THOME WHERE THE HEART IS





GROSS REVENUE

NET PROPERTY INCOME

¥3.90B ¥2.67B

(S\$44.62M) (S\$30.60M)

NET ASSET VALUE PER UNIT

¥103.74 (S\$1.14)

Saizen REIT is a Japan-centred REIT with expertise and a network that has enabled it to cultivate an income-producing portfolio of residential properties in 14 cities.

With close proximity to business districts, transportation hubs, establishments and amenities that meet the needs of small families, working couples without children, working singles and students, Saizen REIT has established itself as an owner and provider of choice homes among a wide cross-section of Japanese society.



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Proxy form

Corporate Profile



Listed on the Singapore Exchange Securities Trading Limited on 9 November 2007, Saizen Real Estate InvestmentTrust ("Saizen REIT") is the first REIT listed in Singapore to offer exclusive access to Japanese residential real estate. Its investment objective is to invest in a diversified portfolio of income-producing real estate located in Japan, which is used primarily for residential and residential-related purposes, and real estate-related assets.

As at 18 September 2015, being the latest practicable date for printing of this report ("LPD"), Saizen REIT's portfolio consists of 136 residential properties located over 14 cities in Japan. The properties are generally located in close proximity to business districts and transportation hubs and/or in residential

neighbourhoods, targeting mass market tenants such as small families, working couples without children, working singles and students. This is consistent with the expected continuing strong demand for rental housing across Japan, as the home ownership rate in Japan is relatively low at around 61.7% (1). With 5,514 residential and commercial units, Saizen REIT's portfolio is well diversified, ensuring stable cashflow with low default rate.

Saizen REIT has a corporate family rating of Ba3 from Moody's Investors Service, Inc.

As at the LPD, Saizen REIT had 283,611,720 issued units.

Note:

1. Based on the 2013 Housing and Land Survey from the Ministry of Internal Affairs and Communications, Japan.

Corporate Structure

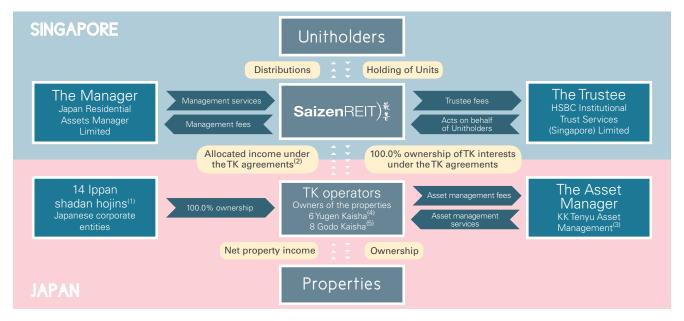
Saizen REIT invests in properties by entering into Japanese tokumei kumiai arrangements ("TK arrangements") as a tokumei kumiai investor ("TK investor") with Japanese limited liability companies known as tokumei kumiai operators ("TK operators"). Such TK arrangements are a common method of investing and holding real estate in Japan. The relationship between the TK operators and the TK investors is governed by tokumei kumiai agreements ("TK agreements"), whereby the TK investor provides funds to the TK operators in return for income derived from the investments in real estate held by the TK operators. The TK investor can enter into TK arrangements with TK operators either through the acquisition from existing TK investors of all rights and obligations ("TK interests") under their respective TK agreements with TK operators, or by entering into new TK agreements with TK operators.

The following diagram illustrates the relationship between Saizen REIT, Japan Residential Assets Manager Limited (the "Manager"), HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Saizen REIT (the "Trustee"), the TK operators, the ippan shadan hojins⁽¹⁾, KK Tenyu Asset Management, the asset manager of Saizen REIT

(the "Asset Manager") and the holders of units of Saizen REIT ("Units", and the holders of Units, the "Unitholders").

The title deed to each property is registered under the name of the applicable TK operator, as the legal owner of the property. It should be noted that the title deed of each property is registered under the name of the applicable TK operator and not directly under the name of the Trustee due to the nature of the TK arrangements. As such, the Trustee is not the legal owner of the properties held by the TK operators of Saizen REIT and has no direct control over the properties or how they are managed. Should a TK operator become insolvent, the Trustee's right to distribution under the TK agreement would be treated as a bankruptcy claim, and would rank junior to all debt obligations owed by the TK operator.

Given that only the TK operators have rights against and obligations to third parties as the legal owner of the properties, third parties will have no recourse against Saizen REIT, as the TK investor under the TK arrangements, and the liability of Saizen REIT is thus limited to the amount of the investment which Saizen REIT has made under the respective TK agreements.



Notes.

- 1. Ippan shadan hojins are bankruptcy remote entities established solely to act as the holding company of the TK operators, and have no potential income, loss or net worth.
- 2. Under the terms of the existing TK agreements, Saizen REIT is entitled to 97.0% of the profits generated and is required to bear 97.0% of the losses incurred by the TK operators.
- 3. Certain daily operations of managing the properties are delegated to third party property managers appointed by the Asset Manager.
- 4. A Yugen Kaisha ("YK") is a Japanese company established under Japanese law before May 2006. Its corporate structure is similar to that of a private limited company, with directors managing the company on behalf of the shareholders who
- 5. A Godo Kaisha ("GK") is a Japanese company established under Japanese law from May 2006. Its corporate structure is similar to that of a limited liability company, with the members of the GK both owning and managing the GK.

Chairman's Statement





Introduction

Our strategic review last year concluded that Saizen REIT's first order of business was the optimisation of our capital structure, which would grant us the flexibility to explore more ambitious growth strategies. This financial year began with Saizen REIT focusing on increasing financial leverage, and in doing so, looked to expand our banking relationships. We have made progress in both, successfully partnering with our first lender in northern Japan, and completing three new loans.

With expected demand from overseas investors now materialising, we are well placed to start looking to capitalise on recent increases in property prices.

The Japanese Property Market

Over the last 2 years, we noted an attitude shift in and towards the Japanese economy. Within Japan, "Abenomics" (the economic reforms as implemented by Japan's Prime Minister, Shinzo Abe) signalled the government's commitment to economic revival. Simultaneously, international property markets, especially in nearby China, Singapore and Hong Kong were becoming ever more expensive. We are now seeing the effects of these changes as overseas investors, especially from Taiwan and China, flock to the Japanese property market to take advantage of a favourable exchange rate and higher property yields.

Domestically, banks' healthy appetites for lending and record low mortgage rates continue to bring buyers to the market. Changes to local tax laws have also bolstered domestic property investment. In January 2015, an increase in inheritance tax has encouraged locals to look for rental properties, as having a rental property on an inherited piece of land provides favourable tax breaks.

As property prices rise, good deals become scarce. During these times, we look to fall back on years of relationship with local agents for a competitive advantage in deal sourcing.

Independent Evaluation Committee

An independent evaluation committee was formed in August 2015 to assess various proposals received by the Manager, which includes those relating to material corporate actions. Heightened interest in Saizen REIT and/or its properties is reflective of the active property market in Japan at present.

A deliberate decision was taken that this committee shall be fully independent of management so that it is in the best possible position to perform its duties objectively and in the interest of Unitholders. This is necessary to address any potential or actual conflicts of interests that may arise from the proposals, that is, the interests of the stakeholders of the Manager as opposed to the interests of the unitholders of Saizen REIT. This committee will be fully supported by the management of the Manager and external advisers in the discharge of its duties.

Chairman's Statement







Stable operations

Property operations remain stable. We have seen a marginal decrease in rentals due to the rental market in cities like Sendai returning to their status-quo after events like the 2011 earthquake affected supply. In other cities, like Kumamoto and Niigata, we are seeing more competition from new buildings, and we have invested more on repairs and renovation to maintain our properties' competitive edge.

Over the past financial year we have sold two properties, both located in Sendai. We are pleased to announce that these properties were sold at premiums of 16% and 12.8% to valuation respectively. As interest in Japanese property increases, we will continue to look for opportunities to rebalance the portfolio with a view to further enhance quality and growth potential.

Distribution Reinvestment Plan

We have enacted a plan to allow unitholders to elect to receive distributions in the form of units. Should Unitholders choose this option, the cash saved could be used to offset loan principal amortisation payments, as well as to fund our continuing growth and expansion.

Strengthening and diversifying the loan portfolio

In the past year we have received a loan from the Hiroshima Credit Cooperative at a loan-to-value ratio ("LTV") of 67%, and another from The Kitakyushu Bank, Ltd at 53% LTV.

We also received a loan from The Shonai Bank, Ltd, which represents a strategic breakthrough for us. This bank is located in the Yamagata prefecture, and represents our first partnership in northern Japan. Banks in this region are traditionally more conservative with lending. However, with one third of Saizen REIT's holdings in northern Japan, we look forward to building more relationships in the area.

Thanks

On behalf of the Board of Directors of Japan Residential Assets Manager Limited (JRAM), I would like to thank our colleagues at JRAM and KK Tenyu Asset Management (KK Tenyu) for their hard work over the past year. I would also like to congratulate KK Tenyu on the opening of their Tokyo office.

We have forged new relationships this year, in the property sector and especially in the banking sector. We are grateful for our partners in Japan and look forward to building deeper relationships with them in the upcoming years.

Mr Arnold Ip Tin Chee Chairman

CEO's Statement

Foreword

We are pleased to present to you the report of Saizen REIT for the financial year ended 30 June 2015 ("FY2015").

Saizen REIT had continued to operate stably during FY2015, taking the opportunities of a buoyant real estate market to rebalance its portfolio, where it divested two properties at more than 10% above their valuations.

In JPY-terms, Saizen REIT's revenue and net property income were marginally lower as compared to the previous financial year. These decreases are due mainly to the aforesaid divestments between May 2014 and November 2014, and a slightly lower average occupancy of the portfolio during the year. Overall, property operations had remained stable during FY2015 and the residential property market in Japan continued to show improvement, as reflected in the increase in valuations of Saizen REIT's properties over the past year.

During FY2015, Saizen REIT had also continued to improve on its debt profile where Saizen REIT's successfully built two new banking relationships.

While Saizen REIT's net asset value in JPY-terms increased in FY2015, the weaker JPY relative to S\$ had continued to weigh on it. The weaker JPY also had a negative impact on distributions.

An evaluation committee comprising solely the independent non-executive directors of the Manager was established in August 2015 to lead the assessment and evaluation of proposals that may involve, among others, material corporate actions involving Saizen REIT's entire portfolio and/or unitholding structure. The formation of this committee serves to address any conflicts of interests that may arise, that is, the interests of the stakeholders of the Manager as opposed to the interests of the Unitholders generally, from such proposals.

The Property Portfolio

As at 30 June 2015, the portfolio of Saizen REIT consisted of 136 residential properties located in 14 Japanese cities. Basic details of the portfolio are summarised below:

Residential (units)		5,419	
Commercial and retail	Commercial and retail (units)		
Car parking spaces	Car parking spaces		
Total lettable floor area	a (square metre)	205,330	
Portfolio value ⁽¹⁾	(JPY million)	43,093.1	
	(S\$ million)	474.1(2)	
Value per square metro of lettable floor area	re (S\$)	2,309	
Value per square foot of lettable floor area	(S\$)	214	
Portfolio annual rental revenue ⁽³⁾	(JPY million)	3,727.0	
	(S\$ million)	42.6(4)	
Portfolio gross income	Portfolio gross income return ⁽⁵⁾		

- 1. Based on independent valuations performed as at 30 June 2015.
- 2. Computed based on an exchange rate of JPY90.9/S\$ as at 30 June 2015, which is used throughout this report unless stated otherwise.
- 3. The annual rental income represents the annualised rental income recorded for the month of June 2015 of each property. Rental income comprises base rental income, common area management fees and car parking rental income only.
- 4. Computed based on an average exchange rate of JPY87.4/S\$ between 1 July 2014 and 30 June 2015.
- 5. Computed based on portfolio annual rental revenue divided by portfolio value.



CEO's Statement





Real Estate Market Overview

The improvement of the overall real estate market in Japan had gathered pace in FY2015 and this was reflected in the net fair value gain of JPY 1,367.7 million recorded by Saizen REIT's properties in FY2015. There had been continued compression of capitalisation rates for Saizen REIT's properties, led by the cities of Tokyo, Sendai and Fukuoka. The simple average capitalisation rate for Saizen REIT's property portfolio decreased from 6.5% in the financial year ended 30 June 2014 ("FY2014") to 6.2% in FY2015.

Meanwhile, general reflation of rental rates had also started to manifest. As an illustration, compared to those previous rental contracts that were entered into during FY2011 and FY2012, the rental rates of the same units when new contracts were entered into during FY2015 were on average, 0.7% higher. The Management Team remains optimistic that general rental reflation will continue to gradually filter through to Saizen REIT's portfolio.

Operations Overview

Property operations in the past year have remained stable. A marginal decrease in occupancy rates, from 91.0% in FY2014 to 90.6% in FY2015 was observed, in part due to weaknesses in the city of Kitakyushu where 10.5% (in terms of revenue) of Saizen REIT's properties are located. This was however

compensated by an improvement in tenant turnover rate where a rate of 17% was recorded in FY2015 (FY2014: 19%), showing that tenants are staying longer in Saizen REIT's properties.

During FY2015, Saizen REIT recorded overall downward rental reversions of approximately 0.6%.

Financial Review

While property operations remained stable, year-onyear revenue and net property income decreased by 1.4% and 1.9% respectively in FY2015, due mainly to property divestments and the decrease in average occupancy rates.

The weak JPY relative to the S\$ continued to weigh on Saizen REIT's net asset value and income in S\$-terms. Saizen REIT's net asset value in S\$-terms decreased from S\$1.22 as at 30 June 2014 to S\$1.14 as at 30 June 2015, while distributions were negatively impacted as well.

Financing

Saizen REIT obtained 3 loans, amounting to an aggregate of JPY 1,450.0 million in FY2015. 2 out of these 3 loans were secured from new lenders, further diversifying Saizen REIT's sources of financing.

During FY2015, Saizen REIT secured new banking relationships with The Kitakyushu Bank, Ltd ("KB")

CEO's Statement

and The Shonai Bank, Ltd, and further obtained a loan from Hiroshimashi Credit Cooperative ("HCC"), an existing lender. The loans from KB and HCC both have loan-to-value ratio levels of above 50%.

These developments signal the continued improvement in the financing market and Saizen REIT's credit standing. The loan schedule of Saizen REIT as at LPD is summarised in the section "Financial Review" of this annual report.

Foreign exchange exposure

As Saizen REIT's distributable income from operations is generated in JPY, its S\$-denominated distributions are dependent on the JPY-S\$ cross rates. Management Team may, when appropriate, enter into hedging transactions to minimise the exposure to fluctuations in the JPY-S\$ cross rates that Unitholders may face in respect of their impending distributions. The distribution for the six-month financial period ending 31 December 2015, which is expected to be paid in March 2016, has been hedged at an average rate of JPY87.0/S\$.

Consistent with existing policy, the foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) have not been hedged.

Outlook for Financial Year Ending 30 June 2016

While indicators of Japan's macro-economic condition had been mixed, the Management Team remains cautiously positive on the overall state of the Japanese economy and residential property market. Financing conditions have continued to improve in the past year while signs of rental reflation have manifested over time.

Property operations and distributions

Property operations are expected to remain stable, generating steady cash flow to enable Saizen REIT to continue paying out semi-annual distributions in accordance with its distribution policy.

Property acquisitions and divestments

During FY2015 and up to the LPD, Saizen REIT had disposed of 3 properties in Saizen REIT's portfolio, at premiums of 12.8%, 16.0% and 20.4% over their valuations as part of its portfolio rebalancing. Saizen REIT also completed the acquisition of Strasse Nanokawa on 31 August 2015. This acquisition was transacted at a premium of 9.1% over valuation.

The Management Team has observed that the property market in Japan, especially in Tokyo, is buoyant and properties are generally priced at aggressive yields in the current market, often above their appraised value. Due to the increase in competition for properties, the ability to lodge a bid quickly and the willingness to complete a transaction swiftly (usually with minimal due diligence) is becoming more crucial in securing a deal. Admittedly, this puts Saizen REIT in a disadvantaged position due to stringent due diligence requirements and a structured approval process, especially when the acquisition price exceeds valuation by 10% or more. Notwithstanding that acquiring properties under current market conditions has become increasingly challenging for Saizen REIT, the Management Team will continue to work closely with its agents and industry contacts to identify appropriate acquisition opportunities at good value for Saizen REIT.

Distribution

The Board of Directors has declared a total distribution of 6.03 Singapore cents per Unit for the financial year ended 30 June 2015, representing a decrease of 5.0% over the previous year's 6.35 Singapore cents per Unit, affected by the continued weakness of the JPY versus S\$.

It is worth noting that the distributable income includes an amount from capital cash resources that will be used to offset loan principal repayment. For FY2015, the use of capital cash resources to offset loan principal repayment contributed to 2.75 Singapore cents per Unit out of the DPU of 6.03 Singapore cents per Unit. Going forward, the ability to offset such loan principal repayment will depend on the availability of such cash resources. Such cash resources may include warrant proceeds on hand and cash raised on new loans in future.

We would like to convey our appreciation to our tenants, business partners, Unitholders, colleagues and Board of Directors for their support during the past year, and we look forward to continue working together to enhance the value of Saizen REIT for all stakeholders.

Linus Koh Kia Meng Co-Chief Executive Officer 30 September 2015

Chang Sean Pey Co-Chief Executive Officer 30 September 2015

Financial Highlights

Key financial information of Saizen REIT

		FY2015
NAV per Unit:	as at 30 June 2014	JPY 99.26 (S\$1.22 ⁽¹⁾)
	as at 30 June 2015	JPY 103.74 (S\$1.14 ⁽²⁾)
Distribution per Unit:	1 July 2014 to 31 December 2014	3.10 cents
	1 January 2015 to 30 June 2015	2.93 cents
Closing market price per Unit on LPD		S\$0.835
Gearing (aggregate leverage ratio)(3)	as at 30 June 2015	35.3%
Net gearing ⁽⁴⁾ as at 30 June 2015		29.4%
4Q FY2015 interest cover ratio		6.0 times
Deposited property:	as at 1 July 2014	JPY 47.30 billion
	as at 30 June 2015	JPY 48.74 billion
Net cash	as at 30 June 2015	JPY 4.54 billion
Borrowings due within next 12 months	as at 30 June 2015	JPY 1.00 billion
Value of investment properties	as at 30 June 2015	JPY 43.09 billion
Net appreciation in the value of investment properties in FY2015		JPY 1.37 billion
Total operating expenses in FY2015 ⁽⁵⁾		JPY 2.13 billion
Total operating expenses in FY2015 (as a %	7.2%	

Notes:

- 1. Based on 283,611,720 Units in issue as at 30 June 2014 and an exchange rate of JPY81.3/S\$ as at 30 June 2014.
- 2. Based on 283,611,720 Units in issue as at 30 June 2015 and an exchange rate of JPY90.9/S\$ as at 30 June 2015.
- 3. Gearing is equal to the sum of total borrowings divided by the total value of the assets of Saizen REIT.
- 4. Net gearing is equal to the sum of net borrowings divided by the total value of investment properties. Net borrowings is equal to total borrowings less net cash (i.e. cash at bank plus deposit with cash management agents less current rental deposits, other current liabilities and current tax liabilities).
- 5. Total operating expenses include foreign exchange differences and realised (payment) on interest rate swap.

Summary of statement of total return for FY2015

	FY2015
	(JPY '000)
Gross revenue	3,899,826
Net property income	2,674,053
Net income from operations	1,691,923
Total return for the year after income tax before distribution	2,803,599

Financial Highlights

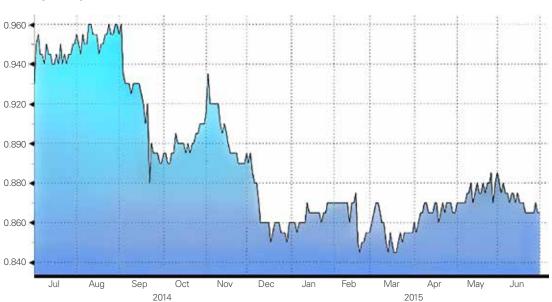
Unit Price Performance

	1 July 2014 to 30 June 2015
Closing price on first day (1 July 2014)	S\$0.930
Closing price on last day (30 June 2015)	S\$0.865
Highest price (per Unit)(1)	S\$0.960
Lowest price (per Unit)(1)	S\$0.845
Volume weighted average price per Unit ⁽¹⁾	S\$0.88941
Trading volume (million Units)	45.030

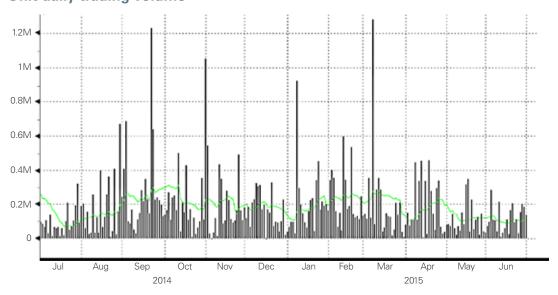
Note:

1. Based on daily closing prices.

Unit price performance



Unit daily trading volume



Review of Performance

Group level

	FY2015 (JPY'000)	FY2014 (JPY'000)	Increase / (Decrease)%
Gross revenue	3,899,826	3,954,382	(1.4)
Net income from operations	1,691,923	1,740,242	(2.8)
Total return for the year before income tax	3,185,674	2,393,814	33.1
Total return for the year after income tax	2,803,599	2,131,826	31.5

Total return for the year before income tax was JPY 3,185.7 million in FY2015 as compared to JPY 2,393.8 million in FY2014. Revenue decreased by 1.4% in FY2015 as compared to FY2014, due mainly to the divestments of 3 properties between May 2014 and November 2014 and a decrease in average occupancy rates. Net income from operations decreased by 2.8% due mainly to the decrease in net income from property operations.

The average occupancy rate in FY2015 was 90.6% as compared to 91.0% in FY2014, while the overall rental reversion of new contracts entered into in FY2015 was marginally lower by about 0.6% (FY2014: lower by about 0.5%) from previous contracted rates. The average tenant turnover rate improved from 19% in FY2014 to 17% in FY2015.

Property level

	FY2015 ⁽¹⁾ (JPY'000)	FY2014 ⁽²⁾ (JPY'000)	Increase / (Decrease)%
Gross revenue	3,899,826	3,954,382	(1.4)
Property operating expenses ⁽³⁾	(1,225,773)	(1,227,489)	(0.1)
Net property income	2,674,053	2,726,893	(1.9)
Asset management fees	(61,996)	(48,203)	28.6
Interest expenses ⁽⁴⁾	(442,907)	(445,652)	(0.6)
Guarantor fee to asset manager	(30,586)	(31,668)	(3.4)
Other administrative expenses	(115,589)	(108,361)	6.7
Net income from property operations	2,022,975	2,093,009	(3.3)

Notes:

- 1. There were 138 properties at the start of FY2015 and 136 properties at the end of FY2015.
- 2. There were 139 properties at the start of FY2014 and 138 properties at the end of FY2014.
- 3. Property operating expenses comprised the following:

	FY2015 (JPY'000)	FY2014 (JPY'000)	Increase / (Decrease)%
Property tax	282,667	285,129	(0.9)
Property manager's fees	153,193	155,929	(1.8)
Operation and maintenance expenses	183,487	186,649	(1.7)
Repairs and renovations	228,104	217,655	4.8
Leasing and marketing expenses	108,678	120,744	(10.0)
Utilities charges	166,782	172,753	(3.5)
Insurance expenses	42,518	44,309	(4.0)
Write back of impairment on trade receivables	(11)	(311)	(96.5)
Trade receivables written-off	1,715	978	75.4
Consumption tax arising from operation	58,640	43,654	34.3

4. Interest expenses included the realised loss (payment) on interest rate swap.

Gross revenue and net property income decreased by 1.4% and 1.9% respectively in FY2015, due mainly to the divestment of 3 properties between May 2014 and November 2014 and a decrease in average occupancy rate.

Property operating expenses decreased marginally by 0.1%. An improvement in tenant turnover rate from 19% in FY2014 to 17% in FY2015 contributed to the decrease in leasing and marketing expenses of 10.0%. Higher repairs and renovations expenses, which increased by 4.8%, were incurred to enhance the competitiveness of Saizen REIT's properties.

Asset management fees (which are computed as 3% of the property business profits prepared under Japanese GAAP) increased from JPY 48.2 million in FY2014 to JPY 62.0 million in FY2015, due mainly to an increase in provisions of asset management fees of JPY 16.2 million in connection with the fair value gain in investment properties (as any gains on the disposal of properties could increase property business profits).

Other administrative expenses increased by 6.7%, due mainly to legal and professional fees which were incurred in connection with 3 loans obtained in FY2015.

Exposure to derivatives

The fair value gain on financial derivatives recognised in the Statement of Total Return of the Group for FY2015 comprised the aggregate of the following:

- (i) realised loss (payment) on interest rate swap;
- (ii) unrealised fair value gain on interest rate swap; and
- (iii) fair value gain on forward contract and/or zero cost collar.

Interest rate swap

Interest rate swaps have been entered into in respect of 3 variable rate loans to hedge against fluctuations in interest rates.

	As at 30 June 2015	As at 30 June 2014
Group net assets attributable to Unitholders (JPY'000)	29,423,120	28,151,410
Fair value of interest rate swap (non-current liabilities) (JPY'000)	320,392	377,343
Percentage of fair value of interest rate swap to Group net asset value	1.09%	1.34%
Percentage of notional amount of interest rate swap to total Group borrowings	75.1%	77.3%

Interest rate swaps are classified as derivative financial instruments on the Group's balance sheet. Under FRS 39, an interest rate swap is recognised at fair value at balance sheet date and any gain or loss arising from a change in its fair value is recognised as an unrealised fair value gain or loss on interest rate swap in the Statement of Total Return of the Group. The recognition of unrealised gain or loss on interest rate swap does not affect the amount available for distribution and does not have any impact on cash flow.

The unrealised fair value gain on interest rate swap of JPY 57.0 million in FY2015 arose in connection with the interest rate swap arrangements.

The settlement of the differences between the variable and fixed interest rates under the swap arrangements was recognised as a realised loss (payment) on interest rate swap during the financial year. Such realised loss (payment) on interest rate swap is included in the computation of the cost of borrowing of the Group.

Further details on each interest swap arrangement are provided below.

GK Choan

GK Choan uses interest rate swaps to hedge against fluctuations in interest rates in respect of its loan from Mizuho Bank Ltd (the "GK Choan Loan"). The GK Choan Loan is subject to a variable interest rate of 1% per annum plus 3-month JPY Tokyo Interbank Offered Rate ("TIBOR"). In order to fix the interest rate of the GK Choan Loan throughout its term of up to March 2022, GK Choan has entered into an interest rate swap arrangement whereby GK Choan agreed to pay its counterparty payments of 2.91% per annum, in exchange for a variable interest rate of 1% per annum plus 3-month JPY TIBOR. The interest rate swap arrangement enables GK Choan to fix the effective interest rate on the GK Choan Loan at 2.91% per annum.

GKTosei

GK Tosei uses interest rate swaps to hedge against fluctuations in interest rates in respect of its loan from Mizuho Bank Ltd (the "GK Tosei Loan"). The GK Tosei Loan is subject to a variable interest rate of 1.125% per annum plus 3-month JPYTIBOR. In order to fix the interest rate of the GK Tosei Loan throughout its term of up to June 2022, GK Tosei has entered into an interest rate swap arrangement whereby GK Tosei agreed to pay its counterparty payments of 2.81% per annum, in exchange for a variable interest rate of 1.125% per annum plus 3-month JPYTIBOR. The interest rate swap arrangement enables GK Tosei to fix the effective interest rate on the GK Tosei Loan at 2.81% per annum.

GK Chosei, YK JOF, YK Keizan, YK Kokkei, YK Shingen and YK Shintoku

GK Chosei, YK JOF, YK Keizan, YK Kokkei, YK Shingen and YK Shintoku use interest rate swaps to hedge against fluctuations in interest rates in respect of their loan from the Tokyo Star Bank Ltd (the "TSB Loan"). The TSB Loan is subject to a variable interest rate of 2% per annum plus 3-month JPY BBA (British Bankers' Association) LIBOR (London Interbank Offered Rate). In order to fix the interest rate of the TSB Loan up to February 2018, the TK operators have entered into an interest rate swap arrangement whereby they agreed to pay their counterparty payments of 2.42% per annum, in exchange for a variable interest rate of 2% per annum plus 3-month JPY BBA LIBOR. The interest rate swap arrangement enables the 6 TK operators to fix the effective interest rate on the TSB Loan at 2.42% per annum up to February 2018. Thereafter, for the remaining loan tenure up to maturity in February 2023, the TSB Loan will be subject to the variable rate stated above.

Forward contract

Saizen REIT receives distributions from its TK operators, whose cash flows are denominated in JPY. As Saizen REIT pays out distributions in S\$, Unitholders are exposed to fluctuations in the cross currency rates of JPY and S\$ when they receive their distributions. Saizen REIT may enter into hedging transactions to minimise the exposure to fluctuations in the JPY-S\$ cross rates that Unitholders may face in respect of their impending distributions.

In FY2015, Saizen REIT had entered into forward contracts to hedge the JPY-S\$ cross rate in respect of its distribution payments to Unitholders.

Forward contract

	As at 30 June 2015
Group net assets attributable to Unitholders (JPY'000)	29,423,120
Fair value of forward contract (current assets) (JPY'000)	74,647
Percentage of fair value of forward contract (current assets) to Group net asset value	0.25%

Saizen REIT's position on forward contracts as at 30 June 2015 comprised a forward contracts used to hedge the distribution payments for the six-month financial period ended 30 June 2015 (the "2H FY2015 Distribution") and the six-month financial period ending 31 December 2015 (the "1H FY2016 Distribution"). The 2H FY2015 Distribution and the 1H FY2016 Distribution have been hedged at average rates of JPY85.6/S\$ and JPY 87.0/S\$ respectively.

Forward contracts are classified as derivative financial instruments on the Group's balance sheet. The Group's forward contracts are recognised at fair value at balance sheet date and any gain or loss arising from changes in fair value are recognised as fair value gain or loss on forward contract in the Statements of Total Return. The recognition of fair value gain or loss on forward contract does not affect the amount available for distribution and does not have any impact on cash flow.

Fair value gain on forward contract

The fair value gain on forward contract amounted to JPY 151.5 million in FY2015.

Borrowings

As at the LPD, the Group had 14 outstanding loans which were borrowed through the various TK operators of Saizen REIT. Each loan is secured only by specific properties of the TK operator(s) which obtained the loan. There is no cross-collateralisation between the various loans, and there is also no recourse towards Saizen REIT. The 14 loans have varying amounts of amortisation over their respective tenures.

The following table sets out the loans obtained by the TK operators of Saizen REIT:

TK operator	Property value (JPY'mil)	Loan amount (JPY'mil)	Lender	Maturity date	Interest rate	Guarantor fee	Annual amortisation (JPY'mil)
YK Shinzan	4,701.0	1,675.0	Bank of Fukuoka, Ltd	26 Mar 2020	2.223%	0.175%	100.0
GK Choan	8,090.0	2,475.0	Mizuho Bank Ltd	25 Mar 2022	2.91%(1)	0.3%	150.0
GK Tosei	1,922.0	616.0	Mizuho Bank Ltd	27 Jun 2022	2.81%(1)	0.3%	28.0
6 TK operators ⁽²⁾	20,728.1	9,440.8	Tokyo Star Bank Ltd	19 Feb 2023	2.42%(3)	0.175%	253.4
GK Chogen	640.0	201.1	The Higo Bank, Ltd	25 Mar 2023	1.10% + short- term prime rate ⁽⁴⁾	-	23.3
GK Chogen	435.0	175.0	The Higo Bank, Ltd	25 Dec 2032	1.20% + short- term prime rate ⁽⁴⁾	-	10.0
GK Gyokou	1,088.0	388.5	Kumamoto Dai-ichi Shinkin Bank	10 Feb 2031	1.775% + short- term prime rate ⁽⁵⁾	-	25.2
GK Gyokou	1,000.0	405.3	Kumamoto Dai-ichi Shinkin Bank	10 Oct 2031	1.625% + short- term prime rate ⁽⁵⁾	-	25.2
GK Gyokou	273.0	120.7	Kumamoto Shinkin Bank	10 Dec 2032	Base rate ⁽⁶⁾	0.3%	7.0
GKTogen	589.0	256.8	The Shonai Bank, Ltd	25 Mar 2035	0.5% + short- term prime rate ⁽⁴⁾	0.3%	13.0
GK Gyotatsu	1,400.0	706.4	The Kitakyushu Bank, Ltd	26 Aug 2036	1.462%(7)	-	33.6
GK Gyosei	141.0	65.7	The Hiroshimashi Credit Cooperative	19 Jul 2041	1.15% + long- term prime rate ⁽⁸⁾	-	2.5
GK Gyosei	282.0	121.8	The Hiroshimashi Credit Cooperative	30 Sep 2041	1.10% + long- term prime rate ⁽⁸⁾	-	4.7
GK Gyosei	672.0	432.5	The Hiroshimashi Credit Cooperative	30 Jun 2044	1.10% + long- term prime rate ⁽⁸⁾	-	15.0
Total	41,961.1	17,080.6					690.9

- 1. The interest rate is fixed via the use of an interest rate swap arrangement.
- 2. Comprising GK Chosei, YK JOF, YK Keizan, YK Kokkei, YK Shingen and YK Shintoku. The properties pledged under this loan include 4 properties owned by GK Choan.
- 3. The interest rate is fixed via the use of an interest rate swap arrangement up to February 2018. Thereafter, for the remaining loan tenure up to maturity in February 2023, the interest rate will be variable at 3-month JPY BBA LIBOR + 2%.
- 4. The prevailing short-term prime rate applicable to this loan is 1.975%.
- 5. The prevailing short-term prime rate applicable to this loan is 1.725%.
- 6. The base rate applicable to this loan is 3.175%.
- 7. Interest rate will be fixed at 5-year intervals based on Tokyo Swap Reference Rate + 1.2%. The interest rate is fixed at 1.462% per annum for the first 5 years.
- 8. The prevailing long-term prime rate applicable to this loan is 1.15%.

In addition to the above-mentioned loans, borrowings as at the LPD also comprised advances of S\$4 million drawn down from a credit facility of Saizen REIT.

Unencumbered portfolio

TK operator	Property value (JPY'mil)	Number of unencumbered properties
GK Choan	750.0	2
GK Chosei	470.0	1
Total	1,220.0	3

Property valuation

A total of 136 properties held by Saizen REIT were subjected to an annual valuation as at 30 June 2015.

The aggregate value of Saizen REIT's investment properties increased from JPY 42.1billion as at 30 June 2014 to JPY 43.1 billion as at 30 June 2015.

The Management Team has observed an improvement in the overall property market in the past year, with capital values enhanced by a compression of average capitalisation rates in many cities. Valuations of properties in the cities of Fukuoka, Sapporo, Sendai and Tokyo increased by 5.6% on average on the back of improvements in the local property markets. On the other hand, the valuation of properties in Kitakyushu, Kagoshima and Kumamoto increased marginally by 0.6% on average due to challenging leasing conditions.

Based on the Management Team's recent discussions with Saizen REIT's panel of independent valuers, it was noted that the valuers generally adopt a conservative approach in their valuations such that there is a general lag in timing in recognising the market uptrend. Additionally, fast-moving market conditions may not be fully reflected in the valuers' assumptions due to the lack of public market transaction data (other than those published by REITs listed in Japan) and the lack of immediate information flow. Consequently, valuations in a buoyant market typically lag behind actual market transaction prices. For reference, Saizen REIT completed 4 divestments since 2014 and up to the LPD at prices (inclusive of consumption tax) which represent premiums of between 12.8% and 20.4% over valuation.

The property value and rental income of each of Saizen REIT's 136 properties is not material in the context of the whole portfolio, and there is no reliance on any single tenant. Only 28 of the 136 properties in the portfolio have valuations that individually amount to more than 1% of the total portfolio value, with no single property accounting for more than 4% of the total portfolio value as at 30 June 2015. No single property accounted for more than 3% of Saizen REIT's total rental income in June 2015. The properties in Saizen REIT's portfolio possess similar characteristics in that they comprise predominantly residential units that are rented to mass market tenants. On this basis, we are of the view that analysis of the changes in fair value of each of the 136 properties in the portfolio will not be meaningful.

Property transactions

Acquisition

During FY2015 and up to the LPD, Saizen REIT acquired the following property from an independent seller:

Property acquired	operty acquired TK operator		Purchase price ¹ (JPY mil)	Valuation² (JPY mil)	Premium of purchase price over valuation
Strasse Nanokawa	GK Chosei	31 Aug 2015	513.00	470.00	9.1%

- 1. Purchase price includes consumption tax.
- 2. Valued using the direct capitalisation method and discounted cash flow analysis method.

Divestment

During FY2015 and up to the LPD, Saizen REIT sold the following properties to independent buyers:

Property sold	TK operator	Date of completion of sale	Sale price ¹ (JPY mil)	Valuation² (JPY mil)	Premium of sale price over valuation
Sun Port 6	YK Shintoku	31 Jul 2014	168.00	149.00	12.8%
High Grace II	YK Shintoku	21 Nov 2014	366.45	316.00	16.0%
Niken Chaya Grand Heights	YK Shintoku	24 Aug 2015	460.00	382.00	20.4%
Total			994.45	847.00	17.4%

Notes:

- 1. Sale price includes consumption tax.
- 2. Valued using the direct capitalisation method and discounted cash flow analysis method.

Acquisition and divestment fees

An acquisition fee amounting to 1% of the purchase price is payable to the Manager when a property is acquired by a TK operator of Saizen REIT. A divestment fee amounting to 0.3% of the sale price is payable to the Manager when a property is sold by a TK operator of Saizen REIT.

The acquisition or divestment fee payable to the Manager may be in the form of cash or Units or a combination of both (as the Manager may in its sole discretion determine). For any acquisition/divestment of properties from/to interested parties, such acquisition/divestment fee should be in the form of Units issued by Saizen REIT at the prevailing market price. Such Units should not be sold within one year from the date of their issuance.

Unit buy-back activity

During FY2015 and up to the LPD, the Manager had not purchased any Units pursuant to the Unit Buy-Back Mandate approved by Unitholders on 21 October 2014.

Utilisation of warrant proceeds

Total warrant proceeds from warrant exercises amounted to \$\$42.8 million. Up to the LPD, approximately \$\$1.1 million has been used for Units buy-backs, \$\$0.3 million has been used for working capital purposes (daily operating expenses) and approximately \$\$28.1 million had been deployed towards the repayment of borrowings and approximately \$\$9.3 million had been deployed for offsetting loan principal repayment in connection with distribution payments. Warrant proceeds have been deployed towards uses as approved by Unitholders. Warrant proceeds amounting to \$\$4 million have yet to be deployed.

Board of Directors of the Manager



Mr Arnold IP Tin Chee Chairman Non-executive Director

Mr Arnold Ip Tin Chee is the Chairman of the Manager. Mr Ip is concurrently a director of KK Tenyu Asset Management, the Asset Manager. He is involved in the acquisition and disposal functions of the Asset Manager and also oversees the overall property management, leasing and renovation and financing functions.

Mr Ip is a founding member of the management team of several funds which subsequently formed Saizen REIT. Mr Ip has been investing in Japanese real estate since 2000, as well as real estate investment management and has experience in the evaluation and management of private equity investments. Prior to that, Mr Ip was a director of Yuanta Securities (Hong Kong) Company Limited between 1997 and 2001.

From 1989 to 1997, Mr Ip worked for Standard Chartered Asia Limited, a corporate finance advisory company focusing on the mid-cap segment of the Hong Kong/China market, where his last position there was as a director. During 1984 to 1988, Mr Ip worked for Arthur Andersen & Co in London, specialising in taxation.

Mr Ip is a graduate of Trinity College, Cambridge University and has been qualified as a chartered accountant since 1988. Mr lp is also the chairman of the Corporate Announcement Committee and a member of the Risk Management Committee.

Mr CHANG Sean Pev Co-Chief Executive Officer Executive Director

Mr Chang Sean Pey is the Co-Chief Executive Officer of the Manager. Mr Chang works closely with Mr Linus Koh Kia Meng on the development and review of investment and divestment strategies, the day-today operations of Saizen REIT and working with the Manager's executive officers in meeting the strategic, financial, investment, operational and investor relations objectives of Saizen REIT.

Mr Chang is a founding member of the management team of several funds which subsequently formed Mr Chang has been managing investments in Japanese real estate since 2000. Prior to this, Mr Chang worked for the corporate finance services division of DBS Group in Singapore between 1996 and 2000, specialising in fund raising activities in the equity capital markets.

Board of Directors of the Manager

Mr Chang holds a Bachelor of Engineering (Hons) degree from the National University of Singapore. Mr Chang is a member of the Corporate Announcement Committee.

Mr Raymond WONG Kin Jeon Executive Director

Mr Raymond Wong Kin Jeon is a member of the Corporate Announcement Committee. He is responsible for investor relations function of Saizen REIT and formulates strategic plans focusing primarily on the creation of value for the Unitholders, and promoting and marketing Saizen REIT to the Unitholders, analysts and prospective investors together with the Board and the Co-Chief Executive Officers.

Mr Wong is the managing director and responsible officer of Cheetah Investment Management Limited, an investment advisory firm licensed by the Securities and Futures Commission in Hong Kong, and is a director of Cheetah Korea Value Fund, CK Absolute Return Master Fund, CK Absolute Strategic Fund and CK Absolute Return Fund. Mr Wong is also a founder and director of Cheetah Group Holdings Limited, a substantial shareholder of the Sponsor, the holding company of the Manager.

Through its group companies, Cheetah Group Holdings Limited has launched funds since 2002 that invest in various alternative investment strategies around Asia. Mr Wong manages and supervises the fund raising, compliance and investor relations for these funds. Mr Wong has 22 years of experience managing both hedge fund portfolios and family office investments, and has extensive entrepreneurial experience in Canada and Hong Kong. He has more than 20 years of experience in real estate investment management. He was a member of the executive committee of the Hong Kong/China Chapter of Alternative Investment Management Association (AIMA) from 2001 to 2014.

Mr Wong holds a BA in Engineering from Cambridge University and an MASc. in Systems Control from the University of Toronto. He is also a Chartered Financial Analyst.

Mr SOH Yew Hock

Lead Independent Non-executive Director

Mr Soh is the Lead Independent Director and the Chairman of both the Audit Committee and the Evaluation Committee. He is also the Lead Independent Director of Kencana Agri Limited and Chairman of its Audit & Risk Committee, as well as, an Independent Director and Chairman of the Audit

& Risk Committee of HTL Holdings Limited. Mr Soh has wide experience in commerce and industry. He had previously served as a director of several public listed companies and was Chief Executive Officer and Group Managing Director of Wearnes International (1994) Limited. Mr Soh was a past President of the Singapore Division of CPA (Australia).

Mr Soh holds a Bachelor of Accountancy degree from the University of Singapore and is a graduate of the Chartered Institute of Marketing (UK) and an AMP alumnus of Harvard Business School. He is a FELLOW of the Institute of Singapore Chartered Accountants, CPA (Australia), Association of Chartered Certified Accountants (UK), the Chartered Institute of Marketing (UK) and the Singapore Institute of Directors.

Mr Dennis LAM Siu Sun Independent Non-executive Director

Mr Lam is the Chairman of the Risk Management Committee and a member of both the Audit Committee and the Evaluation Committee. He is a practising solicitor in Hong Kong and the senior partner of a Hong Kong law firm Messrs. Li, Wong & Lam & W.I. Cheung. Mr Lam specialises in corporate, financial and property work, and is experienced in working with Japanese clients, having previously worked at the Japan Desk of Messrs. Baker & McKenzie from 1989 to 1992 and was involved in several mergers of Japanese banks.

Mr Lam holds a Bachelor of Laws degree from the University of Warwick, England, and a Postgraduate Certificate in Laws from The University of Hong Kong. He is also admitted as a solicitor in England & Wales.

Mr Harold SUN Dai Hoe

Independent Non-executive Director

Mr Sun is a member of the Audit Committee, Evaluation Committee and Risk Management Committee. He is the executive director of Sun International (S) Pte Ltd and Sun Sung Trading (S) Pte Ltd, with long experience in import, export and distribution of consumer products from Japan and other Asian countries. Mr Sun also has real estate investment experiences in China, Hong Kong, Singapore, Malaysia and Canada through his family holdings. He worked for the Corporate Banking Real Estate Division in Citibank, Hong Kong from 1987 to 1990.

Mr Sun holds a MBA degree from University of British Columbia, Canada and a Bachelor degree in Business Administration from Georgetown University in the United States.

Executive Officers of the Manager

Mr CHANG Sean Pey Co-Chief Executive Officer Executive Director

Details of the role, experience and expertise of Mr Chang are set out in the section "Board of Directors of the Manager" of this annual report.

Mr Linus KOH Kia Meng Co-Chief Executive Officer

Mr Koh is the Co-Chief Executive Officer of the Manager. Mr Koh works closely with Mr Chang Sean Pey on the development and review of investment and divestment strategies, the day-to-day operations of Saizen REIT and working with the Manager's Executive Officers in meeting the strategic, financial, investment, operational and investor relations objectives of Saizen REIT.

Mr Koh is the Non-Executive Director of Nutmeg Solutions Pte Ltd, which is focused on private equity investments and providing strategy and financial consultancy. From 2008 to 2009, he was President and Chief Operating Officer of the Singapore Mercantile Exchange. Mr Koh has also served in the Singapore Exchange, as EVP and Head of Products and Services (2004 to 2006) and as Chief Financial Officer (2006 to 2007). Prior to this, Mr Koh was an Executive Director and Chief Operating Officer of G K Goh Holdings Limited. He has also held various senior

appointments in Deutsche Bank from 1995 to 2000 in London and Singapore.

Mr Koh holds a Bachelor of Arts (Honours) degree in Economics from Sheffield University and a Master of Science degree in Management from the Massachusetts Institute of Technology. He is also a graduate of the Advanced Management Program at Harvard Business School.

Mr Joey GOH

Corporate Finance and Compliance Manager

Mr Goh works closely with the Board and the Co-Chief Executive Officers to ensure compliance with organisational and regulatory rules and obligations, which includes evaluating processes and procedures for compliance, alerting management to current regulatory issues and maintaining the compliance manual. He co-ordinates corporate actions and corporate finance activities with external advisers and professionals and reviews these activities and their related documentation for compliance with the relevant regulations.

Mr Goh also assists in the area of continuous disclosure, which includes the statutory reporting of quarterly and annual financial results. He reviews documents prior to public dissemination, such as announcements on the SGXNet as well as presentation materials, to ensure compliance with





Executive Officers of the Manager

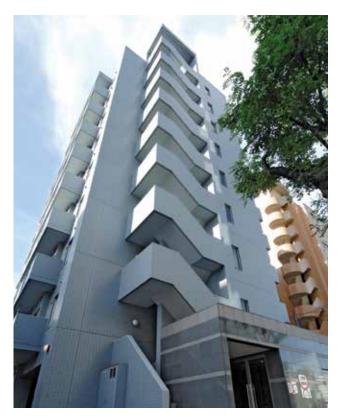
relevant rules and regulations. Mr Goh ensures that effective communication is maintained with the Trustee and regulatory authorities such as the MAS and SGX-ST.

Mr Goh has four years of corporate finance experience and has participated in a number of initial public offerings and other corporate finance advisory activities for companies listed on the SGX-ST. Prior to his involvement in corporate finance, he was an auditor in Ernst & Young and an accountant in Singapore Technologies Kinetics Ltd. He is a Chartered Accountant of Singapore and holds a Bachelor of Accountancy degree from the Nanyang Technological University. Mr Goh holds a Masters of Business Administration from the Imperial College Business School, United Kingdom.

Ms Ivy CHAN Ka Lam Finance Manager

Ms Chan is a member of the Hong Kong Institute of CPAs and The Association of Chartered Certified Accountants, and is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Ms Chan graduated with a Bachelor of Sociology (Hons) from Hong Kong Baptist University and a Bachelor of Applied Accounting (Hons) from Oxford Brookes University. Ms Chan and Ms Sally Law are



in charge of the finance and accounting function of the Manager. They are responsible for the reporting of Saizen REIT's financial and accounting conditions as well as the development of a comprehensive system of business score cards and key performance indicators to facilitate the effective management of Saizen REIT's assets.

Ms Chan is also responsible for the preparation of statutory accounts, the co-ordination with external auditors, the management of tax affairs, as well as the preparation of Saizen REIT's performance reports for the Unitholders and investors. Prior to this, Ms Chan was an accountant with Fung Kiu Manufacturing Limited from 1999 to 2003 and an audit assistant with Poon & Company, CPA from 2003 to 2004. She was an accounting manager in Altus Capital Limited from 2004 to 2007.

Ms Sally LAW Yin Nee Finance Manager

Ms Law is a member of Hong Kong Institute of CPAs and The Association of Chartered Certified Accountants, and is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms Law graduated with a Bachelor of Accountancy (Hons) from Hong Kong Baptist University.

As Finance Managers, Ms Law and Ms Ivy Chan are in charge of the finance and accounting function of the Manager. They are responsible for the reporting of Saizen REIT's financial and accounting conditions as well as the development of a comprehensive system of business score cards and key performance indicators to facilitate the effective management of Saizen REIT's assets.

Ms Law is also responsible for the preparation of statutory accounts, the co-ordination with external auditors, the management of tax affairs as well as the preparation of Saizen REIT's performance reports for the Unitholders and investors. Prior to this, Ms Law had worked in the accounting and audit department of Chan, Li Law & Co., and was an accounting manager in Altus Capital Limited. Her accounting and auditing experience covered a number of industries, including commodities trading, insurance brokerage and global wholesale.

Asset Manager

Mr Yutaka MATSUNAGA President

Mr Matsunaga, the Representative Director and President of KK Tenyu Asset Management, the Asset Manager, works closely with Mr Arnold Ip Tin Chee and Mr Richard Lo on the acquisition and disposal functions of the Asset Manager and is responsible for the overall management, operation and monitoring of the Asset Manager in its role as the asset manager for the TK operators in order to enhance the performance of the TK operators and other asset holding entities and Saizen REIT as an investor in those entities.

Mr Matsunaga is based in Tokyo, Japan, and has been managing Japanese real estate since 1999. He has over 15 years of experience in real estate investment, and has established an extensive network in the property market in Japan. From 1999 to 2001, Mr Matsunaga was the chief executive officer and director of JAIC International (HK) Co., Ltd, a whollyowned subsidiary of Japan Asia Investment Co., Ltd, one of the largest specialist private equity investment managers listed on Main Board of the Tokyo Stock Exchange.

Mr Matsunaga holds a bachelor's degree in commerce from Meiji University and is a licensed person under the Hong Kong Securities and Futures Ordinance.

Mr Arnold IP Tin Chee Director

Mr Ip is involved in the acquisition and disposal functions of the Asset Manager and oversees the overall property management, leasing and renovation and financing functions. Details of Mr Ip's experience and expertise are set out in the "Board of Directors of the Manager" section of this annual report.

Mr Richard LO Director

Mr Lo has over 30 years of business experience in Japan, including engaging in distributorships of computer and related products for major Japanese corporations in China and South East Asia. Mr Lo has over 10 years of experience in real estate investment management and has invested in real estate in Japan since 1999.

Mr Lo has established a wide network of contacts in both the property and corporate sectors in Japan. Mr Lo is a founder and director of a computer and related-products distribution group of companies, but he is no longer involved in the daily operations of these companies and will dedicate substantially all his time to the Asset Manager.

Mr Lo holds a Master of Business Administration from the University of California, Los Angeles (UCLA).

Mrs Ikuko DAZIRON General Manager, Operations Department

Mrs Daziron is the head of all operational matters of the Asset Manager including, inter alia, property acquisition and disposal, property management, leasing and renovation, and financing activities.

Under her supervision, the Operations Department is involved in property acquisition and disposal activities such as conducting searches for suitable sellers/buyers, performing transaction due diligence, providing assistance in the arrangement of financing and coordinating the preparation of valuation and engineering reports.

In the area of property management, her department works directly and closely with property managers and property agents in each of the relevant cities in order to obtain up-to-date market information and to enhance or maintain occupancy rates at satisfactory levels. Mrs. Daziron also liaises with property managers on a regular basis to seek quotations from various service providers and suppliers with the objective of lower operating costs and, in the long-run, increasing property management efficiency. She is also involved in the preparation of property management plans and capital expenditure and renovation budgets.

In overseeing the financing functions of the Asset Manager and TK operators, her department liaises with lenders and loan servicers, and provides them with all necessary information for loan applications. Her team also oversees the preparation of statutory accounts, co-ordinates with external auditors and manages tax affairs.

Property Acquisition







Strasse Nanokawa was built in December 1994 and is located in the Minami Ward of Fukuoka. It is within 7-minutes' walk from the Nishitetsu Hirao Station (subway Tenjin Omuta Line).

Property Details	
Purchase Price (JPY million)	513
Latest Valuation (JPY million)	470
No. of Residential Units	42
No. of Car Parking Units	20
Net Lettable Area ("NLA") (sqm) (excluding carparks)	1,539
Occupancy rate by NLA (excluding carparks) as at 30 June 2015	83%







Location	No.	Property Name	Year Built	Purchase Consideration (JPY million)
Fukuoka	1	Arati Hakata South	1991	472.0
	2	AS Residence Hakataekiminami	2006	599.7
	3	Central Court Tenjin Higashi	1991	203.0
	4	Chic Takaramachi	1985	243.0
	5	Gold Mansion Nakao	1988	179.0
	6	La Finesse Hakataeki Minami	2006	550.0
	7	Le Pied Hirao	2000	288.0
	8	Orion Heim	1996	268.0
	9	Relief Ohorinishi	1989	132.0
	10	Wing Befu	1992	206.0
		Subtotal		3,140.7
Hakodate	11	Matsukaze Building	1990	382.0
		Subtotal		382.0
Hiroshima	12	Estate 18 Shinonome	1990	253.3
	13	Fujimicho Building	2007	513.0
	14	Grand Polestone Fujimi	2005	228.4
	15	Grand Polestone Higashi Hiratsuka	2007	505.0
	16	Grand Polestone Kinya	2005	178.0
	17	Grand Polestone Otemachi	2007	655.0
	18	Grand Polestone Otemachi II	2007	470.0
	19	Grand Polestone Takeya	2006	641.0
	20	Grand Polestone Tsurumi	2006	465.0
	21	Grand Polestone Tsurumi II	2008	670.0
	22	Kusatsu Higashi Heights	1988	197.0
	23	Matoba Meijibashi II	1996	324.0
	24	Quest Tower Noboricho	2008	680.0
	25	Royal Shinonome	1990	320.0
	26	Shinonome Heights	1988	175.0
	27	Villa Kaita	1992	300.0
	28	VOGA Minami Kannon	1993	230.0
	29	Wing Nakahirodori	2007	838.0
		Subtotal		7,642.7

- 1. The valuations were determined using income approach, which includes the direct capitalisation method and discounted cash flow method.
- 2. The annual rental income represents the annualised rental income of each property in June 2015. Rental income comprises base rental income, common area management fees and car parking rental income only.

Latest Valuation ⁽¹⁾ (JPY million)	No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Lettable Area ("NLA") (sqm) (Residential and Commercial)	Occupancy rate by NLA (Residential and Commercial) as at 30 June 2015	Annual Rental ⁽²⁾ (JPY)	% of Total Rental Income for June 2015
411.0	62	0	15	1,406	1,376	93%	32,705,508	1.0%
615.0	56	0	15	2,063	1,949	95%	45,110,100	1.2%
134.0	27	0	0	579	546	89%	12,516,000	0.3%
222.0	30	0	17	2,102	1,949	97%	21,348,000	0.6%
113.0	28	0	0	739	739	89%	11,592,000	0.3%
493.0	50	0	7	1,319	1,228	92%	36,534,000	1.0%
257.0	32	0	10	1,004	794	88%	18,410,400	0.5%
224.0	29	0	6	963	815	94%	18,458,400	0.5%
119.0	17	0	0	519	450	100%	9,864,000	0.3%
124.0	29	0	3	768	751	97%	12,637,896	0.3%
2,712.0	360		73	11,462	10,597	-	219,176,304	6.0%
						_		
264.0	32	4	30	3,101	2,340	80%	25,668,936	0.7%
264.0	32	4	30	3,101	2,340	_	25,668,936	0.7%
254.0	68	0	0	1,133	1,133	87%	21,792,000	0.6%
365.0	32	1	2	1,047	960	89%	27,288,000	0.7%
181.0	19	0	1	598	548	100%	15,435,720	0.4%
406.0	40	0	2	1,414	1,312	93%	32,952,000	0.9%
141.0	16	0	2	531	416	94%	11,424,000	0.3%
473.0	38	0	7	1,812	1,529	98%	38,880,000	1.1%
405.0	30	0	5	1,271	1,133	100%	31,392,000	0.8%
543.0	52	1	3	1,897	1,575	87%	38,035,140	1.0%
366.0	36	0	5	1,216	1,060	94%	28,284,000	0.8%
672.0	51	0	11	2,252	2,004	94%	50,127,720	1.4%
217.0	60	0	5	1,183	1,183	97%	22,650,288	0.6%
282.0	42	0	5	916	820	95%	23,862,000	0.6%
695.0	60	0	4	1,736	1,665	97%	52,968,852	1.4%
331.0	80	0	16	1,373	1,358	89%	29,280,000	0.8%
170.0	48	0	0	778	778	90%	15,996,000	0.4%
338.0	80	0	3	1,408	1,335	92%	30,310,320	0.8%
192.0	39	0	0	890	659	97%	16,652,040	0.4%
768.0	72	2	13	2,239	2,161	97%	57,199,440	1.5%
6,799.0	863	4	84	23,693	21,628		544,529,520	14.5%







Location	No.	Property Name	Year Built	Purchase Consideration (JPY million)	
Kagoshima	30	Abitare Korimoto	1990	338.0	
Ragosimila	31	Abitare Shimoarata I	1989	342.0	
	32	Abitare Shinyashiki	1989	316.0	
	33	Yamamoto Mansion	2004	765.0	
	00	Subtotal		1,761.0	
Kitala	0.4	Alta Hain Kalaus	1000	110.0	
Kitakyushu	34	Alte Heim Kokura	1992	113.0	
	35	Alte Heim Kokura II Alte Heim Kokura IV	1995	586.0	
	36		1989	124.0	
	37	Alte Heim Mojiekimae	1992	211.0	
	38	Chalet Aoyama	1989	325.0	
	39	Chalet Hannanan II	1991	147.0	
	40	Chalet Harunomachi	1991	478.6	
	41	Chalet Kanda II	1992	341.0	
	42	Challet Kishinoura	1991	384.0	
	43	Chalet Matsuo II	1991	78.8	
	44	Chalet Numahon Machi II	1991	246.0	
	45	Chalet Shiragane	1990	285.0	
	46	Chalet Suwamachi	1996	387.0	
	47	Chalet Tsudashin Machi	1990	193.0	
	48	City Room Nakai III	1998	193.0	
	49	Cosmos Kokura Eki Mae	2006	753.9	
	50	Katano Residential Building	1990	515.0	
	51	Shinko Kokura Kogane Sky Mansion	1990	267.0	
		Subtotal	_	5,628.3	
Koriyama	52	Arioso Phrase	2006	475.0	
	53	Leggiero Viola	2004	375.0	
	54	Maestoso Figur	2000	456.0	
		Subtotal		1,306.0	

- 1. The valuations were determined using income approach, which includes the direct capitalisation method and discounted
- 2. The annual rental income represents the annualised rental income of each property in June 2015. Rental income comprises base rental income, common area management fees and car parking rental income only.

Latest Valuation ⁽¹⁾ (JPY million)	No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Lettable Area ("NLA") (sqm) (Residential and Commercial)	Occupancy rate by NLA (Residential and Commercial) as at 30 June 2015	Annual Rental ⁽²⁾ (JPY)	% of Total Rental Income for June 2015
249.0	58	0	2	1,279	1,277	86%	22,548,000	0.6%
259.0	60	0	0	1,252	1,235	97%	25,704,000	0.7%
241.0	54	0	0	1,409	1,292	85%	21,246,000	0.6%
554.0	99	1	8	2,762	2,672	96%	53,811,360	1.4%
1,303.0	271	1	10	6,703	6,476	-	123,309,360	3.3%
					405	-		
58.0	21	0	2	624	465	100%	8,352,000	0.2%
395.0	87	1	9	1,833	1,799	89%	34,416,000	0.9%
70.0	17	0	2	818	733	85%	8,739,600	0.2%
139.0	31	0	8	774	699	94%	14,724,000	0.4%
233.0	40	0	24	2,098	2,098	69%	19,255,200	0.5%
100.0	20	0	9	937	937	90%	10,971,600	0.3%
360.0	50	0	20	3,089	2,750	100%	39,108,000	1.0%
206.0	38	0	25	2,094	2,094	87%	22,848,000	0.6%
288.0	41	0	23	1,754	1,727	93%	26,964,000	0.7%
48.0	12	0	1	411	411	75%	4,668,000	0.1%
147.0	20	3	14	1,344	1,313	61%	10,562,568	0.3%
214.0	21	1	5	1,337	1,316	96%	21,732,000	0.6%
256.0	28	0	23	2,317	2,221	100%	28,866,000	0.8%
131.0	23	2	0	1,276	1,227	82%	12,828,000	0.4%
153.0	30	0	5	855	855	87%	13,466,856	0.4%
785.0	61	0	28	3,334	3,063	87%	60,958,800	1.7%
326.0	34	2	36	3,721	2,315	90%	31,165,716	0.8%
172.0	54	1	4	1,209	1,161	93%	20,930,880	0.6%
4,081.0	628	10	238	29,823	27,183		390,557,220	10.5%
466.0	45	0	43	1,949	1,882	97%	41,578,368	1.1%
291.0	33	0	37	1,656	1,414	90%	26,535,408	0.7%
375.0	45	0	45	1,710	1,662	95%	33,602,508	0.9%
1,132.0	123	0	125	5,316	4,957		101,716,284	2.7%







Location	No.	Property Name	Year Built	Purchase Consideration (JPY million)
Kumamoto	55	EMYU Heisei Keyakidori Mansion	2007	956.0
	56	EMYU Honjo	2006	1,100.0
	57	EMYU Shinmachi	2006	761.0
	58	EMYU Suizenji	2006	1,305.0
	59	Flour Mansion Jyosei	1999	901.7
	60	KC Heights	1980	155.0
	61	Mon Palais Toroku	1994	362.0
	62	Rise Fujisaki Dai	2006	331.0
	63	Rise Heiseiekimae	2007	225.0
	64	Rise Kuhonji II	2005	484.0
	65	Rise Kumamoto Station South	2006	211.0
	66	Rise Oe	1998	306.0
	67	Rise Shimodori	2005	389.0
	68	Rise Shinoe	2003	285.0
	69	Rise Yotsugibashi	2012	428.0
	70	Romauge Kamidori Namikizaka	2007	750.0
		Subtotal		8,949.7
Kurashiki	71	Gardenia Kurashiki	1994	148.0
		Subtotal		148.0
Morioka	72	K2 Mansion Morioka	1997	380.0
	73	Senboku Heim I	1991	204.0
	74	Senboku Heim II	1995	125.0
		Subtotal		709.0
Niigata	75	Geo Kamiokawamaedori 3	2005	450.2
	76	Hills Kawabata	2006	315.0
	77	Hills Nogizaka	2006	404.9
		Subtotal		1,170.1
Oita	78	Taisei Building III	1979	373.0
		Subtotal		373.0

- 1. The valuations were determined using income approach, which includes the direct capitalisation method and discounted cash flow method.
- 2. The annual rental income represents the annualised rental income of each property in June 2015. Rental income comprises base rental income, common area management fees and car parking rental income only.

Latest Valuation ⁽¹⁾ (JPY million)	No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Lettable Area ("NLA") (sqm) (Residential and Commercial)	Occupancy rate by NLA (Residential and Commercial) as at 30 June 2015	Annual Rental ⁽²⁾ (JPY)	% of Total Rental Income for June 2015
651.0	90	0	53	4,281	3,699	95%	62,598,000	1.7%
907.0	99	0	30	4,261	3,458	94%	73,500,000	2.0%
619.0	81	0	22	2,932	2,517	95%	52,188,000	1.4%
1,080.0	119	0	57	4,503	4,257	92%	84,406,800	2.3%
1,000.0	98	1	104	6,658	5,889	95%	94,239,000	2.5%
117.0	20	0	21	1,283	1,152	100%	12,542,400	0.3%
207.0	72	0	10	1,740	1,494	81%	19,998,000	0.5%
296.0	36	0	8	1,405	1,338	91%	24,264,000	0.7%
206.0	18	2	7	863	852	90%	16,253,724	0.7 %
429.0	45	3	4	1,973	1,884	100%	31,666,440	0.8%
141.0	20	0	7	980	940	96%	14,292,000	0.4%
256.0	36	1	0	1,204	1,163	88%	20,862,288	0.4 %
325.0	36	0	8	1,398	1,765	100%	24,176,160	0.6%
273.0	34	0	19	1,623	1,556	84%	23,320,380	0.6%
435.0	49	0	3	1,898	1,812	96%	35,553,600	1.0%
640.0	56	13	6	3,048	2,796	84%	51,382,872	1.4%
7,582.0	909	20	359	39,950	36,073	-	641,243,664	17.3%
						-		
111.0	19		10	869	846	63%	8,830,008	0.2%
111.0	19	0	10	869	846	-	8,830,008	0.2%
313.0	42	0	44	1,880	1,870	98%	30,000,000	0.8%
157.0	24	0	26	1,325	1,230	100%	18,444,000	0.5%
78.0	12	0	8	786	713	92%	8,196,000	0.2%
548.0	78	0	78	3,991	3,813	_	56,640,000	1.5%
400.0	54	0	6	1,605	1,351	100%	32,061,600	0.9%
302.0	40	0	0	1,320	1,067	100%	24,000,000	0.6%
330.0	32	3	0	1,402	1,302	75%	24,216,000	0.6%
1,032.0	126	3	6	4,327	3,720	-	80,277,600	2.1%
270.0	45	8	8	3,315	2,827	83%	30,996,144	0.8%
270.0	45	8	8	3,315	2,827		30,996,144	0.8%
				.,		-	.,,	







ocation.	No.	Property Name	Year Built	Purchase Consideration (JPY million)
Sapporo	79	Aster Yamahana	1987	193.0
	80	Bibress Tsukisamu Chuo Station	2007	530.7
	81	Casa Motomachi	2007	341.0
	82	Chateau 24	1994	649.0
	83	Chateau Nakanoshima	1989	298.0
	84	Dear Misono	1996	61.0
	85	Dominion Yamanote	1988	179.0
	86	Ebisu Building III	1985	91.0
	87	Estella 24-ken A	2006	109.0
	88	First Kotake Building	1984	1,147.0
	89	Glance Nishimachi	1993	466.0
	90	Heart Inn Hongou	1989	103.0
	91	Infinity Higashi Sapporo	1991	244.0
	92	Jeunes 23	1988	376.0
	93	Kohatsu 88	1990	68.1
	94	Kotoni 1-6 Mansion	1990	351.0
	95	Les Chambres	1986	89.7
	96	Luna Heights	1988	316.0
	97	Maison Towa	1988	210.0
	98	Matsui 53	1988	243.0
	99	Matsui 82	1989	452.0
	100	Misono	1991	339.0
	101	Park Crystal	1990	317.0
	102	Plaza Nakajima Park	1990	370.0
	103	Residence Shiroishi ABCD	1988(A,B) 1989(C,D)	525.0
	104	S. Heim	1987	136.0
	105	Sec' As Blue II	2004	440.0
	106	Suien	2004	131.0
	107	Sun City	1988	404.0
	108	Three Tower	1992	1,071.0
	109	TOA Mansion	1988	823.0
	110	Towa Kita 7 Jo	1989	350.0
	111	Towa Kotoni	1989	330.0

- 1. The valuations were determined using income approach, which includes the direct capitalisation method and discounted cash flow method.
- 2. The annual rental income represents the annualised rental income of each property in June 2015. Rental income comprises base rental income, common area management fees and car parking rental income only.

Latest Valuation ⁽¹⁾ (JPY million)	No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Lettable Area ("NLA") (sqm) (Residential and Commercial)	Occupancy rate by NLA (Residential and Commercial) as at 30 June 2015	Annual Rental ⁽²⁾ (JPY)	% of Total Rental Income for June 2015
132.0	20	0	10	1,015	986	95%	14,076,000	0.4%
633.0	70	1	24	3,785	2,781	93%	58,382,544	1.6%
340.0	32	1	14	1,616	1,364	100%	29,717,508	0.8%
428.0	84	2	45	2,580	2,105	92%	39,823,992	1.1%
217.0	49	0	17	1,775	1,379	93%	22,416,000	0.6%
47.0	9	1	2	361	314	100%	5,148,000	0.1%
152.0	33	0	5	964	800	100%	15,680,004	0.4%
69.8	16	0	0	459	403	88%	6,228,000	0.2%
77.0	12	0	1	468	372	84%	6,153,600	0.2%
872.0	28	8	18	4,379	3,169	85%	56,336,400	1.5%
364.0	40	0	37	3,192	2,668	95%	37,440,420	1.0%
70.6	20	0	4	503	458	90%	7,488,000	0.2%
153.0	22	2	10	1,732	1,398	78%	14,388,000	0.4%
254.0	34	1	14	1,700	1,502	92%	24,204,444	0.6%
49.0	8	1	0	533	453	100%	6,024,000	0.2%
287.0	42	2	6	1,923	1,662	87%	25,327,440	0.7%
70.0	20	0	3	546	469	100%	7,740,000	0.2%
254.0	50	0	2	1,575	1,304	100%	23,928,000	0.6%
172.0	25	2	7	1,502	1,149	93%	18,036,000	0.5%
174.0	36	0	4	1,233	1,074	95%	18,114,000	0.5%
296.0	48	2	4	2,970	2,483	98%	37,296,000	1.0%
302.0	26	8	16	1,837	1,598	77%	21,859,560	0.6%
243.0	56	0	5	1,575	1,286	95%	23,244,000	0.6%
274.0	37	0	14	2,465	2,189	97%	30,228,000	0.8%
506.0	124	0	29	3,927	3,492	97%	52,219,200	1.4%
103.0	26	0	8	794	636	93%	10,515,540	0.3%
361.0	48	0	11	2,159	1,643	98%	32,184,000	0.9%
104.0	15	0	0	681	577	80%	7,992,000	0.2%
319.0	50	0	18	4,316	2,833	96%	39,225,036	1.1%
830.0	57	3	103	6,258	5,569	81%	76,532,160	2.1%
684.0	70	1	28	5,335	4,406	94%	61,114,308	1.5%
371.0	33	0	24	2,781	2,509	97%	37,356,000	1.0%
311.0	29	0	18	2,330	2,084	90%	29,539,200	0.7%





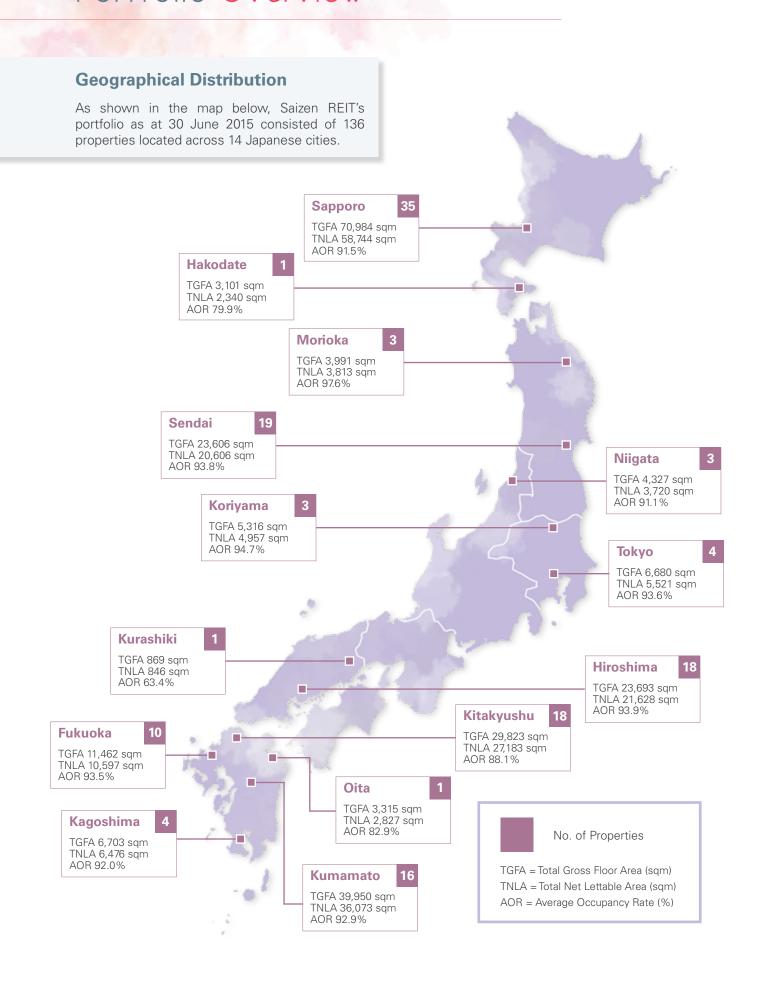


Location	No.	Property Name	Year Built	Purchase Consideration (JPY million)
Sapporo	112	Treasure 15	1990	187.0
Саррого	113	Urban Yamahana	1990	136.0
		Subtotal	_	12,076.5
Canada:	11.4	Aislas Dissa Hashissas	1001	
Sendai	114	Aisho Plaza Hachiman	1991	240.0
	115	Castle Kano	1989	256.0
	116	Clio Court	1988	244.0
	117	Core Life	1990	541.0
	118	Etoile Higashi Sendai	1987	123.0
	119	Exceed Tsuchitoi	1998	119.0
	120	Fantage Yaotome	1998	285.0
	121	Florecer Miyagino	1999	239.2
	123	Liesse Wakabayashi	1995	179.0
	124	Lively Kamisugi	1991	91.8
	125	Maison d'Etoile II	1984	122.0
	126	Royal Hills Katagiri	1994	197.0
	127	Royal Hills Komatsushima	1990	174.0
	128	Sun Hills Asahigaoka	1987	70.2
	129	Sun Rise Kashiwagi	1997	249.0
	130	Sun Vario Shinden Eki Mae	2006	494.0
	131	Urban Hills Dainohara	1991	164.0
	132	YSK Co-op Saiwaicho	1993	513.0
		Subtotal		4,301.2
Tokyo	133	AMS Hatchobori I	2004	1,117.7
	134	Clair Court Roka Koen	1998	712.5
	135	Cosmo Reveur Sangenjaya	1989	590.0
	136	The Palms Denenchofu	2005	559.6
		Subtotal		2,979.8
				<u></u>
		GrandTotal		50,568.0
Property Pur	rchased	d after 30 June 2015		
Fukuoka		Strasse Nanokawa	1994	513.0

- 1. The valuations were determined using income approach, which includes the direct capitalisation method and discounted
- 2. The annual rental income represents the annualised rental income of each property in June 2015. Rental income comprises base rental income, common area management fees and car parking rental income only.
- 3. This does not add up to 100% as Niken Chaya Grand Heights, which was sold in August 2015, is not included in this portfolio summary.
- 4. As at date of acquisition.

Valu	atest ation ⁽¹⁾ million)	No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor G Area (sqm)	Net Lettable Area ("NLA") (sqm) (Residential and Commercial)	Occupancy rate by NLA (Residential and Commercial) as at 30 June 2015	Annual Rental ⁽²⁾ (JPY)	% of Total Rental Income for June 2015
1:	39.0	36	0	0	886	879	78%	11,889,600	0.3%
	98.7	18	0	11	829	752	78%	10,128,000	0.3%
9,7	57.1	1,323	35	512	70,984	58,744		917,974,956	24.6%
11	92.0	27	0	0	643	607	100%	16,944,000	0.5%
	04.0	30	0	1	1,091	1,038	95%	19,261,800	0.5%
	94.0	20	0	13	1,178	1,097	100%	20,215,428	0.5%
	57.0	46	3	43	4,780	3,849	83%	45,548,400	1.2%
	18.0	15	0	7	652	652	100%	10,678,008	0.3%
	86.0	14	0	2	378	314	100%	9,120,000	0.2%
	47.0	24	0	17	1,430	1,363	96%	22,562,868	0.6%
	42.0	39	0	30	1,082	1,021	98%	27,542,640	0.7%
1	61.0	32	0	9	781	671	90%	14,690,832	0.4%
	79.5	12	0	3	294	277	100%	6,816,000	0.2%
1-	40.0	28	0	0	661	598	96%	12,660,000	0.3%
1	64.0	27	0	10	937	732	90%	14,237,880	0.4%
1	56.0	26	0	5	691	678	83%	11,940,000	0.3%
	58.5	15	0	0	335	334	93%	5,736,000	0.2%
1	81.0	31	0	4	680	666	93%	15,852,000	0.4%
4:	39.0	47	0	26	1,715	1,527	100%	38,097,000	1.0%
1	41.0	33	0	0	757	677	100%	13,788,000	0.4%
4	15.0	25	5	27	2,810	2,218	100%	39,404,124	1.1%
3,7	75.0	491	8	197	20,893	18,319		345,094,980	9.3%
1,3	317.0	44	0	2	2,311	1,932	96%	79,494,000	2.1%
7	74.0	29	0	13	1,727	1,621	87%	48,192,636	1.3%
6	49.0	8	0	10	1,711	1,189	100%	43,033,200	1.2%
6	05.0	30	0	2	931	778	92%	34,497,720	0.9%
3,3	45.0	111	0	27	6,680	5,521		205,217,556	5.5%
42,7	11.1	5,379	93	1,757	231,106	203,043	3	,691,232,532	99.0%(3)
4	70.0	42	0	20	1,661	1,539	90%(4)	30,636,000(4)	-

Portfolio Overview



Property title and land tenure

For all properties in the portfolio, the entire building and the freehold land on which each property is built are legally owned by the applicable TK operator with whom Saizen REIT has entered into a TK agreement.

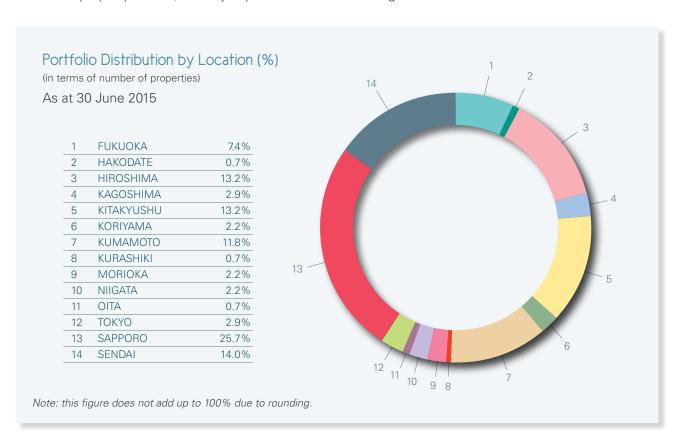
Lease terms and tenant profile

As at 30 June 2015, the property portfolio of Saizen REIT comprised 5,419 residential units and 93 commercial units, of which 5,024 residential units and 68 commercial units were occupied. Over 98% of our units were for residential use where the tenants were principally working singles, students and families. In view of the fact that the tenant mix of Saizen REIT's residential units was principally individuals and families and the trade sectors of such tenants cannot be clearly defined, we believe the disclosure of the trade sector mix of tenants as required by the Code on Collective Investment Schemes will not be meaningful. As less than 2% of the property portfolio of Saizen REIT comprised commercial units, we are also of the view that the disclosure of the trade sector mix of tenants in such commercial units will not be meaningful.

In line with the general practice of the Japan residential property market, the majority of the leases

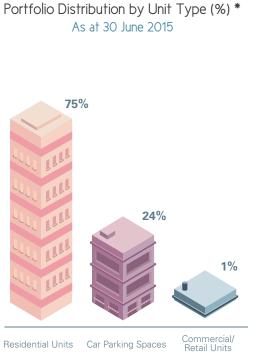
for our properties are standard leases for periods of two years. Notwithstanding, under their terms, such leases may generally be terminated by tenants upon giving one to two months' notice. During FY2015, tenant turnover rates (i.e. rate of termination of leases by tenants) of Saizen REIT's property portfolio were 18% for the small type units, 17% for the medium type units and 12% for family type units. Given that the lease tenures of two years are relatively short, we are of the view that an analysis on lease maturity will not be meaningful. Saizen REIT's property portfolio had 5,092 occupied residential and commercial units as at 30 June 2015. Given the broad tenant base, we believe the risk associated with lease maturity is well diversified.

Due to the diversification mentioned above, the aggregate revenue attributable to the top 10 residential unit tenants only accounted for about 1% of the gross monthly rental revenue of Saizen REIT in June 2015. For commercial units, the aggregate revenue attributable by the top 10 tenants only accounted for about 2% of the gross monthly rental revenue of Saizen REIT in June 2015. On this basis, we are of the view that analysis of the top 10 tenants will not be meaningful.

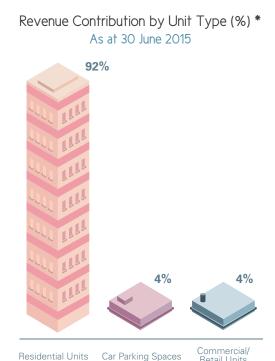


Unit Type

Saizen REIT's portfolio consists predominantly of residential units, with some commercial elements in the form of office and retail units located in the property's lower floors. The portfolio also has a number of car parking spaces, including tower parking facilities. The charts below show the composition of the portfolio in terms of the type of units and their revenue contribution.



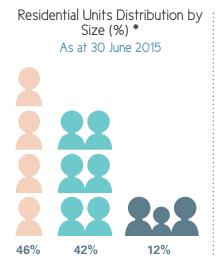


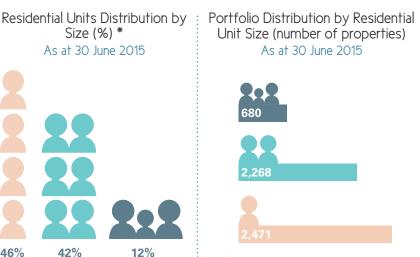


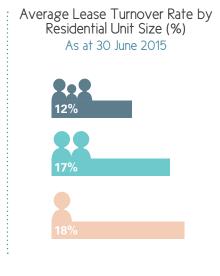
*As a percentage of the total gross revenue attributable to Saizen REIT's portfolio

Residential Units

Residential units in the portfolio are divided into three categories in terms of their size, comprising small, medium and family units. Each property may have a combination of unit types, but a majority of the portfolio properties consist of small and medium units.







^{*}As a percentage of the total number of residential units in Saizen REIT's portfolio





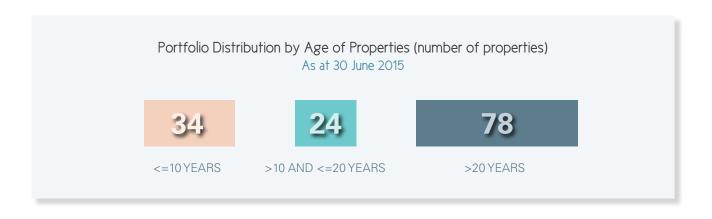


The descriptions of the general characteristics of a typical residential unit type are as follows:

LAYOUT AND SIZE	TENANT PROFILE	LOCATION
Layout Type Studio (1R) Studio plus kitchen (1K) Average Size 20sqm - 35sqm	Young working singles, students	 Downtown, around major business and entertainment areas. Towns along major transportation networks linking major business and commercial centres ("BedTowns")
Layout Type 1 bedroom plus dining and kitchen (1DK) 2 bedrooms plus dining and kitchen (2DK) 2 bedrooms plus living, dining and kitchen (2LDK) Average Size 35sqm - 50sqm	Young professionals, working singles, working couples without children	- Close to educational institutions
Layout Type 3 bedrooms plus living, dining and kitchen (3LDK) Average Size 50sqm and above	Families	 Suburbs, residential areas Bed Towns near transportation networks and basic amenities (e.g. schools, hospitals, supermarkets)

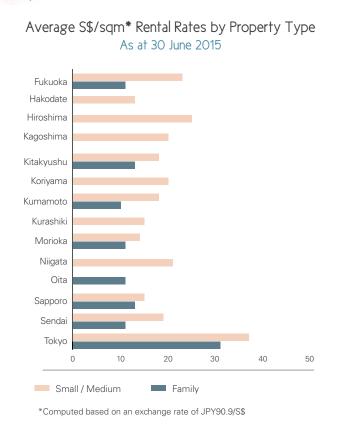
Portfolio Distribution by Age of Properties

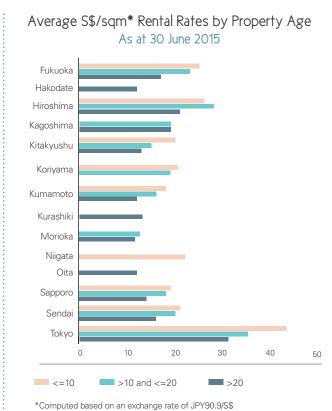
About 25% of Saizen REIT's 136 properties are less than 10 years old, while about 18% of Saizen REIT's properties are between 10 and 20 years old. The remaining 57% of Saizen REIT's properties were built more than 20 years ago. The weighted average age of Saizen REIT's properties is 17.2 years.



Rental Rates

The table below shows the average rental per square metre by property age for each city in which Saizen REIT operates:





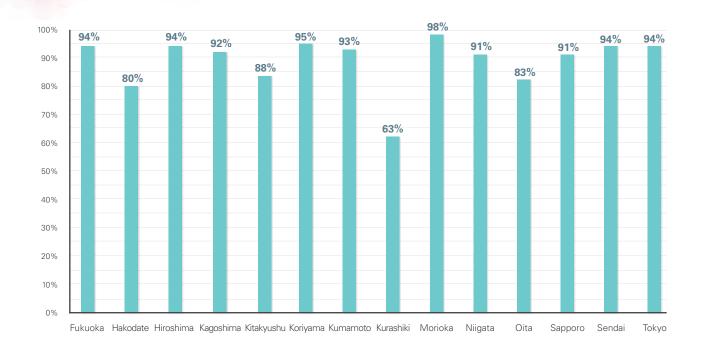
Occupancy Rates

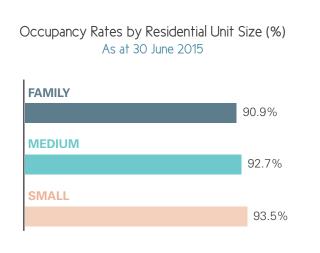
Saizen REIT's portfolio has maintained stable occupancy. The diversification in terms of number of units (5,419 residential, 93 commercial and 1,775 car parking spaces), geographical distribution (14 cities) and a large tenant base further enhances stability.

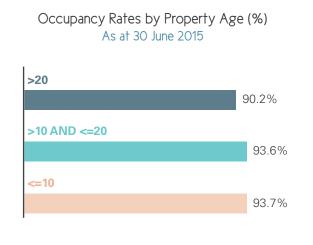




Occupancy Rates by Geographical Distribution (%) As at 30 June 2015







Earthquake Insurance

A limited form of earthquake insurance has been purchased for Saizen REIT's properties to provide certain coverage in a "worst case scenario" event. However, earthquake insurance in Japan may not cover the whole damage incurred and damage caused by earthquake or other natural disasters may result in losses (including loss of rent) which may not be fully compensated by insurance proceeds.



As the manager of Saizen REIT, Japan Residential Assets Manager Limited (the "Manager") is committed to high corporate governance standards to ensure clear internal control systems, policies, procedures, communication and reporting lines are in place so as to protect the interests of Unitholders.

The Manager also ensures that applicable laws and regulations within the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Code on Collective Investment Schemes (including Appendix 6 – the "Property Funds Appendix") issued by the Monetary Authority of Singapore ("MAS"), and the Securities and Futures Act ("SFA"), are complied with, and that the Manager's obligations under the tax rulings dated 28 June 2007 and 10 July 2007 respectively issued by the Inland Revenue Authority of Singapore in relation to the taxation of Saizen REIT and its Unitholders, and the trust deed dated 27 September 2007 (as supplemented from time to time) entered into between the HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), as trustee of Saizen REIT and the Manager (the "Trust Deed") are properly carried out.

This report sets out the corporate governance practices of the Manager for financial year ended 30 June 2015, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("2012 Code"). Where there is any material deviation from the 2012 Code, an explanation has been provided within this report.

The Manager

Japan Residential Assets Manager Limited was appointed as the manager of Saizen REIT in accordance with the Trust Deed. The Manager has general powers of management over the investment activities of Saizen REIT, for the benefits of the Unitholders. Pursuant to the Trust Deed, the Manager has the power to retire in favour of a corporation approved by the Trustee to act as the manager of Saizen REIT. Also, the Manager may be removed by way of an ordinary resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with provisions in the Trust Deed.

The Manager holds a capital markets services licence (to carry out real estate investment trust management) issued by the MAS under the SFA.

The principal responsibilities of the Manager include:

- setting the strategic directions of Saizen REIT and giving recommendations to the Trustee on the establishment of new TK arrangements, divestments, or propose other investment methods and strategies that are beneficial to Unitholders;
- making recommendations to the Trustee on investment opportunities identified by the Asset Manager;
- reviewing reports prepared by the Asset Manager on a regular basis, which may contain information 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;
- preparing reports to Unitholders such as annual reports, quarterly and annual financial results as well as circulars and public announcements, when necessary;
- implementing suitable hedging strategies to minimise any foreign exchange rate risk;
- ensuring compliance with applicable rules and regulations; and
- attending to all regular communication with Unitholders.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and the management remains accountable to the board.

The Board is responsible for the overall management and corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, compliance monitoring, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager and Saizen REIT, including a system of internal controls and business risk management process.

The Board also considers sustainability issues as part of its strategy formulation process. Please see the subsection entitled "Sustainability Reporting" of this report for further information.

Members of the Board are:

- Mr Arnold Ip Tin Chee (Chairman and Non-executive Director)
- Mr Chang Sean Pey (Co-Chief Executive Officer and Executive Director)
- Mr Raymond Wong Kin Jeon (Executive Director)
- Mr Soh Yew Hock (Lead Independent Non-executive Director)
- Mr Dennis Lam Siu Sun (Independent Non-executive Director)
- Mr Harold Sun Dai Hoe (Independent Non-executive Director)

Every newly appointed director of the Manager receives a formal letter, setting out his general duties and obligations as a director pursuant to the relevant legislations and regulations. Newly-appointed directors will be briefed on their roles and duties as well as the business model and operations of Saizen REIT. Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important bearing on Saizen REIT, the Manager or directors' obligations, the directors will be briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. Where appropriate, further training conducted by external experts or internal staff will be arranged for directors.

The Board meets regularly, at least once every quarter, to review key activities, objectives and business strategies of the Manager. These include reviewing any significant investments and divestments, budgets, the financial performance of Saizen REIT and approving the release of the quarterly and annual results. The Board also reviews the risks relating to the assets of Saizen REIT, examines debt management and refinancing status, and acts upon any comments from the auditors of Saizen REIT ("Quarterly Review Board Meetings").

To assist and facilitate the execution of its responsibilities, the Board has established the Audit Committee, Corporate Announcement Committee and Risk Management Committee. Further information on the Audit Committee and Risk Management Committee can be found in the sub-section entitled "Accountability and Audit" of this report, while information on the Corporate Announcement Committee can be found in the subsection entitled "Shareholder Rights and Responsibilities".

An independent evaluation committee (the "Evaluation Committee") was set up in August 2015 to lead the assessment and evaluation of proposals received by the Manager from time to time, including those that involve material corporate actions. Further information of the Evaluation Committee can be found in the sub-section entitled "Conflicts of Interests" of this report.

In addition to the above-mentioned responsibilities of the Board and those of its various sub-committees, other matters which have to be presented to the Board for consideration and approval include, *inter alia*:

- the appointment and resignation of directors and senior management staff such as the chief executive officer;
- the opening of bank accounts and derivative trading accounts by Saizen REIT;
- financing-related issues such as obtaining new loans and refinancing existing loans;
- corporate actions to be carried out by Saizen REIT;
- business continuity plans; and
- expenditures of Saizen REIT which amount to more than S\$1 million.

During the financial year ended 30 June 2015, the Manager had held 5 Board Meetings (comprising 4 Quarterly Review Board Meetings and 1 Administrative Board Meeting) and 4 Audit Committee meetings respectively. The attendance of each director at these meetings is set out in the table below.

Name of members of the Board / Audit Committee	Quarterly Review Board Meetings	Administrative Board Meetings	Audit Committee Meetings
No. of meetings held:	4	1	4
Mr Arnold Ip Tin Chee	4	1	4
Mr Chang Sean Pey	4	1	4
Mr Raymond Wong Kin Jeon	4	1	4
Mr Soh Yew Hock ¹	4	1	4
Mr Dennis Lam Siu Sun 1	4	1	4
Mr Harold Sun Dai Hoe 1	4	1	4

Note:

1. Members of Audit Committee

Principle 2: The Board's Composition and Guidance

There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The composition of the Board, including the selection of candidates for new appointments to the Board as part of the renewal process, is determined using the following principles:

- there should be a clear separation of the roles of the Chairman and the Co-Chief Executive Officers ("Co-CEOs");
- the Board should comprise directors, regardless of race, gender and age, with a broad range of commercial experience including expertise in fund management and the real estate industry; and
- at least one-third of the Board should comprise independent directors, subject to Guideline 2.2 of the 2012 Code, under which the independent directors should make up at least half of the Board where:
 - (a) the chairman of the board and the chief executive officer (or equivalent) is the same person;

- (b) the chairman is part of the management team; or
- (C) the chairman is not an independent director.

As at the LPD, the Board consisted of six members, three of whom are independent non-executive directors. None of the directors has entered into any service contract with Saizen REIT.

A director is considered independent if he has no relationship with the Manager or its officers, its related corporations, its shareholders who hold 10% or more of the voting shares in the Manager, Unitholders who hold 10% or more of Saizen REIT Units in issue or the Trustee that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of Saizen REIT. In addition, each independent director also submits an annual declaration regarding his independence.

The Board is of the view that its independent directors, namely Mr Soh Yew Hock, Mr Dennis Lam Siu Sun and Mr Harold Sun Dai Hoe, are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, their independent business judgement.

In line with Guideline 2.2 of the 2012 Code, independent directors currently make up half of the Board.

The Board comprises directors with extensive experience in a broad range of competencies, such as real estate investment management, fund management, corporate finance, investment advisory, laws and accounting. This enables the Manager to benefit from their external and objective views on issues brought before the Board.

The profiles of directors are set out in the section "Board of Directors of the Manager" of this annual report.

The Board is of the view that its current size is not so large as to be unwieldy and to the extent that will interfere with efficient and effective decision-making. Under the current composition, no one individual or group dominates the Board's decisions or its process. The composition will be reviewed periodically to ensure that the Board has the appropriate mix of skills, and experience, gender and knowledge of Saizen REIT, taking into consideration the nature and scope of Saizen REIT's operations.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and Co-CEOs are held by separate individuals to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the Co-CEOs are not related to each other. There is a clear separation of the roles of the Chairman and the Co-CEOs.

The Chairman leads the Board to ensure its effectiveness on all aspects of the Board's role. He ensures that the members of the Board receive accurate, clear and timely information, and that adequate time is available for discussion of all agenda items at Board meetings. He also facilitates the effective contribution of non-executive directors. He ensures that the members of the Board work together with management in a constructive manner to address strategy, business operations and enterprise issues.

The Co-CEOs have full executive responsibilities over the development and review of investment and divestment strategies, and the day-to-day operations of Saizen REIT. They work closely with the management team to ensure the strategic, financial, investment, operational and investor relations objectives of Saizen REIT are met.

Mr Soh Yew Hock, being the lead independent non-executive director of the Manager, provides an independent channel to the Unitholders where they have concerns and for which contact through the normal channels of the Chairman and/or the Co-CEOs has failed to resolve or for which such contact is inappropriate.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

The Manager does not consider it necessary for the Board to establish a nominating committee. The Board performs functions that a typical nominating committee would perform, namely, reviewing the credentials and experience of existing or new directors, the overall composition of the Board and the independence of Board members. A search for new directors is generally conducted through contacts and recommendations and suitable candidates are carefully evaluated by the Board so that recommendations made on proposed candidates are objective and well-supported.

The Board is of the view that imposing a maximum number of listed company board representations which a director may hold is not meaningful as a director's ability to act would depend on factors such as the time requirements and complexity of business operations for each directorship, whether the director is in full-time employment and the director's other commitments. A director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Manager and Saizen REIT. Directors of the Manager are not subject to periodic retirement by rotation.

The Board conducts performance reviews informally and the performance of the Board is ultimately reflected in the performance of the Manager, including the ability of the Board to effectively guide management through challenging situations faced by Saizen REIT. The review of a director's performance assesses whether the director continues to contribute effectively and demonstrate commitment to the role. The Board is satisfied that all directors have demonstrated full commitment to their roles and contributed effectively to the discharge of their duties.

Principle 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is provided with complete, adequate and timely information prior to Board meetings. Directors have separate and independent access to the Manager's senior management and the company secretaries of the Manager at all times. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

Information provided to the directors includes background or explanatory information relating to matters to be brought before them. Management provides the Board with monthly reports on the financial results and key operating statistics. Any material variance between budget projections and actual results are also disclosed and explained. Management holds regular meetings to review business performance and significant business risk sensitivities and strategies.

The Board has the right to seek independent professional advice on matters relating to the management of Saizen REIT where it deems necessary for proper and efficient discharge of its duties and responsibilities. Such costs shall be borne by Saizen REIT.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Saizen REIT is externally managed by the Manager and has no personnel of its own. The Manager appoints experienced and qualified management personnel to handle its day-to-day operations. As all directors and employees of the Manager are remunerated by the Manager and not Saizen REIT, the Manager does not consider it necessary to include details on the remuneration of its directors and key executives. There is no employee who is an immediate family member of a director or a Co-CEO and whose remuneration exceeds \$\$50,000 during the year.

Remuneration policy in respect of directors

Independent Directors are paid basic fees for their Board membership by the Manager. In determining the quantum of the fees, factors such as time spent and responsibilities (including service on Board committees) of the directors are taken into account. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other listed entities. No director decides on his own fees.

The Co-CEO and non-executive non-independent director are not paid directors' fees by the Manager. The remuneration of executive directors is not linked to the gross revenue of Saizen REIT.

Remuneration policy in respect of executive officers

Employee remuneration comprises a fixed component in the form of basic salary and a variable component in the form of bonuses. The variable component is linked to the performance of the individual, the Manager and Saizen REIT. The remuneration structure is designed as such to retain, reward and motivate the individual to stay competitive. Employee remuneration is reviewed periodically to align the compensation of employees with market rates.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of Saizen REIT's performance, position and prospects in interim and other price sensitive public reports, and in reports to regulators (if required). To assist the Board in this regard, Management provides timely, complete, adequate information to the Board through emails.

The Board is provided with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of Saizen REIT's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard the shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

Risk management

The Risk Management Committee is appointed by the Board from among the directors of the Manager and operates under the delegated authority of the Board.

The members of the Risk Management Committee are:

- Mr Dennis Lam Siu Sun (Chairman of the Risk Management Committee)
- Mr Harold Sun Dai Hoe
- Mr Arnold Ip Tin Chee
- Mr Chang Sean Pey (alternate member to Mr Arnold Ip Tin Chee)

The Risk Management Committee oversees the processes for identification and assessment of the general risks and submits a risk management assessment report on a quarterly basis for the Board's review during the Quarterly Review Board Meeting, or more often if necessary.

Effective risk management is a fundamental part of Saizen REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value of the Units. Saizen REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risk involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board. In assessing business risk, the Board considers the economic environment and risks relevant to the real estate industry.

The Manager has determined that significant risk for Saizen REIT will most likely arise when making property investment and financing decisions. Accordingly, when making such decisions, the Manager has set out procedures to be followed prior to the completion of an investment in properties and the relevant financing. The Manager ensures comprehensive due diligence is carried out in relation to the proposed investment and a suitable determination is made as to whether the anticipated return on investment is appropriate having regard to the level of risk.

Saizen REIT receives distributions from its TK operators, whose cash flows are denominated in JPY. As Saizen REIT pays out distributions in S\$, Unitholders are exposed to fluctuations in the cross currency rates of JPY and S\$ when they receive their distributions. Saizen REIT may enter into hedging transactions so as to minimise the exposure to fluctuations in the JPY/S\$ cross rates that Unitholders may face in respect of their impending distributions.

While Saizen REIT may enter into hedging transactions for its distributable income, the foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) will not be hedged.

Internal controls

The Manager has put in place a system of internal controls of procedures and processes to safeguard the assets and Unitholders' interests in Saizen REIT. The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories, amongst others. Approvals of matters not exceeding specified sub-limits are also delegated to various management levels to facilitate operational efficiency. The Manager's internal control system manual is reviewed and updated at least semi-annually. Monthly reports on expenditures are also being reviewed by the Co-CEOs.

Reports from the internal and external auditors on internal controls are reviewed and the appropriate actions are taken.

The Board has received assurances from the Co-CEOs⁽¹⁾ that (i) the financial records of Saizen REIT have been properly maintained and the financial statements for the year ended 30 June 2015 give a true and fair view of Saizen REIT's operations and finances, and (ii) the Manager's risk management and internal control systems are effective.

The Board, with the concurrence of the Audit Committee, is of the opinion that the Manager's internal controls, including those which address financial, operational, information technology, compliance risks, sustainability and risk management systems, are adequate and effective based on the reports of the internal and external auditors.

Note:

1. The Manager does not have a Chief Financial Officer ("CFO"). The Manager's two Co-CEOs perform the responsibilities equivalent to that of a CFO.

Principle 12: Audit Committee

The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee is appointed by the Board from among the directors of the Manager and operates under the delegated authority of the Board. The Audit Committee currently consists of three members, all of whom are independent non-executive directors. The members of the Audit Committee collectively are appropriately qualified to discharge their responsibilities as they have relevant accounting and/or financial management expertise and experience.

The members of the Audit Committee are:

- Mr Soh Yew Hock (Chairman of Audit Committee)
- Mr Dennis Lam Siu Sun
- Mr Harold Sun Dai Hoe

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls and is responsible for the nomination of external auditors and review of adequacy of existing audits in respect of cost, scope and performance, including the quality and reliability of information prepared for inclusion in financial reports.

The Audit Committee's responsibilities also include:

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;
- reviewing internal audit reports at least once a year to ensure guidelines and procedures established have been complied with;

- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or accounting/auditing firm if the internal audit function is outsourced;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within Saizen REIT;
- reviewing the nature and extent of non-audit services performed by external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with auditors, without the presence of the executive officers of the Manager, at least on an annual basis;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix, including procedures established to regulate Related Party Transactions (as defined in the sub-section "Related Party Transactions" of this report);
- examining the effectiveness of financial, operating and compliance controls;
- reviewing the financial statements and significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of Saizen REIT and any formal announcements relating to Saizen REIT's financial performance;
- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary;
- reporting to the Board on material matters, findings and recommendations;
- reviewing the Whistle-Blowing Policy (as described below) and Press Policy of the Manager; and
- reviewing the Manager's determination of the fair market price of a Unit in relation to the issue of Units, and the determination of the number of Units that the Manager is entitled to receive as its management fee

The Audit Committee has full access to and co-operation from management and enjoys full discretion to invite any director and executive officer of the Manager to attend its meetings. The Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

The Audit Committee has reviewed the Internal Systems Control Manual, Whistle-Blowing Policy and Press Policy and is of the view that:

- the extent of disclosure and transparency of the Internal Systems Control Manual has provided further clarity about Saizen REIT's operations, which could help its members to form constructive opinions and advices to the Manager;
- appropriate arrangements are in place for employees of the Manager to raise concerns about possible improprieties in Saizen REIT's operations or other matters; and
- appropriate arrangements are in place for employees and directors of the Manager to handle media and general queries to ensure proper disclosures to stakeholders and compliance with the Listing Manual and the relevant rules and regulations.

The Audit Committee has also conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The total fees paid/payable to the external auditors for the financial year ended 30 June 2015 was JPY 59.3 million, comprising fees of JPY 57.4 million and JPY 1.9 million for audit and non-audit services respectively.

Saizen REIT complies with Rules 712 and 715 of the Listing Manual in relation to its auditing firm.

Management closely monitors changes to accounting standards and other similar issues which may potentially have an impact on financial statements, and provides the Audit Committee with relevant briefings and updates during quarterly Audit Committee meetings. The external auditors, when appropriate, also provide updates and discuss changes to accounting standards with the Audit Committee.

Audit Committee meetings are generally held after the end of each quarter of every financial year. During the year ended 30 June 2015, 4 Audit Committee meetings had been held. Details of the members' participation in the Audit Committee meetings are set out in the sub-section "Board Matters" of this report.

The Board has put in place a Whistle-Blowing Policy whereby concerns may be raised about possible improprieties in matters of financial report or other matters without fear of retaliation or unfair treatment. The Whistle-Blowing Policy sets out arrangements for the independent investigation of such concerns and for the conduct of appropriate follow-up action. Relevant concerns can be made orally or in writing to either the Chairman of the Board or the Chairman of the Audit Committee.

Principle 13: **Internal Audit**

The board should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Audit Committee had appointed MS Risk Management Pte Ltd to provide internal audit services for specified areas of internal controls for the current financial year reported on. Yoshioka Certified Public Accountant Office, Katayama Certified Public Account Office as well as Crowe Horwath First Trust Risk Advisory Pte Ltd had been engaged for past internal audit cycles. The internal auditor's role is to provide risk assessment services and compliance audits in order to ensure internal controls are aligned to business objectives and related risks. Key operational activities are selected to be regularly and objectively evaluated to maintain and improve the efficiency and effectiveness of internal controls and corporate governance.

The internal auditor has unfettered access to Saizen REIT and to the Audit Committee.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: **Shareholder Rights**

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Listing Manual of the SGX-ST requires a listed entity to disclose to the market matters that could or might be expected to have a material effect on the price of the entity's securities. The Board has established relevant policies and procedures to ensure that material information relating to Sazien REIT, its business and its financial performance is disclosed in an accurate and timely manner via SGXNET.

All Unitholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings. All Unitholders are also informed of the rules, including voting procedures, which govern such meetings.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Corporate Announcement Committee is appointed by the Board from among the directors of the Manager and operates under the delegated authority of the Board. The Corporate Announcement Committee serves to simplify the approval process for standard announcements. Where appropriate, certain public announcements require the approval of the whole Board.

The members of the Corporate Announcement Committee are:

- Mr Arnold Ip Tin Chee (Chairman of the Corporate Announcement Committee)
- Mr Chang Sean Pey
- Mr Raymond Wong Kin Jeon

The principle role and responsibilities of the Corporate Announcement Committee include:

- reviewing and approving general corporate disclosure issues and announcements to be made to the SGX-ST and the public;
- ensuring that disclosure of any price-sensitive information is made in a timely manner to prevent the creation of a false market in dealings of the Units; and
- ensuring all disclosures are in compliance with applicable rules and regulations.

The Board aims to ensure that Unitholders and the investment community are informed of all information and major developments affecting Saizen REIT's state of affairs on a timely basis. Communication to Unitholders and/or the investment community includes the following:

- (a) quarterly and annual results announcements containing financial information and a review of the operations of Saizen REIT during the relevant financial period;
- (b) annual report containing information on the operations of Saizen REIT during the financial year, changes in the state of affairs of Saizen REIT and details of future developments;
- (c) notice of meetings of Unitholders, where applicable;
- (d) distribution notices with information including the components which make up the distributions;
- (e) announcements and press releases in relation to the latest affairs of Saizen REIT; and
- (f) regular briefings for analysts, media representatives and investment community, which will generally coincide with the release of Saizen REIT's results announcement.

Items (a) to (e) above will be made available on the SGXNet website and Saizen REIT's corporate website at www.saizenreit.com.sg.

In addition, the Manager had organised a dialogue session for Unitholders in August 2015 to provide information relating to the distribution reinvestment plan which was established in July 2015 and to address any related queries that Unitholders had.

The Manager has in place a Press Policy which sets out the principles and practices that the Manager applies in order to provide media representatives, analysts and stakeholders including Unitholders and general public with the information necessary to make well-informed investment decisions and to ensure a level playing field. The spokespersons of Saizen REIT, namely Mr Chang Sean Pey and Mr Raymond Wong, communicate regularly with stakeholders.

The public can also submit enquiries on Saizen REIT to the Manager via the "Contact Us" link on Saizen REIT's corporate website.

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All Unitholders are sent a copy of Saizen REIT's annual report prior to an annual general meeting ("AGM"). As and when an extraordinary general meeting of the Unitholders is to be held, each Unitholder is sent a copy of a circular to Unitholders which contains details of the matters to be proposed for Unitholders' consideration and approval. The notice of meeting, which shall set out all items of business to be transacted at the meeting of the Unitholders, will also be announced on SGXNet and advertised in the newspapers. Resolutions put to the meetings are kept separate unless they are interdependent and linked. A Unitholder is allowed to appoint not more than two proxies to attend and vote at the general meetings in his/her stead.

Unitholders will be given the opportunity to air their views and ask questions regarding the matters tabled at general meetings. Representatives of the Trustee, members of the Board and Audit Committee, and the external auditors will be in attendance at general meetings to answer questions from Unitholders. Prior to exercising their votes at a general meeting, the Unitholders are duly briefed on the relevant voting procedures.

As a matter of practice, Unitholders' votes on resolutions at general meetings have been conducted by poll in order to provide better clarity and transparency on Unitholders' support of the resolutions. The Manager also promptly issues a detailed announcement of the poll results. The Manager maintains minutes of general meetings. These minutes are available to Unitholders upon their requests.

The AGM of Saizen REIT will be held on 23 October 2015. Unitholders are encouraged to attend the AGM.

DISTRIBUTION POLICY

Saizen REIT's distribution policy is to distribute at least 90% of its income available for distribution to Unitholders on a semi-annual basis. Under the Trust Deed, the Manager is required to pay distributions within 90 days after each distribution period.

DEALING IN UNITS

The Manager will not deal in the Units:

- during the period commencing one month before the public announcement of Saizen REIT's annual
- two weeks before the public announcement of Saizen REIT's quarterly results; and
- at any time while in possession of price sensitive information.

In accordance with section 137ZC of the SFA, the Manager will announce via SGXNet any changes to its holdings in the Units no later than the end of the business day following the day on which it acquires or disposes of any Units, as the case may be.

The Manager has adopted internal guidelines relating to the dealing of Units. In general, the directors and employees of the Manager are encouraged, as a matter of policy, to hold Units. They are prohibited from dealing in the Units at the above time period and the directors and employees are advised not to deal in the Units on short-term considerations. They are also made aware of the applicability of the insider trading laws at all times.

MATERIAL CONTRACTS

There are no material contracts entered into by Saizen REIT or any of its subsidiaries that involve the interests of the Co-CEOs, any director, or any controlling Unitholder, except as disclosed in note 21 to the financial statements and the section entitled "Additional Information: Related Party Transactions" of this annual report.

CONFLICTS OF INTERESTS

The Evaluation Committee, comprising solely the independent non-executive directors of the Manager, is appointed by the Board and operates under the delegated authority of the Board.

The members of the Evaluation Committee are:

- Mr Soh Yew Hock (Chairman of the Evaluation Committee)
- Mr Dennis Lam Siu Sun
- Mr Harold Sun Dai Hoe

The Evaluation Committee leads the assessment and evaluation of proposals that are received or tabled from time to time, including proposals that may involve, among others, material corporate actions involving Saizen REIT's entire portfolio and/or unitholding structure. The establishment of the Evaluation Committee serves to address any conflicts of interests that may arise, that is, the interests of the stakeholders of the Manager as opposed to the interests of the Unitholders generally, from such proposals.

The Evaluation Committee will be fully supported by the management of the Manager and its external advisers, including legal and financial advisers, in the discharge of its duties.

In general, the Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- the Manager will be a dedicated manager to Saizen REIT and will not manage any other real estate investment trust (excluding other investment vehicles such as closed-end funds) with the same investment strategies as Saizen REIT;
- all executive officers will be employed by the Manager;
- all resolutions in writing of the directors in relation to matters concerning Saizen REIT must be approved by all directors;
- at least one-third of the Board shall comprise independent non-executive directors;
- prior to Japan Regional Assets Manager Limited (being the sponsor of Saizen REIT (the "Sponsor")), entering into any transaction which places it in a conflict of interest situation with Saizen REIT, the Sponsor shall resolve such conflict with Saizen REIT, for so long as (a) the Manager remains the manager of Saizen REIT, and (b) the Sponsor and/or any of its related corporations, alone or in aggregate, remains a controlling shareholder of the Manager;
- 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 shall abstain from voting. In such matters, the quorum must comprise a majority of the independent directors of the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries (save for the Manager); and

in respect of matters in which a director has an interest, direct or indirect, such interested director shall abstain from voting. In such matters, the quorum must comprise a majority of the directors and must exclude such interested director.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee or any person for and on behalf of Saizen REIT with a related party of the Manager (as defined below), the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee or such person) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee or such person, on behalf of Saizen REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors will have a duty to ensure that the Manager so complies.

Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee or any person for and on behalf of Saizen REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

RELATED PARTY TRANSACTIONS

The Manager has established internal control procedures to ensure that all future transactions involving the Trustee and a related party (either an "interested party" pursuant to the Property Funds Appendix or an "interested person" pursuant to the Listing Manual) of the Manager ("Related Party Transactions") are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. In respect of such transactions, the Manager would have to demonstrate to the Audit Committee that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuation reports from independent valuers (in accordance with the Property Funds Appendix). The Audit Committee shall also periodically review the Manager's internal control system and with the relevant provisions of the Listing Manual as well as the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding \$\$100,000 in value but below 3.0% of the value of Saizen REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Saizen REIT's net tangible assets will be subject to the review and prior approval of the Audit 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 with third parties which are unrelated to the Manager; and

transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Saizen REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of the Unitholders.

Where the Audit Committee's approval is required for a Related Party Transaction, such approval will have to be granted by a majority of the Audit Committee. If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and approval process of that transaction. In addition, the Trustee has the right to review the audit reports to ascertain that the Property Funds Appendix have been complied with.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual during the relevant financial year will be disclosed in Saizen REIT's annual report, if applicable.

SUSTAINABILITY REPORTING

The Board considers sustainability issues as part of its strategy formulation process to ensure that Saizen REIT's rental business is conducted responsibly within the cities where it operates, particularly from the environmental and social aspects.

By looking beyond economic, strategic and operational factors to include social and environmental considerations, sustainability reviews allow the Manager to consider emerging risk areas and develop appropriate responses that help protect corporate reputation and improve Unitholder value.

Environmental impact

In 1981, the seismic design building code of Japan was revised to introduce new standards for earthquake design. All but two (Taisei Building III and KC Heights) of Saizen REIT's properties were built after 1981 and hence were constructed in accordance with these new standards. Separate inspections had been commissioned for Taisei Building III and KC Heights, and these two buildings were certified to be in compliance with the earthquake requirements.

Saizen REIT is also committed in ensuring that its properties comply with pollution regulations. Compliance with pollution regulations are included in engineering reports which are prepared for sale- or financing-related transactions.

Social impact

Saizen REIT's business is to provide rental housing to the mass market segment of the Japanese housing market. The Asset Manager and property managers have carried out various initiatives to assist people who face problems renting basic accommodations due to budgetary constraints or the lack of a guarantor.

Saizen REIT ensures that it works with certified service providers such as property managers, contractors, valuers and real estate agents and that it pays fees which are competitive and at market rates.

The Manager and the Asset Manager do not practise any gender discrimination in their employment policies, with males and females making up about 45% and 55% respectively of their total staff and directors.

CODE OF CORPORATE GOVERNANCE 2012

Disclosure Guide

Guideline	Ques	stions	How has the Company complied
General	(a)	Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Please refer to the disclosures within this report for the specific deviations from the 2012 Code.
	(b)	In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Please refer to the disclosures within this report for the reasons for deviation in practices from the 2012 Code.
Board Respons	ibility		
Guideline 1.5		t are the types of material transactions which ire approval from the Board?	Please refer to page 43 of this annual report.
Members of the	Board	<u>1</u>	
Guideline 2.6	(a)	What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to page 43 to 45 of this annual report.
	(b)	Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Please refer to page 44 of this annual report.
	(c)	What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Please refer to page 45 of this annual report.
Guideline 4.6	for t	se describe the board nomination process he Company in the last financial year for (i) cting and appointing new directors and (ii) reing incumbent directors.	Please refer to page 45 of this annual report.
Guideline 1.6	(a)	Are new directors given formal training? If not, please explain why.	Yes. Please refer to page 42 of this annual report.
	(b)	What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to page 42 of the report.

Guideline	Que	stions	How has the Company complied
Guideline 4.4	(a)	What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Please refer to page 45 of this annual report.
	(b)	If a maximum number has not been determined, what are the reasons?	Please refer to page 45 of this annual report.
	(C)	What are the specific considerations in deciding on the capacity of directors?	Please refer to page 45 of this annual report.
Board Evaluation	<u>on</u>		
Guideline 5.1	(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to page 45 of this annual report.
	(b)	Has the Board met its performance objectives?	Yes. Please refer to page 45 of this annual report.
Independence	of Direc	ctors	
Guideline 2.1	the Boar devia	s the Company comply with the guideline on proportion of independent directors on the d? If not, please state the reasons for the ation and the remedial action taken by the pany.	Yes. Please refer to page 44 of this annual report.
Guideline 2.3	(a)	Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Not applicable as there is no such director.
	(b)	What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable as there is no such director.
Guideline 2.4	for mappo	any independent director served on the Board nore than nine years from the date of his first bintment? If so, please identify the director and but the Board's reasons for considering him bendent.	Not applicable as there is no such director.

Guideline	Questions	How has the Company complied
Disclosure on F	Remuneration	
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	As all directors and employees of the Manager are remunerated by the Manager and not Saizen REIT, the Manager does not consider it necessary to include details on the remuneration of its directors and key executives.
	uisclosing so:	Nevertheless, the remuneration policies in respect of directors and executive officers have been disclosed on page 46 of this annual report.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of \$\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please see the response to Guideline 9.2 above.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please see the response to Guideline 9.2 above.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds \$\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Not applicable as there is no such employee.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please see the response to Guideline 9.2 above.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please see the response to Guideline 9.2 above.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please see the response to Guideline 9.2 above.

Guideline	Que	stions	How has the Company complied
Risk Managem	ent and	d Internal Controls	
Guideline 6.1	provi to u finan the (t types of information does the Company ide to independent directors to enable them inderstand its business, the business and cial environment as well as the risks faced by Company? How frequently is the information ided?	Please refer to pages 45 and 47 of this annual report.
Guideline 13.1		s the Company have an internal audit function? t, please explain why.	Please refer to page 50 of this annual report.
Guideline 11.3	(a)	In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to pages 47 and 48 of this annual report.
	(b)	In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to page 48 of this annual report.
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to page 49 of this annual report.
	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Not applicable as the external auditors have not supplied a substantial volume of non-audit services to Saizen REIT.

Guideline	Que	stions	How has the Company complied				
Communication	Communication with Shareholders						
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Please refer to page 51 and 52 of this annual report.				
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. Please refer to page 51 of this annual report.				
	(C)	How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to page 51 and 52 of this annual report.				
Guideline 15.5		e Company is not paying any dividends for the cial year, please explain why.	Not applicable.				

Report of the Trustee

For the financial year ended 30 June 2015

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Saizen Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Japan Residential Assets Manager Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed, First, Second, Third, Fourth and Fifth Supplemental Deeds dated 27 September 2007, 3 October 2007, 29 October 2007, 5 May 2009, 20 September 2010 and 24 August 2012 respectively (as amended) (the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the period covered by these financial statements, set out on pages 64 to 120 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee, HSBC Institutional Trust Services (Singapore) Limited

Esther Fong

Senior Vice President, Trustee Services

Singapore,

18 September 2015

Statement by the Manager

For the financial year ended 30 June 2015

In the opinion of the directors of Japan Residential Assets Manager Limited, the accompanying financial statements of Saizen Real Estate Investment Trust ("Saizen REIT") and its subsidiaries (the "Group") as set out on pages 64 to 120, comprising the Statement of Financial Position for Saizen REIT and the Group and Portfolio Statement for the Group as at 30 June 2015, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds for Saizen REIT and the Group, the Consolidated Statement of Cash Flows for the Group and Notes to the Financial Statements for the year then ended, are drawn up so as to present fairly, in all material respects, the financial position of Saizen REIT and of the Group as at 30 June 2015, the total return, amount distributable, movements of Unitholders' funds of Saizen REIT and of the Group and consolidated cash flows of the Group for the financial year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Saizen REIT and the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager, Japan Residential Assets Manager Limited

Chang Sean Pey

Director Singapore,

18 September 2015

Independent Auditor's Report

(Constituted under a Trust Deed in the Republic of Singapore)

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SAIZEN REAL ESTATE INVESTMENT TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of Saizen Real Estate Investment Trust ("Saizen REIT") and its subsidiaries (the "Group") set out on pages 64 to 120, which comprise the Statements of Financial Position of Saizen REIT and of the Group and Portfolio Statement of the Group as at 30 June 2015, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of Saizen REIT and of the Group, the Consolidated Statement of Cash Flows of the Group for the financial year then ended 30 June 2015, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Financial Statements

The Manager of Saizen REIT is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of Saizen REIT, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saizen REIT and of the Group as at 30 June 2015, the total return, amount distributable, movements of Unitholders' funds of Saizen REIT and the Group and consolidated cash flows of the Group for the financial year ended 30 June 2015 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore,
18 September 2015

Statements of Total Return

For the financial year ended 30 June 2015

		← Group →		Saizer	n REIT ——➤
	Note	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
Gross revenue	4	3,899,826	3,954,382	1,072,723	898,897
Property operating expenses	5	(1,225,773)	(1,227,489)	_	, _
Net property income/distribution income		2,674,053	2,726,893	1,072,723	898,897
Interest income		2,593	2,611	1,811	1,651
Manager's management fees		(209,253)	(205,877)	(209,253)	(205,877)
Asset management fees		(61,996)	(48,203)	_	_
Trustee's fees		(13,778)	(10,224)	(13,778)	(10,224)
Other trust expenses	6	(111,722)	(111,800)	(67,235)	(72,782)
Finance costs	7	(531,180)	(496,189)	(91,824)	(57,296)
Other income		91,595	42,784	91,595	42,784
Other administrative expenses		(148,389)	(159,753)	(32,800)	(51,393)
Net income from operations		1,691,923	1,740,242	751,239	545,760
(Loss)/gain on divestment of investment properties Net fair value gain/(loss) on financial		(1,240)	4,716	-	-
derivatives - fair value through profit or loss		127,303	(189,575)	151,470	23,013
Net fair value gain on investment properties	15	1,367,688	838,431	_	_
Write back of impairment losses on investment in subsidiaries	14	_	_	2,069,563	1,695,443
Total return for the year before income tax Income tax	8	3,185,674 (382,075)	2,393,814 (261,988)	2,972,272 (219,050)	2,264,216 (183,652)
Total return for the year after income tax before distribution Less: Distribution		2,803,599 (1,152,032)	2,131,826 (1,156,005)	2,753,222 (1,152,032)	2,080,564 (1,156,005)
Total return for the year after income tax and distribution		1,651,567	975,821	1,601,190	924,559
Total return for the year after income tax before distribution attributable to:					
Unitholders		2,766,600	2,099,879	2,753,222	2,080,564
Non-controlling interests		36,999	31,947		
		2,803,599	2,131,826	2,753,222	2,080,564
Earnings per Unit (JPY), after adjusting for effects of Unit Consolidation					
- Basic and diluted	9	9.75	7.40		

Statements of Financial Position

As at 30 June 2015

Note			← Gr	oup	< Saize	n REIT
Current assets		Note	2015	2014	2015	2014
Current assets Cash and cash equivalents 10 5,489,450 5,162,431 670,046 1,722,033 Deposits with cash management agent 11 364 510 — — Trade and other receivables 12 23,280 20,349 849,617 634,018 Other current assets 13 75,153 60,212 2,099 1,236 Derivative financial instruments 18 74,647 4,386 74,647 4,386 74,647 4,386 Non-current assets 14 — 24,056,200 28,430,609 26,984,688 Investment properties 15 43,093,100 42,056,200 28,430,609 26,984,688 Investment labilities 48,737,994 47,304,088 30,027,018 29,346,411 Total assets 427,750 447,847 — — Ental deposits 427,750 447,847 — — Rental received in advance 257,452 251,926 — — — Borrowings 16 1,022,838			JPY'000	JPY'000	JPY'000	JPY'000
Current assets Cash and cash equivalents 10 5,489,450 5,162,431 670,046 1,722,033 Deposits with cash management agent 11 364 510 — — Trade and other receivables 12 23,280 20,349 849,617 634,018 Other current assets 13 75,153 60,212 2,099 1,236 Derivative financial instruments 18 74,647 4,386 74,647 4,386 74,647 4,386 Non-current assets 14 — 24,056,200 28,430,609 26,984,688 Investment properties 15 43,093,100 42,056,200 28,430,609 26,984,688 Investment labilities 48,737,994 47,304,088 30,027,018 29,346,411 Total assets 427,750 447,847 — — Ental deposits 427,750 447,847 — — Rental received in advance 257,452 251,926 — — — Borrowings 16 1,022,838	ASSETS					
Deposits with cash management agent 11 364 510 67 634,018 71 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018 634,018						
Trade and other receivables 12 23,280 20,349 849,617 634,018 Other current assets 13 57,153 60,212 2,099 1,226 Derivative financial instruments 18 74,647 4,386 74,647 4,386 Non-current assets Investments in subsidiaries 14 5,644,894 5,247,688 28,430,609 26,984,688 Investment properties 15 43,093,100 42,056,200 28,430,609 26,984,688 Investment properties 14 7,379,994 47,304,088 30,027,018 29,346,411 Classets LIABILITIES Current liabilities Eental deposits 427,750 447,847 7 7 6-9 Bental depositis 427,750 447,847 7 7 6-9 Current tax liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities	Cash and cash equivalents	10	5,489,450	5,162,431	670,046	1,722,093
Common	Deposits with cash management agent	11	364	510	_	_
Non-current assets	Trade and other receivables	12	23,280	20,349	849,617	634,018
Non-current assets Investments in subsidiaries 14					•	
Non-current assets Investments in subsidiaries 14	Derivative financial instruments	18				
Investments in subsidiaries 14			5,644,894	5,247,888	1,596,409	2,361,723
Investment properties 15 43,093,100 42,056,200 28,430,609 26,984,688 Total assets 48,737,994 47,304,088 30,027,018 29,346,411 LIABILITIES Current liabilities Fental deposits 427,750 447,847 — — Rental deposits 427,752 251,926 — — — Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 18 — 7,725 — 7,725 Perivative financial instruments 18 32,993 33,901 — — — Borrowings 16 16,200,876 15,729,710 — — — Borrowings 16	Non-current assets					
Total assets 43,093,100 42,056,200 28,430,609 26,984,688 LIABILITIES 48,737,994 47,304,088 30,027,018 29,346,411 LIABILITIES Current liabilities 427,750 447,847 — — Rental deposits 427,750 447,847 — — Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 18 — 7,725 — 7,725 Current liabilities 32,993 33,901 — — Borrowings 16 16,200,876 15,729,710 — — Borrowings 16 16,200,876 15,729,710 — — Borrowings 16 16,959,111 16,353,343 — — Derivative financial instruments 18 320,392 377,343 — — Deferred tax liabilities <td< td=""><td>Investments in subsidiaries</td><td>14</td><td>_</td><td>_</td><td>28,430,609</td><td>26,984,688</td></td<>	Investments in subsidiaries	14	_	_	28,430,609	26,984,688
Total assets 48,737,994 47,304,088 30,027,018 29,346,411 LIABILITIES Current liabilities Rental deposits 427,750 447,847 — — Rental received in advance 257,452 251,926 — — Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 18 — 7,725 — 7,725 Current liabilities 18 — 7,725 — 7,725 Non-current liabilities 32,993 33,901 — — — Berrowings 16 16,200,876 15,729,710 — — — Borrowings 16 16,200,876 15,729,710 — — — Borrowings 19 343,838 182,054 <t< td=""><td>Investment properties</td><td>15</td><td>43,093,100</td><td>42,056,200</td><td></td><td></td></t<>	Investment properties	15	43,093,100	42,056,200		
LIABILITIES Current liabilities Rental deposits 427,750 447,847 – – Rental received in advance 257,452 251,926 – – Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 174,651 130,083 173,409 128,938 Derivative financial instruments 18 – 7,725 – 7,725 Rental deposits 32,993 33,901 – – – Borrowings 16 16,200,876 15,729,710 – – – Borrowings 16 16,200,876 15,729,710 – – – – Borrowings 17 61,012 30,335 – – – – Borrowings 17 61,012 30,335 – – – Other non-current lia			43,093,100	42,056,200	28,430,609	26,984,688
Current liabilities	Total assets		48,737,994	47,304,088	30,027,018	29,346,411
Current liabilities Rental deposits 427,750 447,847 — — — — — — — — — — — — — — — — — — —			, ,	, ,		, ,
Rental deposits 427,750 447,847 — — Rental received in advance 257,452 251,926 — — Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 174,651 130,083 173,409 128,938 Derivative financial instruments 18 — 7,725 — 7,725 Rental deposits 32,993 33,901 — — — Borrowings 16 16,200,876 15,729,710 — — Borrowings 16 16,200,876 15,729,710 — — Derivative financial instruments 18 320,392 377,343 — — Other non-current liabilities 17 61,012 30,335 — — Deferred tax liabilities 19 343,838 182,054 — — Net asset value 29,423,120						
Rental received in advance 257,452 251,926 — — Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 174,651 130,083 173,409 128,938 Derivative financial instruments 18 — 7,725 — 7,725 Rental deposits 32,993 33,901 — — — Borrowings 16 16,200,876 15,729,710 — — — Borrowings 16 16,200,876 15,729,710 — — — Borrowings 17 61,012 30,335 — — — Other non-current liabilities 17 61,012 30,335 — — — Deferred tax liabilities 19 343,838 182,054 — — — NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,5			427 750	117 917		
Borrowings 16 1,002,238 1,559,034 363,520 975,594 Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 174,651 130,083 173,409 128,938 Derivative financial instruments 18 - 7,725 - 7,725 - 7,725 Rental deposits 32,993 33,901 - 7 - 7 Borrowings 16 16,200,876 15,729,710 - 7 - 7 Borrowings 16 16,200,876 15,729,710 - 7 - 7 Borrowings 16 16,200,876 15,729,710 - 7 - 7 Borrowings 17 61,012 30,335 - 7 - 7 Other non-current liabilities 17 61,012 30,335 - 7 - 7 Deferred tax liabilities 19 343,833 182,054 - 7 - 7 Total liabilities 29,423,120 28,261,082 29,415,917 28,157,585 NET ASSETS 29,423,120<	•				_	_
Other current liabilities 17 346,991 293,048 74,172 76,569 Current tax liabilities 174,651 130,083 173,409 128,938 Derivative financial instruments 18 - 7,725 - 7,725 - 7,725 Rental deposits 32,993 33,901 - 7 - 7 Borrowings 16 16,200,876 15,729,710 - 7 - 7 Derivative financial instruments 18 320,392 377,343 - 7 - 7 Other non-current liabilities 17 61,012 30,335 - 7 - 7 Deferred tax liabilities 19 343,838 182,054 - 7 - 7 Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 - 7 - 7 29,569,801 283,612		16			363.520	975.594
Current tax liabilities 174,651 130,083 173,409 128,938 Derivative financial instruments 18 — 7,725 — 7,725 — 7,725 Rental deposits 32,993 33,901 — — — — — — — — — — — — — — — — — — —	9				•	
Derivative financial instruments 18 - 7,725 - 7,725 Non-current liabilities 2,209,082 2,689,663 611,101 1,188,826 Rental deposits 32,993 33,901 - - Borrowings 16 16,200,876 15,729,710 - - Derivative financial instruments 18 320,392 377,343 - - Other non-current liabilities 17 61,012 30,335 - - - Other red tax liabilities 19 343,838 182,054 - - - Deferred tax liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 - - - Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 <t< td=""><td>Current tax liabilities</td><td></td><td>*</td><td></td><td>•</td><td></td></t<>	Current tax liabilities		*		•	
Non-current liabilities Rental deposits 32,993 33,901 – – Borrowings 16 16,200,876 15,729,710 – – Derivative financial instruments 18 320,392 377,343 – – Other non-current liabilities 17 61,012 30,335 – – Deferred tax liabilities 19 343,838 182,054 – – Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 – – – Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 10,000 20 283,612 283,612 283,612 283,612	Derivative financial instruments	18	_	7,725	_	7,725
Rental deposits 32,993 33,901 — — Borrowings 16 16,200,876 15,729,710 — — Derivative financial instruments 18 320,392 377,343 — — Other non-current liabilities 17 61,012 30,335 — — Deferred tax liabilities 19 343,838 182,054 — — Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: Unitholders 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 — — — Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 100,000 20 283,612 283,612 283,612			2,209,082	2,689,663	611,101	1,188,826
Borrowings	Non-current liabilities					
Derivative financial instruments 18 320,392 377,343 - - - Other non-current liabilities 17 61,012 30,335 - - - Deferred tax liabilities 19 343,838 182,054 - - - - Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: Unitholders 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 - - - - Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 100,000 20 20,000 20 20,000 20 20,000 20 20,000 20 20,000 20 20,000 20 20,000 20 20,000 20 20,000 20 20,000	·				_	_
Other non-current liabilities 17 61,012 30,335 182,054 2	_				_	_
Deferred tax liabilities 19 343,838 182,054 — — — Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: Unitholders 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 — — — Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612 Net asset value per unit attributable to					_	_
Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: Unitholders 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 - - - Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 109,672 283,612 283,612 283,612 283,612					_	_
Total liabilities 19,168,193 19,043,006 611,101 1,188,826 NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 - - - - Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 Net asset value per unit attributable to	Deferred tax liabilities	19				
NET ASSETS 29,569,801 28,261,082 29,415,917 28,157,585 Represented by: 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 — — — — Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 100,672 200,415,917 28,157,585 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 283,612 </td <td>Total liabilities</td> <td></td> <td></td> <td></td> <td>611.101</td> <td>1.188.826</td>	Total liabilities				611.101	1.188.826
Represented by: Unitholders 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 - - - 29,569,801 28,261,082 29,415,917 28,157,585 Number of units in issue ('000) 20 283,612 283,612 283,612 Net asset value per unit attributable to						
Unitholders 29,423,120 28,151,410 29,415,917 28,157,585 Non-controlling interests 146,681 109,672 — — — 29,569,801 28,261,082 29,415,917 28,157,585 Number of units in issue ('000) 20 283,612 283,612 283,612 Net asset value per unit attributable to - - -	NET ASSETS		29,309,601	20,201,002	29,415,917	20,107,000
Non-controlling interests 146,681 109,672 - - - 29,569,801 28,261,082 29,415,917 28,157,585 Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 20 <	-					
29,569,801 28,261,082 29,415,917 28,157,585 Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612 Net asset value per unit attributable to 20 283,612 283,612 283,612 283,612					29,415,917	28,157,585
Number of units in issue ('000) 20 283,612 283,612 283,612 283,612 283,612	Non-controlling interests					
Net asset value per unit attributable to			29,569,801	28,261,082	29,415,917	28,157,585
·	Number of units in issue ('000)	20	283,612	283,612	283,612	283,612
·	Net asset value per unit attributable to					
	•		103.74	99.26	103.72	99.28

Distribution Statements

For the financial year ended 30 June 2015

	← Group — →		← Saizen REIT →		
	2015	2014	2015	2014	
	JPY'000	JPY'000	JPY'000	JPY'000	
Total return for the year after income tax before					
distribution attributable to Unitholders	2,766,600	2,099,879	2,753,222	2,080,564	
Distribution adjustments (Note a)	(1,279,820)	(615,910)	(1,266,442)	(596,595)	
Income available for distribution to Unitholders	1,486,780	1,483,969	1,486,780	1,483,969	
Income available for distribution to Unitholders at					
beginning of the year	721,077	692,174	721,077	692,174	
Cash deployed for loan repayment and borrowing	(744,000)	(745,000)	(744 000)	(745,000)	
costs Loan principal repayment, one-off borrowing	(711,890)	(745,606)	(711,890)	(745,606)	
costs and one-off swap breakage costs offset					
by capital resources	711,890	721,545	711,890	721,545	
Income available for distribution to Unitholders	2,207,857	2,152,082	2,207,857	2,152,082	
Distribution to Unitholders during the year:	, ,	, ,	, ,	, ,	
- Distribution of 3.10 cents per Unit for the period					
from 1 January 2014 to 30 June 2014	(725,153)	_	(725,153)	-	
- Distribution of 3.10 cents per Unit for the period	(700 707)		(700 707)		
from 1 July 2014 to 31 December 2014 - Distribution of 3.15 cents per Unit for the period	(769,737)	_	(769,737)	_	
from 1 January 2013 to 30 June 2013	_	(687,669)	_	(687,669)	
- Distribution of 3.25 cents per Unit for the period		(001,000)		(007,000)	
from 1 July 2013 to 31 December 2013	_	(743,336)	_	(743,336)	
Total distribution to Unitholders during the year				4	
(Note b)	(1,494,890)	(1,431,005)	(1,494,890)	(1,431,005)	
Income available for distribution to Unitholders at end of the year	712,967	721,077	712,967	721,077	
•					
Distribution to Unitholders ²	711,321	720,941	711,321	720,941	
Distribution per Unit ¹ (S\$ cents)	2.93	3.10	2.93	3.10	
Note a - Distribution adjustments					
Distribution adjustments items:					
- Gain on divestment of investment properties ³	(364)	(4,896)	-	_	
- Change in fair value of investment properties,	(4.005.004)	(704,000)			
net of deferred tax - Change in fair value of financial derivatives	(1,205,904)	(761,238)	-	_	
- unrealised (gain)/loss	(134,937)	137,815	(77,986)	6,242	
- Write back of impairment loss on investment in	(- , ,	- ,	()/	-,	
subsidiaries	-	_	(2,069,563)	(1,695,443)	
- Amortisation of transaction costs for borrowings	51,974	49,533	_	_	
- Unrealised exchange gains	(24,906)	(6,034)	(24,906)	(6,034)	
- Reserves required to be kept under loan	(22.250)	(77.400)			
agreements - Non-controlling interests' share of adjustments	(33,359) 36,999	(77,490) 31,947	_	_	
- Overseas income not distributed to the Trust	50,999	51,94 <i>1</i>	906,013	1,098,640	
- Provision for asset management fees	30,677	14,453	-	-	
	1,279,820	(615,910)	(1,266,442)	(596,595)	
Note b - Distribution to Unitholders			,		
- From operations	(1,152,032)	(1,156,005)	(1,152,032)	(1,156,005)	
- From Unitholders' contribution	(342,858)	(275,000)	(342,858)	(275,000)	
	(1,494,890)	(1,431,005)	(1,494,890)	(1,431,005)	

Distribution Statements

For the financial year ended 30 June 2015

A final tax-exempt distribution of 2.93 Singapore cents per unit was proposed on 20 August 2015 to the Board of Directors of the Manager. These financial statements do not reflect this distribution, which will be accounted for as an appropriation of Unitholders' funds in the financial year ending 30 June 2016.

A tax-exempt distribution of 3.10 Singapore cents per unit was resolved on 10 February 2015 in the Board of Directors' Meeting and paid on 27 March 2015.

For the financial year ended 30 June 2014, a final tax-exempt distribution of 3.10 Singapore cents per unit was resolved on 26 August 2014 in the Board of Directors' Meeting and paid on 26 September 2014.

A tax-exempt distribution of 3.25 Singapore cents per unit was resolved on 11 February 2014 in the Board of Directors' Meeting and paid on 21 March 2014.

- The distribution for the period from 1 January 2015 to 30 June 2015 presented in JPY is subject to the prevailing SGD/JPY exchange rate on actual payment date in FY2015.
- 3 Gain on divestment of investment properties excludes divestment fee of JPY 1.6million (2014: JPY 0.2million).

Statements of Movements in Unitholders' Funds

For the financial year ended 30 June 2015

	← Gr	oup		n REIT
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
<u>OPERATIONS</u>				
Balance at beginning of the year	(11,299,035)	(12,242,909)	(12,547,787)	(13,472,346)
Total return for the year	2,766,600	2,099,879	2,753,222	2,080,564
Distribution to Unitholders	(1,152,032)	(1,156,005)	(1,152,032)	(1,156,005)
Balance at end of the year	(9,684,467)	(11,299,035)	(10,946,597)	(12,547,787)
UNITHOLDERS' CONTRIBUTION				
Balance at beginning of the year	39,450,445	39,725,445	40,705,372	40,980,372
Distribution to Unitholders	(342,858)	(275,000)	(342,858)	(275,000)
Balance at end of the year	39,107,587	39,450,445	40,362,514	40,705,372
TOTAL ATTRIBUTABLE TO UNITHOLDERS	29,423,120	28,151,410	29,415,917	28,157,585
NON-CONTROLLING INTERESTS				
Balance at beginning of the year	109,672	77,725	_	_
Effect on investment in new TK operator	10	_	_	_
Total return for the year	36,999	31,947	_	
Balance at end of the year	146,681	109,672		
TOTAL	29,569,801	28,261,082	29,415,917	28,157,585

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2015

Cash flows from operating activities Note 2015 2014 Cash flows from operating activities 2,803,599 2,131,826 Total return for the year after income tax and before distribution 2,803,599 2,131,826 Adjustments for: - (2,593) (2,611) Interest income (2,593) (2,611) Interest expense 7 413,768 414,170 Interest avalue gain/loss on financial derivatives 11,240 (4,716) Net fair value gain on investment properties 15 (1,367,688) (383,431) Net fair value gain on investment properties 15 (1,367,688) (383,431) Interest in value gain on investment properties 15 (1,367,688) (383,431) Interest in value gain on investment properties 15 (1,367,688) (383,431) Unrealised foreign exchange loss 3,322 30,200 Operating profit before working capital changes 14,478 2,980,00 Thange and with cash management agent 14 4,478 2,990,00 Trade and other receivables 3,478 2,990,00 <			← Group →	
Cash flows from operating activities Total return for the year after income tax and before distribution 2,803,599 2,131,826 Acjustments for: 2 261,988 - Interest income (2,593) (2,611) - Interest income (2,593) (2,611) - Interest expense 7 413,768 414,170 - Loss/(gain) on divestment of investment properties 1,240 (47,76) - Net fair value gain/loss on financial derivatives (127,303) 189,575 - Net fair value gain on investment properties 15 (1,367,688) (38,431) - Unrealised foreign exchange loss 38,322 36,200 Operating profit before working capital changes 15 (1,367,688) (38,431) - Unrealised foreign exchange loss 8 38,227 36,200 Changes in working capital 4 4 30 - Unrealised foreign exchange loss 4,478 2,907 7,447 - Changes in working capital 4,478 2,907 7,447 - Changes in working capital 4,478 2,907 7,447		Note		-
Total return for the year after income tax and before distribution			JPY'000	JPY'000
Total return for the year after income tax and before distribution	Cash flows from operating activities			
Adjustments for: - Income tax 8 382,075 261,988 Interest income (2,698) (2,611) Interest expense 7 413,768 414,170 Loss/(gain) on divestment of investment properties 1,240 (4,776) Net fair value (gain)/loss on financial derivatives 16 (1,376,88) (838,401) Net fair value gain on investment properties 15 (1,367,688) (838,401) Net fair value gain on investment properties 16 (1,367,688) (838,401) Net fair value gain on investment properties 18 (1,367,688) (838,401) Net fair value gain on investment properties 18 (1,240) (2,807) Net fair value gain on investment properties 18 18,202 (362,801) Net fair value gain on investment properties 11 6 36,208 Obersetting profit before working capital changes 38,322 36,208 Changes in working capital 14 48 30,208 Changes for working capital 14 48 2,900 Change face and other receivables			2,803,599	2,131,826
- Income tax 8 382,075 261,988 - Interest income (2,593) (2,611) - Interest expense 7 413,768 414,170 - Loss/(gain) on divestment of investment properties 1,240 (4,716) - Net fair value (gain)/loss on financial derivatives 15 1,367,688 38,232 - Net fair value gain on investment properties 38,232 38,203 - Unrealised foreign exchange loss 38,203 38,203 Operating profit before working capital 116 30 - Entages in working capital 116 30 - Deposits with cash management agent 116 30 - Trade and other receivables (2,907) 7,474 - Other current sasets 4,78 2,900 - Other current liabilities 30,676 14,453 - Rental deposits (21,006) (26,388) - Rental deposits (21,006) (26,388) - Rental deposits (21,006) (26,388) - Rental deposits (21,014) (1,143) - Cash flows provided by operating ac			, ,	, ,
Interest income	•	8	382,075	261,988
Loss/(gain) on divestment of investment properties 1,240 (4,716) Net fair value (gain)/loss on financial derivatives 15 (1,367,688) (838,431) Unrealised foreign exchange loss 38,322 36,208 Operating profit before working capital changes 2,141,420 2,188,009 Changes in working capital 146 30 - Deposits with cash management agent 146 30 - Trade and other receivables (2,907) 7,447 - Other current assets 4,478 2,900 - Other non-current liabilities 30,676 14,653 - Rental received in advance 5,526 (5,560) - Rental deposits (21,006) (26,388) Cash flows generated from operations (21,006) (26,388) Lash flows provided by operating activities 2,037,524 (231,998) Cash flows provided by operating activities 10 - Cash flows from investing activities 10 - Cash flows from investing activities 10 - Cash flows provided by/(used in) investing activities 39,553 (35,553)	- Interest income			(2,611)
Net fair value (gain)/loss on financial derivatives (127,303) 189,575 Net fair value (gain on investment properties) 15 (1,367,688) (838,431) Unnealised foreign exchange loss 38,322 36,208 Operating profit before working capital changes 2,141,420 2,188,009 Changes in working capital 146 30 - Peposits with cash management agent 146 30 - Trade and other receivables (2,907) 7,447 - Other current assets 4,478 2,900 - Other current liabilities 30,676 14,453 - Rental received in advance 5,526 (54,560) - Rental deposits (21,008) (26,938) - Rental deposits (21,008) (26,938) Income tax paid (1,145) (1,145) Income tax paid (174,578) (231,098) Cash flows provided by operating activities 10 - Contribution from non-controlling interests 10 - Contribution from non-controlling interests 10 - Capital expenditure of inves	- Interest expense	7	413,768	414,170
- Net fair value gain on investment properties 15 (1,367,688) (838,421) - Unrealised foreign exchange loss 38,322 36,208 Operating profit before working capital 2,141,420 2,188,009 Changes in working capital 3 4 3 - Deposits with cash management agent 146 3 3 - Trade and other receivables (2,907) 7,447 4 7 - Other current assets 4,478 2,900 7 447 - Other current liabilities 30,676 14,453 4 72,092 14,453 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463 14,463	- Loss/(gain) on divestment of investment properties		1,240	(4,716)
Unrealised foreign exchange loss 38,322 36,208 Operating profit before working capital changes 2,141,420 2,188,009 Changes in working capital 3 - Deposits with cash management agent 146 30 - Trade and other receivables (2,907) 7,447 - Other current sasets 4,478 2,900 - Other current liabilities 30,676 14,453 - Bental received in advance 5,526 (54,560) - Rental deposits (21,006) 26,388 - Rental deposits (21,106) (205,799 - Rental preceived in advance (2,13,247) 2,059,799 - Rental deposits (21,106) (2,33,80) - Rental preceived in advance (2,13,247) (2,559,799 - Rental deposits (1,145) (1,143) - Rental deposits (2,13,247) (2,559,799 - Rosh flows generated from operations 1,145 (1,143) - Cash flows provided by operating activities 10 - - Cash flows provided by operating activities 10 -	- Net fair value (gain)/loss on financial derivatives		(127,303)	189,575
Operating profit before working capital 2,141,420 2,188,009 Changes in working capital Changes in working capital 30 - Deposits with cash management agent 146 30 - Trade and other receivables (2,907) 7,447 - Other current liabilities 54,914 (72,092) - Other current liabilities 30,676 14,453 - Rental received in advance 5,526 (54,560) - Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (11,145) (11,145) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows from financing activities 329,558 35,553 Cash flows from financing activities (1,450,000) - <	- Net fair value gain on investment properties	15	(1,367,688)	(838,431)
Changes in working capital 146 30 - Deposits with cash management agent 146 30 - Trade and other receivables (2,907) 7,447 - Other current assets 4,478 2,900 - Other current liabilities 54,914 (72,092) - Other non-current liabilities 30,676 14,453 - Rental received in advance 5,526 654,560 - Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (11,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 1 0 - Contribution from non-controlling interests 1 0 - Contribution from sale of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 1,450,000 -	- Unrealised foreign exchange loss		38,322	36,208
Deposits with cash management agent 146 30 Trade and other receivables (2,907) 7,447 Other current assets 4,478 2,900 Other current liabilities 30,676 14,453 Other non-current liabilities 30,676 14,453 Rental received in advance 5,526 (54,660) Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings	Operating profit before working capital changes		2,141,420	2,188,009
Deposits with cash management agent 146 30 Trade and other receivables (2,907) 7,447 Other current assets 4,478 2,900 Other current liabilities 30,676 14,453 Other non-current liabilities 30,676 14,453 Rental received in advance 5,526 (54,660) Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings	Changes in working capital			
- Trade and other receivables (2,907) 7,447 - Other current assets 4,478 2,900 - Other current liabilities 54,914 (72,092) - Other non-current liabilities 30,676 14,453 - Rental received in advance 5,526 (54,560) - Rental deposits (21,096) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (1,74,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Cash flows from investing activities 11 - Cash flows provided by/(used in) investing activities 32,958 (35,553) Cash flows provided by/(used in) investing activities 32,958 (35,553) Cash flows from financing activities 1,450,000 - Cash flows from financing activities 1,450,000 - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowi			1/16	30
Other current labilities 4,478 2,900 Other current liabilities 54,914 (72,092) Other non-current liabilities 30,676 14,453 Rental received in advance 5,526 (54,560) Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties (134,212) (90,669) Proceeds from bank borrowings 1,450,000 55,116 Cash flows from financing activities 2,9558 (35,553) Cash flows from financing activities 1,450,000 - Repayment of bank borrowings 1,450,000 - Repayment of bank borrowings (1,494,890) (1,431,005) Interest paid <				
Other current liabilities 54,914 (72,092) Other non-current liabilities 30,676 14,453 Rental received in advance 5,526 (54,560) Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Contribution from non-controlling interests 1 - Capital expenditure of investment properties 134,212 (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Repayment of bank borrowings 1,589,952 (668,092) Distribution to Unitholders 1,494,890 (1,431,005) Interest received 2,569 2,643 Interest paid <td></td> <td></td> <td></td> <td></td>				
Other non-current liabilities 30,676 11,453 Rental received in advance 5,526 (54,560) Rental deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of				
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Fend deposits (21,006) (26,388) Cash flows generated from operations 2,213,247 2,059,799 Income tax paid (1,145) (1,143) Withholding tax paid (174,578) (231,098) Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) <				
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Cash flows provided by operating activities 2,037,524 1,827,558 Cash flows from investing activities 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	·			
Contribution from non-controlling interests 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities - - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247				
Contribution from non-controlling interests 10 - Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities - - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	Cook flows from investing activities			
Capital expenditure of investment properties (134,212) (90,669) Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	-		10	
Proceeds from sale of investment properties 463,760 55,116 Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities 1,450,000 - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247				(00,660)
Cash flows provided by/(used in) investing activities 329,558 (35,553) Cash flows from financing activities - Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	·			
Cash flows from financing activities Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247				
Proceeds from bank borrowings 1,450,000 - Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	oash nows provided by/(used in) investing activities		323,330	(00,000)
Repayment of bank borrowings (1,589,952) (668,092) Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247				
Distribution to Unitholders (1,494,890) (1,431,005) Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	~		1,450,000	-
Interest received 2,569 2,643 Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247				
Interest paid (400,156) (475,993) Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247				
Net settlement of financial derivatives (7,634) (51,760) Bank deposits pledged for bank borrowings 608,074 (36,208) Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents 935,093 (868,410) Cash and cash equivalents at beginning of the year 3,991,837 4,860,247			-	
Bank deposits pledged for bank borrowings Cash flows used in financing activities (1,431,989) (2,660,415) Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	·			
Cash flows used in financing activities(1,431,989)(2,660,415)Net increase/(decrease) in cash and cash equivalents935,093(868,410)Cash and cash equivalents at beginning of the year3,991,8374,860,247				,
Net increase/(decrease) in cash and cash equivalents935,093(868,410)Cash and cash equivalents at beginning of the year3,991,8374,860,247				
Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	Cash flows used in financing activities		(1,431,989)	(2,660,415)
Cash and cash equivalents at beginning of the year 3,991,837 4,860,247	Net increase/(decrease) in cash and cash equivalents		935,093	(868,410)
· ///	Cash and cash equivalents at end of the year	10	4,926,930	3,991,837

Portfolio Statement

As at 30 June 2015

		Latest	√ Valuation —			→	Percentage of net assets attributable to Unitholders	
Description of properties	Location	valuation date	30 June 2015 JPY'000		30 June 2014 JPY'000		30 June 2015 %	30 June 2014 %
YUGEN KAISHA ("YK") JOF								
Three Tower	Sapporo	30 June 2015	830,000	(f)	775,000	(j)	2.8	2.8
Luna Heights	Sapporo	30 June 2015	254,000	(f)	228,000	(a)	0.9	0.8
Matsui 53	Sapporo	30 June 2015	174,000	(f)	157,000	(a)	0.6	0.6
Plaza Nakajima Park	Sapporo	30 June 2015	274,000	(f)	260,000	(j)	0.9	0.9
Chateau Nakanoshima	Sapporo	30 June 2015	217,000	(f)	204,000	(a)	0.7	0.7
Chateau 24	Sapporo	30 June 2015	428,000	(f)	391,000	(j)	1.5	1.4
YK KOKKEI								
Glance Nishimachi	Sapporo	30 June 2015	364,000	(a)	348,000	(j)	1.2	1.2
Matsui 82	Sapporo	30 June 2015	296,000	(a)	287,000	(j)	1.0	1.0
Urban Yamahana	Sapporo	30 June 2015	98,700	(a)	97,000	(j)	0.3	0.3
Misono	Sapporo	30 June 2015	302,000	(g)	301,000	(f)	1.0	1.1
Maison Towa	Sapporo	30 June 2015	172,000	(g)	161,000	(f)	0.6	0.6
Wing Befu	Fukuoka	30 June 2015	124,000	(e)	114,000	(i)	0.4	0.4
Bibress Tsukisamu Chuo Station	Sapporo	30 June 2015	633,000	(a)	613,000	(j)	2.2	2.2
Cosmo Reveur Sangenjaya	Tokyo	30 June 2015	649,000	(k)	609,000	(k)	2.2	2.2
Clair Court Roka Koen	Tokyo	30 June 2015	774,000	(C)	754,000	(C)	2.6	2.7
YK KEIZAN								
Chic Takaramachi	Fukuoka	30 June 2015	222,000	(d)	199,000	(i)	0.7	0.7
Sun City	Sapporo	30 June 2015	319,000	(a)	309,000	(g)	1.1	1.1
S. Heim	Sapporo	30 June 2015	103,000	(g)	95,000	(f)	0.3	0.3
Les Chambres	Sapporo	30 June 2015	70,000	(a)	69,600	(g)	0.2	0.2
Dominion Yamanote	Sapporo	30 June 2015	152,000	(g)	140,000	(j)	0.5	0.5
Treasure 15	Sapporo	30 June 2015	139,000	(g)	131,000	(j)	0.5	0.5
Infinity Higashi Sapporo	Sapporo	30 June 2015	153,000	(g)	152,000	(f)	0.5	0.5
Arati Hakata South	Fukuoka	30 June 2015	411,000	(d)	357,000	(i)	1.4	1.3
First Kotake Building	Sapporo	30 June 2015	872,000	(g)	850,000	(f)	3.0	3.0
Park Crystal	Sapporo	30 June 2015	243,000	(g)	228,000	(a)	0.8	0.8
YK SHINTOKU								
Chalet Aoyama	Kitakyushu	30 June 2015	233,000	(i)	238,000	(h)	0.8	0.8
City Room Nakai III	Kitakyushu	30 June 2015	153,000	(f)	150,000	(f)	0.5	0.5
Matsukaze Building	Hakodate	30 June 2015	264,000	(k)	227,000	(a)	0.9	0.8
Gold Mansion Nakao	Fukuoka	30 June 2015	113,000	(e)	113,000	(i)	0.4	0.4
Kohatsu 88	Sapporo	30 June 2015	49,000	(f)	47,700	(a)	0.2	0.2
Central Court Tenjin Higashi	Fukuoka	30 June 2015	134,000	(h)	128,000	(i)	0.5	0.5
Ebisu Building III	Sapporo	30 June 2015	69,800	(b)	71,000	(f)	0.2	0.3
Heart Inn Hongou	Sapporo	30 June 2015	70,600	(b)	71,000	(f)	0.2	0.3
Urban Hills Dainohara	Sendai	30 June 2015	141,000	(a)	129,000	(a)	0.5	0.5
Sun Port 6	Sendai	30 June 2015	_	_	149,000	(b)	_	0.5

As at 30 June 2015

							of net	ntage assets able to
		Latest	←	Valua	ition ———	-	Unith	olders
Description of properties	Location	valuation date	30 June 2015 JPY'000		30 June 2014 JPY'000		30 June 2015 %	30 June 2014 %
YK SHINTOKU (continued)								
Exceed Tsuchitoi	Sendai	30 June 2015	86,000	(a)	82,500	(b)	0.3	0.3
Sun Hills Asahigaoka	Sendai	30 June 2015	58,500	(a)	53,000	(b)	0.2	0.2
Aisho Plaza Hachiman	Sendai	30 June 2015	192,000	(a)	176,000	(b)	0.7	0.6
Sun Rise Kashiwagi	Sendai	30 June 2015	181,000	(a)	170,000	(b)	0.6	0.6
Lively Kamisugi	Sendai	30 June 2015	79,500	(k)	69,300	(b)	0.3	0.2
Etoile Higashi Sendai	Sendai	30 June 2015	118,000	(k)	99,400	(b)	0.4	0.4
Shinko Kokura Kogane Sky			,	()	,	()		
Mansion	Kitakyushu	30 June 2015	172,000	(i)	167,000	(e)	0.6	0.6
Katano Residential Building	Kitakyushu	30 June 2015	326,000	(i)	322,000	(e)	1.1	1.1
High Grace II	Sendai	30 June 2015	_	_	316,000	(b)	_	1.1
Estella 24-ken A	Sapporo	30 June 2015	77,000	(f)	73,600	(a)	0.3	0.3
Niken Chaya Grand Heights	Sendai	30 June 2015	382,000	(a)	357,000	(b)	1.3	1.3
Kotoni 1-6 Mansion	Sapporo	30 June 2015	287,000	(f)	259,000	(j)	1.0	0.9
Aster Yamahana	Sapporo	30 June 2015	132,000	(f)	131,000	(a)	0.4	0.5
K2 Mansion Morioka	Morioka	30 June 2015	313,000	(f)	301,000	(f)	1.1	1.1
Mon Palais Toroku	Kumamoto	30 June 2015	207,000	(j)	201,000	(h)	0.7	0.7
YK SHINZAN								
Chalet Kishinoura	Kitakyushu	30 June 2015	288,000	(i)	293,000	(f)	1.0	1.0
Chalet Shiragane	Kitakyushu	30 June 2015	214,000	(i)	214,000	(f)	0.7	0.8
Chalet Suwamachi	Kitakyushu	30 June 2015	256,000	(h)	259,000	(e)	0.9	0.9
Chalet Numahon Machi II	Kitakyushu	30 June 2015	147,000	(h)	158,000	(e)	0.5	0.6
Chalet Matsuo II	Kitakyushu	30 June 2015	48,000	(h)	48,000	(e)	0.2	0.2
Chalet Tsudashin Machi	Kitakyushu	30 June 2015	131,000	(i)	126,000	(e)	0.4	0.4
Chalet Harunomachi	Kitakyushu	30 June 2015	360,000	(h)	338,000	(e)	1.2	1.2
Chalet Kanda II	Kitakyushu	30 June 2015	206,000	(h)	202,000	(e)	0.7	0.7
Chalet Einomaru II	Kitakyushu	30 June 2015	100,000	(i)	101,000	(f)	0.3	0.4
EMYU Honjo	Kumamoto	30 June 2015	907,000	(I)	892,000	(I)	3.1	3.2
EMYU Shinmachi	Kumamoto	30 June 2015	619,000	(I)	611,000	(I)	2.1	2.2
Yamamoto Mansion	Kagoshima	30 June 2015	554,000	(e)	563,000	(f)	1.9	2.0
KC Heights	Kumamoto	30 June 2015	117,000	(i)	107,000	(a)	0.4	0.4
Rise Shimodori	Kumamoto	30 June 2015	325,000	(j)	298,000	(a)	1.1	1.1
Rise Kuhonji II	Kumamoto	30 June 2015	429,000	(j)	384,000	(a)	1.5	1.4
YK SHINGEN			-,	V/	,	ν- /	-	
Alte Heim Kokura	Kitakyushu	30 June 2015	58,000	(f)	58,400	(0)	0.2	0.2
Alte Heim Kokura II	Kitakyushu	30 June 2015	395,000	(f) (f)	372,000	(e)	1.3	1.3
Alte Heim Kokura IV	Kitakyushu	30 June 2015	70,000		73,900	(e)	0.2	0.3
Alte Heim Mojiekimae	Kitakyushu	30 June 2015 30 June 2015	139,000	(f)	147,000	(e)	0.2	0.5
Castle Kano	Sendai	30 June 2015 30 June 2015	204,000	(f)	190,000	(e)	0.5	0.5
Casile Mailu	Seriual	50 Julie 2015	204,000	(b)	190,000	(f)	0.7	0.7

As at 30 June 2015

							of net attribut	able to
		Latest	←	Valua	tion ———	-		olders
Description of properties	Location	valuation date	30 June 2015 JPY'000		30 June 2014 JPY'000		30 June 2015 %	30 June 2014 %
YK SHINGEN (continued)								
Clio Court	Sendai	30 June 2015	194,000	(b)	193,000	(f)	0.7	0.7
Core Life	Sendai	30 June 2015	457,000	(b)	458,000	(f)	1.6	1.6
Taisei Building III	Oita	30 June 2015	270,000	(j)	230,000	(i)	0.8	0.8
EMYU Suizenji	Kumamoto	30 June 2015	1,080,000	(l)	1,080,000	(I)	3.7	3.8
Gardenia Kurashiki	Kurashiki	30 June 2015	111,000	(g)	102,000	(i)	0.4	0.4
Jeunes 23	Sapporo	30 June 2015	254,000	(f)	239,000	(a)	0.9	0.8
Rise Oe	Kumamoto	30 June 2015	256,000	(I)	242,000	(h)	0.9	0.9
Royal Hills Katagiri	Sendai	30 June 2015	164,000	(a)	157,000	(a)	0.6	0.6
Suien	Sapporo	30 June 2015	104,000	(g)	92,000	(a)	0.4	0.3
Sun Vario Shinden Eki Mae	Sendai	30 June 2015	439,000	(b)	419,000	(t)	1.5	1.5
TOA Mansion	Sapporo	30 June 2015	684,000	(f)	601,000	(i)	2.2	2.1
YSK Co-op Saiwaicho	Sendai	30 June 2015	415,000	(b)	422,000	(f)	1.4	1.5
Grand Polestone Takeya	Hiroshima	30 June 2015	543,000	(g)	529,000	(i)	1.8	1.9
Maestoso Figur	Koriyama	30 June 2015	375,000	(f)	350,000	(b)	1.2	1.2
Leggiero Viola	Koriyama	30 June 2015	291,000	(f)	278,000	(b)	1.0	1.0
Loggioro viola	Ronyama	00 04110 2010	201,000	(1)	210,000	(0)	1.0	1.0
GODO KAISHA ("GK") CHOAN								
Sec' As Blue II	Sapporo	30 June 2015	361,000	(f)	349,000	(g)	1.2	1.2
Wing Nakahirodori	Hiroshima	30 June 2015	768,000	(g)	723,000	(i)	2.6	2.6
Abitare Shimoarata I	Kagoshima	30 June 2015	259,000	(e)	258,000	(f)	0.9	0.9
Abitare Shinyashiki	Kagoshima	30 June 2015	241,000	(e)	245,000	(f)	0.8	0.9
Royal Hills Komatsushima	Sendai	30 June 2015	156,000	(a)	145,000	(a)	0.5	0.5
Senboku Heim I	Morioka	30 June 2015	157,000	(f)	153,000	(f)	0.5	0.5
Senboku Heim II	Morioka	30 June 2015	78,000	(f)	76,000	(f)	0.3	0.3
Liesse Wakabayashi	Sendai	30 June 2015	161,000	(a)	154,000	(a)	0.5	0.5
Dear Misono	Sapporo	30 June 2015	47,000	(f)	44,800	(g)	0.2	0.2
Casa Motomachi	Sapporo	30 June 2015	340,000	(f)	303,000	(j)	1.2	1.1
Grand Polestone Tsurumi	Hiroshima	30 June 2015	366,000	(i)	359,000	(g)	1.2	1.3
La Finesse Hakataeki Minami	Fukuoka	30 June 2015	493,000	(h)	474,000	(i)	1.7	1.7
Rise Heiseiekimae	Kumamoto	30 June 2015	206,000	(l)	195,000	(h)	0.7	0.7
Maison d'Etoile II	Sendai	30 June 2015	140,000	(k)	119,000	(f)	0.5	0.4
Abitare Korimoto	Kagoshima	30 June 2015	249,000	(e)	250,000	(f)	0.8	0.9
Orion Heim	Fukuoka	30 June 2015	224,000	(e)	215,000	(i)	0.8	0.8
Fujimicho Building	Hiroshima	30 June 2015	365,000	(g)	363,000	(g)	1.2	1.3
Grand Polestone Fujimi	Hiroshima	30 June 2015	181,000	(g)	181,000	(g)	0.6	0.6
Grand Polestone Otemachi	Hiroshima	30 June 2015	473,000	(i)	467,000	(g)	1.6	1.7
Kusatsu Higashi Heights	Hiroshima	30 June 2015	217,000	(i)	214,000	(g)	0.7	0.8
VOGA Minami Kannon	Hiroshima	30 June 2015	192,000	(g)	186,000	(g)	0.7	0.7
Le Pied Hirao	Fukuoka	30 June 2015	257,000	(e)	247,000	(i)	0.9	0.9

As at 30 June 2015

							Perce of net attribut	assets
Description of properties	Location	Latest valuation date	30 June 2015	Valua	30 June 2014	-	Unitho 30 June 2015	30 June 2014
GODO KAISHA ("GK")			JPY'000		JPY'000		%	%
CHOAN (continued)								
Residence Shiroishi ABCD	Sapporo	30 June 2015	506,000	(g)	466,000	(j)	1.7	1.7
GEO Kamiokawamaedori 3	Niigata	30 June 2015	400,000	(I)	392,000	(f)	1.4	1.4
Hills Kawabata	Niigata	30 June 2015	302,000	(1)	291,000	(f)	1.0	1.0
Hills Nogizaka	Niigata	30 June 2015	330,000	(1)	328,000	(f)	1.1	1.2
Grand Polestone Otemachi II	Hiroshima	30 June 2015	405,000	(c)	381,000	(i)	1.4	1.4
Grand Polestone Higashi			,	,	,	()		
Hiratsuka	Hiroshima	30 June 2015	406,000	(C)	395,000	(i)	1.4	1.4
Shinonome Heights	Hiroshima	30 June 2015	170,000	(i)	166,000	(g)	0.6	0.6
Estate 18 Shinonome	Hiroshima	30 June 2015	254,000	(i)	254,000	(g)	0.9	0.9
Royal Shinonome	Hiroshima	30 June 2015	331,000	(i)	325,000	(g)	1.1	1.2
Villa Kaita	Hiroshima	30 June 2015	338,000	(i)	328,000	(g)	1.1	1.2
Arioso Phrase	Koriyama	30 June 2015	466,000	(f)	448,000	(b)	1.6	1.6
Towa Kita 7 Jo	Sapporo	30 June 2015	371,000	(b)	376,000	(f)	1.3	1.3
Towa Kotoni	Sapporo	30 June 2015	311,000	(b)	311,000	(j)	1.1	1.1
Relief Ohorinishi	Fukuoka	30 June 2015	119,000	(e)	106,000	(i)	0.4	0.4
GK CHOGEN								
Romauge Kamidori Namikizaka	Kumamoto	30 June 2015	640,000	(j)	647,000	(h)	2.2	2.3
Rise Yotsugibashi	Kumamoto	30 June 2015	435,000	(j)	445,000	(g)	1.5	1.6
•			,	U/	,,,,,,,	(0)		
GK CHOSEI	1.15 1.2	00 1 0015	005 000	(.)	000 000	/ '\	0.4	0.0
Quest Tower Noboricho	Hiroshima	30 June 2015	695,000	(g)	663,000	(i)	2.4	2.3
GK GYOKOU								
Rise Fujisaki Dai	Kumamoto	30 June 2015	296,000	(j)	312,000	(h)	1.0	1.1
Rise Kumamoto Station South	Kumamoto	30 June 2015	141,000	(j)	154,000	(h)	0.5	0.5
EMYU Heisei Keyakidori Mansion	Kumamoto	30 June 2015	651,000	(j)	681,000	(h)	2.2	2.4
Flour Mansion Jyosei	Kumamoto	30 June 2015	1,000,000	(j)	982,000	(h)	3.4	3.4
Rise Shinoe	Kumamoto	30 June 2015	273,000	(j)	294,000	(g)	0.9	1.0
GK GYOSEI								
Matoba Meijibashi II	Hiroshima	30 June 2015	282,000	(c)	277,000	(g)	0.9	0.9
Grand Polestone Kinya	Hiroshima	30 June 2015	141,000	(c)	141,000	(g)	0.5	0.5
Grand Polestone Tsurumi II	Hiroshima	30 June 2015	672,000	(g)	672,000	(g)	2.3	2.3
GK TOSEI								
The Palms Denenchofu	Tokyo	30 June 2015	605,000	(d)	568,000	(0)	2.1	2.0
AMS Hatchobori I	Tokyo	30 June 2015 30 June 2015	1,317,000	(d) (c)	1,253,000	(c)	2. i 4.5	2.0 4.4
	IUNYU	JU JUNE 2013	1,017,000	(0)	1,200,000	(C)	4.0	4.4
GK GYOTATSU								
Cosmos Kokura Eki Mae	Kitakyushu	30 June 2015	785,000	(f)	776,000	(f)	2.7	2.7
AS Residence Hakataekiminami	Fukuoka	30 June 2015	615,000	(h)	608,000	(g)	2.1	2.1

As at 30 June 2015

							Perce	ntage
							of net	assets
							attribut	able to
		Latest	←	Valu	ation ———	→	Unitho	olders
		valuation	30 June		30 June		30 June	30 June
Description of properties	Location	date	2015		2014		2015	2014
			JPY'000		JPY'000		%	%
GK TOGEN								
Florecer Miyagino (Note 1)	Sendai	30 June 2015	342,000	(k)	307,000	(k)	1.2	1.1
Fantage Yaotome (Note 1)	Sendai	30 June 2015	247,000	(k)	230,000	(k)	0.8	0.8
Investment properties			43,093,100		42,056,200		146.5	149.4
Other assets and liabilities (net)			(13,523,299)		(13,795,118)		(46.0)	(49.0)
Net assets			29,569,801	•	28,261,082			
Net assets attributable to non-controlling interests			(146,681)		(109,672)		(0.5)	(0.4)
Net assets attributable to			(-,		(,)		(/	(- /
Unitholders			29,423,120		28,151,410		100.0	100.0

The properties above comprise of freehold land and freehold buildings, and are used primarily for residential and residential-related purposes.

Note 1: These properties were transferred from the portfolio of GK Choan to GK Togen during the year.

The carrying amounts of the properties were based on independent full valuations undertaken by:

- (a) Asset Research Inc.,
- Real Estate Appraisal Aota Jimusho, (b)
- (C) International Appraisals Incorporated,
- (d) Jones Lang LaSalle,
- Prime Appraisal Institute Co. Ltd, (e)
- (f) Rich Appraisal Institute Co. Ltd,
- (g) Real Value Inc.,
- (h) KK Sakura Business Partners,
- (i) KK Soken,
- Success Solution Inc., (j)
- (k) DTZ Debenham Tie Leung, K.K., and
- Colliers International. (l)

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on the Income Approach, which includes the direct capitalisation method and discounted cash flow method.

For the financial year ended 30 June 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Saizen Real Estate Investment Trust ("Saizen REIT") is a Singapore domiciled unit trust constituted pursuant to the Trust Deed dated 27 September 2007 between Japan Residential Assets Manager Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of Saizen REIT in trust for the holders ("Unitholders") of units in Saizen REIT (the "Units").

Saizen REIT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 9 November 2007 (the "Listing") and was included in the Central Provident Fund ("CPF") Investment Scheme on 9 November 2007.

The principal investment objective of Saizen REIT is to invest in a diversified portfolio of incomeproducing real estate located in Japan, which is used primarily for residential and residential-related purposes, and real estate-related assets in connection with the foregoing.

Saizen REIT invests in the properties by entering into Japanese tokumei kumiai arrangements ("TK arrangements") as a tokumei kumiai investor ("TK investor") with Japanese limited liability companies known as tokumei kumiai operators ("TK operators"), which are the property holding companies. Such TK arrangement is a common method of investing and holding real estate in Japan. The relationship between the TK operators and the TK investors is governed by tokumei kumiai agreements ("TK agreements"), whereby the TK investors provide funds to the TK operators in return for income derived from the investments in properties held by the TK operators (the "TK business"). The TK investor can enter into TK arrangements with TK operators either through the acquisition from existing TK investors of all rights and obligations under their respective TK agreements with TK operators, or by entering into new TK agreements with TK operators.

For the financial year ended 30 June 2015

1. **General information** (continued)

As at 30 June 2015, Saizen REIT had entered into TK agreements with 14 Japanese TK operators, being YK JOF, YK Kokkei, YK Keizan, YK Shintoku, YK Shingen, YK Shinzan, GK Chosei, GK Choan, GK Chogen, GK Gyokou, GK Gyosei, GK Tosei, GK Gyotatsu and GK Togen. Under the TK agreements, the net income of the TK business, comprising principally the income generated from the property holding business, will be passed up to Saizen REIT. Saizen REIT is entitled to 97.0% of the profits and losses of such business while the shareholder of the TK operators is entitled to the remaining 3.0% of the allocated profits and losses. Saizen REIT is, therefore, exposed to the majority of risks and rewards from its agreements with the TK operators and the underlying property holding business.

The Manager has assessed the economic reality of Saizen REIT and its investment activities through the TK operators, and concluded that as Saizen REIT primarily bears the risks and enjoys the benefits under the TK agreements, the TK operators are considered as special purpose entities. The consolidated financial statements of Saizen REIT are presented on a group basis by consolidating Saizen REIT and the TK operators as special purpose entities (together referred to as the "Group").

Service agreements

Saizen REIT has entered into several service agreements in relation to the management of Saizen REIT and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

The Trustee's fee shall not exceed 0.03% per annum of the value of the Deposited Property (being all the assets of Saizen REIT as stipulated in the Trust Deed), subject to an aggregate minimum fee of S\$10,000 per month, or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The Trustee's fee is payable out of the Deposited Property of Saizen REIT on a monthly basis, in arrears. The Trustee is also entitled to the reimbursement of all reasonable out-of-pocket expenses (including a one-time inception fee of S\$25,000) incurred by it in the performance of its duties under the Trust Deed.

For the financial year ended 30 June 2015

1. General information (continued)

Service agreements (continued)

(b) Manager's Management fees

The Manager is entitled to receive 0.5% per annum of the monthly weighted average value of all property assets of Saizen REIT (or proportional share) for the time being held or deemed to be held upon the trusts under the Trust Deed from time to time (the "Property Assets"). For the avoidance of doubt, cash does not form part of the Property Assets.

The management fee payable to the Manager will be paid in the form of cash and/or Units (as it may in its sole discretion determine). Where the management fees are paid in cash, the amounts are paid monthly in arrears. Where the management fees are paid in the form of Units, the amounts are paid quarterly in arrears.

(c) Acquisition and Divestment fees

The Manager is also entitled to receive an acquisition fee of 1.0% of the acquisition price and a divestment fee of 0.3% of the sale price on all future acquisitions or disposals of properties.

The acquisition and disposal fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition and disposal respectively.

(d) Asset Manager's asset management fees

The Asset Manager is entitled to receive 3.0% of the net profits of the property-holding business (before deducting the asset management fee and any expense of such business payable to Saizen REIT), calculated in accordance with accounting standards applicable to the property holding vehicles (the "Property Business Profits").

In the case of a TK arrangement, JPY150,000 per annum for overhead incurred by each TK operator will be deducted from the Property Business Profits.

The asset management fee is payable out of the Deposited Property of property holding vehicles, on a monthly basis, in advance.

For the financial year ended 30 June 2015

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial statements, which are expressed in Japanese Yen ("JPY"), the functional currency of Saizen REIT and rounded to the nearest thousand, have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 July 2014, the Group adopted the new or amended Singapore Financial Reporting Standards ("FRS"), Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Saizen REIT's accounting policies and had no material effect on the amounts reported for the current or prior financial years

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) Rental income and rental-related income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

Rental-related income includes non-refundable deposits from tenants which are amortised over the lease terms. The amortisation is taken to the Statements of Total Return.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.3 Expenses

(a) Property expenses

Property expenses are recognised on an accrual basis.

(b) Trustee's fees, manager's management fees, acquisition and divestment fees and asset management fees

These expenses are recognised on an accrual basis using the applicable formula stipulated in Note 1(a) - (d).

(c) Borrowing costs

Interest expense and similar charges are recognised on a time proportion basis in the period in which they are incurred using the effective interest method.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiaries

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the Unitholders of Saizen REIT. They are shown separately in the consolidated Statements of Total Return, Statements of Financial Position, and Statements of Movements in Unitholder's Funds.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in Saizen REIT's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of Saizen REIT.

(b) Transactions with non-controlling interests

Changes in Saizen REIT's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to Unitholders of Saizen REIT.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.5 **Currency translation**

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Japanese Yen, which is Saizen REIT's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in the Statements of Total Return.

2.6 Investment properties

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property. Investment properties comprise freehold land and freehold buildings.

Investment properties are initially recognised at cost, including related transaction costs and subsequently carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent professional valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

Changes in fair values are recognised in the Statements of Total Return as a net appreciation or depreciation in the value of the investment properties.

The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.6 Investment properties (continued)

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statements of Total Return during the financial year in which they are incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Statements of Total Return.

2.7 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.16) in Saizen REIT's statement of financial position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the Statements of Total Return.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "deposits with cash management agent" and "trade and other receivables" on the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the Statements of Total Return.

Initial measurement (C)

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised in the Statements of Total Return immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the Statements of Total Return when the changes arise.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. The amount of allowance for impairment is recognised in the Statements of Total Return.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delay in payments are objective evidence that the financial asset is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the Statements of Total Return.

The allowance for impairment loss account is reduced through the Statements of Total Return in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently at amortised cost, using the effective interest method.

2.11 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statements of Total Return over the period of the borrowings using the effective interest method.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.12 Leases

The Group leases investment properties to third parties.

Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the Statements of Total Return on a straight-line basis over the lease term.

Contingent rents are recognised as income in the Statements of Total Return when earned.

2.13 Income tax

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.13 Income tax (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in the Statements of Total Return, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.14 Provisions

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the Statements of Total Return as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the Statements of Total Return when the changes arise.

2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Manager who is responsible for allocating resources and assessing performance of the operating segments.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.16 Impairment of non-financial assets

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the Statements of Total Return.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Statements of Total Return.

2.17 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. 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 carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedging instrument is more than 12 months, and as a current asset or liability if the remaining expected life of the hedging instrument is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the Statements of Total Return when the changes arise.

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.18 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates or brokers' quote at the statement of financial position date. The fair value of interest rate swaps are determined based on brokers' quote. The fair value of zero-cost collars are determined based on brokers' quote.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.19 Distribution policy

The distribution of Saizen REIT is based on the cash flow it receives from the TK operators pursuant to its TK interests under the TK agreements entered into with the TK operators. Due to the difference between cash flow and accounting profits of the TK operators as further discussed below, the cash flow received by Saizen REIT may comprise profits from the TK operators' operations and return of capital from the TK interests.

Under the TK agreements, Saizen REIT will be entitled to 97.0% of the profits of the TK business and such profits are subject to a withholding tax at a rate of 20.42% (2014: 20.42%) when distributed to Saizen REIT. Return of capital from the TK interests is not taxable. After deducting expenses at the Saizen REIT level such as the Manager's fee, the Trustee's fee, other trust expenses and hedging costs (if any), the residual cash flow is available for distribution to Unitholders as distributable income (the "Distributable Income").

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.19 Distribution policy (continued)

Saizen REIT's distribution policy is to distribute at least 90.0% of its Distributable Income in each financial year. For the avoidance of doubt, Distributable Income excludes cash from realisation of investments pursuant to sale of the underlying real properties by the TK operators.

Saizen REIT's distribution to Unitholders is not affected by non-cash expense items and unrealised gains or losses.

The actual proportion of Saizen REIT's distributable income distributed to the Unitholders may be greater than 90.0%, to the extent that the Manager believes it to be appropriate, having regard to Saizen REIT's funding requirements, other capital management considerations and the overall stability of distributions. Distributions, when made, will be in Singapore dollars.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates.

The fair values are determined using the Income Approach, which includes the direct capitalisation method and discounted cash flow method. This approach involves the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties.

The Manager is of the view that the valuation methods and estimates are reflective of the current market condition. The carrying amount of investment properties is disclosed in Note 15.

For the financial year ended 30 June 2015

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Income tax

The profit of the TK business which is distributed to Saizen REIT is subject to only withholding income tax in Japan. This profit distributed to Saizen REIT is exempt from Japan national and local corporate income taxes, subject to the TK arrangement meeting certain organisational and operational requirements. The Group calculated the tax expense on the basis that the requirements have been adhered to. In the event that the requirements are not met, the final tax outcome will be different from the amounts that were initially recorded. Such differences will impact the income tax in the period which such determination is made. The income tax expense is disclosed in Note 8.

4. Gross revenue

	← Group — →		Saizen	REIT
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Distribution income	_	_	1,072,723	898,897
Rental income	3,789,331	3,853,313	_	_
Rental-related income	110,495	101,069		
	3,899,826	3,954,382	1,072,723	898,897

Rental and rental related income are generated by the Group's investment properties.

5. Property operating expenses

	← Gro	Group →		
	2015	2014		
	JPY'000	JPY'000		
Property related taxes	282,667	285,129		
Property management fees	153,193	155,929		
Operation and maintenance	183,487	186,649		
Renovations	228,104	217,655		
Marketing and leasing commission	108,678	120,744		
Utilities	166,782	172,753		
Insurance	42,518	44,309		
Write back of impairment on trade receivables	(11)	(311)		
Trade receivables written off	1,715	978		
Net consumption tax expense for operations	58,640	43,654		
	1,225,773	1,227,489		
	· · · · · · · · · · · · · · · · · · ·			

Property related taxes comprise property tax of 1.4% (2014: 1.4%) and city planning tax of 0.3% (2014: 0.3%) on the municipal government's assessed value of the land and building.

Property operating expenses are direct operating expenses arising from the Group's investment properties.

For the financial year ended 30 June 2015

6. Other trust expenses

Included in other trust expenses are:

	← Gro	oup		n REIT ——▶
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Auditors' remuneration ¹	59,253	50,474	13,163	11,276
Property valuation fees	36,585	44,857	36,585	44,857
Goods and services tax	15,884	16,469	15,884	16,469
Divestment fee ²	_	_	1,603	180
	111,722	111,800	67,235	72,782

Fees for non-audit services paid to auditors of Saizen REIT amounted to JPY1.9 million (2014: JPY1.2 million) for the financial year ended 30 June 2015.

7. **Finance costs**

	← Group → ►			REIT ——→
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Interest expense on bank borrowings	413,768	414,170	4,998	6,945
Guarantee fee to asset manager	30,586	31,668	-	_
Exchange loss	86,826	50,351	86,826	50,351
	531,180	496,189	91,824	57,296
			•	

Included in interest expense from bank borrowings is amortisation of transaction costs, amounting to JPY52.0 million (2014: JPY49.5 million).

Divestment fee for the financial year ended 30 June 2015 and 30 June 2014 relating to disposal of two properties and a property held by YK Shintoku respectively computed based on 0.3% of the sale price was included in other trust expenses at Saizen REIT level and was accounted for as part of (loss)/gain on divestment of investment properties at the Group level.

For the financial year ended 30 June 2015

8. Income tax

	← Gro	oup		REIT
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Tax expense attributable to loss is made up of:				
Current income tax				
- Income tax	1,241	1,143	_	_
- Foreign withholding tax	219,050	183,652	219,050	183,652
Deferred income tax (Note 19)	161,784	77,193	_	
	382,075	261,988	219,050	183,652

The income tax expense on the results for the financial year differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	← Group — →			REIT
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
Net return for the year before income tax	3,185,674	2,393,814	2,972,272	2,264,216
Tax calculated at tax rate of 17% (2014: 17%) Effects of:	541,565	406,948	505,286	384,917
- Different tax rates in other countries	66,989	58,740	36,687	30,742
- Expenses not deductible for tax purposes	70,532	67,587	70,532	67,587
- Income not subject to tax	(41,321)	(11,185)	(393,147)	(299,411)
Temporary differences not recognisedUtilisation of previously	(275,331)	(242,003)	_	_
unrecognised tax losses	(17,698)	(38,896)	_	
- Others	37,339	20,797	(308)	(183)
Tax charge	382,075	261,988	219,050	183,652

The Ministry of Finance has issued a tax ruling on the taxation of Saizen REIT for the income earned after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling, Saizen REIT will not be taxed on TK distribution receivable from the TK operators in Japan.

The above tax ruling does not apply to gains derived from the sale of real properties or TK interests by Saizen REIT. Such gains, if they are considered as trading gains, are assessable to tax on Saizen REIT. Where the gains are capital gains, Saizen REIT will not be assessed to tax.

For the financial year ended 30 June 2015

8. **Income tax** (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of JPY1,624 million (2014: JPY1,729 million) at the statement of financial position date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by the Japanese TK operators with unrecognised tax losses in Japan. The tax losses have no expiry date.

9. **Earnings per Unit**

The calculation of basic and diluted earnings per unit is based on:

Earnings per Unit	2015	2014
Total return for the year after income tax before distribution attributable to Unitholders (JPY'000)	2,766,600	2,099,879
Units		
Weighted average number of Units applicable to basic earnings per unit ('000)	283,612	283,612
Basic and Diluted earnings per unit - (JPY) - (S\$ cents)	9.75 11.16¹	7.40 9.22 ²

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

Notes:

- Based on SGD / JPY average exchange rate of 87.4 between 1 July 2014 and 30 June 2015
- Based on SGD / JPY average exchange rate of 80.3 between 1 July 2013 and 30 June 2014

10. Cash and cash equivalents

	← Group → →			REIT
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Cash at bank and on hand	5,489,450	5,162,431	670,046	1,722,093

For the financial year ended 30 June 2015

10. Cash and cash equivalents (continued)

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash at bank and on hand comprise the following:

	← Gro	oup ──►
	2015	2014
	JPY'000	JPY'000
Cash and bank balances (as above)	5,489,450	5,162,431
Less: Bank deposits pledged	(562,520)	(1,170,594)
Cash and cash equivalents per consolidated statement of cash flows	4,926,930	3,991,837

11. Deposits with cash management agent

The balance relates to deposits placed with cash management agent as required by the bank borrowing agreements. The deposits are restricted for use and are required to be maintained for payments of certain operating expenses and capital expenditure on the investment properties, and a minimum amount of deposits placed with the cash management agent should be maintained. The calculation of minimum amount of deposits required is based on the estimated future capital expenditure for each investment property acquired.

As at 30 June 2015, there is no minimum amount of deposits required (2014: Nil).

12. Trade and other receivables

	← Gro	oup		REIT ——→
	2015 2014		2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Trade receivables	8,025	8,551	_	_
Less: Allowance for impairment	(2,714)	(2,725)		_
Trade receivables – net	5,311	5,826	_	_
Deferred rent receivable	12,308	13,719	_	_
Distribution receivable from subsidiaries	_	_	848,622	633,236
Other receivable	4,704	36	38	14
Goods and services tax receivable	957	768	957	768
	23,280	20,349	849,617	634,018

Deferred rent receivable relates to rental incentives (rent free period) granted to tenants which will be amortised over the remaining lease term.

For the financial year ended 30 June 2015

13. Other current assets

	← Gro	oup		REIT
	2015	2015 2014		2014
	JPY'000	JPY'000	JPY'000	JPY'000
Prepayments	30,713	35,066	2,099	1,226
Deposits	22,287	22,329	-	_
Prepaid interest	4,129	2,711	_	_
Prepaid asset management fees	24	106	_	_
	57,153	60,212	2,099	1,226
	•			

14. Investments in subsidiaries

	← Saizen REIT → →		
	2015	2014	
	JPY'000	JPY'000	
Balance at beginning of the financial year	26,984,688	26,824,866	
Additional investments in TK operators	320,000	_	
Return on investments in TK operators	(943,642)	(1,535,621)	
Write back of impairment losses	2,069,563	1,695,443	
Balance at end of the financial year	28,430,609	26,984,688	

The impairment losses were written back following an increase in fair values of the underlying assets held by the subsidiaries. Details of the subsidiaries are included in Note 27.

15. Investment properties

(a) <u>Investment properties</u>

	← Group — →	
	2015	2014
	JPY'000	JPY'000
Balance at beginning of the financial year	42,056,200	41,177,500
Divestment of investment properties	(465,000)	(50,400)
Capital expenditure on investment properties	134,212	90,669
Net fair value gain recognised in the Statements of Total Return	1,367,688	838,431
Balance at end of the financial year	43,093,100	42,056,200

Investment properties are leased to non-related parties under operating leases (Note 23)

Certain investment properties amounting to JPY 42.3 billion (2014: JPY39.3 billion) are pledged as security for bank facilities granted to the TK operators.

For the financial year ended 30 June 2015

15. Investment properties (continued)

(a) <u>Investment properties</u> (continued)

The carrying amount of the Group's interests in investment properties as at 30 June 2015 and 2014 are based on independent valuations undertaken by independent professional valuers based on the investment properties' highest and best use. Details of the properties are disclosed in the Portfolio Statement.

(b) Fair value hierarchy

The following level shows the carrying amounts of financial assets and financial liabilities measured at fair value, including their levels in the fair value measurement hierarchy. It does not include fair value information for current financial assets and financial liabilities as their carrying amounts are reasonable approximation of fair values.

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

All properties within the Group portfolio are classified within level 3 of the fair value hierarchy

(c) Reconciliation of Level 3 fair value measurements

All properties within the Group's portfolio are classified within Level 3. The reconciliation between the balances at the beginning and end of the financial year is disclosed in the investment properties movement table presented in Note 15(a).

For the financial year ended 30 June 2015

15. Investment properties (continued)

(d) Valuation techniques used to derive Level 3 fair value measurement

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value at 30 June 2015 (JPY'000)	Valuation methods	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Residential properties	43,093,100 (2014: 42,056,200)	Income capitalisation	Capitalisation rate	From 5.4% to 7.0% (2014: From 6.1% to 7.2%)	The higher the capitalisation rate, the lower the fair value.
		Discounted cash flow	Discount rate	From 4.3% to 7.2% (2014: From 4.6% to 7.7%)	The higher the discount rate, the lower the fair value.
			Terminal capitalisation rate	From 4.6% to 7.7% (2014: From 4.9% to 8.2%)	The higher the terminal capitalisation rate, the lower the fair value.

There were no significant inter-relationship between unobservable inputs.

16. Borrowings

	← Gro	oup	← Saizer	n REIT
	2015 2014 JPY'000 JPY'000		2015 JPY'000	2014 JPY'000
Current Bank loans	1,002,238	1,559,034	363,520	975,594
Non-current Bank loans	16,200,876	15,729,710	_	_
Total borrowings	17,203,114	17,288,744	363,520	975,594

Borrowings are secured over some of the Group's investment properties (Note 15) and bank deposits (Note 10).

(i) Maturity of non-current borrowings

	← Group →			REIT →
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Between 1 to 2 years	639,444	584,144	_	_
Between 2 to 5 years	3,111,470	1,726,280	-	_
Over 5 years	12,449,962	13,419,286	-	_
	16,200,876	15,729,710	_	_

For the financial year ended 30 June 2015

16. Borrowings (continued)

(ii) Interest rate risks

The weighted average effective interest rate of total borrowings at the statement of financial position date was 2.49% (2014: 2.47%).

(iii) Carrying amounts and fair values

The carrying amounts of borrowings approximated their fair values. The fair values were determined from cash flow analyses, discounted at the borrowing rates which the Manager expected to be available to the Group at the statement of financial position date.

17. Other current and non-current liabilities

	← Gro	oup ——→	← Saizen REIT — — — — — — — — — —		
	2015 2014		2015	2014	
	JPY'000	JPY'000	JPY'000	JPY'000	
Current					
Accrued interest payable on borrowings	23,247	24,217	284	831	
Accrued operating expenses	263,124	258,655	73,888	75,738	
Consumption tax payable	60,620	10,176		_	
	346,991	293,048	74,172	76,569	
Non-current					
Provision for asset management fees	61,012	30,335			
Total	408,003	323,383	74,172	76,569	

Provision of asset management fees relates to the contingent management fees in connection with the fair value gain in investment properties (as any gains on the divestment of properties could increase property business profits).

18. Derivative financial instruments

← Group ← ← ← ← ← ← ← ← ← ← ← ← ← ← ← ← ← ← ←			← Group — →			—
	Contract notional	Fair	value	Contract notional	Fair	value
	amount	Asset	Liability	amount	Asset	Liability
2015	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
Current Currency forwards	1,572,315	74,647	_	1,572,315	74,647	_
Oditorioy forwards	1,072,010	7 4,047		1,072,010	1 4,041	
Zero-cost collar	_	_		-	_	
		74,647	_		74,647	_
Non-current						
Interest rate swap	12,924,625	_	(320,392)	-	_	
Total		74,647	(320,392)		74,647	_

For the financial year ended 30 June 2015

18. **Derivative financial instruments** (continued)

	← Group →			~	Saizen REIT	——
	Contract notional	Fair	value	Contract notional	Fair	value
	amount	Asset	Liability	amount	Asset	Liability
2014	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
Current						
Currency forwards	672,400	_	(7,565)	672,400	_	(7,565)
Zero-cost collar	1,581,800	4,386	(160)	1,581,800	4,386	(160)
		4,386	(7,725)		4,386	(7,725)
Non-current						
Interest rate swap	13,362,125	_	(377,343)	-	_	
Total		4,386	(385,068)		4,386	(7,725)

(i) Interest rate swap

The TK operator GK Choan uses interest rate swaps to hedge against fluctuations in interest rates in respect of its loan from Mizuho Bank Ltd (the "GK Choan Loan"). The GK Choan Loan is subject to a variable interest rate of 1% per annum plus 3-month JPY Tokyo Interbank Offered Rate ("TIBOR"). In order to fix the interest rate of the GK Choan Loan throughout its term of up to March 2022, GK Choan has entered into an interest rate swap arrangement whereby GK Choan agreed to pay its counterparty payments of 2.91% per annum, in exchange for a variable interest rate of 1% per annum plus 3-month JPY TIBOR ("Choan Swap Arrangement"). The interest rate swap arrangement enables GK Choan to fix the effective interest rate on the GK Choan Loan at 2.91% per annum.

The TK operators YK Shintoku, YK Shingen, YK JOF, YK Kokkei, YK Keizan and GK Chosei ("6 TK Operators") use interest rate swaps to hedge against fluctuations in interest rates in respect of theirs loan from the Tokyo Star Bank Ltd (the "TSB Loan"). The TSB Loan is subject to a variable interest rate of 2.0% per annum plus 3-month JPY British Bankers' Association ("BBA") London Interbank Offered Rate ("LIBOR"). In order to fix the interest rate of the TSB Loan throughout its term up to February 2018, the 6 TK Operators have entered into interest rate swap arrangements whereby they agreed to pay their counterparty payments of 2.42% per annum, in exchange for a variable interest rate of 2.0% per annum plus 3-month JPY BBA LIBOR ("6 TK Operators Swap Arrangement"). The interest rate swap arrangement enables 6 TK Operators to fix the effective interest rate on the TSB Loan at 2.42% per annum.

For the financial year ended 30 June 2015

18. Derivative financial instruments (continued)

(i) Interest rate swap (contnued)

In addition, the TK operator GK Tosei uses interest rate swaps to hedge against fluctuations in interest rates in respect of its loan from Mizuho Bank Ltd (the "GK Tosei Loan"). The GK Tosei Loan is subject to a variable interest rate of 1.125% per annum plus 3-month JPY TIBOR. In order to fix the interest rate of the GK Tosei Loan throughout its term of up to June 2022, GK Tosei has entered into interest rate swap arrangements whereby GK Tosei agreed to pay its counterparty payments of 2.81% per annum, in exchange for a variable interest rate of 1.125% per annum plus 3-month JPY TIBOR ("Tosei Swap Arrangement"). The interest rate swap arrangement enables GK Tosei to fix the effective interest rate on the GK Tosei Loan at 2.81% per annum.

The above-mentioned swap arrangements were entered into by 6 TK Operators, GK Choan and GK Tosei in February 2013, March 2012 and July 2012 respectively.

The realised loss (payment) on interest rate swap comprised (i) the settlement of the difference between a fixed interest rate of 2.91% per annum and the then prevailing 3-month JPY TIBOR plus interest rate of 1% per annum pursuant to Choan Swap Arrangement, (ii) the settlement of the difference between a fixed interest rate of 2.42% per annum and the then prevailing 3-month JPY BBA LIBOR plus interest rate of 2.0% per annum pursuant to 6 TK Operators Swap Arrangement and (iii) the settlement of the difference between a fixed interest rate of 2.81% per annum and the then prevailing 3-month JPY TIBOR plus interest rate of 1.125% per annum pursuant to Tosei Swap Arrangement.

These interest rate swaps are classified as derivative financial instruments and recognised as non-current liabilities on the Group's statement of financial position as at 30 June 2015. Under FRS 39 – Financial Instruments: Recognition and Measurement ("FRS 39"), the interest rate swaps are recognised at fair value at statement of financial position date and any gain or loss arising from a change in fair value is recognised as an unrealised fair value gain or loss on interest rate swaps in the Statements of Total Return of the Group if no hedge accounting is practised. The recognition of unrealised gain or loss on interest rate swaps does not affect the amount available for distribution and does not have any impact on cash flow.

For the financial year ended 30 June 2015

18. **Derivative financial instruments** (continued)

(ii) Currency forwards

Currency forwards are transacted to hedge the distribution payable which is denominated in Singapore dollar and is expected to be paid within one year from the statement of financial position date. The currency forwards have maturity dates that coincide within the expected occurrence of the distributions. The currency forwards are recognised at fair value at the statement of financial position date and any gains and losses is recognised in Statements of Total Return. The fair value gain or loss on currency forwards does not have any impact on cash flow.

(iii) Zero-cost collar

Zero-cost collar are options transacted to hedge the future distribution which is denominated in Singapore dollar and is expected to be paid within one year from the statement of financial position date. The zero-cost collar has maturity date that coincides within the expected occurrence of the distribution. The zero-cost collar is recognised at fair value at the statement of financial position date and any gains and loss on zero-cost collar is recognised in Statements of Total Return. The fair value gain or loss on zero-cost collar does not have any impact on cash flow.

Deferred income tax liabilities 19.

	← Gro	oup ——→
	2015	2014
	JPY'000	JPY'000
Deferred income tax liabilities - To be settled after one year	343,838	182,054
- 10 be settled after one year		102,004

The movement in deferred income tax is as follows:

Deferred income tax liabilities

	← Gro	← Group →	
	2015 JPY'000	2014 JPY'000	
2015 Beginning of the financial year Tax charged to	182,054	104,861	
- Statements of Total Return (Note 8) End of the financial year	161,784 343,838	77,193 182,054	

Deferred income tax liabilities of JPY343.8 million (30 June 2014: JPY182.1 million) pertain to temporary difference between the carrying amounts and tax base of the investment properties which will result in taxable amounts in the future when the carrying amounts of the investment properties are recovered.

For the financial year ended 30 June 2015

20. Number of units in issue

	Saize	Saizen REII →	
	No. o	No. of units	
	2015	2014	
	'000	'000	
Units at beginning of the financial year	283,612	1,418,059	
Adjustment arising from Unit Consolidation		(1,134,447)	
Units at end of the financial year	283,612	283,612	

On 8 November 2013, Saizen REIT completed the consolidation of every five units held by the Unitholders into one consolidated unit (the "Unit Consolidation"), resulting in an adjustment of 1,134,447,075 units. Any fractions of consolidated units arising from the Unit Consolidation were disregarded.

Each unit in Saizen REIT represents an undivided interest in Saizen REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- participate in the termination of Saizen REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Saizen REIT less any liabilities, in accordance with their proportionate interests in Saizen REIT. However, a Unitholder does not have the right to require that any assets (or part thereof) of Saizen REIT be transferred to him; and
- attend all Unitholders' meetings. The Trustee of the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth of the number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of Saizen REIT in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request to redeem their units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in Saizen REIT. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of Saizen REIT exceed its assets.

For the financial year ended 30 June 2015

21. **Related party transactions**

For the purpose of these financial statements, parties are considered to be related to Saizen REIT when Saizen REIT has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Saizen REIT and the party are subject to common significant influence. Related parties may be individuals or other entities.

In addition to related party transactions disclosed elsewhere in the financial statements, the following transactions took place at terms agreed between the parties as follows:

	← Group → →		← Saizen REIT →	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Manager's management fees paid/payable to the Manager Divestment fees paid/payable to the Manager in relation to the disposal of investment properties	209,253	205,877	209,253	205,877
by the subsidiaries	1,603	180	1,603	180
Asset management fees	61,996	48,203	_	_
Guarantee fee to asset manager	30,586	31,668	_	_
Property management and maintenance fees to the related company of the Asset Manager	24,805	25,838	_	_
Reimbursement of non-deal road show expenses paid on behalf by a related party	149	154	149	154
Trustee's fees	13,778	10,224	13,778	10,224
Fees paid to the Asset Manager	. 0,10	. 5,22 !	. 3, 0	. 5,22 1
for the rental of office premises	527	815	_	_
,	342,697	322,959	224,783	216,435

22. **Segment information**

The Group's investment properties are primarily used for residential and residential-related purposes and are located in Japan. The revenues from the Group are derived from individual tenants and there is no single major customer. Therefore, the Manager considers that the Group operates within a single business segment and within a single geographical segment in Japan.

For the financial year ended 30 June 2015

23. Commitments

Operating lease commitments - where the Group is a lessor

The operating lease commitments are generally cancellable in nature. In line with the general practice in the Japan residential property market, the majority of the leases for the investment properties are standard 2-year leases which the tenants may terminate upon giving 1 to 2 months' notice.

24. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines, approved by the BOD.

(a) Market risk

(i) Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's business is not exposed to significant currency risk and its portfolio of properties held by the TK operators is located in Japan and the cash flows from the operations of the properties are denominated in Japanese Yen.

However, Saizen REIT will receive distributions from the TK operators where cash flows at the TK level are denominated in Japanese Yen, before flowing through to Saizen REIT level where cash flows are denominated in Singapore dollars. This exposes the Group to fluctuations in the cross currency rates of the Japanese Yen and Singapore Dollar ("SGD"). Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's main currency exposure based on the information provided to key management is as follows:

•	← Group — →			
	SGD	JPY	Others	Total
	JPY'000	JPY'000	JPY'000	JPY'000
At 30 June 2015				
Financial Assets				
Cash and cash equivalents	610,518	4,878,633	299	5,489,450
Deposits with cash	,			, ,
management agent	_	364	_	364
Trade and other receivables	995	22,285	_	23,280
Deposits	_	22,287	_	22,287
Derivative financial instruments	74,647	_	_	74,647
_	686,160	4,923,569	299	5,610,028
Financial Liabilities				
Rental deposits	_	(460,743)	_	(460,743)
Other current liabilities	(16,424)	(330,567)	_	(346,991)
Derivative financial instruments	(10,424)	(320,392)	_	(320,392)
Borrowings	(363,520)	(16,839,594)	_	(17,203,114)
_	(379,944)	(17,951,296)	_	(18,331,240)
-				
Net financial assets/(liabilities)	306,216	(13,027,727)	299	(12,721,212)
Add: Net financial liabilities denominated in the respective entities'				
functional currencies	_	13,027,727	_	13,027,727
Less: Firm commitments and highly probable transactions in foreign				
currencies	(711,321)	-	_	(711,321)
Add: Currency forwards	1,572,315			1,572,315
Currency exposure	1,167,210	_	299	1,167,509

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

•	◀	Gro	up ———	
	SGD	JPY	Others	Total
	JPY'000	JPY'000	JPY'000	JPY'000
At 30 June 2014				
Financial Assets				
Cash and cash equivalents	1,171,164	3,991,019	248	5,162,431
Deposits with cash				
management agent	_	510	_	510
Trade and other receivables	782	19,567	_	20,349
Deposits	_	22,329	_	22,329
Derivative financial instruments	4,386	_	_	4,386
_	1,176,332	4,033,425	248	5,210,005
Financial Liabilities				
Rental deposits	_	(481,748)	_	(481,748)
Other current liabilities	(16,752)	(275,670)	(626)	(293,048)
Derivative financial instruments	(7,725)	(377,343)	_	(385,068)
Borrowings	(975,594)	(16,313,150)	_	(17,288,744)
_	(1,000,071)	(17,447,911)	(626)	(18,448,608)
Net financial assets/(liabilities)	176,261	(13,414,486)	(378)	(13,238,603)
Add: Net financial liabilities denominated in the respective entities' functional currencies Less: Firm commitments	-	13,414,486	-	13,414,486
and highly probable transactions in foreign currencies	(720,941)	-	_	(720,941)
Add: Currency forwards	672,400	_	(070)	672,400
Currency exposure	127,720		(378)	127,342

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The REIT's main currency exposure based on the information provided to key management is as follows:

	•	——— Saizen	REIT ———	
	SGD	<u>JPY</u>	Others	<u>Total</u>
	JPY'000	JPY'000	JPY'000	JPY'000
<u>At 30 June 2015</u>				
Financial Assets				
Cash and cash equivalents	610,518	59,229	299	670,046
Trade and other receivables	995	848,622	_	849,617
Derivative financial instruments	74,647	_	_	74,647
	686,160	907,851	299	1,594,310
Financial Liabilities				
Derivative financial instruments	_	_	_	_
Borrowings	(363,520)	_	_	(363,520)
Other current liabilities	(16,424)	(57,748)	_	(74,172)
	(379,944)	(57,748)	_	(437,692)
Net financial assets	306,216	850,103	299	1,156,618
Less: Net financial assets denominated in the respective entities' functional currencies	-	(850,103)	_	(850,103)
Less: Firm commitments and highly probable transactions in foreign				
currencies	(711,321)	-	-	(711,321)
Add: Currency forwards	1,572,315	_	_	1,572,315
Currency exposure	1,167,210		299	1,167,509

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	◆ Saizen REIT —			
	<u>SGD</u> JPY'000	<u>JPY</u> JPY'000	Others JPY'000	<u>Total</u> JPY'000
At 30 June 2014				
Financial Assets				
Cash and cash equivalents	1,171,164	550,681	248	1,722,093
Trade and other receivables	782	633,236	_	634,018
Derivative financial instruments	4,386	_	_	4,386
	1,176,332	1,183,917	248	2,360,497
Financial Liabilities				
Derivative financial instruments	(7,725)	_	_	(7,725)
Borrowings	(975,594)	_	_	(975,594)
Other current liabilities	(16,752)	(59,191)	(626)	(76,569)
	(1,000,071)	(59,191)	(626)	(1,059,888)
Net financial assets /(liabilities)	176,261	1,124,726	(378)	1,300,609
Less: Net financial assets denominated in the respective entities' functional currencies Less: Firm commitments and highly probable transactions in foreign	_	(1,124,726)	-	(1,124,726)
currencies	(720,941)	_	_	(720,941)
Add: Currency forwards	672,400	_	_	672,400
Currency exposure	127,720	_	(378)	127,342

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SGD changes against the JPY by 12% (2014: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial asset position will be as follows:

	✓ Increase/(I	Decrease) →
	2015	2014
	Statements of Total	Statements of Total
	Return Re	
	JPY'000	JPY'000
Group and Saizen REIT		
SGD against JPY		
- strengthened	140,065	5,109
- weakened	(140,065)	(5,109)

Cash flow and fair value interest rate risks (ii)

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has significant interest-bearing borrowings. The Group's policy is to maintain around 90.0% of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from floating rate borrowings obtained in the current year. The Group manages the material cash flow interest rate risks using an interest rate swap.

The Group's floating rate borrowings as at 30 June 2015 amounted to JPY15.2 billion (2014: JPY14.9 billion), of which JPY12.6 billion (2014: JPY13.3 billion) have been hedged by interest rate swaps (Note 18). If the interest rates increase/decrease by 0.5% (2014: 0.5%) with all other variables including tax rate being held constant, the total return for the year after income tax will be lower/higher by JPY12.7 million (2014: JPY8.0 million) as a result of higher/lower interest expenses on the unhedged floating rate borrowings.

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(b) <u>Credit risk</u>

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group does not have significant concentrations of credit risk. Trade receivables from tenants are monitored on an ongoing basis. Cash are placed with financial institutions which are regulated.

The credit risk for trade receivables and other receivables based on the information provided to key management is presented in Note (ii) below. Saizen REIT's receivables are mainly distribution receivable from subsidiaries.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade receivables and other receivables of the Group that are neither past due nor impaired are mainly from tenants from whom rental deposits have been collected.

None of Saizen REIT's financial assets are past due nor impaired. Saizen REIT's receivables that are neither past due nor impaired are mainly distribution receivable from subsidiaries.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

Past due less than 1 month Past due 1 to 2 months

← Group →			
2015	2014		
JPY'000	JPY'000		
4,375 936	4,499 1,327		
5,311	5,826		

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	← Group →		
	2015	2014	
	JPY'000	JPY'000	
Gross amount	2,714	2,725	
Less: Allowance for impairment	(2,714)	(2,725)	
Beginning of financial year	2,725	3,036	
Write back of impairment on trade receivables	(11)	(311)	
End of financial year	2,714	2,725	

Allowance for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of these receivables.

(C) Liquidity risk

With recurring interest payment obligations and operating expenses, the Group is exposed to liquidity risk. The Group manages this risk by:

- (i) maintaining sufficient cash reserves for interest, tax, insurance, capital expenditure, leasing commissions, and other major operations-related disbursements; and
- (ii) preparing budgets and cash flow forecasts, and regular monitoring and matching of assets to liabilities as they become due.

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(c) <u>Liquidity risk</u> (continued)

The table below analyses the maturity profile of the Group's and Saizen REIT's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year JPY'000	Between 1 and 2 years JPY'000	Between 2 and 5 years JPY'000	Over 5 years JPY'000
Group				
At 30 June 2015				
Net-settled interest rate swaps	84,607	84,607	179,381	94,405
Rental deposits	427,750	32,993	_	_
Other current liabilities	346,991	_	_	-
Borrowings	1,054,486	691,692	3,254,663	12,567,606
Interest payable	191,743	180,647	882,295	970,249
	2,105,577	989,939	4,316,339	13,632,260
At 30 June 2014				
Net-settled interest rate swaps	83,420	83,420	211,316	152,178
Other derivative financial instruments	7,565	-		-
Rental deposits	447,847	33,901	_	_
Other current liabilities	293,048	_	_	_
Borrowings	1,609,660	634,770	1,908,758	13,516,889
Interest payable	170,793	160,944	670,152	1,057,971
· ·	2,612,333	913,035	2,790,226	14,727,038
Coizon DEIT				
Saizen REIT At 30 June 2015				
Other current liabilities	74,172	_	_	_
Borrowings	363,520	_	_	_
Interest payable	975	_	_	_
-	438,667	_	_	
•	,			
At 30 June 2014	70.500			
Other current liabilities	76,569	_	_	_
Other derivative financial instruments	7,565	_	_	_
Borrowings	975,594	_	_	_
Interest payable	1,021			
	1,060,749			

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(d) Capital risk

The Manager's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder value.

The Manager monitors capital based on aggregate leverage limit. Under the Property Fund Guidelines (issued by the Monetary Authority of Singapore), all Singapore-listed real estate investment trusts ("S-REITs") are given an aggregate leverage limit of 60.0% of its deposited property if a S-REIT has obtained a credit rating from a major credit rating agency.

The aggregate leverage ratio is calculated as total borrowings divided by total assets.

	2015	2014
	JPY'000	JPY'000
Total borrowings Total assets	17,203,114 48,737,994	17,288,744 47,304,088
Aggregate leverage ratio	35.3%	36.5%

In addition, certain subsidiaries within the Group have to comply with financial debt covenants relating to their borrowings. These covenants include debt service cover and loan to value ratio.

The Group is in compliance with the borrowing limit requirement imposed by the Property Fund Guidelines and all other externally imposed capital requirements for the financial years ended 30 June 2015 and 2014.

Fair value measurements (e)

The following table shows the carrying amounts of financial assets and financial liabilities measured at fair value, including their levels in the fair value measurement hierarchy. It does not include fair value information for current financial assets and financial liabilities as their carrying amounts are reasonable approximation of fair values.

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (i)
- inputs other than quoted prices included within Level 1 that are observable for the asset or (ii) liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Group 2015 Financial assets measured at				
fair value Derivative financial instruments	_	74,647	_	74,647
Financial liabilities measured at fair value Derivative financial instruments	_	320,392	_	320,392
Financial liabilities not measured at fair value Non-current borrowings Non-current rental deposits Other non-current liabilities	- - -	16,200,876 - -	- 32,993 61,012	16,200,876 32,993 61,012
2014 Derivative financial instruments	_	4,386	_	4,386
Financial liabilities measured at fair value				
Derivative financial instruments	_	385,068	_	385,068
Financial liabilities not measured at fair value				
Non-current borrowings Non-current rental deposits Other non-current liabilities	- - -	15,729,710 - -	- 33,901 30,335	15,729,710 33,901 30,335
Saizen REIT 2015 Assets				
Derivative financial instruments	_	74,647	_	74,647
Liabilities Derivative financial instruments	_	_	_	
2014 Assets Derivative financial instruments	_	4,386	_	4,386
Liabilities Derivative financial instruments	_	7,725	_	7,725

For the financial year ended 30 June 2015

24. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of interest rate swaps are determined based on brokers' quote. The fair value of currency forwards is determined using quoted forward currency rates or brokers' quote at the statement of financial position date. The fair value of zero-cost collars are determined based on brokers' quote. These investments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Financial instruments by category (f)

The carrying amounts of financial assets and liabilities measured at fair value (derivative financial instruments) are disclosed on the face of the statement of financial position and in Note 18 to the financial statements respectively.

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	← Group — →		→ Saizen	REIT →
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Loans and receivables	5,535,381	5,205,619	1,519,663	2,356,111
Financial liabilities at amortised cost	18,071,860	18,093,875	437,692	1,052,163

25. **Financial ratios**

	2015	2014
Ratio of expenses to weighted average net assets ¹		
- including performance component of asset management fees	1.91%	1.94%
- excluding performance component of asset management fees	1.70%	1.77%
Portfolio turnover rate ²	0.00%	0.00%

The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore.

The expenses used in the computation relate to expenses of the Group, excluding property expenses, borrowing costs, net foreign exchange differences and income tax expense.

For the financial year ended 30 June 2015

25. Financial ratios (continued)

 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of Saizen REIT expressed as a percentage of daily average net asset value in accordance with the formulae stated in the Code on Collective Investment Schemes.

26. Event occurring after statement of financial position date

On 24 August 2015, the Manager announced that YK Shintoku has completed the disposal of Niken Chaya Grand Heights, Sendai, to an independent private investor for a cash consideration of JPY460 million.

On 31 August 2015, the Manager announced that GK Chosei has completed the acquisition of Strasse Nanokawa, Fukuoka, for cash consideration of JPY 513 million.

27. List of subsidiaries - TK operators

Name of entities	Principal activities	Country of business/ incorporation	Effectinte	ctive rest
			2015	2014
			%	%
Yugen Kaisha Shingen ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Yugen Kaisha Shintoku ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Yugen Kaisha Shinzan ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Yugen Kaisha JOF(a)	Special purpose entity - Investment in real estate	Japan	97	97
Yugen Kaisha Kokkei ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Yugen Kaisha Keizan ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Choan(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Chose ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Chogen ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Gyokou ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Gyosei ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Tosei ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Gyotatsu ^(a)	Special purpose entity - Investment in real estate	Japan	97	97
Godo Kaisha Togen ^(a)	Special purpose entity - Investment in real estate	Japan	97	_

⁽a) Audited by PricewaterhouseCoopers, Hong Kong.

These special purpose entities have been consolidated in the financial statements in accordance with FRS 110 Consolidated Financial Statements as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.

For the financial year ended 30 June 2015

28. New or revised accounting Standards and Interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2015 or later periods and which the Group has not early adopted:

FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The Group will apply this amendment for business combinations taking place on/after 1 July 2015.

FRS 40 Investment Property (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owneroccupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

The Group will apply this amendment for acquisition of investment property taking place on/after 1 July 2015.

For the financial year ended 30 June 2015

28. New or revised accounting Standards and Interpretations (continued)

<u>FRS 108 Operating Segments</u> (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

• FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

• FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

For the financial year ended 30 June 2015

28. New or revised accounting Standards and Interpretations (continued)

FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The standard replaces the guidance in FRS 39 Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial assets, and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit and loss.

The Group will apply the standard from 1 July 2018. The Group is assessing the impact of FRS 109.

The Manager anticipates that the adoption of the above FRSs in the future periods will not have a material impact on the financial statements of the Group in the period of their adoption.

Authorisation of financial statements 29.

These financial statements were authorised for issue by the Manager and the Trustee on 18 September 2015.

Statistics of Unitholdings

As at 9 September 2015

UNITHOLDINGS

As at 9 September 2015, Saizen REIT had 283,611,720 Units in issue.

Distribution of Unitholdings

	No. of		No. of	
Size of Unitholdings	Unitholders	%	Units	%
1 – 99	26	0.38	896	0.00
100 - 999	2,131	31.48	1,231,484	0.43
1,000 – 10,000	3,391	50.09	14,512,046	5.12
10,001 - 1,000,000	1,205	17.80	52,545,404	18.53
Above 1,000,000	17	0.25	215,321,890	75.92
TOTAL:	6770	100.00	283,611,720	100.00

Based on the information available to the Manager as at 9 September 2015, approximately 84.7% of the number of Units in issue was held by the public. Hence, the Manager has complied with Rule 723 of the Listing Manual which requires at least 10% of the total number of issued Units to be at all times held by the public.

20 Largest Unitholders

No.	Name	No. of Units	%
1.	Raffles Nominees (Pte) Ltd	50,878,056	17.94
2.	HSBC (Singapore) Nominees Pte Ltd	41,108,049	14.49
3.	Citibank Nominees Singapore Pte Ltd	39,794,337	14.03
4.	DBS Nominees (Private) Limited	26,169,945	9.23
5.	Bank Of Singapore Nominees Pte. Ltd.	12,432,864	4.38
6.	DBSN Services Pte. Ltd.	7,129,129	2.51
7.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,828,501	2.06
8.	UOB Kay Hian Private Limited	5,366,852	1.89
9.	United Overseas Bank Nominees (Private) Limited	5,226,400	1.84
10.	BNP Paribas Nominees Singapore Pte Ltd	4,965,736	1.75
11.	DB Nominees (Singapore) Pte Ltd	3,550,550	1.25
12.	DBS Vickers Securities (Singapore) Pte Ltd	3,013,987	1.06
13.	Phillip Securities Pte Ltd	2,839,575	1.00
14.	Maybank Kim Eng Securities Pte. Ltd.	2,406,909	0.85
15.	See Beng Lian Janice	1,737,000	0.61
16.	OCBC Nominees Singapore Private Limited	1,613,100	0.57
17.	Zeng Jue	1,260,900	0.44
18.	Wirtz Jochen	831,600	0.29
19.	Oon Koon Cheng	800,000	0.28
20.	Chang Sean Pey	730,000	0.26
	Total	217,683,490	76.73

Statistics of Unitholdings

As at 9 September 2015

List of Substantial Unitholders

Based on the register of Substantial Unitholders (based on statutory notifications filed by such persons or entities with the Manager and adjusted for the Unit Consolidation), the list of substantial unitholders are as follow:

No. of Units (Deemed Interest)	%
18,726,305 ⁽¹⁾	6.60
18,726,305 ⁽²⁾	6.60
25,538,582 ⁽³⁾	9.00
25,538,582 ⁽⁴⁾	9.00
35,090,869 ⁽⁵⁾	12.37
26,022,643 (6)	9.18
	(Deemed Interest) 18,726,305 (1) 18,726,305 (2) 25,538,582 (3) 25,538,582 (4) 35,090,869 (5)

Notes:

- ASMARMF is deemed to be interested in the 18,726,305 Units held by a nominee for ASMARMF. 1.
- 2. ASMARF is the beneficial holder of more than 50% of the issued share capital of ASMARMF. Pursuant to the Companies Act, ASMARF is deemed to be interested in the underlying Units held directly or indirectly by ASMARMF.
- ASML is the beneficial holder of more than 20% of the voting shares of ASM Hudson River Fund ("ASMHRF") and ASMARF. 3. ASMARF is the beneficial holder of more than 50% of the issued share capital of ASMARMF. ASML is also the fund manager of ASM Co-Investment Opportunity Trust I LP ("ASMCOPT") and ASM Connaught House Fund LP ("ASMCHF"). Accordingly, pursuant to the Companies Act, ASML is deemed to be interested in the underlying Units held directly or indirectly by ASMHRF, ASMARF, ASMARMF, ASMCOPT and ASMCHF.
- ASMHL is the beneficial holder of more than 50% of the voting shares of ASML. See note 3 above. ASMHL is also the beneficial holder of more than 50% of the issued share capital of ASM General Partner I Limited ("ASMGP") and ASM Connaught House General Partner Limited ("ASMCHFGP"). ASMGP, being the general partner of ASMCOPT, manages, controls the operation of and determines the policy with respect to ASMCOPT. ASMCHFGP, being the general partner of ASMCHF, manages, controls the operation of and determines the policy with respect to ASMCHF. Pursuant to the Companies Act, ASMHL is deemed to be interested in the Units which ASML, ASMGP and ASMCHFGP are deemed to be interested in.
- Mr Yeh V-Nee is the beneficial holder of more than 20% of the issued share capital of ASMHL. Pursuant to the Companies Act, Mr Yeh is deemed to be interested in the 25,538,582 Units which ASMHL is deemed to be interested in. See note 4 above. Mr Yeh is also deemed to be interested in 6,292,099 Units held by a company in which Mr Yeh is considered to be the beneficial holder of more than 20% of its issued share capital and 3,260,188 Units held by a nominee for Mr Yeh.
- Mr Chan Kin is the beneficial holder of more than 20% of the issued share capital of ASMHL. Pursuant to the Companies Act, Mr Chan is deemed to be interested in the 25,538,582 Units which ASMHL is deemed to be interested in. See note 4 above. Mr Chan is also deemed to be interested in 484,061 Units held by his spouse.

Interests of directors of the Manager in Units (as at 21 July 2015)

Name	No. of Units (Direct interest)	No. of Units (Deemed interest)	% (1)
Arnold Ip Tin Chee	_	2,018,687 (2)	0.71
Chang Sean Pey	730,000	_	0.26
Raymond Wong Kin Jeon	-	4,981,878	1.76
Soh Yew Hock	-	_	_
Dennis Lam Siu Sun	_	120,320	0.04
Harold Sun Dai Hoe	_	_	_

Notes:

- Computed based on 283,611,720 Units in issue as at 21 July 2015.
- Among the 2,018,687 Units, Mr Ip is deemed to be interested in the 757,771 Units held by the Manager as he is indirectly entitled to control the exercise of not less than 20% of the voting shares in the Manager.

Additional Information

Related Party Transactions

Transactions entered into with related parties during the financial year ended 30 June 2015 pursuant to the Listing Manual of the SGX-ST and the Code on Collective Investment Scheme are listed below:

Name of related parties		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Japan Residential Assets Manager Limited - Management fees	(JPY'000) (S\$'000) (1)	209,253 2,394	_ _
HSBC Institutional Trust Services (Singapore)	Limited		
- Trustee fees	(JPY'000) (S\$'000) ⁽¹⁾	13,778 158	_ _
KK Tenyu Asset Management			
- Asset management fees	(JPY'000)	61,996	_
	(S\$'000) (1)	709	_
- Guarantor fees	(JPY'000)	30,586	_
- Property management and maintenance fee ⁽²⁾	(S\$'000) ⁽¹⁾ (JPY'000)	350 24,805	_
- Troperty management and maintenance lee-	(S\$'000) (1)	284	_ _

Saizen REIT had not obtained a general mandate from Unitholders for interested person transactions in FY2015.

Please also refer to note 21 "Related party transactions" in the "Notes to the Financial Statements" section of this report.

Save as disclosed above, there was no additional related party transactions (excluding transactions of less than \$\\$100,000).

Non-deal Roadshow Expenses

Non-deal roadshow expenses of JPY 149,160 (S\$1,707⁽¹⁾) were incurred during the year ended 30 June 2015.

Notes:

- 1. Based on an average exchange rate of JPY87.4/S\$ between 1 July 2014 and 30 June 2015.
- 2. Property management and maintenance fees for services provided by a related company of the Asset Manager.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the unitholders of Saizen Real Estate Investment Trust ("Saizen REIT") will be held at Marina Mandarin Singapore, Taurus/Leo Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 at 10.00 a.m. on Friday, 23 October 2015 to transact the following business:

(A) AS ORDINARY BUSINESS

To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as 1. trustee of Saizen REIT (the "Trustee"), the Statement by Japan Residential Assets Manager Limited, as manager of Saizen REIT (the "Manager"), and the Audited Financial Statements of Saizen REIT for the financial year ended 30 June 2015 and the Independent Auditors' Report thereon.

(Ordinary Resolution 1)

2. To re-appoint Messrs PricewaterhouseCoopers LLP as the Independent Auditors of Saizen REIT and to hold office until the conclusion of the next AGM of Saizen REIT, and to authorise the Manager to fix their remuneration.

(Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

- 3. That authority be and is hereby given to the Manager, to:
 - issue units in Saizen REIT ("Units") whether by way of rights, bonus or otherwise; (a) (i)
 - (ii) make or grant 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, options, debentures or other instruments convertible into Units (collectively, "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

issue Units in pursuance of any Instrument made or granted by the Manager while this (b) Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution, shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) as at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Saizen REIT (as amended, varied or supplemented from time to time) (the "Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Saizen REIT or (ii) the date by which the next AGM of Saizen REIT is required to be held, whichever is earlier;
- (5) 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 Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, or in the interest of Saizen REIT to give effect to the authority conferred by this Resolution as well as the transactions contemplated and/or authorised by this Resolution.

(Please see Explanatory Note)

(Ordinary Resolution 3)

4. That:

- (a) the exercise by the Manager of all the powers of Saizen REIT to purchase or otherwise acquire Units not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchases (each a "Market Purchase") on the SGX-ST; and/or
 - (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme (as defined in the Trust Deed) as may be determined or formulated by the Manager as it considers fit, which scheme shall satisfy all the conditions prescribed in accordance with the Trust Deed,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Unit Buy-Back Mandate");

- unless varied or revoked by Unitholders in a general meeting, the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time during the Mandate Duration (as hereafter defined); and
- the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Saizen REIT to give effect to the transactions contemplated and/or authorised by this Resolution.

In this Resolution:

"Maximum Limit" means that the number of Units representing not more than 10.0% of the total number of issued Units of Saizen REIT as at the date of the passing of this Resolution;

"Mandate Duration" means the period commencing from the date on which the AGM is held and this Resolution is passed, and expiring on:

- the date on which the next AGM of Saizen REIT is held; (a)
- (b) the date by which the next AGM of Saizen REIT is required by law or the provisions of the Trust Deed to be held; or
- the date on which the purchases of Units by the Manager pursuant to the Unit Buy-Back (C) Mandate are carried out to the full extent mandated,

whichever is earlier:

"Maximum Price" in relation to a Unit to be purchased, means an amount (excluding related expenses of the purchase) not exceeding:

- in the case of a Market Purchase: 105.0% of the Average Closing Market Price (i)
- in the case of an Off-Market Purchase: 120.0% of the Highest Last Dealt Price

where:

"Average Closing Market Price" means the average of the closing market prices of a Unit over the last five (5) Market Days1, on which transactions in Units were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period in accordance with Rule 884 of the Listing Manual of the SGX-ST;

"Highest Last Dealt Price" means the highest price transacted for a Unit as recorded on the Market Day on which there were trades in the Units immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"Day of the making of the offer" means the day on which the Manager announces its intention to make an offer for the purchase of Units from Unitholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(Ordinary Resolution 4)

^{1 &}quot;Market Day" means a day on which the SGX-ST is open for trading in securities.

By Order of the Board Japan Residential Assets Manager Limited (Company Registration No. 200712125H) As manager of Saizen Real Estate Investment Trust

Chang Sean Pey (Mr.)
Executive Director and Co-Chief Executive Officer

30 September 2015

Explanatory Note:

Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of the AGM until (i) the conclusion of the next AGM of Saizen REIT or (ii) the date by which the next AGM of Saizen REIT is required to be held, whichever is earlier, to issue Units and to make or grant Instruments up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any) of which up to 20% may be issued other than on a *pro rata* basis.

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the date of the next AGM of Saizen REIT or (ii) the date by which the next AGM of Saizen REIT is required to be held, whichever is earlier, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST, the Trust Deed or any applicable laws and regulations in such instances, the Manager will obtain the approval of Unitholders accordingly.

Notes:

- 1. A Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. A body corporate which is a Unitholder may also appoint by resolution of its directors or other governing body, such person as it thinks fit to act as its authorised representative in accordance with its articles of association and section 179 of the Companies Act, Chapter 50 of Singapore.
- 2. Where a Unitholder appoints two proxies, he/she should specify the proportion of his/her Unitholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the Unitholding and the second named proxy shall be deemed to be an alternate to the first named.
- 3. The instrument appointing a proxy must be lodged at the Manager's registered office at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909 not later than **10.00 a.m. on 21 October 2015**, being 48 hours before the time fixed for the AGM.
- 4. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Important Notice

The value of Units in Saizen REIT and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Saizen REIT is not necessarily indicative of the future performance of Saizen REIT.

SAIZEN REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted under the laws of the Republic of Singapore pursuant to a trust deed dated 27 September 2007 (as amended))

PROXY FORM ANNUAL GENERAL MEETING

Signature(s) of Unitholder(s) /

and, Common Seal of Corporate Unitholder

IMPORTANT

- For investors who have used their CPF money to buy Units in Saizen Real Estate Investment Trust, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees in accordance with their instructions within the timeframe specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.
- 4. PLEASE READ THE NOTES TO THE PROXY FORM.

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Japan Residential Assets Manager Limited (as Manager of Saizen Real Estate Investment Trust) 3 Anson Road #34-01 Springleaf Tower Singapore 079909	Affix Postage Stamp	
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IMPORTANT: PLEASE READ NOTES TO PROXY FORM BELOW

Notes to Proxy Form:

- 1. A unitholder of Saizen REIT ("Unitholder") entitled to attend and vote at a meeting of Saizen REIT is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. A body corporate which is a Unitholder may also appoint by resolution of its directors or other governing body, such person as it thinks fit to act as its authorised representative in accordance with its articles of association and section 179 of the Companies Act, Chapter 50 of Singapore.
- 2. Where a Unitholder appoints two proxies, he/she should specify the proportion of his/her Unitholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the Unitholding and the second named proxy shall be deemed to be an alternate to the first named.
- 3. Please insert the total number of units in Saizen REIT ("Units") you hold. If you have Units entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies (the "Proxy Form") shall be deemed to relate to all the Units in Saizen REIT held by you.
- 4. The Proxy Form must be lodged at the registered office of the manager of Saizen REIT (the "Manager") at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time set for the Annual General Meeting.
- 5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- 6. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
- 7. Agent Banks acting on the request of CPF investors who wish to attend the meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Units held. The list, signed by an authorised signatory of the Agent Bank, should reach the registered office of the Manager not later than 48 hours before the time set for the Annual General Meeting. "Agent Banks" are banks appointed to maintain Unitholders' CPF Investment Accounts under the CPF Investment Scheme-Ordinary Account.
- 8. The Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Manager.
- 9. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Annual General Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Annual General Meeting.
- 10. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
- 11. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
- 12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 September 2015.



Corporate Information

SAIZEN REIT

Website: www.saizenreit.com.sg Email: info@saizenreit.com.sg

MANAGER

Japan Residential Assets Manager Limited

3 Anson Road #34-01 Springleaf Tower Singapore 079909 Tel: +65 6327-8163 Fax: +65 6327-8092

TRUST

Registered Address **HSBC** Institutional Trust Services (Singapore) Limited

21 Collyer Quay #13-02 HSBC Building Singapore 049320

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay #03-01 HSBC Building Singapore 049320 Tel: +65 6658-6906 Fax: +65 6534-5526

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 Tel: +65 6536-5355 Fax: +65 6536-1360

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants 8 Cross Street #17-00 **PWC** Building Singapore 048424

Audit Partner-in-charge: Ms Rebekah Khan Date of appointment: Since the financial period ended 30 June 2013

INDEPENDENT TAX ADVISERS

Japan

KPMG Tax Corporation

Izumi Garden Tower 1-6-1, Roppongi, Minato-ku Tokyo 106-6012, Japan

BOARD OF DIRECTORS

Mr Arnold Ip Tin Chee (Chairman) Mr Chang Sean Pey (Co-CEO) Mr Raymond Wong Kin Jeon Mr Soh Yew Hock Mr Dennis Lam Siu Sun Mr Harold Sun Dai Hoe

AUDIT COMMITTEE

Mr Soh Yew Hock (Chairman) Mr Dennis Lam Siu Sun Mr Harold Sun Dai Hoe

CORPORATE ANNOUNCEMENT COMMITTEE

Mr Arnold Ip Tin Chee (Chairman) Mr Chang Sean Pey Mr Raymond Wong Kin Jeon

EVALUATION COMMITTEE

Mr Soh Yew Hock (Chairman) Mr Dennis Lam Siu Sun Mr Harold Sun Dai Hoe

RISK MANAGEMENT COMMITTEE

Mr Dennis Lam Siu Sun (Chairman) Mr Harold Sun Dai Hoe Mr Arnold Ip Tin Chee Mr Chang Sean Pey (alternate member to Mr Arnold Ip Tin Chee)

JOINT COMPANY SECRETARIES OF THE MANAGER

Mr Desmond Lee Heng Choong Ms Khoong Lai Kheng

ASSET MANAGER

KK Tenyu Asset Management

Heights Showa, 9-1, East 3 South 4, Chuo-ku, Sapporo Hokkaido, Japan 060-0054

INDEPENDENT VALUERS

Asset Research Inc

21-12 B314 Sakuragaoka cho Shibuya-ku, Tokyo 150-0031

DTZ Debenham Tie Leung KK

Uchisaiwaicho Daibiru Building 9F 1-3-3 Uchisaiwaicho Chiyoda-ku, Tokyo 100-0011

International Appraisals Incorporated

Shiodome Shibarikyu Building 21th Floor 1-2-3 Kaigan, Minato-ku Tokyo 105-0022

Jones Lang LaSalle K.K.

4F Prudential Tower, 2-13-10 Nagata-cho, Chiyoda-ku Tokyo 100-0014

K.K. Halifax Associates dba Colliers International

Halifax Building 3-16-26 Roppongi Minato-ku, Tokyo 106-0032

KK Sakura Business Partners

Shin Nihon Building 2-4-22 Daimyo, Chuo-ku Fukuoka 810-0041

KK Soken

1-13-2, Tenjin, Chuo-ku Fukuoka 810-0001

Prime Appraisal Institute Co, Ltd

7F Nishitetsu Akasaka Building 2-4-30. Daimvo. Chuo-ku Fukuoka 810-0041

Real Estate Appraisal Aota Jimusho

7F Sendai Bank Building, 2-1-1, Ichibancho, Aoba-ku, Sendai, Miyagi 980-0081

Real Value Inc.

1-21-16 Kamitoda, Toda-shi Saitama 352-0022

Rich Appraisal Institute Co., Ltd.

1-14-4 Ginza, Chuo-ku Tokyo 104-0061

Success Solution Inc.

2F Okano building 5-45-5, Higashi-ikebukuro Toshima-ku, Tokyo 170-0013



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