

SaizenREIT) 最善



annual report 2016



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Corporate Profile and Structure

Saizen Real Estate Investment Trust (“**Saizen REIT**”) is currently a cash trust.

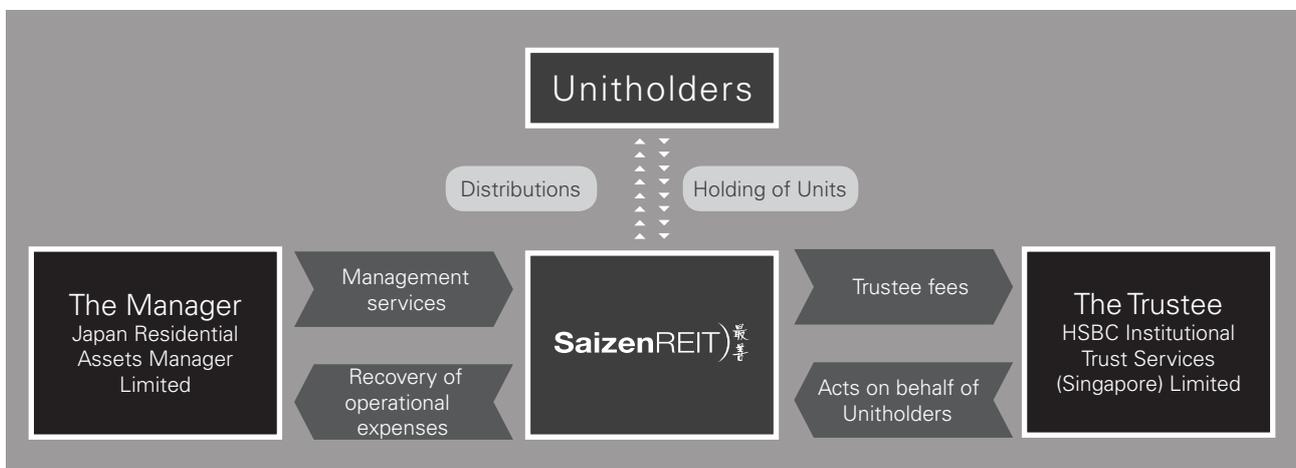
Listed on the Singapore Exchange Securities Trading Limited on 9 November 2007, Saizen REIT was the first REIT listed in Singapore to offer exclusive access to Japanese residential real estate. Prior to the disposal of its entire portfolio of real estate assets (the “**Disposal**”), Saizen REIT held a portfolio of 136 residential properties in 14 cities across Japan. Saizen REIT’s investments in Japan were managed by its asset manager, KK Tenyu Asset Management (the “**Asset Manager**”).

Saizen REIT completed the Disposal on 4 March 2016, following which Saizen REIT ceased to have any operating business.

On 15 August 2016, Saizen REIT has through Japan Residential Assets Manager Limited (as manager of Saizen REIT) (the “**Manager**”), entered into a framework agreement (“**Framework Agreement**”) in relation to the proposed acquisition of industrial properties in Australia from Hastings Deering (Australia) Limited, an indirect wholly-owned subsidiary of Sime Darby Berhad. Further details are set out in the section titled “Reverse Takeover Proposal” of this annual report.

As at 21 September 2016, being the latest practicable date for printing of this report (“**LPD**”), Saizen REIT had 287,024,902 issued units.

The following diagram illustrates the current relationship between Saizen REIT, the Manager and HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Saizen REIT (the “**Trustee**”). Following the completion of the Disposal, Saizen REIT does not have any subsidiaries or investments.



Chairman and CEO Statement

It is with mixed feelings that we write this statement for Saizen REIT's annual report for the year ended June 2016.

It has been an exciting year, during which Unitholders have opted for our proposal to dispose of the entire portfolio of Saizen REIT in March 2016. We are pleased that they have been able to crystallize significant value from this exercise. However, it is with sadness, following the Disposal, that we have to witness Saizen REIT's exit from the Japanese market, and the corresponding winding down of the operations of our close colleagues at KK Tenyu Asset Management.

Saizen REIT came onto the Singapore REIT scene in 2007, offering investors with a unique opportunity to access the Japanese residential property market. After more than 8 eventful years, Unitholders approved the Disposal, thereby bringing Saizen REIT's investment presence in Japan to a close. Saizen REIT currently exists as a cash trust, with no operating business.

Pre-Disposal operating performance

Property operations prior to the Disposal were relatively stable. The average occupancy rate during the shortened operating period in FY2016 was 91.3%, as compared to 90.6% in FY2015. Overall rental reversions of new contracts entered into during this shortened period were lower by about 1.9%, due mainly to reversions of older contracts previously entered into before 2008 and challenging market conditions in cities such as Kitakyushu. On the other hand, properties in cities such as Tokyo and Sendai reported positive rental reversions. Tenant turnover was 15% in FY2016 as compared to 17% in FY2015.

The Disposal

On 22 October 2015, the Manager received an offer for the acquisition of Saizen REIT's entire portfolio of real estate assets in Japan by Triangle TMK for a purchase consideration of JPY44,660.0 million (about S\$514.1 million based on an exchange rate of JPY86.8684/S\$). Unitholders were presented with the opportunity to realise value for their Units at a significant premium over traded prices shortly before the announcement of this offer (please refer to Saizen REIT's circular dated 5 February 2016 for further information).

Unitholders approved the Disposal at an extraordinary general meeting held on 1 March 2016, and the Disposal was completed a few days later on 4 March 2016. A special distribution of S\$1.056 per Unit was subsequently paid out to Unitholders at the end of March 2016.

Operations as a cash trust

Following the completion of the Disposal, Saizen REIT has become a cash trust. Saizen REIT's net asset value as at 30 June 2016 stood at approximately S\$31.7 million, or S\$0.1106 per Unit, and comprised predominantly cash. Save for foreign currency cash holdings which have been earmarked for specific purposes and budgeted expenses, the remaining cash holdings of Saizen REIT are substantially denominated in S\$.

In addition to the special distribution in March 2016, a capital distribution of S\$0.0750 per Unit has been declared and is payable to Unitholders in September 2016. Any further distributions shall be announced when appropriate.

Post-Disposal developments – reverse takeover proposal

On 15 August 2016, the Manager entered into a Framework Agreement for a reverse takeover involving the proposed acquisition of industrial properties in Australia from a subsidiary of Sime Darby Berhad (the "**Properties Acquisition**"). There will also be a change in control of the Manager in connection with the reverse takeover proposal. The Properties Acquisition has been contemplated to realise the value of Saizen REIT as a listing vehicle. Further information on the reverse takeover proposal is set out in the section entitled "Reverse Takeover Proposal" of this annual report.

Thanks

On behalf of the Board of Directors of Japan Residential Assets Manager Limited ("**JRAM**"), we would like to express our heartfelt thanks to our Unitholders, business partners, advisers and colleagues at JRAM for their hard work over the past year, especially in the execution of the Disposal. We would also like to extend our sincere gratitude and well-wishes to our partners in Japan, in particular our property managers, valuers, bankers and, of course, our dear team members at our asset manager, KK Tenyu Asset Management, with whom we have been working with for many years. We wish all of them the best in their future pursuits.



Mr Arnold Ip Tin Chee
Chairman



Mr Goh Hwee Leng Joey
CEO

The Disposal

On 22 October 2015, the Manager received an offer for the acquisition of Saizen REIT's entire portfolio of real estate assets in Japan by Triangle TMK for a purchase consideration of JPY44,660.0 million (about S\$514.1 million based on an exchange rate of JPY86.8684/S\$).

At that time, Saizen REIT's portfolio consisted of 136 residential properties located in 14 Japanese cities. The Trustee had invested in Saizen REIT's properties by entering into Japanese tokumei kumiai arrangements ("**TK arrangements**") as a tokumei kumiai investor ("**TK investor**") with 14 tokumei kumiai operators ("**TK operators**"). Each property was held by a TK operator, which is a Japanese limited liability company functioning as a property holding company.

The 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 investor provides funds to the TK operators in return for income derived from the investments in real estate held by the TK operators.

The Disposal was effected indirectly by Triangle TMK acquiring all the rights and obligations of the Trustee under the TK arrangements between the Trustee and the 14 TK operators.

Unitholders approved the Disposal at an extraordinary general meeting held on 1 March 2016, and the Disposal was completed a few days later on 4 March 2016.

Reverse Takeover Proposal

On 15 August 2016, Saizen REIT has (through the Manager), entered into a Framework Agreement in relation to the proposed acquisition of industrial properties in Australia from Hastings Deering (Australia) Limited, an indirect wholly-owned subsidiary of Sime Darby Berhad.

The Properties Acquisition would result in a change of investment strategy for Saizen REIT, and has been contemplated to realise the value of Saizen REIT as a listing vehicle, following the completion of the Disposal in March 2016. This provides Saizen REIT with an opportunity to venture into a new business area under the stewardship of an established sponsor and is expected to create value for and enhance the long term interests of Saizen REIT and its Unitholders, after having realised value from the Disposal.

Under the reverse takeover proposal, existing Unitholders will retain their existing Units. It is intended that the purchase consideration for the Properties Acquisition shall be financed by the issuance of new Units in Saizen REIT and external bank financing. The new Units shall be issued at an issue price of S\$0.03484 per Unit, which represents value in the listed vehicle for existing Unitholders after the distribution of the Remaining Proceeds Distribution(s) (as defined below).

The Properties Acquisition is subject to, among other things, due diligence being conducted, negotiations on the terms of definitive agreements to be entered into and the execution of such definitive agreements by 30 September 2016. Property valuations, yields and other commercial terms shall be determined in the definitive agreements.

Distribution of remaining proceeds

It was previously announced on 15 August 2016 that Unitholders can expect to receive distributions of up to S\$0.0987 per Unit, representing the estimated total cash of Saizen REIT at liquidation in a liquidation scenario, prior to the issuance of any new Units pursuant to the Properties Acquisition (the "**Remaining Proceeds Distribution(s)**").

Since then, Saizen REIT has declared a capital distribution of S\$0.0750 per Unit, which shall be payable on 23 September 2016. For the avoidance of doubt, this capital distribution of S\$0.0750 per Unit shall be deducted out of the Remaining Proceeds Distribution(s). Details of any further distribution payment(s) out of the Remaining Proceeds Distribution(s) of up to S\$0.0237 per Unit, shall be announced when appropriate.

Change in control of the Manager

The board of directors of the Manager has been notified of Japan Regional Assets Manager Limited's intention to sell its 80.0% interest in the Manager to Sime Darby Property Singapore Limited (the "**JRAM Sale**"). It is intended that there will be a replacement of the board of directors and management team of the Manager following the receipt of the approval of the Properties Acquisition from the Unitholders of Saizen REIT. The completion of the Properties Acquisition and the JRAM Sale are inter-conditional.

Further developments

The Manager will keep Unitholders informed of any material developments by making the appropriate announcement(s) in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). For further details on the reverse takeover proposal, please refer to Saizen REIT's announcement dated 15 August 2016.

Financial Highlights

Key financial information of Saizen REIT

		FY2016 ⁽¹⁾
NAV per Unit:	as at 30 June 2015	JPY 103.74 (S\$1.14 ⁽²⁾)
	as at 30 June 2016	JPY 8.44 (S\$0.11 ⁽³⁾)
Distribution per Unit:	1 July 2015 to 31 December 2015	2.83 cents
	1 January 2016 to 30 June 2016	N.A. ⁽⁴⁾
Capital Distribution per Unit:		S\$1.131 ⁽⁵⁾
Closing market price per Unit on LPD		S\$0.058 ⁽⁵⁾
Gearing (aggregate leverage ratio)	as at 30 June 2016	– ⁽⁶⁾
Net gearing	as at 30 June 2016	– ⁽⁶⁾
4Q FY2016 interest cover ratio		– ⁽⁶⁾
Deposited property:	as at 1 July 2015	JPY 48.74 billion
	as at 30 June 2016	JPY 2.46 billion ⁽⁷⁾
Net cash	as at 30 June 2016	JPY 2.44 billion
Borrowings due within next 12 months	as at 30 June 2016	– ⁽⁶⁾
Value of investment properties	as at 30 June 2016	– ⁽⁷⁾
Net depreciation in the value of investment properties in FY2016		JPY 0.07 billion ⁽⁸⁾
Total operating expenses in FY2016		JPY 2.80 billion ⁽⁹⁾⁽¹¹⁾
Total operating expenses in FY2016 (as a % of NAV attributable to Unitholders)		115.5 % ⁽¹⁰⁾⁽¹¹⁾

Notes:

1. Saizen REIT completed the Disposal on 4 March 2016 and a substantial amount of the net proceeds from the Disposal was paid to Unitholders via a special distribution of S\$1.056 per Unit in March 2016. This contributed to the substantial decrease in NAV per Unit as at 30 June 2016. As at 30 June 2016, Saizen REIT had no investment properties and no borrowings.
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. Based on 287,024,902 Units in issue as at 30 June 2016 and an exchange rate of JPY76.3/S\$ as at 30 June 2016.
4. No income distribution applicable for the period of 1 January 2016 to 30 June 2016.
5. Following the completion of the Disposal, capital distributions of S\$1.131 per Unit were declared in FY2016 to return a substantial amount of the net proceeds from the Disposal to Unitholders. This comprised (i) the special distribution of S\$1.056 per Unit paid in March 2016 and (ii) a return of capital of S\$0.0750 per Unit payable in September 2016, out of the net proceeds from the Disposal.
6. All borrowings of Saizen REIT were repaid by the end of March 2016.
7. Following the Disposal, Saizen REIT did not own any properties and its deposited property comprised mainly cash and cash equivalents.
8. No annual valuation was performed on Saizen REIT's properties in FY2016 due to the Disposal. The fair value decrease in investment properties in FY2016 arose from transaction expenses relating to property acquisitions.
9. Total operating expenses include foreign exchange differences and realised (payment) on interest rate swap. In FY2016, total operating expenses were affected by Disposal-related expenses, including finance costs relating to the early repayment of loans and cancellation of interest rate swap arrangements.
10. Based on NAV attributable to Unitholders of JPY 2.4 billion as at 30 June 2016.
11. Total operating expenses in FY2016 were affected by Disposal-related expenses and adjustments. For comparative purposes, based on Saizen REIT's pre-Disposal operations for the financial period of 1 July 2015 to 31 December 2015, total operating expenses amounted to JPY 1.14 billion. On an annualised basis, this represented 7.7% of the NAV attributable to Unitholders of JPY 29.5 billion as at 31 December 2015.

Financial Highlights

Summary of statement of total return for FY2016

	FY2016 ⁽¹⁾ (JPY '000)
Gross revenue	2,658,901
Net property income	1,799,935
Net income from operations	353,675
Total loss for the year after income tax before distribution ⁽²⁾	(793,335)

Notes:

1. As the Disposal was completed on 4 March 2016, Saizen REIT only had property operations from 1 July 2015 to 3 March 2016 in FY2016.
2. Total loss for the year was mainly due to Disposal-related expenses and adjustments.

Unit Price Performance

Background

Saizen REIT's Unit price had fluctuated significantly in FY2016, from S\$0.865 on 1 July 2015, to a high of S\$1.125, and closing at S\$0.098 on 30 June 2016. Trading in Saizen REIT's Units were reflective of several key developments during FY2016, in particular the receipt and subsequent acceptance of an offer for Saizen REIT's property assets in October 2015⁽¹⁾, the payment of significant portion of the proceeds from the Disposal in March 2016 via a special distribution, and Saizen REIT's existence as a cash trust after the completion of the Disposal.

	1 July 2015 to 30 June 2016
Closing price on first day (1 July 2015)	S\$0.865
Closing price on last day (30 June 2016)	S\$0.098
Highest price (per Unit) ⁽²⁾	S\$1.125
Lowest price (per Unit) ⁽²⁾	S\$0.085
Volume weighted average price per Unit ⁽²⁾	S\$0.706
Trading volume (million Units)	101.775

Notes:

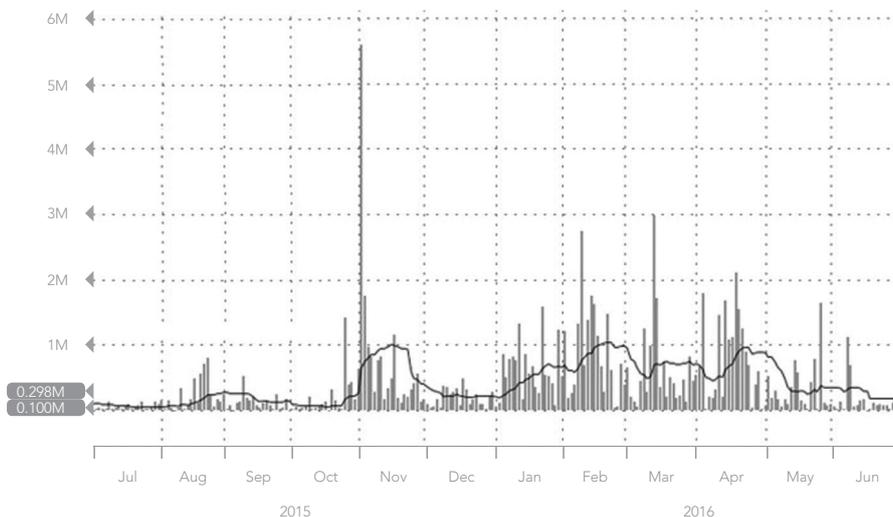
1. Please see Saizen REIT's announcements dated 23 October 2015 and 31 October 2015.
2. Based on daily closing prices.

Unit Price Performance



- (A) On 23 October 2015, Saizen REIT announced the receipt of a firm offer for its assets. On 31 October 2015, Saizen REIT announced that it had accepted the offer for the acquisition of all its real estate assets for a purchase consideration of JPY 44,660.0 million.
- (B) Distribution payments were made to Unitholders, namely (i) a special distribution of S\$1.056 per Unit (out of the net proceeds from the Disposal) on 28 March 2016, and (ii) an income distribution of S\$0.0283 per Unit on 29 March 2016.
- (C) In the most recent monthly update on its net asset value and utilisation of its cash holdings pursuant to Rule 1018(1) of the Listing Manual of the SGX-ST prior to 30 June 2016, Saizen REIT had announced on 15 June 2016 that the estimated total cash at liquidation of Saizen REIT would have been S\$0.0979 per Unit in a liquidation scenario.

Unit Daily Trading Volume



Financial Review

Review of Performance

Group Level

	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase / (Decrease)%
Gross revenue	2,658,901	3,899,826	(31.8)
Net income from operations	353,675	1,691,923	(79.1)
Total (loss)/return for the year before income tax	(1,021,892)	3,185,674	NM ⁽¹⁾
Total (loss)/return for the year after income tax	(793,335)	2,803,599	NM ⁽¹⁾

Note:

1. NM denotes not meaningful.

As Saizen REIT completed the Disposal on 4 March 2016, Saizen REIT's financial results for FY2016 do not offer a like-for-like comparison with that of FY2015, due to a shorter period of property operations and Disposal-related expenses and adjustments, such as professional fees, and finance costs relating to the early repayment of loans and cancellation of interest rate swap arrangements.

Pre-Disposal property operations remained relatively stable in FY2016, and the year-on-year decrease in gross revenue of 31.8% was due mainly to the shortened period of property operations in FY2016, being from 1 July 2015 to 3 March 2016. Average occupancy rates during the shortened property operating period in FY2016 was 91.3% as compared to 90.6% in FY2015. Overall rental reversions of new contracts entered into during this shortened period were lower by about 1.9%, due mainly to reversions of older contracts previously entered into before 2008 and challenging market conditions in cities such as Kitakyushu. On the other hand, properties in cities such as Tokyo and Sendai reported positive rental reversions. Tenant turnover was 15% in FY2016 as compared to 17% in FY2015.

Property Level

	FY2016 ⁽¹⁾ (JPY'000)	FY2015 ⁽²⁾ (JPY'000)	Increase / (Decrease)%
Gross revenue	2,658,901	3,899,826	(31.8)
Property operating expenses ⁽³⁾	(858,966)	(1,225,773)	(29.9)
Net property income	1,799,935	2,674,053	(32.7)
Asset management fees	41,498	(61,996)	NM ⁽⁵⁾
Interest expenses ⁽⁴⁾	(722,059)	(442,907)	63.0
Guarantor fee to asset manager	(19,955)	(30,586)	(34.8)
Other administrative expenses	(75,986)	(115,589)	(34.3)
Net income from property operations	1,023,433	2,022,975	(49.4)

Notes:

1. There were 136 properties at the start of FY2016. Following the completion of the Disposal, Saizen REIT did not hold any properties at the end of FY2016.
2. There were 138 properties at the start of FY2015 and 136 properties at the end of FY2015.

3. *Property operating expenses comprised the following:*

	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase / (Decrease)%
Property tax	190,626	282,667	(32.6)
Property manager's fees	105,903	153,193	(30.9)
Operation and maintenance expenses	124,129	183,487	(32.3)
Repairs and renovations	182,176	228,104	(20.1)
Leasing and marketing expenses	60,988	108,678	(43.9)
Utilities charges	125,423	166,782	(24.8)
Insurance expenses	29,580	42,518	(30.4)
Write back of impairment on trade receivables	(5,647)	(11)	>100.0
Trade receivables written-off	897	1,715	(47.7)
Consumption tax arising from operation	44,891	58,640	(23.4)

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

5. *NM denotes not meaningful.*

Gross revenue and net property income decreased by 31.8% and 32.7% respectively in FY2016, due mainly to the shortened period of property operations. On the other hand, average occupancy rates improved during this shortened period to 91.3% as compared to 90.6% in FY2015.

Property operating expenses decreased by 29.9% in FY2016, due mainly to the shortened period of property operations. An improvement in tenant turnover rate from 17% in FY2015 to 15% in FY2016 contributed to a further decrease in leasing and marketing expenses during the shortened period.

There was a net write-back of asset management fees of JPY 41.5 million in FY2016, due mainly to the write-back of previous accruals pursuant to the Disposal.

Interest expenses increased by 63.0% in FY2016, due mainly to the recognition of a realised loss on interest rate swap of JPY 440.0 million, arising from the cancellation of interest rate swap arrangements in connection with the Disposal. Excluding the aforementioned realised loss on interest rate swap, interest expenses and guarantor fees paid to the asset manager decreased by 36.8% and 34.8% respectively, due to the early repayment of all loans of the TK operators on 4 March 2016.

Other administrative expenses decreased by 34.3%, in line with the shortened period of property operations, and partly due to higher expenses in FY2015 attributable to legal and professional fees which were incurred in connection with the procurement of loans.

Exposure to derivatives

The fair value loss on financial derivatives recognised in the Statement of Total Return of the Group for FY2016 comprised the aggregate of the following:

- (i) realised loss (payment) on interest rate swap;
- (ii) fair value gain on interest rate swap; and
- (iii) fair value loss on forward contract.

Interest rate swaps had been entered into in respect of variable rate loans of certain TK operators, to hedge against fluctuations in interest rates. Pursuant to the Disposal, all interest rate swaps were cancelled and written off on 4 March 2016.

Financial Review

Forward contract

Prior to the Disposal, Saizen REIT received distributions from its TK operators, whose cash flows were denominated in JPY. As Saizen REIT paid out its semi-annual distributions in S\$, Unitholders were exposed to fluctuations in the cross currency rates of JPY and S\$ when they received their distributions. Saizen REIT had entered into hedging transactions to minimise the exposure to fluctuations in the JPY-S\$ cross rates that Unitholders may face in respect of such distributions.

In November 2015, Saizen REIT had also entered into a forward contract in connection with the Disposal (the “**Disposal Forward Contract**”). The Disposal Forward Contract was used to substantially hedge Saizen REIT’s post-Disposal cash balance. The Disposal Forward Contract was settled in March 2016, following the completion of the Disposal.

Forward contract

	As at 30 June 2016
Group net assets attributable to Unitholders (JPY'000)	2,422,638
Fair value of forward contract (current liabilities) (JPY'000)	14,500
Percentage of fair value of forward contract (current liabilities) to Group net asset value	0.60%

Saizen REIT’s outstanding position on forward contract as at 30 June 2016 comprised a forward contract previously entered into in September 2015 to partially hedge Saizen REIT’s JPY-S\$ exposure at an exchange rate of JPY83.056/S\$. This forward contract will be settled in September 2016.

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 loss on forward contract

The fair value loss on forward contract amounted to JPY 1,603.5 million in FY2016, and arose mainly from the difference between the forward rate under the Disposal Forward Contract and the average rate in March 2016, during which the Disposal Forward Contract was settled.

Borrowings

The Group has no borrowings as at the LPD. All loans of the Group which were borrowed through the various TK operators of Saizen REIT were fully repaid on 4 March 2016 in connection with the Disposal, while advances which had been drawn down by Saizen REIT under cash-backed credit facilities were fully repaid upon maturity on 28 March 2016.

Property transactions

Saizen REIT completed the disposal of its entire portfolio of real estate assets (comprising 136 properties) to Triangle TMK on 4 March 2016, for a purchase consideration of JPY 44,660.0 million. The purchase consideration represented a 3.4% premium over the appraised value of the properties of JPY 43,181.1 million.

Prior to the Disposal, Saizen REIT had acquired 1 property and divested 1 property. The Disposal (of Saizen REIT's entire portfolio of 136 properties) was completed in March 2016. There were no other property transactions thereafter in FY2016 and up to the LPD.

Acquisition

During FY2016 and up to the LPD, Saizen REIT entered into the following acquisition transaction with an independent seller:

Property acquired	TK operator	Date of completion of acquisition	Purchase price ⁽¹⁾ (JPY mil)	Valuation ⁽²⁾ (JPY mil)	Premium of purchase price over valuation
Strasse Nanokawa	GK Chosei	31 Aug 2015	513.00	470.00	9.1%

Divestment

During FY2016 and up to the LPD, Saizen REIT entered in the following divestment transactions with independent buyers:

Property sold	TK operator	Date of completion of sale	Sale price	Valuation ⁽²⁾ (JPY mil)	Premium of purchase price over valuation
Niken Chaya Grand Heights	YK Shintoku	24 Aug 2015	460.00 ⁽¹⁾	382.00	20.4%
Portfolio sale of 136 properties	14 TK operators	4 March 2016	44,660.0	43,181.1	3.4%

Notes:

1. Price includes consumption tax.

2. Valued using the direct capitalisation method and discounted cash flow analysis method.

Unit buy-back activity

During FY2016 and up to the LPD, the Manager had not purchased any Units pursuant to the Unit Buy-Back Mandate approved by Unitholders on 23 October 2015.

Utilisation of warrant proceeds

Total warrant proceeds from warrant exercises, which amounted to S\$42.8 million, have been fully deployed towards the following uses as approved by Unitholders:

- approximately S\$1.1 million has been used for Units buy-backs;
- approximately S\$0.3 million has been used for working capital purposes (daily operating expenses);
- approximately S\$32.1 million had been deployed towards the repayment of borrowings; and
- approximately S\$9.3 million had been deployed for offsetting loan principal repayment in connection with distribution payments.

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.

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 Ip is also the chairman of the Corporate Announcement Committee and a member of the Risk Management Committee.

Mr GOH Hwee Leng Joey

Chief Executive Officer

Executive Director

Mr Joey Goh is the Chief Executive Officer of the Manager. Mr Goh is responsible for the development and review of the business strategies of Saizen REIT, as well as the day-to-day operations of Saizen REIT, including compliance with relevant laws and regulations, and working with the Manager's executive officers in meeting the strategic, financial, investment, operational and investor relations objectives of Saizen REIT.

Mr Goh has been with the Manager since 2009, holding the position of Corporate Finance and Compliance Manager prior to his appointment as Chief Executive Officer on 1 December 2015. Prior to joining the Manager, Mr Goh had four years of corporate finance experience, having 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.

Mr Goh is a member of the Corporate Announcement Committee.

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, and, as a director of several public listed companies in Singapore and Malaysia.

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 Chartered Accountant of Singapore, and, a FELLOW of 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 Sing 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 GOH Hwee Leng Joey

Chief Executive Officer
Executive Director

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

Mr Raymond WONG Kin Jeon

Head (Strategy)

Mr Raymond Wong Kin Jeon is the Head (Strategy) of the Manager. He is responsible for investor relations function of Saizen REIT and the formulation of strategic plans focusing primarily on the creation of value for Unitholders, as well as promoting and marketing Saizen REIT to the Unitholders, analysts and prospective investors together with the Board and the Chief Executive Officer.

Mr Wong is also 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 and CK Absolute Return Fund. He 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 23 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, including his tenure as Executive Director of the Manager from September 2007 to December 2015. Mr Wong 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 CHANG Sean Pey

Head (Investments and Special Projects)

Mr Chang Sean Pey is the Head (Investments and Special Projects) of the Manager, and is responsible for the evaluation of business opportunities and the portfolio performance of Saizen REIT.

Mr Chang is a founding member of the management team of several funds which subsequently formed Saizen REIT. Mr Chang has been managing investments in Japanese real estate since 2000, including during his tenure as Executive Director and Co-Chief Executive Officer of the Manager from July 2007 to November 2015. 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.

Mr Chang holds a Bachelor of Engineering (Hons) degree from the National University of Singapore.

Ms Candice CHENG

Corporate Finance and Compliance Manager

Ms Cheng works closely with the Board and the Chief Executive Officer 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. She 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.

Ms Cheng also assists in the area of continuous disclosure, which includes the statutory reporting of quarterly and annual financial results. She reviews documents prior to public dissemination, such as announcements on the SGXNet as well as presentation materials, to ensure compliance with relevant rules and regulations. Ms Cheng ensures that effective communication is maintained with the Trustee and regulatory authorities such as the MAS and SGX-ST.

Ms Cheng has three 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 her involvement in corporate finance, she was a financial analyst with ExxonMobil. Ms Cheng holds a Bachelor of Accountancy (Hons) degree from the Nanyang Technological University.

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, The Institute of Chartered Secretaries and Administrators and The Institute of Chartered Accountants in England and Wales.

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.



Corporate Governance

Corporate Governance

Saizen REIT is a real estate investment trust constituted by the trust deed dated 27 September 2007 (as supplemented from time to time) entered into between the Trustee and the Manager of Saizen REIT (the “**Trust Deed**”).

In March 2016, Saizen REIT completed the Disposal, following the receipt of Unitholders’ approval at an extraordinary general meeting held on 1 March 2016. Saizen REIT currently exists as a cash trust within the meaning of Rule 1018 of the Listing Manual of the SGX-ST, with no operating business following the Disposal.

On 15 August 2016, Saizen REIT (through the Manager) entered into a Framework Agreement in relation to the proposed acquisition of industrial properties in Australia from Hastings Deering (Australia) Limited, an indirect wholly-owned subsidiary of Sime Darby Berhad. The board of directors of the Manager (the “**Board**”) has also been notified of the JRAM Sale. It is also intended that there will be a replacement of the Board and management team of the Manager following the receipt of the approval of the Properties Acquisition from the Unitholders of Saizen REIT.

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 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, 10 July 2007 and 28 April 2016 respectively issued by the Inland Revenue Authority of Singapore in relation to the taxation of Saizen REIT and its Unitholders, and the Trust Deed are properly carried out.

This report sets out the corporate governance practices of the Manager for financial year ended 30 June 2016, 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 benefit 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 investment or divestment strategies that are beneficial to Unitholders;
- 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.

Corporate Governance

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 sub-section 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 Goh Hwee Leng Joey (Chief Executive Officer and 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, for example, Mr Joey Goh attended a course on directors' duties organised by the Institute of Singapore Chartered Accountants prior to his appointment as a director.

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 sub-section 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 that which materialised into the Disposal. Further information of the Evaluation Committee can be found in the sub-section entitled "Conflicts of Interests" of this report.

Corporate Governance

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 2016, the Manager had held 7 Board Meetings (comprising 4 Quarterly Review Board Meetings and 3 Administrative Board Meetings) 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	3	4
Mr Arnold Ip Tin Chee	2	3	3
Mr Goh Hwee Leng Joey ¹	2	1	2
Mr Soh Yew Hock ²	4	3	4
Mr Dennis Lam Siu Sun ²	3	3	3
Mr Harold Sun Dai Hoe ²	4	3	4
Mr Chang Sean Pey ³	2	2	2
Mr Raymond Wong Kin Jeon ³	2	2	2

Notes:

1. Mr Goh Hwee Leng Joey was appointed as executive director on 1 December 2015
2. Members of Audit Committee
3. Mr Chang Sean Pey and Mr Raymond Wong Kin Jeon resigned as executive directors with effect from 1 December 2015 and 31 December 2015 respectively

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 Chief Executive Officer ("CEO");
- 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

Corporate Governance

- 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 and the chief executive officer are immediate family members;
 - (c) the chairman is part of the management team; or
 - (d) the chairman is not an independent director.

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

Mr Soh Yew Hock and Mr Dennis Lam Siu Sun have each served on the Board as independent directors for more than nine years.

The Board considered the impracticality of appointing new independent directors while the process of a reverse takeover is on-going. In connection with the Properties Acquisition and the JRAM Sale, it is intended that replacement of the entire Board of the Manager shall take place following the receipt of the approval of the Properties Acquisition from Unitholders at an extraordinary general meeting to be convened by 31 December 2016.

Notwithstanding the length of service of each of the independent directors, the Board is satisfied with the continued independence in character and judgment of Mr Harold Sun Dai Hoe, Mr Soh Yew Hock and Mr Dennis Lam Siu Sun in discharging their responsibilities as directors. This opinion was arrived at after careful assessment by the Board, and review of the following factors:

- (a) the independent directors continue to demonstrate professionalism and the ability to exercise strong independent judgment in their deliberations and to act in the best interests of Saizen REIT. In particular, they have been forthcoming in expressing their independent and objective viewpoints over issues concerning Saizen REIT, and have actively sought clarification and amplification of board affairs as necessary, including through direct access to the management and external advisors. Further, the independent directors (in their capacity as members of the Evaluation Committee) have also demonstrated their independence through the Evaluation Committee's actions and decisions leading up to and culminating in the Disposal, a transaction which, by its nature, served to advance the interests of Unitholders and ran contrary to the interests of the shareholders and management of the Manager; and
- (b) there are no relationships or circumstances which are likely to affect, or could appear to affect, the independent business judgment of the independent directors. They remain (i) independent from management and business relationships with the Manager and Saizen REIT; and (ii) independent from every substantial shareholder of the Manager and substantial Unitholder of Saizen REIT.

Corporate Governance

Further, the Board is of the view that the independent directors, through their years of involvement in the affairs of Saizen REIT, including as members of the Evaluation Committee in leading the assessment and evaluation of the Disposal, have gained valuable understanding of Saizen REIT and a wealth of relevant experience, which would enable them to contribute effectively to the Board.

The Chairman of the Board, Mr Arnold Ip Tin Chee, is a non-independent non-executive director. Mr Ip is one of the beneficiaries of a trust which indirectly owns an entity which holds more than 10% of the voting shares in the Manager. Accordingly, pursuant to Guideline 2.2 of the 2012 Code, the Manager is required to have at least half of its Board as independent.

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 CEO 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 CEO are not related to each other. There is a clear separation of the roles of the Chairman and the CEO.

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 CEO has full executive responsibilities over the development and review of investment and divestment strategies, and the day-to-day operations of Saizen REIT. He works closely with the management team to ensure the strategic, financial, investment, operational and investor relations objectives of Saizen REIT are met.

Pursuant to Guideline 3.3 of the 2012 Code, as the Chairman is not an independent director, the Manager is required to appoint an independent director to be the lead independent director. 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 CEO has failed to resolve or for which such contact is inappropriate. Mr Soh is also responsible for leading the meeting of independent directors where necessary, and providing feedback to the Chairman.

Corporate Governance

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. There is no alternate director on the Board.

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 company secretaries are responsible for ensuring that the Manager's constitution and applicable rules and regulations are complied with. 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.

Corporate Governance

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, and all directors and employees of the Manager are remunerated by the Manager. Prior to the Disposal, the remuneration of the Manager's directors and employees were paid out of the Manager's own resources and not by Saizen REIT. However, following the completion of the Disposal on 4 March 2016, the Manager has ceased to receive any management fees, and its operational expenses, including remuneration of directors and employees, are claimed from Saizen REIT on a cost-recovery basis. Such operational expenses claimed by the Manager in FY2016 (from 4 March 2016 to 30 June 2016) amounted to an aggregate of approximately S\$0.81 million (JPY 65.1 million)⁽¹⁾.

The 2012 Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the SFA) require (i) the disclosure of the remuneration of each individual director and the CEO on a named basis, and (ii) the disclosure of the remuneration of at least the top five key management personnel (who are neither directors nor the CEO) in bands of S\$250,000, as well as the total remuneration paid to the top five key management personnel in aggregate. In the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure.

The directors' fees paid to the independent non-executive directors for FY2016 were as follows:

Name of independent non-executive director	Directors' fees
Mr Soh Yew Hock	S\$55,000
Mr Dennis Lam Siu Sun	S\$50,000
Mr Harold Sun Dai Hoe	S\$50,000

Save for the above, the other directors did not receive any directors' fees.

After much deliberation, the Board is of the view that disclosure of the remuneration of the CEO and the top five key management personnel will not be in the best interests of the Manager, Saizen REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, that given the commercial sensitivity and confidential nature of remuneration matters, as well as the competitive nature of the REIT management industry, disclosure of remuneration on a named basis (whether in exact quantum or in bands of S\$250,000) may subject the Manager to the risk of potential staff movements and loss of key management personnel, which would cause undue disruptions to management, especially during a critical period of time when Saizen REIT is in the process of exploring the reverse takeover proposal.

Note:

- This amount comprises mainly staff remuneration, directors' fees, office rental and administrative expenses.

Corporate Governance

The Board has also assessed and decided against the disclosure of the total aggregate remuneration of the top five key management personnel for the same reasons set out above.

The Board considers that it is important to ensure stability with a competent and experienced management team in place, in particular, to facilitate the reverse takeover of Saizen REIT, and the return of cash to Unitholders. Accordingly, the Board is of the view that the non-disclosure of the remuneration of the CEO and top five key management personnel will not be prejudicial to the interests of the Unitholders. In addition, it is intended that there will be a replacement of the Board and management team of the Manager following the receipt of the approval of the Properties Acquisition from Unitholders.

The remuneration of directors and key management personnel are paid in cash only. No long-term incentive scheme in the form of Unit plans, employee share option schemes or performance share plans have been implemented.

There is no employee who is an immediate family of a director or a CEO and whose remuneration exceeds S\$50,000 during the year.

Remuneration policy and practices 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.

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

Remuneration policy and practices 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). These include the quarterly and annual financial statements, annual reports and other announcements in relation to price sensitive information and material corporate developments. To assist the Board in this regard, Management provides timely, complete and 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.

Corporate Governance

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 Board is responsible for the governance of risk management and is responsible for determining the level of risk tolerance and risk policies. 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 Goh Hwee Leng Joey (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 fundamental to Saizen REIT 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. The significant financial risk management policies are disclosed in the accompanying audited financial statements.

Following the completion of the Disposal, Saizen REIT has ceased to have any operating business and currently exists as a cash trust, with its remaining assets being substantially cash and cash equivalents held by the Trustee. Pursuant to Rule 1018(1) of the Listing Manual of the SGX-ST, the Manager provides monthly updates via SGXNET of the valuation of Saizen REIT's assets and utilisation of cash.

With regards to the reverse takeover proposal (as set out in the section entitled "Reverse Takeover Proposal" of this annual report), the Manager will ensure that the risks associated with such an investment decision shall be addressed with the conduct of comprehensive due diligence, supported (where appropriate) by professional parties such as independent valuers and legal, tax and financial advisers.

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 CEO.

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

Corporate Governance

The Board has received assurances from the CEO⁽¹⁾ that (i) the financial records of Saizen REIT have been properly maintained and the financial statements for the year ended 30 June 2016 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 system of internal controls of procedures and processes established and maintained by the Manager, the review of risk management assessment reports submitted by the Risk Management Committee and reports of the internal and external auditors.

Note:

1. The Manager does not have a Chief Financial Officer ("CFO"). The Manager's CEO performs 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;

Corporate Governance

- 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 2016 was JPY 30.8 million, comprising fees of JPY 25.9 million and JPY 4.9 million for audit and non-audit services respectively. None of the Audit Committee members was a former partner or director of Saizen REIT’s auditing firm.

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

Corporate Governance

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 2016, 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 Saizen 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.

Corporate Governance

The members of the Corporate Announcement Committee are:

- Mr Arnold Ip Tin Chee (Chairman of the Corporate Announcement Committee)
- Mr Goh Hwee Leng Joey

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) 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.

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 Goh Hwee Leng Joey, Mr Raymond Wong Kin Jeon and Mr Chang Sean Pey, communicate regularly with stakeholders.

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

Corporate Governance

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, while a Unitholder which is a relevant intermediary may appoint more than two proxies to vote on its behalf.

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 is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. 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 18 October 2016. 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.

Following the completion of the Disposal, Saizen REIT has ceased to have any operating business and currently exists as a cash trust. A substantial amount of the proceeds from the Disposal was returned to Unitholders via a special distribution of S\$1.056 per Unit in March 2016.

Under the reverse takeover proposal, existing Unitholders will retain their existing Units and can expect to receive distributions of up to S\$0.0987 per Unit, representing the estimated total cash of Saizen REIT at liquidation in a liquidation scenario, prior to the issuance of any new Units pursuant to the Properties Acquisition (the "**Remaining Proceeds Distribution(s)**").

A capital distribution of S\$0.0750 per Unit was declared and payable to Unitholders in September 2016, and shall be deducted out of the Remaining Proceeds Distribution(s). Details of any further distribution payment(s) out of the Remaining Proceeds Distribution(s) shall be announced when appropriate.

Corporate Governance

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 results;
- 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 CEO, 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 between the interests of the stakeholders of the Manager and the interests of the Unitholders generally, from such proposals.

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

Corporate Governance

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.

Corporate Governance

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 S\$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.

Corporate Governance

SUSTAINABILITY REPORTING

Following the completion of the Disposal, Saizen REIT has ceased to have any operating business and currently exists as a cash trust.

Prior to the Disposal, the Board had considered sustainability issues as part of its strategy formulation process to ensure that Saizen REIT's rental business was conducted responsibly within the cities where it operated, particularly from the environmental and social aspects.

By looking beyond economic, strategic and operational factors to include social and environmental considerations, sustainability reviews allowed 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 had also been committed in ensuring that its properties complied with pollution regulations. Compliance with pollution regulations were included in engineering reports which were prepared for sale- or financing-related transactions.

Social impact

Saizen REIT's business prior to the Disposal was to provide rental housing to the mass market segment of the Japanese housing market. The Asset Manager and property managers had 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 also ensured that it worked with certified service providers such as property managers, contractors, valuers and real estate agents and paid fees which were competitive and at market rates.

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

FEES PAYABLE TO THE MANAGER

Management fee

Pursuant to the Trust Deed, the Manager is entitled to a management fee of 0.5% per annum of the monthly weighted average value of all property assets of Saizen REIT. The management fee is payable to the Manager in the form of cash and/or Units (as it may in its sole discretion determine). Saizen REIT does not have a performance fee structure.

The management fee represents the remuneration to the Manager for executing its core responsibility of managing the portfolio of properties held by Saizen REIT and maximising the returns of Saizen REIT. The fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of Saizen REIT's asset portfolio.

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Following the completion of the Disposal on 4 March 2016, Saizen REIT no longer has any property assets and consequently, the Manager has ceased to receive any management fees. Instead, its operational expenses (comprising mainly staff remuneration, director fees and other administrative expenses) are claimed from Saizen REIT on a cost-recovery basis.

Acquisition and divestment fees

The Manager is also entitled to receive an acquisition fee amounting to 1.0% of the purchase price when a property is acquired, and a divestment fee amounting to 0.3% of the sale price when a property is sold. 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.

The acquisition and divestment fees are to recognise the Manager's efforts in actively seeking opportunities to optimise its portfolio through the acquisition of new properties and/or to unlock the underlying value of existing properties through divestments. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of acquisitions or divestments. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing returns for Unitholders and achieving the investment objectives of Saizen REIT.

In undertaking a proposed acquisition, the Manager is expected to spend time and effort in conducting due diligence, structuring the acquisition, negotiating transaction documentation with the vendor, liaising with the valuers and working with the professional advisers and regulatory authorities to seek the necessary approvals from the regulators and/or Unitholders (where required). Similarly, in undertaking a proposed divestment, the Manager is expected to spend time and effort in negotiating with the prospective purchaser, structuring the divestment, liaising with the valuers and working with the professional advisers and regulatory authorities to seek the necessary approvals from regulators and/or the Unitholders (where required).

The acquisition fee is higher than the divestment fee as there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

Supplemental payment

As approved by Unitholders at an extraordinary general meeting on 1 March 2016, a supplemental payment of S\$1.2 million was paid to the Manager in FY2016, in recognition of services rendered to Saizen REIT in respect of the Disposal. Further details of the supplemental payment and the rationale for the supplemental payment are set out in the circular to Unitholders dated 5 February 2016.

Corporate Governance

CODE OF CORPORATE GOVERNANCE 2012

Disclosure Guide

Guideline	Questions	How has the Company complied
General	<p>(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.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Please refer to the disclosures within this report for the specific deviations from the 2012 Code.</p> <p>Please refer to the disclosures within this report for the reasons for deviation in practices from the 2012 Code.</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to page 19 of this annual report.
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(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.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>Please refer to pages 19 to 22 of this annual report.</p> <p>Please refer to page 21 of this annual report.</p> <p>Please refer to page 22 of this annual report.</p>
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to page 22 of this annual report.
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes. Please refer to page 18 of this annual report.</p> <p>Please refer to page 18 of the report.</p>

Corporate Governance

Guideline	Questions	How has the Company complied
Guideline 4.4	<p>(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?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>Please refer to page 22 of this annual report.</p> <p>Please refer to page 22 of this annual report.</p> <p>Please refer to page 22 of this annual report.</p>
Board Evaluation		
Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>Please refer to page 22 of this annual report.</p> <p>Yes. Please refer to page 22 of this annual report.</p>
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Please refer to page 20 of this annual report.
Guideline 2.3	<p>(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.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>Not applicable as there is no such director.</p> <p>Not applicable as there is no such director.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Please refer to the disclosure on pages 20 and 21 of this annual report.

Corporate Governance

Guideline	Questions	How has the Company complied
Disclosure on 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?	Please refer to the disclosure on pages 23 and 24 of this annual report.
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$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?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Please see the response to Guideline 9.2 above.</p> <p>Please see the response to Guideline 9.2 above.</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$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	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>Please see the response to Guideline 9.2 above.</p> <p>Please see the response to Guideline 9.2 above.</p> <p>Please see the response to Guideline 9.2 above.</p>

Corporate Governance

Guideline	Questions	How has the Company complied
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to pages 22 and 25 of this annual report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Please refer to page 28 of this annual report.
Guideline 11.3	<p>(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.</p> <p>(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?</p>	<p>Please refer to pages 25 and 26 of this annual report.</p> <p>Please refer to page 26 of this annual report.</p>
Guideline 12.6	<p>(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.</p> <p>(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.</p>	<p>Please refer to page 27 of this annual report.</p> <p>Not applicable as the external auditors have not supplied a substantial volume of non-audit services to Saizen REIT.</p>

Corporate Governance

Guideline	Questions	How has the Company complied
Communication with Shareholders		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>Yes. Please refer to pages 29 and 30 of this annual report.</p> <p>Yes. Please refer to page 29 of this annual report.</p> <p>Please refer to pages 29 and 30 of this annual report.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

Report of the Trustee

For the financial year ended 30 June 2016

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, Fifth and Sixth Supplemental Deeds dated 27 September 2007, 3 October 2007, 29 October 2007, 5 May 2009, 20 September 2010, 24 August 2012 and 31 March 2016 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 44 to 99 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 & Fiduciary Services
Singapore,
21 September 2016

Statement by the Manager

For the financial year ended 30 June 2016

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 44 to 99, comprising the Statement of Financial Position for Saizen REIT and the Group and Portfolio Statement for the Group as at 30 June 2016, 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 2016, 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



Goh Hwee Leng Joey
Director
Singapore,
21 September 2016

Independent Auditor's Report

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 44 to 99, which comprise the Statements of Financial Position of Saizen REIT and of the Group and Portfolio Statement of the Group as at 30 June 2016, 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 2016, 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 2016, 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 2016 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,
21 September 2016

Statements of Total Return

For the financial year ended 30 June 2016

	Note	Group		Saizen REIT	
		2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Gross revenue	4	2,658,901	3,899,826	544,843	1,072,723
Property operating expenses	5	(858,966)	(1,225,773)	-	-
Net property income/distribution income		1,799,935	2,674,053	544,843	1,072,723
Interest income		5,510	2,593	4,641	1,811
Manager's management fees		(309,857)	(209,253)	(309,857)	(209,253)
Asset management fees		41,498	(61,996)	-	-
Trustee's fees		(11,549)	(13,778)	(11,549)	(13,778)
Other trust expenses	6	(43,626)	(111,722)	(52,056)	(67,235)
Finance costs – including foreign exchange difference on borrowings	7	(787,537)	(531,180)	51,665	(91,824)
Other (expenses)/income		(216,046)	91,595	(216,046)	91,595
Other administrative expenses		(124,653)	(148,389)	(48,571)	(32,800)
Net income from operations		353,675	1,691,923	(36,930)	751,239
Gain/(Loss) on divestment of investment properties		45,849	(1,240)	-	-
Gain on disposal of TK investment	10	424,078	-	878,754	-
Net fair value (loss)/gain on financial derivatives - fair value through profit or loss		(1,776,463)	127,303	(1,603,474)	151,470
Net fair value (loss)/gain on investment properties	15	(69,031)	1,367,688	-	-
Write back of impairment losses on investment in subsidiaries	14	-	-	-	2,069,563
Total (loss)/return for the year before income tax		(1,021,892)	3,185,674	(761,650)	2,972,272
Income tax	8	228,557	(382,075)	(115,281)	(219,050)
Total (loss)/return for the year after income tax before distribution		(793,335)	2,803,599	(876,931)	2,753,222
Less: Distribution		(1,132,311)	(1,152,032)	(1,132,311)	(1,152,032)
Total (loss)/return for the year after income tax and distribution		(1,925,646)	1,651,567	(2,009,242)	1,601,190
Total (loss)/return for the year after income tax before distribution attributable to:					
Unitholders		(884,134)	2,766,600	(876,931)	2,753,222
Non-controlling interests		90,799	36,999	-	-
		(793,335)	2,803,599	(876,931)	2,753,222
(Loss)/Earnings per Unit (JPY)					
- Basic and diluted	9	(3.09)	9.75		

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 30 June 2016

	Note	Group		Saizen REIT	
		2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
ASSETS					
Current assets					
Cash and cash equivalents	10	2,444,226	5,489,450	2,444,226	670,046
Deposits with cash management agent	11	–	364	–	–
Trade and other receivables	12	18,670	23,280	18,670	849,617
Other current assets	13	1,406	57,153	1,406	2,099
Derivative financial instruments	18	–	74,647	–	74,647
		2,464,302	5,644,894	2,464,302	1,596,409
Non-current assets					
Investments in subsidiaries	14	–	–	–	28,430,609
Investment properties	15	–	43,093,100	–	–
		–	43,093,100	–	28,430,609
Total assets		2,464,302	48,737,994	2,464,302	30,027,018
LIABILITIES					
Current liabilities					
Rental deposits		–	427,750	–	–
Rental received in advance		–	257,452	–	–
Borrowings	16	–	1,002,238	–	363,520
Other current liabilities	17	27,164	346,991	27,164	74,172
Current tax liabilities		–	174,651	–	173,409
Derivative financial instruments	18	14,500	–	14,500	–
		41,664	2,209,082	41,664	611,101
Non-current liabilities					
Rental deposits		–	32,993	–	–
Borrowings	16	–	16,200,876	–	–
Derivative financial instruments	18	–	320,392	–	–
Other non-current liabilities	17	–	61,012	–	–
Deferred tax liabilities	19	–	343,838	–	–
		–	16,959,111	–	–
Total liabilities		41,664	19,168,193	41,664	611,101
NET ASSETS		2,422,638	29,569,801	2,422,638	29,415,917
Represented by:					
Unitholders		2,422,638	29,423,120	2,422,638	29,415,917
Non-controlling interests		–	146,681	–	–
		2,422,638	29,569,801	2,422,638	29,415,917
Number of units in issue ('000)	20	287,025	283,612	287,025	283,612
Net asset value per unit attributable to Unitholders (JPY)		8.44	103.74	8.44	103.72

The accompanying notes form an integral part of these financial statements.

Distribution Statements

For the financial year ended 30 June 2016

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Total (loss)/return for the year after income tax before distribution attributable to Unitholders	(884,134)	2,766,600	(876,931)	2,753,222
Distribution adjustments (Note a)	222,161	(1,279,820)	214,958	(1,266,442)
(Adjusted loss)/Income available for distribution to Unitholders	(661,973)	1,486,780	(661,973)	1,486,780
Income available for distribution to Unitholders at beginning of the year	712,967	721,077	712,967	721,077
Cash deployed for loan repayment and borrowing costs	(424,613)	(711,890)	(424,613)	(711,890)
Loan principal repayment, one-off borrowing costs and one-off swap breakage costs offset by capital resources	306,000	711,890	306,000	711,890
(Adjusted loss)/Income available for distribution to Unitholders	(67,619)	2,207,857	(67,619)	2,207,857
Distribution to Unitholders during the year:				
- Distribution of 2.93 cents per Unit for the period from 1 January 2015 to 30 June 2015	(733,757)	–	(733,757)	–
- Distribution of 2.83 cents per Unit for the period from 1 July 2015 to 31 December 2015	(662,658)	–	(662,658)	–
- Special Distribution of 1.056 dollars per Unit	(24,950,901)	–	(24,950,901)	–
- 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 from 1 July 2014 to 31 December 2014	–	(769,737)	–	(769,737)
Total distribution to Unitholders during the year (Note b)	(26,347,316)	(1,494,890)	(26,347,316)	(1,494,890)
(Adjusted loss)/Income available for distribution to Unitholders at end of the year	(26,414,935)	712,967	(26,414,935)	712,967
Distribution to Unitholders	–	711,321	–	711,321
Distribution per Unit¹ (\$ cents)	–	2.93	–	2.93

The accompanying notes form an integral part of these financial statements.

Distribution Statements

For the financial year ended 30 June 2016

	← Group →		← Saizen REIT →	
	2016	2015	2016	2015
	JPY'000	JPY'000	JPY'000	JPY'000
Note a – Distribution adjustments				
Distribution adjustments items:				
- Gain on divestment of investment properties ²	(47,229)	(364)	-	-
- Gain on disposal of TK investment	(424,078)	-	(878,754)	-
- Change in fair value of investment properties, net of deferred tax	(279,937)	(1,205,904)	-	-
- Change in fair value of financial derivatives				
- unrealised (gain)/loss	(231,245)	(134,937)	89,147	(77,986)
- Write back of impairment loss on investment in subsidiaries	-	-	-	(2,069,563)
- Amortisation of transaction costs for borrowings	365,333	51,974	-	-
- Unrealised exchange loss/(gain)	809,530	(24,906)	809,530	(24,906)
- Reserves required to be kept under loan agreements	-	(33,359)	-	-
- Non-controlling interests' share of adjustments	90,799	36,999	-	-
- Overseas income not distributed to the Trust	-	-	195,035	906,013
- Provision for asset management fees	(61,012)	30,677	-	-
	222,161	1,279,820	214,958	(1,266,442)
Note b – Distribution to Unitholders				
- From operations	(1,132,311)	(1,152,032)	(1,132,311)	(1,152,032)
- From Unitholders' contribution	(25,215,005)	(342,858)	(25,215,005)	(342,858)
	(26,347,316)	(1,494,890)	(26,347,316)	(1,494,890)

1 A tax-exempt special distribution of 1.056 Singapore dollars per unit was resolved on 1 March 2016 in the Shareholder's Meeting and paid on 28 March 2016.

A tax-exempt distribution of 2.83 Singapore cents per unit was resolved on 10 February 2016 in the Board of Directors' Meeting and paid on 29 March 2016.

For the financial year ended 30 June 2015, a final tax-exempt distribution of 2.93 Singapore cents per unit was resolved on 20 August 2015 in the Board of Directors' Meeting and paid on 28 September 2015.

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.

2 Gain on divestment of investment properties excludes divestment fee of JPY 1.4 million (2015: JPY 1.6 million).

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds

For the financial year ended 30 June 2016

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
OPERATIONS				
Balance at beginning of the year	(9,684,467)	(11,299,035)	(10,946,597)	(12,547,787)
Total (loss)/return for the year	(884,134)	2,766,600	(876,931)	2,753,222
Distribution to Unitholders	(1,132,311)	(1,152,032)	(1,132,311)	(1,152,032)
Balance at end of the year	(11,700,912)	(9,684,467)	(12,955,839)	(10,946,597)
UNITHOLDERS' CONTRIBUTION				
Balance at beginning of the year	39,107,587	39,450,445	40,362,514	40,705,372
Distribution to Unitholders	(25,215,005)	(342,858)	(25,215,005)	(342,858)
Issue of new Units pursuant to the Distribution Reinvestment Plan	235,230	–	235,230	–
Direct issuing cost against equity	(4,262)	–	(4,262)	–
Balance at end of the year	14,123,550	39,107,587	15,378,477	40,362,514
TOTAL ATTRIBUTABLE TO UNITHOLDERS	2,422,638	29,423,120	2,422,638	29,415,917
NON-CONTROLLING INTERESTS				
Balance at beginning of the year	146,681	109,672	–	–
Effect on investment in new TK operator	200	10	–	–
Total return for the year	90,799	36,999	–	–
Written off upon disposal of TK investment	(237,680)	–	–	–
Balance at end of the year	–	146,681	–	–
TOTAL	2,422,638	29,569,801	2,422,638	29,415,917

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2016

	Note	← Group →	
		2016 JPY'000	2015 JPY'000
Cash flows from operating activities			
Total (loss)/return for the year after income tax and before distribution		(793,335)	2,803,599
Adjustments for:			
- Income tax	8	(228,557)	382,075
- Interest income		(5,510)	(2,593)
- Interest expense	7	823,905	413,768
- (Gain)/Loss on divestment of investment properties		(45,849)	1,240
- Gain on disposal of TK investment	10	(424,078)	-
- Net fair value loss/(gain) on financial derivatives		1,776,463	(127,303)
- Net fair value loss/(gain) on investment properties	15	69,031	(1,367,688)
- Unrealised foreign exchange loss		-	38,322
Operating profit before working capital changes		<u>1,172,070</u>	<u>2,141,420</u>
Changes in working capital			
- Deposits with cash management agent		364	146
- Trade and other receivables		4,834	(2,907)
- Other current assets		51,618	4,478
- Other current liabilities		(296,580)	54,914
- Other liabilities – provision for asset manager's fees		(61,012)	-
- Other non-current liabilities		-	30,676
- Rental received in advance		(257,452)	5,526
- Rental deposits		(460,743)	(21,006)
Cash flows generated from operations		<u>153,099</u>	<u>2,213,247</u>
Income tax paid		(1,540)	(1,145)
Withholding tax paid		(288,392)	(174,578)
Cash flows (used in)/provided by operating activities		<u>(136,833)</u>	<u>2,037,524</u>
Cash flows from investing activities			
Contribution from non-controlling interests		200	10
Capital expenditure of investment properties		(748,708)	(134,212)
Proceeds from sale of investment properties		427,846	463,760
Sale of TK investment		43,577,176	-
Cash flows provided by investing activities		<u>43,256,514</u>	<u>329,558</u>
Cash flows from financing activities			
Proceeds from bank borrowings		-	1,450,000
Repayment of bank borrowings		(17,568,447)	(1,589,952)
Issuance cost for scrip dividend		(4,262)	-
Distribution to Unitholders		(26,112,086)	(1,494,890)
Interest received		5,287	2,569
Interest paid		(477,690)	(400,156)
Net settlement of financial derivatives		(2,007,707)	(7,634)
Bank deposits pledged for bank borrowings		562,520	608,074
Cash flows used in financing activities		<u>(45,602,385)</u>	<u>(1,431,989)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2,482,704)</u>	<u>935,093</u>
Cash and cash equivalents at beginning of the year		<u>4,926,930</u>	<u>3,991,837</u>
Cash and cash equivalents at end of the year	10	<u>2,444,226</u>	<u>4,926,930</u>

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

As at 30 June 2016

Description of properties	Location	Latest valuation date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2016 JPY'000	30 June 2015 JPY'000	30 June 2016 %	30 June 2015 %
YUGEN KAISHA (“YK”) JOF						
Three Tower	Sapporo	30 June 2015	–	830,000 (f)	–	2.8
Luna Heights	Sapporo	30 June 2015	–	254,000 (f)	–	0.9
Matsui 53	Sapporo	30 June 2015	–	174,000 (f)	–	0.6
Plaza Nakajima Park	Sapporo	30 June 2015	–	274,000 (f)	–	0.9
Chateau Nakanoshima	Sapporo	30 June 2015	–	217,000 (f)	–	0.7
Chateau 24	Sapporo	30 June 2015	–	428,000 (f)	–	1.5
YK KOKKEI						
Glance Nishimachi	Sapporo	30 June 2015	–	364,000 (a)	–	1.2
Matsui 82	Sapporo	30 June 2015	–	296,000 (a)	–	1.0
Urban Yamahana	Sapporo	30 June 2015	–	98,700 (a)	–	0.3
Misono	Sapporo	30 June 2015	–	302,000 (g)	–	1.0
Maison Towa	Sapporo	30 June 2015	–	172,000 (g)	–	0.6
Wing Befu	Fukuoka	30 June 2015	–	124,000 (e)	–	0.4
Bibress Tsukisamu Chuo Station	Sapporo	30 June 2015	–	633,000 (a)	–	2.2
Cosmo Reveur Sangenjaya	Tokyo	30 June 2015	–	649,000 (k)	–	2.2
Clair Court Roka Koen	Tokyo	30 June 2015	–	774,000 (c)	–	2.6
YK KEIZAN						
Chic Takaramachi	Fukuoka	30 June 2015	–	222,000 (d)	–	0.7
Sun City	Sapporo	30 June 2015	–	319,000 (a)	–	1.1
S. Heim	Sapporo	30 June 2015	–	103,000 (g)	–	0.3
Les Chambres	Sapporo	30 June 2015	–	70,000 (a)	–	0.2
Dominion Yamanote	Sapporo	30 June 2015	–	152,000 (g)	–	0.5
Treasure 15	Sapporo	30 June 2015	–	139,000 (g)	–	0.5
Infinity Higashi Sapporo	Sapporo	30 June 2015	–	153,000 (g)	–	0.5
Arati Hakata South	Fukuoka	30 June 2015	–	411,000 (d)	–	1.4
First Kotake Building	Sapporo	30 June 2015	–	872,000 (g)	–	3.0
Park Crystal	Sapporo	30 June 2015	–	243,000 (g)	–	0.8
YK SHINTOKU						
Chalet Aoyama	Kitakyushu	30 June 2015	–	233,000 (i)	–	0.8
City Room Nakai III	Kitakyushu	30 June 2015	–	153,000 (f)	–	0.5
Matsukaze Building	Hakodate	30 June 2015	–	264,000 (k)	–	0.9
Gold Mansion Nakao	Fukuoka	30 June 2015	–	113,000 (e)	–	0.4
Kohatsu 88	Sapporo	30 June 2015	–	49,000 (f)	–	0.2
Central Court Tenjin Higashi	Fukuoka	30 June 2015	–	134,000 (h)	–	0.5
Ebisu Building III	Sapporo	30 June 2015	–	69,800 (b)	–	0.2
Heart Inn Hongou	Sapporo	30 June 2015	–	70,600 (b)	–	0.2
Urban Hills Dainohara	Sendai	30 June 2015	–	141,000 (a)	–	0.5
Exceed Tsuchitoi	Sendai	30 June 2015	–	86,000 (a)	–	0.3
Sun Hills Asahigaoka	Sendai	30 June 2015	–	58,500 (a)	–	0.2

Portfolio Statement

As at 30 June 2016

Description of properties	Location	Latest valuation date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2016 JPY'000	30 June 2015 JPY'000	30 June 2016 %	30 June 2015 %
YK SHINTOKU (continued)						
Aisho Plaza Hachiman	Sendai	30 June 2015	–	192,000 (a)	–	0.7
Sun Rise Kashiwagi	Sendai	30 June 2015	–	181,000 (a)	–	0.6
Lively Kamisugi	Sendai	30 June 2015	–	79,500 (k)	–	0.3
Etoile Higashi Sendai	Sendai	30 June 2015	–	118,000 (k)	–	0.4
Shinko Kokura Kogane Sky Mansion	Kitakyushu	30 June 2015	–	172,000 (i)	–	0.6
Katano Residential Building	Kitakyushu	30 June 2015	–	326,000 (i)	–	1.1
Estella 24-ken A	Sapporo	30 June 2015	–	77,000 (f)	–	0.3
Niken Chaya Grand Heights	Sendai	30 June 2015	–	382,000 (a)	–	1.3
Kotoni 1-6 Mansion	Sapporo	30 June 2015	–	287,000 (f)	–	1.0
Aster Yamahana	Sapporo	30 June 2015	–	132,000 (f)	–	0.4
K2 Mansion Morioka	Morioka	30 June 2015	–	313,000 (f)	–	1.1
Mon Palais Toroku	Kumamoto	30 June 2015	–	207,000 (j)	–	0.7
YK SHINZAN						
Chalet Kishinoura	Kitakyushu	30 June 2015	–	288,000 (i)	–	1.0
Chalet Shiragane	Kitakyushu	30 June 2015	–	214,000 (i)	–	0.7
Chalet Suwamachi	Kitakyushu	30 June 2015	–	256,000 (h)	–	0.9
Chalet Numahon Machi II	Kitakyushu	30 June 2015	–	147,000 (h)	–	0.5
Chalet Matsuo II	Kitakyushu	30 June 2015	–	48,000 (h)	–	0.2
Chalet Tsudashin Machi	Kitakyushu	30 June 2015	–	131,000 (i)	–	0.4
Chalet Harunomachi	Kitakyushu	30 June 2015	–	360,000 (h)	–	1.2
Chalet Kanda II	Kitakyushu	30 June 2015	–	206,000 (h)	–	0.7
Chalet Einomaru II	Kitakyushu	30 June 2015	–	100,000 (i)	–	0.3
EMYU Honjo	Kumamoto	30 June 2015	–	907,000 (l)	–	3.1
EMYU Shinmachi	Kumamoto	30 June 2015	–	619,000 (l)	–	2.1
Yamamoto Mansion	Kagoshima	30 June 2015	–	554,000 (e)	–	1.9
KC Heights	Kumamoto	30 June 2015	–	117,000 (j)	–	0.4
Rise Shimodori	Kumamoto	30 June 2015	–	325,000 (j)	–	1.1
Rise Kuhonji II	Kumamoto	30 June 2015	–	429,000 (j)	–	1.5
YK SHINGEN						
Alte Heim Kokura	Kitakyushu	30 June 2015	–	58,000 (f)	–	0.2
Alte Heim Kokura II	Kitakyushu	30 June 2015	–	395,000 (f)	–	1.3
Alte Heim Kokura IV	Kitakyushu	30 June 2015	–	70,000 (f)	–	0.2
Alte Heim Mojekimae	Kitakyushu	30 June 2015	–	139,000 (f)	–	0.5
Castle Kano	Sendai	30 June 2015	–	204,000 (b)	–	0.7
Clio Court	Sendai	30 June 2015	–	194,000 (b)	–	0.7
Core Life	Sendai	30 June 2015	–	457,000 (b)	–	1.6
Taisei Building III	Oita	30 June 2015	–	270,000 (j)	–	0.8
EMYU Suizenji	Kumamoto	30 June 2015	–	1,080,000 (l)	–	3.7
Gardenia Kurashiki	Kurashiki	30 June 2015	–	111,000 (g)	–	0.4
Jeunes 23	Sapporo	30 June 2015	–	254,000 (f)	–	0.9

Portfolio Statement

As at 30 June 2016

Description of properties	Location	Latest valuation date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2016 JPY'000	30 June 2015 JPY'000	30 June 2016 %	30 June 2015 %
YK SHINGEN (continued)						
Rise Oe	Kumamoto	30 June 2015	–	256,000 (l)	–	0.9
Royal Hills Katagiri	Sendai	30 June 2015	–	164,000 (a)	–	0.6
Suien	Sapporo	30 June 2015	–	104,000 (g)	–	0.4
Sun Vario Shinden Eki Mae	Sendai	30 June 2015	–	439,000 (b)	–	1.5
TOA Mansion	Sapporo	30 June 2015	–	684,000 (f)	–	2.2
YSK Co-op Saiwaicho	Sendai	30 June 2015	–	415,000 (b)	–	1.4
Grand Polestone Takeya	Hiroshima	30 June 2015	–	543,000 (g)	–	1.8
Maestoso Figur	Koriyama	30 June 2015	–	375,000 (f)	–	1.2
Leggiero Viola	Koriyama	30 June 2015	–	291,000 (f)	–	1.0
GODO KAISHA (“GK”) CHOAN						
Sec’ As Blue II	Sapporo	30 June 2015	–	361,000 (f)	–	1.2
Wing Nakahirodori	Hiroshima	30 June 2015	–	768,000 (g)	–	2.6
Abitare Shimoarata I	Kagoshima	30 June 2015	–	259,000 (e)	–	0.9
Abitare Shinyashiki	Kagoshima	30 June 2015	–	241,000 (e)	–	0.8
Royal Hills Komatsushima	Sendai	30 June 2015	–	156,000 (a)	–	0.5
Senboku Heim I	Morioka	30 June 2015	–	157,000 (f)	–	0.5
Senboku Heim II	Morioka	30 June 2015	–	78,000 (f)	–	0.3
Liesse Wakabayashi	Sendai	30 June 2015	–	161,000 (a)	–	0.5
Dear Misono	Sapporo	30 June 2015	–	47,000 (f)	–	0.2
Casa Motomachi	Sapporo	30 June 2015	–	340,000 (f)	–	1.2
Grand Polestone Tsurumi	Hiroshima	30 June 2015	–	366,000 (i)	–	1.2
La Finesse Hakataeki Minami	Fukuoka	30 June 2015	–	493,000 (h)	–	1.7
Rise Heiseiekimae	Kumamoto	30 June 2015	–	206,000 (l)	–	0.7
Maison d’Etoile II	Sendai	30 June 2015	–	140,000 (k)	–	0.5
Abitare Korimoto	Kagoshima	30 June 2015	–	249,000 (e)	–	0.8
Orion Heim	Fukuoka	30 June 2015	–	224,000 (e)	–	0.8
Fujimicho Building	Hiroshima	30 June 2015	–	365,000 (g)	–	1.2
Grand Polestone Fujimi	Hiroshima	30 June 2015	–	181,000 (g)	–	0.6
Grand Polestone Otemachi	Hiroshima	30 June 2015	–	473,000 (i)	–	1.6
Kusatsu Higashi Heights	Hiroshima	30 June 2015	–	217,000 (i)	–	0.7
VOGA Minami Kannon	Hiroshima	30 June 2015	–	192,000 (g)	–	0.7
Le Pied Hirao	Fukuoka	30 June 2015	–	257,000 (e)	–	0.9
Residence Shiroishi ABCD	Sapporo	30 June 2015	–	506,000 (g)	–	1.7
GEO Kamiokawamaedori 3	Niigata	30 June 2015	–	400,000 (l)	–	1.4
Hills Kawabata	Niigata	30 June 2015	–	302,000 (l)	–	1.0
Hills Nogizaka	Niigata	30 June 2015	–	330,000 (l)	–	1.1
Grand Polestone Otemachi II	Hiroshima	30 June 2015	–	405,000 (c)	–	1.4
Grand Polestone Higash Hiratsuka	Hiroshima	30 June 2015	–	406,000 (c)	–	1.4
Shinonome Heights	Hiroshima	30 June 2015	–	170,000 (i)	–	0.6
Estate 18 Shinonome	Hiroshima	30 June 2015	–	254,000 (i)	–	0.9
Royal Shinonome	Hiroshima	30 June 2015	–	331,000 (i)	–	1.1

Portfolio Statement

As at 30 June 2016

Description of properties	Location	Latest valuation date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2016 JPY'000	30 June 2015 JPY'000	30 June 2016 %	30 June 2015 %
GODO KAISHA ("GK") CHOAN (continued)						
Villa Kaita	Hiroshima	30 June 2015	–	338,000 (i)	–	1.1
Arioso Phrase	Koriyama	30 June 2015	–	466,000 (f)	–	1.6
Towa Kita 7 Jo	Sapporo	30 June 2015	–	371,000 (b)	–	1.3
Towa Kotoni	Sapporo	30 June 2015	–	311,000 (b)	–	1.1
Relief Ohorinishi	Fukuoka	30 June 2015	–	119,000 (e)	–	0.4
GK CHOGEN						
Romauge Kamidori Namikizaka	Kumamoto	30 June 2015	–	640,000 (j)	–	2.2
Rise Yotsugibashi	Kumamoto	30 June 2015	–	435,000 (j)	–	1.5
GK CHOSEI						
Quest Tower Noboricho	Hiroshima	30 June 2015	–	695,000 (g)	–	2.4
GK GYOKOU						
Rise Fujisaki Dai	Kumamoto	30 June 2015	–	296,000 (j)	–	1.0
Rise Kumamoto Station South	Kumamoto	30 June 2015	–	141,000 (j)	–	0.5
EMYU Heisei Keyakidori Mansion	Kumamoto	30 June 2015	–	651,000 (j)	–	2.2
Flour Mansion Jyosei	Kumamoto	30 June 2015	–	1,000,000 (j)	–	3.4
Rise Shinoe	Kumamoto	30 June 2015	–	273,000 (j)	–	0.9
GK GYOSEI						
Matoba Meijibashi II	Hiroshima	30 June 2015	–	282,000 (c)	–	0.9
Grand Polestone Kinya	Hiroshima	30 June 2015	–	141,000 (c)	–	0.5
Grand Polestone Tsurumi II	Hiroshima	30 June 2015	–	672,000 (g)	–	2.3
GK TOSEI						
The Palms Denenchofu	Tokyo	30 June 2015	–	605,000 (d)	–	2.1
AMS Hatchobori I	Tokyo	30 June 2015	–	1,317,000 (c)	–	4.5
GK GYOTATSU						
Cosmos Kokura Eki Mae	Kitakyushu	30 June 2015	–	785,000 (f)	–	2.7
AS Residence Hakataekiminami	Fukuoka	30 June 2015	–	615,000 (h)	–	2.1
GK TOGEN						
Florecer Miyagino	Sendai	30 June 2015	–	342,000 (k)	–	1.2
Fantage Yaotome	Sendai	30 June 2015	–	247,000 (k)	–	0.8
Investment properties			–	43,093,100	–	146.5
Other assets and liabilities (net)			2,422,638	(13,523,299)	100.0	(46.0)
Net assets			2,422,638	29,569,801		
Net assets attributable to non-controlling interests			–	(146,681)	–	(0.5)
Net assets attributable to Unitholders			2,422,638	29,423,120	100.0	100.0

Portfolio Statement

As at 30 June 2016

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

On 4 March 2016, Saizen REIT completed the disposal of its entire portfolio of real estate assets (comprising 136 properties) through the disposal of its entire interest in the TK operators.

The carrying amounts of the properties as at 30 June 2015 were based on independent full valuations undertaken by:

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

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 was to invest in a diversified portfolio of income-producing real estate located in Japan, which was used primarily for residential and residential-related purposes, and real estate-related assets in connection with the foregoing.

Saizen REIT invested 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"). Such TK arrangement is a common method of investing and holding real estate in Japan. The relationship between the TK operators and the TK investor was governed by tokumei kumiai agreements ("TK agreements"), whereby the TK investor provided 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 could 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

1. General information (continued)

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, was passed to Saizen REIT. Saizen REIT was entitled to 97.0% of the profits and losses of such business while the shareholder of the TK operators was entitled to the remaining 3.0% of the allocated profits and losses. Saizen REIT was, therefore, exposed to the majority of risks and rewards from its agreements with the TK operators and the underlying property holding business.

The Manager had 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 were considered as structured entities. The consolidated financial statements of Saizen REIT were presented on a group basis by consolidating Saizen REIT and the TK operators as structured entities (together referred to as the "Group").

On 4 March 2016, Saizen REIT completed the disposal of its entire portfolio of real estate assets (comprising 136 properties) through the disposal of its entire interest in the TK operators. As at 30 June 2016, Saizen REIT exists as a cash trust.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

1. General information (continued)

Service agreements (continued)

(b) *Manager's Management fees*

The Manager was 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 was paid in the form of cash and/or Units (as it may in its sole discretion determine). Where the management fees was paid in cash, the amounts was paid monthly in arrears. Where the management fees was paid in the form of Units, the amounts were paid quarterly in arrears.

As the Manager does not receive any management fees following Saizen REIT's disposal of its entire interest in the TK operators, its operational expenses subsequent to the disposal (which comprise mainly staff remuneration, director fees, office rental and administrative expenses) will be recovered from Saizen REIT on a cost-recovery basis (as disclosed in the circular to Unitholders dated 5 February 2016).

(c) *Acquisition and Divestment fees*

The Manager was 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 was paid in the form of cash and/or Units and was payable as soon as practicable after completion of the acquisition and disposal respectively.

(d) *Asset Manager's asset management fees*

The Asset Manager was 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 was deducted from the Property Business Profits.

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

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 exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 July 2015, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. 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 accounting policies of the Group’s and Saizen REIT and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the financial year ended 30 June 2016

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

(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 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

2. Significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiaries

(i) 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 (a) 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 (b) 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 the Statement of Total Return.

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 within equity attributable to Unitholders of Saizen REIT.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 financial statements are presented in Japanese Yen, which is the functional currency of Saizen REIT.

(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

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation and that is not occupied by the entities in the Group. 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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 which are subject to insignificant risk of change in value.

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 nature of the assets and 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification (continued)

(ii) 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.

(c) Initial measurement

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

2. Significant accounting policies (continued)

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

2. Significant accounting policies (continued)

2.13 Income tax (continued)

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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 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% (2015: 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").

Notes to the Financial Statements

For the financial year ended 30 June 2016

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Distribution income	–	–	544,843	1,072,723
Rental income	2,553,232	3,789,331	–	–
Rental-related income	105,669	110,495	–	–
	2,658,901	3,899,826	544,843	1,072,723

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

5. Property operating expenses

	← Group →	
	2016 JPY'000	2015 JPY'000
Property related taxes	190,626	282,667
Property management fees	105,903	153,193
Operation and maintenance	124,129	183,487
Renovations	182,176	228,104
Marketing and leasing commission	60,988	108,678
Utilities	125,423	166,782
Insurance	29,580	42,518
Write back of impairment on trade receivables	(5,647)	(11)
Trade receivables written off	897	1,715
Net consumption tax expense for operations	44,891	58,640
	858,966	1,225,773

Property related taxes comprise property tax of 1.4% (2015: 1.4%) and city planning tax of 0.3% (2015: 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

6. Other trust expenses

Included in other trust expenses are:

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Auditors' remuneration ¹	25,943	59,253	27,863	13,163
Property valuation fees	3,763	36,585	3,763	36,585
Goods and services tax	13,920	15,884	13,920	15,884
Acquisition fee ²	–	–	5,130	–
Divestment fee ³	–	–	1,380	1,603
	43,626	111,722	52,056	67,235

- 1 Fees for non-audit services paid to auditors of Saizen REIT amounted to JPY 4.9 million (2015: JPY1.9 million) for the financial year ended 30 June 2016.
- 2 Acquisition fee relating to acquisition of a property held by GK Chosei computed based on 1.0% of the acquisition price was included in other trust expenses at Saizen REIT level and was accounted for as part of net fair value loss on investment properties at the Group level.
- 3 Divestment fee for the financial year ended 30 June 2016 and 30 June 2015 relating to disposal of a property and two properties 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 gain/(loss) on divestment of investment properties at the Group level.

7. Finance costs

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Interest expense on bank borrowings	823,905	413,768	4,658	4,998
Guarantee fee to asset manager	19,955	30,586	–	–
Foreign exchange difference from borrowings	(56,323)	86,826	(56,323)	86,826
	787,537	531,180	51,665	91,824

Included in interest expense from bank borrowings is amortisation of transaction costs, amounting to JPY365.3 million (2015: JPY52.0 million) and cost of early repayment of JPY229.9 mil (FY2015: Nil).

Notes to the Financial Statements

For the financial year ended 30 June 2016

8. Income tax

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Tax (credit)/expense attributable to loss/profit is made up of:				
Current income tax				
- Income tax	298	1,241	298	-
- Foreign withholding tax	114,983	219,050	114,983	219,050
Deferred income tax (Note 19)	(343,838)	161,784	-	-
	(228,557)	382,075	115,281	219,050

The tax on the total return before tax differs from the theoretical amount that would arise using the Singapore standard rate of income as follows:

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Total return for the year before income tax	(1,021,892)	3,185,674	(761,650)	2,972,272
Tax calculated at tax rate of 17% (2015: 17%)	(173,722)	541,565	(129,481)	505,286
Effects of:				
- Different tax rates in other countries	53,683	66,989	18,634	36,687
- Expenses not deductible for tax purposes	372,297	70,532	372,281	70,532
- Income not subject to tax	(72,093)	(41,321)	(149,388)	(393,147)
- Temporary differences not recognised	(63,679)	(275,331)	-	-
- Utilisation of previously unrecognised tax losses	-	(17,698)	-	-
- Reversal of deferred tax liabilities previously recognised	(343,838)	-	-	-
- Others	(1,205)	37,339	3,235	(308)
Tax charge	(228,557)	382,075	115,281	219,050

The Inland Revenue Authority of Singapore ("IRAS") 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

8. Income tax (continued)

On 28 April 2016, IRAS has issued an advance tax ruling on the taxation of Saizen REIT for the gains derived by Saizen REIT from the sale of the entire TK interest to Triangle TMK. Subject to meeting the terms and conditions of the tax ruling, the gains derived is capital in nature and hence not subject to Singapore income tax.

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 does not have any unrecognised tax losses (2015: JPY1,624 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. (Loss)/Earnings per Unit

The calculation of basic and diluted (loss)/earnings per unit is based on:

Earnings per Unit	2016	2015
Total (loss)/return for the year after income tax before distribution attributable to Unitholders (JPY'000)	(884,134)	2,766,600
Units		
Weighted average number of Units applicable to basic earnings per unit ('000)	286,195	283,612
Basic and Diluted (loss)/earnings per unit - (JPY)	(3.09)	9.75
- (S\$ cents)	(3.68)¹	11.16 ²

Diluted (loss)/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:

¹ Based on SGD / JPY average exchange rate of 84.0 between 1 July 2015 and 30 June 2016

² Based on SGD / JPY average exchange rate of 87.4 between 1 July 2014 and 30 June 2015

10. Cash and cash equivalents

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Cash at bank	2,444,226	5,489,450	2,444,226	670,046

Notes to the Financial Statements

For the financial year ended 30 June 2016

10. Cash and cash equivalents (continued)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	← Group →	
	2016	2015
	JPY'000	JPY'000
Cash and bank balances (as above)	2,444,226	5,489,450
Less: Bank deposits pledged	-	(562,520)
Cash and cash equivalents per consolidated statement of cash flows	<u>2,444,226</u>	<u>4,926,930</u>

Disposal of subsidiaries

On 4 March 2016, Saizen REIT disposed of its entire interest in the TK operators for a gross consideration of JPY44,660 million. The effects of the disposal on the cash flows of the Group were:

	<u>Group</u>
	2016
	JPY'000
<u>Carrying amounts of assets and liabilities disposed of</u>	
Deposits with cash management agents	290
Trade and other receivables	16,198
Other current assets	50,524
Investment properties	43,390,778
Total assets	<u>43,457,790</u>
Rental deposits	409,254
Rental received in advance	250,177
Borrowings	16,585,194
Other current liabilities	895,494
Total liabilities	<u>18,140,119</u>
Net assets derecognised	25,317,671
Less: Non-controlling interests	<u>(237,680)</u>
Net assets disposed of	<u>25,079,991</u>

The aggregate cash inflows arising from the disposal of its entire interest in the TK operators were:

	<u>Group</u>
	2016
	JPY'000
Net assets disposed of (as above)	25,079,991
Gain on disposal of TK operators	424,078
Cash proceeds from disposal	<u>25,504,069</u>
Add: Net liabilities assumed and settled by the counterparty	18,073,107
Net cash inflow on disposal	<u>43,577,176</u>

Notes to the Financial Statements

For the financial year ended 30 June 2016

11. Deposits with cash management agent

The balance related 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 2016, there is no minimum amount of deposits required (2015: Nil).

12. Trade and other receivables

	← Group →		← Saizen REIT →	
	2016	2015	2016	2015
	JPY'000	JPY'000	JPY'000	JPY'000
Trade receivables	-	10,958	-	-
Less: Allowance for impairment	-	(5,647)	-	-
Trade receivables – net	-	5,311	-	-
Accrued rental	-	12,308	-	-
Distribution receivable from subsidiaries	-	-	-	848,622
Other receivable	262	4,704	262	38
Goods and services tax receivable	18,408	957	18,408	957
	18,670	23,280	18,670	849,617

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

13. Other current assets

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Prepayments	1,406	30,713	1,406	2,099
Deposits	-	22,287	-	-
Prepaid interest	-	4,129	-	-
Prepaid asset management fees	-	24	-	-
	1,406	57,153	1,406	2,099

14. Investments in subsidiaries

	← Saizen REIT →	
	2016 JPY'000	2015 JPY'000
Beginning of financial year	28,430,609	26,984,688
Additional investments in TK operators	545,000	320,000
Return on investments in TK operators	(3,361,756)	(943,642)
Write back of impairment losses	-	2,069,563
Sale of TK investment	(25,613,853)	-
End of financial year	-	28,430,609

In the previous financial year, 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. Saizen REIT ceased to have control of its subsidiaries following the disposal of its entire interest in the TK operators on 4 March 2016.

15. Investment properties

(a) Investment properties

	← Group →	
	2016 JPY'000	2015 JPY'000
Beginning of financial year	43,093,100	42,056,200
Capital expenditure on investment properties	748,708	134,212
Divestment of investment properties	(43,772,777)	(465,000)
Net fair value (loss)/gain recognised in the Statements of Total Return	(69,031)	1,367,688
End of financial year	-	43,093,100

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

15. Investment properties (continued)

(a) Investment properties (continued)

The carrying amount of the Group's interests in investment properties as at 30 June 2015 was 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.

As at 30 June 2015, investment properties amounting to JPY42.3 billion were pledged as security for bank facilities granted to the TK operators. The Group did not own any investment properties as at 30 June 2016.

On 4 March 2016, Saizen REIT completed the disposal of its entire portfolio of real estate assets via the sale of its entire interest in the TK operators.

(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).

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 2016 (JPY'000)	Valuation methods	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	
Residential properties	Nil (2015: 43,093,100)	Income capitalisation	Capitalisation rate	Nil (2015: From 5.4% to 7.0%)	The higher the capitalisation rate, the lower the fair value.	
			Discounted cash flow	Discount rate	Nil (2015: From 4.3% to 7.2%)	The higher the discount rate, the lower the fair value.
			Terminal capitalisation rate	Nil (2015: From 4.6% to 7.7%)	The higher the terminal capitalisation rate, the lower the fair value.	

There were no significant inter-relationship between unobservable inputs.

16. Borrowings

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
<i>Current</i>				
Bank loans	–	1,002,238	–	363,520
<i>Non-current</i>				
Bank loans	–	16,200,876	–	–
Total borrowings	–	17,203,114	–	363,520

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

Saizen REIT has no borrowings as at 30 June 2016. All loans of the TK operators were fully repaid on 4 March 2016 in connection with the disposal of its entire interest in the TK operators, while borrowings which had been drawn down by Saizen REIT were fully repaid upon maturity on 28 March 2016.

Notes to the Financial Statements

For the financial year ended 30 June 2016

16. Borrowings (continued)

(i) Maturity of non-current borrowings

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Between 1 to 2 years	-	639,444	-	-
Between 2 to 5 years	-	3,111,470	-	-
Over 5 years	-	12,449,962	-	-
	-	16,200,876	-	-

(ii) Interest rate risks

The weighted average effective interest rate of total borrowings at the statement of financial position date was Nil% (2015: 2.49%).

(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

	← Group →		← Saizen REIT →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
<i>Current</i>				
Accrued interest payable on borrowings	-	23,247	-	284
Accrued operating expenses	27,164	263,124	27,164	73,888
Consumption tax payable	-	60,620	-	-
	27,164	346,991	27,164	74,172
<i>Non-current</i>				
Provision for asset management fees	-	61,012	-	-
Total	27,164	408,003	27,164	74,172

Provision of asset management fees related 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). The provision was written back in full following Saizen REIT's disposal of its entire interest in the TK operators.

Notes to the Financial Statements

For the financial year ended 30 June 2016

18. Derivative financial instruments

	← Group →			← Saizen REIT →		
	Contract notional amount JPY'000	Fair value		Contract notional amount JPY'000	Fair value	
		Asset JPY'000	Liability JPY'000		Asset JPY'000	Liability JPY'000
2016						
<i>Current</i>						
Currency forwards	166,112	–	(14,500)	166,112	–	(14,500)
2015						
<i>Current</i>						
Currency forwards	1,572,315	74,647	–	1,572,315	74,647	–
<i>Non-current</i>						
Interest rate swap	12,924,625	–	(320,392)	–	–	–
Total		74,647	(320,392)		74,647	–

(i) *Interest rate swap*

The TK operator GK Choan used 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 was 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 had 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 enabled 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”) used 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 was 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 had 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 enabled 6 TK Operators to fix the effective interest rate on the TSB Loan at 2.42% per annum.

Notes to the Financial Statements

For the financial year ended 30 June 2016

18. Derivative financial instruments (continued)

(i) Interest rate swap (continued)

In addition, the TK operator GK Tosei used 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 was 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 had 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 enabled 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 and terminated following Saizen REIT's disposal of its entire interest in the TK operator in March 2016.

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 were 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.

All interest rate swaps were cancelled following Saizen REIT's disposal of its entire interest in the TK operators on 4 March 2016 and the related interest rate swap cancellation costs were recognized as net fair value (loss)/gain on financial derivatives in the financial year ended 30 June 2016.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 were entered into prior to Saizen REIT's disposal of its entire interest in the TK operators and will be settled in September 2016. 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.

19. Deferred income tax liabilities

Deferred income tax liabilities

- To be settled after one year

← Group →	
2016	2015
JPY'000	JPY'000
-	343,838

The movement in deferred income tax is as follows:

Deferred income tax liabilities

2016

Beginning of the financial year
 Tax (credited)/charged to
 - Statements of Total Return (Note 8)
 End of the financial year

← Group →	
2016	2015
JPY'000	JPY'000
343,838	182,054
(343,838)	161,784
-	343,838

Deferred income tax liabilities pertained to temporary differences 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. The deferred income tax liabilities were reversed in full following Saizen REIT's disposal of its entire interest in the TK operators on 4 March 2016.

Notes to the Financial Statements

For the financial year ended 30 June 2016

20. Number of units in issue

	Saizen REIT	
	← No. of units →	
	2016	2015
	'000	'000
Units at beginning of the financial year	283,612	283,612
Creation of new units arising from Distribution Reinvestment Plan:	3,413	–
Units at end of the financial year	287,025	283,612

Under the Distribution Reinvestment Plan established in July 2015, Unitholders may elect to receive distributions in the form of fully-paid units or cash, or a combination of both.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

21. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group when the Group 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 the Group 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 →	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Manager's management fees paid/payable to the Manager	309,857	209,253	309,857	209,253
Divestment fees paid/payable to the Manager in relation to the disposal of investment properties by the subsidiaries	1,380	1,603	1,380	1,603
Acquisition fees paid /payable to the Manager in relation to the acquisition of a property	5,130	–	5,130	–
Divestment fees paid to the Manager in relation to the disposal of interest in the TK operators	133,980	–	133,980	–
Asset management fees (written back)/ charged	(41,498)	61,996	–	–
Additional service fee paid to the Asset Manager and related company of the Asset Manager in relation to the disposal of interest in the TK operators	32,200	–	32,200	–
Guarantee fee to asset manager	19,955	30,586	–	–
Property management and maintenance fees to the related company of the Asset Manager	17,100	24,805	–	–
Reimbursement of non-deal road show expenses paid on behalf by a related party	–	149	–	149
Trustee's fees	11,549	13,778	11,549	13,778
Fees paid to the Asset Manager for the rental of office premises	140	527	–	–
	489,793	342,697	494,096	224,783

Notes to the Financial Statements

For the financial year ended 30 June 2016

22. Segment information

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

As at 30 June 2016, Saizen REIT exists as a cash trust in Singapore.

23. Commitments

Operating lease commitments – where the Group is a lessor

As at 30 June 2015, the operating lease commitments were 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 were standard 2-year leases which the tenants might terminate upon giving 1 to 2 months' notice.

As at 30 June 2016, following Saizen REIT's disposal of its entire interest in the TK operators, there are no operating lease commitments, where the Group is a lessor.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Group's business is not exposed to significant currency risk.

However, prior to the disposal of its entire interest in the TK operators, Saizen REIT had received distributions from the TK operators where cash flows at the TK level were denominated in Japanese Yen, before flowing through to Saizen REIT level where cash flows were denominated in Singapore dollars. This exposed 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 adopted suitable hedging strategies to minimise any foreign exchange risk.

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

	← Group →			
	SGD JPY'000	JPY JPY'000	Others JPY'000	Total JPY'000
<u>At 30 June 2016</u>				
Financial Assets				
Cash and cash equivalents	2,260,057	183,918	251	2,444,226
Trade and other receivables	18,670	-	-	18,670
	<u>2,278,727</u>	<u>183,918</u>	<u>251</u>	<u>2,462,896</u>
Financial Liabilities				
Other current liabilities	12,866	-	14,298	27,164
Derivative financial instruments	14,500	-	-	14,500
	<u>27,366</u>	<u>-</u>	<u>14,298</u>	<u>41,664</u>
Net financial assets/(liabilities)	2,251,361	183,918	(14,047)	2,421,232
Add: Net financial liabilities denominated in the respective entities' functional currencies	-	(183,918)	-	(183,918)
Add: Currency forwards	166,112	-	-	166,112
Currency exposure	<u>2,417,473</u>	<u>-</u>	<u>(14,047)</u>	<u>2,403,426</u>

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	← Group →			
	SGD JPY'000	JPY JPY'000	Others JPY'000	Total JPY'000
<u>At 30 June 2015</u>				
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	–	(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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 JPY'000	JPY JPY'000	Others JPY'000	Total JPY'000
<u>At 30 June 2016</u>				
Financial Assets				
Cash and cash equivalents	2,260,057	183,918	251	2,444,226
Trade and other receivables	18,670	–	–	18,670
	<u>2,278,727</u>	<u>183,918</u>	<u>251</u>	<u>2,462,896</u>
Financial Liabilities				
Other current liabilities	12,866	–	14,298	27,164
Derivative financial instruments	14,500	–	–	14,500
	<u>27,366</u>	<u>–</u>	<u>14,298</u>	<u>41,664</u>
Net financial assets	2,251,361	183,918	(14,047)	2,421,232
Less: Net financial assets denominated in the respective entities' functional currencies	–	(183,918)	–	(183,918)
Add: Currency forwards	166,112	–	–	166,112
Currency exposure	<u>2,417,473</u>	<u>–</u>	<u>(14,047)</u>	<u>2,403,426</u>

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Saizen REIT			
	SGD JPY'000	JPY JPY'000	Others JPY'000	Total 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

If the SGD changes against the JPY by 16% (2015: 12%) with all other variables including tax rate being held constant, the effects arising from the net financial asset position will be as follows:

	Increase/(Decrease)	
	2016	2015
	Statements of Total Return JPY'000	Statements of Total Return JPY'000
<u>Group and Saizen REIT</u>		
SGD against JPY		
- strengthened	386,796	140,065
- weakened	(386,796)	(140,065)

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Cash flow and fair value interest rate risks*

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. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

As at 30 June 2015, the Group had 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. 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, of which JPY12.6 billion had been hedged by interest rate swaps (Note 18). If the interest rates increase/decrease by 0.5% with all other variables including tax rate being held constant, the total return for the year after income tax in the financial year ended 30 June 2015 would be lower/higher by JPY12.7 million as a result of higher/lower interest expenses on the unhedged floating rate borrowings.

There are no interest-bearing borrowings as at 30 June 2016 following Saizen REIT's disposal of its entire interest in the TK operators on 4 March 2016.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables.

The Group does not have significant concentrations of credit risk. 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 were mainly distribution receivable from subsidiaries.

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(b) Credit risk (continued)

(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 were neither past due nor impaired were mainly from tenants from whom rental deposits have been collected.

None of Saizen REIT's financial assets are past due nor impaired.

(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:

	← Group →	
	2016	2015
	JPY'000	JPY'000
Past due less than 1 month	-	4,375
Past due 1 to 2 months	-	936
	-	5,311

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

	← Group →	
	2016	2015
	JPY'000	JPY'000
Gross amount	-	5,658
Less: Allowance for impairment	-	(5,658)
	-	-
Beginning of financial year	5,647	5,658
Write back of impairment on trade receivables	(5,647)	(11)
End of financial year	-	5,647

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(b) Credit risk (continued)

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

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 was exposed to liquidity risk. The Group managed 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.

Following the disposal of its entire interest in the TK operators and the repayment of all borrowings, the Group prepares budget and cash flow forecasts to monitor liquidity risk.

The table below analyses the maturity profile of the Group's and Saizen REIT's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(c) Liquidity risk (continued)

	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
<u>Group</u>				
At 30 June 2016				
Other current liabilities	27,164	-	-	-
Other derivative financial instruments	14,500	-	-	-
	41,664	-	-	-
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
<u>Saizen REIT</u>				
At 30 June 2016				
Other current liabilities	27,164	-	-	-
Other derivative financial instruments	14,500	-	-	-
	41,664	-	-	-
At 30 June 2015				
Other current liabilities	74,172	-	-	-
Borrowings	363,520	-	-	-
Interest payable	975	-	-	-
	438,667	-	-	-

(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. With effect from 1 January 2016, under the Property Funds Appendix, the Aggregate Leverage of a property fund has been revised to not exceed 45.0% of its Deposited Property, regardless whether a credit rating from the above mentioned agencies have been obtained for the property fund.

Notes to the Financial Statements

For the financial year ended 30 June 2016

24. Financial risk management (continued)

(d) Capital risk (continued)

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

	2016 JPY'000	2015 JPY'000
Total borrowings	–	17,203,114
Total assets	2,464,302	48,737,994
Aggregate leverage ratio	–	35.3%

In addition, as at 30 June 2015, certain subsidiaries within the Group had 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 2016 and 2015.

(e) Fair value measurements

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.

- (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).

Notes to the Financial Statements

For the financial year ended 30 June 2016

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
<u>Group</u>				
2016				
Financial liabilities measured at fair value				
Derivative financial instruments	-	14,500	-	14,500
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	-	16,200,876	-	16,200,876
Non-current rental deposits	-	-	32,993	32,993
Other non-current liabilities	-	-	61,012	61,012
<u>Saizen REIT</u>				
2016				
Liabilities				
Derivative financial instruments	-	14,500	-	14,500
2015				
Assets				
Derivative financial instruments	-	74,647	-	74,647

Notes to the Financial Statements

For the financial year ended 30 June 2016

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. 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.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 18 to the financial statements, except for the following:

	← Group →		← Saizen REIT →	
	2016	2015	2016	2015
	JPY'000	JPY'000	JPY'000	JPY'000
Loans and receivables	2,462,896	5,535,381	2,462,896	1,519,663
Financial liabilities at amortised cost	27,164	18,071,860	27,164	437,692

25. Financial ratios

	2016	2015
Ratio of expenses to weighted average net assets ¹		
- including performance component of asset management fees	2.78%	1.91%
- excluding performance component of asset management fees	3.04%	1.70%
Portfolio turnover rate ²	2.23%	0.00%

1. The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore dated 25 May 2005.

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.

2. 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.

Notes to the Financial Statements

For the financial year ended 30 June 2016

26. Event occurring after statement of financial position date

- (a) On 15 August 2016, the Manager announced that a Framework Agreement has been signed between Saizen REIT and Sime Darby Property Singapore Limited (“SDPSL”) and Hastings Deering (Australia) Limited (“HDAL”). Under the agreement, the industrial properties in Australia from HDAL, an indirect wholly-owned subsidiary of Sime Darby Berhad, are proposed to be acquired by Saizen REIT (the “Properties Acquisition”).

The board of directors of the Manager has been notified of Japan Regional Assets Manager Limited’s intention to sell its 80.0% interest in the Manager to SDPSL (the “JRAM Sale”). It is also intended that there will be a replacement of the board of directors and management team of the Manager following the receipt of the approval of the Properties Acquisition from the Unitholders of Saizen REIT. The completion of the Properties Acquisition and the JRAM Sale are inter-conditional.

- (b) A capital distribution of S\$0.0750 per Unit was declared and will be paid on 23 September 2016.

27. List of subsidiaries – TK operators

Name of entities	Principal activities	Country of business/ incorporation	Effective interest	
			2016 %	2015 %
Yugen Kaisha Shingen ^(a)	Structured entity – Investment in real estate	Japan	–	97
Yugen Kaisha Shintoku ^(a)	Structured entity – Investment in real estate	Japan	–	97
Yugen Kaisha Shinzan ^(a)	Structured entity – Investment in real estate	Japan	–	97
Yugen Kaisha JOF ^(a)	Structured entity – Investment in real estate	Japan	–	97
Yugen Kaisha Kokkei ^(a)	Structured entity – Investment in real estate	Japan	–	97
Yugen Kaisha Keizan ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Choan ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Chosei ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Chogen ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Gyokou ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Gyosei ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Tosei ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Gyotatsu ^(a)	Structured entity – Investment in real estate	Japan	–	97
Godo Kaisha Togen ^(a)	Structured entity – Investment in real estate	Japan	–	97

- (a) Audited by PricewaterhouseCoopers, Hong Kong.

These structured 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 structured entities.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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 2016 or later periods and which the Group has not early adopted:

- *FRS 1 Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group and Saizen REIT.

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

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group and Saizen REIT.

29. Authorisation of financial statements

These financial statements were authorised for issue by the Manager and the Trustee on 21 September 2016.

Statistics of Unitholdings

As at 9 September 2016

UNITHOLDINGS

As at 9 September 2016, Saizen REIT had 287,024,902 Units in issue.

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	48	0.79	1,887	0.00
100 - 999	2,041	33.59	1,155,041	0.40
1,000 – 10,000	2,869	47.21	11,582,365	4.04
10,001 – 1,000,000	1,092	17.97	55,826,771	19.45
Above 1,000,000	27	0.44	218,458,838	76.11
TOTAL:	6,077	100.00	287,024,902	100.00

Based on the information available to the Manager as at 9 September 2016, approximately 85.9% 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	46,349,483	16.15
2.	Citibank Nominees Singapore Pte Ltd	39,076,784	13.61
3.	HSBC (Singapore) Nominees Pte Ltd	36,339,068	12.66
4.	DBS Nominees (Private) Limited	27,165,935	9.46
5.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	10,622,207	3.70
6.	UOB Kay Hian Private Limited	9,122,406	3.18
7.	BNP Paribas Nominees Singapore Pte Ltd	5,085,499	1.77
8.	Phillip Securities Pte Ltd	4,386,874	1.53
9.	CIMB Securities (Singapore) Pte. Ltd.	4,364,234	1.52
10.	DB Nominees (Singapore) Pte Ltd	3,623,937	1.26
11.	Zeng Jue	3,041,626	1.06
12.	DBS Vickers Securities (Singapore) Pte Ltd	2,774,270	0.97
13.	Ng Kok Keong	2,356,400	0.82
14.	See Beng Lian Janice	2,345,200	0.82
15.	Maybank Kim Eng Securities Pte. Ltd.	2,259,273	0.79
16.	Chan Weng Chih Matthew (Chen Rongzhi Matthew)	2,194,800	0.76
17.	Sng Yio Puar	2,161,000	0.75
18.	United Overseas Bank Nominees (Private) Limited	2,141,045	0.75
19.	Shaw Investments (1988) Pte Ltd	1,956,288	0.68
20.	Choo Chee Kiong	1,700,000	0.59
	Total	209,066,329	72.83

Statistics of Unitholdings

As at 9 September 2016

List of Substantial Unitholders

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

Name	No. of Units (Deemed Interest)	%
ASM Asia Recovery (Master) Fund (“ ASMARMF ”)	17,065,936 ⁽¹⁾	5.946
ASM Asia Recovery Fund (“ ASMARF ”)	17,065,936 ⁽²⁾	5.946
Argyle Street Management Limited (“ ASML ”)	25,825,602 ⁽³⁾	8.998
Argyle Street Management Holdings Limited (“ ASMHL ”)	25,825,602 ⁽⁴⁾	8.998
Mr Yeh V-Nee	36,812,882 ⁽⁵⁾	12.826
Mr Chan Kin	27,417,240 ⁽⁶⁾	9.552

Notes:

1. *ASMARMF is deemed to be interested in the 17,065,936 Units held by a nominee for ASMARMF.*
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.*
3. *ASML is the beneficial holder of more than 20% of ASMARF and other ASM funds. 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 the discretionary investment manager of ASM Connaught House Fund LP (“**ASMCHF**”) and ASMARMF. Accordingly, pursuant to the Companies Act, ASML is deemed to be interested in the underlying Units held directly or indirectly by ASMARF, ASMARMF, ASMCOPT, ASMCHF and other ASM funds.*
4. *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 (“**ASMCHGP**”). ASMG, being the general partner of ASMCOPT, manages, controls the operation of and determines the policy with respect to ASMCOPT. ASMCHGP, 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, ASMG and ASMCHGP are deemed to be interested in.*
5. *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 Units which ASMHL is deemed to be interested in. See note 4 above. Mr Yeh is also deemed to be interested in the 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 the Units held by a nominee for Mr Yeh.*
6. *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 Units which ASMHL is deemed to be interested in. See note 4 above. Mr Chan is also deemed to be interested in the Units held by his spouse.*

Interests of directors of the Manager in Units (as at 21 July 2016)

Name	No. of Units (Direct interest)	No. of Units (Deemed interest)	% ⁽¹⁾
Arnold Ip Tin Chee	–	2,046,047 ⁽²⁾	0.71
Goh Hwee Leng Joey	10,300	–	0.004
Soh Yew Hock	–	–	–
Dennis Lam Siu Sun	–	124,664	0.04
Harold Sun Dai Hoe	–	–	–

Notes:

1. *Computed based on 287,024,902 Units in issue as at 21 July 2016.*
2. *Among the 2,046,047 Units, Mr Ip is deemed to be interested in the 785,131 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 2016 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)	145,997	-
	(S\$'000) ⁽¹⁾	1,198	-
- Manager's cost recovery ⁽²⁾	(JPY'000)	65,071	-
	(S\$'000) ⁽¹⁾	775	-
- Supplemental payment ⁽³⁾	(JPY'000)	98,783	-
	(S\$'000) ⁽¹⁾	1,176	-
- Divestment fees in relation to the Disposal (as defined below)	(JPY'000)	133,980	-
	(S\$'000) ⁽¹⁾	1,595	-
HSBC Institutional Trust Services (Singapore) Limited			
- Trustee fees	(JPY'000)	11,549	-
	(S\$'000) ⁽¹⁾	137	-
KK Tenyu Asset Management			
- Asset management fees ⁽⁴⁾	(JPY'000)	19,513	-
	(S\$'000) ⁽¹⁾	232	-
- Guarantor fees	(JPY'000)	19,955	-
	(S\$'000) ⁽¹⁾	238	-
- Property management and maintenance fee ⁽⁵⁾	(JPY'000)	17,100	-
	(S\$'000) ⁽¹⁾	204	-
- Additional service fee in relation to the Disposal	(JPY'000)	32,200	-
	(S\$'000) ⁽¹⁾	383	-

Saizen REIT had not obtained a general mandate from Unitholders for interested person transactions in FY2016.

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 S\$100,000).

Additional Information

Non-deal Roadshow Expenses

Non-deal roadshow expenses of JPY 658,182 (S\$7,836⁽¹⁾) were incurred during FY2016.

Notes:

1. Based on an average exchange rate of JPY84.0/S\$ between 1 July 2015 and 30 June 2016.
2. As the Manager has ceased to receive any management fee after the Disposal, the operational expenses of the Manager after the Disposal (comprising mainly staff remuneration, director fees, office rental and administrative expenses), are claimed from Saizen REIT on a cost-recovery basis (as disclosed in the circular to Unitholders dated 5 February 2016).
3. A supplemental payment of S\$1.2 million (as approved by Unitholders) was paid to the Manager in FY2016, in recognition of services rendered to Saizen REIT in respect of the Disposal.
4. This amount excludes a JPY 61.0 million write-back of previous accruals for asset management fees in FY2016, pursuant to the Disposal.
5. Property management and maintenance fees for services provided by a related company of the Asset Manager.

Notice of Annual General Meeting

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 Raffles City Convention Centre, Canning Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 at 10.00 a.m. on Tuesday, 18 October 2016 to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as 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 2016 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)

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

Joey Goh (Mr.)
 Executive Director and Chief Executive Officer

30 September 2016

Notes:

1. A unitholder of Saizen REIT (“**Unitholder**”) who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints two proxies, he/she should specify the proportion of its/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. 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 constitution and section 179 of the Companies Act, Chapter 50 of Singapore, as the case may be.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

“**Relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
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 16 October 2016**, being 48 hours before the time fixed for the AGM.

Notice of Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of Saizen REIT 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) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM of Saizen REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of Saizen REIT (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 Singapore Exchange Securities Trading Limited ("**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.

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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))

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of ("relevant intermediary").
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.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

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 AGM dated 30 September 2016.

PROXY FORM ANNUAL GENERAL MEETING

*I/We of _____ of
(Name and identification number)

(Address)

being a unitholder/unitholders of Saizen Real Estate Investment Trust ("Saizen REIT"), hereby appoint(s):

Name	Address	NRIC/ Passport Number	Proportion of Unitholding (%)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholding (%)	
			No. of Units	%

as *my/our proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of Saizen REIT ("**Annual General Meeting**") to be held at Raffles City Convention Centre, Canning Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 at 10.00 a.m. on Tuesday, 18 October 2016 and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Annual General Meeting.

No.		No. of Votes For **	No. of Votes Against **
	Ordinary business		
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager, and the Audited Financial Statements of Saizen REIT for the year ended 30 June 2016 and the Independent Auditors' Report thereon		
2.	To re-appoint PricewaterhouseCoopers LLP as Independent Auditors and to authorise the Manager to fix the Independent Auditors' remuneration		

* Delete where applicable.

** If you wish to exercise all your votes "For" or "Against", please tick (ü) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Units held

Signature(s) of Unitholder(s) /
and, Common Seal of Corporate Unitholder



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2nd fold here

Affix
Postage
Stamp

Japan Residential Assets Manager Limited
(as Manager of Saizen Real Estate Investment Trust)
3 Anson Road #34-01
Springleaf Tower
Singapore 079909

1st fold here

IMPORTANT: PLEASE READ NOTES TO PROXY FORM BELOW

Notes to Proxy Form:

1. A unitholder of Saizen REIT (“**Unitholder**”) who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints two proxies, he/she should specify the proportion of its/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. 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 constitution and section 179 of the Companies Act, Chapter 50 of Singapore, as the case may be in accordance with its constitution and section 179 of the Companies Act, Chapter 50 of Singapore, as the case may be.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

“**Relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Manager’s registered office at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time appointed for holding the meeting.
 4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the 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 meeting.
 5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder’s name in the Depository Register maintained by the Central Depository (Pte) Limited (“**CDP**”), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder’s name in the Register of Unitholders of Saizen REIT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder’s name in the said Depository Register and registered in the Unitholder’s name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
 6. The instrument appointing a proxy or proxies 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.
 7. Where an instrument appointing a proxy or proxies 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 instrument of proxy, failing which the instrument may be treated as invalid.

General

The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder’s name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by CDP to the Manager.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting of Saizen REIT 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) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the meeting of Saizen REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting of Saizen REIT (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.

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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
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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

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

BOARD OF DIRECTORS

Mr Arnold Ip Tin Chee (Chairman)
Mr Goh Hwee Leng Joey (CEO)
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 Goh Hwee Leng Joey

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 Goh Hwee Leng Joey (alternate
member to Mr Arnold Ip Tin Chee)

JOINT COMPANY SECRETARIES OF THE MANAGER

Mr Desmond Lee Heng Choong
Ms Khoong Lai Kheng

The Manager of

SaizenREIT)  最善

JAPAN RESIDENTIAL ASSETS MANAGER LIMITED
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