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15th June 2020

To:
Chairman, and members of the Board
Accordia Golf Trust Management Pte. Ltd.,
Trustee-Manager of Accordia Golf Trust
80 Robinson Road, #22-03A
Singapore 068898

Dear Members of the Board,

I trust this letter finds you safe and well as we go through this time of circuit-breaker.

We have received the Financials and adjoining materials announced on 11th June, and have went through them in great detail. We find a few seriously concerning issues that is related in reserve items which has substantially lowered the payout for the dividend by almost half in 2nd half of FY19/20.

We have suggested to the board in our private letter dated 28th April 2020 to avoid any subjective items that will result in lowering the dividends based on the sensitive situation where the "non-binding bid" by the parent company is still in place as it may raise some conflict of interest concerns regarding the operation of the trust. However, we have been alarmed on the two items in page 5 of your FY19/20 financials; (1) Project payment – 362 million yen, and (2) Special reserve for operations – 1,200 million yen. These two items have reduced the payout by approximately 1.79 cents per unit and the full year dividend would have reached 6 cents in absence of them (compared to the 4.3 cents that has been announced – a gap of nearly 40%) which, in my humble view, would have resulted in positive unit price reaction by the market as investors would have confirmed the strong business results in FY19/20 through relevant dividend levels. Unit price in fact ***fell*** on 12th June, next day of the announcement, to 0.57 (-8%) at one point and to close slightly back at 0.590 (-4.8%).

Our concern centers around the following three areas:

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1. **Reserved Item for Project Payment of JPY 362mn:** In the financial statement (page 5, footnote (e)), it was mentioned that a total of JPY 362mn is reserved for the payment to professional parties for evaluation of the non-binding offer. Non-binding bid offer was announced on 28 November 2019, and joint advisors (Daiwa Capital Markets, and Ernst & Young Corporate Finance Pte. Ltd) were appointed prior to 20 December 2019 press announcement. While Covid-19 situation worsened, the work has been in place for 5+ months and there has not been any material progress or update to date. As such, we believe that we, as well as other unitholders, should be entitled to disclosure of (1) why such large fees has been carved out for FY19/20, as opposed to FY20/21 as reserves while not indicating to public the potential total estimate amount, and also (2) to hear the explanation on the relevance/justification of the amount itself as the money, in theory, belongs to the unitholders funds.

2. **Special Reserve for Operations of JPY 1,200mn:** In the financial statement (page 5, footnote (f)) , it was mentioned that a total of JPY 1,200mn is reserved to meet the financial covenants as required by financial institutions based on the projected business impact of Covid-19 outbreak in FY20/21. This is a very substantial amount and we are disappointed that there is no clear explanation being offered with numerically supporting evidences. We can only attempt to draw reference from the limited information provided but unfortunately, we do not see the need to have this reserve in place.

   From the adjoining presentation material “Financial Results for 4Q and Full Year FY19/20”, page 20 indicates that the April 2020 monthly P&L (when Japan went into circuit breaker from 7th April) was negative JPY 383 mn (i.e. 2,607mn – 2,990mn). We believe that this would include non-cash depreciation cost in the expense (monthly average amount of JPY 418mn in FY19/20) and thus indicate cashflow is ***positive*** of JPY 35mn in April when situation was the worst. If for some reason, depreciation cost was not included in the expense in page 20, the projected monthly cashflow is negative JPY 383mn but this still casts no significant risks to the cash balance and to the loan covenants. It will be helpful to divide this expense further into each account items if you are disclosing this in the first place.

   Based on the above, we do not see the need for the JPY 1,200mn reserve as the cash balance of the loan covenant is JPY 3bn (as of March-end trust has 8.5bn cash on Balance Sheet). We also believe that Capex related requirement should be met by the Tranche B Facility which still have JPY 1,100 mn undrawn amount as of March. We have asked this question directly to your executive but there was no reasonable explanation about the relevance of JPY 1,200 mn, which equates to 1.38 cents per unit.

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3. **Presentation material "Financial Results for 4Q and Full Year FY19/20":** While we already identify the lack of clarity in the financials, we are deeply concern that your presentation material does not contain reasonable explanation regarding critical items such as the project payment and the special reserve items mentioned above.

   We find that it is unacceptable when a substantial amount of JPY 1,200mn was placed as reserve and we were only given a very general statement in slide 21 which does not provide sufficient details on how the amount was decided upon. It is also disappointing that the project payment amount of JPY 362mn was not mentioned anywhere in the presentation. The last announcement prior to this presentation was back in Dec 2019 (almost 4 months ago) and since then there was no update until we are informed of this large reserve item. The presentation again provides no information why such large reserve is warranted. We are deeply concerned these two reserve items had "material" 40% impact to the full-year dividend payout amount but was not sufficiently addressed in the presentation material and we request for you to revise the presentation material to include individual slides for each of these items so as to facilitate clear explanation of them so that unitholders are well informed of the situation.

We have started to observe this tendency in disclosure policy since 2019 when FY18/19 Financials were disclosed 28 May 2019. The board came out with profit warning on 10 May 2019 without numeric details and there were no follow up press releases even though there was an asset impairment totaling JPY 17,962mn (that has consisted to be the majority impact of the substantial NAV decline to 0.71 from 0.9 previous year). It is upsetting that such significant item is only briefly mentioned in the footnotes (page 4, footnote (c)) in the financials. The adjoining presentation "Financial Results for 4Q and Full Year FY18/19" mentioned about this impairment briefly in page 20, the Statement of comprehensive income, and no mention in page 21 where it shows the balance sheet. This impairment has had substantial impact to the balance sheet as well as the "value proposition" to the Trust for unitholders. After we raised our concern on this along with other unitholders, you included a few slides in the AGM material later, but that was already two months after the original announcement which casts question on the "fair and timely disclosure" protocol. On 29th May, next trading day of the announcement, Accordia Golf Trust unit price fell to 0.585 from 0.615 (4.9%) in a day, and average unit price in June was **0.537** as opposed to **0.615** in May (decline of 12.7%).

Just 5 months after this asset impairment news, "non-binding bid" proposal was announced, and, starting from 28th November announcement, also had a similar tendency to lack relevant details, which more information was only included as reactive responses to SGX questions.

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Based on the circumstantial evidences mentioned above, we believe it is fair to say that we are not observing the first class corporate governance and disclosure policies from the board and we are deeply concerned of it especially as we are going through this situation where the "non-binding" bid is announced from the related parent company, which, by itself, already is a concerning situation in relation to what we generally encounter as "potential conflict of interest" problem.

So, in our closing note, we would request the board to, (1) explain the two reserve items in substantial details to demonstrate the relevance of them based on our query above, (2) explain why it has taken so long for the advisors to come up with conclusion (even amid covid-19, almost all of your golf courses were in operation which allow due diligence) and we believe SHN would not have significant impact to their efficiency of advisors' work, then lastly, (3) to speed up the process and come up with a clear recommendation to the unitholders as soon as possible to demonstrate "by action" you are putting unitholder interest on top of others in this sensitive situation.

Sincerely yours,

Yuya Shimizu
Director, Chief Investment Officer
Hibiki Path Advisors Pte. Ltd