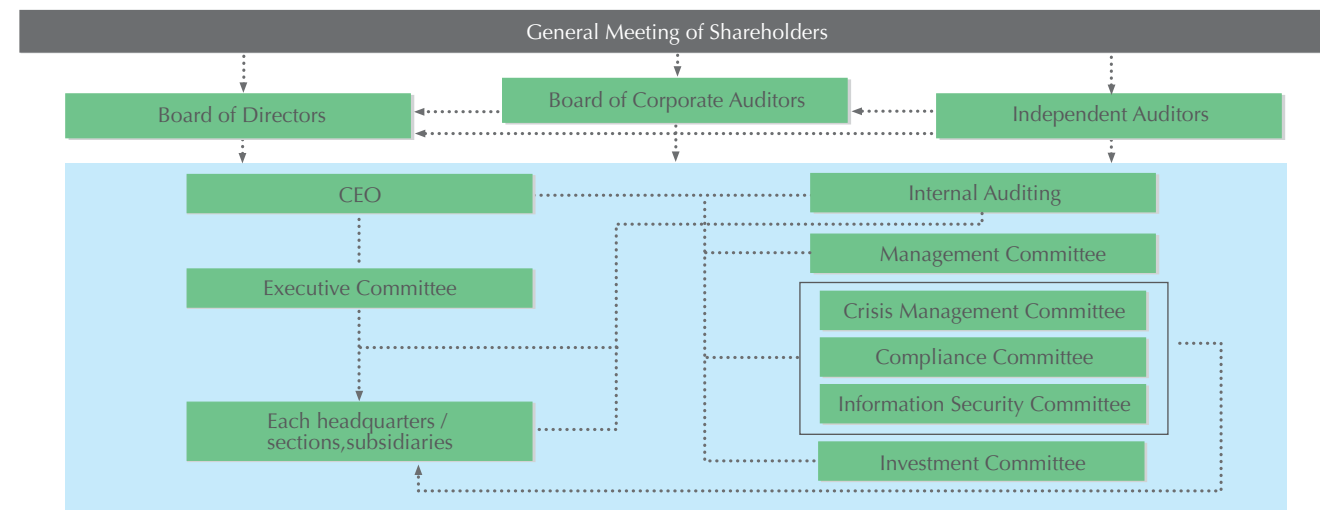


CORPORATE GOVERNANCE

Accordia Golf believes that its corporate governance system should aim to maximize enterprise value through management that is sound, transparent and efficient, in addition to responding to the trust placed in the Company by its shareholders, customers, employees and other stakeholders.

CORPORATE GOVERNANCE SYSTEM



EXECUTION OF OPERATIONS

The Company has adopted a system of executive officers. This is aimed at realizing speedy decision-making and operational execution through separation of management decision-making and oversight functions from management execution functions. In this way, the Company strives to enhance its management soundness and efficiency. In addition, through the appointment of outside directors and outside corporate auditors, the establishment of a management committee, and cooperation among corporate auditors, the internal audit department and the independent auditors, the Company is striving to strengthen supervisory functions and enhance management transparency. The Group has carried out a wide range of organizational restructuring measures through which it has established its current structure, comprising the Company, which exercises management control over the Group, and its consolidated subsidiaries, which own and manage golf courses and golf driving range operations. To reinforce overall Group management supervisory functions, directors of consolidated subsidiaries in principle serve concurrently as directors of the Company.

BOARD OF DIRECTORS

The Board of Directors exercises decision-making authority over the Company, and oversees the execution of the directors' duties. As of June 27, 2008, the Board of Directors comprised 10 members. In addition, three of these members are outside directors appointed to reinforce supervisory functions. To enable rapid decision-making regarding investments, the Company has adopted a system of special directors. Four special directors have been

designated, and pursuant to Article 362, Paragraphs 4-1 and 4-2 of the Corporation Law of Japan, the special directors are authorized to pass resolutions regarding the acquisition of golf courses and golf driving ranges up to a predetermined maximum monetary amount. The corporate auditors attend meetings of the Board of Directors and voice opinions as necessary.

BOARD OF CORPORATE AUDITORS

The Company appoints corporate auditors and has established a Board of Corporate Auditors. As of March 31, 2008, there were three corporate auditors, all appointed from outside the Company, including one full-time corporate auditor and two part-time corporate auditors. The Board of Corporate Auditors determines auditing policies, methods, and division of duties, and produces audit reports based on reports from each corporate auditor on the audit situation and discussions within the Board of Corporate Auditors. The corporate auditors attend meetings of the Board of Directors, the Management Committee and other important internal meetings, and hold regular liaison meetings with the representative directors. The corporate auditors also receive reports on business operations from directors and conduct on-site audits of golf courses and golf driving ranges in carrying out audit functions covering the overall management of the Group. At the shareholders meeting held on June 27, 2008, the number of part-time corporate auditors was increased by one, bringing the total number of corporate auditors to four, in order to further reinforce audit functions.

MANAGEMENT COMMITTEE AND EXECUTIVE COMMITTEE

To ensure management flexibility and transparency, the Group has established a Management Committee comprising executive officers assigned specific areas of responsibility. The Management Committee deliberates on policies and management strategies, and important matters to be sent to the Board of Directors for resolution. The Executive Committee comprises executive officers, and receives policies from the president on operational execution. The Executive Committee discusses and reports on important matters relating to the management of operational execution. The full-time corporate auditor attends meetings of the Management Committee and Executive Committee, and voices opinions as necessary.

CRISIS MANAGEMENT COMMITTEE

To deal the management of crises including natural disasters and accidents, the Group has established a Crisis Management Committee. In situations where an event is likely to have a significant impact on the Group's management, a "response headquarters" is immediately established, which is headed by the president. This system aims to ensure information is gathered appropriately and in a timely manner and appropriate responses are implemented.

COMPLIANCE COMMITTEE

To ensure strict compliance with laws and regulations, the Group has established a Compliance Committee. This committee aims to strengthen the Group's system to ensure that in the event of a compliance-related problem, rapid responses and policies to prevent recurrence are implemented rapidly. As part of the Group's measures to strengthen Group-wide compliance, an internal compliance reporting system (whistleblower system) has been introduced that may be used by directors and employees who encounter compliance-related problems. Through reporting and consultations, the Group aims to enable identification of potential internal risk information and thereby prevent compliance violations.

INFORMATION SECURITY COMMITTEE

The Group protects and manages its information systems and documents held by the Group, and information security and personal information are deemed to be important management assets. The Group is reinforcing its management of customers' personal information and compliance with related laws and guidelines in order to protect personal information.

INVESTMENT COMMITTEE

In relation to important investment transactions, including acquisitions of golf courses and driving ranges, the Investment Committee discusses and considers the earnings potential of investment transactions, strategic fit with the group's business,

the appropriateness of the transaction price, the qualifications of the transaction counterparty, as well as the level of investment risk. The committee then provides appropriate advice and proposals to the Board of Directors as an advisory body to the board.

INTERNAL AUDITING

The Internal Auditing Department is responsible for internal auditing functions. To ensure this department's independence, it reports directly to the president and comprises five full-time members. The Internal Auditing Department audits the Group's business locations, including premises of subsidiaries and divisions of the head office, in accordance with the internal audit plan. After completion of the internal audit, it promptly produces an audit report, which is then reported to the president. The department supervises the remedy of any problems identified at audited divisions and subsidiaries.

COMPENSATION OF DIRECTORS AND CORPORATE AUDITORS

Compensation paid to the Company's directors and corporate auditors for the fiscal year was as follows.

Directors (10 persons)	¥151 million (including ¥11 million paid to three outside directors)
Corporate auditors (4 persons)	¥ 22 million
Total	¥173 million

INTERNAL CONTROL SYSTEM AND POLICY

Systems have been established to ensure that the execution of duties by the directors complies with relevant laws and the articles of incorporation, and to ensure business operations are carried out appropriately.

The Company has established and operates these systems in accordance with the fundamental policies stipulated as follows.

1. SYSTEM FOR STORING AND MANAGING INFORMATION RELATED TO THE EXECUTION OF DUTIES BY THE DIRECTORS

In accordance with relevant laws and Company internal rules covering the management of documents, documents shall be recorded, on paper or electronically, relating to the execution of duties by the directors (minutes of meetings of the Board of Directors, minutes of meetings of the Management Committee, approval documents for which directors must provide final approval, etc.) and these documents shall be stored and managed. In the event that a corporate auditor or person with the appropriate authority to view these documents makes a request, the system can deal with such requests appropriately.

2. RISK MANAGEMENT RULES AND SYSTEM

The Risk Management Committee, Compliance Committee and Information Security Committee were established in accordance with resolutions of the Board of Directors. Principally, these three committees consider policies and responses to potential corporate risks, including natural disasters: both for risk prevention and subsequent to the occurrence of a risk event. These committees shall establish systems for appropriately responding to risks. In particular, since the Company holds a large quantity of personal information, as a policy for avoiding the risk of personal information leaks, the Information Security Committee shall formulate document management rules, a document management manual and other related rules, and shall formulate compliance programs relating to personal information and information security. By implementing such programs, the Group shall pursue the reinforcement of its internal information management systems. In the event of an unexpected contingency which may have a significant effect on the Group's management, a Crisis Response Headquarters headed by the president is immediately established. As necessary, collaboration shall be initiated with outside specialists, such as attorneys and accountants, and a response structure shall be rapidly deployed.

3. SYSTEM TO ENSURE THAT THE EXECUTION OF DUTIES BY THE DIRECTORS IS CARRIED OUT EFFICIENTLY

- The Company shall appoint outside directors and reduce the total number of directors to expedite decision-making by the Board of Directors and strengthen management supervisory functions.
- The Company shall adopt a system of executive officers to be responsible for the execution of business operations. Authority for the execution of business operations shall be delegated to the executive officers and execution responsibilities shall be clarified. Through this arrangement, the directors' management supervisory function shall be separated from the execution of business operations.
- The Board of Directors shall, in principle, convene on a monthly basis. Through the adoption of the special director system, decisions regarding the disposal or transfer of important assets shall be carried out expeditiously. In particular, this shall apply to such transactions as golf course acquisitions, for which rapid decision-making is required.
- To maintain management agility and transparency of the decision-making process, a Management Committee shall be established under the president. Matters to be discussed by the

Board of Directors, such as important transactions for the Group, and matters relating to management policies and strategies shall be deliberated on by the Management Committee at least once per month or as necessary, and subsequently sent to the Board of Directors for final decision-making.

- The execution of business operations based on decisions of the Board of Directors shall be performed in accordance with prescribed procedures by the executive officers assigned responsibility and the general managers of business divisions, under the leadership of the president. This shall be done in compliance with the Company's organizational rules, rules regarding the division of duties, management authority rules and other internal rules.

4. SYSTEM TO ENSURE THAT THE EXECUTION OF DUTIES BY DIRECTORS AND EMPLOYEES COMPLIES WITH THE RELEVANT LAWS AND ARTICLES OF INCORPORATION

The Company has established the following system.

- The Company shall formulate a corporate code of conduct and clarify ethics of corporate behavior. A corporate behavior manual shall be produced and guidelines shall be established.
- The Company has established an internal auditing department which reports directly to the president and corporate auditors. The internal auditing department conducts regular audits to ensure that the Company's management is being conducted appropriately and in accordance with laws, the articles of incorporation and internal rules, and to confirm whether the internal control system is functioning effectively. Internal audits are conducted on the Company and Group companies based on predetermined audit policies and the audit plan.
- With regard to the legal compliance, risk management and internal control situations, the outside corporate auditors, who have extensive experience and insight relating to corporate administration, conduct accurate business audits while maintaining independence from senior management.
- The Company aims to enhance its supervisory functions regarding the execution of duties by directors by appointing outside corporate auditors to serve consecutive terms.
- The Company's directors, executive officers and employees shall comply with the Company's compliance policy (charter of corporate behavior and corporate code of conduct). The

Company has established a Compliance Committee directly reporting to the president with the aim of supporting and leading the implementation of robust compliance practices.

- The Company shall establish an internal compliance reporting (whistleblower) system that may be used by directors, executive officers and employees for reporting compliance breaches or discussing related matters. This system shall include the establishment of a hotline handled by an outside attorney.
- To prevent damage caused by criminal groups, the Company shall formulate a manual relating to this issue based on the president's declaration regarding the elimination of influence by such groups. The Company shall cooperate with the police and other authorities in a concerted organizational effort to combat any influence by criminal groups.

5. SYSTEM TO ENSURE THAT THE BUSINESS OPERATIONS OF THE GROUP ARE CONDUCTED APPROPRIATELY

- The Group is managed in accordance with the Company's rules for managing associated companies.
- The Company and its subsidiaries have a common charter of corporate behavior and aim to develop awareness throughout the Group of the importance of acting in accordance with this charter.
- The Company's internal compliance reporting (whistleblower) system shall also be available for use by the directors and employees of subsidiaries.
- In business transactions or the implementation of other measures where there is the possibility that the interests of the parent company shareholders and the interests of other shareholders conflict in a material way, approval shall be sought from the Board of Directors to harmonize the interests of all shareholders

6. MATTERS RELATING TO EMPLOYEES ASSIGNED AS SUPPORT STAFF FOR THE CORPORATE AUDITORS UPON SUCH REQUEST BY THE CORPORATE AUDITORS

At least one employee shall be assigned as support staff for the corporate auditors.

7. MATTER RELATING TO THE INDEPENDENCE FROM THE DIRECTORS OF THE EMPLOYEE(S) ASSIGNED UNDER NO. 6 ABOVE

The Company shall report in advance to the Board of Corporate Auditors any matters relating to changes in personnel assigned as support staff for the corporate auditors or other personnel matters relating to such assigned staff (evaluations, disciplinary measures, etc.). The Board of Corporate Auditors may as necessary offer their opinions to the director responsible for human resources. In such cases where the Board of Corporate Auditors makes an approach to the director responsible for human resources, the director shall pay serious attention to such opinions.

8. SYSTEM RELATING TO REPORTING BY DIRECTORS AND EMPLOYEES TO THE CORPORATE AUDITORS AND OTHER REPORTING TO THE CORPORATE AUDITORS

- In addition to those matters stipulated by law, the directors, executive officers and employees shall promptly report those matters listed below to the corporate auditors.
 - Important matters that affect the entire Company
 - Internal audits carried out by the internal auditing department
 - The content and status of reports made under the Company's internal compliance reporting (whistleblower) system
- In cases where the directors, executive officers or employees receive a request from the corporate auditors for a report concerning the execution of business operations, those parties receiving such a request shall promptly report on the matters concerned.

9. SYSTEM TO ENSURE THAT OTHER AUDIT FUNCTIONS OF THE CORPORATE AUDITORS ARE CARRIED OUT EFFECTIVELY

The representative directors and corporate auditors shall hold regular liaison meetings. In cases where the corporate auditors deem it necessary as part of the execution of their duties, a system shall be established to collaborate with outside specialists, such as attorneys and accountants.