

ACCORDIA GOLF TRUST

(Business Trust Registration No. 2014002)

(Constituted under the laws of the Republic of Singapore and
Managed by Accordia Golf Trust Management Pte. Ltd.)

Response to Queries from SGX-ST regarding 20 December 2019 Announcement

1. The board of directors (the “**Board**”) of Accordia Golf Trust Management Pte. Ltd., as trustee-manager of Accordia Golf Trust (“**AGT**” or the “**Trust**”, and the trustee-manager of AGT, the “**Trustee-Manager**”) refers to its announcements released on 28 November 2019 (the “**28 November Announcement**”), 17 December 2019 and 20 December 2019 (the “**20 December Announcement**”) in relation to the non-binding proposal (“**Non-Binding Proposal**”) from Accordia Golf Co., Ltd. (“**Accordia**”) for the divestment of AGT’s interests in all of its golf courses (the “**Divestment**”). Following the release of the 20 December Announcement, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has requested that the Trustee-Manager provide clarifications in respect of the appointment of Daiwa Capital Markets Singapore Limited (“**Daiwa CM SG**”) and Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) as the joint financial advisors (the “**Joint Financial Advisors**”) to assist with its evaluation of the Non-Binding Proposal. The SGX-ST’s questions are reproduced below, with the corresponding response thereto from the Trustee-Manager set out below.
2. **Question from the SGX-ST:**
 - (a) We refer to the Trust’s “Clarificatory Announcement” of 20 December 2019. It was disclosed that the “Trustee-Manager wishes to update that it has appointed Daiwa Capital Markets Singapore Limited and Ernst & Young Corporate Finance Pte Ltd as the joint financial advisors to assist with its evaluation of the Non-Binding Proposal”.
 - (i) Please provide details of all the relationships of the Trust or Trustee-Manager has with the **Daiwa Group** and provide the Audit Committee’s (“**AC**”) views why there are no conflicts for the appointment of Daiwa Capital Markets Singapore Limited to assist with the evaluation of the Non-Binding Proposal. To disclose basis for the AC’s views and provide specific details to support your responses;
 - (ii) Please disclose whether the Trust/Trustee-Manager has any current or any prior relationships with Ernst and Young. If so, please disclose whether any of these relationships may result in any potential/perceived conflicts.

Response from the Trustee-Manager to sub-paragraph (i) of the SGX-ST's queries:

AGT and the Trustee-Manager has the following ongoing relationships with Daiwa Securities Group Inc. and its subsidiaries ("**Daiwa Group**") since the initial public offering of AGT ("**IPO**"):

- (i) a wholly-owned subsidiary of Daiwa Group, Daiwa Real Estate Asset Management Co. Ltd. ("**DREAM**"), holds 51.0% of the shares in the Trustee-Manager and has nominated Mr Toyo Nakanishi to the Board. Pursuant to the shareholders' agreement entered into between DREAM and Accordia (as holder of 49.0% of the shares in the Trustee-Manager) in relation to the Trustee-Manager, DREAM and Accordia have rights in their capacity as shareholders which include, *inter alia*, rights to receive the audit reports, documents to the Board and minutes of board meetings as well as monthly income and expenditure reports;
- (ii) DREAM had also, in connection with the IPO, entered into an asset management agreement with the holding company that owns all the golf course assets of AGT, Accordia Golf Asset Godo Kaisha ("**SPC**"), to provide asset management services to SPC, the key terms of which had been disclosed in the prospectus issued by the Trustee-Manager in connection with the IPO (the "**Prospectus**"); and
- (iii) Daiwa PI Partners Co. Ltd., a wholly-owned subsidiary of Daiwa Group holds, as at the date of this announcement, 5.36% of the issued units of AGT.

Notwithstanding the relationships above, the members of the Audit and Risk Committee of the Trustee-Manager (the "**AC**") had considered the potential conflict of interests in appointing Daiwa CM SG as a Joint Financial Advisor to assist with the evaluation of the Non-Binding Proposal and is of the view that any potential conflict of interests is reasonably resolved and managed for the following reasons:

- (i) as a unitholder, Daiwa Group's interests is aligned with the other minority unitholders in expecting that the Divestment is undertaken on terms that are as favourable to AGT as possible such that the returns on its investment are maximised;
- (ii) Daiwa Group does not have any shareholding or other interest in Accordia or its related corporations. Therefore, the Divestment is not an interested person transaction under Chapter 9 of the Listing Manual of the SGX-ST vis-à-vis Daiwa Group;
- (iii) Daiwa Group does not have any ongoing mandate under which it provides financial advisory services to Accordia and its related corporations. Accordingly, there exists no financial connection between Daiwa Group and Accordia which would give rise to a conflict of interest on the part of Daiwa CM SG accepting the role of Joint Financial Advisor;

- (iv) Daiwa CM SG has confirmed that it will not receive any benefits from Accordia or its related corporations in connection with the Divestment;
- (v) any potential influence by DREAM (as 51.0% shareholder of the Trustee-Manager) over the appointment of Daiwa CM SG as Joint Financial Advisor has been addressed by DREAM's nominee on the Board, Mr Toyo Nakanishi, recusing from the Board deliberation on selecting a financial advisor for the Divestment (see response to query (d) below);
- (vi) arising from its 51.0% shareholding in the Trustee-Manager, Daiwa Group's only interest in the Divestment is the Trustee-Manager's entitlement to a divestment fee of 0.15% of the last available appraised value obtained by the Trustee-Manager or the SPC of any investments divested directly or indirectly by AGT, as determined by such appraiser. However, this divestment fee arrangement was already in place at the IPO and disclosed in the Prospectus, and is not a result of Daiwa Group's involvement as Joint Financial Advisor or a specific arrangement arising from the Divestment; and
- (vii) there is another independent Joint Financial Advisor to work with Daiwa CM SG in the evaluation of the Non-Binding Proposal.

The AC also considered Daiwa CM SG's knowledge of AGT and its assets, having been the joint global coordinator, issue manager and underwriter for the IPO. In addition, with Daiwa CM SG's Japanese networks through its Japanese investment banking division, it has knowledge and/or expertise of the Japanese golf course industry, Japanese-related issues that might arise in the course of the Divestment and the Japanese investor base of AGT.

In deciding on the appointment of Daiwa CM SG as a Joint Financial Advisor, the following steps were also taken: (i) Daiwa CM SG had sought and obtained a legal opinion from its own Singapore legal adviser on the potential conflict of interests in relation to its appointment as a Joint Financial Adviser, (ii) the AC had sought and obtained a legal opinion from its own Singapore legal adviser independently of the Trustee-Manager and Daiwa CM SG and (iii) Daiwa CM SG had provided certain confirmations to the AC to address concerns of potential conflict of interests arising from their appointment as a Joint Financial Adviser.

Response from the Trustee-Manager to sub-paragraph (ii) of the SGX-ST's queries:

Save for the current appointment as Joint Financial Advisor, neither the Trustee-Manager nor AGT has any prior or ongoing relationship with EYCF.

3. Question from the SGX-ST:

- (b) To disclose the terms of reference for each of the joint financial advisor appointed and disclose what are the procedures put in place to resolve any conflicts of interest in the joint decision, where applicable.

Response from the Trustee-Manager:

The Joint financial Advisors have been appointed to provide support to the Trustee-Manager in relation to, among others, the following: (i) the evaluation of the Non-Binding Proposal and to make appropriate recommendations to the Board, (ii) announcements and disclosures, (iii) the process with the SGX-ST and Monetary Authority of Singapore, (iv) negotiation with Accordia, (v) valuation issues and (vi) obtaining indications of interest from the market for the golf course assets of AGT.

Although the AC is of the view that there should be no conflict of interest on the part of each Joint Financial Advisor in performing its role, the Joint Financial Advisors will work together while also independently providing their recommendation to the Board.

4. Question from the SGX-ST:

- (c) To disclose the timeline set for the joint financial advisors to complete the review and report their findings. Please confirm that the final recommendation of the FAs will be disclosed to unitholders.

Response from the Trustee-Manager:

Although the Trustee-Manager has begun working with the Joint Financial Advisors since their appointment, no formal timeline has been set. The final recommendation of the Joint Financial Advisors to the Board will be disclosed to unitholders. In addition, an independent financial advisor will be separately appointed and their recommendation to the AC will be disclosed to unitholders of AGT in the circular to unitholders in connection with the Divestment.

5. Question from the SGX-ST:

- (d) To disclose whether the joint financial advisors were independently appointed by the AC. If so, please provide specific details of this independent process and confirm that non-independent directors were not involved in the decision to appoint any of the FAs. If this process was not independently undertaken by the AC, please disclose why this was not necessary in view of the potential conflict of interests, if any.

Response from the Trustee-Manager:

Only the AC was involved in the deliberation and decision on the selection of the Joint Financial Advisors, with Mr Yoshihiko Machida and Mr Toyo Nakanishi recusing from the deliberation and decision. The AC had considered a list of potential financial and shortlisted three potential candidates for fee proposals (after considering various factors like familiarity with the assets of AGT, track record and experience in such transactions), and evaluated their expertise, scope of work and their fee structure. The AC had finally selected Daiwa CM SG and EYCF for their expertise, potential to contribute positively to the project and the final fee structure.

By Order of the Board of

Accordia Golf Trust Management Pte. Ltd.

as trustee-manager of

Accordia Golf Trust

Khoo Kee Cheok

Chairman

24 December 2019

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