



Daiatsugi Country Club Hon Course, Tokyo Region



Otsu Country Club, Osaka Region



Yokkaichinosato Golf Club, Nagoya Region

Financial Update for 1Q FY20/21

(1 April – 30 June 2020)

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Financial Highlights



Key Highlights

Number of players, revenue, and utilisation rate (Quarterly)

- Total number of players: 1.42 million (-12.3% QoQ)
- Revenue: JPY10.7 billion (-27.1% QoQ)
- Play fee per player (all day): JPY 5,128 (-12.4% QoQ)
- Profit: JPY 570 million (-75.4% QoQ)

The performance of the portfolio golf courses has shown a significant decline in the first quarter of FY20/21 due to the state of emergency declared in Japan. Many golfers stayed home during this period, resulting in high number of cancellations, and are spending less money at the golf courses.

In line with Japan government's effort to boost local domestic travel and tourism, Accordia has in recent months rolled out discounts and outreach programs to attract golfers from the local community. Signs have been encouraging as the number of golfers has gradually recovered to pre-Covid 19 level although play fee is expected to remain lower than last year.

	April 2020 – June 2020 (JPY million)		
	1Q FY20/21	1Q FY19/20	YoY chge (%)
Operating income	10,654	14,615	(27.1)
Operating expenses	(9,544)	(11,154)	(14.4)
Operating profit	1,110	3,461	(67.9)
Profit attributable to Unitholders	570	2,315	(75.4)

Balance Sheet

(in JPY million)

	As at 30 Jun 2020	As at 31 Mar 2020
Cash and bank balances	8,643	8,918
Trade and other receivables	2,298	2,282
Inventories	301	303
Other current assets	261	281
Current assets	11,503	11,784
Property, plant and equipment	166,819	167,397
Intangible assets	4,038	4,046
Other non-current assets	915	958
Non-current assets	171,772	172,401
Total assets	183,275	184,185

Cash balance at 30 Jun 2020 only decreased by JPY275M despite JPY1,434M distribution paid as a result of deferment of tax payments totaling JPY850M and deferment of capital expenditure.

(in JPY million)

	As at 30 Jun 2020	As at 31 Mar 2020
Lease liabilities	1,967	1,969
Trade & other payables	5,381	5,083
Membership deposits	8,672	8,744
Current income tax liabilities	642	642
Other current liabilities	4,269	4,660
Current liabilities	20,931	21,098
Borrowings from financial institutions & related party	43,725	43,677
Lease liabilities	31,732	31,565
Membership deposits	27	26
Deferred tax liabilities	25,062	25,362
Other non-current liabilities	698	749
Non-current liabilities	101,244	101,379
Total liabilities	122,175	122,477
Net assets	61,100	61,708
Net assets (attributable to unitholders)	60,391	61,255
NAV (SGD) per unit[^]	0.71	0.73

[^] Exchange rate of SGD/JPY as at 30 June 20: 77.27 (31 March 20: 75.91)

Statement of Profit or Loss

(in JPY million)

	1Q FY20/21	1Q FY19/20	YoY change (%)
Operating income	10,654	14,615	(27.1)
Golf course revenue	7,525	9,999	(24.7)
Restaurant revenue	1,793	3,530	(49.2)
Membership revenue	844	933	(9.5)
Other operating income	492	153	221.6
Operating expenses	(9,544)	(11,154)	(14.4)
Golf course-related costs	(7,657)	(9,185)	(16.6)
SG&A and others	(1,887)	(1,969)	(4.2)
Operating profit	1,110	3,461	(67.9)
Profit, after interest and income tax, attributable to Unitholders	570	2,315	(75.4)
Earnings per unit (JPY)	0.52	2.11	(75.4)

Lower golf course revenue contributed by

- 12.3% fall in the number of golfers; and
- 12.4% fall in unit price per play fee

Restaurant revenue fell by half as restaurants were closed during the state of emergency in Japan

Increase is largely due to the JPY 288 million in government subsidies by the Japan government for employees during the state of emergency declared

Decrease due to reduction in variable cost including part-time labour, merchandise and material expense, and golf course management fees.

Statement of Cashflow

(in JPY million)

	1Q FY20/21	1Q FY19/20	YoY change (%)
Cash flows from operating activities	1,995	3,121	(36.1)
Cash flows used in investing activities	(302)	(354)	(14.7)
Cash flows used in financing activities	(1,968)	(2,538)	(22.5)
Net (decrease)/increase in cash	(275)	229	
Cash at the end of the financial period [^]	8,643	8,700	

Lower cash flows from operating activities in the current quarter mainly due to poorer performance at the golf courses offset by one-off JPY 850 million in various tax payment extension granted by the Japan tax authority

JPY 252 million lower addition of property, plant and equipment than prior year quarter as management prioritise on essential capital expenditure spending and absence of one-off divestment gain in the prior year quarter

Arose mainly from JPY 422 million lower payment of 2H distribution to unitholders in the current quarter than the prior year quarter.

[^] Distributions are made 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.

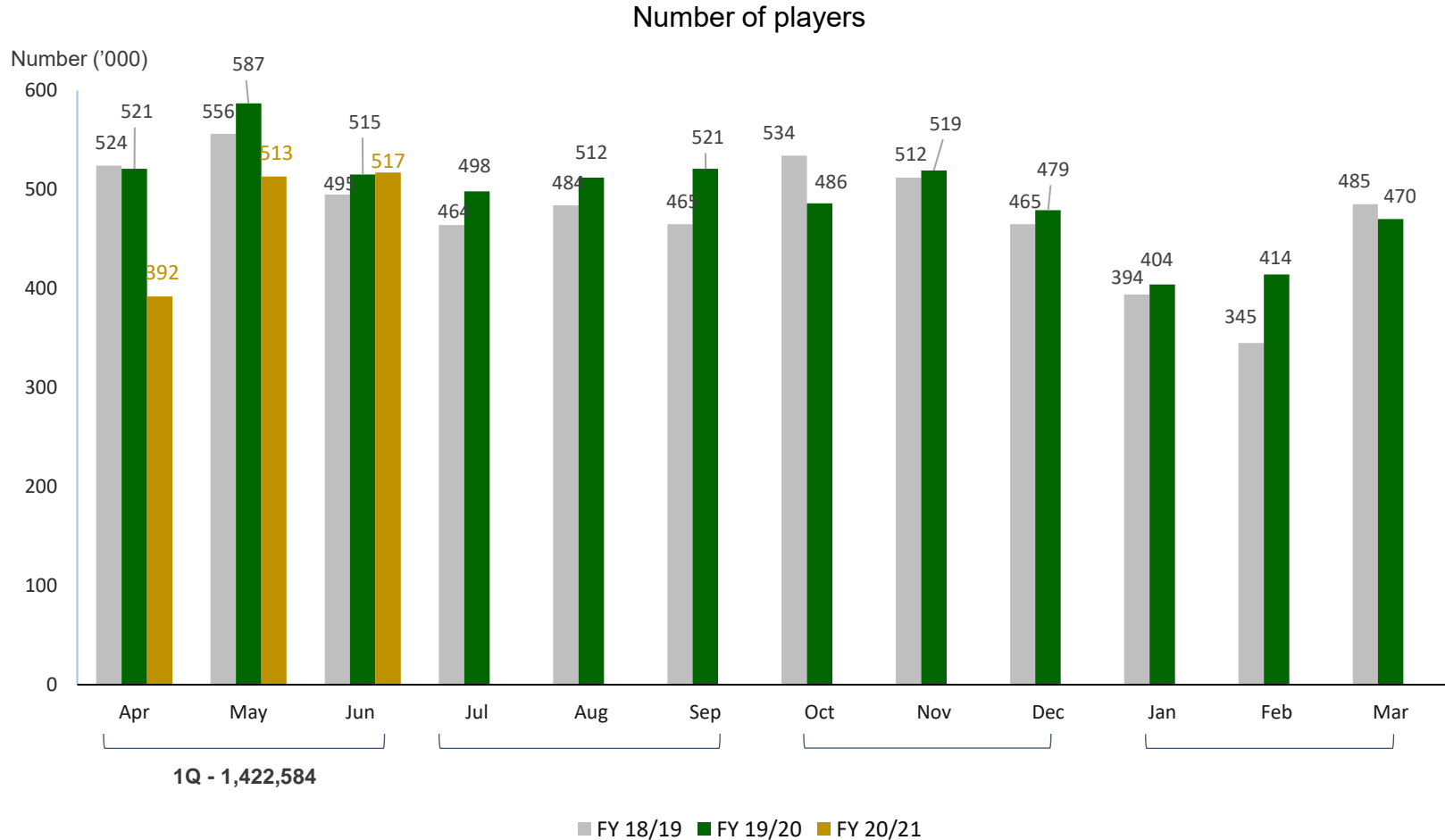


Portfolio Performance

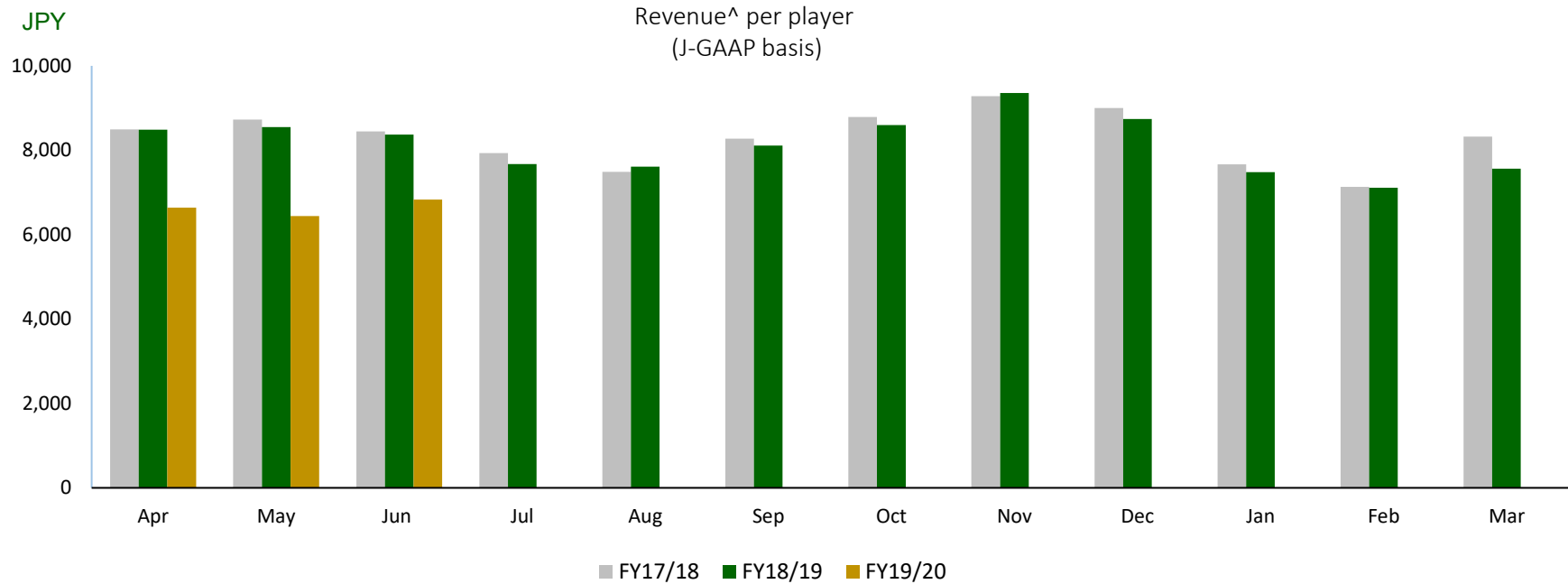


Number of Players

Number of players in Q1 FY20/21 decreased by 12.3% as compared to Q1 FY19/20. The lower number of players, particularly in the months of April and May was due to the state of emergency declared in Japan to control the Covid-19 outbreak in Japan. With the adoption of safety precautions at the golf courses and discounts provided on golf plays, the number of players in June has started to recover to pre-Covid-19 levels.



Revenue Per Player – By Month

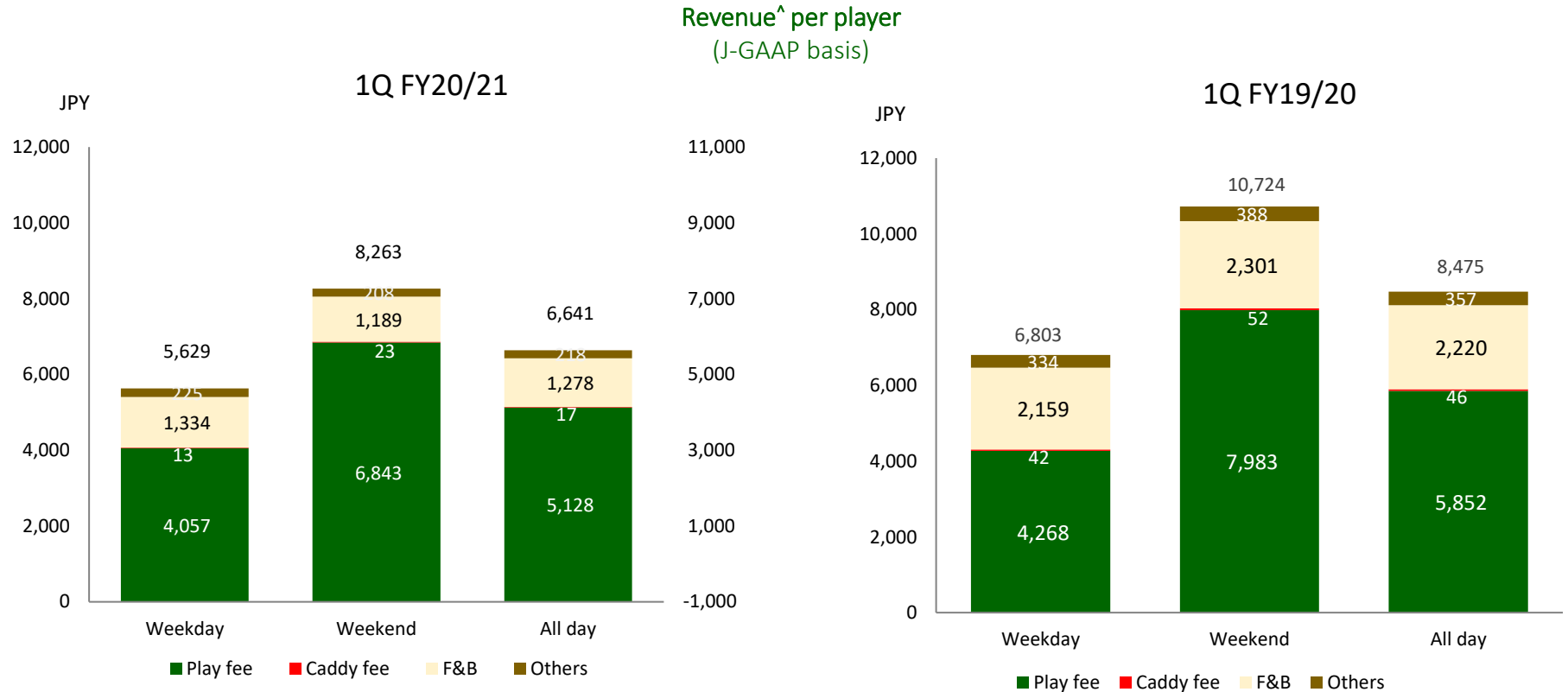


Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY18/19	8,494	8,730	8,448	7,936	7,492	8,280	8,791	9,287	9,006	7,667	7,131	8,324
FY19/20	8,492	8,549	8,375	7,678	7,616	8,115	8,602	9,358	8,745	7,482	7,115	7,564
FY20/21	6,643	6,445	6,834									

[^] Revenue excludes membership fees and pro-shop business.

Revenue per player (quarterly)

Revenue per player in Q1 FY20/21 on average fell approximately 21.6% vs Q1 FY19/20. This was due mainly to the closure of restaurants during the state of emergency as a precaution to contain the spread of the Covid-19 outbreak, resulting in a drop in restaurant revenue by 42.4%. Discount on play fees were given to golfers to encourage higher visitor numbers, resulting in a fall of play fee by 12.4%.

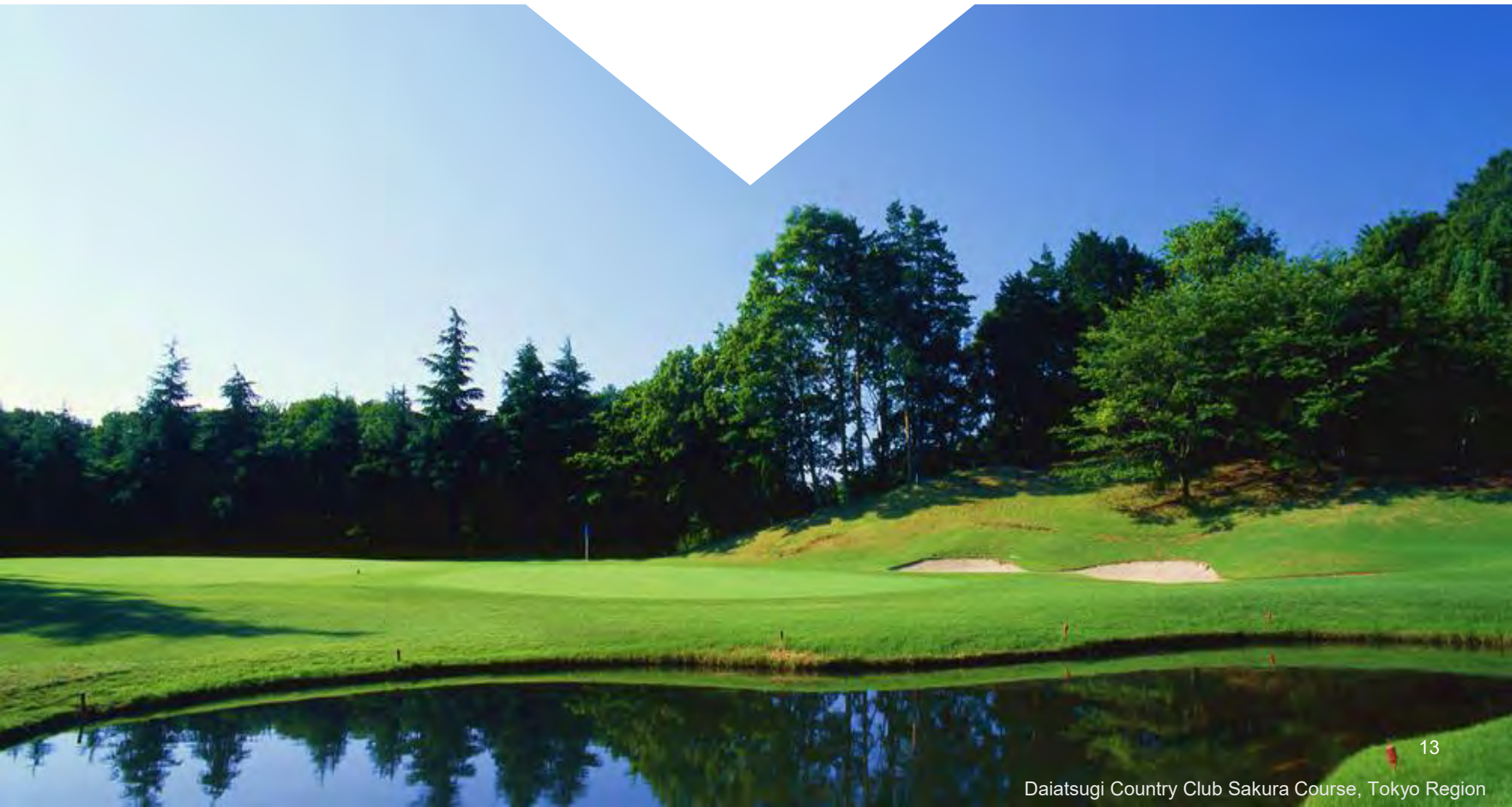


Note: Play fee includes green fee and cart fee

[^] Revenue excludes membership fees and pro-shop business.



Outlook and Updates



Covid-19 Outbreak Health Crisis

The Japanese government declared State of Emergency from April to May, which led to school and business closures. Uncertainty if new lock-down measures would be implemented with the recent rise in the number of Covid-19 cases in Japan in the recent weeks.

The Japan Golf Association (JGA) has released guidelines to combat the new coronavirus at the golf courses.

Government Stimulus totaling JPY234 trillion

Japan Government approved stimulus measure packages:

- Apr 2020 – Yen117 trillion Covid-19 Stimulus package
- May 2020 – Yen117 trillion Covid-19 Stimulus package
- Pledges to inject capital into businesses and assist households

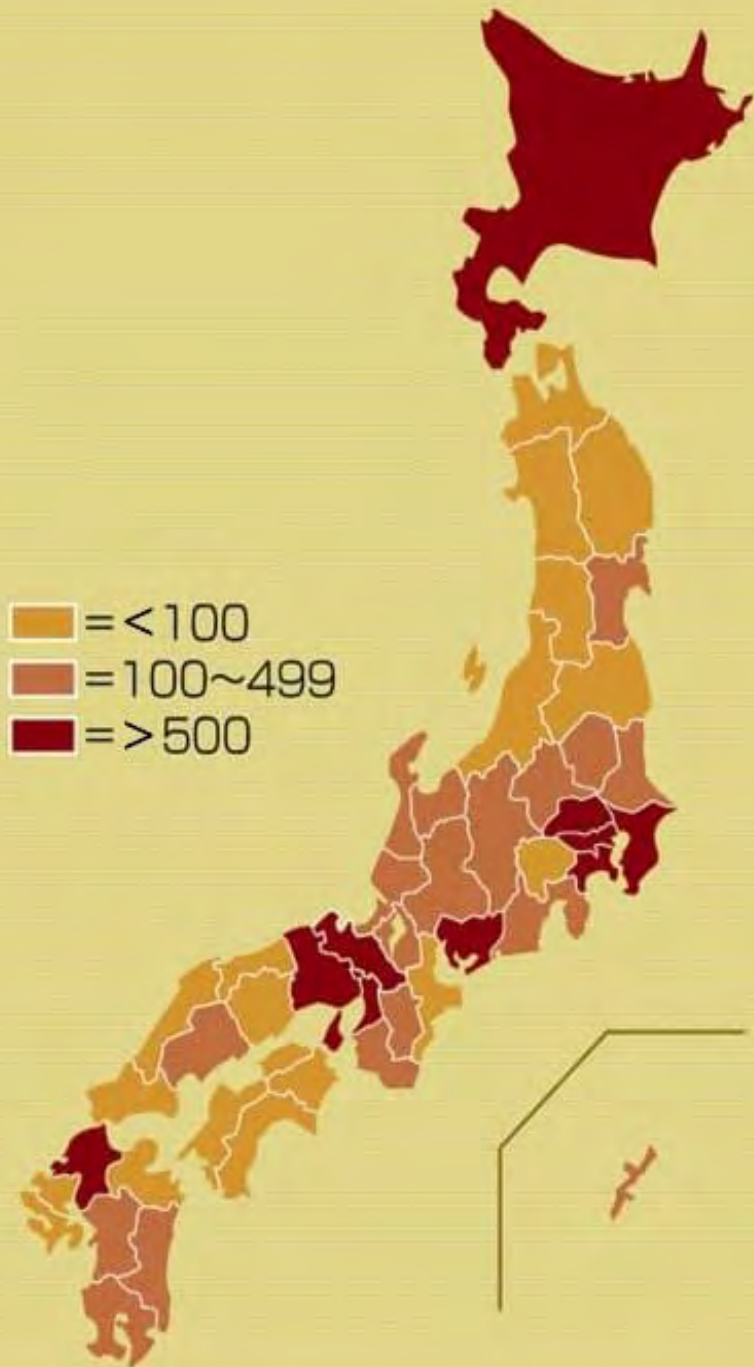
Employment Environment

Unemployment is widely expected to increase in Japan, with latest May 2020 actual unemployment rate at 2.9% (+0.7 YoY)

Latest estimate by IMF of Japan's GDP to shrink by 5.8%

Society continues to implement social distancing measures, and Japanese employment system is beginning to change with expansion of telecommuting.

Covid-19 updates in Japan



- Although state of emergency has been lifted, the implementation of social distancing and safety measures are still in effect today.
- Accordia Group continues to streamline cost structure to align with new norm while ensuring stringent health and safety protocols, some measures that are still in place includes:
 - Requirement of masks for customer facing staff
 - Increased frequency of sanitation at golf courses
 - Work from home arrangement for non-customer facing employees
- With the high degree of uncertainty brought about by the Covid-19 outbreak and the halting of international travel to Japan, management forecast that performance of the golf industry will continue to remain muted in the coming months, as the unemployment level in Japan continues to increase and the economy contracts.

Thank You

For more information, please visit www.agtrust.com.sg

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