring Exercise” and for details regarding the accounting policies and assumptions used in preparing the Unaudited Pro Forma Financial Information, see “Unaudited Pro Forma Financial Information”.

¹ The Independent Valuer’s valuation of the fair value of the TK Interests lies in the range of JPY61,223 million (equivalent to approximately S\$751 million) to JPY81,982 million (equivalent to approximately S\$1,006 million).

SIGNIFICANT LINE ITEMS IN THE PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

Operating Income

The Trust Group's operating income consists primarily of golf course revenue, restaurant revenue and membership revenue.

Golf course revenue consists of playing fees (green fees and cart fees), caddie fees, accommodation fees, driving range fees and golf equipment rental fees. Restaurant revenue consists of sales at golf course restaurants, hotel sales of food and drink, revenue from the party events at the hotels and sales of food and drink at the course shops. Membership revenue comprises annual membership fees, transfer fees and enrollment fees collected from members. Other operating income mainly comprises the commission fee paid by a subsidiary of the Sponsor for operating the Pro-Shop Business in the clubhouse, and the benefits related to golf course utilisation tax.

Golf course revenue and restaurant revenue are mainly driven by the number of visitors and revenue per visitor. Membership revenue is driven by the number of registered members and membership fee structures offered to members.

The following table shows a breakdown of the operating income of the Trust Group for the periods indicated.

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
	JPY' million	JPY' million	JPY' million	JPY' million	JPY' million
Operating income					
Revenues					
Golf course revenue	37,299	35,501	35,341	28,789	28,382
Restaurant revenue	12,300	12,205	12,462	10,111	10,089
Membership revenue	6,354	6,224	5,791	4,444	4,297
Other operating income	462	368	626	450	351
	56,415	54,298	54,220	43,794	43,119
SGD million	S\$692	S\$666	S\$665	S\$537	S\$529

Operating Expenses

The Trust Group's operating expense comprise cost of merchandise and material expense, labour cost, management fee expense, Asset Manager's fee, depreciation and amortisation expense, Trustee-Manager's fee, other trust expenses and other operating expenses.

Merchandise and material expense

Merchandise and material expenses cover foods for clubhouse restaurants and on-course food sales outlets. Merchandise and material expenses are mainly driven by the number of visitors to the golf courses held by New SPC.

Labour Cost

Labour cost includes personal expenses for staff engaged in golf course operations such as general administration, golf course restaurants and caddies. Employees at golf courses held by New SPC consist of permanent employees and temporary staff.

Management fee expense

The SPC has entered into the Golf Course Management Agreement with the Sponsor which will take effect upon listing, pursuant to which New SPC will outsource the operation and management function of the golf course business, administrative support services, certain advisory services and other related services to the Sponsor. The existing golf course management agreements in relation to the Initial Portfolio will be terminated immediately prior to the Golf Course Management Agreement taking effect. Pursuant to the Golf Course Management Agreement, the Sponsor will be entitled to receive golf course management fees, which comprise:

- a corporate fee of JPY2.75 million (equivalent to approximately S\$33,734) per 18 holes per month, totalling JPY3,494 million (equivalent to approximately S\$43 million) in FY2011, FY2012 and FY2013;
- a base fee being 3.0% of the net sales in the TK Business for the relevant month which is adjusted by adding or subtracting the amount equivalent to 3.0% of the difference in the net sales in the TK Business, if the net sales in the TK Business for the previous months is found to be different during the relevant month; and
- an incentive fee being 5.0%¹ of the incremental operating profits before amortisation (after deducting the base fee and corporate fee) for the relevant month which is adjusted by adding or subtracting the amount equivalent to 5.0% of the difference in the incremental operating profits before amortisation of the TK Business if the incremental operating profits before amortisation for the previous months are found to be different during the relevant month.

The above fees do not include certain stable fees expected to be incurred by New SPC, like the fee payable in relation to its continuous use of the Sponsor's integrated purchasing system of approximately JPY16 million in a year, as such expense is included under "Other operating expenses" as explained in the below.

Asset Manager's Fee

The SPC has entered into the Asset Management Agreement with the Asset Manager which will take effect upon listing, pursuant to which New SPC will receive advisory services from the Asset Manager. Pursuant to the Asset Management Agreement, the Asset Manager will be entitled to receive asset management fees, which comprise:

- a base fee being 0.066% per annum of the appraisal value of all the golf courses and golf driving ranges, and related hotels and restaurants (if any) of New SPC based on the last available appraisal reports issued by an appraiser appointed by New SPC;
- an acquisition fee being 0.75% of the appraisal value of any investments acquired by New SPC, as determined by the appraiser appointed by New SPC; and

1 The incentive fee is payable even if the operating profits for the relevant month is negative, so long as there has been an increase in the operating profits from the preceding month.

- a disposition fee being 0.15% of the appraisal value of any investments sold or divested by New SPC, based on the last available appraisal reports issued by an appraiser appointed by New SPC.

Depreciation and Amortisation Expense

Depreciation and amortisation expense is provided to write off cost of property, plant and equipment less their residual values over the estimated useful lives, using the straight line method. Depreciation and amortisation expense is applicable mainly for buildings and structures.

In respect of intangible assets which have completed their useful lives, a residual value of zero (with no remaining book value) is booked. In respect of property, plant and equipment, in light that more than 10 years have passed since commencement of operations at most golf courses, assets such as tools, fixtures, equipment and vehicles with useful lives of five to seven years have completed their amortisation, and a residual value of JPY1 is therefore booked.

Trustee-Manager's Fee

The Trustee-Manager is entitled under the Trust Deed to receive the Trustee-Manager's fee calculated based on the formula below:

- a base fee being 0.11% per annum of the value of the total assets of AG Trust on a consolidated basis;
- a performance fee 0.25% per annum of the Adjusted Net Operating Income of the investments of AG Trust;
- an acquisition fee being 0.60% of the appraised value of any investments acquired directly or indirectly (through a special purpose vehicle or otherwise) by AG Trust, as determined by an independent third party appraiser appointed by the Trustee-Manager or, where the acquisition is made by a special purpose vehicle, such special purpose vehicle; and
- a divestment fee being 0.15% of the last available appraised value obtained by the Trustee-Manager or the relevant special purpose vehicle of any investments sold or divested directly or indirectly (through a special purpose vehicle or otherwise) by AG Trust, as determined by such an appraiser appointed by the Trustee-Manager or, where the divestment is by a special purpose vehicle, such special purpose vehicle.

Other Trust Expenses

Other trust expenses mainly comprise audit fees, tax accountant fees, legal fees, cost of maintaining listing, continuous disclosure cost, cost of continuous calculation of operational values and other miscellaneous costs.

Other Operating Expenses

Other operating expenses include, among other items, utilities expense, advertising expense, maintenance costs, outsourcing expense and operating lease expense. Outsourcing expense comprises mainly of the expenses for the one-time membership revenue incentive fee being 60.0% of the admission fees received during the relevant month from persons who become new members of the golf courses held by New SPC through the Sponsor's efforts, cleaning services of the club houses and general course maintenance services. Operating lease expense comprises of the expenses for operating leases which are recognised as an expense on a straight-line basis over the lease term. An integrated purchasing system¹ usage fee of JPY15,000 (equivalent to approximately S\$184) per course per month is also included in "other operating expenses".

The following table provides the other operating expenses amounts of the Trust Group for the periods indicated.

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
	JPY' million	JPY' million	JPY' million	JPY' million	JPY' million
Utility expense	2,415	2,416	2,519	1,888	2,032
Advertising expense	1,234	1,071	1,079	872	710
Maintenance costs	1,165	1,259	1,235	1,173	1,169
Outsourcing expense	3,298	2,805	2,820	2,267	2,243
Operating lease expense	2,347	2,266	2,251	1,704	1,628
Other ⁽¹⁾	8,461	8,117	7,771	6,118	6,181
	18,920	17,934	17,675	14,022	13,963
SGD million	S\$232	S\$220	S\$217	S\$172	S\$171

Note:

- (1) "Other" includes supplies, repair expenses, vehicle expenses, credit card fees, soliciting fees, taxes and dues and other expenses.

Interest Expense and Other Finance Costs

Interest expense and other finance costs of the Trust Group are mainly composed of interest payments upon the subordinated loan from the Sponsor, interest expenses on the New Debt Facilities, the annual amortisation of capitalised loan facility fee (which comprises an upfront facility fee paid to the senior lenders for the New Debt Facilities) and finance lease interest expense to the Sponsor. The New Debt Facilities comprise of Term Loans A, B and C with variable interest rate of 6-month Japanese Yen TIBOR plus the respective spreads.

1 The integrated purchasing system is a web-based procurement system known as "green@stock" which is operated by Golf Alliance Co., Ltd. (a subsidiary of the Sponsor) and used by the Sponsor and its subsidiaries. Each golf course subsidiary uses the system to order the supplies it needs for the operation of the golf course, including golf course materials such as sand and fertiliser, restaurant food supplies, club house consumables and office supplies. By consolidating orders (in terms of products and suppliers) to enable the placement of large volume orders, the system achieves economies of scale in pricing and reduces logistical costs, leading to lower procurement costs for the Sponsor and its subsidiaries.

Historically, the Sponsor has managed the cash flows of the Sponsor group using the cash pooling management system and, in connection with this arrangement, the Sponsor provided inter-company loans to its asset-owning subsidiaries to fund the acquisition of new golf courses by such asset-owning subsidiaries. After the restructuring exercise, New SPC succeeded such existing inter-company loans from AH11, AH12 and AH03. These inter-company loans will be settled on the Listing Date by New SPC using proceeds from the New Debt Facilities to be drawn down on the Listing Date.

Income Tax Expense

The Trust Group's operating subsidiaries operate in Japan and are subject to income tax in Japan. Income from the TK Business will be subject to withholding tax in Japan which is levied on the amount of TK distribution paid from New SPC to AG Trust. Such withholding tax is assumed to constitute a foreign tax credit of AG Trust in Singapore, resulting in no income tax expense at the AG Trust level since the income tax rate to be applied to AG Trust in Singapore is lower than the withholding tax rate in Japan.

RESULTS OF OPERATIONS

Below is a discussion of certain trends in the pro forma results of operations of the Trust Group for the nine months ended 31 December 2013 compared to the nine months ended 31 December 2012 and for FY2013 compared to FY2012.

Nine months ended 31 December 2013 compared to Nine months ended 31 December 2012

Operating Income

The operating income of the Trust Group decreased by JPY675 million, or 1.5%, to JPY43,119 million in the interim period ended 31 December 2013 from JPY43,794 million in the interim period ended 31 December 2012. In this period, the number of visitors per 18 holes decreased to 42,631 from 42,691 in the previous interim period, and the utilisation rate declined to 78.6% from 78.7%. On the other hand, revenue per customer decreased 0.9% to JPY8,600 from JPY8,676.

Golf course revenue in this interim period decreased by JPY407 million, or 1.4%, to JPY28,382 million from JPY28,789 million in the previous interim period due to the decline of green fee per customer and decrease in caddy fee, which was partly offset by the increase in cart fees. The decrease in caddy fee and increase in cart fees is due to the shift in visitors' playing style, from the plays with caddy to self plays with cart. The decline of the green fee per customer was aimed at improving the utilisation rates at the golf courses.

Restaurant revenue in this interim period decreased by JPY22 million, or 0.2%, to JPY10,089 million from JPY10,111 million in the previous interim period, due to the decrease of visitors.

Membership revenue declined by JPY147 million, or 3.3%, to JPY4,297 million from JPY4,444 million, due mainly to the decrease in registered members. As of 31 December 2013, the total number of members was 146,261, down from 156,713 at the end of 31 December 2012, which was due to the mandatory withdrawal from membership upon non-payment for three consecutive years. This mandatory withdrawal system is not customary practice in the golf course industry but is implemented out of fairness to other members who pay annual membership fees and in order to recover the unpaid membership fees by offsetting the membership deposits against the unpaid membership fees. There are no significant impairment charges arising from the implementation of this system.

Other operating income decreased by JPY99 million, or 22.0%, to JPY351 million from JPY450 million in the previous interim period, mainly due to the temporary compensation payments received from TEPCO¹. This temporary compensation refers to compensation from TEPCO for loss of revenue as a result of the nuclear power plant accident that occurred following the Great East Japan Earthquake in March 2011. The accident forced the closure of one course located within the evacuation zone and caused a decline in visitor numbers at other courses in areas perceived by the public to have been contaminated by radiation. Compensation was received for the period up to February 2013 but compensation for the period from March 2013 to December 2013 has not been paid and the Sponsor is still seeking compensation in respect of this period. This resulted in the decrease in other operating income. As only courses that will continue to be owned by the Sponsor are expected to be eligible for future compensation payments, any further compensation from TEPCO from the Listing Date will be payable to the Sponsor and not New SPC.

Operating Expenses

Operating expense decreased by JPY57 million, or 0.2%, to JPY34,868 million in the interim period ended 31 December 2013, from JPY34,925 million in the interim period ended 31 December 2012, due mainly to the decrease in merchandise and material expense, management fee expense and other operating expenses.

Merchandise and Material Expense

Merchandise and material expense decreased by JPY54 million, or 1.8%, to JPY2,935 million in the interim period ended 31 December 2013 from JPY2,989 million in the interim period ended 31 December 2012, primarily due to the decrease in the restaurant revenue.

Labour Cost

Labour cost increased by JPY108 million, or 1.0%, to JPY10,654 million in the interim period ended 31 December 2013, from JPY10,546 million in the interim period ended 31 December 2012. In accordance with the increase of self-play visitors and decrease of caddy fee, the number of employees for caddy services declined by 80, or 12.9%, to 538 as at 31 December 2013 from 618 as at 31 December 2012. In the restaurant operations, the number of temporary employees decreased from 1,302 as at 31 December 2012 to 1,261 as at 31 December 2013, and the number of permanent employees increased from 783 to 860, respectively. As a result of these changes, labour cost increased slightly in this interim period.

Management Fee Expense

Management fee expense decreased by JPY49 million, or 1.1%, to JPY4,529 million in the interim period ended 31 December 2013, from JPY4,578 million in the interim period ended 31 December 2012, due mainly to the decrease in incentive fee for the decrease in operating profit before depreciation and amortisation (but after the corporate fee and base fee).

1 There is no golf course within the Initial Portfolio which still suffers from the impact from the Great East Japan Earthquake and all of the Initial Portfolio Golf Courses have stable operations. Effects from the nuclear power plant accident that occurred following the Great East Japan Earthquake can be divided into two categories, being courses located within the evacuation zone and courses in areas perceived by the public to have been contaminated by radiation. None of the golf courses within the Initial Portfolio are located within the evacuation zone while three of the golf courses were previously affected immediately following the nuclear power plant accident because these three courses have hotels (which, *inter alia*, serve meals) and were affected by the public perception to have been contaminated by radiation. Such effects have since ceased.

Asset Manager's Fee

Asset Manager's fee was JPY75 million in the interim period ended 31 December 2013 and 31 December 2012, respectively, due to no change in the total appraisal value of New SPC's golf courses.

Depreciation and Amortisation Expense

Depreciation and amortisation expense decreased by JPY3 million, or 0.1%, to JPY2,441 million in the interim period ended 31 December 2013, from JPY2,444 million in the interim period ended 31 December 2012.

Trustee-Manager's Fee

The Trustee-Manager's fee was JPY184 million in the interim period ended 31 December 2013 and 31 December 2012, respectively, as a result of the same amount of total assets of AG Trust on a consolidated basis in these periods.

Other Trust Expenses

Other trust expenses were JPY87 million in each of the interim periods ended 31 December 2013 and 2012, respectively, as a result of the same amount of expense in each of the expense items.

Other Operating Expenses

Other operating expense decreased by JPY59 million, or 0.4%, to JPY13,963 million in the interim period ended 31 December 2013, from JPY14,022 million in the interim period ended 31 December 2012. Although utility expenses increased to JPY2,032 million from JPY1,888 million due to the energy charge hike, advertising expense and operating lease expense decreased to JPY710 million and JPY1,628 million from JPY872 million and JPY1,704 million, respectively.

Operating Profit

Operating profit decreased by JPY618 million, or 7.0%, to JPY8,251 million in the interim period ended 31 December 2013, from JPY8,869 million in the interim period ended 31 December 2012. Although operating expense decreased by JPY57 million, operating income decreased by JPY675 million in this period, leading to an overall decrease in the operating profit.

Interest Expense and Other Finance Costs

Interest expense and other finance costs increased by JPY26 million, or 2.0%, to JPY1,312 million in the interim period ended 31 December 2013, from JPY1,286 million in the interim period ended 31 December 2012, due mainly to an increase in interest expense to related party (which comprises of the increase in finance lease interest expense from the Sponsor) in this period.

Income Tax Expense

Income tax expense decreased by JPY159 million to JPY1,538 million in the interim period ended 31 December 2013, from JPY1,697 million in the interim period ended 31 December 2012, as a result of a decrease in income tax and decrease in deferred income tax in this interim period.

FY2013 compared to FY 2012

Operating Income

The operating income of the Trust Group decreased by JPY78 million, or 0.1%, to JPY54,220 million in FY 2013 from JPY54,298 million in FY2012. In this period, the number of visitors per 18 holes increased to 53,007 from 51,435 in the previous fiscal year, and the utilisation rate improved to 75.9% from 73.5%. On the other hand, revenue per customer decreased 2.0% to JPY8,153 from JPY8,317.

Golf course revenue in this fiscal year decreased by JPY160 million, or 0.5%, to JPY35,341 million from JPY35,501 million in the previous fiscal year due to the decline of green fee per customer and decrease in caddy fee, which was partly offset by the increase in cart fees. The decrease in caddy fee and increase in cart fees is due to the shift in visitors' playing style, from the plays with caddy to self plays with cart. The decline of the green fee per customer was aimed at improving the utilisation rates at the golf courses.

Restaurant revenue in this fiscal year increased by JPY257 million, or 2.1%, to JPY12,462 million from JPY12,205 million in the previous fiscal year, due to the increase of visitors.

Membership revenue declined by JPY433 million, or 7.0%, to JPY5,791 million from JPY6,224 million, due mainly to the decrease in registered members. As of 31 March 2013, the total number of members was 147,588, down from 156,939 at the end of 31 March 2012, which was due to the mandatory withdrawal from membership upon non-payment for three consecutive years. This mandatory withdrawal system is not customary practice in the golf course industry but is implemented out of fairness to other members who pay annual membership fees and in order to recover the unpaid membership fees by offsetting the membership deposits against the unpaid membership fees. There are no significant impairment charges arising from the implementation of this system.

Other operating income increased by JPY258 million, or 70.1%, to JPY626 million from JPY368 million in the previous fiscal year, due to the increase of the benefits related to golf course utilisation tax in accordance with the increase of visitors in FY2012 compared to that in FY2011.

Operating Expense

Operating expense decreased by JPY373 million, or 0.8%, to JPY44,821 million in FY2013, from JPY45,194 million in FY2012, due mainly to cost reductions in labour cost, decrease in depreciation and amortisation expense and other operating expenses.

Merchandise and Material Expense

Merchandise and material expense increased by JPY101 million, or 2.8%, to JPY3,745 million in FY2013 from JPY3,644 million in FY2012, primarily due to the increase in total visitors and the restaurant revenue accordingly.

Labour Cost

Labour cost decreased by JPY129 million, or 0.9%, to JPY13,828 million in FY2013, from JPY13,957 million in FY2012, due mainly to the effective costs control in caddy services and restaurant operations. In accordance with the increase of self-play visitors and decrease of caddy fee, the number of employees for caddy services declined by 40, or 6.0%, to 623 as at 31 March 2013 from 663 as at 31 March 2012. In the restaurant operations, the number of temporary employees decreased from 1,330 as at 31 March 2012 to 1,231 as at 31 March 2013, and the

number of permanent employees increased from 746 to 789, respectively, which amounts to an overall decrease in the total number of employees, thereby leading to effective costs control in the restaurant operations.

Management Fee Expense

Management fee expense increased by JPY7 million, or 0.1%, to JPY5,843 million in FY2013, from JPY5,836 million in FY2012, due mainly to the increase in incentive fee for the increase in operating profit before depreciation and amortisation (but after the corporate fee and base fee).

Asset Manager's Fee

Asset Manager's fee was JPY100 million in FY2013 and FY2012, respectively, as there was no change in the total appraisal value of New SPC's golf courses.

Depreciation and Amortisation Expense

Depreciation and amortisation expense decreased by JPY92 million, or 2.7%, to JPY3,269 million in FY2013, from JPY3,361 million in FY2012. This was due mainly to increase in fully depreciated and amortised assets in connection with the Initial Portfolio Golf Courses as capital expenditures relevant to golf course roads and clubhouse facilities had been conducted approximately 10 years earlier when the Sponsor started its operations, and thus such assets have completed their depreciation and amortisation as at 31 March 2012.

Trustee-Manager's Fee

The Trustee-Manager's fee decreased by JPY1 million, or 0.4%, to JPY245 million in FY2013 from JPY246 million in FY2012, respectively, due to a decrease in the base fee from the decrease in the total asset value of AG Trust on a consolidated basis.

Other Trust Expenses

Other trust expenses were JPY116 million in each of the fiscal years ended 31 March 2013 and 2012, as a result of the same amount of expense in each of the expense items.

Other Operating Expenses

Other operating expense decreased by JPY259 million, or 1.4%, to JPY17,675 million in FY2013, from JPY17,934 million in FY2012. Although utility expenses increased to JPY2,519 million from JPY2,416 million due to the energy charge hike, other expenses declined to JPY7,771 million from JPY8,117 million due to decreases in impairment losses on receivables.

Operating Profit

Operating profit increased by JPY295 million, or 3.2%, to JPY9,399 million in FY2013, from JPY9,104 million in FY2012. Although operating income decreased by JPY78 million in this fiscal year, operating expense decreased by JPY373 million, leading to an overall increase in the operating profit.

Interest Expense and Other Finance Costs

Interest expense and other finance costs increased by JPY10 million, or 0.6%, to JPY1,716 million in FY2013, from JPY1,706 million in FY2012, due mainly to the increase in amortisation of the capitalised loan facility fee. The amortisation of the loan facility fee comprises an upfront facility fee paid to the senior lenders for the New Debt Facilities. Such capitalised amount is net off with the outstanding loan amount and expenses for the amortisation.

Income Tax Expense

Income tax expense increased by JPY59 million to JPY1,682 million in FY2013, from JPY1,623 million in FY2012, as a result of income tax increase and increase in deferred income tax benefit in this fiscal year.

FY2012 compared to FY2011

Operating Income

The operating income of the Trust Group decreased by JPY2,117 million, or 3.8%, to JPY54,298 million in FY2012 from JPY56,415 million in FY2011. In this period, the number of visitors per 18 holes increased to 51,435 from 51,278 in the previous fiscal year, and the utilisation rate decreased¹ to 73.5% from 73.8%. On the other hand, operating revenue per customer decreased to JPY8,317 from JPY8,529. The earthquake that struck east Japan in March 2011 and the effects on the reputation of the relevant areas arising from the nuclear power plant accident afterwards had negative effects on the operation of golf courses in FY2012. The decrease in the operating income of the Trust Group that is attributable to the impact of the earthquake is due to the impact to the golf course industry as a whole as well as the specific impact on a few of the Initial Portfolio Golf Courses. There was a generally negative sentiment after the earthquake which affected the number of visitors playing at golf courses as a whole. The specific effects of the Great East Japan Earthquake on a few of the Initial Portfolio Golf Courses included the need to repair a few of the golf courses and club houses, increase in the raw materials cost in restaurant operations as well as the increase in utilities expenses.

Golf course revenue in this fiscal year decreased by JPY1,798 million, or 4.8%, to JPY35,501 million from JPY37,299 million in the previous fiscal year due to the decline of green fee per customer and decrease in caddy fee, which was partly offset by the increase in cart fees. The decrease in caddy fee and increase in cart fees is due to the shift in visitors' playing style, from the plays with caddy to self plays with cart. The decline of the green fee per customer was aimed at maintaining visitors at the golf courses.

Restaurant revenue in this fiscal year decreased by JPY95 million, or 0.8%, to JPY12,205 million from JPY12,300 million in the previous fiscal year, due to the change in the operation of several course shops from staffed stores to automated stores. Although there was an increase in the sales at the golf course restaurants, this was offset by the decrease in sales at the course shops, which resulted in an overall decrease in the restaurant revenue.

Membership revenue declined by JPY130 million, or 2.0%, to JPY6,224 million from JPY6,354 million, due mainly to the decrease in registered members. As of 31 March 2012, the total number of members was 156,939, down from 162,846 at the end of 31 March 2011, which was due to the mandatory withdrawal from membership upon non-payment for three consecutive years. This mandatory withdrawal system is not customary practice in the golf course industry but is implemented out of fairness to other members who pay annual membership fees and in order to

¹ As utilisation rate = Total number of visitors per 18 holes/Total operating days x 200 visitors, in this case, both total operating days and the total number of visitors increased, which resulted in a decrease in the utilisation rate.

recover the unpaid membership fees by offsetting the membership deposits against the unpaid membership fees. There are no significant impairment charges arising from the implementation of this system.

Other operating income decreased by JPY94 million, or 20.3%, to JPY368 million from JPY462 million in the previous fiscal year, due to the decrease in the benefits related to golf course utilisation tax in accordance with the decrease of visitors in the FY2011 compared to that in FY2010.

Operating Expense

Operating expense decreased by JPY2,711 million, or 5.7%, to JPY45,194 million in FY 2012, from JPY47,905 million in FY2011, due mainly to cost reductions in labour cost, decrease in depreciation and amortisation expense and other operating expenses.

Merchandise and Material Expense

Merchandise and material expense increased by JPY125 million, or 3.6%, to JPY3,644 million in FY2012 from JPY3,519 million in FY2011, primarily due to the increase in the total number of visitors.

Labour Cost

Labour cost decreased by JPY1,579 million, or 10.2%, to JPY13,957 million in FY2012, from JPY15,536 million in FY2011, due to the effective costs control in caddy services, general administration and restaurant operations. In accordance with the increase of self-play visitors and decrease of caddy fee, the number of employees for caddy services declined by 123, or 15.6%, to 663 as at 31 March 2012 from 786 as at 31 March 2011. In general administration, the total number of employees decreased by 51, or 2.7%, to 1,831 from 1,882, with the shift from permanent employees to temporarily employees. In the restaurant operations, the number of temporary employees increased to 1,330 as at 31 March 2012 from 1,269 as at 31 March 2011, and the number of permanent employees decreased to 746 from 787, respectively, which amounts to an overall decrease in the total number of employees, thereby leading to effective costs control in the restaurant operations.

Management Fee Expense

Management fee expense decreased by JPY55 million, or 0.9%, to JPY5,836 million in FY2012, from JPY5,891 million in FY2011, due mainly to the decrease in base fee for the decline of operating income.

Asset Manager's Fee

Asset Manager's fee was JPY100 million in each of the fiscal years ended 31 March 2012 and 31 March 2011, respectively, due to no change in the total appraisal value of New SPC's golf courses.

Depreciation and Amortisation Expense

Depreciation and amortisation expense decreased by JPY217 million, or 6.1%, to JPY3,361 million in FY 2012, from JPY3,578 million in FY2011. This was due mainly to increase in fully depreciated and amortised assets in connection with the Initial Portfolio Golf Courses as capital expenditures relevant to golf course roads and clubhouse facilities had been conducted approximately 10 years earlier when Sponsor started its operations, and thus such assets have completed their depreciation and amortisation as at 31 March 2011.

Trustee-Manager's Fee

The Trustee-Manager's fee increased by JPY1 million, or 0.4%, to JPY246 million in FY2012 from JPY245 million in FY2011, due to an increase in the base fee from the increase in the total asset value of AG Trust on a consolidated basis.

Other Trust Expenses

Other trust expenses were JPY116 million in each of the fiscal years ended 31 March 2012 and 31 March 2011, as a result of the same amount of expense in each of the expense items.

Other Operating Expenses

Other operating expenses decreased by JPY986 million, or 5.2%, to JPY17,934 million in FY2012, from JPY18,920 million in FY2011. Although maintenance costs increased to JPY1,259 million from JPY1,165 million as a result of the great earthquake and related course maintenance, advertising expense and outsourcing expense further decreased to JPY1,071 million and JPY2,805 million in this fiscal year from JPY1,234 million and JPY3,298 million in the previous fiscal year, respectively.

Operating Profit

Operating profit increased by JPY594 million, or 7.0%, to JPY9,104 million in FY2012, from JPY8,510 million in FY2011. Although operating income decreased by JPY2,117 million in this fiscal year, operating expense decreased by JPY2,711 million, leading to an overall increase in the operating profit.

Interest Expense and Other Finance Costs

Interest expense and other finance costs increased by JPY4 million, or 0.2%, to JPY1,706 million in FY2012, from JPY1,702 million in FY2011, due mainly to the increase in amortisation of the capitalised loan facility fee (which comprises an upfront facility fee paid to the senior lenders for the New Debt Facilities), which incurred as a result of the amortisation of the loan facility fee under the redemption schedule.

Income Tax Expense

Income tax expense increased by JPY125 million to JPY1,623 million in FY2012, from JPY1,498 million in FY2011. Current income tax increased by JPY762 million in accordance with the increase in comprehensive income, but deferred income tax decreased by JPY637 million. The loan facility fee is tax deductible when incurred from the tax perspective. Such loan facility fee is capitalised against borrowings from financial institutions and amortised over the borrowing period from the accounting perspective. Accordingly, defined tax expense is recorded in FY2011 upon recognising such temporary difference and deferred tax credit has been recognised over the borrowing period in the respective financial years.

LIQUIDITY AND CAPITAL RESOURCES

The Trust Group's liquidity and capital requirements relate or will relate principally to the following:

- costs and expenses relating to the operation of the business of the Initial Portfolio;
- the servicing of indebtedness;
- capital expenditure; and

- the efficiency of transferring cash from operating assets held by New SPC to the Trustee-Manager to be distributed to Unitholders.

The Trust Group's principal funding requirements for its working capital, capital expenditures and other costs and expenses have historically been from operating cash flows generated from operations of the golf courses. Going forward, the Trustee-Manager expects that the principal sources of funding for the Trust Group's operation of the golf courses will be the operating cash flows generated from operations of the golf courses. However, as the Trust Group's liquidity and capital requirements are affected by many factors, some of which are beyond the Trust Group's control, the Trust Group's funding requirements may change. If the Trust Group requires additional funds to support its working capital or capital requirements, it may also seek to raise additional funds through public or private financing or other sources.

Cash Flow Data

The following table shows selected items from the Trust Group's pro forma statements of cash flows for the periods indicated:

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine-month period ended 31 December 2013
	JPY' million	JPY' million	JPY' million	JPY' million
Net cash from operating activities	7,573	9,980	11,543	2,840
Net cash used in investing activities	79,167	(765)	(1,681)	(1,391)
Net cash from (used in) financing activities	83,950	(2,683)	(12,494)	(1,575)
Increase (decrease) in cash and cash equivalents	12,356	6,532	(2,632)	(126)
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement	(7,856)	(6,532)	2,632	126
Balance of cash and cash equivalents at the beginning of the year	—	4,500	4,500	4,500
Balance of cash and cash equivalents at the end of the year	4,500	4,500	4,500	4,500
SGD million	S\$55	S\$55	S\$55	S\$55

Net Cash from Operating Activities

Net cash from operating activities reflects (i) profit adjusted for non-cash and non-operating activities items, such as depreciation and amortisation, interest expense, income tax expense and loss (gain) from disposal of fixed asset, (ii) the effects of changes in working capital, increases or decreases in trade and other receivables or payables, inventories and other assets and liabilities, (iii) interest paid and (iv) income tax paid.

Net cash from operating activities for FY2013 amounted to JPY11,543 million, consisting of JPY14,165 million in cash generated from operations less JPY973 million in interest paid and JPY1,649 million in income tax paid. After adjusting profit for the fiscal year of JPY6,001 million for non-cash and non-operating activities totaling JPY6,660 million, operating cash flow before movements in working capital amounted to JPY12,661 million. The primary non-cash and non-operating adjustments consisted of JPY3,269 million in depreciation and amortisation expense, JPY1,716 million in interest expense and other finance costs and JPY1,682 million in income tax expense as discussed above. Changes in working capital amounted to a net cash inflow of JPY1,504 million and consisted primarily of a decrease of JPY10 million in trade and other receivables and JPY1,488 million in movement of other assets and liabilities (net). Such JPY1,488 million of other assets and liabilities (net) mainly consists of: (i) increase in other assets under current assets of JPY107 million, (ii) increase in other assets under non-current assets of JPY122 million, (iii) increase in other liabilities under current liabilities of JPY1,718 million (which comprised mainly of a withholding tax imposed on an interim dividend paid by AH11 and AH12 to the Sponsor in March 2013) and (iv) decrease in other liabilities under non-current liabilities of JPY1 million.

Net cash from operating activities for FY2012 amounted to JPY9,980 million, consisting of JPY11,754 million in cash generated from operations, less JPY976 million in interest paid and JPY798 million in income tax paid. After adjusting profit for this fiscal year of JPY5,775 million for non-cash and non-operating activities totaling JPY6,682 million, operating cash flow before movements in working capital amounted to JPY12,457 million. The primary non-cash and non-operating adjustments consisted of JPY3,361 million in depreciation and amortisation expense, JPY1,706 million in interest expense and other finance costs and JPY1,623 million in income tax expense as discussed above. Changes in working capital amounted to a net cash outflow of JPY703 million and consisted primarily of increase of JPY180 million in trade and other receivables, and JPY13 million in inventories, decrease of JPY436 million in trade and other payables and JPY74 million in movement of other asset and liabilities (net).

Net cash from operating activities for FY2011 amounted to JPY7,573 million, consisting of JPY13,395 million in cash generated from operations, less JPY984 million in interest paid and JPY4,838 million of income tax paid. After adjusting profit for the fiscal year of JPY5,310 million for non-cash and non-operating activities totaling JPY6,847 million, operating cash flow before movements in working capital amounted to JPY12,157 million. The primary non-cash and non-operating adjustments consisted of JPY3,578 million in depreciation and amortisation expense, JPY1,702 million in interest expense and other finance costs and JPY1,498 million in income tax expense as discussed above. Changes in working capital amounted to a net cash inflow of JPY1,238 million and the cash inflow consisted primarily of a decrease of JPY479 million in trade and other receivables and movement of JPY1,055 million in other assets and liabilities (net). The cash inflow of JPY1,534 million is partially offset by the cash outflow, which consist primarily of an increase of JPY326 million in trade and other payables.

Net Cash used in Investing Activities

Net cash used for investing activities for FY2013 amounted to JPY1,681 million, consisting mainly of the acquisition of property, plant and equipment, including the construction of the party room at Dai Atsugi Hon Course and the renovation of air control units at Izumisano Golf Course.

Net cash used for investing activities for FY2012 amounted to JPY765 million, consisting mainly of the acquisition of property, plant and equipment, including the renovation of the club house at Harima Golf Course.

Net cash used for investing activities for FY2011 amounted to JPY79,167 million, consisting of JPY2,690 million for the acquisition of property, plant and equipment, including the renovation of club houses at Nishikigahara Golf Course and Izumisano golf course and the construction of cart road at Mizunami Golf Course, in addition to JPY76,479 million for the payment for acquisition of Initial Portfolio.

Net Cash from (used in) Financing Activities

Net cash used in financing activities for FY2013 amounted to JPY12,494 million, consisting of JPY450 million for repayment of borrowings from financial institutions and JPY978 million for refund of membership deposits and JPY1,066 million for lease payment, as well as JPY10,000 million for the dividend paid to the Sponsor.

Net cash used in financing activities for FY2012 amounted to JPY2,683 million, consisting of JPY450 million for repayment of borrowings from financial institutions, JPY1,107 million for refund of membership deposits and JPY1,126 million for repayment of lease liabilities.

Net cash from financing activities for FY2011 amounted to JPY83,950 million, consisting of JPY450 million for repayment of borrowings from financial institutions, JPY1,113 million for refund of membership deposits, and JPY1,163 million for lease payments under the operation of New SPC golf courses, as well as JPY38,336 million for repayment of borrowings from a related party under the Restructuring. These amounts were offset by JPY89,187 million in cash received from issuance of units, less transaction costs incurred of JPY6,770 million and JPY45,000 million in cash received from borrowing from financial institutions, less transaction costs incurred of JPY2,405 million.

Working Capital

As at 31 March 2011, 2012 and 2013, the Trust Group had cash and cash equivalents of JPY4,500 million, respectively. The Trustee-Manager and Directors of the Trustee-Manager assumed that cash and cash equivalents of JPY4,500 million is needed for tax payments, for repayment of cash deposits received from members of portfolio golf courses upon initial admission to membership, and for complying with the financial covenants of New SPC's loans. Taking into account the expected cash to be generated from the Trust Group's operating activities, the Trustee-Manager and Directors of the Trustee-Manager believe that the working capital available to the Trust Group for FY2011, FY2012 and FY2013, respectively, provided sufficient funds to satisfy the Trust Group's working capital requirement for each of the three fiscal years.

INDEBTEDNESS

Although not fully reflected in the Trust Group's pro forma financial statements included elsewhere in this Prospectus, the Trust Group has historically relied on inter-company loans within the Sponsor group to fund the operations of the golf courses. All the inter-company loans will be repaid in connection with the Restructuring.

All of these loans will be repaid using the New Debt Facilities that New SPC is in the process of securing and will on the Listing Date, draw down on these New Debt Facilities.

External Borrowings

The following table shows the Trust Group's outstanding borrowings from financial institutions as at the periods indicated below:

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY' million	JPY' million	JPY' million	JPY' million
Current portion	450	450	450	450
Non-current portion	42,145	42,145	42,145	42,145
	42,595	42,595	42,595	42,595
SGD millions	S\$523	S\$523	S\$523	S\$523
Add: Unamortised loan facility fee	2,405	2,405	2,405	2,405
Total principal amount	45,000	45,000	45,000	45,000
SGD millions	S\$552	S\$552	S\$552	S\$552

The borrowings from financial institutions consist of the New Debt Facilities denominated in Japanese Yen (which will be drawn down on the Listing Date) and are summarised as follows:

Amortised loan facility fee includes the upfront facility fee paid to lenders for the New Debt Facilities. Such capitalised amount is net off with the outstanding loan amount and expenses for the amortisation.

	Principal Amount	Type	Tenor
	JPY' million		
Term Loan A	15,000	Term Loan	3 years
Term Loan B	15,000	Term Loan	4 years
Term Loan C	15,000	Term Loan	5 years
	45,000		

For Term Loan A, interest is levied at floating rate of 6-month Japanese Yen TIBOR plus 125 basis points per annum. The 3-year term loan is repayable by semi-annually installments of JPY75 million (equivalent to approximately S\$1 million) and by balloon repayment at maturity in August 2017.

For Term Loan B, interest is levied at floating rate of 6-month Japanese Yen TIBOR plus 150 basis points per annum. The 4-year term loan is repayable by semi-annually installments of JPY75 million (equivalent to approximately S\$1 million) and by balloon repayment at maturity in August 2018.

For Term Loan C, interest is levied at floating rate of 6-month Japanese Yen TIBOR plus 175 basis points per annum. The 5-year term loan is repayable by semi-annually installments of JPY75 million (equivalent to approximately S\$1 million) and by balloon repayment at maturity in August 2019.

The New Debt Facilities are secured by certain cash and cash equivalents, land, golf courses, buildings and structures held by the Trust Group.

Borrowings from Related Parties

The following table shows the summary of the Trust Group's total borrowings from related parties for the periods indicated:

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY' million	JPY' million	JPY' million	JPY' Million
Sponsor	500	500	500	500

In connection with the Restructuring, New SPC has taken a subordinated loan of JPY500 million (equivalent to approximately S\$6 million) from the Sponsor for the purposes of New SPC making a contribution into the TK Business (amounting to approximately 0.6% of the aggregate of the amounts contributed to the TK Business). (See “– Basis of Presentation – New Debt Facilities” for information on the subordinated loan.

Membership Deposits

The following table shows the summary of the Trust Group's membership deposits for the periods indicated:

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY' million	JPY' million	JPY' million	JPY' million
Total membership deposits	19,119	18,131	17,275	16,862
Less: current portion	(10,143)	(9,241)	(8,480)	(8,119)
Non-current portion	8,976	8,890	8,795	8,743
SGD millions	S\$110	S\$109	S\$108	S\$107

Membership deposits pertain to deposit received from members, which are refundable after the lock-up period upon members' resignation and redemption of their memberships. The average lock-up period is 10 to 15 years. Upon the expiry of the lock-up period, such membership deposits have been re-classified from “non-current liabilities” to “current liabilities”.

For non-current membership deposits, management has discounted the future cash outflow using the company's borrowing rate, calculated as TIBOR + spread. The difference between membership deposits received and discounted cash flow is considered as "deferred membership revenue". "Deferred membership revenue" is amortised over the lock-up period using the straight-line method. The fair value of the membership deposits received is amortised using the effective interest rate method over the lock-up period¹.

The membership deposits of the members who lost their membership under the mandatory removal system will be applied to offset against the amounts owed by such members.

CAPITAL EXPENDITURES

Capital expenditure is mainly comprised of maintenance and renewal of golf course, club house and business offices. The Trust Group funded its capital expenditures primarily through cash from operations.

In FY2011, FY2012 and FY2013, the Trust Group's capital expenditures consisted of the renovations and repairs of clubhouse buildings and their facilities, and construction of cart road in the golf course.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

The contractual obligations of the Trust Group as at 31 December 2013 related primarily to operating lease obligations, finance lease obligations and borrowings.

As at 31 December 2013, the Trust Group had an aggregate of JPY45,732 million in contractual obligations. The following table shows the details of the Trust Group's contractual obligations as at 31 December 2013:

	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	JPY' million	JPY' million	JPY' million	JPY' million	JPY' million
Operating lease obligations ⁽¹⁾	12	27	—	—	39
Finance lease obligations ⁽²⁾	905	1,444	302	(53)	2,598
Borrowings ⁽³⁾	1,275	47,062	725	(5,967)	43,095
Total	2,192	48,533	1,027	(6,020)	45,732
SGD millions	S\$27	S\$595	S\$13	S\$(74)	S\$561

Notes:

- (1) Operating lease obligations include the operating lease contracts for golf course machines, golf carts and office equipment.

1 A combination of amortisation methods is applied to the membership deposits received. First, membership deposits, in substance, are considered economically equivalent to an interest-free loan taken out over the lock-up period. Therefore, a portion of the membership deposits received are measured at a fair value (i.e. the discounted future cash flows) and the fair value is then measured at an amortised cost using the effective interest rate method over the lock-up period. Secondly, club members are not entitled to interest income from the membership deposits. As such, in respect of the remaining portion of the membership deposits received, the difference between the face value and the fair value of the membership deposits is deemed as a substantial prepayment, which is accounted for as deferred membership revenue and recognised as revenue using the straight line method over the lock-up period.

- (2) Finance lease obligations include the obligations under the finance lease agreements for property, plant and equipment. Further details are disclosed under “Interested Person Transactions and Potential Conflicts of Interest”.
- (3) Adjustment for “borrowings” is the difference between “Total” column, which is the amount in balance sheets, and the total of “On demand or within 1 year”, “Within 2 to 5 years” and “After 5 years”, which are stated on cash outflow basis including interest payment. The difference is broken down as (i) transaction cost of borrowings of JPY 2,405 million which is deducted from the amount in the balance sheets and will be amortised over the loan period, and (ii) accumulated coupon interest of JPY 3,562 million to incur by the end of the loan period which is not included in the amount in the balance sheets.

OFF BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, the Trust Group does not have any material off balance sheet arrangements.

HEDGING ARRANGEMENTS

The Trust Group hedges its exposure to interest rate movement by using floating to fixed interest rate swaps to hedge interest rate risks. The Trust Group does not hold or issue derivative financial instruments for speculative purposes and does not intend to do so.

MARKET RISK

The Trust Group's business and activities expose it to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign exchange risk. The Trust Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of changes in the financial markets on the financial performance of the Trust Group. Risk management is carried out by the responsible entity of the Trust Group under internal management policies (see “– Risk Management Policies”).

The following discussion summarises its exposure to credit risk, liquidity risk and fluctuations in foreign exchange rates and interest rates.

Credit Risk

The Trust Group has no significant concentrations of credit risk.

Liquidity Risk

The Trust Group incurs liquidity risk where the Trust Group's financial position indicates that the Trust Group will have insufficient resources to meet its financial liabilities as they fall due.

The Trust Group manages liquidity risk by maintaining sufficient cash and controlling cash distributions to TK investors in a proper manner. As at 31 December 2013, the Trust Group's current liabilities exceeded its current assets by JPY8,826 million and the total non-derivative financial liabilities of JPY64,488 million exceed total financial assets of JPY6,961 million.

The table below details the remaining contractual maturity for the Trust Group's non-derivative financial liabilities for the periods indicated and includes both interest and principal cash flows:

Non-derivative financial liabilities

As at 31 December 2013

	Weighted average interest rate per annum	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		JPY' million	JPY' million	JPY' million	JPY' million	JPY' million
Floating rate – borrowing from financial institutions	3.31%	1,260	47,002	–	(5,667)	42,595
Fixed rate – borrowing from a related party	3.00%	15	60	725	(300)	500
Finance lease payables	0.92~1.67%	905	1,444	302	(53)	2,598
Trade and other payables	–	1,880	–	–	–	1,880
Membership deposits	1.22%	8,119	8,238	812	(307)	16,862
Other liabilities	–	25	28	–	–	53
Total		12,204	56,772	1,839	(6,327)	64,488
SGD millions		S\$150	S\$696	S\$23	S\$(78)	S\$791

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the Trust Group's current liabilities exceed current assets by JPY9,166 million, JPY8,740 million, JPY8,957 million and JPY8,826 million respectively, indicating that there would be insufficient resources to meet Trust Group's financial liabilities as they fall due.

The management of the Trust Group believes that the liquidity risk is mitigated as the Trust Group's operating cash inflows are deemed sufficient to meet its short-term liquidity demands, taking into consideration the following factors:

- (i) The Trust Group operates 89 golf courses in Japan that serve over 5.6 million golf course visitors as at 31 March 2013. Hence, it is expected that the Trust Group's core business, i.e. golf course business, will continue generating sufficient and stable cash inflows. This is consistent with the positive operating cash flow generated by the Trust Group of JPY7,573 million, JPY9,980 million, JPY11,543 million, JPY5,037 million and JPY2,840 million respectively for the financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013.
- (ii) The Trust Group has loan facilities in place to fund capital expenditure and working capital requirements. Also, in view of the constant operating cash flow generated, good credibility over the past years and full compliance with the requirements as stipulated in the loan facility agreement, the management of the Trust Group is confident it can refinance such bank borrowing when required.

- (iii) The management of the Trust Group has carefully monitored and managed its cash flow. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a monthly basis to project cash flow requirements of the Trust Group using the various general and operational assumptions. In the past, the Trust Group has not encountered any liquidity problems in its operations.

Interest Rate Risk

The Trust Group is exposed to interest rate risk arising from borrowings from financial institutions. Borrowings issued at variable interest rates expose the Trust Group to cash flow interest rate risk. The Trust Group manages its cash flow interest rate risk by entering interest rate swaps. The Trust Group has obtained financing in the form of a syndicated loan, a type of financing that is typically raised at a floating rate of interest. However, in consideration of various factors including the characteristics of the vehicle, the Trust Group intends to hedge interest rate risk by using floating to fixed interest rate swaps.

Foreign Exchange Rate Risk

The Trust Group faces risk of fluctuations in foreign exchange rates mainly due to the foreign currency transactions entered into by the Trust Group in currencies other than its functional currency.

As discussed in “– Significant Factors Affecting the Trust Group’s Results of Operations – Exchange Rate Fluctuations”, the Trust Group’s results of operations and cash flows in Singapore dollar terms can be impacted by fluctuations in the foreign exchange rate between the Japanese yen and the Singapore dollar. The Trustee-Manager may utilise foreign exchange hedging strategies. See “The Business Of Accordia Golf Trust – Strategy – Risk and Capital Management Strategy – Utilise hedging techniques as appropriate to manage the foreign exchange exposure”.

Risk Management Policies

The Trustee-Manager will establish its own risk management regulations (“**Risk Management Regulations**”), further details of which will be included in a risk management manual (“**Risk Management Manual**”). The Trustee-Manager will appoint a Head of Integrated Risk Management who will have overall responsibility and the authority over management risks of the Trust Group. In terms of risk management of a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign exchange risk, the Chief Financial Officer shall be in charge. The key executive officers of the Trustee-Manager shall follow the instructions of the Head of Integrated Risk Management and report without delay to the Head of Integrated Risk Management whenever any major risk management issue relevant to their responsible area is newly recognised. When any major risk management issue relevant to the Trust Group is newly recognised, the Head of Integrated Risk Management shall immediately report to the Chief Executive Officer as well as to the Board of Directors of the Trustee-Manager.

The Trustee-Manager will establish the Risk Management Regulations to manage the operating risk, financial risks, including credit risk, liquidity risk, interest rate risk and foreign exchange risks. Details regarding the methods, time, subject matter and frequency of risk management, will be set out in the Risk Management Manual. The risk management system and the status of risk management shall be audited internally in accordance with internal auditing rules.

CAPITAL RISK

The Trust Group's capital risk management objectives are to safeguard the Trust Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. To achieve its capital risk management objectives, the Trust Group may adjust the amount of distribution payment, return capital to Unitholders, issue new Units and obtain new borrowings.

In addition, the Trust Group also specifically monitors the financial ratios of its debt covenants stated in the agreements with the financial institutions providing the loan facilities to the Trust Group. The Trust Group is in compliance with externally imposed capital requirements for the financial years ended 31 March 2011, 31 March 2012, and 31 March 2013 and the nine-month period ended 31 December 2013.

CRITICAL ACCOUNTING POLICIES

The Trust Group will adopt accounting policies in accordance with IFRS. Its significant accounting policies are more fully described in Note 6 to the Unaudited Pro Forma Financial Information. The management of the Trust Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. (See Note 7 to the Unaudited Pro Forma Financial Information.)

NEW ACCOUNTING PRONOUNCEMENTS

For a list of new and revised IFRS that have been issued but are not yet effective, see Note 6(b) to the Unaudited Pro Forma Financial Information.

RECENT DEVELOPMENTS

In February 2014, there was a decline in the earnings of the Sponsor in the wake of closures of most of its golf courses caused by record snowfall which has been reported to be the heaviest snowfall in Japan in decades, which adversely impacted the Sponsor's business conditions.

Of the 89 Initial Portfolio Golf Courses, 83 were affected by the heavy snowfall and had fewer than average operating days in February 2014. The number of visitors to the 83 affected golf courses in February 2014 decreased from February 2013 beyond historical downward trends seen by the Sponsor. The revenue of the 83 affected golf courses in February 2014 also decreased beyond historical trends seen by the Sponsor as compared to the revenue in February 2013.

In respect of the remaining months in the last quarter of 2014, the earnings of the Sponsor in the month of January continued in line with its management's expectations and the Sponsor saw the recovery of earnings in the month of March. As the snowfall in February 2014 is an unusual event which is one of the heaviest in Japan in decades, the occurrence of such a snowfall was not considered in developing the forecasts for Forecast Year 2015.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

You should read the following summary unaudited pro forma financial information for the periods and as at the dates indicated in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, the unaudited pro forma financial information and the accompanying notes included in this document.

The following tables present AG Trust’s unaudited pro forma financial information for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013. Such unaudited pro forma financial information should be read in conjunction with the unaudited pro forma financial information included in the report in Appendix A – “Reporting Accountant’s Report on the Compilation of the Unaudited Pro Forma Financial Information of Accordia Golf Trust and its Subsidiaries for the Financial Years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013”.

AG Trust’s unaudited pro forma financial information has been prepared for illustrative purposes only, required by the provisions set out in the Securities and Futures (Offers of Investment) (Business Trusts) (No. 2) Regulations 2005, and are based on certain assumptions after making certain adjustments to show what:

- (i) the financial results of AG Trust for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013 would have been if the significant events had occurred at 1 April 2010;
- (ii) the financial position of AG Trust as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 December 2013 would have been if the significant events had occurred at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively; and
- (iii) the cash flows of AG Trust for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine months ended 31 December 2012 and 31 December 2013 would have been if the significant events had occurred at 1 April 2010.

See “The Restructuring Exercise”.

Pro forma Statements of Comprehensive Income

	For the financial years ended 31 March			For the Nine-month periods ended 31 December	
	2011	2012	2013	2012	2013
	JPY' millions	JPY' millions	JPY' millions	JPY' millions	JPY' millions
Revenue	55,953	53,930	53,594	43,344	42,768
	S\$686 million	S\$662 million	S\$657 million	S\$532 million	S\$525 million
Other operating income	462	368	626	450	351
Operating Income	56,415	54,298	54,220	43,794	43,119
Merchandise and material expense	(3,519)	(3,644)	(3,745)	(2,989)	(2,935)
Labour cost	(15,536)	(13,957)	(13,828)	(10,546)	(10,654)
Management fee expense	(5,891)	(5,836)	(5,843)	(4,578)	(4,529)
Asset Manager's fee	(100)	(100)	(100)	(75)	(75)
Depreciation and amortisation expenses	(3,578)	(3,361)	(3,269)	(2,444)	(2,441)
Trustee-Manager's fee	(245)	(246)	(245)	(184)	(184)
Other trust expenses	(116)	(116)	(116)	(87)	(87)
Other operating expenses	(18,920)	(17,934)	(17,675)	(14,022)	(13,963)
Operating expense	(47,905)	(45,194)	(44,821)	(34,925)	(34,868)
Operating profit	8,510	9,104	9,399	8,869	8,251
Interest expense and other finance cost	(1,702)	(1,706)	(1,716)	(1,286)	(1,312)
Profit before income tax	6,808	7,398	7,683	7,583	6,939
	S\$84 million	S\$91 million	S\$94 million	S\$93 million	S\$85 million
Income tax expense	(1,498)	(1,623)	(1,682)	(1,697)	(1,538)
Profit for the year, representing total comprehensive income	5,310	5,775	6,001	5,886	5,401
	S\$65 million	S\$71 million	S\$74 million	S\$72 million	S\$66 million
Profit and total comprehensive income attributable to					
Unitholders of AG Trust	5,257	5,717	5,941	5,827	5,347
Non-controlling interest	53	58	60	59	54
	5,310	5,775	6,001	5,886	5,401
	S\$65 million	S\$71 million	S\$74 million	S\$72 million	S\$66 million

Pro forma Statements of Financial Position

	As at 31 March			As at 31 December 2013
	2011	2012	2013	
	JPY' millions	JPY' millions	JPY' millions	JPY' millions
Current assets				
Cash and cash equivalents	4,500	4,500	4,500	4,500
Trade and other receivables	7,557	7,393	9,661	2,090
Inventories	289	301	296	235
Other assets	1,139	1,029	1,138	1,094
	13,485	13,223	15,595	7,919
	S\$165 million	S\$162 million	S\$191 million	S\$97 million
Non-current assets				
Trade and other receivables	70	69	69	69
Property, plant and equipment	151,512	151,382	151,377	151,583
Intangible assets	11,950	11,915	11,892	11,887
Other assets	550	480	605	603
	164,082	163,846	163,943	164,142
	S\$2,013 million	S\$2,010 million	S\$2,011 million	S\$2,013 million
Total assets	177,567	177,069	179,538	172,061
	S\$2,178 million	S\$2,172 million	S\$2,202 million	S\$2,110 million
Current liabilities				
Borrowing from financial institutions	450	450	450	450
Current portion of finance lease payables to a related party	1,097	967	1,051	862
Trade and other payables	2,399	1,935	1,938	1,880
Membership deposits	10,143	9,241	8,480	8,119
Income taxes payable	3,036	4,072	5,617	4,095
Other liabilities	5,526	5,298	7,016	1,339
	22,651	21,963	24,552	16,745
	S\$278 million	S\$269 million	S\$301 million	S\$205 million
Non-current liabilities				
Borrowing from financial institutions	42,145	42,145	42,145	42,145
Finance lease payables to a related party	2,453	1,942	1,702	1,736
Borrowing from a related party	500	500	500	500
Membership deposits	8,976	8,890	8,795	8,743
Deferred tax liabilities	18,302	19,088	19,304	19,652
Other liabilities	28	29	28	28
	72,404	72,594	72,474	72,804
	S\$888 million	S\$891 million	S\$889 million	S\$893 million
Total liabilities	95,055	94,557	97,026	89,549
	S\$1,166 million	S\$1,160 million	S\$1,190 million	S\$1,098 million
Net assets	82,512	82,512	82,512	82,512
	S\$1,012 million	S\$1,012 million	S\$1,012 million	S\$1,012 million
Equity				
Unitholders' funds	82,508	82,508	82,508	82,508
Non-controlling interest	4	4	4	4
Total equity	82,512	82,512	82,512	82,512
	S\$1,012 million	S\$1,012 million	S\$1,012 million	S\$1,012 million

Pro forma Statements of Cash Flow

	For the financial years ended 31 March			For the Nine-month periods ended 31 December	
	2011	2012	2013	2012	2013
	JPY 'millions	JPY 'millions	JPY 'millions	JPY 'millions	JPY 'millions
Operating activities					
Cash generated from operations	13,395	11,754	14,165	7,422	5,363
Interest paid	(984)	(976)	(973)	(736)	(739)
Income tax paid	(4,838)	(798)	(1,649)	(1,649)	(1,784)
Net cash from operating activities	7,573 S\$93 million	9,980 S\$122 million	11,543 S\$142 million	5,037 S\$62 million	2,840 S\$35 million
Investing activities					
Acquisition of property, plant and equipment, and intangible assets, net of proceeds from disposals	(2,688)	(765)	(1,681)	(1,361)	(1,391)
Payment for acquisition of Golf Business	(76,479)	—	—	—	—
Net cash used in investing activities	(79,167) S\$(971) million	(765) S\$(9) million	(1,681) S\$(21) million	(1,361) S\$(17) million	(1,391) S\$(17) million
Financing activities					
Issuance of units	89,187	—	—	—	—
Transaction costs related to issuance of units	(6,770)	—	—	—	—
Proceeds on borrowings from financial institutions	45,000	—	—	—	—
Transaction costs related to Borrowings from financial institutions	(2,405)	—	—	—	—
Repayment of borrowings from financial institutions	(450)	(450)	(450)	(225)	(225)
Repayment of borrowings from a related party	(38,336)	—	—	—	—
Repayment of membership deposits	(1,113)	(1,107)	(978)	(398)	(504)
Repayment of finance lease obligations	(1,163)	(1,126)	(1,066)	(793)	(846)
Dividends paid	—	—	(10,000)	—	—
Net cash from (used in) financing activities	83,950 S\$1,030 million	(2,683) S\$(33) million	(12,494) S\$(153) million	(1,416) S\$(17) million	(1,575) S\$(19) million
Increase (decrease) in cash and cash equivalents	12,356	6,532	(2,632)	2,260	(126)
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement	(7,856)	(6,532)	2,632	(2,260)	126
Balance of cash and cash equivalents at the beginning of the year	—	4,500	4,500	4,500	4,500
Balance of cash and cash equivalents at the end of the year	4,500 S\$55 million	4,500 S\$55 million	4,500 S\$55 million	4,500 S\$55 million	4,500 S\$55 million

PROFIT AND CASH FLOW FORECAST

Statements contained in this “Profit and Cash Flow Forecast” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties, which could cause actual results to differ materially from those forecasted. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other person, or that these results will be achieved or are likely to be achieved. See “Forward-looking Statements” and “Risk Factors”. Investors in the Units are cautioned not to place undue reliance on these forward-looking statements, which are made only as of the date of this document.

None of AG Trust, the Trustee-Manager, the Sponsor or the Joint Bookrunners guarantees the performance of AG Trust, the repayment of capital or the payment of any distributions, or any particular return on the Units.

The forecast yields stated in the following table(s) are calculated based on;

- the Offering Price Range is S\$0.97 to S\$1.00;
- the assumption that the Listing Date will be on 1 August 2014; and
- the assumption that no Units are issued pursuant to the Over-Allotment Option.

The actual distribution will accordingly vary if the Listing Date is not on 1 August 2014, and the actual distribution and yields will vary in relation to investors who purchase Units in the secondary market at a market price that differs from the Minimum Offering Price and the Maximum Offering Price.

The following tables set forth AG Trust’s forecast income statements and cash flow statements for the 12 month period from 1 April 2014 to 31 March 2015 (“**Forecast Year 2015**”). The financial year-end of AG Trust is 31 March. AG Trust’s first accounting period is for the period from 16 June 2014, being the date of its constitution, to 31 March 2015.

The DPU for Forecast Year 2015 is calculated on the assumption that the Units are issued on 1 August 2014 and made eligible for distributions between 1 April 2014 and 31 March 2015. Assuming that the Units are issued on 1 August 2014, the forecast distributable income to Unitholders for the period from 1 August 2014 to 31 March 2015 is S\$67.6 million on the estimated foreign exchange rate of S\$81.16/JPY for the Forecast Year 2015, or JPY5,487 million. This distributable income will be paid to Unitholders after 31 March 2015 upon the receipt of cash distribution from New SPC on the distributable income generated from the TK business.

Investors in the Units should read the entirety of this “Profit And Cash Flow Forecast” section together with the report set out in Appendix B, “Reporting Accountant’s Report on the Profit and Cash Flow Forecast of Accordia Golf Trust and its subsidiaries for the Financial Year ending 31 March 2015” as well as the assumptions and the sensitivity analysis set out in this section of this document.

Forecast Consolidated Income Statement

(JPY in millions)

	Forecast Year 2015
Operating income	53,497
Revenue	53,371
Golf course revenue	35,444
Restaurant revenue	12,639
Membership revenue	5,288
Other operating income	126
Operating Expenses	44,264
Merchandise and material expense	3,750
Labour cost	13,569
Management fee ⁽¹⁾	5,826
Asset Manager's fee ⁽²⁾	100
Depreciation and amortisation expenses	3,640
Trustee-Manager's fee ⁽²⁾	250
Other trust expenses ⁽²⁾	116
Other operating expenses	17,013
Operating profit	9,233
Interest expenses and other finance costs	1,668
Profit before income Tax	7,565
Income tax expense	1,645
Profit for the year, representing total comprehensive income	5,920
Profit and total comprehensive income attributable to	5,920
Unitholders of AG Trust	5,908
Non-controlling interest	12

Notes:

- (1) Management fee does not include certain stable fees expected to be incurred by New SPC, such as the fee in relation to its continuous use of the Sponsor's integrated purchasing system of approximately JPY16 million per year, as such expense is included in "Other operating expenses".
- (2) Asset Manager's fee, Trustee-Manager's fee and other trust expenses are the estimated annual fee expenses according to the prospective agreement terms with respective service providers.

Forecast Cash Flow Statement

(JPY in millions)

	Forecast Year 2015
Operating activities	
Profit for the year, representing total comprehensive income	5,920
Adjustment for:	
Depreciation and amortisation expenses	3,640
Interest expenses and other finance costs ⁽¹⁾	1,668
Income tax expense	1,645
Operating cash flow before movements in working capital	12,873
Changes in working capital ⁽²⁾	1,180
Cash generated from operations	14,053
Interest paid ⁽¹⁾	(957)
Income tax paid ⁽³⁾	(5,445)
Net cash from operating activities	7,651
Investing activities	
Acquisition of property, plant and equipment ⁽⁴⁾	(1,759)
Payment for acquisition of Golf Business ⁽⁵⁾	(76,301)
Net cash used in investing activities	(78,060)
Financing activities	
Issuance of units	89,187
Transaction costs related to issuance of units	(6,770)
Borrowings from financial institutions	45,000
Transaction costs related to Borrowing from financial institutions	(2,405)
Repayment of borrowings ⁽⁶⁾	(450)
Repayment of borrowings from a related party ⁽⁷⁾	(38,336)
Repayment of Membership deposits ⁽⁸⁾	(822)
Lease payment ⁽⁹⁾	(793)
Net cash from financing activities	84,611
Net increase in cash and cash equivalents	14,202

Notes:

- (1) Interest paid of JPY957 million represents AG Trust's interest payments for a subordinated loan from the Sponsor on and after the Listing Date and interest payments on the New Debt Facilities which New SPC will have in place upon the Listing Date. Interest expenses and other finance costs of JPY1,668 million, include in addition to the interest paid, the annual amortisation of capitalised loan facility fees and accrued interest payable on non-interest bearing deposits from registered members.

- (2) Changes in working capital mainly comprised of the increase in payables for the employees, supplies, management fee, asset manager's fee, and trustee-manager's fee, net of the decrease in deferred annual membership fees and deferred membership revenue. A significant portion of those changes results in an increase in cash on a non-recurring basis only.
- (3) Income tax paid is comprised of (i) tax liabilities arising from the absorption-type corporate split carried out by AH11, AH12 and AH36 to transfer the golf courses retained by the Sponsor and (ii) tax liabilities attributable to the taxable income of AH11 and AH12 for the period from 1 April to 31 July 2014 which will incur before the Listing Date.
- (4) Acquisition of property, plant and equipment comprises expenditures for maintenance and renewal of golf courses, clubhouses, business offices and other facilities. Capital expenditures under finance leases for certain equipment such as golf carts are also expected to be incurred.
- (5) Payment for acquisition of Golf Business of JPY76,301 million represents sum of the consideration paid to acquire the TK Interests of JPY75,832 million and the registration tax paid upon transfer of the title of properties of JPY469 million. The consideration paid to acquire the TK Interests comprises the estimated acquisition price of the TK Interests of JPY76,664 million, net of estimated cash on hand of JPY832 million, which will be transferred with the Initial Portfolio at the Listing Date. The estimated acquisition price of the TK Interests was determined to be the almost highest end of the range indicated by the Independent Valuer, PricewaterhouseCoopers Co., Ltd., who estimated the fair value of the TK Interests.
- (6) Repayment of borrowings includes scheduled cash repayments of the New Debt Facilities to financial institutions.
- (7) Repayment of borrowings from a related party represents cash settlement of all the outstanding intercompany loans and payables, net of receivables due to the Sponsor.
- (8) Repayment of Membership deposits represents the repayment of non-interest bearing deposits for which registered members can call for repayment after a lock-up period of a certain number of years.
- (9) Lease payment consists of lease payments under finance lease arrangements with the Sponsor for certain golf course equipment such as carts.

RECONCILIATION OF NET PROFIT TO EBITDA

	Forecast Year 2015
	(JPY in millions)
Net Profit for the year, representing total comprehensive income	5,920
Add: Depreciation and amortisation expenses	3,640
Add: Interest and other finance costs	1,668
Add: Income tax expense	1,645
EBITDA⁽¹⁾	12,873
EBITDA margin (%) ⁽²⁾	24.1

Notes:

- (1) EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) income tax expense, and (iii) depreciation and amortisation expenses.
- (2) EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by revenue.

RECONCILIATION OF NET PROFIT TO FINAL DISTRIBUTABLE INCOME TO UNITHOLDERS

	Forecast Year 2015
	(JPY in millions)
Net Profit for the year, representing total comprehensive income	5,920
Add: Depreciation and amortisation expenses	3,640
Add: Interest and other finance costs ⁽¹⁾	1,668
Add: Income tax expense	1,645
EBITDA⁽²⁾	12,873
Less: Interest paid ⁽¹⁾	(957)
Less: Income tax paid ⁽³⁾	(5,445)
Less: Acquisition of property, plant and equipment ⁽⁴⁾	(1,759)
Less: Payment for acquisition of Golf Business ⁽⁵⁾	(76,301)
Add: Changes in working capital ⁽⁶⁾	1,180
Add: Issuance of units	89,187
Less: Transaction costs related to issuance of units	(6,770)
Add: Borrowings from financial institutions	45,000
Less: Transaction costs related to Borrowing from financial institutions	(2,405)
Less: Repayment of borrowings ⁽⁷⁾	(450)
Less: Repayment of borrowings from a related party ⁽⁸⁾	(38,336)
Less: Repayment of Membership deposit ⁽⁹⁾	(822)
Less: Lease payment ⁽¹⁰⁾	(793)
Less: Adjustments to distributions attributable to the year ⁽¹¹⁾	(6,316)
Distributable income attributable to the year from 1 April to 31 March	7,886

Notes:

- (1) Interest paid of JPY957 million represents AG Trust's interest payments for a subordinated loan from the Sponsor on and after the Listing Date and interest payments on New Debt Facilities which New SPC will have in place upon the Listing Date. Interest expenses and other finance costs of JPY1,668 million, include in addition to the interest paid, the annual amortisation of capitalised loan facility fees and accrued interests payable on non-interest bearing deposits from registered members.
- (2) EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) income tax expense, and (iii) depreciation and amortisation expenses.
- (3) Income tax paid is comprised of (i) tax liabilities arising from the absorption-type corporate split carried out by AH11, AH12 and AH36 to transfer the golf courses retained by the Sponsor and (ii) tax liabilities attributable to the taxable income of AH11 and AH12 for the period from 1 April to 31 July 2014 which will incur before the Listing Date.
- (4) Acquisition of property, plant and equipment comprises expenditures for maintenance and renewal of golf courses, clubhouses, business offices and other facilities. Capital expenditures under finance leases for certain equipment such as golf carts are also expected to be incurred.
- (5) Payment for acquisition of Golf Business of JPY76,301 million represents sum of the consideration paid to acquire the TK Interests of JPY75,832 million and the registration tax paid upon transfer of the title of properties of JPY469 million. The consideration paid to acquire the TK Interests comprises the estimated acquisition price of the TK Interests of JPY76,664 million, net of estimated cash on hand of JPY832 million, which will be transferred with the Initial Portfolio at the Listing Date. The estimated acquisition price of the TK Interests was determined to be the almost highest end of the range indicated by the Independent Valuer, PricewaterhouseCoopers Co., Ltd., who estimated the fair value of the TK Interests.
- (6) Changes in working capital mainly comprised of the increase in payables for the employees, supplies, management fee, asset manager's fee, and trustee-manager's fee, net of the decrease in deferred annual membership fees and deferred membership revenue. A significant portion of those changes results in an increase in cash on a non-recurring basis only.
- (7) Repayment of borrowings includes scheduled cash repayments of the New Debt Facilities to financial institutions.
- (8) Repayment of borrowings from a related party represents cash settlement of all the outstanding intercompany loans and payables, net of receivables due to the Sponsor.
- (9) Repayment of Membership deposits represent the repayments of non-interest-bearing deposits for which registered members can call for repayment after a lock-up period of a certain number of years.
- (10) Lease payment consists of lease payments under finance lease arrangements with the Sponsor for certain golf course equipment such as carts.
- (11) Adjustments to distributions attributable to the year of JPY6,316 million consist mainly of cash reserves of JPY4,500 million required by New SPC, JPY366 million necessary for the daily operation of BT, and withholding tax of JPY1,310 million payable in the next year on distributions attributable to the current year, all of which is not distributable to Unitholders. AG Trust has assumed that a cash reserve of JPY4,500 million ("**Cash Reserve**") is necessary for tax payments, repayment of cash deposits received from members of portfolio golf courses upon initial admission to membership, and complying with financial covenants of loans to New SPC.

RECONCILIATION OF DISTRIBUTION

Net distributions of JPY5,487 million attributable to Unitholders for Forecast Year 2015 comprise the distributable income for the year from 1 April 2014 to 31 March 2015 less the distributable income for the period until the Listing Date attributable to the Sponsor.

	Forecast Year 2015
	(JPY in millions)
Distributable income for the year from 1 April 2014 to 31 March 2015 ⁽¹⁾	7,886
Distributable income attributable to the Sponsor at the time of the Offering ⁽²⁾	(2,399)
Net distributable income attributable to Unitholders	5,487

Notes:

- (1) The distributable income for the year from 1 April 2014 to 31 March 2015 of JPY7,886 million includes non-recurring cash inflows of JPY1,829 million. The non-recurring cash inflows mainly comprise (i) saving in withholding tax expense by JPY338 million arising from the tax credit granted on the restructuring exercise expenses at New SPC, (ii) cash inflow of JPY895 million arising from the increase in payables for the employees, supplies, etc., the balance of which is to be settled between the Sponsor and New SPC upon New SPC's acquisition of underlying golf course operations and (iii) increase in payables of JPY628 million for management fee, asset manager's fee and Trustee-Manager's fee. Were the non-recurring cash inflow of JPY1,829 million excluded from the distributable income to Unitholders on an annual basis, the normalised distributable income to Unitholder for the year would be JPY6,057 million.
- (2) Represents the distributable income that is generated by the Initial Portfolio from 1 April 2014 until the time of the Offering, as if the Initial Portfolio was owned by AG Trust since 1 April 2014. Because this income is to be repatriated by the Sponsor upon the Listing Date, the balance should not be regarded as payable to Unitholders.

FORECASTED DPU (DISTRIBUTION PER UNIT) FROM 1 AUGUST 2014 TO 31 MARCH 2015

The forecasted yields stated in the following table are calculated based on the Minimum Offering Price and Maximum Offering Price. The "Forecast Consolidated Income Statement" and "Forecast Cash Flow Statement" for the Forecast Year 2015 are based on the assumed JPY equivalent Offering Price by management, which is different from the Maximum Offering Price and Minimum Offering Price. The final Offering Price will only be determined at a later date, which could be different from the assumed Offering Price used in the "Forecast Consolidated Income Statement" and "Forecast Cash Flow Statement" for the Forecast Year 2015. Such yields will vary accordingly in relation to investors who purchase Units in the secondary market at a market price that differs from the Minimum Offering Price and the Maximum Offering Price or to investors who do not hold the Units for the whole of the Forecast Period 2015.

	Based on the Minimum Offering Price	Based on the Maximum Offering Price
Issue price per unit (S\$)	0.97	1.00
Net distributable income attributable to Unitholders for the period from 1 August 2014 to 31 March 2015 (JPY/SGD in millions) ⁽³⁾	JPY5,487 SGD67.6	JPY5,487 SGD67.6
Number of Units (thousands)	1,099,122	1,099,122
DPU to Unitholders for the period from 1 August 2014 to 31 March 2015 (Singapore cents) ⁽¹⁾⁽²⁾	6.2	6.2

Notes:

- (1) The foreign exchange rate of S\$/JPY assumed for the Forecast Year 2015 is 81.16.
- (2) The above DPU is calculated as distributable income attributable to the unitholders per unit for Forecast Year 2015. As stated in "Distributions", AG Trust's first distribution after the Listing Date will be for the period from the Listing Date and ending on 31 March 2015 and will be paid by the Trustee-Manager on or before 30 June 2015. For this reason, the above DPU will differ from a DPU calculated based on a forecasted distribution payment of zero in Forecast Year 2015.
- (3) The Trustee-Manager has assumed the net distributable income attributable to Unitholders for the period from 1 August 2014 to 31 March 2015 is based on the "Net distributable income attributable to Unitholders" as disclosed in "Reconciliation of Distribution". The Trustee-Manager believes that the impact to the net distributable income as a result of the change of Offering Price will not be material.

ILLUSTRATIVE ANNUAL DPU YIELD BASED ON OFFERING PRICE FOR THE FORECAST YEAR 2015 WITH AND WITHOUT INCREASE IN CASH ON A NON-RECURRING BASIS

	Based on the Minimum Offering Price	Based on the Maximum Offering Price
Issue price per unit (S\$)	0.97	1.00
Number of Units (thousands)	1,099,122	1,099,122
Distributable income for the year from 1 April 2014 to 31 March 2015 (JPY in millions) ⁽¹⁾⁽²⁾⁽⁵⁾	7,886	7,886
Illustrative annual DPU (Singapore cents) ⁽³⁾	8.8	8.8
Illustrative annual DPU yield (%) ⁽⁴⁾	9.1	8.8
Distributable income (excluding non-recurring items) for the year from 1 April 2014 to 31 March 2015 (JPY in millions) ⁽²⁾⁽⁵⁾	6,057	6,057
Illustrative normalised DPU (Singapore cents) ⁽³⁾	6.8	6.8
Illustrative normalised DPU yield (excluding non-recurring items) (%) ⁽⁴⁾	7.0	6.8

Notes:

- (1) The Trustee-Manager uses the same amount of distributable income for the year from 1 April 2014 to 31 March 2015 as in the Reconciliation of Distribution table on the previous page.
- (2) Distributable income for the Forecast Year 2015 of JPY7,886 million includes non-recurring cash inflow of JPY1,829 million as disclosed in the previous "Reconciliation of Distribution" section. Were the non-recurring cash inflow of JPY1,829 million excluded from the distributable income to Unitholders on an annual basis, the normalised distributable income to Unitholders for the year would be JPY6,057 million.
- (3) The above DPU is calculated as distributable income attributable to the Unitholders per unit for Forecast Year 2015. As stated in "Distributions", AG Trust's first distribution after the Listing Date will be for the period from the Listing Date and ending on 31 March 2015 and will be paid by the Trustee-Manager on or before 30 June 2015. For this reason, the above DPU will differ from a DPU calculated based on a forecasted distribution payment of zero in Forecast Year 2015.
- (4) Illustrative DPU yields are calculated by dividing the respective DPU in S\$, which is converted from JPY at the assumed exchange rate of JPY 81.16/S\$, by the respective estimated issue price.
- (5) The Trustee-Manager has assumed the distributable income and distributable income (excluding non-recurring items) are based on the "Net distributable income attributable to Unitholders" as disclosed in "Reconciliation of Distribution". The Trustee-Manager believes that the impact to the net distributable income as a result of the change of Offering Price will not be material.

PREAMBLE

The Trustee-Manager has prepared the income and cash flow forecast for Forecast Year 2015 in conjunction with CBRE's view on the Japan economy and golf course industry, which is presented in the section "*Overview of the Golf Course Industry*". In particular, CBRE's analysis of Japanese macroeconomic conditions and the growth prospects and competitive landscape of the Japanese golf industry, some of which are highlighted below, were taken into consideration when formulating the material assumptions on revenue:

- As of 27 March 2014, economic measures introduced by the government of Prime Minister Shinzo Abe, who took office in December 2012, and large scale monetary easing introduced by the Bank of Japan are showing initial signs of success. The selection of Tokyo to host the 2020 Olympics is expected to provide further stimulus to the economy. Among other factors, the economy is expected to benefit from growth in disposable income both due to the wealth

effect of higher stock and real estate prices and due to wage increases following improved corporate performance mainly at large companies. It is anticipated that the Japanese golf industry will experience an increase in demand for golf.

- A retirement wave is approaching as the baby boomer generation born in the 1950s leaves the workforce in numbers. The increase in the number of retirees, who have a relatively large amount of free time and disposable income, is anticipated to drive demand for golf.
- An upward trend in the number of visitors to golf courses can be seen. The total number of visitors to golf courses in 2012 rose by 3% increase compared to the previous year. Looking at the composition of Japan's golfers by age, golfers in their 50s and 60s, who have a high amount of disposable income, account for the largest segment of the golfing population at roughly 39%.

ASSUMPTIONS

INCOME STATEMENT AND CASH FLOW STATEMENT ASSUMPTIONS

The Trustee-Manager has prepared the income and cash flow forecast for Forecast Year 2015 based on the following specific assumptions. Although the Trustee-Manager considers these assumptions to be appropriate as of the Latest Practicable Date, investors should consider these assumptions as well as the profit forecast and cash flow forecast, and should make their own assessment of the future performance of AG Trust.

The Trustee-Manager recognizes that consumer prices and real GDP are key factors significantly affecting the operations of golf courses. According to the "Outlook for Economic Activity and Prices" published by the Bank of Japan in October 2013, the year-on-year rate of increase in the consumer price index (all items excluding fresh food) for the year ended 31 March 2014 ("Year 2014") is expected to be in the range of +2.8% to +3.6% and the year-on-year rate of increase in real GDP is expected to be in the range of +0.9% to +1.5%. However, the Trustee-Manager has taken a conservative approach in not including these factors in the assumptions, and the rates of economic growth and consumer price increases are estimated not to change significantly during Forecast Year 2015. The rate of consumption tax rose on 1 April 2014 from 5% to 8%. This could lead to a temporary decline either in demand or in pricing in leisure and hospitality businesses, including the golf course business, based on the macro economic impact Japan had experienced upon the inception of consumption tax and rise of the consumption tax rate in 1989 and 1997, respectively. Currently, the Trustee-Manager forecasts that there will not be significant impact on Revenue from the increase in the rate of consumption tax from 5% to 8%.

In developing the key parameters such as number of visitors, play fee per visitor, annual member fees, each item of operating expenses and capital expenditures, the Trustee-Manager estimated those figures for Year 2014 according to the annual actual figures up until the year ended March 2013 and the monthly actual figures up until the end of December 2013 plus the budgeted numbers for the following three months ended March 2014. The Trustee-Manager then extrapolated those estimates for Year 2014 to develop the forecast for Forecast Year 2015. Since the Trustee-Manager has not prepared the historical carved-out figures for Year 2014, all of the figures for Year 2014, when referred in this "Profit and Cash Flow Forecast" and "Sensitivity Analysis" sections, are used solely as parts of significant assumptions taken for the development of the forecast for Forecast Year 2015 and thus may significantly differ from actual historical figures for Year 2014.

It should also be noted that the Trustee-Manager originally prepared income and cash flow forecast for Forecast Year 2015 in accordance with Japanese GAAP and then made necessary adjustments to convert the forecast from the Japanese GAAP basis to the IFRS basis. As a result, figures in the supporting schedules included in the “(I) Operating Revenue” section are presented on the Japanese GAAP basis unless otherwise specifically noted in the Note.

No purchase or investment in golf course businesses by AG Trust other than the acquisition of the Initial Portfolio is assumed.

At the Listing Date, the Sponsor will hold 25.1% of the Units issued and outstanding.

The income and cash flow assumptions reflect the Trustee-Manager’s assessments of:

- The competitive advantages of AG Trust in Japan’s golf course industry;
- Operating expenses and capital expenditure of AG Trust;
- Indebtedness and borrowing conditions at AG Trust;
- AG Trust’s tax-related costs and obligations; and
- AG Trust’s other expenditures.

(I) Operating Revenue

Golf course revenue and Restaurant revenue are mainly driven by the number of visitors and respective revenue per visitor. Membership revenue is driven by the number of registered members and membership fee structures offered to the members.

Golf course revenue consists of playing fees (green fees and cart fees), caddie fees, accommodation fees, driving range fees and golf equipment rental fees. Restaurant revenue consists of sales at golf course restaurants, hotel sales of food and drink, revenue from the party events at the hotels and sales of food and drinks at the course shops. Based on past experience and operating results, the Trustee-Manager does not anticipate restaurant revenue from visitors other than golf players.

The number of visitors is a key driver of both golf course revenue and restaurant revenue. The Trustee-Manager recognises a number of sources of uncertainty in forecasting the number of visitors, including weather, natural disasters, and change in economic environment. The number of days on which a course is able to operate (defined as “Operating Days” on an annual cumulative basis) may be adversely impacted by both unusually long periods of bad weather and the occurrence of natural disasters. Golf demand may also be adversely affected by economic downturns. Each of these negative conditions have the potential to affect the number of visitors. However, since such factors are inherently unpredictable, in developing the forecast, the Trustee-Manager has assumed that the number of days of bad weather and the economic growth rate during the forecast period will be consistent with the average level of occurrence and the average level of growth, respectively, in the last four fiscal years, since April 2009 through March 2013 (the years ended 31 March 2011, 2012, and 2013 referred as “FY2011”, “FY2012”, and “FY2013”, respectively).

Also, due to the earthquake that struck eastern Japan in March 2011, the number of visitors to golf courses declined sharply in FY2011 and FY2012. Golf course utilisation rates improved somewhat in FY2013, but due to consecutive typhoons and snowfalls in FY2012 and Year 2013, respectively, have not yet recovered to the FY2010 level. In consideration

of these circumstances and based on the aggregate of the forecasts of the individual golf courses, it is anticipated that utilisation rates will recover to the level seen in the year ended 31 March 2010, before the earthquake, during Forecast Year 2015.

Golf Course Revenue

Golf course revenue is forecasted to grow stably to JPY35,444 million for Forecast Year 2015 from the pro-forma golf course revenue of JPY35,341 million in FY2013. Golf course revenue is calculated based on average playing fee revenues (playing fees and other revenue) per visitor multiplied by the number of visitors.

(Forecasts)	Forecast Year 2015		
	(JPY in millions)		
Golf course revenue			
Playing Fees	33,356		
Other	2,962		
Netting of point provision expense ⁽¹⁾	(874)		
Total	35,444		
(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Number of golf courses	89	89	89
Number of visitors (thousand)	5,613	5,589	5,658
(Change from the previous year (%))		-0.4%	+1.2%
Average annual Playing Fees per visitor	5,933	5,920	5,896
(Change from the previous year (%))		-0.2%	-0.4%
Average annual Other revenue per visitor	541	529	524
(Change from the previous year (%))		-2.2%	-0.9%

Note:

- (1) Represents estimated point provision expense assumed to be incurred under the customer loyalty programme, which is classified in operating expense under the Japanese GAAP, but is netted against under the IFRS.

1. Number of visitors

The number of visitors is assumed as follows:

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Number of visitors (thousand)	5,613	5,589	5,658
(Change from the previous year (%))		-0.4%	+1.2%
(Indicative KPI's considered for forecasting number of visitors)			
Operating Days ⁽¹⁾	31,390	31,307	31,387
(Change from the previous year (%))		-0.3%	+0.3%
Utilisation Rates (%) ⁽²⁾	75.9%	75.9%	76.6%

Notes:

- (1) Operating days are calculated based on the number of golf courses multiplied by their operating days.
- (2) Utilisation rate = Total number of visitors per 18 holes/(total operating days × 200 visitors). Noted that "200 visitors" in this formula represents a standardised maximum visitor capacity per 18 holes per day (50 parties with 4 players per day) used by the Sponsor.

The number of visitors is forecasted to be 5,658,000 (rounded to the nearest thousand) for Forecast Year 2015. This number is an aggregate of forecast of visitors preformed on a course by course basis and is based on the historical trends and pricing/promotion strategy of the each individual course. Though the Trustee-Manager did not standardise the formula to forecast the number of visitors, the following assumptions were made in its development;

- The Trustee-Manager estimated the number of visitors for Year 2014 according to the actual monthly number of visitors up to the end of December 2013 and the budgeted number for the following three months up to the end of March 2014. The Trustee-Manager then extrapolated the estimates for Year 2014 to the forecast for Forecast Year 2015.
- In order to neutralise the adverse impact of natural disasters and unusually bad weather on historical trends, the Trustee-Manager averaged the annual number of visitors for the four fiscal years ended 31 March 2013. By using the average number of visitors from April 2009 through to March 2013, the assumptions incorporate an average number of bad weather days. It should be noted, however, that the occurrence of natural disasters such as severe earthquakes was not considered in developing the forecasts for Forecast Year 2015.
- When extending the monthly number of visitors from the estimates for Year 2014, the Trustee-Manager assumed an average rate of increase of 1.2%, or 69 thousand visitors for Forecast Year 2015. The assumed increase in the number of visitors is primarily driven by better weather conditions as compared to the Year 2014 and a gradual recovery from the decline in consumer spending caused by the severe earthquake in March 2011 and ensuing recession. Note that the

Year 2014 had noticeably bad weather conditions such as an unusually long rainy season, hot summer during the first half of the year, and a number of typhoons in September and October.

- As a result, Operating Days and Utilisation Rate, both averages, which were considered in developing forecasts for each individual course for Forecast Year 2015, were assumed to improve from what was estimated for Year 2014.

2. Average playing fees per visitor

Average playing fees per visitor are assumed as follows:

(Assumptions)	Actual (For reference purpose only)	Assumption	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Playing fees per visitor (JPY)	5,933	5,920	5,896
Change from the previous year (%)	-2.4%	-0.2%	-0.4%

- Average playing fees per visitor are forecasted to decrease by 0.2% and 0.4% for Year 2014 and Forecast Year 2015, or to JPY5,920 and JPY5,896, respectively. Playing fees per visitor have been decreasing for a number of years, but since they show sign of having bottomed out, mainly due to the recovery of the Japanese economy, the Trustee-Manager expects that the rate of decline in average playing fees per visitor in Year 2014 and Forecast Year 2015 will be less than in the past years.

3. Netting of point provision expense

- Netting of point provision expense is forecasted to be JPY874 million at the same amount as value of points granted to customers in FY2013.

Restaurant Revenue

(Forecasts)	Forecast Year 2015
	(JPY in millions)
Restaurant Revenue	
Restaurant Revenue	12,950
Netting of point provision expense ⁽¹⁾	(311)
Total	12,639

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Restaurant revenue (JPY in millions) ⁽²⁾	12,799	12,781	12,950
(Change from the previous year (%))		-0.1%	+1.3%
Number of visitors (thousands)	5,613	5,589	5,658
(Change from the previous year (%))		-0.4%	+1.2%
Restaurant revenue per visitor (JPY) ⁽²⁾	2,280	2,287	2,289
(Change from the previous year (%))		+0.3%	+0.1% ⁽²⁾

Notes:

- (1) Represents estimated point provision expense assumed to be incurred under the customer loyalty programme, which is classified in operating expense under the Japanese GAAP, but is netted against revenue under the IFRS.
- (2) Represents the revenue and revenue per visitor without reflecting the netting of point provision expense due to lack of availability of that figure for the Year 2014 Estimate.
- Restaurant revenue, in line with golf course revenue, is forecasted to grow stably to JPY12,950 million under Japanese GAAP before reflecting the netting of point provision expense for the Forecast Year 2015, up by JPY169 million, 1.3% from Year 2014, mainly due to the increase in visitors, which is forecasted to be 5,658 thousand in Forecast Year 2015. Restaurant revenue per visitor is forecasted to be stable for Forecast Year 2015 based on recent historical performance.
- Netting of point provision expense is forecasted to be JPY311 million at the same amount as value of points granted to customers in FY2013.

Membership Revenue

Membership revenue is forecasted to decrease to JPY5,288 million for Forecast Year 2015 due to the forecasted decrease in the number of members.

(Forecasts)	Forecast Year 2015
	(JPY in millions)
Membership revenue	
Annual membership fee	4,422
New membership fee	574
Name transfer fee	162
Amortisation of deferred membership revenue ⁽¹⁾	130
Total	5,288

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Annual membership fees (JPY in millions)	4,761	4,547	4,422
(Change from the previous year (%))		-4.5%	-2.7%
New membership fees	673	684	574
(Change from the previous year (%))		+1.6%	-16.1%
Name transfer fees	226	162	162
(Change from the previous year (%))		-28.3%	+0.0%
Amortisation of deferred membership revenue ⁽¹⁾	131	n/a ⁽²⁾	130
Membership revenue total	5,791	n/a	5,288

Notes:

- (1) Represents the amortisation of deferred membership revenue over the lock-up period of the non-interest bearing deposits from the registered members in accordance with the IFRS, which is not recognised as revenue by the Sponsor under the Japanese GAAP.
- (2) Not available as the Sponsor did not prepare the Year 2014 estimates for the Initial Portfolio on an IFRS basis.

Annual membership fees are annual fees received from the registered members for their membership. The decrease in annual membership fees is due to the decrease in the number of club members as a result of the mandatory expulsion from membership upon non-payment for three consecutive years, and this decline is expected to continue in the Forecast Year 2015, as shown in the above table.

New membership fees are fees received from the new registered members upon admission to the membership. The number of newly admitted members is also forecasted to decline slightly based on past results.

Name transfer fees are fees received from the registered members for the transfer of their membership. Name transfers are estimated to decrease from FY2013 to Year 2014 by approximate of 28.3% and are forecasted to stay at the same level as in Year 2014.

Amortisation of deferred membership revenue is forecasted to be incurred stably in proportion to the balance of deposit received from the registered members.

Other Operating Income

Other Operating Income is forecasted at JPY126 million in the Forecast Year 2015.

Other Operating Income mainly comprises the commission fee that is paid by a subsidiary of the Sponsor for operating the Pro-Shop Business in clubhouses and benefits for the timely payments of golf course utilisation tax.

(II) Merchandise and material expense

Merchandise and material expense is forecasted at JPY3,750 million in Forecast Year 2015.

Merchandise and material expense mainly includes foods for clubhouse restaurants and on-course food sales outlets amounting to JPY3,461 million, which represents approximately 27% of the restaurant revenue.

(III) Labour cost

Labour cost represents the wage and fringe expenses for staff engaged in golf course operations and are forecasted at JPY13,569 million in Forecast Year 2015.

(Forecasts)	Forecast Year 2015
	(JPY in millions)
Labour cost	
General administration, golf course, restaurants, etc.	12,908
Caddies	661
Total	13,569

Labour cost for Forecast Year 2015 is forecasted to decrease by 2.8% from Year 2014.

The Sponsor has started implementing labour cost saving initiatives ("LCSI"), including measures to increase productivity and increased utilisation of temporary workers since the year ended March 2011 ("FY2011"). The LCSI had achieved reduction in labour cost for clerical staff, golf course staff (excluding caddies) and restaurant staff, especially the labour cost saving for those LCSI implemented at 18 courses by 12.5% and 2.2% from the previous year in the year ended March 2012 ("FY2012") and FY2013, respectively. The Sponsor has expanded the target for LCSI to the remaining 71 golf courses during Year 2014.

The Trustee-Manager forecasts, based on the track records of labour cost reduction achieved by the Sponsor for the 18 LCSI earlier-applied golf courses, that the labour cost in the remaining 71 golf courses to which LCSI has not yet been fully implemented will decrease by 3.7% in Forecast Year 2015.

Other labour cost comprising mainly of salaries to restaurant staff is forecasted to be incurred stably based on the recent trends.

Labour cost for caddie services is forecasted to decrease due to the increase of self-players who do not use caddie services in recent years. Labour cost for caddie services is forecasted at 93.5% of the caddie revenue of JPY707 million, which is part of the JPY2,962 million forecasted under "other" in golf course revenue, based on the historical ratio of costs to revenues for caddies.

The details of labour cost the Trustee-Manager used in developing the assumptions is as follows:

(JPY in millions)

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Breakdown of Labour cost			
For staff in 18 courses ⁽¹⁾	1,905	1,892	1,892
(Change from previous year (%))		-0.7%	0.0%
For staff in 71 courses ⁽¹⁾	7,116	7,171	6,903
(Change from previous year (%))		+0.8%	-3.7%
Others ⁽²⁾	4,006	4,174	4,113
Subtotal in general golf courses, restaurants. administration, etc.	13,027	13,237	12,908
Caddies	801	723	661
Total	13,828	13,960	13,569
(Change from previous year (%))	-0.9%	+1.0%	-2.8%

Notes:

- (1) The LCSi had been applied to the upper 18 courses since FY2011 and the lower 71 courses will be under LCSi since Year 2014.
- (2) Others mainly include restaurant Labour cost.

(IV) Management fee

Management fee is forecasted to be JPY5,826 million in Forecast Year 2015. The forecasted expenses for Forecast Period 2015 are annualised by extrapolating for a year.

The Sponsor is entitled under the Golf Course Management Agreement to the following management fee:

- a. a corporate fee of JPY2.75 million per 18 holes per month¹ and JPY1 million per golf driving range per month²;
- b. a base fee being 3.0% of the net sales in the TK Business for the relevant month; and
- c. an incentive fee being 5.0% of the incremental operating profits before amortisation (after deducting the base fee and corporate fee) for the relevant month.

1 With respect to the facilities with fewer than 18 holes, the amount calculated in proportion to the number of holes at the facilities (any fraction less than one yen shall be rounded down to the nearest whole yen).

2 If the number of driving areas in the golf driving range exceeds 100, the Sponsor shall be entitled a monthly amount of JPY10,000 for each excess driving area.

The above fees do not include certain stable fees expected to be incurred by New SPC, like the fee payable in relation to its continuous use of the Sponsor's integrated purchasing system of approximately JPY16 million in a year, as such expense is included under "Other operating expenses" as explained in the below.

(V) Asset Manager's fee

Under the Asset Management Agreement, the Asset Manager's fee, primarily determined by appraisal values and gain or loss upon disposal, is forecasted to be JPY100 million in Forecast Year 2015.

(VI) Depreciation and amortisation expenses

Depreciation and amortisation expenses have been forecasted by taking into consideration the depreciation schedule for existing property, plant and equipment (assets held by New SPC) and capital expenditure to be incurred over Forecast Year 2015. Depreciation is calculated using the straight line method to allocate the depreciable amounts of fixed assets over their estimated useful lives of each asset. The depreciation base of the fixed assets are revalued by the acquisition accounting assuming AG Trust's acquisition had occurred at 1 April 2014, the beginning of Forecast Year 2015.

Depreciation and amortisation expenses for Forecast Year 2015 are expected to be JPY3,640 million.

(VII) Other operating expenses

Other operating expenses are forecasted at JPY17,013 million in Forecast Year 2015 based on Year 2014 estimates.

Other operating expenses, such as utilities expenses, outsourcing expenses, operating lease expenses, taxes and dues and commission fees are assumed to be stable. The other expenses also include certain stable fees expected to be payable to the Sponsor, like the fee payable in relation to New SPC's continuous use of the Sponsor's integrated purchasing system of approximately JPY16 million in a year.

Among the other operating expenses, decrease in advertising expenses is assumed based on historical performance trends and decrease in operating lease expenses is assumed as a result of renewal of existing lease contracts with lower rental fee as follows.

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Operating lease expenses (JPY in millions)	2,251	2,201	2,150
(Change from the previous year (%))		-2.2%	-2.3%
Advertising expenses (JPY in millions)	1,079	951	932
(Change from the previous year (%))		-11.9%	-2.0%

(VIII) Non-operating Expenses

a. Interest expenses and other finance costs

Finance costs are mainly comprised of interest payments on the subordinated loan from the Sponsor, interest expenses on the New Debt Facilities, the annual amortisation of capitalised loan facility fees, and imputed interest expense on the non-interest bearing, non-current deposit from the registered members. The interest expenses and other finance costs are forecasted to be JPY1,668 million in Forecast Year 2015. The external debt outstanding is expected to be relatively stable for Forecast Year 2015.

The New Debt Facilities amounting to JPY45,000 million with an upfront facility fee of JPY2,405 million shall be drawn down on the Listing Date. The New Debt Facilities consist of the following tranches:

- (i) 3-year loan of JPY15,000 million with a floating interest rate of 6-month Japanese Yen TIBOR plus 125 basis points per annum
- (ii) 4-year loan of JPY15,000 million with a floating interest rate of 6-month Japanese Yen TIBOR plus 150 basis points per annum
- (iii) 5-year loan of JPY15,000 million with a floating interest rate of 6-month Japanese Yen TIBOR plus 175 basis points per annum

Concurrently with the drawdown of the New Debt Facilities, New SPC will enter into interest rate swap contracts with a total notional amount of JPY35,000 million, which have fixed interest payments at average rates ranging from 1.7% to 2.3% and receipts at the floating interest rate of 6-month Japanese Yen TIBOR. Post-Listing, the fixed rate will not change while the floating rate will reset every 6 months based on the 6-month Japanese Yen Tibor at each reset date. The interest rate of 6-month Japanese Yen TIBOR is forecasted to be 0.31%.

b. Calculation of taxes

Tax expense comprises:

- (i) Japanese corporate income tax assuming effective tax rate of 37.11% applicable to New SPC for the Forecast Year 2015; and
- (ii) Japan withholding tax of 20.42% (this includes a 2.1% surtax applying through 31 December 2037) incurred on the gross amount of the profit distributions paid from New SPC to AG Trust.

It should be noted that such profit distributions, when remitted to Singapore, are in principle subject to the prevailing Singapore corporate income tax of 17.0%. However, provided that AG Trust is a tax resident of Singapore, it will be able to claim a foreign tax credit on the 20.42% withholding tax. As this withholding tax rate is higher than the prevailing Singapore corporate income tax rate, no incremental Singapore tax is expected. Further, as New SPC will also be subject to Japanese corporation tax on retained profits from the TK Business which will be consolidated into the financial accounts of the AG Trust, AG Trust's effective tax rate should exceed 20.42%.

TRUST ASSUMPTIONS

a. Trustee-Manager's fee

The Trustee-Manager's fee in Forecast Year 2015 is forecasted to be JPY250 million. The fee comprises a base fee of JPY200 million and a performance fee of JPY50 million, both of which are calculated based on the Trust Deed.

b. Other Trust expenses

Trust expenses mainly comprise audit fees, tax accountant fees, legal fees, cost of maintaining listing, continuous disclosure cost, cost of continuous calculation of operational values, and other miscellaneous costs. These expenses are forecasted to be JPY116 million in Forecast Year 2015.

CASH FLOW ASSUMPTIONS

(I) Capital Expenditure

Capital expenditure is comprised of maintenance of golf courses, club-houses, and business offices. For Forecast Year 2015, the capital expenditure for maintenance of golf course assets is forecasted at JPY1,759 million and the new acquisition of cart, machinery and equipment under finance lease arrangements is forecasted at JPY1,022 million. The total of forecasted capital expenditures amount to JPY2,781 million, which represent approximately 5.2% of AG Trust's total revenue for Forecast Year 2015. No renovation or refurbishment of club-houses and other buildings is planned during Forecast Year 2015. It has been assumed that such capital expenditure will be funded by cash generated from operations. The following table sets out the breakdown of capital expenditure for Forecast Year 2015;

(Forecast)	Forecast Year 2015
	(JPY in millions)
Maintenance of golf courses	1,719
Renewal of clubhouses and offices	40
Total acquisition of property, plant and equipment	1,759
New finance leases for carts	471
New finance leases for machinery and equipment	551
Total new finance leases	1,022
Total capital expenditures	2,781

The Trustee-Manager develops its capital expenditure plan only for the following year at each fiscal year end during its regular budgeting process. As the Sponsor is still in the process of developing the capital expenditure budget, no detailed forecast for the Forecast Year 2015 is available. Lacking in the detailed budgets, the Trustee-Manager forecasts the above capital expenditures for Forecast Year 2015 based on the historical and estimated

capital expenditures made by the Sponsor for the Initial Portfolio in FY2013 and Year 2014, respectively. The Trustee-Manager assumes that the New SPC will make a similar level of capital expenditures as the Sponsor has made in those years.

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods			
Total acquisition of property, plant and equipment (JPY in millions)	1,732	1,565	1,759
Total new finance leases	875	573	1,022
Total	2,607	2,138	2,781
(Change from the previous year (%))		-18.0%	+30.1%
(% to Revenue)	4.9%	n/a ⁽¹⁾	5.2%
Revenue	53,594	n/a ⁽¹⁾	53,371

Note:

(1) Not available as the Sponsor did not prepare the Year 2014 estimates for the Initial Portfolio under an IFRS basis.

(II) Change in working capital

The Trustee-Manager, based on the historical trends of the working capital balances associated with the underlying golf courses, assumes no material changes in the working capital for the Initial Portfolio except for the items in the following table:

(Assumptions)	Actual (For reference purpose only)	Assumptions	
	Actual FY2013	Estimate Year 2014	Forecast Year 2015
Periods	Balance Sheets	Balance Sheets	Cash Flow Statements
(JPY in millions)			
Increase in payable for transferred employees, purchases and advertising	n/a	n/a	895 ⁽¹⁾
Payables for golf course management fee	n/a	n/a	465 ⁽²⁾
Payables for asset manager's fee	n/a	n/a	100 ⁽²⁾
Payables for Trustee-Manager's fee	n/a	n/a	63 ⁽²⁾
Decrease in deferred annual membership fees	(191)	(182)	(182) ⁽³⁾
Decrease in deferred membership revenue on non-interest-bearing deposits	(131)	n/a	(130) ⁽³⁾
Others	n/a	n/a	(31) ⁽⁴⁾
Total	n/a	n/a	1,180

Notes:

- (1) Based on the historical payable balances for employees, supplies and advertising recognised by the Sponsor for the underlying golf courses during the period from 1 April 2012 to 31 March 2013. The above JPY895 million mainly includes the increase in payables for employees who will be transferred from the Sponsor amounting to JPY682 million and payables for material purchases of JPY152 million. AG Trust is assumed to have the above cash flow impact only in the Forecast Year 2015, as the related balances are to be settled between the Sponsor and New SPC upon New SPC's acquisition of underlying golf course operations, resulting in zero beginning balances.
- (2) Based on the anticipated transaction terms for golf course management with the Sponsor, for asset management with Daiwa Real Estate Asset Management Co. Ltd. and for management of AG Trust by the Trustee-Manager under the Trust Deed, respectively. As these transactions are based on the agreements newly executed between New SPC and the aforementioned parties, the above working capital changes will occur only in the Forecast Year 2015.
- (3) Calculated at the actual amortization in FY2013 after normalizing according to historical trends of those balances.
- (4) The others mainly include estimated changes in working capital associated with the planned divestiture of the Pro-Shop Business and the succession of formerly outsourced Heartree's restaurant operations.

(III) Distribution Assumption

Distributions to Unitholders of AG Trust are forecasted to be JPY7,886 million for the full Forecast Year 2015. Distributions will be calculated on a semi-annual basis as at 31 March and 30 September each year for the six-month period ending on each of the said dates but the first distribution after the Listing Date to 31 March 2015 is not yet planned. Distributions will be paid within 90 calendar days from each of the said dates.

Cash flows from the New SPC will be distributed to AG Trust via TK profit distributions and subject to a withholding tax at a rate of 20.42% on the gross amount of the profit distributions, with no deductions allowed for interest or other expenses.

(IV) Other Cash Flow Assumptions

- Payment for acquisition of Golf Business of JPY76,301 million represents sum of the consideration paid to acquire the TK Interests of JPY75,832 million and the registration tax paid upon transfer of the title of properties of JPY469 million. The consideration paid to acquire the TK Interests of JPY75,832 million represents the fair value of the TK Interests of JPY76,664 million less estimated net cash of JPY832 million which is to be transferred with the Initial Portfolio at the Listing Date. AG Trust invests in the Initial Portfolio through the acquisition of the TK Interests from the Sponsor. The acquisition of the TK Interests by AG Trust in the estimated amount of JPY76,664 million will be funded by the issue of Consideration Units and the proceeds from the Offering.
- Fair value of the Initial Portfolio was determined by the Trustee-Manager to be JPY116,505 million by reference to the almost highest end of implied value of invested capital as per the valuation report prepared by the Independent Valuer, PricewaterhouseCoopers Co., Ltd. The estimated fair value of the TK Interests was calculated at JPY76,664 million by deducting net debt (mostly comprising intercompany loans payable to the Sponsor and lease obligations) and the value attributable to membership interests in New SPC from the fair value of the Initial Portfolio. Although the amount of the TK Interests depends on the inter-company payable to the Sponsor at the end of July 2014, the inter-company payable was estimated to be JPY38,336 million by the Trustee-Manager.
- Repayment of membership deposit is JPY822 million. Amount of Repayment of membership deposit is calculated based on historical repayment trends.

- Repayment of lease debt is JPY793 million. Forecast is based on historical lease amortisation expense.

OTHER ASSUMPTIONS

(I) Accounting Standards

The Trustee-Manager has assumed that there will be no material change in applicable accounting standards or other financial reporting requirements that may have a material effect on Forecast Year 2015. Significant accounting policies adopted by The Trustee-Manager in the preparation of Forecast Year 2015 are set out in Appendix A, "Reporting Accountant's Report on the Compilation of the Unaudited Pro Forma Financial Information of Accordia Golf Trust and its Subsidiaries for the Financial Years Ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the Nine-month Periods Ended 31 December 2012 and 31 December 2013".

(II) Other Assumptions

The Trustee-Manager has made the following additional assumptions in preparing the forecast for Forecast Year 2015:

- the asset portfolio of AG Trust remains unchanged;
- there will be no economic crisis, wars, military incidents, pandemic diseases, natural disasters or any force majeure events or unforeseeable factors that are beyond AG Trust's control, that would have a material impact on AG Trust's business and operating activities;
- the foreign exchange rate of S\$/JPY for the Forecast Year 2015 is 81.16;
- no further capital at AG Trust will be raised during Forecast Year 2015;
- there will be no material changes in inflation rates, interest rates or foreign exchange rates from those currently prevailing in the context of AG Trust's operations other than those which are discussed in this Prospectus;
- there will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in Japan, except as otherwise disclosed in this Prospectus; and
- there will be no material amendments to any material agreements relating to the Trust Deed and the Golf Course Management Agreement.

SENSITIVITY ANALYSIS

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

(I) Operating Income

- Changes in AG Trust's operating income will impact the operating profit margin and the distribution yield of AG Trust.

- The sensitivity to changes in AG Trust's operating income has been adjusted to include an additional increase/decrease of 2.5% to AG Trust's operating income from the current forecasted DPU.

	DPU pursuant to changes in operating income	ILLUSTRATIVE ANNUAL DPU pursuant to changes in operating income	ILLUSTRATIVE NORMALISED ANNUAL DPU EXCLUDING INCREASE IN CASH ON A NON-RECURRING BASIS pursuant to changes in operating income
	From 1 August 2014 to 31 March 2015	Forecast Year 2015	Forecast Year 2015
	(Singapore cents)	(Singapore cents)	(Singapore cents)
2.5% below base case	5.5	7.8	5.8
Forecasted DPU	6.2	8.8	6.8
2.5% above base case	6.8	9.8	7.8

(II) Operating Expenses

- Changes in AG Trust's total operating expenses will impact the operating profit margin of AG Trust, and consequently the distribution yield of AG Trust.
- The sensitivity to changes in AG Trust's total operating expenses has been adjusted to include an additional increase/decrease of 2.5% to AG Trust's total operating expenses from the current forecasted DPU.

	DPU pursuant to changes in total operating expenses	ILLUSTRATIVE ANNUAL DPU pursuant to changes in total operating expenses	ILLUSTRATIVE NORMALISED ANNUAL DPU EXCLUDING INCREASE IN CASH ON A NON-RECURRING BASIS pursuant to changes in total operating expenses
	From 1 August 2014 to 31 March 2015	Forecast Year 2015	Forecast Year 2015
	(Singapore cents)	(Singapore cents)	(Singapore cents)
2.5% below base case	6.7	9.7	7.7
Forecasted DPU	6.2	8.8	6.8
2.5% above base case	5.6	7.9	5.9

(III) Interest Rate on Bank Loans

- Changes in the rate of interest charged on bank loans will impact the net profits and consequently the distribution yield of AG Trust.
- The sensitivity to changes in interest rates has been adjusted to include an additional increase/decrease of 100 basis-points (“bps”) to the interest rates from the current forecasted DPU.
- Out of the total bank loan balance of JPY45,000 million, only JPY10,000 million is subject to this sensitivity analysis, as the remaining JPY35,000 million is covered by the interest rate swap contracts which are discussed in the section (VIII) Non-operating Expenses.

	DPU pursuant to changes in interest rates	ILLUSTRATIVE ANNUAL DPU pursuant to changes in interest rates	ILLUSTRATIVE NORMALISED ANNUAL DPU EXCLUDING INCREASE IN CASH ON A NON-RECURRING BASIS pursuant to changes in interest rates
	From 1 August 2014 to 31 March 2015	Forecast Year 2015	Forecast Year 2015
	(Singapore cents)	(Singapore cents)	(Singapore cents)
100 bps below base case	6.2	8.9	6.9
Forecasted DPU	6.2	8.8	6.8
100 bps above base case	6.1	8.8	6.7

THE RESTRUCTURING EXERCISE

OVERVIEW

In preparation for the Offering, a restructuring exercise will be undertaken by the Sponsor to establish AG Trust and to set up the ownership structure of the Initial Portfolio (the “**Restructuring**”). The Sponsor has entered into a business transfer agreement with the SPC (defined below) which is a master agreement of the Restructuring providing for the overall process of the Restructuring in general. The Restructuring will be implemented in the manner described below.

DETAILS OF THE RESTRUCTURING

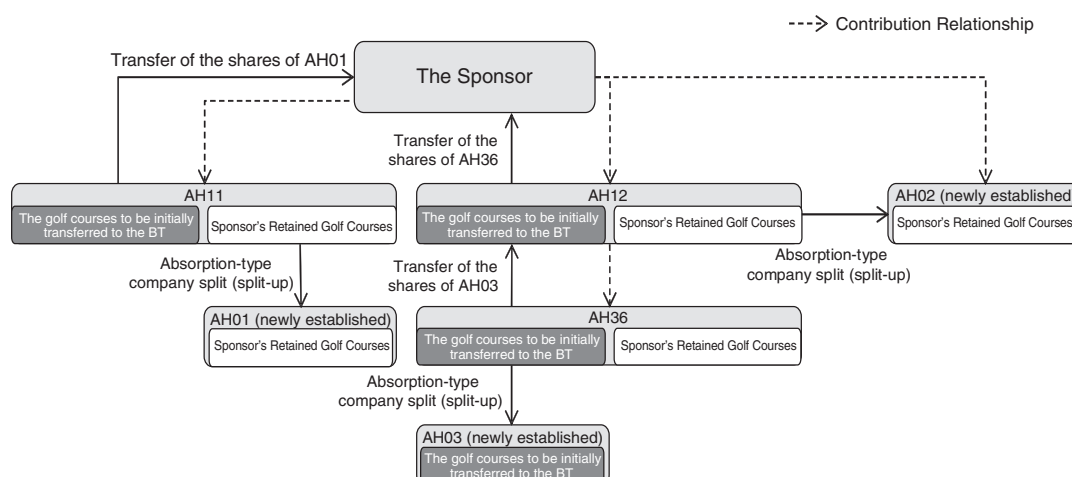
1. Internal Restructuring of the Sponsor’s Golf Course Subsidiaries

The Sponsor intends to undertake an internal restructuring using a corporate split structure under the Companies Act of Japan on 31 July 2014 (the “**Corporate Split Effective Date**”), such that the 18 golf course subsidiaries of the Sponsor (the “**Golf Course Subsidiaries**” and each, a “**Golf Course Subsidiary**”) will first be reorganised into (i) the Golf Course Subsidiaries which hold the Initial Portfolio, namely, Accordia Asset Holding 11 Co., Ltd. (“**AH11**”), Accordia Asset Holding 12 Co., Ltd. (“**AH12**”) and Accordia Asset Holding 03 Co., Ltd. (“**AH03**”) (collectively, the “**BT Golf Course Subsidiaries**”) and (ii) the other Golf Course Subsidiaries which will continue to be held by the Sponsor (the “**Corporate Split**”).

Three Golf Course Subsidiaries out of 18 Golf Course Subsidiaries hold golf courses to be included in the Initial Portfolio as well as golf courses to be held by the Sponsor, and each of these three Golf Course Subsidiaries, namely, AH11, AH12, and Accordia Asset Holding 36 Co., Ltd. (“**AH36**”), a wholly owned subsidiary of AH12, (collectively, the “**Splitting Golf Course Subsidiaries**”) will carry out an absorption-type corporate split.

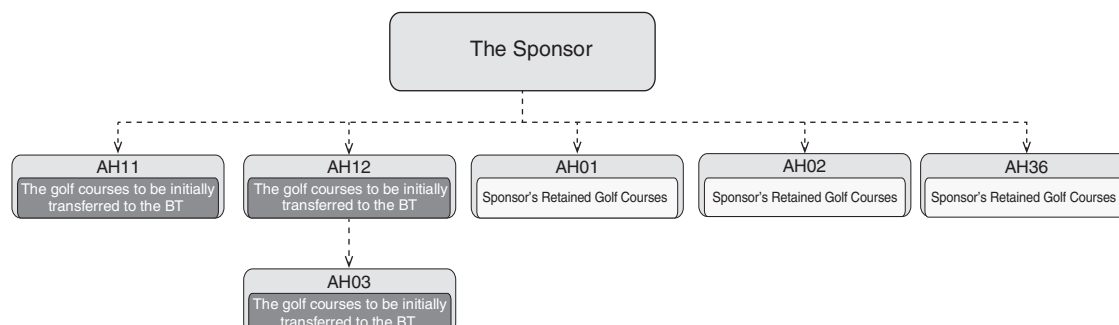
Under this step, (i) AH11 will have Accordia Asset Holding 01 Co., Ltd. (“**AH01**”), a newly established wholly owned subsidiary of AH11, succeed to the golf courses to be held by the Sponsor from AH11 through an absorption-type corporate split, and then transfer shares in AH01 to the Sponsor, (ii) AH12 will have Accordia Asset Holding 02 Co., Ltd. (“**AH02**”), a newly established wholly owned subsidiary of the Sponsor, succeed to the golf courses to be held by the Sponsor from AH12 through an absorption-type corporate split, and (iii) AH36 will have AH03, a newly established wholly owned subsidiary of AH36, succeed to a golf course to be included in the Initial Portfolio which AH36 holds through an absorption-type corporate split, and then transfer the shares in AH03 to AH12.

During Internal Restructuring



As a result of the Corporate Split, AH11, AH12 and AH03 (a wholly-owned subsidiary of AH12) will only hold golf courses to be included in the Initial Portfolio while AH01, AH02 and AH36 will only hold golf courses to be held by the Sponsor. The shares in the Golf Course Subsidiaries which are wholly-owned subsidiaries of AH12 and only hold golf courses to be held by the Sponsor will be transferred to the Sponsor on the Corporate Split Effective Date.

After Completion of Internal Restructuring



In accordance with the Companies Act of Japan, the Corporate Split will be approved at shareholders' meetings of the Splitting Golf Course Subsidiaries, AH01, AH02 and AH03. The corporate split agreements were entered into on 26 June 2014, approximately one month before the Corporate Split Effective Date. This one month period is necessary to conduct the creditor protection procedure required by the Companies Act of Japan. Each Corporate Split will only become effective when the following are satisfied:

- (a) the SGX-ST has issued the eligibility-to-list letter to AG Trust;
- (b) the Underwriting Agreement has been entered into;
- (c) this Prospectus has been registered;
- (d) no cause or event that may hinder or jeopardise the Listing has occurred;
- (e) 11:59 pm on the Corporate Split Effective Date has come; and
- (f) the creditor protection procedure for the Corporate Split has been completed in accordance with the Companies Act of Japan.

2. Establishment of the SPC and Transfer of BT Golf Course Subsidiaries through TK Agreement

The Sponsor has established a special purpose company in the form of a *Godo Kaisha* (the "SPC"), which is a limited liability company under Japanese law. The Sponsor has transferred all of its membership interests (i.e. voting rights) in the SPC to a newly established general incorporated association known as *Ippan Shadan Hojin* ("ISH"), a type of special purpose vehicle under Japanese law. The voting rights of the ISH are held by certified public accountants who are members of the TKAO¹. After such transfer, the Sponsor ceased to hold controlling interests in the SPC. The certified public accountants are independent and not subject to the instruction of any party. As mentioned above, the ISH is a special purpose vehicle which is intended to only hold the voting rights of the SPC. The role of the certified public accountants is to carry out limited corporate administrative work to maintain such

¹ The equity contributor to the ISH is TKAO. Since the ISH is a bankruptcy remote vehicle similar to a Cayman charitable trust, the equity contributor to ISH and the holder of the voting rights of the ISH may be different entities.

function of the ISH¹. The fees of such public accountants were agreed upfront and provided in (i) the services agreement between the SPC and TKAO, pursuant to which TKAO provides its certified public accountant as an operating officer of ISH who is a legal representative of the SPC and (ii) the services agreement between the ISH and TKAO, pursuant to which TKAO provides its certified public accountants as members and a director of ISH. The fees will be borne by the SPC and the ISH under their respective services agreements. The ISH will pay fees to TKAO out of its own funds as the Sponsor has, through TKAO, injected funds into the ISH at the time of incorporation of the ISH and intends to inject funds into the ISH in future when there are insufficient funds in the ISH².

A *Tokumei Kumiai* agreement (silent partnership agreement) was entered into between the Sponsor and the SPC (the “**TK Agreement**”) pursuant to which the Sponsor, as investor under the TK Structure (the “**Original TK Investor**”) will make the TK Contributions to the SPC, which will be the proprietor under the TK Agreement on 1 August 2014 (the “**TK Contribution Date**”). The SPC and Daiwa Securities, a wholly-owned subsidiary of Daiwa Securities Group entered into an agreement regarding dealing of private placement of the TK Contributions whereby Daiwa Securities will deal with the private placement of the TK Contributions vis-à-vis the Original TK Investor³. Through the private placement by Daiwa Securities, the Original TK Investor will make the TK Contribution in kind by transferring its shares in AH11 and AH12, upon satisfaction of the following conditions precedent under the TK Agreement:

- (a) the Corporate Split has become effective and no actual threat has arisen that the Corporate Split will be invalidated;
- (b) the assignment of shares in paragraph 1 above has been completed;
- (c) all of the SPC’s representations and warranties set out in the TK Agreement are true and correct;
- (d) certain corporate documents have been delivered to the Original TK Investor;
- (e) no cause or event has occurred that may hinder or jeopardise the Listing;
- (f) no cause or event (other than the Corporate Split) has occurred that has a material adverse effect on the financial conditions, operating results, cash flow, business, assets, liabilities or future earnings plan of the Original TK Investor, or each Splitting Golf Course Subsidiary or AH03; and

1 AG Trust has safeguards vis-à-vis its interests in New SPC on the premise that the certified public accountants owe a fiduciary duty to New SPC and the ISH under the services agreements between New SPC and TKAO and the ISH and TKAO as well as under Japanese laws.

2 AG Trust and/or its subsidiaries will not be providing such funding for the ISH as this will likely harm the *Tokumei Kumiai* (silent partnership) nature of the arrangement. It is common for a sponsor to provide such funding for an ISH in Japanese structured finance transactions as it would generally be difficult to find a third party who does not benefit economically from the transaction to provide such funding for an ISH. Furthermore, under the ISH structure, the contributor of the equity (“**Kikin**”) into the ISH does not have any voting rights of the ISH (only the members of the ISH, in this case, two certified public accountants from TKAO, will have voting rights in the ISH). The members do not owe any legal duty to the sponsor and accordingly, the members of the ISH should not be influenced by the sponsor. The unique nature of an ISH allows for the creation of a bankruptcy-remote vehicle and therefore it is quite customary in Japanese structured finance transactions to use an ISH as the sole member of the GK, whose Kikin is funded by the sponsor. In this case, the Sponsor had initially injected funds necessary for the maintenance of the ISH for the first ten years and thereafter, intends to continue to fund the ISH. Notwithstanding that the Sponsor injects funds into the ISH, from both a contractual and fiduciary perspective, the TK Operator will have to give effect to the exercise of the veto rights of the TK Investor under the TK arrangement.

3 Under the FIEA, TK contributions are treated as “securities”, and entering into a TK agreement with a limited number of investors (in this case, the Sponsor and Mizuho Securities) constitutes “private placement” of securities (issuance of the TK contributions). In engaging in “private placement”, the SPC will be subject to certain regulations under the FIEA, including the appointment of a licensed dealer (which is Daiwa Securities in this case) to deal with such placement for the SPC, whereby the licensed dealer solicits for the TK contributions from those investors.

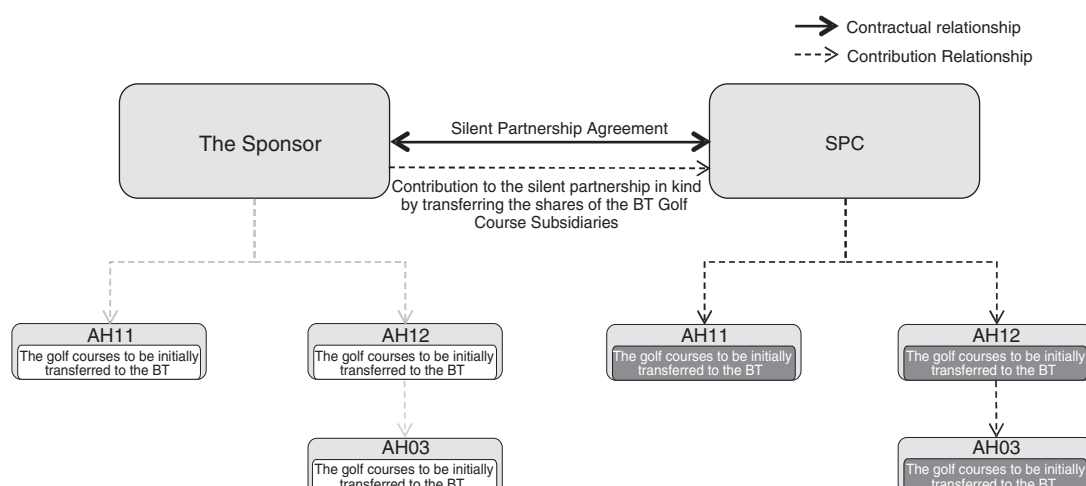
(g) the Amount Paid to the BT is expected to be not less than SGD1,056,599,000.

Once the TK Contributions becomes effective, the Sponsor, as the Original TK Investor, will obtain the TK Interests in the TK Business and the BT Golf Course Subsidiaries will become wholly-owned subsidiaries of the SPC.

Concurrent with the TK Contributions made by the Original TK Investor, a Qualified Institutional Investor will also make the TK contributions to satisfy certain regulatory requirements under the FIEA. (See “The Business of Accordia Golf Trust – Structure of Accordia Golf Trust – Overview of, Key Features of and Rationale for TK Structure – Mizuho Securities Co., Ltd. as the Qualified Institutional Investor” for details on TK contributions.) Daiwa Securities will be involved in dealing with the private placement of such TK contributions and will be paid a dealing fee of JPY10 million for this transaction as well the dealing of the private placement of the TK contributions made by the Original TK Investor.

In addition, concurrent with the TK Contributions, the Sponsor will extend a subordinated loan to the SPC which will be applied towards the TK Business. (See “Capitalisation and Indebtedness – Indebtedness – Subordinated loan from the Sponsor” for details on the subordinated loan)

Sponsor’s Silent Partnership Agreement



3. Merger between the SPC and the BT Golf Course Subsidiaries

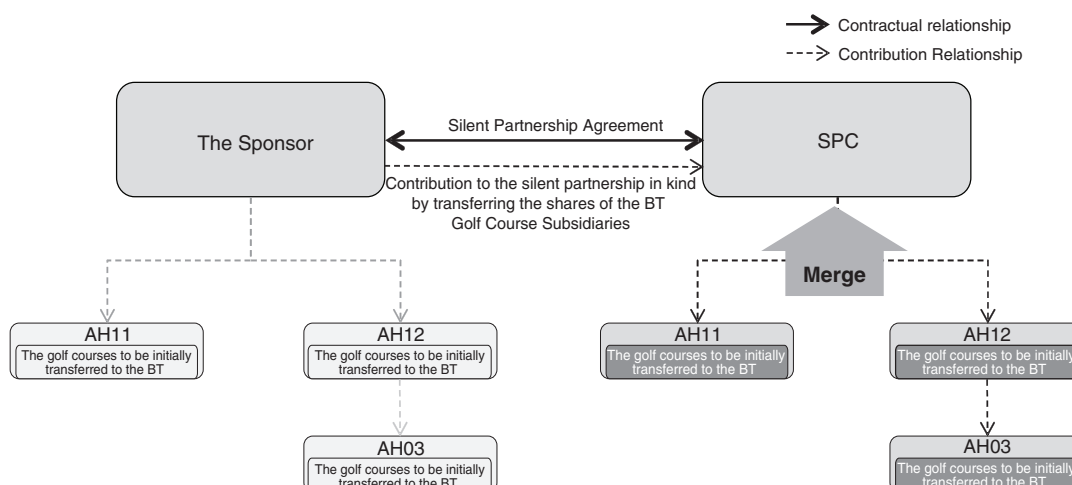
The SPC and the BT Golf Course Subsidiaries entered into a merger agreement, in accordance with which the BT Golf Course Subsidiaries will be merged into the SPC (the SPC after such merger, New SPC) on the TK Contribution Date (the “**Merger**”). The merger agreement was entered into on 27 June 2014, about one month before the TK Contribution Date. This one month period is necessary to conduct the creditor protection procedure required by the Companies Act of Japan. The merger agreement will only become effective when all of the following are satisfied:

- (a) the Corporate Split has become effective;
- (b) the assignment of shares in paragraph 1 above has been completed; and
- (c) the TK Contributions in paragraph 2 above has been made under the TK Agreement.

Concurrent with the Merger becoming effective, the employees of the Sponsor who engage in the day-to-day operations of the golf courses to be included in the Initial Portfolio will be transferred to New SPC. As an effect of the Merger, all agreements entered into by the BT

Golf Course Subsidiaries including land lease agreements with land owners will be succeeded to New SPC automatically. Accordingly, New SPC will become a party to those agreements as lessee without novation.

Merger between the SPC and the BT Golf Course Subsidiaries



4. Transfer of the TK Interests to AG Trust

The Sponsor as the Original TK Investor entered into the TK Interest Transfer Agreement with the Trustee-Manager on 27 June 2014 pursuant to which the Sponsor undertakes to transfer its TK Interests to the Trustee-Manager on the Listing Date, provided, *inter alia*, the following are satisfied:

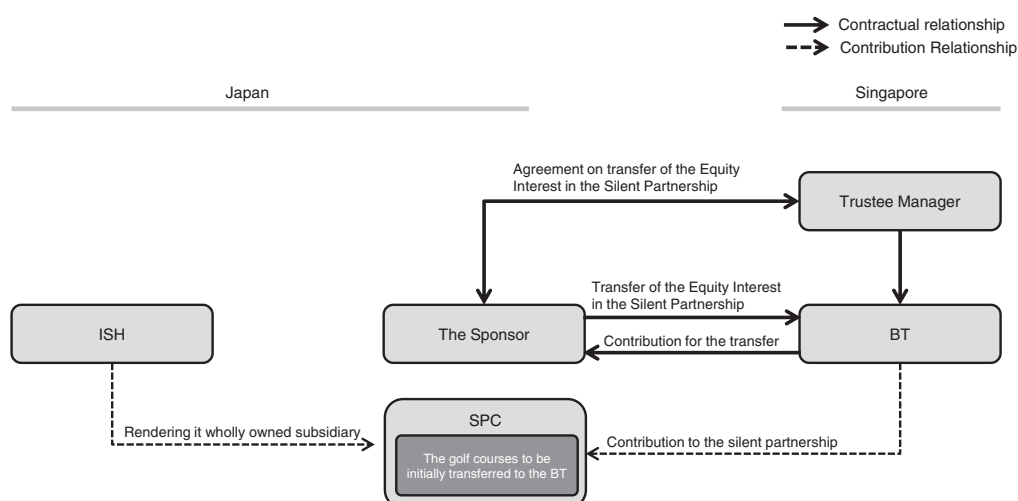
- the representations and warranties of the parties to the TK Interest Transfer Agreement set out in the TK Interest Transfer Agreement and the letter of representations and warranties and indemnity in (f)(ii) below are true and correct in all material respects;
- each of Accordia Golf and the Trustee-Manager, being the parties to the TK Interest Transfer Agreement have performed or observed their respective obligations to be performed or observed under the TK Interest Transfer Agreement in all material respects;
- no cause or event has occurred that may reasonably hinder or jeopardise the Listing;
- no cause or event has occurred that has a material adverse effect on the financial conditions, operating results, cash flow, business, assets, liabilities or future earnings plan of New SPC and its subsidiaries;
- all of the internal approvals, and governmental and regulatory permits and licences required by the Trustee-Manager for the execution of the transactions contemplated in the TK Interest Transfer Agreement or any matters incidental to such transactions or necessary for validating such transactions have been obtained;
- certain corporate documents including but not limited to the following have been delivered to the Original TK Investor or the Trustee-Manager, as the case may be:
 - a consent letter for the transfer of the TK Interests issued by New SPC (as the TK operator); or

- (ii) a letter of representations and warranties and indemnity in connection with the BT Golf Course Subsidiaries and the Initial Portfolio issued by the Original TK Investor and delivered to AG Trust;
- (g) the TK Contribution in paragraph 2 above has been made under the TK Agreement;
- (h) the Amount Paid to the BT is expected to be not less than S\$1,056,599,000;
- (i) all of the approval of the execution and performance of the TK Interest Transfer Agreement by the original TK Investor has been obtained from financial institutions required under the agreements to which the Original TK Investor is a party; and
- (j) the Underwriting Agreement has been entered into.

Once the transfer of the TK Interests becomes effective, all the rights and obligations of the Sponsor under the TK Agreement will be transferred from the Sponsor to the Trustee-Manager and the Trustee-Manager as TK Investor will accede to the status of the Sponsor as investor under the TK Structure.

Pursuant to the TK Interest Transfer Agreement, the Trustee-Manager will acquire the TK Interests from the Sponsor at a purchase consideration of S\$945 million¹, based on the valuation by the Independent Valuer using the discounted cash flow method, being JPY81,982 million (equivalent to approximately S\$1,006 million) as at 24 June 2014, and is net of net debt (comprising intercompany loans and lease obligations) and the value attributable to membership interests in New SPC. (See “Certain Agreements relating to Accordia Golf Trust – Tokumei Kumiai Interest Transfer Agreement” for details on the adjustments.)

Transfer of the TK Interests by the Sponsor to AG Trust



5. The Arrangement of the Pro-Shop Business

The golf-shop business (the “**Pro-Shop Business**”) will not be transferred to New SPC and will continue to be owned and operated by the Sponsor’s subsidiary (“**Pro-Shop Subsidiary**”).

¹ This is a provisional acquisition price based on the Maximum Offering Price and is subject to adjustment under the TK Interest Transfer Agreement based on the actual Offering Price, and subject to a minimum acquisition price of S\$913 million (based on the Minimum Offering Price).

The arrangement with respect to the Pro-Shop Business is as follows:

- (a) Pro-shop Subsidiary will operate the Pro-Shop Business in designated small areas in clubhouses of the Initial Portfolio Golf Courses.
- (b) In running the Pro-Shop Business, Pro-shop Subsidiary will outsource to New SPC some of the operations of pro-shops, including goods and inventory management, selling activities and revenue cash management. New SPC will manage the cash received as revenue from the Pro-Shop Business, and deliver the revenue cash to Pro-shop Subsidiary every month.
- (c) In return, Pro-shop Subsidiary will pay a commission fee comprising (i) 1.0%¹ of monthly revenue from the Pro-Shop Business and (ii) a fixed fee of JPY500,000 per pro-shop per year. The commission fee will cover New SPC's pro-shop related operational expenses and its running costs, including tax expenses.

The Pro-Shop Business comprises retailing of golf-related goods and is not considered to be an integral part of the golf courses. Moreover, it is, due to its retail nature, associated with risks unrelated to New SPC's golf course business, such as inventory risk. Under the Real Estate Specified Joint Enterprise Act of Japan (the "**RESJEA**"), in general, the TK Operator is not allowed to distribute earnings or profits generated from a "real estate related transaction" (such as rent income paid by a lessee to whom the TK Operator leases real estate) to the TK Investor unless the TK Operator is granted a license to be engaged in such business (the "**RESJEA License**") from the government. In this regard, the commission fee payable by Pro-shop Subsidiary to New SPC includes consideration for the use by Pro-shop Subsidiary of a space in New SPC's clubhouses or driving ranges, and there is the possibility that such portion of the commission fee may be regarded as the equivalent of "rent". Thus, in order for TK Operator, which does not have the RESJEA License², to fall outside of the regulations under the RESJEA, it would be safer for TK Operator not to distribute the commission fee income (i.e. equivalent of rent) to TK Investor.

Therefore, in order to be in compliance with RESJEA and to eliminate the risks unrelated to golf course business from New SPC, the outsourced Pro-Shop Business will be placed outside the scope of the TK Business and the commission fee income therefrom will not be distributed to AG Trust.

Rather, New SPC will retain the commission fee income to cover running costs, including tax expenses. Any surplus commission fee income after covering such running costs is expected to be minimal and will be retained in New SPC as retained earnings.

Given that the aforementioned risks in relation to the Pro-Shop Business (which is of a retail nature) are unrelated to the golf course business of New SPC, the arrangement relating to the Pro-Shop Business is not an interested person transaction of New SPC and AG Trust.

1 The rate of 1.0% is determined after having regard to the margins charged by other golf shop businesses.

2 There are various requirements and conditions that need to be satisfied for the government to grant the RESJEA License and it is impractical for New SPC to apply for the RESJEA License. For example, an applicant should be a company with more than JPY100 million capital and have the financial basis and personnel structure required for conducting the business in an appropriate manner. There is no assurance that New SPC can continue to satisfy those requirements.

THE BUSINESS OF ACCORDIA GOLF TRUST

OVERVIEW

AG Trust is the first business trust with an initial portfolio comprising investments in golf course assets in Japan to be listed on the SGX-ST.

AG Trust's sponsor is Accordia Golf Co., Ltd, a leading operator of golf courses in Japan listed on the Tokyo Stock Exchange which currently operates 135 golf courses (of which 132 are owned by the Sponsor prior to the transfer of the TK Interests), together accounting for approximately 5.5% of Japan's golf courses as of March 2013 (see table "Market Share of Golf Course Operators as at March 2013").

The Trustee-Manager, an entity which is 49.0% held by the Sponsor and 51.0% held by the TM Partner, will manage AG Trust's business with the key objectives of investing in golf courses, driving ranges and golf course related assets worldwide, with an initial focus on Japan, that are able to generate long-term, stable cash flows, while paying continuous distributions to Unitholders and maximising long-term investment returns of Unitholders by generating long-term capital value growth through future acquisitions.

The TM Partner, which is also the Asset Manager, is a wholly-owned subsidiary of Daiwa Securities Group. The TM Partner is currently the asset manager of Daiwa Office Investment Corporation (J-REIT), which was founded in 2005 and is listed on the Tokyo Stock Exchange. Subsequently, the TM Partner was granted a licence for Investment Advisory and Agency Business in 2010 and has been expanding its business by conducting investment advisory and agency business.

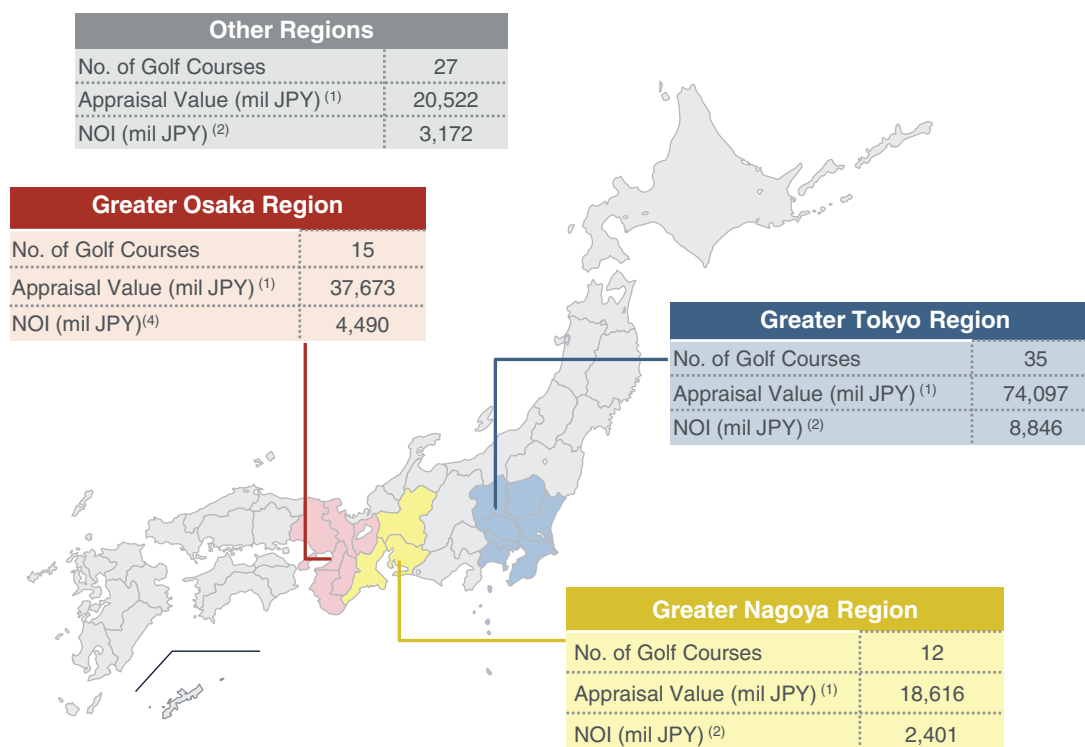
The Trustee-Manager believes that the key investment highlights and competitive strengths of AG Trust include, among others, its initial portfolio of investments in income-generating stabilised golf courses and driving ranges capable of generating a steady and attractive yield, a well-diversified Initial Portfolio with low customer concentration risk and high barriers to entry in the golf course market, strong support from the Sponsor which has a proven track record of golf course management and operations in Japan and the Trustee-Manager's highly experienced management team.

AG Trust's principal investment strategy is to invest, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses, driving ranges and golf course related assets worldwide, with an initial focus on Japan. For the avoidance of doubt, "golf course related assets" means assets which are located on the golf courses and driving ranges and integral to the golf course business, including golf club houses and hotels. AG Trust will not be involved in the business of developing golf courses or developing or acquisition of hotels or hotel businesses which are not related to any golf course business.

In connection with the Offering and prior to the Listing Date, the Trustee-Manager (on behalf of AG Trust) will acquire from the Sponsor, pursuant to the execution of a TK Interest Transfer Agreement, the TK Interests in New SPC, which will hold the 89 golf courses comprising the Initial Portfolio.

The map below shows the locations of the golf courses in the Initial Portfolio.

The Location of the Initial Portfolio Golf Courses



(1) Appraisal Value data is as of 30 September 2013.

(2) Period of the fiscal year ending 31 March 2013.

Source: CBRE and Tanizawa

KEY INVESTMENT HIGHLIGHTS AND COMPETITIVE STRENGTHS

The Trustee-Manager believes that an investment in AG Trust offers Unitholders:

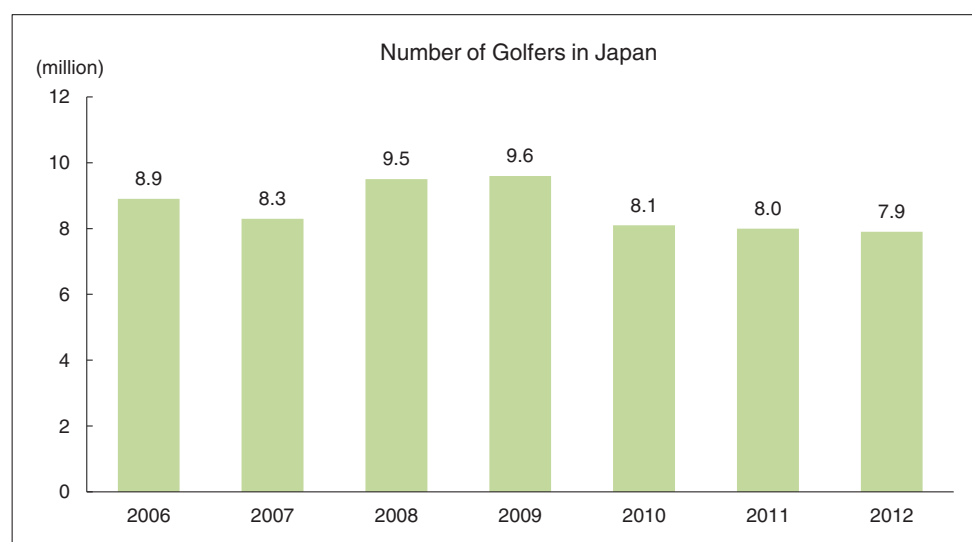
(I) A unique opportunity to invest in the first SGX-ST listed business trust with an initial portfolio comprising golf course assets located in Japan

AG Trust is the first business trust to be listed in Singapore with an asset portfolio comprising the golf course business. AG Trust will provide Unitholders with a unique opportunity to invest in a new asset class, providing access and exposure to the Japan golfing market and an acquisition platform that delivers growth opportunities in the golfing sector.

(II) Access and exposure to the golf course industry in Japan

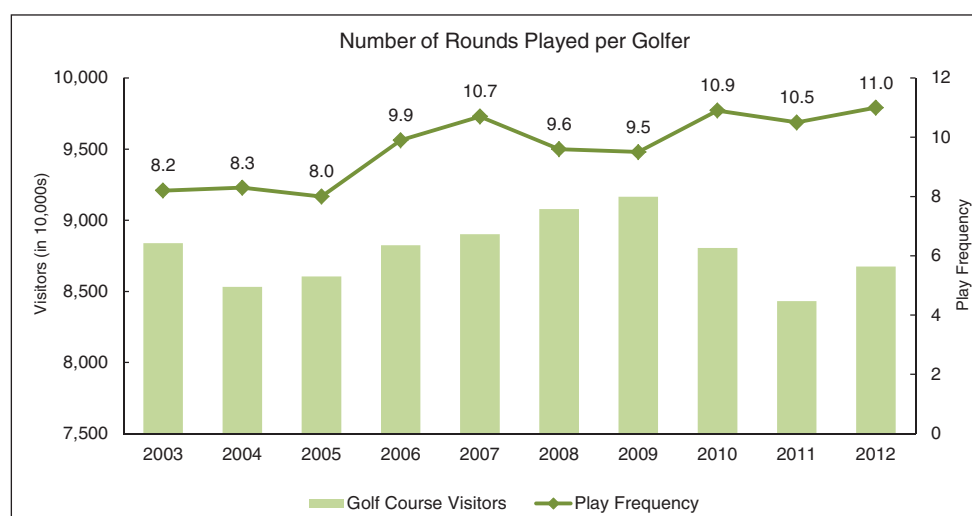
(a) Stability and growth potential of golf course industry in Japan

Japan is the third largest golf market in the world with over 2,405 golf courses and 3,425 driving ranges as at February 2013. The number of golfers in Japan is approximately 7.9 million as at the end of 2012 and golf is one of the recreational sports enjoyed in Japan. Demand for golf courses has remained stable in recent years (see graph below – “Number of Golfers in Japan”).



(See Appendix G – “Independent Report on the Golf Course Industry”).

The emergence of Japanese professional golfers such as Ai Miyazato, Ryo Ishikawa and Hideki Matsuyama, has fostered the Japanese public’s awareness of golf and increased the appeal of the game in recent years, and during the same period, there has been an increase in the number of rounds played per golfer. (see graph “Number of Rounds Played per Golfer”).

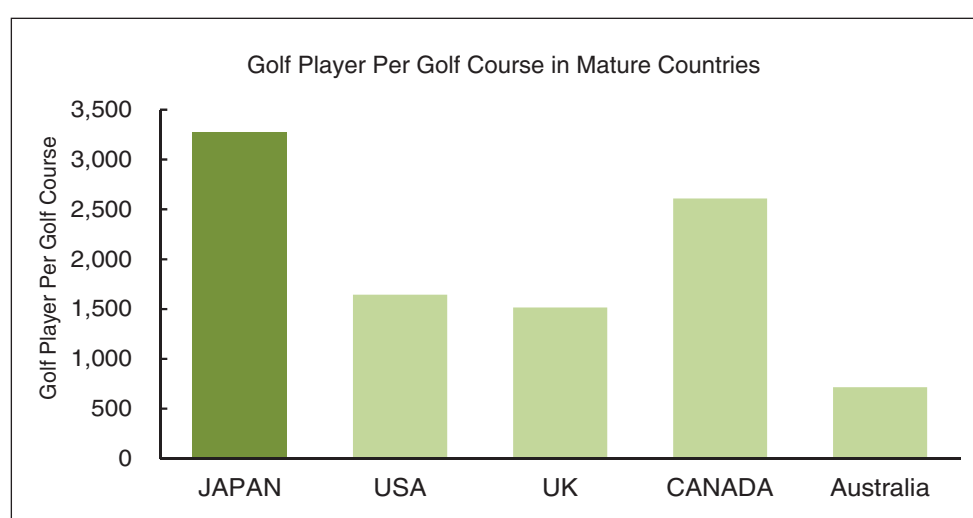
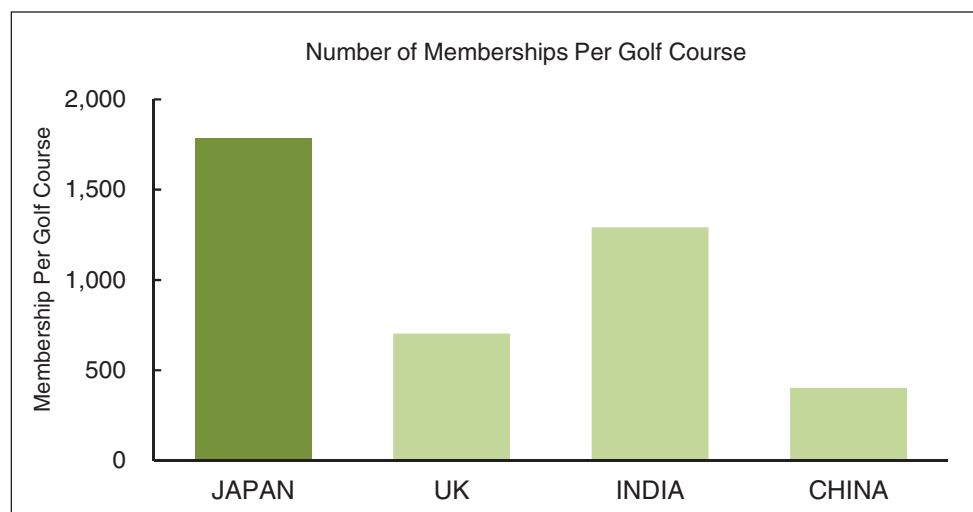


(See Appendix G – “Independent Report on the Golf Course Industry”).

In comparison with other mature golf markets, Japan has relatively few golf courses for the size of its golf playing population. Both the average number of members and the average total number of players (both member and non-member) per golf course are higher in Japan than in other countries. (See graphs – “Number of Memberships Per Golf Course”¹ and “Golf Players per Golf Course in Mature Countries”².) Consequently, demand for and utilisation of golf courses in Japan has remained relatively stable over time.

1 As of 2010 for Japan and as of 2008 for each of UK, India and China, being the most recent year for which relevant data is available.

2 As of 2012 for each of Japan, US and UK, 2012 for Canada and 2008 for Australia, being the most recent year for which relevant data is available.



(See Appendix G – “Independent Report on the Golf Course Industry”).

In addition, the Trustee-Manager believes that the demand for golf, and consequently for the courses owned by AG Trust, will benefit from the possible economic recovery across Japan as a result of Abenomics, an economic growth strategy introduced by the government of Prime Minister Shinzo Abe. Japan’s golf market has consistently exhibited a strong positive correlation with the underlying condition of the economy. Improved economic conditions result in higher discretionary income, which translates into greater numbers of visitors and higher sales at golf courses.

Japanese baby boomers are now in their sixties and approaching retirement. Because they will have more time in retirement to play golf, demand from this segment of players is expected to be a driver of growth in future. Additionally, the return of golf to the Olympic games in 2016 is expected not only to improve the appeal and popularity of golf but also to increase world-wide coverage and sponsorship of golf events. Tokyo will also be hosting the 2020 Summer Olympics which will further enhance the visibility of golf and golf courses in Japan. This added exposure comes at an opportune time when a growing number of women and young people are showing an interest in the game and could help promote the growth of these new and undeveloped market segments.

Furthermore, the depreciation of the yen, the deregulation of visa-related procedures, the proposal to legalise casinos in Japan and the Olympic Games could contribute to growth in tourism and an increase in golf course usage in Japan.

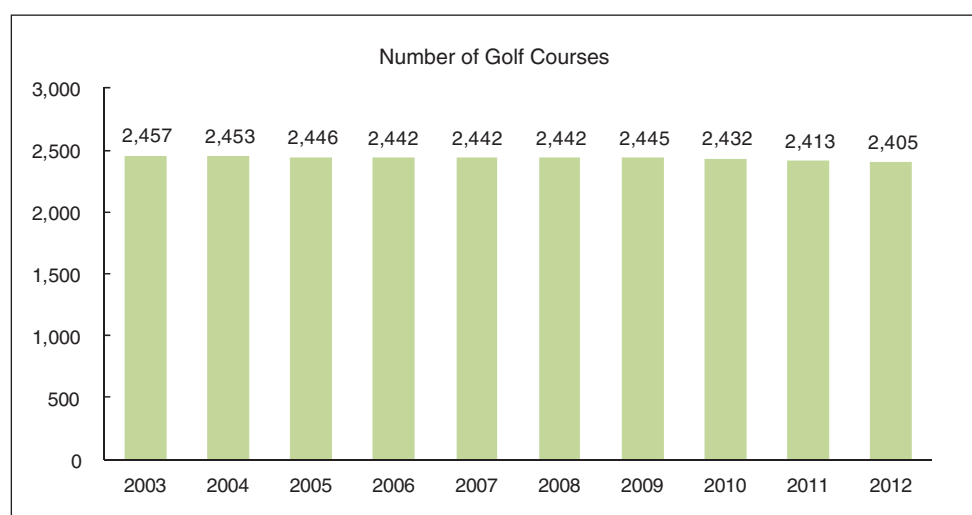
The Trustee-Manager believes that the stability and growth potential of the golf course industry in Japan is likely to lead to sustainable and stable distributions to Unitholders with potential for growth.

(See “Appendix G, Independent Report on the Golf Course Industry”.)

(b) High barriers to entry in the golf course market

Land cost remains high in Japan and a typical golf course will require 50 to 80 hectares of land due to the hilly nature of golf course land in Japan. According to CBRE, the current cost of constructing an average golf course in Japan is at least US\$50.0 million to US\$60.0 million (approximately JPY5 billion to JPY6 billion). However, in light of decreasing membership prices, it is generally difficult to recover that cost from the sale of memberships and other golf course revenues. Accordingly, most golf course sales are transacted at below replacement value in Japan¹, and no new golf course development has taken place in the past few years.

The market competition, maintenance expertise and economies of scale required have also made it increasingly hard for potential new entrants to successfully enter the market in recent years. In addition, there is an increasing number of golf courses located in remote areas which are being closed or converted to other uses, including large-scale solar power plants, contributing to a decrease in the total number of golf courses in Japan (see graph “Number of Golf Courses”). As such, golf courses with greater competitive advantages are better positioned to attract visitors and capture demand.



(See Appendix G – “Independent Report on the Golf Course Industry”.)

¹ As this is relevant only if an entity constructs and develops golf courses, such a risk is not relevant to AG Trust as AG Trust’s investment mandate is to invest in stabilised, income-generating golf courses, driving ranges and golf course related assets, and will not be involved in the business of developing golf courses.

(III) Quality initial portfolio of golf courses to provide stable and attractive yield

(a) A well-diversified and balanced initial portfolio with low customer concentration risk

The Initial Portfolio is well-diversified geographically across Japan, being spread across seven regions in Japan. Based on the total number of Initial Portfolio Golf Courses, the geographical breakdown of the Initial Portfolio is as follows: 3.4% in the Chugoku region¹, 5.6% in the Hokkaido and Tohoku regions², 7.9% in the Hokuriku, Tokai and Koshinetsu regions³, 13.5% in the Kyushu and Okinawa regions⁴, 13.5% in the Greater Nagoya Region⁵, 16.9% in the Greater Osaka Region⁶ and 39.3% in the Greater Tokyo Region⁷. The majority of the Initial Portfolio Golf Courses are widely distributed across the three largest metropolitan areas in Japan (see (III)(b) below) in a well-balanced manner, catering to the customers in these highly populated areas. This geographical diversification also minimises the impact on the overall performance of AG Trust from any adverse weather conditions occurring in a single location, state or region, any changes in regulations or regulatory policies by the authorities in a particular state, any drop in demand in a particular region and any other localised adverse conditions. Further, no single Initial Portfolio Golf Course accounts for more than 6.0% of the aggregate appraised values as at 30 September 2013 of the Initial Portfolio Golf Courses.

As AG Trust's portfolio grows, it is anticipated that AG Trust may in future pursue opportunities to invest in golf courses, driving ranges and golf course related assets, whether located in Japan or elsewhere globally which fit within its investment strategy of stabilised, income-generating golf courses, driving ranges and golf course related assets.

(b) Portfolio located mainly in the three largest metropolitan areas in Japan with good access from densely populated cities

The population in Japan is unevenly distributed, with the majority located in the Greater Tokyo Region, the Greater Nagoya Region and the Greater Osaka Region, which are the three largest metropolitan areas in Japan. Golf courses located in these densely populated areas, as compared to other regions, are generally able to attract more visitors and generate higher revenue. These areas have better developed and well-maintained transport infrastructures and can be conveniently accessed by customers. In addition, weather conditions are more stable (for instance, shutdown periods due mainly to snowfalls are shorter). The above factors contribute to the ability to attract more users and allow for higher and more stable revenues. Further, liquidity of these assets will be higher in the event of a sale, as compared to those located in regions outside of the three largest metropolitan areas in Japan.

1 The Chugoku region includes the Hiroshima and Yamaguchi prefectures.

2 The Hokkaido and Tohoku regions include Hokkaido, Miyagi and Yamagata prefectures.

3 The Hokuriku, Tokai and Koshinetsu regions include Niigata and Ishikawa prefectures.

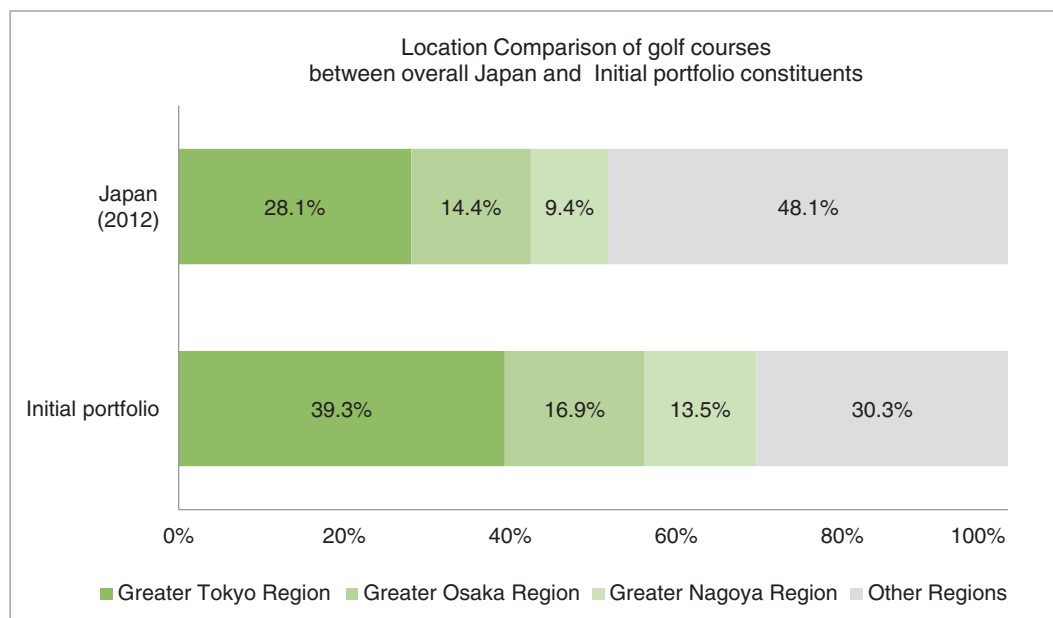
4 The Kyushu and Okinawa regions include Fukuoka, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures.

5 The Greater Nagoya Region comprises Aichi, Gifu and Mie prefectures.

6 The Greater Osaka Region comprises Shiga, Kyoto, Nara, Osaka, Wakayama and Hyogo prefectures.

7 The Greater Tokyo Region comprises Ibaraki, Tochigi, Gunma, Saitama, Chiba and Kanagawa prefectures and Tokyo Metropolis.

69.7% of the Initial Portfolio Golf Courses are located in the Greater Tokyo Region, the Greater Nagoya Region and the Greater Osaka Region. This percentage indicates that, as compared to the geographical distribution of golf courses across Japan, the Initial Portfolio consists of a greater proportion of golf courses in these highly populated areas which are more easily accessible (see graph “Location comparison of golf courses between overall Japan and Initial Portfolio constituents”).



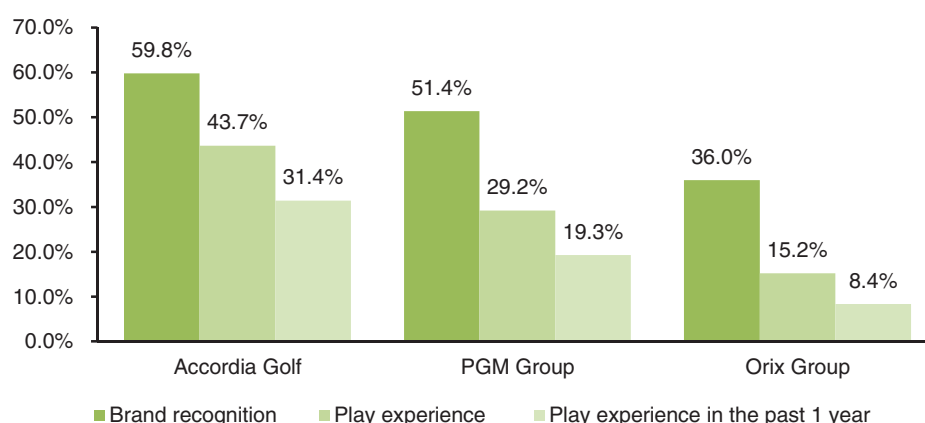
(See Appendix G – “Independent Report on the Golf Course Industry”).

Further, AG Trust aims for stable growth in revenue of the Initial Portfolio Golf Courses, and accordingly, the three largest metropolitan areas are considered to be high priority regions. Based on the appraised values of the Initial Portfolio Golf Courses as at 30 September 2013, 86.4% of the golf courses are located in the three largest metropolitan areas in Japan.

(c) Initial portfolio of income-generating stabilised golf courses and golf course related assets capable of generating a steady and attractive yield

The Initial Portfolio Golf Courses will be operated under the “Accordia” brand. The “Accordia” brand represents casual and enjoyable golfing, targeting a wide demographic range of golf players. “Accordia” brand golf courses are distinguished from other golf courses by, *inter alia*, consistent well-maintained course conditions and reasonable playing fees and meal charges. Based on a survey of 2,000 golf players, “Accordia” brand’s recognition among the golf players in Japan is the highest among the three major golf course operators in Japan (See graph “Brand Recognition and Play Experience Survey of the Three Major Golf Course Operators In Japan”).

Brand Recognition and Play Experience Survey of the Three Major Golf Course Operators In Japan



Note: Based on the internet survey of 2,000 people who played golf in the most recent one year done by MACROMILL, INC in 9/2013. The survey was commissioned by the Sponsor as part of its annual survey on the trend of golfers. MACROMILL, INC has not provided its consent, for purposes of Section 2821 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Also, the loyalty card programme for “Accordia” brand golf courses has been used to enhance customer attraction and retention. Such positioning and targeting strategies of “Accordia” brand golf courses, together with the customer loyalty card programme, contribute to the high utilisation rate of the Initial Portfolio Golf Courses of 75.9% on average in FY2013. In addition, the “Accordia” brand golf courses tend to be more resilient to any economic downturn given their relatively reasonable fees and cost efficient operations.

By virtue of the strong brand recognition in the industry and ability of the “Accordia” brand to attract customers, the Initial Portfolio Golf Courses have generated stabilised revenue and income. Further, the Initial Portfolio Golf Courses have varying features and are distinguishable from competing golf courses. See for example the description of the Otsu Country Club Course under “The Business of Accordia Golf Trust – The Initial Portfolio – Top 10 Golf Courses”.

AG Trust’s initial portfolio of income-generating stabilised golf courses in Japan, coupled with the strategic locations of the geographically well-diversified Initial Portfolio Golf Courses, is expected to deliver a stable distribution income and steady and attractive yield to the Unitholders.

(See “Profit and Cash Flow Forecast” and the various assumptions set out therein.)

(IV) Strong growth opportunities

(a) Strong external growth opportunities based on visible pipeline

To demonstrate its support for AG Trust, the Sponsor has granted AG Trust (i) a right of first refusal over any golf course business to be acquired or disposed by the Sponsor which falls within AG Trust’s investment mandate, (ii) certain rights to initiate discussions with the Sponsor and (iii) certain undertakings to offer, and a call option

over, the existing and future golf course business which are held by the Sponsor, operated under the “Accordia” brand. (See “Certain Agreements Relating to Accordia Golf Trust – ROFR to the Trustee-Manager”).

There are 2,405 golf courses in Japan as at 28 February 2013, of which only 295 or 12.3% are affiliated to major golf course operators¹. Many golf courses without the backing of established franchises such as major golf course operators are disadvantaged when competing with golf courses under the support of a major operator. These unfranchised operators may find it necessary to sell their golf courses whether as part of a legal liquidation procedure due to poor business performance, or on a voluntary basis, especially the golf courses held by large companies as a non-core business (See table “Market Share of Golf Course Operators as at March 2013” and graph “Disposal and Legal Liquidation of Golf Courses Each Year in Japan”).

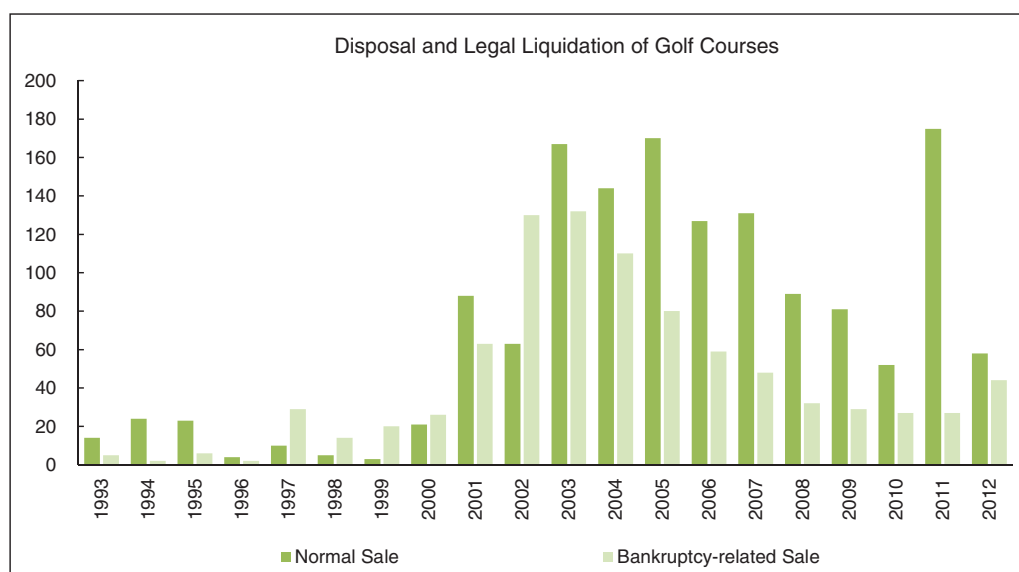
Market Share of Golf Course Operators as at March 2013

Company Name	No. of Golf Courses	No. of Holes	Market Share
Accordia Golf	133	2,797	5.5%
PGM Group	122	2,664	5.1%
OrixGroup	40	837	1.7%
Ichikawa Landscape Gardening Group	34	675	1.4%
Seibu Group	28	675	1.2%
Tokyu Group	26	522	1.1%
Cherry Golf Group	23	423	1.0%
Unimat Group	19	351	0.8%
Taiheyo Club	17	333	0.7%
Chateraise	14	288	0.6%
Resort Trust	13	288	0.5%
Kamori Kanko	12	252	0.5%
RESOL	12	252	0.5%
Tokyo Tatemono (JGolf)	12	243	0.5%
GCEGroup	11	234	0.5%
Hotel Monterey Group	11	198	0.5%
Akechi Club & Boso Country Club Group	10	297	0.4%
JGM Golf Group	10	216	0.4%
Dailysha Group	10	216	0.4%
Daiwa House	10	189	0.4%
Shin Nihon Kanko	9	243	0.4%
Adachi Group	9	207	0.4%
OGI Group	9	171	0.4%
Kajima Corporation	7	138	0.3%

Note: (1) 133 golf courses held by Accordia Golf calculated on the basis that Otsu Country Club is calculated as two courses (Otsu higashi and Otsu nishi) and Accordia Golf Garden is not counted.

¹ Major golf course operators include PGM and ORIX Group, which are the second and third largest golf course operators as of March 2013.

Disposal and Legal Liquidation of Golf Courses Each Year in Japan



(See Appendix G – “Independent Report on the Golf Course Industry”).

Having capitalised on these takeover opportunities, the Sponsor has acquired as many as 59 golf courses between FY2006 to FY2013, and is expected to continue acquiring courses in future:

Total Number of Golf Courses Owned by the Sponsor as at the end of:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
91	103	125	125	128	132	131	133

Number of Golf Courses Newly Acquired by the Sponsor in:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
0	12	22	5	7	4	4	5

Number of Golf Courses Sold by the Sponsor in:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
0	0	0	5	4	0	5	3

While the Sponsor intends to continue taking over golf courses, the Sponsor is also prepared to continue selling its golf courses to AG Trust, including those newly acquired and turned around, as part of its asset-light management strategy (see “The Sponsor”).

As at the Latest Practicable Date, the Sponsor has identified 26 golf courses held by the Sponsor and operated under the “Accordia” brand which could potentially be offered to AG Trust when the income of these golf courses has reached a suitably stabilised level or when the property issues in respect of such golf courses have been resolved. (See table “Pipeline Golf Courses held by Sponsor (under the “Accordia” brand)” below). Pursuant to the right of first refusals, undertakings to offer and call options, these existing golf courses, together with the golf courses the Sponsor acquires in the future, provide a wealth of opportunities for AG Trust’s external growth through the acquisition of additional golf courses.

Pipeline Golf Courses held by Sponsor (under the “Accordia” brand)

No.	Name of Golf Course	Location
Greater Tokyo Region		
1.	Saitama Golf Club	Iruma-Gun, Saitama
2.	Toride Sakuragaoka Golf Club	Toride-Shi, Ibaraki
3.	Minami Ichihara Golf Club	Ichihara-Shi, Chiba
4.	Boshu Country Club	Tateyama-Shi, Chiba
5.	Kanto Kokusai Country Club	Haga-Gun, Tochigi
6.	Suifu Golf Club	Hitachiota-Shi, Ibaraki
7.	Kazusa Country Club	Ichihara-Shi, Chiba
8.	Kasumidai Country Club	Inashiki-Shi, Ibaraki
Greater Osaka Region		
9.	Yamanohara Golf Club	Kawanishi-Shi, Hyogo
10.	Yashiro Tojo Golf Club	Kato-Shi, Hyogo
11.	Sakai Country Club	Sakai-Shi, Osaka
12.	Inagawa Kokusai Country Club	Kawabe-Gun, Hyogo
13.	Inagawa Green Country Club	Kawabe-Gun, Hyogo
14.	Loveam Shirahama Golf Club	Nishimuro-Gun, Wakayama
Greater Nagoya Region		
15.	Suzukanomori Golf Club	Suzuka-Shi, Mie
Other Regions		
16.	Hiroshima Asa Golf Club	Hiroshima-Shi, Hiroshima
17.	Kaho Golf Club	Iizuka-Shi, Fukuoka
18.	Fukui Country Club	Sakai-Shi, Fukui
19.	Echizen Country Club	Arawa-Shi, Fukui
20.	Otsuki Garden Golf Club	Tsuru-Shi, Yamanashi
21.	Chitose Country Club	Chitose-Shi, Hokkaido
22.	Liberal Hills Golf Club	Futaba-Gun, Fukushima
23.	Palm Hills Golf Resort Club	Itoman-Shi, Okinawa
24.	Onahama Ocean Hotel & Golf Club	Iwaki-Shi, Fukushima
25.	Miyagino Golf Club	Watari-Gun, Miyagi
26.	Ishikawa Golf Club	Kawakita-Gun, Ishikawa

Liberal Hills Golf Club, Onahama Ocean Hotel & Golf Club and Miyagino Golf Club under the table “Pipeline Golf Courses held by Sponsor (under the “Accordia” brand)” above were affected by the Great East Japan Earthquake and resultant tsunami and nuclear power plant accident which took place in March 2011. Liberal Hills Golf Club was affected by the nuclear power plant accident at the Fukushima Nuclear Plant as it is within the evacuation zone, for which the Sponsor has not received compensation from TEPCO, and as a result of which it is not currently in operation. While Onahama Country Club did not sustain damage from the nuclear power plant accident or the Great East Japan Earthquake in 2011, revenues had suffered as a result of the adverse effect on the reputation of the region, for which the Sponsor has received compensation from TEPCO. While it was not affected by the nuclear power plant accident, Miyagino Golf Club also sustained earthquake damage at the ninth hole, as a result of which the club is currently operating only 18 of its 27 holes.

In any case, the Trustee-Manager will only acquire stabilised golf courses from the Sponsor's pipeline that meet its investment objectives.

(b) Internal growth opportunities

The Sponsor, as the leading golf course operator in Japan, has been maximising profits by offering optimum prices to golf course users through optimum capacity utilisation, along with other novel services related to golfing and tied to branding. As a result, the Sponsor has achieved enhanced profitability of the golf courses acquired by it thus far, by turning them around based on its experience in the management of golf courses. For further details, see "The Sponsor".

Pursuant to the Golf Course Management Agreement under which the Sponsor will provide golf course management and other services in respect of the Initial Portfolio Golf Courses, AG Trust will be in a position to fully capitalise on the Sponsor's strengths, such as its network, customer base and existing strategies in increasing the revenue of the Initial Portfolio Golf Courses managed and operated by the Sponsor. The Sponsor will, going forward, also further expand its business to cater to the growing demand brought about by macro economic factors, such as economic recovery of Japan and the expectation of an increase in demand from the older generation, an increase in tourism and an increase in the golfing population brought about by golf returning as an Olympic sport (see – "Access and exposure to the golf course industry in Japan – Stability and growth potential of golf course industry in Japan"). Further strengthening of earning power of the Initial Portfolio can be achieved through the implementation of various streamlining measures, including operational cost optimisation and administrative rationalisation.

Specifically, the Sponsor intends to focus on golf courses held by AG Trust that have higher operational costs relative to sales in order to improve profitability. The Sponsor also intends to utilise the following measures to achieve such a reduction in overall costs:

- (i) Promotion of self-service and automation;
- (ii) Turning labour charges into variable costs through outsourcing of processes along with deployment of part-time workers;
- (iii) Pooling of human resources between course managing departments; and
- (iv) Streamlining of food preparation processes, including implementation of no-cook procedures.

At the same time, cost cutting measures will be pursued. Administrative work in relation to the golf courses will be centralised at the administration centre and collective procurement initiatives will be undertaken to reduce purchase prices.

(V) Sponsor's comprehensive support under the Sponsor Support Agreement

The Sponsor is the leading golf course operator in Japan, with golf courses operated by the Sponsor accounting for approximately 5.5% of Japan's golf courses as at March 2013 (see table "Market Share of Golf Course Operators as at March 2013"), mostly distributed in the heavily populated three largest metropolitan areas or major regional urban centres. The total number of golf course visitors to the Sponsor's golf courses was 7.8 million from April 2012 to March 2013.

AG Trust will outsource the management and operation of the golf course assets held by AG Trust to the Sponsor, the leading golf course operator in Japan, thereby capitalising on the Sponsor's business experience and know-how.

This relationship between the Sponsor and AG Trust will be complementary, whereby AG Trust will primarily invest in golf courses and golf course related assets while the Sponsor focuses on the operation and acquisition of the golf courses and golf course related assets which may not have stabilised in profitability. The Trustee-Manager believes that AG Trust will be able to leverage on the Sponsor's established network of relationships and extensive knowledge in the Japan golf course industry to strengthen AG Trust's operations.

AG Trust will leverage on the expertise, know-how and experience of the Sponsor in golf course management, the strong brand awareness of the Sponsor in the golf course management industry, as well as established value chains associated with golf courses held by the Sponsor. To this end, AG Trust has entered into the Sponsor Support Agreement with the Sponsor, which consolidates the support from the Sponsor in various aspects, some of which are set out below:

(a) A support framework to enhance profits through organic growth

The operation of the Initial Portfolio is delegated to the Sponsor pursuant to the Golf Course Management Agreement, under which the Sponsor shall apply its operational expertise and know-how to enhance the profitability of golf courses and ensure stability in its operations.

(b) A support framework to grow AG Trust's asset portfolio through inorganic acquisition opportunities

To demonstrate its support towards the growth of AG Trust, the Sponsor has also granted a right of first refusal, a right to initiate discussions, certain undertakings to offer and a call option to New SPC or AG Trust, subject to certain terms and conditions, which provides New SPC or, as the case may be, AG Trust with access to future acquisition opportunities and a visible pipeline of golf courses and golf course related assets.

(c) Provision of human resources and know-how to the Trustee-Manager

In order for the Trustee-Manager to be able to tap on the Sponsor's knowledge and know-how regarding golf course management and operations required for conducting asset management business, the Sponsor will cooperate with the Trustee-Manager to provide human resources as required.

(d) AG Trust will leverage on the Sponsor's network of relationships with financial institutions

AG Trust will leverage on the Sponsor's existing relationships with the major financial institutions to seek favourable terms for its financing activities, which include the refinancing of existing loans, risk hedging and financing the acquisition of new golf courses.

(VI) Sponsor's strong network of relationships with financial institutions and AG Trust's conservative capital structure to support future growth

In order to facilitate the steady growth of, as well as efficient and stable investment of assets under management, AG Trust, New SPC and the special purpose vehicles which may be newly formed for the purpose of further acquisitions of golf course assets after the Listing may borrow funds or issue bonds for the purposes of, *inter alia*, future acquisition of assets, funding future capital expenditures or debt repayments.

In order to finance part of the purchase consideration of the Initial Portfolio, New SPC is scheduled to borrow funds from nine major banks in Japan at a relatively favourable rate, which is possible due to the favourable relationships between the Sponsor and these major financial institutions.

As at Listing Date, AG Trust is expected to have gross borrowings of JPY45,500 million (equivalent to approximately S\$558 million) with an LTV¹ ratio of 30.2%. The Trustee-Manager believes that AG Trust's conservative capital structure supports the stability in its operations and cash flows, and provides a buffer against potential volatility in the debt financing market, while positioning AG Trust to effectively pursue future acquisitions on attractive terms.

In addition, with the current capital structure of an LTV ratio of 30.2%, AG Trust has the debt headroom to utilise further debt financing for the acquisition of additional golf courses rather than relying only on equity fund raising. This provides AG Trust with the financing flexibility to capitalise on acquisition opportunities in an expedient manner should such opportunities arise.

(VII) Alignment of interest between Sponsor and Unitholders

The Sponsor intends to support and grow AG Trust over the long-term. The Sponsor will, immediately following the completion of the Offering, be the largest Unitholder, holding an aggregate of 28.85% of the Units upon listing of AG Trust (assuming the Over-Allotment Option is not exercised) or an aggregate of 25.10% of the Units upon listing of AG Trust (assuming the Over-Allotment Option is exercised fully), demonstrating the alignment of its interests with those of the Unitholders. The Sponsor intends to maintain its stake in AG Trust and will demonstrate its commitment to AG Trust by participating in future equity issuances by AG Trust where appropriate.

The Sponsor has also agreed to a (i) lock-up arrangement during the First Lock-up Period in respect of the Lock-up Units and (ii) a lock-up arrangement during Second Lock-up Period in respect of 50% of the Lock-up Units, subject to certain exceptions.

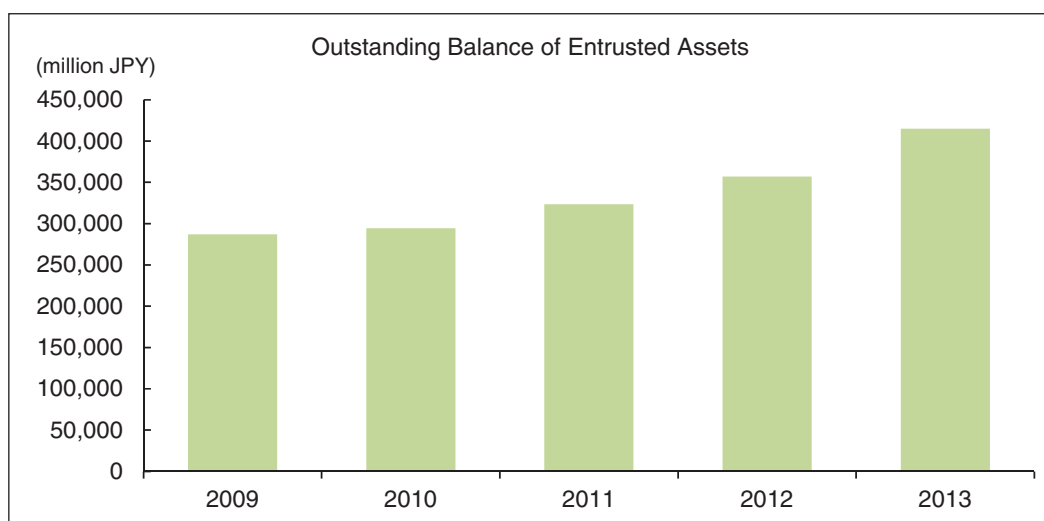
With regard to the fees payable to the Trustee-Manager in accordance with the Trust Deed, AG Trust will employ a performance fee structure for part of the management fees, which is linked to the turnover and net operating income of the Initial Portfolio. This structure gives the Sponsor an incentive to maximise the equity value of AG Trust.

The fees to be paid to the Sponsor under the Golf Course Management Agreement comprise a corporate fee of JPY2,750,000 per 18 holes and JPY1,000,000 per golf driving range per month and a variable fee that consists of 3% of turnover, 5% of incremental operating profits and 60.0% of admission fees received during the relevant month from new members.

¹ LTV: Debt amount/Total appraisal value of the Initial Portfolio. (The LTV ratio of 30.2% is arrived at by using the total real estate appraisal value as at 30 September 2013 of the Initial Portfolio by each of the Independent Real Estate Appraisers.)

(VIII) Collaboration with Daiwa Securities Group, which is highly experienced in asset management

Daiwa Real Estate Asset Management Co. Ltd., the real estate asset management arm of Daiwa Securities Group, will be appointed as the asset manager. The Asset Manager has a strong governance framework and has a proven track record and extensive experience in the management of listed REITs, having been engaged as a real estate asset manager of J-REITs since 2005 (see table “Outstanding Balance of Entrusted Assets”).



Daiwa Real Estate Asset Management Co. Ltd. is licensed as a FIBO by the FSA to provide investment management, advisory and agency services and is subject to the supervision of the FSA in its conduct of these activities.¹

(IX) The Trustee-Manager’s highly experienced management team

The Trustee-Manager’s management team has significant experience in Japan’s golf course industry and the golf course management business. The Trustee-Manager believes that its senior management’s knowledge and experience are important elements which will contribute to the success of AG Trust.

Specifically, the CEO, Mr Yoshihiko Machida, has extensive experience in general management and is very familiar with the golf course management business. He spent the last 10 years working in senior roles at the Sponsor, whereby he was involved in the strategic planning of the Sponsor’s golf course business and also had an oversight and supervisory role over the general business of the Sponsor.

¹ Under the FIEA, the FSA has authority to demand reports from and inspect FIBOs, order a FIBO to improve its business operations and to impose penalties. As stated in the January 2014 revision of the FSA’s “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”, the FSA evaluates FIBOs, including Daiwa Real Estate Asset Management Co., Ltd.. Furthermore, as Daiwa Securities Co., Ltd. (“**Daiwa Securities**”) (a subsidiary of Daiwa Securities Group) has more than 1 trillion yen in total assets, it is designated as a “Special FIBO”. Daiwa Securities Group, being the parent entity of a “Special FIBO”, is considered to be a “Designated Parent” by the office of the prime minister. As Daiwa Securities Group is a “Designated Parent”, the FSA has authority to demand reports from and inspect Daiwa Securities Group, order Daiwa Securities Group to improve aspects of its business and implement certain measures, and impose penalties on Daiwa Securities Group. Additionally, under the abovementioned guidelines, Daiwa Securities Group is subject to requirements and standards with regard to governance, appropriateness of operations, enhancement of shareholders’ equity, and risk management.

The CFO, Mr Shunichi Nemoto, has held a variety of senior accounting roles with listed companies and also established his own accounting practice. He has also had prior experience in advising golf course operators on the preparation of financial statements.

The Chief Investment and Asset Management Officer, Mr Takahiro Kurosawa, has extensive experience in finance, investment and asset management, having worked in the real estate sector for over 25 years. He served as a senior executive of the Sponsor where he was mainly in charge of the buying and selling of golf courses.

The Head of Investor Relations, Mr Takuya Nagano, has extensive experience in investment banking, having around 20 years of experience working in various departments in the Daiwa Securities Group, where he had many opportunities to interact with and be exposed to a diverse pool of investors.

The Trustee-Manager's board of directors comprises professionals who collectively have a range of commercial expertise in accounting, finance and asset management, as well as in the golf course industry. The board and management of the Trustee-Manager will benefit AG Trust through their experience and ability to identify potential asset investment opportunities on behalf of the Unitholders. The Sponsor's record of turning around as many as 59 courses between FY2006 to FY2013 will provide AG Trust with valuable practical operational know-how and acquisition sourcing capabilities.

STRATEGY

The principal investment strategy of the Trustee-Manager for AG Trust involves investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses and driving ranges and other golf course related assets worldwide, with an initial focus on Japan. "Golf course related assets" means assets which are located on the golf courses and driving ranges and integral to the golf course business, including golf club houses and hotels. AG Trust will not be involved in the business of developing golf courses or developing or acquiring hotels or hotel businesses which are not related to any golf course business.

In accordance with the requirements of the Listing Manual, the Trustee-Manager's investment strategy for AG Trust will be adhered to for at least three years following the Listing Date, unless otherwise agreed by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. If, however, the Trust Deed is required to be amended as a result of a change in investment mandate, Unitholders' approval by way of an Extraordinary Resolution would be required.

The Trustee-Manager intends to own, maintain and acquire investments in golf courses, driving ranges and golf course related assets, worldwide with an initial focus on Japan, that are able to generate long-term, stable cash flows, while paying regular distributions to Unitholders and maximising long-term investment returns of Unitholders. The Trustee-Manager believes that the positive outlook of the golf course industry in Japan provides AG Trust with the opportunity to increase the returns of its portfolio of assets through a combination of the following strategies.

Asset Management Strategy

The Trustee-Manager aims to benefit from the following strategies via the TK arrangement with New SPC, the operator of the golf course business, so as to increase AG Trust's revenue, profitability and cash flows. New SPC aims to maximise revenue, profitability and cash flows of the golf course business under the TK arrangement by utilising advice from the Sponsor and the Asset Manager.

- **Increase revenue of the Initial Portfolio**

- By leveraging the Sponsor's extensive knowledge and strong understanding of visitors' future needs, AG Trust will promote golf course management from the standpoint of golfers by providing services in line with the four principles of service which the Sponsor sets forth, that is, (i) good-quality golf courses that promise pleasant rounds of golf, (ii) playing styles that respond to the needs of customers, (iii) well-stocked range of goods and (iv) services on par with golf specialty stores and restaurant service suitable for sports venues. Moreover, AG Trust will maintain profits and promote growth by creating a comfortable golf course environment through using strategies such as setting unified rules for golf course signs thereby increasing the number of repeat visitors and customers as a whole. Further, in order to maintain its first-mover advantage and capitalise on emerging trends, AG Trust will conduct the remodelling of golf courses and maintenance of golf cart paths by undertaking timely and strategic capital expenditures.

- **Acquisition of new assets and divestment of under-performing assets**

- The Trustee-Manager will hold assets, including those of the Initial Portfolio and any new assets acquired, for the long term. However, the Trustee-Manager may divest under-performing assets for which cash flows have deteriorated, for the purposes of revenue maximisation, upon the advice of the Sponsor and the Asset Manager.
- The Trustee-Manager will use its understanding of the economic and financial environment to obtain optimum financing in connection with the acquisition of new assets by AG Trust.

- **Optimising and improving operational efficiency and reducing operating costs¹**

The Trustee-Manager intends to manage AG Trust's cost base in order to maintain its strong profitability by:

- optimising playing fees based on characteristics of each golf course and regions that will meet the needs of golfers, in order to increase profitability;
- conducting optimal placement of personnels based on profit level at each golf course and placing flexible human resources able to handle multiple tasks such as at clubhouse receptions and restaurants to maximise efficiency and productivity;
- outsourcing back office operations such as personnel management and accounting processes in relation to the business operation of golf courses under the Golf Course Management Agreement entered between New SPC and the Sponsor;
- capitalising on the Sponsor's online golf reservation website which could be managed at low cost in order to promote cost reduction;
- implementing automated check-in and payment machines as well as navigation system-installed golf carts in order to reduce labor costs; and

¹ Although the actual daily operations of the golf courses will be undertaken by New SPC (and the Sponsor through the Golf Course Management Agreement), the Trustee-Manager is expected to also play a role in optimising and improving operational efficiency and reducing operating costs through the exercise of its veto rights under the TK Agreement in respect of, *inter alia*, (i) New SPC's annual business plan (which will involve the overall policy, outline or framework of the operations of the golf courses) and (ii) maintenance and repair of the golf courses involving capital expenditure which exceed the scope of the maintenance and repair of the golf courses previously agreed to by the Trustee-Manager in the annual business plan.

- leveraging the Sponsor's expertise and adoption of management, operational and maintenance practices to optimise golf course revenues generated from the Initial Portfolio Golf Courses.

Risk and Capital Management Strategy

- **Assessing risks relating to AG Trust's business**

The Trustee-Manager's risk management strategy includes assessing risks relating to AG Trust's business and capitalising on the Sponsor's experience in assessing risks relating to the operations of golf courses and the mitigation of such risks by cooperating with the Sponsor's internal audit department and inspecting the operations of each golf course through them.

- **Optimise overall capital structure of AG Trust and its assets (including the Initial Portfolio)**

The Trustee-Manager's strategy involves adopting and maintaining an appropriate mix of debt and equity for AG Trust to maximise returns to Unitholders, while maintaining sufficient flexibility for AG Trust to implement growth strategies through expansion capital expenditures or acquisitions. AG Trust has put in place JPY45,000 million (equivalent to approximately S\$552 million) of New Debt Facilities.

As and when appropriate, the Trustee-Manager will consider diversifying its sources of debt financing by accessing the debt capital markets through the issuance of bonds to optimise AG Trust's debt maturity profile. The Trustee-Manager may also pursue growth opportunities that may require raising additional equity capital for AG Trust through the issue of new Units. The decision to raise additional equity will also take into account AG Trust's strategy of maintaining an optimal capital structure.

- **Proactively manage overall financing costs¹**

The Trustee-Manager may utilise interest rate hedging strategies where appropriate to optimise risk-adjusted returns to Unitholders by fixing interest rates and reducing risks of interest rate fluctuations, receiving the benefit of medium and long-term low interest rates in Japan, as well as adopt a proactive interest rate management policy to manage the risks associated with changes in interest rates on debt financing while seeking to ensure that AG Trust's ongoing cost of debt remains competitive. On the Listing Date, AG Trust will enter into a swap transaction of JPY35,000 million against JPY45,000 million of debt in order to stabilise interest rates.

- **Utilise hedging techniques as appropriate to manage the foreign exchange exposure**

The Trustee-Manager may utilise foreign exchange hedging strategies based on the prevailing market conditions, where appropriate, to hedge AG Trust's Distributable Income so as to minimise any foreign exchange risk to Unitholders. Currently AG Trust is not engaged in any foreign exchange hedging transactions.

¹ Although the New Debt Facilities are taken at New SPC level and future debt facilities may also be taken at the onshore New SPC level, the Trustee-Manager is expected to achieve this through the exercise of its veto rights under the TK Agreement in respect of the issue of bonds or incurring of borrowings of JPY2.5 billion or more (save if such matters have been specified in the annual business plan approved by the Trustee-Manager).

Acquisition and Growth Strategy

- **A right of first refusal and call option over the Sponsor's pipeline of golf courses and driving ranges**

To demonstrate its support for AG Trust, the Sponsor has granted (i) a right of first refusal to the TK Operator and (ii) a right of first refusal to the Trustee-Manager, exercisable in the event that the Sponsor decides to sell any golf courses, driving ranges or Golf Course Subsidiaries which fall within the investment mandate of AG Trust.

(See "Certain Agreements Relating to Accordia Golf Trust – ROFR Agreement" and "Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement" for further details.)

- **Pursue selective acquisition opportunities to expand AG Trust's business and portfolio of assets**

The Trustee-Manager believes there are good prospects for investment opportunities in golf courses, driving ranges and golf course related assets worldwide in the future due to increasing demand for and interest in the sport as a result of economic growth. Accordingly, in addition to future investments under the ROFR Agreement, the Trustee-Manager will independently source for golf courses, driving ranges and golf course related assets, whether located in Japan or elsewhere globally which fit within its investment strategy of stabilised, income-generating golf courses, driving ranges and golf course related assets.

AG Trust may invest in golf courses, driving ranges and golf course related assets worldwide, although its initial focus is on Japan.

The Trustee-Manager intends to evaluate and pursue the above opportunities for investment based on investment criteria and factors that are designed to ensure that such businesses provide attractive cash flows and yields. These criteria and factors include:

- the impact of the acquisition on AG Trust's expected distributions;
- the location of the asset;
- the expected cash flows from the asset; and
- any other factor that may have an impact on the profitability of AG Trust.

In making its decisions, the Trustee-Manager also expects to be guided by whether the opportunity will enhance the diversification of AG Trust's portfolio geographically and optimise risk-adjusted returns to Unitholders.

The following chart illustrates the relationship between AG Trust, the Trustee-Manager, the Sponsor, the TK Operator, the Asset Manager and the Unitholders as at the Listing Date.



Notes:

- (1) 100% of ISH's voting rights will be held by the members of ISH, which will consist of two certified public accountants who are members of TKAO, an independent structured vehicle management service provider with nominal equity contribution to achieve bankruptcy remoteness.
- (2) TK Operator will not be entitled to receive any fees from AG Trust. Instead, as the TK Operator will be injecting its own cash (funded using the subordinated loan granted by the Sponsor to New SPC (the "**TK Operator's Own Funding**")) into the TK Business (amounting to approximately 0.6% of the aggregate of (i) the TK Contribution made by the AG Trust and the Qualified Institutional Investor and (ii) the TK Operator's Own Funding), it will be entitled to receive return of distributions from the TK Business equal to 1.0% of the distributable income from the TK Business.
- (3) The Asset Manager is regulated under the FIEA.
- (4) A 0.01% TK contribution by the Qualified Institutional Investor is required to satisfy certain regulatory requirements under the FIEA.
- (5) Pursuant to a Pro-Shop Business outsourcing agreement entered into between the SPC and the Pro-Shop Subsidiary, the Pro-Shop Subsidiary will pay New SPC a "commission fee" in connection with certain outsourced services.
- (6) As at the Listing Date, Daiwa PI will be issued share warrants of the Sponsor which, if fully exercised, will result in Daiwa PI holding 11.86% of the total issued shares (including treasury shares) of the Sponsor and 12.14% of the total voting rights in the Sponsor (based on the current share capital of the Sponsor).
- (7) The Trustee-Manager is 51% owned by the Asset Manager and 49% owned by the Sponsor.
- (8) The services to be provided by the Asset Manager include advice on the termination and renewal of the Golf Course Management Agreement and advice on golf course acquisition/sale.
- (9) Daiwa PI is 95.00% owned by Daiwa Securities Group's wholly-owned subsidiaries and 5.00% owned by Daiwa Securities Co. Ltd. (which is in turn almost wholly owned by Daiwa Securities Group, with a nominal amount owned by another securities firm in Japan, which has no veto rights over the matters of Daiwa PI).

Overview of, Key Features of and Rationale for TK Structure

Basic Framework of the TK Structure

AG Trust will invest in the Initial Portfolio held by New SPC using an investment structure known as a TK Structure.

The relationship between New SPC and AG Trust will be governed by a *Tokumei Kumiai* agreement, being a silent partnership agreement under which *Tokumei Kumiai* will be formed. *Tokumei Kumiai* is a contractual relationship between an investor and a business operator, whereby the investor makes certain contributions to the business operator (whether in the form of cash, shares or other things of value) in return for the right to receive distributions of profits generated from the business managed by the operator. An investor can enter into *Tokumei Kumiai* by either (i) acquiring all of an existing investor's rights and obligations under a *Tokumei Kumiai* agreement, or (ii) entering into a new *Tokumei Kumiai* agreement with the business operator. There is no difference in an investor's rights and obligations under a *Tokumei Kumiai* agreement regardless of whether it was entered into under either (i) or (ii) above.

(See "Overview of Relevant Laws and Regulations in Japan" for details of the laws and regulations relating to a TK structure.)

Steps to set up the TK Structure related to the Initial Portfolio

The Sponsor has established the SPC on 4 February 2014 and entered into a *Tokumei Kumiai* agreement with the SPC (the "**TK Agreement**"). Under the TK Agreement, the Sponsor as the investor will make a contribution in kind to the SPC by transferring its shares in the relevant golf course subsidiaries which hold the Initial Portfolio Golf Courses (the "**BT Golf Course Subsidiaries**") and such subsidiaries will be merged into the SPC (after such merger, "**New SPC**"). New SPC as TK Operator will hold the Initial Portfolio Golf Courses for the purposes of managing and operating the TK Business. To invest in the TK Business, the Trustee-Manager, on behalf of AG Trust as TK Investor, has entered into an agreement (the "**TK Interest Transfer Agreement**") with the Sponsor to acquire the Sponsor's rights and interests as TK Investor under the TK Agreement (the "**TK Interests**") at a purchase consideration of S\$945 million¹.

(See "The Restructuring Exercise" and "Certain Agreements Relating to Accordia Golf Trust" for further details.)

Contributions to the TK Business and Profits Allocation

The aggregate contributions to the TK Business (the "**Aggregate Contributions to the TK Business**") will comprise contributions from (i) the TK Operator (approximately 0.6% of the Aggregate Contributions to the TK Business), (ii) the TK Investor (approximately 99.39% of the Aggregate Contributions to the TK Business) and (iii) the QII (as defined herein) (approximately 0.01% of the Aggregate Contributions to the TK Business). The reasons for the contributions from each of the three parties are set out below.

¹ This is a provisional acquisition price based on the Maximum Offering Price and is subject to adjustment under the TK Interest Transfer Agreement based on the actual Offering Price, and subject to a minimum acquisition price of S\$913 million (based on the Minimum Offering Price).

New SPC as the TK Operator will inject into the TK Business its own cash (to be funded using a subordinated loan from the Sponsor to New SPC) (the “**TK Operator’s Own Funding**”) amounting to approximately 0.6% of the Aggregate Contributions to the TK Business. In the TK arrangement, the TK Operator must have sole responsibility in operating the TK Business and must in that capacity act as an entrepreneur. While Japanese tax rules do not contain specific requirements to meet the above test, as a matter of market practice, the TK Operator should have its own capital at risk to support its position as the entrepreneur of the TK Business. The purpose of the subordinated loan from the Sponsor to New SPC is to enable New SPC to meet this requirement¹. The interest rate (which is at a fixed rate of 3.0% per annum for the entire term of the subordinated loan) is based on the market rate and will be paid by New SPC out of its own cash proceeds (from both the proceeds of the Pro-Shop Business and its distributions on its 1.00% interest in the TK Business).

The TK Investor will inject into the TK Business its TK contribution amounting to approximately 99.39% of the Aggregate Contributions to the TK Business.

Mizuho Securities Co., Ltd., a QII under the FIEA, will make contributions to the TK Business of approximately 0.01% (the “**QII Contribution**”) of the Aggregate Contributions to the TK Business, in order to satisfy certain regulatory requirements under the FIEA. Details of the regulatory requirements are set out in the section “Overview of Relevant Laws and Regulations in Japan – Other Regulations – Financial Instruments and Exchange Act”. Accordingly, the QII will have the right to receive distributions from the TK Business proportionate to the QII Contribution. Further, the QII will not have any voting rights or veto rights in respect of the TK Business and only has the right to request the inspection of the balance sheet of the TK Operator and to inspect the status of the business and property of the TK Operator under the Commercial Code of Japan (Act No. 48 of 1899, as amended). The QII has no relationship with the Sponsor and New SPC except that it is acting as a debt arranger for the Sponsor and is the debt arranger in respect of the New Debt Facilities (as defined herein). (See “Capitalisation and Indebtedness – Indebtedness – New Debt Facilities” for the details of the debt facilities for New SPC.)

The TK Operator will allocate and distribute to AG Trust as the TK Investor, to itself as the TK Operator and to the QII approximately 98.99%, 1.00% and 0.01% of the distributable income generated from the TK Business, respectively.² Under the TK Agreement, in the event of future contributions to the TK Business, TK Operator will continue to contribute 0.6% of such aggregate contribution together with the TK Investor’s and/or the QII’s contribution. In addition, the Trustee-Manager will not, as the TK Investor, agree to an amendment to the TK Agreement to reduce the percentage contribution of the TK Operator unless required by applicable laws and regulations or as may be necessary to maintain the validity of the TK structure. Although the TK Operator makes approximately 0.6% of the Aggregate Contributions to the TK Business but receives 1.0% of distributable income, the higher percentage received is necessary so that the TK Operator receives sufficient funds to pay the local taxes required to be borne by it and yet retains sufficient profits which is necessary for the TK Operator to remain as an entrepreneur in respect of the TK Business. In respect of the local taxes payable by the TK Operator, one of such taxes, being the inhabitant tax on a per capita basis is computed based on the location of the golf courses, the number of employees and statutory capital amount of New SPC and is borne solely by the TK Operator even though it is a tax applicable to the TK Business (which is the main business of New SPC and which TK Investor derives benefit from). After application of the

1 It is common for a sponsor to provide such funding to the TK operator in Japanese structured finance transactions as it is the party that benefits from the transaction. It would therefore generally be difficult to find a third party who does not benefit economically from the transaction to provide such funding to the TK operator.

2 As between the TK Investor and the QII, the percentage of distributable income to them is based on the Aggregate Contributions to the TK Business as at the Listing Date and may vary according to the change in their percentage contributions to the TK Business in future, as a result of additional contributions from them. In any case, receiving additional contributions to the TK Business from any investor other than the TK Investor is subject to a veto right of the TK Investor under the TK Agreement.

distributions received by the TK Operator towards payment of taxes, the remaining amount available for its costs of operations and payment of interest on the subordinated loan granted by the Sponsor is significantly less than the 1.0% of distributable income the TK Operator receives.

The 1.0% of distributable income received by the TK Operator will belong to the TK Operator and do not belong to the Sponsor or the TK Investor. Accordingly, the retained profits, after taking into account the commission fee that the TK Operator will receive from the Pro-Shop Business and the payment of applicable taxes, costs of operations and payment of interest on the subordinated loan from the Sponsor (which, based on the Forecast Year 2015 financial information of AG Trust, amounts to approximately JPY22.0 million (equivalent to approximately S\$270,000)), will accumulate on the TK Operator's own books and do not belong to the Sponsor. For so long as the New Debt Facilities are in place, such retained profits will also not be applied towards repayment of the principal on the subordinated loan granted by the Sponsor. Accordingly, the Sponsor will only receive fixed interest payments on the subordinated loan and will not receive additional benefits that are proportionate to the amount of distributions received by the TK Operator.

Veto Rights of AG Trust as the TK Investor

Under the TK Agreement, AG Trust as the TK Investor will have veto rights in respect of certain key operational matters including any amendment to the articles of incorporation, cessation or change of principal business, entry into Interested Person Transactions and preparing or amending the annual business plan.

(See "Certain Agreements Relating to Accordia Golf Trust" for further details of the veto rights of the TK Investor under the TK Agreement.)

New SPC as the TK Operator

New SPC, which will act as the TK Operator, is a Godo Kaisha which is a Japanese limited liability company under the Companies Act of Japan (Act No. 86 of 2005, as amended). New SPC will be responsible for holding the Initial Portfolio Golf Courses and managing their day to day operation, subject to the veto rights of the Trustee-Manager. (See "The Trustee-Manager – The Trustee-Manager of AG Trust – Legal Representative" for details relating to the ownership and operation of New SPC.)

Mizuho Securities Co., Ltd. as the Qualified Institutional Investor

Mizuho Securities Co., Ltd., a QII under the FIEA, will make the QII Contribution to the TK Business, in order to satisfy certain regulatory requirements under the FIEA. Details of the regulatory requirements are set out in the section "Overview of Relevant Laws and Regulations in Japan – Other Regulations – Financial Instruments and Exchange Act".

ISH as the holding vehicle of New SPC

The Sponsor transferred all of its membership interests (i.e. voting rights) in the SPC to a newly established general incorporated association known as an Ippan Shadan Hojin ("**ISH**"), a type of special purpose vehicle under Japanese law. The ISH will only hold the voting rights of New SPC for itself and not on behalf of any entity. The voting rights of the ISH are held by certified public accountants who are members of the Tokyo Kyodo Accounting Office ("TKAO") which will provide limited corporate administrative services to maintain the function of the ISH as a static holding vehicle.

In order to address the possibility of breach by the ISH and/or TKAO of its duties as an executive member of New SPC or as its operating officer, AG Trust holds a second ranking pledge¹ over the ISH's membership interests in New SPC to secure potential liabilities owed to the TK Investor by the ISH and/or TKAO under the Companies Act of Japan.

If the ISH and/or TKAO causes damage or losses to AG Trust by its malicious or gross negligent act (or failure to act) in performing their duties as an executive member of New SPC or as its operating officer, subject to the senior lenders' consent, AG Trust will be entitled to enforce the pledge and force the ISH to transfer its membership interests in New SPC to any third-party (which may be another ISH or accountants providing similar nominee services), thereby replacing the ISH and TKAO. AG Trust, as the TK Investor itself, cannot acquire the membership interests due to statutory restrictions on a TK Investor. (See "Overview of Relevant Laws and Regulations in Japan – Laws and Regulations relating to the TK Structure" for details of the laws and regulations relating to a TK structure.) Given that the ISH and TKAO will be effectively the persons controlling New SPC, this achieves the same practical effect of replacing the TK Operator.

Limited Liability of AG Trust

Under the TK Structure, as New SPC will be the legal owner in respect of the Initial Portfolio, generally, only New SPC has rights against and obligations to third parties. Therefore, third parties will have no recourse against AG Trust as the TK Investor and the liability of AG Trust is limited to the amount of its TK contribution to New SPC.

Taxation

From a tax perspective, the TK Structure as properly implemented should allow economic ownership of the golf courses at a preferential tax rate as compared with full legal ownership of such assets. Full ownership of such assets exposes AG Trust to Japanese corporate taxation at a current rate of approximately 37.1%. In contrast, economic ownership through the TK Structure, as properly implemented, should reduce such taxation to an approximate 20.4% withholding tax on the profit distributions from the TK Structure to AG Trust, with no need for AG Trust to file Japanese tax returns. As the Japanese taxes on the income stream from the TK Structure (i.e. income from the golf courses) should fully offset any Singapore taxes due on such income, AG Trust should not be subject to incremental Singapore corporate tax or income tax.

The Trustee-Manager: Accordia Golf Trust Management Pte. Ltd.

Accordia Golf Trust Management Pte. Ltd. is the Trustee-Manager of AG Trust. The Trustee-Manager has the dual responsibility of safeguarding the interests of the Unitholders and managing AG Trust's businesses.

The Trustee-Manager was incorporated in Singapore under the Companies Act, on 20 March 2014. It has an issued and paid up capital of S\$625,000 and its registered office is located at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809.

The Trustee-Manager is 49.0% held by the Sponsor and 51.0% held by the TM Partner, a wholly-owned subsidiary of Daiwa Securities Group.

The board of directors of the Trustee-Manager consists of individuals with a broad range of commercial experience, including expertise in accounting and finance and in the golf course industry. The Board consists of Mr Khoo Kee Cheok, Mr Yoshihiko Machida, Mr Takuya Nagano, Mr Hitoshi Kumagai and Mr Chong Teck Sin.

1 First ranking pledge is held by the senior lenders under the New Debt Facilities (as defined herein).

The Trustee-Manager is generally responsible for AG Trust's investment and financing strategies, asset acquisition and divestment policies and the overall management of AG Trust's investments and assets. The Trustee-Manager is also responsible for the strategic business direction and risk management of AG Trust.

The Sponsor

The Sponsor of AG Trust is Accordia Golf Co., Ltd., the leading golf course operator in Japan operating 135 golf courses (of which 132 are owned by the Sponsor prior to the transfer of the TK Interests) and 26 driving ranges as at the Latest Practicable Date. (See the table "Market share of golf course operators as at March 2013" under "Key Investment Highlights and Competitive Strengths – (IV) Strong growth opportunities – (a) Strong external growth opportunities based on visible pipeline" with the Sponsor as the golf course operator with the largest market share.) The Sponsor was incorporated in Japan in 1981 and is listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY136.5 billion or S\$1.67 billion as at the Latest Practicable Date. The Sponsor is in the business of providing integrated golf course services and owning and operating golf courses, mainly in large metropolitan areas and major regional urban centres in Japan and has a strong track record of acquiring and turning around of troubled golf courses with its expertise in golf course management and operational know-how. 78 out of the 89 Initial Portfolio Golf Courses were acquired by the Sponsor when the vendors were in bankruptcy proceedings/corporate re-organisations, which demonstrates the Sponsor's ability to turn around and improve the revenue of these golf courses to a level and stability that is suitable for investment by AG Trust. Since its listing on the Tokyo Stock Exchange in 2006, it has expanded its golf course and driving range operation business, acquiring as many as 60 golf courses in the past eight years and establishing its current position as the leading golf course operator in Japan. (See "The Sponsor" for further details.)

The TM Partner and Asset Manager

The TM Partner, which is also the Asset Manager, is a wholly-owned subsidiary of Daiwa Securities Group, a provider of integrated financial services. The TM Partner is the property asset management arm of the group.

Established as an asset management company in 2004, the TM Partner was originally known as daVinci Select. In 2009, Daiwa Securities Group acquired the entire issued share capital of daVinci Select from daVinci Holdings. Following the acquisition, the name of the company was changed to Daiwa Real Estate Asset Management Co. Ltd. As at March 2014, the TM Partner operates three REITs, with total assets under management of over JPY400 billion (equivalent to approximately S\$5 billion).

The TM Partner operates its business with the following strategies:

- implementing a compliance system and effective risk control structure to comply with its regulatory obligations as a licensed FIBO;
- with its status as an independent real estate management company in the financial companies group, it has the ability to establish strong relations with business companies, financial institutions, leading real estate brokers and other parties, thereby being able to source and secure acquisition and financing opportunities;
- strengthening relationships with leasing firms and capitalising on the Daiwa Securities Group network, so as to locate and keep in close contact with tenants to better understand and address their needs; and
- taking advantage of the Daiwa Securities Group's credibility and favourable relationships with lenders to obtain financing.

The TM Partner is also currently the asset manager of Daiwa Office Investment Corporation (a J-REIT), which was founded in 2005 and is listed on the Tokyo Stock Exchange. The TM Partner was granted a licence for Investment Advisory and Agency Business in 2010 and has been expanding its business by conducting investment advisory and agency business. The TM Partner is also the asset manager of Daiwa Residential Private Investment Corporation and Nippon Healthcare Investment Corporation.

THE INITIAL PORTFOLIO

The table below summarises certain key information in relation to the Initial Portfolio. In relation to the appraisal value of the golf courses, each of the golf courses is valued by only one Independent Real Estate Appraiser, being either by CBRE or Tanizawa. Accordingly, the appraisal value of each golf course in the tables below reflects the valuation of CBRE or, as the case may be, Tanizawa:

Greater Tokyo Region

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
1	Daiatsugi Country Club Hon Course	JPY8,430 SGD103	Atsugi-Shi, Kanagawa	1,258,046	27	1970	2005	Within 10 km
2	Daiatsugi Country Club Sakura Course	JPY6,650 SGD82	Atsugi-Shi, Kanagawa	813,283	18	1981	2005	Within 10 km
3	Northern Country Club Nishikigahara Golf Course	JPY4,020 SGD49	Saitama-Shi, Saitama	1,328,762	43	1963	2005	Within 10 km
4	Tokyowan Country Club	JPY3,830 SGD47	Sodegaura-Shi, Chiba	856,861	27	1979	2005	Within 10 km
5	Tsuchiura Country Club	JPY3,830 SGD47	Inashiki-Shi, Ibaraki	814,039	27	1962	2005	Within 10 km
6	Fujioka Golf Club	JPY3,030 SGD37	Fujioka-Shi, Gunma	1,216,014	36	1968	2008	Within 10 km
7	Odawara Golf Club Matsuda Course	JPY2,930 SGD36	Ashigarakami-Gun, Kanagawa	609,524	18	1973	2007	Within 10 km

¹ "Inaugural year" means the year in which the golf course first commenced operations after the completion of its development and construction.

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
8	Aqualine Golf Club	JPY2,810 SGD34	Kisarazu-Shi, Chiba	812,297	18	1997	2006	Within 10 km
9	Central Golf Club***	JPY2,760 SGD34	Namegata-Shi, Ibaraki	1,908,836	36	1974	2005	Within 30 km
10	Yorii Country Club	JPY2,410 SGD30	Osato-Gun, Saitama	781,816	18	1978	2006	Within 10 km
11	Narita Higashi Country Club	JPY2,320 SGD28	Katori-Shi, Chiba	772,311	18	1982	2005	Within 20 km
12	Chiba Sakuranosato Golf Club	JPY2,260 SGD28	Katori-Shi, Chiba	948,171	18	1984	2005	Within 10 km
13	Kanetsu Highland Golf Club	JPY2,250 SGD28	Takasaki-Shi, Gunma	1,047,405	27	1972	2008	Within 10 km
14	Mito Golf Club	JPY2,190 SGD27	Mito-Shi, Ibaraki	1,453,942	36	1966	2005	Within 10 km
15	Sawara Country Club	JPY2,120 SGD26	Katori-Shi, Chiba	759,508	18	1990	2005	Within 10 km
16	Minagawajo Country Club	JPY2,120 SGD26	Tochigi-Shi, Tochigi	569,047	18	1973	2005	Within 10 km
17	Ohiradai Country Club	JPY1,970 SGD24	Tochigi-Shi, Tochigi	797,090	27	1974	2005	Within 20 km
18	Kanra Country Club	JPY1,710 SGD21	Kanra-Gun, Gunma	1,156,822	18	1975	2007	Within 10 km
19	Myogi Country Club***	JPY1,500 SGD18	Tomioka-Shi, Gunma	803,549	18	1986	2005	Within 10 km

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
20	Tamagawa Country Club	JPY1,410 SGD17	Hiki-Gun, Saitama	1,054,979	18	1994	2005	Within 20 km
21	Sainomori Country Club***	JPY1,410 SGD17	Chichibu-Shi, Saitama	1,243,143	18	1989	2005	Within 30 km
22	Central Golf Club New Course***	JPY1,390 SGD17	Nomegata-Shi, Ibaraki	1,030,232	18	1979	2005	Within 20 km
23	Kodamakamikawa Country Club	JPY1,290 SGD16	Kodama-Gun, Saitama	1,088,693	18	1988	2005	Within 20 km
24	Wildduck Country Club	JPY1,240 SGD15	Kamisu-Shi, Ibaraki	836,671	18	1991	2008	Within 20 km
25	Twin Lakes Country Club	JPY1,130 SGD14	Fujioka-Shi, Gunma	1,280,567	18	1988	2005	Within 20 km
26	Midono Country Club	JPY1,110 SGD14	Fujioka-Shi, Gunma	1,668,200	18	1990	2005	Within 20 km
27	Koryo Country Club	JPY1,100 SGD13	Kanuma-Shi, Tochigi	984,175	27	1975	2007	Within 20 km
28	Ishioka Golf Club West Course	JPY1,010 SGD12	Kasama-Shi, Ibaraki	1,262,015	18	1990	2005	Within 20 km
29	Hanao Country Club	JPY998 SGD12	Isumi-Gun, Chiba	1,242,026	18	1992	2005	Within 40 km
30	Kamogawa Country Club***	JPY688 SGD8	Kamogawa-Shi, Chiba	889,599	18	1970	2005	Within 40 km
31	Chichibu Kokusai Country Club	JPY671 SGD8	Chichibu-Gun, Saitama	784,338	18	1975	2006	Within 20 km

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year ¹	Year of Acquisition by the Sponsor	Distance from nearest highway exit
32	Northern Country Club Akagi Golf Course***	JPY603 SGD7	Shibukawa-Shi, Gunma	1,516,533	27	1976	2005	Within 20 km
33	Kitsuregawa Country Club***	JPY413 SGD5	Sakura-Shi, Tochigi	1,084,069	27	1987	2008	Within 20 km
34	Northern Country Club Jomo Golf Course	JPY264 SGD3	Agatsuma-Gun, Gunma	908,267	18	1978	2005	Within 20 km
35	Village Higashi Karuizawa Golf Club***	JPY230 SGD3	Annaka-Shi, Gunma	748,362	18	1978	2008	Within 10 km

Greater Osaka Region

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
1	Otsu Country Club ¹	JPY7,040 SGD86	Otsu-Shi, Shiga	2,051,043	45	1969	2009	Within 10 km
2	Izumisano Country Club	JPY4,640 SGD57	Izumisano-Shi, Osaka	1,343,189	27	1972	2005	Within 10 km
3	Kisaichi Country Club	JPY4,430 SGD54	Katano-Shi, Osaka	575,504	27	1968	2005	Within 10 km
4	Kamo Country Club	JPY4,120 SGD51	Kizugawa-Shi, Kyoto	1,206,331	36	1974	2005	Within 20 km
5	Atagohara Golf Club	JPY2,900 SGD36	Takarazuka-Shi, Hyogo	615,164	27	1960	2005	Within 10 km
6	Lake Forest Resort***	JPY2,530 SGD31	Soraku-Gun, Kyoto	1,031,318	45	1993	2005	Within 20 km
7	Harima Country Club	JPY2,030 SGD25	Ono-Shi, Hyogo	743,267	18	1965	2005	Within 10 km
8	Kameoka Golf Club	JPY1,940 SGD24	Kameoka-Shi, Kyoto	694,053	18	1998	2005	Within 20 km
9	Naranomori Golf Club	JPY1,930 SGD24	Nara-Shi, Nara	1,326,963	18	1988	2005	Within 20 km
10	Sorei Golf Club Tsuchiyama Course	JPY1,430 SGD18	Kouka-Shi, Shiga	746,061	18	1996	2005	Within 10 km
11	Kyowa Golf Club	JPY1,410 SGD17	Soraku-Gun, Kyoto	1,145,952	18	1974	2005	Within 30 km

¹ This golf course consists of the Higashi Course (27 holes) and the Nishi Course (18 holes), and they are treated by AG Trust as a single golf course.

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
12	Misaki Country Club	JPY1,120 SGD14	Sennan-Gun, Osaka	206,026	18	1970	2005	Within 20 km
13	Yamato Kougen Country Club	JPY809 SGD10	Nara-Shi, Nara	1,486,731	18	2001	2007	Within 20 km
14	Kasai Country Club	JPY735 SGD9	Kasai-Shi, Hyogo	1,169,572	18	1987	2005	Within 10 km
15	Shirasagi Golf Club	JPY609 SGD7	Himeji-Shi, Hyogo	1,024,084	18	1996	2005	Within 20 km

Greater Nagoya Region

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
1	Yokkaichinosato Golf Club	JPY2,420 SGD30	Yokkaichi-Shi, Mie	661,573	18	1988	2009	Within 10 km
2	Fujiwara Golf Club	JPY2,160 SGD26	Inabe-Shi, Mie	1,278,719	27	1993	2005	Within 30 km
3	Shinyo Country Club	JPY2,090 SGD26	Toki-Shi, Gifu	1,495,987	18	1990	2005	Within 20 km
4	Castlehill Country Club	JPY1,960 SGD24	Toyokawa-Shi, Aichi	1,635,889	18	1993	2009	Within 10 km
5	Forest Mizunami Country Club***	JPY1,600 SGD20	Mizunami-Shi, Gifu	1,079,483	18	1987	2008	Within 20 km
6	Kasumi Golf Club	JPY1,440 SGD18	Tsu-Shi, Mie	869,786	18	1992	2009	Within 10 km
7	Forest Geino Golf Club	JPY1,400 SGD17	Tsu-Shi, Mie	592,471	18	1991	2009	Within 10 km
8	Sorei Golf Club Seki Course	JPY1,380 SGD17	Kameyama-Shi, Mie	704,063	18	1996	2005	Within 10 km
9	Sun Classic Golf Club	JPY1,180 SGD14	Kani-Gun, Gifu	1,058,367	18	1992	2008	Within 10 km
10	Tsukude Golf Club	JPY1,180 SGD14	Shinshiro-Shi, Aichi	435,805	18	1994	2009	Within 40 km
11	Route 25 Golf Club	JPY945 SGD12	Iga-Shi, Mie	961,379	18	1995	2007	Within 10 km
12	Meisho Golf Club	JPY861 SGD11	Tsu-Shi, Mie	1,345,960	18	1984	2005	Within 20 km

Other regions

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
1	Mishima Country Club	JPY3,050 SGD37	Mishima-Shi, Shizuoka	1,069,886	18	1988	2005	Within 20 km
2	Ashitaka Six Hundred Club***	JPY2,120 SGD26	Numazu-Shi, Shizuoka	873,030	18	1969	2005	Within 10 km
3	Jurigi Country Club	JPY1,710 SGD21	Fuji-Shi, Shizuoka	722,429	18	1973	2008	Within 20 km
4	Nijo Country Club	JPY1,340 SGD16	Itoshima-Shi, Fukuoka	952,335	18	1974	2007	Within 10 km
5	Sanyo Kokusai Golf Club	JPY1,230 SGD15	Sanyoonoda-Shi, Yamaguchi	1,863,554	36	1980	2005	Within 10 km
6	Yunoura Country Club	JPY968 SGD12	Hioki-Shi, Kagoshima	1,454,590	18	1989	2005	Within 20 km
7	Hongo Country Club	JPY961 SGD12	Mihara-Shi, Hiroshima	1,168,476	18	1977	2008	Within 20 km
8	Dainiigata Country Club Izumosaki Course	JPY846 SGD10	Santo-Gun, Niigata	489,212	18	1974	2005	Within 20 km
9	Sasebo Kokusai Country Club	JPY811 SGD10	Sasebo-Shi, Nagasaki	363,153	18	1976	2007	Within 10 km
10	Beppu No Mori Golf Club	JPY791 SGD10	Beppu-Shi, Oita	1,292,070	27	1974	2005	Within 10 km
11	Central Fukuoka Golf Club	JPY764 SGD9	Chikushino-Shi, Fukuoka	661,225	18	1975	2007	Within 20 km

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
12	Takehara Country Club	JPY620 SGD8	Takehara-Shi, Hiroshima	1,116,606	18	1994	2005	Within 20 km
13	Osato Golf Club	JPY597 SGD7	Kurokawa-Gun, Miyagi	1,377,510	18	1998	2006	Within 20 km
14	Izukokusai Country Club	JPY548 SGD7	Izu-Shi, Shizuoka	596,199	18	1961	2005	Within 40 km
15	Aoshima Golf Club	JPY464 SGD6	Miyazaki-Shi, Miyazaki	816,506	18	1991	2005	Within 20 km
16	Dainigata Country Club Sanjo Course	JPY448 SGD5	Sanjo-Shi, Niigata	675,500	18	1976	2005	Within 20 km
17	Fukuoka Pheasant Country Club	JPY425 SGD5	Tagawa-Gun, Fukuoka	1,072,749	18	1976	2005	Within 40 km
18	Kikuchi Country Club	JPY403 SGD5	Kikuchi-Shi, Kumamoto	1,573,608	18	1979	2005	Within 30 km
19	Nagasaki Park Country Club	JPY390 SGD5	Saikai-Shi, Nagasaki	1,016,537	18	1994	2005	Within 30 km
20	Amagaseonsen Country Club	JPY365 SGD5	Hita-Shi, Oita	677,450	18	1967	2005	Within 20 km
21	Onuma Lake Golf Club	JPY361 SGD4	Kayabe-Gun, Hokkaido	1,236,330 ¹	27	1975	2005	Within 10 km
22	Tarumae Country Club	JPY324 SGD4	Tomakomai-Shi, Hokkaido	2,131,128	27	1963	2008	Within 10 km

1 Area of the golf course currently but the actual area which will comprise the land in respect of the golf course which AG Trust will acquire is 1,236,132 square metres, which is a slight reduction of the land area arising from the requirement to sell a small portion of the land to the government for road construction. The Trustee-Manager is of the view that this slight reduction in the land area will not affect the operations of this golf course.

No.	Golf course	CBRE/Tanizawa Appraisal Value (as at 30 September 2013) (JPY/SGD 'million)	Location	Area (m ²)	Number of Holes	Inaugural year	Acquisition by the Sponsor	Distance from nearest highway exit
23	Rainbow Sports Land Golf Club	JPY289 SGD4	Miyakonojo-Shi, Miyazaki	682,127	18	1992	2007	Within 10 km
24	Hananomori Golf Club	JPY276 SGD3	Kurokawa-Gun, Miyagi	1,211,083	18	1992	2005	Within 20 km
25	Yamagataminami Country Club	JPY262 SGD3	Higashiokitama-Gun, Yamagata	885,800	18	1985	2005	Within 60 km
26	Huis Ten Bosch Country Club	JPY110 SGD1	Saikai-Shi, Nagasaki	994,455	18	1991	2007	Within 20 km
27	Kanazawa Central Country Club	JPY49 SGD1	Kanazawa-Shi, Ishikawa	1,311,095	18	1993	2007	Within 10 km

(***) : These 10 golf courses have hotel facilities in the golf course.

Summary of the Number of Golf Courses, Holes and Appraisal Value of the Initial Portfolio by Region

Regions	Number of Courses	%	Number of Holes	%	Appraisal Value ⁽¹⁾ (JPY/SGD 'million) As at 30 September 2013	%
Three Largest Metropolitan Areas in Japan	62	69.7	1,375	72.1	JPY130,386 SGD1,599	86.4
Greater Tokyo Region	35	39.3	781	41.0	JPY74,097 SGD909	49.1
Greater Osaka Region	15	16.9	369	19.4	JPY37,673 SGD462	25.0
Greater Nagoya Region	12	13.5	225	11.8	JPY18,616 SGD228	12.3
Other Regions	27	30.3	531	27.9	JPY20,522 SGD252	13.6
Total	89	100	1,906	100	JPY150,908 SGD1,851	100

Note:

- (1) Based on the real estate appraisals as at 30 September 2013 conducted by each of the independent real estate appraisers.

Summary of the revenue of the initial portfolio

	FY2011	FY2012	FY2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
Revenue Total ⁽¹⁾	55,953 (100%)	53,930 (100%)	53,594 (100%)	43,344 (100%)	42,768 (100%)
Golf course revenue	37,299 (66.7%)	35,501 (65.8%)	35,341 (65.9%)	28,789 (66.4%)	28,382 (66.4%)
Restaurant revenue	12,300 (22.0%)	12,205 (22.6%)	12,462 (23.3%)	10,111 (23.3%)	10,089 (23.6%)
Membership revenue	6,354 (11.4%)	6,224 (11.5%)	5,791 (10.8%)	4,444 (10.3%)	4,297 (10.1%)

Note:

- (1) Based on the unaudited pro forma financial information of AG Trust.

(See "Unaudited Pro Forma Financial Information" for further details.)

Summary of the Revenue of the Initial Portfolio by Region

Regions	Revenue ⁽¹⁾ (JPY/SGD 'million)				
	FY2011	FY2012	FY2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
Three Largest Metropolitan Areas in Japan ⁽²⁾	JPY45,140 SGD554 (79.9%)	JPY43,878 SGD538 (80.0%)	JPY43,752 SGD537 (79.9%)	JPY35,221 SGD432 (79.6%)	JPY34,657 SGD425 (79.5%)
Greater Tokyo Region ⁽²⁾	JPY24,782 SGD304 (43.9%)	JPY23,771 SGD292 (43.3%)	JPY23,932 SGD294 (43.7%)	JPY19,235 SGD236 (43.5%)	JPY18,810 SGD231 (43.2%)
Greater Osaka Region ⁽²⁾	JPY13,239 SGD162 (23.4%)	JPY12,919 SGD158 (23.5%)	JPY12,609 SGD155 (23.0%)	JPY10,125 SGD124 (22.9%)	JPY10,119 SGD124 (23.2%)
Greater Nagoya Region ⁽²⁾	JPY7,119 SGD87 (12.6%)	JPY7,188 SGD88 (13.1%)	JPY7,211 SGD88 (13.2%)	JPY5,861 SGD72 (13.2%)	JPY5,728 SGD70 (13.1%)
Other Regions ⁽²⁾	JPY11,357 SGD139 (20.1%)	JPY10,999 SGD135 (20.0%)	JPY11,021 SGD135 (20.1%)	JPY9,025 SGD111 (20.4%)	JPY8,931 SGD110 (20.5%)
Sub total ⁽²⁾	JPY56,497 SGD693 (100%)	JPY54,877 SGD673 (100%)	JPY54,773 SGD672 (100%)	JPY44,246 SGD543 (100%)	JPY43,588 SGD535 (100%)
Adjustment ⁽³⁾	JPY(544) SGD(7)	JPY(947) SGD(12)	JPY(1,179) SGD(15)	JPY(902) SGD(11)	JPY(820) SGD(10)
Total ⁽⁴⁾	JPY55,953 SGD686	JPY53,930 SGD662	JPY53,594 SGD657	JPY43,344 SGD532	JPY42,768 SGD525

Notes:

- (1) Revenue includes golf course revenue (playing fees (green fee and cart fee) and others), restaurant revenue, membership revenue (annual membership fee, new membership fee and name transfer fee) from the golf course.
- (2) Calculated by the sum of the revenues of individual golf courses in the regions.
- (3) Adjustment for reconciliation with the unaudited pro forma financial information of AG Trust.
- (4) Based on the unaudited pro forma financial information of AG Trust.

Summary of Net Operating income of the Initial Portfolio by Region⁽¹⁾

Regions	NOI ⁽²⁾ (JPY/SGD 'million)				
	FY2011	FY2012	FY2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
Three Largest Metropolitan Areas in Japan ⁽³⁾	JPY15,863 SGD195 (83.9%)	JPY15,702 SGD193 (83.9%)	JPY15,737 SGD193 (83.2%)	JPY13,354 SGD164 (83.0%)	JPY12,783 SGD157 (82.8%)
Greater Tokyo Region ⁽³⁾	JPY8,986 SGD110 (47.5%)	JPY8,731 SGD107 (46.6%)	JPY8,846 SGD109 (46.8%)	JPY7,489 SGD92 (46.6%)	JPY7,032 SGD86 (45.6%)
Greater Osaka Region ⁽³⁾	JPY4,817 SGD59 (25.5%)	JPY4,703 SGD58 (25.1%)	JPY4,490 SGD55 (23.7%)	JPY3,782 SGD46 (23.5%)	JPY3,748 SGD46 (24.3%)
Greater Nagoya Region ⁽³⁾	JPY2,060 SGD25 (10.9%)	JPY2,268 SGD28 (12.1%)	JPY2,401 SGD29 (12.7%)	JPY2,083 SGD26 (13.0%)	JPY2,003 SGD25 (13.0%)
Other Regions ⁽³⁾	JPY3,047 SGD38 (16.1%)	JPY3,015 SGD37 (16.1%)	JPY3,172 SGD39 (16.8%)	JPY2,726 SGD33 (17.0%)	JPY2,653 SGD33 (17.2%)
Sub total ⁽³⁾	JPY18,910 SGD232 (100%)	JPY18,717 SGD230 (100%)	JPY18,909 SGD232 (100%)	JPY16,080 SGD197 (100%)	JPY15,436 SGD189 (100%)
Adjustment ⁽⁴⁾	JPY(932) SGD(11)	JPY(322) SGD(4)	JPY(563) SGD(7)	JPY(293) SGD(4)	JPY(220) SGD(3)
Total	JPY17,978 SGD221	JPY18,395 SGD226	JPY18,346 SGD225	JPY15,787 SGD194	JPY15,216 SGD187

Notes:

- (1) Based on the unaudited pro forma financial information of AG Trust.
- (2) NOI has been calculated by deducting merchandise and material expense, labour cost and other operating expenses from revenue.
- (3) Calculated by the sum of the NOIs of individual golf courses in the regions.
- (4) Adjustment for reconciliation with the unaudited pro forma financial information of AG Trust.

Summary of the Number of Visitors and Utilisation Rate of the Initial Portfolio by Region

Regions	Average Number of Annual Visitors per 18 Holes					Utilisation Rate (%) ⁽¹⁾				
	FY2011	FY2012	FY2013	Nine-month period ended 31 December		FY2011	FY2012	FY2013	Nine-month period ended 31 December	
				2012	2013				2012	2013
Three Largest Metropolitan Areas in Japan	54,151	54,257	55,998	44,846	44,644	76.3	75.7	78.5	81.8	81.6
Greater Tokyo Region	53,327	52,638	55,068	44,103	43,166	75.3	73.7	77.5	80.4	79.1
Greater Osaka Region	57,275	57,275	57,933	46,344	47,475	80.2	79.0	80.4	84.4	86.5
Greater Nagoya Region	51,734	54,927	55,988	44,968	45,130	73.6	77.5	78.5	82.3	82.5
Other Regions	43,839	44,130	45,262	37,111	37,418	66.8	67.2	68.9	70.4	70.4
Total	51,278	51,435	53,007	42,691	42,631	73.8	73.5	75.9	78.7	78.6

Note:

- (1) Utilisation rate is calculated based on the following formula for each region:

Utilisation rate = Total number of visitors per 18 holes / Total operating days × 200 persons.

“200 persons” in this formula is a standardised maximum visitor capacity per 18 holes per day (50 parties with 4 players per day) used by the Sponsor based on its experience in operating golf courses. However, as this is only an assumed maximum visitor capacity and the number of visitors in a day can exceed 200, the utilisation rate of certain Initial Portfolio Golf Courses can exceed 100% (see the utilisation rates of certain of the top 10 golf courses in the Initial Portfolio by appraisal value as at 30 September 2013 under “The Business of Accordia Golf Trust – The Initial Portfolio – Top 10 Golf Courses”).

While the utilisation rate is not a measure of golf course operations commonly used in the industry, the Trustee-Manager believes that this measure reflects the level of efficiency in the operation and capacity utilisation of a golf course in a meaningful manner.

As shown in the table “Summary of the Number of Visitors and Utilisation Rate of the Initial Portfolio by Region”, the golf courses located in the three largest metropolitan areas in Japan have consistently attracted a significantly higher number of visitors in the past, resulting in their higher utilisation rates compared to the golf courses in other regions. Having 86.4% of the Initial Portfolio Golf Courses located in the three largest metropolitan areas on an appraisal value basis, in turn, contributes to the stability of revenue of the Initial Portfolio.

Characteristics of Golf Courses in the Initial Portfolio Acquired from the Sponsor Group

The Initial Portfolio Golf Courses which have been acquired from the Sponsor group have all the following characteristics:

- (a) operated under the “Accordia” brand;
- (b) high profitability and attractive yields after value-up restructuring by the Sponsor; and
- (c) have profits largely derived from operating revenues rather than golf club membership fees.

Pursuant to the transfer of golf courses to the Initial Portfolio, the Sponsor will retain 43 golf courses which are classified into the following three categories:

- (i) low profitability golf courses recently acquired by the Sponsor, for which profitability may stabilise through value enhancement initiatives carried out by the Sponsor;
- (ii) golf courses for which changes in business model and rebranding (including possible conversion of part of the premises to other uses other than golfing) is currently being planned so as to target different markets and therefore profitability is uncertain; and
- (iii) golf courses for which there are complex land title issues to be resolved by the Sponsor, or those for which full-scale repair of buildings with significant potential cost is required.

Having regard to the characteristics on which the Initial Portfolio was selected, those in (i) above are intended to be offered by the Sponsor to AG Trust once the level of profitability stabilises and those in (iii) above are intended to be offered by the Sponsor to AG Trust once the land title issues are resolved, while those in (ii) above may also be sold to AG Trust if they are capable of delivering a stable level of profits post-rebranding.

The Sponsor generally refers to earnings before interest, taxes, depreciation and amortisation of each golf course when determining “profitability”. “Low Profitability” golf courses refer to the golf courses which have been acquired by the Sponsor recently and are currently generating earnings and income and which have not achieved the level of earnings for injection into AG Trust to achieve the targeted overall yield of AG Trust. The targeted turnaround profitability level for golf courses which the Sponsor acquires and seeks to turn around differs from golf course to golf course and hence no specific threshold is used to determine “low profitability”¹. In any case, the “Accordia” brand golf courses which have reached the suitable level of profitability will be subject to the call option of New SPC or Trustee-Manager, as the case may be, under the terms of the Golf Course Management Agreement and Deed of Call Option.

Please refer to “The Sponsor – “Value-up Restructuring” for details of the meaning of “value-up restructuring”.

The “Accordia” Brand

The Initial Portfolio Golf Courses are operated under the “Accordia” brand, a recognised brand name in the golf industry. The “Accordia” brand represents casual and enjoyable golfing, targeting a wide demographic range of golf players. The “Accordia” brand golf courses are distinguished from other golf courses by, *inter alia*, consistent, well-maintained course conditions and reasonable playing fees and meal charges, facilitated by the Sponsor’s expertise in golf course management and cost-efficient operations. The “Accordia” brand is also increasingly well-accepted among female players, with the number of female visitors to the Initial Portfolio Golf Courses increasing, accounting for 11.8%, 12.0% and 12.1% of the total visitors to the Initial Portfolio Golf Courses in FY2011, FY2012 and FY2013 respectively.² Such positioning and targeting strategies of the “Accordia” brand golf courses contribute as reflected in the table

1 The concept of “low profitability” is only used to determine the golf courses that comprise the Initial Portfolio. Post Listing, the Sponsor will be obliged to offer its stabilised, income-generating golf courses to AG Trust by no later than five years from the date the Sponsor acquires these golf courses according to the terms of the GCMA and the Deed of Call Option. Income-generating golf courses which have stabilised but are not part of the Initial Portfolio for other reasons would be subject to the call option upfront. (See “Certain Agreements Relating to Accordia Golf Trust – Sponsor’s Undertakings to Offer and Call Option to the Trustee-Manager” and “Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement” for further details.)

2 The Trustee-Manager believes that female players, especially those in the middle-age or older age groups who are more affluent and have more leisure time, will increasingly be a target customer group in the face of a declining population in Japan.

“Summary of the Number of Visitors and Utilisation Rate of the Initial Portfolio by Region” above. In addition, “Accordia” brand golf courses tend to be more resilient to economic downturns given their relatively reasonable fees and cost efficient operations.

Out of the 42 golf courses that are excluded, 26 golf courses are and will be operating under the “Accordia” brand. Please refer to “Overview – Key Investment Highlights and Competitive Strengths – (IV) Strong growth opportunities – Pipeline Golf Courses held by Sponsor (under the “Accordia” brand).

Top 10 Golf Courses

The following tables set forth certain key information on the top 10 golf courses in the Initial Portfolio by appraisal value as at 30 September 2013:

1. Daiatsugi Country Club Hon Course

Atsugi-shi, Kanagawa

The table below sets out a summary of selected information on Daiatsugi Country Club Hon Course.

Region	Greater Tokyo Region
Inaugural Year	1970
Acquisition by the Sponsor	2005
Number of holes	27 holes
Total area	1,258,046 m ²
Attached facilities	Practice area, 12 teeing grounds
Access	7 km from Metropolitan Inter-City Expressway Atsugi Exit
Appraised value	JPY8,430 million (S\$103 million)
Number of visitors	FY2013: 100,000
Gross revenue ¹	FY2011: JPY1,550 million (S\$19 million) FY2012: JPY1,522 million (S\$19 million) FY2013: JPY1,482 million (S\$18 million) Nine-month period ended 31 December 2012: JPY1,169 million (S\$14 million) Nine-month period ended 31 December 2013: JPY1,083 million (S\$13 million)
Utilisation rate	FY2013: 91.5% Weekdays (FY2013): 82.4% Holidays (FY2013): 110.6%

¹ Gross revenue includes play fees (green fees and cart fees), caddy fees, restaurant charges, membership fees and other revenues from the golf course.

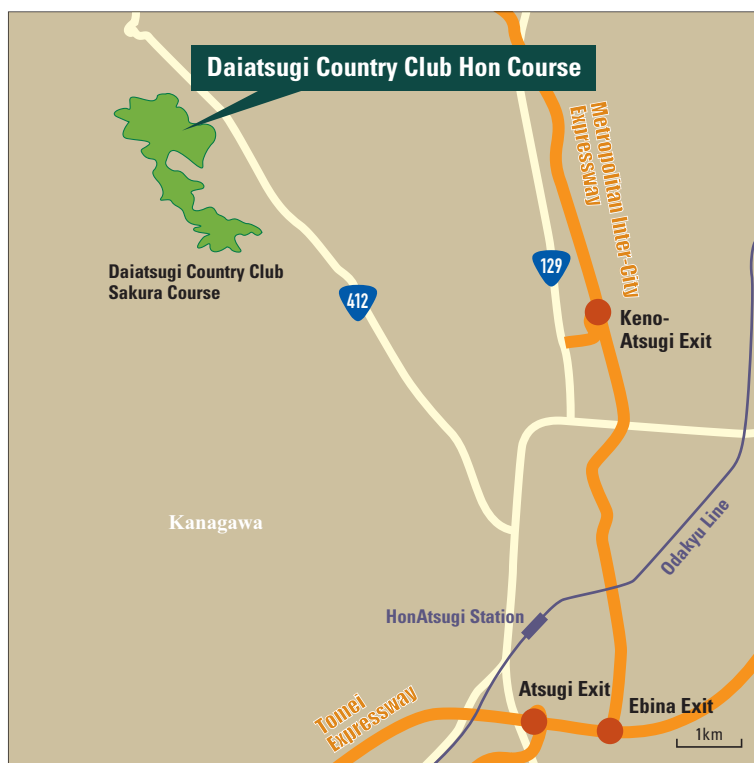
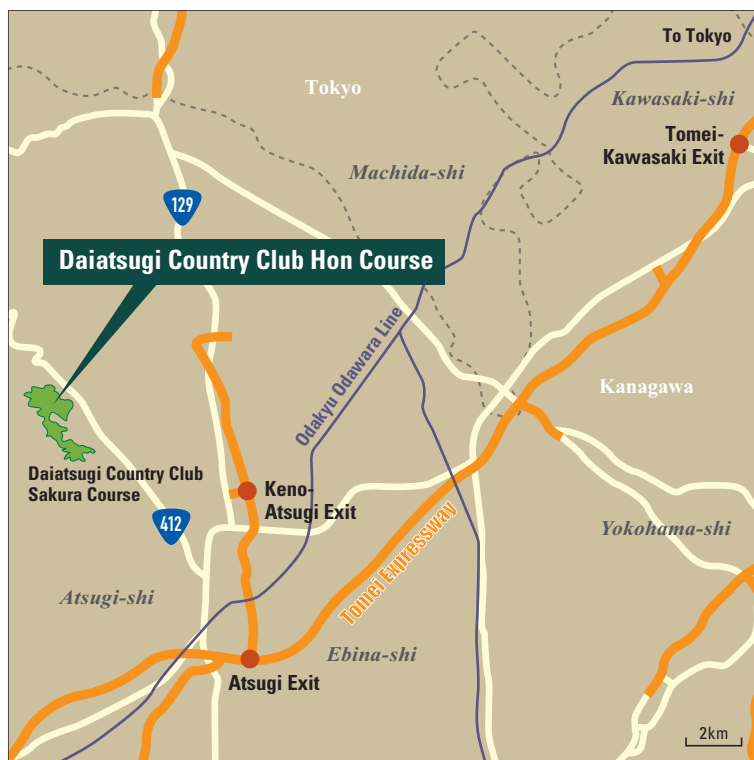
Location

The Daiatsugi Country Club Hon Course is located in Atsugi-shi, Kanagawa Prefecture. The Kanagawa Prefecture is located in the southwest Greater Tokyo Region, which is one of the three major metropolitan areas in Japan. The population of Kanagawa was 9.07 million as at the end of December 2012, and the total number of golf course visitors was 2.56 million for the period from March 2012 to February 2013. Atsugi-shi is almost at the center of Kanagawa, and accessibility of the course is good, being approximately 60 minutes from major locations in Tokyo. The adjacent National Route No. 412 connects to the Atsugi Exit of the Tomei Expressway and the Keno-Atsugi Exit of the Metropolitan Inter-City Expressway with a distance of approximately 11 kilometers and 7 kilometers, respectively, from the ICs. It takes about 30 minutes to reach the golf course using the shuttle bus service from the Honatsugi Station of the Odakyu Odawara Line.

Location of the Daiatsugi Country Club Hon Course



Access from major roads to the Daiatsugi Country Club Hon Course



Summary of the Daiatsugi Country Club Hon Course

The Hon Course has a total of 27 holes consists of the Higashi Course (9 holes), the Nishi Course (9 holes) and the Minami Course (9 holes). The Hon Course has the capability to pull in more customers through a combination of characteristics that ensure enjoyable playing.¹ The Higashi Course has gentle rolling hills and allows players to swing away on broad fairways surrounded by natural features. The Nishi Course is on a wide, hilly area with significant yardage. The Minami Course is hilly with variations as represented by the 4th hole, which overlooks a valley. The locker room for men was remodeled and the locker room for women was newly constructed in 2010. An event space was also constructed in 2012.

Marketability as a Golf Course

With its good location and accessibility, customers visit the course from diverse geographic areas including large cities such as Yokohama, Kawasaki and other cities in southwest Kanagawa Prefecture, as well as Tokyo Metropolis, Chiba, Saitama and Shizuoka prefectures. The number of club members exceeded 8,000 as at the end of March 2013 (common members of both the Daiatsugi Country Club Hon Course and the Daiatsugi Country Club Sakura Course). Member visits accounted for approximately 46% of total visitors in FY2013, representing a strong and recurrent customer base. The total number of visitors in FY2013 was approximately 100,000 (approximately 67,000 on an 18-hole basis), which is significantly higher than Japan's national average of 36,069 (See "Appendix G, Independent Report on the Golf Course Industry"), reflecting the Sponsor's ability to pull in customers.

Against the backdrop of such a large body of club members, the customer base has been stable, thereby resulting in a steady number of visitors. Moreover, the utilisation rate has been stable, at approximately 91.3% in FY2011, 92.1% in FY2012 and 91.5% in FY2013.

¹ The total number of visitors to Daiatsugi Hon Course in FY2013 was approximately 100,000 (approximately 67,000 on an 18-hole basis), which is significantly higher than Japan's national average of 36,069 (see "Appendix G, Independent Report on the Golf Course Industry"), the average number of visitors per 18 holes in FY2013 for the Initial Portfolio Golf Courses and the average number of visitors per 18 holes in FY2013 for the Initial Portfolio Golf Courses that are located in the three largest metropolitan areas in Japan. These statistics reflect Daiatsugi Hon Course's ability to pull in more customers.

2. Otsu Country Club Course

Otsu-shi, Shiga

The table below sets out a summary of selected information on Otsu Country Club.

Region	Greater Osaka Region
Inaugural Year	1969
Acquisition by the Sponsor	2009
Number of holes	45 holes
Total area	2,051,043 m ²
Attached facilities	Practice area, 23 teeing grounds
Access	3 km from Keiji By-pass Nango Exit
Appraised value	JPY7,040 million (S\$86 million)
Number of visitors	FY2013: 147,000
Gross revenue	FY2011: JPY1,458 million (S\$18 million) FY2012: JPY1,642 million (S\$20 million) FY2013: JPY1,599 million (S\$20 million) Nine-month period ended 31 December 2012: JPY1,261 million (S\$15 million) Nine-month period ended 31 December 2013: JPY1,318 million (S\$16 million)
Utilisation rate	FY2013: 80.8% Weekdays (FY2013):73.3% Holidays (FY2013):96.7%

Location

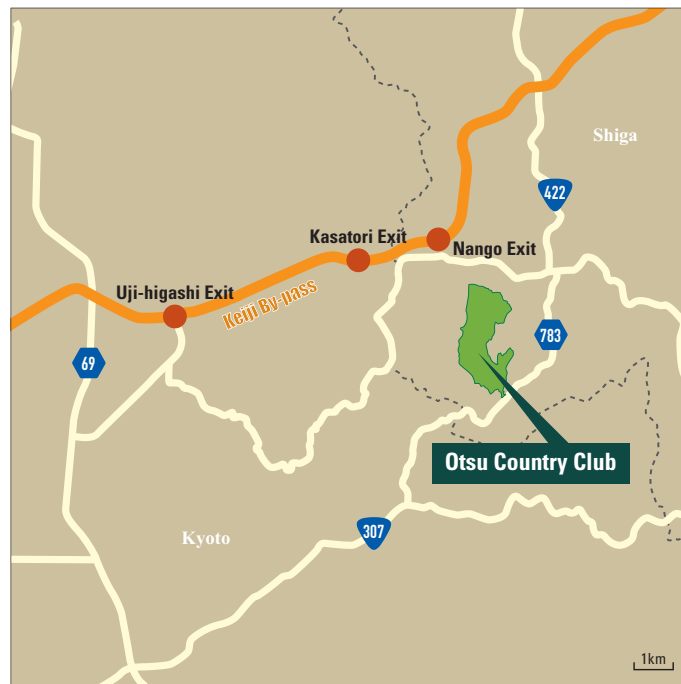
The Otsu Country Club is located in Otsu-shi, Shiga Prefecture. Shiga Prefecture is located in Greater Osaka Region, which is one of the three major metropolitan areas of Japan. The number of residents in Shiga Prefecture exceeded 1.42 million as at the end of December 2012, with 1.97 million visitors at golf courses for the period from March 2012 to February 2013. The number of residents is on the rise in Otsu-shi, the capital of Shiga Prefecture, which is located at the prefecture's southwest edge. The location of the Otsu Country Club is favourable, being approximately 3 kilometers from the Nango exit on the Keiji By-Pass. Furthermore, although Shiga Prefecture annually has the most snowfall in the Greater Osaka Region, the Otsu Country Club is located in an area with relatively less snow and has rarely experienced suspension of operations due to snow, allowing almost year-round operation.

Location of the Otsu Country Club



Access from major roads to the Otsu Country Club





Summary of the Otsu Country Club

The Otsu Country Club consists of the Higashi Course (27 holes) and the Nishi Course (18 holes), totaling 45 holes.

The Higashi Course (27 holes) consists of the Nango Course (9 holes), the Amagase Course (9 holes) and the Ishiyama Course (9 holes). The Nango and Amagase Courses (18 holes), which are vast and flat courses with trees, can be enjoyed by a wide range of golfers, from those with a low handicap to those with a medium handicap. The Ishiyama Course has a strategic layout, taking advantage of natural geographic features.

The Nishi Course (18 holes) is more than 7,000 yards and is flat and wide. Its “OUT” course has beautiful, well-designed highly strategic holes with a large pond, large bunkers and many trees. The orthodox “IN” course, which is surrounded by trees, features middle holes with significant yardage. In 2009, a driving range was newly constructed on the Higashi Course and in 2013 the clubhouse on the Nishi Course was renovated.

Marketability as a Golf Course

Most visitors at this golf course are from Osaka-shi and northern part of the Osaka Prefecture, who take advantage of its accessibility. As there is no need to use an expressway from the Shiga Prefecture and Kyoto Prefecture, this course attracts customers from a wide range of geographic areas including Osaka, Kyoto and Shiga prefectures, where many of its club members reside.

In the five years since the Sponsor acquired this golf course, the number of visitors has increased from 112,000 in FY2010, when the Sponsor acquired the golf course, to 147,000 in FY2013, with the utilisation rate improving from approximately 74.7% in FY2010 to 80.0% in FY2013.

At this golf course, with more than 3,200 club members (including those of the Otsu Country Club Higashi Course) as at the end of March 2013, the ratio of member visitors to all visitors has increased steadily from about 21.6% in FY2010 to 24.9% in FY2013. Revenues are increasing because of operational streamlining through changing the operational style of the Nishi Course restaurant and generating demand for golf competitions by renovating the clubhouse. Furthermore, by sharing operating staff between the Higashi and Nishi Courses, operation efficiency has been optimised, contributing to improved overall profitability.

3. Daiatsugi Country Club Sakura Course

Atsugi-shi, Kanagawa

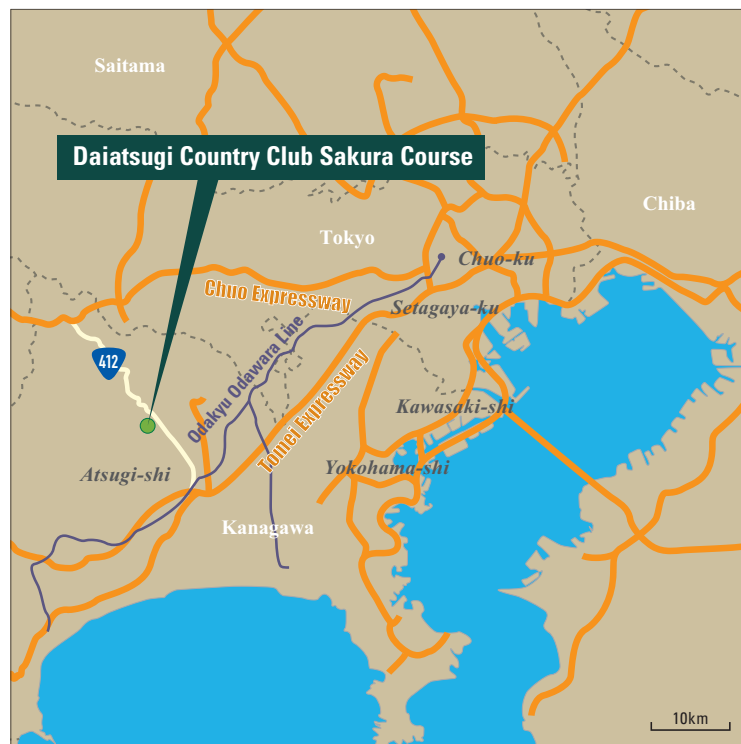
The table below sets out a summary of selected information on Daiatsugi Country Club Sakura Course.

Region	Greater Tokyo Region
Inaugural Year	1981
Acquisition by the Sponsor	2005
Number of holes	18 holes
Total area	813,283 m ²
Attached facilities	Practice area, 13 teeing grounds, lighting facilities for night golfers
Access	7 km from Metropolitan Inter-City Expressway Atsugi Exit
Appraised value	JPY6,650 million (S\$82 million)
Number of visitors	FY2013: 83,000
Gross revenue	FY2011: JPY1,215 million (S\$15 million) FY2012: JPY1,163 million (S\$14 million) FY2013: JPY1,203 million (S\$15 million) Nine-month period ended 31 December 2012: JPY944 million (S\$12 million) Nine-month period ended 31 December 2013: JPY916 million (S\$11 million)
Utilisation rate	FY2013: 113.9% Weekdays (FY2013): 102.6% Holidays (FY2013): 137.9%

Location

The same as Daiatsugi Country Club Hon Course.

Location of the Daiatsugi Country Club Sakura Course



Access from major roads to the Daiatsugi Country Club Sakura Course





Summary of the Daiatsugi Country Club Sakura Course

The Sakura Course consists of 18 holes with its main attraction being its nature features. In particular, about 5,000 sakura (cherry) trees, which are in full bloom during the spring months, are planted on the course premises. The course is designed to take advantage of a relatively flat landscape, making it more appealing to female, elderly and beginner golfers. The clubhouse was renovated in 2010 with a new cafeteria constructed in front of the starting hole. The locker room, dressing room and men's bathroom, front desk as well as pro-shop were also renovated.

Marketability as a Golf Course

In addition to the same advantages mentioned in Daiatsugi Country Club Hon Course, the relatively flat course layout and the newly renovated facilities such as the locker room and female-focused equipment are well-liked by visitors, especially by elderly and female golf players. In FY2013, the ratio of member visitors accounted for approximately 45.3% of total visitors, and female members accounted for about 14.5% of total visitors. The Sakura Course is the sole golf course that is open at night in Kanagawa Prefecture, and the ratio of nighttime visitors to total visitors in FY2013 was approximately 4.4%. As the golf course is equipped with a lighting system throughout the course, the course generates extra customer flow by extending the tee time window from early morning to late evening. Compared with competing golf courses, the Sakura Course is popular for its broad fairways, reasonable prices and night-time availability.

4. Izumisano Country Club

Izumisano-shi, Osaka-fu

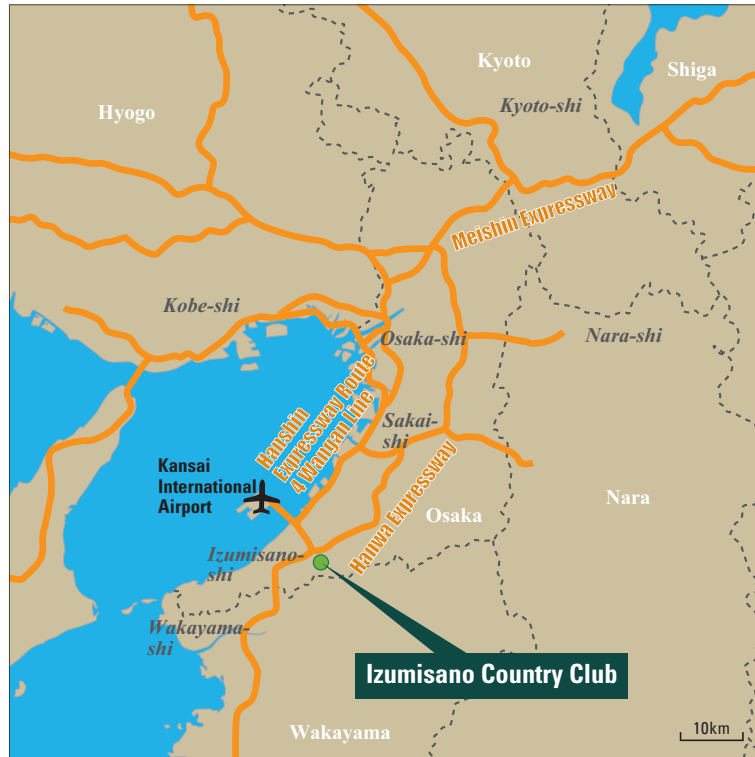
The table below sets out a summary of selected information on Izumisano Country Club.

Region	Greater Osaka Region
Inaugural Year	1972
Acquisition by the Sponsor	2005
Number of holes	27 holes
Total area	1,343,189 m ²
Attached facilities	–
Access	6 km from Hanwa Expressway Kaminogo Exit
Appraised value	JPY4,640 million (S\$57 million)
Number of visitors	FY2013: 95,000
Gross revenue	FY2011: JPY1,248 million (S\$15 million) FY2012: JPY1,090 million (S\$13 million) FY2013: JPY1,011 million (S\$12 million) Nine-month period ended 31 December 2012: JPY803 million (S\$10 million) Nine-month period ended 31 December 2013: JPY864 million (S\$11 million)
Utilisation rate	FY2013: 86.8% Weekdays (FY2013): 78.1% Weekends (FY2013): 105.3%

Location

The Izumisano Country Club is located in Izumisano City of Osaka Prefecture. The Osaka Prefecture is located in the middle portion of the Kinki region, which is one of the three major metropolitan areas in Japan. As at the end of December 2012, the number of residents was over 8.86 million and the total number of golf courses visitors was 2.06 million for the period from March 2012 to February 2013. This golf course is approximately 6 kilometers from the Hanwa Expressway Kaminogo Exit, which places it close to roads such as the Kinki Expressway and the Hanshin Expressway, and makes it easily accessible from within Osaka Prefecture, a major metropolitan area.

Location of the Izumisano Country Club



Access from major roads to the Izumisano Country Club





Description of the Izumisano Country Club

The Izumisano Country Club comprises the Inunaki Course (9 holes), the Inakura Course (9 holes), and the Osaka-wan Course (9 holes). The courses are large, with wide flat fairways and limited out-of-bounds areas. The Inunaki Course is long and relatively difficult, with much room for strategic play. The Inakura Course, although short, makes use of its many ups and downs. The Osaka-wan Course incorporates features from both the Inunaki Course and the Inakura Course, and can be enjoyed not only by advanced golfers but also by novice and female golfers. Its biggest strength is its length and its large size, and it is popular among the younger generation of golfers.

Marketability as a Golf Course

This golf course attracts customers mainly from neighboring areas such as Sakai-shi, Izumisano-shi, Kaizuka-shi, and Kishiwada-shi in the Osaka Prefecture. Access from Sakai-shi, one of the primary customer target areas, is about one hour by car, without the use of expressways. Additionally, a majority of the visitors to this golf course are aged 50 or older and many of these older visitors play regularly on weekdays or for tournaments, and the utilisation rate is approximately 78.1% on weekdays.

This golf course has over 3,900 members. In FY2013, approximately 42.1% of visitors were members and 21.7% of visitors are accompanied by members, contributing to stable operations of the course. Also, Accordia Garden Kashiwara (a driving range) opened in 2011 and visitors from the driving range increased.

Additionally, this course is wide and long, allowing it to be enjoyed by competitive golfers, and it is popular among young golfers as well. This course is open all year long and maintains a stable number of visitors due to the warm climate.

5. Kisaichi Country Club

Katano-shi, Osaka

The table below sets out a summary of selected information on Kisaichi Country Club.

Region	Greater Osaka Region
Inaugural Year	1968
Acquisition by the Sponsor	2005
Number of holes	27 holes
Total area	575,504 m ²
Attached facilities	Practice area, 12 teeing grounds
Access	7 km from Daini Keihan Highway Katano-minami Exit
Appraised value	JPY4,430 million (S\$54 million)
Number of visitors	FY2013: 99,000
Gross revenue	FY2011: JPY1,107 million (S\$14 million) FY2012: JPY1,099 million (S\$13 million) FY2013: JPY1,045 million (S\$13 million) Nine-month period ended 31 December 2012: JPY816 million (S\$10 million) Nine-month period ended 31 December 2013: JPY819 million (S\$10 million)
Utilisation rate	FY2013: 90.8% Weekdays (FY2013): 84.0% Holidays (FY2013): 104.9%

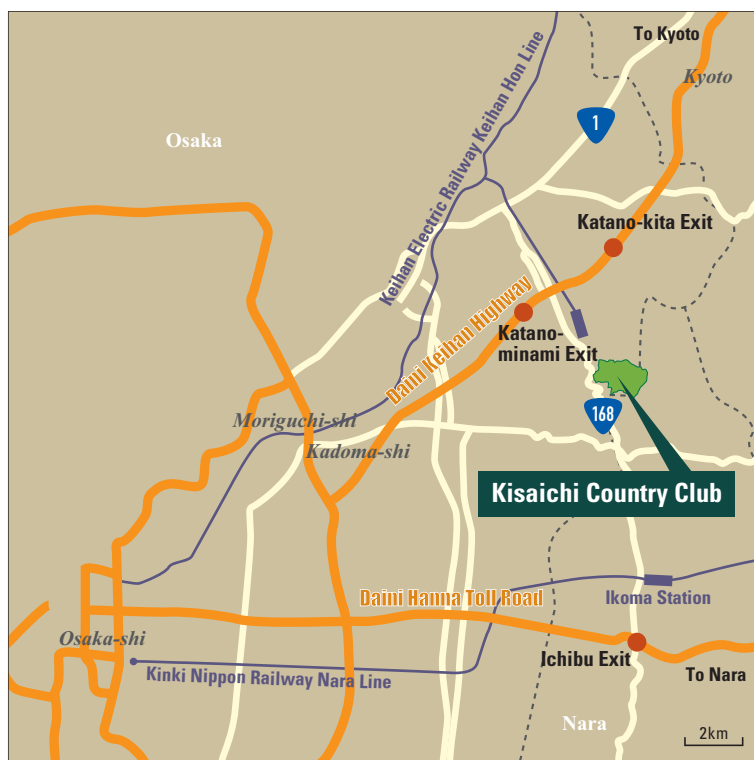
Location

The Kisaichi Country Club is located in Katano-shi, Osaka Prefecture. The Osaka Prefecture is located at the center of Greater Osaka Region, which is one of the three major metropolitan areas in Japan. The population of the Osaka Prefecture was 8.86 million as at the end of December 2012, and the total number of golf course visitors was 2.06 million for the period from March 2012 to February 2013. Katano-shi is in northeast Osaka Prefecture, and the time required from major locations in the Osaka metropolitan area is approximately 40 minutes. The adjacent National Route No. 168 connects the Kisaichi Country Club to the Katano-Minami Exit and the Katano-Kita Exit of the Daini Keihan Highway and the Kisaichi Country Club is approximately 7 kilometers and 8 kilometers from these exits, respectively. Meanwhile, it takes about 20 minutes by car from the Ikoma Station of the Kinki Nippon Railway Nara Line and about 30 minutes by car from the Hirakata-Shi Station of both the Keihan Electric Railway Keihan-Main-Line and the Keihan Katano Line. Accordingly, accessibility from urban areas by rail is good.

Location of the Kisaichi Country Club



Access from major roads to the Kisaichi Country Club





Summary of the Kisaichi Country Club

The Kisaichi Country Club consists of a total of 27 holes, made up of the Matsu Course (9 holes), the Take Course (9 holes) and the Ume Course (9 holes). The layout of these courses is generally flat with several holes overlooking a valley and downhill holes, and therefore has abundant variations and strategic characteristics. The Matsu Course is laid out on a hilly area with long yardage and broad and spacious fairways. The Take Course utilises considerable differences in elevation and has abundant variations for playing. The yardage of the Ume Course is shorter, but its fairways are narrow and require precise shots.

Marketability as a Golf Course

Customers visit the course mainly from major cities in the Osaka Prefecture including Osaka-shi, Moriguchi-shi and Kadoma-shi, as well as Kyoto and Nara prefectures, which are adjacent to the Osaka Prefecture. The Kisaichi Country Club has over 4,200 members as at the end of FY2013, and most club members are from Osaka-shi because of the club's accessibility from the Osaka metropolitan area. The Kisaichi Country Club is less than 60 minutes by car from within the customer target areas above as it is located almost at the center of three prefectures (Osaka, Kyoto and Nara prefectures).

Member visitors and visitor golfers accompanied by members accounted for approximately 44.6% and 21.2% of the total visitors in FY2013, respectively. The Kisaichi Country Club therefore has a strong customer base against a backdrop of its over 4,200 members. In particular, the ratio of member visitors on holidays in FY2013 exceeded 60%. This figure shows the club's stable customer flow. Furthermore, the maintenance and improvement of several key highways has improved accessibility of the Kisaichi Country Club in recent years, further boosting the club's popularity.

6. Kamo Country Club

Kizugawa-shi, Kyoto

The table below sets out a summary of selected information on Kamo Country Club.

Region	Greater Osaka Region
Inaugural Year	1974
Acquisition by the Sponsor	2005
Number of holes	36 holes
Total area	1,206,331 m ²
Attached facilities	Practice area, 15 teeing grounds
Access	11 km from Keinawa Expressway Kizu Exit
Appraised value	JPY4,120 million (S\$51 million)
Number of visitors	FY2013: 112,000
Gross revenue	FY2011: JPY1,162 million (S\$14 million) FY2012: JPY1,133 million (S\$14 million) FY2013: JPY1,111 million (S\$14 million) Nine-month period ended 31 December 2012: JPY902 million (S\$11 million) Nine-month period ended 31 December 2013: JPY885 million (S\$11 million)
Utilisation rate	FY2013: 77.8% Weekdays (FY2013): 69.1% Holidays (FY2013): 96.4%

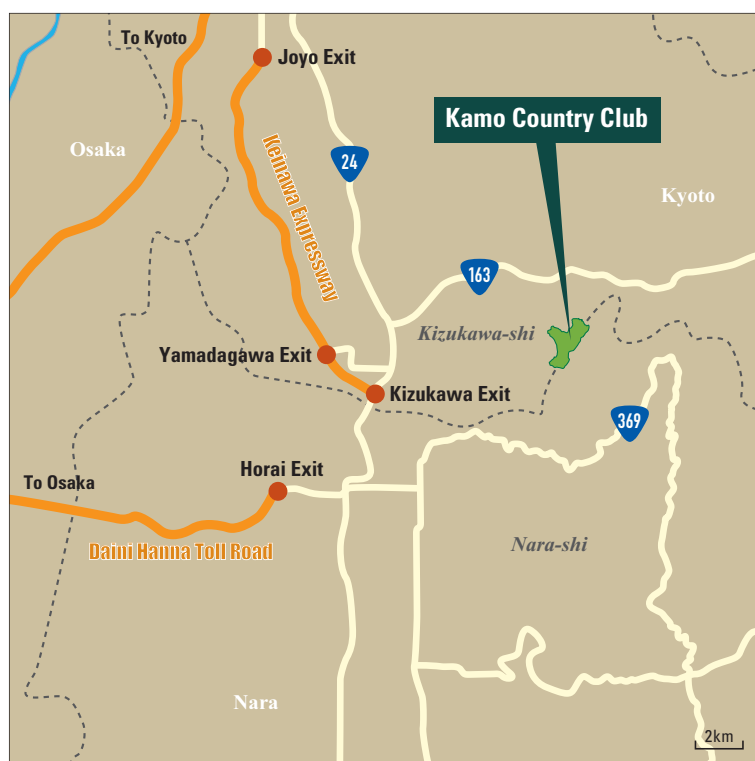
Location

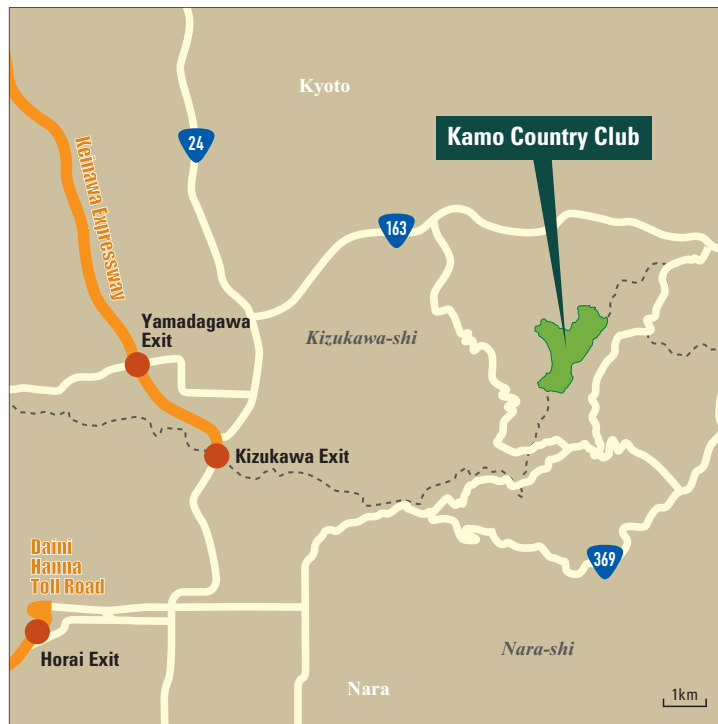
The Kamo Country Club is located in Kizugawa-shi, Kyoto Prefecture. Located near the center of mainland Japan, the Kyoto Prefecture is located in the Greater Osaka Region, which is one of the three major metropolitan areas of Japan. The number of residents in the Kyoto Prefecture was 2.63 million as at the end of December 2012, and the total number of visitors to golf courses in the Kyoto Prefecture was 1.28 million for the period from March 2012 to February 2013. Located in the southern Kyoto Prefecture, Kizugawa-shi is approximately 11 kilometers from the Kizukawa Exit on the Keinawa Expressway and approximately 20 kilometers from the Horai Exit on the Daini Hanna Toll Road. The neighbouring area is seeing new residential development and is therefore one of the areas with large population growth in the Kyoto Prefecture.

Location of the Kamo Country Club



Access from major roads to the Kamo Country Club





Summary of the Kamo Country Club

The Kamo Country Club consists of the Higashi Course (18 holes) and the Nishi Course (18 holes). The Nishi Course requires a highly strategic approach with a strong emphasis on accuracy rather than distance. The Higashi Course features a flat course layout and wide fairways but with multiple hazards, such as bunkers, strategically placed to mirror an American-style golf course. These two different types of golf courses provide an opportunity to enjoy different styles of play.

Marketability as a Golf Course

The Kamo Country Club attracts visitors from a wide range of areas covering not only Kyoto but also Osaka and Nara prefectures, which are adjacent to Kyoto Prefecture. As it is located in the southern part of Kyoto Prefecture, this golf course is an approximately 60-minute drive by car from Osaka and the Osaka Kitakawachi area, a commuter town in the Osaka metropolitan area, and a 15-minute drive by car from Nara. The golf course's proximity to the residential areas of the Greater Osaka Region provides a geographical advantage in broadening its visitor base. The annual number of visitors to this golf course was 112,000 (equivalent to approximately 56,000 on an 18-hole basis) in FY2013. Visitors from the Osaka Prefecture accounted for more than 50% of total visitors. The golf course's accessibility is among its key characteristics.

The Kamo Country Club had a membership of more than 4,700 as at the end of March 2013, and the ratio of member visitors to all visitors increased to approximately 31.3% in FY2013 from approximately 27.8% in FY2011. The combined number of visitors who are members themselves and are accompanied by members accounts for approximately 55.7%, contributing to a stable visitor flow.

This club has a large number of visitors due to its affordable green fee, targeted at casual golfers. In addition, the club has 36 holes and can therefore meet the demands for a large-scale competition. The annual number of visitors to this golf course for the past three years was approximately 91,000 to 112,000, an indication of its ability to attract visitors. Income from restaurants and shops has correspondingly increased as the club has attracted more visitors. To enhance its price competitiveness and differentiation from competing courses, the club engages in various efforts to increase the quality of its golf courses.

7. Northern Country Club Nishikigahara Golf Course

Saitama-shi, Saitama

The table below sets out a summary of selected information on Northern Country Club Nishikigahara Golf Course.

Region	Greater Tokyo Region
Inaugural Year	1963
Acquisition by the Sponsor	2005
Number of holes	43 holes
Total area	1,328,762 m ²
Attached facilities	Practice area, 25 teeing grounds
Access	8 km from Metropolitan Expressway/Saitama Omiya Line Yono Exit
Appraised value	JPY4,020 million (S\$49.8 million)
Number of visitors	FY2013: 158,000
Gross revenue	FY2011: JPY1,325 million (S\$16 million) FY2012: JPY1,303 million (S\$16 million) FY2013: JPY1,225 million (S\$15 million) Nine-month period ended 31 December 2012: JPY970 million (S\$12 million) Nine-month period ended 31 December 2013: JPY1,012 million (S\$12 million)
Utilisation rate	FY2013: 92.3% Weekdays (FY2013): 83.9% Holidays (FY2013): 110.1%

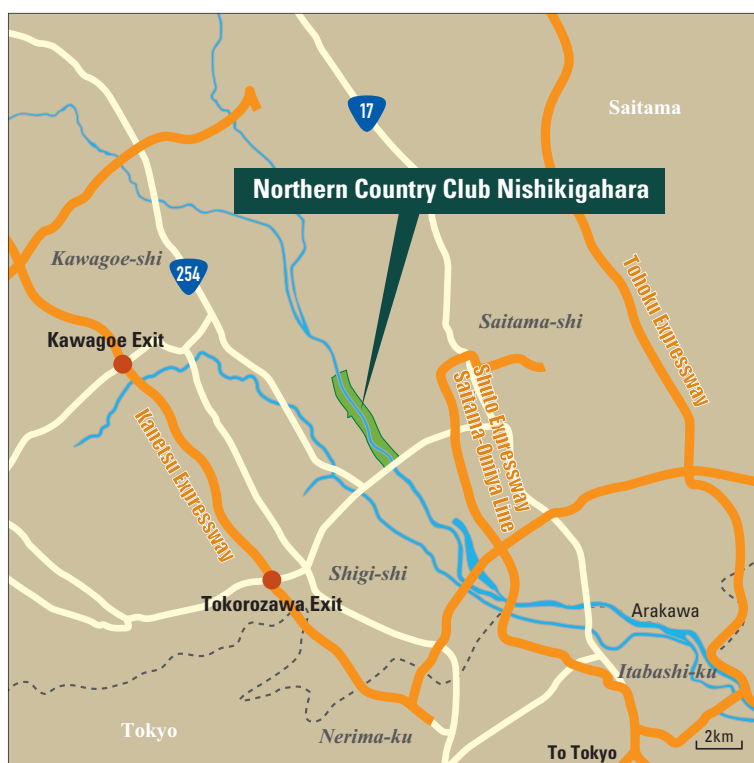
Location

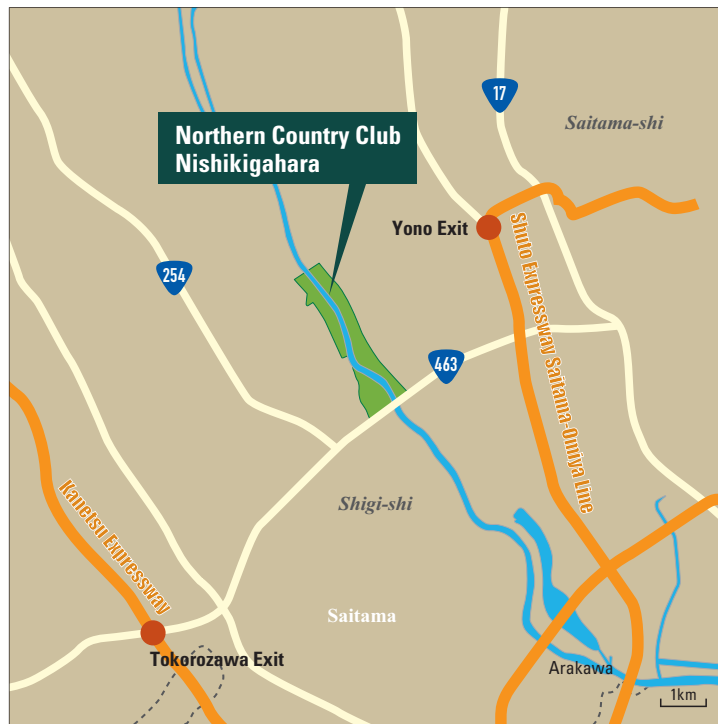
The Northern Country Club Nishikigahara Golf Course is located in Saitama-shi, Saitama Prefecture. Located inland in the western part of the Greater Tokyo Region, which is one of the three major metropolitan areas in Japan, and to the north of Tokyo, Saitama Prefecture had 7.21 million residents as at the end of December 2012. The total number of visitors to golf courses in Saitama Prefecture amounted to 3.82 million for the period from March 2012 to February 2013. Saitama-shi is located in southeast Saitama Prefecture and is a 40-minute drive from central Tokyo. Northern Country Club Nishikigahara Golf Course is approximately 8 kilometers from the Yono Exit on the Saitama-Omiya route of the Shuto Expressway. Although it is on a riverbank, this course is valued by golfers for its accessibility and convenient location close to the urban area.

Location of the Northern Country Club Nishikigahara Golf Course



Access from major roads to the Northern Country Club Nishikigahara Golf Course





Summary of the Northern Country Club Nishikigahara Golf Course

The Northern Country Club Nishikigahara Golf Course is a riverbank course along the Arakawa River with a total of 43 holes, consisting of the Sakuraso Course (18 holes), the Nanohana Course (18 holes) and the Rengeso Course (7 holes). Designed for competitive golfers who enjoy strategic play, the Sakuraso Course features par-4 holes which have long play distance similar to par-5 holes. The Nanohana Course is popular amongst a wide range of golfers from women and senior citizens to beginners, and allows golf carts on the fairway. The Rengeso Course has 7 holes and is suitable for beginners. It is available for various styles of golf play, such as a half round of play which appeals to elderly golfers.

Marketability as a Golf Course

Due to its convenient and favourable location, the Nishikigahara Golf Course attracts visitors from many cities in Saitama Prefecture and Tokyo. The Rengeso course is a par-3 course with 7 holes and is well accepted by novice and elderly golfers.

This course attracts a large number of golfers because of its large membership of more than 6,400 (including the members shared with the Northern Country Club) as at the end of March 2013 and the accessibility to the large markets of Tokyo and the Saitama Prefecture. The annual number of visitors to this course for the past three years was approximately 150,000 to 160,000, which is equivalent to around 65,000 on an 18-hole basis.

The ratio of members to all visitors was approximately 39.4% in FY2013, and has been stable around this level. The average utilisation rate on weekdays increased from approximately 76.8% in FY2011 to 83.9% in FY2013. Efforts to attract visitors include closed-market approaches, such as direct mail and discount ticket offering to club members, and efforts to reach out to visitors from a wider area through web-based reservations and marketing campaigns including open competitions. Taking advantage of its solid customer base, this course has pursued a marketing strategy of increasing the number of visitors without compromising on the green fee charged. Since 2009, the club has promoted efforts to improve the efficiency of operations, including a change in the method of operating restaurants to a cafeteria style, which has led to higher profitability. Conducting marketing activities solely relying on caddy-less play is another characteristic of this club.

8. Tsuchiura Country Club

Inashiki-shi, Ibaraki-ken

The table below sets out a summary of selected information on Tsuchiura Country Club.

Region	Greater Tokyo Region
Inaugural Year	1962
Acquisition by the Sponsor	2005
Number of holes	27 holes
Total area	814,039 m ²
Attached facilities	Practice area, 14 teeing grounds
Access	6 km from Metropolitan Inter-City Expressway Inashiki Exit
Appraised value	JPY3,830 million (S\$47 million)
Number of visitors	FY2013: 94,000
Gross revenue	FY2011: JPY963 million (S\$12 million) FY2012: JPY949 million (S\$12 million) FY2013: JPY969 million (S\$12 million) Nine-month period ended 31 December 2012: JPY766 million (S\$9 million) Nine-month period ended 31 December 2013: JPY757 million (S\$9 million)
Utilisation rate	FY2013: 86.1% Weekdays (FY2013): 77.5% Weekends (FY2013): 104.1%

Location

The Tsuchiura Country Club is located in Inashiki City of Ibaraki Prefecture. The Ibaraki Prefecture is located in the northeastern portion of the Kanto region, which is one of the three major metropolitan areas in Japan, and it is bordered on the east by the Pacific Ocean. As at the end of December 2012, the population of Ibaraki Prefecture was 2.94 million. The number of golf course visitors was 5.45 million for the period from March 2012 to February 2013, which, despite the effects of the Great East Japan Earthquake, increased by 12% year-on-year. Inashiki City is located in the southern portion of Ibaraki Prefecture, and is approximately 80 minutes from central Tokyo. This golf course is easily accessible since it is only 6 kilometers from the Metropolitan Inter-City Expressway Inashiki Exit, and within 84.5 kilometers from central Tokyo.

Location of the Tsuchiura Country Club



Access from major roads to the Tsuchiura Country Club





Description of the Tsuchiura Country Club

The Tsuchiura Country Club comprises the East Course (9 holes), the West Course (9 holes), and the South Course (9 holes). The East Course is relatively flat but still presents a reasonable challenge to most golfers while the West Course is characterised by a relaxed and unique layout for both the course and the greens. The South Course brings out the balanced scenery of the lake with wide viewing angles. Built over 40 years ago, a feature of the 27 holes is the surrounding pine and cedar trees, with the flat course winding between them. The courses allow various playing styles, ranging from long distance shots to strategic and accurate play.

Marketability as a Golf Course

This golf course attracts a majority of its customers from the Chiba Prefecture. Due to the opening of the Inashiki Exit on the the Metropolitan Inner-City Expressway in 2009, however, accessibility improved, requiring approximately 80 minutes' travel time from central Tokyo. It thus became possible to attract customers from a wider area. The good location of the golf course, just a 7-kilometer or 10-minute drive from the closest expressway exit, is favorable for the customers.

The number of visitors in FY2013 was 94,000 (62,000 per 18 holes), exceeding the 92,000 visitors in FY2010, before the Great East Japan Earthquake. This golf course had over 4,400 members as at the end of March 2013. In FY2013, about 34.4% of the visitors held memberships and approximately 48.7% of weekend visitors were members. Against a backdrop of the large number of members, pricing is arranged to efficiently maximise the utilisation rate, and as the caddy service is optional, most visitors opt to play without one.

Services that cater to female golfers such as ladies' tee facilities are also being introduced. Attracting customers via web reservations is also an area which is being strengthened, and in FY2013, approximately 37.1% of visitors made reservations via the web. The restaurant serves food in a café-style to reduce operating costs, and other services have been converted to self-service in order to optimise costs.

9. Tokyowan Country Club

Sodegaura-shi, Chiba

The table below sets out a summary of selected information on Tokyowan Country Club.

Region	Greater Tokyo Area
Inaugural Year	1979
Acquisition by the Sponsor	2005
Number of holes	27 holes
Total area	856,861 m ²
Attached facilities	Practice area, 13 teeing grounds
Access	5 km from Tateyama Expressway Anesaki-sodegaura Exit
Appraised value	JPY3,830 million (S\$47 million)
Number of visitors	FY2013: 92,000
Gross revenue	FY2011: JPY1,160 million (S\$14 million) FY2012: JPY1,102 million (S\$14 million) FY2013: JPY1,111 million (S\$14 million) Nine-month period ended 31 December 2012: JPY862 million (S\$11 million) Nine-month period ended 31 December 2013: JPY855 million (S\$10 million)
Utilisation rate	FY2013: 84.4% Weekdays (FY2013): 78.8% Holidays (FY2013): 96.1%

Location

The Tokyowan Country Club is located in Sodegaura-shi, Chiba Prefecture. Located in the southwest of Greater Tokyo Region, one of the three major metropolitan areas in Japan, the Chiba Prefecture had 6.20 million residents as at 31 December 2012 and is adjacent to Tokyo, which has a population of 13.23 million as at 31 December 2012. The total number of visitors to golf courses in Chiba Prefecture was 7.43 million for the period from March 2012 to February 2013.

Sodegaura-shi is adjacent to Kisarazu-shi. As Kisarazu-shi is located at the Chiba-side end of the Tokyo Bay Aqua-Line, an expressway that connects Kanagawa and Chiba prefectures via a bridge and undersea tunnel, this golf course is about a 60-minute drive by car from central Tokyo area. It is approximately 7 kilometers from the Sodegaura Exit of the Tokyo Bay Aqua-Line and approximately five kilometers from the Anesaki-Sodegaura Exit of the Tateyama Expressway. Due to its convenient location, the course attracts visitors from many areas that include not only adjacent cities, such as Kisarazu-shi and Ichihara-shi, but also the western part of Tokyo and Kanagawa Prefecture.

Location of the Tokyowan Country Club



Access from major roads to the Tokyowan Country Club





Summary of the Tokyowan Country Club

The Tokyowan Country Club has 27 holes, consisting of the Nagaura Course (9 holes), the Kubota Course (9 holes) and the Kuranami Course (9 holes). Some holes have a beautiful landscape with the characteristics of Japanese gardens, and others contain hazards such as ponds and bunkers which have been skillfully laid out to form a challenging course. These holes are laid out in complete harmony to create a beautiful course surrounded by natural forests. Because of its accessibility by car and flat landscape, this golf course provides a safe and enjoyable playing opportunity for golfers, including female and elderly golfers.

Marketability as a Golf Course

This club attracts visitors mainly from Yokohama and Kawasaki in northwest Kanagawa Prefecture, Yokosuka-shi in southwest Kanagawa Prefecture, Central Tokyo, Ichikawa-shi and Funabashi-shi in Chiba Prefecture and their neighboring areas. The annual number of visitors in FY2013 was 92,000, which is equivalent to 61,000 visitors on an 18-hole basis. Visitors from Yokohama accounted for approximately 12.1% of all visitors, and visitors from Kawasaki and Chiba-shi accounted for approximately 4.0% each. The club had around 3,300 members as at the end of March 2013, and the ratio of member visitors to all visitors on holidays was approximately 50.1% in FY2013, indicating that members contribute to the stable operation of the club.

The number of visitors to the Tokyowan Country Club was 91,000 in FY2011, 89,000 in FY2012 and 91,000 in FY2013. By taking advantage of accessibility and the loyalty cards issued by the Sponsor, this club maintains a stable customer base and a stable stream of income.

10. Mishima Country Club

Mishima-shi, Shizuoka

The table below sets out a summary of selected information on Mishima Country Club.

Region	Other regions
Inaugural Year	1988
Acquisition by the Sponsor	2005
Number of holes	18 holes
Total area	1,069,886 m ²
Attached facilities	Practice area, 8 teeing grounds
Access	12 km from Tomei Expressway Susono Exit
Appraised value	JPY3,050 million (S\$37 million)
Number of visitors	FY2013: 63,000
Gross revenue	FY2011: JPY787 million (S\$10 million) FY2012: JPY749 million (S\$9 million) FY2013: JPY750 million (S\$9 million) Nine-month period ended 31 December 2012: JPY574 million (S\$7.1 million) Nine-month period ended 31 December 2013: JPY559 million (S\$7 million)
Utilisation rate	FY2013: 87.0% Weekdays (FY2013): 81.3% Weekends (FY2013): 99.1%

Location

The Mishima Country Club is located in Mishima-shi, Shizuoka Prefecture. The population of Shizuoka was 3.71 million as at the end of December 2012, and the total number of golf course visitors was 3.73 million for the period from March 2012 to February 2013. Mishima-shi is located in the north central region of the Izu Peninsula, which lies in the eastern section of Shizuoka, and accessibility to the course is approximately 90 minutes from Tokyo. Starting at the Tokyo Exit and passing through Kanagawa Prefecture via the Tomei Expressway, the Mishima Country Club is located approximately 12 kilometers from the Susono Exit and 8 kilometers from the Nagaizumi-Numazu Exit, which opened in 2012 as part of the Shin-Tomei Expressway. It takes about 15 minutes using the shuttle bus service from the Mishima Station of the Tokaido Shinkansen.

Location of the Mishima Country Club



Access from major roads to the Mishima Country Club





Description of the Mishima Country Club

The course has a total of 18 holes and consists of the OUT course (9 holes) and the IN course (9 holes). The holes each are modelled with a flat layout, making the courses easy to play for females, seniors and beginner golfers. The course has an impressive over-the-lake hole and over-the-valley island green hole. The clubhouse features a spacious entrance and a natural hot spring outdoor bath. Located in the hills near Suruga Bay, the area boasts an oceanic climate that keeps it cool in the summer and warm in the winter, which facilitates play at any time of the year.

Description of the Mishima Country Club

In addition to visitors from neighbouring regions such as Mishima-shi, Susuno-shi and Numazu-shi, its accessibility from the Tomei Expressway and Shin-Tomei Expressway also makes the Mishima Country Club a popular destination for visitors from the Tokyo and Kanagawa Prefectures. Diversity in its visitor base contributes to this golf course's stable number of visitors. A natural hot spring outdoor bath can be found in the clubhouse, and views of Mount Fuji from both the bath and the course add additional value to the course. With the recent registration of Mount Fuji as a Unesco World Heritage Site, demand to play on the Mishima Country Club course is growing. The total number of visitors in FY2013 was approximately 630,000, and the utilisation rate has been stable, at approximately 86% in FY2011, 86% in FY2012, and 87% in FY2013. The country club had over 2,100 members as at the end of March 2013, and member visitors accounted for approximately 20.0%-23.0% of total visitors, creating a stable customer base. In addition to marketing strategies targeting the membership base, efforts are also being made to attract new customers, such as a web-based reservation system. The Mishima Country Club is working to increase revenues through price differentiation for different days of the week, time slots, and play styles. Cost management and higher profit margins are also ongoing initiatives, and these are moving forward via methods such as installation of automated payment machines, self-service caddies (primarily on weekdays) and management of administrative costs through the optimisation of personnel placement.

PROPERTY

The issues relating to the lands and buildings in the Initial Portfolio can be classified into the following categories:

- agricultural lands where the existence of Conversion Permission cannot be confirmed by means of any written evidence;
- buildings for which the Building Certificates cannot be located;
- non-possession of title;
- non-registration of ownership rights or leasehold interests;
- no clear delineation of boundaries;
- unknown land owner of leased lands; and
- no written lease agreement executed.

For further details, see “Risk Factors – Risks Relating to Japan”. In any case, for a period of 10 years from the Listing Date, the Sponsor will fully indemnify New SPC and the Trustee-Manager against any losses, damages and expenses incurred as a result of these issues. For further details, see “Certain Agreements Relating to Accordia Golf Trust – Letters of Representations and Warranties and Indemnity”.

Agricultural Lands Where the Existence of Conversion Permission Cannot Be Confirmed by Means of Any Written Evidence

Some of the golf courses contain at least one parcel of agricultural land for which the existence of Conversion Permission cannot be confirmed by means of written evidence. In relation to such parcels, New SPC will apply for a “certificate of non-agricultural land” (*hinouchi shoumei*) (a “**Certificate of Non-agricultural Land**”) from local governments, or apply to change the status of the relevant lands recorded in the existing land registration from agricultural lands to non-agricultural lands as far as possible. Local governments can issue a Certificate of Non-agricultural Land upon the request of a relevant land owner if documents and/or factual investigations show that a relevant land no longer constitutes agricultural land. Also, if it is proven by those required documents or a factual investigation that a relevant land no longer constitutes agricultural land, it is possible to change the status of the land recorded in the existing land registration from agricultural lands to non-agricultural lands. Once a Certificate of Non-agricultural Land is obtained or the status of the land registration is changed to non-agricultural lands, the land in question will no longer be subject to the regulations under the ALA. In addition, the Trustee-Manager has been advised by the legal adviser to the Trustee-Manager and the Sponsor as to Japanese law, Mori Hamada & Matsumoto (“**MHM**”), that the Sponsor’s ability to obtain a Certificate of Non-agricultural Land or to change the status of the land registration to non-agricultural lands would ultimately depend on the discretion of each local authority and having regard to the facts of each case, as to whether a relevant land no longer constitutes agricultural land given that the specific requirements and standards for such decision are determined by each local authority and may vary from authority to authority.

The Sponsor will submit applications and use its best endeavours to obtain a Certificate of Non-agricultural Land or change the status of the land recorded in the existing land registration in respect of all affected land parcels. The Sponsor expects that the process of obtaining Certificates of Non-agricultural Land or changing the land registration will be completed within two

years in respect of all affected land parcels, but the Sponsor may not be able to do so in respect of a limited number of affected land parcels due to some technical difficulties, for example, where the true owner of a relevant land cannot be found.

If New SPC has to suspend/cease using such land parcel or to convert the land use from a golf course back to agricultural land pursuant to an order by the local government and the relevant golf course becomes unable to continue its normal operations due to the lack or unavailability of such land parcel, New SPC intends to change the layout of the relevant golf courses to the extent that it is practically possible such that any affected parcel would not be “within the key areas of the golf courses”. In cases where redesigning the golf course is a practical option, the Sponsor will undertake to complete such redesign at the Sponsor’s sole cost and expense for a period of 10 years from the Listing Date.

In addition, if redesigning a golf course layout is practically impossible and the relevant golf course in the Initial Portfolio becomes unable to continue its normal operations due to the lack or unavailability of such land parcel, the Sponsor will be obliged to repurchase such golf course from New SPC. The Sponsor’s repurchase obligation will subsist for an indefinite period and this remedy is available to AG Trust together with the Sponsor’s indemnity. For further details, see “Certain Agreements Relating to Accordia Golf Trust – Letters of Representations and Warranties and Indemnity”.

Buildings for which the Building Certificates cannot be located

Not all the Building Certificates for the buildings located on Initial Portfolio Golf Courses could be located and therefore there is a possibility that these buildings may not be compliant with the proper building procedures under the BSA. Any building that is constructed, extended or reconstructed without any duly issued Building Certificates will be in violation of the BSA and the local government may order the demolition, removal, rebuilding, enlargement, remodelling, prohibition of use, or restriction on use of the building, or may order the owner to take other necessary measures to make it compliant with such laws and regulations. The Trustee-Manager has been advised by the legal adviser to the Trustee-Manager and the Sponsor as to Japanese law, MHM, that the failure to obtain Building Certificates is a procedural flaw to the extent that the building is in fact compliant with the Substantive Building Standards.

With respect to the buildings for which the Building Certificates for initial construction could not be located and that are material to the operation of the golf course, the Sponsor, following the consultation with the relevant local governments regarding the necessary action to ensure that such buildings are or become compliant with the Substantive Building Standards, has prepared plans to carry out the instructions or suggestions by the relevant local governments, the implementation of which may take up to 11 to 15 months.

With respect to the buildings for which the Building Certificates for subsequent extension or reconstruction could not be located, the Sponsor will first determine whether to demolish or remove such extended or reconstructed parts so that these buildings will become compliant with the BSA. In respect of those buildings for which the Sponsor decides not to demolish or remove such parts, the Sponsor will take the same procedures as stated in the preceding paragraph. It is expected that the Sponsor will prepare plans to carry out the instructions or suggestions by the relevant local governments within 1.5 years and implement such plans within three to five years.

After completing all necessary action to make sure all of the buildings are in compliance with the Substantive Building Standards, the Golf Course Subsidiaries or New SPC will conduct certain procedures pursuant to the BSA that the buildings comply with the Substantive Building Standards, with the relevant authorities. As a matter of law, there is no statutory ex-post procedure to cure such procedural flaws by obtaining the Building Certificates, and the Sponsor will consult

with the relevant authorities in advance in the conduct of the procedures. However, the completion of these procedures with the authorities may provide some comfort to the parties that the local government would be unlikely to impose administrative sanctions on the building owner.

There are different processes and approaches to be adopted to cure the issues with the relevant buildings (for example, it may be an alternative to demolish or remove the illegal part of the buildings without requiring to consult with the applicable regulators, undertake construction works and conduct certain procedures). The time required to cure the issues is therefore different for each building. In addition, the Sponsor intends to prioritise the process in respect of the buildings for which the relevant certificates for initial construction could not be allocated, so that the process to cure the issues for such buildings will more likely be completed earlier than the other buildings.

Non-possession of Title

Some of the lands which are currently used for the operation of golf courses are neither owned nor leased and New SPC will have no title or leasehold interest over those lands. Such lands consist of:

- (a) lands with specific land-lot numbers owned by known third parties such as prefectural or local government and other private land owners;
- (b) lands with specific land-lot numbers but for which no clear boundaries are delineated;
- (c) lands with specific land-lot numbers but for which no registration record exists;
- (d) lands without any specific land-lot numbers (except for (e) below); and
- (e) certain narrow roads without any specific land-lot numbers owned by prefectural or local governments (called “*rido*” or “*akado*” in Japanese).

Under Japanese law, possession for a period of either 10 years (in the case of a person who is in possession of the land without knowledge of or without negligence as to its lack of title to possess the land) or 20 years could result in acquisitive prescription. The requirements for “acquisitive prescription” are set forth in the Civil Law in Japan:

- (i) continuous possession of another party’s property for a period of either 10 years (in the case of a person who is in possession of the land without knowledge of or without negligence as to its lack of title to possess the land) or 20 years;
- (ii) such possession is with the intention of becoming the owner of the property (i.e. the requirements of the acquisitive prescription will not be satisfied if a person occupies a property of a third party for over 20 years as a lessee. On the other hand, if a person occupies the property with the intention to be the owner of such property, acquisitive prescription may be granted.);
- (iii) such possession has continued peacefully and openly; and
- (iv) invocation of prescription by the beneficiary (i.e. the person who acquires the property due to acquisitive prescription).

Therefore, the legal adviser to the Trustee-Manager and the Sponsor as to Japanese law, MHM, has advised the Trustee-Manager that New SPC may be able to acquire such lands to which it currently has no title if the requirements of acquisitive prescription are met.

New SPC intends to acquire the title or leasehold interest to the lands described in (a) above from the land owners to the extent possible or claim ownership by way of acquisitive prescription as soon as practicable. With respect to the lands described in (b) through (e) above, the Sponsor believes that the risk is low because it is difficult for anyone to prove title over these lands due to a lack of clear boundaries, registration records or land-lot numbers. If New SPC has to suspend or cease using such land parcel or to return it to the real land owner, and the relevant golf course becomes unable to continue its normal operations due to the lack/unavailability of such land parcel, New SPC intends to change the layout of relevant golf courses to the extent that it is practically possible, such that any affected parcel would not be “within the key areas of the golf courses”. In cases where redesigning the golf course is a practical option, the Sponsor will undertake to complete such redesign at the Sponsor’s sole cost and expense for a period of 10 years from the Listing Date.

The Sponsor has not had to suspend or cease operations at any of its golf courses for reasons of non-possession of title or leasehold interests in respect of the land.

In addition, if redesigning a golf course layout is practically impossible and the relevant golf course in the Initial Portfolio becomes unable to continue its normal operations due to the lack or unavailability of such land parcel, the Sponsor will be obliged to repurchase such golf course from New SPC. The Sponsor’s repurchase obligation will subsist for an indefinite period and this remedy is available to AG Trust together with the Sponsor’s indemnity. For further details, see “Certain Agreements Relating to Accordia Golf Trust – Letters of Representations and Warranties and Indemnity”.

Non-registration of Ownership Rights or Leasehold Interests

The ownership rights of some of the lands within the relevant Initial Portfolio Golf Courses have not been registered in the name of the Golf Course Subsidiaries but are still registered in the name of the former land owners. Also, most of the lease rights over the leased lands within the Initial Portfolio Golf Courses have not been registered.

The legal adviser to the Trustee-Manager and the Sponsor as to Japanese law, MHM, has advised the Trustee-Manager that under Japanese law, the registration of a transfer of an ownership right is required only to “perfect” the transferee’s rights and interests against third parties, and the transfer as between the transferor and transferee themselves is valid without registration. Similarly, registration of a land lease right is required only to “perfect” the lessee’s lease rights against third parties, but the lease right as between the land owner and the lessee themselves is still valid without registration.

With respect to non-registration of ownership rights, no third party has tried to claim its ownership over the lands against the Golf Course Subsidiaries and no dispute has arisen between the Golf Course Subsidiaries and any third party thus far. In practice, this issue has not had any impact on the operation of the golf courses. Furthermore, unreasonable time and costs may be incurred for the procedures of registration of ownership rights which was not completed at the time of transfer. For example, the former land owners may have passed away but their heirs could not be located and, in such cases, the transfer of land from the deceased owners to their heirs had not been registered and hence the transfer to the Golf Course Subsidiaries was also not registered. In order to register the lands will require locating the former land owners’ heirs or filing suits to seek registration of the title transfer (if cooperation cannot be obtained from any of their heirs). Therefore, New SPC intends to register these lands in its own names to the extent possible if a person concerned raises this matter.

In addition, with respect to non-registration of leasehold interests, in Japan, a golf course holding company would typically not register all the land lease rights granted by such a large number of land owners and any attempts to require any one land owner to register a lease contrary to the customary practice may lead to a deterioration of the relationship or increase the dispute risk with that land owner. Therefore, New SPC intends to register the land lease rights only where it is

practicable to do so having regard to the specific circumstances (for example, if the land owner transfers the land to a third party and the land owner consents to such registration). No third party has appeared and required the Golf Course Subsidiaries to vacate that land and no dispute has arisen between the Golf Course Subsidiaries and any third party (except seizures by creditors which historically occurred no more than once every two years, if at all) thus far. In practice, this issue has not had any impact on the operation of the golf courses.

No Clear Delineation of Boundaries

Not all the boundaries of the lands on which the Initial Portfolio Golf Courses are situated are clearly delineated, as some of the stakes which had delineated the outer boundaries of the golf courses when the relevant golf courses were developed have since decayed and the boundaries are now unclear. New SPC intends to delineate the boundaries if so requested by the neighbours to the land. In addition, the legal adviser to the Trustee-Manager and the Sponsor as to Japanese law, MHM, has advised the Trustee-Manager that New SPC may be able to acquire lands which fall within a neighbour's boundary if certain statutory requirements for acquisitive prescription, as mentioned above, are met.

Unknown Land Owners of Leased Lands

Not all the land owners of the leased lands on which the Initial Portfolio Golf Courses are located are known because, for example, some land owners have died and their heirs could not be found. In such cases, the Golf Course Subsidiaries usually considers one of the known heirs as the legal successor to the land and continues to pay rent to that person and this is done only when they are confident that such person has the authority to act on behalf of all the heirs¹, for example, by conducting inquiries and interviewing some heirs or having all the heirs confirm that such person has the authority to act on their behalf. However, there is a risk that a third party claiming to be the true heir may dispute the validity of this practice. New SPC intends to confirm all the heirs and agree on the payment procedure with all the heirs at their request².

No Written Lease Agreements Executed

Not all the leased lands on which the Initial Portfolio Golf Courses are located have had leases executed or renewed in writing. Under Japanese law, a lease agreement can be entered into by an oral agreement. Even though there is no express mutual agreement, an agreement may also be implied from various objective facts. The Trustee-Manager has been advised by the legal adviser to the Trustee-Manager and the Sponsor as to Japanese law, MHM, that based on the above and the assumptions that the lease agreements have been entered into by oral agreements, the land lease rights of the Golf Course Subsidiaries were duly created and remain valid and effective. Further, even in these cases where there are no written lease agreements, the parties have essentially agreed to the lease of the lands, and the land owners continue to receive rent, or the Golf Course Subsidiaries have deposited the rent at the official depository. Under such an oral lease, however, if the parties had only agreed to lease the land without specifying any definitive term, either the lessor or the lessee may request to terminate the lease at any time, and the lease will automatically terminate after one year from the date of such request to terminate. There is therefore no assurance that the respective lessors will not request to terminate the leases. New SPC intends to execute written agreements with land owners to the extent possible.

1 A former land owner may have multiple heirs to the land (for example, all the children who have joint ownership in the land).

2 This process involves New SPC conducting enquiries, including interviewing known heirs and checking relevant documents, to obtain information as to who the true heirs entitled to receive the rent are. The Sponsor has been undertaking such a process in the past and New SPC will continue with this process in respect of the golf courses which it owns.

Indemnity Letters

The Indemnity Letters have been delivered by the Sponsor to New SPC and the Trustee-Manager on behalf of AG Trust on 27 June 2014, pursuant to which the Sponsor makes comprehensive representations and warranties relating to the corporate status of the BT Golf Course Subsidiaries to be transferred from the Sponsor to New SPC through TK Contributions under the TK Agreement as well as the status of properties held by the BT Golf Course Subsidiaries. Also, the Sponsor agrees in the Indemnity Letters to provide an indemnity for a period of 10 years from the Listing Date, to New SPC and the Trustee-Manager for all losses suffered by them if any of certain issues related to properties held by the BT Golf Course Subsidiaries materialises and adversely affects the TK Business managed and operated by New SPC.

The Sponsor has also agreed in the Indemnity Letters that if it becomes impossible or significantly difficult for New SPC to continue the operation of a golf course due to or in connection with any of the following issues related to properties held by the BT Golf Course Subsidiaries, the Sponsor is obliged to repurchase from New SPC such golf course at the appraised price based on the last available appraisal report:

- Agricultural lands where the existence of Conversion Permission cannot be confirmed by means of any written evidence; or
- Non-possession of title.

This repurchase obligation will continue for an indefinite period.

Details of the Indemnity Letters are set out in the section “Certain Agreements Relating to Accordia Golf Trust – Letters of Representations and Warranties and Indemnity”.

The Trustee-Manager has been advised by the legal adviser to the Trustee-Manager and the Sponsor as to Japanese law that the Indemnity Letters constitute valid, legal and binding obligations enforceable under applicable Japanese law, subject to customary assumptions and qualifications.

The table below sets out a summary of the land and building issues in relation to the Initial Portfolio:

<u>Issue 1</u>	No. of golf courses affected/ % of total number of golf courses in BT portfolio	Total area affected (square metres)/% of total area in BT portfolio	Aggregate net operating income (mil JPY)/ (% of total NOI)	Sponsor's support
Issues related to the Agricultural Land Act	5 courses	545,415	742*	Indemnity and put option
<u>Issue 2</u>				
Issues related to the Building Standards Act of Japan	4 courses		786	Indemnity
<u>Issue 3</u>				
No title in respect of lands	5 courses	100,343	588	Indemnity and put option
<u>Issue 4A</u>				
Non-registration of ownership rights	8 courses	36,914	2,018	Indemnity
<u>Issue 4B</u>				
Non-registration of leasehold interest	75 courses	22,656,912	11,959	Indemnity
<u>Issue 5</u>				
Not all the boundaries are delineated	Not counted			
<u>Issue 6</u>				
Not all the land owners of leased lands are known	2 courses	5,910	352	Indemnity
<u>Issue 7</u>				
Not all the leased lands have leases executed in writing	Without original agreement in writing	Without original agreement in writing	Without original agreement in writing	Indemnity
	6 courses	92,301	983	Indemnity
	Without renewal agreement in writing	Without renewal agreement in writing	Without renewal agreement in writing	Indemnity
	31 courses	1,996,273	5,592	Indemnity

*Estimated maximum impact on NOI¹

1 The maximum impact on net operating income, a concept applicable only to this issue, is the maximum impact to the net operating income should such ALA issues materialise. This figure reflects the fact that some of the golf courses have more than 18 holes. The Sponsor manages its courses in sets of nine holes. Where a golf course has more than 18 holes (i.e. three or more sets of nine holes, for a total of 27 or 36 holes), if an ALA issue were to materialise, the Sponsor would be able to replace the set of nine holes containing the affected parcel with another set of nine holes. By doing so, the impact of the ALA issue on net operating income would be less than the full net operating income of the affected golf course. Therefore, the figure provided on the maximum impact on the net operating income reflects the partial loss of net operating income that would occur in the case of courses with more than 18 holes. This calculation involves discounting the full net operating income of the affected golf course by the proportion of holes that would be unable to be used. In contrast, the "aggregate net operating income" for the purposes of all other issues other than the ALA issue is the sum of the net operating income of the affected golf courses.

Note: NOI impact based on FY2015 estimate.

The Trustee-Manager will make an announcement on a quarterly basis to provide updates to the above table. The Sponsor has also agreed in the Indemnity Letters to provide an update to the Trustee-Manager on a quarterly basis on the progress of the process in relation to the issues referred to in the above table.

The golf courses affected by an unclear delineation of boundaries have not been taken into account. As the golf courses are located on vast areas of lands which also span mountainous areas, and there are large numbers of land parcels of the golf courses which are surrounded by third party neighbours, it would not be practically possible to determine definitively the property boundaries or the basis of physical boundary markers (which may take the form of stakes or posts). In a large number of cases, physical boundary markers may not be present or, if present, may not be relied upon as representing actual boundary delineations that had been agreed between parties.

SUPPLIERS

Pursuant to the Golf Course Management Agreement, the Sponsor will be supplying golf course management services to New SPC and in connection with this, the Sponsor will be the sole supplier of all the materials and goods required for the operations of the Initial Portfolio Golf Courses, having contracted with New SPC to supply the same. The Sponsor in turn procures the necessary supplies from third-party end suppliers, none of which the Sponsor believes it is dependent on for the respective supplies given that there are readily available substitutes for such suppliers.

CUSTOMERS

The total numbers of annual visitors to the Initial Portfolio Golf Courses in FY2011, FY2012, FY2013 and the nine-month period ended 31 December 2013 are 5.430 million, 5.446 million, 5.613 million and 4.514 million, respectively. The following table sets forth certain breakdown of the annual visitors to the Initial Portfolio in FY2011, FY2012, FY2013 and the nine-month period ended 31 December 2013:

		Year ended 31 March			Nine Month period ended 31 December
		2011	2012	2013	2013
Total annual visitors		5,429,819	5,446,446	5,612,845	4,514,118
Membership	Members	1,115,633 (20.5%)	1,081,397 (19.9%)	1,086,317 (19.4%)	843,659 (18.7%)
	Non-members	4,314,186 (79.5%)	4,365,049 (80.1%)	4,526,528 (80.6%)	3,670,459 (81.3%)
Loyalty card	Holders	3,853,771 (71.0%)	4,469,142 (82.1%)	5,078,375 (90.5%)	4,065,610 (90.1%)
	Non-holders	1,576,048 (29.0%)	977,304 (17.9%)	534,470 (9.5%)	448,508 (9.9%)
Gender	Male	4,791,189 (88.2%)	4,795,212 (88.0%)	4,933,189 (87.9%)	3,965,335 (87.8%)
	Female	638,630 (11.8%)	651,234 (12.0%)	679,656 (12.1%)	548,783 (12.2%)

The Initial Portfolio Golf Courses target a wide demographic range of golf players. The Initial Portfolio Golf Courses managed under “Accordia” brand golf courses representing casual and enjoyable golfing maintain mass appeal by, *inter alia*, consistently well-maintained course conditions and reasonable playing fees and meal charges realised by the Sponsor’s expertise in golf course management and highly cost-efficient operations.

The “Accordia” brand is also well accepted among female players, and the percentage of female visitors to the initial portfolio golf courses among the total number of visitors in FY2013 is 12.1%.

Among these target customers, the core customer base of the Initial Portfolio Golf Courses consists of members and non-members holding loyalty cards issued by the Sponsor. The total number of members of the Initial Portfolio Golf Courses is 146,261 as at 31 December 2013, and the following table sets forth a breakdown of the members as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013:

		As at the last day of March			As at the last day of December
		2011	2012	2013	2013
Total number of members		162,846	156,939	147,588	146,261
Gender	Male	147,166 (90.4%)	141,963 (90.5%)	133,602 (90.5%)	132,399 (90.5%)
	Female	15,680 (9.6%)	14,976 (9.5%)	13,986 (9.5%)	13,862 (9.5%)

SALES AND MARKETING

In order to secure sound operation of the Initial Portfolio Golf Courses, New SPC, the operator of the golf course business with the support by the Sponsor under the Golf Course Management Agreement, will adopt the appropriate marketing approach for each of the Initial Portfolio Golf Courses through the analysis of, *inter alia*, economic, social and demographic characteristics of the market. (See “Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement” for details of the Golf Course Management Agreement.) New SPC and the Sponsor will analyse both customer trends and information as well as recent market movements, and apply them to day-to-day marketing to ensure appropriate balancing of price and capacity utilisation. Further, New SPC and the Sponsor will analyse visitors’ and market data to identify the best measures to increase the repetition rate and to optimise sales channels on a course by course basis. In particular, New SPC and the Sponsor believe well-maintained course conditions, fairway access by golf carts, and flexibility in playing styles such as early morning 18-hole play without breaks and private games for twosomes are attractive measures that provide customers with a satisfying golf experience.

In order to attract customers, New SPC will make use of the Sponsor’s online reservation services, “AG-web” (on-line official reservation service) and “AG-web Mobile” (reservation service by mobile phones), in addition to daily sales activities in Initial Portfolio Golf Courses. Aside from the web reservation services¹, the Sponsor, on behalf of New SPC, will provide information regarding the Initial Portfolio Golf Courses to third-party online reservation services such as Golf Digest Online and Rakuten, GORA to attract customers. The percentage of reservations at the Initial Portfolio Golf Courses made online accounted for approximately 30% of the total number of reservations for FY2013.

In an effort to pull in customers, New SPC will also take full advantage of the “Accordia Golf Loyalty Card” issued by the Sponsor. All members of the Initial Portfolio Golf Courses are also holders of Accordia Golf Loyalty Card, as at the end of March 2013. New SPC and the Sponsor will try to attract customers to the Initial Portfolio Golf Courses by providing various incentives. Under the Accordia Golf Loyalty Card Programme, holders are able to use points accumulated from playing golf, using driving ranges or shopping at pro-shops at the golf courses and driving ranges of both AG Trust and the Sponsor in exchange for various benefits, including discounts for payments at golf courses and other services such as restaurants, driving ranges, and pro-shops

¹ The costs of using the Sponsor’s online reservation services are included in the fees payable to the Sponsor from New SPC pursuant to the Golf Course Management Agreement. See “Certain Agreements relating to Accordia Golf Trust – Golf Course Management Agreement – Grant of licence” for details of the online reservation services provided by the Sponsor.

at the golf courses and driving ranges of both AG Trust and the Sponsor pursuant to the Accordia Golf Loyalty Card Programme. The Sponsor will continue trying to attract customers by providing various point programmes to improve customers' experiences according to customers' needs and usage.

The Sponsor also distributes coupons to its shareholders that may also be used at AG Trust's golf courses and driving ranges, which will contribute to the business at AG Trust's facilities. The Sponsor will reimburse AG Trust for the amount of discount enjoyed by its shareholders at AG Trust's facilities. Holders of the coupons will be charged fees at the same rates as the other visitors/members to the respective golf courses and driving ranges and will not enjoy any discount to the rates only by virtue of their status as a shareholder of the Sponsor. Accordia Golf will calculate the amount equal to the discount by the Facility Coupons, which will have been used during the relevant month, as of the last day of each month and will pay it to New SPC as the reimbursement by the last day of the following month.

The most important customers of all are members of each golf course, the aggregate number of which is 146,261 as at 31 December 2013 in relation to the Initial Portfolio Golf Courses. By giving members a more favourable discount rate for loyalty points earned and offering free golf clinics twice a year or special events limited to members only, the Sponsor will keep attracting these members and their acquaintances to the Initial Portfolio Golf Courses by continuously improving services to them.

Status	Member		Non-member		
	Diamond	Black	Gold	Silver	White
Criteria for status rank	Annual visit 24 times or Annual usage amount 300,000 yen	–	Annual visit 24 times or Annual usage amount 300,000 yen	Annual visit 6 times or Annual usage amount 100,000 yen	–
Points granted at directly owned driving range (exc. Pro-shop use)	2%	2%	2%	2%	1%
Points granted for Pro-shop use	Up to 20%	Up to 18%	Up to 15%	Up to 10%	Up to 5%
Golf clinic	Twice a year	Twice a year	Once a year	–	–
Registration fee for purchase of membership at market	Up to 50%	Up to 50%	Up to 50%	Up to 50%	–
Sales price for membership offered for complement	Discounted price	–	Discounted price	–	–

COMPETITION

The Trustee-Manager believes that the primary competitors of AG Trust's golf course business are existing major golf course operators in Japan, including, amongst others, the PGM Group and Orix Group.

AG Trust will also encounter competition from other entities that selectively or indirectly compete with it, including:

- specialised golf course operators located in Japan and overseas;
- real estate companies that operate golf courses;
- tourism-related companies that operate golf courses; and
- companies that operate golf courses owned by investment funds.

The Trustee-Manager believes that AG Trust will be able to compete and enjoy the following advantages over its competitors:

- leveraging on the established "Accordia" brand name and experience of the Sponsor, including the Sponsor's track record of attracting customers through its marketing system;
- leveraging on the Accordia sales and marketing network to optimise revenues, including analysing historical customer trends, an online reservation service as well as a loyalty programmes; and
- reduction in costs through economies of scale employed by way of purchase of golf course equipment and other materials on the part of the Sponsor.

EMPLOYEES

Pursuant to the Restructuring, the employees of the Sponsor group who engage in the day-to-day operations of the Initial Portfolio Golf Courses will be transferred to New SPC and approximately 5,600 employees are expected to be transferred to New SPC. As at 31 December 2013, the Sponsor had 5,577 permanent and temporary employees in respect of the Initial Portfolio Golf Courses, all of whom are employed in Japan. The Sponsor hires a significant number of temporary employees and for FY2013, the percentage of temporary employees increased 2.8% from as at 31 March 2011 to 31 December 2013 while the percentage of permanent employees decreased 2.8%. As at the date of this Prospectus, only two employees of AH12 in respect of Izumisano Country Club are unionised. The Sponsor and the labour union entered into an agreement on the labour conditions of the said two union members on 28 February 2011. In addition, every six months, the Sponsor and the labour union agree in writing on the amount of bonuses of these two union members. There has been no dispute between the Sponsor or AH12 and the labour union. The Sponsor considers its relations with this labour union and its employees to be good.

The table below sets forth the number of permanent and temporary employees of the Initial Portfolio Golf Courses as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013:

Functions	As at 31 March 2011		As at 31 March 2012		As at 31 March 2013		As at 31 December 2013	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Course Operations	754	165	775	166	787	157	756	158
Caddy Services	496	290	375	288	350	273	272	266
General Administration	1,127	755	1,047	784	1,046	861	1,027	895
Hotel Operations	31	13	25	11	21	7	21	11
Professional Golfer	0	0	36	0	40	0	41	9
Restaurant Operations	787	1,269	746	1,330	789	1,231	860	1,261
Total	3,195	2,492	3,004	2,579	3,033	2,529	2,977	2,600

The Trustee-Manager believes that human capital is critical to the success of AG Trust. Competitive employment practices and remuneration packages are offered to attract talented candidates to join AG Trust.

Under the Golf Course Management Agreement, the Sponsor will second its senior/experienced individuals to New SPC, who will manage, train, and/or supervise the employees of New SPC, with the remuneration of such secondees to be borne by New SPC. This arrangement is expected to benefit New SPC by enabling it to respond quickly and maintain a consistent level of management quality as it acquires new golf courses in the future or should the need arise to replace managers.

New SPC intends to implement a human resource policy that aims to hire suitable candidates with the relevant experience, qualification and disposition for the relevant positions as well as to retain qualified employees, including human resource training which will be suitable and in line with service industries. Given that most of the existing employees will be employed by New SPC, it is intended that New SPC will adopt the Sponsor's existing training programme for employees as follows:

Employment transfer/secondment structure between the Sponsor and New SPC

For the purposes of the operations of New SPC, there will be employees of the Sponsor who will be retained at the Sponsor but seconded to New SPC and employees of the Sponsor who will be transferred to New SPC.

Employees working at the Initial Portfolio Golf Courses on a contract basis will be transferred to New SPC if they are not course managers/course maintenance managers or above in job title. Employees working at the Initial Portfolio Golf Courses who are full time staff of the Sponsor or who are course managers/course maintenance managers or above in job title will be retained at the Sponsor but seconded to New SPC. Employees who are working at the restaurants of the Initial Portfolio Golf Courses will be transferred to New SPC if they are not senior managers or above in job title. Employees who are senior managers or above in job title who are working at the restaurants of the Initial Portfolio Golf Courses will be retained at the Sponsor but seconded to New SPC. For employees at that level, secondment as opposed to transfer is undertaken so that the Sponsor and New SPC can always agree on the most suitable candidate from the Sponsor's employees to achieve optimum management levels. As about two to three employees per golf course are expected to be seconded to New SPC, approximately 200 employees of the Sponsor are expected to be seconded in total.

The remuneration of the employees of the Sponsor who are seconded to New SPC will be borne by New SPC and evaluated by New SPC based on their title and performance with New SPC. For the avoidance of doubt, the fees payable to the Sponsor under the Golf Course Management Agreement exclude the remuneration of the seconded employees.

System of Training

The training flow for the employees is established alongside overall human resources development with the expansion of 4 values of “notice”, “intend to act”, “learn” and “exercise.”

- Basic training prior to employment
- First Year
 - Group training of freshmen
 - Course management, general administration, driving range administration
 - Based on each section’s curriculum, employees experience and learn operations of golf courses and driving ranges, recognise functions and roles of each section, and grasp the overall business of the company
 - Summer-time follow-up training
 - Winter-time follow-up training
- Second to Sixth Year
 - Third-year follow-up training
 - Self analysis and autonomous career development, communisation of basic knowledge and skills related to budget and results management and measuring control, logical thinking
- Initial leadership training
 - Self-development tools

New SPC also intends to maintain a positive and supportive work environment for employees.

INTELLECTUAL PROPERTY

The Sponsor has granted New SPC, AG Trust and special purpose vehicles which AG Trust will newly form in the future, under the Golf Course Management Agreement, the non-transferable right to use the Accordia trademark as part of its corporate name, as well as the Accordia logo in connection with its business on a non-exclusive basis. No fees are payable by AG Trust to the Sponsor for the right to use the Accordia trademark and logo as disclosed above and the Golf Course Management Agreement is valid until the termination of the the Golf Course Management Agreement.

(For details on the termination events under the Golf Course Management Agreement, please see “Certain Agreements relating to Accordia Golf Trust – Golf Course Management Agreement”.)

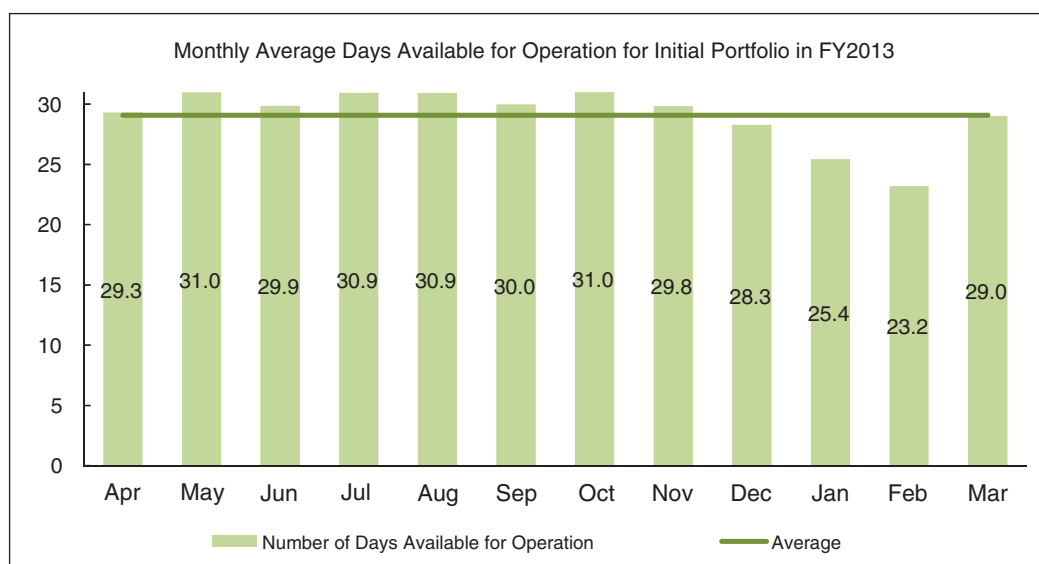
SEASONALITY

The demand for the golf course sport is affected by seasonality.

Golf is an outdoor sport and is therefore affected by weather conditions. Specifically, golf courses lose a revenue opportunity when a prior booking for round is cancelled because of rain or snow on the day of playing. There is a possibility that the number of days available for golf course operation will be affected by long period of rain during the rainy season or unexpected snowfalls. The revenue of the golf courses tend to be higher in the first and third quarter which correspond to the moderate spring and fall seasons, and tend to be lower in the second and fourth quarters of severe summer and winter, respectively.

In Japan where climatic changes are volatile, demand for golf is higher in the moderate weather of spring and fall, and lower in the severe weather of summer and winter. Some golf courses may be forced to close for some time in winter because of heavy snowfalls, depending upon their location. There are also golf courses which suffer from occasional closure of operations due to typhoons, continual rain during the rainy season and snowfalls.

(See the chart below “Monthly Average Days Available for Operation for Initial Portfolio in FY2013” for the number of days available for the operation of the Initial Portfolio Golf Courses in FY2013.)



INSURANCE

Insurance contracts are maintained at a level that New SPC considers sufficient and in conformity with industry standards. Liabilities for damages to third parties, physical injuries and damage to golf equipment of those who play, practice and teach in golf courses will be compensated by the comprehensive liability insurance for golfers. Damage to the buildings, furniture and equipment under New SPC's ownership arising from a fire, a stroke of lightning, a wind disaster or other similar incidents will be compensated via the comprehensive corporate properties insurance. Loss of income arising from the unavailability of the buildings and others as a result of a fire, a stroke of lightning, a wind disaster or other similar incidents will be compensated via general corporate costs and income insurance. Earthquake insurance is taken over the buildings on 18 of the Initial Portfolio Golf Courses for damage to such buildings as the Probable Maximum Loss in these cases exceed 15.0%.

Except for earthquake loss, the Sponsor has thus far not incurred any material losses arising from natural disasters covered by the above mentioned insurances.

SAFETY AND ENVIRONMENT

The Sponsor takes the following measures to promote safety and health management activities in the workplace.

- Basic measures to protect from health impairments;
- Measures to identify causes and prevent recurrences of industrial accidents, which are related to health management;
- Matters related to making rules regarding health management;
- Matters related to making plans for health education;
- Matters related to investigating toxicity as per the relevant laws and regulations and preparing countermeasures for the results;
- Matters related to exercising working environment measurements as per the relevant laws and regulations and coping with the results;
- Matters related to making plans for maintaining and promoting health;
- Matters related to performing regular medical checkups and coping with the results;
- Matters related to protecting employees from health impairments caused by newly employed machinery and raw materials;
- Matters related to coping with orders, directions, recommendations and instructions from the heads of the administrative bodies, which are relevant to employees' health; and
- Other matters to achieve the objectives of the health committee established in respect of each golf course where required by applicable laws.

APPRAISAL REPORTS

In respect of every fiscal year, New SPC will commission the appraisal of its portfolio golf courses and, if applicable, driving ranges. In respect of each of the Initial Portfolio Golf Courses, the SPC has obtained an appraisal from the Independent Real Estate Appraiser (either CBRE or Tanizawa) which provided the appraisal report for the Initial Portfolio Golf Courses. New SPC will also obtain such appraisals for golf courses and driving ranges prior to their acquisition.

LEGAL AND REGULATORY COMPLIANCE

New SPC will be subject to a number of laws and regulations, including the National Land Use Planning Act of Japan (Act No. 92 of 1974, as amended) (the “**National Land Use Planning Act**”), the City Planning Act (Act No. 100 of 1968, as amended) (the “**City Planning Act**”), the Forest Act of Japan (Act No. 249 of 1951, as amended) (the “**Forest Act**”), the River Act of Japan (Act No. 167 of 1964, as amended) (the “**River Act**”) and the ALA in developing and utilising golf courses under its ownership. Also, it is subject to various laws and regulations, including the Agricultural Chemicals Control Act of Japan (Act No. 82 of 1948, as amended), the Waste Management and Public Cleaning Act and the Environmental Impact Assessment Act with regard to environmental considerations, as well as the Food Sanitation Act of Japan (Act No. 233 of 1947, as amended) and the Public Bath Houses Act of Japan (Act No. 139 of 1948, as amended) in connection with

operations of the outsourcing contractors in the golf courses. Except as disclosed in the section entitled “The Business of Accordia Golf Trust – Property” of this Prospectus, to the knowledge of AG Trust, the SPC is not in material breach of any laws and regulations applicable to the SPC.

LEGAL PROCEEDINGS

None of AG Trust, SPC, the BT Golf Course Subsidiaries or the Trustee-Manager is currently involved in any material litigation nor, to the best of the Trustee-Manager’s knowledge, is any material litigation currently contemplated or threatened against AG Trust, the members of the Trust Group (including the BT Golf Course Subsidiaries) or the Trustee-Manager.

ENCUMBRANCES

The Initial Portfolio Golf Courses are subject to the encumbrances as set out in “Capitalisation and Indebtedness – Indebtedness”.

Registered Security Interest over the Property

There are several owned or leased lands in the Initial Portfolio which have registered security interests, most of which are mortgages, including revolving mortgages.

Pre-Mortgage Agreement

Under the loan agreement dated 29 October 2012 among the Sponsor, some of its subsidiaries, Mizuho Corporate Bank Co., Ltd. and several other financial institutions, in the event of the Sponsor’s breach of a financial covenant or a credit rating maintenance covenant, the Sponsor and its relevant subsidiaries are obliged to mortgage, at the banks’ request, the real estate properties of 80 golf courses, including 61 golf courses in the Initial Portfolio, as collateral for the Sponsor’s debt obligations under the loan agreement.

In addition, under the loan agreement dated 21 November 2013 among the Sponsor, some of its subsidiaries and Daiwa PI, in the event of the Sponsor’s breach of a financial covenant or a credit rating maintenance covenant, the Sponsor and its relevant subsidiaries are obliged to mortgage, at Daiwa PI’s request, the real estate properties of 80 golf courses, including 61 golf courses in the Initial Portfolio (same golf courses as mentioned in the preceding paragraph), as collateral for the Sponsor’s debt obligations under the loan agreement.

According to the Sponsor, the Sponsor is not in breach of any covenant and has not been required to create any mortgage under both of the abovementioned agreements.

On the Listing Date, the Sponsor and New SPC (which will succeed the status of the subsidiaries) will be discharged from the aforementioned obligation to mortgage and the aforementioned security interests over the Initial Portfolio will be correspondingly discharged.

Registered encumbrances over the property

There are several owned or leased lands in the Initial Portfolio which have registered encumbrances, such as easements (*chieki ken*) and superficies (*chijo ken*)¹. Many of the encumbrances are easements for electric lines.

In addition, there are some leased lands in the Initial Portfolio which have a registered attachment order.

¹ *Superficies* is a land use right under Japanese law.

CORPORATE SOCIAL RESPONSIBILITY

AG Trust will disclose its corporate social responsibility initiatives in its annual reports and website.

The Trustee-Manager believes in being a responsible corporate citizen and will ensure that the business operations and strategy of AG Trust adheres to the Sponsor's existing corporate social responsibility framework, which is committed to contributing positively towards the community and the environment. The Trustee-Manager will work on corporate social responsibility initiatives under the framework in order to enhance the social well-being of the local community and contribute to a sustainable future.

OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN JAPAN

GK (*godo kaisha*) under the Companies Act of Japan

A GK (*godo kaisha*) is one form of corporate entity available under the Companies Act of Japan.

General

All equity holders of a GK, which are called “members (*shain*)”, bear limited liability, but the features of the operations and governance of a GK are intended to be more similar to those of a limited partnership. Unlike an ordinary KK (*kabushiki kaisha*), a GK does not require a statutory auditor or an accounting auditor.

Formation of a GK

A GK is formed when a person who intends to be a member of the GK prepares the Articles of Incorporation (*teikan*), subscribes for ownership interests (*shain mochibun*, which are equivalent to common shares of a KK) and capitalises the GK through its payment of the issue price of the ownership interests. The formation of the GK is then registered (*setsuritsu no toki*) through the filing of an application for commercial registration with a relevant local Legal Affairs Bureau in the jurisdiction of the principal office of the GK. There is no minimum capital requirement for incorporating a GK.

Member of a GK

A GK may have one or more members, and there is no restriction under the Companies Act of Japan in this regard. A member of a GK may be an individual or a company, including a foreign company. The initial member of a GK is a person or a company who establishes the GK by subscribing for membership interests in the GK and capitalizing the GK through its equity contributions. After the establishment of the GK, its members will consist of the persons or companies who either capitalise the GK through their equity contributions or acquire or succeed membership interests in the GK from existing members of the GK.

Role of Member

Each member of a GK has the power to manage the GK, unless otherwise set out in its Articles of Incorporation. If the Articles of Incorporation name one or more specific member(s) as executive member(s) (*gyoumu shikko shain*), only such executive member(s) has the power to manage the GK.

In most cases, the executive member is also the representative of the GK.

If the executive member is a company, such company must appoint at least one individual who will act as a representative for the executive member and who will perform the executive member's duties.

That individual is referred to as an operating officer (*shokumu shikkosha*) of the executive member.

Liability of Member

Under the Companies Act of Japan, a GK is an entity separate from its members and, in principle, the liability of each member is limited to the amount of its equity contributions to the GK.

Each executive member has a duty of loyalty and a duty of care as a good manager to the GK. If an executive member fails to perform its duties, it will be held liable to the GK for damage or losses arising out of such failure. An executive member which maliciously or with gross negligence fails to perform its duties will be liable for damage or losses incurred by third parties as a result of such malicious or grossly negligent failure.

Further, it is a general rule that an executive member is prohibited from carrying out certain transactions involving a conflict of interests between the executive member and the GK without approval of the majority of the other members, or from simultaneously engaging in transactions similar to the business of the GK, without unanimous approval of all the other members. If, however, it is otherwise provided in the Articles of Incorporation of the GK, or the GK has only one member, then the executive member may not need to obtain such approval for carrying out those transactions.

Laws and Regulations Relating to the TK Structure

The TK agreement under the Commercial Code of Japan (Act No. 48 of 1899, as amended) forms a contractual relationship between a TK operator (*tokumei kumiai* operator) and a TK investor (*tokumei kumiai* investor) and does not constitute a body corporate or separate legal entity in itself.

The TK agreement is an investment agreement. A TK investor makes contributions in cash or in kind ("**TK investments**") to a TK operator for the purpose of the TK business under a TK agreement and will have a contractual right to receive a distribution of the profits from such TK business as well as the return of the residual assets in the TK business pursuant to the TK agreement. The assets contributed by the TK investor to the TK operator shall be legally owned by the TK operator.

Neither the TK investor nor its officers, directors, employees, or representatives may actively manage and operate any part of the TK business, nor shall such entities or individuals have any authority to act for the TK operator.

Further, a TK investor shall not have voting rights at a shareholders meeting of the TK operator or any other rights to actively participate in decision-making processes of the TK operator, including management and operation of the TK business, except for veto rights over material matters of the TK business and for the rights of inspection of the TK operator and the TK business which are granted by the laws and its contractual rights which may be provided for in the TK agreement to the extent allowed by law. The TK operator will otherwise manage the TK business in its sole discretion.

A TK operator owes a duty of care as a good manager to the TK investor in managing and operating the TK business.

Laws and Regulations Relating to Japanese Real Estate

Real Estate Registration System

There is a real estate registration system in Japan under which title of real estate and certain other real estate-related rights, such as the right to use real estate or security rights over real estate are registered. An owner of an unregistered real estate property or a holder of other unregistered rights cannot assert its title or rights against a third party.

The real estate register, however, does not necessarily reflect the true holder of the title or right. In practice, parties who plan to enter into a real estate transaction usually rely upon the register, as it is generally the best indication of the true holder of the real estate-related title or right.

However, a purchaser of real estate or a related right has no recourse to anyone but the seller if, relying on the register, the purchaser purchases real estate or a related right from the seller and the information contained in the register turns out to be incorrect. The purchaser may seek reimbursement from the seller pursuant to statutory warranties or contractual warranties, but generally cannot acquire the title or a related right to the real estate.

Liabilities of the Owner of Real Estate

Under the Civil Code of Japan (Act No. 89 of 1896, as amended), or the Civil Code, if any damage has been caused to another person by reason of any defect in the construction or maintenance of a structure on land, the person in possession of the structure is liable to compensate the injured person for damages it suffers, provided, however, that if the person in possession has exercised due care in order to prevent the occurrence of such damage, the owner of the structure is liable for such damage.

It is customary to obtain third party liability insurance over real property¹. However, in certain circumstances, insurance may not be available, or even if obtained, the insurance may not cover all or part of the liability in relation to the property.

A purchaser of real estate may in some instances seek reimbursement from the seller pursuant to statutory or contract-based warranties for liability to a third party that was caused by a defect in the property existing at the time of the sale. However, these warranties are sometimes limited or excluded or may prove insufficient if the seller lacks funds to compensate the purchaser for its loss.

Warranty Obligations

Unless contractually excluded, a seller of real estate property owes statutory warranty obligations to a purchaser for any latent defect in the real estate property. Statutory warranties are generally effective for one year from the date on which the purchaser becomes aware of the existence of the latent defect and can be enforced during this period by a cancellation of the underlying sale or by requesting damages from the seller. These statutory warranty obligations may be contractually excluded or substantially reduced in the sale and purchase agreement under which the real property is purchased.

Soil Contamination Control Act

Under the Soil Contamination Control Act, a current owner of real property may be held strictly liable for the survey, removal or remediation of hazardous or toxic substances on or under such property, whether or not the current owner knew of, or was responsible for, the presence of such hazardous or toxic substances.

Property Subject to Co-ownership

Co-ownership refers to a type of ownership where one party owns a certain percentage interest in the whole building or property and other owners own the remaining percentage interest.

Sale of Co-ownership Interest

A co-owner of a property subject to co-ownership is entitled under the Civil Code, to sell its co-ownership interest to any person or entity without the consent of the other co-owners, unless an agreement between the co-owners requires the consent or grants a right of first refusal.

¹ Such insurance will be maintained by New SPC from the Listing Date.

Sale of Property under Co-ownership and the Right to Partition

Sale or any other disposal of a property under co-ownership may not be made without the consent of the other co-owners. A co-owner may demand that a co-owned property be partitioned, giving each co-owner a right to a specific portion of the property that each co-owner may dispose of at its discretion.

If co-owners cannot agree upon a partition, the court may be asked to intervene. If partition is not practicable, or may cause a significant decrease in the value of the co-owned property, the court may order that the property be sold by public auction. Each co-owner would then receive the proceeds of the sale of the co-owned property on a pro rata basis. The Civil Code permits the co-owners to agree not to exercise their right to demand partition of the co-owned property, subject to the following limitations:

- the agreement must be for a period of not more than five years, and any period of renewal must be limited to not more than five years;
- the agreement is not effective against a third-party purchaser of a co-ownership interest unless the agreement is registered; and
- the agreement is not effective against a trustee of a co-owner in relation to which bankruptcy, corporate reorganization or civil rehabilitation proceedings have been commenced, although in these cases, the other co-owner(s) may purchase the co-ownership interest of the co-owner subject to such proceedings.

Administration of the Property

Co-owners generally decide on matters relating to the administration of co-owned properties by majority vote on the basis of co-owned property interest value, unless otherwise agreed among the co-owners, provided, however, that any conduct pertaining to the preservation of the co-owned property may be performed by each co-owner without such majority approval. Accordingly, a co-owner that is not able to get a majority share of the co-owned property interests may not participate in the administration of the co-owned property.

Claims and Obligations Relating to Properties under Co-ownership

When an underlying property that is co-owned is leased to tenants, the obligation of the co-owners to hold and refund the tenant leasehold deposits paid by the tenants is generally considered to be joint and several and the rents receivable by the co-owners are also deemed to be joint and several.

Boundary confirmation

In Japan, boundary confirmations are made by obtaining a signature seal from neighbouring landowners who share borders with the subject property. There is no legal right or power by which a property owner can oblige its neighbours to execute a boundary confirmation. As such, it can only be up to a seller's best commercial efforts to try to obtain them before selling the property if the seller is not already in possession of such confirmation. The absence of a boundary confirmation might lead to a property owner having less leverage in a boundary dispute or a dispute over encroachment.

Agricultural Land Act

Under the ALA, agricultural lands may not be transferred or leased for purposes other than for use as agricultural lands without first obtaining Conversion Permission from the government or the agricultural committee. Thus, if agricultural lands, whether transferred or leased, are to be developed and converted into golf courses, it is necessary to have obtained Conversion Permission, otherwise such transfer or lease would not be valid.

If an agricultural land is transferred or leased without obtaining Conversion Permission, the competent authority may issue an order to convert the land use back to agricultural land.

Forest Act

Under the Forest Act, certain development activities within certain designated areas in a forest may not be conducted without first obtaining permission for development from the prefectural governor unless otherwise allowed in the Forest Act and relevant regulations thereto. If any development activity in a forest is conducted without obtaining necessary permission, the competent authority may issue an order to take necessary measures for restoration of forest.

River Act

Under the River Act, no one can occupy the lands on the “River Area” (as defined under the River Act) without first obtaining permission from the river administrator. If anyone occupies the lands on the River Area without necessary permission, the competent authority may issue a possession order to take necessary measures to retake possession of the lands from the person who occupies the lands.

Also, under the River Act, any construction, reconstruction or removal of a structure on the land, excavation of the land or other actions described in the River Act within a River Area may not be conducted without first obtaining permission from the river administrator unless otherwise allowed in the River Act and relevant regulation thereto. If any such action is implemented without necessary permission, the competent authority may issue an order to reconstruct or remove of such structure or take necessary measures to restore the river.

Building Standards Act

The main objective of the BSA, is to establish minimum standards concerning the site, structure, equipment and building use. Under the BSA, (i) the Confirmation Certificate should be obtained from the local government before the commencement of the initial construction, extension or reconstruction of a building and (ii) the Inspection Certificate should be obtained from the local government upon the completion of the construction, extension or reconstruction of a building. The local government issues Building Certificates only if it can confirm that the building is compliant with specific mandatory requirements under the Substantive Building Standards. If a building is in violation of the Substantive Building Standards, the local government may order the demolition, removal, rebuilding, enlargement, remodelling, prohibition of use, or restriction on use of the building, or may order the owner to take other necessary measures to make it compliant with such laws and regulations.

City Planning Act

The main objective of the City Planning Act is to ensure balanced land development and promote public welfare. Under the City Planning Act, developers must obtain permission from the prefectural governor (or the mayor, if the construction is planned in a designated city) prior to

commencing any “development action” (as such term defined under the City Planning Act) on land that has been designated as certain categories of area by the prefecture (or city) in which such land is situated.

Act for Promotion of Public Land Expansion

Under the Act for Promotion of Public Land Expansion of Japan (Act No. 66 of 1972, as amended), local authorities are, for the purpose of sound growth and the orderly development of cities, granted a right of first negotiation in respect of any sale of land located in certain specified city planning areas. When the owner of any land located in such area intends to sell or dispose of the land, it is required to notify to the local authority a plan of sale and the brief terms of that sale at least three weeks prior to the expected sale date. The local authority shall then decide, within three weeks of such notification, whether to exercise its right to negotiate to purchase of the land. In the event that the local authority exercises such right, the owner of the land and the local authority generally must commence negotiation of the terms of the sale and purchase of the land. Where the local authority does not make an offer for the land within three weeks of the notification, or notifies the owner of the land that it does not intend to make an offer for the land or where the owner of the land and the local authority cannot agree the terms of the sale and purchase of the land within the allotted three week period or where it becomes clear that no agreement will be reached within that period, then the owner of the land is permitted to sell the land to a third party. When the owner of the land sells the land to the local authority upon mutual agreement, the sale price of the land is generally determined based on the posted land price which is published by the Ministry of Land, Infrastructure and Transport under the Posted Land Price Act of Japan (Act No. 49, of 1969, as amended) every year.

National Land Use Planning Act

Under The National Land Use Planning Act, if a large-scale land transfer is made or a large-scale ownership right to land is concluded, the person who acquires the right is required to notify the prefectural governor or the mayor of designated cities of the purpose of use, the transaction price of the land and other matters. A large scale land is defined as a land or a series of lands has 10,000 square metres or more, but for land located in the urban area or city planning area (other than the urban areas) under the City Planning Act, this is defined as a land or a series of land has 2,000 or 5,000 square metres or more, respectively. The prefectural governor or the mayor of designated cities may recommend to the purpose of use be changed, if the purpose of use in question does not confirm to various land use.

Land Leases

Overview

The Civil Code provides two types of leasehold interest in land which are commonly used in land lease transactions and which can be perfected as against third parties: a surface right (*chijou-ken*) and a leasehold right (*chinshaku-ken*). If a surface right or a leasehold right is created for the purpose of owning a building, such surface right or leasehold right is subject to the Land Lease and Building Lease Act of Japan (Act No. 90 of 1991, as amended) (the “**Land Lease and Building Lease Act**”), and the holder of such leasehold interest can enjoy statutory protection under the Land Lease and Building Lease Act which is much more protective for such holder than the protection under the Civil Code. However, a surface right or leasehold right of a lessee who operates a golf course on leased land is not created for the purpose of owning a building, so the lessee does not enjoy the statutory protection under the Land Lease and Building Lease Act but only the comparatively lesser protection under the Civil Code.

Perfection

Under the Civil Code, in order to perfect surface right or leasehold right over the land, the lessee is required to register its surface right or leasehold right in the real property registry. If the lessee does not duly perfect its surface right or leasehold rights over the land, the lessee in principle cannot assert its surface right or leasehold right against a third party. Accordingly, if (i) the land owner transfers the land to a third party, (ii) a creditor of the land owner seizes the land, or (iii) a bankruptcy trustee is appointed in case of the bankruptcy of the land owner, the lessee with unregistered surface right or leasehold right will not be able to assert its “unregistered” right against such transferee, creditor or bankruptcy trustee and will be required to vacate and deliver the land to such third party if such third party perfects its rights in the land.

Transfer and Sublease

The transferability of a leasehold interest over a land depends on the type of the leasehold interest and the provisions of the agreement under which a surface right or a leasehold right is created. A surface right entitles a lessee to transfer its interest to a third-party (or sublease the land) without the consent of the lessor, unless otherwise agreed in the land lease contract. On the other hand, in the case of a leasehold right, however, any transfer (or sublease) of a lessee’s interest is subject to the consent of the lessor, unless otherwise agreed in the land lease contract.

In the event that the user of a land holds a subleasehold interest over the land, and the contract between the owner of the land and the lessee of the land is terminated due to the breach of the contract by the lessee, that user may not be able to assert its subleasehold interest against the owner and may need to vacate the land.

Termination

Restrictions on the term of a contract for a leasehold interest over a land depend on the type of the leasehold interest. The Civil Code does not restrict the term of a contract for a surface right over the land. Thus, the term is entirely within the agreement of the parties. But, the Civil Code provides that the term of the contract for a leasehold right over the land cannot be longer than 20 years and if a longer period has been agreed, the term will be shortened to 20 years. In addition, under the Civil Code, a surface right over the land is not deemed or presumed to be extended in any case, and a leasehold right over the land is presumed to be extended under limited circumstances.

Building Leases

A building lease may have either a fixed or an indefinite term. If the building lease provides for an indefinite term or a term of less than one year, then the lease may be terminated on six months’ notice, although, if the lease provides for a longer notice period, then this longer period notice must be given.

If the building lease is for a fixed term with one year or more, then it cannot be terminated prior to the end of that term, unless the building lease specifically provides otherwise. In case of termination by the lessor, the lessor’s notice is subject to the conditions as below.

Even if the building lease is for a fixed term with one year or more, unless the lessor or the lessee notifies its intention not to extend the lease from one year to six months before the expiration of the term, the building lease is deemed to be extended without a fixed term.

The lessor may not make such notice for termination of, or intention not to extend, the building lease unless it has a justifiable reason, including:

- the lessor's and the lessee's needs for the building for their own use;
- the history of the building lease contract;
- the present use of the leased building;
- the current condition of the building; and
- the proposal of payment from the lessor to the lessee.

Notwithstanding the above, if the building lease contract is agreed as the Fixed Term Leases, or *teiki tatemono chintaishaku*, for which it is clearly specified in writing, such as in a notarised document, that the building lease will not be extended and the lessee is informed of this feature in writing, the building lease will be terminated without any justifiable reason upon notice of termination of the building lease between one year and six months before the expiration of the term.

Other Regulations

Financial Instruments and Exchange Act

In a GK-TK Structure, under which a TK investor makes TK investments to a GK, when the GK manages the TK investments by investing principally in securities, the GK's activities constitute a "self-investment management business" which as a general rule requires the GK to register its business as an "Investment Management Business" under the FIEA. However, the GK does not need this registration and instead only has to file a simple notification if the GK's self-investment management activities constitute a "Qualified Institutional Investor-targeted Fund Business" under the FIEA. To be a "Qualified Institutional Investor-targeted Fund Business," the TK investors should comprise more than one qualified institutional investor and not more than forty-nine non-qualified institutional investors.

Hotel Business Act

The hotel business in Japan is regulated by the Hotel Business Act of Japan (Act No. 138 of 1948, as amended), or the Hotel Business Act. The main objective of the Hotel Business Act is to ensure the sound development of the hotel business and provision of services that meet increasing and diversifying demands of hotel users in order to contribute to the improvement of public health and national life. Under the Hotel Business Act, a person who intends to operate a hotel must obtain permission from the prefectural governor (or, the mayor or ward mayor, if the hotel is or will be located in cities that have health centers or special wards). The prefectural governor may cancel the permission or order the suspension of hotel operations for a fixed period of time in cases specified in the law, including cases where the operator is in violation of the Hotel Business Act or any order based on the Hotel Business Act.

OVERVIEW OF THE GOLF COURSE INDUSTRY

The Trustee-Manager commissioned CBRE as the Independent Industry Consultant to prepare a report on the golf course industry for the purpose of inclusion in this document. While the Trustee-Manager believes that the information and data are reliable, the Trustee-Manager cannot ensure the accuracy of the information or data, and the Trustee-Manager and the Joint Bookrunners and any of their affiliates or advisers have not independently verified this information or data. Investors should not assume that the information and data contained in this section are accurate as at any date other than the date of this document, except as otherwise indicated. Investors should also be aware that since the date of this document, there may have been changes in the golf course industry and the various sectors therein which could affect the accuracy or completeness of the information in this section.

All the information and data presented in this section, including the analysis of the golf course market, has been provided by CBRE. CBRE has advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, CBRE has advised that:

- certain information in CBRE's database is derived from estimates or subjective judgments;*
- the information in the databases of other data collection agencies may differ from the information in CBRE's database; and*
- while CBRE has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.*

CBRE's methodologies for collection information and data, and therefore the information discussed in this section, may differ from those of other sources.

GLOBAL GOLF MARKET AND JAPAN'S RELATIVE POSITION

Global Overview

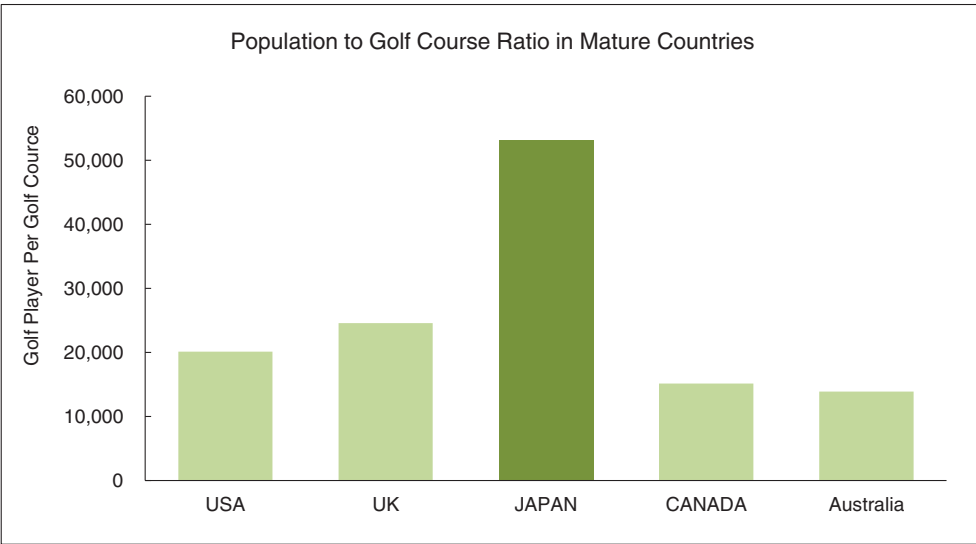
Golf is one of the most popular sports in the world generating over US\$300 billion in annual direct revenue and played by an estimated 80 million golfers at approximately 40,000 golf courses worldwide. The global golf industry is highly diverse and fragmented, with mature markets in the US, UK and Japan, where the sport is firmly established, and emerging markets such as China, India and Korea, where the game is still gaining in popularity.

At present, the US contains the largest number of golf courses in the world followed by the UK and Japan. These are also the most mature golf markets and have the most advanced golf facilities. In the mid 1980s to late 1990s, golf experienced strong growth in developed countries as the sport started to penetrate the affluent and middle income classes. This encouraged the construction of many courses to capture demand from affluent baby boomers in anticipation of substantial growth opportunities as they reached retirement age. However, from 2008 to 2011, the global financial crisis and corresponding recession in many countries impeded further growth in the golf industry and resulted in a contraction in demand. A reduction in leisure spending, and hence rounds of golf played, coupled with increased competition amongst courses, triggered a series of mergers, acquisitions and closures in the industry. Nevertheless, as the world economy improved in late 2012 and 2013, the total number of rounds played rebounded and there were preliminary signs that golf markets in these countries were nearing the end of their contraction.

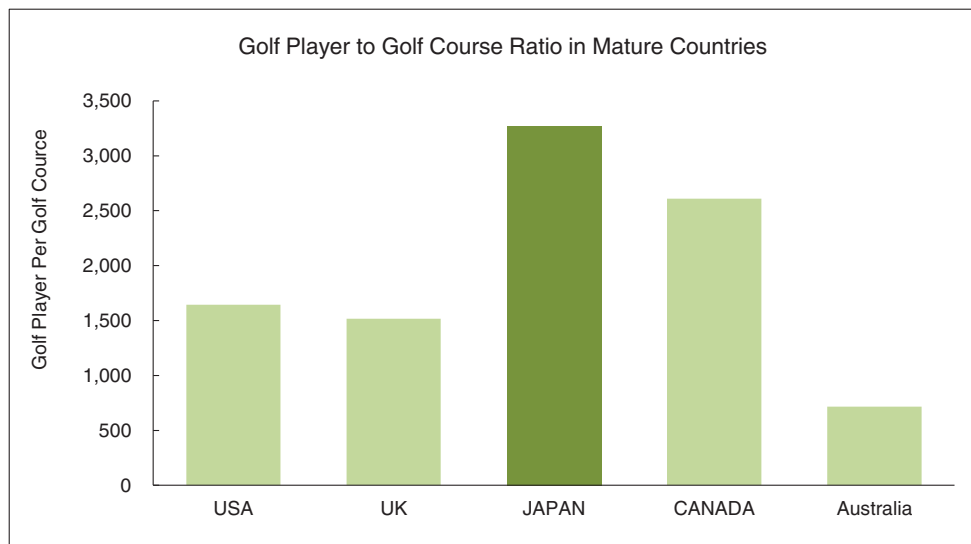
Golfer to Golf Course Ratio is Relatively High in Japan

Japan has a relatively high ratio of golf players to golf courses when compared to other countries. Relying upon data provided by the golf associations from various countries, CBRE estimates that on average, there are 3,285 golf players per course in Japan. In USA, UK, Canada and Australia there are only 1,645, 1,516, 2,609, and 716 golfers per golf course respectively. In addition, Japan also benefits from its high population base. There are 53,061 citizens per golf course in Japan and this figure is substantially higher than the 20,116 citizens per golf course in USA, 24,589 citizens per golf course in UK and 15,142 citizens per golf course in Canada. The relatively high population and golfer ratio coupled with the relatively low rounds of golf being played by average Japanese golfers imply that the Japanese market is currently under-utilized and thus an increase in participation rates through marketing efforts or celebrity effects, may unlock substantial underlying golf consumption power.

A survey¹ conducted by the Golf Amusement Park in February 2013 revealed that about 30% of those who have not played golf before have an interest to play the sport. In terms of potential participants, this would imply that about 20 million Japanese residents have the potential to take part in the game. Furthermore, according to the same survey, about 78% of those who expressed an interest to participate in golf are relatively young and currently between the ages of 15 to 39 years. With an inherent potential of 20 million additional players, and assuming just 1/5th of the potential is realised, the current Japanese golf population could grow by half its current size.



1 The Trustee-Manager understands from CBRE that the survey was conducted over 26 December 2014 and 27 December 2014 and approximately 10,000 people took part. Participants included both men and women living in Japan and were in the range of 15 years of age to 69 years of age. The survey was conducted through Rakuten Research's internet website.



Source: CBRE

Japanese Golf Clubs Set Asia Benchmarks

Japan, being the most advanced golf market in Asia, is setting design and maintenance benchmarks for other Asian countries. Japanese golf courses are still highly regarded by Asian golfers and perceived as a high-class golf destination with picturesque landscapes and well maintained golf courses. The country also offers ample choices for golfers throughout the year with a large variety of courses being available throughout the country. Green fees have come down substantially in the past decade and especially with the recent de-valuation in yen, golf courses in Japan will continue to be an attractive golf destination for Asian golfers. Furthermore, the growing golf population in nearby Asian countries such as China, Korea, Thailand and Malaysia will continue to benefit Japan's golf tourism market and reinforce its status a premium golf location.

KEY MACRO-ECONOMIC TRENDS AND DEMOGRAPHICS

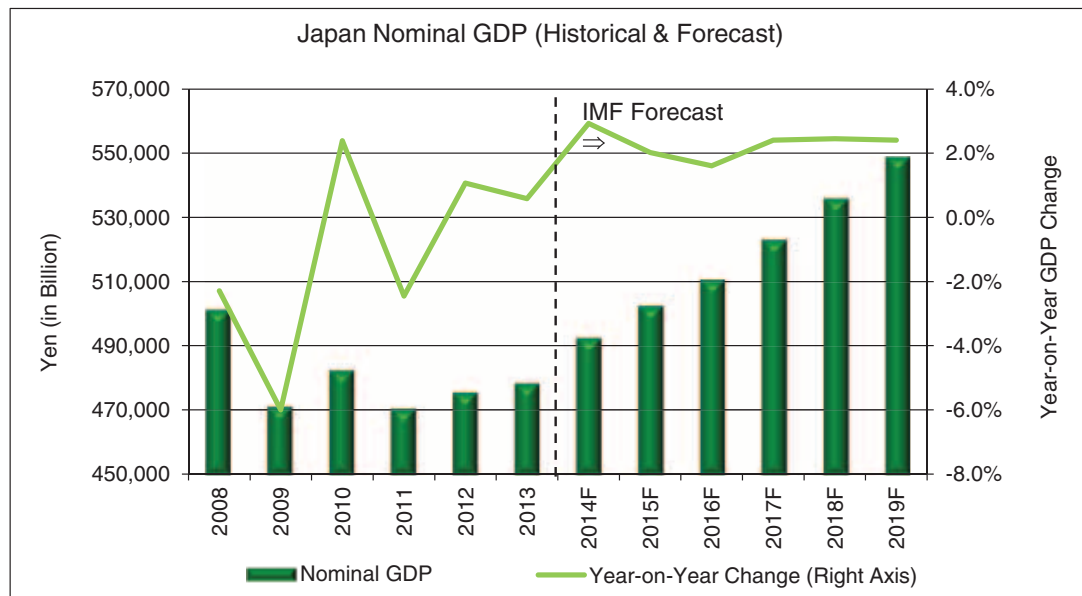
Abenomics – “The Three Arrows”

After the December 2012 election, Japan's current Prime Minister, Shinzo Abe, rolled out an aggressive stimulus program centered around 3 primary strategies (also known as “The Three Arrows”) with an aim to move the country out of the long recession and end the deflationary cycle. In line with the government's strategy, the Bank of Japan has set an annual inflation rate of 2%. Abe's three measures are now generally referred to as “Abenomics” and center around 3 main themes:

- Aggressive qualitative easing with an aim to double the money supply in circulation within two years. The Bank of Japan has also been purchasing government bonds and asset backed securities at the same time.
- Massive fiscal stimulus by investing in public works and also providing tax incentives for companies who invest in research and development.
- Structural reform to increase competitiveness (e.g. deregulation; labour reform; and signing of the Trans-Pacific Partnership to stimulate exports)

Abenomics has witnessed early success with many positive indicators. The Nikkei Index has increased over 50% since December 2012, and the yen has weakened by over 20%, making exports more attractive to overseas consumers. Against this backdrop, Japan's real annualized

GDP increased by 4.1% in the first quarter and 3.8% in the second quarter, driven by an increase in consumer spending. The consumer price index from June to September 2013 has shown consecutive increases with September recording a year-on-year inflation rate of 1.1%. The unemployment rate decreased from 4.2% in January 2013 to 4.0% in September 2013. The International Monetary Fund forecasts Japan's inflation adjusted GDP growth to be 1.4% in 2014 and the compounded annual growth rate of Japan Nominal GDP between 2013 (actual) and 2019 (forecast) is 2.3%.



Source: CBRE

Japan's GDP Exhibits Positive Correlation with Golf Course Revenue and Visitor Figures

The demand for golf has historically been highly correlated with the state of Japan's economy. Based upon historical figures, Japan's nominal GDP and golf course visitor figures exhibited a positive correlation coefficient of 75% while Japan's nominal GDP and total income derived from golf courses revealed a positive correlation coefficient of 66%. Accordingly, should economic conditions improve in Japan, it is highly likely that there will be an increase in the total sales revenue and total visitors to golf courses, which will directly benefit Japan's golf operators and owners. The following section looks into the macro-economic, demographic and tourism dynamics in Japan and evaluates their relative impact upon the golf market.

Yen Depreciation

The weakening Japanese yen will increase the appeal of golf courses in Japan relative to other Asian countries and attract international golfers to Japan. Sales for many luxury items have recorded robust sales growth in 2013. For example, Ferrari sales in Japan saw a 28% increase in the first six months while Lamborghini sales grew 13% in the first nine months. The positive market sentiment is expected to continue to stimulate spending on luxury items and entertainment including golf.

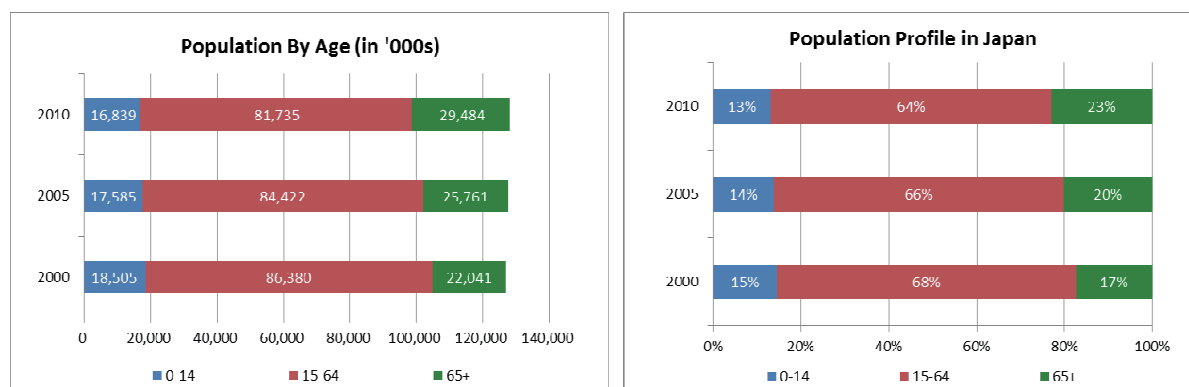
The depreciation of the yen has also fueled sales abroad and Japanese exports have witnessed consecutive month-on-month growth since February 2013. The value of total exports in September 2013 increased to US\$59.72 billion (JPY5,972 billion) representing an 11% growth when compared to September 2012. In the month of August 2013, exports totaled US\$57.84 billion (JPY5,784 billion) equating to an increase of 15% when compared to the same month last year. The encouraging economic conditions in 2013 and 2014 are expected to benefit the golf industry in the coming years.

Corporate Entertainment Expenses & New Tax Incentives

Presently in Japan, from a tax perspective, large corporations cannot deduct entertainment and meal expenses while small and medium enterprises (defined as a corporation whose paid-in capital is US\$1 million or JPY100 million or less) can deduct entertainment and meal expenses of up to US\$80,000 (or JPY8 million) per year. To encourage more domestic spending, the Japanese government is planning to allow large corporations to deduct up to half of their meal expenses for two years (excluding meals for employees and directors). Furthermore, the Japanese government also agreed to end the special corporate tax surcharge which has been used to finance reconstruction due to the earthquake in March 2011 one year ahead of the original schedule. The expected improvement in business profits together with the lower tax liability will allow corporate entities to focus more on high-end client entertainment such as golf events and golf sponsorships.

An Aging Population

In 2005, only 20% of the population was over 65 years of age; however, in 2010, about 23% of the population was over 65 years of age. The low birth rate and the negative population growth in Japan will pose challenges to the golf demand in Japan in the long term. Nonetheless, over the medium term, with the large number of senior golfers and the population gradually aging in Japan, it is expected that the average number of rounds being played will continue to increase as seniors who have reached retirement age will start to have more idle time for leisure activities, including golf. Senior golfers tend to play more rounds per year and are less sensitive to economic conditions when compared to golfers who are still working.



Casino Legalisation and Tourism

The Japanese government was aiming to bring in over 10 million visitors to Japan annually by the end of 2013. Furthermore, on 30th March 2012, the Japanese government approved a new Tourism Nation Promotion Basic Plan. This plan aims to broaden the tourist base, improve the quality of tourism, and is targeting to increase the annual number of foreign visitors to 18 million by 2016 and 25 million by 2020. Depreciation of the yen combined with the government's continued relaxation of visa policies and new promotional plan are expected to benefit the golf tourism in Japan by bringing in more foreign golf players from abroad.

In December 2013, the ruling Liberal Democratic Party submitted a bill to the parliament suggesting proposing the legalisation of the casino industry in Japan. Should gaming be legalized in Japan, analysts estimate that approximately US\$13.4 billion to US\$15 billion (JPY1,340 billion to JPY1,500 billion) would be generated per year, making it the second-largest gaming jurisdiction after Macau. The Japanese government is hoping to diversify Japan's tourism industry and allow the development of casino resorts as part of its broader strategy to increase the number of tourists, international meetings and conventions. Should the casino industry be legalized in 2014, it should complement the golf tourism, enhancing the tourism experience within the country.

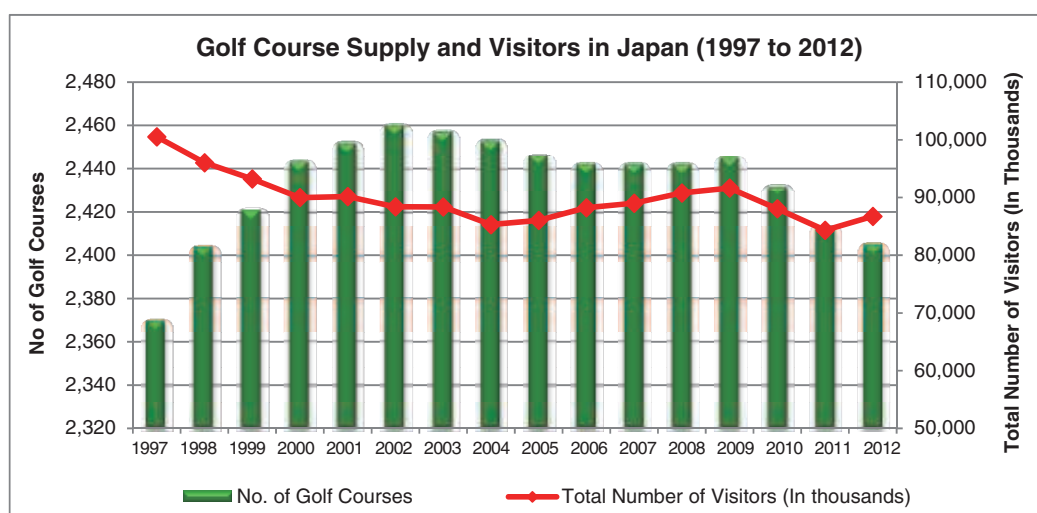
OVERVIEW OF THE JAPAN GOLF COURSE INDUSTRY

High Barriers to Entry

The cost of land is very high in Japan, although it varies depending upon location. A typical golf course will require 50 to 80 hectares of land due to the hilly nature of most golf courses in Japan. Construction costs are high when compared to other countries. An average Japanese golf course (excluding the value of land) would cost at least US\$50 million to US\$60 million (JPY5 billion to JPY6 billion) to construct. As most golf courses are still being transacted at below replacement value in Japan¹, no new developments are being planned at the moment. Apart from the high cost involved, the severe market competition, management expertise and economies of scale required have made it increasingly hard for outsiders to successfully enter the market in recent years.

Contracting Supply

The Japanese golf market is becoming increasingly a two tier market with large sized golf course owners increasing their market share through acquisitions, synergies and economies of scale while small sized golf courses, especially those which are in remote locations and have been poorly managed are finding it increasingly difficult to compete and are resorting to alternative uses or asset disposition.



Sources: NGK & CBRE

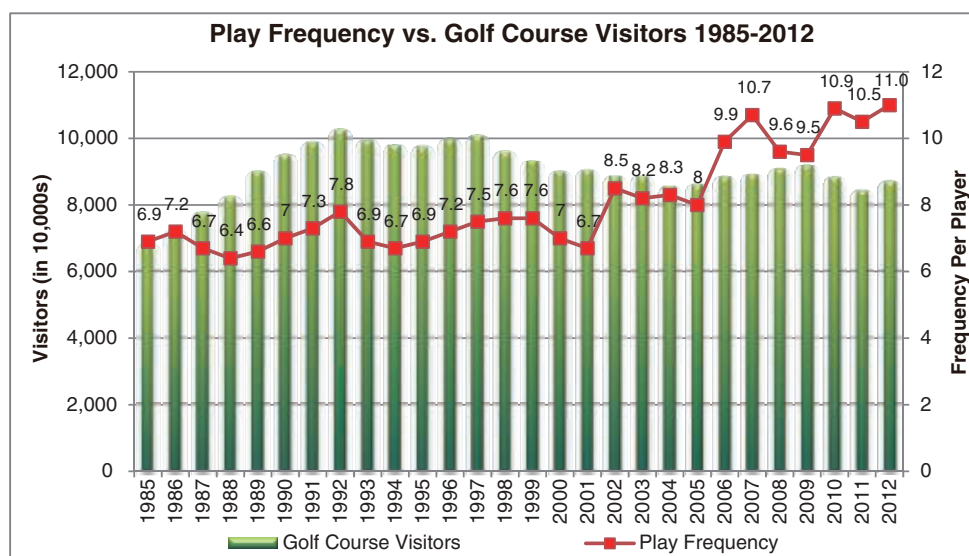
Rebound of Golf Course Visitors in 2012 and 2013

The collapse of Lehman Brothers in 2008 combined with the global economic recession and earthquake in 2011 had affected Japan's economy and the total number of golf course visitors decreased by 3.9% and 4.2% in 2010 and 2011 respectively. Nonetheless, with the upturn in market sentiment and economic conditions, the number of golf course visitors witnessed a year-on-year increase of 2.9% in 2012. Following this positive trend, in the first half of 2013, golf course visitor figures also witnessed a 5.3% increase when compared to the same period in 2012, based upon golfer statistics for selected prefectures released by the Ministry of Economy, Trade and Industry.

¹ As this is relevant only if an entity constructs and develops golf courses, such a risk is not relevant to AG Trust as AG Trust's investment mandate is to invest in stabilised, income-generating golf courses, driving ranges and golf course related assets, and will not be involved in the business of developing golf courses.

Increasing Rounds Played by Golf Course Visitors

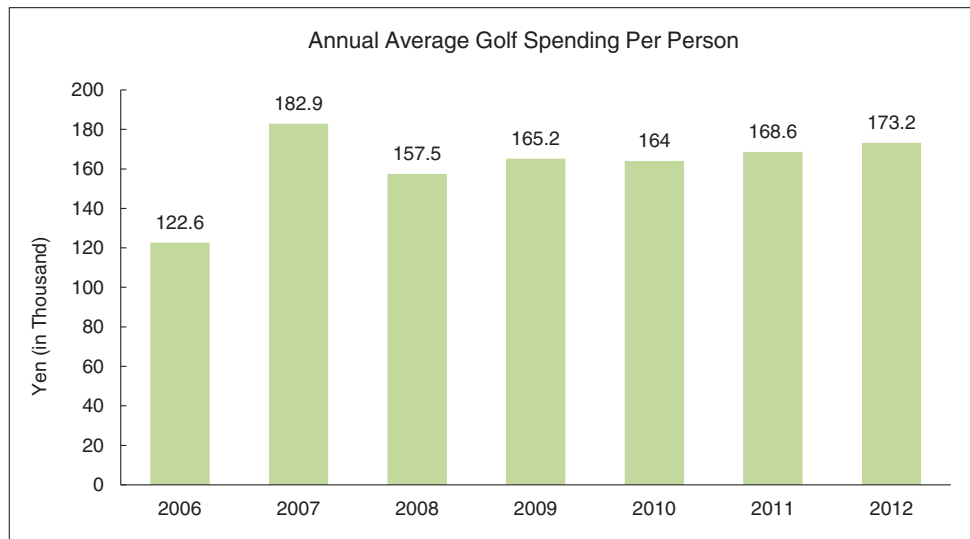
The frequency per player has been on the rise and has increased from 6.9 rounds per year in 1985 to 11 rounds per year in 2012. This trend could be explained by the relatively large number of people in Japan who are currently between the ages of 40 to 69. People in this age group make up over 40% of the population base of Japan and 58% of the golf population. This suggests that as golf players approach retirement age they tend to play more frequently; this has been contributing to the rise in the average number of rounds recorded in recent years. According to the figures from Accordia Golf Co., Ltd., loyalty card holders who are over 70 years of age played 2.5 times more golf rounds than loyalty card holders who are under the age of 30 years and 1.5 times more golf rounds over loyalty card holders who are between the ages of 31 to 50 years in the year 2011. In the next 3 years, the average rounds being played in Japan is expected to rise as the golf population age increases and this may directly enhance the profitability of golf courses in the country in the near term.



Source: CBRE

Cost of Playing 18 Holes

The total cost for playing 18 holes of golf including green fees, cart fee, caddie and taxes is generally approximately US\$80 to US\$120 (JPY8,000 to JPY12,000) on a weekday and US\$100 to US\$200 (JPY10,000 to JPY20,000) on weekends. According to the Leisure White Paper 2013, the average annual golf spending per person which includes annual membership fees, equipment, green fees, and other relevant costs have been on the rise in recent years. In 2008, on average a golf player would spend US\$1,575 (JPY157,000) per year to play golf and in 2012, the total spending went up to US\$1,732 (JPY173,200) per year.



Japan Golfer Demographic Profile

According to Monthly Golf Management Magazine published in September 2012, golf players who are in their fifties and sixties comprise about 39% of the golf population in Japan, while golf players who are between 30 and 49 years old make up 36.7% of the golf population in Japan. By contrast, the junior market remains a relatively under-developed market with only 3.9% of the golfers being under 20 years old. In other mature countries, such as USA, Germany, UK and Ireland, golfers under 18 years of age make up 8% to 9% of the total demand. In Japan, golf is also dominated by men with 82.2% of the players being male. Nevertheless, the female participation rate has been increasing in recent years due to marketing activities; increasing from 1.7% in 2008 to 3.1% in 2012.

Age	Total Golfers	Male	Female
0-19	3.9%	3.2%	7.1%
20-29	10.9%	9.8%	16.0%
30-39	18.1%	17.6%	20.1%
40-49	18.6%	18.6%	18.3%
50-59	19.1%	19.6%	17.2%
60-69	19.9%	20.9%	15.4%
70+	9.5%	10.3%	5.9%

Source: CBRE

Japan Golfer Income Profile

According to a survey conducted by Accordia Golf Co., Ltd., about 37% of its golfers have annual income of between JPY6 million and JPY10 million while 21% earn between 10 and JPY20 million. Furthermore, 2.4% of its golfers are also in the elite category with an annual income exceeding JPY20 million. With around 60% of the golfers being in the high income bracket, Japanese golf players have a relatively high underlying propensity to spend especially for good quality golf courses with good access. This is also one of the reasons why high-end golf courses in Chiba, Tokyo, Kanagawa, Osaka, Hyogo and other areas near wealthy populations have fared reasonably well despite the market downturn of the last decade. Golf courses in these areas are

in close proximity to residential areas and have consistently seen higher visitor rates when compared to other areas. One round of golf, including caddie fees, in high-end golf courses could cost over US\$300 (or JPY30,000) on weekends.

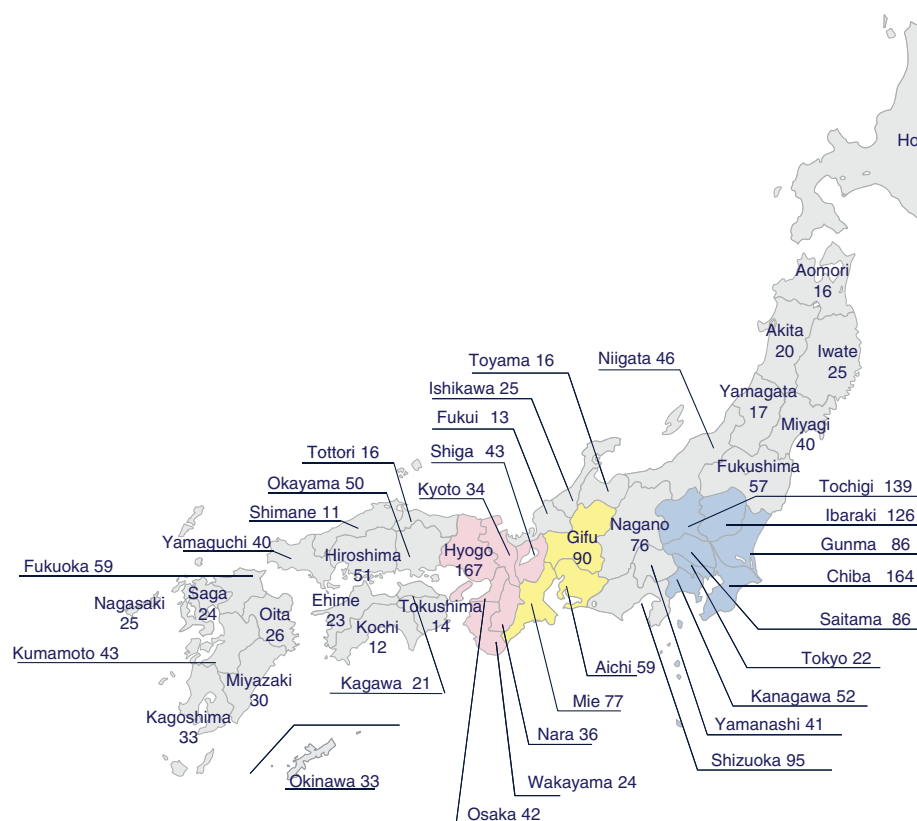
Critical Success Factors

Accessibility, economies of scale, cost control, creative marketing, synergies between different golf courses, market segmentation and product differentiation have been the key to success for golf operators. On the infrastructure side, location and accessibility have been increasingly important. Golf courses in convenient locations within close proximity to major residential areas tend to have a higher member base and attract more visitors. On the cost side, successful golf courses have managed to trim costs by out-sourcing, competitive bidding, group purchasing and trimming headcounts. On the revenue side, golf courses have used product and customer differentiation strategies, such as Early Bird, Twilight, Juniors' Day, Ladies' Days, No Caddie Play and improvement of food quality and services to enhance the appeal of the golf game and to cater to a wider base of customers.

On the marketing side, golf operators who own a large number of golf courses in Japan are able to use cross-marketing strategies to improve business volume and reduce idle time. Large golf course operators are also able to create synergies between operations, reducing fixed costs and could draw upon its their large database to better estimate the golf demand and derive better pricing strategies. Many successful golf courses have also teamed up with travel agencies or tour operators to promote golf tourism. Mobile technology and the internet are also being widely used for reservation, marketing and image promotion.

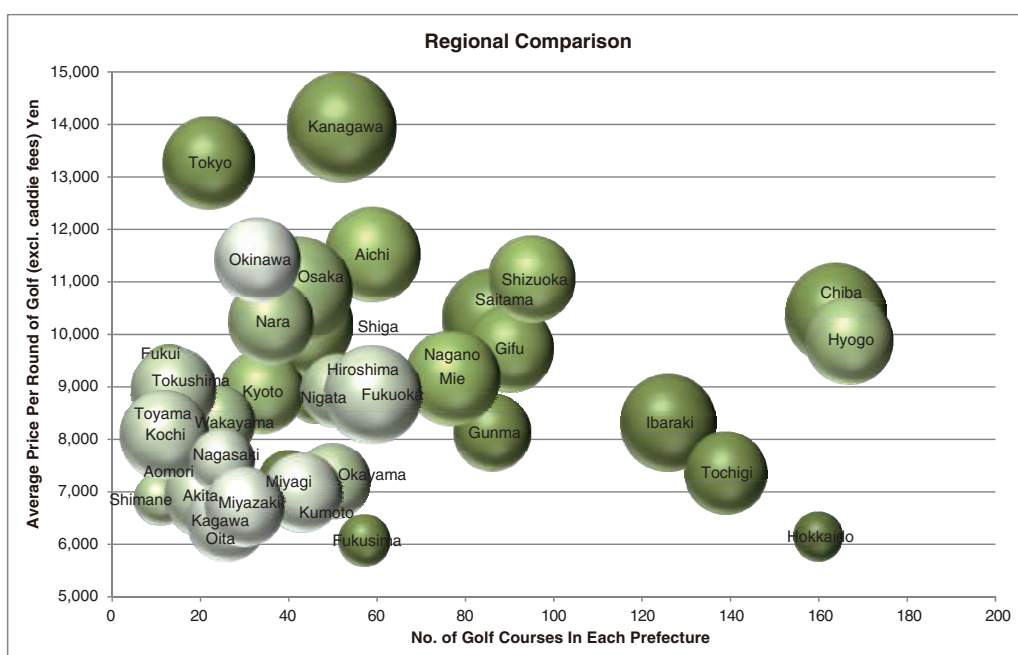
REGIONAL OVERVIEW

According to the information provided by NGK, Japan has a total of 2,405 golf courses. Amongst all prefectures, Hyogo contains the largest of golf courses, followed by Chiba, Hokkaido and Tochigi. In terms of region, the Greater Tokyo region, which comprises Tokyo, Chiba, Saitama, Ibaraki, Tochigi, Gunma and Kanagawa, contains the majority of the country's golf courses. In terms of prefectural golf participation, Chiba has the highest golf participation rate at 12.3%, followed by Shizuoka at 10.5%; Nagano/Yamanashi at 10.1%; Tokyo at 9.6%; and Saitama at 9.9%.



Sources: NGK & CBRE

The following chart depicts the relative position regarding the golf market in each prefecture. The size of the circle represents the average number of visitors to each golf course in each prefecture in 2011. In other words, a large-sized circle would imply that the market size in the prefecture is relatively big with many golfers and hence golf course visitors. Golf courses in Tokyo, Kanagawa, Chiba, Saitama, Hyogo and Osaka enjoy a usage rate that is about 8% to 36% higher than the national average, with 39,000 to 49,000 people visiting each golf course in 2012. The distinctive location and the fewer number of golf courses have enabled Tokyo, Kanagawa, Osaka, Aichi, Saitama, Shizuoka and Okinawa to command higher average green fees. Furthermore, amongst all prefectures, golf courses in Tokyo and Kanagawa have the highest green fees. At the other end of the spectrum, competition has been relatively intense in Chiba, Hyogo, Ibaraki, Tochigi and Hokkaido due to the large number of golf courses which are under operation. Although competition has been more intense in Chiba and Hyogo, it should also be noted that the catchments in Chiba and Hyogo (due to proximity to Tokyo and Osaka respectively) are comparatively big with an average 49,000 and 39,000 users per course respectively. Other areas, such as Aomori, Akita, Kagawa, Shimane, which are at the lower left hand side of the chart have a relatively small market share and green fees are affordable.



Sources: Golf Course Guide East and Golf Course Guide West September 2011, NGK, Ministry of Economy, Trade & Industry & CBRE

BUSINESS LANDSCAPE

Major Owners and Operators

With a total of 2,405 golf courses in Japan, ownership is highly diverse. At present, Accordia Golf Co., Ltd. is the largest corporate golf course owner in Japan followed by Pacific Golf Management (PGM), ORIX, Ichikawa Landscape Gardening Group, Seibu Group, and Tokyu Group. Accordia Golf and PGM have been actively acquiring golf courses since the 2000s and both companies are listed on the Tokyo Stock Exchange and specialize in the management of golf courses and driving ranges. Other major domestic golf course owners are mostly business conglomerates in the real estate, construction or hospitality sector. ORIX, Tokyu Group and Seibu Group have a wide range of business lines including real estate, financial, transportation and retail services. Kajima Corporation and Adachi Group are from the construction sector while Kamori Kanko and Shin Nihon Kanko are mainly in the hospitality or tourism business.

Company Name	No. of Golf Courses	No. of Holes	Market Share (Based on No. of Golf Courses)
Accordia Golf	133 ⁽¹⁾	2,797	5.5%
PGM Group	122	2,664	5.1%
Orix Golf Management	40	837	1.7%
Ichikawa Landscape Gardening Group	34	675	1.4%
Seibu Group	28	675	1.2%
Tokyu Group	26	522	1.1%
Cherry Golf Group	23	423	1.0%
Unimat Group	19	351	0.8%
Taiheyo Club	17	333	0.7%
Chateraise	14	288	0.6%
Resort Trust	13	288	0.5%

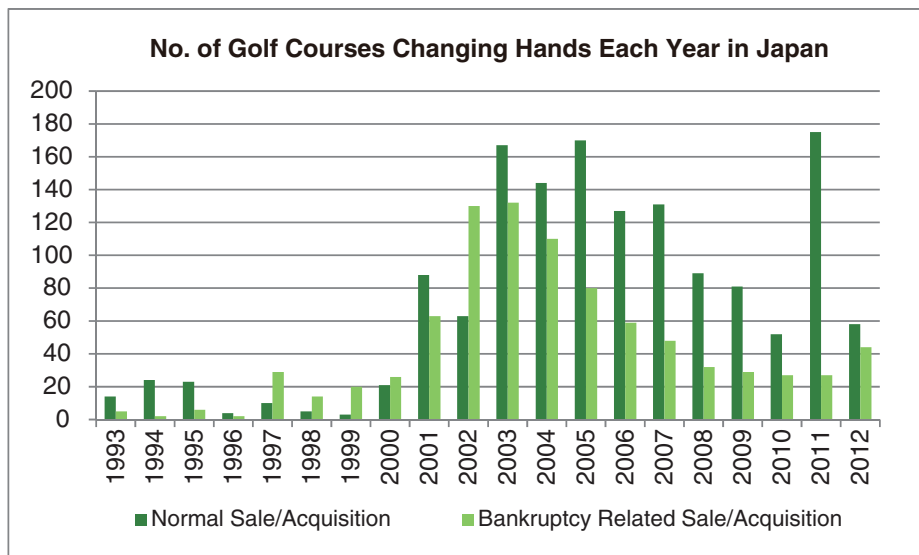
Company Name	No. of Golf Courses	No. of Holes	Market Share (Based on No. of Golf Courses)
Kamori Kanko	12	252	0.5%
RESOL	12	252	0.5%
Tokyo Tatemono (J Golf)	12	243	0.5%
GCE Group	11	234	0.5%
Hotel Monterey Group	11	198	0.5%
Akechi Club & Boso Country Club Group	10	297	0.4%
Dailysha Group	10	216	0.4%
JGM Golf Group	10	216	0.4%
Daiwa House	10	189	0.4%
Shin Nihon Kanko	9	243	0.4%
Adachi Group	9	207	0.4%
OGI Group	9	171	0.4%
Kajima Corporation	7	138	0.3%

Note (1): Calculated on the basis that Otsu CC is calculated as two courses (Otsu higashi and Otsu nishi) and Accordia Golf Garden is not counted.

Source: CBRE

Golf Investment Market

A large volume of golf course transactions were recorded from 2003 to 2007 as many domestic and foreign investors together with real estate and tourism related companies entered the market taking advantage of the reduction in the selling price of golf courses and the ability to synergize with other business lines. From 2003 to 2007, an average of 234 golf clubs were transacted every year through various means, including private negotiations, voluntary management changes or bankruptcy related mechanisms. Between 2006 and 2007, the severe competition between investors drove transaction prices up and the average transaction price was roughly US\$13 million to US\$15 million (i.e. JPY1.3 billion to JPY1.5 billion) for a golf course. From 2008 onwards, transactions made through the Civil Rehabilitation Act or the Corporate Reorganization Act have started to decrease and a majority of the transactions have been made through normal sales procedures. From 1990 to 2012, a total of 1,369 golf courses changed hands through normal sales procedures while 827 golf courses changed hands through bankruptcy related procedures.



Sources: *Golf Tokushin* & *CBRE*

In the first six months of 2013, there were 23 golf course transactions recorded within the Japan golf course industry. Although this figure is slightly lower when compared to the number of transactions being witnessed in the same period in previous years, management changes are still prevalent within Japan's golf market. Most of the management changes were made on a voluntary basis and were effected through the sale of shares in the company or the underlying assets. Going forward, with the golf market in Japan consolidating further, it is expected that management changes, mergers or other alternative forms of sales will continue to take place as inefficient operators are phased out of the market and some golf courses will be converted into alternative uses.

Economies of Scale

Economies of scale have become increasingly important in the golf industry in Japan. Not only are large golf operators able to benefit from centralisation of marketing activities and lower fixed administrative expenses, large golf course owners are able to cross-sell facilities across the country, increase the volume and hence improve their bottom line. Large golf operators such as Accordia Golf Co., Ltd. have been able to generate higher average rounds per golf course as compared to the market norm. Large golf course operators have also been able to utilize loyalty card systems to gather information about the profile and preference of golf players around the country, allowing the company to better allocate resources, design marketing campaigns and offer services that better suit the needs of its members and target customers. From a cost perspective, large corporations are also able to benefit from group purchasing and central inventories. Synergies between related group businesses such as travel agencies, real estate, transportation companies have also allowed some large corporations to reach out to a wider consumer base and offer more comprehensive services.

Impact of Female Golfers

The female golf market has been an important segment of the golf market in Japan and has been slowly on the rise. In 2006, only 1.7% of Japanese females participated in golf. By 2012 this figure almost doubled and approximately 1.56 million females now take part in the sport. While female golfers tend to play fewer rounds as compared to male golfers, female golfers have the potential to spend more on a per round basis and more on golf apparel. The emergence of young golfers such as Ryo Ishikawa, Momoko Ueda and Ai Miyazato has also rejuvenated the image of golf and motivated more young females to take part in golf. Interestingly, the increase in the number of young female golfers has led to a new fashion trend in women's golf wear. Golf course operators,

golf equipment and apparel producers are aware of the importance of the female golfers' market and many are now catering their products to suit the feminine taste. For instance, in 2008, Bridgestone Corporation released golf balls containing images of Sanrio Corporation's famous character "Hello Kitty", while other fashion brands have also included women's golf wear as a new line of business. Golf clubs are launching "Ladies Day" promotion and "Parent and Kids Play" programs. Clubhouses have become more family-friendly with more cafes, childcare facilities, family rooms rather than bars and restaurants. Looking ahead, as the trend continues more female golf players may continue to enter the market and become a long-term source of future demand for the golf market.

Six and Nine Hole Formats

Increasing time constraints faced by workers along with family obligations have encouraged the emergence of shorter versions of the golf game. Instead of playing 18 holes, shorter formats such as six and nine holes are popular for recreational golfers as they are generally perceived to be more fun, faster paced and hence more exciting for beginners or young golfers. Professional short-form competitions are also emerging and part of France's winning bid for the Ryder Cup 2018 included the commitment to building 100 short urban golf courses of six to nine holes in the country. In the coming years, the golf game will continue to see more innovations and creative rules to accommodate shorter formats bringing in more excitement and attracting a wider audience base and more participants.

Golf Simulators, Video Games and Technological Advances

The use of technology has brought forth changes to the way golf has traditionally been played. In Japan, the use of Global Positioning System (GPS), smartphone technology, remote controlled golf bag transferring facilities and conveyor-belt ramps have all made playing golf more convenient, less expensive than before and have increased the appeal of golf amongst the mass market. Furthermore, the popularity of screen golf, and three dimensional golf video games (e.g. Wii and Xbox Kinect) have also made golf more attractive to the younger generation. Going forward, simulated golf will continue to complement traditional golf and may encourage teenagers to head out to the green to take part in the game in later years.

Golf's Reappearance in Olympics

With the globalization of golf in many parts of the world, the International Olympic Committee has decided to include golf as an Olympic event again. Over 30 countries are expected to participate in both the men's and women's 2016 Olympic golf competition in Rio de Janeiro. The inclusion of golf as an Olympic sport will not only improve the appeal of golf and increase its popularity but with the increased world-wide coverage, sponsorship for golf events will continue to increase, attracting more talents on a world-wide basis and hence increasing the excitement of the game. Appearance of golf in the Olympics may gradually have a positive impact upon the golf industry on a global basis for many years to come.

Tokyo Olympics 2020

After the 2016 Olympics in Rio de Janeiro, Tokyo will be the host city for the 2020 Olympics. The Kasumigaseki Club in Saitama will host the golf competition and the organizers have decided on a new composite routing measuring 7,308 yards and will utilize nine holes from each of the club's two golf courses. The Olympics has constantly been able to draw a large audience and with Japan being the host country for the 2020 Olympics, Japan's sports industry including golf will be able to benefit directly from the increased sponsorship, increased promotion and enhanced image.

It has been observed that interest in golf is highly influenced by the role of celebrities. Tiger Woods has attracted global audiences and fans to golf for over a decade and television ratings still show a “Tiger effect” with viewership increasing by 30% to 50% if Tiger Woods contests in the final round. The appearance of famous golfers from all over the world in Japan may create a domino effect, drawing many Japanese to the game. It has been observed that many avid Japanese golfers also aspire to be able to play golf on the same fairways where professional golfers have once appeared. Tee time reservations tend to increase considerably in golf courses where major golf tournaments have recently been held.

CHALLENGES AND OPPORTUNITIES

Challenges

Golf has an extensive history in Japan and has weathered numerous social and economic changes. To the older generation, golf is both a way of building business relationships and a favorite pastime. With the aging Japanese population, Japanese male golfers who are now in their 50s or 60s form a solid source of demand for golf. However, the junior and female golf market is still evolving. Capturing the demand from young golfers and female golfers will continue to pose challenges for golf course operators in Japan. In addition, a few golf courses which are located in remote locations will continue to find it difficult to attract new golfers and may eventually have to resort to alternative uses in the long-run.

To cater to the requirements of junior or female golfers, golf course operators will have to be more creative with their membership schemes, adopt more innovative marketing approaches as well as be more flexible in the way golf is played on the course. The changing golf demand will also require golf courses to be more family oriented both on and off the course. Successful golf courses will have to continue to upgrade their facilities, resort to shorter forms of golf and create a more casual ambience in order to accommodate the needs of younger generations and make golf a truly unisex sports for all age groups to boost the demand for golf over the long-run.

Opportunities

Japan has rebounded from the recession and deflationary cycle since 2013 and consumer sentiment and inbound tourism figures along with other key economic indicators have been on the rise. The tourism industry is gaining momentum and the depreciation of the Japanese yen is expected to propel further growth in golf tourism in Japan. Furthermore, pent-up growth in golf demand in many Asian countries such as China and India will continue to draw golfers to Japanese golf courses. Japanese golf facilities are relatively advanced and combined with Japan’s culturally rich tourism opportunities and hot spring experiences, many international golfers still find Japanese golf tourism very appealing.

At present, approximately 50% of Japan’s 7.9 million golf population is now over 60 years old. Golf players in this category have a very high propensity to consume and are generally not affected by economic conditions. With an increase in leisure time, many will be prepared to spend more time on golf courses and this will unfold further opportunities for golf course owners in the coming years.

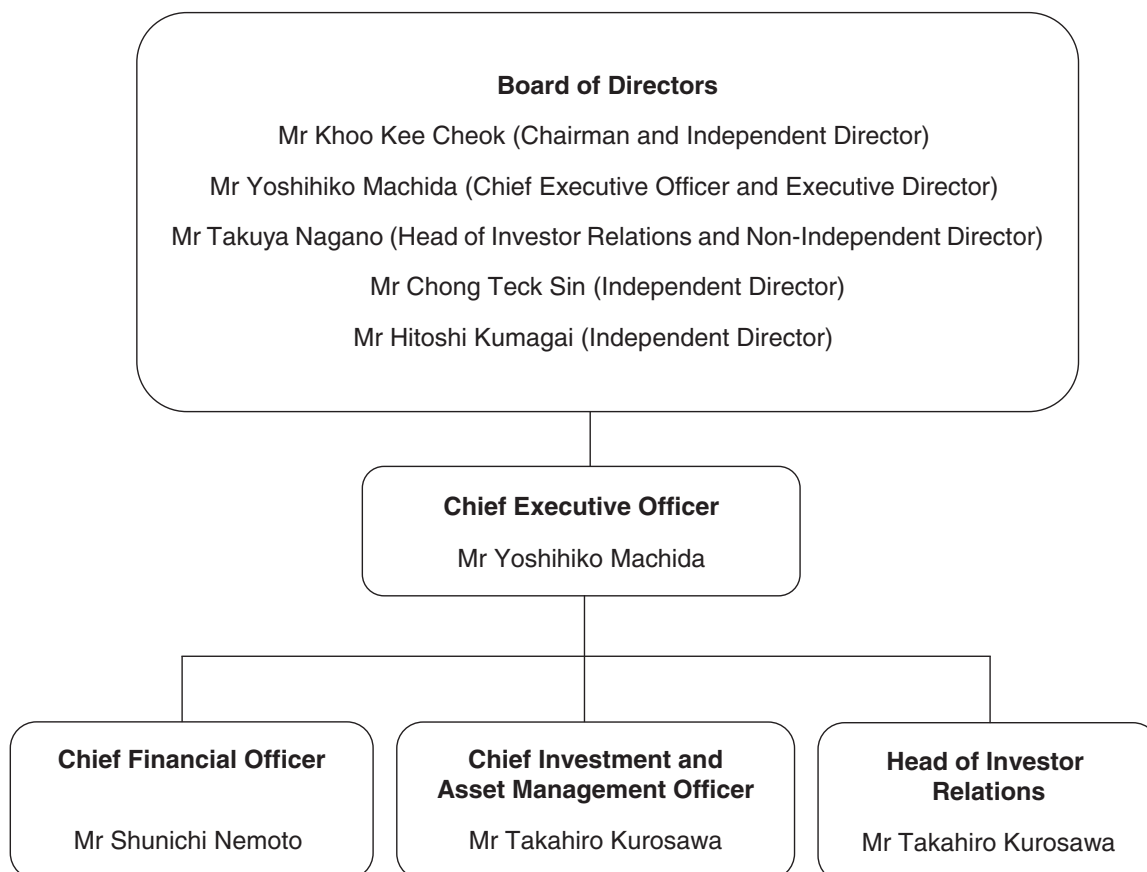
Following the trend in many other countries, the golf market has seen an increase in Japanese female golf players and the female market represents a significant segment which is still growing. Some golf operators in Japan are aware of the trend and have improved facilities to cater to the rising female demand. Moreover, in order to attract more recreational golfers and appeal to the younger generation, golf clubs have also relaxed the rules of the game and made the game less formal. Golf campaigns such as “Kids Day” and “Jeans Day” coupled with the availability of golf simulation video games and screen golf have allowed teenagers to take part in golf at a young age to foster an interest in the sport. With a female population of over 65.6 million and a youth market containing about 17.5 million people, this segment contains great underlying potential and should the demand be unlocked, the golf industry in Japan may witness another potential phase of market boom.

THE TRUSTEE-MANAGER

THE TRUSTEE-MANAGER OF AG TRUST

The Trustee-Manager, Accordia Golf Trust Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 20 March 2014. It has an issued and paid-up capital of S\$625,000. Its registered office is located at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809, and its telephone and facsimile numbers are +65 6592 1050 and +65 6536 1360, respectively. The Trustee-Manager is 49.0% held by the Sponsor and 51.0% held by the TM Partner.

Management Reporting Structure of the Trustee-Manager



Board of Directors of the Trustee-Manager

The Board of Directors is entrusted with the responsibility for the overall management of the Trustee-Manager, and has five members. The following table provides certain information regarding the Directors:

Name	Age	Address	Position
Mr Khoo Kee Cheok	66	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Chairman and Independent Director
Mr Yoshihiko Machida	54	C/O 6 Shenton Way #25-09 OUE Downtown 2, Singapore 068809	Chief Executive Officer and Executive Director
Mr Takuya Nagano	45	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Head of Investor Relations and Non-Independent Director
Mr Chong Teck Sin	58	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Independent Director
Mr Hitoshi Kumagai	45	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Independent Director

Mr Chong Teck Sin has served as a director of a public-listed company and/or manager of a public-listed business trust. For the other four Directors, appropriate arrangements have been made to orientate them in acting as a director of a manager of a public-listed business trust. The Board collectively has the appropriate experience to act as the Trustee-Manager Directors and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed business trust.

In addition, none of the Directors sit on the board of any of AG Trust's principal subsidiaries that are based in jurisdictions other than Singapore. Each of the independent directors of the Trustee-Manager confirms that they are able to devote sufficient time to discharge their duties as an independent director of the Trustee-Manager.

Pursuant to the Shareholders' Agreement entered into between the Sponsor and the TM Partner in connection with their shareholdings in the Trustee-Manager, each of the Sponsor and the TM Partner is entitled to nominate one director on the board of the Trustee-Manager, subject to the appointment of such director being in compliance with all applicable laws, regulations and guidelines (including, but not limited to, the Listing Manual, the BTA and the Code of Corporate Governance 2012), including, but not limited to, such requirements relating to the membership and composition of the board (specifically the requirement relating to the number of independent directors on the board).

As at the Listing Date, the the Sponsor and the TM Partner have nominated Mr Yoshihiko Machida and Mr Takuya Nagano, respectively, to the Board.

Experience and Expertise of the Board of Directors

Certain information concerning the business and working experience of the Directors is set out below:

Mr Khoo Kee Cheok was appointed as an Independent Director of the Trustee-Manager on 20 March 2014 and was appointed as the Chairman of the Board on 16 June 2014.

Mr Khoo has extensive experience in directorship and management roles, having had 28 years of experience in the banking industry. He is currently a business consultant to various SMEs in Singapore.

Mr Khoo began his banking career in DBS in 1980, where he worked for 16 years and had been appointed to various management positions across several branches of the bank. From 1994 to 1996, he was the Vice President in DBS International Department, and from 1990 to 1994, he was the General Manager in DBS Osaka Branch. From 1988 to 1990, he was the Assistant General Manager in DBS Hong Kong Branch, and he was the Branch Manager in DBS Bank, Rochor Branch from 1980 to 1988.

From 1996 to 2008, he was the General Manager of The Bank of East Asia, Singapore Branch. During that period, he was also appointed as a council member representing the Bank for the Association of Banks in Singapore and was appointed as a director of Summit Securities Pte Ltd (which has since ceased operations).

From 2008, Mr Khoo established a company, Key Business Consultants Pte Ltd, to deal with SMEs in an advisory capacity. Mr Khoo currently acts in an advisory role to two SMEs in relation to raising funds for businesses and organising training seminars.

Mr Khoo graduated with a Degree in Bachelor of Science (with Honours) in 1971 and also received a Diploma in Education from the University of Singapore in 1972.

Mr Yoshihiko Machida was appointed the Chief Executive Officer and an Executive Director of the Trustee-Manager on 16 June 2014.

Mr Machida has extensive experience in general management and is very familiar with the golf course management business, having worked within the Accordia group for nearly 10 years. He has been a Corporate Executive Officer of the Sponsor and was the Chief of the Department of General Affairs and Personnel Division since 2009, during which time he exercised an oversight and supervisory role over the general business of the Sponsor and also reported directly to the President of the Sponsor.

From 1982 to 1984 and thereafter, from 1984 to 2003, Mr Machida held positions in Nitto Kogyo Co., Ltd., the previous operator of the golf courses of the Sponsor, and Nitto America Co., Ltd., where he was largely responsible for overseeing the firm's golf course management activities and was also involved in the strategic planning of the firm's golf course business.

Mr Machida graduated from Aoyama Gakuin University with a Bachelor of Business Administration in 1982.

Mr Takuya Nagano was appointed the Head of Investor Relations and a Non-Independent Director of the Trustee-Manager on 16 June 2014.

Mr Nagano has around 20 years of investment banking experience in Daiwa Securities Group. He was an Executive Director and the Head of Investment Banking, South East Asia, in Daiwa Capital Markets Singapore Limited from April 2011 to January 2014, where he was involved in initial public offerings, equity and debt capital market transactions and mergers and acquisitions, including advising Japanese companies in their listings on the SGX-ST.

Mr Nagano joined Daiwa Securities Co. Ltd., Tokyo, in 1992. After two years in retail sales, he worked in the Equity Underwriting Department and Equity Syndication Group. From 2000 to 2006, he was an assistant director in the Corporate Finance Department, advising Japanese listed companies. From 2006 to 2008, he was engaged in cross border transactions such as cross border mergers and acquisitions and POWs in Japan. From October 2008 to April 2011, he was a Director in the Financial Sponsor Department, where he was a coverage banker for global sovereign wealth funds and Japanese private equity funds. He worked in Daiwa Capital Markets Singapore Limited from April 2011 to June 2014 and was transferred to Daiwa Real Estate Asset Management Co. Ltd in January 2014.

Mr Nagano obtained a Master of Business Administration in Finance and Accounting from University of Rochester, New York, in 2000, and Bachelor of Engineering in Tohoku University, Japan, in 1992. He is a chartered member of the Securities Analysts Association of Japan.

Mr Chong Teck Sin was appointed an Independent Director of the Trustee-Manager and the Chairman of the Audit and Risk Committee on 16 June 2014.

Mr Chong is currently an independent director and Chairman of the Audit and Risk Committee of each of AVIC International Maritime Holdings Ltd, Civmec Ltd. and InnoTek Ltd, all being entities which are publicly listed on the SGX-ST. He is also an independent director of Changan Minsheng APLL Logistics Co., Ltd, HKEX listed NOL associated company which is an automobile logistics firm based in China.

Mr Chong had previously also served as independent director of several entities listed on the SGX-ST, including Beyonics Technology Limited, Wanxiang International Limited, Sihuan Pharmaceutical Holdings Group Ltd., JES International Holdings Limited and Midsouth Holdings Ltd., as well as Blackgold International Holdings Limited, Chongqing-based coal mining firm which is listed on the Australian Securities Exchange. He was also formerly an executive director and group managing director (commercial) of Seksun Corporation Ltd from April 1999 to May 2004, a company which was listed on the Main Board of the SGX-ST.

From 1997 to 1999, Mr Chong worked in Glaxo Wellcome Asia Pacific as its Strategic Development Director for the People's Republic of China. From 1994 to 1997, he was the General Manager (Marketing/Commercial) and subsequently Senior General Manager (Marketing, Singapore Operations and Singapore Branch) of China-Singapore Suzhou Industrial Park Development Co., Ltd. Before that, he was with Standard Chartered Bank from 1989 to 1994 and the Economic Development Board from 1986 to 1989 which included a posting to the Tokyo Centre as its center Director. He worked as a Surveyor for International Ship Classification Society Nippon Kaiji Kyokai from 1981 to 1986.

From April 2004 to March 2010, Mr Chong was a board member of the Accounting and Corporate Regulatory Authority ("**ACRA**"), a statutory board under the Ministry of Finance of Singapore and was also ACRA's investment committee Chairman from 2008 to 2010.

From October 2008 to July 2010, he was also a board member of the National Kidney Foundation, a charitable foundation providing dialysis treatment and rehabilitative care to some 3000 patients at affordable, subsidised rates.

Mr Chong graduated with a Bachelor of Engineering from the University of Tokyo in 1981 on a Singapore Government public service commission/Monbusho (Ministry of Education, Japan) scholarship and subsequently obtained a Masters of Business Administration from the National University of Singapore in 1987.

Mr Hitoshi Kumagai was appointed an Independent Director of the Trustee-Manager and a member of the Audit and Risk Committee on 16 June 2014.

Mr Kumagai is a Certified Public Accountant in Japan and has extensive experience in providing audit and transaction services to client companies at KPMG and other accounting firms. He has been a representative partner of Trustees FAS Co., Ltd in Japan since 2006 and has been providing financial advisory services such as financial due diligence, valuation and deal management in corporate finance service. Prior to that, was a manager at KPMG FAS Co., Ltd from 2002 to 2006, providing transaction services including financial due diligence. He was an auditor at KPMG LLP in New York from 1997 to 2002. Before that he was an auditor at Kato Audit Corporation in Japan from 1993 to 1997.

Mr Kumagai is currently an auditor for Akasaka Kakiyama Ltd. and an auditor for Japan Automobile Recycling Promotion Center.

Mr Kumagai graduated from Waseda University, Tokyo with a Bachelor of Commerce in 1993.

Family Relationship

As at the Latest Practicable Date, none of the Directors has any family relationship with one another, with any Executive Officers, with any employee of the Trustee-Manager upon whose work AG Trust is dependent, with any substantial shareholder of the Trustee-Manager or with any person expected to be a Substantial Unitholder¹ as at the Listing Date.

Independence of the Independent Directors

The Board will adhere to the requirements of the BTA with regard to the independence of the independent directors of the Trustee-Manager (the “**Independent Directors**”). Under the SF BT Regulations, an independent director is either:

- a person who is considered to be independent from management and business relationships with the trustee-manager as well as independent from a substantial shareholder of the trustee-manager pursuant to definitions used in the SF BT Regulations; or
- a person whom, notwithstanding that he has the relationships described above, the board of directors of the trustee-manager is satisfied that his independent judgement and ability to act with regard to the interests of all the unitholders of the registered business trust as a whole will not be interfered with.

1 “**Substantial Unitholders**” refers to any Unitholder with an interest in Units constituting not less than 5.0% of all Units in issue.

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each Director over the last five years preceding the Latest Practicable Date is set out in Appendix I, “*List of Present and Past Principal Directorships of Directors and Executive Officers*”.

The Board collectively has the appropriate experience to act as the directors of the Trustee-Manager and has familiarity with the responsibilities of directors of a public-listed vehicle.

Key Roles of the Board of Directors

The key roles of the Board are to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Trustee-Manager.

The Board consists of five Directors. The audit and risk committee of the Trustee-Manager (“**Audit and Risk Committee**”) is made up of Mr Chong Teck Sin, Mr Hitoshi Kumagai and Mr Khoo Kee Cheok. Mr Chong Teck Sin will assume the position of Chairman of the Audit and Risk Committee.

The Board will meet to review the key activities and business strategies of the Trustee-Manager. The Board intends to meet regularly, at least once every three months, to deliberate on the strategic policies of AG Trust (which include, *inter alia*, the acquisition policies and capital management strategies), approve the annual budget and review the performance of AG Trust. The Board will also review AG Trust’s key financial risk areas. The outcome of these reviews will be disclosed in AG Trust’s annual report or, where the findings are material, immediately announced via SGXNET.

Each Director has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of AG Trust. The Directors will contribute in different ways, including using their personal networks to further the interests of AG Trust.

The Board has approved a set of internal controls, which details approval limits for capital expenditure, investments and divestments and bank borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency. The Board is of the opinion, having made all reasonable enquiries and to the best of its knowledge and belief, and the Audit and Risk Committee concurs, having evaluated the sufficiency of AG Trust’s internal controls systems, that the internal controls are adequate to address the financial, operational and compliance risks of AG Trust.

Changes to regulations and accounting standards are monitored closely by the members of the Audit and Risk Committee (see “Corporate Governance – Corporate Governance of the Trustee-Manager – Audit and Risk Committee”). To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager’s or Directors’ disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals.

Management also provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Three of the five Directors are non-executive Directors and are independent of management. This enables management to benefit from the external, diverse and objective perspective of these directors, on issues that are brought before the Board. This also enables the Board to interact and work with management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain effective checks and balances. The Chairman of the Board is Mr Khoo Kee Cheek while the Chief Executive Officer is Mr Yoshihiko Machida.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and management work together with integrity and competency, and that the Board engages management in constructive debate on strategy, business operations, enterprise risk and other plans while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate. As at the date of this Prospectus, the Company Secretary is Lynn Wan Tiew Leng, and the Company Secretary is a Fellow Member of the Singapore Association of the Institute of Chartered Secretaries and Administrators.

Multiple Directorships of Independent Directors

Mr Hitoshi Kumagai

Notwithstanding the several directorships held by Mr Kumagai, the Board has considered the circumstances and believe Mr Kumagai is able to devote sufficient time to the affairs of AG Trust.

In this regard, the Directors have discussed with Mr Kumagai the frequency of the meetings of the Board, as well as the meetings of the committees of which he is a member. Mr Kumagai is fully aware of the commitment required of him in his role as an Independent Director. In addition, the Directors value his contribution and financial expertise, which complements the background of the other members of the Board. Mr Kumagai has confirmed to the Directors that he will be able to commit sufficient time to the matters of AG Trust notwithstanding holding multiple directorships in the companies stated in Appendix I. For the reasons set out above, the Directors are of the view that Mr Kumagai will be able to commit sufficient time and attention to the matters of AG Trust. The Directors also believe Mr Kumagai will be able to discharge his responsibilities to AG Trust as an Independent Director of the Trustee-Manager.

Mr Chong Teck Sin

Notwithstanding the several directorships held by Mr Chong, the Board has considered the circumstances and believes Mr Chong is able to devote sufficient time to the affairs of AG Trust.

In this regard, the Directors have discussed with Mr Chong the frequency of the meetings of the Board, as well as the meetings of the committees of which he is a member. Mr Chong is fully aware of the commitment required of him in his role as an Independent Director, including his duties as Chairman of the Audit and Risk Committee. In addition, the Directors value his contribution and

management experience, which complements the background of the other members of the Board. Mr Chong has confirmed to the Directors that he will be able to commit sufficient time to the matters of AG Trust notwithstanding holding multiple directorships in the companies listed in Appendix I. For the reasons set out above, the Directors are of the view that Mr Chong will be able to commit sufficient time and attention to the matters of AG Trust. The Directors also believe Mr Chong will be able to discharge his responsibilities to AG Trust as an Independent Director of the Trustee-Manager.

Executive Officers of the Trustee-Manager

The Executive Officers are entrusted with the responsibility for the daily operations of the Trustee-Manager. The following table provides certain information regarding the Executive Officers.

Name	Age	Address	Position
Mr Yoshihiko Machida	54	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Executive Director and Chief Executive Officer
Mr Takuya Nagano	45	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Non-Independent Director and Head of Investor Relations
Mr Shunichi Nemoto	39	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Chief Financial Officer
Mr Takahiro Kurosawa	51	C/O 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809	Chief Investment and Asset Management Officer

Experience and Expertise of the Executive Officers

Information on the working experience of the Executive Officers is set out below:

Mr Yoshihiko Machida is both an Executive Director and the Chief Executive Officer of the Trustee-Manager. Details of his working experience are set out in the section “The Trustee-Manager – The Trustee-Manager of AG Trust – Board of Directors of the Trustee-Manager – Experience and Expertise of the Board of Directors”.

Mr Takuya Nagano is both a Non-Independent Director and the Head of Investor Relations of the Trustee-Manager. Mr Nagano is seconded to the Trustee-Manager on a dedicated basis by the TM Partner. Details of his working experience are set out in the section “The Trustee-Manager – The Trustee-Manager of AG Trust – Board of Directors of the Trustee-Manager – Experience and Expertise of the Board of Directors”.

Mr Shunichi Nemoto was appointed the Chief Financial Officer of the Trustee-Manager on 16 June 2014.

Mr Nemoto is a certified public accountant in Japan. He has extensive finance and accounting experience and knowledge of both J-GAAP and IFRS. His experience includes performing corporate audits at Deloitte Touche Tohmatsu, as well advising companies on the adoption of IFRS through his own accounting practice. Of particular relevance is his involvement while at Deloitte Touche Tohmatsu in the IPO of a foreign golf course operator. Mr Nemoto played a key role in developing the company’s internal control system and financial reporting structure. In his private accounting practice, he also advised a golf course operator on how to reduce the time required

to prepare its consolidated financial statements. Thus, Mr Nemoto has significant experience and knowledge of golf course operating companies and their accounting. Although Mr. Nemoto currently operates his own private accounting practice in Japan, he intends to reside full-time in Singapore and be fully dedicated to the role of CFO of the Trustee-Manager.

From 2000 to 2003, Mr Nemoto worked at BDO Sanyu & Co. where he was mainly involved in auditing the financial statements of listed companies. He also gained experience in financial consulting (due diligence, valuation) and IPO consulting.

From 2004 to 2007, he worked at Deloitte Touche Tohmatsu where as an audit manager he was responsible for statutory audits under the FIEA and the Companies Act of Japan. During this period, he was also involved in M&A consulting and the development of corporate internal control systems.

In 2006, Mr Nemoto established his own accounting practice, and also registered a tax practice the following year. From 2006 to the present, he has advised companies on the preparation of consolidated financial statements, J-SOX compliance and internal audits. Mr Nemoto will not continue with his own accounting practice in Japan upon assuming the position of Chief Financial Officer of the Trustee-Manager.

Separately from his own accounting and tax practice, in 2010, Mr. Nemoto established IOM Partners, which from 2010 to 2011 undertook various advisory engagements¹ related to the adoption of IFRS.

Mr Nemoto graduated from Tokyo University with a degree in Engineering in March 2000.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit and Risk Committee to cause them to believe that Mr Nemoto does not have the competence, character and integrity expected of a Chief Financial Officer of the Trustee-Manager. The Audit and Risk Committee is of the opinion that Mr Nemoto is suitable as the Chief Financial Officer on the basis of his qualifications and relevant past experience.

Mr Takahiro Kurosawa was appointed the Chief Investment and Asset Management Officer of the Trustee-Manager on 16 June 2014.

Mr Kurosawa has extensive experience in finance, investment and asset management. He has been with the Sponsor since 2011 and was appointed as the Executive Senior Manager of Corporate Strategy, Management Planning Division of the Sponsor in April 2013. He was largely responsible for the buying and selling of golf courses on behalf of the Sponsor in relation to portfolio replacement. Prior to joining the Sponsor, he was formerly employed with Goldman Sachs Realty Japan Ltd. since 2000, where he was in charge of the management and collection of purchase loans in the Loan Asset Management department and was also promoted to the position of Asset Manager. The Sponsor had been invested by a group company of Goldman Sachs until January 2011. Mr Kurosawa played a key role in leading the acquisition by the Goldman Sachs group of the golf courses and was consequently promoted to Senior Asset Manager of Goldman Sachs Realty Japan Ltd. He also worked with Nippon Mortgage Co., Ltd. from April 1987 to March 2000, where he was engaged in property finance work for over 13 years, being responsible for business management and disposal of real estate loan collateral.

Mr Kurosawa will not continue with his position as Executive Senior Manager of Corporate Strategy, Management Planning Division, in the Sponsor upon assuming the position of Chief Investment and Asset Management Officer of the Trustee-Manager.

¹ Mr Nemoto will stop all advisory services as at Listing.

Mr Kurosawa graduated from Kokugakuin University with a degree in Law in March 1987.

Family Relationship

None of the Executive Officers of the Trustee-Manager is related to one another or to any of the Directors of the Trustee-Manager or to any substantial shareholder of the Trustee-Manager or any persons expected to become a Substantial Unitholder of AG Trust as at the Listing Date.

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each Executive Officer of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix I, “List of Present and Past Principal Directorships of Directors and Executive Officers”.

Key Roles of the Executive Officers

The **Chief Executive Officer** of the Trustee-Manager will work with the Board to determine the strategy for AG Trust. He will also work with the other members of the Trustee-Manager’s management team in meeting the stated strategic and operational objectives of AG Trust. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development and the day-to-day operations of AG Trust. In order to maintain the yield of AG Trust’s portfolio and expand the investments and business of AG Trust, the Chief Executive Officer is responsible for analysing the performance of the golf courses held by AG Trust and develop internal and external growth strategies. While the Trustee-Manager is not actively managing New SPC’s operations, the Trustee-Manager will deliberate on the strategies of AG Trust at the trust level and through the exercise of its veto right over the annual business plan of New SPC, the Trustee-Manager can implement the Chief Executive Officer’s strategies over the business and operations of New SPC.

The **Chief Financial Officer** of the Trustee-Manager will work with the Chief Executive Officer and the other members of the management team to formulate strategic plans for AG Trust in accordance with the Trustee-Manager’s stated investment mandate. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy and overseeing the implementation of AG Trust’s short-term and medium-term business plans and financial condition. The Chief Financial Officer will also be responsible for preparing the consolidated accounts of AG Trust.

The **Chief Investment and Asset Management Officer** of the Trustee-Manager is responsible for sourcing and identifying new acquisition opportunities with a view to enhance the value of AG Trust’s portfolio, or divestments where a satisfactory rate of return is not expected or an asset is no longer strategic, fails to enhance the value of AG Trust’s portfolio or fails to be yield accretive. The Chief Investment and Asset Management Officer is also responsible for formulating the business plans in relation to AG Trust’s assets with short, medium and long-term objectives, and ensuring the implementation of AG Trust’s strategies to maximise the income generating potential and minimise the expense base of the assets of AG Trust without compromising their marketability. In order to formulate its independent views when exercising its veto rights under the TK Agreement in relation to the acquisition or divestment of golf courses by New SPC, the Trustee-Manager (through the Chief Investment and Asset Management Officer) first undertakes an internal process to analyse and identify such golf courses. In addition, in the future, the Trustee-Manager may establish another special purpose vehicle to acquire golf courses, whether in Japan or elsewhere globally. In such cases, the Chief Investment and Asset Management Officer is responsible for the structuring, sourcing and identification of such new acquisition opportunities.

The **Head of Investor Relations** is responsible for all investor relations, corporate communications and marketing with Unitholders, regulators and the investment community. This includes producing the annual reports to Unitholders. The Head of Investor Relations is focused on formulating strategic communication plans to create value for Unitholders and will be responsible for the corporate marketing and branding of AG Trust as well as the promoting of AG Trust to Unitholders, prospective investors and the media through its marketing communications. In addition to this, the Head of Investor Relations seeks to ensure adherence to corporate governance standards and provides a service to Unitholders by maintaining continuous disclosure and transparent communications with Unitholders and the market.

Remuneration of the Directors and Executive Officers

The compensation paid or estimated to be paid by the Trustee-Manager or subsidiaries of AG Trust for services rendered by the Directors and Executive Officers to the Trustee-Manager, AG Trust and the related corporations and entities of AG Trust, on an individual basis in remuneration bands of S\$250,000, for each of FY2013 and FY2014 (being the last two most recent completed financial years) and the estimate of the same for FY2015 is as follows:

	FY2013 ⁽¹⁾	FY2014 ⁽¹⁾	FY2015 (Estimate)
Directors			
Mr Khoo Kee Cheok	Nil	Nil	A
Mr Yoshihiko Machida	Nil	Nil	Nil
Mr Takuya Nagano	Nil	Nil	Nil
Mr Chong Teck Sin	Nil	Nil	A
Mr Hitoshi Kumagai	Nil	Nil	A
Executive Officers			
Mr Yoshihiko Machida	Nil	Nil	B
Mr Takuya Nagano	Nil	Nil	B
Mr Shunichi Nemoto	Nil	Nil	B
Mr Takahiro Kurosawa	Nil	Nil	B

Notes:

- (1) Compensation includes any benefits in kind and any deferred compensation accrued for the relevant financial year and payable at a later date.
- (2) "A" refers to remuneration below the equivalent of S\$250,000. "B" refers to remuneration between the equivalent of S\$250,000 and S\$500,000.

All remuneration and compensation payable to the Directors and the Executive Officers in respect of services rendered to the Trustee-Manager will be paid by the Trustee-Manager, out of its own assets, and not out of the Trust Property of AG Trust.

AG Trust has not set aside or accrued any amounts for its employees to provide for pension, retirement or similar benefits.

No compensation is payable to any Director or Executive Officer in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement under the service contracts.

Legal Representative

The legal representative of New SPC which owns and operates the TK Business is the (sole) executive member (*gyomu shikko shain*) of New SPC which is incorporated as a GK (*Godo Kaisha*), a type of limited liability company under Japanese law.

The sole executive member of New SPC is an ISH (*Ippan Shadan Hojin*), Ippan Shadan Hojin AGT, a type of special purpose vehicle under Japanese law, and the ISH holds the entire membership interests (voting rights) in New SPC. The ISH is never expected to actively participate in the business operation through voting, but the ISH is expected to hold the voting rights just to ensure that no interested parties will exert any power or control over New SPC in any harmful or unexpected way.

In Japan, ISH is widely used in almost all TK structures which deal with borrowing non-recourse finances from lenders as an entity to hold the entire membership interests in a special purpose vehicle as a financing vehicle in order to achieve a bankruptcy-remote structure. The ISH is established by the sponsor/originator but the holder of the voting right in the ISH is typically a certified public accountant or lawyer¹. Such ISH shareholding is considered as equivalent to the shareholding by a charitable trust.

In AG Trust, the voting rights in the ISH are solely held by certain certified public accountants from TKAO. As each of the accountants is a neutral and independent third party, this allows the ISH to retain its neutral status and to be free from influence of any interested parties. The accountants are to carry out limited corporate administrative work to maintain such function of the ISH as a neutral holding entity.

The ISH as the sole executive member of New SPC is entitled to act and obliged to perform the duty as the legal representative of New SPC. There is no director or board of directors at New SPC.² The ISH owes fiduciary duty to New SPC in connection with the business execution of New SPC (in a similar position to a director of a stock company) pursuant to the Companies Act of Japan. Also, the ISH will be obliged to indemnify any third-party (including AG Trust as TK Investor) for any damage or losses incurred by such third-party arising from malicious action or gross negligence of the ISH in connection with the business execution of New SPC pursuant to the Companies Act of Japan.

The ISH as the sole executive member of New SPC appoints a certified public accountant from TKAO as its operating officer in connection with the administration and business of New SPC.³ In the same way as the ISH does to New SPC, the accountant as the operating officer of the ISH also owes fiduciary duty to New SPC and potential liability to indemnify third-parties in connection with its performance of duty.

In theory, a TK business under a TK structure could be directly operated by a TK operator itself, through the holder of the membership interests (i.e. ISH through its operating officer). However, in practice, a mere SPC (and its member (ISH) and ISH's operating officer) are usually incapable

1 For the duties and responsibilities of the certified public accountant or lawyer as the holder of the shares in the ISH, see also "The Restructuring Exercise – Establishment of the SPC and Transfer of BT Golf Course Subsidiaries through TK Agreement."

2 Under the Companies Act of Japan, there is no director or board of directors at a GK due to its statutory corporate governance structure. In principle, all members (*shain*, equivalent to shareholders in case of a stock company) of a GK have a right to execute the business of the company. However, if the articles of incorporation of the company provide for a specific executive member, only that member will have the right to execute the business. Also, in AG Trust, the ISH is the sole member of New SPC at any rate. Therefore, the ISH as the sole executive member of New SPC has the right to execute the business of New SPC as the legal representative.

3 Under the Companies Act of Japan, if an executive member of a GK is a corporation (not an individual), such executive member must appoint some individual who will act as an operating officer (*shokumu shikkosha*) of the executive member and who will perform the executive member's duties vis-à-vis the GK.

of operating and managing the TK business in a full-fledged way. This is because New SPC is not a substantive entity, and the ISH and the certified public accountants from TKAO who hold the voting rights in the ISH are providers of nominee services. These accountants do not engage in any actual management or operation of the business or assets owned by New SPC and the ISH only owns New SPC. Therefore, the operations and management of the TK Business is practically effected through the veto rights of the TK Investor coupled with the TK Operator sub-contracting the operations of the TK Business to appropriate third-parties.

In AG Trust, the Trustee-Manager as the TK Investor will have veto rights over certain material matters at the level of New SPC pursuant to the TK Agreement. Also, in AG Trust, there will be third-party sub-contracting involving (i) certain operation and management functions of the golf courses being outsourced by the TK Operator to the Sponsor pursuant to the Golf Course Management Agreement and (ii) certain advisory services mentioned above being outsourced to the Asset Manager under the Asset Management Agreement. (See “Certain Agreements Relating to Accordia Golf Trust” for further details of each of these agreements.)

TKAO is one of major accounting firms in Japan which offers the nominee services as independent directors in structured finance transactions in Japan using a bankruptcy-remote SPC. Under the relevant service agreements to which TKAO is a party, TKAO is obliged to appoint certified public accountants who are suitable as the holders of voting rights in the ISH and also one certified public accountant who is suitable as the operating officer of the ISH as the executive member of New SPC. If any of such accountants becomes unable to continue to perform its duty, TKAO will be obliged to appoint other suitable accountant(s) as replacement. Upon termination of the service agreement between New SPC and TKAO, New SPC may appoint another accounting firm in place of TKAO.

The Board is of the opinion that, having regard to the fact that the voting rights in the ISH (as the sole member of the TK Operator) are solely held by certain certified public accountants from TKAO and the reputation of TKAO, as well as the fiduciary duties owed by TKAO to ISH, adequate processes and procedures have been put in place to mitigate the risks in relation to the appointment of the ISH as the legal representative of New SPC.

Employees

On the Listing Date, the Trustee-Manager will have four employees, including the Chief Executive Officer and the Chief Financial Officer (listed in “The Trustee-Manager – The Trustee-Manager of AG Trust – Executive Officers of the Trustee-Manager” above) based in Singapore.

The Head of Investor Relations, Mr Takuya Nagano has been seconded to the Trustee-Manager on a dedicated basis by the TM Partner.

As at the Latest Practicable Date, the employees of the Trustee-Manager are not unionised.

Pursuant to the Restructuring, the employees of the Sponsor group who engage in the day-to-day operations of the Initial Portfolio Golf Courses will be transferred to New SPC and approximately 5,600 employees are expected to be transferred to New SPC.

As at the date of this Prospectus, only two employees in respect of Izumisano Country Club and who will be transferred to New SPC are unionised.

(See “The Business of Accordia Golf Trust – Employees”.)

Service Agreements

None of the Directors have entered into service contracts with AG Trust or the SPC which provide for benefits upon termination of employment.

Constituent Documents of the Trustee-Manager

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

A Director shall not vote on any transaction, contract or arrangement or any other proposal whatsoever in which he is interested

A Director must, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors. A Director shall not vote in respect of any transaction, contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is disqualified from voting.

The borrowing powers exercisable by the Trustee-Manager (acting in its capacity as trustee-manager of AG Trust) and how such borrowing powers may be varied

Pursuant to the Memorandum of Association of the Trustee-Manager, the Trustee-Manager has all full rights, powers and privileges necessary to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law, in this case, the business of acting as trustee-manager of AG Trust. The Trustee-Manager does not intend to voluntarily impose any borrowing limits on AG Trust.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of AG Trust unless the power of borrowing is conferred upon it by the Trust Deed. The Trust Deed empowers the Trustee-Manager to, whenever it considers it desirable in the interests of Unitholders to do so or for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the Trust Deed or with any investment of AG Trust or for the purpose of financing the conduct, carrying on or furtherance of any Authorised Businesses (as defined therein) undertaken by AG Trust or for the purpose of financing or facilitating any distributions to Unitholders or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Businesses undertaken by AG Trust or any investment of AG Trust, borrow or raise monies (upon such terms and conditions as it thinks fit, including, without limitation, in particular, by charging, mortgaging or creating security over all or any of the investments, assets or rights of AG Trust or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of AG Trust provided that (a) the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) would render its liability to extend beyond it being limited to the Trust Property and (b) the Trustee-Manager shall not be under any obligation to take any action or enter into any transaction if such action or transaction would cause the Trustee-Manager to be in breach of its duties or obligations under the Trust Deed or under any law or regulation) and may enter into swap derivative transactions for the management of foreign exchange and/or interest rate risks and subject to the Trust Deed, the Trustee-Manager may secure the repayment of such monies and interest costs and other charges and expenses in such manner and upon such terms and conditions as the Trustee-Manager may think fit and provide such priority, subordination or sharing of any liabilities owing to AG Trust in such manner and upon such terms and conditions as the Trustee-Manager may think fit.

Any variation of the borrowing powers as contained in the Trust Deed would require the approval of the Unitholders by way of an Extraordinary Resolution held at a Unitholders' general meeting convened in accordance with the Trust Deed and such other regulatory approvals as may be required to vary the terms of the Trust Deed.

The retirement or non-retirement of a Director under an age limit requirement

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Director shall retire.

The number of Units, if any, required for the qualification of a Director

A Director is not required to hold any Units to qualify as a Director.

Retirement of Directors

The appointment of the Directors will continue until such time as they resign, are required to vacate their office as directors, or are removed by way of an extraordinary resolution of the shareholder(s) of the Trustee-Manager.

ROLES AND RESPONSIBILITIES OF THE TRUSTEE-MANAGER

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders and managing the business conducted by AG Trust. The Trustee-Manager has general powers of management over the business and assets of AG Trust and its main responsibility is to manage AG Trust's assets and liabilities for the benefit of the Unitholders as a whole.

The Trustee-Manager will set the strategic direction of AG Trust and decide on the acquisition, divestment or enhancement of assets of AG Trust in accordance with its stated investment strategy. Additionally, the Trustee-Manager will undertake active management of AG Trust's assets (being the TK Interests as at the Listing) to enhance the performance of the portfolio¹. It will also undertake capital and risk management strategies in order to maintain a strong balance sheet for AG Trust.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust ("**Due Care**") to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of AG Trust.

Furthermore, the Trustee-Manager will prepare business plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of AG Trust's investments.

The Trustee-Manager, in exercising its powers and carrying out its duties as AG Trust's trustee-manager, is required to:

- treat Unitholders who hold Units in the same class fairly and equally;

¹ Although the Trustee-Manager only has veto rights over certain key operational matters of New SPC, and cannot undertake active management over New SPC, the Trustee-Manager can and will undertake active management of its assets, being the TK Interests at Listing.

- ensure that all payments out of the Trust Property of AG Trust are made in accordance with the BTA and the Trust Deed;
- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 (“**SF BT Regulations**”) by any other person that:
 - relates to AG Trust; and
 - has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the Trust Property of AG Trust is properly accounted for; and
- ensure that the Trust Property of AG Trust is kept distinct from the property held in its own capacity.

The Board will meet regularly to review AG Trust’s business activities and strategies pursuant to its then prevailing investment mandate. Such regular review is aimed at ensuring adherence to the Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as AG Trust’s trustee-manager in accordance with the BTA and the Trust Deed;
- act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as AG Trust’s trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and
- hold the Trust Property of AG Trust on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it:

- is liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and
- shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of AG Trust, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as trustee-manager of AG Trust, to have recourse to the Trust Property of AG Trust or any part

thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing AG Trust and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager exercised Due Care in selecting as well as monitoring such persons to the extent provided for in the Trust Deed.

FEES PAYABLE TO THE TRUSTEE-MANAGER

The fees payable to the Trustee-Manager in respect of its services to AG Trust are set out below. The Trustee-Manager may direct that all or a portion of any fees payable to the Trustee-Manager be paid directly to any third parties.

Management fees

The Trustee-Manager is entitled under the Trust Deed to receive the Trustee-Manager's fee calculated in the formula below:

- a base fee being 0.11% per annum of the value of the total assets of AG Trust on a consolidated basis;
- a performance fee 0.25% per annum of the Adjusted Net Operating Income of the investments of AG Trust;
- an acquisition fee being 0.6% of the appraised value of any investments acquired directly or indirectly (through a special purpose vehicle or otherwise) by AG Trust, as determined by an independent third party appraiser appointed by the Trustee-Manager or, where the acquisition is made by a special purpose vehicle, such special purpose vehicle; and
- a divestment fee being 0.15% of the last available appraised value obtained by the Trustee-Manager or the relevant special purpose vehicle of any investments sold or divested directly or indirectly (through a special purpose vehicle or otherwise) by AG Trust, as determined by such an appraiser appointed by the Trustee-Manager or, where the divestment is by a special purpose vehicle, such special purpose vehicle.

RETIREMENT OR REMOVAL OF THE TRUSTEE-MANAGER

Under the BTA, the Trustee-Manager may be removed as trustee-manager of AG Trust, by the Unitholders only by an Extraordinary Resolution, or it may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with the procedures that the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of AG Trust until another person is appointed by:

- (i) the Unitholders to be the trustee-manager of AG Trust; or
- (ii) by the court under Section 21(1) of the BTA to be the temporary trustee-manager of AG Trust,

and such appointment shall be effective from the date stated in the resolution of the Unitholders or court order as the effective date of the appointment of the replacement trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, on an application by the MAS or the Trustee-Manager or a Unitholder, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of AG Trust for a period of three months if the court is satisfied that the appointment is in the interest of the Unitholders.

The temporary trustee-manager of AG Trust is required, within such time and in accordance with such requirements as may be prescribed by MAS, to take steps to enable the Unitholders to appoint another person as the trustee-manager (not being a temporary trustee-manager) of AG Trust.

ANNUAL REPORTS

An annual report will be issued by the Trustee-Manager to Unitholders within four months from the end of each accounting period of AG Trust and at least 14 days before the annual general meeting of the Unitholders (which must be held within 4 months from the end of the financial year), containing, among other things, the following key items:

- (i) details of all material transactions in respect of AG Trust entered into for the relevant accounting period;
- (ii) a general description of each golf course and the golf course related assets owned by AG Trust;
- (iii) an operational and financial review of AG Trust;
- (iv) the amount of Distributable Income held pending distribution to Unitholders;
- (v) the amount of fees paid to the Trustee-Manager (including any Units issued in part or full payment thereof, and the issue price of such Units);
- (vi) details of amounts outstanding under any financing arrangements;
- (vii) details of AG Trust's other material investments;
- (viii) the highest and lowest prices at which the Units were traded on the SGX-ST during the relevant accounting period;
- (ix) the volume of trade in the Units during the relevant accounting period;
- (x) details of all hedging policies and instruments to be implemented by AG Trust, if any;
- (xi) details of all corporate social responsibility plans and initiatives; and
- (xii) the aggregate value of all transactions entered into by the Trustee-Manager, for and on behalf of AG Trust, with an "interested person" (as defined in the Listing Manual).

The Board is also required under Section 86 of the BTA to make a written statement, in accordance with a Board resolution and signed by not less than two Directors on behalf of the Board, certifying that:

- (i) fees or charges paid or payable out of the Trust Property of AG Trust to the Trustee-Manager are in accordance with the Trust Deed;
- (ii) Interested Person Transactions are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and

- (iii) the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of AG Trust or on the interests of all the Unitholders as a whole.

Such statement must be attached to the profit and loss accounts of AG Trust.

AG Trust's first accounting period is for the period from 16 June 2014, being the date of its constitution as a business trust under the laws of Singapore, to 31 March 2015. The first annual report of AG Trust will cover the period from the date of its registration as a business trust with the Authority to 31 March 2015.

AG Trust will also issue quarterly reports in accordance with the requirements of the Listing Manual and all relevant laws. These quarterly reports will contain, among other things, the financial statements of AG Trust for the relevant quarter, the earnings per Unit (calculated in accordance with the requirements of the SGX-ST) and a review of the performance of AG Trust that contains significant factors affecting turnover, costs, and earnings of AG Trust for the financial period reported on, and any material factors that affected the cash flow, working capital, assets or liabilities of AG Trust during the financial period reported on.

THE SPONSOR

Background information on the Sponsor

The Sponsor owns and operates golf courses, driving ranges and golf course related assets in Japan. Originated mainly from a major golf course operator, Nitto Kogyo Co., Ltd., the company has grown through a series of acquisitions of golf courses and is Japan's leading golf course operator which currently operates 135 golf courses (of which 132 are owned by the Sponsor prior to the transfer of the TK Interests) and 26 driving ranges as at the Latest Practicable Date.

The Sponsor previously operated golf courses with a focus on the demand for golf for corporate entertainment. Now, it has expanded the business by adopting a number of measures centred on the "Four Principles of Service" – course qualities, diversification of playing styles, enhanced specialty shops (pro shops), and reasonably-priced restaurants – in order to meet the demand for "private golf" played by families and friends, and to promote an environment where everyone can casually enjoy playing golf under the concept of "It's a New Game".

The operating revenue of the Sponsor consists of revenues from the golf course operating business (slightly under 70%), golf-course/driving-range restaurant business (slightly over 20%) and golf goods sales business (approximately 4%) as at the end of March 2013.

The Sponsor's asset-light management strategy

An asset-light management strategy is a strategy used to enhance the Sponsor's operational efficiency. This involves reducing the number of assets (such as golf courses) owned by the Sponsor within the group. The Sponsor then focuses on golf course operations. Through the implementation of the asset-light management strategy, the ownership of assets and operation of golf courses are separated, enabling the Sponsor to pursue high growth and profitability by focusing on operating golf courses as well as on value-adding investments. This will also enable the realisation of the value of the assets sold by the Sponsor. The asset-light management strategy will enable strategic investments by selling golf courses with stable profit levels and which have increased in value as a result of the Sponsor's know-how in golf course management. The Sponsor can implement a cyclical business model by actively reinvesting with the profit earned in new golf courses. These efforts are expected to contribute to the external growth of AG Trust, and are consistent with the Sponsor's business strategy.

Golf course acquisitions by the Sponsor

There are 2,405 golf courses in Japan as at March 2013, of which only 295 or 12.3% are affiliated to major golf course operators. The business performance of these golf course operators which have not yet established franchised operations is suffering a slump as a result of competition with such major operators. Such golf course operators have had to undergo legal liquidation or dispose of their golf course assets due to poor business performance, especially the golf courses held by large companies as a side-line business (See table "Market Share of Golf Course Operators as at March 2013" and graph "Disposal and Legal Liquidation of Golf Courses Each Year in Japan").

The Sponsor has taken advantage of these opportunities and acquired as many as 59 courses between FY2006 and FY2013, and many takeover opportunities are expected (See table "Golf course acquisitions per year by the Sponsor" and the table "Breakdown of acquired courses").

Market Share of Golf Course Operators as at March 2013

Market Share of Golf Courses

Company Name	No. of Golf Courses	No. of Holes	Market Share
Accordia Golf	133	2,797	5.5%
PGM Group	122	2,664	5.1%
Orix Group	40	837	1.7%
Ichikawa Landscape Gardening Group	34	675	1.4%
Seibu Group	28	675	1.2%
Tokyu Group	26	522	1.1%
Cherry Golf Group	23	423	1.0%
Unimat Group	19	351	0.8%
Taiheyo Club	17	333	0.7%
Chateraise	14	288	0.6%
Resort Trust	13	288	0.5%
Kamori Kanko	12	252	0.5%
RESOL	12	252	0.5%
Tokyo Tatemono (JGolf)	12	243	0.5%
GCE Group	11	234	0.5%
Hotel Monterey Group	11	198	0.5%
Akechi Club & Boso Country Club Group	10	297	0.4%
JGM Golf Group	10	216	0.4%
Dailysha Group	10	216	0.4%
Daiwa House	10	189	0.4%
Shin Nihon Kanko	9	243	0.4%
Adachi Group	9	207	0.4%
OGI Group	9	171	0.4%
Kajima Corporation	7	138	0.3%

Note: 133 golf courses held by Accordia Golf calculated on the basis that Otsu Country Club is calculated as two courses (Otsu higashi and Otsu nishi) and Accordia Golf Garden is not counted.

Source: Golf Tokushin, Golf Course Group Series Q1. Golf Tokushin has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



Source: Golf Tokushin & CBRE

Total Number of Golf Courses Owned by the Sponsor as at the end of:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
91	103	125	125	128	132	131	133

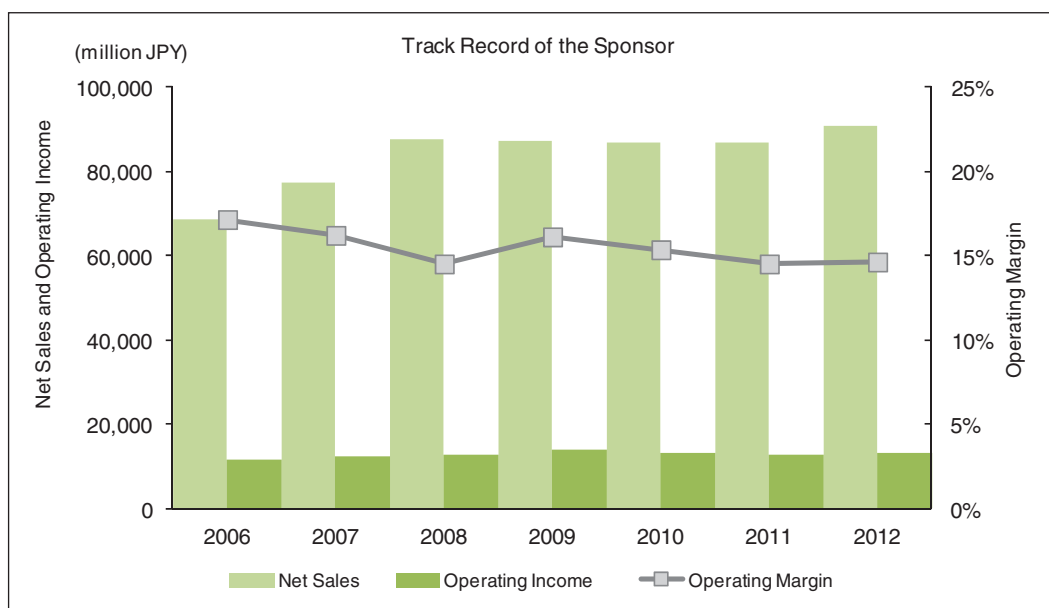
Number of Golf Courses Newly Acquired by the Sponsor in:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
0	12	22	5	7	4	4	5

Number of Golf Courses Sold by the Sponsor in:							
FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
0	0	0	5	4	0	5	3

Source: Sponsor

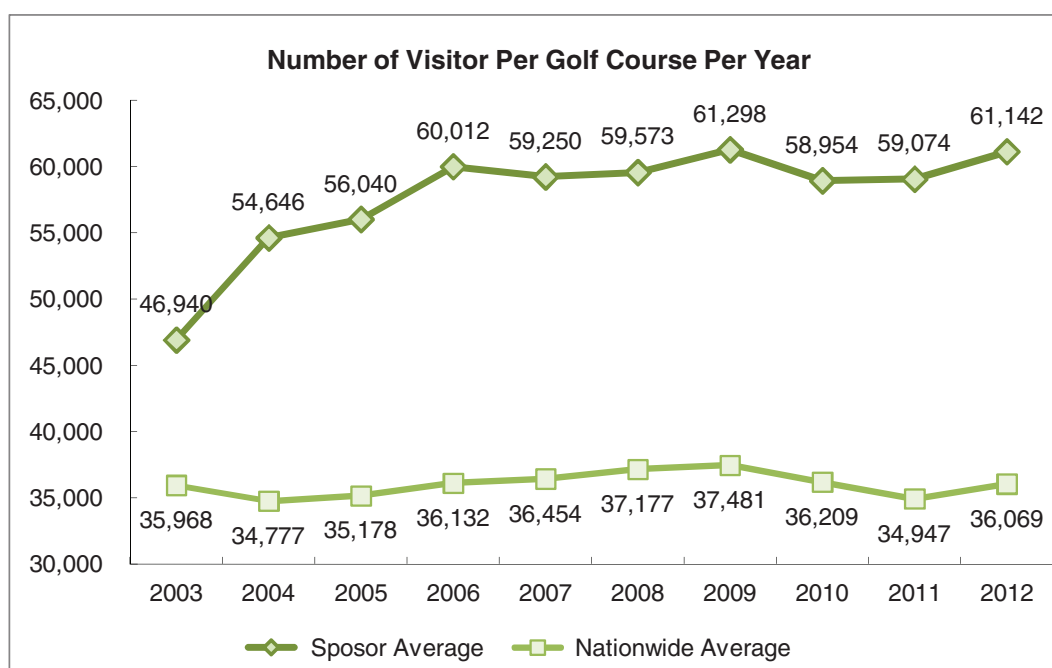
Strength and golf course operations track record of the Sponsor

The Sponsor currently operates 135 golf courses, with a customer base of nearly eight million players in total. By making the most of its reasonable unit prices, competitiveness and high-quality portfolio, the Sponsor has achieved a stable track record in golf course operations.



Source: Sponsor

The number of players has been steadily on the rise due to the acquisitions of golf courses and expanding tee time slots. The number of visitors per golf course in FY2012 was 61,142, far above the national average of 36,069 visitors (See the table “Number of Visitors Per Golf Course Per Year”).



Source: Sponsor, NGK & CBRE. NGK has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Bookrunners have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

In addition, the Sponsor has implemented a point card system. There are more than 2.8 million Sponsor point card holders and the Sponsor targets players in their 40's to 70's, who account for a significant portion of the number of point card holders at 74.1%. Among these members, avid golfers who play more than five times a year at the Sponsor's courses contribute to 12.7% of the total number of point card holders.

The Sponsor's multi-brand strategy

The Sponsor has been working on methods of managing golf courses in line with golfers' needs and capturing new markets through a multi-brand strategy since 2012. In connection with this multi-brand strategy to capture new markets and different golfer types, the Sponsor has established brands other than the "Accordia" brand such as "TROPHIA", which is a premium brand and the next generation brand "EVERGOLF" with simplified systems concentrating on core services.

CORPORATE HISTORY OF THE SPONSOR

Milestones

Sep. 1981	A predecessor entity to the Sponsor was established
Feb. 2002	All shares of Nitto Kogyo Co., Ltd. transferred to Goldman Sachs group
Dec. 2002	Commenced contracted golf course management operations
May 2003	Corporate name changed to Accordia Golf Co., Ltd.
Nov. 2006	Listed on the First Section of the Tokyo Stock Exchange
Feb. 2007	Acquired Keiyo Golf Centre Co., Ltd. (currently known as Accordia Garden Co., Ltd.), which had been operating a golf range. Started driving range business
Mar. 2007	Total number of owned golf course exceeded 100 courses
Apr. 2008	Acquired Heartree Restaurant System Co., Ltd. (currently known as Heartree Co., Ltd.)
Jan. 2011	All the shares of the Sponsor which had been held by Goldman Sachs group were sold by way of a public offering

Number of Golf Courses owned or operated by the Sponsor

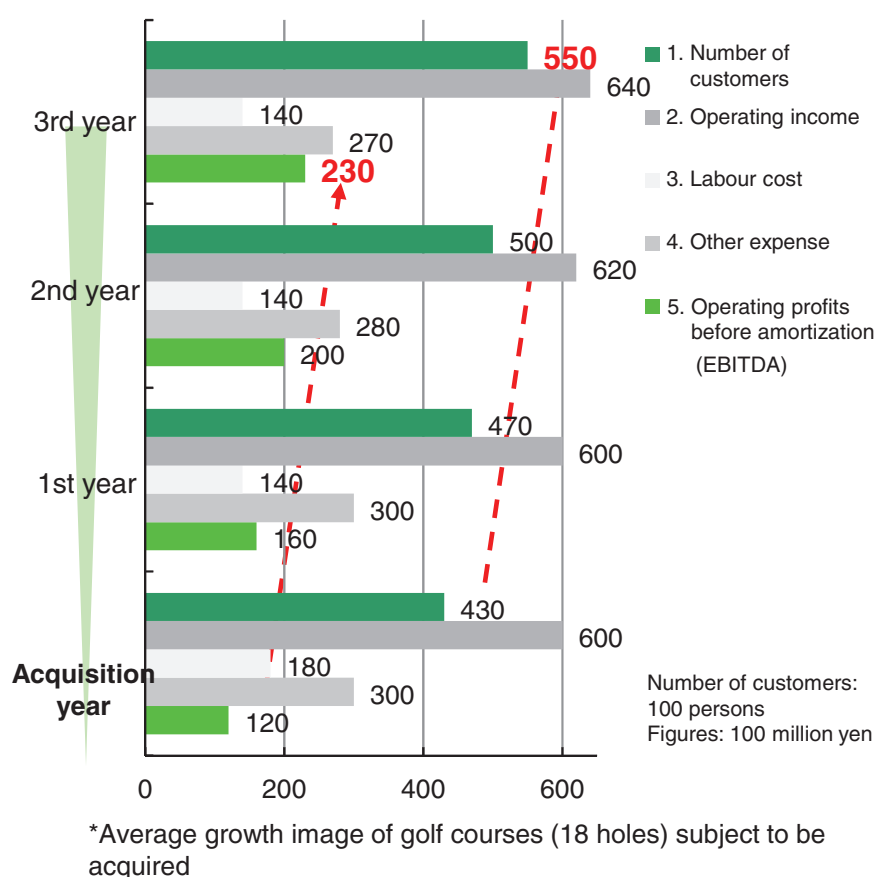
Period	Number of Courses Owned and Operated	Number of Courses Operated but Not Owned
FY ended March 2006	91	2
FY ended March 2007	103	18
FY ended March 2008	125	8
FY ended March 2009	125	7
FY ended March 2010	128	6
FY ended March 2011	132	5
FY ended March 2012	131	21
FY ended March 2013	133	3

“Value-up Restructuring”

Based on the Sponsor’s operational know-how, the profitability of the Sponsor’s golf courses has increased by the following measures introduced to enhance profits (See the table “Value Creation/Enhancement for Golf Courses”):

- (i) Expanding demand for playing golf
 - Acquiring golf courses in the three largest metropolitan areas with high demand
 - Expanding tee time slots and play variations
 - Attracting more customers as the “Accordia” brand becomes recognised
 - Funnelling driving range customers to the Sponsor’s golf courses
- (ii) Setting reasonable unit prices and maximising sales volume by securing the most suitable visitors
 - Setting unit prices as calculated from the demand data
 - Increasing the number of repeat players by captivating and retaining them
- (iii) Setting reasonable operational costs
 - Improving operational efficiency by implementing new systems and centralising operations
 - Promoting services with no caddies in response to market needs
 - Reduction of labour costs by replacing service personnel with part-timers
- (iv) Setting reasonable clerical and material costs
 - Controlling costs by centralising purchasing of materials
 - Consolidating administrative operations such as asset management, human resources, and accounting at the Sponsor’s headquarters
- (v) Taking of innovative initiatives
 - Anchors elderly golfers by offering attractive options
 - Enhancing female and kids-focused service, namely L style and Accordia Kids and by utilizing Hello-Kitty to enhance its brand appeal

Example: 3 year growth after acquisition



Source: Sponsor

Framework for comprehensive support of the Sponsor

For the purpose of leveraging upon the expertise, know-how and experience of the Sponsor in golf course management, the Trustee-Manager has entered into the Sponsor Support Agreement with the following features:

- (i) A support framework contributing to enhancing profits from the Initial Portfolio (internal growth) and amassing and improving operational know-how

The operation of the Initial Portfolio is delegated to the Sponsor pursuant to the Golf Course Management Agreement, under which the Sponsor shall make efforts to further enhance the profitability of the Initial Portfolio Golf Courses and to engage in stable operations of the golf courses.

- (ii) A support framework contributing to the acquisition of golf courses by AG Trust (external growth) and the corresponding growth strategy

The Sponsor will offer a right of first refusal to AG Trust such that in the event where Sponsor intends to sell golf courses falling within the investment mandate of AG Trust, on the terms and subject to the conditions set out in the ROFR (Please see "Certain Agreements Relating to Accordia Golf Trust – ROFR to the Trustee-Manager".)

(iii) Provision of human resources and know-how to the Trustee-Manager

In order for the Trustee-Manager to tap on relevant knowledge and know-how regarding golf course management and operations required for conducting asset management business, the Sponsor will cooperate with the Trustee-Manager to secure human resources as required.

RELATIONSHIPS WITH DAIWA SECURITIES GROUP

The Trustee-Manager

The TM Partner, which holds 51.0% of the shares in the Trustee-Manager, is a wholly-owned subsidiary of Daiwa Securities Group. The TM Partner, also the asset manager, has also entered into an asset management agreement with the SPC. The TM Partner has also, pursuant to the Shareholders' Agreement entered into between the Sponsor and the TM Partner, nominated Mr Takuya Nagano to the Board of Directors and Mr Takuya Nagano, being the Head of Investor Relations, is also being seconded on a dedicated basis to the Trustee-Manager by the TM Partner. As with all the other Executive Officers and Directors in respect of services rendered to the Trustee-Manager, Mr Takuya Nagano's remuneration will be paid by the Trustee-Manager out of its own assets, and not out of the Trust Property of AG Trust. Further, pursuant to the Shareholders' Agreement, each of the TM Partner and the Sponsor will have rights under the Shareholders' Agreement in their capacity as shareholders which will include, *inter alia*, rights to receive the audit reports, documents to the board of directors of the Trustee-Manager and minutes of board meetings as well as monthly income and expenditure reports.

Daiwa PI Shareholding in the Sponsor

Daiwa PI Partners Co. Ltd. ("**Daiwa PI**"), another subsidiary¹ of Daiwa Securities Group, will extend a loan to the Sponsor on the Listing Date, and will at the same time be issued share warrants by the Sponsor. Assuming all the share warrants held by Daiwa PI are fully exercised, this will result in Daiwa PI holding 11.86% of the total issued shares (including treasury shares) and 12.14% of the total voting rights in the Sponsor (based on the current share capital of the Sponsor) post-Listing. The exercise period of the share warrants is from 1 August 2014 to 30 November 2016 and the proposed exercise of any share warrants by Daiwa PI in the first 22 months up to May 2016 will be subject to the prior approval from the board of directors of the Sponsor. Daiwa Securities Group has no board representation at the Sponsor currently, and has no current intention of requesting for board representation at the Sponsor as there is no certainty that the share warrants will be exercised.

Daiwa PI's shareholding in the Sponsor will further increase with the completion of the share repurchase exercise of the Sponsor (as the repurchase does not apply to Daiwa PI's shares) but the extent of its increase will depend on the amount that the Sponsor applies towards the share repurchase and the number of shares which are tendered back by its shareholders under the exercise.

Accordingly, there is no certainty as to the exact extent of Daiwa PI's total voting rights in the Sponsor. In any case, it is not currently expected that Daiwa PI's total voting rights in the Sponsor will exceed 20%.

1 Daiwa PI is 95.00% owned by Daiwa Securities Group's wholly-owned subsidiaries and 5.00% owned by Daiwa Securities Co. Ltd. (which is in turn almost wholly owned by Daiwa Securities Group, with a nominal amount owned by another securities firm in Japan, which has no veto rights over the matters of Daiwa PI).

Under the loan agreement between the Sponsor and Daiwa PI ("**Daiwa PI Loan Agreement**"), there are the following provisions which relate to AG Trust and the Public Offer:

- (i) it is the condition precedent of the extension of the loan that the agreements relating to AG Trust and the Offering have been validly executed, are validly existing in the form reasonably satisfactory to Daiwa PI, the Offering has been duly and validly completed, and the Listing and the payment from unitholders have been consummated; and
- (ii) the Sponsor covenants, and covenants to cause its subsidiaries, not to conduct any amendment, cancellation, release of its rights, waiver in relation to the agreements relating to AG Trust and the Offering to which the Sponsor or its subsidiaries is a party, which may have material adverse effect on Daiwa PI's rights as the lender or the value of the share warrants.

In addition, to secure the loans or rights of Daiwa PI Loan Agreement, the security interest will be created over the Units which the Sponsor will acquire (excluding 25% of the total issued Units + 1 Unit, hereinafter the "**Subject Units**") only after the First Lock-up Period, to the extent permitted under Singapore laws and regulations including the Listing Manual and any agreements between the Sponsor and Joint Bookrunners.

Issue Manager in connection with the Offering and Listing

Daiwa Capital Markets Singapore Limited, a wholly-owned subsidiary of Daiwa Securities Group is one of the issue managers in connection with the Offering and Listing.

Sharing of Information and Conflicts of Interests

Daiwa Securities Co. Ltd., Daiwa Capital Markets Singapore Limited, Daiwa PI, the TM Partner and the Trustee-Manager may share information about their clients as is necessary in connection with the Offering and the operations of the Trustee-Manager, subject always to compliance with applicable laws and regulations.

Daiwa Securities Group companies are involved in several capacities in the Offering and, as described in the preceding paragraphs, in the structure of AG Trust itself. To prevent any detrimental effect to the interests of its investors, conflicts of interest by Daiwa Securities Group companies will be strictly supervised. Interested person transactions will be managed under the Trustee-Manager's internal control system which is based upon the Listing Manual and consistent with Daiwa Securities Group's principles with regard to the management of conflicts of interest. (See "Interested Person Transactions and Potential Conflicts of Interest – The Trustee-Manager's Internal Control System" for further details.)

Support from Daiwa Capital Markets Singapore Limited

Accordia Golf Trust Management Pte. Ltd., in its own capacity (and not as trustee-manager of AG Trust) has entered into a sub-leasing agreement with Daiwa Capital Markets Singapore Limited pursuant to which Daiwa Capital Markets Singapore Limited leases office space to Accordia Golf Trust Management Pte. Ltd. for the purposes of its operations. The contract is for a period of two years commencing from 16 June 2014 and shall continue until terminated in accordance with the terms thereunder. The amounts payable to Daiwa Capital Markets Singapore Limited under this agreement will not be out of Trust Property but will be out of its own assets.

Accordia Golf Trust Management Pte. Ltd., in its own capacity (and not as trustee-manager of AG Trust) has also entered into a services outsourcing agreement with Daiwa Capital Markets Singapore Limited pursuant to which Daiwa Capital Markets Singapore Limited provides certain administrative and support services (which will include HR and administration support) to Accordia Golf Trust Management Pte. Ltd. The amounts payable to Daiwa Capital Markets Singapore Limited under this agreement will not be out of Trust Property but will be out of its own assets.

Investment in AG Trust

Daiwa Securities Group and/or one or more of Daiwa Securities Group's related corporations may subscribe for and be allocated Units under the Placement and/or the Japanese Public Offering (the "**DSG Investment**"). However, as at the date of this Prospectus, no binding agreement has been signed or entered into in respect of an investment in the Units by Daiwa Securities Group and/or its related corporations. In addition, the investment would also depend on the book-building and allocation process. Accordingly, there is no certainty that the investment will proceed as this is dependent on the independent book building and allocation.

The Trustee-Manager will make the necessary announcements at the appropriate time should Units be allocated to Daiwa Securities Group and/or its related corporations under the Placement or the Japanese Public Offering. In any case, Daiwa Securities Group and/or its related companies will subscribe for or be allocated less than 15.0% of the total number of Units in issue in AG Trust as at the Listing Date (save for any subscription or allocation pursuant to its obligation as a joint underwriter in relation the Offering in the event that the Offering is under subscribed).

See "General and Statutory Information – Waivers from the SGX-ST" for the waiver from the lock-up requirement under Rule 229(5) of the Listing Manual.

Abstention from Voting

In addition, (i) for so long as Daiwa Securities Group and/or its associates is a controlling shareholder of the Trustee-Manager and (ii) should Daiwa Securities Group and/or its associates hold in the aggregate 15% or more of the total voting rights of the Sponsor, Daiwa Securities Group and/or its associates shall abstain from voting on their Units in relation to transactions entered into between AG Trust or its subsidiaries and the Sponsor group in accordance with the Listing Manual.

CORPORATE GOVERNANCE

The regime under the BTA stipulates requirements and obligations in respect of corporate governance. For example, the SF BT Regulations sets out the requirements for, among other things, board composition, Audit and Risk Committee composition and independence of directors of a trustee-manager. In addition, a trustee-manager must describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 in its annual report. The following is a summary of the material provisions of the BTA insofar as they relate to the board of a trustee-manager and the broad principles for the composition of the board of a trustee-manager from the Code of Corporate Governance 2012.

MATERIAL PROVISIONS OF THE BUSINESS TRUSTS ACT RELATING TO THE COMPOSITION OF THE BOARD

The Board of the Trustee-Manager must consist of¹ :

- at least a majority of Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Directors who are independent from any single substantial shareholder of the Trustee-Manager.²

Independence of Directors³

Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of AG Trust) a Director must not have any:

- management relationships with the Trustee-Manager or any of its subsidiaries; or
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgement with regard to the interests of all the Unitholders of AG Trust as a whole.

1 Section 14(2) of the BTA provides that contravention of the provision on board composition is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S\$100,000.

2 Where a single substantial shareholder has an interest in 50% or more of the voting shares in the Trustee-Manager, this requirement shall not apply to the Trustee-Manager in respect of the independence of its directors from that substantial shareholder.

3 Regulations 3 and 4 of the SF BT Regulations.

Independence from management relationships

A Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
- any member of his immediate family:
 - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the board of directors of the Trustee-Manager or the subsidiary, as the case may be; or
 - has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

Independence from business relationships

A Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of AG Trust) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

Independence from substantial shareholder

A Director is considered to be independent from a substantial shareholder of the Trustee-Manager if he is not a substantial shareholder of the Trustee-Manager or is not connected to that substantial shareholder of the Trustee-Manager.

The Director is connected to the substantial shareholder if:

- in the case where the substantial shareholder is an individual, the Director is:
 - a member of the immediate family of the substantial shareholder;
 - a partner of a firm of which the substantial shareholder is also a partner; or

- accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or
- in the case where the substantial shareholder is a corporation, the Director is:
 - employed by the substantial shareholder;
 - employed by a subsidiary or an associated company of the substantial shareholder;
 - a director of the substantial shareholder;
 - an executive director of a subsidiary or an associated company of the substantial shareholder;
 - a non-executive director of a subsidiary or an associated company of the substantial shareholder, where the subsidiary or associated company is not the Trustee-Manager;
 - a partner of a firm of which the substantial shareholder is also a partner; or
 - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

GUIDELINES FROM THE CODE OF CORPORATE GOVERNANCE 2012 RELATING TO THE COMPOSITION OF THE BOARD

Under Guideline 2.1 of the Code of Corporate Governance 2012, at least one-third of the board of directors is required to comprise independent directors. However, according to Guideline 2.2, at least half of the board of directors should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

CORPORATE GOVERNANCE OF THE TRUSTEE-MANAGER

The following outlines the main corporate governance practices of the Trustee-Manager.

Board of Directors

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Trustee-Manager is also responsible for the strategic business direction and risk management of AG Trust. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Board has established a framework for the management of the Trustee-Manager and AG Trust, including a system of internal control and a business risk management process.

The Board consists of five members, three of whom are Independent Directors for the purposes of the BTA.

In addition to compliance with requirements under the BTA, the composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive Director; and
- the Board should consist of Directors with a broad range of commercial experience.

The composition of the Board will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Audit and Risk Committee

The Audit and Risk Committee of the Trustee-Manager is required to be composed of three or more members:

- all of whom are independent of management and business relationships with the Trustee-Manager; and
- at least a majority of whom, including the Chairman of the Audit and Risk Committee, are independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager¹.

The members of the Audit and Risk Committee are Mr Chong Teck Sin, Mr Hitoshi Kumagai and Mr Khoo Kee Cheok. Mr Chong Teck Sin will assume the position of Chairman of the Audit and Risk Committee.

The role of the Audit and Risk Committee is to monitor and evaluate the effectiveness of internal controls. The Audit and Risk Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditor and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit and Risk Committee's responsibilities also include, but are not limited to, the following:

- (i) to review with the auditor of AG Trust:
 - (a) the audit plan of AG Trust;
 - (b) the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager of AG Trust;
 - (c) the auditor's audit report for AG Trust; and
 - (d) the auditor's management letter and management's response;
- (ii) to review:
 - (a) the assistance given by the officers of the Trustee-Manager to the auditor of AG Trust;
 - (b) the scope and results of the internal audit procedures of the Trustee-Manager of AG Trust;
 - (c) the policies and practices put in place by the Trustee-Manager of the registered business trust to ensure compliance with the BTA and the Trust Deed;

¹ Section 15(4) of the BTA provides that contravention of the aforesaid requirements is an offence and renders the trustee-manager liable on conviction to a fine not exceeding S\$100,000.

- (d) the procedures put in place by the Trustee-Manager of AG Trust for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including Interested Person Transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;
- (e) Interested Person Transactions for potential conflicts of interest; and
- (f) risk management policies and guidelines and monitor compliance therewith;
- (iii) to review the balance sheet and profit and loss account of the Trustee-Manager of AG Trust and the balance sheet, profit and loss account and cash flow statement of AG Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;
- (iv) to review the allocation of profits and losses of the TK Business pursuant to the TK Agreement (which shall include review of the financial statements of New SPC and consultation with the advisers of New SPC);
- (v) to review significant reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (vi) to report to the Board:
 - (a) any inadequacies, deficiencies or matters of concern of which the Audit and Risk Committee becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (i), (ii) and (iii) above; and
 - (b) any breach of the BTA or any breach of the provisions of the Trust Deed, of which the Audit and Risk Committee becomes aware or that it suspects;
- (vii) to report to the MAS if the Audit and Risk Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (vi);
- (viii) to nominate a person or persons as auditor of AG Trust, notwithstanding anything contained in the Trust Deed;
- (ix) to approve and review all hedging policies and instruments to be implemented by AG Trust (including any of AG Trust's future subsidiaries) and New SPC;
- (x) to oversee the announcements made by the Trustee-Manager on a quarterly basis in relation to updates to the land and building issues in relation to the Initial Portfolio;
- (xi) to monitor the implementation of outstanding internal control recommendations highlighted by the auditors in the course of their audit of the financial statements of the relevant business trust, the relevant trustee-manager and their respective subsidiaries taken as a whole; and
- (xii) to meet with external and internal auditors, without the presence of the executive officers, at least on an annual basis.

Dealings in Units

Under the SFA, each Director and the Chief Executive Officer is required to give notice in writing to the Trustee-Manager of, among other things, particulars of his interest in Units or of changes in the number of Units which he has an interest, within two Business Days after the date on which

the Director or Chief Executive Officer became a director or Chief Executive Officer of the Trustee-Manager or the date on which he acquires an interest in the Units or he becomes aware of the occurrence of the event giving rise to changes in the number of Units in which he has an interest.

All dealings in Units by Directors and the Chief Executive Officer will be announced via SGXNET, with the announcement to be posted on the Internet at the SGX-ST website <<http://www.sgx.com>>.

The Directors and employees of the Trustee-Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of AG Trust's annual results and two weeks before the public announcement of AG Trust's quarterly results, and expiring on the date of announcement of the relevant results; and
- at any time while in possession of price sensitive information.

Where the Trustee-Manager has been notified by a Director or Chief Executive Officer pursuant to the unitholding disclosure requirements of the SFA as set out above, the Trustee-Manager will announce such information on SGXNET as soon as practicable and in any case no later than the end of the Business Day following the day on which the Trustee-Manager received the notice.

In addition, the SFA requires the Trustee-Manager to announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day following the day on which it acquires or, as the case may be, disposes of any Units.

Management of Business Risk

The Board will meet quarterly or more often if necessary and will review the financial performance of the Trustee-Manager and AG Trust against a previously approved budget. The Board will also review the business risks of AG Trust, examine liability management and will act upon any comments from the auditor of AG Trust.

The Trustee-Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Trustee-Manager and AG Trust. In assessing business risk, the Board will consider the economic environment and risks relevant to the golf course industry. It reviews management reports and feasibility studies on projects prior to approving major transactions. The management meets regularly to review the operations of the Trustee-Manager and AG Trust and discuss any disclosure issues.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

INTERESTED PERSON TRANSACTIONS

In general, a transaction between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of AG Trust) or any of the subsidiaries or subsidiary entities of AG Trust or (if certain conditions set out in the definition of “entity at risk” in the SF BT Regulations are satisfied) any of the associated companies or associated entities of AG Trust), and
- any of the Interested Persons of AG Trust (in this case (i) the Trustee-Manager (acting in its personal capacity), (ii) a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of AG Trust), (iii) an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of AG Trust), (iv) a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, (v) a controlling unitholder or (vi) an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling unitholder),

would constitute an Interested Person Transaction.

Certain terms such as “associate”, “associated company”, “control”, “controlling shareholder”, and “Interested Person” used in this section have the meanings as provided in the Listing Manual and the SF BT Regulations, unless the context specifically requires the application of the definitions in one or the other as the case may be.

See “Glossary” for the meanings of “associate”, “associated entity”, “controlling shareholder”, “controlling unitholder”, “related corporation”, “related entity” and “subsidiary”.

The Sponsor will be a controlling Unitholder as it will hold more than 15.0% of the Units (see “Information Concerning the Units – Principal Unitholders, Directors, Executive Officers of AG Trust and their Unitholdings” for further details) on the Listing Date.

Each of AH11, AH12 and AH36 (being the entities which hold the Initial Portfolio prior to the corporate splits, further details of which are described in the section entitled “The Restructuring Exercise”) does not fall within the definition of an “entity at risk”. However, for the purposes of Interested Person Transactions, the material transactions between each of AH11, AH12 and AH36 which have occurred or are occurring with the Sponsor and/or its associates, and details of each transaction during the three most recently completed financial years and up to the Latest Practicable Date have been described in this section on the basis that AH11, AH12 and AH36 are the entities which hold the Initial Portfolio.

For the purposes of Interested Person Transactions, the material transactions between the Trustee-Manager (as trustee-manager of AG Trust) or any of the subsidiaries/subsidiary entities of AG Trust or any of the associated companies/entities of AG Trust which have occurred or are occurring with the Sponsor and/or its associates or Daiwa Real Estate Asset Management Co. Ltd. and/or its associates, and details of each transaction (as if the Restructuring Exercise had been completed) during the three most recent completed financial years and up to the Latest Practicable Date, and which the Trustee-Manager considers material in the context of the Offering are described below. The amounts shown in this section have been rounded to the nearest thousand, unless the exact amount is used.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S\$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

Present and Ongoing Interested Person Transactions

Interested Person Transactions in Connection with the Setting up of AG Trust and the Offering

A number of present and ongoing transactions with certain Interested Persons were entered into in connection with the establishment of AG Trust. These Interested Person Transactions are as follows:

- **Golf Course Management Agreement**

On the Listing Date, outsourcing of the services under the Golf Course Management Agreement to the Sponsor by New SPC will commence. The Golf Course Management Agreement will be for an initial term of five years and shall be automatically extended for another five years unless either of New SPC or the Sponsor notifies the other party of its intention not to extend, six months prior to the scheduled expiry of the initial term. This will apply to subsequent extensions of the term of the Golf Course Management Agreement.

Please see “Certain Agreements Relating to AG Trust – Golf Course Management Agreement” for a description of the terms of the Golf Course Management Agreement.

- **Asset Management Agreement**

On the Listing Date, outsourcing of the services under the Asset Management Agreement to Daiwa Real Estate Asset Management Co. Ltd. by New SPC will commence. The Asset Management Agreement will be for an initial term of five years and shall be automatically extended for another five years unless either of New SPC or Daiwa Real Estate Asset Management Co. Ltd. notifies the other party of its intention not to extend, six months prior to the scheduled expiry of the initial term. This will apply to subsequent extensions of the term of the Asset Management Agreement.

Please see “Certain Agreements Relating to AG Trust – Asset Management Agreement” for a description of the terms of the Asset Management Agreement.

- **Trust Deed**

Please see “The Constitution of Accordia Golf Trust” for a description of the terms of the Trust Deed. No amounts were paid to the Trustee-Manager pursuant to the Trust Deed from the date of the Trust Deed to the Latest Practicable Date.

The Directors (including the Independent Directors) believe that the Trust Deed, including the fees and charges payable under it, has been entered into on an arm’s length basis and on normal commercial terms.

- **ROFRs**

Please see “Certain Agreements Relating to AG Trust – ROFR to the Trustee-Manager and Golf Course Management Agreement – Right of First Refusal” for a description of the terms of the ROFRs.

The Directors (including the Independent Directors) believe that the ROFRs have been entered into on an arm's length basis and on normal commercial terms.

- **Deed of Call Option**

Please see "Certain Agreements Relating to AG Trust – Deed of Call Option" for a description of the terms of the Deed of Call Option.

The Directors (including the Independent Directors) believe that the Deed of Call Option has been entered into on an arm's length basis and on normal commercial terms.

- **Project Agreement**

Please see "Capitalisation and Indebtedness" for a description of the terms of the Project Agreement which was entered into in connection with the New Debt Facilities.

The Directors (including the Independent Directors) believe that the Project Agreement has been entered into on an arm's length basis and on normal commercial terms.

- **Letter of Representations and Warranties and Indemnity**

Please see "Certain Agreements Relating to AG Trust – Letter of Representations and Warranties and Indemnity" for a description of the terms of the Letter of Representations and Warranties and Indemnity.

The Directors (including the Independent Directors) believe that the Letter of Representations and Warranties and Indemnity has been entered into on an arm's length basis and on normal commercial terms.

- **TK Interest Transfer Agreement**

The TK Interest Transfer Agreement was entered into on 27 June 2014.

The Directors (including the Independent Directors) believe that the TK Interest Transfer Agreement has been entered into on an arm's length basis and on normal commercial terms.

- **Underwriting Agreement**

Please see "Plan of Distribution" for a description of the terms of the Underwriting Agreement.

The Directors (including the Independent Directors) believe that the Underwriting Agreement has been entered into on an arm's length basis and on normal commercial terms.

- **Secondment Agreement**

The Sponsor will second to New SPC the Sponsor's employees (the "**Seconded Employees**") determined by the Sponsor as a person to be responsible for the personnel and administration department of New SPC, a person to serve as a manager of the Golf Courses, and persons to serve as key staff in the Golf Courses on the conditions set out in the secondment agreement executed by the SPC and the Sponsor (the "**Secondment Agreement**") in order to perform supervision, administration, guidance, training or other matters to New SPC. (See "The Business of Accordia Golf Trust – Employees – Employment transfer/secondment structure between the Sponsor and New SPC" for details on the employees of the Sponsor to be seconded to New SPC.)

The Sponsor shall pay the salary and bonus of the Seconded Employees in accordance with the standards of the Sponsor, and New SPC shall bear such amount as paid by the Sponsor to the Seconded Employees. In addition, New SPC shall, in principle, bear the amount paid to the Seconded Employees and the expenses arising in connection with the Seconded Employees.

The effective term of the Secondment Agreement is the period of three years. However, if neither party gives written notice of its intention to refuse renewal by three months prior to the expiration of the effective term, the Secondment Agreement will automatically extend for a further one year period, and the same will apply thereafter.

If any of the following events occurs with respect to a Seconded Employee, the secondment of such Seconded Employee will terminate:

- (a) if the Seconded Employee retires from the Sponsor;
- (b) if the Seconded Employee takes leave; or
- (c) if the Seconded Employee becomes unable to provide his or her services to New SPC.

If the Golf Course Management Agreement terminates, the Secondment Agreement automatically terminates although termination of the Secondment Agreement will not result in automatic termination of the Golf Course Management Agreement. In addition, either party to the Secondment Agreement may, even during the effective term, cancel the Secondment Agreement upon written notice to the other party one month prior to the day on which such party intends to cancel the Secondment Agreement. Further, either party may immediately cancel the Secondment Agreement without notice or notification if any of the following events occurs with respect to the other party:

- (i) if the other party violates the Secondment Agreement;
- (ii) if the other party commits a significant act in bad faith that makes the Secondment Agreement difficult to be continued;
- (iii) the other party expresses its inability to pay obligations;
- (iv) if the other party is subject to a petition for attachment, provisional attachment, provisional disposition, compulsory enforcement or other public auction, or subject to disposition for tax delinquency, or a petition for insolvency proceeding has been filed by or against the other party;
- (v) if the financial conditions of the other party deteriorates, or there is a reasonable cause that this is likely to occur;
- (vi) if the other party is subject to a suspension of business, or a disposition for cancellation of business license or registration by competent authorities; or
- (vii) if the other party resolves to discontinue, or materially change, a current business, or to dissolve itself.

The Directors (including the Independent Directors) believe that the Secondment Agreement, including the amounts payable under them (which are based on market practice) has been entered into on an arm's length basis and on normal commercial terms, and is not prejudicial to the interests of AG Trust and its minority Unitholders.

Save as disclosed in this Prospectus, the Trustee-Manager has not entered into any other transactions with (i) the Sponsor or (ii) any Interested Person of AG Trust.

Other Ongoing Interested Person Transactions

AG Trust expects the following transactions with certain interested persons to be ongoing after the Listing Date:

(i) Golf Machine Leasing Agreements

Each of AH11, AH12 and AH36 had leased various golf course machines from the Sponsor under individual leasing agreements.

The aggregate value of the fees and expenses paid by AH11, AH12 and AH36 during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are as follows:

Golf Course Machine Lease Agreements

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	287,927	326,243	358,421	328,058	41,131
AH12	125,322	296,559	331,902	327,955	47,896
AH36	—	1,011	22,203	33,446	7,229

The sublease fees charged by the Sponsor to the golf course holding subsidiaries have been the actual lease fees incurred by the Sponsor in leasing these machines from third party providers. The sublease fees are lower than the lease fees that would have been charged to the golf course holding subsidiaries if they had entered into the same leasing agreements with the third party providers directly. Accordingly, the Directors (including the Independent Directors), have noted the historical arrangement and believe that while the agreements, including the amounts payable under them, are not entered into on arm's length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders. (See "– Rationale for the Leasing Agreements with the Sponsor" for the reasons for New SPC entering into the Golf Machine Leasing Agreements (as defined herein)).

On the effective date of Merger, which is also the date of Listing (please see "The Restructuring Exercise" for further details), New SPC will succeed from AH11, AH12 and AH36 the leasing agreements with the Sponsor for the leasing of machinery in connection with the operation of the Initial Portfolio Golf Courses which will be amended (to reflect the mark-ups payable by New SPC as set out herein) (the "**Golf Machine Leasing Agreements**"), pursuant to which the Sponsor will lease the golf course machines to New SPC. These golf course machines which will be leased to New SPC include lawn mowers, chemical sprayers, sand spreaders, tractors, fertiliser spreaders, aerators and other multi-purpose vehicles which have been leased by the Sponsor from third party providers.

The amounts payable by New SPC to the Sponsor pursuant to the Golf Machine Leasing Agreements comprise (a) the actual lease fees incurred by the Sponsor in leasing these machines from third party providers plus (b) mark-ups which will reflect the difference between the lease fees charged to the Sponsor (which are lower due to the Sponsor's brand

and goodwill as New SPC does not have the credit history, transaction volume with the third party providers and is not yet separately listed on any securities exchange) as compared to the lease fees that would be charged to New SPC if New SPC were to enter into the same leasing agreements with these third party providers directly. In order to determine the level of mark-ups, the Sponsor will obtain indicative values of leasing fees from the existing leasing company and where possible, other third party providers. The mark-up will be at the level of or lower than the quote from the existing leasing company and will, in any case, be no higher than 1.2% of the actual lease fees incurred by the Sponsor in leasing these machines from third party providers.

The Golf Machine Leasing Agreements, unless otherwise terminated or extended by mutual consent expressed in writing¹, shall remain in force for a period of eight years from the date of execution of the agreements.

Under the Golf Machine Leasing Agreements, New SPC will be responsible for repairing and restoring the leased machinery to its original condition should they become damaged during the term of the lease. Further, New SPC will also be responsible for all and any taxes (other than fixed asset tax and consumption tax) imposed in connection with the leased machinery and the transaction contemplated under the Golf Machine Leasing Agreements. Should any damage be caused by such leased machinery while in New SPC's possession, New SPC shall also bear full responsibility for such damages.

In a force majeure event, New SPC shall be liable for any loss, damage or any other risk to the leased machinery which may arise and New SPC shall immediately pay the unpaid residual lease payment in full.

The Golf Machine Leasing Agreements may be terminated in an event of loss or serious impairment of the leased machinery, contractual breach by either the Sponsor or New SPC or upon the occurrence of one or more events of default stipulated under the Golf Machine Leasing Agreements, including the following:

- (a) breach of any term by New SPC as the lessee (including failure to pay any instalment amounts of the lease fees);
- (b) inability of New SPC to fulfil payment obligations;
- (c) filing of petition with respect to New SPC for the commencement of insolvency proceedings;
- (d) termination of the business of New SPC; or
- (e) deterioration of financial condition of New SPC.

Upon expiration of the lease term of the Golf Machine Leasing Agreements, New SPC shall be entitled to exercise an option to purchase the leased machinery at the values stipulated under the Golf Machine Leasing Agreements. If New SPC exercises the option to purchase the leased machinery, the Sponsor shall then be obliged to purchase such machinery from the relevant third party service providers. In this respect, the Sponsor will be acting as a mere conduit for New SPC to acquire the machinery at the same price that the Sponsor will be acquiring the machinery from the third party service providers and the Sponsor will not be paid any fees or margin for acting in such capacity. Therefore, should New SPC decide to

¹ As the agreements do not provide for unilateral termination only by notice, termination must either be by the mutual consent of parties on terms to be agreed (which will include whether termination is with or without costs) or upon the occurrence of a termination event set out in the agreements.

exercise the option to purchase at the end of the term of the Golf Machine Leasing Agreements, there is no amount at risk to AG Trust and so Rules 905 and 906 of Chapter 9 of the Listing Manual will not apply to the purchase of the leased machinery.

If New SPC does not purchase such machinery, upon expiration of the Golf Machine Leasing Agreements, unless otherwise agreed between New SPC and the Sponsor, such machinery will going forward, be leased directly from the third party providers by New SPC.

The Directors (including the Independent Directors) believe that the Golf Machine Leasing Agreements, including the amounts payable under them as well as the mark-ups to the lease fees (which are based on market rates), have been entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of AG Trust and its minority Unitholders.

(ii) Golf Cart Leasing Agreements

Each of AH11, AH12 and AH36 had leased golf carts from the Sponsor under individual leasing agreements.

The aggregate value of the fees and expenses paid by AH11, AH12 and AH36 during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are as follows:

Golf Cart Lease Agreements

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	147,048	198,364	224,142	274,412	49,584
AH12	109,315	164,652	214,761	262,016	53,363
AH36	—	1	51,546	61,811	14,175

The sublease fees charged by the Sponsor to the golf course holding subsidiaries have been the actual lease fees incurred by the Sponsor in leasing these golf carts from third party providers. The sublease fees are lower than the lease fees that would have been charged to the golf course holding subsidiaries if they had entered into the same leasing agreements with the third party providers directly. Accordingly, the Directors (including the Independent Directors), have noted the historical arrangement and believe that while the agreements, including the amounts payable under them, are not entered into on arm's length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders. (See “– Rationale for the Leasing Agreements with the Sponsor” for the reasons for New SPC entering into the Golf Cart Leasing Agreements (as defined herein)).

On the effective date of merger, which is also the date of Listing (please see “The Restructuring Exercise” for further details), New SPC will succeed from AH11, AH12 and AH36 leasing agreements with the Sponsor for the leasing of golf carts in connection with the operation of the Initial Portfolio Golf Courses which will be amended (to reflect the mark-ups payable by New SPC as set out herein) (the “**Golf Cart Leasing Agreements**”), pursuant to which the Sponsor will lease golf carts to New SPC. These golf carts are leased by the Sponsor from third party providers.

The amount payable by New SPC to the Sponsor pursuant to the Golf Cart Leasing Agreement comprises (a) the actual lease fees incurred by the Sponsor in leasing these golf carts from third party providers plus (b) mark-ups which will reflect the difference between the lease fees charged to the Sponsor (which are lower due to the Sponsor's brand and goodwill as New SPC does not have the credit history, transaction volume with the third party providers and is not yet separately listed on any securities exchange) as compared to the lease fees that would be charged to New SPC if New SPC were to enter into the same leasing agreements with these third party providers directly. In order to determine the level of mark-ups, the Sponsor will obtain indicative values of leasing fees from the existing leasing company and where possible, other third party providers. The mark-up will be at the level of or lower than the quote from the existing leasing company and will, in any case, be no higher than 1.2% of the actual lease fees incurred by the Sponsor in leasing these golf carts from third party providers.

The Golf Cart Leasing Agreements, unless otherwise terminated or extended by mutual consent expressed in writing¹, shall remain in force for a period of five years from the date of execution of the agreements.

Under the Golf Cart Leasing Agreements, New SPC will be responsible for repairing and restoring the leased carts to its original condition should they become damaged during the term of the lease. Further, New SPC will also be responsible for all and any taxes (other than fixed asset tax and consumption tax) imposed in connection with the leased carts and the transaction contemplated under the Golf Cart Leasing Agreements. Should any damage be caused by such leased carts while in New SPC's possession, New SPC shall also bear full responsibility for such damages.

In a force majeure event, New SPC shall be liable for any loss, damage or any other risk to the leased carts which may arise and New SPC shall immediately pay the unpaid residual lease payment in full.

The Golf Cart Leasing Agreements may be terminated in an event of loss or serious impairment of the leased carts, contractual breach by either the Sponsor or New SPC or upon the occurrence of one or more events of default stipulated under the Golf Cart Leasing Agreements, including the following:

- (a) breach of any term by New SPC as the lessee (including failure to pay any instalment amounts of the lease fees);
- (b) inability of New SPC to fulfil payment obligations;
- (c) filing of petition with respect to New SPC for the commencement of insolvency proceedings;
- (d) termination of the business of New SPC; or
- (e) deterioration of financial condition of New SPC.

Upon expiration of the lease term of the Golf Cart Leasing Agreements, New SPC shall be entitled an option to purchase the leased golf carts at the values stipulated under the Golf Cart Leasing Agreements.

¹ As the agreements do not provide for unilateral termination only by notice, termination must either be by the mutual consent of parties on terms to be agreed (which will include whether termination is with or without costs) or upon the occurrence of a termination event set out in the agreements.

If New SPC exercises the option to purchase the leased golf carts, the Sponsor shall then be obliged to purchase such machinery from the relevant third party service providers. In this respect, the Sponsor will be acting as a mere conduit for New SPC to acquire the golf carts at the same price that the Sponsor will be acquiring the golf carts from the third party service providers and the Sponsor will not be paid any fees or margin for acting in such capacity. Therefore, should New SPC decide to exercise the option to purchase at the end of the term of the Golf Cart Leasing Agreements, there is no amount at risk to AG Trust and so Rules 905 and 906 of Chapter 9 of the Listing Manual will not apply to the purchase of the leased golf carts.

If New SPC does not purchase such carts, upon expiration of the Golf Cart Leasing Agreements, unless otherwise agreed between New SPC and the Sponsor, such carts will go forward, be leased directly from the third party providers by New SPC.

The Directors (including the Independent Directors) believe that the Golf Cart Leasing Agreements, including the amounts payable under them as well as the mark-ups to the lease fees (which are based on market rates), have been entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of AG Trust and its minority Unitholders.

(iii) Office Equipment Leasing Agreements

Each of AH11, AH12 and AH36 had leased office equipment from the Sponsor under individual leasing agreements.

The aggregate value of the fees and expenses paid by AH11, AH12 and AH36 during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from April 2014 up to the Latest Practicable Date are as follows:

Office Equipment Lease Agreements

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	118,768	144,080	157,072	165,450	28,230
AH12	111,043	176,539	206,739	189,603	33,127
AH36	—	229	10,909	21,523	3,645

The sublease fees charged by the Sponsor to the golf course holding subsidiaries have been the actual lease fees incurred by the Sponsor in leasing these office equipment from third party providers. The sublease fees are lower than the lease fees that would have been charged to the golf course holding subsidiaries if they had entered into the same leasing agreements with the third party providers directly. Accordingly, the Directors (including the Independent Directors), have noted the historical arrangement and believe that while the agreements, including the amounts payable under them, are not entered into on arm's length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders. (See “– Rationale for the Leasing Agreements with the Sponsor” for the reasons for New SPC entering into the Office Equipment Leasing Agreements (as defined herein)).

On the effective date of merger, which is also the date of Listing (please see “The Restructuring Exercise” for further details), New SPC will succeed from AH11, AH12 and AH36 the leasing agreements with the Sponsor for the leasing of office equipment which will be amended (to reflect the mark-ups payable by New SPC as set out herein) (the “**Office Equipment Leasing Agreements**”), pursuant to which the Sponsor leases such office equipment to New SPC. The office equipment consisting of printers, automatic payment machines, GPS systems, golf bag carrier machines, surveillance cameras and business phones, is leased by the Sponsor from third party providers.

The amount payable by New SPC to the Sponsor pursuant to the Office Equipment Leasing Agreements comprises (a) the actual lease fees incurred by the Sponsor in leasing these office equipment from third party providers plus (b) mark-ups which will reflect the difference between the lease fees charged to the Sponsor (which are lower due to the Sponsor’s brand and goodwill as New SPC does not have the credit history, transaction volume with the third party providers and is not yet separately listed on any securities exchange) as compared to the lease fees that would be charged to New SPC if New SPC were to enter into the same leasing agreements with these third party providers directly. In order to determine the level of mark-ups, the Sponsor will obtain indicative values of leasing fees from the existing leasing company and where possible, other third party providers. The mark-up will be at the level of or lower than the quote from the existing leasing company and will, in any case, be no higher than 1.2% of the actual lease fees incurred by the Sponsor in leasing these office equipment from third party providers.

The Office Equipment Leasing Agreements, unless otherwise terminated or extended by mutual consent expressed in writing¹, shall remain in force for a period of five years from the date of execution of the agreements.

Under the Office Equipment Leasing Agreements, New SPC will be responsible for repairing and restoring the office equipment to its original condition should they become damaged during the term of the lease. Further, New SPC will also be responsible for all and any taxes (other than fixed asset tax and consumption tax) imposed in connection with the office equipment and the transaction contemplated under the Office Equipment Leasing Agreements. Should any damage be caused by such office equipment while in New SPC’s possession, New SPC shall also bear full responsibility for such damages.

In a force majeure event, New SPC shall be liable for any loss, damage or any other risk to the leased office equipment which may arise and New SPC shall immediately pay the unpaid residual lease payment in full.

The Office Equipment Leasing Agreements may be terminated in an event of loss or serious impairment of the leased office equipment, contractual breach by either the Sponsor or New SPC or upon the occurrence of one or more events of default stipulated under the Office Equipment Leasing Agreements, including the following:

- (a) breach of any term by New SPC as the lessee (including failure to pay any instalment amounts of the lease fees);
- (b) inability of New SPC to fulfil payment obligations;
- (c) filing of petition with respect to New SPC for the commencement of insolvency proceedings;

¹ As the agreements do not provide for unilateral termination only by notice, termination must either be by the mutual consent of parties on terms to be agreed (which will include whether termination is with or without costs) or upon the occurrence of a termination event set out in the agreements.

- (d) termination of the business of New SPC; or
- (e) deterioration of financial condition of New SPC.

Upon expiration of the Office Equipment Leasing Agreements, unless otherwise agreed between New SPC and the Sponsor, such office equipment will going forward, be leased directly from the third party providers by New SPC.

The Directors (including the Independent Directors) believe that the Office Equipment Leasing Agreements, including the amounts payable under it as well as the mark-ups to the lease fees (which are based on market rates), have been entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of AG Trust and its minority Unitholders.

(iv) Car and Other Operating Lease Agreements

Each of AH11, AH12 and AH36 had leased various cars and other items like golf course machines, golf carts and office equipment from the Sponsor under individual operating lease agreements.

The aggregate value of the fees and expenses paid by AH11, AH12 and AH36 during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are as follows:

Car and Other Operating Lease Agreements

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	558,737	442,566	317,876	244,681	58,983
AH12	562,873	462,567	313,096	252,687	58,595
AH36	—	5,786	8,794	36,080	5,462

The sublease fees charged by the Sponsor to the golf course holding subsidiaries have been the actual lease fees incurred by the Sponsor in leasing these items from third party providers. The sublease fees are lower than the lease fees that would have been charged to the golf course holding subsidiaries if they had entered into the same leasing agreements with the third party providers directly. Accordingly, the Directors (including the Independent Directors), have noted the historical arrangement and believe that while the agreements, including the amounts payable under them, are not entered into on arm's length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders. (See “– Rationale for the Leasing Agreements with the Sponsor” for the reasons for New SPC entering into the Car Leasing Agreements (as defined herein)).

On the effective date of merger, which is also the date of Listing (please see “The Restructuring Exercise” for further details), New SPC will succeed from AH11, AH12 and AH36 the operating leasing agreements with the Sponsor for the leasing of cars and other items like golf course machines, golf carts and office equipment in connection with the operation of the Initial Portfolio Golf Courses which will be amended (to reflect the mark-ups payable by New SPC as set out herein) (the “**Car and Other Operating Lease Agreements**”), pursuant to which the Sponsor leases cars and other items like golf course

machines, golf carts and office equipment to New SPC. These cars and other items like golf course machines, golf carts and office equipment are leased by the Sponsor from third party providers.

The amount payable by New SPC to the Sponsor pursuant to the Car and Other Operating Lease Agreements comprises (a) the actual lease fees incurred by the Sponsor in leasing these items from third party providers plus (b) mark-ups which will reflect the difference between the lease fees charged to the Sponsor (which are lower due to the Sponsor's brand and goodwill as New SPC does not have the credit history, transaction volume with the third party providers and is not yet separately listed on any securities exchange) as compared to the lease fees that would be charged to New SPC if New SPC were to enter into the same leasing agreements with these third party providers directly. In order to determine the level of mark-ups, the Sponsor will obtain indicative values of leasing fees from the existing leasing company and where possible, other third party providers. The mark-up will be at the level of or lower than the quote from the existing leasing company and will, in any case, be no higher than 1.2% of the actual lease fees incurred by the Sponsor in leasing these items from third party providers.

The Car and Other Operating Lease Agreements, unless terminated or extended by mutual consent expressed in writing¹, shall remain in force for a period of five years from the date of execution of the agreements.

Under the Car and Other Operating Lease Agreements, New SPC will be responsible for repairing and restoring the leased items to their original condition should they become damaged during the term of the lease. Further, New SPC will also be responsible for all and any taxes (other than fixed asset tax and consumption tax) imposed in connection with the leased cars and the transaction contemplated under the Car and Other Operating Lease Agreements. Should any damage be caused by such leased items while in New SPC's possession, New SPC shall also bear full responsibility for such damages.

In a force majeure event, New SPC shall be liable for any loss, damage or any other risk to the leased items which may arise and New SPC shall immediately pay the unpaid residual lease payment in full.

The Car and Other Operating Lease Agreements may be terminated in an event of loss or serious impairment of the leased items, contractual breach by either the Sponsor or New SPC or upon the occurrence of one or more events of default stipulated under the Car and Other Operating Lease Agreements, including the following:

- (a) breach of any term by New SPC as the lessee (including failure to pay any instalment amounts of the lease fees);
- (b) inability of New SPC to fulfil payment obligations;
- (c) filing of petition with respect to New SPC for the commencement of insolvency proceedings;
- (d) termination of the business of New SPC; or
- (e) deterioration of financial condition of New SPC.

¹ As the agreements do not provide for unilateral termination only by notice, termination must either be by the mutual consent of parties on terms to be agreed (which will include whether termination is with or without costs) or upon the occurrence of a termination event set out in the agreements.

Upon expiration of the Car and Other Operating Lease Agreements, unless otherwise agreed between New SPC and the Sponsor, such cars will going forward, be leased directly from the third party providers by New SPC.

The Directors (including the Independent Directors) believe that the Car and Other Operating Lease Agreements, including the amounts payable under them as well as the mark-ups to the lease fees (which are based on market rates) have been entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of AG Trust and its minority Unitholders.

Termination of Leasing Agreements between the Sponsor and third party leasing companies

The existing lease agreements between the Sponsor and the third party leasing companies may be terminated in accordance with the terms of the respective agreements. As the sublease agreements entered into between the Sponsor and New SPC are premised on the existing lease agreements between the Sponsor and the third party leasing companies, if an existing lease agreement is terminated, then the corresponding sublease with New SPC will also be terminated. However, the Trustee-Manager is of the view that a termination of one or more of the existing leasing agreements will not materially and adversely affect New SPC's business as New SPC can either enter into a direct lease with the third party leasing company for the same assets or source for and enter into a direct leasing agreement with other third party leasing companies as such services from third party leasing companies are generally available.

Rationale for the Subleasing Agreements with the Sponsor

The reasons for AG Trust continuing with the abovementioned transactions with the Sponsor as an intermediary, as opposed to New SPC directly entering into the lease agreements with the third party leasing companies or New SPC taking an assignment of the lease components of the existing agreements are as follows:

- New SPC will be a newly established entity and therefore will not have any credit history. The Sponsor, on the other hand, has been able to obtain considerably favourable lease terms due to its credit history, transaction volume with the third party leasing companies and status as a listed company on Tokyo Stock Exchange;
- It will be practicably burdensome for New SPC to re-execute the numerous individual lease agreements with the third party leasing companies; and
- The third party leasing companies may also not be agreeable to (i) re-negotiating and re-entering into such numerous lease agreements with the newly constituted New SPC or (ii) having the lease components of the existing agreements assigned to the newly constituted New SPC.

In light of the reasons above, it would be more beneficial to AG Trust to continue with the sublease arrangement with the Sponsor until the end of the respective lease terms, during which New SPC would have developed a track record and been part of AG Trust which would have been listed on the SGX-ST. In addition, the Sponsor has commenced negotiations with the third party leasing companies so that, unless the leased machinery/equipment are purchased by New SPC under the option, New SPC will be able to enter into the lease agreements directly with them upon the expiry of the respective subleasing arrangement with the Sponsor. On the basis of the maximum 1.2% mark-up on the actual lease fees incurred by the Sponsor, the aggregate amount of mark-ups payable to the Sponsor under all the sublease arrangements for the full term of these agreements will be no more than JPY143.1 million (equivalent to approximately S\$1.76 million).

Summary of opinion of the Independent Financial Adviser on certain Present and Ongoing Interested Person Transactions

The Directors have appointed PricewaterhouseCoopers Corporate Finance Pte Ltd to review and opine on whether each of the Golf Course Management Agreement and the Asset Management Agreement are on normal commercial terms and is not prejudicial to the interests of AG Trust and its minority Unitholders.

Based on the analysis undertaken and subject to the qualifications and assumptions made in the letter from the Independent Financial Adviser set out in Appendix D, PricewaterhouseCoopers Corporate Finance Pte Ltd is of the opinion that each of the Golf Course Management Agreement and the Asset Management Agreement entered into, including the fees and charges payable under each of these agreements, are made on normal commercial terms and is not prejudicial to the interests of AG Trust and its minority Unitholders. See “Appendix D – Independent Financial Adviser Report on Certain Interested Person Transactions”.

Exempted Agreements

The entry into and the fees and charges payable by AG Trust under the Trust Deed, the Golf Course Management Agreement, the Asset Management Agreement, and the Secondment Agreement each of which constitutes or will, when entered into, constitute an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged or other terms thereunder that will adversely affect AG Trust.

Any changes to the rates and/or bases of the fees charged or other terms of the agreements mentioned above that will adversely affect AG Trust will be subject to Rules 905 and 906 of the Listing Manual. Upon renewal of the Golf Course Management Agreement and the Asset Management Agreement, the Audit and Risk Committee will review and ensure that each renewal is in accordance with the terms of the respective agreements. Any changes in the terms of renewal will be subject to Rules 905 and 906 of the Listing Manual.

Past Interested Person Transactions

The aggregate value of expenses incurred, and income earned, from the transactions undertaken between any of the Trustee-Manager (as trustee-manager of AG Trust) or any of the subsidiaries/subsidiary entities of AG Trust or any of the associated companies/entities of AG Trust with Interested Persons during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date, insofar as the aggregate value of expenses incurred from such transactions with each group of Interested Persons are material in the context of the Offering, are as follows:

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date ⁽¹⁾ (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
Income earned	228,996	236,748	168,890	141,137	42,740
Expenses incurred	43,592,929	43,299,848	44,903,305	45,433,967	9,823,181
Total	43,821,925	43,536,596	45,072,195	45,575,104	9,865,921

Note:

- (1) In respect of the period from 1 June 2014 to the Latest Practicable Date, 16 June 2014, the expenses incurred by the subsidiaries is not based on the actual expenses incurred but is based on the expenses incurred in the month of June 2013 and then pro rated for 16 days out of 30 days. The actual expenses cannot be computed because (i) these include the fees and expenses payable to the Sponsor under the golf course facility management agreement and (ii) the costs of using the Sponsor's online reservation services and call centre services in a relevant month are sent by the vendors on the fifth day of the next month and then allocated to the various golf course subsidiaries. In respect of the costs of using the Sponsor's online reservation services and call centre services, even if the Sponsor requests the vendors to close the billing period on 16 June 2014, the bills would not be available by the date of this Prospectus. In addition, it would also be difficult to calculate the expenses for the seconded employees up to 16 June 2014 by the date of this Prospectus. However, the Trustee-Manager is of the view that the actual expenses incurred in respect of the period from 1 June 2014 to 16 June 2014 should not be materially different from the estimated amount disclosed herein.

Details of the past transactions between any of the Trustee-Manager (as trustee-manager of AG Trust) or any of the subsidiaries/subsidiary entities of AG Trust or any of the associated companies/entities of AG Trust and Interested Persons which are material in the context of the Offering, during each of the four most recent completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date are as follows:

(i) Receipt of various support and management services from the Sponsor under the Golf Course Facility Management Agreement

Each of AH11, AH12 and AH36 had obtained a variety of support and management services from the Sponsor under a golf course facility management agreement entered into between the Sponsor and each of AH11, AH12 and AH36 respectively.

The aggregate value of the fees and expenses paid by AH11, AH12 and AH36 to the Sponsor during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are as follows⁽¹⁾:

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date ⁽²⁾ (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	19,350,938	18,409,937	18,411,705	18,104,140	3,973,732
AH12	21,359,556	21,546,204	21,649,442	21,337,103	4,602,121
AH36	—	252,994	1,848,423	2,967,006	671,236

Notes:

- (1) These include a variety of fees payable to the Sponsor for management services, integrated purchasing of golf course materials, golf course products and consumables, system usage, insurance, secondment of employees, payments in relation to online fees and instalment of AED, system related maintenance, fund management, corporate housing, consignment of restaurant operations, call centre operations, membership solicitation and payment for fees in relation to complimentary ticket for shareholders. These services and the methods of operating golf courses are provided in the Golf Course Management Agreement, entered into between the SPC and the Sponsor, by which the Sponsor will provide the services thereunder from the Listing Date though the details of the provisions may be different. Please see "Certain Agreements Relating to AG Trust – Golf Course Management Agreement" for details of the Golf Course Management Agreement.
- (2) In respect of the period from 1 June 2014 to the Latest Practicable Date, 16 June 2014, the fees and expenses payable to the Sponsor is not based on the actual fees and expenses payable to the Sponsor but is based on the fees and expenses payable to the Sponsor in the month of June 2013 and then pro rated for 16 days out of 30 days. The actual fees and expenses cannot be computed because of certain fees and expenses payable to the Sponsor which depend on the web-based integrated purchasing system which tracks and monitors payments to Golf Alliance Co., Ltd. on a monthly basis so it would not be systemically possible to compute the payments on a daily basis in order to compute the fees and expenses payable to the Sponsor in respect of the period from 1 June 2014 to 16 June 2014. In addition, in respect of the fees payable to the

Sponsor for the membership revenues, it would be administratively burdensome to compute the annual membership fees on a daily basis instead of a monthly basis and to compute membership admission fees on a cash receipt basis instead of a monthly basis, for the period. However, the Trustee-Manager is of the view that the actual fees and expenses payable in respect of the period from 1 June 2014 to 16 June 2014 should not be materially different from the estimated amount disclosed herein.

These agreements will be terminated on or prior to Listing. Post-Listing, these services will be provided by the Sponsor to New SPC under the scope of the Golf Course Management Agreement, save as otherwise described in the section entitled “Interested Person Transactions and Potential Conflicts of Interest – Other Ongoing Interested Person Transactions”. The Directors (including the Independent Directors, have noted the historical arrangement and the comprehensive support and management services from the Sponsor and believe that while the agreements, including the amount payable under them, are not on arm’s length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders.

(ii) Loans from the Sponsor

Loans had been provided by the Sponsor during the four years ended 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date. The largest amounts outstanding under the loans during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 to the Latest Practicable Date are set out below:

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY’000)
	2011 (JPY’000)	2012 (JPY’000)	2013 (JPY’000)	2014 (JPY’000)	
AH11	14,411,515	11,968,093	9,106,093	8,886,093	8,886,093
AH12	48,451,411	52,128,41	49,107,178	44,677,178	44,677,178
AH36	–	50,000	2,572,100	2,572,100	2,572,100

The principal amounts outstanding as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and as at the Latest Practicable Date are set out below. All of the loans provided by the Interested Persons were on an unsecured basis. The interest rates charged by the Sponsor were determined based on the short-term prime rates indicated by one of the Japanese megabanks as at every 1 April and 1 October (i.e interest rates had been revised every six months in line with prevailing market rates) at the time of the relevant loan.

	As at 31 March				As at the Latest Practicable Date (JPY’000)
	2011 (JPY’000)	2012 (JPY’000)	2013 (JPY’000)	2014 (JPY’000)	
AH11	11,968,093	9,106,093	8,886,093	8,886,093	8,886,093
AH12	48,451,411	46,157,178	44,677,178	44,677,178	44,677,178
AH36	–	50,000	2,572,100	2,572,100	2,572,100

These loans will be fully repaid on Listing.

The Directors (including the Independent Directors) noted the historical inter-group loan arrangements within the Sponsor group of companies and believe that while the loans are not entered into an arm’s length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders.

(iii) Accordia Golf Group Cash Service Consignment Agreement

Each of AH11, AH12 and AH36 had entered into agreements with the Sponsor, under which proceeds earned from golf course operations were deposited with the Sponsor's central cash management system, with amounts to be drawn upon as necessary. In return, each of AH11, AH12 and AH36 would receive interest from the Sponsor in line with the balance of sale proceeds deposited into the cash management system. The interest rates paid by the Sponsor on the deposited revenue and overdrafts were determined based on the short-term prime rates indicated by one of the Japanese megabanks as at every 1 April and 1 October (i.e interest rates had been revised every six months in line with prevailing market rates) at the relevant time.

The largest amounts outstanding under the cash management system during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are set out below:

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	7,474,749	6,590,396	6,198,729	4,625,065	4,933,599
AH12	10,271,856	12,791,701	12,637,003	6,708,149	9,043,940
AH36	—	35,823	1,150,020	1,595,520	2,013,867

The aggregate value of the interest earned by AH11, AH12 and AH36 during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are as follows:

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	96,184	84,793	62,892	49,313	12,798
AH12	132,812	151,623	104,073	70,502	24,430
AH36	—	348	1,938	21,322	5,512

The aggregate value of cash proceeds deposited by AH11, AH12 and AH36 during each of the four most recently completed financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 and for the period from 1 April 2014 up to the Latest Practicable Date are as follows:

	Year ended 31 March				From 1 April 2014 to the Latest Practicable Date (JPY'000)
	2011 (JPY'000)	2012 (JPY'000)	2013 (JPY'000)	2014 (JPY'000)	
AH11	37,026,547	34,435,954	40,091,269	34,108,219	8,219,950
AH12	49,639,936	48,661,688	54,003,980	43,949,093	9,919,090
AH36	—	441,626	1,120,157	5,740,535	1,362,350

These agreements will be terminated on or prior to Listing. Post-Listing, New SPC will manage such cash reserves under its own bank accounts. The Directors (including the Independent Directors), have noted the historical arrangement and believe that while the agreements, including the amounts payable under them, are not entered into on arm's length terms, they are not prejudicial to the interests of AG Trust and its minority Unitholders.

(iv) Corporate Restructuring

Please see the section entitled "The Restructuring Exercise" for a description of the terms of the Restructuring and the various agreements entered into in connection with the Restructuring.

The Directors (including the Independent Directors) believe that the Restructuring and the various agreements entered into in connection with the Restructuring, had been entered into on an arm's length basis on normal commercial terms and are not prejudicial to the interests of AG Trust and its minority Unitholders.

Future Interested Person Transactions

AG Trust is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all Interested Person Transactions. Depending on the materiality of the transaction, AG Trust may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of, and to obtain Unitholders' prior approval for, the transaction (pursuant to Rule 906 of the Listing Manual).

Section 86 of the BTA further requires (a) the Board to make a written statement in accordance with a resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, among other things, the relevant Interested Person Transaction is not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive Officer to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager that would have a materially adverse effect on the business of AG Trust and the interests of all the Unitholders as a whole. These statements must be annexed to the profit and loss accounts of AG Trust in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to AG Trust's profit and loss accounts, a statement of policies and practices in relation to management and governance of AG Trust containing such information as prescribed by Regulation 20 of the Business Trusts Regulations 2005 including, among other things, a description of measures put in place by the Trustee-Manager to review Interested Person Transactions in relation to AG Trust.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as the BTA and such other guidelines relating to Interested Person Transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

The Trustee-Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with interested persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual.

In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of AG Trust and its minority Unitholders.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed Interested Person Transaction that is *prima facie* governed by both sets of rules. Where matters concerning AG Trust relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of AG Trust with an “Interested Person” as defined under the Listing Manual and/or the BTA, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

Interested Person Transactions entered into by AG Trust in the future, depending on the materiality of such transactions, may need to be publicly announced or, as the case may be, publicly announced and approved by Unitholders, and will, in addition to such other requirements under the Listing Manual and/or the Business Trusts Act, be:

- decided by a majority vote of the Directors, including the vote of at least one Independent Director. If a Director has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction; and
- reviewed and approved by the Audit and Risk Committee.

The Trustee-Manager’s Internal Control System

The Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of AG Trust and its minority Unitholders.

As a general rule, the Trustee-Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) a quotation from a party unrelated to the Trustee-Manager.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by AG Trust and New SPC and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by AG Trust and New SPC during the financial year. Further, the Audit and Risk Committee shall review at least quarterly in each financial year the Interested Person Transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with.

The review will include the examination of the nature of the transaction and its supporting documents or such other data that the Audit and Risk Committee deems necessary. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction. In such an event, if there are only two remaining members of the Audit and Risk Committee who are able to

participate in the review and approval process, the quorum shall comprise both such Directors and the transaction must be approved by both Directors. Furthermore, the following review and approval procedures will be undertaken:

- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding S\$100,000 in value but below three per cent. of the value of AG Trust's net tangible assets based on the latest audited consolidated accounts will be subject to review by the Audit and Risk Committee at regular intervals;
- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding three per cent. but below five per cent. of the value of AG Trust's net tangible assets based on the latest audited consolidated accounts will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee-Manager with third parties that are unrelated to the Trustee-Manager; and
- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding five per cent. of the value of AG Trust's net tangible assets based on the latest audited consolidated accounts will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers. Furthermore, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning AG Trust relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of AG Trust with a related party of the Trustee-Manager (which would include relevant associates thereof) or AG Trust, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of AG Trust and its minority Unitholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or AG Trust, the Trustee-Manager (including the Audit and Risk Committee) will review the contract to ensure that it complies with the provisions of the Listing Manual and the Business Trusts Act relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described under "Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person Transactions" and "Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Exempted Agreements", the Trustee-Manager will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by

itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is three per cent. or more of AG Trust's net tangible assets based on the latest audited consolidated accounts.

The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in AG Trust's annual report for the relevant financial year.

Role of the Audit and Risk Committee for Interested Person Transactions

The Audit and Risk Committee will periodically review all Interested Person Transactions to ensure compliance with the Trustee-Manager's internal control system and with the relevant provisions of the Listing Manual. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Directors in relation to matters concerning AG Trust must be approved by a majority of the Directors, including at least one Independent Director.
- in respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude any nominee Directors of the Sponsor and/or its subsidiaries.
- Where matters concerning AG Trust relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of AG Trust with an Interested Person, the Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of AG Trust and its minority Unitholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or AG Trust, the Trustee-Manager (including the Audit and Risk Committee) will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to business trusts.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of AG Trust as its trustee-manager.

In order to manage any potential competition and conflicts of interest that may arise between the Sponsor and the Trustee-Manager and/or New SPC in relation to any assets that fall within the investment mandate of AG Trust or the TK Business, the Sponsor has granted (i) a right of first refusal to the TK Operator, (ii) a right of first refusal to the Trustee-Manager (together, the "ROFRs"), and a call option to each of the TK Operator and the Trustee-Manager (the "Call Option"). These provisions take effect from the Listing Date.

Chapter 9 of the Listing Manual will apply to the transactions under the ROFRs and the Call Option.

(See “Certain Agreements Relating to Accordia Golf Trust” for further details on the terms of the ROFRs and Call Option.)

ABSTENTION FROM VOTING

In addition, (i) for so long as Daiwa Securities Group and/or its associates is a controlling shareholder of the Trustee-Manager and (ii) should Daiwa Securities Group and/or its associates hold in the aggregate 15% or more of the total voting rights of the Sponsor, Daiwa Securities Group and/or its associates shall abstain from voting on their Units in relation to transactions entered into between AG Trust or its subsidiaries and the Sponsor group in accordance with the Listing Manual.

THE CONSTITUTION OF ACCORDIA GOLF TRUST

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Recipients of this document and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of AG Trust (Registration Number 2004002). The Trust Deed is available for inspection at the registered office of the Trustee-Manager at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809.

BACKGROUND OF AG TRUST

AG Trust was constituted as a business trust on 16 June 2014 by a declaration of trust by Accordia Golf Trust Management Pte. Ltd., as Trustee-Manager of AG Trust, under the Trust Deed. The Trustee-Manager is 49.0% held by the Sponsor and 51.0% held by the TM Partner. The TM Partner is in turn wholly-owned by Daiwa Securities Group.

The Sponsor and the TM Partner entered into a shareholders' agreement on 16 June 2014 (the **"Shareholders' Agreement"**). Pursuant to the Shareholders' Agreement, if any of the events set out below in paragraphs (i) to (v) occurs with respect to the Sponsor or the TM Partner (the **"breaching party"**), the other party may, at its discretion, purchase all of the shares in the Trustee-Manager¹ held by the breaching party (however, with respect to (iii) below, this only applies to the Sponsor (i.e. only the Sponsor can be the breaching party), and with respect to (iv) below, this only applies to the TM Partner (i.e. only the TM Partner can be the breaching party). The reduction of the Sponsor's shareholding percentage in the Trustee-Manager constitutes an event of default under the Senior Loan Agreement. (See "Capitalisation and Indebtedness" for further details regarding the Senior Loan Agreement.)

- (i) A material² breach of an obligation under the Shareholders' Agreement arises and is not cured within a reasonable period.
- (ii) Bankruptcy proceedings are commenced, or private debt work-out proceedings are commenced.
- (iii) The term of the Golf Course Management Agreement ends (due to the Sponsor's refusal to renew) or that agreement is terminated, cancelled, or ends for any other reason attributable to the Sponsor.
- (iv) A change of control occurs to the TM Partner (which means, on or after the Shareholders' Agreement execution date, the TM Partner becomes a subsidiary or affiliate of another company, or, if there is a holding company of the TM Partner as of the Shareholders' Agreement execution date, after the execution of the Shareholders' Agreement there is a change in the ultimate holding company (which means a holding company that is not a subsidiary of another company; the same applies below) of the TM Partner or the ultimate holding company comes to correspond to an affiliate of another company).
- (v) The party or any of its officers is found to correspond to an Anti-Social Force or to have breached a representation or promise relating to the rejection of Anti-Social Force.

1 This call option arrangement does not apply to the Sponsor's or TM Partner's unitholdings (if applicable) in AG Trust. The TM Partner will not directly hold any units in AG Trust.

2 What constitutes a material term or a material breach would depend on the situation or circumstances surrounding the breach, including how the breach occurred or the party that caused the breach. For example, if one party sells the shares in the Trustee-Manager to a third party without obtaining prior approval of the other party, that would likely constitute a material breach (since both parties are prohibited from selling their shares in the Trustee-Manager to third parties without obtaining the prior approval of the other party for a certain period under the Shareholders' Agreement).

“Anti-Social Force” in this paragraph means, collectively, the following persons:

- (a) Organised crime group;
- (b) Organised crime group member;
- (c) Organised crime group quasi-member;
- (d) Organised crime group related corporation;
- (e) Corporate racketeer, etc., racketeer advocating a social movement, etc., organised crime group with special intelligence, etc.; and
- (f) Any other person or group, etc., similar to any of (a) through (e) above.

UNIT ISSUE MANDATE

The Sponsor has approved, and by subscribing for Units pursuant to or in connection with the Offering, Unitholders are deemed to have approved, (A) the issuance of the Units pursuant to or in connection with the Offering under Section 36 of the BTA and (B) deemed to have given the authority (the **“Unit Issue Mandate”**) to the Trustee-Manager, pursuant to Section 36 of the BTA, to:

- (a) (i) issue Units whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, **“Instruments”**) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while the Unit Issue Mandate is in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued according to Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50.0%¹ of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders must not exceed 20.0%² of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if

1 Based on the total number of Units in issue upon completion of the Offering, this will amount to 549,561,000 Units.

2 Based on the total number of Units in issue upon completion of the Offering, this will amount to 219,824,400 Units.

any) will be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;

- (C) in exercising the Unit Issue Mandate, the Trustee-Manager must comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);
- (D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate will continue in force until (i) the conclusion of the first annual general meeting of AG Trust or (ii) the date by which the first annual general meeting of AG Trust is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Trustee-Manager be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of AG Trust to give effect to the authority conferred by the Unit Issue Mandate.

Unless revoked or varied by the Unitholders in a general meeting, such authority shall continue in full force until the conclusion of the first annual general meeting of AG Trust or the date by which the first annual general meeting is required by law to be held, whichever is the earlier.

AG Trust's first accounting period will be from the date of its constitution as a business trust under the laws of Singapore, to 31 March 2015. Accordingly, AG Trust will hold its first annual general meeting by 31 July 2015, which is within 18 months from the date of its registration and within four months from the end of the first accounting period. The Unit Issue Mandate will be in force until that date.

THE UNITS ARE PRIMARILY NOT REDEEMABLE

It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase Units in accordance with the provisions of the Trust Deed and the relevant laws, regulations and guidelines.

THE TRUST DEED

AG Trust is a registered business trust constituted by the Trust Deed and is principally regulated by the SFA and the BTA.

The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed and such supplemental deeds contain

covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and Unitholders under the Trust Deed.

Operational Structure

AG Trust is constituted with the principal investment strategy of investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses, driving ranges and other golf course related assets worldwide, with an initial focus on Japan.

The Trust Deed currently provides that “**Authorised Businesses**” of AG Trust means:

- (i) investing and divesting, directly or indirectly, in Authorised Investments (including without limitation investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in Authorised Investments) and all activities, concerns, functions and matters reasonably incidental thereto; and
- (ii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii) of this definition, including (without limitation) the management and leasing of the Authorised Investments.

“**Authorised Investments**” is defined under the Trust Deed to include, *inter alia*, golf courses, golf course related assets, driving ranges and driving range related assets.

“**Driving range related assets**” is defined under the Trust Deed to mean listed or unlisted debt securities and listed or unlisted shares of, or issued by, corporations, mortgage-backed securities, listed or unlisted units in unit trusts or interests in other driving range funds, and assets incidental to the investment in driving ranges including, without limitation, hotels used in or in association with any driving ranges or any building on driving ranges.

“**Golf course related assets**” means listed or unlisted debt securities and listed or unlisted shares of, or issued by, corporations, mortgage-backed securities, listed or unlisted units in unit trusts or interests in other golf course funds, and assets incidental to the investment in golf courses including, without limitation, hotels used in or in association with any golf courses or any building on golf courses.

The Trustee-Manager does not have any intention for AG Trust to invest in options, warrants, commodities, futures contracts and precious metals.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each Unit represents an undivided interest in AG Trust. A Unitholder has no equitable or proprietary interest in the Trust Property of AG Trust and is not entitled to the transfer to it of the Trust Property (or any part thereof) or any interest in the Trust Property (or any part thereof) of AG Trust. A Unitholder’s right is limited to the right to require due administration of AG Trust in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the Trust Property of AG Trust (or any part thereof), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and each Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the Trust Property of AG Trust or any part thereof or lodge any notice affecting the Trust Property of AG Trust (or any part thereof), or require that any part of the Trust Property of AG Trust be transferred to such Unitholder.

A Unitholder shall not be liable to the Trustee-Manager to make any further payments to AG Trust after it has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Unitholder in respect of its Units.

For so long as AG Trust is listed, quoted and traded on the SGX-ST and/or any other stock exchange of repute in any part of the world ("**Recognised Stock Exchange**") in accordance with the listing rules and requirements of the relevant stock exchange, the Trustee-Manager shall appoint CDP as the unit depository for AG Trust in respect of all scripless Units in accordance with the requirements imposed by CDP in relation to the trading of units in business trusts on the SGX-ST which are applicable to AG Trust. All Units issued will be represented by entries in the register of Unitholders kept by the Trustee-Manager or the agent appointed by the Trustee-Manager in the name of CDP as the registered holder of such Units which are deposited with CDP and, as the case may be, in the name of Unitholders (other than CDP) whose Units are not deposited with CDP. The Trustee-Manager or the agent appointed by the Trustee-Manager shall issue to CDP and each Unitholder (other than CDP) not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note will constitute a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or BTA on who may purchase (or subscribe for) Units and to own Units except in the case of a rights issue or a preferential offering where the Trustee-Manager has the right under the Trust Deed to elect not to extend an offer of Units under a rights issue or a preferential offering to any Unitholder whose address is outside Singapore.

Changes in Unitholders' equity

The Trustee-Manager may at any time, on prior written notice (such notice period to be determined by the Trustee-Manager in its absolute discretion) to each Unitholder or, when the Units of AG Trust are listed on the SGX-ST and are represented by entries in the register of Unitholders in the name of CDP and the Unitholders (other than CDP), by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the Unitholders, determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound accordingly.

The register of Unitholders shall be altered accordingly to reflect the new number of Units held by each Unitholder as a result of such sub-division or consolidation. The Trustee-Manager shall cause CDP to alter the depository register maintained by CDP (the "**Depository Register**") accordingly, in respect of each relevant Unitholder's securities account with CDP to reflect the new number of Units held by such Unitholder as a result of such sub-division or consolidation.

Rights, preferences and restrictions attaching to each class of Units

Without prejudice to any special right previously conferred on the Unitholders of any existing Units or class of Units but subject to the relevant laws, regulations and guidelines and the Trust Deed, any Units may be issued by the Trustee-Manager with such preferred rights in the payment of distributions or in a winding up, or deferred or other special rights, as the Trustee-Manager may determine, provided that for the avoidance of doubt, the Trustee-Manager does not have the right to issue Units of the same class with different rights.

The Trustee-Manager shall not allot or issue any Units conferring upon a Unitholder any preferred rights in priority to the Units in issue on the date of the constitution of AG Trust unless the rights attached to Units with such preferred rights with respect to the following matters are set out in the Trust Deed or have been otherwise approved by the Unitholders by an Extraordinary Resolution:

- (i) repayment of capital;
- (ii) participation in surplus assets and profits;
- (iii) cumulative or non-cumulative distributions;
- (iv) voting; and
- (v) priority of payment of capital and distributions in relation to other Units or other classes of Units.

For the avoidance of doubt, the detailed terms of such Units are not required to be set out in the Trust Deed and may be set out in the aforesaid Extraordinary Resolution. (See “– Issue of Units” regarding the approval from Unitholders for the issuance of Units.)

If at any time, different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class.

Currently, there is only one class of Units and every Unit carries the same voting rights. Under the BTA, only the persons registered in the statutory register maintained by the Trustee-Manager are recognised as registered holders of the Units in issue. For so long as AG Trust is listed on the SGX-ST, the Trustee-Manager shall appoint CDP as the unit depository for AG Trust in respect of all scripless units in accordance with the requirements imposed by CDP in relation to the trading of units in business trusts on the SGX-ST which are applicable to AG Trust.

For so long as AG Trust is listed on the SGX-ST, CDP shall, pursuant to the Depository Services Terms and Conditions, maintain a record in the Depository Register of the Unitholders having Units credited into their respective Securities Accounts and record in the Depository Register, among other things, the following information in relation to each Unitholder:

- the names and addresses of the Unitholders;
- the class of Units held by each Unitholder;
- the number of Units held by each Unitholder;
- the date on which every such person entered in respect of the Units standing in his name became a Unitholder and, where practicable, a sufficient reference to enable the name and address of the transferor to be identified;

- the date on which any transfer is registered and the name and address of the transferee;
- the date on which any person ceased to be a Unitholder; and
- the date on which any Units have been repurchased or redeemed pursuant to the Trust Deed.

Under the Trust Deed, each Unitholder named in the Depository Register maintained by CDP in respect of scripless units shall for such period as the Units are entered against his or her name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Unitholder's name in the Depository Register and would be entitled to attend and vote at general meetings of Unitholders. The Trustee-Manager shall be entitled to rely on any and all such information in the Depository Register.

The entries in the Depository Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Unitholder named in the Depository Register and, in the event of any discrepancy between the entries in the Depository Register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the Depository Register shall prevail unless such Unitholder proves to the satisfaction of the Trustee-Manager and CDP that the Depository Register is incorrect.

Distributions

Subject to the relevant laws, regulations and guidelines and the Trust Deed, the Trustee-Manager may make regular distributions to Unitholders of such amounts to be payable out of the Trust Property of AG Trust on such distribution dates as the Trustee-Manager may think fit. All distributions are paid pro rata among Unitholders in proportion to the number of fully paid up Units held by the relevant Unitholder, unless the rights attached to an issue of any Unit provide otherwise. For so long as AG Trust is listed, the Trustee-Manager will endeavour to ensure that for each financial year, there are at least two distributions.

In the case where any Unit is not fully paid up, the distribution declared shall be allocated and paid in such proportions as provided for in the terms of issue of such partially paid up Units, and failing such provision, in such proportions as the Trustee-Manager may think fit.

The Trustee-Manager shall, from time to time, make payments to any Unitholder claiming any Unclaimed Moneys (as defined herein). For the avoidance of doubt, no interest shall be payable to a Unitholder on such Unclaimed Moneys.

Subject to the winding-up provisions of the Trust Deed, the Trustee-Manager may, at its absolute discretion and if practicable, cause such sums which represent Unclaimed Moneys which remain unclaimed for six years after the date on which such Unclaimed Moneys are due to be paid, to be:

- (i) paid into the courts of Singapore after deducting from such sums all fees, costs and expenses incurred in relation to such payment into the courts of Singapore provided that if the said moneys are insufficient to meet the payment of all such fees, costs and expenses, the Trustee-Manager may at its absolute discretion choose not to pay such moneys into the courts of Singapore and instead apply such moneys to form part of the Trust Property of AG Trust; or
- (ii) forfeited and the Trustee-Manager may, at any time thereafter at its absolute discretion and if practicable, annul any such forfeiture and pay the moneys so forfeited to the Unitholder entitled thereto prior to the forfeiture. For the avoidance of doubt, the moneys so forfeited shall revert to AG Trust and form part of the Trust Property of AG Trust; and the relevant

Unitholder shall not have any right or claim in respect of such moneys against AG Trust or the Trustee-Manager if a period of six years has elapsed from the date such moneys are first payable.

Voting Rights

A Unitholder is entitled to attend, speak and vote at any general meeting of the Unitholders in person or by proxy and a Unitholder may appoint not more than two proxies to attend and vote at the same general meeting. In the case of a Unitholder who is named in the Depository Register, the Trustee-Manager shall be entitled and bound to reject any instrument of proxy lodged if his or her name does not appear on the Depository Register as at 48 hours before the time of the relevant general meeting as certified by CDP to AG Trust. Except as otherwise provided in the Trust Deed, not less than two Unitholders must be present in person or by proxy to constitute a quorum at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a poll in accordance with the Listing Manual¹. Under the Trust Deed, on a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit which he or she holds or represents.

Variation of rights of respective classes of Units

If at any time different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not AG Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class. To every such separate meeting of Unitholders of that class, the provisions of the Trust Deed relating to general meetings of the Unitholders shall, apply *mutatis mutandis*, provided that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney at least one third of the issued Units of the class.

The rights conferred upon the Unitholders of any class of Units issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Units of that class or by the Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Units ranking equally therewith.

The Trust Deed does not impose more stringent conditions for variation of rights of various classes of Units than those required by the BTA.

Issue of Units

The Trustee-Manager may issue Units, subject to the provisions of the Listing Manual (so long as AG Trust is listed on the SGX-ST), the Trust Deed, the BTA and any other relevant laws, regulations and guidelines.

In particular, the issuance of Units will be subject to Section 36 of the BTA, which requires the approval by a majority of the number of votes of Unitholders who, being entitled to do so, vote in person or by proxy present at a general meeting of Unitholders.

If in connection with an issue of a Unit, any requisite payment of the issue price for such Unit has not been received by the Trustee-Manager before the seventh Business Day after the date on which the Unit was agreed to be issued (or such other date as the Trustee-Manager may decide), the Trustee-Manager may cancel its agreement to issue such Unit, and such Unit will be deemed

¹ All resolutions at general meetings shall be voted by poll in accordance with Rule 730A(2) of the Listing Manual.

never to have been issued or agreed to be issued. In such an event, the Trustee-Manager shall be entitled (under the Trust Deed) to charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

- receive distributions attributable to the Units held;
- receive audited accounts and the annual reports of AG Trust; and
- participate in the winding up or liquidation of AG Trust by receiving a share of all net cash proceeds derived from the realisation of the Trust Property of AG Trust, less any liabilities, in accordance with their proportionate interests in AG Trust.

No Unitholder has a right to require that the Trust Property (or part thereof) of AG Trust be transferred to him or her.

Further, Unitholders cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- AG Trust ceasing to comply with applicable laws and regulations; or
- the interference in the exercise of any discretion expressly conferred on the Trustee-Manager by the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager in the event that the Trust Property is insufficient for the purposes of indemnifying the Trustee-Manager.

Under the Trust Deed, every Unit carries the same voting rights.

Limitation on right to own Units – Units Issued to Persons Resident Outside Singapore

The BTA and the Trust Deed do not impose any limitations on the right of non-resident or foreign Unitholders to hold or exercise voting rights attached to the Units.

In relation to any rights issue or preferential offering, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue or preferential offering to any Unitholder whose address is outside Singapore. In such an event, the rights or entitlements to the Units of such Unitholders will be offered for sale by the Trustee-Manager as the nominee and authorised agent of each such relevant Unitholder in such manner and at such price as the Trustee-Manager may determine. Where necessary, the Trustee-Manager has the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant Unitholders whose rights and entitlements have been thus sold, provided that where such proceeds payable to any Unitholder is less than S\$10.00, the Trustee-Manager may retain such proceeds as part of the Trust Property of AG Trust.

Substantial Unitholding

Under the SFA, Substantial Unitholders are required to notify the Trustee-Manager of (i) their interest in voting Units within two Business Days after they become aware that they are Substantial Unitholders, (ii) any subsequent change in the percentage level of such holdings (rounded down to the next whole number) within two Business Days after they become aware of such changes, or (iii) their ceasing to hold such number of Units to which is attached not less than five per cent. of the total votes attached to all the voting Units issued for the time being, within two Business Days after becoming aware of such information.

Failure to comply with such notification requirement is an offence under the SFA and will render a Substantial Unitholder liable to a fine on conviction.

Where the Trustee-Manager has been notified by a Substantial Unitholder pursuant to the unitholding disclosure requirements of the SFA as set out above, the Trustee-Manager will announce such information on SGXNET as soon as practicable and in any case no later than the end of the Business Day following the day on which the Trustee-Manager received the notice.

Amendments to the Trust Deed

The Trustee-Manager shall be entitled, by deed supplemental to the Trust Deed, to modify, alter or add to the provisions of the Trust Deed in such a manner and to such an extent as it may consider expedient for any purpose, subject to the provisions of the BTA.

The BTA currently provides that the trust deed of a registered business trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75% of the voting rights of all the unitholders of that trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days' written notice specifying the intention to propose the resolution as a special resolution has been duly given.

Circumstances under which the Trustee-Manager may be indemnified out of the Trust Property of AG Trust

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as AG Trust's Trustee-Manager to have recourse to the Trust Property of AG Trust or any part thereof, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager failed to exercise Due Care.

Circumstances under which the Trustee-Manager may exclude liability in relation to carrying out of its duties with respect to AG Trust

Subject to the duties and obligations of the Trustee-Manager under the Trust Deed, the Trustee-Manager is not liable for any act or omission in relation to AG Trust save where there is, on the part of the Trustee-Manager, fraud, wilful default or breach of trust or where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default or breach of trust by the Trustee-Manager or a failure on the part of the Trustee-Manager to exercise Due Care, the Trustee-Manager is not liable to the Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Appointment, Removal, Resignation or Retirement of the Trustee-Manager

The Trust Deed provides that appointment, removal, resignation and retirement of the Trustee-Manager shall only be in accordance with applicable laws, regulations and guidelines (see “The Trustee-Manager – The Trustee-Manager of AG Trust – Retirement or Removal of the Trustee-Manager”).

Changes in the fees and charges payable to the Trustee-Manager

Any increase in the rates of, or any change in the formula for calculation of, the Base Fee, the Performance Fee, the Acquisition Fee or the Divestment Fee must be approved by an Extraordinary Resolution passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed.

Winding-up

The duration of the trust constituted by the Trust Deed is of indefinite duration and AG Trust may be wound up in accordance with the relevant laws, regulations and guidelines. Notwithstanding the time, circumstances or event specified in the Trust Deed, the winding up of AG Trust by the Trustee-Manager would still be subject to approval by way of an Extraordinary Resolution duly passed by the Unitholders.

There is no provision in the Trust Deed which provides that AG Trust shall be wound up at a specified time, in specified circumstances or on the happening of a specified event.

CERTAIN AGREEMENTS RELATING TO ACCORDIA GOLF TRUST

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of AG Trust. The agreements are available for inspection at the registered office of the Trustee-Manager at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809 for a period of six months from the date of this Prospectus.

ROFR TO THE TRUSTEE-MANAGER

In the event that the Golf Course Management Agreement entered into between the Sponsor and the SPC on 27 June 2014 is terminated or becomes void for any reason, the right of first refusal agreement between the Sponsor and the Trustee-Manager entered into on 27 June 2014 (the “**ROFR Agreement**”) will take effect¹, pursuant to which, the parties agree to grant each other certain rights on the terms and conditions set out therein, including a right of first refusal from the Sponsor to the Trustee-Manager.

The rights granted in the ROFR Agreement will cease immediately upon the occurrence of any of the following events, whichever occurs first (the “**Termination Events**”):

- (a) the Trustee-Manager or any of the Sponsor’s related corporations ceases to be the trustee-manager of AG Trust as a business trust;
- (b) the Sponsor and/or any of its related corporations, alone or in aggregate, ceases to be a controlling shareholder of the trustee-manager of AG Trust;
- (c) the Sponsor and/or any of its related corporations, alone or in aggregate, ceases to be a controlling unitholder of AG Trust; and
- (d) AG Trust ceases to be listed on the Main Board of Singapore Exchange Securities Trading Limited.

For purposes of the ROFR Agreement,

A “**related corporation**” has the meaning ascribed to it in the Companies Act.

“**Relevant Asset**” means any golf course business or driving range business (including all the assets in connection therewith) which generates a continuous and stable cash flow, falling within the investment mandate of AG Trust. Where such golf course business or driving range business is held by a Relevant Entity, directly or indirectly, through a single purpose company, vehicle or entity (a “**SPV**”) established solely to hold such golf course business or driving range business (or any assets in connection therewith), the term “Relevant Asset” refers to the shares or equity interests, as the case may be, in that SPV.

“**Relevant Entity**” means any of the Sponsor and any of its existing or future subsidiaries (the “**Sponsor Group**”) and existing or future private funds to be set up or managed by any entity in the Sponsor Group.

¹ The right of first refusal to the Trustee-Manager directly is only meant to take effect when the right of first refusal to New SPC (which is then granted to the Trustee-Manager in the event New SPC does not exercise the right of first refusal) is terminated by virtue of the termination of the Golf Course Management Agreement. In any case, even under the Golf Course Management Agreement, the Trustee-Manager also gets the benefit of the right of first refusal under certain circumstances in accordance with the Golf Course Management Agreement. In the event that the Golf Course Management Agreement is terminated, the right of first refusal directly to the Trustee-Manager will apply such that the Trustee-Manager will have a similar and direct right of first refusal from the Sponsor.

A “**subsidiary**” has the meaning ascribed to it in the Companies Act.

Right to initiate discussion

With effect from the termination of the Golf Course Management Agreement and until the occurrence of any of the Termination Events, the Trustee-Manager shall have the right to initiate a discussion with the Relevant Entity from time to time to explore the possibility of acquiring from the Relevant Entity, any Relevant Asset based on industry or public data, and the Trustee-Manager shall provide the terms under which it intends to do so.

If the Trustee-Manager initiates discussion with the Relevant Entity in respect of a proposed acquisition, the Relevant Entity shall, in good faith, use its best endeavours to negotiate and agree on the terms and conditions of the sale of the Relevant Asset with the Trustee-Manager. To this end, the Trustee-Manager and the Relevant Entity will then enter into a period of exclusive good-faith negotiation during which the Relevant Entity will provide the Trustee-Manager such key operating and financial information regarding the Relevant Asset as the Trustee-Manager may reasonably request to enable the Trustee-Manager to make an assessment of the Relevant Asset.

If the parties reach a binding agreement on the terms of the acquisition by the Trustee-Manager, then the Relevant Asset will be sold to the Trustee-Manager, subject to compliance with applicable rules (including those of the Listing Manual on interested person transactions). If no agreement is reached or the Trustee-Manager indicates that it is not interested to acquire the asset at this time, the Relevant Entity shall be entitled to continue to operate the asset. The asset so declined by the Trustee-Manager will continue to be subject to its right to initiate discussion and the right of first refusal set forth below.

Right of First Refusal

In addition and without prejudice to the Trustee-Manager’s right to initiate, with effect from the time when the Golf Course Management Agreement is terminated or becomes void for any reason and until the occurrence of any of the Termination Events, the Trustee-Manager shall have a ROFR such that in the event that a Relevant Entity intends to acquire a Relevant Asset from an independent third party or to dispose of a Relevant Asset to an independent third party, the Relevant Entity will give the Trustee-Manager the first right to purchase the Relevant Asset.

The Relevant Entity shall, subject to the terms of the ROFR Agreement, issue a written notice (“**Sponsor Written Notice**”) to the Trustee-Manager of any proposed offer (a “**Sponsor Proposed Offer**”) of sale by an independent third party to a Relevant Entity of any Relevant Asset (“**Proposed Acquisition**”) or by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“**Sponsor Proposed Disposal**”) to an independent third party.

Where such Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and the consent of any such third parties is required for the offer of the Relevant Asset to the Trustee-Manager pursuant to the ROFR, the Sponsor shall use its best endeavours to obtain consent from the relevant independent third party or parties and if such consent cannot be obtained, the ROFR will not apply to the disposal of such Relevant Asset.

The ROFR is subject to the Trustee-Manager giving confidentiality undertakings on customary and usual terms. The Sponsor Written Notice shall be accompanied by copies of the offer documents and other supporting documentation as may be reasonably available to the Relevant Entity (which shall include the indicative price for the Relevant Asset and the terms and conditions of the Sponsor Proposed Offer) in connection with the Sponsor Proposed Offer (collectively, the “**Sponsor Transaction Documents**”) made by, or made available to, the Relevant Entity.

Notwithstanding anything to the contrary, the ROFR:

- (a) is subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Asset and/or the third parties that hold these Relevant Assets;
- (b) is subject to, in the case of a Proposed Acquisition, the conditions set out by the independent third party in relation to such Proposed Acquisition;
- (c) excludes (i) the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or (ii) the transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement or constitutional documents of the Relevant Entity; and
- (d) is subject to the applicable laws, regulations and government policies.

In the event that:

- (i) the Trustee-Manager does not enter into a binding commitment (in the form of a sale and purchase agreement or an option agreement, whether conditional or unconditional) for the purchase of the Relevant Asset within 30 days (or such other period as may, in the case of a Proposed Acquisition, be stipulated by the relevant independent third party or mutually agreed by the Trustee-Manager and the independent third party; or, in the case of a Sponsor Proposed Disposal, mutually agreed by the Trustee-Manager and the Relevant Entity) from the date of the Trustee-Manager's receipt of the Sponsor Written Notice together with the relevant Sponsor Transaction Documents;
- (ii) the Trustee-Manager indicates in writing to the Relevant Entity that it shall not be purchasing the Relevant Asset; or
- (iii) a binding agreement for the proposed acquisition of the Relevant Asset is executed within the time frame provided for in (i) above, but terminated by the Trustee-Manager (other than due to the default of the Relevant Entity) or terminated by the Relevant Entity due solely to the default of the Trustee-Manager before the closing of such acquisition,

the Trustee-Manager shall be deemed to be unable to exercise, or not to have exercised, the ROFR and the Relevant Entity shall be entitled to, as the case may be, dispose of its interest in the Relevant Asset to an independent third party on terms and conditions no more favourable to the independent third party than those offered by the Relevant Entity to the Trustee-Manager; or acquire the Relevant Asset on such terms and conditions no more favourable to the Relevant Entity than those offered by the independent third party to the Trustee-Manager, provided that, if the completion of the disposal of the Relevant Asset by the Relevant Entity does not occur within 12 months from the date of the Sponsor Written Notice to the Trustee-Manager, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the right to initiate discussions and the ROFR in the ROFR Agreement.

For the avoidance of doubt, any future disposal by a Relevant Entity of its interest in a Relevant Asset previously acquired shall also be subject to the terms of the ROFR Agreement.

SPONSOR’S UNDERTAKINGS TO OFFER AND CALL OPTION TO THE TRUSTEE-MANAGER

For the purposes of the Call Option Agreement:

- **“Call Option Existing Relevant Business”** means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) held by a Sponsor Group Entity as at the date of the Call Option Agreement as set out in the table below¹, which are subject to the call option as at the date of Listing and which are managed under the “Accordia” brand name at the time that the call option is exercised;

No.	Name of Golf Course
1.	Yamanohara Golf Club
2.	Bosyu Country Club
3.	Suzukanomori Golf Club
4.	Kanto Kokusai Country Club
5.	Fukui Country Club
6.	Suifu Golf Club
7.	Echizen Country Club
8.	Otsuki Garden Golf Club
9.	Chitose Country Club
10.	Liberal Hills Golf Club
11.	Kasumidai Country Club
12.	Palm Hills Golf Resort
13.	Sakai Country Club
14.	Inagawa Kokusai Country Club
15.	Onahama Ocean Hotel and Golf Club
16.	Inagawa Green Country Club
17.	Miyagino Golf Club
18.	Ishikawa Golf Club
19.	Labeam Shirahama Golf Club

¹ This list of golf courses that is subject to the call option as at the date of Listing is shorter than the list of golf courses that are currently in the pipeline and operated under the “Accordia” brand referred to in “Overview – Key Investment Highlights and Competitive Strengths – (IV) Strong growth opportunities – Pipeline Golf Courses held by the Sponsor under the “Accordia” brand”, because the remaining golf courses have not reached five years from the date of the acquisition by the Sponsor or, as the case may be, such Sponsor Group Entity. When such courses have reached five years from the date of the acquisition by the Sponsor or, as the case may be, Sponsor Group Entity at a later date post-Listing, they will then be subject to the call option.

In addition, the golf courses in this list are not part of the Initial Portfolio because each of them falls into one or more of the three categories:

- low profitability golf courses recently acquired by the Sponsor, for which profitability may improve through value enhancement initiatives carried out by the Sponsor;
- golf courses for which changes in business model and rebranding is still under way; and
- golf courses for which there are complex land title issues to be resolved by the Sponsor, or those for which full-scale repair of buildings with significant potential cost is required.

See “The Business of Accordia Golf Trust – The Initial Portfolio – Characteristics of Golf Courses in the Initial Portfolio Acquired from the Sponsor Group” for further details of the three categories.

- **“Controlling Shareholder”** in relation to a company means a person who (i) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company or (ii) in fact exercises control over the company;
- **“Controlling Unitholder”** in relation to a business trust means a person who (i) holds directly or indirectly 15.0% or more of the total number of voting units in the business trust or (ii) in fact exercises control over the business trust;
- **“Offer Existing Relevant Business”** means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) held by a Sponsor Group Entity as at the date of Listing and which are managed under the “Accordia” brand name at the time that the Sponsor or, as the case may be, the Sponsor Group Entity is obliged to make the offer to the Trustee-Manager, save for any Call Option Existing Relevant Business. For the avoidance of doubt, this shall not include the golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) set out in the table below¹:

No.	Name of Golf Course
1.	The Southern Links Golf Club
2.	Oak Hills Country Club
3.	New Nanso Golf Club
4.	Narita Golf Club
5.	Narashino Country Club Kuukou Course
6.	Glenoaks Country Club
7.	Ishioka Golf Club
8.	Kobe Pine Woods Golf Club
9.	Manju Golf Club
10.	La Vista Golf Resort
11.	Tojo Pine Valley Golf Club
12.	Ohmurasaki Golf Club
13.	Sobu Country Club
14.	Nara Manyo Country Club
15.	Narashino Country Club King & Queen Course
16.	Accordia Golf Garden
17.	Beauvert Country Club

- **“Future Relevant Business”** means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) to be acquired by any Sponsor Group Entity subsequent to the Listing and which are managed under the “Accordia” brand name at the time that the Sponsor or, as the case may be, the Sponsor Group Entity is obliged to make the offer to the Trustee-Manager in accordance with the Call Option Agreement;
- **“Listing”** means the listing of the units of AG Trust on the Main Board of the SGX-ST;

¹ These golf courses are excluded because they are not managed under the “Accordia” brand. Accordia Golf Garden is managed under the “Accordia Garden” brand, which is a brand under which the Sponsor’s driving ranges are managed as it is a practice course with only three holes and some driving ranges. It therefore does not meet the investment criteria of AG Trust.

- **“Related Corporation”** has the meaning ascribed to it in the Companies Act;
- **“Relevant Business”** means the Offer Existing Relevant Business or, as the case may be, the Future Relevant Business;
- **“Relevant Period”** means the Existing Relevant Business Period or, as the case may be, the Future Relevant Business Period; and
- **“Sponsor Group Entity”** means the Sponsor or any of the Sponsor’s existing or future subsidiaries. For the avoidance of doubt, “Sponsor Group Entity” shall exclude each of the Trustee-Manager and its subsidiaries.

The Call Option Agreement shall come into effect in the event that the Golf Course Management Agreement is terminated or becomes void for any reason and shall continue until terminated in accordance with the termination events below.

Undertakings to Offer

The Sponsor has undertaken to the Trustee-Manager that it shall, or shall procure that each Sponsor Group Entity shall, offer the whole of its interests in the (i) Offer Existing Relevant Business and (ii) the Future Relevant Business to the Trustee-Manager by no later than the date falling five years from the date of the acquisition by the Sponsor or, as the case may be, such Sponsor Group Entity of interests in such Offer Existing Relevant Business or the Future Relevant Business (the **“Existing Relevant Business Period”** and the **“Future Relevant Business Period”**, respectively) (save as otherwise extended in writing) (See “– Extension of Relevant Period” below).

The Sponsor Group Entity shall, before making any determination on (i) the branding or re-branding (pursuant to the branding guidelines¹ as at the date of the Call Option Agreement set out in the Call Option Agreement or any other revised guidelines which are separately submitted by the Sponsor to, and approved by, the Trustee-Manager from time to time) that any Call Option Existing Relevant Business, Offer Existing Relevant Business or Future Relevant Business is to be managed under or (ii) the changes to such branding guidelines that have the effect of distinguishing between golf courses managed under the “Accordia” brand and golf courses not managed under the “Accordia” brand, consult with and obtain prior consent from the majority of the independent directors of the Trustee-Manager (the **“Independent Directors”**). The Sponsor Group Entity shall provide the Independent Directors with any information as may be reasonably deemed relevant by the Independent Directors in relation to the branding policy of such golf course business or driving range business. Notwithstanding the foregoing, the Sponsor may make changes to the branding policy which do not affect the AG Trust without obtaining the prior consent from the majority of the Independent Directors.

Extension of Relevant Period

The Sponsor shall automatically be granted a one-year extension of the Existing Relevant Business Period or, as the case may be, the Future Relevant Business Period, provided that the Sponsor first delivers a written notice to the Trustee-Manager setting out in reasonable detail the reasons for the extension at least 30 days prior to the expiry of the Existing Relevant Business Period or the Future Relevant Business Period (as the case may be).

Any subsequent extension shall be at the Trustee-Manager’s discretion.

¹ Please see “The Sponsor – The Sponsor’s multi-brand strategy” for details of the different brands of golf courses operated by the Sponsor under its multi-brand strategy.

Offer Procedure

The Sponsor Group Entity shall issue a Sponsor Written Notice to the Trustee-Manager which shall be accompanied by an indicative price for the interests in the Relevant Business.

Where such Relevant Business is owned jointly by a Sponsor Group Entity together with one or more third parties (such third parties being independent from the Sponsor and which do not hold the interests, directly or indirectly, in the Relevant Business on trust for the Sponsor or any Sponsor Group Entity) and the consent of any such independent third party is required for the offer of the Relevant Business to the Trustee-Manager, the Sponsor shall use its best endeavours to obtain consent from the relevant independent third party or parties and if such consent cannot be obtained, the undertaking to offer will not apply to such Relevant Business.

The undertaking to offer:

- is subject to any prior overriding contractual obligations which the Sponsor Group Entity may have in relation to the Relevant Business and/or the third parties that hold these Relevant Business; and
- is subject to the applicable laws, regulations and government policies.

In the event that:

- the Trustee-Manager does not enter into a binding commitment (in the form of a sale and purchase agreement or an option agreement, whether conditional or unconditional) for the purchase of the Relevant Business within 30 days (or such other period as may be mutually agreed by the Trustee-Manager and the Sponsor) from the date of the Trustee-Manager's receipt of the Sponsor Written Notice;
- the Trustee-Manager indicates in writing to the Sponsor or such Sponsor Group Entity that it shall not be purchasing the Relevant Business; or
- a binding agreement for the proposed acquisition of the Relevant Business is executed within the 30-day period (or such other period as may be mutually agreed by the Trustee-Manager and the Sponsor) above, but terminated by the Trustee-Manager (other than due to the default of the Sponsor or, as the case may be, such Sponsor Group Entity) or terminated by the Sponsor due solely to the default of the Trustee-Manager before the closing of such acquisition,

the Trustee-Manager shall be deemed to not have accepted the offer in respect of the Relevant Business.

Following such deemed non-acceptance, the Relevant Business shall thereafter be subject to a call option granted by the Sponsor to the Trustee-Manager. (See – "Call Option" for further details.)

Prioritising

The Trustee-Manager may require the Sponsor, or as the case may be, such Sponsor Group Entity, to dispose of such Relevant Business not accepted by the Trustee-Manager (the **“Proposed Retained Business”**) to an independent third party as soon as reasonably practicable, provided that such golf course is within a 40-mile radius¹ of any golf course that the TK Operator or the Trustee-Manager has an interest in (the **“Relevant BT Business”**) if a majority of the Independent Directors is of the opinion, after making all reasonable enquiries and to the best of their knowledge and belief, that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity’s interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business, after the following procedures have been complied with:

- (i) The Sponsor shall provide the Independent Directors with any information as the Independent Directors may reasonably deem necessary in providing their opinion, including but not limited to the annual business plan, pricing mechanism, marketing strategies and fringe benefits (if any) applicable to the Proposed Retained Business and the financials of the Proposed Retained Business.
- (ii) The Independent Directors shall take into account such information provided by the Sponsor and any other factor as may be deemed relevant by the Independent Directors and give their opinion of whether the Sponsor Group Entity is prioritising the operations of, or the Sponsor Group Entity’s interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.
- (iii) If the majority of the Independent Directors are of the opinion that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity’s interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business, the Sponsor shall submit to the Independent Directors a proposed plan to mitigate any potential conflicts between the Proposed Retained Business and Relevant BT Business (the **“Conflicts Mitigation Plan”**) within 30 days of the decision of the Independent Directors and implement such proposed plan in respect of the Proposed Retained Business. Such Conflicts Mitigation Plan may include setting out the plans for the pricing mechanism and promotion activities for the Proposed Retained Business and Relevant BT Business and periodic reporting back to the Independent Directors. For example, this may involve plans to take the promotion activities (in terms of sales to promotion costs ratio, promotion methods or frequency) of the Proposed Retained Business to the same level as the Relevant BT Business or vice versa, and/or plans to place pricing at an appropriate level using the past records of pricing levels of the Proposed Retained Business and the Relevant BT Business as a means to determine the appropriate level.

1 A 40-mile radius is used for the following reasons. Assuming visitors to a golf course take 1.5 hours to travel to the course and the average speed is 40 km per hour, this gives a travel distance of 60 km (which is approximately 40 miles). If an average player can be assumed to travel approximately 40 miles to a course, accordingly, a golf course which is not within a 40-mile radius (a 40-mile radius will yield actual travel distance which is longer than 40 miles) of another golf course may be reasonably assumed not to be in competition with each other. According to “Golf Survey 2007” carried out by Golf in Japan (<http://www.golf-in-japan.com/survey-report07/>), a majority (62%) of golfers spent 1 to 1.5 hours travelling to golf courses, with an average travelling time of approximately 1.5 hours. According to data from the Ministry of Land, Infrastructure, and Transport and Tourism of Japan, the average speed on ordinary roads in Japan is approximately 35km/h, while the average speed in central Tokyo area is approximately 12km per hour. Considering that a combination of travel in the city and on the highway is required to reach a golf course, an average speed of 40km per hour is assumed. Neither Golf in Japan nor the Ministry of Land, Infrastructure, and Transport and Tourism of Japan has provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this Prospectus and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

- (iv) The Sponsor shall report to the Independent Directors the results of the implementation of the Conflicts Mitigation Plan within a reasonable timeframe and the Sponsor and the Independent Directors may engage in further good faith discussions in relation to such report. The Independent Directors may also, in good faith, require the Sponsor to submit and implement any revised Conflicts Mitigation Plan if deemed appropriate.
- (v) The Independent Directors shall take into account the reports by the Sponsor in relation to any Conflicts Mitigation Plans, together with the information provided by the Sponsor, and provide their opinion of whether the Sponsor Group Entity should be entitled to retain its interest in the Proposed Retained Business.
- (vi) At any point in time, if unanimously deemed necessary by the Independent Directors, the Independent Directors may engage an independent third party consultant in connection with their opinion of whether the Sponsor Group Entity should be entitled to retain its interest in the Proposed Retained Business and the costs in relation to such consultant shall be equally borne by the Trustee-Manager and the Sponsor.

For the purposes of determining whether the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity's interests in such, Proposed Retained Business, the Independent Directors of the TK Investor shall consider, among other things, the following factors:

- (i) Whether the pricing mechanism for the Proposed Retained Business sets unfairly low prices and/or the pricing mechanism for the Relevant BT Business sets unfairly high prices (such unfairly high or unfairly low pricing to be judged by comparison between the Proposed Retained Business and the Relevant BT Business in terms of the amount of play fee revenue per visitor, with the total number of visitors and any other relevant indices to be disclosed by the Sponsor in monthly reports or otherwise).
- (ii) Whether the promotion activities for the Proposed Retained Business have been unfairly enhanced and/or the promotion activities for the Relevant BT Business have been unfairly scaled down (such unfairly enhanced or unfairly scaled down activities to be judged by comparison between the Proposed Retained Business and the Relevant BT Business in terms of the amount of promotion costs (including the ratio to overall general expenses and total revenue), with the actual method/frequency of promotion activities and any other relevant information to be disclosed by the Sponsor in monthly reports or otherwise).
- (iii) Whether the percentage difference in the last full financial year performance of the revenue per operating day¹ between the Proposed Retained Business and the Relevant BT Business exceeds 30%. For illustrative purposes, if the revenue per operating day of the Proposed Retained Business in the last financial year increased by 10% while the revenue per operating day of the Relevant BT Business decreased by 25%, then the percentage difference in the last full financial year performance of the revenue per operating day between the Proposed Retained Business and the Relevant BT Business is 35% and has therefore exceeded 30%.
- (iv) Whether the revenue per operating day of the Proposed Retained Business in the last financial year increased by more than 15% but the revenue per operating day of the Relevant BT Business does not also increase by more than 15%.

¹ "Revenue per operating day" = total revenue/total operating days of the golf course. The total operating days of the golf course is used in this computation as a fairer comparison in light that there could be reasons why a golf course is shut down for an extended period of time, for example, due to disruption from weather conditions or natural disasters.

- (v) Whether the revenue per operating day of the Relevant BT Business decreases by more than 15% but the revenue per operating day of the Proposed Retained Business does not also decrease by more than 15%.
- (vi) Whether there are any external negative or positive factors beyond the control of the Sponsor (including but not limited to, bad weather, natural disasters, failure of public transportation, opening of a highway, an exit or a high-speed rail or a shopping mall nearby, or the occurrence of a popular event nearby) which may have contributed to the percentage difference in the last full financial year performance of the revenue per operating day between the Proposed Retained Business and the Relevant BT Business exceeding 30%,

provided, however, that the above factors are not exhaustive or conclusive and the Independent Directors shall not be precluded from having regard to any other factors which they may deem appropriate from time to time.

For the avoidance of doubt, the call option shall continue to apply while the procedures above are in process.

In the event a Sponsor Group Entity is entitled to and continues to hold interests in any Proposed Retained Business, the Sponsor shall on an annual basis, within three months from the end of the Sponsor's financial year, submit to the Independent Directors such information as the Independent Directors may reasonably deem necessary in providing their opinion as to whether the Sponsor Group Entity has prioritised the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which has or will materially and adversely affect the Relevant BT Business, including but not limited to the annual business plan, pricing mechanism, marketing strategies and fringe benefits (if any) applicable to the Proposed Retained Business and the financials of the Proposed Retained Business. The Independent Directors may require the Sponsor Group Entity to dispose of such Relevant Business to an independent third party as soon as reasonably practicable if a majority of the Independent Directors, after making all reasonable enquiries and to the best of their knowledge and belief, is of the opinion that the Sponsor Group Entity will prioritise the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.

Call Option

The call option granted to the Trustee-Manager over the Relevant Business shall come into effect once the Trustee-Manager is deemed not to have accepted the offer in respect of the Relevant Business and such Option shall subsist until such time this call option is terminated pursuant to the termination events below.

Upon receipt of a notice in writing from the Trustee-Manager of its intention to exercise the Option (the "**Option Notice**"), the Sponsor shall be obliged to use its best endeavours to negotiate in good faith and agree with the Trustee-Manager on the terms and conditions for such sale of the Relevant Business or Call Option Existing Relevant Business (as the case may be) to the Trustee-Manager by the Sponsor.

Determination of Sale Price under Call Option

For the purposes of determining the sale price of the business (the "**Sale Price**") under the call option, each of the Sponsor and the Trustee-Manager shall appoint an independent valuer to ascertain the value of the business (the "**Agreed Value**") within 30 days of the date of the Option Notice, and the Agreed Value shall be a value between the valuations (both inclusive) of the two valuers (the "**Valuation Range**") and as mutually agreed by the Sponsor and the Trustee-Manager. In the event that the offer involves an offer of interests in a special purpose vehicle and

either of the Trustee-Manager or the Sponsor reasonably believes that the Sale Price should take into account any factors other than the net asset value of such special purpose vehicle and the Agreed Value, the Trustee-Manager and the Sponsor shall jointly appoint an independent accounting firm and the Sale Price shall take into account such other factors which the independent accounting firm reasonably believes should be taken into account.

In the event that any one party does not appoint an independent valuer within the 30-day period referred to above, the Agreed Value of the Relevant Business or Call Option Existing Relevant Business (as the case may be) shall be the value as determined by the independent valuer appointed by the other party.

If the Sponsor and the Trustee-Manager fail to reach an agreement on the Agreed Value within 45 days of the date of the Option Notice, the parties shall jointly appoint an additional independent valuer to ascertain the Agreed Value. If the Agreed Value is within the Valuation Range, the parties shall accept such valuation as final and conclusive for determining the Sale Price. If however, the valuation by such additional independent valuer falls outside the Valuation Range, the parties shall jointly appoint another additional independent valuer and repeat such process until a valuation within the Valuation Range is obtained, which valuation shall be adopted as the final valuation in determining the Sale Price.

Termination

The Sponsor shall be entitled to terminate the undertakings to offer and the call option by written notice to the Trustee-Manager if any one of the following events occurs:

- (i) the Trustee-Manager or any of the Sponsor's Related Corporations ceases to be the trustee-manager of AG Trust;
- (ii) the Sponsor and/or any of its Related Corporations, alone or in aggregate, ceases to be a Controlling Shareholder of the trustee-manager of AG Trust;
- (iii) the Sponsor and/or any of its Related Corporations, alone or in aggregate, ceases to be a Controlling Unitholder of AG Trust; or
- (iv) AG Trust ceases to be listed on the SGX-ST.

GOLF COURSE MANAGEMENT AGREEMENT

The Golf Course Management Agreement was entered into on 27 June 2014 between Accordia Golf and the SPC, pursuant to which, Accordia Golf will undertake certain services in relation to the Facilities in accordance with the terms and conditions set out therein.

For purposes of the Golf Course Management Agreement,

"Facilities" means the golf courses and golf driving ranges (including related hotels and restaurants) and those to be acquired by New SPC after the execution of the Golf Course Management Agreement that are from time to time owned and managed by New SPC.

The principal terms of the Golf Course Management Agreement are summarised below:

Scope of Services

The scope of services (the “**GCMA Services**”) undertaken by Accordia Golf is as follows:

*(a) Golf Course Operation Services (the “**Golf Course Operation Services**”)*

Any and all of the services (including, but not limited to, the following services) to be performed in cooperation with the employees of New SPC in relation to the operation business of the Facilities (excluding the pro-shop operation services):

- (i) golf course management services;
- (ii) golf driving range management services;
- (iii) golf member management services;
- (iv) club operation services;
- (v) hotel-related services; and
- (vi) restaurant-related services.

(b) Advisory Services

- (i) Advisory services for financing of New SPC including refinance;
- (ii) Advisory services for additional offering of TK contributions by New SPC;
- (iii) Advisory services for new execution, amendment, and other cancellation of material agreements other than the agreements to which Accordia Golf is a party (excluding advisory services for renewal of the Asset Management Agreement or acceptability of execution of a new Asset Management Agreement);
- (iv) Advisory services for settlement of disputes arising from the operation of golf courses;
- (v) Administrative procedures, and communication and negotiation, with related persons and relevant government authorities to be carried out on behalf of the Company relating to the services set out in items (b)(i) through (b)(iv) above; and
- (vi) Services for provision of information of golf courses or seller or buyers thereof (excluding those which require a license under the FIEA to be obtained);
- (vii) Services incidental to the services described above.

(c) *Management Services for New SPC*

Joint Operation

If jointly operating (i) the Facilities, and (ii) golf courses and golf driving ranges (including related hotels and restaurants) held by Accordia Golf (the “**Accordia Golf’s Facilities**”) is reasonably considered to benefit¹ both New SPC and Accordia Golf, Accordia Golf may jointly operate the Facilities and Accordia Golf’s Facilities (including, with respect to the goods and services common to the Facilities and Accordia Golf’s Facilities, the execution of an agreement with an independent third party regarding both of the Facilities and Accordia Golf’s Facilities by using New SPC’s or Accordia Golf’s name).

In jointly operating the Facilities and Accordia Golf’s Facilities, Accordia Golf shall, under an agreement with an independent third party:²

- (a) allocate to New SPC the economic benefits derived from such joint operation (including interests such as savings obtained from procurement of sales products, fixtures and fittings, equipment or consumables, facility management, security or other repair to be jointly operated) that relate to the Facilities and
- (b) allocate to Accordia Golf those economic benefits that relate to the Accordia Golf’s Facilities.

The expenses for such joint operation (including advertising expenses and insurance costs for the insurance maintained for both of the Facilities and Accordia Golf’s Facilities) that benefit the Facilities shall be borne by New SPC and those expenses that benefit the Accordia Golf’s Facilities shall be borne by Accordia Golf. Those expenses that are difficult to attribute to either the Facilities or Accordia Golf’s Facilities shall be allocated in proportion to criteria considered to be reasonable such as the number of each of the Facilities or Accordia Golf’s Facilities, the number of holes belonging to, fees for, or number of reservations made by facility users of the Facilities or Accordia Golf’s Facilities, respectively.

Term

The initial term of the Golf Course Management Agreement will be for a period of five years from the day on which the merger between the SPC and the BT Golf Course Subsidiaries under the merger agreement dated 27 June 2014 between the SPC and the BT Golf Course Subsidiaries becomes effective, and unless either party gives written notice of rejection of renewal 6 months prior to the expiration of the term, the term will be automatically extended for a further five year period, and the same will apply thereafter³.

-
- 1 Mutual benefits include volume discount for goods or services (including insurance and advertisement) and common use of systems. This is not a veto right of the Trustee-Manager under the TK Agreement and will be decided by the Sponsor. However, the appropriateness of such decisions of the Sponsor will be checked through the implementation of a “business appropriateness confirmation plan” pursuant to the terms of the Golf Course Management Agreement.
 - 2 Such apportionment and allocation will be made from time to time on a reasonable basis (for example based on the number of golf courses, commissions and reservations) as contemplated under the Golf Course Management Agreement and checked through the implementation of a “business appropriateness confirmation plan” pursuant to the terms of the Golf Course Management Agreement. The Sponsor will prepare a business appropriateness confirmation plan and the internal audit function of the Sponsor will check the performance of the Sponsor’s services in accordance with such plan. The results of such a performance check will be submitted to the Trustee-Manager.
 - 3 No termination cost is provided to be payable if the Golf Course Management Agreement is terminated in accordance with the termination events set out in the Golf Course Management Agreement. (See “Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement – Cancellation” for details of the termination events under the Golf Course Management Agreement.)

Even if either party rejects renewal pursuant to the above, Accordia Golf shall, at the request of New SPC, continue to perform the GCMA Services for the period reasonably designated by New SPC until New SPC completely confirms that there is no interference with the performance of the TK Business (the golf course operating fee¹ in such case will be separately agreed upon and determined by New SPC and Accordia Golf upon consultation). Accordia Golf shall not request New SPC to cancel the use of the Trademarks (as hereinafter defined) and the Systems (as hereinafter defined) for that period.

Fees

New SPC shall pay to Accordia Golf the total amount of the golf course and golf driving range operating fee set out below, the corporate fee set out below, and consumption taxes and local consumption taxes imposed thereon.

- The total amount (monthly amount) of (i) through (iv) below as the golf course and golf driving range operating fee:

(i) Base fee

The amount equivalent to 3.0% of the net sales (excluding tax) in the TK Business for the relevant month, which is adjusted by adding or subtracting the amount equivalent to 3.0% of the difference in the net sales in the TK Business if the net sales (excluding tax) in the TK Business for the previous months is found to be different during the relevant month.

(ii) Incentive fee

The amount equivalent to 5.0% of the incremental operating profits before amortisation (after deducting the base fee and the corporate fee) for the relevant month, which is adjusted by adding or subtracting the amount equivalent to 5.0% of the difference in the incremental operating profits before amortisation of the TK Business if the incremental operating profits before amortisation for the previous months are found to be different during the relevant month².

(iii) Membership revenue incentive fee

The amount equivalent to 60.0% of the admission fees (excluding tax) received during the relevant month from persons who become new members of the golf courses held by New SPC through Accordia Golf's efforts.

1 The Trustee-Manager will have veto rights over the agreement on the fees payable and such a fresh agreement between New SPC and Accordia Golf will constitute a new interested person transaction for the purposes of, and which will be subject to, Chapter 9 of the Listing Manual.

2 The incentive fee is payable even if the operating profits for the relevant month is negative, so long as there has been an increase operating profits from the preceding month.

(iv) Integrated purchasing system¹ usage fee

The amount calculated as the monthly fee of JPY15,000 (equivalent to approximately S\$184) per course, with respect to each of the Facilities as of the first day of the relevant month.

- The total amount (monthly amount) of (i) and (ii) below as the corporate fee:
 - (i) with respect to each of the Facilities as of the first day of the relevant month, and with respect to each golf course facility, the total amount calculated as the monthly amount of JPY2,750,000 per 18 holes according to the number of holes at such golf course facility (however, if the number of 18 holes is considered to constitute one unit, and if the number of holes is fewer than one unit, the amount calculated in proportion to such number of holes (any fraction less than one yen shall be rounded down to the nearest whole yen); and
 - (ii) with respect to each of the Facilities as of the first day of the relevant month, and with respect to each golf driving range facility (however, “golf driving range facility” here does not include any such facility installed alongside a golf course facility), according to the number of driving areas installed in the golf driving range facility, (i) the monthly amount of 1,000,000 yen for 100 driving areas or fewer, or (ii) if the number of driving areas exceeds 100, the total of the amount set out in (i) plus the aggregate of the monthly amounts of 10,000 yen for each such excess driving area.

Burden and Payment of Expenses

- New SPC shall bear the fixed asset tax, corporation tax and other taxes imposed on New SPC, and the operating expenses of the TK Business for the matters set out in the Annual Business Plan (as defined in “Annual Business Plan, Report and Business Improvement Plan” below) as expenses arising in relation to the TK Business. If Accordia Golf pays such expenses or assumes obligations to pay such expenses to an independent third party, New SPC shall, immediately upon the request of Accordia Golf, pay such expenses to Accordia Golf in accordance with Accordia Golf’s instructions.
- Except for the expenses set out in the preceding paragraph, Accordia Golf shall perform the GCMA Services at its expense; provided, however, that New SPC shall bear the fees for external experts such as attorneys, accountants, tax accountants, IT companies and consultants, or travel expenses or transportation expenses within the reasonable extent that are paid by Accordia Golf in connection with the performance of the GCMA Services.

Covenants

- Accordia Golf shall comply with laws and ordinances and perform the GCMA Services with the due care of a good manager.

¹ The integrated purchasing system is a web-based procurement system known as “green@stock” which is operated by Golf Alliance Co., Ltd. (a subsidiary of the Sponsor) and used by the Sponsor and its subsidiaries. Each golf course subsidiary uses the system to order the supplies it needs for the operation of the golf course, including golf course materials such as sand and fertiliser, restaurant food supplies, club house consumables and office supplies. By consolidating orders (in terms of products and suppliers) to enable the placement of large volume orders, the system achieves economies of scale in pricing and reduces logistical costs, leading to lower procurement costs for the Sponsor and its subsidiaries.

- Each party to the Golf Course Management Agreement shall immediately compensate the other party for any damage, loss, costs or other expenses incurred by the other party due to the breach of the obligations by such party set out in the Golf Course Management Agreement or as a result of any of the representations or warranties set out in the Golf Course Management Agreement being false or incorrect.

Annual Business Plan, Report and Business Improvement Plan

(a) Annual Business Plan

- Accordia Golf shall prepare and submit to New SPC an annual business plan (the “**Annual Business Plan**”) for the following business year (which commences on 1 April of each year and ends on 31 March of the following year) and seek written approval for the plan from New SPC prior to the first date of each business year.
- If Accordia Golf is required to change the Annual Business Plan approved by New SPC, Accordia Golf shall submit the changed Annual Business Plan to New SPC, and obtain written approval from New SPC.
- Accordia Golf make its best efforts to perform the GCMA Services within the amount of expenditure provided in the Annual Business Plan that is approved by New SPC. If the amount of expenditure (excluding the capital expenditure (including the capital expenditure for investment in, and maintenance and repair of, the Facilities; the same applies throughout this paragraph)) of the TK Business in a business year is likely to exceed the amount equal to 110.0% (in case where a breach of any of the Financial Covenants (defined under the Senior Loan Agreement) has occurred and is continuing, 105.0%) of the amount of expenditure (excluding the capital expenditure) set out in the Annual Business Plan, Accordia Golf will be required to notify New SPC and obtain written approval of New SPC before the performance of the Services.

(b) Report

- Accordia Golf shall submit to New SPC the annual reporting materials, the monthly provisional financial materials, and the quarterly financial materials of the TK Business.
- In addition, if any fact arises that is considered to have a material effect on the profits of New SPC, Accordia Golf shall promptly report that fact to New SPC.

(c) Business Improvement Plan

- If the profits before amortisation (which means the amount calculated by deducting the expenses from the sales amount) for the period from the commencement date of the relevant business year to the termination date of the relevant quarter in the quarterly financial materials submitted by Accordia Golf are less than 70% of the profits before amortisation for such period set out in the Annual Business Plan for the relevant business year, Accordia Golf shall submit the business improvement plan¹ to New SPC.

¹ The business improvement plan comprises analysis of the cause of the drop in profits before amortisation and the control measures. Analysis of the cause is undertaken on whether the reason lies in natural causes such as weather, market conditions or operational policies (such as pricing or promotional measures). If the drop in profits before amortisation is due to operational policies, sales measures and pricing will be revised and more effective promotion measures will be considered by analysing whether or not the pricing is appropriate to meet market conditions and demands, and if promotional measures (such as events) are being carried out as intended. With respect to cost management, Accordia Golf will aim to maximise profits by reviewing the appropriateness of labour costs and business expenses. Along with such measures, Accordia Golf will create profit plans in light of the measures and monitor the progress.

Use of Office

Accordia Golf allows New SPC to use at no cost part of the building (only the area specified by Accordia Golf) which Accordia Golf is entitled to use as an office for New SPC's businesses to the extent necessary for such businesses.

Grant of licence

- Accordia Golf grants New SPC a license to use the registered trademark of Accordia Golf and trademarks to be registered under the name of Accordia Golf (the "**Trademarks**"), indicating the golf courses associated with Accordia Golf. New SPC may use the Trademarks, or grant an independent third party a sublicense to use the Trademarks for the TK Business (including sublicense to use the Trademarks to the Trustee-Manager, and further sublicense to use to a special purpose company to be separately established by the Trustee-Manager (limited to companies that entrust Accordia Golf to perform services similar to the GCMA Services with respect to the business of operating golf courses and golf driving ranges (including related hotels and restaurants and other facilities) held and operated from time to time)). The compensation for such license is included in the golf course operating fee, and Accordia Golf shall not request New SPC to pay compensation for such license in addition to the golf course operating fee.
- Accordia Golf grants New SPC a license to use the reservation system, customer management system, point system, personnel and administration system, and other key systems (the "**Systems**") held or used by Accordia Golf within the scope necessary for the execution of the TK Business. In addition, Accordia Golf shall provide to New SPC its know-how (including leasing of the agronomy manual and other manuals necessary for the execution of the TK Business; such know-how is hereinafter referred to as the "**Know-how**") within the scope necessary for the execution of the TK Business. The compensation for granting such license and providing the Know-how is included in the golf course operating fee, and Accordia Golf shall not request New SPC to pay compensation for granting such license and providing the Know-how in addition to the golf course operating fee.

Coupon for the Facilities¹

- Accordia Golf may distribute coupons for the use of the Facilities (the "**Facility Coupons**") that may be used at the Facilities to its shareholders at no cost for the improvement of the value of the Facilities operated and managed by Accordia Golf. Accordia Golf shall determine the volume and amount of the Facility Coupons at its discretion (however, if Accordia Golf substantially changes its practice to issue the Facility Coupons at the time of the execution of the Golf Course Management Agreement, Accordia Golf shall obtain prior approval of New SPC).
- Accordia Golf shall reimburse New SPC for the amount equal to the discount by the Facility Coupons if the Facility Coupons distributed to its shareholders are used at the Facilities. Accordia Golf shall calculate the amount equal to the discount by the Facility Coupons, which will have been used during the relevant month, as of the last day of each month and shall pay it to New SPC as the reimbursement by the last day of the following month.

¹ See "The Business of Accordia Golf Trust – Sales and Marketing" for details of the use of the Facility Coupons at the golf courses.

Cancellation

- New SPC may cancel the Golf Course Management Agreement without notice if any of the following events occurs with respect to the other party:
 - (i) if a petition for the commencement of dissolution, liquidation or bankruptcy proceedings, civil rehabilitation proceedings, or any other insolvency proceedings (including any proceedings to be introduced in the future) is filed in relation to Accordia Golf, if Accordia Golf becomes insolvent or suspends payment, or Accordia Golf becomes subject to excessive debt;
 - (ii) if Accordia Golf abolishes or materially changes its business, or all or a material part of the business is transferred and it becomes substantially difficult for Accordia Golf to perform the GCMA Services due to such changes or transfer;
 - (iii) if Accordia Golf becomes subject to complete suspension of a business, or cancellation of a business license or business registration by supervisory agencies, and it becomes substantially difficult to perform the TK Business;
 - (iv) if Accordia Golf becomes subject to a decision of dissolution or order of dissolution is issued;
 - (v) if Accordia Golf becomes subject to suspension of transactions by a clearinghouse;
 - (vi) if Accordia Golf becomes subject to attachment, disposition for a delayed payment or compulsory execution with respect to its material assets; or
 - (vii) if the Lenders request New SPC to cancel the Golf Course Management Agreement, pursuant to the terms and conditions under the Senior Loan Agreement and the Project Agreement.
- If either party violates the Golf Course Management Agreement and fails to perform an obligation under the Golf Course Management Agreement, and if such violation is not remedied and such obligation is not performed after the expiration of 30 days after the other party's making written demand, the other party may immediately cancel the Golf Course Management Agreement with written notice¹.
- Each party represents and warrants that it is not an Anti-Social Force or it has no relationship with an Anti-Social Force. Both parties shall conduct its business in a manner not breaching this representation and warranty. If either party breaches these provisions, the other party may immediately cancel all or part of all the agreements between Accordia Golf and New SPC.

Right of First Refusal

The Sponsor will irrevocably grant New SPC the right of first refusal and other rights as set out below.

The rights granted to the respective parties as set out below will cease immediately upon the termination of the Golf Course Management Agreement.

¹ There is no notice period after 30 days from the written demand by the other party (i.e. the Golf Course Management Agreement is immediately cancelled upon such written notice). Under the Golf Course Management Agreement, there is no termination fee payable for termination in such event.

For purposes of the ROFR to New SPC,

A “**related corporation**” has the meaning ascribed to it in the Companies Act.

“**Relevant Asset**” means any golf course business or driving range business (including all the assets in connection therewith) which generates a continuous and stable cash flow, falling within the investment mandate of the TK Business. Where such golf course business or driving range business is held by a Relevant Entity, directly or indirectly, through a single purpose company, vehicle or entity established solely to hold such golf course business or driving range business (or any assets in connection therewith), the term “Relevant Asset” refers to the shares or equity interests, as the case may be, in that SPV.

“**Relevant Entity**” means any of the Sponsor and any of its existing or future subsidiaries (the “**Sponsor Group**”) and existing or future private funds to be set up or managed by any entity in the Sponsor Group.

A “**subsidiary**” has the meaning ascribed to it in the Companies Act.

Right to initiate discussion

With effect from the Listing Date and until the termination of the Golf Course Management Agreement, New SPC shall have the right to initiate a discussion with the Relevant Entity from time to time to explore the possibility of acquiring from the Relevant Entity, any Relevant Asset based on industry or public data, and the TK Operator shall provide the terms under which it intends to do so.

If the TK Operator initiates discussions with the Relevant Entity in respect of a proposed acquisition, the Relevant Entity shall, in good faith, use its best endeavours to negotiate and agree on the terms and conditions of the sale of the Relevant Asset with the TK Operator. To this end, the TK Operator and the Relevant Entity will then enter into a period of exclusive good-faith negotiation during which the Relevant Entity will provide the TK Operator such key operating and financial information regarding the Relevant Asset as the TK Operator may reasonably request to enable the TK Operator to make an assessment of the Relevant Asset.

If the parties reach a binding agreement on the terms of the acquisition by the TK Operator, then the Relevant Asset will be sold to the TK Operator, subject to compliance with applicable rules (including those of the listing manual of the SGX-ST on interested person transactions). If no agreement is reached or the TK Operator indicates that it is not interested to acquire the asset at this time, the Relevant Entity shall be entitled to continue to operate the asset. The asset so declined by the TK Operator will continue to be subject to its right to initiate discussion and the right of first refusal (“**ROFR**”) set forth below.

Right of First Refusal

In addition and without prejudice to the TK Operator’s right to initiate discussion, with effect from the Listing and until the termination of this Agreement, the TK Operator shall have a ROFR such that in the event that a Relevant Entity intends to acquire a Relevant Asset from an independent third party or to dispose of a Relevant Asset to an independent third party, the Relevant Entity will give the TK Operator the first right to purchase the Relevant Asset.

The Relevant Entity shall issue a Sponsor Written Notice to the TK Operator of any Sponsor Proposed Offer of sale by an independent third party to a Relevant Entity of any Relevant Asset (“**Proposed Acquisition**”); or by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“**Sponsor Proposed Disposal**”) to an independent third party.

Where such Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and the consent of any such third parties is required for the offer of the Relevant Asset to the TK Operator pursuant to the ROFR, the Sponsor shall use its best endeavours to obtain consent from the relevant independent third party or parties and if such consent cannot be obtained, the ROFR will not apply to the disposal of such Relevant Asset.

The ROFR is subject to the TK Operator giving confidentiality undertakings on customary and usual terms. The Sponsor Written Notice shall be accompanied by copies of the offer documents and other supporting documentation as may be reasonably available to the Relevant Entity (which shall include the indicative price for the Relevant Asset and the terms and conditions of the Sponsor Proposed Offer) in connection with the Sponsor Proposed Offer (collectively, the **"Sponsor Transaction Documents"**) made by, or made available to, the Relevant Entity.

Notwithstanding anything to the contrary, the ROFR:

- (a) is subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Asset and/or the third parties that hold these Relevant Assets;
- (b) is subject to, in the case of a Proposed Acquisition, the conditions set out by the independent third party in relation to such Proposed Acquisition;
- (c) excludes (i) the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or (ii) the transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement or constitutional documents of the Relevant Entity; and
- (d) is subject to the applicable laws, regulations and government policies.

The TK Operator shall be entitled to exercise the ROFR only on behalf of itself and for the benefit of the TK arrangement between the TK Operator and the Trustee-Manager.

In the event that:

- (a) the TK Operator does not enter into a binding commitment (in the form of a sale and purchase agreement or an option agreement, whether conditional or unconditional) for the purchase of the Relevant Asset within 30 days (or such other period as may, in the case of a Proposed Acquisition, be stipulated by the relevant independent third party or mutually agreed by the TK Operator and the independent third party; or, in the case of a Sponsor Proposed Disposal, mutually agreed by the TK Operator and the Relevant Entity) from the date of the TK Operator's receipt of the Sponsor Written Notice together with the relevant Sponsor Transaction Documents;
- (b) the TK Operator indicates in writing to the Relevant Entity that it shall not be purchasing the Relevant Asset; or
- (c) a binding agreement for the proposed acquisition of the Relevant Asset is executed, but terminated for any reason attributable to the TK Operator before the closing of such acquisition,

the Sponsor and the TK Operator hereby acknowledge and agree that the TK Operator shall be deemed to have assigned the ROFR and the corresponding rights and benefits thereunder or in connection therewith to the Trustee-Manager and the Relevant Entity shall be obliged to re-take steps to offer the Relevant Asset to the Trustee-Manager (as if all references to the TK Operator

were the Trustee-Manager) and the Sponsor hereby grants its unconditional consent to such deemed assignment to the Trustee-Manager. Such assignment shall be valid and legally binding on all parties hereto.

In the event that the ROFR is deemed to be assigned to the Trustee-Manager, if:

- (i) the Trustee-Manager does not enter into a binding commitment (in the form of a sale and purchase agreement or an option agreement, whether conditional or unconditional) for the purchase of the Relevant Asset within 30 days (or such other period as may, in the case of a Proposed Acquisition, be stipulated by the relevant independent third party or mutually agreed by the Trustee-Manager and the third party; or, in the case of a Sponsor Proposed Disposal, mutually agreed by the Trustee-Manager and the Relevant Entity) from the date of the Trustee-Manager's receipt of the Sponsor Written Notice together with the relevant Sponsor Transaction Documents;
- (ii) the Trustee-Manager indicates in writing to the Relevant Entity that it shall not be purchasing the Relevant Asset; or
- (iii) a binding agreement for the proposed acquisition of the Relevant Asset is executed within the time frame provided in paragraph (i) above but terminated by the Trustee-Manager (other than due to the default of the Relevant Entity) or terminated by the Relevant Entity due solely to the default of the Trustee-Manager,

the Trustee-Manager shall be deemed to be unable to exercise, or not to have exercised, the ROFR and the Relevant Entity shall be entitled to, as the case may be:

- (i) dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the Trustee-Manager; or
- (ii) acquire the Relevant Asset on such terms and conditions no more favourable to the Relevant Entity than those offered by the independent third party to the Trustee-Manager provided that, in the case of (i) above, if the completion of the disposal of the Relevant Asset by the Relevant Entity does not occur within 12 months from the date of the Sponsor Written Notice to the Trustee-Manager, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the right to initiate discussions and the ROFR.

For the avoidance of doubt, any future disposal by a Relevant Entity of its interest in a Relevant Asset previously acquired shall also be subject to the terms of the ROFR.

Undertaking to Offer and Call Option

The Sponsor has undertaken to offer and grant New SPC the call option and other rights as described below.

For the purposes of the call option to New SPC under the Golf Course Management Agreement:

- **“Call Option Existing Relevant Business”** means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) held by a Sponsor Group Entity as at the date of the Golf Course Management Agreement as set out in the table below¹, which are subject to the Call Option as at the date of Listing and which are managed under the “Accordia” brand name at the time that the Call Option is exercised;

No.	Name of Golf Course
1.	Yamanohara Golf Club
2.	Bosyu Country Club
3.	Suzukanomori Golf Club
4.	Kanto Kokusai Country Club
5.	Fukui Country Club
6.	Suifu Golf Club
7.	Echizen Country Club
8.	Otsuki Garden Golf Club
9.	Chitose Country Club
10.	Liberal Hills Golf Club
11.	Kasumidai Country Club
12.	Palm Hills Golf Resort
13.	Sakai Country Club
14.	Inagawa Kokusai Country Club
15.	Onahama Ocean Hotel and Golf Club
16.	Inagawa Green Country Club
17.	Miyagino Golf Club
18.	Ishikawa Golf Club
19.	Labeam Shirahama Golf Club

¹ The list of golf courses that is subject to the call option as at the date of Listing is shorter than the list of golf courses that are currently in the pipeline and operated under the “Accordia” brand referred to in “Overview – Key Investment Highlights and Competitive Strengths – (IV) Strong growth opportunities – Pipeline Golf Courses held by the Sponsor under the “Accordia” brand”, because the remaining golf courses have not reached five years from the date of the acquisition by the Sponsor or, as the case may be, such Sponsor Group Entity. When such courses have reached five years from the date of the acquisition by the Sponsor or, as the case may be, Sponsor Group Entity at a later date post-Listing, they will then be subject to the call option.

In addition, the golf courses in this list are not part of the Initial Portfolio because each of them falls into one or more of the three categories:

- low profitability golf courses recently acquired by the Sponsor, for which profitability may improve through value enhancement initiatives carried out by the Sponsor;
- golf courses for which changes in business model and rebranding is still under way; and
- golf courses for which there are complex land title issues to be resolved by the Sponsor, or those for which full-scale repair of buildings with significant potential cost is required.

See “The Business of Accordia Golf Trust – The Initial Portfolio – Characteristics of Golf Courses in the Initial Portfolio Acquired from the Sponsor Group” for further details of the three categories.

- **“Controlling Shareholder”** in relation to a company means a person who (i) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company or (ii) in fact exercises control over the company;
- **“Controlling Unitholder”** in relation to a business trust means a person who (i) holds directly or indirectly 15.0% or more of the total number of voting units in the business trust or (ii) in fact exercises control over the business trust;
- **“Offer Existing Relevant Business”** means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) held by a Sponsor Group Entity as at the date of Listing and which are managed under the “Accordia” brand name at the time that the Sponsor or, as the case may be, the Sponsor Group Entity is obliged to make the offer to the TK Operator, save for any Call Option Existing Relevant Business. For the avoidance of doubt, this shall not include the golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) set out in the table below¹:

No.	Name of Golf Course
1.	The Southern Links Golf Club
2.	Oak Hills Country Club
3.	New Nanso Golf Club
4.	Narita Golf Club
5.	Narashino Country Club Kuukou Course
6.	Glenoaks Country Club
7.	Ishioka Golf Club
8.	Kobe Pine Woods Golf Club
9.	Manju Golf Club
10.	La Vista Golf Resort
11.	Tojo Pine Valley Golf Club
12.	Ohmurasaki Golf Club
13.	Sobu Country Club
14.	Nara Manyo Country Club
15.	Narashino Country Club King & Queen Course
16.	Accordia Golf Garden
17.	Beauvert Country Club

- **“Future Relevant Business”** means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) to be acquired by any Sponsor Group Entity subsequent to the Listing and which are managed under the “Accordia” brand name at the time that the Sponsor or, as the case may be, the Sponsor Group Entity is obliged to make the offer to the TK Operator in accordance with the Golf Course Management Agreement;
- **“Listing”** means the listing of the units of AG Trust on the Main Board of the SGX-ST;

¹ These golf courses are excluded because they are not managed under the “Accordia” brand. Accordia Golf Garden is managed under the “Accordia Garden” brand, which is a brand under which the Sponsor’s driving ranges are managed as it is a practice course with only three holes and some driving ranges. It therefore does not meet the investment criteria of AG Trust.

- **“Related Corporation”** has the meaning ascribed to it in the Companies Act, Chapter 50 of Singapore;
- **“Relevant Business”** means the Offer Existing Relevant Business or, as the case may be, the Future Relevant Business;
- **“Relevant Period”** means the Existing Relevant Business Period or, as the case may be, the Future Relevant Business Period; and
- **“Sponsor Group Entity”** means the Sponsor or any of the Sponsor’s existing or future subsidiaries. For the avoidance of doubt, “Sponsor Group Entity” shall exclude each of the Trustee-Manager and its subsidiaries.

Undertakings to Offer

The Sponsor has undertaken to the TK Operator that it shall, or shall procure that each Sponsor Group Entity shall, offer the whole of its interests in the (i) Offer Existing Relevant Business and (ii) the Future Relevant Business to the TK Operator by no later than the date falling five years from the date of the acquisition by the Sponsor or, as the case may be, such Sponsor Group Entity of interests in such Offer Existing Relevant Business or the Future Relevant Business (the **“Existing Relevant Business Period”** and the **“Future Relevant Business Period”**, respectively) (save as otherwise extended in writing) (See “– Extension of Relevant Period” below).

The Sponsor Group Entity shall, before making any determination on (i) the branding or re-branding (pursuant to the branding guidelines¹ as at the date of the Golf Course Management Agreement set out in the Golf Course Management Agreement or any other revised guidelines which are separately submitted by the Sponsor to, and approved by, the TK Operator from time to time) that any Call Option Existing Relevant Business, Offer Existing Relevant Business or Future Relevant Business is to be managed under or (ii) the changes to such branding guidelines that have the effect of distinguishing between golf courses managed under the “Accordia” brand and golf courses not managed under the “Accordia” brand, consult with and obtain prior consent from the TK Operator². The Sponsor Group Entity shall provide the TK Operator with any information as may be reasonably deemed relevant by the TK Operator in relation to the branding policy of such golf course business or driving range business.³ Notwithstanding the foregoing, the Sponsor may make changes to the branding policy which do not affect AG Trust without obtaining the prior consent from the TK Operator.

Extension of Relevant Period

The Sponsor shall automatically be granted a one-year extension of the Existing Relevant Business Period or, as the case may be, the Future Relevant Business Period, provided that the Sponsor first delivers a written notice to the TK Operator setting out in reasonable detail the reasons for the extension at least 30 days prior to the expiry of the Existing Relevant Business Period or the Future Relevant Business Period (as the case may be).

Any subsequent extension shall be at the TK Operator’s⁴ discretion.

1 Please see “The Sponsor – The Sponsor’s multi-brand strategy” for details of the different brands of golf courses operated by the Sponsor under its multi-brand strategy.

2 This is a veto right of the TK Investor under the TK Agreement and this is in turn based on whether prior consent is obtained from the majority of the independent directors of the TK Investor (the **“Independent Directors”**).

3 Under the TK Agreement, the TK Operator shall, after obtaining information from the Sponsor, provide such information to the TK Investor for its exercise of veto rights. The TK Investor’s exercise of veto rights is in turn dependent on the decision by the Independent Directors.

4 This is a veto right of the TK Investor under the TK Agreement.

Offer Procedure

The Sponsor Group Entity shall issue a Sponsor Written Notice to the TK Operator which shall be accompanied by an indicative price for the interests in the Relevant Business.

Where such Relevant Business is owned jointly by a Sponsor Group Entity together with one or more third parties (such third parties being independent from the Sponsor and which do not hold the interests, directly or indirectly, in the Relevant Business on trust for the Sponsor or any Sponsor Group Entity) and the consent of any such independent third party is required for the offer of the Relevant Business to the TK Operator, the Sponsor shall use its best endeavours to obtain consent from the relevant independent third party or parties and if such consent cannot be obtained, the undertaking to offer will not apply to such Relevant Business.

The undertaking to offer;

- is subject to any prior overriding contractual obligations which the Sponsor Group Entity may have in relation to the Relevant Business and/or the third parties that hold these Relevant Business; and
- is subject to the applicable laws, regulations and government policies.

In the event that:

- the TK Operator does not enter into a binding commitment (in the form of a sale and purchase agreement or an option agreement, whether conditional or unconditional) for the purchase of the Relevant Business within 30 days (or such other period as may be mutually agreed by the TK Operator and the Sponsor) from the date of the TK Operator's receipt of the Sponsor Written Notice;
- the TK Operator indicates in writing to the Sponsor or such Sponsor Group Entity that it shall not be purchasing the Relevant Business; or
- a binding agreement for the proposed acquisition of the Relevant Business is executed within the 30-day period (or such other period as may be mutually agreed by the TK Operator and the Sponsor) above, but terminated by the TK Operator (other than due to the default of the Sponsor or, as the case may be, such Sponsor Group Entity) or terminated by the Sponsor due solely to the default of the TK Operator before the closing of such acquisition,

the TK Operator shall be deemed to have assigned all rights and benefits under or in connection with the undertakings to offer to the Trustee-Manager and the Sponsor Group Entity shall be obliged to re-take the steps above to offer the Relevant Business to the Trustee-Manager or seek any extension.

In the event the offer is made to the Trustee-Manager and if:

- the Trustee-Manager does not enter into a binding commitment (in the form of a sale and purchase agreement or an option agreement, whether conditional or unconditional) for the purchase of the Relevant Business within 30 days (or such other period as may be mutually agreed by the Trustee-Manager and the Sponsor) from the date of the Trustee-Manager's receipt of the Sponsor Written Notice;
- the Trustee-Manager indicates in writing to the Sponsor or such Sponsor Group Entity that it shall not be purchasing the Relevant Business; or

- a binding agreement for the proposed acquisition of the Relevant Business is executed within the 30-day period (or such other period as may be mutually agreed by the Trustee-Manager and the Sponsor) above, but terminated by the Trustee-Manager (other than due to the default of the Sponsor or, as the case may be, such Sponsor Group Entity) or terminated by the Sponsor due solely to the default of the Trustee-Manager before the closing of such acquisition,

the Trustee-Manager shall be deemed to not have accepted the offer in respect of the Relevant Business.

Following such deemed non-acceptance, the Relevant Business shall thereafter be subject to a call option granted by the Sponsor to the TK Operator. (See – “Call Option” for further details.)

Prioritising

The TK Operator may require the Sponsor, or as the case may be, such Sponsor Group Entity, to dispose of such Relevant Business not accepted by the Trustee-Manager (the “**Proposed Retained Business**”) to an independent third party as soon as reasonably practicable, provided that such golf course or is within a 40-mile radius¹ of any golf course that the TK Operator or the Trustee-Manager has an interest in (the “**Relevant BT Business**”) if the TK Operator is of the opinion², after making all reasonable enquiries and to the best of its knowledge and belief, that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity’s interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business, after the following procedures have been complied with³:

- The Sponsor shall provide the TK Operator with any information as the TK Operator may reasonably deem necessary in providing its opinion, including but not limited to the annual business plan, pricing mechanism, marketing strategies and fringe benefits (if any) applicable to the Proposed Retained Business and the financials of the Proposed Retained Business.

1 A 40-mile radius is used for the following reasons. Assuming visitors to a golf course take 1.5 hours to travel to the course and the average speed is 40 km per hour, this gives a travel distance of 60 km (which is approximately 40 miles). If an average player can be assumed to travel approximately 40 miles to a course, accordingly, a golf course which is not within a 40-mile radius (a 40-mile radius will yield actual travel distance which is longer than 40 miles) of another golf course may be reasonably assumed not to be in competition with each other. According to “Golf Survey 2007” carried out by Golf in Japan (<http://www.golf-in-japan.com/survey-report07/>), a majority (62%) of golfers spent 1 to 1.5 hours travelling to golf courses, with an average travelling time of approximately 1.5 hours. According to data from the Ministry of Land, Infrastructure, and Transport and Tourism of Japan, the average speed on ordinary roads in Japan is approximately 35km/h, while the average speed in central Tokyo area is approximately 12km per hour. Considering that a combination of travel in the city and on the highway is required to reach a golf course, an average speed of 40km per hour is assumed. Neither Golf in Japan nor the Ministry of Land, Infrastructure, and Transport and Tourism of Japan has provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this Prospectus and therefore is not liable for such information under Sections 282N and 282O of the SFA. While AG Trust, the Trustee-Manager, the Sponsor and the Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 This is a veto right of the TK Investor under the TK Agreement, and this is in turn based on whether a majority of the Independent Directors is of the opinion, after making all reasonable enquiries and to the best of their knowledge and belief, that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity’s interests in such, Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.

3 Under the TK Agreement, the TK Operator shall, after obtaining information from the Sponsor, provide such information to the TK Investor for its exercise of veto rights. The TK Investor’s exercise of veto rights is in turn dependent on the decision by the Independent Directors.

- The TK Operator shall take into account such information provided by the Sponsor and any other factor as may be deemed relevant by the TK Operator and give its opinion of whether the Sponsor Group Entity is prioritising the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.
- If the TK Operator is of the opinion¹ that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business, the Sponsor shall submit to the TK Operator a proposed plan to mitigate any potential conflicts between the Proposed Retained Business and Relevant BT Business (the "**Conflicts Mitigation Plan**") within 30 days of the decision of the TK Operator and implement such proposed plan in respect of the Proposed Retained Business. Such Conflicts Mitigation Plan may include setting out the plans for the pricing mechanism and promotion activities for the Proposed Retained Business and Relevant BT Business and periodic reporting back to the TK Operator. For example, this may involve plans to take the promotion activities (in terms of sales to promotion costs ratio, promotion methods or frequency) of the Proposed Retained Business to the same level as the Relevant BT Business or vice versa, and/or plans to place pricing at an appropriate level using the past records of pricing levels of the Proposed Retained Business and the Relevant BT Business as a means to determine the appropriate level.
- The Sponsor shall report to the TK Operator the results of the implementation of the Conflicts Mitigation Plan within a reasonable timeframe and the Sponsor and the TK Operator may engage in further good faith discussions in relation to such report. The TK Operator may also, in good faith, require the Sponsor to submit and implement any revised Conflicts Mitigation Plan if deemed appropriate.
- The TK Operator shall take into account the reports by the Sponsor in relation to any Conflicts Mitigation Plans, together with the information provided by the Sponsor, and provide its opinion of whether the Sponsor Group Entity should be entitled to retain its interest in the Proposed Retained Business.
- At any point in time, if deemed necessary² by the TK Operator, the TK Operator may engage an independent third party consultant in connection with its opinion of whether the Sponsor Group Entity should be entitled to retain its interest in the Proposed Retained Business and the costs in relation to such consultant shall be equally borne by the TK Operator and the Sponsor.

For the purposes of determining whether the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity's interests in such, Proposed Retained Business, TK Operator³ shall consider, among other things, the following factors:

- Whether the pricing mechanism for the Proposed Retained Business sets unfairly low prices and/or the pricing mechanism for the Relevant BT Business sets unfairly high prices (such unfairly high or unfairly low pricing to be judged by comparison between the Proposed

1 This is a veto right of the TK Investor under the TK Agreement, and this is in turn based on whether a majority of the Independent Directors is of the opinion, that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.

2 This is a veto right of the TK Investor under the TK Agreement, which is in turn dependent on whether the Independent Directors unanimously deem this as necessary.

3 This is a veto right of the TK Investor under the TK Agreement, which is in turn dependent on the decision by the Independent Directors.

Retained Business and the Relevant BT Business in terms of the amount of play fee revenue per visitor, with the total number of visitors and any other relevant indices to be disclosed by the Sponsor in monthly reports or otherwise).

- Whether the promotion activities for the Proposed Retained Business have been unfairly enhanced and/or the promotion activities for the Relevant BT Business have been unfairly scaled down (such unfairly enhanced or unfairly scaled down activities to be judged by comparison between the Proposed Retained Business and the Relevant BT Business in terms of the amount of promotion costs (including the ratio to overall general expenses and total revenue), with the actual method/frequency of promotion activities and any other relevant information to be disclosed by the Sponsor in monthly reports or otherwise).
- Whether the percentage difference in the last full financial year performance of the revenue per operating day¹ between the Proposed Retained Business and the Relevant BT Business exceeds 30%. For illustrative purposes, if the revenue per operating day of the Proposed Retained Business in the last financial year increased by 10% while the revenue per operating day of the Relevant BT Business decreased by 25%, then the percentage difference in the last full financial year performance of the revenue per operating day between the Proposed Retained Business and the Relevant BT Business is 35% and has therefore exceeded 30%.
- Whether the revenue per operating day of the Proposed Retained Business in the last financial year increased by more than 15% but the revenue per operating day of the Relevant BT Business does not also increase by more than 15%.
- Whether the revenue per operating day of the Relevant BT Business decreases by more than 15% but the revenue per operating day of the Proposed Retained Business does not also decrease by more than 15%.
- Whether there are any external negative or positive factors beyond the control of the Sponsor (including but not limited to, bad weather, natural disasters, failure of public transportation, opening of a highway, an exit or a high-speed rail or a shopping mall nearby, or the occurrence of a popular event nearby) which may have contributed to the percentage difference in the last full financial year performance of the revenue per operating day between the Proposed Retained Business and the Relevant BT Business exceeding 30%,

provided, however, that the above factors are not exhaustive or conclusive and the TK Operator shall not be precluded from having regard to any other factors which it may deem appropriate from time to time.

For the avoidance of doubt, the call option shall continue to apply while the procedures above are in process.

1 "Revenue per operating day" = total revenue/total operating days of the golf course. The total operating days of the golf course is used in this computation as a fairer comparison in light of the fact that there could be reasons why a golf course is shut down for an extended period of time, for example, due to disruption from weather conditions or natural disasters.

In the event a Sponsor Group Entity is entitled to and continues to hold interests in any Proposed Retained Business, the Sponsor shall on an annual basis, within three months from the end of the Sponsor's financial year, submit to the TK Operator such information¹ as the TK Operator may reasonably deem necessary in providing its opinion as to whether the Sponsor Group Entity has prioritised the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which has or will materially and adversely affect the Relevant BT Business, including but not limited to the annual business plan, pricing mechanism, marketing strategies and fringe benefits (if any) applicable to the Proposed Retained Business and the financials of the Proposed Retained Business. The TK Operator may require the Sponsor Group Entity to dispose of such Relevant Business to an independent third party as soon as reasonably practicable if the TK Operator², after making all reasonable enquiries and to the best of their knowledge and belief, is of the opinion that the Sponsor Group Entity will prioritise the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.

Call Option

The call option granted to the TK Operator over the Relevant Business shall come into effect once the Trustee-Manager is deemed not to have accepted the offer in respect of the Relevant Business and such Option shall subsist until such time this call option is terminated pursuant to the termination events below or the Golf Course Management Agreement is terminated or the deemed assignment of such option to the Trustee-Manager (whichever is earlier).

The Sponsor further grants to the TK Operator the option over the Call Option Existing Relevant Business, and such Option shall subsist until such time this option is terminated pursuant to the termination events below or the Golf Course Management Agreement is terminated or the deemed assignment of such option to the Trustee-Manager (whichever is earlier). Upon receipt of a notice in writing from the TK Operator of its intention to exercise the Option (the "**Option Notice**"), the Sponsor shall be obliged to use its best endeavours to negotiate in good faith and agree with the TK Operator on the terms and conditions for such sale of the Relevant Business or Call Option Existing Relevant Business (as the case may be) to the TK Operator by the Sponsor.

In the event that:

- the TK Operator fails to give the Option Notice to the Sponsor within 15 days from the date the option comes into effect;
- the TK Operator does not enter into a binding commitment (in the form of a sale and purchase agreement, whether conditional or unconditional) for the purchase of the Relevant Business or Call Option Existing Relevant Business (as the case may be) within 30 days (or such other period as may be mutually agreed by the TK Operator and the Sponsor Group Entity) from the date of the Option Notice;
- the TK Operator indicates in writing to the Sponsor Group Entity that it shall not be exercising the Option; or
- a binding agreement for the proposed acquisition of the Relevant Business or Call Option Existing Relevant Business (as the case may be) is executed within the 30-day period (or

1 Under the TK Agreement, the TK Operator shall, after obtaining information from the Sponsor, provide such information to the TK Investor for its exercise of veto rights. The TK Investor's exercise of veto rights is in turn dependent on the decision by the Independent Directors.

2 This is a veto right of the TK Investor under the TK Agreement, and this is in turn based on whether a majority of the Independent Directors is of the opinion, that the Sponsor Group Entity is prioritising and will prioritise the operations of, or the Sponsor Group Entity's interests in, such Proposed Retained Business in a manner which will materially and adversely affect the Relevant BT Business.

such other period as may be mutually agreed by the TK Operator and the Sponsor) above, but terminated for any reason attributable to the TK Operator before the closing of such acquisition,

the TK Operator shall be deemed to have assigned all rights and benefits under or in connection with the call option to the Trustee-Manager.

The TK Operator shall also be deemed to have assigned to the Trustee-Manager all rights and benefits under or in connection with the right to require the Sponsor, or as the case may be, such Sponsor Group Entity, to dispose of such Relevant Business not accepted by the Trustee-Manager (including the rights and benefits in connection with the process of determining whether there is prioritising of the Proposed Retained Business by the Sponsor Group Entity), and the Sponsor Group Entity shall be obliged to take the steps above under the section “Prioritising” vis-à-vis the Trustee-Manager (as if all references to the TK Operator were the Trustee-Manager).¹

Determination of Sale Price under Call Option

For the purposes of determining the sale price of the business (the “**Sale Price**”) under the call option, each of the Sponsor and the TK Operator shall appoint an independent valuer to ascertain the value of the business (the “**Agreed Value**”) within 30 days of the date of the Option Notice, and the Agreed Value shall be a value between the valuations (both inclusive) of the two valuers (the “**Valuation Range**”) and as mutually agreed by the Sponsor and the TK Operator. In the event that the offer involves an offer of interests in a special purpose vehicle and either of the TK Operator or the Sponsor reasonably believes that the Sale Price should take into account any factors other than the net asset value of such special purpose vehicle and the Agreed Value, the TK Operator and the Sponsor shall jointly appoint an independent accounting firm and the Sale Price shall take into account such other factors which the independent accounting firm reasonably believes should be taken into account.

In the event that any one party does not appoint an independent valuer within the 30-day period referred to above, the Agreed Value of the Relevant Business or Call Option Existing Relevant Business (as the case may be) shall be the value as determined by the independent valuer appointed by the other party.

If the Sponsor and the TK Operator fail to reach an agreement on the Agreed Value within 45 days of the date of the Option Notice, the parties shall jointly appoint an additional independent valuer to ascertain the Agreed Value. If the Agreed Value is within the Valuation Range, the parties shall accept such valuation as final and conclusive for determining the Sale Price. If however, the valuation by such additional independent valuer falls outside the Valuation Range, the parties shall jointly appoint another additional independent valuer and repeat such process until a valuation within the Valuation Range is obtained, which valuation shall be adopted as the final valuation in determining the Sale Price.

Termination

The Sponsor shall be entitled to terminate the undertakings to offer and the call option by written notice to the TK Operator and the Trustee-Manager if any one of the following events occurs:

- (i) the Trustee-Manager or any of the Sponsor’s Related Corporations ceases to be the trustee-manager of AG Trust;

¹ On and upon the assignment of such rights and benefits to the Trustee-Manager, the process under which the Trustee-Manager will determine whether the Sponsor, or as the case may be, the Sponsor Group Entity is to dispose of the Proposed Retained Business will be the same as that described in the Call Option Agreement. See “Certain Agreements Relating to Accordia Golf Trust – Sponsor’s Undertakings to Offer and Call Option to the Trustee-Manager – Offer Procedure” for further details.

- (ii) the Sponsor and/or any of its Related Corporations, alone or in aggregate, ceases to be a Controlling Shareholder of the trustee-manager of AG Trust;
- (iii) the Sponsor and/or any of its Related Corporations, alone or in aggregate, ceases to be a Controlling Unitholder of AG Trust; or
- (iv) AG Trust ceases to be listed on the SGX-ST.

ASSET MANAGEMENT AGREEMENT

The Asset Management Agreement has been entered into on 27 June 2014 between the SPC and the Asset Manager pursuant to which the Asset Manager will be appointed to provide advice in relation to the assets held by New SPC, subject to the terms of the Asset Management Agreement.

The principal terms of the Asset Management Agreement are summarised below:

Scope of Services

The scope of services (the “**AM Services**”) delegated to the Asset Manager is as follows:

(a) Golf Course Acquisition Advisory Services

- Due diligence services for the golf courses and golf driving ranges, and related hotels and restaurants (if any) (the “**Golf Courses**”);
- Services for the valuation of contributions, loans and other funding, and agreements governing the decision on material financial and commercial or business policies (the “**Equity Interests**”) of a stock company, special limited liability company, limited liability company, partnership, investment limited partnership, limited liability partnership, limited partnership, or other corporations, partnerships or other entities under the Japanese or foreign laws and ordinances, whether or not incorporated (the “**Vehicle**”) holding the Golf Courses; and
- Advice on the purchase price or other purchase terms of the Equity Interests of the Vehicle holding the Golf Courses.

(b) New SPC’s Golf Course Sale Advisory Services

- Designation of sales procedures and other matters of the Equity Interests of the Vehicle holding the Golf Courses owned by New SPC (directly or indirectly through the Vehicle controlled by New SPC through the ownership of the Equity Interests (the “**New SPC’s Golf Courses**”)) to be sold by New SPC;
- Investigation into the buyer of the Equity Interests of the Vehicle holding New SPC’s Golf Courses to be sold by New SPC;
- Services for the valuation of the Equity Interests of the Vehicle holding New SPC’s Golf Courses to be sold by New SPC; and
- Advice on the sales price or other sales terms of the Equity Interests of the Vehicle holding New SPC’s Golf Courses.

(c) Material Agreement Amendment Advisory Services

- Analysis, etc. of the information of income and expenditure, and other operation status of New SPC's Golf Courses the management of which is delegated by New SPC as the party delegating management services to Accordia Golf pursuant to the Golf Course Management Agreement;
- Negotiation and administrative communication with Accordia Golf in the case of amendments to the contract conditions;
- Designation of the policy and other procedures in the case of the appointment of a successor to Accordia Golf;
- Negotiation and administrative communication with successor candidates for Accordia Golf;
- Assistance for transfer of services to a successor to Accordia Golf; and
- Advice as to whether to renew the Golf Course Management Agreement.

Term

- The term of the Asset Management Agreement will be for a period of five years from the day (the "**Commencement Date of the Effective Term**") on which the merger between the SPC and each of the BT Golf Course Subsidiaries under the merger agreement dated 27 June 2014 between the SPC and each of the BT Golf Course Subsidiaries becomes effective, and unless either party gives written notice of rejection of renewal 6 months prior to the expiration of the term, the term will be automatically extended for a further five year period, and the same will apply thereafter.
- Even if either party rejects renewal under the preceding paragraph, the Asset Manager shall, at the request of New SPC, continue to perform the AM Services for the period reasonably designated by New SPC until New SPC completely confirms that there is no interference with the performance of the TK Business (the fees for the AM Services in such case will be separately agreed upon and determined by New SPC and the Asset Manager upon consultation).

Fees

New SPC shall pay the Asset Manager the following fees as consideration for the AM Services in accordance with the following provisions:

(a) Initial setup fee

- New SPC shall, on the Commencement Date¹ of the Effective Term, pay the Asset Manager as the fee for the improvement of the internal system and collaboration system with related parties necessary for the performance of the AM Services JPY400,000,000 that is 0.265% of the total appraisal value of the SPC's Golf Courses as of 30 September 2013 based on the latest appraisal report the SPC has as of the Commencement Date of the Effective Term together with consumption taxes and local consumption taxes imposed thereon.

¹ The "Commencement Date of the Effective Term" will fall on the Listing Date. The initial setup fee will be paid using part of the proceeds from the Offering as well as part of the proceeds from a draw down of the New Debt Facilities.

(b) Base Fee

- New SPC shall, for each Calculation Period (as defined in TK Agreement), pay the Asset Manager the total of the amounts calculated in accordance with the following formula as the base fee together with the consumption taxes and local consumption taxes imposed thereon within three months after the last day of the relevant Calculation Period.
- The formula shall be the amount equal to the appraisal value of New SPC's Golf Courses based on the last appraisal reports New SPC has as of the last day of the Calculation Period multiplied by 0.066%, multiplied by the actual number of days of the Calculation Period, and divided by 365 (fractions less than one yen will be rounded down); provided, however, that for the first Calculation Period, JPY99,524,040 multiplied by the actual number of days of the first Calculation Period, and divided by 365 (fractions less than one yen will be rounded down).

(c) Acquisition fee

- If New SPC acquires the Equity Interests of the Vehicle holding the Golf Courses in accordance with the Golf Course Acquisition Advisory Services, New SPC shall pay the Asset Manager the amount equal to 0.75% of the appraisal value of the Equity Interests of the Vehicle holding the Golf Courses determined by the appraiser designated by New SPC as the acquisition fee, together with the consumption taxes and local consumption taxes imposed thereon at the same time of the payment of the purchase price.

(d) Disposition fee

- If New SPC sells the Equity Interests of the Vehicle holding New SPC's Golf Courses in accordance with New SPC's Golf Course Sale Advisory Services, New SPC shall pay the Asset Manager the amount equal to 0.15% of the appraisal value of the Equity Interests of the Vehicle holding the New SPC's Golf Courses based on the latest appraisal report as of the sales date as the disposition fee, together with the consumption taxes and local consumption taxes imposed thereon at the same time of the receipt of the sales price.

Cancellation

- If any of the following events occurs, this Agreement will automatically terminate:
 - (i) the liquidation of New SPC is completed; or
 - (ii) New SPC and the Asset Manager agree to terminate the Asset Management Agreement.
- New SPC and the Asset Manager may immediately cancel the Asset Management Agreement without notice or other procedures if any of the following events occurs with respect to the other party:
 - (i) a petition for the commencement of bankruptcy proceedings, commencement of corporate reorganisation proceedings, commencement of special liquidation, commencement of civil rehabilitation proceedings, or any other similar insolvency proceedings (including any proceedings to be introduced in the future) is filed for the other party;
 - (ii) the other party suspends a payment, becomes insolvent or is subject a suspension of transactions by a clearinghouse;

- (iii) the other party is subject to a suspension of business, restraining disposition or dissolution order by a competent government agency, or resolves to discontinue or otherwise wind up its business;
 - (iv) there is a fact that causes a loss in the reputation of the other party and/or New SPC or the Asset Manager, as the case may be, and it is reasonably determined that it is difficult to continue the Asset Management Agreement;
 - (v) the other party materially violates the Asset Management Agreement; however, if such material violation is capable of being cured, the cancellation event is the other party's failure to cure it within five days despite receiving a demand to cure it from New SPC or the Asset Manager, as the case may be; or
 - (vi) a representation or warranty made by the other party in the Asset Management Agreement is found out to be false or incorrect in a material respect.
- New SPC may immediately cancel the Asset Management Agreement without notice or other procedures if any of the following events occurs:
 - (i) New SPC's assets or reputation is significantly damaged for reasons attributable to the Asset Manager;
 - (ii) a registration, license, permit or other approval is cancelled or invalidated in relation to the Asset Manager, and the Asset Manager becomes unable to perform the AM Services as a result of such cancellation or invalidation;
 - (iii) all or part of New SPC's Golf Courses are damaged due to an act of God, fire or other event not attributable to New SPC or the Asset Manager, and New SPC reasonably determines that it is difficult or impossible to continue this Agreement; or
 - (iv) there is a change in the assets of the Asset Manager that has a material adverse effect on the performance of the AM Services, or New SPC reasonably determines on objective and reasonable grounds that such change is likely to occur, and the Asset Manager fails to correct such change in substance reasonably satisfactory to New SPC within 30 days after the Asset Manager receives written notice demanding correction of such change given by New SPC to the Asset Manager.
 - In the case of the termination of all of the TK Agreement and the other tokumei kumiai agreement (the "**Other TK Agreement**") entered into between the TK Operator and Mizuho Securities Co., Ltd. (the "**Other TK Investor**"), a material change in a party to each tokumei kumiai agreement, a material change in the terms of each tokumei kumiai agreement, or any other similar events, if it is reasonably considered that it is objectively difficult for the Asset Manager to provide the AM Services under the Asset Management Agreement, the Asset Manager may cancel the Asset Management Agreement upon written notice to New SPC.
 - New SPC and the Asset Manager represents and warrants that it is not an Anti-Social Force and it has no relationship with an Anti-Social Force. Both parties shall conduct its business in a manner not breaching such representation and warranty. If either party breaches these provisions, the other party may immediately cancel all or part of all the agreements between them.

Damages

- If New SPC incurs damage, loss or expenses (including, but not limited to, attorneys' fees, "**Damage, Etc.**") due to wilful misconduct (which includes fraud) or negligence of the Asset Manager, or its officer, employee or affiliated person upon the handling of the AM Services, the Asset Manager shall compensate New SPC for Damage, Etc. to the extent there is reasonable causation immediately after the request of New SPC.
- Except as provided for in the preceding paragraph, the Asset Manager shall not bear any damage arising from the management of New SPC's Golf Courses by New SPC, and shall not provide any special interest to New SPC in connection with the management of New SPC's Golf Courses, the Asset Management Agreement or other matters.

Indemnification

- If a lawsuit is brought, or a claim for damages is made, against the Asset Manager, or its directors, officers, employees or agents (collectively, the "**Indemnities**") in relation to the AM Services, New SPC shall provide evidential materials and otherwise provide cooperation necessary for the defence of the Indemnities within a reasonable extent, unless the Damage, Etc. is caused by the wilful misconduct (which includes fraud) or gross negligence of the Indemnities.
- New SPC shall indemnify the Indemnities for Damage, Etc. incurred by the Indemnities due to the filing of a lawsuit or claim for damages set out in the preceding paragraph, or defence or investigation in relation thereto to a reasonable extent, unless the Damage, Etc. is caused by the wilful misconduct (which includes fraud) or gross negligence of the Indemnities.

Covenants

The Asset Manager shall comply with the agreements executed by New SPC and other applicable laws and ordinances, and perform the AM Services with the due care of a good manager in good faith on behalf of New SPC for the purpose of maximising the profits of New SPC at any time.

TOKUMEI KUMIAI AGREEMENT (THE "TK AGREEMENT")

The TK Agreement has been entered into on 27 June 2014 between Accordia Golf and the SPC. The TK Agreement governs the contractual relationship between Accordia Golf as the TK Investor and New SPC as the TK Operator under which the TK Investor makes contributions to the TK Operator in return for the right to receive distributions of profits generated from the business managed by the TK Operator.

For purposes of the TK Agreement,

"Debt Obligation" means any and all debts owed by the TK Operator as a result of issuing corporate bonds or borrowing (excluding debt obligations under the loan agreement through which the TK Operator makes borrowing from Accordia Golf to apply to a part of the TK Operator's own contribution to the TK Business).

The principal terms of the TK Agreement are summarised below:

TK Contributions (the “TK Contributions”)

- On 1 August 2014 or such other day designated by the TK Investor (the “**Initial Contribution Date**”), the TK Investor shall contribute to the TK Business the shares (the “**Contributed Shares**”) in AH11 and AH12 (any and all of the rights of the Contributed Shares will be completely transferred to the TK Operator upon such contribution). The amount of such contribution will be separately agreed between the TK Operator and the TK Investor by the Initial Contribution Date.
- The TK Investor as the assignee of the TK Interests (as hereinafter defined) under the TK Interest Transfer Agreement (as hereinafter defined) shall pay to the TK Operator S\$71,789,000 as additional contribution on the Assignment Date (as hereinafter defined).
- The TK Investor may make an additional contribution after considering the TK Operator's request.

Conditions Precedent

The TK Investor makes the TK Contributions subject to the satisfaction of all of the following conditions.

- The Corporate Split has been effective and no actual threat has arisen that the Corporate Split will be invalidated.
- The assignment of shares in the relevant Golf Course Subsidiaries has been completed.
- All of the TK Operator's representations and warranties set out in the TK Agreement are true and correct.
- Certain corporate documents have been delivered to the TK Investor.
- No cause or event has occurred that may hinder or jeopardise the Listing.
- No cause or event (other than the Corporate Split) has occurred that has a material adverse effect on the financial conditions, operating results, cash flow, business, assets, liabilities or future earnings plan of the TK Investor or each Splitting Golf Course Subsidiary or AH03.
- the Amount Paid to the BT is expected to be not less than S\$1,056,599,000.

Covenants

TK Operator covenants, *inter alia*, following matters:

- The TK Operator shall, with the due care of a good manager, carry out all duties it determines are necessary for achieving the purpose of the TK Business.
- The TK Operator shall enforce the rights and perform the obligations in a timely and appropriate manner vis-a-vis counterparties under the agreements executed in connection with the TK Business.

- Upon the receipt of the written notice under the Golf Course Management Agreement from Accordia Golf with respect to the exercise of the ROFR by TK Operator, the TK Operator shall immediately deliver a copy of such notice to the TK Investor (being the Trustee-Manager). If the TK Operator intends to exercise the ROFR in relation to such notice, the TK Operator will be required to obtain approval from the TK Investor. If an event to assign the ROFR to the TK Investor set out in the Golf Course Management Agreement occurs, the TK Operator shall assign the ROFR in relation to such event to the TK Investor at no cost, and the TK Investor shall have such ROFR.
- Upon the receipt of the written notice under the Golf Course Management Agreement from Accordia Golf in respect of an offer to purchase golf courses and golf driving ranges by Accordia Golf, the TK Operator shall immediately deliver a copy of such notice to the TK Investor (being the Trustee-Manager). If the TK Operator intends to accept the offer in relation to such notice, the TK Operator shall obtain the TK Investor's approval. If an event to assign all of the rights and status of the offer to the TK Investor set out in the Golf Course Management Agreement occurs, the TK Operator shall assign all of the rights and status of the offer in relation to such event to the TK Investor at no cost, and the TK Investor shall have such rights and status.
- If the TK Operator intends to exercise the Call Option under the Golf Course Management Agreement, the TK Operator shall obtain the TK Investor (being the Trustee-Manager)'s approval. If an event to assign the Call Option to the TK Investor set out in the Golf Course Management Agreement occurs, the TK Operator shall assign the Call Option in relation to such event to the TK Investor at no cost, and the TK Investor shall have such Call Option.

Negative Covenants

TK Operator covenants that it will not take, *inter alia*, any of the following actions:

- Carrying out any business other than the TK Business, real-estate related business¹ which is not included in the TK Business and pro-shop operation services outsourced from an independent third party.
- Entering into a tokumei kumiai agreement and receive contributions, unless the contributions are received under the TK Agreement and the Other TK agreement.
- Offering a security for, guarantee, or assume, obligations of any independent third party.
- Making a new monetary loan to an independent third party.
- Conducting, or causing a third party to conduct, any of the following acts (the “**Violent Acts**”):
 - (i) violent demand;

1 New SPC may be required to sell, exchange or lease its real estate to or with third parties in certain limited circumstances set out below and “real-estate related business” refers to such transactions. These transactions cannot be included in the TK Business because profits from real-estate related transactions cannot be distributed to TK investors unless the TK Operator has a special licence under the Real Estate Specified Joint Enterprise Act of Japan (see “The Restructuring Exercise – 5. The Arrangement of the Pro-Shop Business”).

Some examples of such transactions are:

- (a) Currently, some parts of certain lands in the Initial Portfolio Golf Courses are leased to electric power companies to install steel towers and power cables, and therefore New SPC will continue to lease such lands.
- (b) New SPC may be required to sell land to a local government at the latter's request for public use; and
- (c) New SPC may be able to acquire leased land from the land owner by exchanging New SPC's lands with such leased land.

- (ii) unjust demand of a person that exceeds that person's legal liability;
- (iii) use threatening behavior or violence in connection with a transaction;
- (iv) damage the other party's credibility or obstruct the other party's business by spreading rumors, using fraudulent means or using fraudulent force; or
- (v) any other acts similar to the above items.

Veto Rights of TK Investor

The TK Operator shall not carry out the following matters ("**Matters Requiring Approval**") without approval of the TK Investor:

- Amendment to the articles of incorporation
- Cessation or change of principal business
- Merger, corporate split, disposal of business, acquisition of business, or business alliance (excluding organisational reforms upon the acquisition or disposal of shares or equity interests of a company which operates golf courses or golf driving ranges, and related hotels and restaurants (if any))
- Establishment of an affiliate, and merger, corporate split, dissolution, disposal of business, or acquisition of business at the level of an affiliate (excluding organisational reforms upon the acquisition or disposal of shares or equity interests of a company which operates golf courses or golf driving ranges, and related hotels and restaurants (if any))
- Winding up or dissolution
- Change to the equity capital structure
- Change to the dividend distribution policy
- Distribution of surplus to the members
- Any matters listed below (except for those that are specified in an annual business plan approved by the TK Investor)
 - (i) Issue of bonds or incurring of borrowings of JPY2.5 billion or more
 - (ii) Creation of security over the assets under the TK Business
 - (iii) Acquisition or disposal of shares or equity interests of a company which operates golf courses or golf driving ranges, and related hotels and restaurants (if any)
 - (iv) Disposition of assets under the TK Business of JPY100 million or more
 - (v) Making expenditure or capital expenditures, or payment of general costs or material costs of JPY500 million or more
 - (vi) Sale, exchange or other disposal of lands

- Entry into the “Interested Person Transactions” (as defined in the Listing Manual)
- Material amendment to (including fees and commissions, but the agreement on the details of the method of the performance of the GCMA Services in accordance with the Golf Course Management Agreement, and amendment thereto, are not included in the material amendment set out in this item), novation of, or cancellation by agreement of, the Golf Course Management Agreement, the Asset Management Agreement or other agreements (if any) (the “**Other Material Agreements**”) of importance equivalent to the Golf Course Management Agreement or the Asset Management Agreement for the TK Business executed on or after the Initial Contribution Date.
- Entry into the Other Material Agreements
- (i) Waiver of, or failure to exercise, the cancellation right, or (ii) waiver of the rights or remedies against the other parties who have breached their obligations, or pardon for such breach of obligations under the Golf Course Management Agreement, the Asset Management Agreement or the Other Material Agreements
- Prior to the expiration of the term of the Golf Course Management Agreement, the Asset Management Agreement or of any Other Material Agreements, issuance or non-issuance of a notice of refusal to renew before the due date set out in the relevant agreement. The TK Operator shall, after obtaining advice from the Asset Manager with respect to approving or disapproving renewal of the Golf Course Management Agreement, notify the TK Investor of the details of such notice and request the TK Investor to give approval pursuant to this item no later than 8 months prior to the expiration of the Golf Course Management Agreement. If the TK Investor is requested to give approval pursuant to this item, the TK Investor shall be required to give a response by the due date on which it must give notice of refusal to renew set out in each of the above agreements (if the TK Investor fails to give a response by such due date, the TK Investor shall be deemed to have approved of not refusing renewal), and if the TK Investor responds that it disapproves of not refusing renewal, the TK Operator shall immediately give the other party notice of refusal of renewal.
- Capital reduction
- Conversion to a different entity
- Admission or withdrawal of members, or refund of equity interest to, or additional investment of equity interest from, a member
- Receiving additional TK contributions from the Other TK Investor under the Other TK Agreement
- Exercise of the ROFR
- Acceptance of the offer, exercise of the Call Option, and other exercise or decision-making of the rights related thereto under the Golf Course Management Agreement
- Amendment to the provisions in relation to the ROFR, the offer or the Call Option under the Golf Course Management Agreement
- Establishment of the additional payment if amount of expenditure (excluding the capital expenditure (including the capital expenditure for investment in, and maintenance and repair of, golf courses and golf driving ranges, and related hotels and restaurants (if any) held by the TK Operator)) of the TK Business in a business year exceeds the amount equal to 110% of the amount of expenditure set out in the annual business plan

- Maintenance and repair of the golf courses or golf driving ranges, and related hotels and restaurants (if any) held by the TK Operator as set out below:
 - (i) Maintenance and repair (a) involving capital expenditure and (b) exceeding the scope of the annual business plan
 - (ii) Maintenance and repair (a) not involving capital expenditure and (b) exceeding the scope of the amount of the annual business plan
- Amendment or abolishment of any important internal rules of the TK Operator
- Preparing and amending annual business plan
- Approval of the issuance of coupons by Accordia Golf to its shareholders for the use of the facilities that may be used in the golf courses or golf driving ranges, and related hotels and restaurants (if any) held by the TK Operator (only if Accordia Golf's practice to issue such coupons at the time of the execution of the TK Agreement is changed).

However, if the Debt Obligations are accelerated against the TK Operator and the majority lenders of such Debt Obligations give their approval with respect to a Matter Requiring Approval¹ under the relevant agreement relating to such Debt Obligations, the TK Investor's approval will be deemed to have been given with respect to carrying out of that Matter Requiring Approval.

Preparation and Reporting of Accounting Records

The TK Operator shall deliver to the TK Investor a copy of the financial statements for each calculation period (each period from April 1 (inclusive) to the last day of September (inclusive), and from October 1 (inclusive) to the last day of March in the following year (inclusive); the "**Calculation Period**"). The last day of each Calculation Period is hereinafter referred to as the "**Calculation Date**".

TK Investor's Inspection Rights

- The TK Investor may request to (i) inspect the TK Business's balance sheet and profit and loss statement and (ii) directly inspect the status of the operations and assets of the TK Business and the TK Operator shall promptly comply with that request.
- The TK Investor may cause an audit corporation designated by the TK Investor to inspect the Recourse Assets (defined hereunder) and the TK Business and the TK Operator shall cooperate to a reasonable extent.

Allocation of Profits and Losses of the TK Business²

- Effective Statutory Tax Rate in this "Allocation of Profits and Losses of the TK Business" means the tax rate calculated by the following formula:

$$\{ \text{Corporation tax rate} \times (1 + \text{special reconstruction corporate tax rate}) + \text{corporation tax rate} \times \text{inhabitants tax rate} + \text{enterprise tax rate} + \text{standard enterprise tax rate} \times \text{special local corporation tax rate} \} / (1 + \text{enterprise tax rate} + \text{standard enterprise tax rate} \times \text{special local corporation tax rate})$$

1 A "Matter Requiring Approval" refers to any of the matters subject to the veto right of the Trustee-Manager under the TK Agreement, which are also prohibited matters under the Senior Loan Agreement which require the prior approval of the Lenders.

2 The allocation of profits and losses of the TK Business in accordance with this provision will be undertaken by New SPC with the assistance of the Sponsor, together with the relevant professional advisors and then checked by the auditors of New SPC.

The tax rate set out in the formula is the tax rate applicable in the tax return of the TK Operator for the business year to which the Calculation Date belongs.

- The TK Operator shall calculate the profits or losses of the TK Business accruing to the TK Operator (the “**TK Business Profits and Losses**”) for each Calculation Period in accordance with generally-accepted accounting principles in Japan. However, if generally-accepted corporate accounting principles in Japan differ from accounting methods stipulated under taxation law applicable in each Calculation Period of the TK Operator, such accounting methods stipulated under taxation law shall be applied, unless the TK Operator determines that the treatment under the next paragraph is appropriate. In addition, if events set out in (i) or (ii) of the next paragraph occur upon the calculation of the TK Business Profits and Losses, the total amount thereof multiplied by {the Effective Statutory Tax Rate/(1 – the Effective Statutory Tax Rate)} will be recorded as cost. If an event set out in (iv) of the next paragraph occurs, the TK Operator shall notify the TK Investor and the Other TK Investor thereof with a *tokumei kumiai* accounting statement and distribute as adjustment item upon the calculation of taxable income of the TK Investor and the Other TK Investor.
- Upon the calculation of the TK Business Profits and Losses for each Calculation Period in case that generally-accepted corporate accounting principles in Japan differ from accounting methods stipulated under taxation law applicable in each Calculation Period of the TK Operator as set out in the second sentence of the preceding paragraph, the TK Business Profits and Losses will be calculated in accordance with generally-accepted accounting principles in Japan if the TK Operator determines it appropriate. In such case, the TK Business Profits and Losses will be adjusted by (a) in the case of (i) or (ii) below, recording, as cost, the amount equal to the total of (i) or (ii) below multiplied by {the Effective Statutory Tax Rate/(1 – the Effective Statutory Tax Rate)}, and (b) if events set out in (iii) and (iv) below occurs, notifying the TK Investor and the Other TK Investor thereof with a *tokumei kumiai* accounting statement and distributing, as temporary difference upon the calculation of taxable income of the TK Investor and the Other TK Investor, the amount of (iii) and (iv) below.
 - (i) among the items subject to adjustment for taxable income under the Corporation Tax Act, etc., the amount of the networking expenses, donations expenses, or other expenditure items subject to adjustment for taxable income under the Corporation Tax Act, etc. (excluding the amount constituting the amount of stated capital, the amount not included in profits such as dividends income, and special deductible amount under the Corporation Tax Act, etc.);
 - (ii) among the amounts subject to adjustment for taxable income under the Corporation Tax Act, etc. other than the expenditure items set out in the preceding item (i) (the “**Internal Reserve Items**”), the Internal Reserve Item that is not expected to be settled before the end of the TK Agreement;
 - (iii) the Internal Reserve Item other than the Internal Reserve Items set out in the preceding item (ii); or
 - (iv) the amount subject to adjustment upon the calculation of taxable income of the TK Operator in the Calculation Period for addition or subtraction of the items of adjustment for tax purposes (excluding items in relation to the fixed asset) recognised upon the qualified merger of the TK Operator.
- If the net profit of the TK Business (the “**TK Net Profit**”) is recorded for a Calculation Period as a result of the calculation under the above two paragraphs, the TK Operator shall allocate

to the TK Investor and the Other TK Investor 99% of the TK Net Profit (after compensating the loss of the TK Business thus far) in proportion to their respective contribution amounts as of the relevant Calculation Date.

- If the net loss of the TK Business (“**TK Net Loss**”) is recorded for a Calculation Period as a result of the calculation under the second and third paragraphs in this “Allocation of Profits and Losses of the TK Business,” the TK Operator shall, in accordance with the TK Agreement, allocate to the TK Investor and the Other TK Investor 99% of that TK Net Loss in proportion to their respective contribution amounts as of the relevant Calculation Date.

Cash Distribution

- On the last day of May and the last day of November of each year (the “**Cash Distribution Date**”), the TK Operator shall transfer from the money in the account opened as the main account which mainly receives revenue and any other cash under the TK Business (the “**Main Account**”) to the account opened as the release account (the “**Release Account**”) or the account opened as the TK operator independent account (the “**TK Operator Independent Account**”) the cash distribution amount and the distribution amount for the TK Operator’s contributions determined as set out below; provided, however, that if the distributable maximum amount determined as set out below is less than the total of the cash distribution amount and the distribution amount for the TK Operator’s contributions on the Cash Distribution Date, the TK Operator shall transfer such distributable maximum amount to the Release Account or the TK Operator Independent Account in proportion to the amount of the cash distribution amount and the distribution amount for the TK Operator’s contributions.

(i) Cash distribution amount

Amount calculated in accordance with the following formula as of the Calculation Date immediately preceding the Cash Distribution Date:

$$(A - B - C - D) \times 0.99$$

Where,

- A: the balance of the amount in the Main Account as of such Calculation Date
- B: the amount reasonably expected to be required to be paid or reserved in relation to the Debt Obligations of the TK Operator on the Cash Distribution Date (inclusive) immediately following such Calculation Date
- C: the amount (only the outstanding amount) payable to the owner of the Pro-Shop Business as the proceeds from sales in relation to the pro-shop operation business before the last day of the calendar month to which such Calculation Date belongs, and the amount expected to be payable on the last day of the immediately following calendar month as the proceeds from sales in relation to the pro-shop operation business for the calendar month to which such Calculation Date belongs
- D: the amount (up to the amount set out in the annual business plan on each Calculation Date) determined to be reserved by the TK Operator on such Calculation Date after it reasonably considers to be necessary to continue the TK Business before the immediately following Calculation Date

(ii) Distribution amount for the TK Operator's contributions

Amount calculated in accordance with the following formula:

$$A - B - C - D - E$$

Where, A, B, C and D are the same as those set out in (i) above.

E: the amount calculated in accordance with (i) above as cash distribution amount as of the Cash Distribution Date

(iii) Distributable maximum amount

Amount calculated in accordance with the following formula:

$$A' - B' - C'$$

Where,

A': the balance of the amount in the Main Account as of the Cash Distribution Date

B': the amount required to be paid or reserved in relation to the Debt Obligations of the TK Operator before the relevant Cash Distribution Date (inclusive)

C': the amount (only the outstanding amount) payable to the owner of the Pro-Shop Business as the proceeds from sales in relation to the pro-shop operation business before the last day of the calendar month to which the Cash Distribution Date belongs, and the amount expected to be payable on the last day of the immediately following calendar month as the proceeds from sales in relation to the pro-shop operation business for the calendar month to which the Cash Distribution Date belongs

- The TK Operator shall pay, as a cash distribution, the TK Investor and the Other TK Investor, in proportion to their respective contribution amounts, the amount of the Release Account on the Cash Distribution Date.

Limited Recourse¹

Repayment of contributions and distribution of cash from the TK Operator to the TK Investor will be limited to the cash in the Release Account and the rights to claim repayment of deposits in the Release Account (including interest), until payment of the Debt Obligations of the TK Operator is completed. The TK Operator's assets subject to recourse are hereinafter referred to as the **"Recourse Assets."**

Amendment to the TK Agreement

The Agreement may be amended only upon prior written agreement between the TK Investor and the TK Operator.

¹ The rationale of this provision is to reflect the arrangement that payments to the TK Investor (which include semi-annual distributions to the TK Investor under the TK Agreement) are subordinated to the creditors of New SPC. However, for so long as TK Operator is meeting its payment obligations under the Senior Loan Agreement and certain events under the Project Agreement do not occur (see "Capitalisation and Indebtedness – Indebtedness – Prohibited Matters" for a list of the matters under the Project Agreement), distribution payments to the TK Investor is not subject to the approval of the Lenders.

Cancellation

Each of the TK Investor and the TK Operator may immediately cancel the TK Agreement without notice to the other party if (i) all payment obligations (excluding debt obligations under the loan agreement through which the TK Operator makes borrowing from Accordia Golf to apply to a part of the TK Operator's own contribution to the TK Business) borne by the TK Operator in relation to the TK Business have been paid in full, (ii) the other party conducts the Violent Acts or (iii) the other party breaches its representation and warranty that it is not and has never been an Anti-Social Force.

End of the TK Agreement

The TK Agreement ends on the day on which any of the following occurs:

- The TK Operator dissolves or any insolvency proceedings commence in relation to the TK Operator.
- The TK Agreement is cancelled.
- The TK Operator notifies the TK Investor in writing of the end of the TK Business where (a) it becomes no longer possible to continue the TK Business due to damage to or loss of all or a material part of the assets held by the TK Operator in relation to the TK Business or due to any amendment or change of any law or regulation, or (b) any asset held by the TK Operator which is indispensable to the continuation of the TK Business is disposed of.
- The TK Investor and the TK Operator agree to end the TK Agreement.
- The bankruptcy proceeding has commenced in respect of the TK Investor.

Liquidation after End of the TK Agreement

If the TK Agreement ends, the TK Operator shall pay the TK Investor and the Other TK Investor as return to the TK Investor and the Other TK Investor of the value of their contributions and allocated profits, within the limits of the amount equal to the Recourse Assets remaining after the TK Operator has disposed of the assets of the TK Business by a method it deems appropriate, has paid all payment obligations (excluding debt obligations under the loan agreement through which the TK Operator makes borrowing from Accordia Golf to apply to a part of the TK Operator's own contribution to the TK Business) and expenses in relation to the TK Business, and has reserved the amount of the outstanding corporation tax and local tax imposed upon the TK Business (this entire process is hereinafter referred to as "**TK Business Liquidation**") by distributing the amount of balance (after deducting the amount payable to the TK Operator in the proportion of the TK Operator's contribution to the total of the amount of (a) the TK Operator's contribution and (b) the amount of contribution from the TK Investor and the Other TK Investor) to the TK Investor and the Other TK Investor in proportion to the amount of contribution at that time. However, if the Debt Obligations of the TK Operator have not been paid in full, the TK Operator shall not carry out TK Business Liquidation until the Debt Obligations of the TK Operator have been paid in full.

TOKUMEI KUMIAI INTEREST TRANSFER AGREEMENT (THE "TK INTEREST TRANSFER AGREEMENT")

The TK Interest Transfer Agreement has been entered into on 27 June 2014 between Accordia Golf and the Trustee-Manager on behalf of AG Trust with respect to the assignment (the "**Assignment**") of all the rights and obligations held by Accordia Golf and any other status of Accordia Golf as a TK investor under the TK Agreement (the "**TK Interests**") from Accordia Golf to the Trustee-Manager.

The principal terms of the TK Interest Transfer Agreement are summarised below:

Assignment of the TK Interests

- The assignment of the TK Interests will occur at 3 a.m. (JST) on the Listing Date (the “**Assignment Date**”).
- If the assignment of the TK Interests to the Trustee-Manager becomes effective pursuant to the TK Interest Transfer Agreement, the Trustee-Manager shall thereafter become the TK investor under the TK Agreement, and the provisions of the TK Agreement will apply to Trustee-Manager and the distribution of profits and losses, and distribution of cash, to be executed under the TK Interests will entirely belong to the Trustee-Manager.

Purchase Price

- The purchase price of the TK Interests (the “**Purchase Price**”) will be S\$944,874,000 (the “**Purchase Price Before Adjustment**”). However, the amount of the Purchase Price Before Adjustment is the amount provisionally determined as an estimated amount of the TK Interests as of the Assignment Date, and on 24 July 2014 or such other date that the Issue Price of the Units is determined regarding the IPO upon the Listing, if the total amount of the issue price of the Units (which is calculated by multiplying Issue Price by the number of Units; the “**Amount Paid to the BT**”) is less than S\$1,099,122,000, the amount of the Purchase Price Before Adjustment will be adjusted and decreased in the following manner:

$$\text{Purchase Price} = X - Y - Z$$

Where,

X : Amount Paid to the BT

Y : underwriting commission

Z : S\$113,086,000

The Purchase Price after such adjustment is hereinafter referred to as the “**Adjusted Purchase Price**” and shall be subject to a minimum of S\$903,942,000.

- The Trustee-Manager shall pay Accordia Golf (i) the Adjusted Purchase Price in Singapore dollars by 4 p.m. (JST) on the Assignment Date.
- Upon the determination of the amount of the obligations remaining after the set-off between claims and obligations as of the last day of July 2014 held or borne by AH11, AH12 and AH03 against or to Accordia Golf, which is the initial TK Investor, under the cash management system, loan transaction, business delegation or other transactions with Accordia Golf, which is the initial TK Investor (including intercompany short-term loan, intercompany long-term loan, unpaid interest, unpaid agent service fees, obligations of intercompany transactions, intercompany leases, and obligations under lease transactions, and other obligations borne by AH11, AH12 and AH03 to Accordia Golf; the “**Adjusted Obligations**”), Accordia Golf and the Trustee-Manager will settle the Adjusted Obligations as separately agreed by Accordia Golf and the Trustee-Manager. However, (i) if the amount of the Adjusted Obligations less the Surplus Cash Amount (if any) exceeds JPY38,336,000,000, Accordia Golf shall pay such amount of difference to the Trustee-Manager as the adjustment money of the Purchase Price (excess), and (ii) if the amount of the Adjusted Obligations less the Surplus Cash Amount (if any) is less than JPY38,336,000,000, the Trustee-Manager shall pay such amount of difference to Accordia Golf as the adjustment money of the Purchase Price (shortfall).

“Surplus Cash Amount” means the amount equal to the total amount of cash in relation to the TK Business held by the AH11, AH12 and AH03 as of the last day of July 2014 less JPY2,259,000,000 (being working capital for New SPC’s daily operations)(if the amount after the calculation is less than zero yen, the Surplus Cash Amount will be zero yen).

- Upon the determination of the payment amount of the corporation tax, corporate inhabitant tax and other taxes of New SPC for the period before the day immediately prior to the Assignment Date, Accordia Golf and the Trustee-Manager will settle such amount as separately agreed by Accordia Golf and the Trustee-Manager. However, (i) if the payment amount of the corporation tax, corporate inhabitant tax and other taxes exceeds 5.5 billion yen, Accordia Golf shall pay such amount of difference to the Trustee-Manager as the adjustment money of the Purchase Price (excess), and (ii) if the payment amount of the corporation tax, corporate inhabitant tax and other taxes is less than 5.5 billion yen, the Trustee-Manager shall pay such amount of difference to Accordia Golf as the adjustment money of the Purchase Price (shortfall).

Conditions Precedent

The payment of the Adjusted Purchase Price by the Trustee-Manager under the TK Interest Transfer Agreement is conditional on the following conditions precedent being satisfied.

- The representations and warranties made by Accordia Golf set out in the TK Interest Transfer Agreement are true and correct in all material respects; the representations and warranties made by Accordia Golf set out in the letter of representations and warranties and indemnity are also true and correct in all material respects.
- Accordia Golf has performed or observed all of its obligations to be performed or observed under the TK Interest Transfer Agreement in all material respects.
- No cause or event has occurred that may hinder or jeopardise the Listing.
- No cause or event has occurred that may have a material adverse effect on the financial conditions, operating results, cash flow, business, assets, liabilities or future profit plan of New SPC or its subsidiaries.
- All of the internal approvals, and permits and licenses of governments and regulatory authorities required by the Trustee-Manager for the execution of the transactions contemplated in the TK Interest Transfer Agreement or any matters incidental to such transactions or necessary for validating such transactions have been obtained.
- Certain corporate documents have been delivered by Accordia Golf to the Trustee-Manager.
- The TK Contributions under the TK Agreement have already been made.
- All of the approval of the execution and performance of the TK Interest Transfer Agreement by Accordia Golf has been obtained from financial institutions required under the agreements to which Accordia Golf is a party.

The Assignment by Accordia Golf is conditional on the following conditions precedent being satisfied on the Assignment Date.

- The representations and warranties made by the Trustee-Manager set out in the TK Interest Transfer Agreement are true and correct in all material respects.

- The Trustee-Manager has performed or observed all of its obligations to be performed or observed under the TK Interest Transfer Agreement in all material respects.
- Certain corporate documents have been delivered by the Trustee-Manager to Accordia Golf.
- The Amount Paid to the BT is expected to be not less than S\$1,056,599,000.
- No cause or event has occurred that may hinder or jeopardise the Listing.
- The Underwriting Agreement has been executed.

Representations and Warranties

Accordia Golf makes general representations and warranties relating to its corporate status and additionally represents and warrants to the Trustee-Manager that, *inter alia*, the following facts are true and correct.

- The TK Agreement has been validly executed and validly exists. There is no breach of the representations or warranties of Accordia Golf or New SPC set out in the TK Agreement, or the obligations to be performed or observed by Accordia Golf or New SPC pursuant to the TK Agreement.
- The TK Contributions set out in the TK Agreement have validly been made.
- No amendment to, exemption from, or waiver of, the provisions of the TK Agreement, nor assignment, creation of security, or other disposal that damages or is likely to damage the rights of Trustee-Manager under the TK Interest Transfer Agreement to an independent third party has been made in respect of the TK Interests.

Covenants

Accordia Golf covenants, *inter alia*, that, for the period from the execution date of the TK Interest Transfer Agreement to the Assignment Date, it shall cause New SPC to conduct New SPC's business within the ordinary course of business with the due care of a good manager; provided, however, that this provision does not apply to the acts expressly planned under the TK Interest Transfer Agreement or the TK Agreement even if it is not within the ordinary course of business.

Indemnification

If Accordia Golf or the Trustee-Manager incurs damage, loss or expenses ("**Damage, Etc.**") due to or in connection with breach of representations or warranties by the other party under the TK Interest Transfer Agreement (and, with respect to the breach of Accordia Golf, the letter of representations and warranties and indemnity) or breach of the obligations by the other party under the TK Interest Transfer Agreement, the other party shall indemnify the damaged party for such Damage, Etc.

Cancellation

Accordia Golf or the Trustee-Manager may cancel the TK Interest Transfer Agreement only prior to the trading of the Units on the Listing Date if any of the following events occurs. Accordia Golf and Trustee-Manager shall not cancel the TK Interest Transfer Agreement for any reason whatsoever after the trading of the Units on the Listing Date.

- There is a material breach of the representations or warranties of the other party.

- There is a material breach of the obligations under the TK Interest Transfer Agreement by the other party, and such breach is not cured within two weeks after the cancelling party gives to the other party a written demand to cure it.
- A petition for the commencement of bankruptcy proceedings or commencement of other similar legal insolvency proceedings (including those under foreign laws) is filed in relation to the other party.
- The other party, or its officers or employees, fall under an Anti-Social Force.

LETTERS OF REPRESENTATIONS AND WARRANTIES AND INDEMNITY

The letters of representations and warranties and indemnity (the “**Indemnity Letters**”) have been delivered by Accordia Golf to the SPC and the Trustee-Manager on behalf of AG Trust on 27 June 2014, pursuant to which Accordia Golf makes comprehensive representations and warranties relating to the corporate status of the BT Golf Course Subsidiaries to be transferred from Accordia Golf to New SPC through TK Contributions under the TK Agreement as well as the status of properties held by the BT Golf Course Subsidiaries. Also, Accordia Golf agrees in the Indemnity Letters to provide an indemnity for a period of 10 years from the Listing Date, to New SPC and the Trustee-Manager for all losses suffered by them if any of certain issues related to properties held by the BT Golf Course Subsidiaries materialises and adversely affects the TK Business managed and operated by New SPC.

The principal terms of the Indemnity Letters are summarised below:

Representations and Warranties

Accordia Golf makes comprehensive representations and warranties relating to the corporate status of the BT Golf Course Subsidiaries and New SPC as well as the status of properties held by the BT Golf Course Subsidiaries. These representations and warranties are to be made by Accordia Golf to New SPC and the Trustee-Manager in connection with (i) the transfer of the shares in the BT Golf Course Subsidiaries from Accordia Golf to New SPC pursuant to the TK Agreement and (ii) the transfer of the TK Interests from Accordia Golf to the Trustee-Manager on behalf of AG Trust pursuant to the TK Interest Transfer Agreement, respectively. Accordia Golf is obliged to indemnify, for a period of one year from the effective date of such transfer and/or from the date of delivery of the Indemnity Letter (except for certain matters), New SPC and the Trustee-Manager for any damage or losses incurred by them due to or in connection with the breach of the representations and warranties therein.

Indemnification in relation to Certain Property Issues

Accordia Golf agrees in the Indemnity Letters to provide an indemnity for a period of 10 years from the Listing Date, to New SPC and the Trustee-Manager for all losses suffered by them if any of the following issues related to properties held by the BT Golf Course Subsidiaries materialises and adversely affects the TK Business managed and operated by New SPC.

- Agricultural lands where the existence of Conversion Permission cannot be confirmed by means of any written evidence
- Buildings with respect to which an Inspection Certificate has not been confirmed
- Non-possession of title
- Non-registration of ownership rights or leasehold interests

- No clear delineation of boundaries
- Unknown land owner of leased lands
- No written lease agreement executed

Repurchase Obligation of Inoperable Golf Courses

In the event that it becomes impossible or significantly difficult for New SPC to continue the operation of a golf course due to or in connection with any of the following issues related to properties held by the BT Golf Course Subsidiaries (except where it is practically possible to continue the operation of the golf course by means of changing the course layout), Accordia Golf is obliged to repurchase from New SPC such golf course based on the last available appraisal report. This repurchase obligation by Accordia Golf will continue for an indefinite period.

- Agricultural lands located within a “key area” of a golf course where the existence of Conversion Permission cannot be confirmed by means of any written evidence
- Non-possession of title with respect to lands located within a “key area” of a golf course

The three major criteria used to determine whether an affected land parcel is within the “key areas” of a golf course are:

- (i) whether an affected parcel overlaps (partly or otherwise) with the area of the golf course proper¹ and if so, the location of such overlap;
- (ii) how the affected parcel overlaps (partly or otherwise) with the areas of the golf course proper; and
- (iii) the threshold extent to which the operation or function of that part of the course would be impaired by the loss or unavailability of the affected parcel.

Together, these criteria are used to assess the importance of the affected parcel in terms of its location and size in connection with the above two issues which could give rise to the repurchase obligations by Accordia Golf. The more detailed criteria are set out in the Indemnity Letters.

1 The distinction between the area within “golf course proper” and area outside “golf course proper” arises because in the total area of a golf course (in the broadest sense) there are (i) areas which are essential to the golf course business, such as land on which fairways, greens, cart paths and clubhouses and other buildings have been developed; and (ii) areas which are not essential, such as wooded hillsides and wild grassland. The latter category therefore constitutes the area outside “golf course proper”.

TAXATION

The following summary of certain Singapore and Japan tax consequences of the subscription, ownership and disposal of the Units is based upon laws, regulations, rulings and decisions in effect as at the date of this Prospectus, all of which are subject to changes, retroactively and/or prospectively. It should be noted that the summary does not provide an overview of the tax consequences in the hands of any subsequent purchaser or acquirer of the Units from any person. It should also be noted that the summary does not purport to be a comprehensive nor exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, own or dispose of the Units and does not purport to apply to all categories of prospective investors, some of whom may be subject to special rules either in Singapore or in the tax jurisdictions where they are resident. It does not constitute tax advice. Prospective investors should consult their own tax advisers concerning the application of Singapore and Japan tax laws to their particular situation as well as any consequences of the subscription, ownership and disposal of the Units arising under the laws of any other taxing jurisdiction. This section should be read in conjunction with “Appendix C – Independent Taxation Report”.

SINGAPORE TAXATION

SINGAPORE TAXATION OF ACCORDIA GOLF TRUST (“AG TRUST”)

Principles of Singapore Taxation of a Trust registered under the Business Trusts Act

A trust registered under the Business Trusts Act is treated like a company for Singapore income tax purposes.¹ This tax treatment is effective from the first year the trust commences operations as a Registered Business Trust. Accordingly, a Registered Business Trust is subject to Singapore income tax in accordance with the provisions of the Income Tax Act, of Singapore (Chapter 134) (“**Income Tax Act**”), and all references to a company in the Income Tax Act also include references to a Registered Business Trust unless otherwise provided.

Taxation of a Registered Business Trust

A Registered Business Trust is chargeable to Singapore income tax on income which, unless specifically exempted, accrues in or is derived from Singapore, and on income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore.

Singapore income tax is imposed on the chargeable income of the Registered Business Trust after deduction of any allowable expenses incurred and of any tax depreciation claimed on assets used in the generation of taxable income. A Registered Business Trust is assessed to tax in the name of the Trustee-Manager.

The first S\$300,000 of chargeable income of a Registered Business Trust is partially exempt from tax as follows:

- (a) 75% of the first S\$10,000 of chargeable income; and
- (b) 50% of the next S\$290,000 of chargeable income.

The chargeable income, after the above partial tax exemption, will be taxed at the prevailing corporate tax rate, which is currently at 17%.

¹ Section 36B of the Income Tax Act.

Singapore does not impose tax on capital gains. However, gains from the sale of investments are chargeable to tax at the prevailing corporate tax rate if those gains are derived from a trade or business of dealing in investments.

Distributions made by a Registered Business Trust to its Unitholders are exempt from Singapore income tax in the hands of the Unitholders, and no withholding tax will apply to any such distributions. By the same token, no credit will be allowed to the Unitholders for any tax paid by the Trustee-Manager on the profits of the Registered Business Trust.

Income derived by AG Trust

Singapore taxation of TK distributions

AG Trust's income should comprise, primarily, TK profit distributions received from New SPC which can then be distributed to the Unitholders. This income will be foreign sourced for Singapore taxation purposes. It will therefore be subject to Singapore tax in the hands of the Trustee-Manager at the time it is received in Singapore.

TK distributions will be received by the Trustee-Manager in Singapore at the time cash is remitted into a Singapore bank account kept in the name of the Trustee-Manager. It is provided under Section 10(25) of the Income Tax Act, that for the avoidance of doubt, foreign income is taken to be received in Singapore where the income is:

1. remitted to, transmitted or brought into Singapore;
2. applied against any debt incurred in a trade or business carried on in Singapore; or
3. used to purchase movable property that is brought into Singapore.

Provided that AG Trust is a Singapore tax resident person, it should be able to claim a foreign tax credit for the Japanese withholding tax imposed on the TK distributions. This withholding tax should be creditable against the Singapore tax payable on this income. The foreign tax credit, if applicable, will be limited to the actual amount of Japanese withholding tax paid or the Singapore tax payable on the TK distribution, whichever is lower.

The rate of Japanese withholding tax on the TK distributions is currently higher than the 17% rate of Singapore income tax that will be imposed on this income. Therefore provided that AG Trust is entitled to claim foreign tax credits as expected, these credits should exceed the amount of Singapore tax otherwise payable on the TK distributions. Excess credits cannot be carried forward from one year to the next.

An important condition for the ability of AG Trust to claim a Singapore foreign tax credit is that the trust is a resident of Singapore for tax purposes. AG Trust should be considered to be Singapore tax resident where:

1. the Trustee-Manager in his capacity as trustee-manager of AG Trust, carries on a trade or business in Singapore;
2. the control and management of the Trust's business carried on by the Trustee-Manager is in Singapore.

The place of control and management will generally be the place where the board of Trustee-Manager meets to make decisions in relation to AG Trust.

Gains on disposal of interest in the TK

There is no tax on capital gains in Singapore. Gains derived by AG Trust from a disposal of its interest in the TK will not be subject to Singapore income tax unless these gains are considered income from a trade or business. This would depend, in part, upon whether this interest was acquired with the intention or purpose of making a profit by sale, or was acquired with the intention of holding these assets for long-term investment purposes. In the former case, the gains would be taxable income as Singapore sourced income at the corporate tax rate, which is currently 17%.

SINGAPORE TAXATION OF UNITHOLDERS

Distributions from AG Trust

Distributions by AG Trust to its Unitholders will be exempt from Singapore income tax under Section 13(1)(zg) of the Income Tax Act. This provision applies irrespective of the nature of the Unitholder's investment. No tax will be withheld by AG Trust from distributions to non-resident Unitholders.

A credit will not be allowed to the Unitholders in respect of any taxes paid by the Trustee-Manager on any taxable income of AG Trust.

Gains on Disposal of Units

Singapore does not impose tax on capital gains. Therefore, gains on the disposal of the Units that are capital in nature will not be subject to Singapore income tax. However, these gains may be considered income in nature and subject to Singapore income tax if they arise from or are connected with the activities of a trade or business carried on in Singapore. These gains may also be considered income in nature if the Units are purchased with the intention or purpose of making a profit by sale and not with the intention of holding for long term investment purposes.

The point of taxation for Unitholders who are taxable on disposal gains in Singapore may depend on the tax treatment they elect. Under Section 34A of the Income Tax Act, the timing of recognition of gains and losses for financial assets held on revenue account for Singapore taxation will be aligned with the accounting treatment under the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement. This tax concession (referred to as the “FRS 39 tax treatment”) generally applies unless the taxpayer opts out of it. Therefore, if the Unitholder follows FRS 39 tax treatment, the timing of taxation of the gains will depend on how they are accounted for in its financial statements. On the other hand, if the Unitholder opts out, then gains should be taxed only when realised, i.e. upon disposal of the Units.

Unitholders who may be subject to this tax treatment should consult their accounting and tax advisers on the Singapore income tax consequences that may apply to their individual circumstances.

Goods and Services Tax

Status of AG Trust

A business is required to register for Goods and Services Tax (“GST”) purposes where the value of taxable supplies over a 12 month period is greater than \$1m, or is expected to exceed this threshold. As an investment holding vehicle, AG Trust is unlikely to be making taxable supplies and therefore should not be required to register for GST purposes. Due to the nature of its activities, AG Trust may also not be permitted to register voluntarily. Where AG Trust is not registered for GST, it will be unable to recover Singapore GST charged on its expenses. This may include Singapore GST included on fees charged by the Trustee-Manager.

However, it is possible for a listed registered business trust and its wholly owned subsidiaries to recover a portion of the GST suffered on their expenses under an administrative concession. This applies where a 'qualifying business' is carried on, which includes infrastructure business, aircraft leasing and ship leasing. Infrastructure business is defined for these purposes but currently does not include golf courses or other operational assets that will be acquired by AG Trust via the TK. Singapore GST charged to AG Trust will therefore be an unrecoverable cost.

Transfer of Units in AG Trust

The sale of the Units by an investor through the Singapore Exchange who is registered for GST and who belongs in Singapore, or to another person belonging in Singapore, is an exempt supply that is not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt supply is generally not recoverable and will become an additional cost to the investor.

Where Units are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a zero-rated supply which means a taxable supply subject to 0% GST. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business is claimable as an input tax credit from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Units will be subject to GST, currently at the rate of 7%. Similar services rendered to an investor belonging outside Singapore are generally subject to GST at the rate of 0%.

Stamp Duty

No stamp duty is payable on the transfer of Units (whether in scripless form or confirmation note).

JAPANESE TAXATION

TK profit distributions paid to AG Trust are subject to a 20.42% domestic withholding tax on the gross amount of the profit distributions. This rate is not reducible under the Singapore/Japan tax treaty. This should be a final tax and no Japanese tax return should be required, provided neither AG Trust nor the Trustee-Manager have a permanent establishment in Japan.

If either AG Trust or the Trustee-Manager were determined to have a permanent establishment in Japan, then the TK profit distributions would be subject to tax at full Japanese corporate tax rates (currently approximately 38.01% inclusive of corporate surtax, but reducing to approximately 35.64% once such surtax expires), plus interest and penalties.

Cash distributions in excess of profits are treated in principle as returns of the initial TK equity invested by AG Trust (up to such amount) and accordingly are not subject to Japanese taxation.

The above discussion is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Units. You should consult your own tax advisor concerning the tax consequences applicable in your particular situation.

PLAN OF DISTRIBUTION

The Trustee-Manager is making an offering of 782,025,000 Units at the Offering Price, which shall be between the Minimum Offering Price and the Maximum Offering Price respectively, representing approximately 71.15% of the total number of Units in issue after the Offering for subscription at the Offering Price under the Placement, the Singapore Public Offering and the Japanese Public Offering.

164,592,000 Units will be offered under the Placement. 41,163,000 Units will be offered under the Singapore Public Offering and 576,270,000 Units will be offered under the Japanese Public Offering. Units may be re-allocated between the Placement, the Singapore Public Offering and the Japanese Public Offering at the sole discretion of the Joint Bookrunners (in consultation with the Trustee-Manager), subject to applicable laws.

The Singapore Public Offering is open to members of the public in Singapore, while the Japanese Public Offering is open to members of the public in Japan. Under the Placement, the Trustee-Manager intends to offer 164,592,000 Units by way of an international placement through the Joint Bookrunners to investors, including institutional and other investors in Singapore and elsewhere in reliance on Regulation S. Pursuant to and subject to the terms and conditions to be set forth in the Underwriting Agreement entered into between the Trustee-Manager, the Sponsor and the Joint Bookrunners on 21 July 2014, the Trustee-Manager appoints, and each of the Joint Bookrunners agrees, severally but not jointly, to use reasonable endeavours, and failing which to subscribe, 782,025,000 Units and at the Offering Price, in the amounts set forth opposite their respective names below.

Joint Bookrunners	Number of Offering Units
Daiwa Capital Markets Singapore Limited	694,579,125
Citigroup Global Markets Singapore Pte Ltd.	87,445,875
Total	782,025,000

As stipulated in the Underwriting Agreement, AG Trust will pay (a) the Joint Bookrunners the combined Underwriting and Selling Commission of 5.0% on the total proceeds of the Offering and (b) the Stabilising Manager the total Offering Price multiplied by the number of Units subject to the Over-Allotment Option which are over allotted.

The Offering Price will be determined, following a book-building process, by agreement between the Joint Bookrunners and the Trustee-Manager on the Price Determination Date, which is expected to be 24 July 2014 (or such other date as the Joint Bookrunners and the Trustee-Manager may agree). The Joint Bookrunners have no obligation whatsoever to agree to any price as constituting the Offering Price. If for any reason whatsoever, the Offering Price is not agreed between the Joint Bookrunners and the Trustee-Manager, the Offering will not proceed. Among the factors that will be considered in determining the Offering Price and the size of the Placement are the level of investor demand for the Units and the prevailing market conditions in the securities markets.

The Trustee-Manager and the Sponsor have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities, to the extent permitted by law. The indemnity under the Underwriting Agreement provides that where the indemnification is unavailable to or insufficient to hold harmless, among others, the Joint Bookrunners in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then (a) the Trustee-Manager and the Sponsor shall contribute to the amount paid or payable by, among others, the Joint Bookrunners as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Trustee-Manager or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners on the other from the offering of the Units, or (b) if the allocation provided by (a) above is not permitted by applicable

law, then the Trustee-Manager and the Sponsor shall contribute to such amount paid or payable by, among others, the Joint Bookrunners in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Trustee-Manager or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Trustee-Manager or the Sponsor, on the one hand and the Joint Bookrunners on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Units subscribed for or purchased under the Underwriting Agreement (before deducting expenses) received by the Trustee-Manager or the Sponsor, as the case may be, bear to the total underwriting discounts and commissions received by the Joint Bookrunners, with respect to the Units subscribed for or purchased under the Underwriting Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Trustee-Manager or the Sponsor on the one hand or the Joint Bookrunners on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Joint Bookrunner shall be required to contribute any amount in excess of the amount by which the total price at which the Units underwritten by it and distributed to the public were offered to investors in respect of any damages which such Joint Bookrunner has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated in the Underwriting Agreement, including, among others, the fulfilment or waiver by the SGX-ST of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST.

The Joint Bookrunners are offering the Units or undertaking their obligations thereunder on the terms and conditions of the Underwriting Agreement, subject to certain conditions precedent including the receipt by them of officer's certificates from the Trustee-Manager, legal opinions and comfort letters and on the basis of certain representations, warranties and covenants of the Trustee-Manager and the Sponsor.

The Underwriting Agreement may be terminated by the Joint Bookrunners at any time prior to the issue and delivery of the Units, upon the occurrence of certain events including, among other things, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Subscribers of the Units may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

The Joint Bookrunners may make sub-underwriting arrangements in respect of their obligations under the Underwriting Agreement, upon such terms and conditions as they deem fit.

Other Relationships

Daiwa Singapore will be one of the issue managers in connection with the Offering and the listing of AG Trust. (See "The Sponsor – Relationships with the Daiwa Securities Group" for further details on Daiwa Singapore's relationships with the Sponsor and AG Trust.)

The Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Joint Bookrunners, the Joint Bookrunners and

their respective affiliates have, from time to time, performed and may in the future perform, any one or more of such activities and services for AG Trust, the Trustee-Manager and the Sponsor and their respective affiliates for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Joint Bookrunners and their respective affiliates (or any of them) may make, issue or hold a broad array of investments and enter into secondary market transactions or actively trade debt and equity securities (including but not limited to equity derivatives, warrants and other structured instruments) and financial instruments (including bank loans) for their own account and for the account of their customers, and after the Offering such investment and securities activities may involve securities (including but not limited to Units) and/or instruments of AG Trust, the Sponsor or their respective affiliates. Such transactions would be carried out as bilateral trades with selected counterparties separately from any sale or issue of the Units to which this Prospectus relates, which might require the Joint Bookrunners to take long or short positions in the Units. The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

OVER-ALLOTMENT AND STABILISATION

The Unit Lender has granted the Over-Allotment Option to the Stabilising Manager for the acquisition from the Sponsor of up to 41,217,000 Units at the Offering Price per Unit. The number of Units subject to the Over-Allotment Option will not be more than approximately 5.3% of the initial total Units under the Placement, the Singapore Public Offering and the Japanese Public Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Bookrunner, may exercise the Over-Allotment Option in full or in part, on one or more occasions, subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 41,217,000 Units, representing not more than 5.3% of the total number of Units in the Offering, to undertake stabilising actions.

In connection with the Over-Allotment Option, the Stabilising Manager has entered into a unit lending agreement (the “**Unit Lending Agreement**”) pursuant to which the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may borrow up to an aggregate of 41,217,000 Units from the Unit Lender, for the sole purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. Any Units that may be borrowed by the Stabilising Manager under the Unit Lending Agreement will be returned by the Stabilising Manager to the Sponsor either through the purchase of Units in the open market by the Stabilising Manager in the conduct of stabilising activities or through the exercise of the Over-Allotment Option by the Stabilising Manager or a combination of both.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Bookrunner, over-allot or otherwise effect transactions that stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days after the Listing Date, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 41,217,000 Units, representing not more than 5.3% of the total number of Units in the Offering, to undertake stabilising actions.

None of the Trustee-Manager, the Sponsor, the Joint Bookrunners or the Stabilising Manager makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Trustee-Manager, the Sponsor, the Joint Bookrunners or the Stabilising Manager makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager, not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

LOCK-UP ARRANGEMENTS

The Sponsor

Subject to the exceptions described below, the Sponsor has agreed with the Joint Bookrunners that, during the First Lock-up Period, it will not, without the prior written consent of each of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed) directly or indirectly, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Units or part thereof (or any securities convertible into or exchangeable for any such Lock-Up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-Up Units or part thereof), enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, deposit any Lock-up Units (or any securities convertible into or exchangeable for any such Lock-Up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-Up Units or part thereof) in any depository receipt facility, enter into a transaction which is designed or which may reasonably be expected to result in any of the above, or publicly announce any intention to do any of the above, during the First Lock-up Period and the same restrictions will apply in respect of the Sponsor's effective interest in 50% of the Lock-up Units during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to:

- the creation of a charge or pledge over the Lock-up Units or otherwise grant of security over or creation of any encumbrance over the Lock-up Units, provided that such charge, pledge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than 50% of the Lock-Up Units for the period after the end of the First Lock-Up Period, or (as the case may be) in respect of all the Lock-Up Units after the Second Lock-Up Period;
- the transfer of the Lock-up Units to and between wholly-owned subsidiaries of the Sponsor, provided that the Sponsor procures that each such subsidiary gives a similar undertaking to the Joint Bookrunners for the remainder of the Lock-up Period and in the event such subsidiary ceases to be a wholly-owned subsidiary of the Sponsor, it shall and the Sponsor shall procure that it shall before the cessation, re-transfer all Lock-Up Units to the Sponsor or another subsidiary in respect of which the Sponsor should procure an undertaking as aforesaid; and
- any securities lending arrangement with the Joint Bookrunners or any sale or transfer of the Lock-up Units by the Unit Lender pursuant to the exercise of the Over-Allotment Option. For the avoidance of doubt, any Units re-transferred to the Sponsor under any securities lending agreement shall be subject to the restrictions applicable to the Lock-Up Units under the lock-up arrangement.

The Trustee-Manager

Subject to the exceptions described below, the Trustee-Manager has agreed with the Joint Bookrunners that it will not (and will not cause or permit AG Trust to), without the prior written consent of the Joint Bookrunners, (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any Units (or any securities convertible or exchangeable for Units or which carry rights to subscribe for or purchase Units or part thereof), or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, deposit any Units (or any securities convertible into or exchangeable for Units or which carry rights to subscribe for or purchase Units) in any depository receipt facility, enter into a transaction which is designed or which may reasonably be expected to result in any of the above, or publicly announce any intention to do any of the above, during the First Lock-up Period.

The restrictions described in the preceding paragraph do not apply to the issuance of Units to be offered under the Offering, any Consideration Units and the Units to be issued to the Trustee-Manager in payment of any fees payable to the Trustee-Manager under the Trust Deed.

If, for any reason, the Offering is not completed by 31 August 2014, the lock-up arrangements described above will be terminated.

SGX-ST LISTING

AG Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, AG Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Bookrunners or the Units. It is expected that the Units will commence trading on the SGX-ST on a “ready” basis on or about 1 August 2014.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

DISTRIBUTION AND SELLING RESTRICTIONS

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this document or any other offering or publicity material relating to AG Trust or the Units in any country or jurisdiction (other than Singapore and Japan, where action for the purpose is required). Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this document nor any other offering material, circular, form of application or advertisement in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations of any such country or jurisdiction.

Malaysia

No recognition from the Securities Commission of Malaysia (“SC”) has been applied for or will be obtained for the offer or invitation in respect of the Offering under the Capital Markets and Services Act 2007 of Malaysia. Neither has a prospectus or information memorandum been or will be registered or deposited, as the case may be, with the SC in connection with the Offering in Malaysia. Accordingly, this document, any amendment or supplement hereto and any other offering document in relation to AG Trust may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Units and no person may make available, offer for subscription or purchase or issue an invitation to subscribe for or purchase any of the Units directly or indirectly to anyone in Malaysia.

Canada

The Units may only be offered or sold in the provinces of Ontario and Québec to those persons to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. The securities are not being offered and may not be sold to any purchaser resident in any other province or territory of Canada. The Units will only be offered or sold pursuant to an exemption from the requirement to file a prospectus in the provinces of Ontario and Québec and only by dealers duly registered under the applicable securities laws of those provinces or in accordance with an exemption from the applicable registered dealer requirements.

Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Units offered hereby should conduct their own due diligence on the accuracy of the information relating to the Units. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

Any investor in the Kingdom of Saudi Arabia who acquires the Units pursuant to the Offering should note that the offer of Units is a private placement to sophisticated investors under Article 10 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004, as amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “KSA Regulations”).

The Units to be issued have not and will not be offered or sold in the Kingdom of Saudi Arabia other than in compliance with the KSA Regulations, through an Authorised Person (as defined in the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority) and following a notification to the Capital Market Authority under the KSA Regulations.

Investors should be aware that the offer of the Units is subject to the restrictions on secondary market activity of offers of privately placed securities as set out in Article 17 of the KSA Regulations.

PRC

The Units may not be offered or sold, and will not be offered or sold to any person in the PRC as part of the initial distribution of the Units, except pursuant to applicable laws and regulations of the PRC. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Trustee-Manager makes no representation that this Prospectus may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee-Manager which would permit a public offering of any Units or distribution of this Prospectus in the PRC. Accordingly, the Units are not being offered or sold within the PRC by means of this Prospectus or any other document. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Taiwan

The offering of the Units has not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan, the Republic of China through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in Taiwan, the Republic of China has been authorised to offer or sell the Units in Taiwan, the Republic of China.

Hong Kong

WARNING: The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

This Prospectus has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Units may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to “professional investors” as defined in the Securities and Futures Ordinance of Hong Kong (Chapter 571 of The Laws of Hong Kong) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of The Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Units which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

New Zealand

If the offer to participate in the Offering was made to you in New Zealand, you hereby represent and warrant as follows: “That my/our principal business is the investment of money or I/we, in the course of and for the purpose of my/our business, habitually invest money, as those expressions are used in section 3(2)(a)(ii) of the Securities Act 1978 (NZ)”.

You acknowledge that no prospectus or investment statement under the Securities Act 1978 (NZ) will be prepared for the offer of the Units; any information provided to you in respect of the offer of the Units is not required to, and may not, contain all of the information that an investment statement or a prospectus under New Zealand law is required to contain or that is material to a decision to acquire securities; and any Units allotted to you are not being allotted with a view to them being offered for sale to the public in New Zealand.

By receiving this Prospectus you represent and warrant that you are acquiring the Units for your own account, you intend to hold the Units on long term capital or investment account, and accordingly you are not acquiring the Units with a view to offering them (or any of them) for sale to members of the public (as that expression is used in the Securities Act 1978 (NZ)). If in the future you elect to sell any of the Units you will not do so in any manner which:

- will, or is likely to, result in such offer, or such sale, being viewed as an “offer to the public” or an offer requiring a prospectus, investment statement or other similar offering or disclosure document or any registration or filing in New Zealand; or
- is inconsistent with New Zealand securities laws or the securities laws of any other applicable jurisdiction; or

- may result in AG Trust, the Trustee-Manager or its directors incurring any liability whatsoever.

Switzerland

This Prospectus may only be freely circulated and Units in AG Trust may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers or collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Prospectus and offering, distributing or selling the Units in AG Trust to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes (“CISA”) and its implementing ordinance (“CISO”) may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this Prospectus to and offering, distributing, selling, or on-selling Units to any other persons or entities. This Prospectus does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Units will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the relevant listing rules of the SIX Swiss Exchange. The documentation of AG Trust has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority (“FINMA”) under CISA. Therefore, investors do not benefit from protection under CISA or supervision by the FINMA. This Prospectus does not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the Units and may neither be copied nor directly or indirectly distributed or made available to other persons.

UK

This Prospectus is for distribution in the United Kingdom only to: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 1529/2005) (the “Order”), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and/or (iii) any other person to whom an invitation or inducement to engage in investment activity and/or to participate in a collective investment scheme (within the meanings of the Financial Services and Markets Act 2000, as amended) in connection with the issue or sale of any Units may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Prospectus is directed in the United Kingdom only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment, participation or investment activity to which this Prospectus relates is available in the United Kingdom only to relevant persons and will be engaged in only with relevant persons.

Netherlands

The Units are not and will not be offered in the Netherlands, as part of their initial distribution or at any time thereafter, unless the offer is made only to qualified investors within the meaning of the Dutch Financial Markets Supervision Act (the “FMSA” (Wet op het financieel toezicht)).

Germany

This Prospectus may not be distributed in Germany.

The Units have not been registered for distribution in Germany nor has a prospectus been issued, filed with or approved by the German Regulator BAFIN (BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT) with respect to the offering of the Units. Therefore, the Units can be purchased in Germany on a reverse solicitation basis only. This means that the Units must not be distributed within Germany by way of an offer, advertisement or in any other similar

manner regardless of whether such distribution is (i) conducted on a cross border basis or with physical presence in Germany or (ii) addressed to the public or to a limited number of professional, institutional or sophisticated investors.

Dubai International Financial Centre

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (the “DFSA”). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with AG Trust. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser. This Prospectus is intended for distribution only to persons of a specific type defined in the DFSA’s Rules as Professional Clients and must not, therefore, be delivered to, or relied on by, any other type of persons including Retail Clients (as defined in the DFSA’s Rules).

United Arab Emirates (excluding the Dubai International Financial Centre)

In accordance with the provisions of the UAE Securities and Commodities Authorities (“SCA”) Board Decision No. 37 of 2012, the Units to which this Prospectus relates may only be promoted in the United Arab Emirates (the “UAE”) with the prior approval of the SCA and by way of (i) private placement by persons authorised to do so by the UAE Central Bank or the SCA, subject to a minimum subscription amount per individual investor of one million UAE Dirhams (AED 1,000,000) or (ii) institutional private placement by licensed representative offices subject to a minimum subscription amount per individual institutional investor of ten (10) million UAE Dirhams. Any approval of the SCA to the promotion of the Units in the UAE does not represent a recommendation to purchase or invest in AG Trust. The SCA has not verified this Prospectus or other documents in connection with AG Trust and the SCA may not be held liable for any default by any party involved in the operation, management or promotion of AG Trust or in the performance of their responsibilities and duties, or the accuracy or completeness of the information in this Prospectus. The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the Units. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

Qatar

This Prospectus does not and is not intended to constitute an offer, sale or delivery of Units or other instruments under the laws of the State of Qatar. The Units have not been and will not be authorised by the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in the State of Qatar. The Units are not and will not be traded on the Qatar Exchange.

United States

The Units have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Units are being offered and sold outside of the United States in reliance on Regulation S (terms used in this subsection that are defined in Regulation S are used herein as defined therein).

Transfer Restrictions

Each purchaser of the Units offered hereby in reliance on Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (a) it is aware that the Units have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (b) it is purchasing the Units in an offshore transaction meeting the requirements of Regulation S; and
- (c) it will not offer, sell, pledge or transfer any Units, except in accordance with the U.S. Securities Act and any applicable laws of any state of the United States and any other jurisdiction.

General

Subscribers of Units under the Offering may be required to pay stamp taxes and/or other charges in accordance with the laws and practice of the country of purchase in addition to the Units on the cover of this document.

No action has been or will be taken in any jurisdiction that would permit a public offer of the Units being offered outside of Singapore or Japan as described herein, or the possession, circulation or distribution of this document or any other material relating to AG Trust or the Units, in any jurisdiction where action for the purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Units offered in the Offering will be made through the facilities of the CDP (scripless system) on or about 1 August 2014.

CLEARANCE AND SETTLEMENT

INTRODUCTION

AG Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

CLEARING FEE

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date and payment for the securities is generally settled on the following Market Day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

CBRE K.K., the Independent Industry Consultant, was responsible for preparing the section of this Prospectus entitled “Overview of the Golf Course Industry” and “Independent Report on the Golf Course Industry” found in Appendix G of this Prospectus.

PricewaterhouseCoopers Services LLP, the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix C of this Prospectus.

PricewaterhouseCoopers Corporate Finance Pte Ltd, the Independent Financial Adviser, was responsible for preparing the Independent Financial Adviser Report on Certain Interested Person Transactions found in Appendix D of this Prospectus.

CBRE K.K. and Tanizawa Sogo Appraisal Co., Ltd., the Independent Real Estate Appraisers, were responsible for preparing the Independent Real Estate Valuation Summary Reports found in Appendix E of this Prospectus.

PricewaterhouseCoopers Co., Ltd, the Independent Valuer, was responsible for preparing the Independent Valuation Summary Letter found in Appendix F of this Prospectus.

Mori Hamada & Matsumoto, the legal adviser to the Trustee-Manager and the Sponsor as to Japanese Law, was responsible for the statements in the section entitled “The Business of Accordia Golf Trust – Property” attributed to them.

The Independent Industry Consultant, the Independent Tax Adviser, the Independent Financial Adviser, the Independent Real Estate Appraisers, the Independent Valuer and Mori Hamada & Matsumoto, have each given and have not withdrawn their written consents to the issue of this document with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this document, and to act in such capacity in relation to this document. The above-mentioned reports were prepared for the purpose of incorporation in this document.

REPORTING ACCOUNTANT

Deloitte & Touche LLP, the Reporting Accountant, Public Accountants and Chartered Accountants, Singapore for the purpose of complying with the Securities and Futures Act only, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to:

- (i) its name;
- (ii) its report dated 30 June 2014 titled “Reporting Accountant’s Report on the Compilation of the Unaudited Pro Forma Financial Information of Accordia Golf Trust and its Subsidiaries for the Financial Years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013”; and
- (iv) its report dated 30 June 2014 titled “Reporting Accountant’s Report on the Profit and Cash Flow Forecast of Accordia Golf Trust and its Subsidiaries for the Financial Year ending 31 March 2015”,

in the form and context in which they are respectively included in this Prospectus and to act in such capacity in relation to this Prospectus. The abovementioned reports were prepared for the purpose of incorporation in this Prospectus.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

1. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this document constitutes full and true disclosure of all material facts about the Offering, AG Trust, the Trustee-Manager and subsidiaries of AG Trust, and the Directors are not aware of any facts the omission of which would make any statement in this document misleading. The Directors are satisfied that the profit forecasts contained in "Profit and Cash Flow Forecast" have been stated after due and careful enquiry. Where information in this document has been extracted from published or otherwise publicly available sources, or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this document in its proper form and context.

MATERIAL BACKGROUND INFORMATION

2. Save as disclosed below, none of the directors, key executives or controlling shareholder of the Trustee-Manager, or any controlling unitholder, was or is involved in any of the following events:
 - (a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a Registered Business Trust, that Registered Business Trust, on the ground of insolvency;
 - (c) any unsatisfied judgement against him;
 - (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) at any time during the last 10 years, judgement been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

- (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or Registered Business Trust;
- (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a Registered Business Trust), or from taking part directly or indirectly in the management of any entity or Registered Business Trust;
- (i) any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any Registered Business Trust which has been investigated for a breach of any law or regulatory requirement governing Registered Business Trusts in Singapore or elsewhere; or
 - (iv) any entity or Registered Business Trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
 in connection with any matter occurring or arising during the period when he was so concerned with the entity or Registered Business Trust; or
- (k) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Daiwa Real Estate Asset Management Co., Ltd., the TM Partner, was formerly known as daVinci Select prior to its acquisition by Daiwa Securities Group and the following two occurrences took place when Daiwa Securities Group was not the owner of the TM Partner.

- A. In the course of managing the assets of a Japan REIT pursuant to an asset management agreement, daVinci Select did not provide proper documentation to the appraisal companies from which property appraisals were sought in connection with acquisitions of properties by the REIT and also did not review the details of the appraisals which were based on the improper documentation. As a result, daVinci Select overlooked the inaccuracies in the appraisals and acquired assets for the REIT based on erroneous appraised values.
- B. On 13 March 2007, daVinci Select received an administrative order from the FSA of Japan, comprising a business suspension order and a business improvement order. The business suspension order prohibited daVinci Select from entering into new asset management contracts for three months while the business improvement order, *inter alia*, required daVinci Select to submit a business improvement plan which daVinci Select had complied with by submitting an operations improvement report to the FSA to strengthen its compliance and internal control systems.

Daiwa Securities Group and the corporations which Daiwa Securities Group manages or conducts have been the subject of a number of routine investigations by regulatory authorities or self-regulatory organizations which are mandatory under the relevant laws or regulations. However, neither Daiwa Securities Group nor these corporations have not been the subject of any formal investigation by any authority for a breach of law or regulation which would have a material adverse effect to the group.

Accordia Golf Co., Ltd. was the subject of a tax investigation by the Tokyo Regional Taxation Bureau in June 2012. Following the findings of the Tokyo Regional Taxation Bureau, Accordia Golf Co., Ltd. amended and increased its taxable income by JPY205 million. Save for the additional tax required to be paid, there was no fine, penalty or other sanction imposed on Accordia Golf Co., Ltd.

LITIGATION

3. None of the members of AG Trust is engaged in any legal or arbitration proceedings including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgment of this document with the Authority, a material effect on the financial position or the profitability of AG Trust.

EXCHANGE CONTROLS

4. Save as disclosed in this document, there is no governmental law, decree or regulatory requirement or any other requirement which may affect the repatriation of capital and the remittance of profits by or to the Trustee-Manager.

MATERIAL CONTRACTS

5. The material contracts entered into within the two years preceding the date of lodgment of this document (not being contracts entered into in the ordinary course of the business of AG Trust), are as follows:

- (a) the Trust Deed;
- (b) the Right of First Refusal;
- (c) the Letters of Representations and Warranties and Indemnity;
- (d) the Golf Course Management Agreement;
- (e) the Asset Management Agreement;
- (f) the Sponsor Support Agreement;
- (g) the Deed of Call Option;
- (h) the TK Interest Transfer Agreement; and
- (i) the TK Agreement.

The agreements listed in sub-paragraphs (a) to (i) above (including the dates of, parties to, and general nature of the agreements) are as described in “*The Constitution of Accordia Golf Trust*” and “*Certain Agreements Relating to Accordia Golf Trust*”.

DOCUMENTS FOR INSPECTION

6. Copies of the following documents are available for inspection at the registered office of the Trustee-Manager at 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809, for a period of six months from the date of registration by the Authority of this document:
- (a) the Trust Deed (which will be available for inspection for so long as AG Trust is in existence and listed on the SGX-ST);
 - (b) the material contracts referred to in paragraph 5 above;
 - (c) the Underwriting Agreement;
 - (d) the Depository Services Terms and Conditions;
 - (e) the Reporting Accountant's Report on the Compilation of the Unaudited Pro Forma Financial Information of Accordia Golf Trust and its Subsidiaries for the Financial Years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013 as set out in Appendix A of this Prospectus;
 - (f) the Reporting Accountant's Report on the Profit and Cash Flow Forecast of Accordia Golf Trust and its Subsidiaries for the Financial Year ending 31 March 2015 as set out in Appendix B of this Prospectus;
 - (g) the Independent Taxation Report as set out in Appendix C of this Prospectus;
 - (h) the Independent Financial Adviser Report on Certain Interested Person Transactions as set out in Appendix D of this Prospectus;
 - (i) the Real Estate Valuation Summary Letters as set out in Appendix E of this Prospectus;
 - (j) the Independent Valuation Summary Letter as set out in Appendix F of this Prospectus;
 - (k) the Independent Report on the Golf Course Industry as set out in Appendix G of this Prospectus; and
 - (l) the written consents of the Reporting Accountant, the Independent Financial Adviser, the Independent Real Estate Appraisers, the Independent Tax Adviser, the Independent Valuer, the Independent Industry Consultant and MHM (see "*Reporting Accountant*" and "*Experts*").

MISCELLANEOUS

7. The financial year-end of AG Trust is 31 March. AG Trust's first annual report will be for the period from the date of its constitution as a business trust under the laws of Singapore to 31 March 2015.
8. While AG Trust is listed on the SGX-ST, investors may check the SGX-ST website <http://www.sgx.com>, for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers, such as The Straits Times, The Business Times and Lianhe Zaobao, for the price range within which Units were traded on the SGX-ST on the preceding day.

9. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Trustee-Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to AG Trust, or any part of any fees, allowances or benefits received on purchases charged to AG Trust.
10. There have been no public takeover offers by third-parties in respect of the Units or by the Trustee-Manager in respect of the shares of a corporation or the units of another business trust, that have occurred between the date of constitution of AG Trust, and up to the Latest Practicable Date.
11. No expert is interested, directly or indirectly, in promotion of, or in any assets that have, within the two years preceding the date of this document, been acquired by or disposed of or leased to AG Trust or are proposed to be acquired by or disposed of or leased to AG Trust.
12. Save as disclosed in this Prospectus, there is no arrangement or understanding with a substantial shareholder of the Trustee-Manager, Substantial Unitholder, customer or supplier of the Trustee-Manager or other person, pursuant to which any Director or any Executive Officer was selected as a Director or Executive Officer.
13. Save as disclosed in this Prospectus, there is no known arrangement the operation of which may, at a subsequent date, result in a change of control of AG Trust or the Trustee-Manager.
14. The Trustee-Manager has appointed Deloitte & Touche LLP as Independent Auditor and Reporting Accountant of AG Trust in accordance with the requirements of the BTA.
15. The Independent Valuation Summary Letter of the Independent Valuer is set out in Appendix F of this document.
16. A full valuation of each of the golf courses and driving ranges held by AG Trust will be carried out at least once a year in accordance with such code of practice for asset valuations as may be applicable. The Trustee-Manager may at any other time arrange for the valuation of investments of AG Trust if it is of the opinion that it is in the best interests of Unitholders to do so.
17. Dilution is the difference between the Offering Price per Unit and the net asset value per Unit, as at the latest balance sheet date after adjusting for the effects of the Offering, and any disposal or acquisition which occurred between the latest balance sheet date and the date of the registration of this Prospectus by the Authority on the net asset value per Unit. Dilution cannot be computed in the case of AG Trust, as the net asset value of AG Trust is approximately equivalent to the value of the net proceeds from the Offering.

TREND INFORMATION AND PROFIT FORECAST

18. Save as disclosed under the sections "*Risk Factors*", "*Capitalisation and Indebtedness*", "*Profit and Cash Flow Forecast*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*The Business of Accordia Golf Trust*" of this document, the financial condition and operations of AG Trust is not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in AG Trust's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;

- (c) unusual or infrequent events or transactions or any insignificant economic changes that materially affect the amount of reported income from operations; and
- (d) known trends or uncertainties that have had or that AG Trust reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

19. Due to the nature of the business of AG Trust, an order book is not maintained.

WAIVERS FROM THE SGX-ST

20. The Trustee-Manager has obtained the following waivers of the Listing Manual from the SGX-ST to facilitate its business:

- (a) Rule 404(3) which requires an investment fund which is denominated in Singapore Dollars to comply with certain limitations in its investments in companies which are related to the investment fund's substantial shareholders, investment managers or management companies, and on the investment fund's investments in unlisted securities;
- (b) Rule 404(5) which requires the management company (if there is no management company, the sponsor or trustee) to be reputable and have an established track record in managing investments, subject to the management in the Trustee-Manager, which is the entity responsible for managing the assets held by AG Trust, having the relevant experience;
- (c) Rule 407(4) which requires the submission of the financial track record of the investment manager, the investment adviser and persons employed by them in the listing application;
- (d) Rule 409(3) which requires the annual accounts of the investment fund for each of the last three financial years to be submitted with the listing application subject to the inclusion of the financial statements set out in this document;
- (e) Rule 705(2) which requires that AG Trust announce its financial statements for the first three quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end;
- (f) Rule 748(1) which requires an investment fund to announce via SGXNET its net tangible assets per share or per unit at the end of each week, via SGXNET, subject to such disclosures being made on a quarterly basis; and
- (g) Rule 748(3) which requires an investment fund to disclose certain information in its annual report.

21. As the ability of Daiwa Securities Group and/or its related corporations to invest in the Placement will contribute to the Offering, Daiwa Capital Markets Singapore Limited, one of the joint issue managers require a waiver from the SGX-ST from the lock-up requirements under Rule 229(5) of the Listing Manual which will be applicable to the Units acquired pursuant to the subscription and allocation under the DSG Investment (see "The Sponsor – Relationships with Daiwa Securities Group – Investment in AG Trust" for details on the DSG Investment). Accordingly, Daiwa Capital Markets Singapore Limited has applied for, and obtained, a waiver from the SGX-ST for Daiwa Securities Group and or its related corporations, from the lock-up requirements under Rule 229(5) of the Listing Manual for the following reasons:

- (i) the proposed investing entity of Daiwa Securities Group will invest in the Units on the same terms as the other institutional investors and with no assurance that they will be

allocated Units as the proposed DSG Investment depends on the independent book building and allocation process. The allocation of Units under the Placement is subject to agreement between both Daiwa Capital Markets Singapore Limited and Citigroup Global Markets Singapore Pte. Ltd., the independent joint issue manager;

- (ii) any allocation of Units to Daiwa Securities Group and/or its related corporations under the Placement will only be pursuant to an independent book building and allocation process having regard to the prevailing market conditions and the demand for Units;
- (iii) the proposed DSG Investment will be made purely under the Placement and there is no agreement (written or otherwise) in place for such investment as at the date of this Prospectus;
- (iv) the proposed investing entity of Daiwa Securities Group, Daiwa PI and Daiwa Capital Markets Singapore Limited, a joint issue manager in connection with the Offering and the Listing, have confirmed that they have separate and independent management teams and decision-making structures; and
- (v) the proposed investing entity of Daiwa Securities Group, Daiwa PI and Daiwa Capital Markets Singapore Limited, a joint issue manager in connection with the Offering and the Listing, have confirmed that there are proper policies and procedures implemented to address any conflict of interest arising between the proposed investing entity Daiwa PI and Daiwa Singapore in connection with the Offering and the Listing.

LEGAL MATTERS

22. Save as disclosed in “The Business of Accordia Golf Trust – Property”, Mori Hamada & Matsumoto does not make, or purport to make, any statement in this document and is not aware of any statement in this document which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

CONSENTS

23. Each of Daiwa Capital Markets Singapore Limited and Citigroup Global Markets Singapore Pte. Ltd. has given and has not withdrawn its written consent to being named in this Prospectus as the Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters.
24. Mori Hamada & Matsumoto, the Legal Adviser to the Trustee-Manager and the Sponsor as to Japanese Law, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and the statements attributed to it in the sections entitled “The Business of Accordia Golf Trust – Property” which were prepared for the purpose of advising the Trustee-Manager in respect of the matters referred to in the statements and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus. These statements are prepared for the purpose of incorporation in this Prospectus.

GLOSSARY

%	:	Per centum or percentage
Accordia Golf	:	Accordia Golf Co., Ltd.
Accordia Golf Facilities	:	Golf courses and golf driving ranges (including related hotels and restaurants) held by Accordia Golf
Acquisition Fee	:	The acquisition fee payable to the Trustee-Manager
Adjusted Net Operating Income	:	Means the gross revenue comprising the aggregate revenue of the golf courses, driving ranges, golf course related assets and driving range related assets, whether directly or indirectly held by the Trustee-Manager (whether wholly or partly and whether through a special purpose vehicle or otherwise) less merchandise and material expenses, labour costs and other operating expenses in respect of such golf courses, driving ranges, Golf course related assets and driving range related Assets but before deduction of fees payable to the Sponsor under the Golf Course Management Agreement
AG Trust	:	Accordia Golf Trust
Aggregate Contributions to the TK Business	:	Comprise contributions from (i) the TK Operator (approximately 0.6% of the Aggregate Contributions to the TK Business), (ii) the TK Investor (approximately 99.39% of the Aggregate Contributions to the TK Business) and (iii) the QII (approximately 0.01% of the Aggregate Contributions to the TK Business)
AH01	:	Accordia Asset Holding 01 Co., Ltd.
AH02	:	Accordia Asset Holding 12 Co., Ltd.
AH03	:	Accordia Asset Holding 03 Co., Ltd.
AH11	:	Accordia Asset Holding 11 Co., Ltd.
AH12	:	Accordia Asset Holding 12 Co., Ltd.
AH36	:	Accordia Asset Holding 36 Co., Ltd.
ALA	:	Agricultural Land Act of Japan (Act No. 229 of 1952, as amended)
Amount Paid to the BT	:	Has the meaning ascribed to it in the section entitled “Certain Agreements Relating to Accordia Golf Trust – TK Interest Transfer Agreement”
AM Services	:	The scope of services delegated to the Asset Manager (the “ AM Services ”)

Anti-Social Force	:	(a) Organised crime group; (b) Organised crime group member; (c) Organised crime group quasi-member; (d) Organised crime group related corporation; (e) Corporate racketeer, etc., racketeer advocating a social movement, etc., organised crime group with special intelligence, etc.; and (f) Any other person or group, etc., similar to any of (a) through (e) above.
Application List	:	The list of applicants subscribing for Units that are the subject of the Public Offer
Asset Manager	:	The asset manager of the Initial Portfolio Golf Courses
Asset Management Agreement	:	The asset management agreement between the Asset Manager and New SPC, further details of which are set out in the section entitled “Certain Agreements Relating to Accordia Golf Trust – Asset Management Agreement”
Assignment Date	:	The Listing Date
Associate	:	Has the meaning ascribed to it in the Listing Manual
Associated company	:	Has the meaning ascribed to it in the BTA
Associated entity	:	Has the meaning ascribed to it in the SF BT Regulations
Audit and Risk Committee	:	The Audit and Risk Committee of the Trustee-Manager
Authorised Businesses	:	Has the meaning ascribed to it in the Trust Deed
Base Fee	:	The base fee payable to the Trustee-Manager
Board	:	The board of Directors of the Trustee-Manager
Borrower	:	New SPC as the borrower
BSA	:	Building Standards Act of Japan (Act No. 201 of 1950, as amended)
BT Golf Course Subsidiaries	:	The golf course subsidiaries which hold the Initial Portfolio Golf Courses, AH11, AH12 and AH03
BTA or Business Trusts Act	:	Business Trusts Act, Chapter 31A of Singapore
Business Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading

Building Certificates	:	Collectively, the Inspection Certificate and the building Confirmation Certificate
Calculation Date	:	The last day of each Calculation Period
Calculation Period	:	Each period from April 1 (inclusive) to the last day of September (inclusive), and from October 1 (inclusive) to the last day of March in the following year (inclusive)
Call Option Existing Relevant Business	:	Means any golf course business or driving range business (including the restaurants, hotels and all other assets in connection therewith) held by a Sponsor Group Entity as at the date of the Call Option Agreement as set out in the Prospectus, which are subject to the call option as at the date of Listing and which are managed under the “Accordia” brand name at the time that the call option is exercised
Car and Other Operating Lease Agreement	:	The operating leasing agreements with the Sponsor for the leasing of cars and other items like golf course machines, golf carts and office equipment in connection with the operation of the Initial Portfolio Golf Courses
Cash Distribution Date	:	The last day of May and the last day of November each year
CBRE	:	CBRE K.K.
CDP	:	The Central Depository (Pte) Limited
CEO	:	Chief Executive Officer
Certificate of Non-agricultural Land	:	Certificate of non-agricultural land (<i>hinouchi shoumei</i>)
CFO	:	Chief Financial Officer
Civil Code of Japan	:	Civil Code of Japan (Act No. 89 of 1896, as amended)
Commercial Code of Japan	:	Commercial Code of Japan (Act No.48 of 1899, as amended)
Companies Act	:	Companies Act, Chapter 50 of Singapore
Companies Act of Japan	:	Companies Act of Japan (Act No. 86 of 2005, as amended)
Controlling Shareholder	:	In relation to a business trust means a person who (i) holds directly or indirectly 15.0% or more of the total number of voting units in the business trust or (ii) in fact exercises control over the business trust
Controlling Unitholder	:	In relation to a company means a person who (i) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company or (ii) in fact exercises control over the company
Corporate Split	:	Has the meaning ascribed to it in the “Restructuring Exercise” section of this document

Confirmation Certificate	:	A building confirmation certificate obtained from the local government in Japan before the commencement of the initial construction, extension or reconstruction of a building
Consideration Units	:	An aggregate of 317,096,999 Units which the Sponsor will receive as part settlement of the consideration for the acquisition of the Initial Portfolio
Control	:	Unless the context otherwise requires, “control” has the meaning ascribed to it in the Listing Manual and “controlling unitholder” and “controlling shareholder” shall be construed accordingly
Conversion Permission	:	Proper permission for change of use of agricultural land
CSR	:	Corporate Social Responsibility
Daiwa PI	:	Daiwa PI Partners Co. Ltd.
Daiwa Securities	:	Daiwa Securities Co., Ltd. (a subsidiary of Daiwa Securities Group)
Daiwa Securities Group	:	Daiwa Securities Group Inc.
Debt Obligation	:	For purposes of the TK Agreement, “ Debt Obligation ” means any and all debts owed by the TK Operator as a result of issuing corporate bonds or borrowing (excluding debt obligations under the loan agreement through which the TK Operator makes borrowing from Accordia Golf to apply to a part of the TK Operator’s own contribution to the TK Business)
Depository Register	:	The Depository Register maintained by CDP
Depository Services Terms and Conditions	:	CDP’s depository services terms and conditions relating to the deposit of Units in CDP
Director	:	A director of the Trustee-Manager
Distributable Income	:	AG Trust’s distributable income in relation to a distribution period
Divestment Fee	:	The divestment fee payable to the Trustee-Manager
DPU	:	Distribution per Unit
Due Care	:	The degree of care and diligence required of a trustee-manager of a Registered Business Trust under the BTA
Equity Interests	:	The valuation of contributions, loans and other funding, and agreements governing the decision on material financial and commercial or business policies
Equity Issue Expenses	:	Costs and expenses payable in connection with the Offering and the application for listing, including the Underwriting and Selling Commission, professional fees and all other incidental expenses relating to the Offering (but not including expenses payable by the Unit Lender in connection with the exercise of the Over-Allotment Option)

Executive Officers	:	The executive officers of AG Trust
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
FIBO	:	Financial Instruments Business Operator
FIEA	:	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)
Financial Year or FY	:	Financial year ended or, as the case may be, ending 31 March
First Lock-up Period	:	The period commencing from the Listing Date until the date falling six months after the Listing Date (both dates inclusive)
Forecast	:	The profit forecast of AG Trust for the Forecast Year 2015
Forecast Year 2015	:	The twelve month period from 1 April 2014 to 31 March 2015
Foreign Exchange Act	:	Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended)
FSA	:	Financial Services Agency of Japan
GDP	:	gross domestic product
Golf Cart Leasing Agreement	:	Leasing agreements with the Sponsor for the leasing of golf carts in connection with the operation of the Initial Portfolio Golf Courses
Golf Course Management Agreement	:	The golf course management agreement entered into between the Sponsor and the SPC on 27 June 2014, further details of which are set out in the section entitled “Certain Agreements Relating to Accordia Golf Trust – Golf Course Management Agreement”
Golf course related assets	:	Means listed or unlisted debt securities and listed or unlisted shares of, or issued by, corporations, mortgage-backed securities, listed or unlisted units in unit trusts or interests in other golf course funds, and assets incidental to the investment in golf courses including, without limitation, hotels used in or in association with any golf courses or any building on golf courses.
Golf Course Subsidiary (Golf Course Subsidiaries)	:	18 golf course holding subsidiaries of the Sponsor
Golf Machine Leasing Agreement	:	The leasing agreements with the Sponsor for the leasing of machinery in connection with the operation of the Initial Portfolio Golf Courses
Great East Japan Earthquake	:	The earthquake in March 2011 in Japan

GST	:	Goods and Services Tax
Income Tax Act	:	The Income Tax Act, Chapter 134 of Singapore
Indemnity Letters	:	Has the meaning ascribed to it in the “Certain Agreements Relating to Accordia Golf Trust – Letters of Representations and Warranties and Indemnity” section of this document
Independent Directors	:	Has the meaning ascribed to it in “The Trustee-Manager – The Trustee-Manager of AG Trust – Board of Directors of the Trustee-Manager – Independence of the Board of Directors” section of this document
Independent Financial Adviser	:	PricewaterhouseCoopers Corporate Finance Pte Ltd
Independent Industry Consultant	:	CBRE K.K.
Independent Real Estate Appraisers	:	CBRE K.K. and Tanizawa Sogo Appraisal Co., Ltd.
Independent Tax Adviser	:	PricewaterhouseCoopers Services LLP
Independent Valuer	:	PricewaterhouseCoopers Co., Ltd.
Industry Report	:	The independent report on the Golf Course Industry, as set out in Appendix G of this document
Initial Portfolio	:	The initial portfolio of AG Trust
Initial Portfolio Golf Courses	:	The 89 golf courses (including the golf course related assets) forming the Initial Portfolio
Instruments	:	Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units
Interested Person	:	Has the meaning ascribed to it in the BTA and, where applicable, includes an “interested person” as defined in the Listing Manual and in the SF BT Regulations
Interested Person Transaction	:	Has the meaning ascribed to it in the BTA and, where applicable, includes an “interested person transaction” as defined in the Listing Manual and the SF BT Regulations
IRAS	:	Inland Revenue Authority of Singapore
ISH	:	Ippan Shadan Hojin AGT
Japanese Public Offering	:	The public offering without listing in Japan
Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters or Joint Bookrunners	:	Daiwa Capital Markets Singapore Limited and Citigroup Global Markets Singapore Pte. Ltd.

Latest Practicable Date	:	16 June 2014, being the latest practicable date prior to the lodgment of this Prospectus with the MAS.
Lender	:	The certain financial institutions granting the New Debt Facilities
Leverage Ratio	:	The amount of interest bearing liabilities (including lease obligations but excluding subordinated obligations and obligations on a non-recourse basis) divided by EBITDA
Listing	:	The listing of the Units on the Main Board of the SGX-ST
Listing Date	:	The date of admission of AG Trust to the Official List of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Lock-up Units	:	The Units in which the Sponsor legally and/or beneficially, directly or indirectly, owns or has an interest in on the Listing Date which is subject to the lock-up arrangement during First the Lock-up Period and Second Lock-up Period
LTV	:	Debt amount/Total appraisal value of the Initial Portfolio
Management Fee	:	Collectively, the Base Fee and the Performance Fee
Market Day	:	A day on which the SGX-ST is open for trading in securities
MAS or Authority	:	The Monetary Authority of Singapore
Maximum Offering Price	:	S\$1.00 per Unit, being the maximum subscription price of the Offering Price Range
Merger	:	Has the meaning ascribed to it in the “Restructuring Exercise” section of this document
Minimum Offering Price	:	S\$0.97 per Unit, being the minimum subscription price of the Offering Price Range
New Debt Facilities	:	The secured senior debt facilities, further details of which are set out in the section entitled “Capitalisation and Indebtedness – Indebtedness – New Debt Facilities”
New SPC	:	A special purpose vehicle, being the SPC after the Merger
New SPC’s Golf Courses	:	Golf Courses owned by New SPC (directly or indirectly through the Vehicle controlled by New SPC through the ownership of the Equity Interests)
New Units	:	The offering of 782,025,000 units representing undivided interests in AG Trust for subscription at the offering price
Offering	:	The offering of 782,025,000 Units by the Trustee-Manager for subscription at the Offering Price under the Placement, the Singapore Public Offering and Japanese Public Offering
Offering Price	:	The subscription price of each Unit under the Offering, currently expected to be between S\$0.97 and S\$1.00

Offering Price Range	:	S\$0.97 to S\$1.00 per Unit
Office Equipment Leasing Agreements	:	The leasing agreements with the Sponsor for the leasing of office equipment
Ordinary Resolution	:	A resolution proposed and passed as such by a majority, being more than 50%, of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Original TK Investor	:	The Sponsor as investor under the TK Structure
Over-Allotment Option	:	An option granted by the Unit Lender to the Stabilising Manager to acquire from the Unit Lender up to an aggregate number of Units to be determined at the Offering Price, solely to cover the over-allotment of Units (if any)
Participating Banks	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited (and its subsidiary, Far Eastern Bank Limited)
Performance Fee	:	The performance fee payable to the Trustee-Manager
Placement	:	The international placement of Units to investors, including institutional and other investors in Singapore, pursuant to the Offering
Price Determination Date	:	24 July 2014 (subject to change)
Project Agreement	:	The project agreement entered into between the Lenders, New SPC, the ISH, the Sponsor, the Trustee-Manager, the Asset Manager and the Pro-Shop Subsidiary, further details of which are set out in the section entitled “Capitalisation and Indebtedness – Indebtedness – New Debt Facilities”
Proposed Retained Business	:	Such Relevant Business not accepted by the Trustee-Manager
Pro-Shop Business	:	Has the meaning ascribed to it in the “Restructuring Exercise” of this document
Pro-shop Subsidiary	:	Has the meaning ascribed to it in the “Restructuring Exercise” of this document
Public Offer	:	The initial offering by the Trustee-Manager to the public in Singapore of the Units
QII	:	Qualified Institutional Investor under the FIEA
QII Contribution	:	Contribution to the TK Business by the QII
Recognised Stock Exchange	:	Any stock exchange of repute in any part of the world
Registered Business Trust	:	A business trust registered with the MAS
Regulation S	:	Regulation S under the U.S. Securities Act

Related corporation	:	Has the meaning ascribed to it in the Companies Act
Related entity	:	Has the meaning ascribed to it in the SF BT Regulations
Relevant BT Business	:	Such golf course within a 40-mile radius of any golf course that the TK Operator or the Trustee-Manager has an interest
Relevant period	:	Has the meaning ascribed to it in the “Certain Agreements Relating to Accordia Golf Trust – Sponsor’s Undertakings to Offer and Call Option to the Trustee-Manager” section of this document
Reporting Accountant	:	Deloitte & Touche LLP
Restructuring	:	Has the meaning ascribed to it in the “The Restructuring Exercise” section of this document
ROFR Agreement	:	The right of first refusal between the Sponsor and the Trustee-Manager
S\$ or Singapore dollars and cents	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
Secondment Agreement	:	Secondment agreement executed by the SPC and the Sponsor
Second Lock-up Period	:	The period commencing from the day immediately following the First Lock-up Period until the date falling 12 months after the Listing Date
Securities	:	Has the meaning ascribed to it in the “Plan of Distribution” section of this document
Securities Account	:	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
Senior Loan Agreement	:	The loan agreement for the New Debt Facilities
Settlement Date	:	The date and time on which the Units are issued as settlement under the Offering
SFA or Securities and Futures Act	:	Securities and Futures Act, Chapter 289 of Singapore
SF BT Regulations	:	Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005
SGX-ST	:	Singapore Exchange Securities Trading Limited
Shareholders’ Agreement	:	Has the meaning ascribed to it in the “The Constitution of Accordia Golf Trust – Background of AG Trust” section of this document
Singapore Public Offering	:	The offering to the public in Singapore
SITA	:	Singapore Income Tax Act, Chapter 134 of Singapore
Soil Contamination Countermeasures Act	:	Soil Contamination Countermeasures Act of Japan (Act No. 53 of 2002, as amended)

SPC	:	Accordia Golf Asset Godo Kaisha
Sponsor	:	Accordia Golf Co., Ltd.
Sponsor Proposed Disposal	:	Has the meaning ascribed to it in the “Certain Agreements Relating to Accordia Golf Trust – Sponsor’s Undertakings to Offer and Call Option to the Trustee-Manager” section of this document
Tanizawa	:	Tanizawa Sogo Appraisal Co., Ltd.
Take-Over Code	:	Singapore Code on Take-Overs and Mergers
Sponsor Proposed Offer	:	Has the meaning ascribed to it in the “Certain Agreements Relating to Accordia Golf Trust – Sponsor’s Undertakings to Offer and Call Option to the Trustee-Manager” section of this document
Stabilising Manager	:	Citigroup Global Markets Singapore Pte. Ltd.
Subsidiary	:	Has the meaning ascribed to it in the Companies Act
Substantial Unitholder	:	Any Unitholder with an interest in Units constituting not less than 5.0% of all Units in issue
Substantive Building Standards	:	The specific mandatory requirements under relevant laws and regulations in Japan concerning building standards
TEPCO	:	Tokyo Electric Power Company, Incorporated
TK Agreement	:	The TK agreement between the Sponsor and the SPC, further details of which are set out in the section entitled “Certain Agreements Relating to Accordia Golf Trust – TK Agreement”
TK arrangement	:	<i>Tokumei Kumiai</i> arrangement
TK Business	:	The management and operation of the golf course business, further details of which are set out in the section entitled “Overview – Overview of, Key Features of and Rationale for TK Structure”
TK Contributions	:	Has the meaning ascribed to it in the “Certain Agreements Relating to Accordia Golf Trust – TK Agreement” section of this document
TK Interests	:	The rights and interests as TK Investor, further details of which are set out in the section entitled “Overview – Overview of, Key Features of and Rationale for TK Structure”
TK Interest Transfer Agreement	:	The agreement entered into between the Trustee-Manager and the Sponsor, further details of which are set out in the section entitled “Certain Agreements Relating to Accordia Golf Trust – TK Interest Transfer Agreement”
TK Investor	:	<i>Tokumei Kumiai</i> investor, being the Sponsor or the Trustee-Manager (as the case may be), in its capacity as TK investor under the TK Agreement

TK Operator	:	<i>Tokumei Kumiai</i> operator, being New SPC in its capacity as TK operator under the TK Agreement
TK Operator's Own Funding	:	The cash injected by TK Operator into the TK Business
TK Structure	:	<i>Tokumei Kumiai</i> structure, further details of which are set out in the section entitled "Overview – Overview of, Key Features of and Rationale for TK Structure"
TKAO	:	Tokyo Kyodo Accounting Office
TM Partner	:	Daiwa Real Estate Asset Management Co. Ltd., a wholly-owned subsidiary of Daiwa Securities Group
Trust Deed	:	The trust deed dated 16 June 2014 constituting AG Trust (as amended and restated by the amending and restating deed dated 21 July 2014)
Trust Group	:	AG Trust and its subsidiaries
Trust Property	:	All property and rights of any kind whatsoever that are held on trust for the Unitholders, in accordance with the terms of the Trust Deed, including: (a) contributions of money or any other assets to AG Trust; (b) property that forms part of the assets of AG Trust under the provisions of the BTA; (c) property arising in relation to any contract, agreement, or arrangement entered into by or on behalf of the Trustee-Manager; (d) property arising in relation to any claims or rights held by or on behalf of the Trustee-Manager; (e) proceeds from money borrowed or raised by the Trustee-Manager for the purposes of AG Trust; (f) property acquired, directly or indirectly, with the contributions or money referred to in paragraphs (a), (b), (c), (d) or (e) or with the proceeds thereof; and (g) profits, incomes and property derived, directly or indirectly, from contributions, money or property referred to in paragraphs (a), (b), (c), (d) or (e)
Trustee-Manager	:	Accordia Golf Trust Management Pte. Ltd., as the trustee-manager of AG Trust
UK	:	United Kingdom
Unclaimed Moneys	:	Any moneys payable to Unitholders which remain unclaimed after the applicable time period set out in the Trust Deed

Unclaimed Monies Account	:	A special account to accumulate any monies payable to Unitholders which remain unclaimed after a period of 12 months
Underwriting Agreement	:	The underwriting agreement dated 21 July 2014 between the Sponsor, the Trustee-Manager and the Joint Bookrunners
Underwriting and Selling Commission	:	The underwriting and selling commission payable to the Joint Underwriters, respectively, for its services in connection with the Offering
Unit	:	An undivided interest in AG Trust
United States or U.S.	:	United States of America
Unitholder(s)	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Unit Issue Mandate	:	The authority deemed to be given by Unitholders to the Trustee-Manager, pursuant to Section 36 of the BTA, to: (a) issue Units whether by way of rights, bonus or otherwise; and/or (b) make or grant Instruments that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may, in its absolute discretion, deem fit
Unit Lender	:	Accordia Golf Co., Ltd
Unit Lending Agreement	:	The unit lending agreement dated 21 July 2014 entered into between the Stabilising Manager and the Unit Lender in relation to the Over-Allotment Option
U.S. Securities Act	:	U.S. Securities Act of 1933, as amended
Vehicle	:	A stock company, special limited liability company, limited liability company, partnership, investment limited partnership, limited liability partnership, limited partnership, or other corporations, partnerships or other entities under the Japanese or foreign laws and ordinances, whether or not incorporated

Words importing the singular include, where applicable, the plural and *vice versa*. Words importing the masculine gender include, where applicable, the feminine and neuter genders. References to persons include corporations.

Any reference in this document to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this document is made by reference to Singapore time unless otherwise stated.

The exchange rates used in this document are for reference only. No representation is made that any Japanese yen amounts were, could have been, will be or could be converted into Singapore dollar amounts at any of the exchange rates used in this document, at any other rate or at all.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in the Trustee-Manager's website and the Sponsor's website does not constitute part of this document.

**REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ACCORDIA GOLF
TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED
31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND FOR THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND
31 DECEMBER 2013**

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
REPORTING ACCOUNTANT'S REPORT AND THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION

TABLE OF CONTENTS

	PAGE
Reporting accountant's report	A-1 – A-3
Unaudited pro forma statements of comprehensive income for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013	A-4
Unaudited pro forma statements of financial position as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013	A-5
Unaudited pro forma statements of cash flows for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013	A-6 – A-7
Notes to the unaudited pro forma financial information	A-8 – A-67

REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

21 July 2014

The Board of Directors
Accordia Golf Trust Management Pte. Ltd.
(in its capacity as Trustee-Manager of Accordia Golf Trust)
6 Shenton Way
#25-09 OUE Downtown 2
Singapore 068809

Dear Sirs

Report on the compilation of Unaudited Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Accordia Golf Trust ("AG Trust") and its subsidiaries (collectively referred to as the "Trust Group") by Accordia Golf Trust Management Pte. Ltd. (the "Trustee-Manager"). The unaudited pro forma financial information of the Trust Group consists of the unaudited pro forma statements of comprehensive income for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013, the unaudited pro forma statements of financial position as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the unaudited pro forma statements of cash flow for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013, and related notes (collectively the "Unaudited Pro Forma Financial Information") as set out on pages A-4 to A-67 of the prospectus (the "Prospectus") to be issued in connection with the offering of units in the Trust Group (the "Offering" or the "Listing"). The applicable criteria (the "Criteria") on the basis of which the Trustee-Manager has compiled the Unaudited Pro Forma Financial Information are described in Note 4.

The Unaudited Pro Forma Financial Information has been compiled by the Trustee-Manager to illustrate the impact of what:

- (a) the unaudited pro forma financial results of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013 would have been if the Restructuring Exercise, the Listing of the AG Trust, New Debt Facilities and Distribution Payment as described in Note 3 to the Unaudited Pro Forma Financial Information (the "Significant Events") had occurred on 1 April 2010;
- (b) the unaudited pro forma financial position of the Trust Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 would have been if the Significant Events had occurred on 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 respectively; and
- (c) the unaudited pro forma cash flows of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013 would have been if the Significant Events had occurred on 1 April 2010.

As part of this process, information about the Unaudited Pro Forma Financial Information has been extracted by the Trustee-Manager from

- (a) the audited financial information of Accordia Asset Holding 11 Co., Ltd ("AH11") and Accordia Asset Holding 12 Co., Ltd ("AH12") for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month period ended 31 December 2013, on which audit reports have been issued but are not publicly available; and
- (b) the management financial information of AH11 and AH12 for the nine-month period ended 31 December 2012 and the management financial information of Accordia Asset Holding 36 Co., Ltd ("AH36") for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, on which no audit or review report has been issued.

REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

The Trustee –Manager's responsibility for the Unaudited Pro Forma Financial Information

The Trustee-Manager is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Trustee-Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the Reporting Accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Trustee-Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Trustee-Manager in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those Criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountant's judgment, having regard to his understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The Unaudited Pro Forma Financial Information has been compiled:
 - (i) from the audited financial information of AH11 and AH12 for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month period ended 31 December 2013 in accordance with the auditing standards generally accepted in Japan; the unaudited management financial information of AH11 and AH12 for the nine-month period ended 31 December 2012 and the unaudited management financial information of AH36 for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, all of which are prepared in accordance with accounting standards generally accepted in Japan;
 - (ii) in a manner consistent with the accounting policies to be adopted by the Trust Group which are in accordance with International Financial Reporting Standards; and
 - (iii) on the basis of the Criteria stated in Note 4 of the Unaudited Pro Forma Financial Information; and
- (b) Each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such financial information.

Restriction of Use and Distribution

This report has been prepared for inclusion in the Prospectus of AG Trust in connection with the Offering on the Singapore Exchange Securities Trading Limited and for no other purposes.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Tay Hwee Ling
Partner

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012
AND 31 DECEMBER 2013

	Note	Year ended 31 March 2011 JPY millions	Year ended 31 March 2012 JPY millions	Year ended 31 March 2013 JPY millions	Nine-month period ended 31 December 2012 JPY millions	Nine-month period ended 31 December 2013 JPY millions
Revenue						
Other operating income	8	55,953	53,930	53,594	43,344	42,768
Operating income		462	368	626	450	351
		56,415	54,298	54,220	43,794	43,119
Merchandise and material expense		(3,519)	(3,644)	(3,745)	(2,989)	(2,935)
Labour cost		(15,536)	(13,957)	(13,828)	(10,546)	(10,654)
Management fee expense		(5,891)	(5,836)	(5,843)	(4,578)	(4,529)
Asset Manager's fee		(100)	(100)	(100)	(75)	(75)
Depreciation and amortisation expenses		(3,578)	(3,361)	(3,269)	(2,444)	(2,441)
Trustee-Manager's fee		(245)	(246)	(245)	(184)	(184)
Other trust expenses		(116)	(116)	(116)	(87)	(87)
Other operating expenses	9	(18,920)	(17,934)	(17,675)	(14,022)	(13,963)
Operating expense		(47,905)	(45,194)	(44,821)	(34,925)	(34,868)
Operating profit		8,510	9,104	9,399	8,869	8,251
Interest expense and other finance costs						
Profit before income tax	10	(1,702)	(1,706)	(1,716)	(1,286)	(1,312)
		6,808	7,398	7,683	7,583	6,939
Income tax expense	11(a)(b)	(1,498)	(1,623)	(1,682)	(1,697)	(1,538)
Profit for the year, representing total comprehensive income		5,310	5,775	6,001	5,886	5,401
Profit and total comprehensive income attributable to						
Unitholders of AG Trust		5,257	5,717	5,941	5,827	5,347
Non-controlling interest		53	58	60	59	54
		5,310	5,775	6,001	5,886	5,401
Earnings per unit attributable to unitholders of AG Trust	12	JPY 4.78	JPY 5.20	JPY 5.41	JPY 5.30	JPY 4.86

The accompanying notes form an integral part of this unaudited pro forma financial information.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND 31 DECEMBER 2013

	Notes	As at 31 March 2011 JPY millions	As at 31 March 2012 JPY millions	As at 31 March 2013 JPY millions	As at 31 December 2013 JPY millions
Current assets					
Cash and cash equivalents	13	4,500	4,500	4,500	4,500
Trade and other receivables	14	7,557	7,393	9,661	2,090
Inventories		289	301	296	235
Other assets		1,139	1,029	1,138	1,094
		<u>13,485</u>	<u>13,223</u>	<u>15,595</u>	<u>7,919</u>
Non-current assets					
Trade and other receivables	14	70	69	69	69
Property, plant and equipment	15	151,512	151,382	151,377	151,583
Intangible assets	16	11,950	11,915	11,892	11,887
Other assets		550	480	605	603
		<u>164,082</u>	<u>163,846</u>	<u>163,943</u>	<u>164,142</u>
Total assets		<u>177,567</u>	<u>177,069</u>	<u>179,538</u>	<u>172,061</u>
Current liabilities					
Borrowing from financial institutions	17	450	450	450	450
Current portion of finance lease payables to a related party	18	1,097	967	1,051	862
Trade and other payables		2,399	1,935	1,938	1,880
Membership deposits	19	10,143	9,241	8,480	8,119
Income taxes payable		3,036	4,072	5,617	4,095
Other liabilities		5,526	5,298	7,016	1,339
		<u>22,651</u>	<u>21,963</u>	<u>24,552</u>	<u>16,745</u>
Non-current liabilities					
Borrowing from financial institutions	17	42,145	42,145	42,145	42,145
Finance lease payables to a related party	18	2,453	1,942	1,702	1,736
Borrowing from a related party		500	500	500	500
Membership deposits	19	8,976	8,890	8,795	8,743
Deferred tax liabilities	11(c)	18,302	19,088	19,304	19,652
Other liabilities		28	29	28	28
		<u>72,404</u>	<u>72,594</u>	<u>72,474</u>	<u>72,804</u>
Total liabilities		<u>95,055</u>	<u>94,557</u>	<u>97,026</u>	<u>89,549</u>
Net assets		<u>82,512</u>	<u>82,512</u>	<u>82,512</u>	<u>82,512</u>
Equity					
Unitholders' funds	20	82,508	82,508	82,508	82,508
Non-controlling interest	21	4	4	4	4
Total equity		<u>82,512</u>	<u>82,512</u>	<u>82,512</u>	<u>82,512</u>

The accompanying notes form an integral part of this unaudited pro forma financial information.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

	Year ended 31 March 2011 JPY millions	Year ended 31 March 2012 JPY millions	Year ended 31 March 2013 JPY millions	Nine-month period ended 31 December 2012 JPY millions	Nine-month period ended 31 December 2013 JPY millions
Operating activities					
Profit for the year	5,310	5,775	6,001	5,886	5,401
Adjustment for:					
Depreciation and amortisation expenses					
Interest expense and other finance costs	3,578	3,361	3,269	2,444	2,441
Loss (gain) from disposal of fixed asset	1,702	1,706	1,716	1,286	1,312
Income tax expense	69	(8)	(7)	(12)	(1)
	1,498	1,623	1,682	1,697	1,538
Operating cash flow before movements in working capital	12,157	12,457	12,661	11,301	10,691
Changes in working capital:					
Trade and other receivables					
Inventories	479	(180)	10	442	506
Trade and other payables	30	(13)	5	(87)	61
Other assets and liabilities	(326)	(436)	1	(120)	(234)
	1,055	(74)	1,488	(4,114)	(5,661)
Cash generated from operations	13,395	11,754	14,165	7,422	5,363
Interest paid	(984)	(976)	(973)	(736)	(739)
Income tax paid	(4,838)	(798)	(1,649)	(1,649)	(1,784)
Net cash from operating activities	7,573	9,980	11,543	5,037	2,840
Investing activities					
Proceeds from sales of property, plant and equipment	5	11	25	23	2
Acquisition of property, plant and equipment	(2,690)	(775)	(1,706)	(1,384)	(1,401)
Acquisition of intangible assets	(3)	(1)	—	—	8
Payment for acquisition of Golf Business	(76,479)	—	—	—	—
Net cash used in investing activities	(79,167)	(765)	(1,681)	(1,361)	(1,391)

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

	Year ended 31 March 2011 JPY millions	Year ended 31 March 2012 JPY millions	Year ended 31 March 2013 JPY millions	Nine-month period ended 31 December 2012 JPY millions	Nine-month period ended 31 December 2013 JPY millions
Financing activities					
Issuance of units	89,187	—	—	—	—
Transaction costs related to issuance of units	(6,770)	—	—	—	—
Proceeds on borrowings from financial institutions	45,000	—	—	—	—
Transaction costs related to borrowings from financial institutions	(2,405)	—	—	—	—
Repayment of borrowings from financial institutions	(450)	(450)	(450)	(225)	(225)
Repayment of borrowings from a related party	(38,336)	—	—	—	—
Repayment of membership deposits	(1,113)	(1,107)	(978)	(398)	(504)
Repayment of finance lease obligations	(1,163)	(1,126)	(1,066)	(793)	(846)
Dividends paid	—	—	(10,000)	—	—
Net cash from (used in) financing activities	83,950	(2,683)	(12,494)	(1,416)	(1,575)
Increase (decrease) in cash and cash equivalents	12,356	6,532	(2,632)	2,260	(126)
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement	(7,856)	(6,532)	2,632	(2,260)	126
Balance of cash and cash equivalents at the beginning of the year	—	4,500	4,500	4,500	4,500
Balance of cash and cash equivalents at the end of the year	4,500	4,500	4,500	4,500	4,500

The accompanying notes form an integral part of this unaudited pro forma financial information.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

1. INTRODUCTION

The unaudited pro forma financial information of Accordia Golf Trust (“AG Trust”) and its subsidiaries (collectively the “Trust Group”) consists of the pro forma statements of comprehensive income of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013, the pro forma statements of financial position of the Trust Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the pro forma statement of cash flows of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013, and a summary of significant accounting policies and other explanatory information (the “Unaudited Pro Forma Financial Information”).

The Unaudited Pro Forma Financial Information has been prepared for inclusion in the prospectus to be issued in connection with the proposed listing (the “Listing”) of AG Trust on the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Prospectus”).

AG Trust is a business trust constituted pursuant to the Trust Deed dated 16 June 2014 and registered with the Monetary Authority of Singapore. AG Trust is principally regulated by the Business Trusts Act, Chapter 31A of Singapore and the Securities and Futures Act, Chapter 289 of Singapore. Accordia Golf Trust Management Pte. Ltd. (the “Trustee-Manager”), will own, maintain and acquire investments on trust for the benefit of unitholders of AG Trust as the trustee-manager of AG Trust pursuant to the Trust Deed. The registered address of the Trustee-Manager is 6 Shenton Way, #25-09 OUE Downtown 2, Singapore 068809.

AG Trust is established with the principal investment strategy of investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses, driving ranges, and golf course related assets worldwide with an initial focus on Japan. For the avoidance of doubt “golf course related assets” means assets which are located on the golf courses and driving ranges and are integral to the golf course business, including golf club houses and hotels. AG Trust will not be involved in the business of developing new golf courses or developing on acquisition of hotels or hotel businesses which are not related to the golf course business.

AG Trust will invest in the golf courses and golf course related assets which are owned by a special purpose vehicle (the “Initial Portfolio”) through a tokumei kumiai structure (the “TK Structure”). The special purpose vehicle is established by Accordia Golf Co., Ltd (the “Sponsor”) in the form of a Japanese limited liability company known as Godo Kaisha (the “SPC”, “GK”, or “TK Operator”). The relationship between the AG Trust and the TK Operator is governed by the TK Agreement. The AG Trust, as the investor, will provide funds to the TK Operator in return for the right to receive distribution of profit generated from the operation of the GK.

The Trustee-Manager is 49% held by the Sponsor and 51% held by Daiwa Real Estate Asset Management Co. Ltd. (the “TM Partner”), a wholly-owned subsidiary of Daiwa Securities Group Inc. The TM Partner will also be the asset manager of the Initial Portfolio (the “Asset Manager”).

AG Trust’s Initial Portfolio will comprise 89 golf courses (including the golf course related assets relating to such golf courses) across Japan. 10 of these golf courses have hotel facilities located on them.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Trustee-Manager is unable to include audited historical financial information of the Initial Portfolio for the latest three financial years (the "Historical Financial Information") in the Prospectus as:

- 1) the historical financial information of the golf courses which will not comprise part of the Initial Portfolio (the "Excluded Assets") has been commingled with the historical financial information of the Initial Portfolio as the golf course holding companies owned by the Sponsor (collectively known as "Golf Courses Subsidiaries") have been historically managed and operated using a corporate cash pooling and funding system. As a result, cash balances, borrowings and the resulting interest income and expenses recorded at the individual Golf Course Subsidiaries are not directly attributable to individual golf courses.

In addition, the individual Golf Course Subsidiaries each incurs common corporate level operating expenses (such as general overhead and administrative costs) and tax expenses which are not directly attributable to individual golf courses.

- 2) The historical activities and investments performed by the Sponsor include the acquisition and refurbishment of golf courses and other golf course related assets and turning around low-profitability golf courses which are not part of the Initial Portfolio, and as such, the costs attributable to such activities or investments may not be relevant to the AG Trust post-Listing.

Accordingly, such Historical Financial Information does not provide an accurate indication of the financial performance of the Initial Portfolio under the investment strategy and mandate to be adopted by the AG Trust and may mislead investors in their assessments of investments in the AG Trust.

In light of the above, the Trustee-Manager has included the following in this Prospectus:

- unaudited pro forma statements of comprehensive income of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013;
- unaudited pro forma statements of financial position of the Trust Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013;
- unaudited pro forma statements of cash flows of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013; and
- a profit and cash flow forecast for the financial year ending 31 March 2015.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

3. SIGNIFICANT EVENTS

The Restructuring Exercise

In preparation for the offering, a restructuring exercise will be undertaken by the Sponsor to establish AG Trust and to set up the ownership structure of the Initial Portfolio (the "Restructuring"). The Restructuring will be implemented in the manner described below:

(a) Internal Restructuring of the Sponsor's Golf Course Subsidiaries

The Sponsor intends to undertake an internal restructuring using a corporate split structure under the Companies Act of Japan on 31 July 2014 (the "Corporate Split Effective Date"), such that the 18 golf course subsidiaries of the Sponsor will first be reorganised into (i) the Golf Course Subsidiaries which hold the Initial Portfolio, namely, AH11, AH12 and Accordia Asset Holding 03 Co., Ltd. ("AH03") (collectively, the "BT Golf Course Subsidiaries") and (ii) the other Golf Course Subsidiaries which will continue to be held by the Sponsor (the "Corporate Split").

Three Golf Course Subsidiaries out of 18 Golf Course Subsidiaries hold golf courses to be included in the Initial Portfolio as well as golf courses to be held by the Sponsor, and each of these three Golf Course Subsidiaries, namely, AH11, AH12, and AH36, a wholly owned subsidiary of AH12, (collectively, the "Splitting Golf Course Subsidiaries") will carry out an absorption-type corporate split.

Under this step, (i) AH11 will have Accordia Asset Holding 01 Co., Ltd. ("AH01"), a newly established wholly owned subsidiary of AH11, succeed the golf courses to be held by the Sponsor from AH11 through an absorption-type corporate split, and then transfer shares in AH01 to the Sponsor, (ii) AH12 will have Accordia Asset Holding 02 Co., Ltd. ("AH02"), a newly established wholly owned subsidiary of the Sponsor, succeed the golf courses to be held by the Sponsor from AH12 through an absorption-type corporate split, and then transfer the shares in AH02 to the Sponsor, and (iii) AH36 will have AH03, a newly established wholly owned subsidiary of AH36, succeed a golf course to be included in the Initial Portfolio which AH36 holds through an absorption-type corporate split, and then transfer the shares in AH03 to AH12.

As a result of the Corporate Split, AH11, AH12 and AH03 (a wholly owned subsidiary of AH12) will hold only the golf courses to be included in the Initial Portfolio while AH01, AH02 and AH36 will only hold the golf courses to be held by the Sponsor. The shares in the Golf Course Subsidiaries which are wholly-owned subsidiaries of AH12 and only hold golf courses to be held by the Sponsor will be transferred to the Sponsor on the Corporate Split Effective Date.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

(b) Establishment of the SPC and Transfer of BT Golf Course Subsidiaries through TK Agreement

The Sponsor has established a special purpose company in the form of a Godo Kaisha (the “SPC”), which is a limited liability company under Japanese law. The Sponsor has transferred all of its membership interests (i.e. voting rights, namely “GK Interest”) in the SPC to a newly established general incorporated association known as an Ippan Shadan Hojin (“ISH”), a type of special purpose vehicle under Japanese law. The voting rights of the ISH were held by certified public accountants who are members of the Tokyo Kyodo Accounting Office. After such transfer, the Sponsor ceased to hold controlling interests in the SPC. The certified public accountants are independent and not subject to the instruction of any party. The role of the certified public accountants is to carry out limited corporate administrative work to maintain such function of the ISH. The fees of such public accountants will be borne by the New SPC and the ISH under their respective service agreements.

A Tokumei-Kumiai agreement was entered into between the Sponsor and the SPC (the “TK Agreement”) pursuant to which the Sponsor, as investor under the TK Structure (the “Original TK Investor”) will make the TK Contribution to the SPC (the “Original TK Operator”) on 1 August 2014 (the “TK Contribution Date”). The Original TK Investor will make the TK Contribution in kind by transferring its shares in the BT Golf Course Subsidiaries.

Once the TK Contribution becomes effective, the Sponsor, as the Original TK Investor, will obtain the TK Interest in the TK Business and the BT Golf Course Subsidiaries will become wholly-owned subsidiaries of the SPC.

Concurrent with the TK Contributions made by the Original TK Investor, a Qualified Institutional Investor will make the TK contributions to satisfy certain regulatory requirements under the FIEA and SPC will be injecting its own cash (funded using the subordinated loan granted by the Sponsor) into the TK Business amounting to approximately 0.6% of the aggregate of the amounts contributed to the TK Business.

(c) Merger between the SPC and the BT Golf Course Subsidiaries

The SPC and the BT Golf Course Subsidiaries entered into a merger agreement, in accordance with which the BT Golf Course Subsidiaries will be merged into the SPC (the SPC after such merger, the “New SPC”) on the TK Contribution Date.

Concurrent with the merger becoming effective, the employees of the Sponsor who engage in the day-to-day operations of the golf courses to be included in the Initial Portfolio will transfer to the New SPC.

(d) Transfer of the TK Interests to the AG Trust

The Sponsor, as the Original TK Investor, entered into the TK interest transfer agreement with the Trustee-Manager (the “TK Interest Transfer Agreement”) on 27 June 2014 pursuant to which the Sponsor undertakes to transfer its TK Interests to the Trustee-Manager on the date of listing of the Units on the SGX-ST at a purchase consideration of S\$945 million (JPY 76,664 million), which is based on the maximum offering price and is subject to adjustment under the TK interest Transfer Agreement based on the actual offering price.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Once the transfer of the TK Interests becomes effective, all the rights and obligations of the Sponsor under the TK Agreement will be transferred from the Sponsor to the Trustee-Manager and the Trustee-Manager as TK Investor will accede to the status of the Sponsor as investor under the TK Structure.

(e) The Arrangement of the Pro-shop Business

The golf-shop business (the “Pro-shop Business”) will not be transferred to the New SPC and will continue to be owned and operated by the Sponsor’s subsidiary (“Pro-shop Subsidiary”).

The arrangement with respect to the Pro-shop Business is as follows:

- (i) Pro-shop Subsidiary will operate the Pro-shop Business in designated small areas in clubhouses of the golf courses in the Initial Portfolio.
- (ii) In running the Pro-shop Business, the Pro-shop Subsidiary will outsource to the New SPC some of the operations of pro-shops, including goods and inventory management, selling activities and revenue cash management. The New SPC will manage the cash received as revenue from Pro-shop Business, and deliver the revenue cash to the Pro-shop Subsidiary every month.
- (iii) In return, the Pro-shop Subsidiary will pay a commission fee comprising (i) 1.0% of monthly revenue from Pro-shop Business, and (ii) a fixed fee of JPY500,000 per pro-shop per year. The commission fee will cover the New SPC’s Pro-shop related operational expenses and its running costs, including tax expenses.

Listing of the AG Trust

The Trustee-Manager will make an initial public offering of units in the AG Trust for subscription (the “Listing”).

The proceeds from the initial public offering (the “**Proceeds**”) will be used for, amongst other things:

- (i) partial funding of the consideration for the acquisition of the Initial Portfolio on the Listing Date;
- (ii) working capital purposes;
- (iii) equity issue expenses; and
- (iv) further investment in the TK Business by way of additional TK contributions to the TK Business. The TK contributions from the Trustee-Manager will be applied towards the partial repayment of existing intercompany loans to New SPC.

New Debt Facilities

The New SPC will have in place new secured senior debt facilities for an amount of up to JPY 45,000 million (the “New Debt Facilities”) upon the Listing Date. The New SPC will use the proceeds from the New Debt Facilities to repay all the existing borrowings from the Sponsor and to pay fees and expenses in respect of the new financing of JPY 2,405 million. The New Debt Facilities will be denominated in Japanese Yen and bear a floating interest rate of 6-month Japanese Yen TIBOR plus 125 to 175 basis points. Interest on the New Debt Facilities will be payable semi-annually.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Distribution Payment

Distributions of JPY 39,015 million were paid to the Sponsor on the relevant dates prior to the Listing Date as dividends from the golf course subsidiaries of the Sponsor prior to the restructuring (the "Distribution Payment").

4. BASIS OF PREPARATION AND COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (a) The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions after making certain adjustments to show what:
- (i) the financial results of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013 would have been if the Restructuring Exercise, the Listing of the AG Trust, New Debt Facilities and Distribution Payment as described in Note 3 to the Unaudited Pro Forma Financial Information (the "Significant Events") had occurred at 1 April 2010;
 - (ii) the financial positions of the Trust Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 would have been if the Significant Events had occurred as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 respectively; and
 - (iii) the cash flows of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013 would have been if the Significant Events had occurred at 1 April 2010.

The dates on which the transactions described above are assumed to have been undertaken, are hereinafter collectively referred to as the "Relevant Dates".

The Unaudited Pro Forma Financial Information, because of its nature, may not give a true picture of the Trust Group's actual financial results, financial position and cash flows.

- (b) The Unaudited Pro Forma Financial Information for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013 has been compiled based on i) the audited financial information of AH11 and AH12 for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month period ended 31 December 2013; ii) the unaudited management financial information of AH 11 and AH 12 for the nine-month period ended 31 December 2012; and iii) the unaudited management financial information of AH36 for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013. The aforementioned financial information is hereinafter collectively referred to as the "Relevant Financial Information".

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

The audited financial information of AH11 and AH12 for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for nine-month period ended 31 December 2013 was prepared in accordance with accounting principles generally accepted in Japan ("Japan GAAP") and audited by Deloitte Touche Tohmatsu LLC, in accordance with the auditing standards generally accepted in Japan. The auditors' reports on this financial information were not subject to any qualifications, modifications or disclaimers.

The Unaudited Pro Form Financial Information also includes unaudited adjustments made by management to conform the Japan GAAP financial information with International Financial Reporting Standards ("IFRS").

- (c) In arriving at the Unaudited Pro Forma Financial Information, certain other adjustments and assumptions, as set out in Notes 4(d) and 5, have been made. The Unaudited Pro Forma Financial Information has been compiled from the Relevant Financial Information stated in Note 4(b) and is based on the accounting policies adopted by the AG Trust.
- (d) The following key adjustments and assumptions were made for the preparation of the Unaudited Pro Forma Financial Information:
 - (i) Certain accounting adjustments were made to account for the internal restructuring of AH11 and AH12 using an absorption-type corporate split structure by establishing AH01 and AH02 to succeed the golf courses to be retained by the Sponsor. Financial information of AH03, established via the absorption-type corporate split of AH36, is then added to the adjusted financial information of AH11 and AH12, forming the "Initial Portfolio".
 - (ii) Certain accounting adjustments are made to adjust for the differences in accounting preparation and disclosures of the Initial Portfolio which was prepared under Japan GAAP and the accounting policies adopted by the Trust Group, which are in accordance with IFRS.
 - (iii) A distribution amounting to JPY 39,015 million paid to the Sponsor prior to the Listing Date is adjusted to reflect the cash position of the Trust Group after such payment. An interest-free bridging loan was borrowed from the Sponsor for the purposes of paying the distribution and associated withholding taxes on the distribution. The bridging loan was repaid together with the settlement of intercompany balances as stated in Note 4(d)(v).

AG Trust has assumed that a cash reserve of JPY 4,500 million ("Cash Reserve") is needed for tax payments, for repayment of cash deposit received from members of portfolio golf courses upon initial admission to membership, and for complying with financial covenants of the New SPC's loans. Accordingly, the balances of cash and cash equivalents were adjusted to JPY 4,500 million and the amounts exceeding or falling short of the Cash Reserve were recorded as other receivables within current assets or other payables within current liabilities. AG Trust recorded other receivables amounting to JPY 5,130 million, JPY 4,786 million and JPY 7,065 million as at 31 March 2011, 31 March 2012 and 31 March 2013 respectively, and other payables amounting to JPY 196 million as at 31 December 2013.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

- (iv) 1,099,122,000 units are assumed to be issued at the maximum offering price of S\$1 per unit. Proceeds from the offering under the Placement, the Singapore Public Offering and the Japanese Public Offering (the "Offering") and the issue of Consideration Units are assumed to be JPY 82,508 million after deducting estimated equity issue expenses. No units are issued pursuant to the over-allotment option. A part of the equity issue expenses was incurred by the New SPC and is expected to be tax deductible by the Trust Group. Accordingly, equity issue expenses are presented net of the resultant income tax effect.
- (v) The New Debt Facilities amounting to JPY 45,000 million with a facility fee of JPY 2,405 million shall be drawn down on the Listing Date. The New Debt Facilities consists of the following tranches:
 - (a) 3-year loan of JPY 15,000 million with a floating interest rate of 6-month Japanese Yen TIBOR plus 125 basis points per annum;
 - (b) 4-year loan of JPY 15,000 million with a floating interest rate of 6-month Japanese Yen TIBOR plus 150 basis points per annum; and
 - (c) 5-year loan of JPY 15,000 million with a floating interest rate of 6-month Japanese Yen TIBOR plus 175 basis points per annum.

The proceeds of the New Debt Facilities will be used for the purposes of:

- (a) cash settlement of all the outstanding intercompany loans and payables, net of receivables due to the Sponsor and its subsidiaries amounting to JPY 39,304 million, JPY 34,181 million, JPY 41,259 million and JPY 41,704 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 respectively; and
- (b) payment of fee and expenses in respect of new financing of JPY 2,405 million.

Concurrently with the drawdown of the New Debt Facilities, the Trust Group will enter into interest rate swaps contracts with a total notional amount of JPY 35,000 million which have fixed interest payments at average rates ranging approximately from 1.7% to 2.3% and receipts at the floating interest rate of 6-month Japanese Yen TIBOR. The difference between the fixed and floating interest rate payments will be settled on a net basis semi-annually.

The Trust Group enters into interest rate swaps to manage its exposure to interest rate movement risk on the New Debt Facilities by swapping a proportion of the principal amount of the New Debt Facilities from floating rate interest to fixed rate interest.

All interest rate swap contracts entered into for the purposes of swapping floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges against the New Debt Facilities in order to reduce the Trust Group's cash flow exposure resulting from variable interest rates on the New Debt Facilities. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

Interest expenses (including amortisation of capitalised loan facility fee) under the New Debt Facilities which are hedged with interest rate swaps are assumed to be charged at JPY 1,481 million, JPY 1,485 million, JPY 1,490 million, JPY 1,117 million and JPY 1,117 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

The current interest expenses net of interest income on intercompany balances due to the Sponsor and its subsidiaries amounting to JPY 512 million, JPY 638 million, JPY 581 million, JPY 425 million and JPY 506 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013, and for the nine-month periods ended 31 December 2012 and 31 December 2013 respectively, are reversed with the repayment of intercompany balances to the Sponsor.

For the purpose of preparation of the Unaudited Pro Forma Financial Information, the fair value of interest rate swaps entered into is assumed to be nil as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013. As the actual fair value of interest rate swaps will have to be estimated at the end of each reporting period, the actual fair value of interest rate swaps could be materially different from the zero fair value amount used for the purpose of the assumption used.

Loan facility fee of JPY 2,405 million is assumed to be tax deductible when incurred, while it is netted against borrowings from financial institution and amortised over the borrowing period in the Unaudited Pro Forma Financial Information. This will decrease income tax expense by JPY 893 million and increase deferred tax expense by JPY 670 million for the financial year ended 31 March 2011 and decrease deferred tax expenses by JPY 228 million, JPY 233 million, JPY 175 million and JPY 175 million for the financial years ended 31 March 2012, 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively. For the purpose of pro forma statement of financial position, deferred tax liability of JPY 495 million is recorded as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively.

- (vi) Upon the Corporate Split to succeed the golf courses to be retained by the Sponsor, those golf courses are deemed to be sold to the Sponsor at their fair value from a tax perspective. The difference between fair value and tax book value will be subject to income tax as a deemed gain on disposal and the relevant income tax payable will be succeeded by the New SPC which is assumed to be JPY 4,664 million recorded as income tax payable as at each of the Relevant Dates.
- (vii) Pursuant to the acquisition of the Initial Portfolio by the AG Trust through the acquisition of the TK Contribution made by the Sponsor to the New SPC, the settlement of consideration is estimated to be JPY 76,183 million, JPY 81,726 million, JPY 72,502 million and JPY 79,240 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 respectively, and shall be settled by the issue of consideration units and payment of cash to the Sponsor, which are funded by the Proceeds. For the purpose of the preparation of the Unaudited Pro Forma Financial Information, it is assumed that the consideration is settled by cash in full. The final consideration for the acquisition of the Initial Portfolio is subject to the valuation by the Independent Valuer using the discounted cash flow valuation method and has been adjusted to deduct net debt (comprising of intercompany loans and lease obligations) as well as the value attributable to membership interests in the New SPC.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Concurrently with the acquisition of the TK Contribution by the AG Trust from the Sponsor, the New SPC (the "TK Operator") injected its own cash, funded using the subordinated loan granted by the Sponsor to the New SPC of JPY 500 million into the TK Business (the "TK Operator's Own Funding"). The TK Operator's Own Funding bears interest of JPY 15 million per annum based on a fixed interest rate of 3% per annum and is repayable when the New SPC discontinues its golf course business. Accordingly, the New SPC would be entitled to receive returns of distributions from the TK Business equal to 1% of the distributable income from the TK business. In addition, as a qualified institutional investor ("QII") injects its cash of JPY 5 million into the TK Business, the TK operator will allocate and distribute to QII approximately 0.01% of the distributable income generated from TK Business.

For the purpose of pro forma statement of comprehensive income, profit and total comprehensive income attributable to unitholders of AG Trust and non-controlling interest are calculated on a pro-rata basis as 99% and 1% of total profit and total comprehensive income respectively, which approximate the actual profit sharing terms set forth in the TK Agreement and other ancillary agreements.

- (viii) In accounting for the acquisition of the Initial Portfolio, identifiable assets acquired and liabilities and contingent liabilities assumed in the acquisitions are measured at their fair values. The fair values of the identifiable assets acquired and the liabilities assumed in the acquisition are assumed to be the net assets of the New SPC as at the acquisition date adjusted for the fair value gain of the property, plant and equipment, which is based on the fair values as at 30 September 2013, for the purposes of preparation of the unaudited pro forma financial information of the Trust Group. This may differ from the fair values of the net assets as at the actual date of completion of the acquisition of the Initial Portfolio by the AG Trust.

The Trust Group recognised any non-controlling interest at the non-controlling interest's proportionate share of the identifiable net assets of the New SPC. For the purpose of the pro forma statements of financial position, the non-controlling interest is fixed at the JPY 4 million capital contributed by the ISH.

The excess of the consideration for the acquisition of the Initial Portfolio and the amount of the non-controlling interest in the New SPC over the fair values of the identifiable net assets acquired is recorded as goodwill. As the actual goodwill will have to be determined at the completion of the acquisition of the Initial Portfolio, the actual goodwill could be materially different from the amount derived based on the assumption used.

- (ix) The Pro-shop Business at golf courses within the Initial Portfolio will not be transferred to the New SPC and will continue to be owned and operated by the Pro-shop Subsidiary.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Accordingly, revenue amounting to JPY 2,295 million, JPY 2,335 million, JPY 2,502 million, JPY 2,015 million and JPY 2,050 million and merchandise and material expenses amounting to JPY 1,714 million, JPY 1,740 million, JPY 1,913 million, JPY 1,478 million and JPY 1,517 million relating to the Pro-shop Business are adjusted to be excluded from the financial results of the BT Golf Course Subsidiaries for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively. In addition, inventories relating to the Pro-shop Business at the Initial Portfolio are assumed to be sold to the Pro-shop Subsidiary at their carrying value of JPY 1,266 million, JPY 1,307 million, JPY 1,435 million and JPY 1,402 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively.

In running the Pro-shop Business, the Pro-shop Subsidiary will outsource to the New SPC some of the operations of the pro-shops, including goods and inventory management, selling activities and revenue cash management. The New SPC will manage the cash received as revenue from the Pro-shop Business, and deliver the cash revenue to Pro-shop Subsidiary every month. In return, the Pro-shop Subsidiary will pay a commission fee to the New SPC. The commission fees earned by the New SPC are assumed to be charged at JPY 68 million, JPY 68 million, JPY 70 million, JPY 65 million and JPY 66 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

- (x) In accordance with the termination of the Heartree Outsourcing Arrangement, the restaurant operations for those restaurants located at golf courses within the Initial Portfolio which were previously managed by Heartree Co., Ltd ("Heartree"), a wholly owned subsidiary of the Sponsor, will be terminated upon the Listing Date and the restaurant managers and chief cooks will be transferred from the Sponsor to the New SPC to benefit from the restaurant management know-how of the Sponsor. Accordingly, the expenses relating to restaurant operations under the new arrangement are assumed to be charged at JPY 7,925 million, JPY 7,928 million, JPY 8,052 million, JPY 6,249 million and JPY 6,277 million, respectively, for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013 respectively and the current outsourcing fees paid to Heartree amounting to JPY 8,919 million, JPY 9,401 million, JPY 9,700 million, JPY 7,869 million and JPY 7,899 million are reversed for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

In addition, inventories relating to the restaurant operations in the Initial Portfolio held by Heartree are assumed to be purchased from Heartree at their carrying value of JPY 126 million, JPY 139 million, JPY 131 million and JPY 153 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

- (xi) The New SPC will enter into a golf course management agreement with the Sponsor (the "Golf Course Management Agreement") pursuant to which the New SPC will outsource the operation and management function of the golf course business, administrative support services, certain advisory services and other related services to the Sponsor (the current golf course management agreements in relation to the Initial Portfolio will be terminated immediately prior to the Golf Course Management Agreement taking effect). Under the Golf Course Management Agreement, the Sponsor will provide its know-how in respect of the golf course management business to the New SPC by seconding its senior/experienced individuals to the New SPC. In return, the Sponsor will be entitled to receive a golf course management fee.

For the purpose of pro forma financial information, the golf course management fees under the Golf Course Management Agreement are assumed to be charged in the amounts of JPY 6,341 million, JPY 6,286 million, JPY 6,292 million, JPY 4,917 million and JPY 4,867 million for the financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and for nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

The current golf course management fees previously charged amounting to JPY 5,585 million, JPY 6,152 million, JPY 6,303 million, JPY 4,917 million and JPY 4,666 million are reversed for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

- (xii) The New SPC will also enter into the Asset Management Agreement with the Asset Manager (being also the TM Partner), Daiwa Real Estate Asset Management Co. Ltd, pursuant to which the Asset Manager will advise the New SPC on the acquisition and disposal of golf courses and the execution or renewal of the Golf Course Management Agreement between the New SPC and the Sponsor. The Asset Manager is entitled to an asset management fee according to the Asset Management Agreement.

The asset management fee under the Asset Management Agreement is assumed to be charged in the amounts of JPY 100 million per annum for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 respectively and JPY 75 million for the nine-month periods ended 31 December 2012 and 31 December 2013 respectively.

- (xiii) The Trustee-Manager will be entitled to receive a base fee (the "Base Fee") and performance fee. For the purpose of the pro Forma Financial Information, the Base Fee is assumed to be charged in the amounts of JPY 200 million, JPY 200 million, JPY 200 million, JPY 150 million and JPY 150 million for the financial years ended 31 March 2011, 31 March 2012, and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively. The Trustee-Manager will also be entitled to receive a performance fee and which is assumed to be charged in the amounts of JPY 45 million, JPY 46 million, JPY 45 million, JPY 34 million and JPY 34 million for the financial years ended 31 March 2011, 31 March 2012, and 31 March 2013 and for nine-month periods ended 31 December 2012 and 31 December 2013, respectively. Independent director fees, salaries of the key executives of the Trustee-Manager and salaries of the Primary Resources Services such as company secretariat, legal, compliance, risk, asset management, finance, accounts, investors relations payable under a resources agreement entered into between the Trustee-Manager and AG Trust will be payable out of the Base Fee.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

- (xiv) External service providers will also provide certain Ancillary Resources services such as corporate services, audit and tax services, financial rating services, valuation and appraisal services, insurance services and other administrative services. The incremental fees relating to the Ancillary Resources services are assumed to be charged in the amounts of JPY 167 million, JPY 176 million, JPY 174 million, JPY 131 million and JPY 135 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively.
- (xv) Discount vouchers distributed by the Sponsor to its shareholders will no longer be used in the Initial Portfolio. Amounts of discount vouchers used at the Initial Portfolio for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013 were JPY 442 million, JPY 415 million, JPY 318 million, JPY 320 million and JPY 456 million, respectively. These amounts had been accounted for as deductions of revenue previously but reversed for the purpose of preparation of the Unaudited Pro Forma Statements of Comprehensive Income and Pro Forma Statements of Cash Flows.
- (xvi) After the listing, the customer loyalty programme will continue to be managed by the Sponsor and the arrangement is such that the New SPC will make a cash payment to the Sponsor when the golf courses included in the Initial Portfolio grant the customer loyalty points to the holders of Accordia Golf Loyalty Cards. In turn, the Sponsor will make a reimbursement to the New SPC in cash when such customer loyalty points are used by the holders. The balance related to outstanding customer loyalty points as of the Relevant Dates is assumed to be JPY 1,356 million, of which JPY 316 million, JPY 376 million, JPY 487 million and JPY 433 million has already been recognised as provision as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively. The full amount of outstanding customer loyalty points will be transferred to the Sponsor and settled in cash.
- (xvii) Income from the TK Business will be subject to the withholding tax in Japan which is levied on the amount of TK distributions paid from the New SPC to the AG Trust. The applicable withholding tax rate is 20.42%. The withholding tax in Japan on TK distribution is assumed to be charged in the amounts of JPY 919 million, JPY 1,685 million, JPY 1,800 million, JPY 1,559 million and JPY 1,366 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

In the Pro Forma Statements of Cash Flows, the withholding tax of the respective financial year is assumed to be paid in the next respective financial year.

Such withholding tax is assumed to constitute a foreign tax credit of the AG Trust in Singapore, resulting in no income tax expense at the AG Trust since the income tax rate to be applied to the AG Trust in Singapore is lower than the withholding tax rate in Japan.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

The amount of TK distribution is assumed to be deductible from the taxable income of the New SPC, which had been taxed as taxable income of BT Golf Course Subsidiaries under Japanese corporate income tax. Accordingly, the current Japan corporate income tax on TK distribution amounting to JPY 1,669 million, JPY 3,061 million, JPY 3,271 million, JPY 2,834 million and JPY 2,483 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively, are reversed for the purpose of preparation of the Unaudited Pro Forma Statements of Comprehensive Income and Pro Forma Statements of Cash flows.

5. STATEMENT OF ADJUSTMENTS

- (a) Pro forma statements of comprehensive income of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013

The following adjustments have been made in arriving at the pro forma statements of comprehensive income of the Trust Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013 based on the assumption that the Significant Events had occurred at 1 April 2010.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

For the year ended 31 March 2011

	Audited statement of comprehensive income of AH11	Audited statement of comprehensive income of AH12	Sub Total	Pro forma adjustments				JPY millions Note (v)	Unaudited pro forma statement of comprehensive income
	JPY millions	JPY millions		JPY millions	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)		
Revenue	35,337	41,515	76,852	(17,939)	-	-	-	(1,853)	55,953
Other operating income	295	254	549	(155)	-	-	-	68	462
Operating income	35,632	41,769	77,401	(18,094)	(1,107)	-	-	(1,785)	56,415
Merchandise and material expense	(1,047)	(1,327)	(2,374)	596	-	-	-	(1,741)	(3,519)
Labour cost	(7,399)	(7,852)	(15,251)	3,865	(78)	-	-	(4,072)	(15,536)
Management fee expense	(3,609)	(3,803)	(7,412)	1,827	-	-	-	(306)	(5,891)
Asset Manager's fee	-	-	-	-	-	-	-	(100)	(100)
Depreciation and amortisation expenses	(1,639)	(2,192)	(3,831)	785	(401)	-	(131)	-	(3,578)
Trustee-Manager's fee	-	-	-	-	-	-	-	(245)	(245)
Other trust expenses	-	-	-	-	-	-	-	(116)	(116)
Other operating expenses	(18,680)	(20,735)	(39,415)	10,945	1,481	-	44	8,025	(18,920)
Operating expense	(32,374)	(35,909)	(68,283)	18,018	1,002	-	(87)	1,445	(47,905)
Operating profit	3,258	5,860	9,118	(76)	(105)	-	(87)	(340)	8,510
Interest expense and other finance costs	(147)	(476)	(623)	30	(120)	(984)	-	(5)	(1,702)
Profit before income tax	3,111	5,384	8,495	(46)	(225)	(984)	(87)	(345)	6,808
Income tax (expense) benefit	(1,586)	1,692	106	(3,414)	143	365	1,235	67	(1,498)
Profit for the year, representing total comprehensive income	1,525	7,076	8,601	(3,460)	(82)	(619)	1,148	(278)	5,310
Profit and total comprehensive income attributable to									
Unitholders of AG Trust	1,510	7,005	8,515	(3,425)	(81)	(613)	1,136	(275)	5,257
Non-controlling interest	15	71	86	(35)	(1)	(6)	12	(3)	53
	1,525	7,076	8,601	(3,460)	(82)	(619)	1,148	(278)	5,310

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

For the year ended 31 March 2012

	Audited statement of comprehensive income of AH11	Audited statement of comprehensive income of AH12	Sub Total JPY millions	Pro forma adjustments						Unaudited pro forma statement of comprehensive income
	JPY millions	JPY millions		JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions	
Revenue										
Other operating income	33,450	42,499	75,949	(18,678)	(1,421)	-	-	(1,920)	68	53,930
Operating income	166	212	378	(78)	(1,421)	-	-	(1,852)		368
	33,616	42,711	76,327	(18,756)		-	-		(1,852)	54,298
Merchandise and material expense	(1,001)	(1,312)	(2,313)	562	-	-	-	(1,893)		(3,644)
Labour cost	(6,518)	(7,374)	(13,892)	3,801	74	-	-	(3,940)		(13,957)
Management fee expense	(3,841)	(4,344)	(8,185)	2,033	-	-	-	316		(5,836)
Asset Manager's Fee	-	-	-	-	-	-	-	(100)		(100)
Depreciation and amortisation expenses	(1,688)	(2,436)	(4,124)	973	(130)	-	(80)	-		(3,361)
Trustee-Manager's Fee	-	-	-	-	-	-	-	(246)		(246)
Other trust expenses	-	-	-	-	-	-	-	(116)		(116)
Other operating expenses	(17,221)	(20,634)	(37,855)	9,727	1,653	-	-	8,541		(17,934)
Operating expense	(30,269)	(36,100)	(66,369)	17,096	1,597	-	(80)	2,562		(45,194)
Operating profit	3,347	6,611	9,958	(1,660)	176	-	(80)	710		9,104
Interest expense and other finance costs	(202)	(647)	(849)	123	(113)	(862)	-	(5)		(1,706)
Profit before income tax	3,145	5,964	9,109	(1,537)	63	(862)	(80)	705		7,398
Income tax (expense) benefit	(1,990)	2,923	933	(3,898)	33	320	1,385	(396)		(1,623)
Profit for the year, representing total comprehensive income	1,155	8,887	10,042	(5,435)	96	(542)	1,305	309		5,775
Profit and total comprehensive income attributable to										
Unitholders of AG Trust	1,144	8,798	9,942	(5,381)	95	(537)	1,292	306		5,717
Non-controlling interest	11	89	100	(54)	1	(5)	13	3		58
	1,155	8,887	10,042	(5,435)	96	(542)	1,305	309		5,775

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

For the year ended 31 March 2013

	Audited statement of comprehensive income of AH11 JPY millions	Audited statement of comprehensive income of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments					Unaudited pro forma statement of comprehensive income JPY millions
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	
Revenue									
Other operating income	33,408	42,555	75,963	(18,639)	(1,546)	-	-	(2,184)	53,594
Operating income	635	729	1,364	(808)	-	-	-	70	626
	34,043	43,284	77,327	(19,447)	(1,546)	-	-	(2,114)	54,220
Merchandise and material expense	(1,077)	(1,456)	(2,533)	607	-	-	-	(1,819)	(3,745)
Labour cost	(6,207)	(7,153)	(13,360)	3,522	-	-	-	(3,990)	(13,828)
Management fee expense	(3,866)	(4,384)	(8,250)	1,946	-	-	-	461	(5,843)
Asset Manager's Fee	-	-	-	-	-	-	-	(100)	(100)
Depreciation and amortisation expenses	(1,667)	(2,488)	(4,155)	936	(5)	-	(45)	-	(3,269)
Trustee-Manager's Fee	-	-	-	-	-	-	-	(245)	(245)
Other trust expenses	-	-	-	-	-	-	-	(116)	(116)
Other operating expenses	(16,997)	(20,726)	(37,723)	9,580	1,601	-	-	8,867	(17,675)
Operating expense	(29,814)	(36,207)	(66,021)	16,591	1,596	-	(45)	3,058	(44,821)
Operating profit	4,229	7,077	11,306	(2,856)	50	-	(45)	944	9,399
Interest expense and other finance costs									
Profit before income tax	3	(575)	(572)	(105)	(110)	(924)	-	(5)	(1,716)
	4,232	6,502	10,734	(2,961)	(60)	(924)	(45)	939	7,683
Income tax (expense) benefit									
	(1,532)	(2,775)	(4,307)	1,267	78	343	1,419	(482)	(1,682)
Profit for the year, representing total comprehensive income	2,700	3,727	6,427	(1,694)	18	(581)	1,374	457	6,001
Profit and total comprehensive income attributable to									
Unitholders of AG Trust	2,673	3,690	6,363	(1,677)	18	(575)	1,360	452	5,941
Non-controlling interest	27	37	64	(17)	-	(6)	14	5	60
	2,700	3,727	6,427	(1,694)	18	(581)	1,374	457	6,001

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

For the nine-month period ended 31 December 2012

	Management financial information of AH11 JPY millions	Management financial information of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments					Unaudited pro forma statement of comprehensive income
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions
Revenue									
Other operating income	27,176	33,928	61,104	(14,803)	(1,262)	-	-	(1,695)	43,344
Operating income	385	417	802	(417)	-	-	-	65	450
	27,561	34,345	61,906	(15,220)	(1,262)	-	-	(1,630)	43,794
Merchandise and material expense	(853)	(1,135)	(1,988)	470	-	-	-	(1,471)	(2,989)
Employee benefits expense	(4,822)	(5,497)	(10,319)	2,702	103	-	-	(3,032)	(10,546)
Management fee expense	(3,022)	(3,408)	(6,430)	1,513	-	-	-	339	(4,578)
Asset Manager's fee	-	-	-	-	-	-	(43)	(75)	(75)
Depreciation and amortisation expenses	(1,241)	(1,855)	(3,096)	699	(4)	-	-	-	(2,444)
Trustee-Manager's fee	-	-	-	-	-	-	-	(184)	(184)
Other trust expenses	-	-	-	-	-	-	-	(87)	(87)
Other operating expenses	(13,616)	(16,492)	(30,108)	7,573	1,291	-	-	7,222	(14,022)
Operating expense	(23,554)	(28,387)	(51,941)	12,957	1,390	-	(43)	2,712	(34,925)
Operating profit	4,007	5,958	9,965	(2,263)	128	-	(43)	1,082	8,869
Interest expense and other finance costs	26	(414)	(388)	(115)	(76)	(703)	-	(4)	(1,286)
Profit before income tax	4,033	5,544	9,577	(2,378)	52	(703)	(43)	1,078	7,583
Income tax (expense) benefit	(1,440)	(2,334)	(3,774)	925	25	261	1,367	(501)	(1,697)
Profit for the year, representing total comprehensive income	2,593	3,210	5,803	(1,453)	77	(442)	1,324	577	5,886
Profit and total comprehensive income attributable to									
Unitholders of AG Trust	2,567	3,178	5,745	(1,438)	76	(438)	1,311	571	5,827
Non-controlling interest	26	32	58	(15)	1	(4)	13	6	59
	2,593	3,210	5,803	(1,453)	77	(442)	1,324	577	5,886

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

For the nine-month period ended 31 December 2013

	Audited statement of comprehensive income of AH11	Audited statement of comprehensive income of AH12	Sub Total	Pro forma adjustments					Unaudited pro forma statement of comprehensive income
	JPY millions	JPY millions	JPY millions	JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions
Revenue									
Other operating income	26,585	33,570	60,155	(14,482)	(1,311)	-	-	(1,594)	42,768
Operating income	191	207	398	(113)	-	-	-	66	351
	<u>26,776</u>	<u>33,777</u>	<u>60,553</u>	<u>(14,595)</u>	<u>(1,311)</u>	<u>-</u>	<u>-</u>	<u>(1,528)</u>	<u>43,119</u>
Merchandise and material expense	(858)	(1,114)	(1,972)	469	-	-	-	(1,432)	(2,935)
Employee benefits expense	(4,828)	(5,476)	(10,304)	2,668	19	-	-	(3,037)	(10,654)
Management fee expense	(2,819)	(3,202)	(6,021)	1,355	-	-	-	137	(4,529)
Asset Manager's fee	-	-	-	-	-	-	-	(75)	(75)
Depreciation and amortisation expenses	(1,253)	(1,880)	(3,133)	681	-	-	11	-	(2,441)
Trustee-Manager's fee	-	-	-	-	-	-	-	(184)	(184)
Other trust expenses	-	-	-	-	-	-	-	(87)	(87)
Other operating expenses	(13,583)	(16,450)	(30,033)	7,504	1,340	-	-	7,226	(13,963)
Operating expense	<u>(23,341)</u>	<u>(28,122)</u>	<u>(51,463)</u>	<u>12,677</u>	<u>1,359</u>	<u>-</u>	<u>11</u>	<u>2,548</u>	<u>(34,868)</u>
Operating profit	3,435	5,655	9,090	(1,918)	48	-	11	1,020	8,251
Interest expense and other finance costs	(266)	(454)	(720)	119	(85)	(622)	-	(4)	(1,312)
Profit before income tax	3,169	5,201	8,370	(1,799)	(37)	(622)	11	1,016	6,939
Income tax (expense) benefit	(1,462)	(2,215)	(3,677)	1,089	55	231	1,242	(478)	(1,538)
Profit for the year, representing total comprehensive income	<u>1,707</u>	<u>2,986</u>	<u>4,693</u>	<u>(710)</u>	<u>18</u>	<u>(391)</u>	<u>1,253</u>	<u>538</u>	<u>5,401</u>
Profit and total comprehensive income attributable to									
Unitholders of AG Trust	1,690	2,956	4,646	(703)	18	(387)	1,240	533	5,347
Non-controlling interest	17	30	47	(7)	-	(4)	13	5	54
	<u>1,707</u>	<u>2,986</u>	<u>4,693</u>	<u>(710)</u>	<u>18</u>	<u>(391)</u>	<u>1,253</u>	<u>538</u>	<u>5,401</u>

**ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013**

Notes:

- (i) Adjustments to carve out the financial information of the golf courses to be retained by the Sponsor included in AH11 and AH12 prior to the Corporate Split and to include the financial information of one golf course to be carved out into AH03 recorded at AH36, which is part of the Initial Portfolio, as disclosed in Note 4(d)(i). After these adjustments, the financial information pertains to the golf courses within the "Initial Portfolio" and is referred to as the "Carve Out Financial Information".
- (ii) Adjustments made to account for the differences between Japan GAAP and IFRS on the Carve Out Financial Information as disclosed in Note 4(d)(ii), except for the depreciation and amortisation expenses for the property, plant and equipment revalued as disclosed in Note 4(d)(viii), which are adjusted in (iv) in this section.
- (iii) Adjustment to reverse the interest expense paid to the Sponsor upon repayment of intercompany balances to the Sponsor and to record the interest expense on the New Debt Facilities (which are hedged with interest rate swaps) as well as the amortisation of capitalised loan facility fee for the current period, as disclosed in Note 4(d)(v), and interest expense on a subordinated loan from the Sponsor as disclosed in Note 4(d)(vii).
- (iv) Adjustments to record the depreciation of property, plant and equipment on the fair value adjustment arising from the acquisition and realisation of the related deferred tax liabilities as disclosed in Note 4(d)(viii), and to record the impact of withholding tax on TK distributions and the reversal of current Japan corporate income tax on TK distributions as described in Note 4(d)(xvii), and to adjust deferred income tax expenses with those applicable to the Trust Group.
- (v) Adjustments to reverse the current Pro-shop Business revenue and merchandise and material expense, current Heartree outsourcing fee, current golf course management fee and the reduced revenue from the discount vouchers distributed to the Sponsor's shareholders, and to record the Pro-shop Business commission fees earned, restaurant operating costs, golf course management fees, Asset Manager's fees, Trustee-Manager's fee and support service fee as disclosed in Note 4(d)(ix), (x), (xi), (xii), (xiii), (xiv) and (xv).

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013
AND THE NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

5. STATEMENT OF ADJUSTMENTS (CONT'D)

- (b) Pro forma statements of financial position of the Trust Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013

The following adjustments have been made in arriving at the pro forma statements of financial position of the Trust Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 based on the assumption that the Significant Events had occurred at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 March 2011

	Audited statement of financial position of AH11 JPY millions	Audited statement of financial position of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments							Unaudited pro forma statement of financial position JPY millions
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current assets											
Cash and cash equivalents	37	48	85	(20)	-	-	(1,339)	(76,174)	81,948	-	4,500
Trade and other receivables	6,719	11,026	17,745	(789)	-	-	(9,399)	-	-	-	7,557
Inventories	910	987	1,897	(468)	-	-	-	-	-	(1,140)	289
Other assets	742	768	1,510	(371)	-	-	-	-	-	-	1,139
	<u>8,408</u>	<u>12,829</u>	<u>21,237</u>	<u>(1,648)</u>	<u>-</u>	<u>-</u>	<u>(10,738)</u>	<u>(76,174)</u>	<u>81,948</u>	<u>(1,140)</u>	<u>13,485</u>
Non-current assets											
Trade and other receivables	79	5	84	(14)	-	-	-	-	-	-	70
Property, plant and equipment	48,863	81,427	130,290	(37,439)	135	-	-	58,057	469	-	151,512
Intangible assets	1,298	4,075	5,373	(1,362)	(1,882)	-	-	9,821	-	-	11,950
Other assets	350	610	960	(410)	-	-	-	-	-	-	550
Investments in subsidiaries	-	11,444	11,444	(11,444)	-	-	-	-	-	-	-
	<u>50,590</u>	<u>97,561</u>	<u>148,151</u>	<u>(50,669)</u>	<u>(1,747)</u>	<u>-</u>	<u>-</u>	<u>67,878</u>	<u>469</u>	<u>-</u>	<u>164,082</u>
Total assets	58,998	110,390	169,388	(52,317)	(1,747)	-	(10,738)	(8,296)	82,417	(1,140)	177,567

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 March 2011

	Audited statement of financial position of AH11	Audited statement of financial position of AH12	Sub Total	Pro forma adjustments							Unaudited pro forma statement of financial position
	JPY millions	JPY millions		JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	JPY millions
Current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	450	-	-	-	450
Current portion of finance lease payables to a related party	570	572	1,142	(260)	215	-	-	-	-	-	1,097
Borrowings from a related party	-	-	-	-	-	39,015	7,165	(46,396)	-	216	-
Trade and other payables	2,278	2,594	4,872	(1,895)	-	-	(578)	-	-	-	2,399
Membership deposits	-	-	-	10,143	-	-	-	-	-	-	10,143
Income taxes payable	116	(557)	(441)	-	-	-	(495)	4,664	(188)	(504)	3,036
Other liabilities	2,471	3,186	5,657	(1,442)	1,311	-	-	-	-	-	5,526
	5,435	5,795	11,230	(3,597)	11,669	39,015	6,542	(41,732)	(188)	(288)	22,651
Non-current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	42,145	-	-	-	42,145
Finance lease payables to a related party	1,575	1,675	3,250	(810)	13	-	-	-	-	-	2,453
Borrowings from a related party	11,968	48,452	60,420	-	-	-	(59,920)	-	-	-	500
Membership deposits	14,310	11,319	25,629	(5,875)	(10,778)	-	-	-	-	-	8,976
Deferred tax liabilities	(2,319)	(2,296)	(4,615)	(120)	(893)	-	495	23,221	97	117	18,302
Other liabilities	565	623	1,188	(604)	(245)	-	-	5	-	(316)	28
	26,099	59,773	85,872	(7,409)	(11,903)	-	(17,280)	23,226	97	(199)	72,404
Total liabilities	31,534	65,568	97,102	(11,006)	(234)	39,015	(10,738)	(18,506)	(91)	(487)	95,055
Net assets	27,464	44,822	72,286	(41,311)	(1,513)	(39,015)	-	10,210	82,508	(653)	82,512

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 March 2012

Audited statement of financial position of AH11 JPY millions	Audited statement of financial position of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments							Unaudited pro forma statement of financial position JPY millions
			JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current assets	86	197	(56)	-	-	4,128	(81,717)	81,948	-	4,500
	6,322	17,977	(909)	-	-	(9,675)	-	-	-	7,393
	904	1,915	(446)	-	-	-	-	-	(1,168)	301
	645	1,319	(290)	-	-	-	-	-	-	1,029
	7,957	21,408	(1,701)	-	-	(5,547)	(81,717)	81,948	(1,168)	13,223
Non-current assets	78	83	(14)	-	-	-	-	-	-	69
	47,539	127,696	(36,508)	5	-	-	59,720	469	-	151,382
	1,274	5,116	(1,319)	(1,882)	-	-	10,000	-	-	11,915
	330	701	(221)	-	-	-	-	-	-	480
	-	15,529	(15,529)	-	-	-	-	-	-	-
	49,221	149,125	(53,591)	(1,877)	-	-	69,720	469	-	163,846
Total assets	57,178	170,533	(55,292)	(1,877)	-	(5,547)	(11,997)	82,417	(1,168)	177,069

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 March 2012

	Audited statement of financial position of AH11 JPY millions	Audited statement of financial position of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments							Unaudited pro forma statement of financial position JPY millions
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	450	-	-	-	450
Current portion of finance lease payables to a related party	609	623	1,232	(278)	13	-	-	-	-	-	967
Borrowings from a related party	-	-	-	-	-	39,015	7,193	(46,396)	-	188	-
Trade and other payables	1,564	2,090	3,654	(1,147)	-	-	(572)	-	-	-	1,935
Membership deposits	-	-	-	-	9,241	-	-	-	-	-	9,241
Income taxes payable	442	152	594	-	-	-	(495)	4,664	(188)	(503)	4,072
Other liabilities	2,387	3,186	5,573	(1,374)	1,099	-	-	-	-	-	5,298
	<u>5,002</u>	<u>6,051</u>	<u>11,053</u>	<u>(2,799)</u>	<u>10,353</u>	<u>39,015</u>	<u>6,576</u>	<u>(41,732)</u>	<u>(188)</u>	<u>(315)</u>	<u>21,963</u>
Non-current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	42,145	-	-	-	42,145
Finance lease payables to a related party	1,200	1,303	2,503	(561)	-	-	-	-	-	-	1,942
Borrowings from a related party	9,106	46,157	55,263	-	-	-	(54,763)	-	-	-	500
Membership deposits	13,412	10,779	24,191	(5,545)	(9,756)	-	-	-	-	-	8,890
Deferred tax liabilities	(726)	(5,315)	(6,041)	1,459	(835)	-	495	23,773	97	140	19,088
Other liabilities	561	671	1,232	(606)	(226)	-	-	5	-	(376)	29
	<u>23,553</u>	<u>53,595</u>	<u>77,148</u>	<u>(5,253)</u>	<u>(10,817)</u>	<u>-</u>	<u>(12,123)</u>	<u>23,778</u>	<u>97</u>	<u>(236)</u>	<u>72,594</u>
Total liabilities	28,555	59,646	88,201	(8,052)	(464)	39,015	(5,547)	(17,954)	(91)	(551)	94,557
Net assets	28,623	53,709	82,332	(47,240)	(1,413)	(39,015)	-	5,957	82,508	(617)	82,512

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 March 2013

	Audited statement of financial position of AH11	Audited statement of financial position of AH12	Sub Total	Pro forma adjustments							Unaudited pro forma statement of financial position
	JPY millions	JPY millions		JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current assets											
Cash and cash equivalents	162	206	368	(94)	-	-	(5,229)	(72,493)	81,948	-	4,500
Trade and other receivables	4,710	4,398	9,108	(965)	-	-	1,518	-	-	-	9,661
Inventories	980	1,073	2,053	(453)	-	-	-	-	-	(1,304)	296
Other assets	687	768	1,455	(317)	-	-	-	-	-	-	1,138
	6,539	6,445	12,984	(1,829)	-	-	(3,711)	(72,493)	81,948	(1,304)	15,595
Non-current assets											
Trade and other receivables	79	4	83	(14)	-	-	-	-	-	-	69
Property, plant and equipment	47,238	79,676	126,914	(36,110)	-	-	-	60,104	469	-	151,377
Intangible assets	1,268	3,617	4,885	(1,291)	(1,882)	-	-	10,180	-	-	11,892
Other assets	424	446	870	(265)	-	-	-	-	-	-	605
Investments in subsidiaries	-	23,604	23,604	(23,604)	-	-	-	-	-	-	-
	49,009	107,347	156,356	(61,284)	(1,882)	-	-	70,284	469	-	163,943
Total assets	55,548	113,792	169,340	(63,113)	(1,882)	-	(3,711)	(2,209)	82,417	(1,304)	179,538

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 March 2013

	Audited statement of financial position of AH11 JPY millions	Audited statement of financial position of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments							Unaudited pro forma statement of financial position JPY millions
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	450	-	-	-	450
Current portion of finance lease payables to a related party	650	664	1,314	(263)	-	-	-	-	-	-	1,051
Borrowings from a related party	2,213	16,084	18,297	-	-	39,015	(10,968)	(46,396)	-	52	-
Trade and other payables	1,501	2,090	3,591	(1,081)	-	-	(572)	-	-	-	1,938
Membership deposits	-	-	-	-	8,480	-	-	-	-	-	8,480
Income taxes payable	1,322	815	2,137	-	-	-	(495)	4,664	(188)	(501)	5,617
Other liabilities	3,335	4,009	7,344	(1,301)	973	-	-	-	-	-	7,016
	<u>9,021</u>	<u>23,662</u>	<u>32,683</u>	<u>(2,645)</u>	<u>9,453</u>	<u>39,015</u>	<u>(11,585)</u>	<u>(41,732)</u>	<u>(188)</u>	<u>(449)</u>	<u>24,552</u>
Non-current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	42,145	-	-	-	42,145
Finance lease payables to a related party	1,077	1,199	2,276	(574)	-	-	-	-	-	-	1,702
Borrowings from a related party	6,673	28,593	35,266	-	-	-	(34,766)	-	-	-	500
Membership deposits	12,640	10,327	22,967	(5,298)	(8,874)	-	-	-	-	-	8,795
Deferred tax liabilities	(817)	(3,189)	(4,006)	(507)	(825)	-	495	23,869	97	181	19,304
Other liabilities	630	765	1,395	(645)	(240)	-	-	5	-	(487)	28
	<u>20,203</u>	<u>37,695</u>	<u>57,898</u>	<u>(7,024)</u>	<u>(9,939)</u>	<u>-</u>	<u>7,874</u>	<u>23,874</u>	<u>97</u>	<u>(306)</u>	<u>72,474</u>
Total liabilities	29,224	61,357	90,581	(9,669)	(486)	39,015	(3,711)	(17,858)	(91)	(755)	97,026
Net assets	26,324	52,435	78,759	(53,444)	(1,396)	(39,015)	-	15,649	82,508	(549)	82,512

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 December 2013

	Audited statement of financial position of AH11 JPY millions	Audited statement of financial position of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments							Unaudited pro forma statement of financial position JPY millions
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current assets											
Cash and cash equivalents	110	143	253	(57)	-	-	1,587	(79,231)	81,948	-	4,500
Trade and other receivables	2,865	5,120	7,985	(703)	-	-	(5,192)	-	-	-	2,090
Inventories	922	990	1,912	(428)	-	-	-	-	-	(1,249)	235
Other assets	769	718	1,487	(393)	-	-	-	-	-	-	1,094
	<u>4,666</u>	<u>6,971</u>	<u>11,637</u>	<u>(1,581)</u>	<u>-</u>	<u>-</u>	<u>(3,605)</u>	<u>(79,231)</u>	<u>81,948</u>	<u>(1,249)</u>	<u>7,919</u>
Non-current assets											
Trade and other receivables	79	4	83	(14)	-	-	-	-	-	-	69
Property, plant and equipment	46,671	79,187	125,858	(35,261)	-	-	-	60,517	469	-	151,583
Intangible assets	1,210	3,447	4,657	(1,211)	(1,874)	-	-	10,315	-	-	11,887
Other assets	413	413	826	(223)	-	-	-	-	-	-	603
Investments in subsidiaries	-	23,604	23,604	(23,604)	-	-	-	-	-	-	-
	<u>48,373</u>	<u>106,655</u>	<u>155,028</u>	<u>(60,313)</u>	<u>(1,874)</u>	<u>-</u>	<u>-</u>	<u>70,832</u>	<u>469</u>	<u>-</u>	<u>164,142</u>
Total assets	53,039	113,626	166,665	(61,894)	(1,874)	-	(3,605)	(8,399)	82,417	(1,249)	172,061

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

As at 31 December 2013

	Audited statement of financial position of AH11 JPY millions	Audited statement of financial position of AH12 JPY millions	Sub Total JPY millions	Pro forma adjustments							Unaudited pro forma statement of financial position JPY millions
				JPY millions Note (i)	JPY millions Note (ii)	JPY millions Note (iii)	JPY millions Note (iv)	JPY millions Note (v)	JPY millions Note (vi)	JPY millions Note (vii)	
Current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	450	-	-	-	450
Current portion of finance lease payables to a related party	511	570	1,081	(219)	-	-	-	-	-	-	862
Borrowings from a related party	392	16,084	16,476	-	-	39,015	(9,202)	(46,396)	-	107	-
Trade and other payables	1,466	1,790	3,256	(966)	-	-	(410)	-	-	-	1,880
Membership deposits	-	-	-	-	8,119	-	-	-	-	-	8,119
Income taxes payable	391	226	617	-	-	-	(495)	4,664	(188)	(503)	4,095
Other liabilities	392	424	816	(169)	692	-	-	-	-	-	1,339
	<u>3,152</u>	<u>19,094</u>	<u>22,246</u>	<u>(1,354)</u>	<u>8,811</u>	<u>39,015</u>	<u>(9,657)</u>	<u>(41,732)</u>	<u>(188)</u>	<u>(396)</u>	<u>16,745</u>
Non-current liabilities											
Borrowings from financial institutions	-	-	-	-	-	-	42,145	-	-	-	42,145
Finance lease payables to a related party	1,098	1,217	2,315	(579)	-	-	-	-	-	-	1,736
Borrowings from a related party	8,495	28,593	37,088	-	-	-	(36,588)	-	-	-	500
Membership deposits	12,111	10,055	22,166	(5,000)	(8,423)	-	-	-	-	-	8,743
Deferred tax liabilities	(389)	(1,418)	(1,807)	(2,356)	(814)	-	495	23,876	97	161	19,652
Other liabilities	541	663	1,204	(681)	(67)	-	-	5	-	(433)	28
	<u>21,856</u>	<u>39,110</u>	<u>60,966</u>	<u>(8,616)</u>	<u>(9,304)</u>	<u>-</u>	<u>6,052</u>	<u>23,881</u>	<u>97</u>	<u>(272)</u>	<u>72,804</u>
Total liabilities	25,008	58,204	83,212	(9,970)	(493)	39,015	(3,605)	(17,851)	(91)	(668)	89,549
Net assets	28,031	55,422	83,453	(51,924)	(1,381)	(39,015)	-	9,452	82,508	(581)	82,512

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013 AND THE NINE-MONTH PERIODS ENDED 31
DECEMBER 2012 AND 31 DECEMBER 2013

Notes:

- (i) Adjustments to carve out the financial information of the golf courses to be retained by the Sponsor included in AH11 and AH12 prior to the Corporate Split and to include the financial information of one golf course to be carved out into AH03 recorded at AH36, which is part of the Initial Portfolio, as disclosed Note 4(d)(i). After these adjustments, the financial information pertains to the golf courses within the "Initial Portfolio" and is referred to as the "Carve Out Financial Information".
- (ii) Adjustments made to account for the differences between Japan GAAP and IFRS on the Carve Out Financial Information as disclosed in Note 4(d)(ii), except for the property, plant and equipment revalued as disclosed in Note 4(d)(viii), which are adjusted in (v) in this section.
- (iii) Adjustments to record the payment of distribution to the Sponsor as disclosed in Note 4(d)(iii).
- (iv) Adjustments to record cash balances which deviate from the Cash Reserve as disclosed in Note 4(d)(iii), the repayment of the intercompany balances to the Sponsor and outstanding interest, the net proceeds from the New Debt Facilities, including the remitting deferred tax adjustments as disclosed in Note 4(d)(v), and a subordinated loan from the Sponsor as disclosed in Note 4(d)(vii).
- (v) Adjustments to record the income tax payable arising from the deemed gain on the disposal of those golf courses to be sold to the Sponsor pursuant to the Corporate Split as disclosed in Note 4(d)(vi), to record the acquisitions of the Initial Portfolio, the revaluation of assets and liabilities based on their fair values and their corresponding deferred tax liabilities and to account for the non-controlling interest as disclosed in Note 4(d)(vii) and (viii).
- (vi) Adjustments to record the Proceeds from the offering of units net of the equity issue expense as disclosed in Note 4(d)(iv), the corresponding Japanese tax deduction allowed on equity issue expenses incurred at the New SPC and the capitalisation of registration and license tax paid as a result of the transfer of ownership of golf courses upon the merger between the SPC and the BT Golf Course Subsidiaries, including deferred tax adjustment.
- (vii) Adjustments to record the transfer of inventories relating to the Pro-shop Business at the Initial Portfolio of the Pro-shop Subsidiary, the acquisition of inventories relating to restaurant operation from Heartree and cash settlement of the outstanding customer loyalty points as disclosed in Note 4(d)(ix), (x) and (xvi), including the resulting current and deferred tax adjustments.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Trust Group, which are consistent with the significant accounting policies in preparing the Unaudited Pro Forma Financial Information in this report, are as follows:

(a) Basis of accounting

The Unaudited Pro Forma Financial Information presented in Japanese Yen (JPY) and rounded to the nearest million, is prepared in accordance with the basis set out in Note 4. The Unaudited Pro Forma Financial Information has been prepared under the historical cost convention except for certain financial instruments which are stated at fair value, as explained in the significant accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Trust Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of International Accounting Standard (IAS) 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of this financial information, the Trust Group has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹ (Hedge Accounting and amendment to IFRS 9, IFRS 7 and IAS 39)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures ¹
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ²
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ²

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

The Trust Group is in the process of assessing the impact of these new or revised standards and amendments. The Trust Group expects that the adoption of the standards and interpretations above will have no material impact on the financial information in the period of initial application.

(c) Basis of consolidation

The Unaudited Pro Forma Financial Information incorporates the financial information of the AG Trust and entities (including structured entities) controlled by the AG Trust and its subsidiaries.

Control is achieved when the AG Trust:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The AG Trust reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the AG Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The AG Trust considers all relevant facts and circumstances in assessing whether or not the AG Trust's voting rights in an investee are sufficient to give it power, including:

- the size of the AG Trust 's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the AG Trust, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the AG Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The TK Operators are principally engaged in the investment holding of TK business. Under the TK Agreements, the AG Trust primarily has power over the TK Operator, has rights to variable return in the TK business and has ability to use its power to affect its return in the TK business and, accordingly, consolidates their financial information for reporting purposes.

Consolidation of a subsidiary begins when the AG Trust obtains control over the subsidiary and ceases when the AG Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss of the consolidated statement of comprehensive income from the date the AG Trust gains control until the date when the AG Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the unit holders of the AG Trust and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the unit holders of the AG Trust and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to align their accounting policies with those of the Trust Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Trust Group are eliminated in full on consolidation.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Changes in the Trust Group's ownership interests in existing subsidiaries

Changes in the Trust Group's ownership interests in subsidiaries that do not result in the Trust Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Trust Group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the unit holders of the AG Trust.

When the Trust Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Trust Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 and, when applicable, the cost on initial recognition of an investment in an associate.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Trust Group, liabilities incurred by the Trust Group to the former owners of the acquiree and the equity interests issued by the Trust Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Trust Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interest represent the interest in the operating results and net assets of the New SPC attributable to the shareholder of the TK Operator, in accordance with the TK agreements.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Non-controlling interest that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Trust Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Trust Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Trust Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note (d) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Trust Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

(f) Revenue recognition

Revenue comprises golf course revenue, restaurant revenue and membership revenue. Revenue is measured at the fair value of consideration received or receivable.

Revenue is recognised in profit or loss in the statement of comprehensive income as follows:

- Golf course revenue and restaurant revenue are recognised upon the delivery and completion of the services, which normally coincides with the acceptance by customers.
- Membership revenue consists of annual membership fees and membership enrollment and transfer fee. Annual membership fee is recognised on a straight line basis over the period in which the membership fees are paid. Annual Membership fees billed in advance of the rendering of services are deferred and presented in the statement of financial position as unearned revenue. Membership enrollment and membership transfer fees are recognised in full in the financial year when new members are admitted or transferred.

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Trust Group as lessee

Assets held under finance leases are initially recognised as assets of the Trust Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Trust Group's general policy on borrowing costs (see note (i) below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) Foreign currencies

Items included in the financial information of the Trust Group are measured using the currency of the primary economic environment that the Trust Group operates in (referred to as the "functional currency"). The accompanying financial information are prepared and presented in JPY, the functional currency, for financial reporting purposes.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

In preparing the financial information of each individual Trust Group entity, transactions in currencies other than the Trust Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(i) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Retirement benefit costs

Payments to defined contributions retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in profit or loss of the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Trust Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Trust Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(I) Property, plant and equipment

All items of property, plant and equipment, except for freehold land and golf courses, are initially recorded at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Trust Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Trust Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and golf courses are not depreciated and are initially recorded at cost, and subsequently measured at cost less any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land, golf courses and construction in progress) less their residual values over their useful lives, using the straight-line method over the estimated useful lives of the assets as follows:

- Building and structures	2 - 67 years
- Machinery, vehicles and fixtures	2 - 25 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

(m) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(n) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Trust Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Trust Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(o) Inventories

Inventories comprise restaurant supplies and are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(p) Provisions

Provisions are recognised when the Trust Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013**

(g) Financial instruments recognition, measurement and derecognition

Financial assets and financial liabilities are recognised when a Trust Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Trust Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Trust Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Trust Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Trust Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Trust Group entity after deducting all of its liabilities. Equity instruments issued by a Trust Group entity are recognised at the proceeds received, net of direct issue costs.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Financial liabilities

Financial liabilities (including borrowings, trade and other payables and membership deposits) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Trust Group derecognises financial liabilities when, and only when, the Trust Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(r) Derivative financial instruments

The Trust Group enters into derivative financial instruments to manage its exposure to interest rate risk including interest rate swaps. Details of derivative financial instruments are disclosed in Note 4(d)(v).

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The activities of the Trust Group expose it primarily to the financial risks of changes in interest rates. The Trust Group uses interest rate swap agreements to hedge the exposure. Those contracts that can also be settled in cash are treated as financial instruments. The Trust Group does not use derivative financial instruments for speculative purposes. The use of leveraged instruments is not permitted.

The Trust Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Trust Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Trust Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or it no longer qualifies for hedge accounting.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies adopted by the Trust Group, which are described in Note 6, the management of the Trust Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Trust Group's accounting policies and that have the most significant effect on the amounts recognised in the Unaudited Pro Forma Financial Information.

(a) Depreciation and impairment of property, plant and equipment (Note 15)

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the carrying values of property, plant and equipment are JPY 151,512 million, JPY 151,382 million, JPY 151,377 million and JPY 151,583 million, respectively, as disclosed in Note 15 to the financial information. All items of property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight line method. The management of the Trust Group exercises their judgement in estimating the useful lives and residual value of the depreciable assets. The estimated useful lives reflects management's estimate of the period that the Trust Group intends to derive future economic benefits from the use of the depreciable assets.

The management of the Trust Group reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(b) Impairment of goodwill (Note 16)

Goodwill is not subject to amortisation and is tested annually for impairment. Determining whether goodwill is impaired requires an estimation of their recoverable amounts (as an impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount).

The recoverable amount is the higher of (i) an asset's fair value less costs-to-sell or (ii) the value-in-use of the cash-generating units to which goodwill has been allocated. The fair values less costs-to-sell require the management of the Trust Group to estimate, based on the best information available, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date after deducting the costs of disposal.

Where there are no active markets, the management has to exercise judgment in estimating the fair values of goodwill, which is calculated based on the discounted cash flows method for expected income for the assets using the appropriate discount rate. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. As goodwill amounting to JPY 11,847 million as at the respective Relevant Dates is assessed on the acquisition date, management is of the view that there is no indicator of impairment of goodwill, hence no impairment assessment is performed.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

8. REVENUE

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine- month period ended 31 December 2012	Nine- month period ended 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
Golf course revenue	37,299	35,501	35,341	28,789	28,382
Restaurant revenue	12,300	12,205	12,462	10,111	10,089
Membership revenue	6,354	6,224	5,791	4,444	4,297
	<u>55,953</u>	<u>53,930</u>	<u>53,594</u>	<u>43,344</u>	<u>42,768</u>

9. OTHER OPERATING EXPENSES

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine- month period ended 31 December 2012	Nine- month period ended 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
Utility expense	2,415	2,416	2,519	1,888	2,032
Advertising expense	1,234	1,071	1,079	872	710
Maintenance costs	1,165	1,259	1,235	1,173	1,169
Outsourcing expense	3,298	2,805	2,820	2,267	2,243
Operating lease expense (Note 22)	2,347	2,266	2,251	1,704	1,628
Other	8,461	8,117	7,771	6,118	6,181
	<u>18,920</u>	<u>17,934</u>	<u>17,675</u>	<u>14,022</u>	<u>13,963</u>

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

10. INTEREST EXPENSE AND OTHER FINANCE COSTS

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine- month period ended 31 December 2012	Nine- month period ended 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
Interest expense – financial institutions	880	870	862	647	647
Interest expense – related party	216	216	221	165	176
Amortisation of capitalised loan facility fee	601	615	628	470	470
Other financial costs	5	5	5	4	19
	<u>1,702</u>	<u>1,706</u>	<u>1,716</u>	<u>1,286</u>	<u>1,312</u>

11. INCOME TAX EXPENSE

The Trust Group's operating subsidiaries operate in Japan and are subject to income tax in Japan.

Income from the TK Business will be subject to withholding tax in Japan which is levied on the amount of TK distribution paid from the New SPC to the AG Trust. The applicable withholding tax rate is expected to 20.42%. Such withholding tax is assumed to constitute a foreign tax credit of the AG Trust in Singapore, resulting in no income tax expense at the AG Trust since the income tax rate to be applied to the AG Trust in Singapore is lower than the withholding tax rate in Japan.

The amount of TK distribution is assumed to be deductible from the taxable income of the New SPC. Therefore, only the residual taxable income of the New SPC will be subject to income tax in Japan at a corporate income tax rate of 37.11%.

(a) Income tax expense

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine- month period ended 31 December 2012	Nine- month period ended 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
Current income tax	887	1,649	1,784	1,542	1,476
Deferred income tax	611	(26)	(102)	155	62
Total income tax expense	<u>1,498</u>	<u>1,623</u>	<u>1,682</u>	<u>1,697</u>	<u>1,538</u>

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

(b) Reconciliation of income tax provision and the income tax computed at the tax rate prevailing

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
Profit before income tax	6,808	7,398	7,683	7,583	6,939
Tax calculated at a tax rate of 20.42%	1,390	1,511	1,569	1,548	1,417
Effects of:					
Non-deductible expenses	108	112	113	149	121
Total income tax expense	1,498	1,623	1,682	1,697	1,538

(c) Deferred tax

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Acquisition of subsidiaries				
Deferred tax assets				
Accrued expenses	353	328	325	164
Others	545	548	516	503
Deferred tax liabilities				
Golf course assets	(18,608)	(19,372)	(19,553)	(19,727)
Net deferred tax liabilities	(17,710)	(18,496)	(18,712)	(19,060)
Deferred tax liability - others	(592)	(592)	(592)	(592)
Total net deferred tax liabilities	(18,302)	(19,088)	(19,304)	(19,652)

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the Trust Group recognises a deferred tax liability of JPY 18,608 million, JPY 19,372 million, JPY 19,553 million and JPY 19,727 million in relation to the taxable temporary difference of JPY 50,143 million, JPY 52,202 million, JPY 52,689 million and JPY 53,158 million respectively between the carrying amount and the tax basis of golf course assets arising from the tax qualified merger between SPC and BT Golf Course Subsidiaries to form the New SPC. Such deferred tax liability is measured based on an undiscounted basis at the enacted tax rate of 37.11% applicable to the New SPC.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Such taxable temporary difference is not expected to reverse over time through depreciation since substantially all of the temporary difference pertains to non-depreciable assets. However, it will be reversed in the event that the New SPC sells golf courses or disposes of golf course improvements in such a case as a large-scale modification to a golf course layout. Such reversal of the taxable temporary difference will result in additional income taxes as stated in (d) below.

(d) Additional income taxes attributable to reversal of taxable temporary difference

In the event that the New SPC sells golf courses or disposes of golf course improvements resulting in the reversal of taxable temporary difference, additional income taxes will be incurred on 59.00% of the reversed taxable temporary difference, applicable tax rate to which is 37.11%. This is due to the fact that, when the New SPC incurs income taxes from the sale of a golf course or disposal of a golf course improvement, the New SPC, which has the legal obligation to pay income taxes, will be required to decrease the amount of TK distribution to the TK investor, who is ultimately responsible for funding income taxes arising from the sale of a golf course or disposal of a golf course improvement in accordance with the TK agreement. The funding of income taxes by the TK investor is viewed as taxable income to the New SPC and, accordingly, such funding is subject to additional income taxes.

These additional income taxes will arise only when some or all of the golf courses or golf course improvements are sold or disposed of. The likelihood of the sale of any or all the golf courses is deemed to be remote since the sale of golf courses is subject to the discretion of the Trust Group and the Trust Group currently has the ability and intention to retain all of the golf courses for the foreseeable future. However, the management believes that the likelihood of some of the golf courses being treated as disposal for income tax purposes, such as in the case of a strategic large-scale modification to the course layout, is more than remote over the mid-to-long term. Consequently, the New SPC may incur additional income tax liabilities in the future.

(e) Other risks relating to income tax expense

The income and gains derived by the New SPC and/or AG Trust are subject to various types of taxes in Japan and Singapore. Corporate income taxes imposed by the tax authorities of each country are determined based on the tax laws, related regulations, and interpretation thereof. Especially, the provisions in the laws and regulations relating to the TK Agreement, which play a vital role under the Structure of the New SPC and AG Trust, are not overly exhaustive and therefore, interpretations of such laws and regulations become more important in practice.

If an interpretation made by the management of the Trust Group with regard to the treatment of the TK Agreement as well as the corporate income taxes imposed on the New SPC and/or AG Trust significantly differs from the one made by the tax authorities, the New SPC and/or AG Trust may incur additional corporate income tax liabilities.

The management of the Trust Group believes that it has a reasonable basis for its assumed tax positions and the likelihood of the New SPC and/or AG Trust incurring such additional corporate income tax liabilities is remote.

Accordingly, no provision has been recognised related to such taxation risks in the Unaudited Pro Forma Financial Information.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

12. EARNINGS PER UNIT

The calculation of earnings per unit is based on profit attributable to unitholders of AG Trust of JPY 5,257 million, JPY 5,717 million, JPY 5,941 million and JPY 5,827 million and JPY 5,347 million for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month periods ended 31 December 2012 and 31 December 2013, respectively, and 1,099,122,000 units in issue.

13. CASH AND CASH EQUIVALENTS

The Trust Group has pledged all cash balances held as bank deposits by the New SPC to secure New Debt Facilities (Note 17). Pledged cash balances are not restricted for operational use and are carried as cash and cash equivalents within the unaudited pro forma statements of financial position. Based on the terms of the New Debt Facilities, a certain amount of cash is reserved for the Trust Group's operational use and restricted from being distributed as TK distribution. This Cash Reserve amount is determined based on a prescribed formula as stipulated in the loan agreements and is assumed to be JPY 4,500 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 respectively.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

14. TRADE AND OTHER RECEIVABLES

	As at 31 March 2011 JPY millions	As at 31 March 2012 JPY millions	As at 31 March 2013 JPY millions	As at 31 December 2013 JPY millions
Trade Receivables				
Trade receivables	3,042	3,185	3,162	2,651
Less: Allowance for doubtful trade receivables	(667)	(631)	(618)	(612)
	<u>2,375</u>	<u>2,554</u>	<u>2,544</u>	<u>2,039</u>
Other receivables				
Other receivables from the				
Sponsor	5,130	4,786	7,065	-
Deposits	50	50	49	49
Others	192	191	191	190
Less: Allowance for doubtful other receivables	(120)	(119)	(119)	(119)
	<u>5,252</u>	<u>4,908</u>	<u>7,186</u>	<u>120</u>
 Total trade and other receivables	 7,627	 7,462	 9,730	 2,159
Less: Non-current portion	(70)	(69)	(69)	(69)
Current portion of trade and other receivables	<u>7,557</u>	<u>7,393</u>	<u>9,661</u>	<u>2,090</u>

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

15. PROPERTY, PLANT AND EQUIPMENT

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Acquisition of subsidiaries				
Freehold land	19,485	19,485	19,485	19,485
Golf courses	102,478	102,478	102,478	102,478
Buildings and structures	23,796	24,552	24,391	24,818
Construction in progress	181	2	379	29
Machinery, vehicles and fixtures	5,103	4,396	4,175	4,304
	<u>151,043</u>	<u>150,913</u>	<u>150,908</u>	<u>151,114</u>
Additions				
Freehold land	62	62	62	62
Golf courses	329	329	329	329
Buildings and structures	78	78	78	78
	<u>469</u>	<u>469</u>	<u>469</u>	<u>469</u>
Total carrying amounts				
Freehold land	19,547	19,547	19,547	19,547
Golf courses	102,807	102,807	102,807	102,807
Buildings and structures	23,874	24,630	24,469	24,896
Construction in progress	181	2	379	29
Machinery, vehicles and fixtures	5,103	4,396	4,175	4,304
	<u>151,512</u>	<u>151,382</u>	<u>151,377</u>	<u>151,583</u>

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the Trust Group has pledged certain freehold land, golf courses, buildings and structures with total carrying amounts of approximately JPY 146,228 million, JPY 146,984 million, JPY 146,823 million and JPY 147,250 million, respectively, to secure the New Debt Facilities granted to the Trust Group (Note 17).

The carrying amounts of property, plant and equipment held by the Trust Group under finance lease arrangements (Note 18) are JPY 3,247 million, JPY 2,816 million, JPY 2,678 million and JPY 2,531 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively.

16. INTANGIBLE ASSETS

(a) Intangible assets

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Acquisition of subsidiaries				
Goodwill	11,847	11,847	11,847	11,847
Software	70	35	12	7
Others	33	33	33	33
	<u>11,950</u>	<u>11,915</u>	<u>11,892</u>	<u>11,887</u>

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

(b) Goodwill

The acquisition of the Initial Portfolio at the consideration as set out in Note 4(d)(vii) is assumed to have occurred at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013 for the purpose of the pro forma statements of financial position.

Goodwill is mainly derived from recognition of the deferred tax liability associated with the acquisition of the TK contribution by the AG Trust. The deferred tax liability is calculated as the difference between the fair value and the tax book value of the acquired golf courses multiplied by the enacted tax rate of 37.11%. For the purposes of testing this goodwill for impairment, any of the related deferred tax liabilities recognised on acquisition that remain at the end of each reporting period are treated as part of the relevant CGU or group of CGUs.

The fair values of identifiable assets acquired and liabilities assumed at the assumed dates of acquisition are as follows:

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Cash and cash equivalents	574	650	783	705
Trade and other receivables	2,497	2,676	2,665	2,159
Inventories	289	301	296	235
Other assets	1,689	1,509	1,743	1,697
Property, plant and equipment	151,043	150,913	150,908	151,114
Intangible assets	103	68	45	40
Loans and payables to a related party (net)	(39,304)	(34,181)	(41,259)	(41,704)
Finance leases payable to a related party	(3,550)	(2,909)	(2,753)	(2,598)
Trade and other payables	(2,399)	(1,935)	(1,938)	(1,684)
Membership deposits	(19,119)	(18,131)	(17,275)	(16,862)
Income taxes payable	(3,719)	(4,755)	(6,300)	(4,778)
Borrowings from a related party	(500)	(500)	(500)	(500)
Deferred tax liabilities	(17,710)	(18,496)	(18,712)	(19,060)
Other liabilities	(5,554)	(5,327)	(7,044)	(1,367)
Net assets acquired and liabilities assumed	64,340	69,883	60,659	67,397
Non-controlling interest	(4)	(4)	(4)	(4)
Goodwill	11,847	11,847	11,847	11,847
Purchase consideration for the acquisition	76,183	81,726	72,502	79,240
Less: Cash and cash equivalents acquired	(574)	(650)	(783)	(705)
Net cash outflow for the acquisition	75,609	81,076	71,719	78,535

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

17. BORROWING FROM FINANCIAL INSTITUTIONS

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Current portion	450	450	450	450
Non-current portion	42,145	42,145	42,145	42,145
	<u>42,595</u>	<u>42,595</u>	<u>42,595</u>	<u>42,595</u>

The bank borrowings consist of the New Debt Facilities denominated in JPY and are summarised as follows:

	Principal Amount	Type	Tenor
	JPY millions		
Term Loan A	15,000	Term Loan	3 years
Term Loan B	15,000	Term Loan	4 years
Term Loan C	<u>15,000</u>	Term Loan	5 years
	<u>45,000</u>		

For Term Loan A, interest is levied at a floating interest rate of 6-month JPY TIBOR plus 125 basis points per annum. The 3-year term loan is repayable by semi-annually instalments of JPY 75 million and by a balloon repayment at maturity in August 2017.

For Term Loan B, interest is levied at a floating interest rate of 6-month JPY TIBOR plus 150 basis points per annum. The 4-year term loan is repayable by semi-annually instalments of JPY 75 million and by a balloon repayment at maturity in August 2018.

For Term Loan C, interest is levied at a floating interest rate of 6-month JPY TIBOR plus 175 basis points per annum. The 5-year term loan is repayable by semi-annually instalments of JPY 75 million and by a balloon repayment at maturity in August 2019.

The New Debt Facilities are secured by certain cash and cash equivalents, land, golf courses, buildings and structures held by the Trust Group (Note 13 and Note 15).

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

18. FINANCE LEASE PAYABLES TO A RELATED PARTY

The Trust Group leased certain of its property, plant and equipment (Note 15) under finance leases from the Sponsor. For the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month period ended 31 December 2013, the average lease term is 3 years, 3 years, 3 years and 3 years respectively. The Trust Group has options to purchase the leased assets at a value stipulated under the agreement upon expiry of the lease terms. The Trust Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 15).

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 0.92% to 1.67%, 0.92% to 1.67%, 0.92% to 1.67% and 0.92% to 1.67% per annum for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the nine-month period ended 31 December 2013, respectively.

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
<u>Minimum lease payments</u>				
Within one year	1,153	1,014	1,096	905
In the second to fifth year inclusive	2,271	1,746	1,418	1,444
After five years	<u>281</u>	<u>254</u>	<u>319</u>	<u>302</u>
	3,705	3,014	2,833	2,651
Less: future finance charges	<u>(155)</u>	<u>(105)</u>	<u>(80)</u>	<u>(53)</u>
Present value of lease obligations	<u>3,550</u>	<u>2,909</u>	<u>2,753</u>	<u>2,598</u>
<u>Present value of minimum lease payments</u>				
Within one year	1,097	967	1,051	862
In the second to fifth year inclusive	2,186	1,696	1,388	1,436
After five years	<u>267</u>	<u>246</u>	<u>314</u>	<u>300</u>
Present value of lease obligations	<u>3,550</u>	<u>2,909</u>	<u>2,753</u>	<u>2,598</u>
Included in the financial statements as:				
- Finance lease payable (current)	1,097	967	1,051	862
- Finance lease payable (non-current)	<u>2,453</u>	<u>1,942</u>	<u>1,702</u>	<u>1,736</u>
	<u>3,550</u>	<u>2,909</u>	<u>2,753</u>	<u>2,598</u>

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

19. MEMBERSHIP DEPOSITS

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY	JPY	JPY	JPY
	millions	millions	millions	millions
Total membership deposits	19,119	18,131	17,275	16,862
Less: current portion	(10,143)	(9,241)	(8,480)	(8,119)
Non-current portion	<u>8,976</u>	<u>8,890</u>	<u>8,795</u>	<u>8,743</u>

Membership deposits pertain to deposits received from members, which are refundable after the lock-up period upon members' resignation and redemption of their memberships. The average lock-up period is 10 to 15 years. Upon the expiry of the lock-up period, such membership deposits have been re-classified from "non-current liabilities" to "current liabilities".

For non-current membership deposits, management has discounted the future cash outflow using the company's borrowing rate, calculated as TIBOR + spread. The difference between membership deposits received and discounted cash flow is considered as "deferred membership revenue". The deferred membership revenue is amortised over the lock-up period using the straight-line method. The fair value of the membership deposits received is amortised using the effective interest rate method over the lock-up period.

20. UNITHOLDERS' FUNDS

	Number of units	JPY' millions
Units issued at registration	1	*
Units issued under the Offering, and as Consideration Units	1,099,121,999	89,187
	<u>1,099,122,000</u>	<u>89,187</u>
Less: Equity issue expenses, net of income tax credit ⁽¹⁾		(6,679)
Unitholders' funds		<u>82,508</u>

* Less than JPY 1 million

⁽¹⁾ An amount of equity issue expenses of JPY 440 million is incurred by the New SPC and is expected to be tax deductible by the Trust Group. Accordingly, equity issue expenses are presented net of the resulting income tax credit amounting to JPY 91 million.

21. NON-CONTROLLING INTEREST

Non-controlling interest represents the interests in the operating results and net assets of the New SPC attributable to the ISH.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

22. OPERATING LEASE ARRANGEMENTS

The Trust Group as lessee

Minimum lease payments under operating leases (net of rebates) recognised as an expense in the fiscal year were as follows:

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Nine-month period ended 31 December 2012	Nine-month period ended 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
Operating lease expense	2,347	2,266	2,251	1,704	1,628

At the end of the reporting period, the Trust Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Within one year	142	35	4	12
In the second to the fifth year inclusive	40	5	1	27
	182	40	5	39

23. LIST OF SUBSIDIARIES OF THE TRUST GROUP

Details of the subsidiaries of the Trust Group are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of TK Interest
NEW SPC ¹	Special purpose entity – Investment in golf course assets	Japan	99%

¹ Although the Trust Group held no GK Interest (voting rights) in the New SPC, it has the ability to use its power to affect its returns from the New SPC pursuant to TK Agreement, and the Trust Group receives substantially all of the New SPC's economic interest. Accordingly, the Trust Group regards the New SPC as a subsidiary.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 December 2013
	JPY millions	JPY millions	JPY millions	JPY millions
Financial assets				
Loans and receivables (including cash and cash equivalents)	12,429	12,263	14,533	6,961
Financial liabilities				
Amortised cost	68,213	66,125	65,115	64,488

(b) Financial risk management policies and objectives

The Trust Group's activities expose it to a variety of financial risks: liquidity risk and interest rate risk. The Trust Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of changes in the financial markets on the financial performance of the Trust Group. Risk management is carried out by the responsible entity of the Trust Group under internal management policies.

The management of the Trust Group identifies, evaluates and manages financial risks and provides guidelines for overall risk management, covering specific areas, such as mitigating interest rate risks, liquidity risks, and the investing excess liquidity.

There has been no change to the Trust Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Liquidity risk

Liquidity risk reflects the risk that the Trust Group will have insufficient resources to meet its financial liabilities as they fall due.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust Group can be required to pay. The table includes both interest and principal cash flows.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

Non-derivative financial liabilities

	Weighted average interest rate per annum	On demand or within 1 year JPY millions	Within 2 to 5 years JPY millions	After 5 years JPY millions	Adjustment JPY millions	Total JPY millions
As at 31 March 2011						
Floating rate – borrowing from financial institutions	3.31 %	1,260	47,002	-	(5,667)	42,595
Fixed rate – borrowing from a related party	3%	15	60	725	(300)	500
Finance lease payables	0.92~1.67%	1,153	2,271	281	(155)	3,550
Trade and other payables	-	2,399	-	-	-	2,399
Membership deposits	1.22%	10,143	3,923	5,688	(635)	19,119
Other liabilities	-	22	28	-	-	50
Total		14,992	53,284	6,694	(6,757)	68,213

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

	<u>Weighted average interest rate per annum</u>	<u>On demand or within 1 year JPY millions</u>	<u>Within 2 to 5 years JPY millions</u>	<u>After 5 years JPY millions</u>	<u>Adjustment JPY millions</u>	<u>Total JPY millions</u>
As at 31 March 2012						
Floating rate – borrowings from financial institutions	3.31%	1,260	47,002	-	(5,667)	42,595
Fixed rate – borrowing from a related party	3%	15	60	725	(300)	500
Finance lease payables	0.92~1.67%	1,014	1,746	254	(105)	2,909
Trade and other payables	-	1,935	-	-	-	1,935
Membership deposits	1.22%	9,241	5,506	3,899	(515)	18,131
Other liabilities	-	26	29	-	-	55
Total		<u>13,491</u>	<u>54,343</u>	<u>4,878</u>	<u>(6,587)</u>	<u>66,125</u>
As at 31 March 2013						
Floating rate – borrowing from financial institutions	3.31%	1,260	47,002	-	(5,667)	42,595
Fixed rate – borrowing from a related party	3%	15	60	725	(300)	500
Finance lease payables	0.92~1.67%	1,096	1,418	319	(80)	2,753
Trade and other payables	-	1,938	-	-	-	1,938
Membership deposits	1.22%	8,480	8,390	800	(395)	17,275
Other liabilities	-	26	28	-	-	54
Total		<u>12,815</u>	<u>56,898</u>	<u>1,844</u>	<u>(6,442)</u>	<u>65,115</u>

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

	Weighted average interest rate per annum	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		JPY millions	JPY millions	JPY millions	JPY millions	JPY millions
As at 31 December 2013						
Floating rate – borrowing from financial institutions	3.31%	1,260	47,002	-	(5,667)	42,595
Fixed rate – borrowing from a related party	3%	15	60	725	(300)	500
Finance lease payables	0.92~1.67%	905	1,444	302	(53)	2,598
Trade and other payables	-	1,880	-	-	-	1,880
Membership deposits	1.22%	8,119	8,238	812	(307)	16,862
Other liabilities		25	28	-	-	53
Total		12,204	56,772	1,839	(6,327)	64,488

Non-derivative financial assets

Substantially all financial assets of the Trust Group amounting to JPY 12,429 million, JPY 12,263 million, JPY 14,533 million and JPY 6,961 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, respectively, are on demand or due within one year.

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 December 2013, the Trust Group's current liabilities exceed current assets by JPY 9,166 million, JPY 8,740 million, JPY 8,957 million and JPY 8,826 million respectively, indicating that there would be insufficient resources to meet the Trust Group's financial liabilities as they fall due.

The management of the Trust Group believes that the liquidity risk is mitigated despite the net working capital deficiency position at the end of the reporting period as the Trust Group's operating cash inflows are deemed sufficient to meet its short-term liquidity demands, taking into consideration the following factors:

- (i) The Trust Group operates 89 golf courses in Japan that serve over 5.6 million golf course visitors as at 31 March 2013. Hence, it is expected that the Trust Group's core business, i.e. golf courses business, will continue generating sufficient and stable cash inflows. This is consistent with the positive operating cash flow generated by the Trust Group of JPY 7,573 million, JPY 9,980 million, JPY 11,543 million, JPY 5,037 million and JPY 2,840 million respectively for the financial years ended 31 March 2011, 31 March 2012, 31 March 2013 and for the nine-month periods ended 31 December 2012 and 31 December 2013, respectively.

ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013

- (ii) The Trust Group has loan facilities in place to fund capital expenditure and working capital requirements. Also, in view of the constant operating cash flow generated, good credibility over the past years and full compliance with the requirements as stipulated in the loan facility agreement, the management of the Trust Group is confident it can refinance such bank borrowing when required.
- (iii) The management of the Trust Group has carefully monitored and managed its cash flow. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a monthly basis to project cash flow requirements of the Trust Group using the various general and operational assumptions. In the past, the Trust Group has not encountered any liquidity problems in its operations.

(ii) Interest rate risk

The Trust Group's interest rate risk arises from borrowing from financial institutions. Borrowing issued at variable rates expose the Trust Group to cash flow interest rate risk. The Trust Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. The Trust Group has obtained financing in the form of a syndicated loan; a type of financing that is typically raised at a floating rate of interest. However, in consideration of various factors including the characteristics of the vehicle, the Trust Group intends to hedge interest rate risk by using floating to fixed interest rate swaps.

Under the interest rate swaps, the Trust Group agrees with other parties to exchange, at specified intervals (mainly 6 monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Further details of the interest rate swap contracts are found in Note 4(d)(v).

No sensitivity analysis is prepared as the Trust Group does not expect any material effect on the Trust Group's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments as the majority of the principal amount of the Trust Group's floating rate borrowings are hedged using interest rate swaps at the end of the reporting period.

(iii) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, short-term borrowings from financial institutions and short term membership deposits approximate their respective fair values due to the relatively short-term maturity of these financial instruments. For the other class of financial assets and liabilities, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial information approximate their fair value.

(c) Capital risk management policies and objectives

The Trust Group's capital risk management objectives are to safeguard the Trust Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. To achieve its capital risk management objectives, the Trust Group may adjust the amount of dividend payment, return capital to unitholders, issue new units and obtain new borrowings.

**ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011, 31 MARCH 2012, 31 MARCH 2013 AND THE
NINE-MONTH PERIODS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2013**

In addition, the Trust Group also specifically monitors the financial ratios of its debt covenants stated in the agreements with the financial institutions providing the loan facilities to the Trust Group. The Trust Group was in compliance with externally imposed capital requirements for the years ended 31 March 2011, 31 March 2012, and 31 March 2013 and the nine-month period ended 31 December 2013.

25. SEGMENT INFORMATION

The chief operating decision maker has been designated as the Chief Executive Officer of the Trust Group. The Chief Executive Officer reviews the internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Trust Group is principally engaged in the business of owning, operating and maintaining golf courses and golf course related assets in Japan and therefore management considers that the Trust Group operates as one single business and geographical segment.

26. APPROVAL OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Unaudited Pro Forma Financial Information set out on pages A-4 to A-67 was approved by the Board of Directors of Accordia Golf Trust Management Pte. Ltd. on 21 July 2014.

This page has been intentionally left blank.

**REPORTING ACCOUNTANT'S REPORT ON THE PROFIT AND CASH FLOW
FORECAST OF ACCORDIA GOLF TRUST AND ITS SUBSIDIARIES FOR
THE FINANCIAL YEAR ENDING 31 MARCH 2015**

21 July 2014

The Board of Directors
Accordia Golf Trust Management Pte. Ltd.
(in its capacity as Trustee-Manager of Accordia Golf Trust)
6 Shenton Way
#25-09 OUE Downtown 2
Singapore 068809

Dear Sirs

**Letter from the Reporting Accountant on the Profit and Cashflow Forecast of Accordia Golf Trust
and its subsidiaries for the financial year ending 31 March 2015**

This letter has been prepared for inclusion in the prospectus (the "Prospectus") of Accordia Golf Trust ("AG Trust") in connection with the initial public offering of the units in AG Trust and listing of the units on the Singapore Exchange Securities Trading Limited (the "Offering").

The directors (the "Directors") of the Trustee-Manager are responsible for the preparation and presentation of the forecast consolidated income statement and forecast cash flow statement of AG Trust and its subsidiaries (the "Group") for the financial year ending 31 March 2015 (the "Profit and Cashflow Forecast"), as set out on pages 152 to 154 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 159 to 173 of the Prospectus.

We have examined the Profit and Cashflow Forecast as set out on pages 152 to 154 of the Prospectus in accordance with Singapore Standard on Assurance Engagements 3400 "Examination of Prospective Financial Information" applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit and Cashflow Forecast including the assumptions set out on pages 159 to 173 of the Prospectus on which they are based.

Profit and Cashflow Forecast

In our opinion, the Profit and Cashflow Forecast is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on A-38 to A-48 of the Prospectus, and is presented in accordance with International Financial Reporting Standards (but not all the required disclosures) which is the accounting framework to be adopted by AG Trust in the preparation of the consolidated financial statements of the Group. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cashflow Forecast.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions set out on pages 159 to 173 of the Prospectus occur, actual results are still likely to be different from the Profit and Cashflow Forecast since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit and Cashflow Forecast.

Attention is drawn, in particular, to the risk factors set out on pages 71 to 97 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit and Cashflow Forecast relate and the sensitivity analysis of the Profit and Cashflow Forecast as set out on pages 173 to 175 of the Prospectus.

Yours faithfully,

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Tay Hwee Ling
Partner

INDEPENDENT TAXATION REPORT



APPENDIX C

INDEPENDENT TAXATION REPORT

The Board of Directors
 Accordia Golf Trust Management Pte. Ltd.
 (as Trustee-Manager of Accordia Golf Trust)
 6 Shenton Way #25-09
 QUE Downtown
 Singapore 068809

ACCORDIA GOLF TRUST

PROSPECTUS

30 June 2014

Dear Sirs,

This letter has been prepared at your request for inclusion in the prospectus (the "Prospectus") to be issued in relation to the initial public offering of the units (the "Units") of Accordia Golf Trust ("AG Trust") on the Singapore Exchange Securities Trading Limited.

The purpose of this letter is to provide prospective purchasers (collectively referred to as "Unitholders") of the Units with an overview of the Singapore income tax consequences of the acquisition, ownership and disposal of the Units. This letter principally addresses purchasers who hold the Units as investment assets. Purchasers who acquire the Units for dealing purposes should consult their own tax advisers on the tax consequences of their particular situation.

This letter also provides an overview of certain Japanese tax implications of the *tokumei kumiai* ("TK") investment by AG Trust, including the Japanese tax implications applicable to TK profit distributions paid to AG Trust.

This letter is not tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to or provide a basis for a decision to purchase, own or dispose of the Units. Prospective purchasers of the Units should consult their own tax advisers to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their country of tax residence and the existence of any tax treaty which their country of tax residence might have with Singapore.

PricewaterhouseCoopers Services LLP, 8 Cross Street #17-00, PWC Building, Singapore 048424
 T: (65) 6236 3388, F: (65) 6236 3715, www.pwc.com/sg/tax GST No.: M90362194G Reg. No.: T09LL00021

PricewaterhouseCoopers Services LLP (Registration No. T09LL00021) is a limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A). PricewaterhouseCoopers Services LLP is part of the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.



This letter is based on the Singapore and Japanese income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect. Therefore, this letter does not guarantee that an examination by the Singaporean or Japanese tax authorities would result in the same answer as that expressed below. We accept no responsibility to update or revise this letter if the relevant tax laws and regulations are amended, or new interpretations of the laws and regulations are advanced by the Singaporean or Japanese tax authorities.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and vice versa and references to one gender include references to the other.

FACTS AND ASSUMPTIONS

This letter is based on the facts and circumstances as contained in the Prospectus as well as set forth below:

- AG Trust, registered under the Business Trusts Act, Chapter 31A of Singapore ("**Business Trusts Act**"), is constituted with the principal investment strategy of investing, directly or indirectly, into a portfolio of stabilised, income-generating golf courses, driving ranges and other golf course related assets worldwide, with an initial focus on Japan.
- AG Trust will be managed by Accordia Golf Trust Management Pte. Ltd ("**Trustee-Manager**"), a Singapore private limited company 49% held by Accordia Golf Co., Ltd. ("**Sponsor**") and 51% held by Daiwa Real Estate Asset Management Co. Ltd. ("**TM Partner**").
- The Trustee-Manager will be under the control of a board of directors a majority of whom are independent from and unaffiliated with the Sponsor. The Trustee-Manager intends to invest in golf courses and golf course related assets that are able to generate long-term and stable cash flows, while paying continuous distributions to Unitholders and maximising long-term investment returns of Unitholders by generating long-term capital value growth of AG Trust's portfolio of assets. AG Trust does not intend to be involved in the business of developing golf courses or developing/acquiring hotels or hotel businesses which are not related to any golf course business.
- AG Trust's investment in the Initial Portfolio, comprising golf course assets in Japan, will be held solely through a Japanese company ("**New SPC**"). The relationship between AG Trust and New SPC will be governed by a TK agreement ("**TK Agreement**").



- New SPC is formed as a *godo kaisha*, a Japanese limited liability company. New SPC's paid-in capital is not exceeding JPY 100 million. The membership interests in New SPC are held by a general incorporated association (*ippan shadan hojin*), a Japanese special purpose vehicle.
- Under the terms of the TK Agreement, AG Trust as TK investor will receive TK profit distributions from New SPC, which will be the primary source of income for distributions to the Unitholders in AG Trust. AG Trust is entitled to be allocated 99% of the profits and losses generated from the TK business ("**TK Business**"), broadly defined as the management of golf courses and related assets, including acquisition and disposition of such assets.
- Pursuant to the TK Agreement, New SPC as TK operator has discretion in the management and control of the TK Business, including day-to-day activities and decisions to acquire, finance and dispose of investments. New SPC has outsourced many of these functions to TM Partner under an asset management agreement and to the Sponsor under a golf course management agreement.
- AG Trust as TK investor, the Trustee-Manager, and their respective directors, officers or employees neither control or participate in the TK Businesses nor have rights to participate in the day-to-day operations of the TK Businesses or engage in any decision-making role in relation to the conduct of the TK Businesses, except to receive distributions from the TK Businesses and for certain limited rights described in the TK Agreement or in the Commercial Code of Japan.
- No officer or employee of AG Trust or the Trustee-Manager serves as an officer or employee of New SPC or of TM Partner, the asset manager. All executive directors, officers and employees of AG Trust and the Trustee-Manager are non-residents of Japan.
- The TK Agreement is a valid *tokumei kumiai* relationship for Japanese legal purposes, and is enforceable under the laws of Japan, including the Commercial Code of Japan.
- AG Trust is a foreign investment trust for Japanese legal purposes.



TAX OVERVIEW

Principles of Singapore Taxation of a Trust registered under the Business Trusts Act

A trust registered under the Business Trusts Act is treated like a company for Singapore income tax purposes.¹ This tax treatment is effective from the first year the trust commences operations as a Registered Business Trust. Accordingly, a Registered Business Trust is subject to Singapore income tax in accordance with the provisions of the Income Tax Act of Singapore (Chapter 134) ("**Income Tax Act**"), and all references to a company in the Income Tax Act also include references to a Registered Business Trust unless otherwise provided.

Taxation of a Registered Business Trust

A Registered Business Trust is chargeable to Singapore income tax on income which, unless specifically exempted, accrues in or is derived from Singapore, and on income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore.

Singapore income tax is imposed on the chargeable income of the Registered Business Trust after deduction of any allowable expenses incurred and of any tax depreciation claimed on assets used in the generation of taxable income. A Registered Business Trust is assessed to tax in the name of the Trustee-Manager.

The first S\$300,000 of chargeable income of a Registered Business Trust is partially exempt from tax as follows:

- (a) 75% of the first S\$10,000 of chargeable income; and
- (b) 50% of the next S\$290,000 of chargeable income.

The chargeable income, after the above partial tax exemption, will be taxed at the prevailing corporate tax rate, which is currently 17%.

Singapore does not impose tax on capital gains. However, gains from the sale of investments are chargeable to tax at the prevailing corporate tax rate if those gains are considered to be income in nature.

Distributions made by a Registered Business Trust to its Unitholders are exempt from Singapore income tax in the hands of the Unitholders, and no withholding tax will apply to any such distributions.

¹ Section 36B of the Income Tax Act.



Income derived by AG Trust

Singapore taxation of TK distributions

AG Trust's income should comprise, primarily, TK profit distributions received from New SPC which can then be distributed to the Unitholders. This income will be foreign sourced for Singapore taxation purposes. It will therefore be subject to Singapore tax in the hands of the Trustee-Manager at the time it is received in Singapore.

TK distributions will be received by the Trustee Manager in Singapore at the time cash is remitted into a Singapore bank account kept in the name of the Trustee Manager. It is provided under Section 10(25) of the Income Tax Act, that for the avoidance of doubt, foreign income is taken to be received in Singapore where the income is:

1. Remitted to, transmitted or brought into Singapore;
2. Applied against any debt incurred in a trade or business carried on in Singapore; or
3. Used to purchase movable property that is brought into Singapore.

Provided that AG Trust is a Singapore tax resident person, it should be able to claim a foreign tax credit for the Japanese withholding tax imposed on the TK distributions. This withholding tax should be creditable against the Singapore tax payable on this income. The foreign tax credit, if applicable, will be limited to the actual amount of Japanese withholding tax paid or the Singapore tax payable on the TK distribution, whichever is lower.

The rate of Japanese withholding tax on the TK distributions is currently higher than the 17% rate of Singapore income tax that will be imposed on this income. Therefore, provided that AG Trust is entitled to claim foreign tax credits as expected, these credits should exceed the amount of Singapore tax otherwise payable on the TK distributions. Excess credits cannot be carried forward from one year to the next.

An important condition for the ability of AG Trust to claim a Singapore foreign tax credit is that the trust is a resident of Singapore for tax purposes. AG Trust should be considered to be Singapore tax resident where:

1. The Trustee-Manager in his capacity as trustee manager of AG Trust, carries on a trade or business in Singapore;
2. The control and management of AG Trust's business carried on by the Trustee-Manager is in Singapore.

The place of control and management will generally be the place where the board of the Trustee-Manager meets to make decisions in relation to AG Trust.



Gains on disposal of interest in the TK

There is no tax on capital gains in Singapore. Gains derived by AG Trust from a disposal of its interest in the TK will not be subject to Singapore income tax unless these gains are considered income in nature. This would depend, in part, upon whether this interest was acquired with the intention or purpose of making a profit by sale, or was acquired with the intention of holding these assets for long-term investment purposes. In the former case, the gains would be taxable income as Singapore sourced income at the corporate tax rate, which is currently 17%.

Singapore Taxation of Unitholders

Distributions from AG Trust

Distributions by AG Trust to its Unitholders will be exempt from Singapore income tax under Section 13(1)(zg) of the Income Tax Act. This provision applies irrespective of the nature of the Unitholders' investment. No tax will be withheld by AG Trust from distributions to non-resident Unitholders.

A credit will not be allowed under the Income Tax Act to the Unitholders in respect of any taxes paid by the Trustee-Manager on the income of AG Trust.

Gains on Disposal of Units

Singapore does not impose tax on capital gains. Therefore, gains on the disposal of the Units that are capital in nature will not be subject to Singapore income tax. However, these gains may be considered income in nature and subject to Singapore income tax if they arise from or are connected with the activities of a trade or business carried on in Singapore. These gains may also be considered income in nature if the Units are purchased with the intention or purpose of making a profit by sale and not with the intention of holding for long term investment purposes.

The point of taxation for Unitholders who are taxable on disposal gains in Singapore may depend on the tax treatment they elect. Under Section 34A of the Income Tax Act, the timing of recognition of gains and losses for financial assets held on revenue account for Singapore taxation will be aligned with the accounting treatment under the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement. This tax concession (referred to as the “FRS 39 tax treatment”) generally applies unless the taxpayer opts out of it. Therefore, if the Unitholder follows FRS 39 tax treatment, the timing of taxation of the gains will depend on how they are accounted for in its financial statements. On the other hand, if the Unitholder opts out, then gains should be taxed only when realised, i.e. upon disposal of the Units.



Unitholders who may be subject to this tax treatment should consult their accounting and tax advisers on the Singapore income tax consequences that may apply to their individual circumstances.

Goods and Services Tax

Status of AG Trust

A business is required to register for Goods and Services Tax ("GST") purposes where the value of taxable supplies over a 12 month period is greater than \$1m, or is expected to exceed this threshold. As an investment holding vehicle, AG Trust is unlikely to be making taxable supplies and therefore should not be required to register for GST purposes. Due to the nature of its activities, AG Trust may also not be permitted to register voluntarily. Where AG Trust is not registered for GST, it will be unable to recover Singapore GST charged on its expenses. This may include Singapore GST included on fees charged by the Trustee-Manager.

It is possible for a listed registered business trust and its wholly owned subsidiaries to recover a portion of the GST suffered on their expenses under an administrative concession. This applies where a 'qualifying business' is carried on, which includes infrastructure business, aircraft leasing and ship leasing. Infrastructure business is defined for these purposes but currently does not include golf courses or other operational assets that will be acquired by AG Trust via the TK. Singapore GST charged to AG Trust will therefore be an unrecoverable cost.

Transfer of Units in AG Trust

The sale of the Units by an investor through the Singapore Exchange who is registered for GST and who belongs in Singapore, or to another person belonging in Singapore, is an exempt supply that is not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt supply is generally not recoverable and will become an additional cost to the investor.

Where Units are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a zero-rated supply which means a taxable supply subject to 0% GST. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business is claimable as an input tax credit from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Units will be subject to GST, currently at the rate of 7%. Similar services rendered to an investor belonging outside Singapore are generally subject to GST at the rate of 0%.



Stamp Duty

No stamp duty is payable on the transfer of Units (whether in scripless form or confirmation note).

Japanese tax implications

Taxation of AG Trust as TK investor

1. TK profit distributions

TK profit distributions paid to AG Trust are currently subject to withholding tax at a rate of 20.42% on the gross amount of the profit distributions (this includes a 2.1% surtax applying through 31 December 2037), with no deductions allowed for interest or other expenses. This rate is not reducible under the terms of the Japan-Singapore tax treaty.

Provided AG Trust (or, if disregarded, Unitholders in AG Trust) does not have a permanent establishment (“PE”) in Japan, the 20.42% withholding tax on the TK profit distributions should be a final tax, and no Japanese tax return should be required.

2. Distributions in excess of TK profits

Distributions made to AG Trust in excess of AG Trust’s allocable portion of the profits of the TK Business should generally be considered a return of AG Trust’s tax basis in the TK Business (up to such amount) and accordingly not be subject to withholding tax.

3. Permanent establishment exposure

If AG Trust (or, if disregarded, Unitholders in AG Trust) or the Trustee-Manager were to have a PE in Japan, the Japanese tax implications could be markedly different to the Japanese tax implications under a valid TK agreement.

Broadly, a PE can arise if AG Trust has: (1) a fixed place of business in Japan (called a “direct PE”), or (2) has an agent in Japan (called an “agent PE”).

We understand that neither AG Trust nor the Trustee-Manager will have an office, an employee or other fixed place of business in Japan. However, if either (a) AG Trust or the Trustee-Manager have employees based in Japan, or Japan based individuals were to hold themselves out as employees of either, or (b) the business of either entity was deemed conducted from Japan, then a PE could follow. Thus, for example, a PE could arise if TM Partner as asset manager were deemed to conduct the business of AG Trust



or the Trustee-Manager (for example, by determining its policies, investment decisions, etc.).

A TK agreement is a contract under the Commercial Code by which a party (TK investor) invests in the TK business performed by the other party (entrepreneur, or TK operator) in exchange for a share of profits or losses arising from such business. In concept, a TK investor is a silent partner and cannot participate in the management of the TK Business. If AG Trust (or, if disregarded, Unitholders in AG Trust) or the Trustee-Manager were to be viewed as actively participating in the TK Business carried on by New SPC (for example, by participating in the management of the TK Business in a way that is contrary to the facts and assumptions above), the TK Agreement with New SPC could be re-characterized by the Japanese tax authorities as either a Japanese partnership (*nin-i kumiai*) or as an agency relationship, which could cause the New SPC's fixed place of business in Japan to be attributed to AG Trust to create a PE for AG Trust.

If AG Trust (or if disregarded, Unitholders in AG Trust), the Trustee-Manager, or their directors, officers, or employees were determined to have a PE in Japan, then the TK profit distributions to AG Trust could be subject to full Japanese corporation taxes at the rates listed below, i.e., currently approximately 37.1% (if AG Trust was viewed as a corporation for Japanese tax purposes; if AG Trust was disregarded, individual Unitholders in AG Trust would be taxed at marginal tax rates with a top rate of currently approximately 51%, inclusive of a temporary surtax), plus applicable interest and penalties. In such case, AG Trust (or, if disregarded, Unitholders in AG Trust) would be required to file a Japanese tax return and would be taxable on a net basis. Any withholding tax previously paid on such TK profit allocations should be creditable against that tax.

Taxation of New SPC as TK operator

The below discussion summarises certain Japanese taxes pertaining to the TK Business. While AG Trust is not directly subject to such taxes, such taxes do affect AG Trust's allocable share of the profits or losses of the TK Business.

1. Corporate tax

As a Japanese resident corporation, New SPC's taxable income (including the residual profits of the TK Business, i.e., after allocations of profit or losses to AG Trust, plus any net taxable income arising from assets or activities that are not part of the TK Business) is subject to aggregate Japanese corporate taxes at the following statutory tax rates (for a company with paid-in capital of JPY 100 million or less, registered in Tokyo):



<u>Tax</u>	<u>Rate</u>
Corporate tax	25.5%
Inhabitants tax ²	5.28%
Enterprise tax	5.78%
Special regional corporate tax	4.29%
Total of statutory rates	40.85%

Since enterprise tax and the special regional corporate tax are deductible from taxable income in the year paid, the effective tax rate is approximately 37.1% provided this deduction can be fully utilised by New SPC.

Any capital gain from the sale of assets would be treated as taxable income to New SPC and taxed in the same manner as other types of income at the above rates.

A size-based taxation regime applies for calculating enterprise tax applies to corporations whose paid-in capital (*shihonkin*) is more than JPY 100 million. Where applicable, enterprise tax is assessed not only on a taxable income basis but also on a capital basis as well as a value-added basis. While size-based taxation may result in a reduced enterprise tax rate relative to what is stated above (i.e., approximately 35.6%), it may also require payment of enterprise tax (due to the capital and/or value-added factors) even where a taxable loss is recognised. However, provided New SPC's paid-in capital does not exceed JPY 100 million, size-based taxation should not apply.

New SPC's taxable income includes profits or losses from operating the golf courses and related assets together with any other taxable net income or losses arising. If New SPC's taxable income after tax deductions for any fiscal year shows a net operating loss ("NOL"), such NOLs may be carried forward for the succeeding nine (9) years, provided that New SPC files a blue form tax return (*aoiro-shinkokusho*) in the year of the loss and continues to file tax returns in succeeding years. For small and medium sized companies, the NOLs carried forward can be used to offset all of current year income. A company is a small and medium sized company for these purposes if neither the registered capital of the company exceeds JPY 100 million nor the registered capital of its parent company (including the ultimate company) is JPY 500 million or more. For a large company (for a company other than a small and medium sized company), the use of the carried forward net operating losses is limited to 80% of current year taxable income. Provided New SPC is not a large company, this 80% NOL limitation should not apply.

² To finance local tax revenues and reduce regional differences in revenue generation, effective for fiscal years beginning on or after 1 October 2014, the 2014 tax reforms lower the inhabitants corporate tax rate and at the same time introduce a new local corporate tax that will be earmarked to a special government reserve for allocation to local governments in financial distress. The new national "local corporate tax" will apply at a fixed rate of 4.4% of corporate tax liability.



2. Fixed assets tax

New SPC is subject to fixed assets tax and city planning tax (in certain areas), based on the assets (land, building and depreciable assets) owned as of January 1 of each year. The combined tax rate is generally 1.7% of assessed value. City planning tax is not imposed on depreciable assets.

3. Consumption tax

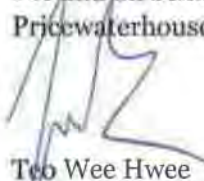
Consumption tax is imposed on the transfer of goods and performance of services in Japan. The rate is currently 5% but is scheduled to increase as follows:

Transaction date	Tax rate
~ 31 March 2014	5%
1 April 2014 ~ 30 September 2015	8%
1 October 2015 ~	10%

New SPC may claim a credit for consumption tax paid, depending on its taxable sales ratio (as defined for consumption tax purposes, broadly the ratio of taxable to non-taxable sales and taxable sales).

The asset management fees paid by New SPC to TM Partner and similar fees will incur a 5%³ consumption tax. This consumption tax paid is refundable depending on New SPC's taxable sales ratio⁴.

Yours faithfully
For and on behalf of
PricewaterhouseCoopers Services LLP


Teo Wee Hwee
Partner

³ As listed in the above table, the consumption tax rate will be increased to 8% on or after 1 April 2014, and to 10% on or after 1 October 2015.

⁴ If the taxable sales ratio is at least 95%, a credit against the consumption tax received may be claimed for 100% of the input consumption tax (with any excess amount refundable), unless annual taxable sales exceeded JPY 500 million.

This page has been intentionally left blank.

INDEPENDENT FINANCIAL ADVISER REPORT ON CERTAIN INTERESTED PERSON TRANSACTIONS



21st July 2014

The Independent Directors and the Audit Committee of Accordia Golf Trust Management Pte. Ltd.
(as Trustee-Manager of Accordia Golf Trust)
6 Shenton Way
#25-09
OUE Downtown 2
Singapore 068809

Dear Sirs

INDEPENDENT FINANCIAL ADVISER'S REPORT ON CERTAIN INTERESTED PERSON TRANSACTIONS, NAMELY:

- Golf Course Management Agreement
- Green@Stock ASP Service Agreement
- Lease Agreement
- Asset Management Agreement
- Trust Deed

Unless otherwise defined in this IFA Report or the context otherwise requires, all terms defined in the Prospectus shall have the same meaning herein.

1 INTRODUCTION

Accordia Golf Trust ("**AG Trust**") is the first business trust comprising investments in golf course and driving range assets in Japan to be listed on the SGX-ST. AG Trust is constituted with the principal investment strategy of investing, directly or indirectly, in the business of owning a portfolio of stabilised, income-generating golf courses and driving ranges and other golf course related assets worldwide, with an initial focus on Japan. For the avoidance of doubt, "golf course related assets" means assets which are located on the golf courses and driving ranges and are integral to the golf course business, including golf club houses and hotels. AG Trust will not be involved in the business of developing golf courses.

Accordia Golf Trust Management Pte. Ltd is the trustee-manager of AG Trust ("the Trustee-Manager"). The Trustee-Manager has the dual responsibility of safeguarding the interests of the minority Unitholders and managing AG Trust's businesses. The Trustee-Manager is 49.0% held by Accordia Golf Co., Ltd. (the "**Sponsor**") and 51.0% held by Daiwa Real Estate Asset Management Co. Ltd., a wholly-owned subsidiary of Daiwa Securities Group (the "**TM Partner**"). A new special purpose company ("**New SPC**") will hold the initial portfolio for the purposes of managing and operating the golf course and driving range business and the relationship between AG Trust and New SPC will be governed by a *tokumei kumiai* agreement.

In connection with the Listing, the Sponsor, its affiliates, the TM Partner or the Trustee-Manager have entered into or will enter into the following transactions with certain Interested Persons:

1. Golf course and driving range management and advisory services under three separate contracts between the Sponsor or its affiliates and New SPC pursuant to the Golf Course Management Agreement, the Green@Stock ASP Service Agreement and the Lease Agreement (collectively the "**Golf Course Management Agreement**")

*PricewaterhouseCoopers Corporate Finance Pte Ltd, 8 Cross Street #17-00, PWC Building, Singapore 048424
T: (65) 62363388, F: (65) 6236 4005, www.pwc.com/sg/cfr GST No.: M2-0022463-9 Reg. No.: 197501605H*



2. Asset management services between the TM Partner and New SPC pursuant to the Asset Management Agreement (the "**Asset Management Agreement**")
3. Advisory services between the Trustee-Manager and AG Trust pursuant to the Trust Deed (the "**Trust Deed**")

PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") has been appointed as the independent financial adviser to advise the Independent Directors and the Audit Committee of the Trustee-Manager on the terms of the Golf Course Management Agreement, the Asset Management Agreement and the Trust Deed (collectively, the "**AG Agreements**").

This letter of opinion has been prepared to form part of the Prospectus to be issued in connection with the Listing.

2 TERMS OF REFERENCE

PwCCF has been appointed to advise the Independent Directors and the Audit Committee on whether the AG Agreements are on normal commercial terms and are not prejudicial to the interests of AG Trust and its minority Unitholders. However we are not required and do not, by this letter, make any representation or warranty in relation to the commercial merits of the AG Agreements.

We were not a party to, nor were we involved in, the negotiations between the Trustee-Manager, the TM Partner, New SPC, and/or the Sponsor, as the case may be, in relation to the AG Agreements. We were also not involved in the deliberations leading to the decisions to proceed with the AG Agreements.

Our terms of reference do not require us to comment or express an opinion on the rationale for, strategic or commercial merits and/or risks of the AG Agreements or the future financial performance or prospects of AG Trust and the prices at which the units of AG Trust may trade following the Offering. We are also not required to address the relative merits of the AG Agreements as compared to any alternative transaction previously considered by the Trustee-Manager (if any) or that otherwise may become available to AG Trust in the future. Such evaluations or comments remain the responsibility of the Directors and management of the Trustee-Manager. Accordingly, we have limited our evaluation to the financial terms of the AG Agreements and have not taken into account the commercial risks or merits of the AG Agreements.

In the course of our evaluation and for the purpose of our opinion in relation to the AG Agreements, we have examined information provided by the management of the Trustee-Manager, including information contained in the Prospectus (including the appendices thereto) and have reviewed other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and used our judgment on the reasonable use of such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the Directors that the Prospectus has been approved by the Directors who have made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in the Prospectus are fair and accurate in all material respects as at the date of the Prospectus and that there are no material facts the omission of which would make any statement in the Prospectus misleading in any material respect. Accordingly, the Directors collectively and individually accept responsibility for the accuracy of the information given in the Prospectus as set out in the responsibility statement in a



letter dated 21st July 2014 provided to us by the Directors and management of the Trustee-Manager, which we have relied upon.

Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above.

We have also not conducted a comprehensive review of the business, operations or financial condition of the Sponsor, the TM Partner, AG Trust or the Trustee-Manager and accordingly make no representation or warranty, express or implied, in this regard.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and on the information made available to us contained in the Prospectus, some of which pertains to dates earlier than the Latest Practicable Date ("**Prior Dates**"). We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date or the Prior Dates up to which information is available, as the case maybe, that may affect our opinion contained herein.

Our opinion is for the use and benefit of the Independent Directors and the Audit Committee in their deliberation of whether the AG Agreements are on normal commercial terms and are not prejudicial to the interests of AG Trust and its minority Unitholders, and the statements made by the Independent Directors and the Audit Committee shall remain the responsibility of the Independent Directors and the Audit Committee.

Our opinion in relation to the AG Agreements should be considered in the context of the entirety of this letter and the Prospectus.

3 INFORMATION ON THE GOLF COURSES

Selected information in respect of the Golf Courses is set out in the subsection titled "The Initial Portfolio" under the "The Business Of Accordia Golf Trust" section of the Prospectus. Such information has been reproduced herein for convenience.

3.1 Portfolio overview

The Sponsor is a leading operator of golf courses in Japan listed on the Tokyo Stock Exchange, which currently operates 135 golf courses (of which 132 are owned by Sponsor) and 26 driving ranges as at the Latest Practicable Date, prior to the transfer of the TK interests.

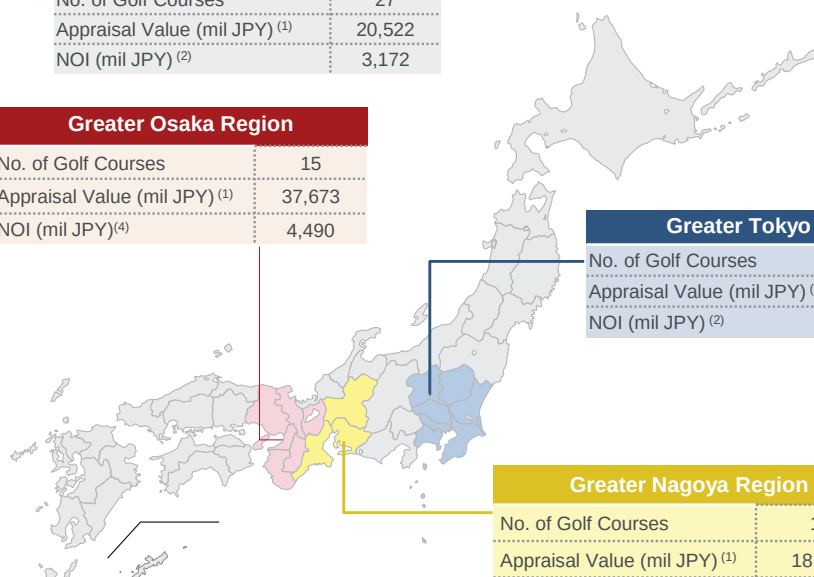
The initial portfolio of investments in AG Trust will comprise income-generating stabilised golf courses capable of generating a steady and attractive yield, and will be 89 golf courses from the existing 132 owned by Sponsor (the "**Initial Portfolio Golf Courses**"). The map below shows the locations of the golf courses in the Initial Portfolio. Driving ranges may be added to the portfolio at a later stage.

Other Regions	
No. of Golf Courses	27
Appraisal Value (mil JPY) ⁽¹⁾	20,522
NOI (mil JPY) ⁽²⁾	3,172

Greater Osaka Region	
No. of Golf Courses	15
Appraisal Value (mil JPY) ⁽¹⁾	37,673
NOI (mil JPY) ⁽⁴⁾	4,490

Greater Tokyo Region	
No. of Golf Courses	35
Appraisal Value (mil JPY) ⁽¹⁾	74,097
NOI (mil JPY) ⁽²⁾	8,846

Greater Nagoya Region	
No. of Golf Courses	12
Appraisal Value (mil JPY) ⁽¹⁾	18,616
NOI (mil JPY) ⁽²⁾	2,401



(1) Appraisal Value data is as of September 30th, 2013.

(2) Period of the fiscal year ending March 31, 2013

Source: CBRE and Tanizawa

4 TERMS AND CONDITIONS OF THE GOLF COURSE MANAGEMENT AGREEMENT

The key terms of Golf Course Management Agreement are summarised below.

Services to be performed by the Sponsor and its affiliates

Golf Course and Driving Range Operation

The Sponsor will provide services such as management of golf courses and driving ranges, management of food and beverage operations, appointment of key personnel, personnel administration, preparation of business plans and budgets.

Administrative Services

The Sponsor will provide back office services such as accounting, human resources, general affairs, procurement and lease of office equipment.

Advice to management of New SPC

The Sponsor will provide advice to management regarding financing, business changes, corporate structuring, acquisitions and disposals.

Procurement Services

The Sponsor will lease certain golf course assets, and sub-lease these assets to New SPC.

Office Equipment leasing

An affiliate of the Sponsor will provide access to certain office equipment to New SPC.



Sub-contracting

The Sponsor may subcontract part of the services outlined above (collectively the “**Services**”) to a third party (the “**Subcontractor**”) designated by the Sponsor upon prior notice to New SPC. Upon the subcontracting, neither the Sponsor nor its affiliates will be released from their obligations to perform the Services owed to New SPC, and shall cause the Subcontractor to perform the Services so subcontracted in accordance with the provisions of this Agreement.

Employees

The Sponsor shall transfer to New SPC certain of the Sponsor’s employees determined by the Sponsor to be persons responsible for the personnel and administration department of New SPC, a person to serve as a manager of the assets which are located on the golf courses and driving ranges and are integral to the golf course business, including golf club houses and hotels (collectively the “**Facilities**”), and persons to serve as key staff in the Facilities on the conditions set out in the transfer agreement to be separately executed by New SPC and Sponsor upon consultation (together, “**Seconded Employees**”). Such personnel will perform supervision, administration, guidance, training or other matters as required under the Golf Course Management Agreement.

The persons who engage in the Golf Course Management Agreement in the Facilities are New SPC’s employees, which includes the Seconded Employees, and the rights of personnel management and the right to give instructions and orders relating to the Seconded Employees belong to New SPC, and the manager and the person responsible for the personnel and administration department shall exercise those rights.

Maintenance and Repair

The Sponsor is responsible for carrying out maintenance and repair of the Facilities involving the capital expenditure based on the Annual Business Plan.

Termination

Default

Should a petition for Insolvency Proceedings be filed in relation to either party, if either party becomes insolvent or suspends payment, or either party becomes subject to excessive debt, New SPC and the Sponsor may cancel this Agreement without notice

Termination by notice

If either party violates the Golf Course Management Agreement and fails to perform its obligations, and if such violation is not remedied and such obligation is not performed after the expiration of 30 days after the other party’s making written demand, the other party may immediately cancel the Golf Course Management Agreement with written notice.

Governing Law and Jurisdiction

The Golf Course Management Agreement is governed by the laws of Japan. The Tokyo District Court (or, if a summary court, instead of a district court, has a jurisdiction regarding a subject matter, the Tokyo Summary Court, and in each case, excluding a branch of a court) will have the exclusive jurisdiction as a court of first instance with regards to any dispute concerning the Golf Course Management Agreement.

5 EVALUATION OF THE GOLF COURSE MANAGEMENT AGREEMENTS

The Initial Portfolio Golf Courses will be acquired from the Sponsor. The Sponsor will provide golf course and driving range management and advisory services to New SPC under the Golf Course Management Agreement. In our evaluation from a financial point of view of whether the



terms of Golf Course Management Agreement are based on normal commercial terms and are not prejudicial to the interests of AG Trust and its minority Unitholders, we have duly considered the following key factors:

- (i) review of the terms and conditions of the Golf Course Management Agreement; and
- (ii) the golf course management fees to be charged under the Golf Course Management Agreement.

These factors are discussed in greater detail in the ensuing paragraphs.

5.1 Review of the Terms and Conditions of the Golf Course Management Agreement

Based on the review of certain publicly available third party arrangements ("**Comparable Management Agreements**"), the terms and conditions are similar to the terms and conditions of the Golf Course Management Agreement and there are no clauses in the Golf Course Management Agreement that are prejudicial to the minority Unitholders of AG Trust.

5.2 Management fees

The management fees comprise the following:

- (i) A monthly fixed fee of US\$27,691 per 18-hole golf course ("**18-HE Fee**") or USD\$10,191 per driving range ("**DR Fee**")¹;
- (ii) An incentive fee of 3% of monthly sales;
- (iii) A variable fee of 5% of monthly Net Operating Income ("**NOI**"), where NOI is net of the monthly fixed fee and sales incentive fee; and
- (iv) In the case of golf courses only, an additional variable fee of 60% of new member admission fees.

To evaluate these fees, we have considered the Comparable Management Agreements and extracted the relevant information in order to compare fixed fee, sales incentive fees, variable fees and availability of a variable fee cap in each of the golf courses with similar parameters to the Golf Course Management Agreement.

However, we recognize that the Comparable Management Agreements listed herewith are not exhaustive and to the best of our knowledge and belief and from information provided by management, there are no golf course management arrangements which may be considered directly comparable to the Golf Course Management Agreement in terms of duration of contract, scope of the contract, fees, service offerings, responsibilities of the management company.

For the above reasons, while the Comparable Management Agreements when taken as a whole may provide a broad and indicative benchmark for assessing the Golf Course Management Agreement, care has to be taken in the selection and use of any individual data point for the same purpose.

¹ Calculated based on the three contracts comprising the Golf Course Management Agreement, i.e., JPY2,750,000 per month per golf course, or JPY1,000,000 per month per driving range (up to 100 driving areas), pursuant to the Golf Course Management Agreement; JPY15,000 per month per golf course or driving range pursuant to the Green@Stock ASP Service Agreement; and JPY4,140 per month per golf course or driving range pursuant to the Lease Agreement. All fees are converted at a rate of JPY100 to 1US\$.



Accordingly, it should be noted that any comparison made with respect to the Comparable Management Agreements may serve as an illustrative guide only.

5.2.1 Comparable Golf Courses in Japan

To the best of our knowledge and belief and based on the review of public information such as annual reports and website reviews regarding the largest golf course management companies in Japan, including the key competitors of the Sponsor, no evidence was identified that may be compared to the terms and conditions of the Golf Course Management Agreement. In respect of driving range operators, these businesses tend to be either owner operated or part of a large diverse group and therefore no evidence was identified that may be compared to the terms and conditions of the Golf Course Management Agreement.

5.2.2 Other Comparable Golf Courses

As limited information was identified from the review of golf course or driving range operators in Japan, the search was therefore expanded to include global golf course management companies. No global operators of driving ranges were identified.

Golf course	Management company	Location	Brief description
American Legion Memorial Golf Course	Billy Casper Golf	State of Washington, US	Owned by the City of Everett, a municipal corporation under the laws of the State of Washington
Chicago Park District Golf Facilities	Billy Casper Golf	Chicago, Illinois, US	Comprises six daily fee municipal golf courses, two miniature golf courses and three driving ranges. The Chicago Facilities are owned by the Chicago Park District, a municipal corporation and park manager.
Summer Meadows Golf Course	Billy Casper Golf	State of Washington, US	Only meeting minutes setting out the compensation details of the contract were identified
Desert Willow Golf Resort	KemperSports	State of Washington, US	Comprises two 18 hole golf courses and is owned by the City of Palm Desert, a charter city under the laws of the State of Washington
The Crossings Golf Course	KemperSports	State of California, US	Owned by the City of Carlsbad, a municipal corporation under the laws of the State of California
Butterfield Trail Golf Course	KemperSports	Texas, US	Only an internal memorandum from the City of El Paso, Texas Aviation Department, awarding the contract was identified

We set out in the table below the relevant information of the Comparable Management Agreements considered comparable to the Golf Course Management Agreement:

Golf course	Duration of contract (years)	18-HE Fees (US\$/ month)	Incentive fees	Variable fees	Additional variable fees (% of new membership fees)	Variable fee cap
			% of annual revenue	% of NOI		
American Legion Memorial Golf Course	5	37,500	5.00%	-	-	-
Chicago Park District Golf Facilities	24.25	10,417	5.00%	-	-	Y
Summer Meadows Golf Course	10	45,000	18.50%	-	-	Y
Desert Willow Golf Resort	3	32,875	5.00%	-	-	Y
The Crossings Golf Course	5	10,417	5.67%	-	-	Y



Butterfield Trail Golf Course	N/Avail	10,312	7.00%	-	-	Y
Maximum		45,000	18.50%	-	-	-
Median		21,646	5.33%	-	-	-
Minimum		10,312	5.00%	-	-	-
AG Trust – Golf Courses		27,691	3.00%	5.00%	60.00%	N
AG Trust – Driving Ranges		10,191	3.00%	5.00%	60.00%	N

N/Avail: Not available

In respect of the 18-HE Fee, we note the following:

- (i) The 18-HE monthly fixed fee of US\$27,691 is within the range of the fixed fees of the Comparable Management Agreements but above the median fixed fee of the Comparable Management Agreements;
- (ii) The sales incentive fee of 3% of monthly sales is below the minimum range of the incentive fees of the Comparable Management Agreements;
- (iii) The variable profit incentive fee of 5% of monthly NOI (net of the fixed monthly fee and sales incentive fee) is unique to AG Trust. To illustrate the impact of the variable fees, the financial projections of New SPC were reviewed to calculate an effective revenue-based fee (inclusive of the variable profit incentive fee in this case) for comparison to the variable fees charged under the Comparable Management Agreements. The total fee projected to be paid under the golf management contract in the period ending March 31, 2015 is USD 58,260,000, of which USD 23,317,000 represents the variable revenue-based element. Based on projected revenue in that period of USD 545,000,000, the effective revenue-based fee under the Golf Course Management Agreement is 4.28%, which is below the range of revenue-based fees of the Comparable Management Agreements;
- (iv) The additional variable fee of 60% of new member admission fees is unique to AG Trust compared to the Comparable Management Agreements. To illustrate the impact of the additional variable fee, the financial projections of New SPC were again reviewed to calculate an effective revenue-based fee for comparison to the variable fees charged under the Comparable Management Agreements. Based on projected revenue of USD 545,000,000 and projected new member admission fees received of USD 3,443,592, added to total revenue-based fees above of USD 23,317,000, described in (iii) above, the effective total revenue-based fee is 4.91%, which remains below the range of revenue-based fees of the Comparable Management Agreements.
- (v) With the exception of the American Legion Memorial Golf Course Agreement, there is a cap on the variable fees charged under the Comparable Management Agreements. However, the impact will be limited given that variable fees charged under the Golf Course Management Agreement are below the variable fees charged under the Comparable Management Agreements.
- (vi) While the terms and conditions of the Comparable Management Agreements vary, generally operational expenses, including staff costs, are borne by the golf course owner (although some key employee costs may sometimes be borne by the golf course manager). The terms of the Golf Course Management Agreement in relation to seconded employees are consistent with the Comparable Management Agreements that also employ key employees, and whose costs are borne by the golf course owner.



- (vii) With regard to marketing and branding, the Sponsor does not separately charge a branding fee. Accordingly, any value attributable to the Accordia brand is not being separately charged to New SPC.

In respect of the DR Fee, we note the following:

- (i) None of the Comparable Management Agreements included fees for driving ranges and accordingly no comparables were identified that had both fees for golf courses and driving ranges. However, golf courses and driving ranges are closely related and have common characteristics (in addition to general business operations), such as: golf school / instruction, equipment leasing and sale, maintenance (although more limited in respect of driving ranges) of land, and provision of food and refreshments. With this comparability of operations in mind, it is reasonable to compare the fee structure for the operation of driving ranges against the fee structure for the operation of golf courses. In this regard, the fee structures are the same, i.e., a monthly fixed fee plus variable fee plus incentive fee. Given this, the fee structure for driving ranges is therefore reasonable.
- (ii) When comparing the actual rates adopted for golf courses and those for driving ranges, the variable fees and incentive fees are exactly the same, i.e., 3% of revenue and 5% of operating income, respectively.

The monthly fixed fee to be paid per driving range is USD\$10,191 per month, whereas the monthly fixed fee to be paid per golf course is US\$27,691 per month. This difference reflects the different operating expense profile of driving ranges compared with golf courses. However, although the monthly fixed fee for operating driving ranges is different to the monthly fixed fee for operating golf courses, they may be compared by reference to a common base.

For purposes of this comparison, net operating income was selected as the common base. This is because net operating income eliminates the differences in expense profiles between golf courses and driving ranges. In order to conduct this comparison, the fixed monthly fees for operating both golf courses and driving ranges were therefore annualised and expressed as a percentage of their respective average net operating income for the year ended March 31, 2013 per facility. The results are as follows.

Golf courses – USD\$330,000 annual fees / USD\$1,128,000 annual net operating income = 29%

Driving ranges – USD\$122,000 annual fees / USD\$665,000 annual net operating income = 18%

When expressed by reference to a common base i.e. net operating income, this analysis shows that the monthly fixed fee to be charged for operating driving ranges is lower than the monthly fixed fee to be charged for operating golf courses. The fixed monthly fee for operating golf courses has been shown to be on commercial terms and not prejudicial to the minority Unitholders. Consequently, based on the abovementioned analysis, as the monthly fixed fee for operating driving ranges is lower than for operating golf courses, when expressed by reference to a common base, the monthly fixed fees for operating driving ranges are on commercial terms and not prejudicial to the minority Unitholders.

Based on the above comparison, the Golf Course Management Agreement is on commercial terms and not prejudicial to the minority Unitholders.



5.2.3 Historical Management Fees

A comparison of the historical golf course management fee charged in the period ending March 31, 2013 by the Sponsor to its affiliates and the projected fees to be charged to New SPC is set out below².

Period ending	March 2013	March 2014 (est)	March 2015 (est)
Fixed fee (US\$)	33,408,333	34,943,333	34,943,333
Sales incentive fee (US\$)	19,198,349	16,266,625	16,327,716
Variable fee (US\$)	8,168,014	6,695,864	6,989,316
New member admission fee income as % of new member admission fees	-	60%	60%
Expenses recharged as % of new member admission fees	44.3%	-	-

Historically the Sponsor did not earn a percentage of new member admission fees, but instead charged its marketing and distribution costs related to the promotion of the golf courses, which expenses drove new member admission fees, to the golf course managers. These costs varied year to year, however, over time were approximately 50% of new member admission fees. Going forward, the Sponsor will no longer charge such expenses, but instead will earn a fixed percentage of new member admission fees.

The table shows that the fixed and variable fees or expense recharges paid to the Sponsor by its affiliates in the financial year ended March 31, 2013 are at similar levels to the projected fixed and variable fees to be paid by New SPC in the financial period ending March 31, 2014 and March 31, 2015. Notwithstanding this analysis, new member admission fee income earned by the Sponsor in the period ending March 31, 2015 is estimated to be US\$3,443,592. This income expressed as a monthly per-golf course fee is US\$3,224³. When added to the 18-HE monthly fixed fee of US\$27,691 the revised 18-HE monthly fixed fee is US\$30,915 which remains within the range of the fixed fees of the Comparable Management Agreements.

6 EVALUATION OF THE ASSET MANAGEMENT AGREEMENT

The TM Partner acts on behalf of New SPC in relation to the services set out in the Asset Management Agreement. Under the terms of the Asset Management Agreement, the TM Partner will provide the following services to New SPC:

- (i) advisory services in connection with acquisition and divestment opportunities, including gathering and analysis of market information;
- (ii) identification of acquisition and divestment opportunities for New SPC, due diligence in respect of these opportunities and preparation of the relevant documentation and proposals; and
- (iii) monitoring of the Sponsor's operating results and the performance of its obligations under the Golf Course Management Agreement and advising New SPC with regard to continuation or termination (including appointment of a successor) of the Golf Course Management Agreement.

² The historical and projected financial information was provided by the Sponsor and was converted at a rate of JPY100 to 1US\$. There are no driving ranges in the initial portfolio, therefore a similar comparison of historical driving range management fees to projected driving ranges management fees is not possible.

³ US\$3,443,592 divided by 89 golf courses and divided by 12 months equals US\$3,224.



In our evaluation from a financial point of view of whether the terms of the Asset Management Agreement are based on normal commercial terms and are not prejudicial to the interests of AG Trust and its minority Unitholders, we have duly considered the following key factor:

- (i) The asset management fees to be charged under the Asset Management Agreement.

This is discussed in greater detail in the ensuing paragraphs.

6.1 Asset Management Fees

The asset management fees are comprised of the following:

- (i) One time initial commencement Fee of 0.265% based on the total appraisal value of SPC's golf courses as of 30 September 2013;
- (ii) Acquisition Fee of 0.75% based on the appraisal value of acquired assets;
- (iii) Asset Management Fee of 0.066% based on New SPC's asset appraisal value; and
- (iv) Divestment fee of 0.15% based on the appraisal value of assets sold.

Because AG Trust is the first business trust comprising investments in golf course and driving range assets in Japan to be listed on the SGX-ST, we have considered publicly available information in respect of fee levels set by comparable Real Estate Investment Trusts ("REITs") with Japan assets listed on the Main Board of SGX-ST ("SREITs"), which we consider to be broadly comparable to the asset management fees charged under the Asset Management Agreement. We recognise that the assets in these comparables REITs are not identical to the assets in AG Trust in terms of type of assets, market risks, future prospects and other relevant criteria.

For the above reasons, while the REITs when taken as a whole may provide a broad and indicative benchmark for assessing the asset management fees, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors and Audit Committee should note that any comparison made with respect to the below mentioned REITs serve as an illustrative guide only.

Trust	Commencement fee	Acquisition fee ⁽¹⁾	Management fee ⁽²⁾	Divestment fee ⁽³⁾	Performance fee ⁽⁴⁾
Saizen REIT	-	1.00%	0.50% ⁽⁵⁾	0.30%	3.00% ⁽⁶⁾
Mapletree Logistics Trust		1.00%	0.50%	0.50%	3.60%
Parkway Life Real Estate Investment Trust		1.00%	0.30%	0.50%	4.50%
Ascott Residence Trust		1.00%	0.30%	0.50%	4.00% ⁽⁷⁾
Starhill Global REIT		1.00%	0.50%	0.50%	-(⁽⁸⁾)
Average	-	1.00%	0.42%	0.46%	3.78%
Median	-	1.00%	0.50%	0.50%	3.80%
Maximum	-	1.00%	0.50%	0.50%	4.50%
Minimum	-	1.00%	0.30%	0.30%	3.00%
TM Partner	0.265%	0.75%	0.066%	0.15%	-

Notes:

(1) Based on purchase price (fees charged on other bases were excluded)

(2) Based on property value



- (3) Based on disposition value
- (4) Based on net operating income
- (5) Based on monthly weighted average value of property assets which is comparable
- (6) This fee is an asset management fee based on net profits of the property-holding business and is paid to KK Tenyu Asset Management. The other fees, including the asset management fee based on the value of property assets, are paid to Japan Residential Assets Manager Limited
- (7) This refers to base performance fee. Managers are further entitled to additional outperformance fees should they achieve further milestones
- (8) Not comparable as performance fee is based on external benchmarks

To further evaluate these fees, they were compared to REITs listed on the Tokyo Stock Exchange (“JREITs”), with investments in hotel or leisure assets, which may be considered the most comparable real estate asset class to golf course assets, as set out below.

Trust	Commencement fee	Acquisition fee ⁽¹⁾	Management fee ⁽²⁾	Divestment fee ⁽³⁾	Performance fee ⁽⁴⁾
United Urban Investment Corporation	-	0.80%	0.60%	0.80%	-
Mori Trust Sogo Reith, Inc.		0.40%	0.08%	0.05%	3.00%
Fukuoka REIT Co., Ltd		0.25%	0.30%	-	2.00%
Heiwa Real Estate REIT, Inc.		0.50%	0.45%	-	0.45%
Ichigo Real Estate Investment Corporation		0.25%	0.13%	0.25%	3.00%
Japan Hotel REIT Investment Corporation		0.50%	0.40%	0.50%	1.00%
Activia Properties Inc.		0.50%	0.40%	0.50%	-
Average	-	0.46%	0.34%	0.42%	1.89%
Median	-	0.50%	0.40%	0.50%	3.00%
Maximum	-	0.80%	0.60%	0.80%	2.00%
Minimum	-	0.25%	0.08%	0.05%	0.45%
TM Partner	0.265%	0.75%	0.066%	0.15%	-

Notes:

- (1) Based on purchase price
- (2) Based on property value
- (3) Based on disposition value
- (4) Based on either revenue or net operating income. The difference in bases are not analysed further as the TM Partner does not earn a performance fee

As illustrated above, we note the following:

- (i) The commencement fee for the New SPC is unique from the comparable SREITs and JREITs as they have no commencement fees. This is because significant work was undertaken in order to identify and appraise the golf assets to be included in the initial portfolio. Based on the analysis of functions performed by comparable SREITs, the nature of the commencement fee is therefore similar to the activities performed for the acquisition fee. On that basis, the commencement fee may be compared to the acquisition fee, and is below the minimum acquisition fee of the comparable SREITs and below the median acquisition fee of the comparable JREITs.
- (ii) The management fee is below the median management fees of the comparable SREITs and below the minimum management fees for comparable JREITs. In addition, New SPC charges no performance fees in contrast to some SREITs and JREITs.
- (iii) The acquisition fee paid for subsequent acquisitions by New SPC is lower than the acquisition fees paid for SREITs and above the median of acquisition fees paid for JREITs.



- (iv) The divestment fee for New SPC is lower than the divestment fees observed in the comparable SREITs and lower than the median divestment fee of JREITs excluding Fukuoka REIT and Heiwa Real Estate REIT for which there are no available data.
- (v) Where fee disclosures indicated that different fees were paid in the case of related party transactions, the related party fees were selected for the purposes of the analysis. This approach was taken because AG Trust and the Trustee-Manager are related parties. As the fees paid between related parties are generally lower than those between third parties, this results in a more conservative range.

As the fees paid to TM Partner are broadly comparable to the fees set by both SREITs with Japan assets and JREITs with hospitality or leisure assets, these fees are on normal commercial terms and not prejudicial to the interests of AG Trust or its minority shareholders.

7 EVALUATION OF THE TRUST DEED

The Trustee-Manager acts on behalf of the Unitholders. Under the terms of the Trust Deed, the Trustee-Manager is responsible for AG Trust investment and financing strategies, acquisition and divestment policies and the overall management of AG Trust's investments and assets. The Trustee-Manager is also responsible for the strategic business direction and risk management of AG Trust.

In our evaluation from a financial point of view of whether the terms of the Trust Deed are based on normal commercial terms and are not prejudicial to the interests of AG Trust and its minority Unitholders, we have duly considered the following key factor:

- (ii) The Trustee-Manager fees paid under the Trust Deed.

This is discussed in greater detail in the ensuing paragraphs.

7.1 Trustee-Manager Fees⁴

The Trustee-Manager fees are comprised of the following:

- (i) Commencement Fee of 0.232% based on AG Trust's consolidated asset value at the commencement date;
- (ii) Acquisition Fee of 0.60% based on the appraisal value of acquired assets;
- (iii) Management Fee of 0.11% based on AG Trust's asset appraisal value; and
- (iv) Divestment Fee of 0.15% based on the appraisal value of assets sold.
- (v) Performance Fee of 0.25% based on net operating income of AG Trust

Because AG Trust is the first business trust comprising investments in golf course and driving range assets in Japan to be listed on the SGX-ST, we have considered publicly available information in respect of Trustee-Manager fee levels set by Business Trusts that have been listed on the Main Board of SGX-ST ("SBTs"), and which have Trustee-Managers that are actively involved in managing trust assets as does the Trustee-Manager of the AG Trust which

⁴ The fees described in this section are separate and distinct from the fees charged by the TM Partner to New SPC under the Asset Management Agreement. In the Trustee-Manager fees case, they relate to strategic investment services provided to AG Trust, in the Asset Management fees case to advise for New SPC in relation to specific assets.



we consider to be broadly comparable to the Trustee-Manager fees charged under the Trust Deed. We recognise that the assets in these comparables SBTs are not identical to the assets in AG Trust in terms of type of assets, market risks, future prospects and other relevant criteria.

For the above reasons, while the SBTs when taken as a whole may provide a broad and indicative benchmark for assessing the Trustee-Manager fees, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors and Audit Committee should note that any comparison made with respect to the below mentioned SBTs serve as an illustrative guide only.

Trust	Commencement fee	Acquisition fee ⁽¹⁾	Management fee ⁽²⁾	Divestment fee ⁽³⁾	Performance fee
Asian Pay Television Trust	-	0.50%	0.166%	0.50%	-(⁽⁶⁾)
CitySpring Infrastructure Trust		-	0.322%	-	-(⁽⁷⁾)
First Ship Lease Trust		1.00%	0.434%	0.50%	-(⁽⁷⁾)
Hutchinson Port Holdings Trust		0.50%	0.015%	0.50%	-(⁽⁶⁾)
K-Green Trust		0.50%	0.311%	0.50%	4.50% ⁽⁴⁾
Religare Health Trust		0.50%	0.400%	0.50%	4.50% ⁽⁵⁾
Rickmers Maritime Trust		-	0.279%	-	-(⁽⁶⁾)
Average	-	0.43%	0.28%	0.50%	4.50%
Median	-	0.50%	0.31%	0.50%	4.50%
Maximum	-	1.00%	0.43%	0.50%	4.50%
Minimum	-	0.50%	0.02%	0.50%	4.50%
Trustee-Manager	0.232%	0.60%	0.11%	0.15%	0.25%

Notes:

- (1) Based on acquisition price or enterprise value
- (2) Effective asset-based management fee calculated as a percentage of total assets
- (3) Based on sales price
- (4) Based on cash inflows
- (5) Based on distributable income
- (6) Based on distribution per unit ("DPU") and hence not comparable
- (7) Based on the return above a benchmark index and hence not comparable

As illustrated above, we note the following:

- (i) The Trustee-Manager will provide advisory services to AG Trust in relation to the trust's assets. However, the Trustee-Manager will not actively manage any specific golf course assets owned by New SPC, other than the exercise of certain rights as set forth in the *tokumei kumiai* agreement between Trustee-Manager in its capacity as Trustee-Manager for AG Trust and New SPC.
- (ii) The Commencement Fee is unique from the SBTs, which have no commencement fees. This is because work was undertaken in order to assess the reasonableness of the initial portfolio against the stated AG Trust investment strategy. Based on the analysis of functions performed by comparable SBTs, the nature of the activities performed for the commencement fee is therefore similar to the functions performed for the acquisition fee. On that basis the Commencement Fee is below the acquisition fees for comparable SBTs.
- (iii) The Acquisition Fee paid for subsequent acquisitions is above the median but within the range of acquisition fees for comparable SBTs.



- (iv) With the exception of Religare Health Trust, management fees were either fixed or calculated on a different basis to the Management Fee. The management fees were therefore converted to asset-based fees for comparison to the Management Fee using the most recently published financial statements for each SBT, as shown in the table below.

Trust	Annual report year end	Management fee paid (A)	Total assets (B)	Effective asset-based management fee (A / B)
Asian Pay Television Trust	31-Dec-13	US\$4,162,000	US\$2,505,644,000	0.166%
CitySpring Infrastructure Trust	31-Mar-13	S\$6,480,000	S\$2,012,806,000	0.322%
First Ship Lease Trust	31-Dec-12	US\$3,365,000	US\$774,935,000	0.434%
Hutchinson Port Holdings Trust	31-Dec-12	HK\$20,124,000	HK\$134,850,164,000	0.015%
K-Green Trust	31-Dec-13	S\$2,000,000	S\$642,529,000	0.311%
Rickmers Maritime Trust	31-Dec-12	US\$3,070,000	US\$1,099,997,000	0.279%

The Management Fee is below the median effective asset-based management fee of the comparable SBTs.

- (v) The Divestment Fee is below the divestment fees of the comparable SBTs.
- (vi) The performance fees for the CitySpring Infrastructure Trust and First Ship Lease Trusts are based on external benchmarks and are therefore not comparable. The base performance fees of Asian Pay Television Trust, Hutchinson Port Holdings Trust and Rickmers Maritime Trust are also excluded as these are based on DPU. The performance fees of K-Green Trust and Religare Health Trust are based on cash inflows and distributable income respectively, which are broadly equivalent to the net operating income of AG Trust on which the Performance Fee is based. On that basis the Performance Fee is below the performance fees for comparable SBTs. To further determine as far as possible the reasonableness of AG Trust's Performance Fee, the Performance Fee of AG Trust was converted to an effective asset based fee of 0.032%⁵ and then added to the existing Management Fee paid to the Trustee-Manager. This combined Management Fee of 0.142% is lower than the median effective asset-based management fees of the comparable SBTs.
- (vii) Where fee disclosures indicated that different fees were paid in the case of related party transactions, the related party fees were selected for the purposes of the analysis. This approach was taken because AG Trust and the Trustee-Manager are related parties. As the fees paid between related parties are generally lower than those between third parties, this results in a more conservative range.

All the fees paid to the Trustee-Manager are either within or below the range of fees paid to the SBTs identified. Accordingly, these fees are on normal commercial terms and not prejudicial to the interests of AG Trust or its minority Unitholders.

⁵ The performance fee of JPY 48 million (projected net operating income in the first forecast year of JPY 19,161 million multiplied by 0.25%) divided by the trust appraisal value as at commencement of JPY 150,794 million.



8 OPINION

Having regard to our terms of reference as set out in this letter, we have carefully considered various relevant factors based on information available to us as at 21st July 2014 and balanced them before reaching our opinion. Accordingly, it is important that our letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information available as at 21st July 2014. The factors that we have taken into account in forming our opinion are summarised below:

- (i) Golf course management services fees are broadly comparable with existing similar golf course management arrangements entered into;
- (ii) Asset management fees are broadly comparable with existing similar asset management arrangements entered into by REITs with Japan assets listed on the Main Board of SGX-ST.
- (iii) Trustee-manager fees are broadly comparable with existing similar Trustee-Manager arrangements entered into by SBTs listed on the Main Board of SGX-ST.

Having considered the factors and made the assumptions set out above, and subject to the qualifications set out herein as at the date of this letter, we are of the view that the AG Agreements are on normal commercial terms and are not prejudicial to the interest of AG Trust and its minority Unitholders.

This letter is addressed to the Independent Directors and the Audit Committee for their benefit, in connection with and for the purpose of their consideration of the AG Agreements. However the opinion expressed by them to the minority Unitholders shall remain their responsibility. Whilst a copy of this letter may be reproduced in the Prospectus, neither the Trustee-Manager nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PwCCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Tok Hong Ling
Executive Director

INDEPENDENT REAL ESTATE VALUATION SUMMARY REPORTS



24 June 2014

Accordia Golf Trust Management Pte.Ltd
6 Shenton Way
OUE Downtown 2 #25-09
Singapore
068809

Dear Sirs,

30 Golf Courses managed by Accordia Golf
all within Japan. (Together "Properties" and Individually "Property")

Instructions

We refer to instructions issued by Accordia Golf Trust Management (the "Trustee-Manager"), requesting formal valuation advice in respect of the abovementioned Properties with details in the Appendix. We have been instructed to provide our opinion of Market Value of the Properties as at 30 September 2013, subject to the existing occupational arrangements.

We have prepared comprehensive formal valuation reports (individually a "Report" and collectively the "Reports") in accordance with the requirements of our instructions. In accordance with the Japanese Real Estate Appraisal Standards, the definition of Market Value is as follows:

Market value refers to the probable value that would be formed for the marketable real estate in a market that satisfies conditions associated with a rational market under actual socio-economic circumstances. A market that satisfies the conditions associated with a rational market under actual socio-economic circumstances refers to a market that satisfies the conditions listed below.

- 1) The market participants must be acting on their own free will, and be able to enter or leave the market as they wish. Motivated by the desire to maximize their returns while exhibiting wise and prudent behavior, market participants will satisfy the requirements listed below.
 - a. No special motivation causes them to sell off or to initiate buying.
 - b. They have only access to ordinary knowledge and information, required to conduct transactions involving the subject property or in the subject property market.
 - c. They have expended the labour and costs normally considered necessary to conduct transactions.
 - d. They premise value on the highest and best use of the subject property.
 - e. Purchasers have ordinary access to procuring funds (financing).
- 2) There must be no special curbs on transactions that restrict market participants nor any extraordinary incentives that induce participants to sell off or initiate buying.
- 3) The subject property must be exposed in the market for an appropriate period of time.



Meanwhile, under the International Valuation Standards (IVS), Market Value is defined as follows:

Market value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

With the above, we are on the opinion that the Market Value defined under the Japanese Real Estate Appraisal Standards is consistent with that of IVS.

For the specific purposes of this Prospectus, we provide a Summary of the Reports outlining key factors that have been considered in arriving at our opinions of value. The value conclusions reflect all information known by the valuers of CBRE K.K. ("CBRE") who worked on the valuations in respect to the Properties, market conditions and available data.

Reliance on This Letter

For the purposes of this Prospectus, we have prepared this letter which summarises our Reports and outlines key factors which have been considered in arriving at our opinions of value. This letter alone does not contain the necessary data and support information included in our Reports. For further information to that contained herein, reference should be made to the Reports, copies of which are held by the Trustee-Manager.

CBRE has provided the Trustee-Manager with comprehensive valuation reports for each of the Properties. The valuations and market information are not guarantees or predictions and must be read in consideration of the following:

- Each report is approximately 70 to 80 pages in length and the conclusions as to the estimated value are based upon the factual information set forth in that Report. Whilst CBRE has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Trustee-Manager. The methodologies used by CBRE in valuing the Properties are Income Approach and Cost Approach. We have placed emphasis on the Income Approach by virtue of the nature of the Properties valued. Methodologies applied under Income Approach– Direct Capitalisation Method and Discounted Cash Flow Method– are based upon estimates of future results and are not predictions. These valuation methodologies are summarised in the Valuation Rationale section of this letter. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate, but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. The basic assumptions utilised for the properties is summarised in the Valuation Rationale section of this letter.
- The Reports were undertaken based upon information available as at January 2014. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.



Disclaimer

Ms Kaori Moriyama, Mr Seiji Sasaki and CBRE have prepared this Valuation Summary Letter which appears in this prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the aforementioned Reports and this Valuation Summary letter. Ms Kaori Moriyama, Mr Seiji Sasaki and CBRE do not make any warranty or representation as to the accuracy of the information in any other part of the prospectus other than as expressly made or given by CBRE in this Valuation Summary letter.

CBRE has relied upon property data supplied by the Trustee-Manager which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are based on the reported assumptions and limiting conditions and are, unbiased and professional. Messrs Kaori Moriyama and Seiji Sasaki have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party is involved.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorized to practice as valuers.

Yours faithfully,
For and on behalf of
CBRE K.K.

Name: Ben Duncan

Designation: Director / President and CEO

Name: Shigeko Mizutani

Designation: Executive Director, Valuation & Advisory Services

Valuation Rationale

In arriving at our valuation, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the commercial property market. We have primarily utilised the Discounted Cash Flow Method in undertaking our assessment for each of the Properties.

Discounted Cash Flow Method

We have carried out a discounted cash flow analysis over a 5-year investment horizon in which we have assumed that the Property is sold at the commencement of the sixth year of the cashflow. This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, revenue growth, sale price of the property at the end of the investment horizon and cost associated with the disposal at the end of the investment period.

Please see details of the rates that we have applied for each Property in the Appendix.

Summary of Values

Based on the above, we have estimated the Market Value of each Property as stated in the Appendix.

Assessment of Value

We are of the opinion that the Market Value of the Properties, subject to the existing occupational arrangements is:

Total Portfolio : JPY42,881,000,000

(Japanese Yen: Forty Two billion Eight hundred Eighty One million only)

Appendix

Greater Tokyo Region

Region	No.	Name of Property	Location	Total Site Area (sqm.)	Market Value (JPY million)
Greater Tokyo Region	3	Northern Country Club Nishikigahara Golf Club	Saitama	1,328,762.00	4,020
Greater Tokyo Region	5	Tsuthiura Country Club	Ibaraki	814,039.00	3,830
Greater Tokyo Region	6	Fujioka Golf Club	Gunma	1,216,014.17	3,030
Greater Tokyo Region	9	Central Golf Club	Ibaraki	1,908,835.74	2,760
Greater Tokyo Region	10	Yorii Country Club	Saitama	781,815.58	2,410
Greater Tokyo Region	13	Kanetsu Highland Golf Club	Gunma	1,047,405.32	2,250
Greater Tokyo Region	14	Mito Golf Club	Ibaraki	1,453,942.24	2,190
Greater Tokyo Region	16	Minagawa Country Club	Tochigi	569,047.41	2,120
Greater Tokyo Region	17	Ohiradai Country Club	Tochigi	797,090.46	1,970
Greater Tokyo Region	18	Kanra Country Club	Gunma	1,156,822.49	1,710
Greater Tokyo Region	19	Myogi Country Club	Gunma	803,549.43	1,500
Greater Tokyo Region	20	Tamagawa Country Club	Saitama	1,054,978.76	1,410
Greater Tokyo Region	21	Sainomori Country Club	Saitama	1,243,143.00	1,410
Greater Tokyo Region	23	Kodama Kamikawa Country Club	Saitama	1,088,692.59	1,290
Greater Tokyo Region	22	Central Golf New Course	Ibaraki	1,030,231.61	1,390
Greater Tokyo Region	24	Wild Duck country club	Ibaraki	836,671.00	1,240
Greater Tokyo Region	25	Twin Lakes Country Club	Ibaraki	1,280,566.93	1,130
Greater Tokyo Region	27	Koryo Country Club	Tochigi	984,175.22	1,100
Greater Tokyo Region	26	Midono Country Club	Gunma	1,648,200.15	1,110
Greater Tokyo Region	28	Ishioke Golf Club West Course	Ibaraki	1,262,014.83	1,010
Greater Tokyo Region	31	Chichibu Kokusai Country Club	Saitama	784,338.40	671
Greater Tokyo Region	32	Northern Country Club Akagi Golf Club	Gunma	1,516,533.12	603
Greater Tokyo Region	33	Kizuregawa Country Club	Tochigi	1,084,069.00	413
Greater Tokyo Region	34	Northern Country Club Jama Golf	Gunma	908,267.25	264
Greater Tokyo Region	35	Villedge Higashi Karuizawa Golf Club	Gunma	748,361.52	230

Other Regions

Region	No.	Name of Property	Location	Total Site Area (sqm.)	Market Value (JPY million)
Other Regions	13	Osato Golf Club	Miyagi	1,377,510.00	597
Other Regions	21	Onuma Lake Golf Club	Hokkaido	1,236,330.00	361
Other Regions	22	Tsurumae Country Club	Hokkaido	2,131,128.00	324
Other Regions	24	Hanamonari Golf Club	Miyagi	1,211,083.35	276
Other Regions	25	Yamagata Minamim Country Club	Yamagata	885,800.00	262



Independent Real Estate Valuation Summary Report

24 June, 2014

Prepared for:

Accordia Golf Trust Management Pte.Ltd

C/O 6 Shenton Way OUE Downtown 2, #25-09 Singapore 068809

Prepared by

Tanizawa Sogo Appraisal Co., Ltd

Akasaka Intercity, 1-11-44

Akasaka, Minato-ku, Tokyo

107-0052 JAPAN

Dear Sirs,

1.0 INTRODUCTION

1.1 Client Brief

We have appraised the properties as listed below (the “Subject Properties”) and provided comprehensive formal appraisal reports prepared in the Japanese language (the “Japanese Full Reports”) in accordance with the requirements in the agreement of instruction from ACCORDIA GOLF TRUST MANAGEMENT, for whom our valuations were conducted.

1.2 Purpose of Valuation

This summary report (the “Summary Report”) has been prepared for the purpose of inclusion in the prospectus to be issued in relation to the offering of units in AG Trust and the listing of Units on the Singapore Securities Trading Limited. We have been instructed to appraise the Specific Value (as defined in paragraph 2.2 below), however, the management plan by stakeholders does not inhibit the highest and best use of the Subject Properties, Specific Value and Market Value (as defined in paragraph 2.3 below) of each Subject Property based on its existing use are estimated to be identical.

2.0 BASIS OF VALUATION

2.1 Scope of Subject Properties

The Subject Properties have been appraised as fully operational entities based on both their historical financial results and our opinion as to the future performance and level of turnover likely to occur, The valuation figures include all the improvements as well as equipment and other building contents employed in their operation.



2.2 Concept of Specific Value

Specific Value is one of the appraised values in accordance with Real Estate Appraisal Standards in Japan, and refers to the appropriate economic value of the marketable real estate, but does not necessarily satisfy all conditions on which Market Value is premised. Such valuations are performed in compliance with the requirements of laws and ordinances in Japan.

2.3 Concept of Market Value

The appraised values reflect the Market Value of the Subject Properties as at the date of appraisal, September 30, 2013. Market Value means the probable value that would be formed for marketable real estate in a market that satisfies conditions associated with a rational market under actual social and economic circumstances, in this context, the market above refers to a market that satisfies the conditions listed below;

2.3.1 Market participants with typical information, knowledge and management skills are acting on their own free will, and are able to enter or leave the market as they wish;

2.3.2 There are no special restrictions on transactions that restrict market participants nor any extraordinary incentives that include participants to sell or buy the Subject Properties; and

2.3.3 The Subject Properties are made available for sale in the market for an appropriate period of time.

2.4 Valuation Procedure

2.4.1 Inspection and investigations

We confirm that we have inspected the Subject Properties and conducted appropriate investigations as we considered necessary for the purpose of providing our opinion of the Market Value of the Subject Properties.

2.4.2 Appraisal methods employed

The methods used in the valuation process are both the Cost Approach and Income Approach. We have placed emphasis on the Income Approach by virtue of the nature of the properties appraised. The Income Approach is in turn categorized into the Direct Capitalization Approach and Discounted Cash Flow Approach, both of which are based on assumptions as to income and expenses, considering future changes in conditions, which affect the values of the Subject Properties. The resultant market value is, in our opinion, the best estimate, but it is not to be constructed as any guarantee or prediction and it fully depends on the accuracy of the valuation assumptions made and data provided.



3.0 DISCLAIMER

3.1 The Japanese Full Reports have been prepared by our licensed real property appraisers based on professional knowledge and expertise. We duly comply with the Real Estate Appraisal Act of 1963 (Law No.152). An English translation of the Japanese Full Reports is also available (the "English Reports").

3.2 Should there be any discrepancies between the Japanese Full Reports, the English Reports, and this Summary Report, the Japanese Full Reports shall prevail.

3.3 We have prepared this Summary Report which appears in this prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the aforementioned Reports and this Summary Report. We do not make any warranty or representation as to the accuracy of the information in any other part of the prospectus other than as expressly made or given by our company in this Summary Report.

We have relied upon property data supplied by the ACCORDIA GOLF TRUST MANAGEMENT which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analysis, opinions and conclusions are based on by the reported assumptions and limiting conditions and are unbiased and professional. We have no present or prospective interest in the Properties and have no personal interest or bias with respect to the parties involved.

The appraisers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the appraisers undertaking these valuations are authorized to practice as appraisers.

4.0 PROPERTIES TO BE VALUED AND SUMMARY OF CONCLUSION

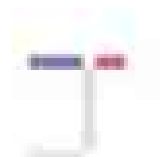
A summary of the appraisal report for each Subject Property is given in the following pages.

Sincerely,

Tanizawa Sogo Appraisal Co., Ltd.

Hitoshi Kawafuji

Director



Greater Tokyo Region

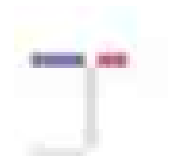
No.	Name of Property	Region	Prefecture	Site Area (sq.m.)	Number of Holes	Value (Japanese Yen)
1	Daiatsugi Country Club Hon Course	Greater Tokyo Region	Kanagawa	1,258,046.41	27	8,430,000,000
2	Daiatsugi Country Club Sakura Course	Greater Tokyo Region	Kanagawa	813,282.72	18	6,650,000,000
4	Tokyowan Country Club	Greater Tokyo Region	chiba	856,861.38	27	3,830,000,000
7	Odawara Golf Club Matsuda Course	Greater Tokyo Region	Kanagawa	609,523.83	18	2,930,000,000
8	Aqualine Golf Club	Greater Tokyo Region	chiba	812,296.73	18	2,810,000,000
11	Naritahigashi Country Club	Greater Tokyo Region	chiba	772,311.31	18	2,320,000,000
12	Chibasakuranosato Golf Club	Greater Tokyo Region	chiba	948,171.04	18	2,260,000,000
15	Sawara Country Club	Greater Tokyo Region	chiba	759,507.66	18	2,120,000,000
29	Hanao Country Club	Greater Tokyo Region	chiba	1,242,026.00	18	998,000,000
30	Kamogawa Country Club	Greater Tokyo Region	chiba	889,599.14	18	688,000,000

Greater Nagoya Region

No.	Name of Property	Region	Prefecture	Site Area (sq.m.)	Number of Holes	Value (Japanese Yen)
1	Yokkaichinosato Golf Club	Greater Nagoya Region	Mie	661,573.49	18	2,420,000,000
2	Fujiwara Golf Club	Greater Nagoya Region	Mie	1,278,718.85	27	2,160,000,000
3	Shinyo Country Club	Greater Nagoya Region	Gifu	1,495,986.66	18	2,090,000,000
4	Castlehill Country Club	Greater Nagoya Region	Aichi	1,635,888.69	18	1,960,000,000
5	Forest Mizunami Country Club	Greater Nagoya Region	Gifu	1,079,483.00	18	1,600,000,000
6	Kasumi Golf Club	Greater Nagoya Region	Mie	869,786.02	18	1,440,000,000
7	Forestgeino Golf Club	Greater Nagoya Region	Mie	592,470.67	18	1,400,000,000
8	Sourei Golf Club Seki Course	Greater Nagoya Region	Mie	704,063.00	18	1,380,000,000
9	Sun Classic Golf Club	Greater Nagoya Region	Gifu	1,058,367.22	18	1,180,000,000
10	Tsukude Golf Club	Greater Nagoya Region	Aichi	435,805.00	18	1,180,000,000
11	Route 25 Golf Club	Greater Nagoya Region	Mie	961,379.32	18	945,000,000
12	Meisho Golf Club	Greater Nagoya Region	Mie	1,345,959.97	18	861,000,000

Greater Osaka Region

No.	Name of Property	Region	Prefecture	Site Area (sq.m.)	Number of Holes	Value (Japanese Yen)
1	Otsu Country Club Higashi Course/Nishi Course	Greater Osaka Region	Shiga	2,051,043.30	45	7,040,000,000
2	Izumisano Country Club	Greater Osaka Region	Osaka	1,343,189.00	27	4,640,000,000
3	Kisaichi Country Club	Greater Osaka Region	Osaka	575,504.00	27	4,430,000,000
4	Kamo Country Club	Greater Osaka Region	Kyoto	1,206,330.94	36	4,120,000,000
5	Atagohara Golf Club	Greater Osaka Region	Hyogo	615,163.65	27	2,900,000,000
6	Lake Forest Resort	Greater Osaka Region	Kyoto	1,031,317.84	45	2,530,000,000



No.	Name of Property	Region	Prefecture	Site Area (sq.m.)	Number of Holes	Value (Japanese Yen)
7	Harima Country Club	Greater Osaka Region	Hyogo	743,267.00	18	2,030,000,000
8	Kameoka Golf Club	Greater Osaka Region	Kyoto	694,053.40	18	1,940,000,000
9	Naranomori Golf Club	Greater Osaka Region	Nara	1,326,962.54	18	1,930,000,000
10	Sourei Golf Club Tsuchiyama Course	Greater Osaka Region	Shiga	746,061.00	18	1,430,000,000
11	Kyouwa Golf Club	Greater Osaka Region	Kyoto	1,145,952.09	18	1,410,000,000
12	Misaki Country Club	Greater Osaka Region	Osaka	206,026.00	18	1,120,000,000
13	Yamato Kougen Country Club	Greater Osaka Region	Nara	1,486,731.31	18	809,000,000
14	Kasai Country Club	Greater Osaka Region	Hyogo	1,169,572.18	18	735,000,000
15	Shirasagi Golf Club	Greater Osaka Region	Hyogo	1,024,083.91	18	609,000,000

Other Regions

No.	Name of Property	Region	Prefecture	Site Area (sq.m.)	Number of Holes	Value (Japanese Yen)
1	Mishima Country Club	Other Regions	Shizuoka	1,069,886.42	18	3,050,000,000
2	Ashitaka Six Hundred Club	Other Regions	Shizuoka	873,030.20	18	2,120,000,000
3	Juriki Country Club	Other Regions	Shizuoka	722,429.00	18	1,710,000,000
4	Nijo Country Club	Other Regions	Fukuoka	952,335.00	18	1,340,000,000
5	Sanyo Kokusai Golf Club	Other Regions	Yamaguchi	1,863,553.79	36	1,230,000,000
6	Yunoura Country Club	Other Regions	Kagoshima	1,454,590.35	18	968,000,000
7	Hongo Country Club	Other Regions	Hiroshima	1,168,476.19	18	961,000,000
8	Dainiigata Country Club Izumosaki Course	Other Regions	Niigata	489,211.67	18	846,000,000
9	Sasebo Kokusai Country Club	Other Regions	Nagasaki	363,152.51	18	811,000,000
10	Beppu No Mori Golf Club	Other Regions	Oita	1,292,070.40	27	791,000,000
11	Central Fukuoka Golf Club	Other Regions	Fukuoka	661,225.00	18	764,000,000
12	Takehara Country Club	Other Regions	Hiroshima	1,116,605.69	18	620,000,000
14	Izুকুসাই Country Club	Other Regions	Shizuoka	596,198.56	18	548,000,000
15	Aoshima Golf Club	Other Regions	Miyazaki	816,505.81	18	464,000,000
16	Dainiigata Country Club Sanjo Course	Other Regions	Niigata	675,500.00	18	448,000,000
17	Fukuoka Pheasant Country Club	Other Regions	Fukuoka	1,072,749.00	18	425,000,000
18	Kikuchi Country Club	Other Regions	Kumamoto	1,573,607.78	18	403,000,000
19	Nagasaki Park Country Club	Other Regions	Nagasaki	1,016,537.18	18	390,000,000
20	Amagaseonsen Country Club	Other Regions	Oita	677,449.79	18	365,000,000
23	Rainbow Sports Land Golf Club	Other Regions	Miyazaki	682,127.43	18	289,000,000
26	Huis Ten Bosch Country Club	Other Regions	Nagasaki	994,454.68	18	110,000,000
27	Kanazawa Central Country Club	Other Regions	Ishikawa	1,311,094.97	18	48,800,000

INDEPENDENT VALUATION SUMMARY LETTER

**INDEPENDENT VALUATION SUMMARY LETTER**

24 June 2014

The Board of Directors
 Accordia Golf Trust Management Pte. Ltd.
 (In its capacity as the Trustee-Manager of Accordia Golf Trust)
 C/O 6 Shenton Way, #25-09 OUE Downtown,
 Singapore 068809

Dear Sirs,

1. INTRODUCTION

PricewaterhouseCoopers Co., Ltd. ("PwC") has been appointed by the Board of Directors (the "Directors") of Accordia Golf Trust Management Pte. Ltd. (the "Trustee-Manager"), in its capacity as the trustee-manager of Accordia Golf Trust ("AG Trust"), to undertake an independent, indicative valuation of the Tokumei-Kumiai Interests ("TK Interests") in a special purpose company (the "New SPC") to be acquired by AG Trust from Accordia Golf Co., Ltd. (the "Sponsor"). The New SPC will be formed in connection with the initial public offering of units in AG Trust (the "Offering") and will own 89 golf courses currently owned by the Sponsor. Unless otherwise stated, words and expressions defined in the prospectus registered with the Monetary Authority of Singapore in connection with the Offering (the "Prospectus") have the same meaning in this letter.

This letter has been prepared for the purpose of incorporation in the Prospectus to be issued in relation to the Offering, and is a summary of the information contained in our valuation report dated 24 June 2014 (the "Report"). Accordingly, this letter should be read in conjunction with the full text of the Report.

2. TERMS OF REFERENCE*Scope and definition of our valuation*

PwC has been appointed by the Directors of the Trustee-Manager to undertake an independent, indicative valuation of the TK Interests to be acquired by AG Trust as at 1 August 2014 using the following bases as instructed:

- In preparation for the Offering, a restructuring exercise is being undertaken by the Sponsor to establish AG Trust and to set up the ownership structure of the initial portfolio (the "Restructuring"). As at the date of this letter, the Restructuring has not yet been completed by the Sponsor. Our valuation analysis assumes that the Restructuring has been completed as planned.

PricewaterhouseCoopers Co., Ltd.

Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-21-1 Ginza, Chuo-ku, Tokyo 104-0001, Japan
 Tel: +81 (3) 3546 8480, Fax: +81 (3) 3546 8481, www.pwc.com/jp/advisory



- All of the cash flows expected to be generated by the New SPC are free for, and not restricted from being distributed or returned to, investors.

The fair value of the TK Interests is estimated as the fair value of three golf course operating subsidiaries of the Sponsor, which will form the initial portfolio of AG Trust, on a standalone going concern basis adjusted for net debt and the value attributable to the membership interests in the New SPC.

Fair value is defined as the amount at which an asset could be exchanged, or a liability settled, between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

The three golf course operating subsidiaries of the Sponsor which will form the initial portfolio of AG Trust are:

- Accordia Asset Holding 11 Co., Ltd. (44 golf courses)
- Accordia Asset Holding 12 Co., Ltd. (44 golf courses)
- Accordia Asset Holding 03 Co., Ltd. (1 golf course)

Our valuation is not and should not be construed to be the valuation of AG Trust. The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of AG Trust. We are therefore not expressing an opinion on the commercial merits and structure of the Offering, nor are we providing any opinion, expressed or implied, as to the future trading price of units in, or the financial condition of, AG Trust upon its listing.

This letter and the Report are not intended to form the basis of any investment decision in AG Trust or the New SPC and do not purport to contain all the information that may be necessary or desirable to fully evaluate the Offering or the commercial or investment merits of AG Trust by the current and prospective investors. The assessment of the commercial and investment merits of AG Trust is solely the responsibility of the Directors of the Trustee-Manager. Additionally, our work should not be construed as investment advice to the current and prospective investors in AG Trust.

We are not required to and have not conducted a comprehensive review of the business, operational or financial condition of the New SPC or AG Trust and accordingly, make no representation or warranty, expressed or implied, in this regard. We are not required to and have not visited the golf courses owned by the Sponsor.

Our valuation conclusion is based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as at the date of this letter and the Report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Report.



Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by the Trustee-Manager and made available to us, we have considered and where appropriate relied upon such advice.

Our work is not of the same nature as an audit, and does not constitute an audit. We are not, therefore issuing an audit opinion.

Addressee of our letter and the Report

This letter and the Report are addressed strictly to the Directors of the Trustee-Manager and for the intended purpose as set out above and accordingly neither the Report nor this letter may be used or relied upon in any other connection by, and are not intended to confer any benefit on, any other person (including without limitation, the current and prospective investors in AG Trust). While a copy of this letter may be incorporated in the Prospectus, we assume no responsibility for and do not consent to the reproduction or dissemination of all or any part thereof for any other purpose. Any recommendations made by the Directors of the Trustee-Manager to the current and prospective investors shall remain the responsibility of the Directors.

Reliance on information and representation

In conducting our review and for the purpose of preparing our valuation and the Report, we have held discussions with management of the Sponsor, the Trustee-Manager and their professional advisers and we have read the information provided by them (including information contained in the Prospectus) and other publicly available information, upon which our valuation analysis is based.

PwC has relied upon assurances of the Directors of the Trustee-Manager that the Prospectus has been approved by the Directors who have made all reasonable enquiries that, to their best knowledge and belief, the facts stated and the opinions expressed in the Prospectus are fair and accurate in all material respects as at the respective dates to which such statements and opinions relate and that there are no material facts, the omission of which would make any statement in the Prospectus misleading in any material respect on such dates.

In addition, the Directors have also confirmed to us, upon making all reasonable enquiries and to the best of their respective knowledge and belief, that all material information available to them with respect to the New SPC or the TK Interests that is relevant for the purpose of our valuation, has been disclosed to us and that such information is fair and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect.

We have relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information or representation provided or otherwise made available to us, whether written or verbal, and no representation or warranty, expressed or implied, is



made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information or representation.

3. VALUATION METHODOLOGY

We have undertaken the valuation of the TK Interests in the New SPC on a stand-alone and going concern basis by utilizing a variant of the Income Approach, the Discounted Cash Flow methodology, and cross checked the result of such approach using the Net Assets Approach. We did not utilize the Market Approach as there are no truly comparable listed companies focusing on investment in golf course assets in Japan.

We have approached the valuation based on the cash flows of the New SPC's business and assuming that such cash flows are free for, and not restricted from being distributed or returned to, investors.

Under the Income Approach, the value of the TK Interests is based on the present value as at 1 August 2014 of the cash flows that the New SPC can be expected to generate in the future adjusted for net debt and the value attributable to the membership interests in the New SPC. Such cash flows are discounted at a discount rate that reflects the time value of money and the risks associated with the cash flows.

The Net Assets approach is based on the summation of the individual piecemeal values of the underlying assets less the market value of the liabilities. The fair values of the assets and liabilities of the New SPC are based on the third parties' appraisal reports or information provided by the Trustee-Manager.

Our valuation is based on various assumptions with respect to the New SPC and the TK Interests, including the New SPC's respective present and future financial condition, business strategies and the environment in which it will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with or on behalf of the Directors and management of the Trustee-Manager, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties. Particularly, readers of this letter are encouraged to refer to the Prospectus' Risk Factors section. Given the forward looking nature of the assumptions and the cash flows, the actual results of the New SPC could differ materially from those anticipated in the assumptions.

We have set out in the Report the key assumptions used in our valuation as well as risk factors that, in our opinion, may have a material impact on the valuation of the TK Interests. It should be noted that it is not an exhaustive list of all risk factors of the New SPC or the TK Interests.

4. CONCLUSION

In summary and as detailed in the Report, which should be read in conjunction with this letter to the Directors, PwC has arrived at a valuation range of JPY 61.2 billion to JPY 82.0



billion for the TK Interests by assuming that the New SPC's cash flows are free for, and will not be restricted from distribution or otherwise being returned to, investors.

Yours faithfully,

A handwritten signature in black ink, appearing to read "M. Umeda", written over a horizontal line.

Makoto Umeda
Partner
PricewaterhouseCoopers Co., Ltd.

This page has been intentionally left blank.

INDEPENDENT REPORT ON THE GOLF COURSE INDUSTRY



Independent Report on the Golf Course Industry

Prepared By CBRE K.K.

For

**Accordia Golf Trust Management
Pte. Ltd. (in its capacity as
trustee-manager of Accordia
Golf Trust)**

30th June 2014

CBRE

Independent Report on the Golf Course Industry

30th June 2014

Prepared for:

Accordia Golf Trust Management Pte. Ltd.

(in its capacity as trustee-manager of Accordia Golf Trust)



Benjamin Duncan
Director/ President and CEO
CBRE K.K.

CBRE

CONTENTS

EXECUTIVE SUMMARY..... 1

INTRODUCTION..... 5

GLOBAL GOLF MARKET..... 7

 MATURE MARKETS (US, UK, JAPAN)..... 9

 EMERGING MARKETS (CHINA, INDIA, KOREA)..... 20

JAPAN MACROECONOMIC TRENDS & DEMOGRAPHICS..... 32

JAPAN GOLF MARKET..... 39

JAPAN GOLF MARKET REGIONAL BREAKDOWN..... 52

JAPAN GOLF INDUSTRY AND BUSINESS LANDSCAPE..... 58

GOLF INDUSTRY TRENDS..... 63

CHALLENGES AND OPPORTUNITIES..... 66

CONTENTS |



EXECUTIVE SUMMARY

This report provides detailed research and analysis regarding the golf market in Japan. In order to put the Japanese golf market into perspective, references have also been made to the golf market in several countries including US, UK, China, India and Korea. This report should be read together with the assumptions and declarations detailed in the next section.

1.1 GLOBAL GOLF INDUSTRY

Golf is one of the most popular sports in the world generating over US\$300 billion in annual direct revenue and played by an estimated 80 million golf players in approximately 40,000 golf courses worldwide. The global golf industry is highly diverse and fragmented with mature markets such as US, UK and Japan, where the sport is firmly established, and emerging markets such as China, India and Korea where the game is still gaining in popularity.

Golf is one of the most popular sports in the world with over US\$300 billion in annual direct revenue and approximately 40,000 courses being played by an estimated 80 million golfers worldwide.

1.1 (A) Mature Golf Markets

At present, the US contains the largest number of golf courses in the world followed by UK and Japan. These are also the most mature golf markets housing the most advanced golf facilities. In the mid 1980s to late 1990s, golf experienced strong growth in mature countries as the sport started to penetrate the affluent and middle income class. This encouraged the construction of many courses to capture demand from affluent baby boomers in anticipation of substantial growth opportunities as they reached retirement age. However, from 2008 to 2011, the global financial meltdown and corresponding recession in many countries impeded further growth in the golf industry and resulted in a contraction in demand. A reduction in leisure spending and hence rounds played coupled with increased competition amongst courses also triggered a series of merger, acquisitions and foreclosure in the industry. Nevertheless, with the world economy starting to pick up again from late 2012 into 2013, the total number of rounds played has rebounded and there are preliminary signs that the golf markets in these countries are starting to bottom out.

EXECUTIVE SUMMARY

1.1 (B) Emerging Golf Markets

The majority of Asian countries (excluding Japan) are still at the early stages of the golf development cycle. Nonetheless, despite the region's comparatively immature golf market, take-up of the sport in countries like China, India and Korea has risen in tandem with the increase in company profits and household incomes which has accompanied the sustained growth of the continent's emerging economies in recent years. The rapid increase in wealth in emerging markets has fueled an enormous appetite for luxury goods and leisure activities, including golf, which is regarded as a symbol of status and success. Most emerging countries have exhibited rapidly rising golf demand in recent years and the number of golfers in all age groups is forecast to continue to grow. The growing golf demand should continue to unfold further business opportunities for golf operators, owners, equipment sales and accessories in the emerging countries and should also have a spill on, positive effect on the golf tourism industry in Japan.

1.1 (C) Japan's Golf Market Relative To Other Countries

Japan has a relatively high ratio of golf players to golf courses when compared to other countries. The golf player to golf course ratio is almost two times higher than the USA and UK and over four times higher than in Australia. In addition, Japan also benefits from its high population base and the citizen per golf course ratio in Japan is also two or three times higher when compared to the US, UK or Canada. The relatively high population and golfer ratio coupled with the relatively low rounds of golf being played by average Japanese golfers imply that the Japanese market is currently under-utilized and thus should participation rates be increased through marketing efforts or celebrity effects, substantial underlying golf consumption power may be unlocked.

Japan's relatively high population and golfer ratio coupled with the relatively low rounds being played by average Japanese golfers imply that the Japanese golf market is currently under-utilized and should participation rates be increased through marketing efforts, or celebrity effects, substantial underlying golf consumption power may be unlocked.

Japanese golf courses are highly regarded by Asian golfers and perceived as high-class destinations with picturesque landscapes and well maintained fairways. The growing golf population in nearby Asian countries such as China, Korea, Thailand and Malaysia will continue to benefit Japan's golf tourism market and reinforce its status a premium golf location.

EXECUTIVE SUMMARY

1.2 ECONOMY & DEMOGRAPHICS IN JAPAN

After the December 2012 election, Japan's current Prime Minister, Shinzo Abe, rolled out an aggressive economic stimulus program and such program has witnessed early success with many positive market indicators in 2013, including the following:

- The Nikkei Index increased by over 50% since December 2012;
- Annualized GDP increased by 4.1% in Q1 2013 and 3.8% Q2 2013;
- CPI in September 2013 recorded a year-on-year inflation rate of 1.1%;
- Unemployment decreased to 4.0% in September 2013;
- Visitor figures increased by 22% on a year-on-year basis in the first 9 months of 2013; and
- Exports in September 2013 increased to US\$59.72 billion (5,972 billion yen) which represented an 11% growth.

On 30th March 2012, the Japanese government approved a new Tourism Nation Promotion Basic Plan. This plan aims to broaden the tourism base, improve the quality of tourism, and is targeting to increase the number of foreign visitors to 18 million by 2016 and 25 million by 2020. This together with the relaxation in visa policy; availability of low costs carrier; the strategic depreciation in yen; and the potential corporate entertainment tax amendments will foster a favorable environment for golf tourism and corporate golf entertainment activities in Japan.

It should also be noted that, historically, the demand for golf has exhibited a high correlation with Japan's economy. Japanese golfers also tend to play more rounds of golf as they approach retirement age. Therefore, the improving macroeconomic conditions coupled with the government's aggressive reform initiatives, as well as the overall aging population, is expected to directly benefit Japan's golf industry in the immediate term.

Japanese golfers tend to play more rounds of golf as they approach retirement age and the overall aging population is expected to directly benefit Japan's golf industry in the immediate term.

1.3 GOLF MARKET IN JAPAN

Golf in Japan has undergone substantial reform since the market peak in the early 1990s. Market consolidation in the golf industry has been on-going for over a decade and a number of inefficient golf courses have closed down or have been

EXECUTIVE SUMMARY

converted into alternative uses. Mergers, acquisitions, bankruptcies and the entrance of international golf operators have driven golf owners to focus more on operational efficiency and adopt more creative marketing campaigns. Consequently, the golf industry in Japan has also become increasingly a two-tier market with experienced golf courses operators driving efficiency and synergizing between operations or related businesses. Well managed, good-quality golf courses within proximity to large residential areas such as Tokyo, Kanagawa, Osaka, Aichi, Saitama and Chiba have been relatively resilient to market downturns and are still popular among locals. On the other hand, smaller operators who are resistant to change and golf courses which are in remote locations have continued to struggle. Although the transaction volume has decreased in recent years, acquisitions and sales are still prevalent and experience golf groups are still looking for opportunities to acquire golf courses in good location.

The economic stimulus package being implemented by Japan's Prime Minister, Shinzo Abe has not only improved market sentiment but increased exports, encouraged tourists to visit Japan; enhanced company profits and enticed institutional investors to repatriate funds into Japan. Despite the prolonged consolidation, in 2012 and 2013, visitors to golf courses, sales revenue as well as golf equipment sales have witnessed a rebound as the underlying economic conditions improved in Japan. Furthermore, the overall frequency of play has also been gradually on the rise in recent years. This increase could be explained by the fact that the bulk of the Japanese golfers are presently over 40 years old and as golfers gradually approach retirement age, they have been playing more rounds of golf per year. Apart from the improving economic and demographic fundamentals, the inclusion of golf in the 2016 and 2020 Olympics are expected to enhance the overall image of golf and may provide further catalysts for the Japanese golf industry to grow.

Visitors to golf courses, sales revenue and equipment sales have witnessed a rebound as the underlying economic conditions improved in Japan in 2012 and 2013.

The positive correlation between golf demand and the underlying condition of the economy imply that should Japan's new initiatives succeed in moving the country out from the recessionary cycle, golf dynamics could be further enhanced. At present, female and junior golfers still represent a small percentage of the population and is still a relatively under exploited market. If the potential demand in this segment could be captured, it may result in a structural surge in the number golf participants as well as unlock a huge potential underlying demand.



INTRODUCTION

2.1 OBJECTIVE

The objective of this report is to provide Accordia Golf Trust Management Pte. Ltd. (the “Client”) with independent, detailed research and analysis in connection with the Japanese golf market. Comparisons and analysis have been made to some of the most influential and prominent golf markets such as US and UK and a few emerging countries. Within Japan, regional analysis regarding the Greater Tokyo, Greater Osaka and Greater Nagoya area have also been included.

This report is prepared solely for the Client for the purpose of incorporation in the prospectus to be issued by the Client in connection with the IPO and listing of units of Accordia Golf Trust on Singapore Exchange Securities Trading Limited and may not be used by the Client for any other purposes. While we have taken due care and diligence in the compilation of the statistical and graphical information and believe it to be accurate and correct, data compilation is subject to limited audit and validation procedures. This report is for information purpose only, and should not be relied upon as a professional advice or a substitute thereof. Our methodologies for collection of information and data and analysis thereof may differ from those of other sources. Subject to applicable law, we shall not be liable to the Client or any third party to whom the report is provided for any damages, losses, liability or claims in connection with or arising out of any such third party’s review, dissemination, reliance or any other handling of this document or information contained therein for any purposes not authorised by us.

2.2 ASSUMPTIONS

In preparing this report, CBRE K.K. has adopted certain assumptions due to the lack of available information. While assumptions are made with careful consideration of factors known at the date of this document, the risk that any of the assumptions may be incorrect should be taken into account. CBRE does not warrant or represent that the assumptions on which this report is based are accurate or correct. To the extent that this document includes any statement as to a future matter, projections, or forecasts, that statement is provided in good faith and as an estimate and/or opinion based on information known to CBRE at the date of this document which CBRE believes to be reliable. Such projections and forecasts (collectively, the “Forward-Looking Statements”) are to be regarded as indicative of possibilities rather than certainties. Such Forward-Looking Statements involve assumptions about many variables and any variation thereof due to changes in circumstances or conditions may have a material impact on the final outcome. CBRE K.K. does not represent or warrant that such Forward-Looking Statements will be realized. Accordia Golf Co., Ltd. has provided CBRE with a majority of the information used to undertake specific analysis and CBRE has found no reason to doubt the accuracy or reliability of the information provided by Accordia Golf Co., Ltd.



INTRODUCTION

2.3 THIRD PARTY SOURCES

No third party sources have provided their consent, for purposes of Section 282I of the Securities and Futures Act, Chapter 289 of Singapore, to the inclusion of the information cited and attributed to it, in this report prepared by CBRE K.K. and is therefore not liable for such information under Sections 282N and 282O of the Securities and Futures Act, Chapter 289 of Singapore. As this report has been prepared by CBRE K.K. for the purposes of incorporation in the prospectus to be issued by the Accordia Golf Trust Management Pte. Ltd. in connection with the IPO and listing of units of Accordia Golf Trust on Singapore Exchange Securities Trading Limited, Accordia Golf Trust, the Trustee-Manager, the Sponsor, the Joint Global Coordinators and the Joint Bookrunners have relied on CBRE K.K. to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of Accordia Golf Trust, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

GLOBAL GOLF MARKET

3.1 OVERVIEW

Golf is unquestionably one of the most popular sports in the world with the global industry which has grown to support the game generating over US\$300 billion in annual direct revenue and employing over 3.5 million people¹. Although there are no hard statistics, Golf's 2020 Vision: The HSBC Report published in 2012 estimates that there are 80 million golf players worldwide who play across approximately 40,000 golf courses. Nevertheless, the global golf industry is highly diverse and fragmented with mature markets where the sport is firmly established, and emerging markets where the game is still gaining in popularity as a pastime. Climates, topographies, demographics and economics have also shaped how the game has evolved in each market with differing membership and green fees, play time, course design, grass/soil conditions and maintenance costs from market to market.²

From late 1980s to mid-2000s there was sustained growth in the worldwide number of golf courses and number of golf players as golf associations and government initiatives made the sport increasingly accessible to the middle-income group through the opening of public golf courses; driving ranges and more flexible green-fee schemes (i.e. daily pay-and-play fee). Television coverage and superstars like Jack Nicklaus, Arnold Palmer and more recently Tiger Woods and Phil Mickelson have also increased the public's awareness and appreciation of the sport to one that now garners worldwide attention. The emergence of charismatic golf celebrities coupled with sponsorship and promotional activities by golf equipment and apparel manufacturers has also contributed to the sport's growth and encouraged the construction of numerous facilities to cater to the rise in core and casual golfers. Many of the golf courses constructed during the market boom also comprised restaurants, clubhouses, catering facilities, conference halls with others associated with resorts, hotels, casinos, and lodging accommodation which cater to the needs of both local and international golfers. Many were also built to capture demand from affluent baby boomers in anticipation of substantial growth opportunities as they reach retirement age.

Despite the increase in affordability in green fees, golf is still associated as a luxury sport for the affluent, and middle-income families, as well as a social event for senior executives in many countries. Consequently, the demand for golf courses has been highly susceptible to economic, income and other external factors. From late 2008 to 2011, the global financial meltdown and corresponding recession in many countries impeded further growth in the golf industry and resulted in a contraction in demand in some markets. The sluggish market environment forced golf course developers to postpone or shelve some major golf resort construction projects. A reduction in leisure spending and hence golf rounds during the recession coupled with increased competition amongst golf courses also triggered consolidation in the golf sector. As a result, many inefficient golf operations have been bought-out or foreclosed upon recent years, with opportunistic investors, financial companies and golf operators taking advantage of the circumstances to acquire golf courses at distressed prices. Consolidation activities have been especially prominent in mature markets like the US,

¹ BBC News – Global golf industry facing challenges, 1st April 2011

² Membership fee for golf courses usually include an initiation fee and annual dues. Green fee refers to the cost of playing one round of golf and usually includes caddie fee and golf cart.

GLOBAL GOLF MARKET

UK and Japan where a relatively large supply pipeline of courses were being constructed and planned prior to the downturn.

3.2 NUMBER OF GOLF COURSES WORLDWIDE

In terms of the number of golf courses, America is the world's largest golf market followed by UK, Japan, Canada and Australia respectively. The US, UK and Japan have long been the leading countries in terms of golf revenues and also have the highest level of golf participants. The US, UK and Japan are also mature markets, and for this reason, most golf equipment, clothing and accessories are manufactured by companies based in the three countries. Within Europe, the demand for and provision of golf courses is dominated by a handful of countries, namely UK, Ireland, Germany, Sweden, France, Netherlands and Spain. In other European countries the golf industry is still in its initial stages of development and they account for only nominal market share. Likewise, Asian countries (excluding Japan) are still at the early stages of the development cycle, although emerging markets such as China, India, and Korea have gained popularity in recent years buoyed by robust economic growth and the steady rise in affluent population.

Worldwide Number of Golf Courses

Country	Number of Golf Courses	
USA	15,619	[2012]
UK	2,572	[2012]
Japan	2,405	[2012]
Canada	2,300	[2008]
Australia	1,650	[2010]
China	587	[2013]
France	578	[2011]
Korea	500	[2013]
Sweden	454	[2011]
South Africa	450	[2008]
India	196	[2011]
Rest of the world	12,500	[2012]
Total	39,811	

Sources: ESPN Golf, European Golf Association, National Golf Association (in the United States), KMPG, Forward Management Group (in China), Australian Golf Industry Report 2011, India Golf Union, Korea Golf Course Business Association, HSBC, Measuring the Lifecycle Carbon Footprint of a Golf Course and Greening the Golf Industry in Japan by Saito, Dr., Osamu & CBRE

3.3 GLOBAL GOLF INDUSTRY OUTLOOK: A TALE OF TWO MARKETS

The global golf market is presently a two-tier market. Mature markets such as US, UK and Japan are still in the consolidation phase. Merger, acquisition and foreclosure activities have been common, resulting in a diminished supply pipeline. Operators



GLOBAL GOLF MARKET

and owners in mature markets have therefore tended to focus upon operational efficiency and outsourcing to improve profits. Nevertheless, with indications that the world economy began to pick up from late 2012 into 2013, the total number of rounds played in mature markets has rebounded and there are preliminary signs that the market in these countries has bottomed out.

In contrast, emerging markets such as China, Korea and India have exhibited rising demand and supply in recent years. In these markets the number of golfers in all age groups is forecast to continue to grow and should continue to unfold opportunities for golf operators, owners, equipment sales, accessories, and the tourism industries.

According to the projections released by IMF in July 2013, world GDP growth for 2013 is forecast at 3.1% while growth in 2014 is forecast at 3.8%. The forecast improvement in the global economy during coming years is expected to have a positive impact on the golf industry in mature and emerging golf markets as both are susceptible to economic influences.

3.4 MATURE GOLF MARKETS

Due to the vast land requirement for golf courses, golf has been particularly popular in countries with abundant land, or where under-utilized land is available. Between them, the mature golf markets of the USA, UK, Japan, Canada and Australia are home to over 60% of the world's golf courses. The dynamics of the top three golf markets in the world, namely USA, UK, and Japan, are considered in the following sections.

3.4 (A) USA

US Golf Industry Market Size and Player Profile

The US golf industry is the largest in the world and houses the most advanced golf facilities with a wide range of courses catering to different types of golfers. According to statistics published by the National Golf Foundation (of the United States) in 2012, the US has approximately 25.7 million golf players and 15,619 golf courses. Males represent 81% of the golf population, while 61% of golf players are 50 years of age or older.

It is estimated that an average American golfer plays an average of 18 rounds per year and the average participation rate is approximately 9.0%³. States in North Central, including Dakota, Minnesota, Illinois, Wisconsin, Ohio, etc, have the highest percentage of golfers amongst the country with a participation rate of 12%. Core golfers⁴ comprise over 56% of the golfer population while occasional golfers⁵, junior

³ According to the National Golf Foundation, participation is defined as those who are aged 6 years or over and played at least one round of golf in a year.

⁴ According to the National Golf Foundation, core golfers are defined as individuals ages 6 and above who play at least eight round of golf in the year.

⁵ According to the National Golf Foundation, occasional golfers are defined as individuals ages 6 and above who play one to

GLOBAL GOLF MARKET

golfers⁶ and beginners⁷ make up the rest. From 1985 to 2005, all categories of golfers recorded consistent growth in numbers. During this period, occasional golfers recorded the highest growth exhibiting 96% increase in the number of players.⁸ However, the economic downturn from 2005 onwards impeded further growth in the US golf industry and all categories recorded a decline in golfers from 2005 to 2011.

Golfers In US Above 6 years old (in millions)							
	1985	1990	1995	2000	2005	2010	2011
All US Golfers	19.5	27.4	24.7	28.8	30.0	26.1	25.7
Core Golfers	13.4	16.0	16.4	19.7	18.0	14.8	14.4
Occasional Golfers	6.1	11.5	8.3	9.1	12.0	11.3	11.3
Junior Golfers	2.0	2.9	2.8	3.0	3.8	2.5	2.4
Beginning Golfers	1.3	1.9	1.4	2.4	1.8	1.5	1.5

Sources: National Golf Foundation & CBRE

Value of the Golf Industry & Rounds Played

The US Golf Industry is valued at approximately US\$37.6 billion in 2011. Golf facilities generate the bulk of the revenue and the fees are primarily derived from green fees, membership fees, range fees, golf car rentals and associated spending on food and beverage. The country's golf courses, stand-alone driving ranges, miniature golf facilities and golf academies generated US\$29.9 billion in revenue in 2011.⁹

Value of the US Golf Industry (US\$ in millions)			
	2000	2005	2011
Golf Facility Operations	20,496	28,052	29,852
Golf Course Capital Investment	7,812	3,578	2,073
Golf Supplies	5,982	6,151	5,639
Total Value	34,290	37,781	37,564

Sources: SRI International: The 2011 Golf Economy Report & CBRE

Market Rebound in 2012

From 2000 to 2011, based upon the data provided by the National Golf Foundation, the US golf revenues grew by 9.5%. Nonetheless, in the latter half of the decade, from 2005 to 2011, the golf industry contracted slightly by 0.57% reflecting the tougher economic climate and cutbacks in consumers and corporate spending on leisure activities. The total number of golfers in US also declined from its peak of 30 million in 2005 to 25.7 million in 2011. Furthermore, from the market peak in 2005, rounds played declined by 7.1%, from 499.6 million rounds to 464 million rounds in 2011. However, in 2012, the trend began to improve with around 490 million rounds played,

seven rounds of golf in the year.

⁶ According to the National Golf Foundation, junior golfers are defined as individuals ages 6 to 17 who play at least one round of golf in the year.

⁷ According to the National Golf Foundation, beginning golfers are defined as individuals ages 6 and above who played golf for the first time during the year.

⁸ National Golf Foundation

⁹ SRI International

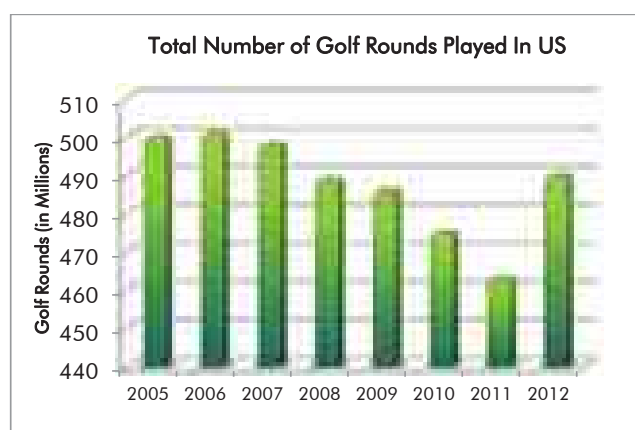
CBRE

GLOBAL GOLF MARKET

equating to a 5.6% increase. The turnaround was also reflected in the number of golfers. The American golfer population in 2012 returned to 29 million, equivalent to a 12.8% year-on-year increase. Market analysts attributed the sharp rebound in total rounds played in 2012 to the following reasons: improvement in weather conditions; recovery in economic conditions coupled with a return in consumer confidence; increasing affordability of golf courses; and junior golf finally making an impact and drawing more children to play alongside with their parents or grandparents.¹⁰

US Total Rounds Played and Total Number of Golfers				
	2005	2010	2011	2012
Total Rounds	499,600,000	475,000,000	464,000,000	490,000,000
Golfers	30 million	26.1 million	25.7 million	29 million

Sources: National Golf Foundation & CBRE



Sources: National Golf Foundation & CBRE

Golf Course Openings and Closures

On the supply side, new golf course openings in the US have declined sharply since 2006. It is also estimated that since 2000 over 1,000 golf courses have closed down. Approximately 75 and 41 golf course construction projects were underway in 2011 and 2012 respectively.¹¹ This represents a substantial decline from the 308 projects that were under construction in 2005. From 2006 to 2011, the market was experiencing a negative supply situation with closures exceeding openings. With developing schemes being canceled or put on hold, in 2012, only 13 new golf courses opened while 154 golf courses closed down. It is worth noting that a disproportionate number of the closures comprised of 9-hole or 18 hole-facilities with a green fee (including golf cart) of less than US\$40. Moreover, 93% of the closures were public facilities.¹² Most openings in the past decade were of private golf facilities or public

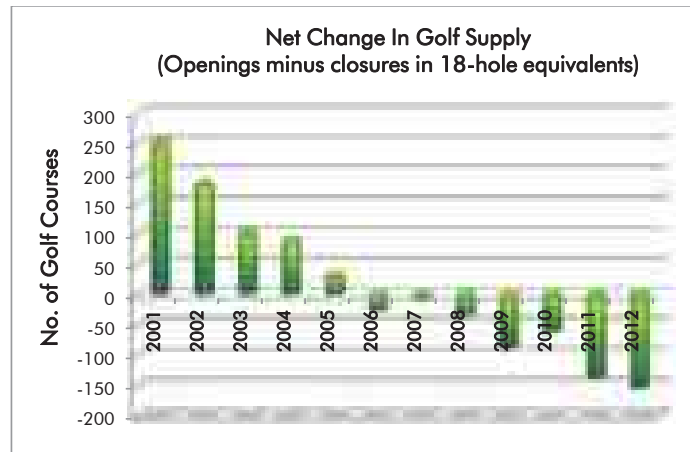
¹⁰ National Golf Foundation & Cybergolf

¹¹ National Golf Foundation

¹² National Golf Foundation

GLOBAL GOLF MARKET

courses tied to real estate development and resort projects catering to high-end demand from wealthy players.



Sources: National Golf Foundation & CBRE

Outlook

The golf market in the US has been undergoing consolidation activities for over a decade and many inefficient golf facilities were closed. Further consolidation is expected in coming years and additional golf closures seem inevitable. However, recent growth in total rounds played; golfers returning to the market; and improvement in US economic conditions along with reduction in golf course provision, should enhance the demand supply dynamics and create a healthier US golf industry in the long-run.

3.4 (B) UK

Golf Is Still An Important Sport In UK

The modern form of golf originated in Scotland, and together with the rest of the UK, the "Home of Golf" still has a significant industry estimated to be worth over US\$1,452 million (or £900 million) per annum in terms of direct revenue¹³. Moreover, golf is the second most important structured sport in the UK just after soccer.¹⁴ Within Europe, the UK is the largest and most mature golf market comprising 24% of the registered golfers and 38% of the supply of golf courses.¹⁵ Globally, the UK is the second largest golf market.

¹³ British Golf Industry Association & KMPG. Exchange rate at US\$1 = £0.62 extracted from Bloomberg on 14th November 2013

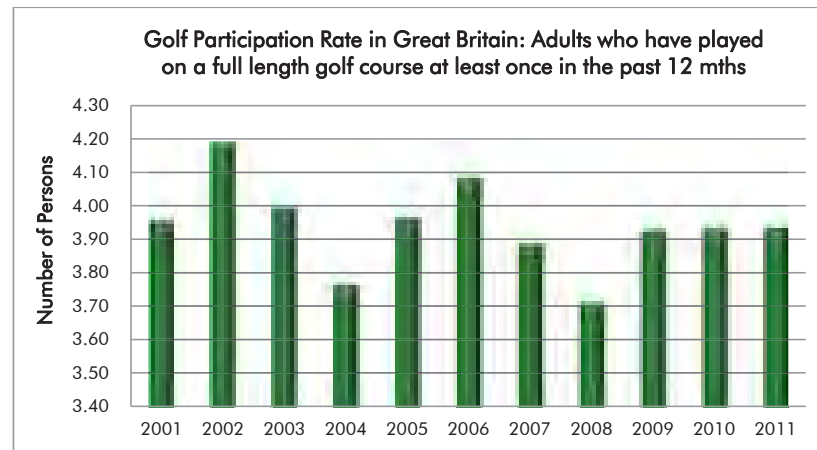
¹⁴ European Golf Industry Association – Golf is UK's Number Two Sporting Attraction, 16th July 2010

¹⁵ British Golf Industry Association 2012.

GLOBAL GOLF MARKET

Golf Players Profile, Participation & Average Rounds Played

According to the survey issued by the Sports Marketing Surveys Incorporation in April 2012, approximately 3.9 million people in Great Britain have played a full length golf course at least once in 2011. Although lower than the peak period in 2002, this translates to a participation rate of 7.9%. Amongst the 3.9 million golfers, roughly 1 million of them are members of private golf clubs.¹⁶



Sources: Sports Marketing Surveys Incorporation & CBRE

The UK and Ireland (which includes both North and South Ireland) combined have a total of approximately 1.25 million registered golfers (i.e. golfers who possess golf memberships) plus another 3 million driving range users in 2013.¹⁷ Amongst all age groups, British over 45 years old have the highest participation rate comprising over 71% of the total golf population.¹⁸ Similar to the worldwide trend, golf in the UK is dominated by the male population with 83% of the players being men. Juniors comprise approximately 10% of the golf population.¹⁹ At present, the UK has 2,572 golf courses and over 700 driving ranges.²⁰

¹⁶ British Golf Industry Association and KPMG

¹⁷ KPMG and Sports Marketing Surveys Incorporation

¹⁸ Sport England, Active People Survey results for Golf, 22nd June 2012

¹⁹ British Golf Industry Association and European Golf Association

²⁰ European Golf Association

GLOBAL GOLF MARKET

Golf Players in England, Ireland, Scotland and Wales					
Years	Courses	Total	Male	Female	Juniors
2010	2,457	1,124,488	844,418	168,003	112,067
2009	3,048	1,190,066	877,271	197,965	114,830
2008	3,044	1,443,899	1,155,052	215,727	73,120
2007	3,106	1,480,809	1,108,996	226,994	144,819
2006	3,065	1,455,114	1,177,829	231,995	45,290
2005	3,021	1,469,904	1,177,258	219,268	73,378
2004	2,924	1,464,792	1,106,245	217,411	141,136
2003	2,998	1,460,800	1,157,082	233,408	70,310
2002	2,991	1,454,489	1,153,230	233,135	68,124
2001	2,983	1,427,343	1,129,536	231,012	66,795
2000	3,003	1,394,629	1,123,258	233,177	38,194
1999	2,971	1,355,236	1,090,526	228,119	36,591
1998	2,930	1,367,385	1,107,747	224,142	35,496
1997	2,792	1,351,713	1,065,523	250,671	35,519
1996	2,698	1,309,828	1,058,979	217,321	33,528
1995	2,594	1,266,315	1,022,696	211,329	32,290
1994	2,460	1,216,034	977,639	208,405	29,990
1993	2,351	1,120,951	918,721	174,206	28,024
1992	2,251	1,053,639	855,970	171,723	25,946

Sources: European Golf Industry Association & CBRE

The UK and Ireland enjoyed steady growth in golf demand from 1990 to 2007, and the total number of golfers increased by 59%. British golf stars, Nick Faldo, Sandy Lyle and Ian Woosnam also helped to boost the popularity of golf to new heights. In the 1980s and 1990s, many popular clubs had to turn away membership applicants or put golfers on waitlists. From 1985 to 2003, over 900 golf courses were built in the UK and Ireland to satisfy the growing demand from players.²¹

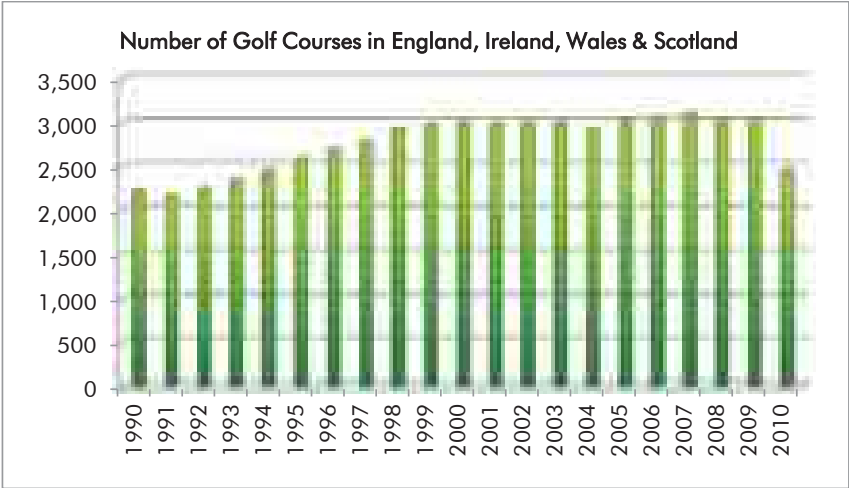
The impact of the US sub-prime crisis and subsequent European sovereign debt crisis was felt by almost all the industries in the world and the golf sector was no exception. The global financial crisis, increasing unemployment rate, and the struggling European economy in 2008 took a toll on the growth in the British golf market. Many golfers decided not to renew their memberships and the number of golf players fell from a peak of 1,480,809 players in 2007 to 1,124,488 players in 2010.²² The average number of rounds per course also decreased from 2,481 rounds in 2007 to 2,336 rounds in 2010.²³ The reduction in number of players coupled with the lower spending on green fees, food and beverage in golf facilities drove over 600 golf clubs out of business. Many struggling clubs also reduced membership fees to undercut competition, necessitating cutbacks to staff headcount, capital expenditure and running costs to ensure survival.

²¹ European Golf Industry Association

²² As golfers in UK and Ireland do not have to be registered, the decline in membership may be partially induced by golfers giving up club memberships in favor of playing golf on a casual or daily basis. It is therefore hard to determine the number of people who have given up golf completely.

²³ Sports Marketing Survey Incorporation

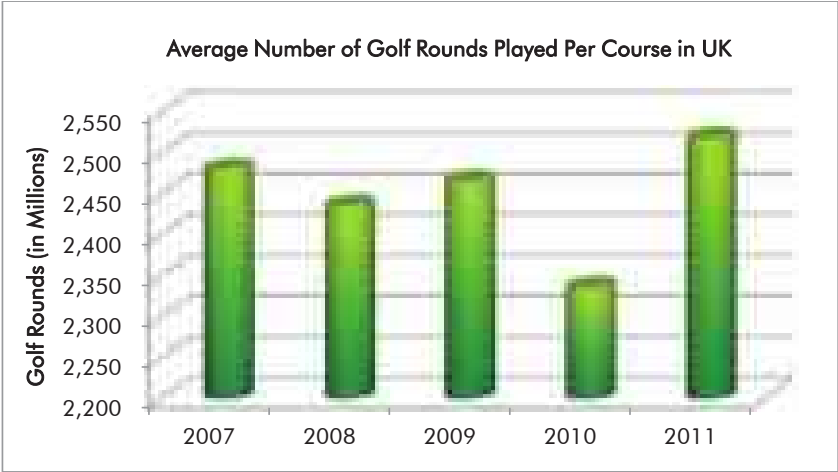
GLOBAL GOLF MARKET



Sources: European Golf Industry Association & CBRE

Recovery in Average Rounds Played Per Course in 2012

Despite the drop in the total number of registered golf players in recent years, research published by Sports Marketing Survey Incorporation in April 2012 indicated that the UK saw an increase in the average rounds played in 2011 to 2,519 rounds, the highest level recorded since 2006, and an 8% increase year-on-year. The recovery was mostly driven by the avid golfers in the 65 year old age group where the participation rate increased significantly. The improved economic condition as well as the increase in leisure time as British golfers reached retirement age contributed to the recovery in 2011.



Sources: Sports Marketing Surveys Incorporation & CBRE

GLOBAL GOLF MARKET

Recent Industry Initiatives

To tackle the reduction in number of golf players, the British government together with many golf associations commenced a series of initiatives to revive the golf sector. England Golf is running a project known as “Over 45”, which forms part of a fitness and social concept, to entice people aged over 45 to play golf. In addition, English Golf Partnership is promoting newer forms of golf to encourage adults to play quick social golf with each round lasting no longer than 60 minutes. The England Golf Partnership, European Golf Course Owners Association, The European Tour, and the European Golf Industry Association have jointly launched a campaign known as “Grow the Game of Golf” to help grow the game from the grass roots level across all European countries. A number of initiatives and advertising campaigns have been launched from both the national and local level as part of the campaign. Moreover, Scotland is also embarking on a campaign known as “Driving Forward Together” and the goal is to make Scotland the world’s top golf destination by 2020.

Additionally, other special initiatives were also launched targeting the youth market. In Wales, for instance, the Ryder Cup Legacy has put significant effort into growing the youth game. In Scotland, “Clubgolf”, a government-backed initiative has been rolled out aiming to give every child in Scotland the chance to play golf. To date, over 230,000 juniors in Scotland have benefited from the initiative.²⁴

Outlook

The golf industry in UK is facing ongoing structural market changes during which operators, retailers as well as the industry are undergoing considerable changes and consolidation. Nonetheless, improved market conditions in 2014 will start to have a positive effect on the golf market in UK. On 8th October 2013, the International Monetary upgraded UK’s gross domestic product forecast to 1.9% for the year 2014. Economic recovery and continued promotional activities by the golf associations will be the key factors in attracting new players, enticing former players to return to the market and reviving the golf market in the country.

3.4 (C) JAPAN

Overview of Golf In Japan

Japan is the third largest golf market in the world with 2,405 golf courses²⁵ and 3,425 driving ranges²⁶. It is a relatively mature market which has undergone many distinct phases in tandem with the economic environment, from the emerging period (1901 to 1970), market boom (1988 to 1995) to the subsequent consolidation phase (1996 onwards).

²⁴ From the “Clubgolf” Initiative

²⁵ Number of golf courses is based upon 2012 data provided by NGK (Nihon Golf Jyou Jigyou Kyokai)

²⁶ Number of driving ranges is based upon 2012 data provided by the Golf Operation Research Centre Company

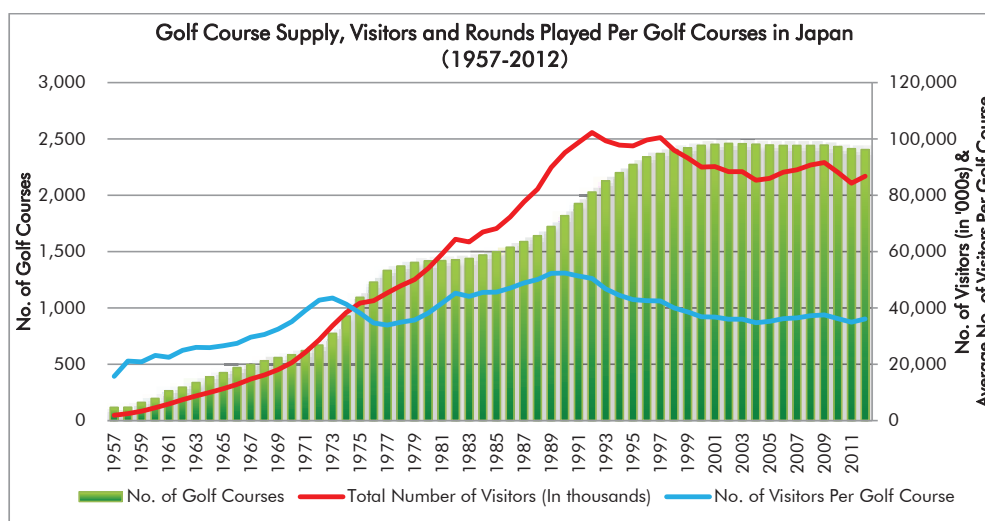
GLOBAL GOLF MARKET

Throughout, golf has remained one of the most popular sports in Japan, and in 2012, the country's golf course facilities generated over US\$9.11 billion (911 billion yen) of revenues, well above revenues from fitness clubs (US\$4.12 billion or 412 billion yen) or bowling centres (US\$750 million or 75 billion yen).²⁷

In 2012, according to the Leisure White Paper, approximately 7.8% of the population participates in the sport and there are 7.9 million Japanese golfers in the nation.²⁸ Furthermore, in 2012, Japanese players played an average of 11 rounds of golf.²⁹

History

Golf in Japan has a long history that dates back to 1901 when the first golf course opened at Rokkosan, Hyogo Prefecture. Nevertheless, it was not until 1957 when Japanese golfer Torakichi Nakamura won the Canada Cup that the sport started to inspire the Japanese at large and drew many players to the sport. From 1957 to the late 1970s, golf in Japan experienced strong and consistent growth as the affluent class grew rapidly driven by strong economic growth within the country. From 1957 to 1977, over 1,200 golf courses were constructed and golf became a very popular form of corporate entertainment as well as a sport for wealthy individuals.³⁰



Sources: NGK & CBRE

During the bubble economy which started in the mid 1980s and ended in the early 1990s, golf in Japan experienced a surge in popularity with golf courses recording 90

²⁷ Information is based upon data released by the Leisure White Paper 2013, published by the Japan Productivity Council. Exchange rate at US\$1 = 100 yen based on Bloomberg data on 14th November 2013.

²⁸ According to the Leisure White Paper 2013, published by the Japan Productivity Council, a golf player is defined as an individual who plays at least one round of golf in a year.

²⁹ Leisure White Paper 2013, published by the Japan Productivity Council

³⁰ NGK (Nihon Golf Jyou Jigyou Kyoukai)

GLOBAL GOLF MARKET

to 100 million visitors per year while many courses were being constructed throughout the country.³¹ By 1992, over 2,000 golf courses were in operation in Japan while many golf courses were also being planned or under-construction during that period. Membership prices for golf clubs increased rapidly during this period and memberships were being traded frequently as an alternative investment vehicle.

Following the collapse of the bubble economy, many golf courses were hit hard by the downturn as individuals and corporations reduced spending on golf drastically. Corporate entertainment budgets, wages and bonuses were slashed while individuals also suffered significant losses from investments made during the market bubble. Structural changes to luxury demand coupled with the over-supply of golf courses in the market put many golf courses in financial trouble. Visitors to golf courses gradually decreased from the peak of 102 million in 1992 to 85 million in 2004 as the golf population began to shrink.³² Membership prices also declined and in 2000, of the 2,443 golf courses, roughly 1,700 were on the verge of insolvency.³³ By 2005, more than 600 golf courses went bankrupt and were acquired by investors under management reorganization or the Civil Rehabilitation Act.³⁴ Professional investors, both local and foreign took advantage of the opportunity and acquired courses at a substantial discount relative to the market peak and took turnaround measures, such as lowering headcount, out-sourcing-, restructuring and streamlining maintenance procedures. Moreover, rather than relying heavily on sales from golf club memberships, golf operators and owners shifted their focus to management efficiency, price segmentation, and creative marketing strategies to entice more people to play the sport.

Based upon the information released by the NGK (i.e. Japan's Golf Course Association) from 2006 to 2009, the total number of golf course visitors rebounded and followed a rising trend, with the number of golf visitors across the nation recording growth of 1.6% per year on average. Total golf course visitors increased from roughly 86 million in 2005 to almost 92 million in 2009.³⁵ This was fueled by economic growth, which was subsequently adversely affected by the collapse of Lehman Brothers in 2008 and the earthquake that hit Japan in 2011. Golf rounds played declined in 2010 and 2011 by 3.9% and 4.2% respectively. Nonetheless, as the economy rebounded in 2012, visitor figures increased by 2.9% exceeding the 86 million mark again.³⁶ The increase was driven by the improving economic conditions and changing population dynamics, including an increase in rounds being played by senior golfers. Furthermore, based upon a survey conducted by the Ministry of Economy, Trade and Industry which covers selected golf courses in 8 prefectures, the number of golf course visitors grew by 5.3% in the first half of 2013, relative to the same period in 2012, reflecting the improved economic environment.³⁷

³¹ NGK (Nihon Golf Jyou Jigyuu Kyoukai)

³² Ministry of Economy, Trade & Industry

³³ The Little White Ball That Put Japan in the Red, The New York Times, 2nd June 2000

³⁴ The purpose of the Civil Rehabilitation Act is to allow debtors who are in financial difficulties to work out a rehabilitation plan so that the business could be rehabilitated and continue to be in operation. The rehabilitation plan must also be consented to by a majority of the creditors and approved by the court. Bankruptcy figures were sourced from Golf Tokushin, Golf Course Business Group Series, Q1 2013.

³⁵ NGK (Nihon Golf Jyou Jigyuu Kyoukai).

³⁶ NGK (Nihon Golf Jyou Jigyuu Kyoukai).

³⁷ The survey conducted by the Ministry of Economy, Trade and Industry is a selective survey and only include major golf courses

GLOBAL GOLF MARKET

Outlook

Golf in Japan has undergone substantial reform since the market peak in the early 1990s. Market consolidation in the golf industry has been on-going for over a decade and a large number of mergers and acquisitions took place while a few inefficient golf courses were closed or converted into alternative uses. Market forces coupled with the entrance of international golf operators has brought forth substantial structural changes to the way golf courses are being operated in Japan.

The market has become increasingly a two-tier market with experienced golf course operators driving efficiency by synergizing operations and integrating marketing activities to improve bottom lines. Well managed golf courses within close proximity to large residential areas have continued to be popular with players. Golf courses located in Tokyo, Saitama, Kanagawa, Shiga and Osaka have been drawing around 40,000 to 50,000 golfers per golf course which is well above the national average of 35,000 golfers.³⁸ It is also not uncommon for golf courses in Tokyo, Chiba, and Kanagawa to charge US\$250 to US\$320 (25,000 yen to 32,000 yen) per round (including caddie fees) on weekends.³⁹ However, there are still smaller operators who are resistant to change and many golf courses in remote locations that are continuing to struggle. In remote locations, business volume has been progressively deteriorating, and golf courses with inconvenient access will find it increasingly hard to maintain margins and thus may eventually have to resort to alternative uses. Golf course owners who are resistant to change and are struggling with their operations are increasingly likely to look for opportunities to sell their existing operations.

On the structural side, the aging population will continue to increase the total rounds being played as seniors allocate more time for golf, while the bulk of the Japanese golfers reach retirement age. Furthermore, the gradual rise in the rate of female participation will also help to bring in new demand. It should be noted that the average number of rounds being played by Japanese golfers is lower relative to other mature markets while participation by juniors remains low. Hence, there is still ample room for business growth through improved marketing efforts.

From the macro-economic perspective, the stimulus policies being implemented by Japan's Prime Minister, Shinzo Abe are presently showing early signs of success. Market sentiment has been improving, company profits are on an upward trend, exports and tourist figures are on the rise, and institutional investors are repatriating funds into Japan. In 2012 and 2013, golf rounds and total sales revenue from golf courses have rebounded. Japan's golf market has consistently exhibited a positive correlation with the underlying condition of the economy⁴⁰. Therefore, should Japan's new initiatives succeed in moving the country out from the recessionary cycle, golf dynamics could be altered, leading to a structural surge in the number of participants

located in Hokkaido, Miyagi, Tokyo, Aichi, Osaka, Hiroshima, Kagawa, and Fukuoka.

³⁸ NGK (Nihon Golf Jyou Jigyuu Kyoukai)

³⁹ Golf Course Guide East, Golf Digest 29th September 2011.

Exchange rate at US\$1 = 100 yen based on Bloomberg data on 14th November 2013

⁴⁰ Examined in further detail in Section 4.1 (Economy) of this report

GLOBAL GOLF MARKET

as well as an increase in consumption power amongst Japanese golfers. The encouraging macro-economic conditions together with the inclusion of golf in the 2016 and 2020 Olympics are expected to provide further catalysts for the Japanese golf industry to grow.

3.5 EMERGING GOLF MARKETS

With the exception of Japan and to a lesser extent South Korea, the golf industry in Asia is still in the early phases of development. Notwithstanding the industry's comparatively immature status, take-up of the sport has risen in tandem with the increase in company profits and household incomes which has accompanied the sustained growth of the continent's emerging economies in recent years. The rapid increase in wealth has fueled an enormous appetite for luxury goods and leisure activities, including golf, which is regarded as a symbol of status and success.

However, bureaucratic and topographic constraints result in land that is readily available for golf course development remaining a scarce resource in most of the emerging markets.

Further complicating development is the differing dynamics of golf in China, India and Korea and these are analyzed in the next section. Given that the golf industry is still developing in these markets there is only limited public data and historical statistics available.

3.5(A) CHINA

Market Size of China's Golf Industry

The golf industry in China is a potentially huge and growing market with revenue from golf courses, equipment and accessories estimated to be worth over US\$8.7 billion (or 53 billion Yuan) per year⁴¹. There are no official figures regarding the total number of golfers in China, but estimates from various sources range from 0.5 million up to 2 million players. The China Golf Market Research 2012-2013 published by the Golf Equipment World Company Limited estimates the population of Chinese golfers at roughly 1 million players, and was growing at an average rate of 10% per annum from 2009 to 2013. Among the 1 million golf players, approximately 300,000 players are core golfers while 700,000 are occasional golfers. Chinese golfers are relatively young when compared to mature golf markets with roughly 75% of the total aged between 30 and 50 years old, and unlike mature markets, the majority of Chinese golfers were not exposed to the sport when they were young and most began to play when they reached senior management positions.

⁴¹ Golf Course Architecture – Asian golf's three ages.

Exchange rate at US\$1 = 6.09 Yuan based on Bloomberg data on 14th November 2013

GLOBAL GOLF MARKET

Growth Drivers in China

China is among the world's fastest growing economies with annual real GDP growth averaging 10% during the past 30 years.⁴² Its remarkable economic growth has been the primary factor in fueling growth of the golf industry which has benefited from the rapid increase in business profits; an increase in corporate entertainment budgets; and expansion of the upper income class. A secondary factor has been the development of the leisure and tourism industry which includes golf tourism. China now hosts of a number of world-class golf tournaments, including the World Cup of Golf and the World Golf Championships, which have gained tremendous media exposure and helped to draw in wealthy players, both locally and from overseas.

Despite the sport's increased popularity, golf in China is mainly dominated by corporations and the upper income class due to the high cost of the game. Weekend green fees plus a caddie and golf cart will cost an average of US\$177 (or 1,077 yuan), making a round of golf more expensive than in United States and other western markets.⁴³

Rapid Increase in the Upper Middle Income Class

In 2012, the upper middle income class, defined as consumers with annual household income in the US\$17,406 to US\$37,603 (106,000 yuan to 229,000 yuan) range, accounted for just 14% of urban households. McKinsey & Company estimates that by 2022, the upper middle income class will have risen to 54% of urban households.⁴⁴ With golf perceived as a symbol of status and prestige, many people from the upper middle income class aspire to take up the sport, underlining the huge growth potential of the game. With a total population of over 1.3 billion and the total number of golfers standing at around 1 million, the overall participation rate is currently less than 1%, leaving plenty of opportunities for continued expansion.

Golf Course Supply

On the supply side, golf courses in China offer a wider range of qualities than anywhere else in the world, ranging from low maintenance, low-end golf courses to first-class courses that rival the world's best.

New golf courses continue to be built in the suburbs of China's main conurbations and the number of courses has tripled in less than a decade. As at the end of 2012, China is estimated to have 587 golf courses.⁴⁵ The majority of these are concentrated in Beijing, Shanghai and southern Guangdong Province reflecting the high concentration of company headquarters and wealthy individuals in these areas.

⁴² National Bureau of Statistics of China 1982 to 2012

⁴³ China Golf Market Research 2012-2013, Golf Equipment World Ltd.

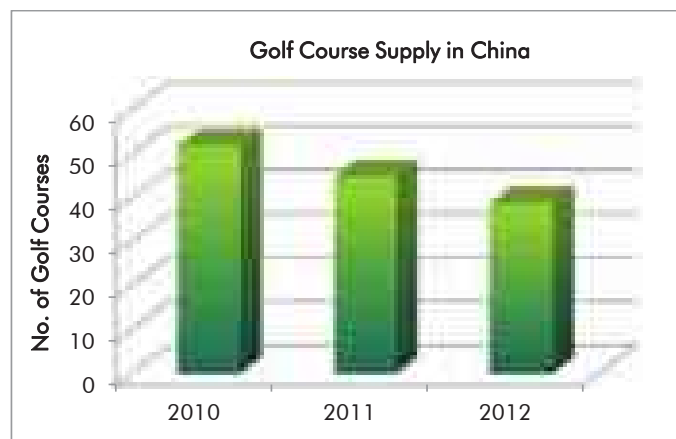
Exchange rate at US\$1 = 6.09 Yuan extracted from Bloomberg on 14th November 2013

⁴⁴ McKinsey & Company: Mapping China's middle class, June 2013

⁴⁵ Forward Management Group

GLOBAL GOLF MARKET

Golf has a relatively short history in China and from 1949 to 1983 the sport was banned by the Communist Party for allegedly being too bourgeois. China's first golf course, Chung Shan Hot Springs, Zhongshan, opened its doors in 1984 when the restriction was finally lifted. Subsequent economic liberalization in China and strong economic growth spurred a frenzy of development from the mid-1980s with approximately 170 golf courses constructed during the 20 years from 1984. However, in 2004, due to concern surrounding the unauthorized transfer of arable land by local governments to developers, the government imposed a restriction which limits the construction of golf courses. Hainan is the only province in the country that is exempted from the restriction. It should be noted that while the restriction remains in place in other provinces, it is nonetheless rarely enforced by the Ministry of Land and Resources and local governments have continued to approve construction projects, especially those that turn wasteland or land that is no longer suitable for farming purposes into golf courses.⁴⁶ Based on the information provided by KPMG and Forward Management Group, CBRE estimates that over 400 golf courses have been completed from 2004 to 2012 in China.



Sources: Forward Management Group & CBRE

Golf Developments in Hainan

In 2010, the Central Government approved a blueprint for the development of Hainan as an international tourism island, with golf being integral to the strategy to attract affluent tourists, both domestic and foreign. The island presently accommodates more than 22 golf courses. In the coming years, a large proportion of the golf course supply will be concentrated in the Hainan province with about 100 golf courses currently under development.⁴⁷

⁴⁶ HVS - Unravelling the Chinese Golf Market, 9th April 2010

⁴⁷ Financial Times Magazine: Golf's secret boom in Hainan, China by Dan Washburn, 1st January 2010.

GLOBAL GOLF MARKET

China Golf Market Outlook

The outlook for the golf industry in China is very positive. Economic growth coupled with a burgeoning upper middle income class will continue to increase interest in the game. The pent-up demand for golf is so great that a report by HVS in April 2010 estimates that China's golf industry could support an additional 18 to 58 golf courses per year from 2011 to 2015.⁴⁸ Other industry reports also exhibit similar optimism. The Forward White Paper - China Golf Industry Report 2011 released by Forward Management Group estimates that by 2020 the number of golfers in China will increase to 20 million and the number of golf courses in China will surpass the 1,000 mark. In the nearer term, spending on golf equipment and accessories is expected to exceed US\$ 1.4 billion by 2014.

3.5(B) INDIA

Overview

Golf was first brought to India by the British during colonial times and the game has a long history in the country. India's first golf course was established by the Royal Calcutta Golf Club in 1829 and since then many additional courses have been constructed. However, majority of courses have a military connection and are therefore only accessible to people in the military or their relatives. According to the India Golf Union (IGU), India has 196 registered golf courses plus 35 additional unregistered courses in 2010. Approximately half of the registered golf courses are still within military bases and thus not generally available to the public. Many golf clubs also restrict the number of green fee players, while others cater exclusively to members and refuse to service visitors during weekends. There are only 2 public golf courses in India, both of which are located in New Delhi.

Type & Location of Golf Courses in India

With a few notable exceptions, most of India's 231 golf courses do not meet international standards. Most have very simple landscaping and are relatively flat with few bunkers and present little challenge to professionals or highly skilled players. Furthermore, maintenance standards fall substantially behind international best practices. Most courses still rely on outdated equipment and manual labour and the use of modern fertilizers or pesticides is rare. The renovation or redevelopment of existing golf courses is also infrequent due to insufficient financial resources and limited space. The use of modern construction equipment is also made difficult due to narrow roads and high traffic volume. Fragmented land ownership makes it difficult to acquire large land plots and as a consequence many newer developments are only 9-hole courses. This is also reflected in the make-up of existing golf course developments with approximately 60% being 9-hole; 39% being 18-hole; and only 1% being 27-hole courses.⁴⁹ Well-designed large scale golf courses remain in limited supply; however, there are a few signature courses in the country which were designed by world-renowned golf players such as Jack Nicklaus, Arnold Palmer and Greg Norman.

⁴⁸ HVS - Unraveling the Chinese Golf Markets, 9th April 9th 2010

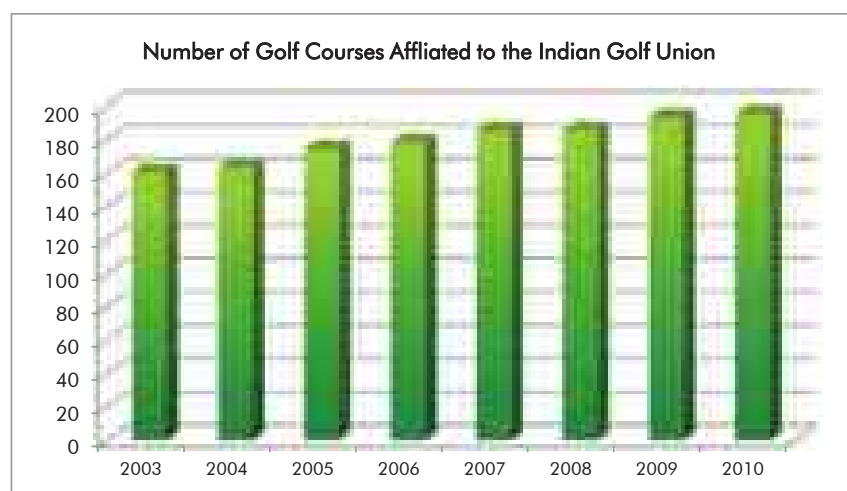
⁴⁹ Indian Golf Union

GLOBAL GOLF MARKET

Supply of Golf Courses

Golf courses in India are mostly located in close proximity to major cities. New Delhi has the highest concentration of courses, followed by Bangalore, Hyderabad and Mumbai. Golf course development is still limited with an average of only 5 courses being built every year from 2003 onwards.⁵⁰ The comparative lack of supply has resulted in the most popular golf clubs having to restrict membership and Delhi Golf Club allegedly has a 20-year waiting list for new members.

Land amalgamation is a major challenge for golf course development. However, in KPMG's Country Snapshot: India 2011, approximately 30 golf courses are understood to be in planning and these should gradually be released to the market during coming years.



Sources: India Golf Union & CBRE

Cost of Play

The majority of India's golf courses are private membership clubs with a substantial joining fee. Many people with a desire to play therefore do not get the opportunity to do so. There are very few public golf courses in India and private green fees generally range from US\$10 to US\$50. Initial membership fees are typically around US\$1,800 to US\$2,000; however, high profile clubs with exclusive membership policies charge up to US\$20,000. Subscriptions for individual membership cost an additional US\$100 to US\$300 per year.⁵¹ These costs put golf beyond the reach of much of India's middle class, which earns a median income of US\$1,439 (or 90,800 rupees) per year, and it therefore remains an exclusive pastime.⁵²

⁵⁰ India Golf Union

⁵¹ Country Snapshot: India, KPMG, 2011

⁵² Centre for Monitoring Indian Economy Pvt. Ltd. 12th July 2013

GLOBAL GOLF MARKET

Demand

In 2011, KPMG estimated that India had 150,000 active golfers, of which, 100,000 were golf club members. Male participants made up 85% to 90% of the player demographics. With India's population standing at 1.2 billion, the sport still has a very low market penetration. According to the India Golf Union, a government affiliated organization for golf amateurs, membership has undergone a fourfold increase in the last decade with 600 new players joining the Golf Union every year.⁵³ Based on the expected participation ratio and the income profile of residents in India, KPMG estimated that India may need to construct up to 100 golf courses to accommodate the expected increase in demand in the next decade.

Outlook

Despite the relatively under-developed infrastructure and environmental constraints, the golf market in India is perceived as having huge potential on account of its large and growing population and increasing wealth. Professional competitions such as the Indian Masters and Indian Open have helped in promoting the game, and Indian pro-golf players like Jeev Milkha Singh, SSP Chowrasia, and Arjun Atwal have also inspired citizens in all age groups to try out the sport.

While growth in India's golf sector is currently driven by demand from the privileged elites who are able to afford the high cost of the game, middle-income groups are showing a strong desire to play and offer significant potential for future growth. Demand from this growing demographic is expected to become increasingly important as state governments make available land for the development of more public courses and the market evolves.

3.5(C) SOUTH KOREA

Overview

The growth in popularity of golf in South Korea began in the late 1980s when Roh Tae-woo, the then prevailing President, started to issue business licenses for the operation of golf clubs and courses. Shortly after the liberalization, large Korean business conglomerates started building golf courses and began to invite government officials, executives, customers and lobbyists to play together. Nonetheless, when President Kim Young Sam took office in 1993, he banned public servants from playing the sport due to fears of corruption. Although the ban was subsequently lifted, the government started imposing heavy taxes on golf as golf was viewed as a luxury item and such tax could enable redistribution of income and increase the tax base. In 2006, Lee Myung-bak, the then incumbent Mayor of Seoul and subsequent President of South Korea, reinstated the ban prohibiting civil servants from playing the game.

Bloomberg Exchange rate at US\$1 = 63.12 rupees on 14th November 2013
⁵³ New York Times, India's Middle Class Waits for a Tee Time, September 11, 2010

GLOBAL GOLF MARKET

In the mid-2000s, golf enjoyed an explosion of interest sparked by the success of a series of successful professional female players including Pak Se-ri, Choi Kyoung-ju and Park Grace. South Korean women have achieved noticeable successes on the LPGA tour with over 30 women participating on the world's leading women's tour.

Industry officials estimate that there are roughly 4 million Koreans who play golf every year⁵⁴ and the country had close to 500 golf courses in 2013⁵⁵.

Golf Courses

Golf courses in Korea can be divided into two basic categories; private golf courses which charge a membership fee and public golf courses. Traditionally, private golf courses sell memberships to individuals and companies in order to finance construction and members have the right to reserve tee times and are charged lower green fees. Non-members can also play at private courses but are required to pay a higher green fee. Private golf courses are subject to a special excise tax. In contrast, public courses borrow money from financial institutions and anyone can book tee times. Green fees are also the same for everyone in public golf courses. Public golf courses are however not subjected to the special excise tax.

In 2005, South Korea had 184 golf courses, but the total more than doubled over the following 7 years to reach 453 courses by the end of 2012⁵⁶. The rate of growth of the golf course supply has been increasing, with a 7.3% increase in 2011 and 10.5% increase in 2012. According to the Korea Leisure Industry Institute, South Korea's golf industry had over 500 golf courses in 2013.⁵⁷ The rapid growth in supply in recent years is imposing operational challenges for many golf course owners, with margins under pressure.

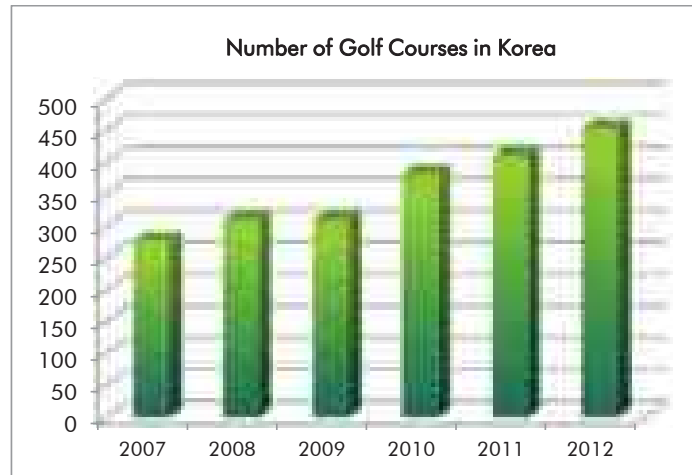
⁵⁴ Seattle Times Newspaper – South Korean thrills golf-crazy country, 18th August, 2009

⁵⁵ Korean Times - Golf courses face life-or-death crisis, 7th July 2013

⁵⁶ Korea Golf Course Business Association

⁵⁷ Korea Times - Golf courses face life-or-death crisis, 7th July 2013

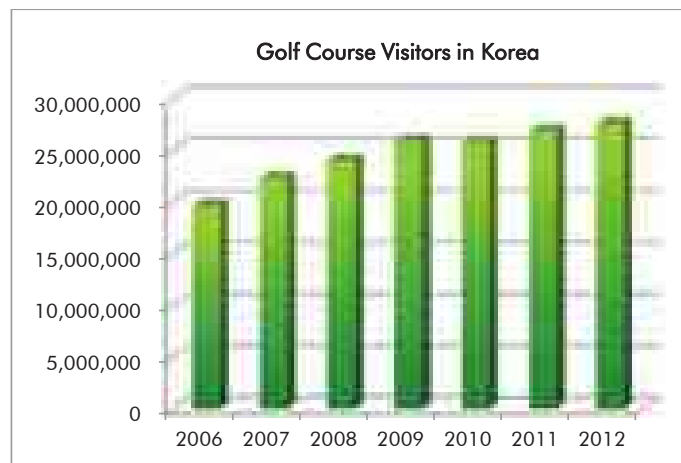
GLOBAL GOLF MARKET



Sources: Korea Golf Course Business Association & CBRE

Demand

Figures released by the Korea Golf Business Association indicated that 27.6 million people visited private and public courses in 2012, up from 26.5 million in 2011 and 25.5 million in 2009. If each visitor plays at least one round per visit, this equates to 27.6 million rounds or an average of 60,000 rounds per course. Following several years of strong growth, demand appears to be slowing, exhibiting only a 4.5% and 2.6% increase in visitor growth in 2011 and 2012 respectively. Upon analyzing the data in the last 5 years, one would realize that the visitor figures have grown at an average rate of 4.4% per year, while the supply of golf courses has increased at a much higher rate of 10.6% per year. With supply significantly outpacing demand, many private membership golf courses are now struggling and are facing severe financial difficulties.



Sources: Korea Golf Course Business Association & CBRE

CBRE

GLOBAL GOLF MARKET

Green Fees & Taxes

To play 18 holes at a private golf course, South Koreans have to pay an estimated US\$71 (or 76,000 won)⁵⁸ just in the form of taxes: special consumption tax; property tax; education tax and rural taxes. Green fees at private courses usually cost about US\$110 to US\$160 per round, bringing the total to at least US \$180 per game. This makes the cost of a round in Korea approximately 20% to 40% more expensive than in Japan and significantly higher than in many other markets.

The high cost of golf in South Korea together with the cold winters and increase in availability of low cost airlines has encouraged many Korean golfers to play overseas, with the cheaper cost offsetting much of travel expense. In 2007, an estimated 1.27 million golfers travel abroad to play golf in nearby countries and the growth in outbound golf players has been increasing at an average of 12% year from 2005 to 2007.⁵⁹

Membership Fees

By law, private golf courses built after 2005 are required to repay members of more than five years' standing the full amount of the membership deposit if they subsequently decide to sell their memberships. When membership prices were on the rise, owners would sell their memberships in the private market. This encouraged speculators to buy club memberships purely as an investment. However, with increased supply and slower rate of growth in demand, the market for memberships has been on the decline in recent years and golfers have instead demanded a full refund from the clubs.

According to the Korea Leisure Industry, the average price of golf course memberships in December 2011 fell 53% relative to 2010. Membership at Korea's luxury courses, Gapyeong Benest Golf Club and Namchon Country Club are now selling for US\$655,486 and US\$561,845 (or 700 million won and 600 million won) respectively according to Ace Golf statistics. In contrast, memberships for the 2 courses were trading at between US\$1.60 million and US\$1.78 million (or 1.7 billion won and 1.9 billion won) in 2007 and have therefore more than halved in cost.⁶⁰

The continued demand for the return of membership fees is making it very difficult for private golf clubs to stay afloat, and a number have been bankrupted after being unable to meet the refund obligation. Some operators have turned private golf courses into public golf courses after the refund of membership fees to avoid the special excise tax and thereby enhance operational efficiency.

⁵⁸ Should South Korea Build More Golf Courses? by Nathan Schwartzman, 1st April 2008.

14th November 2013 Bloomberg Exchange rate at US\$1 = 1,067.91 Korean Won

⁵⁹ Should South Korea Build More Golf Courses? by Nathan Schwartzman, 1st April 2008

⁶⁰ Exchange rate at US\$1 = 1,067.91 Korea Won based on data from Bloomberg on 14th November 2013

GLOBAL GOLF MARKET

Outlook

The supply of private golf courses currently outweighs the demand for membership. Over 100 private golf clubs are faced with significant liabilities for membership fee refunds and diminishing margins. It therefore seems inevitable that more golf courses will close in the near future. Moreover, upon refunding the membership fees, it is expected that many private clubs will be converted into public courses to stay competitive. Presently 32% of the golf courses in the country are public. However, according to a forecast issued by the Korea Leisure Industry Institute, by 2016, public golf courses will most likely comprise about 50% of the stock. The golf market in South Korea is therefore expected to undergo dynamic structural changes in the coming years. This process is expected to be a slow process as this is the first time golf owners are facing structural demand issues while the Korean government's heavy tax burden on golf is imposing an additional challenge. Nonetheless, underpinned by continued economic growth, the number of golfers in the country is continuing to grow, albeit at a slower rate than in the boom years.

3.6 JAPAN'S RELATIVE POSITION WITHIN THE GLOBAL GOLF MARKET

Golfer to Golf Course Ratio Is Relatively High in Japan

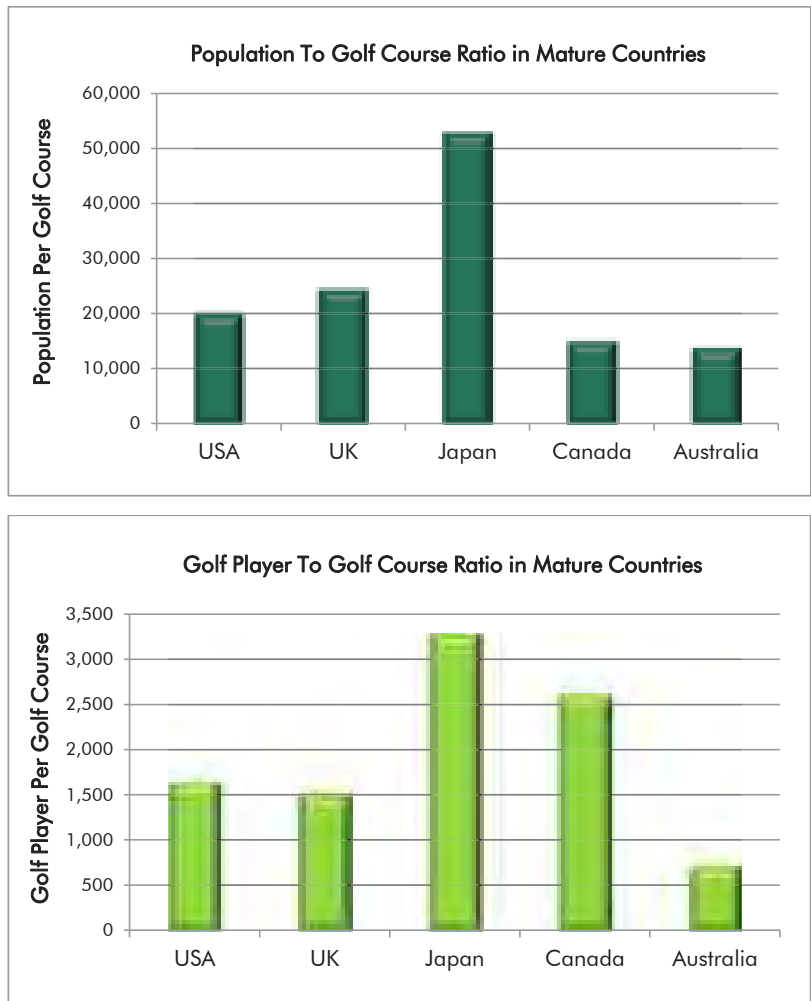
Japan has a relatively high ratio of golf players to golf courses when compared to other countries. Relying upon data provided by the golf associations from various countries, CBRE estimates that on average, there are 3,285 golf players per course in Japan. In USA, UK, Canada and Australia there are only 1,645, 1,516, 2,609, and 716 golfers per golf course respectively.⁶¹ In addition, Japan also benefits from its high population base. There are 53,061 citizens per golf course in Japan and this figure is substantially higher than the 20,116 citizens per golf course in USA, 24,589 citizens per golf course in UK and 15,142 citizens per golf course in Canada. The relatively high population and golfer ratio coupled with the relatively low rounds of golf being played by average Japanese golfers imply that the Japanese market is currently under-utilized and thus an increase in participation rates through marketing efforts or celebrity effects, may unlock substantial underlying golf consumption power. A survey conducted by the Golf Amusement Park⁶² in February 2013 revealed that about 30% of those who have not played golf before have an interest to play the sport. In terms of potential participants, this would imply that about 20 million Japanese residents have the potential to take part in the game. Furthermore, according to the same survey, about 78% of those who expressed an interest to participate in golf are relatively young and currently between the ages of 15 to 39 years. With an inherent potential of 20 million additional players, and assuming just 1/5th of the potential is realized, the current Japanese golf population could grow by half its current size.

⁶¹ Analysis based upon information available from National Golf Foundation (in US), British Golf Association, & Australia Golf Industry Economic Report.

⁶² Golf Amusement Park is a not-for-profit organization established in 2012 with a mission to promote and revitalize the golf game in Japan.

GLOBAL GOLF MARKET

Golf Player And Population To Golf Course Ratio



Sources: National Golf Foundation (in US), British Golf Industry Association, Leisure White Paper 2013 by Japan Productivity Council, Forward Management Group (in China), Korea Leisure Industry Institute, UK Sports Marketing Surveys 2011, Australia Golf Industry Economic Report 2010, Economic Impact of Golf for Canada 2009 by National Allied Golf Associations, Measuring the Lifecycle Carbon Footprint of a Golf Course and Greening the Golf Industry in Japan by Saito, Dr., Osamu, 2011, International Monetary Fund & CBRE.

GLOBAL GOLF MARKET

Japanese Golf Courses Have A High Membership Base Relative To Other Countries

Japanese golf courses have a very high average membership base. According to the Golf Benchmark Survey in Japan conducted by KPMG in 2010, Japanese 18-hole golf courses have an average of 1,786 members per club. This is higher when compared to other countries such as UK which has an average of 703 members, India which has an average of 1,292 members, and China which has an average of 403 members.⁶³

Japanese Golf Clubs Set Asia Benchmarks

Japan, being the most advanced golf market in Asia, is setting design and maintenance benchmarks for other Asian countries. Japanese golf courses are still highly regarded by Asian golfers and perceived as a high-class golf destination with picturesque landscapes and well maintained golf courses. The country also offers ample choices for golfers throughout the year with a large variety of courses being available throughout the country. Green fees have come down substantially in the past decade and especially with the recent de-valuation in yen, golf courses in Japan will continue to be an attractive golf destination for Asian golfers. Furthermore, the growing golf population in nearby Asian countries such as China, Korea, Thailand and Malaysia will continue to benefit Japan's golf tourism market and reinforce its status as a premium golf location.

⁶³ Figures for India, UK, and, China are based on figures provided by KPMG in their Golf Benchmark Survey 2008

JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS

4.1 ECONOMY

Japan's GDP Exhibits Positive Correlation With Golf Course Revenue and Visitor Figures

The demand for golf has historically been highly correlated with the state of Japan's economy. Based upon historical figures, Japan's nominal GDP and golf course visitor figures exhibited a positive correlation coefficient of 75% while Japan's nominal GDP and total income derived from golf courses revealed a positive correlation coefficient of 66%.⁶⁴ Accordingly, should economic conditions improve in Japan, it is highly likely that there will be an increase in the total sales revenue and total visitors to golf courses, which will directly benefit Japan's golf operators and owners. In the following section, we will look into the macro-economic, demographic and tourism dynamics in Japan and evaluate their relative impact upon the golf market.

Abenomics - "The Three Arrows"

After the December 2012 election, Japan's current Prime Minister, Shinzo Abe, rolled out an aggressive stimulus program centered around 3 primary strategies (also known as "The Three Arrows") with an aim to move the country out of the long recession and end the deflationary cycle. In line with the government's strategy, the Bank of Japan has set an annual inflation rate of 2%. Abe's three measures are now generally referred to as "Abenomics" and center around 3 main themes:

- Aggressive qualitative easing with an aim to double the money supply in circulation within 2 years. The Bank of Japan has also been purchasing government bonds and asset backed securities at the same time.
- Massive fiscal stimulus by investing in public works and also providing tax incentives for companies who invest in research and development.
- Structural reform to increase competitiveness (e.g. deregulation; labour reform; and signing of the Trans-Pacific Partnership to stimulate exports)

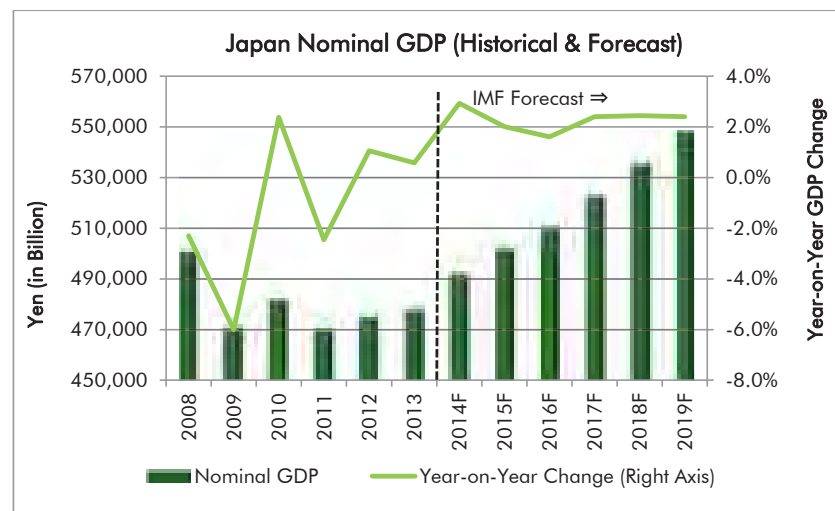
Abenomics has witnessed early success with many positive indicators. The Nikkei Index has increased over 50% since December 2012, and the yen has weakened by over 20%, making exports more attractive to overseas consumers. Against this backdrop, Japan's real annualized GDP increased by 4.1% in the first quarter and 3.8% in the second quarter, driven by an increase in consumer spending. The consumer price index from June to September 2013 has shown consecutive increases with September recording a year-on-year inflation rate of 1.1%. The unemployment rate decreased from 4.2% in January 2013 to 4.0% in September 2013. The International Monetary Fund forecast Japan's inflation adjusted GDP growth to be 1.4% in 2014.⁶⁵

⁶⁴ Correlation coefficient between Japan's nominal GDP and Japan's total golf course visitors is based upon data from 1985 to 2012 released by NGK. The correlation coefficient between Japan's nominal GDP and total sales revenue derived from selected Japanese golf courses is based upon data from 2000 to 2012 released by the Ministry of Economy, Trade and Industry. Correlation coefficient is a measure that determines the degree to which two variable's movements are associated and varies from -100% to +100%. A correlation coefficient of -100% indicates perfect negative correlation, and +100% indicates perfect positive correlation.

⁶⁵ International Monetary Fund, World Economic Outlook Update April 2014

JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS

These are positive signs for the golf industry as well. The weakening Japanese yen will increase the appeal of golf courses in Japan relative to other Asian countries and attract international golfers to Japan. Sales for many luxury items have recorded robust sales growth in 2013. For example, Ferrari sales in Japan saw a 28% increase in the first six months while Lamborghini sales grew 13% in the first nine months.⁶⁶ The positive market sentiment is expected to continue to stimulate spending on luxury items and entertainment including golf.



Sources: International Monetary Fund & CBRE

The depreciation of the yen has also fueled sales abroad and Japanese exports have witnessed consecutive month-on-month growth since February 2013. The value of total exports in September 2013 increased to US\$59.72 billion (5,972 billion yen) representing an 11% growth when compared to September 2012.⁶⁷ In the month of August 2013, exports totaled US\$57.84 billion (5,784 billion yen) equating to an increase of 15% when compared to the same month last year. The encouraging economic conditions in 2013 and 2014 are expected to benefit the golf industry in the coming years.

⁶⁶ Ferrari Says Sales in Japan to Rise 30% as Abe Revives Spending, Bloomberg News, 8th October 2013
Exchange rate at US\$1 = 100 yen based on Bloomberg data on 14th November 2013.

⁶⁷ Ministry of Finance

JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS



Sources: Ministry of Finance & CBRE

Corporate Entertainment Expenses & New Tax Incentives

Presently in Japan, from a tax perspective, large corporations cannot deduct entertainment and meal expenses while small and medium enterprises (defined as a corporation whose paid-in capital is US\$1 million or 100 million yen or less) can deduct entertainment and meal expenses of up to US\$80,000 (or 8 million yen) per year.⁶⁸ To encourage more domestic spending, the Japanese government is planning to allow large corporations to deduct up to half of their meal expenses for two years (excluding meals for employees and directors).⁶⁹ Furthermore, the Japanese government also agreed to end the special corporate tax surcharge which has been used to finance reconstruction due to the earthquake in March 2011 one year ahead of the original schedule.⁷⁰ The expected improvement in business profits together with the lower tax liability will allow corporate entities to focus more on high-end client entertainment such as golf events and golf sponsorships.

4.2 DEMOGRAPHICS

Presently, Japan has a population of approximately 127.5 million. Approximately 59% of the population resides within the Greater Tokyo region, the Greater Osaka region or the Greater Nagoya region.⁷¹ The Greater Tokyo region has the highest population with 42.63 million people residing in the area. Within the Greater Tokyo region, 13.23 million people currently live within the Tokyo metropolitan area while Kanagawa prefecture, Saitama prefecture and Chiba prefecture each contains 9.07 million, 7.21 million and 6.20 million residents respectively.

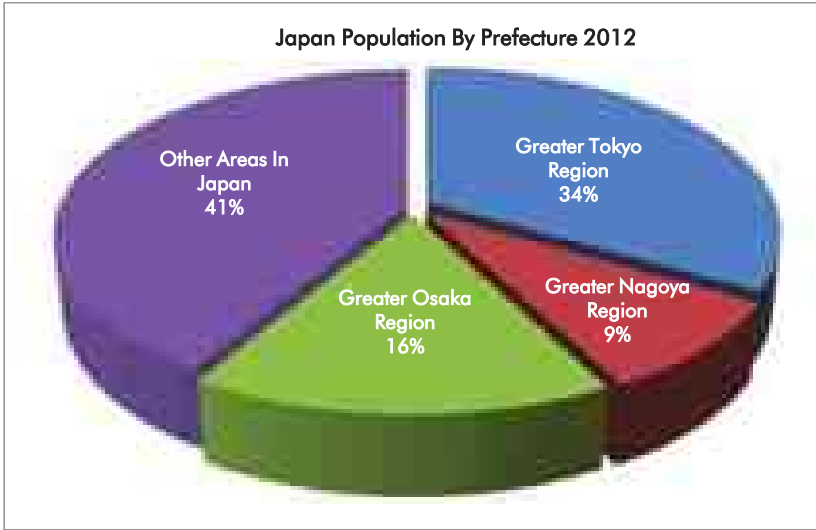
⁶⁸ 2013 Japan Tax Reform Outline, Ernst & Young, March 2013

⁶⁹ Japan: Inbound Tax Alert, 2014 Tax Reform Proposals Announced, December 2013

⁷⁰ Japan making little headway on corporate tax reform, Nikkei Asia Review, 13th December 2013

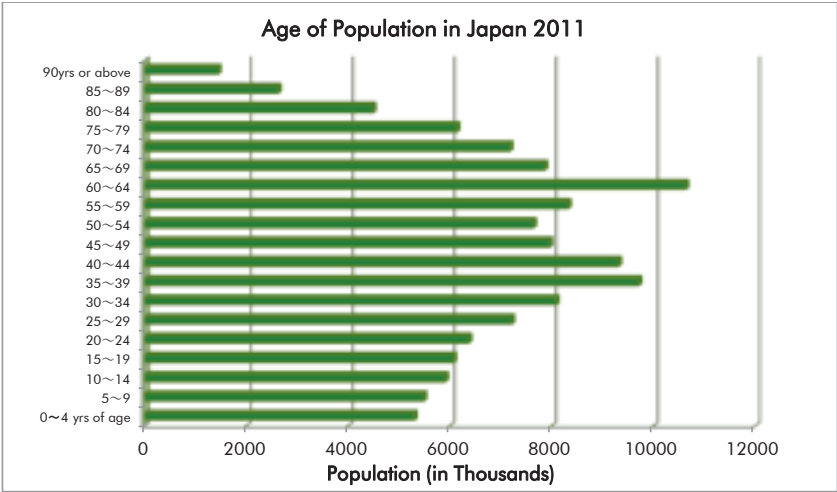
⁷¹ The Greater Tokyo region includes Tokyo, Gunma, Tochigi, Ibaraki, Saitama, Chiba and Kanagawa. The Greater Osaka region includes Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama. The Greater Nagoya region includes Aichi, Mie and Gifu.

JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS



Sources: Ministry of Internal Affairs and Communications & CBRE

Based on the information released by the Statistics Bureau in Japan in 2011, people who are between 60 and 69 years old make up the largest segment of the population of Japan. Residents who are over 40 years of age make up approximately 68% of the population of Japan. There are over 73.6 million Japanese who are presently over 40 years of age and it is this demographic that has been the bedrock of demand for golf. According to the information released by Golf Management Magazine in September 2012, about 67% of the golfers in Japan are over 40 years of age.



Sources: Statistics Bureau, Ministry of Internal Affairs and Communications & CBRE

JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS

In 2005, only 20% of the population was over 65 years of age; however, in 2010, about 23% of the population was over 65 years of age. The low birth rate and the negative population growth in Japan will pose challenges to the golf demand in Japan in the long term. Nonetheless, over the medium term, with the large number of senior golfers and the population gradually aging in Japan, it is expected that the average number of rounds being played will continue to increase as seniors who have reached retirement age will start to have more idle time for leisure activities, including golf. Senior golfers tend to play more rounds per year and are less sensitive to economic conditions when compared to golfers who are still working. According to the Family Income and Expenditure Survey results issued by the Ministry of Internal Affairs and Communications, households which are headed by people who are 50 years of age or older tend to have higher aggregate consumption expenditure when compared to households which are headed by people who are under 40 years old.⁷²



Sources: Statistics Bureau, Ministry of Internal Affairs and Communications & CBRE

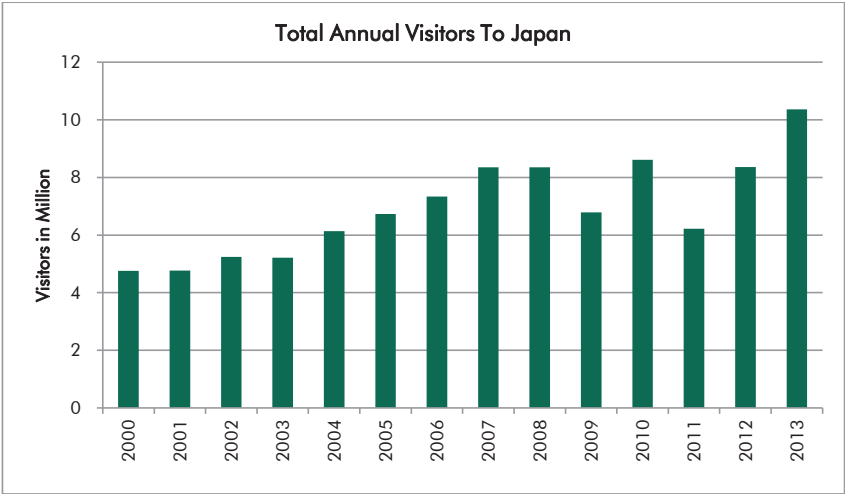
4.3 TOURISM

According to the Japan National Tourism Organization, the number of international visitors to Japan in August and September 2013 was 906,700 and 867,100 respectively. As compared to the same period in 2012, this equates to a month-on-month increase of 17.1% in August and 31.7% in September 2013. The number of inbound travelers has been on the rise for 7 straight months, totaling 6.8 million for the first 8 months in 2013. Thailand and Malaysia have started to show a significant increase due to the recent visa exemption for short-term tourists. The number of visitors from other Asian countries such as Hong Kong, Taiwan, Korea and Thailand also exhibited strong growth. In August 2013, South Korea came first in terms of total visitors, with 215,000 visitors (7% increase), followed by Taiwan with 194,900 visitors (51% increase), due to the introduction of new low-cost carriers. The number of visitors from Malaysia saw an increase of 42% while those from Thailand witnessed a robust growth of 102% in the same month. The number of visitors from Hong Kong also recorded strong month-on-month growth of 62% in August 2013.

⁷² Two-or-more-person Households, Family Income and Expenditure Survey 2013, Statistics Bureau, Ministry of Internal Affairs and Communications.

JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS

The Japanese government achieved its target and brought in over 10 million visitors to Japan in 2013.⁷³ Furthermore, on 30th March 2012, the Japanese government approved a new Tourism Nation Promotion Basic Plan. This plan aims to broaden the tourist base, improve the quality of tourism, and is targeting to increase the annual number of foreign visitors to 18 million by 2016 and 25 million by 2020. On 14th June 2013, the Prime Minister released the country’s revival strategy which included a long-term target to increase annual foreign visitors to 30 million by 2030. Efforts include increasing promotional activities, streamlining entry and departure procedures, improvement of interpretation services, enhancement of tourism-related facilities and other infrastructural changes. Depreciation of the yen combined with the government’s continued relaxation of visa policies and new promotional plan are expected to benefit the golf tourism in Japan by bringing in more foreign golf players from abroad.

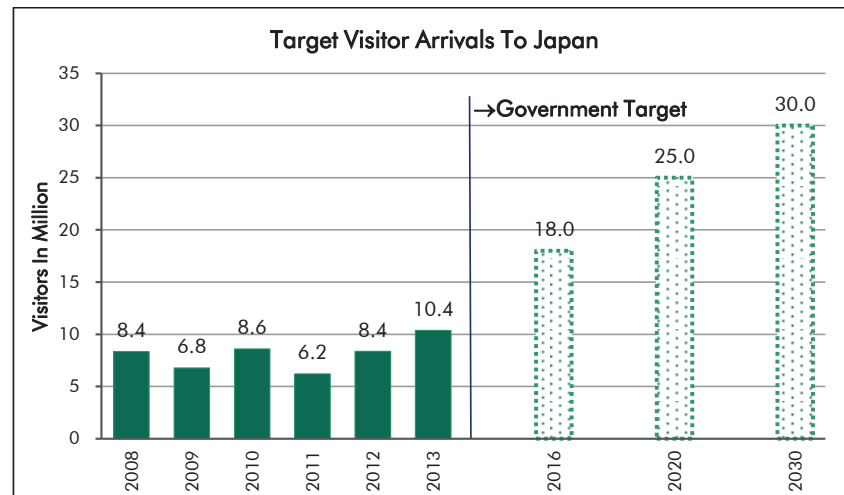


Sources : Japan National Tourism Organization & CBRE

⁷³ Japan National Tourism Office



JAPAN MACROECONOMIC TRENDS AND DEMOGRAPHICS



Source: Tourism Nation Promotion Basic Plan & CBRE

In December 2013, the ruling Liberal Democratic Party submitted a bill to the parliament proposing the legalization of the casino industry in Japan.⁷⁴ Should gaming be legalized in Japan, analysts estimate that approximately US\$13.4 billion to US\$15 billion (1,340 billion yen to 1,500 billion yen) would be generated per year, making it the second-largest gaming jurisdiction in Asia after Macau.⁷⁵ Many international game operators are also looking to expand into Japan. Melco Crown Entertainment Ltd., a joint venture between Macau businessman Lawrence Ho and Australian billionaire James Packer, said it would spend more than US\$5 billion (500 billion yen) if it receives permission to build. Galaxy Entertainment Group Ltd. also plans to invest at least US\$2.58 billion (258 billion yen) in Japan. Local gaming companies such as Konami Corp., Sega Sammy Holdings Inc., and Pachinko company, Dynam Japan Holdings Co., have also expressed interest in operating casinos.⁷⁶ The Japanese government is hoping to diversify Japan's tourism industry and allow the development of casino resorts as part of its broader strategy to increase the number of tourists, international meetings and conventions.⁷⁷ Should the casino industry be legalized in 2014, it should complement the golf tourism, enhancing the tourism experience within the country.

⁷⁴ Japan's LDP Lawmakers Submit Parliament Bill to Legalize Casinos, Bloomberg, 6th December 2013

⁷⁵ Citigroup, Anil Daswani, September 2013

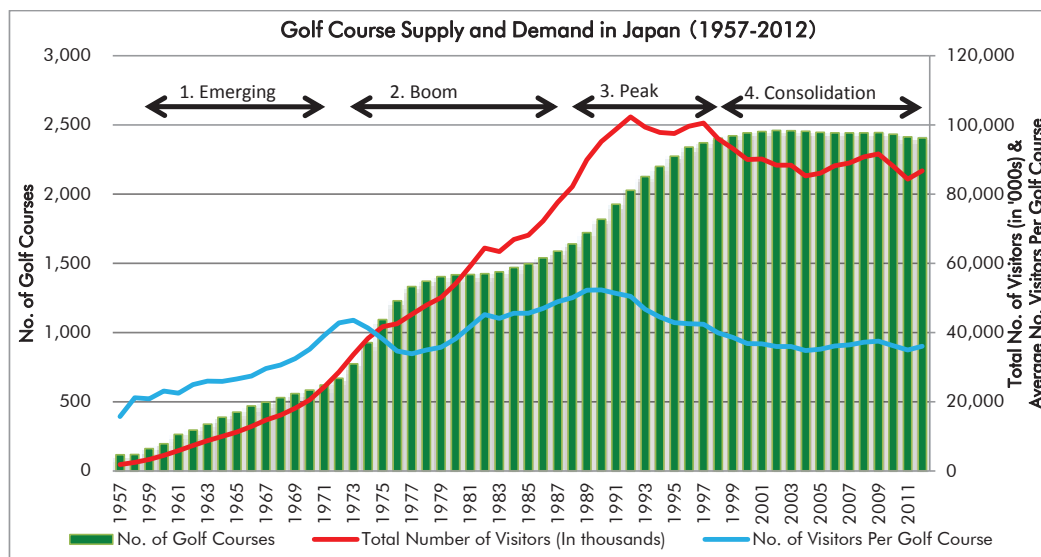
⁷⁶ Japan's LDP Lawmakers Submit Parliament Bill to Legalize Casinos, Bloomberg, 6th December 2013

⁷⁷ Japanese Bill to Legalize Casinos to Move Forward, The Wall Street Journal, 29th November 2013

JAPAN GOLF MARKET

5.1 FOUR DISTINCT PHASES OF DEMAND AND SUPPLY

Japan's golf market is a mature industry and has experienced four phases characterized by distinct changes in demand and supply dynamics in each cycle.



Sources: NGK & CBRE

From the 1950s to the 1960s, the steady development of the golf market saw golf gaining popularity and the supply of golf courses rose in parallel with the growth in demand for the sport. Membership in each golf course remained low and the most popular memberships were in the form of shareholder memberships. In 1957, there were only 116 golf courses in Japan and by 1969 this figure increased by nearly fivefold, reaching 558 golf courses. The number of golf course visitors expanded at an exponential rate increasing from 1,823 visitors in 1957 to 18,100 visitors in 1969.

From the early 1970s to 1986, the golf market experienced a boom in demand fueled by Japan's strong economic growth. Strong increase in imports, a growing population, and rising income levels led to a corresponding surge in demand for luxury goods and leisure activities. Golf was very popular amongst executives as a form of client entertainment. Furthermore, a large number of golf course developments were being planned and constructed to match the strong growth in demand. In order to finance the large number of constructions, a deposit-based membership system was introduced and the membership deposit which was paid by new members would be refunded to that member should the membership be cancelled at any time.

JAPAN GOLF MARKET

From 1987 to 1992, the golf market reached a peak with over 100 million visitors being recorded across the country's 2,028 golf courses.⁷⁸ During this period, memberships were bought and sold in the secondary market as a form of investment. Tee times were difficult to book and playing golf was expensive as land prices were high. Many golf courses were also in the pipeline. Despite the burst of the bubble economy in 1989, many golf developers still saw the economic downturn as a short-term phenomenon and went ahead with the golf course development which led to the subsequent over-supply of golf courses and a large number of bankruptcies.

From 1992 to 2002, despite the prolonged downturn in the economy with golf course patrons declining from its peak of 102.3 million to 88.4 million, the number of golf courses increased from 2,028 to 2,460.⁷⁹ Japan's economic recession, coupled with the reduction in home values and bonuses took a toll on disposable income. Membership prices dropped substantially in the private market during this period which prompted many golf members to demand for refund of their membership deposits. As a result, many golf courses were unable to honor obligations and sought bankruptcy protection from creditors. Corporations also began to slash their entertainment budgets and golf clubs' bottom lines were hit hard as a result. In light of the large number of bankruptcies, the Japanese government passed the Civil Rehabilitation Law in April 2000 which led to a series of acquisitions and reorganizations.

5.2 REDUCTION IN GOLF SUPPLY

From 2000 to 2011, over 700 golf courses changed hands under the Civil Rehabilitation Act or underwent substantial management changes. In 2011, the number of golf courses had fallen from its peak of 2,460 in 2002 to 2,413, and 47 golf courses went out of business. In 2012, approximately 12 golf courses were closed down.⁸⁰

The enactment of the Civil Rehabilitation Act and the restructuring activities have enabled many Japanese golf courses to avoid the refund of membership deposits which allowed many golf clubs to remain in operation to date. Nonetheless the Japanese golf market is becoming increasingly a two tier market with large sized golf course owners increasing their market share through acquisitions, synergies and economies of scale while small sized golf courses, especially those which are in remote locations and have been poorly managed are finding it increasingly difficult to compete and are resorting to alternative uses or asset disposition. As of September 2013, 37 golf courses have made plans to convert part or entire sites into solar power generation facilities, and looking forward, a steady decrease in the number of courses is anticipated as owners turn to alternative uses.⁸¹

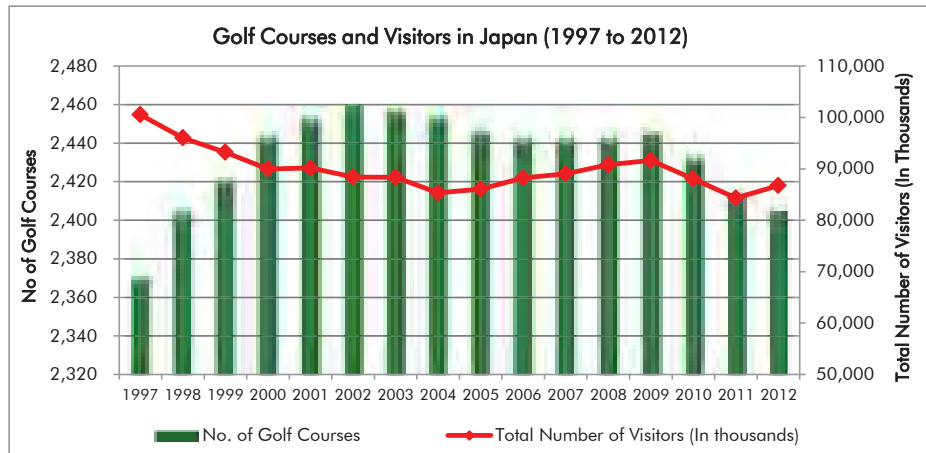
⁷⁸ NGK (Nihon Golf Jyou Jigyou Kyoukai)

⁷⁹ NGK (Nihon Golf Jyou Jigyou Kyoukai)

⁸⁰ Excess Golf Courses by Saito Osamu, published by IKKI Shuppan December 2012. Amongst the 12 golf courses being closed down in 2012, is it uncertain as to how many are temporary closure or permanent closure.

⁸¹ Golf Tokushin, 11th September 2013

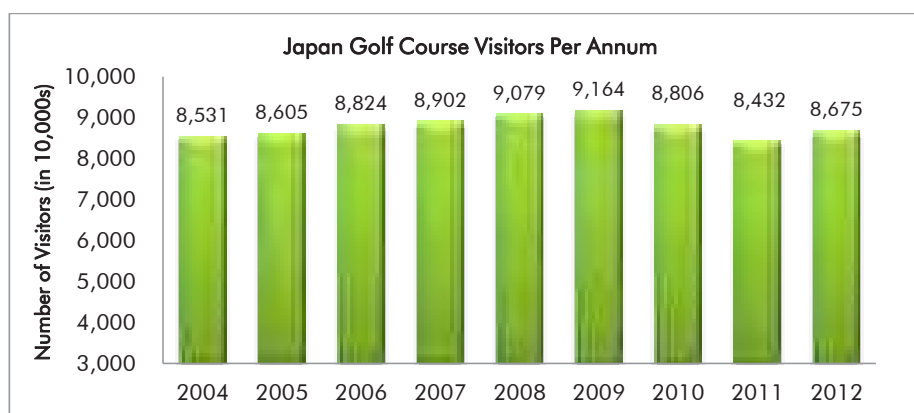
JAPAN GOLF MARKET



Sources: NGK & CBRE

5.3 REBOUND OF GOLF ROUNDS IN 2012 AND 2013

From 2005 to 2009, the number of golf course visitors rebounded as the lower cost of play enticed golfers to increase the frequency of play while the economic conditions improved. However, the collapse of Lehman Brothers in 2008 combined with the global economic recession and earthquake in 2011 had affected Japan's economy and restricted demand for leisure activities including golf. The total number of golf course visitors decreased by 3.9% and 4.2% in 2010 and 2011 respectively. Nonetheless, with the upturn in market sentiment and economic conditions, the number of golf course visitors witnessed a year-on-year increase of 2.9% in 2012. Following this positive trend, in the first half of 2013, golf course visitor figures also witnessed a 5.3% increase when compared to the same period in 2012, based upon golfer statistics for selected prefectures released by the Ministry of Economy, Trade and Industry.



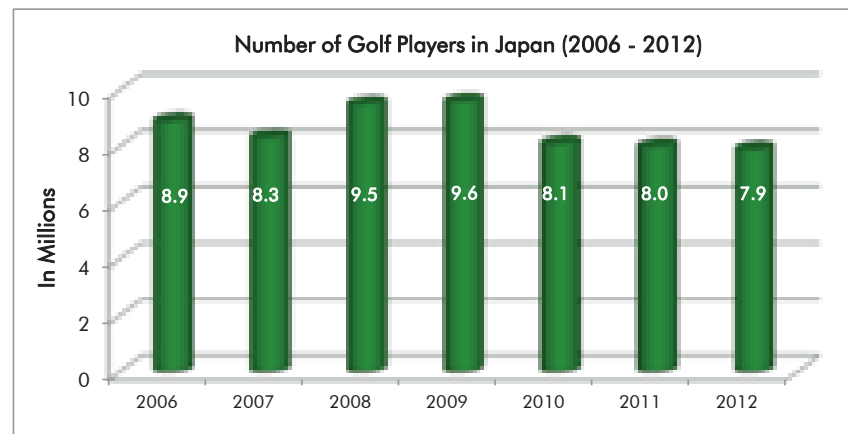
Sources: NGK & CBRE

CBRE

JAPAN GOLF MARKET

5.4 TOTAL NUMBER OF GOLFERS IN JAPAN

The number of golfers in Japan reached a peak in 1994, recording approximately 14.5 million players. Nevertheless, following the collapse of the bubble economy and the subsequent reduction in the corporate entertainment budget together with the contraction in personal luxury spending, many golfers gradually stopped playing golf. By 2010, the number of Japanese golfers dropped to 8.1 million. However, the magnitude of the decline has started to stabilize in recent years and in 2012, there were 7.9 million golfers in the nation.⁸²



Sources: Leisure White Paper 2013 & CBRE

5.5 ROUNDS PLAYED IN JAPAN

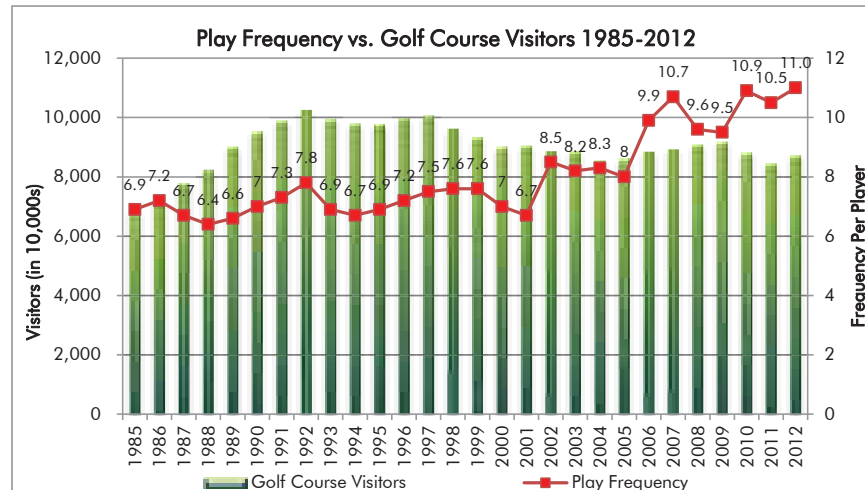
The frequency per player has been on the rise and has increased from 6.9 rounds per year in 1985 to 11 rounds per year in 2012. This trend could be explained by the relatively large number of people in Japan who are currently between the ages of 40 to 69.⁸³ People in this age group make up over 40% of the population base of Japan and 58% of the golf population.⁸⁴ This suggests that as golf players approach retirement age they tend to play more frequently; this has been contributing to the rise in the average number of rounds recorded in recent years. According to the figures from Accordia Golf Co., Ltd., loyalty card holders who are over 70 years of age played 2.5 times more golf rounds than loyalty card holders who are under the age of 30 years and 1.5 times more golf rounds over loyalty card holders who are between the ages of 31 to 50 years in the year 2011. In addition, in the same year, loyalty card holders who were between the ages of 50 to 70 years played 1.5 times more rounds of golf than loyalty card holders who are in between the ages of 31 to 50 years. In the next 3 years, the average rounds being played in Japan is expected to rise as the golf population age increases and this may directly enhance the profitability of golf courses in the country in the near term.

⁸² Leisure White Paper 2013 published by the Japan Productivity Council

⁸³ Ministry of Internal Affairs and Communications, Statistics Bureau

⁸⁴ Population information is based upon statistics provided by the Ministry of Internal Affairs and Communications, Statistics Bureau. Age profile of Japanese golfers are based upon data released by the Golf Management Magazine September 2012.

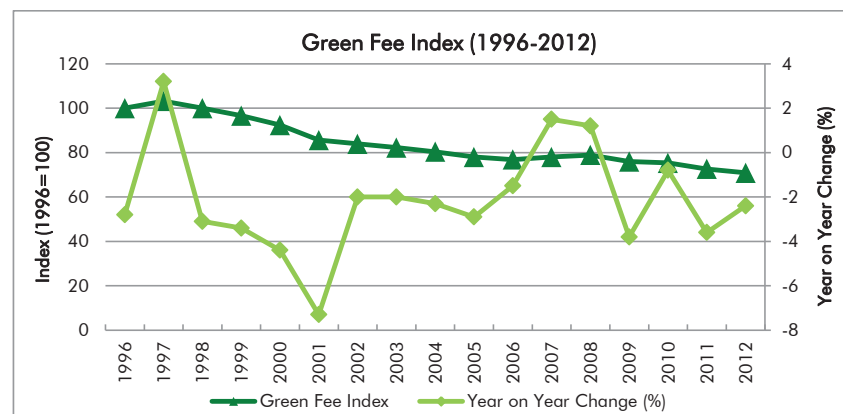
JAPAN GOLF MARKET



Sources: NGK and CBRE

5.6 AVERAGE GREEN FEES

Average green fees have been on the decline since 1996 due to increasing competition and the reduction in the number of golf players in the market. Average green fees have dropped by 3.6% in 2011 and 2.4% in 2012. However, the magnitude of the decline has slowed and the market is exhibiting preliminary signs of bottoming out. It is worth noting that green fees vary considerably from course to course in Japan. Some well-managed, high-end golf courses are charging US\$300 to US\$400 (30,000 yen to 40,000 yen) per round on weekends.⁸⁵



Sources: Statistics Bureau, Ministry of Internal Affairs and Communications & CBRE

⁸⁵ Golf Course Guide East and West, Golf Digest, 29th September 2011

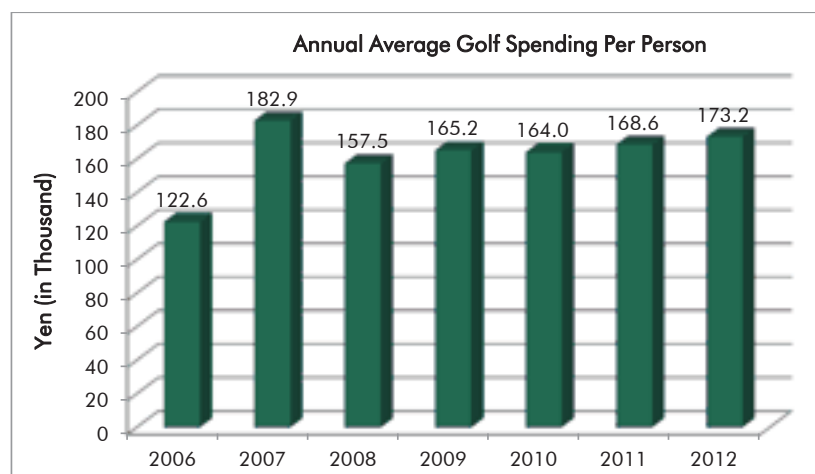
JAPAN GOLF MARKET

5.7 COST OF PLAYING 18 HOLES

In order to become a permanent golf course member, most golf courses in Japan charge an initial membership fee and an annual membership fee and about 60% of the golf clubs also require a deposit payment. An average annual membership costs around US\$200 to US\$500 (20,000 yen to 50,000 yen). Initial membership fees vary from course to course and range from US\$25,000 to US\$30,000 (2.5 million yen to 3 million yen) for the Greater Tokyo and Greater Osaka regions.⁸⁶ It has become increasingly popular in recent years for golfers to play on a visitor basis rather than as a permanent golf club member. In response to this trend, and in order to attract new members, golf operators have therefore created many different forms of membership allowing casual golfers to play during specific time zones or for limited periods.

The total cost for playing 18 holes of golf including green fees, cart fee, caddie and taxes is generally approximately US\$80 to US\$120 (8,000 yen to 12,000 yen) on a weekday and US\$100 to US\$200 (10,000 yen to 20,000 yen) on weekends.⁸⁷

According to the Leisure White Paper 2013, the average annual golf spending per person which includes annual membership fees, equipment, green fees, and other relevant costs have been on the rise in recent years. In 2008, on average a golf player would spend US\$1,575 (157,500 yen) per year to play golf and in 2012, the total spending went up to US\$1,732 (173,200 yen) per year.



Sources: Leisure White Paper 2013 & CBRE

⁸⁶ Average membership fees and initiation fees are based on information published in KPMG's Golf Benchmark Survey in Japan 2010. The Greater Tokyo region encompasses a total of 7 prefectures (i.e. Gunma, Tochigi, Ibaraki, Saitama, Tokyo, Chiba, and Kanagawa) while the Osaka region includes prefectures of Nara, Wakayama, Mie, Kyoto, Osaka, Hyogo, and Shiga.

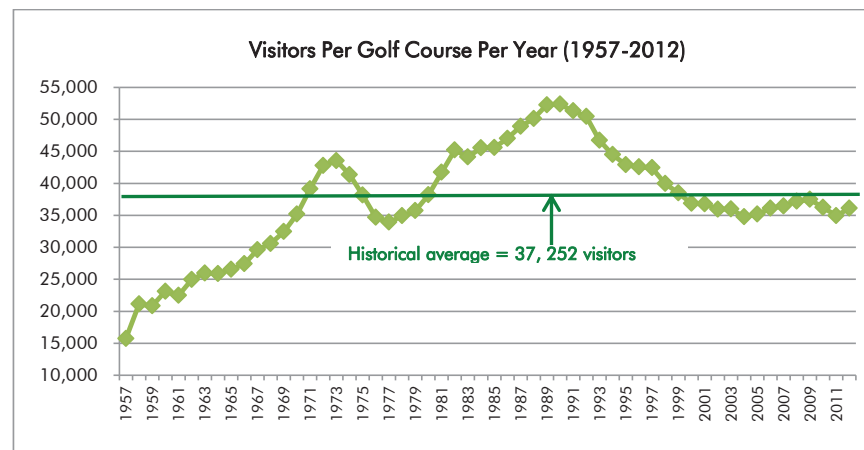
⁸⁷ Golf Course Guide East and West, Golf Digest, 29th September 2011.

Exchange rate at US\$1 = 100 yen based on Bloomberg data on 14th November 2013.

JAPAN GOLF MARKET

5.8 VISITORS PER GOLF COURSE

The average number of visitors to Japanese golf courses varied across each phase of market development with the emerging phase exhibiting 20,000 to 27,000 visitors per golf course per year, while reaching 45,000 to 52,000 visitors per golf course per year during the market boom. Following the collapse of the market bubble, the number of golf course visitors per course declined due to the oversupply of golf courses and the decreasing number of golf participants. However, with the large number of acquisitions, re-organizations and closures, the average number of visitors has stabilized at around 35,000 to 37,000 people per golf course per year in recent years. It should be noted that popular golf courses usually operate at a higher turnover of around 40,000 to 50,000 visitors per year.⁸⁸



Sources: NGK & CBRE

5.9 SALES REVENUE FROM GOLF COURSES

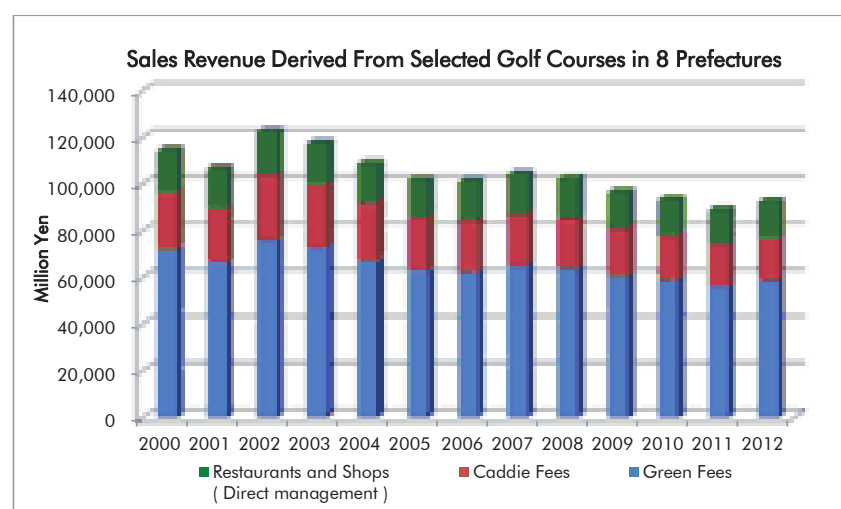
According to the survey conducted by the Ministry of Trade, Economy and Industry regarding selected golf courses in 8 prefectures, total sales revenue has been on a downward trend. Sales revenue from golf courses has declined by 25% in the last decade as the prolonged economic downturn, market competition and dwindling demand drove green fees and volume to lower levels. In 2002, total sales derived from green fees, caddie fees, restaurants and golf shops in golf courses in 8 selected prefectures were approximately US\$1.23 billion (123 billion yen); however, in 2011 sales had fallen to US\$891 million (89.1 billion yen).⁸⁹ In 2012 based upon the same sample, total sales derived from green fees, caddie fees, restaurants and golf shops rebounded by 3.7% reaching US\$924 million (92.4 billion yen). Following the rising trend, in the first half of 2013, sales revenue increased by another 3.3% on a year-on-year basis.

⁸⁸ NGK (Nihon Golf Jyou Jigyou Kyokai)

⁸⁹ Ministry of Economy, Trade and Industry

JAPAN GOLF MARKET

Many golf clubs presently offer the option of playing golf without the use of caddies to improve affordability and reduce headcount. At present, 63.7% of the sales revenue from golf courses is derived from green fees. Caddie fees make up 19.6% of the sales revenue while revenue from restaurants and pro-shops constitute only 16.6%.⁹⁰ In Japan, the revenue derived from food and beverage and merchandise sales is still relatively low when compared to other mature countries. In US, revenue from restaurants and merchandise typically makes up about 29% of the total revenue from golf courses.⁹¹ Therefore, over the long-run, there is still substantial room for golf course operators in Japan to improve their revenue base.



Sources: Ministry of Economy, Trade and Industry & CBRE

5.10 SALES GOLF EQUIPMENT AND RELATED GOODS

The sale of golf equipment and related goods has been a significant market in Japan. According to the 2013 Golf Industry White Paper, retail sales of golf related goods totaled over US\$3.296 billion (or 329.6 billion yen) in 2012 within the country. In 2012, equipment sales increased by 1.7% on a year-on-year basis and this figure was estimated to have increased by 3.7% in 2013.⁹²

5.11 GOLF TOURISM

Japan has seen a rebound in the number of tourists in 2013 due to both the depreciation of the yen and a relaxation of tourist visa requirements. According to survey results detailed in the Foreign Visitor Spending Report published by the Japan Tourism Agency in 2013, about 1.3% of the foreign visitors to Japan played golf during their visit. Furthermore, among the surveyed foreign visitors who played golf in

⁹⁰ Ministry of Economy, Trade and Industry

⁹¹ National Golf Foundation Operating and Financial Performance Profiles of 18-hole Golf Facilities in US, July 2010.

⁹² 2013 Golf Industry White Paper published by Yano Research Institute Limited

JAPAN GOLF MARKET

Japan, 15.4% of them replied that they would like to come to Japan to play golf again in the future.

In 2013, Korea was a predominant source of inbound tourists to Japan, followed by Taiwan, China and Hong Kong. The Korea Golf Association estimates that approximately 5% of the tourists who visit Japan do so to play golf.⁹³ Applying this rule of thumb, it would mean that about 60,000 to 95,000 Korean golfers came to Japan to play golf between 2008 and 2012. According to the survey results published by the Korea Leisure Industry Research Centre, Korean golfers who have a monthly income of above US\$7,491 (8 million won) on average take 5 overseas golf trips per year.⁹⁴ Golfers in this segment have low price sensitivities and according to the survey, even if Korean golf courses were to lower golf related taxes, they would still prefer to travel abroad to play golf, as they could combine golf, sight-seeing and business meetings in the same trip which is very appealing to Korean golfers. Moreover, many Korean tourists are also attracted by both Japan's golf and hot spring experience. During the summer, many would go to cooler areas like Hokkaido and Tohoku⁹⁵ while during winter tourists would travel to warmer regions such as Okinawa and Kyushu. A 2-day/3-night tour would cost US\$800 to US\$1,000 (80,000 yen to 100,000 yen) while a 3-day/4-night tour would cost US\$1,000 to US\$1,200 (100,000 yen to 120,000 yen) and a 4-day/5-night tour would cost US\$1,200 to US\$1,400 (120,000 yen to 140,000 yen).⁹⁶ The proximity between Korea and Japan makes it very convenient for Koreans to come to Japan to play golf over the weekend. Despite being 20% to 30% more expensive than playing golf in other South East Asian countries, the quality of service combined with the hot spring experience still make Japanese golf courses relatively attractive to Koreans.

Although the earthquake which occurred in March 2011 deterred many tourists from going to Japan in 2011, confidence has gradually been returning. In 2012, the Japanese government approved a new Tourism Nation Promotion Basic Plan. This plan aims to broaden the tourism base, improve the quality of tourism, and is targeting to increase the number of foreign visitors to 18 million by 2016 and 25 million by 2020.⁹⁷ In addition, in 2013, the Prime Minister of Japan and His Cabinet released a Revival Strategy which included a target of increasing the number of foreign visitors to 30 million by 2030.

Visitors from Korea, Taiwan, China and Hong Kong have rebounded rapidly in 2013. In August 2013, visitors from Thailand, Taiwan, Hong Kong and Malaysia increased at a remarkable rate of 102%, 51%, 62% and 42% respectively.⁹⁸ According to the survey conducted by the Japan National Tourism Organisation in 2010, approximately 9.8% of the tourists who visit Japan do so for sports purposes. The weakening of the Japanese yen, increasing number of low-cost airlines coupled with further relaxation of

⁹³ Korea Golf Association's estimation in 2008

⁹⁴ Exchange rate at US\$1 = 1,067.91 Korean Won based on Bloomberg data on 14th November 2013

⁹⁵ The Tohoku region refers to the northeastern portion of Honshu, the largest island of Japan and comprises 6 prefectures, namely, Akita, Aomori, Fukushima, Iwate, Miyagi and Yamagata.

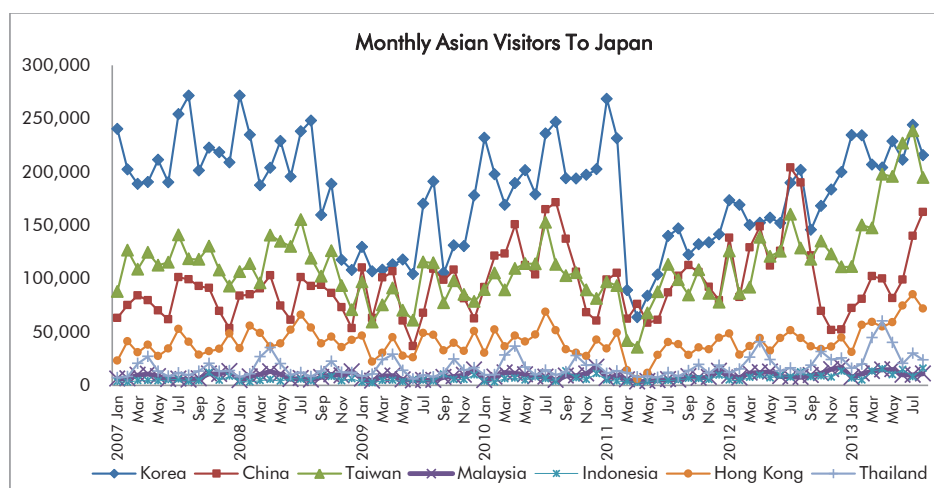
⁹⁶ JNTO Foreign Tourists Attraction Handbook 2013

⁹⁷ Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism

⁹⁸ Japan National Tourist Organization

JAPAN GOLF MARKET

the visa policy and the further promotional activities by the Japan Tourism Agency are expected to foster further growth in Japan's inbound golf tourism in the coming years.



Sources: Japan National Tourism Organization & CBRE

5.12 GOLFER DEMOGRAPHICS

According to Monthly Golf Management Magazine published in September 2012, golf players who are in their fifties and sixties comprise about 39% of the golf population in Japan. Players who are between 30 and 49 years old make up a further 36.7% of the golf population. Senior golfers who are over 65 years old have been on the rise. In 2007, there were approximately 1.3 million golfers who were above 65 years old and by 2011 this increased to approximately 1.6 million.⁹⁹ People who are over 50 years old typically have a higher spending power, more idle time for golf and leisure and play more rounds per year. According to survey results released by Japan's Public Golf Society in 2012, the higher the age of the golfer, the larger the proportion of the golfers who play more than 11 rounds of golf per year. In 2011, roughly 50% of the golfers between ages 60 and 69 being surveyed played over 11 rounds per year while about 60% of golfers aged 70 or over played more than 11 rounds per year.¹⁰⁰

By contrast, the junior market remains relatively under-developed with only 3.9% of golfers being under 20 years old.¹⁰¹ In other mature countries, such as USA, Germany, UK and Ireland, golfers under 18 years of age make up 8% to 9% of the players.¹⁰²

In Japan, golf is still dominated by men with 82.2% of the players being male.¹⁰³ Nevertheless, the female participation rate has been increasing in recent years due to

⁹⁹ Ministry of Internal Affairs and Communications, Statistics Bureau 2007 and 2011

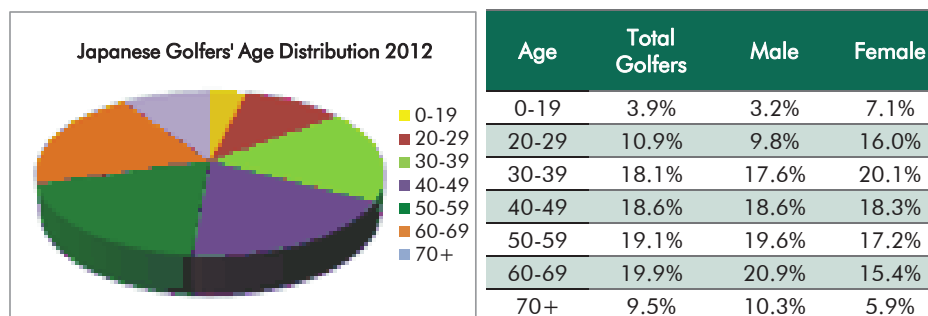
¹⁰⁰ Public Golf Society Golf Demand Survey, Summary Analysis 2012

¹⁰¹ Golf Management Magazine September 2012

¹⁰² Golf Participation in Europe, KPMG, 2011 & National Golf Foundation

JAPAN GOLF MARKET

marketing activities. The female participation rate increased from 1.7% in 2008 to 3.1% in 2012.¹⁰⁴ Furthermore, according to data provided by Accordia Golf Co., Ltd., female loyalty card holders grew from 260,218 in 2008 to 327,825 in 2012, a 26% increase.



Sources: Golf Management Magazine, September 2012 & CBRE

5.13 INCOME PROFILE OF GOLFERS

According to a survey conducted by Accordia Golf Co., Ltd., about 37% of its golfers have annual income of between 6 million and 10 million yen while 21% earn between 10 and 20 million yen. Furthermore, 2.4% of its golfers are also in the elite category with an annual income exceeding 20 million yen. With around 60% of the golfers being in the high income bracket, Japanese golf players have a relatively high underlying propensity to spend especially for good quality golf courses with good access.¹⁰⁵ This is also one of the reasons why high-end golf courses in Chiba, Tokyo, Kanagawa, Osaka, Hyogo and other areas near wealthy populations have fared reasonably well despite the market downturn of the last decade. Golf courses in these areas are in close proximity to residential areas and have consistently seen higher visitor rates when compared to other areas. One round of golf, including caddie fees, in high-end golf courses could cost over US\$300 (or 30,000 yen) on weekends.¹⁰⁶

5.14 GOLF COURSE SELECTION

Based upon a survey by Golf in Japan in 2007, about 62% of players travelled approximately for 1.5 hours to reach golf courses, 11% spent under one hour to reach golf courses, while only 2% was prepared to spend over two hours. In addition to accessibility, there are also other key factors when it comes to golf course selection. According to the survey results released by Let's Golf Society Office in August 2013, when it comes to selecting a golf course, the major considerations, in order of importance, are golf schedules (i.e. availability); convenience; quality of golf courses and price.

¹⁰³ Golf Management Magazine September 2012

¹⁰⁴ Leisure White Paper 2013 published by the Japan Productivity Council

¹⁰⁵ Based upon analysis from survey results from Accordia Golf Co., Ltd and Let's Golf Kaisai Houkokusho in 2013

¹⁰⁶ Golf Course Guide East and West, Golf Digest, 29th September 2011

JAPAN GOLF MARKET

5.15 BARRIERS TO ENTRY

The cost of land is still very high in Japan, although it varies depending upon location. A typical golf course will require 50 to 80 hectares of land due to the hilly nature of most golf courses in Japan.¹⁰⁷ Construction costs are high when compared to other countries. An average Japanese golf course (excluding the value of land) would cost at least US\$50 million to US\$60 million (5 billion yen to 6 billion yen) to construct.¹⁰⁸ As most golf courses are still being transacted at below replacement value in Japan, no new developments are being planned at the moment. Apart from the high cost involved, the severe market competition, management expertise and economies of scale required have made it increasingly hard for new operators, either domestic or from abroad, to successfully enter the market in recent years.

5.16 CRITICAL SUCCESS FACTORS

Accessibility, economies of scale, cost control, creative marketing, synergies between different golf courses, market segmentation and product differentiation have been the key to success for golf operators. On the infrastructure side, location and accessibility have been increasingly important. Golf courses in convenient locations within close proximity to major residential areas tend to have a higher member base and attract more visitors. On the cost side, successful golf courses have managed to trim costs by out-sourcing, competitive bidding, group purchasing and trimming headcounts. On the revenue side, golf courses have used product and customer differentiation strategies, such as Early Bird, Twilight, Juniors' Day, Ladies' Days, No Caddie Play and improvement of food quality and services to enhance the appeal of the golf game and to cater to a wider base of customers.

On the marketing side, golf operators who own a large number of golf courses in Japan are able to use cross-marketing strategies to improve business volume and reduce idle time. Large golf course operators are also able to create synergies between operations, reduce fixed costs and draw upon their large database to better estimate the golf demand and derive better pricing strategies. Many successful golf courses have also teamed up with travel agencies or tour operators to promote golf tourism. Mobile technology and the internet are also being widely used for reservation, marketing and image promotion.

5.17 PROFESSIONAL GOLF

It is well documented that successful professional golf players can make an impact and inspire people of all ages to take up the sport. The emergence of golf players, such as Ai Miyazoto, Ryo Ishikawa and Hideki Matsuyama, has fostered the Japanese public's awareness of golf and increased the appeal of the golf game in recent years. At present, the professional golf tournaments held in Japan, such as the Japan Golf Tour, are still dominated by Asian players. With the improving economy and the continued growth of the golf game in Asia together with the increase in sponsorships, it is expected that more professional golf tournaments will be organized in Japan as well.

¹⁰⁷ Excess Golf Courses, Saito Osamu, IKKI Shuppan 20th September 2012

¹⁰⁸ CBRE Valuation Department 2013

JAPAN GOLF MARKET

as in other Asian countries. Should leading golf stars from around the globe taking part in golf tournaments in Asia, the popularity of golf is expected to increase and this will benefit Japan's golf tourism market.

5.18 INCREASE IN CONSUMPTION TAX

Starting from 1st April 2014, consumption tax in Japan will increase from 5% to 8%. It is difficult to assess the direct effect of the increase in consumption tax upon the golf market, but it is possible to refer back to 1997 when consumption tax was increased from 3% to 5% and use this as a point of reference. In 1996, Japan's golf courses recorded a total of 99.65 million visitors in the year. In 1997, despite the 2% increase in consumption tax, recorded visitor figures witnessed a small gain of 0.9% year-on-year to over 100.52 million, inferring little or no direct impact. This presumption is reinforced by a forecast published by Yano Research Institute Ltd on 20th February 2014 which predicts the golf market will grow by approximately 2.6% in 2014 despite the increase in consumption tax.

JAPAN GOLF MARKET REGIONAL BREAKDOWN

6.1 REGIONAL OVERVIEW

According to the information provided by NGK, Japan has a total of 2,405 golf courses. Amongst all prefectures, Hyogo contains the largest of golf courses, followed by Chiba, Hokkaido and Tochigi. In terms of region, the Greater Tokyo region, which comprises Tokyo, Chiba, Saitama, Ibaraki, Tochigi, Gunma and Kanagawa, contains the majority of the country's golf courses. In terms of prefectural golf participation, Chiba has the highest golf participation rate at 12.3%, followed by Shizuoka at 10.5%; Nagano/Yamanashi at 10.1%; Tokyo at 9.6%; and Saitama at 9.9%.¹⁰⁹

Golf Course Distribution in Japan 2012



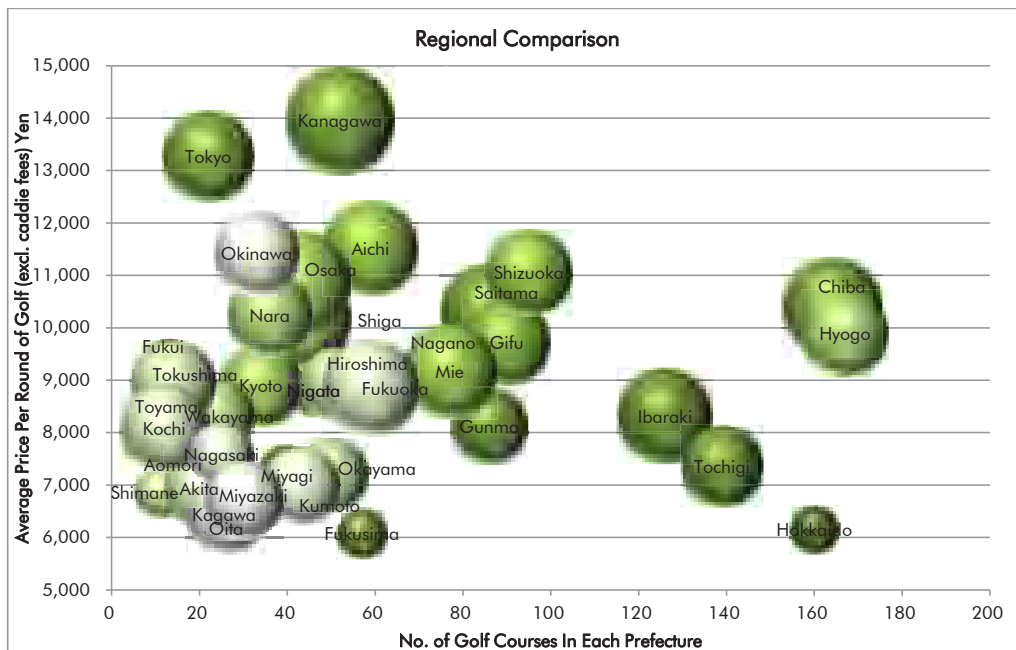
Sources: NGK & CBRE

¹⁰⁹ Leisure White Paper 2013, published by the Japan Productivity Council

JAPAN GOLF MARKET REGIONAL BREAKDOWN

6.2 REGIONAL ANALYSIS

The following chart depicts the relative position regarding the golf market in each prefecture. The size of the circle represents the average number of visitors to each golf course in each prefecture in 2011. In other words, a large-sized circle would imply that the market size in the prefecture is relatively big with many golfers and hence golf course visitors. Golf courses in Tokyo, Kanagawa, Chiba, Saitama, Hyogo and Osaka enjoy a usage rate that is about 8% to 36% higher than the national average, with 39,000 to 49,000 people visiting each golf course in 2012.¹¹⁰ The distinctive location and the fewer number of golf courses have enabled Tokyo, Kanagawa, Osaka, Aichi, Saitama, Shizuoka and Okinawa to command higher average green fees.¹¹¹ Furthermore, amongst all prefectures, golf courses in Tokyo and Kanagawa have the highest green fees. At the other end of the spectrum, competition has been relatively intense in Chiba, Hyogo, Ibaraki, Tochigi and Hokkaido due to the large number of golf courses which are under operation. Although competition has been more intense in Chiba and Hyogo, it should also be noted that the catchments in Chiba and Hyogo (due to proximity to Tokyo and Osaka respectively) are comparatively big with an average 49,000 and 39,000 users per course respectively. Other areas, such as Aomori, Akita, Kagawa, Shimane, which are at the lower left hand side of the chart have a relatively small market share and green fees are affordable.



¹¹⁰ NGK (Nihon Golf Jyou Jigyou Kyoukai)

¹¹¹ Golf Course Guide East and Golf Course Guide West, Golf Digest, 29th September 2011

JAPAN GOLF MARKET REGIONAL BREAKDOWN

The different market dynamics and demographic profile in different prefectures have created a two-tier market with golf courses located close to major cities such as Tokyo, Kanagawa, Saitama, Shizuoka, Osaka having an advantage over other courses located in other areas. Courses in those areas are able to charge higher prices and record higher turnovers.

6.3 GREATER TOKYO REGION

The Greater Tokyo region, which includes Tokyo, Gunma, Tochigi, Ibaraki, Saitama, Chiba, and Kanagawa, is the biggest golf market within Japan containing 675 courses or approximately 28% of the total golf stock.¹¹² Benefiting from the large proportion of wealthy individuals in the area, golf courses in Greater Tokyo enjoy a higher patronage as well as a higher membership base. In 2012, the Greater Tokyo region recorded a population of approximately 42.6 million and over 28 million golf course visitors. 18-hole golf clubs in Greater Tokyo have an average of 1,537 members each, which is higher than the national average of 1,479 members according to KPMG's 2010 Golf Benchmark Survey in Japan. Green fees in the Greater Tokyo region are also 20% to 30% higher when compared to the national average. Including caddie fees, golf cart and green fees, one round of golf on weekdays will generally cost around US\$130 to US\$250 (13,000 yen to 25,000 yen) and on weekends, it will cost US\$180 to US\$350 (18,000 yen to 35,000 yen).¹¹³ Due to the higher land price and ease of access, green fees in Tokyo are comparatively more expensive.

Population, Number of Golf Courses, and Visitors in 2012

Prefecture	Prefecture Population (in thousands)	No. of Golf Courses	Total Golf Course Visitors (in thousands)	Average No. of Visitors Per Golf Course (in thousands)
Ibaraki	2,943	126	5,447	43
Tochigi	1,992	139	5,141	37
Gunma	1,992	86	2,990	35
Saitama	7,212	86	3,824	44
Chiba	6,195	164	7,434	45
Tokyo	13,230	22	913	42
Kangawa	9,067	52	2,557	49
Total	42,631	675	28,306	42

Sources: NGK, Ministry of Internal Affairs & Communications, Statistics Bureau & CBRE

Due to their geographical location, golf courses in Greater Tokyo offer almost year-round playability.¹¹⁴ Most of the golf courses are also within close proximity to residential neighborhoods and accessible by car or train within 1 to 2 hours.

¹¹² NGK (Nihon Golf Jyuu Jigyuu Kyoukai)

¹¹³ Golf Course Guide East, Golf Digest, 29th September 2011

¹¹⁴ 2010 KPMG Golf Benchmark Survey in Japan

JAPAN GOLF MARKET REGIONAL BREAKDOWN

Amongst the abovementioned seven prefectures, Chiba contains the largest number of golf courses with 164 golf courses in operation. In 2012, a total of approximately 7.4 million visitors came to Chiba to play golf.¹¹⁵

6.4 GREATER OSAKA REGION

Located in the southern-central region of Japan's main island Honshu, the Greater Osaka region includes the prefectures of Nara, Wakayama, Kyoto, Osaka, Hyogo, and Shiga. As of 2012, the Greater Osaka region is home to over 20.8 million people, contains 346 golf courses and enjoys an average visitor rate of 41,000 per golf course. Membership rates for 18 hole golf courses in the Greater Osaka region are the highest amongst the country with courses generally having 1,715 members.¹¹⁶ Including caddie fees, golf carts and taxes, playing one round of golf will generally cost around US\$120 to US\$200 (12,000 yen to 20,000 yen) on weekdays and US\$150 to US\$280 (15,000 yen to 28,000 yen) on weekends.¹¹⁷ Most courses in the region are within a driving distance of between 1 to 4 hours and are open throughout the year.

Population, Number of Golf Courses and Visitors in 2012

Prefecture	Prefecture Population (in thousands)	No. of Golf Courses	Total Golf Course Visitors (in thousands)	Average No. of Visitors Per Golf Course (in thousands)
Shiga	1,415	43	1,970	46
Kyoto	2,625	34	1,275	37
Osaka	8,856	42	2,063	49
Hyogo	5,571	167	6,558	39
Nara	1,390	36	1,379	38
Wakayama	998	24	803	33
Total	20,845	346	14,048	41

Sources: NGK, Ministry of Internal Affairs & Communications, Statistics Bureau & CBRE

Hyogo contains a large number of golf courses due to its close proximity to Osaka. Within the Greater Osaka region, Osaka and Hyogo prefecture have the highest population housing approximately 8.9 million and 5.6 million people respectively.¹¹⁸ In the late 1980s, demand for golf was very strong and securing a tee time was very difficult. As a result, demand began to spill over to Hyogo which prompted a series of golf course construction in the area. However, following the collapse of the bubble economy, the demand for golf in Greater Osaka declined and there was an excess supply of golf courses in the market.

¹¹⁵ NGK (Nihon Golf Jyōu Jigyou Kyoukai)

¹¹⁶ 2010 KPMG Golf Benchmark Survey in Japan

¹¹⁷ Golf Course Guide East, Golf Digest, 29th September 2011

¹¹⁸ Ministry of Internal Affairs & Communications, Statistics Bureau

JAPAN GOLF MARKET REGIONAL BREAKDOWN

6.5 GREATER NAGOYA REGION

The Greater Nagoya region includes three prefectures, namely Aichi, Mie and Gifu. As of 2012, there were 226 golf courses in the area and each golf course enjoyed an average visitor rate of 42,000 people per annum.¹¹⁹ Most of the golf courses are within 2.5 hours by car from the city center of Nagoya. The favorable climate allows golf courses in the area to be in operation throughout the year. The cost of playing is lower than in the Greater Tokyo region or Greater Osaka region. On weekdays, the cost is around US\$100 to US\$160 (10,000 yen to 16,000 yen) per round including caddie fees and golf carts. On weekends, it would cost US\$150 to US\$230 (15,000 yen to 23,000 yen) per round including caddie fees and golf carts.¹²⁰ Local demand in this area is more price sensitive. Population of the Greater Nagoya region is approximately 11.3 million and over 65% of the population resides in Aichi prefecture.¹²¹

Population, Number of Golf Courses and Visitors in 2012

Prefecture	Prefecture Population (in thousands)	No. of Golf Courses	Total Golf Course Visitors (in thousands)	Average No. of Visitors Per Golf Course (in thousands)
Aichi	7,427	59	2,543	43
Mie	1,840	77	3,297	43
Gifu	2,061	90	3,546	39
Total	11,328	226	9,386	42

Sources: NGK, Ministry of Internal Affairs & Communications, Statistics Bureau & CBRE

6.6 OTHER REGIONS

With an abundance of land, Hokkaido is home to 160 golf courses. However, the playable season is shorter than other areas with an average of 227 playable days per year.¹²² Most courses in Hokkaido are in service from April to October only and will close in late November or early December due to the snow season. Therefore, golf courses in Hokkaido host fewer rounds and each entertain about 22,000 players per year.¹²³ Golf courses in Hokkaido are especially popular with Korean golfers during the summer months when Korea is hot. With a few exceptions, most courses in Hokkaido charge US\$70 to US\$170 (7,000 yen to 17,000 yen) on weekdays while US\$100 to US\$230 (10,000 yen to 23,000 yen) on weekends for one round of golf including caddie fees and golf carts.¹²⁴ In 2012, Hokkaido had a population of approximately 5.5 million¹²⁵ and 7.4% of its residents are golf players.¹²⁶

¹¹⁹ NGK (Nihon Golf Jyou Jigyou Kyokai)

¹²⁰ Golf Course Guide West, Golf Digest, 29th September 2011

¹²¹ Ministry of Internal Affairs & Communications, Statistics Bureau

¹²² 2010 KPMG Golf Benchmark Survey in Japan

¹²³ NGK (Nihon Golf Jyou Jigyou Kyokai)

¹²⁴ Golf Course Guide East, Golf Digest, 29th September 2011

¹²⁵ Ministry of Internal Affairs & Communications, Statistics Bureau

¹²⁶ Leisure White Paper 2013 published by the Japan Productivity Council

JAPAN GOLF MARKET REGIONAL BREAKDOWN

Another prefecture which is equally popular with Korean golfers is Okinawa. Korea's severe winter weather conditions from November to March have enticed golfers to travel south to Okinawa to play golf. Okinawa has 33 golf courses and approximately 1.27 million golf course visitors every year.¹²⁷ With 1.4 million residents¹²⁸ in Okinawa, golf participation in the prefecture was approximately 8.8% in 2012.¹²⁹

Population, Number of Golf Courses, and Visitors in 2012

Prefecture	Prefecture Population (in thousands)	No. of Golf Courses	Total Golf Course Visitors (in thousands)	Average No. of Visitors Per Golf Course (in thousands)
Hokkaido	5,460	160	3,510	22
Aomori	1,350	16	306	19
Iwate	1,303	25	517	21
Miyagi	2,325	40	1,097	27
Akita	1,063	20	334	17
Yamagata	1,152	17	322	19
Fukushima	1,962	57	1,314	23
Nigata	2,347	46	1,085	24
Toyama	1,082	16	462	29
Ishikawa	1,163	25	818	33
Fukui	799	13	344	26
Yamanashi	852	41	1,581	39
Nagano	2,132	76	1,800	24
Shizuoka	3,735	95	3,733	39
Tottori	582	16	318	20
Shimane	707	11	257	23
Okayama	1,936	50	1,682	34
Hiroshima	2,848	51	1,694	33
Yamaguchi	1,431	40	1,313	33
Tokushima	776	14	542	39
Kagawa	989	21	758	36
Ehime	1,415	23	728	32
Kochi	752	12	482	40
Fukuoka	5,085	59	2,589	44
Saga	843	24	819	34
Nagasaki	1,408	25	727	29
Kumoto	1,807	43	1,522	35
Oita	1,185	26	926	36
Miyazaki	1,126	30	1,072	36
Kagoshima	1,690	33	1,084	33
Okinawa	1,409	33	1,271	39
Total	52,714	1,158	35,006	30

Sources: NGK, Ministry of Internal Affairs & Communications, Statistics Bureau & CBRE

¹²⁷ NGK (Nihon Golf Jyuu Jigyou Kyoukai) 2012 figures

¹²⁸ Ministry of Internal Affairs & Communications, Statistics Bureau

¹²⁹ Leisure While Paper 2013 published by the Japan Productivity Council

JAPANESE GOLF INDUSTRY AND BUSINESS LANDSCAPE

7.1 MAJOR OWNERS AND OPERATORS

With a total of 2,405 golf courses in Japan, ownership is highly diverse. At present, Accordia Golf Co., Ltd. is the largest corporate golf course owner in Japan followed by Pacific Golf Management (PGM), ORIX Golf Management, Ichikawa Landscape Gardening Group, Seibu Group, and Tokyu Group. Accordia Golf and PGM have been actively acquiring golf courses since the 2000s and both companies are listed on the Tokyo Stock Exchange and specialize in the management of golf courses and driving ranges. Golf courses owned or managed by Accordia Golf Co., Ltd. and PGM are located across the country. Other major domestic golf course owners are mostly business conglomerates in the real estate, construction or hospitality sector. ORIX, Tokyu Group and Seibu Group have a wide range of business lines including real estate, financial, transportation and retail services. Kajima Corporation and Adachi Group are from the construction sector while Kamori Kanko and Shin Nihon Kanko are mainly in the hospitality or tourism business. Alongside domestic investors, foreign individuals and corporations from Korea and China had also been acquiring golf courses in the mid 2000s as many took pride in owning a golf course in Japan. The close proximity between Kyushu and Korea made golf courses in Kyushu a prime target for Korean investors.

Major Golf Course Owners in Japan in 2013

Company Name	No. of Golf Courses	No. of Holes	Market Share (Based on No. of Golf Courses)
Accordia Golf	133	2,797	5.5%
PGM Group	122	2,664	5.1%
Orix Golf Management	40	837	1.7%
Ichikawa Landscape Gardening Group	34	675	1.4%
Seibu Group	28	675	1.2%
Tokyu Group	26	522	1.1%
Cherry Golf Group	23	423	1.0%
Unimat Group	19	351	0.8%
Taiheyo Club	17	333	0.7%
Chateraise	14	288	0.6%
Resort Trust	13	288	0.5%
Kamori Kanko	12	252	0.5%
RESOL	12	252	0.5%
Tokyo Tatemono (J Golf)	12	243	0.5%
GCE Group	11	234	0.5%
Hotel Monterey Group	11	198	0.5%
Akechi Club & Boso Country Club Group	10	297	0.4%
Dailysha Group	10	216	0.4%
JGM Golf Group	10	216	0.4%
Daiwa House	10	189	0.4%
Shin Nihon Kanko	9	243	0.4%
Adachi Group	9	207	0.4%
OGI Group	9	171	0.4%
Kajima Corporation	7	138	0.3%

Sources: Golf Tokushin, Golf Course Group Series Q1, 2013 & CBRE

JAPANESE GOLF INDUSTRY AND BUSINESS LANDSCAPE

Golf course ownership in Japan is still fragmented with only 18.8% of the golf courses (or 453 golf courses out of 2,405 golf courses) are affiliated to the top 10 major golf course owners. Hence, potential for external growth could be achieved through acquisition of smaller, well-managed market players.

7.2 GOLF INVESTMENT MARKET

Following the onset of Japan's long economic downturn in the early 1990s and the structural change in demand in many sectors, a large number of Japanese companies suffered financial difficulties and filed for bankruptcy. The golf industry was no exception and many golf clubs were unable to meet the membership deposit refund obligation demanded by their members. Nonetheless, with the implementation of the Civil Rehabilitation Act in April 2000, many golf courses escaped the fate of closure as the Civil Rehabilitation Act provided a mechanism for creditors and management to work out a rehabilitation plan so as to allow golf clubs to continue operation while certain debts are written off and revitalization plans are worked out. Apart from the Civil Rehabilitation Act, some creditors have also opted for the Corporate Reorganization Proceedings under the Corporate Reorganization Act or underwent voluntary management changes.

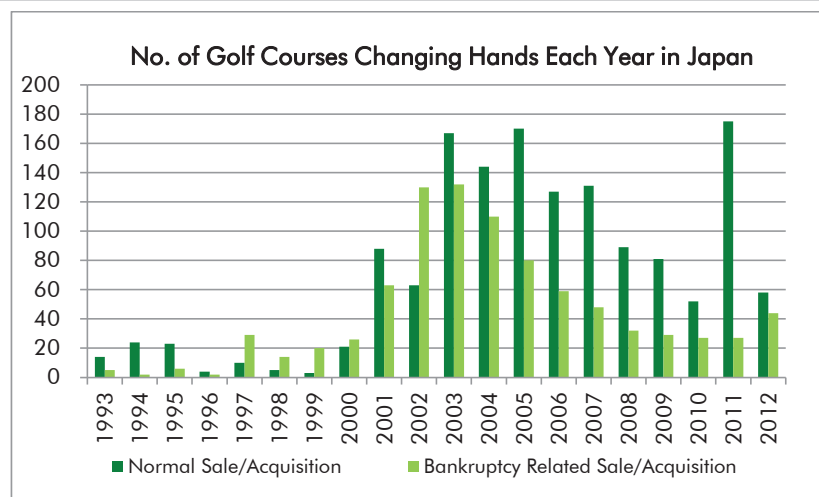
A large volume of golf course transactions were recorded from 2003 to 2007 as many domestic and foreign investors together with real estate and tourism related companies entered the market taking advantage of the reduction in the selling price of golf courses and the ability to synergize with other business lines. From 2003 to 2007, an average of 234 golf clubs were transacted every year through various means, including private negotiations, voluntary management changes or bankruptcy related mechanisms.¹³⁰ Between 2006 and 2007, the severe competition between investors drove transaction prices up and the average transaction price was roughly US\$13 million to US\$15 million (i.e. 1.3 billion yen to 1.5 billion yen) for a golf course.¹³¹ From 2008 onwards, transactions made through the Civil Rehabilitation Act or the Corporate Reorganization Act have started to decrease and a majority of the transactions have been made through normal sales procedures. From 1990 to 2012, a total of 1,369 golf courses changed hands through normal sales procedures while 827 golf courses changed hands through bankruptcy related procedures.¹³²

¹³⁰ Golf Tokushin, First Quarter Reports

¹³¹ The Changing Golf Course Investment Market and the Readiness to Respond to Change by KPMG 2009

¹³² Golf Tokushin, First Quarter Reports

JAPANESE GOLF INDUSTRY AND BUSINESS LANDSCAPE



Sources: Golf Tokushin & CBRE

Transaction prices vary considerably depending on location. Golf courses located in the Greater Tokyo region still command a premium relative to other areas within the country. Top quality golf courses in the Greater Tokyo region have been transacted for as much as US\$1.94 million per hole (or 194 million yen per hole) in the past. This means that a premium 18-hole course had been valued at as high as US\$34.9 million (or 3.49 billion yen).¹³³

Golf Course Transaction Price (2007 to 2013)				
	Price Range Per Hole (Yen)			Average Price (Yen)
Greater Tokyo Area	2,100,000	~	194,400,000	47,600,000
Greater Osaka Area	8,600,000	~	61,100,000	26,500,000
Greater Nagoya Area	5,600,000	~	44,000,000	19,900,000
Other Areas	600,000	~	57,200,000	11,300,000

Sources: Golf Tokushin Q1 2013 & CBRE

Management Changes In Golf Courses Still Prevalent in Japan

In the first 6 months of 2013, there were 23 golf course transactions recorded within the Japan golf course industry.¹³⁴ Although this figure is slightly lower when compared to the number of transactions being witnessed in the same period in previous years, management changes are still prevalent within Japan's golf market.¹³⁵ Most of the management changes were made on a voluntary basis and were effected through the sale of shares in the company or the underlying assets. Going forward, with the golf market in Japan consolidating further, it is expected that management changes, mergers or other alternative forms of sales will continue to take place as inefficient

¹³³ Golf Tokushin Q1 2013

¹³⁴ Golf Tokushi, 19th July 2013

¹³⁵ Golf Tokushi, 19th July 2013

JAPANESE GOLF INDUSTRY AND BUSINESS LANDSCAPE

operators are phased out of the market and some golf courses will be converted into alternative uses.

7.3 CONVERSION TO ALTERNATIVE USES

Despite the large number of management changes and structural reforms which have enabled many golf courses to ride out the economic downturn in the last decade, over 45 golf courses, usually in inferior locations, have closed down. Owners have converted land into various other uses including solar power stations, farms, rental cottages and nature lifestyle experience centers. Solar power stations are becoming a popular alternative use, with plans to turn part or all of approximately 37 golf courses into solar farms.¹³⁶ It should be noted that a majority of the golf courses in Japan are located in the suburbs and are thus still subject to strict zoning regulations. Therefore, any conversion of use will require special government permission and it will take time to negotiate and receive the necessary permits. Although conversion of use to large-scale developments such as resort or residential developments remains difficult, nature-related facilities such as wind power stations, sports centers, animal farms, fruit forests, hot springs, cemeteries and agricultural related uses may be more viable alternative uses for golf courses in the future and could offer golf course owners additional business options.¹³⁷

7.4 ECONOMIES OF SCALE

Economies of scale have become increasingly important in the golf industry in Japan. Not only are large golf operators able to benefit from centralization of marketing activities and lower fixed administrative expenses, large golf course owners are able to cross-sell facilities across the country, increase the volume and hence improve their bottom line. Large golf operators such as Accordia Golf Co., Ltd. have been able to generate higher average rounds per golf course as compared to the market norm.¹³⁸ Large golf course operators have also been able to utilize loyalty card systems to gather information about the profile and preference of golf players around the country, allowing the company to better allocate resources, design marketing campaigns and offer services that better suit the needs of its members and target customers. From a cost perspective, large corporations are also able to benefit from group purchasing and central inventories. Synergies between related group businesses such as travel agencies, real estate, transportation companies have also allowed some large corporations to reach out to a wider consumer base and offer more comprehensive services.

7.5 STAFF COSTS

To appeal to the mass market and to lower staff costs, many golf courses now offer the option of playing without hiring a caddie. Golf courses are making use of part-time or contract staff to reduce the overall costs and increase flexibility. As a result, staff costs

¹³⁶ Golf Tokushin, 11th September 2013

¹³⁷ Excess Golf Courses written by Saito Osamu and published by IKKI Shuppan, December 2012

¹³⁸ Accordia Golf Co., Ltd.

JAPANESE GOLF INDUSTRY AND BUSINESS LANDSCAPE

have been on the decline. According to information released by Teikoku Databank, average staff cost decreased from US\$2,830 (283,000 yen) per month to US\$2,650 (265,000 yen) per month in 2010.¹³⁹

7.6 NET OPERATING MARGINS

Capital expenditure and fixed costs tend to be high in the golf industry as clubhouses need to be renovated from time to time while golf carts require periodical replacements. In Japan, green fees comprise approximately 62% to 64% of the total revenue while food and beverage make up 20% to 23% of the total revenue.¹⁴⁰ Based upon reviews of publicly available company accounts, an efficient golf-course operation should generate a net operating return of 10% to 20%, while the best managed courses could show returns of 20% or higher in a strong economic environment.¹⁴¹

¹³⁹ Teikoku Databank, Golf Industry (Industry Classification 80503)

¹⁴⁰ Ministry of Economy Trade and Industry

¹⁴¹ Annual Reports from PGM, Accordia Golf and other listed companies from 2007 to 2013

GOLF INDUSTRY TRENDS

8.1 IMPACT OF FEMALE GOLFERS

The female golf market has been an important segment of the golf market in Japan and has been slowly on the rise. In 2006, only 1.7% of Japanese females participated in golf.¹⁴² By 2012 this figure almost doubled and approximately 1.56 million females now take part in the sport.¹⁴³ While female golfers tend to play fewer rounds as compared to male golfers, female golfers have the potential to spend more on a per round basis and more on golf apparel. The emergence of young golfers such as Ryo Ishikawa, Momoko Ueda and Ai Miyazato has also rejuvenated the image of golf and motivated more young females to take part in golf. Interestingly, the increase in the number of young female golfers has led to a new fashion trend in women's golf wear. Golf course operators, golf equipment and apparel producers are aware of the importance of the female golfers' market and many are now catering their products to suit the feminine taste. For instance, in 2008, Bridgestone Corporation released golf balls containing images of Sanrio Corporation's famous character "Hello Kitty", while other fashion brands have also included women's golf wear as a new line of business. Golf clubs are launching "Ladies Day" promotion and "Parent and Kids Play" programs. Clubhouses have become more family-friendly with more cafes, childcare facilities, family rooms rather than bars and restaurants. Looking ahead, as the trend continues more female golf players may continue to enter the market and become a long-term source of future demand for the golf market.

8.2 SIX AND NINE HOLE FORMATS

Increasing time constraints faced by workers along with family obligations have encouraged the emergence of shorter versions of the golf game. Instead of playing 18 holes, shorter formats such as six and nine holes are popular for recreational golfers as they are generally perceived to be more fun, faster paced and hence more exciting for beginners or young golfers. Professional short-form competitions are also emerging and part of France's winning bid for the Ryder Cup 2018 included the commitment to building 100 short urban golf courses of six to nine holes in the country. In the coming years, the golf game will continue to see more innovations and creative rules to accommodate shorter formats bringing in more excitement and attracting a wider audience base and more participants.

8.3 GOLF SIMULATORS, VIDEO GAMES AND TECHNOLOGICAL ADVANCES

The use of technology has brought forth changes to the way golf has traditionally been played. In Japan, the use of Global Positioning System (GPS), smartphone technology, remote controlled golf bag transferring facilities and conveyor-belt ramps have all made playing golf more convenient, less expensive than before and have increased the appeal of golf amongst the mass market. Furthermore, the popularity of screen golf, and three dimensional golf video games (e.g. Wii and Xbox Kinect) have also made golf more attractive to the younger generation. Going forward, simulated golf

¹⁴² Leisure White Paper 2013, The Japan Productivity Council

¹⁴³ Leisure White Paper 2013, The Japan Productivity Council

GOLF INDUSTRY TRENDS

will continue to complement traditional golf and may encourage teenagers to head out to the green to take part in the game in later years.

8.4 GOLF'S REAPPEARANCE IN OLYMPICS

Golf has long been excluded from the Olympic program and its last appearance in Saint Louis, Missouri, USA only saw two countries competing in the event. However, with the globalization of golf in many parts of the world, the Olympic committee has decided to include golf as an Olympic event again. Over 30 countries are expected to participate in both the men's and women's 2016 Olympic golf competition in Rio de Janeiro. The inclusion of golf as an Olympic sport will not only improve the appeal of golf and increase its popularity but with the increased world-wide coverage, sponsorship for golf events will continue to increase, attracting more talents on a world-wide basis and hence increasing the excitement of the game. Appearance of golf in the Olympics may gradually have a positive impact upon the golf industry on a global basis for many years to come.

8.5 TOKYO OLYMPICS 2020

The Japan government is planning to spend 500 billion yen in preparation for the upcoming Olympics in 2020. A report issued by the Tokyo Metropolitan government in June 2012, estimated that the Tokyo Olympics in 2020 is expected create a production induced economic ripple effect valued at approximately 3 trillion yen and generate over 150,000 employment opportunities in Japan.¹⁴⁴ Other Japanese research institutes estimated that the production induced economic ripple effect to be much more significant, ranging from 6.8 trillion to 19.3 trillion yen.¹⁴⁵

Production Induced Economic Ripple Effect Due To The Olympics In 2020	
2,960.90 billion yen	Source: Tokyo Metropolitan Government (7th June 2012)
6,778 billion yen to 11,778 billion yen	Source: The Japan Research Institute, Limited (13th September 2013)
19,352 billion yen	Source: Institute for Urban Strategies (January 2014)

After the 2016 Olympics in Rio de Janeiro, Tokyo will be the host city for the 2020 Olympics. The Kasumigaseki Club in Saitama will host the golf competition and the organizers have decided on a new composite routing measuring 7,308 yards and will utilize nine holes from each of the club's two golf courses.¹⁴⁶ Course preparation, renovation and tournament-related construction are expected to total US\$10 million. The Olympics has constantly been able to draw a large audience and with Japan being the host country for the 2020 Olympics, Japan's sports industry including golf will be able to benefit directly from the increased sponsorship, increased promotion and enhanced image.

¹⁴⁴ Production induced economic ripple effect is the multiplier effect of the direct and indirect impacts created by re-spending the amounts involved in the direct and indirect production due to the Olympics.

¹⁴⁵ The Japan Research Institute, Limited and the Institute for Urban Strategies

¹⁴⁶ Golf Course Architecture - Kasumigaseki club to host 2020 Olympic golf tournament, 12 September 2013.

GOLF INDUSTRY TRENDS

It has been observed that interest in golf is highly influenced by the role of celebrities. Tiger Woods has attracted global audiences and fans to golf for over a decade and television ratings still show a “Tiger effect” with viewership increasing by 30% to 50% if Tiger Woods contests in the final round.¹⁴⁷ The appearance of famous golfers from all over the world in Japan may create a domino effect, drawing many Japanese to the game. It has been observed that many avid Japanese golfers also aspire to be able to play golf on the same fairways where professional golfers have once appeared. Tee time reservations tend to increase considerably in golf courses where major golf tournaments have recently been held.

¹⁴⁷ Golf’s 2020 Vision: The HSBC Report

CHALLENGES AND OPPORTUNITIES

9.1 CHALLENGES

Golf has an extensive history in Japan and has weathered numerous social and economic changes. To the older generation, golf is both a way of building business relationships and a favorite pastime. With the aging Japanese population, Japanese male golfers who are now in their 50s or 60s form a solid source of demand for golf. However, the junior and female golf market is still evolving. Capturing the demand from young golfers and female golfers will continue to pose challenges for golf course operators in Japan. In addition, a few golf courses which are located in remote locations will continue to find it difficult to attract new golfers and may eventually have to resort to alternative uses in the long-run.

To cater to the requirements of junior or female golfers, golf course operators will have to be more creative with their membership schemes, adopt more innovative marketing approaches as well as be more flexible in the way golf is played on the course. The changing golf demand will also require golf courses to be more family oriented both on and off the course. Successful golf courses will have to continue to upgrade their facilities, resort to shorter forms of golf and create a more casual ambience in order to accommodate the needs of younger generations and make golf a truly unisex sports for all age groups to boost the demand for golf over the long-run.

9.2 OPPORTUNITIES

Japan has rebounded from the recession and deflationary cycle since 2013 and consumer sentiment and inbound tourism figures along with other key economic indicators have been on the rise. The tourism industry is gaining momentum and the depreciation of the Japanese yen is expected to propel further growth in golf tourism in Japan. Furthermore, pent-up growth in golf demand in many Asian countries such as China and India will continue to draw golfers to Japanese golf courses. Japanese golf facilities are relatively advanced and combined with Japan's culturally rich tourism opportunities and hot spring experiences, many international golfers still find Japanese golf tourism very appealing.

At present, approximately 50% of Japan's 7.9 million golf population is now over 60 years old.¹⁴⁸ Golf players in this category have a very high propensity to consume and are generally not affected by economic conditions. With an increase in leisure time, many will be prepared to spend more time on golf courses and this will unfold further opportunities for golf course owners in the coming years.

Following the trend in many other countries, the golf market has seen an increase in Japanese female golf players and the female market represents a significant segment which is still growing. Some golf operators in Japan are aware of the trend and have improved facilities to cater to the rising female demand. Moreover, in order to attract more recreational golfers and appeal to the younger generation, golf clubs have also

¹⁴⁸ Golf Management Monthly Magazine, September 2012 No. 357

CHALLENGES AND OPPORTUNITIES

relaxed the rules of the game and made the game less formal. Golf campaigns such as “Kids Day” and “Jeans Day” coupled with the availability of golf simulation video games and screen golf have allowed teenagers to take part in golf at a young age to foster an interest in the sport. With a female population of over 65.6 million and a youth market containing about 17.5 million people,¹⁴⁹ this segment contains great underlying potential and should the demand be unlocked, the golf industry in Japan may witness another potential phase of market boom.

¹⁴⁹ Ministry of Internal Affairs and Communications, Statistics Bureau, 2011 Population

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of Units at the Maximum Offering Price on the terms and conditions set out below and in the relevant Application Forms or, as the case may be, the Electronic Applications (as defined below).

Investors applying for Units in Singapore Public Offering by way of Application Forms or Electronic Applications, or for Units in the Placement by way of Application Forms, are required to pay in Singapore dollars the Maximum Offering Price of S\$1.00 per Unit, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against AG Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers or the Joint Bookrunners), where (a) an application is rejected or accepted in part only, or (b) if the Offering does not proceed for any reason, or (c) if the Offering Price is less than the Maximum Offering Price.

- (1) **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 UNITS OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF UNITS WILL BE REJECTED.**
- (2) You may apply for the Units only during the period commencing at 9.00 p.m. on 21 July 2014 and expiring at 4.00 p.m. on 24 July 2014. The Singapore Public Offering period may be extended or shortened to such date and/or time at the discretion of the Trustee-Manager, in consultation with the Joint Bookrunners, subject to all applicable laws and regulations and the rules of the SGX-ST.
- (3)
 - (a) Your application for the Units offered in the Singapore Public Offering (the “**Public Offer Units**”) may be made by way of the printed WHITE Public Offer Units Application Forms or by way of automated teller machine (“**ATM**”) belonging to the Participating Banks (“**ATM Electronic Applications**”), the Internet Banking (“**IB**”) website of the relevant Participating Banks, where available (“**Internet Electronic Applications**”), or through the DBS mobile banking platform (“**mBanking Application**”, which, together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”). The Participating Banks are DBS Bank Ltd. (including POSB (“**DBS Bank**”), Oversea-Chinese Banking Corporation Limited (“**OCBC Bank**”) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (“**UOB Group**”).
 - (b) Your application for the Units offered in the Placement (the “**Placement Units**”) may be made by way of the printed BLUE Placement Units Application Forms (or in such other manner as the Joint Bookrunners may in their absolute discretion deem appropriate).

YOU MUST BE IN SINGAPORE AT THE TIME OF MAKING THE APPLICATION FOR THE PUBLIC OFFER UNITS.

YOU MAY NOT USE YOUR CPF FUNDS TO APPLY FOR THE UNITS.

- (4) **Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Public Offer Units via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units by way of Electronic Applications and *vice versa*.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Units in his own name should not submit any other applications for the Public Offer Units, whether on a printed Application Form or through an ATM Electronic Application, Internet Electronic Application or mBanking Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore (“SFA”), and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

- (5) Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Bookrunners may in their absolute discretion, or in consultation with the Trustee-Manager, deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units.**
- (6) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.**
- (7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased’s name at the time of the application.**
- (8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.**
- (9) NOMINEE APPLICATIONS MAY ONLY BE MADE BY APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
- (10) IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way

of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

- (11) Subject to paragraphs 14 and 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card (“**NRIC**”) or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.
- (12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**
- (13) This Prospectus and its accompanying documents (including the Application Forms), have not been registered in any jurisdiction other than Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Prospectus (including its accompanying documents and the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and, accordingly, may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Units are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S under the U.S. Securities Act. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Trustee-Manager reserves the right to reject any application for Units where the Trustee-Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Units under the Singapore Public Offering or the Placement unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- (14) The Trustee-Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs, the

IB websites of the relevant Participating Banks and the mobile banking interface of the relevant Participating Banks) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

- (15) The Trustee-Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs, the IB websites of the relevant Participating Banks and the mobile banking interface of the relevant Participating Banks), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Trustee-Manager, the Joint Bookrunners, as agent of the Trustee-Manager, have been authorised to accept, for and on behalf of the Trustee-Manager, such other forms of application as the Joint Bookrunners may, in consultation with the Trustee-Manager, deem appropriate.

- (16) The Trustee-Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Trustee-Manager and the Joint Bookrunners will entertain any enquiry and/or correspondence on the decision of the Trustee-Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Bookrunners may, in consultation with the Trustee-Manager, deem appropriate. In deciding the basis of allocation, the Trustee-Manager, in consultation with the Joint Bookrunners, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

- (17) In the event that the Trustee-Manager lodges a supplementary or replacement prospectus (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued, the Trustee-Manager will (as required by law) at its sole and absolute discretion either:

- (a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (b) within seven days of the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
- (c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify the Trustee-Manager of this whereupon the Trustee-Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).

In the event that the Units have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Trustee-Manager will (as required by law) either:

- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Trustee-Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (ii) within seven days from the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or
- (iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(i) and (ii) above to return the Units issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify the Trustee-Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Trustee-Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

- (18) The Units may be re-allocated between the Placement, the Singapore Public Offering and the Japanese Public Offering for any reason at the discretion of the Joint Bookrunners (in consultation with the Trustee-Manager), subject to applicable laws.

There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Trustee-Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

- (19) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Trustee-Manager, the Joint Bookrunners, the Participating Banks and any other parties so authorised by CDP, the Trustee-Manager and/or the Joint Bookrunners.

- (20) Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Bookrunners may, in their absolute discretion, or in consultation with the Trustee-Manager, deem appropriate.
- (21) By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or, in the case of an Internet Electronic Application or mBanking Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen or the mobile banking interface in accordance with the provisions herein, you:
- (i) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Maximum Offering Price for each Unit and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and its accompanying Application Forms and the Trust Deed;
 - (ii) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Forms) and those set out in the IB websites or ATMs or the mobile banking interface of the Participating Banks, the terms and conditions set out in this Prospectus and its accompanying documents (including the Application Forms) shall prevail;
 - (iii) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the Maximum Offering Price for the Public Offer Units applied for is due and payable to the Trustee-Manager upon application;
 - (iv) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Bookrunners may in their absolute discretion deem appropriate, agree that the Maximum Offering Price for the Placement Units applied for is due and payable to the Trustee-Manager upon application;
 - (v) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Trustee-Manager in determining whether to accept your application and/or whether to allocate any Units to you;
 - (vi) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and neither the Trustee-Manager nor the Joint Bookrunners will infringe any such laws as a result of the acceptance of your application;
 - (vii) agree and confirm that you are outside the United States; and
 - (viii) understand that the Units have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act. There will be no public offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- (22) Acceptance of applications will be conditional upon, *inter alia*, the Trustee-Manager being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the quotation of (i) all the Units in issue, (ii) all the New Units, (iii) all the Consideration Units and (iv) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees, on the Main Board of the SGX-ST;
 - (b) the Underwriting Agreement, referred to in the section on "Plan of Distribution" in this Prospectus, has become unconditional and has not been terminated; and
 - (c) the MAS has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued ("**Stop Order**").
- (23) In the event that a Stop Order in respect of the Units is served by the MAS or other competent authority, and:
- (a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Trustee-Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
 - (b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Trustee-Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.
- This shall not apply where only an interim Stop Order has been served.
- (24) In the event that an interim Stop Order in respect of the Units is served by the MAS or other competent authority, no Units shall be issued to you until the MAS revokes the interim Stop Order. The MAS is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on SGX-ST and trading in them has commenced.
- (25) Additional terms and conditions for applications by way of Application Forms are set out in the section below entitled "Additional Terms and Conditions for Applications for Units using Printed Application Forms" on pages H-8 to H-10 of this Prospectus.
- (26) Additional terms and conditions for applications by way of Electronic Applications are set out in the section below entitled "Additional Terms and Conditions for Electronic Applications" on pages H-12 to H-18 of this Prospectus.
- (27) All payments in respect of any application for the Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (28) All payments in respect of any application for the Placement Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (29) No application will be held in reserve.
- (30) This Prospectus is dated 21 July 2014. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications for Units using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore” and the Trust Deed.

- (1) Applications for the Public Offer Units must be made using the printed **WHITE** Public Offer Units Application Forms and printed **WHITE** official envelopes “**A**” and “**B**”, accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms (or in such manner as the Joint Bookrunners may in their absolute discretion, or in consultation with the Trustee-Manager, deem appropriate), accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Trustee-Manager, the Joint Bookrunners, as agents of the Trustee-Manager, have been authorised to accept, for and on behalf of the Trustee-Manager, such other forms of application, as the Joint Bookrunners may (in consultation with the Trustee-Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Trustee-Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

- (2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- (3) You must complete all spaces in your Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” and you must write the words “**NOT APPLICABLE**” or “**N.A.**” in any space that is not applicable.
- (4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with AG Trust’s Unit Registrar. The Trustee-Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

- (5) (a) You must complete Sections A and B and sign page 1 of the Application Form.
- (b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
- (c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
- (6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.
- (7) You may apply and make payment for your application for the Units in Singapore currency in cash only.

Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Maximum Offering Price of S\$1.00, in respect of the number of Units applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**AG TRUST UNIT ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

- (8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price) (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated Unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) By completing and delivering the Application Forms, you agree that:

- (a) in consideration of the Trustee-Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and
 - (iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);
- (b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Trustee-Manager;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Bookrunners and any other person involved in the Offering shall have any liability for any information not contained therein;
- (f) you consent to the disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, and Unit application amount and application details to the Unit Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), SGX-ST, the Trustee-Manager and the Joint Bookrunners (the "**Relevant Parties**"); and
- (g) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Trustee-Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Units by Way of Printed Application Forms

- (1) Your application for the Public Offer Units by way of printed Application Forms must be made using the **WHITE** Public Offer Units Application Forms and **WHITE** official envelopes “**A**” and “**B**”.
- (2) You must:
 - (a) enclose the **WHITE** Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Maximum Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope “**A**” provided;
 - (b) in appropriate spaces on the **WHITE** official envelope “**A**”:
 - (i) write your name and address;
 - (ii) state the number of Public Offer Units applied for; and
 - (iii) tick the relevant box to indicate form of payment;
 - (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”**;
 - (d) write, in the special box provided on the larger **WHITE** official envelope “**B**” addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Units you have applied for;
 - (e) insert the **WHITE** official envelope “**A**” into the **WHITE** official envelope “**B**” and seal the **WHITE OFFICIAL ENVELOPE “B”**; and
 - (f) affix adequate Singapore postage on the **WHITE** official envelope “**B**” (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, so as to arrive by 4:00 p.m. on 24 July 2014 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for application for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

- (1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.
- (2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Maximum Offering Price in Singapore currency, for each Unit in respect of the number of Placement Units applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 4:00 p.m. on 24 July 2014 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out in Appendix H entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore” and the Trust Deed.

- (1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mobile banking interface of the relevant Participating Banks (in the case of mBanking Applications). Currently, DBS Bank is the only Participating Bank through which mBanking Applications may be made.
- (2) For illustration purposes, the procedures for Electronic Applications for Public Offer Units through ATMs, the IB website and the mobile banking interface of DBS Bank (together the “**Steps**”) are set out in pages H-12 to H-23 of this Prospectus. The Steps set out the actions that you must take at ATMs, the IB website or the mobile banking interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the respective Participating Banks.

Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or the mobile banking interface of DBS.

- (4) If you are making an ATM Electronic Application:
- (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.
 - (b) **You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name.** If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.
 - (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.
- (5) If you are making an Internet Electronic Application or a mBanking Application:
- (a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
 - (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
- (6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of this Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number and Public Offer Unit application amount (the "**Relevant Particulars**") from your account with the relevant Participating Bank to the Relevant Parties; and
 - (c) where you are applying for the Public Offer Units, that this is your only application for the Public Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the website screen or mobile banking interface. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mobile banking interface of DBS Bank or on the Application Forms. Where you have made an application for Public Offer Units on an Application Form, you shall not make an Electronic Application for Public Offer Units and *vice versa*.

- (7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application, Internet Electronic Application or mBanking Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs, on the IB website of the relevant Participating Bank or the mobile banking interface of DBS, as the case may be, through which your ATM Electronic Application, Internet Electronic Application or mBanking Application is being made shall be rejected.

- (8) You may apply and make payment for your application for the Public Offer Units in cash only.

You may apply for the Public Offer Units through any ATM, the IB website of your Participating Bank or the mobile banking interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

- (9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Trustee-Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the Internet screen or the mobile banking interface of DBS) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.
- (10) The Trustee-Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the

balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated Unit issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price), as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated Unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, AG Trust, the Sponsor, the Joint Issue Managers, the Trustee-Manager or the Joint Bookrunners assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

- (11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.
- (12) Applicants who make Electronic Applications through the ATMs, IB websites or mobile banking interface of the following Participating Banks may check the provisional results of their Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service Expected from
DBS Bank	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
OCBC Bank	1800 363 3333	ATM/Phone Banking/ Internet Banking www.ocbc.com ⁽²⁾	24 hours a day	Evening of the balloting day

Bank	Telephone	Other Channels	Operating Hours	Service Expected from
UOB Group	1800 222 2121	ATM (Other Transactions – “IPO Results Enquiry”)/ Phone Banking/ Internet Banking www.uobgroup.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) Applicants who have made Internet Electronic Applications through the IB website of DBS Bank or mBanking Applications through the mobile banking interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
 - (2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.
 - (3) Applicants who have made Electronic Applications through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
- (13) ATM Electronic Applications shall close at 4:00 p.m. on 24 July 2014 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. All Internet Electronic Applications and mBanking Applications must be received by 4:00 p.m. on 24 July 2014, or such other date(s) and time(s) as the Trustee-Manager may, in consultation with the Joint Bookrunners, decide. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.
- (14) You are deemed to have irrevocably requested and authorised the Trustee-Manager to:
- (a) register the Public Offer Units allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated Unit issue account; and
 - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price), should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated Unit issue account.

- (15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Trustee-Manager and the Joint Bookrunners, and if, in any such event the Trustee-Manager and the Joint Bookrunners, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Trustee-Manager, the Joint Bookrunners and/or the relevant Participating Bank for any Public Offer Units or Placement Units, as the case may be, applied for or for any compensation, loss or damage.
- (16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Trustee-Manager shall reject any application by any person acting as nominee (other than approved nominee companies).
- (17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.
- (18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
- (19) By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of the Trustee-Manager making available the Electronic Application facility, through the Participating Banks acting as agents of the Trustee-Manager, at the ATMs, the IB websites of the relevant Participating Banks and the mobile banking interface of DBS:
 - (i) your Electronic Application is irrevocable;
 - (ii) your Electronic Application, the acceptance by the Trustee-Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and
 - (iii) you represent and agree that you are not located in the United States (within the meaning of Regulations S);
 - (b) none of CDP, AG Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Bookrunners and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Trustee-Manager, CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

- (c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any payment received by or on behalf of the Trustee-Manager;
- (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of AG Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein; and
- (f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Trustee-Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

- Step 1 : Insert your personal DBS or POSB ATM card.
- 2 : Enter your Personal Identification Number.
- 3 : Select “MORE SERVICES”.
- 4 : Select language (for customers using multi-language card).
- 5 : Select “ESA-IPO SHARE/INVESTMENTS”.
- 6 : Select “ELECTRONIC SECURITY APPLN (IPOS/BOND/ST NOTES/SECURITIES)”.
- 7 : Read and understand the following statements which will appear on the screen:
- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE THE VARIOUS PARTICIPATING BANKS DURING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION/DOCUMENT REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

PRESS THE “ENTER” KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD.

8 : Select “AG TRUST” to display details.

9 : Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/ PROFILE STATEMENT NOTICE AND/OR CIRCULAR.
- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO REGISTRARS OF SECURITIES, SGX, SCCS, CDP AND THE ISSUER/VENDOR(S).
- FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
- THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.
- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

- 10 : Select your nationality.
- 11 : Select the DBS Bank account (Autosave/Current/Savings/Saving Plus) or the POSB account (Current/Savings) from which to debit your application monies.
- 12 : Enter the number of securities you wish to apply for using cash.
- 13 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account Number has already been stored in DBS's records).
- 14 : Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.
- 15 : Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website and shown below. Certain words appearing on the screen are in abbreviated from ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

- Step 1 : Click on DBS website (www.dbs.com).
- 2 : Login to Internet banking.
- 3 : Enter your User ID and PIN.
- 4 : Enter your DBS iB Secure PIN.
- 5 : Select "Electric Security Application (ESA)".
- 6 : Click "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).

- 7 : Select your country of residence and click “I confirm”.
- 8 : Click on “AG TRUST” and click “Submit”.
- 9 : Click on “I Confirm” to confirm, *inter alia*:
- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities A/C No. and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP and issuer/vendor(s).
 - You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as (amended)).
 - You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the “**US Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
 - This application is made in your own name and at your own risk.
 - For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
 - For FOREIGN CURRENCY securities subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S\$ at the same exchange rate.
 - For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.
- 10 : Fill in details for securities application and click “Submit”.
- 11 : Check the details of your securities application, your CDP Securities A/C No. and click “Confirm” to confirm your application.
- 12 : Print the Confirmation Screen (optional) for your reference and retention only.

Steps for mBanking Applications for Public Offer Units through the mBanking interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “&”, “amt”, “I/C”, “SGX” and “No.” refer to “Account”, “and”, “Amount”, “NRIC”, “SGX-ST” and “Number”, respectively).

- Step 1 : Click on DBS Bank mBanking application using your User ID and PIN.
- 2 : Select “Investment Services”.
- 3 : Select “Electronic Securities Application”.
- 4 : Select “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).
- 5 : Select your country of residence.
- 6 : Select “AG Trust”.
- 7 : Select “Yes” to confirm, *inter alia*:
- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities A/C No. and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP and issuer/vendor(s).
 - You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as (amended)).
 - You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the “**US Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
 - This application is made in your own name and at your own risk.
 - For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- For FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S\$ at the same exchange rate.
 - For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.
- 8 : Fill in details for securities application and click "Submit".
- 9 : Check the details of your securities application, your IC/Passport No. and select "Confirm" to confirm your application.
- 10 : Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

This page has been intentionally left blank.

LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The principal present directorships, other than those held in the Trustee-Manager and the principal past directorships in the last five years of each of the directors and executive officers (named in “The Trustee-Manager”) of the Trustee-Manager are as follows:

(A) Directors of the Trustee-Manager

(1) Khoo Kee Cheok

Current Directorships

NIL

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Key Business Consultants Pte Ltd

(2) Yoshihiko Machida

Current Directorships

NIL

Past Directorships (for a period of five years preceding the Latest Practicable Date)

NIL

(3) Takuya Nagano

Current Directorships

NIL

Past Directorships (for a period of five years preceding the Latest Practicable Date)

NIL

(4) Hitoshi Kumagai

Current Directorships

Trustees FAS Co., Ltd.
Boundary Publishing Inc.
H4, Inc.
Gluon, Inc.
Trustees CT, Inc.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

NIL

(5) Chong Teck Sin

Current Directorships

Changan Minsheng APLL Logistics Co., Ltd
AVIC International Maritime Holdings Ltd
Civmec Ltd
INNOTEK Ltd

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Blackgold International Holdings Ltd
Wanxiang International Ltd
Beyonics Technology Ltd
JES International Holdings Ltd
Sihuan Pharmaceutical Holdings Ltd
British-American Tobacco (Singapore) Pte Ltd
Midsouth Holdings Ltd
Atlas Vending Pte Ltd
GRN Singapore Pte Ltd
National Kidney Foundation

(B) Executive Officers of the Trustee-Manager

(1) Yoshihiko Machida

Current Directorships

NIL

Past Directorships (for a period of five years preceding the Latest Practicable Date)

NIL

(2) Takuya Nagano

Current Directorships

NIL

Past Directorships (for a period of five years preceding the Latest Practicable Date)

NIL

(3) Shunichi Nemoto

Current Directorships

Nemoto C.P.A Consulting Co., Ltd

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Ebis Solutions Co., Ltd
GlobTal Co., Ltd Current Consulting Group Co., Ltd

(4) Takahiro Kurosawa

Current Directorships

NIL

Past Directorships (for a period of five years preceding the Latest Practicable Date)

NIL

ACCORDIA GOLF TRUST
TRUSTEE-MANAGER
Accordia Golf Trust Management Pte. Ltd.
6 Shenton Way
#25-09 OUE Downtown 2
Singapore 068809

SPONSOR
Accordia Golf Co., Ltd
Shibuya Cross Tower
2-15-1 Shibuya
Shibuya-ku, Tokyo, Japan

JOINT GLOBAL COORDINATORS, BOOKRUNNERS, ISSUE MANAGERS AND UNDERWRITERS

Daiwa Capital Markets Singapore Limited
6 Shenton Way
OUE Downtown 2 #26-08
Singapore 068809

Citigroup Global Markets Singapore Pte. Ltd.
8 Marina View
#21-00 Asia Square Tower 1
Singapore 018960

**COORDINATORS OF THE PUBLIC OFFER
WITHOUT LISTING IN JAPAN**
Daiwa Securities Co. Ltd.
9-1 Marunouchi 1-chome
Chiyoda-ku
Tokyo, Japan

RECEIVING BANK
Citigroup Global Markets Singapore Pte. Ltd.
8 Marina View
#21-00 Asia Square Tower 1
Singapore 018960

LEGAL ADVISERS

Legal Adviser to the Offering, and to the Trustee-Manager and the Sponsor as to Singapore Law

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Legal Adviser to the Trustee-Manager and the Sponsor as to Japanese Law

Mori Hamada & Matsumoto
Marunouchi Park Building
6-1, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100-8222
Japan

**Legal Adviser to the Joint Global
Coordinators, Bookrunners,
Issue Managers
and Underwriters
as to Singapore law**

Rajah & Tann LLP
9 Battery Road
#25-01 Straits Trading Building
Singapore 049910

**Legal Adviser to the Joint Global
Coordinators, Bookrunners,
Issue Managers
and Underwriters
as to Japanese Law**

Nagashima Ohno & Tsunematsu
Kioicho Building 3-12
Kioicho Chiyoda-ku
Tokyo 102-0094
Japan

**Legal Adviser to the Joint
Global Coordinators,
Bookrunners, Issue Managers
and Underwriters as to
US Federal Securities Laws**

Allen & Overy LLP
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321

UNIT REGISTRAR AND UNIT TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

REPORTING ACCOUNTANT

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #32-00
Singapore 068809

INDEPENDENT TAX ADVISER

PricewaterhouseCoopers Services LLP
8 Cross Street #17-00
PWC Building
Singapore 048424

INDEPENDENT FINANCIAL ADVISER

PricewaterhouseCoopers Corporate Finance Pte Ltd
8 Cross Street #17-00
PWC Building
Singapore 048424

INDEPENDENT VALUER

PricewaterhouseCoopers Co., Ltd.
Sumitomo Fudosan Shiodome
Hamarikyu Bldg.
8-21-1 Ginza, Chuo-ku
Tokyo 104-0061, Japan

INDEPENDENT REAL ESTATE APPRAISERS

CBRE K.K

Meiji Yasuda Seimei Bldg
18F, 2-1-1, Marunouchi,
Chiyoda-ku Tokyo 100-0005
Japan

Tanizawa Sogo Appraisal Co., Ltd

Akasaka Intercity, 1-11-44
Akasaka, Minato-ku, Tokyo
107-0052, Japan

INDEPENDENT INDUSTRY CONSULTANT

CBRE K.K

Meiji Yasuda Seimei Bldg
18F, 2-1-1, Marunouchi,
Chiyoda-ku Tokyo 100-0005
Japan

This page has been intentionally left blank.

This page has been intentionally left blank.



ACCORDIA GOLF TRUST MANAGEMENT PTE. LTD.

6 Shenton Way
OUE Downtown 2 #25-09
Singapore 068809