

Saizen Real Estate Investment Trust

(A real estate investment trust constituted on 27 September 2007 under the laws of the Republic of Singapore (as amended))

Announcement In Relation To The Unaudited Quarterly And Full Year Financial Statements For The Period And Year Ended 30 June 2016

TABLE OF CONTENTS

Item no.	Description	Page no.
	Introduction	2 – 3
-	Key financial information	3
-	Summary of results	4 – 5
-	Distribution details	5
-	Background of Saizen REIT	5
	Information Required for Announcements	
1(a)	Statement of total return	6 – 7
	Statement of distributable income from operations	8
	Capital distributions to Unitholders	9
1(b)(i)	Balance sheet	9 – 10
1(b)(ii)	Aggregate amount of the Group's borrowings and debt securities	10
1(c)	Cash flow statement	11 – 13
1(d)(i)	Statement of changes in Unitholders' funds	13 – 14
1(d)(ii)	Details of changes in the Units and utilisation of warrant proceeds	14
2 & 3	Audit statement	14
4 & 5	Changes in accounting policies	15
6	Earnings per Unit for the financial period	15
7	Net Asset Value per Unit based on issued Units at the end of 30 June 2016 and 30 June 2015	15 – 16
8	Review of performance	16 – 19
9	Variance between previous forecast or prospect statement and actual results	20
10	Outlook and prospects	20
11	Distributions	20 – 21
12	Segmental results	21
13	Factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments	21
14	A breakdown of sales	21
15	A breakdown of total annual distribution	22
16	Interested person transactions	22
17	General mandate for interested person transactions	23
18	Disclosure of person occupying a managerial position pursuant to Rule 704(13) of the Listing Manual	23
19	Confirmation pursuant to Rule 720(1) of the Listing Manual of the SGX-ST	23

INTRODUCTION

Reverse takeover proposal

As set out in the announcement dated 15 August 2016 and titled “Framework Agreement for the Proposed Acquisition by Saizen REIT of Industrial Properties in Australia”, Saizen Real Estate Investment Trust (“**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 (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 Sime Darby Property Singapore Limited (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 (“**Unitholders**”). The completion of the Properties Acquisition and the JRAM Sale are inter-conditional.

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 of Saizen REIT’s entire portfolio of real estate assets in Japan in March 2016 (the “**Disposal**”)¹. 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 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)**”).

It is intended that the purchase consideration for the Properties Acquisition shall be financed by the issuance of new Saizen REIT units (the “**New Saizen REIT Units**”) and external bank financing. The New Saizen REIT Units shall be issued to Sime Darby Property Singapore Limited (or its nominee(s)) 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).

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. Property valuations, yields and other commercial terms shall be determined in the definitive agreements. Further details are set out in the section titled “Outlook and prospects” of this announcement.

Capital distribution of S\$0.0750 per Unit

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 from the Remaining Proceeds Distribution(s).

Asset disposal and special distribution

Saizen REIT completed the Disposal on 4 March 2016. A substantial amount of the proceeds from the Disposal was paid to Unitholders via a special (capital) distribution of S\$1.056 per Unit in March 2016.

Operating performance

Saizen REIT currently exists as a cash trust with no operating business following the Disposal. Save for foreign currency cash holdings which have been set aside for the settlement of a forward contract

and expected budgeted expenses, substantially all of Saizen REIT's cash holdings as at 30 June 2016 is denominated in S\$.

Unitholders should note that Saizen REIT's financial results for the fourth quarter ended 30 June 2016 ("4Q FY2016") reflect Saizen REIT's operations as a cash trust and are not comparable with prior periods. Likewise, Saizen REIT's financial results for the financial year ended 30 June 2016 ("FY2016") do not offer a like-for-like comparison with the prior financial year ended 30 June 2015 ("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. Average occupancy rates during the shortened property operating period in FY2016, being from 1 July 2015 to 3 March 2016, 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 financial year-end of Saizen REIT is 30 June.

Key financial information

		FY2016 ²	FY2015
Net asset value per Unit as at 30 June	(JPY)	8.44 ³	103.7 ⁴
	(S\$)	0.11 ³	1.14 ⁴
Income distribution per Unit (S\$)		0.0283 ⁵	0.0603 ⁶
Capital distribution per Unit (S\$)		1.131 ⁷	-
Interest cover ratio ⁸		NA ¹¹	6.0 times
Net (write-back)/impairment of trade receivables ⁹ as % of gross revenue		(0.179%)	0.044%
Gearing as at 30 June – net borrowings ¹⁰ /value of investment properties		NA ¹¹	29.4%
Gearing as at 30 June – total borrowings / total assets		NA ¹¹	35.3%
Net cash as at 30 June		JPY 2.44 billion	JPY 4.54 billion
Borrowings as at 30 June due within next 12 months		Nil	JPY 1.00 billion
Value of investment properties as at 30 June		Nil	JPY 43.09 billion
Net (depreciation)/appreciation in the value of investment properties		(JPY 0.07 billion) ¹²	JPY 1.37 billion
Average occupancy rate (by revenue)		91.3%	90.6%

Notes:

1. Please refer to the circular to Unitholders dated 5 February 2016, as well as Saizen REIT's announcements dated 31 October 2015, 26 February 2016, 3 March 2016, 4 March 2016, 1 April 2016 and 6 June 2016, for further details on the Disposal.
2. 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. As at 30 June 2016, Saizen REIT had no investment properties and no borrowings.
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. 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.
5. Income distribution per Unit in FY2016 comprised DPU of S\$0.0283 for 1H FY2016.

6. *Income distribution per Unit in FY2015 comprised DPU of S\$0.0310 and S\$0.0293 declared for 1H FY2015 and 2H FY2015 respectively.*
7. *Capital distribution per Unit in FY2016 comprises (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 to be paid in September 2016, out of the net proceeds from the Disposal.*
8. *Net property income of 4Q divided by the sum of interest expenses and realised loss on interest rate swap of 4Q.*
9. *Net impairment of trade receivables comprised the sum of impairment/write back of trade receivables and trade receivables written-off.*
10. *Net borrowings is equal to total borrowings less net cash (cash at bank plus deposit with cash management agent less current rental deposits, other current liabilities and current tax liabilities).*
11. *NA denotes not applicable.*
12. *Unlike in FY2015, 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.*

Summary of results

Net asset value attributable to Unitholders decreased from JPY 29.4 billion as at 30 June 2015 to JPY 2.4 billion as at 30 June 2016, attributable mainly to the special distribution of S\$1.056 per Unit out of the net proceeds of the Disposal.

In S\$ terms, net asset value decreased from S\$1.14 per Unit as at 30 June 2015 to S\$0.11 per Unit as at 30 June 2016.

The following is a summary of Saizen REIT's operating performance for 4Q FY2016, the fourth quarter ended 30 June 2015 ("**4Q FY2015**"), FY2016 and FY2015.

	4Q FY2016 ¹	4Q FY2015 ²	FY2016 ³	FY2015 ⁴	Increase / (Decrease) %
Gross revenue					
(S\$'000)	-	10,851 ⁶	31,654 ⁷	44,620 ⁸	
(JPY'000)	-	979,827	2,658,901	3,899,826	(31.8)
Net property income					
(S\$'000)	-	7,315 ⁶	21,428 ⁷	30,596 ⁸	
(JPY'000)	-	660,577	1,799,935	2,674,053	(32.7)
Net income from operations					
(S\$'000)	2,800 ⁵	4,490 ⁶	4,210 ⁷	19,358 ⁸	
(JPY'000)	222,619	405,456	353,675	1,691,923	NM ¹²
Total (loss)/return after income tax					
(S\$'000)	(2,825) ⁵	17,885 ⁶	(9,444) ⁷	32,078 ⁸	
(JPY'000)	(224,557)	1,615,055	(793,335)	2,803,599	NM ¹²

		2H FY2016	1H FY2016	FY2016	FY2015
(Loss)/distributable income	(S\$'000)	(18,638)⁹	8,328¹⁰	(9,293)⁷	17,011⁸
	(JPY'000)	(1,505,930)	725,344	(780,586)	1,486,780
Income distribution	(S\$'000)	-	8,123	8,123	17,102
	(JPY'000)	-	662,658	662,658	1,503,494
Income distribution per Unit	(S\$)	-	0.0283	0.0283	0.0603
Capital distribution	(S\$'000)	324,625	-	324,625	-
	(JPY'000)	26,593,400	-	26,593,400	-
Capital distribution per Unit ¹¹	(S\$)	1.131	-	1.131	-

Notes:

- Following the completion of the Disposal on 4 March 2016, Saizen REIT had no property operations during 4Q FY2016.
- There were 136 properties at the start and at the end of 4Q FY2015.
- There were 136 properties at the start of FY2016. Following the completion of the Disposal on 4 March 2016, Saizen REIT did not hold any properties at the end of FY2016.
- There were 138 properties at the start of FY2015 and 136 properties at the end of FY2015.
- Based on an average exchange rate of JPY79.5/S\$ between 1 April 2016 and 30 June 2016.
- Based on an average exchange rate of JPY90.3/S\$ between 1 April 2015 and 30 June 2015.
- Based on an average exchange rate of JPY84.0/S\$ between 1 July 2015 and 30 June 2016.
- Based on an average exchange rate of JPY87.4/S\$ between 1 July 2014 and 30 June 2015.
- Based on an average exchange rate of JPY80.8/S\$ between 1 January 2016 and 30 June 2016.
- Based on an average exchange rate of JPY87.1/S\$ between 1 July 2015 and 31 December 2015.
- Capital distribution in 2H FY2016 and FY2016 comprised (i) a special distribution of S\$1.056 per Unit paid in March 2016 and (ii) a return of capital of S\$0.0750 per Unit to be paid in September 2016, out of the net proceeds from the Disposal.
- NM denotes not meaningful.

Distribution details

Distribution type	Return of capital
Distribution rate	S\$0.0750 per Unit ¹
Books closure date	5 September 2016
Date payable	23 September 2016

Note:

- This capital distribution of S\$0.0750 per Unit shall be deducted from the Remaining Proceeds Distribution(s).

Background of Saizen REIT

Saizen REIT, listed on the SGX-ST on 9 November 2007, was the first REIT listed in Singapore offering exclusive access to Japanese residential real estate, with the principal investment objective of investing in a diversified portfolio of income-producing real estate located in Japan, which is used primarily for residential and residential-related purposes, and real estate-related assets in connection with the foregoing.

On 4 March 2016, Saizen REIT completed the Disposal of its entire portfolio of real estate assets (comprising 136 properties). Saizen REIT currently exists as a cash trust.

INFORMATION REQUIRED FOR ANNOUNCEMENTS**1(a) Statement of total return (for the Group) (4Q FY2016 vs 4Q FY2015)**

	4Q FY2016 (JPY'000)	4Q FY2015 (JPY'000)	Increase / (Decrease) %
Gross revenue	-	979,827	(100.0)
Property operating expenses	-	(319,250)	(100.0)
Net property income	-	660,577	(100.0)
Manager's management fees	(49,264)	(52,464)	(6.1)
Asset management fees	-	(38,317)	(100.0)
Trustee's fee	(2,058)	(3,437)	(40.1)
Finance costs ¹	440,023	(125,698)	NM ³
Interest income	2,286	769	>100.0
Other (expenses)/income ²	(173,904)	25,591	NM ³
Other trust income/(expenses)	16,284	(27,142)	NM ³
Other administrative expenses	(10,748)	(34,423)	(68.8)
Net income from operations	222,619	405,456	(45.1)
Net fair value (loss)/gain on financial derivatives			
- fair value through profit or loss ⁴	(453,915)	52,671	NM ³
Net fair value gain on investment properties	-	1,373,336	(100.0)
Gain on disposal of TK investment ⁵	6,739	-	NM ³
Total (loss)/return for the period before income tax⁶	(224,557)	1,831,463	NM ³
Income tax	-	(216,408)	(100.0)
Total (loss)/return for the period after income tax	(224,557)	1,615,055	NM ³
Attributable to:			
Unitholders	(224,557)	1,598,881	NM ³
Non-controlling interests	-	16,174	(100.0)
	(224,557)	1,615,055	NM ³

Notes:

1. Finance costs comprised the following:

	4Q FY2016 (JPY'000)	4Q FY2015 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	-	(89,625)	(100.0)
(ii) amortisation of loan commission	-	(13,062)	(100.0)
(iii) guarantor fee to asset manager	-	(7,771)	(100.0)
(iv) cost of refinancing/repayment	440,023	-	NM ³
(v) foreign exchange difference from financing	-	(15,240)	(100.0)

Realised loss (payment) on interest rate swap (arising from the cancellation of interest rate swap arrangements in connection with the Disposal) was classified as cost of refinancing/repayment in 3Q FY2016. This has been reclassified from finance costs to fair value loss on financial derivatives in 4Q FY2016. Please also refer to note 4.

2. Other (expenses)/income comprised mainly unrealised foreign exchange (loss)/gain on the translation of S\$-denominated bank balances to JPY for the preparation of the Group financial statements.
3. NM denotes not meaningful.
4. Fair value (loss)/gain on financial derivatives comprised the following:

	4Q FY2016 (JPY'000)	4Q FY2015 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(440,023)	(20,482)	>100.0
(ii) unrealised fair value gain on interest rate swap	-	11,109	(100.0)
(iii) fair value (loss)/gain on forward contract	(13,892)	62,044	NM ³

5. The gain on Disposal recorded in 4Q FY2016 was mainly due to amounts received from Triangle TMK in respect of post-completion adjustments during the period.

6. The Group's total (loss)/return before income tax was arrived at after charging the following:

	4Q FY2016 (JPY'000)	4Q FY2015 (JPY'000)	Increase / (Decrease) %
(i) impairment on trade receivables	-	(160)	(100.0)
(ii) trade receivables written-off	-	(457)	(100.0)

Statement of total return (for the Group) (FY2016 vs FY2015)

	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase / (Decrease) %
Gross revenue	2,658,901	3,899,826	(31.8)
Property operating expenses	(858,966)	(1,225,773)	(29.9)
Net property income	1,799,935	2,674,053	(32.7)
Manager's management fees	(309,857)	(209,253)	48.1
Asset management fees	41,498	(61,996)	NM ³
Trustee's fee	(11,549)	(13,778)	(16.2)
Finance costs ¹	(787,537)	(531,180)	48.3
Interest income	5,510	2,593	>100.0
Other (expenses)/income ²	(216,046)	91,595	NM ³
Other trust expenses	(43,626)	(111,722)	(61.0)
Other administrative expenses	(124,653)	(148,389)	(16.0)
Net income from operations	353,675	1,691,923	(79.1)
Gain/(loss) on divestment of properties	45,849	(1,240)	NM ³
Net fair value (loss)/gain on financial derivatives - fair value through profit or loss ⁴	(1,776,463)	127,303	NM ³
Net fair value (loss)/gain on investment properties ⁵	(69,031)	1,367,688	NM ³
Gain on disposal of TK investment ⁶	424,078	-	NM ³
Total (loss)/return for the year before income tax⁷	(1,021,892)	3,185,674	NM ³
Income tax credit/(expense) ⁸	228,557	(382,075)	NM ³
Total (loss)/return for the year after income tax	(793,335)	2,803,599	NM ³
Attributable to:			
Unitholders	(884,134)	2,766,600	NM ³
Non-controlling interests	90,799	36,999	>100.0
	(793,335)	2,803,599	NM ³

Notes:

1. Finance costs comprised the following:

	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	(228,678)	(361,788)	(36.8)
(ii) amortisation of loan commission	(365,333)	(51,975)	>100.0
(iii) guarantor fee to asset manager	(19,955)	(30,586)	(34.8)
(iv) cost of refinancing/repayment	(229,894)	(5)	>100.0
(v) foreign exchange difference from financing	56,323	(86,826)	NM ³

2. Other (expenses)/income comprised mainly unrealised foreign exchange (loss)/gain on the translation of S\$-denominated bank balances to JPY for the preparation of the Group financial statements.

3. NM denotes not meaningful.

4. Fair value (loss)/gain on financial derivatives comprised the following:

	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(493,381)	(81,119)	>100.0
(ii) unrealised fair value gain on interest rate swap	320,393	56,951	>100.0
(iii) fair value (loss)/gain on forward contract and/or zero cost collar	(1,603,475)	151,471	NM ³

5. Net fair value loss on investment properties in FY2016 comprised transaction expenses relating to property acquisitions.

6. The gain on Disposal recorded in FY2016 takes into account, among others, Disposal-related expenses (mainly including legal and professional fees and divestment fees).

7. The Group's total return before income tax was arrived at after charging the following:

	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase / (Decrease) %
(i) write back of impairment on trade receivables	5,647	11	>100.0
(ii) trade receivables written-off	(897)	(1,715)	(47.7)

8. Income tax comprised the imputed 20.42% withholding tax payable upon the appropriation of profit to Saizen REIT from Saizen REIT's TK operators. The income tax credit in FY2016 arose due to a JPY 343.8 million write-back of deferred tax liabilities in connection with the Disposal.

Statement of distributable income from operations

		2H FY2016	1H FY2016	FY2016	FY2015
Total (loss)/ return for the period/year after income tax before distribution attributable to Unitholders	(JPY'000)	(1,457,639)	573,505	(884,134)	2,766,600
Adjustments ¹	(JPY'000)	34,777	187,384	222,161	(1,279,820)
Adjusted (loss)/return for the period/year	(JPY'000)	(1,422,862)	760,889	(661,973)	1,486,780
Cash deployed for loan principal repayment ²	(JPY'000)	(83,068)	(341,545)	(424,613)	(675,916)
Loan principal repayment offset by capital cash resources ³	(JPY'000)	-	306,000	306,000	675,916
Cash deployed for one-off borrowing costs ⁴	(JPY'000)	-	-	-	(35,974)
One-off borrowing costs offset by capital cash resources ⁵	(JPY'000)	-	-	-	35,974
(Loss)/income generated during the period/year after adjusting for loan principal repayment and one-off borrowing costs	(JPY'000)	(1,505,930)	725,344	(780,586)	1,486,780
Income available for distribution to Unitholders at the beginning of the period/year	(JPY'000)	704,554	712,967	712,967	721,077
Income distribution paid during the period/year ⁶	(JPY'000)	(662,658)	(733,757)	(1,396,415)	(1,494,890)
(Adjusted loss)/distributable income from operations at the end of the period/year ⁷	(JPY'000)	(1,464,034)	704,554	(1,464,034)	712,967
Income distribution to Unitholders	(JPY'000)	NA ⁸	662,658	662,658	1,503,493
Income distribution per Unit	(cents)	NA⁸	2.83	2.83	6.03

Notes:

- Adjustments comprised mainly non-cash items, namely fair value gain/loss on forward contract and zero cost collar, unrealised fair value gain on interest rate swap, amortisation of loan commission, loss on divestment of properties, net fair value loss/gain on investment properties, deferred tax expenses, provisions for asset management fees (relating to fair value gains in investment properties) and unrealised foreign exchange differences. Adjustments for 2H FY2016 and FY2016 also included the gain on Disposal and fair value adjustments in connection with the Disposal (including adjustments relating to deferred tax liabilities, provisions for expenses and non-controlling interests).
 - The amount deployed for loan principal repayment comprised mainly loan principal amortisation payments. In connection with the Disposal, all loans of the TK operators were fully repaid in 2H FY2016.
 - Loan principal amortisation in FY2016 and FY2015 was partially paid with capital cash resources, such as proceeds from new borrowing and/or warrant proceeds, rather than cash generated from operations. This was in line with Saizen REIT's intention to utilise, when possible, undeployed capital cash resources to offset loan principal amortisation, thereby effectively making available cash from operations for distributions.
- | | 2H FY2016 | 1H FY2016 | FY2016 | FY2015 |
|---|-----------------|-----------|--------|--------|
| Portion of DPU funded by capital cash resources used to offset loan principal repayment (cents) | NA ⁸ | 1.31 | 1.31 | 2.71 |
- The amount deployed for one-off borrowing costs in FY2015 comprised loan-related costs such as upfront loan commissions and legal and professional fees.
 - One-off borrowing costs paid in FY2015 had been partially offset using capital cash resources.
 - Distribution paid in 2H FY2016 was related to the distribution declared for the six-month financial period ended 31 December 2015. Distribution paid in 1H FY2016 was related to the distribution declared for the six-month financial period ended 30 June 2015. Distribution paid in FY2015 was related to the distribution declared for the six-month financial periods ended 31 December 2014 and 30 June 2014.
 - Adjusted loss from operations at the end of the period/year for 2H FY2016 and FY2016 was due to transaction-related expenses incurred in 2H FY2016.
 - No income distribution applicable for 2H FY2016.

Capital distribution to Unitholders

Saizen REIT returned capital amounting to S\$1.056 per Unit to Unitholders in March 2016.

Saizen REIT has declared a further 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 from the Remaining Proceeds Distribution(s) of S\$0.0987 per Unit.

1(b)(i) Balance sheet

Following the completion of the Disposal on 4 March 2016, Saizen REIT does not have any subsidiaries or investments, and balance sheet items relating to property operations in Japan ceased to apply after the Disposal. The balance sheets of the Group and of Saizen REIT as at 30 June 2016 reflect solely the REIT-level financial position of Saizen REIT.

	The Group	
	As at 30 Jun 2016 (JPY'000)	As at 30 Jun 2015 (JPY'000)
Current assets		
Cash and cash equivalents	2,444,226 ¹	5,489,450
Deposits with cash management agents	-	364
Trade and other receivables	18,670 ²	23,280
Other current assets	1,406	57,153
Derivative financial instruments	-	74,647 ³
	<u>2,464,302</u>	<u>5,644,894</u>
Non-current assets		
Investment properties	-	43,093,100
	<u>-</u>	<u>43,093,100</u>
Total assets	<u>2,464,302</u>	<u>48,737,994</u>
Current liabilities		
Rental deposits	-	427,750
Rental received in advance	-	257,452
Borrowings	-	1,002,238
Other current liabilities	27,164 ⁴	346,991
Current tax liabilities	-	174,651
Derivative financial instruments	14,500 ⁵	-
	<u>41,664</u>	<u>2,209,082</u>
Non-current liabilities		
Rental deposits	-	32,993
Borrowings	-	16,200,876
Derivative financial instruments	-	320,392
Other non-current liabilities	-	61,012
Deferred tax liabilities	-	343,838
	<u>-</u>	<u>16,959,111</u>
Total liabilities	<u>41,664</u>	<u>19,168,193</u>
Total net assets	<u>2,422,638</u>	<u>29,569,801</u>
Represented by:		
Unitholders	2,422,638	29,423,120
Non-controlling Interests	-	146,681
	<u>2,422,638</u>	<u>29,569,801</u>
Number of Units in issue ('000)	<u>287,025</u>	<u>283,612</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>8.44</u>	<u>103.74</u>

Notes:

1. Save for foreign currency cash holdings which have been set aside for the settlement of (i) the Forward Contract (as defined below); and (ii) expected budgeted expenses, the remaining cash holdings of Saizen REIT as at 30 June 2016 are substantially denominated in S\$.
2. Other receivables as at 30 June 2016 included goods and services tax receivable, relating mainly to input tax claimable for expenses incurred in relation to the Disposal.
3. The derivative financial instruments (current assets) as at 30 June 2015 comprised forward contracts entered into for the purpose of hedging the JPY-S\$ exchange rate of Saizen REIT's distribution payments which took place in September 2015 and March 2016.
4. Other current liabilities as at 30 June 2016 related mainly to accruals for operating expenses.
5. The derivative financial instruments (current liabilities) as at 30 June 2016 comprised a forward contract with a forward rate of JPY83.056/S\$, which was entered in September 2015 to hedge Saizen REIT's JPY-S\$ exposure (the "Forward Contract"). The Forward Contract will be settled in September 2016.

	Saizen REIT	
	As at 30 Jun 2016 (JPY'000)	As at 30 Jun 2015 (JPY'000)
Current assets		
Cash and cash equivalents	2,444,226	670,046
Distribution receivable	-	848,622
Other receivables	18,670	995
Other assets	1,406	2,099
Derivative financial instruments	-	74,647
	<u>2,464,302</u>	<u>1,596,409</u>
Non-current assets		
Investment in subsidiaries	-	28,430,609
	-	28,430,609
	<u>2,464,302</u>	<u>30,027,018</u>
Current liabilities		
Borrowings	-	363,520
Other current liabilities	27,164	74,172
Current tax liabilities	-	173,409
Derivative financial instruments	14,500	-
	<u>41,664</u>	<u>611,101</u>
Total liabilities	<u>41,664</u>	<u>611,101</u>
Total net assets	<u>2,422,638</u>	<u>29,415,917</u>
Represented by:		
Unitholders	<u>2,422,638</u>	<u>29,415,917</u>
Number of Units in issue ('000)	<u>287,025</u>	<u>283,612</u>
Net asset value per Unit attributable to Unitholders (JPY)	<u>8.44</u>	<u>103.72</u>

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

	As at 30 Jun 2016 (JPY'000)	As at 30 Jun 2015 (JPY'000)
Secured borrowings – Bank loans		
Amount repayable in one year or less	-	1,002,238
Amount repayable after one year	-	16,200,876
	<u>-</u>	<u>17,203,114</u>

Saizen REIT had 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, while advances which had been drawn down by Saizen REIT under cash-backed credit facilities were fully repaid upon maturity on 28 March 2016.

1(c) Cash flow statement (for the Group) (4Q FY2016 vs 4Q FY2015)

	4Q FY2016 (JPY'000)	4Q FY2015 (JPY'000)
Operating activities		
Total (loss)/return for the period after income tax	(224,557)	1,615,055
Adjustments for:		
Income tax	-	216,408
Interest income	(2,286)	(769)
Interest expenses	(440,023) ¹	102,687
Net fair value loss/(gain) on financial derivatives	453,915 ¹	(52,671)
Gain on disposal of TK investment	(6,739) ²	-
Net fair value gain on investment properties	-	(1,373,336)
Unrealised foreign exchange loss from financing	-	15,240
Operating (loss)/profit before working capital changes	(219,690)	522,614
Changes in working capital		
Deposit with cash management agents	-	35
Trade and other receivables	9,970	(2,463)
Other current assets	1,740	9,419
Other current liabilities	(468,628) ³	(4,325)
Other non-current liabilities	-	30,676
Rental received in advance	-	3,027
Rental deposits	-	(10,293)
Cash (used in)/generated from operations	(676,608)	548,690
Income tax	-	-
Withholding tax paid	-	(12,972)
Cash flows (used in)/provided by operating activities	(676,608)	535,718
Investing activities		
Capital expenditure/addition of investment properties	-	(21,045)
Sale of TK investment	6,739	-
Cash flows provided by/(used in) investing activities	6,739	(21,045)
Financing activities		
Repayment of bank borrowings	-	(172,631)
Interest received	2,025	779
Interest paid	440,023 ¹	(89,962)
Net settlement of interest rate swap	(440,023) ¹	(20,482)
Bank deposits pledged for bank borrowings	-	(15,240)
Cash flows provided by/(used in) financing activities	2,025	(297,536)
Net (decrease)/increase in cash and cash equivalents	(667,844)	217,137
Cash and cash equivalents at beginning of the period	3,112,070	4,709,793
Cash and cash equivalents at end of the period⁴	2,444,226	4,926,930

Notes:

1. Realised loss (payment) on interest rate swap (arising from the cancellation of interest rate swap arrangements in connection with the Disposal) was classified as cost of refinancing/repayment in 3Q FY2016. This has been reclassified from interest expenses/ interest paid to fair value loss on financial derivatives/ net settlement of interest rate swap in 4Q FY2016.
2. This comprised amounts received from Triangle TMK in respect of post-completion adjustments.
3. The decrease in other current liabilities was mainly due to the settlement of Disposal-related expenses.
4. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	4Q FY2016 (JPY'000)	4Q FY2015 (JPY'000)
Cash and bank balances (per balance sheet)	2,444,226	5,489,450
Less: Bank deposits pledged	-	(562,520)
	<u>2,444,226</u>	<u>4,926,930</u>

Bank deposits pledged in 4Q FY2015 related to minimum bank balances which are to be maintained by Saizen REIT, GK Choan, GK Gyotatsu and GK Tosei, under the terms of their respective loans or credit facilities.

1(c) Cash flow statement (for the Group) (FY2016 vs FY2015)

	FY2016 (JPY'000)	FY2015 (JPY'000)
Operating activities		
Total (loss)/return for the year after income tax before distribution	(793,335)	2,803,599
Adjustments for:		
Income tax (credit)/expense	(228,557)	382,075
Interest income	(5,510)	(2,593)
Interest expenses	823,905 ¹	413,768
Net fair value loss/(gain) on financial derivatives	1,776,463 ²	(127,303)
(Gain)/loss on divestment of properties	(45,849)	1,240
Gain on disposal of TK investment	(424,078)	-
Net fair value loss/(gain) on investment properties	69,031	(1,367,688)
Unrealised foreign exchange loss from financing	-	38,322
Operating profit before working capital changes	1,172,070	2,141,420
Changes in working capital ³		
Deposit with cash management agents	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 generated from operations	153,099	2,213,247
Income tax paid	(1,540)	(1,145)
Withholding tax paid	(288,392)	(174,578)
Cash flows (used in)/provided by operating activities	(136,833)	2,037,524
Investing activities		
Contribution from non-controlling interests	200	10
Capital expenditure/addition of investment properties	(748,708)	(134,212)
Proceeds from sale of investment properties	427,846	463,760
Sale of TK investment	43,577,176 ⁴	-
Cash flows provided by investing activities	43,256,514	329,558
Financing activities		
Bank borrowings obtained	-	1,450,000
Repayment of bank borrowings	(17,568,447) ⁵	(1,589,952)
Issuance cost for scrip dividend	(4,262)	-
Distribution to Unitholders	(26,112,086) ⁶	(1,494,890)
Interest received	5,287	2,569
Interest paid and finance costs ¹	(477,690)	(400,156)
Net settlement of interest rate swap and forward contract ²	(2,007,707)	(7,634)
Bank deposits pledged for bank borrowings	562,520	608,074
Cash flows used in financing activities	(45,602,385)	(1,431,989)
Net (decrease)/increase in cash and cash equivalents	(2,482,704)	935,093
Cash and cash equivalents at beginning of the year	4,926,930	3,991,837
Cash and cash equivalents at end of the year ⁷	2,444,226	4,926,930

Notes:

1. This included finance costs relating to the early repayment of loans in connection with the Disposal.
2. This included foreign exchange loss on a forward contract which had been entered into (as announced on 3 November 2015) to hedge the JPY-S\$ exchange rate of a substantial portion of Saizen REIT's post-Disposal cash balance and realised loss (payment) on interest rate swap arising from the cancellation of interest rate swap arrangements in connection with the disposal.
3. Changes to working capital in FY2016 reflected predominantly the effects of the cessation of property operations in Japan following the Disposal.
4. This comprised mainly the gross Disposal consideration of JPY 44.66 billion, as well as deductions for Disposal-related expenses (mainly including legal and professional fees and divestment fees).
5. All loans of the TK operators were fully repaid on 4 March 2016 pursuant to the Disposal. In addition, advances drawn down by Saizen REIT under cash-backed credit facilities were fully repaid upon maturity on 28 March 2016.
6. The distribution to Unitholders in FY2016 comprised the income distribution for the six-month financial period ended 31 December 2015 and the special distribution from the Disposal (of S\$1.056 per Unit), which were both paid in March 2016.
7. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	FY2016 (JPY'000)	FY2015 (JPY'000)
Cash and bank balances (per balance sheet)	2,444,226	5,489,450
Less: Bank deposits pledged	-	(562,520)
	<u>2,444,226</u>	<u>4,926,930</u>

Bank deposits pledged in FY2015 related to minimum bank balances which are to be maintained by Saizen REIT, GK Choan, GK Gyotatsu and GK Tosei, under the terms of their respective loans or credit facilities.

1(d)(i) Statement of changes in Unitholders' funds

The Group	FY2016 (JPY'000)	FY2015 (JPY'000)
OPERATIONS		
Balance as at beginning of the year	(9,684,467)	(11,299,035)
Total (loss)/return for the year	(884,134)	2,766,600
Distribution to Unitholders	(1,132,311)	(1,152,032)
Balance as at end of year	<u>(11,700,912)</u>	<u>(9,684,467)</u>
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the year	39,107,587	39,450,445
Distribution to Unitholders	(25,215,005)	(342,858)
Issue of new Units pursuant to the Distribution Reinvestment Plan	235,230	-
Direct issuing cost against equity	(4,262)	-
Balance as at end of year	<u>14,123,550</u>	<u>39,107,587</u>
TOTAL ATTRIBUTABLE TO UNITHOLDERS	<u>2,422,638</u>	<u>29,423,120</u>
NON-CONTROLLING INTERESTS		
Balance as 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 as at end of year	<u>-</u>	<u>146,681</u>
TOTAL	<u>2,422,638</u>	<u>29,569,801</u>

Saizen REIT	FY2016	FY2015
	(JPY'000)	(JPY'000)
OPERATIONS		
Balance as at beginning of the year	(10,946,597)	(12,547,787)
Total (loss)/return for the year	(876,931)	2,753,222
Distribution to Unitholders	(1,132,311)	(1,152,032)
Balance as at end of year	(12,955,839)	(10,946,597)
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the year	40,362,514	40,705,372
Distribution to Unitholders	(25,215,005)	(342,858)
Issue of new Units pursuant to the Distribution Reinvestment Plan	235,230	-
Direct issuing cost against equity	(4,262)	-
Balance as at end of year	15,378,477	40,362,514
TOTAL ATTRIBUTABLE TO UNITHOLDERS	2,422,638	29,415,917

1(d)(ii) Details of changes in the Units and utilisation of warrant proceeds

	4Q FY2016	4Q FY2015
	(Units)	(Units)
Number of issued Units as at beginning and end of period	<u>287,024,902</u>	<u>283,611,720</u>

3,413,182 new Units were allotted and issued on 28 September 2015 to Unitholders pursuant to Saizen REIT's Distribution Reinvestment Plan.

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:

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

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

While these figures have neither been audited nor reviewed by our auditors, the audit is ongoing and the audited financial statements will be presented in Saizen REIT's FY2016 annual report.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 30 June 2015, except for new or amended FRS and Interpretation to FRS that are mandatory for application from 1 July 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per Unit for the financial period

Earnings per Unit ("EPU") of the Group for the current financial period reported on, and the corresponding period of the immediately preceding financial year:-

(a) Basic EPU

Basic EPU amounts are calculated by dividing the profit attributable to the Unitholders of the Group by the weighted average number of Units in issue during the financial period.

(b) Diluted EPU

Diluted EPU is the same as the basic EPU as no dilutive instruments were in issue during the financial period.

	<u>4Q FY2016</u>	<u>4Q FY2015</u>	<u>FY2016</u>	<u>FY2015</u>
Total (loss)/return for the period/year attributable to Unitholders for basic and diluted EPU (JPY'000)	(224,557)	1,598,881	(884,134)	2,766,600
EPU - basic and diluted (JPY)	(0.78)	5.64	(3.09)	9.75
(cents)	(0.98) ¹	6.24 ²	(3.68) ³	11.16 ⁴
Weighted average number of Units	287,024,902	283,611,720	286,194,921	283,611,720

Notes:

1. Based on an average exchange rate of JPY79.5/\$\$ between 1 April 2016 and 30 June 2016.
2. Based on an average exchange rate of JPY90.3/\$\$ between 1 April 2015 and 30 June 2015.
3. Based on an average exchange rate of JPY84.0/\$\$ between 1 July 2015 and 30 June 2016.
4. Based on an average exchange rate of JPY87.4/\$\$ between 1 July 2014 and 30 June 2015.

7. Net asset value ("NAV") and net tangible assets ("NTA") per Unit based on issued Units at the end of 30 June 2016 and 30 June 2015

<u>The Group</u>	<u>As at</u> <u>30 June 2016</u>	<u>As at</u> <u>30 June 2015</u>
NAV/NTA per Unit based on issued Units at the end of financial period (JPY)	8.44	103.74
(S\$)	0.11 ¹	1.14 ²
<u>Saizen REIT</u>	<u>As at</u> <u>30 June 2016</u>	<u>As at</u> <u>30 June 2015</u>
NAV/NTA per Unit based on issued Units at the end of financial period (JPY)	8.44	103.72
(S\$)	0.11 ¹	1.14 ²

Notes:

1. Based on an exchange rate of JPY76.3/S\$ as at 30 June 2016.
2. Based on an exchange rate of JPY90.9/S\$ as at 30 June 2015.

8. Review of performance**Income statement: FY2016 vs FY2015**

	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 ⁶
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)
Interest income	5,510	2,593	>100.0
Net foreign exchange (loss)/gain ⁵	(159,723)	4,769	NM ⁶
Other operating expenses ⁷	(1,008,926)	(419,533)	>100.0
Adjustment ⁸	493,381	81,119	>100.0
Net income from operations	353,675	1,691,923	(79.1)

Notes:

1. There were 136 properties at the start of FY2016. Following the completion of the Disposal on 4 March 2016, 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 operations	44,891	58,640	(23.4)

4. Interest expenses included the realised loss (payment) on interest rate swap.
5. Net foreign exchange (loss)/gain comprised mainly unrealised foreign exchange (loss)/gain on the translation of S\$-denominated bank balances to JPY for the preparation of the Group financial statements and foreign exchange differences from financing.
6. NM denotes not meaningful.
7. Other operating expenses comprised Manager's management fees, Trustee's fee, other trust expenses, finance costs (excluding foreign exchange differences from financing, interest expenses and guarantor fee to asset manager) and REIT-level other administrative expenses.
8. The adjustment relates to the realised loss (payment) on interest rate swap which is included as an interest expense in this section 8. The realised loss (payment) on interest rate swap is recognised under "Fair value gain/(loss) on financial derivatives – fair value through profit and loss" in the Statement of Total Return of the Group in section 1(a) of this announcement.

Property-level operations

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. As such, the financial results of FY2016 do not offer a like-for-like comparison with those of FY2015.

Gross revenue in FY2016 decreased by 31.8% as compared to FY2015, 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.

Overall rental reversions of new contracts entered into were lower by about 1.9% (FY2015: lower by about 0.6%) from previous contracted rates, primarily attributable to reversions of contracts previously entered into before 2008 and challenging market conditions in cities such as Kitakyushu, although properties in cities such as Tokyo and Sendai reported positive rental reversions.

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.

Net income from property operations consequently decreased by 49.4%, from JPY 2,023.0 million in FY2015 to JPY 1,023.4 million in FY2016.

Group-level operations

Net income from operations decreased by 79.1%, from JPY 1,691.9 million in FY2015 to JPY 353.7 million in FY2016. This was due to the decrease in net income from property operations, a net foreign exchange loss of JPY 159.7 million, and an increase in other operating expenses relating to the Disposal arising mainly from:

- (i) costs of JPY 229.9 million relating to the early termination of loans pursuant to the Disposal;
- (ii) an increase in amortisation of loan commission of JPY 313.4 million due to the one off write-off of all previously capitalised loan commissions pursuant to the Disposal; and
- (iii) an increase in the Manager's management fees of JPY 100.6 million, due mainly to the supplemental payment of S\$1.2 million to the Manager,

which was partially offset by a decrease in other trust expenses from JPY 111.7 million in FY2015 to JPY 43.6 million in FY2016, due to a decrease in valuation fees and audit fees after the Disposal.

The net foreign exchange loss of JPY 159.7 million in FY2016 was mainly attributable to unrealised foreign exchange losses (on the translation of S\$-denominated bank balances to JPY for the preparation of the financial statements), which resulted from the depreciation of S\$ against the JPY during the period. On the other hand, a net foreign exchange gain of JPY

4.8 million was recorded in FY2015 due to the weakening of the JPY against the S\$ during the period.

Other Group-level non-operating items

After taking into account, among others, Disposal-related expenses (including legal and professional fees and divestment fees), a gain of JPY 424.1 million was recorded on the Disposal in FY2016.

Fair value losses on forward contract of JPY 1,603.5 million were recognised in FY2016, as the JPY had strengthened against the S\$ during the period. The fair value losses arose mainly from the difference between the forward rate under a forward contract which was used to substantially hedge Saizen REIT's post-Disposal cash balance and the average rate in March 2016, during which the forward contract was settled. Comparatively, a fair value gain on forward contract and/or zero cost collar was recognised in FY2015 as the JPY had weakened against the S\$ in FY2015.

Interest rate swap arrangements which had been entered into to fix interest rates of loans were cancelled in FY2016 pursuant to the Disposal. Accordingly, the fair value of these swaps (previously recognised as a liability) were written off and a fair value gain of JPY 320.4 million was recorded in FY2016. Comparatively, an unrealised fair value gain on interest rate swap of JPY 57.0 million was recorded in FY2015.

The gain on divestment of properties of JPY 45.9 million in FY2016 was attributable to the sale of Niken Chaya Grand Heights in August 2015. Comparatively, a loss on divestment of properties of JPY 1.2 million was recognised in FY2015, mainly relating to the transfer of 2 properties from GK Choan to GK Togen, partially offset by gains on disposals of 2 other properties.

A net fair value gain on investment properties of JPY 1,367.7 million was recorded in FY2015 pursuant to the annual valuation exercise. Comparatively, no such valuation exercise was necessary in FY2016 after the Disposal. The net fair value loss on investment properties of JPY 69.0 million in FY2016 was mainly due to acquisition-related expenses, such as consumption taxes and acquisition fees paid to the Manager, for the acquisition of Strasse Nanokawa in August 2015.

Income statement: 4Q FY2016 vs 3Q FY2016

	4Q FY2016 ¹ (JPY'000)	3Q FY2016 ² (JPY'000)	Increase/ (Decrease) %
Gross revenue	-	702,187	(100.0)
Property operating expenses ³	-	(252,656)	(100.0)
Net property income	-	449,531	(100.0)
Asset management fees	-	58,306	(100.0)
Interest expenses ⁴	(440,023)	(64,098)	>100.0
Guarantor fee to asset manager	-	(4,975)	(100.0)
Other administrative expenses	-	(18,664)	(100.0)
Net income from property operations	(440,023)	420,100	NM ⁵
Interest income	2,286	1,196	91.1
Net foreign exchange loss ⁶	(173,904)	(1,722)	>100.0
Other operating expenses ⁷	394,237	(1,161,807)	NM ⁵
Adjustment ⁸	440,023	12,299	>100.0
Net income/(loss) from operations	222,619	(729,934)	NM ⁵

Notes:

1. Following the completion of the Disposal on 4 March 2016, Saizen REIT had no property operations during 4Q FY2016.
2. There were 136 properties at the start of 3Q FY2016. Following the completion of the Disposal on 4 March 2016, Saizen REIT did not hold any properties at the end of 3Q FY2016.

3. Property operating expenses comprised the following:

	4Q FY2016 (JPY'000)	3Q FY2016 (JPY'000)	Increase / (Decrease) %
Property tax	-	49,104	(100.0)
Property manager's fees	-	26,997	(100.0)
Operation and maintenance expenses	-	33,764	(100.0)
Repairs and renovations	-	63,829	(100.0)
Leasing and marketing expenses	-	16,535	(100.0)
Utilities charges	-	44,783	(100.0)
Insurance expenses	-	8,041	(100.0)
Write back of impairment on trade receivables	-	(4,596)	(100.0)
Trade receivables written-off	-	98	(100.0)
Consumption tax arising from operations	-	14,101	(100.0)

4. Interest expenses included the realised loss (payment) on interest rate swap.
5. NM denotes not meaningful.
6. Net foreign exchange loss comprised mainly unrealised foreign exchange loss on the translation of S\$-denominated bank balances to JPY for the preparation of the Group financial statements and foreign exchange differences from financing.
7. Other operating expenses comprised Manager's management fees, Trustee's fee, other trust expenses, finance costs (excluding interest expenses and guarantor fee to asset manager) and REIT-level other administrative expenses.
8. The adjustment relates to the realised loss (payment) on interest rate swap which is included as an interest expense in this section 8. The realised loss (payment) on interest rate swap is recognised under "Fair value gain/(loss) on financial derivatives – fair value through profit and loss" in the Statement of Total Return of the Group in section 1(a) of this announcement.

Property-level operations

As the Disposal was completed on 4 March 2016, Saizen REIT had no property operations during 4Q FY2016.

Interest expenses of JPY 440.0 million recorded in 4Q FY2016 were in relation to realised loss (payment) on interest rate swap. This amount was previously classified under other operating expenses (finance costs) in 3Q FY2016 and was subsequently reclassified to realised loss (payment) on interest rate swap in 4Q FY2016.

Group-level operations

The net income from operations of JPY 222.6 million in 4Q FY2016 was mainly due to an operating income arising from a JPY 440.0 million reversal of finance costs (previously recognised in 3Q FY2016) to a non-operating (fair value) item in 4Q FY2016, partially offset by:

- (i) a net foreign exchange loss of JPY 173.9 million from the translation of S\$-denominated bank balances to JPY for the preparation of the financial statements, which arose due to the depreciation of S\$ against the JPY of 8.5% during the period; and
- (ii) the operational costs of the Manager (which was claimed on a cost-recovery basis from Saizen REIT) of JPY 49.3 million.

Comparatively, the net loss from operations in the previous quarter was mainly due to Disposal related expenses and adjustments such as finance costs relating to the early repayment of loans and cancellation of interest rate swap arrangements, a supplemental payment to the Manager and a one off write-off of all previously capitalised loan commissions.

9. Variance between previous forecast or prospect statement and actual results

Saizen REIT has not disclosed any forecast to the market. The results for the current financial period/year reported on were in line with Saizen REIT's commentary under the section "Outlook and prospects" in the previous quarter's results announcement.

10. Outlook and prospects

Reverse takeover proposal

As set out in the announcement dated 15 August 2016 and titled "Framework Agreement for the Proposed Acquisition by Saizen REIT of Industrial Properties in Australia", the reverse takeover of Saizen REIT is subject to, among other things, due diligence being conducted and the execution of definitive agreements in relation to the Properties Acquisition by 30 September 2016.

The purchase consideration for the Properties Acquisition (the "**Consideration Amount**") shall be financed by the following:

- (a) part of the Consideration Amount shall be satisfied from the receivables from the issuance and allotment of New Saizen REIT Units to Sime Darby Property Singapore Limited or its nominee(s) on completion of the Proposed Acquisition at an issue price of S\$0.03484 per Unit. This is after taking into account the intended cash distribution(s) of up to S\$0.0987 per Unit to the existing Unitholders prior to the issuance of the New Saizen REIT Units; and
- (b) the amount equivalent to any part of the Consideration Amount which is not satisfied by issuance and allotment of the New Saizen REIT Units shall be satisfied by payment of cash proceeds from external bank financing.

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 Unitholders at an extraordinary general meeting to be convened by 31 December 2016.

Further details of the reverse takeover proposal are set out in Saizen REIT's announcement dated 15 August 2016. The Manager will keep Unitholders informed of any material developments by making the appropriate announcement(s) in compliance with the Listing Manual of the SGX-ST.

11. Distributions

11(a) Current financial period

Any distributions declared for the current financial period?	Yes
Distribution name	Capital distribution
Distribution type	Return of capital
Distribution rate	S\$0.0750 per Unit
Tax rate	Unitholders are not subject to Singapore income tax on this capital distribution.

11(b) Corresponding period of the immediately preceding financial year

Any distributions declared for the corresponding period of the immediate preceding financial year?	Yes
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Distribution name	Distribution for the six-month financial period ended 30 June 2015
Distribution type	Tax-exempt income
Distribution rate	S\$0.0293 per Unit
Tax rate	<p>(a) Tax-exempt income distribution Tax-exempt income includes rental and other related income derived from Japanese real estate properties received in Singapore by Saizen REIT in the form of profit allocation (TK distributions) from Japan under a TK agreement. Such income received from Japan will be exempt from tax for Saizen REIT. Tax-exempt income distributed by Saizen REIT will not be subject to any further Singapore tax in the hands of all Unitholders.</p> <p>(b) Other income distribution Other income derived by Saizen REIT (including interest earned from fixed deposits) will be taxable in Singapore at the corporate tax rate. Any subsequent distributions made by Saizen REIT out of income which has been taxed at the REIT level will be exempt from Singapore tax for all Unitholders. There is no distribution in respect of such income for FY2015.</p>

11(c) Date payable

23 September 2016

11(d) Books closure date

5 September 2016, 5.00 p.m.

12. Segmental results

Segment information has not been presented as all the Group's investment properties prior to the Disposal were used primarily for rental purposes and were located in Japan.

13. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

14. A breakdown of sales

<u>The Group</u>	FY2016 (JPY'000)	FY2015 (JPY'000)	Increase/ (Decrease) %
(a) Gross revenue reported for first half year	1,956,715	1,950,463	0.3
(b) Total return before deducting non-controlling interest reported for first half year	585,416	907,423	(35.5)
(c) Gross revenue reported for second half year	702,186	1,949,363	(64.0)
(d) Total (loss)/return before deducting non-controlling interest reported for second half year	(1,378,751)	1,896,176	NM ¹

Note:

1. NM denotes not meaningful.

15. A breakdown of the total annual distribution

	FY2016 (JPY'000)	FY2015 (JPY'000)
<u>Income distribution</u>		
1 July 2014 to 31 December 2014 (paid)	NA ¹	769,737
1 January 2015 to 30 June 2015 (paid)	NA ¹	733,757
1 July 2015 to 31 December 2015 (paid)	662,658	NA ¹
1 January 2016 to 30 June 2016	-	NA ¹
<u>Capital distribution</u>		
Paid on 29 March 2016	24,950,900	NA ¹
To be paid on 23 September 2016	1,642,500	NA ¹
	27,256,058	1,503,494

Note:

1. NA denotes not applicable.

16. Interested person transactions

The following fees relating to pre-Disposal property operations were recorded in FY2016:

- (i) guarantor fees paid to the asset manager, KK Tenyu Asset Management (the “**Asset Manager**”) amounted to an aggregate of JPY 20.0 million (approximately S\$0.26 million);
- (ii) acquisition fee paid to the Manager for acquisition of 1 property amounted to JPY 5.1 million (approximately S\$0.07 million);
- (iii) divestment fee paid to the Manager for the sale of 1 property amounted to JPY 1.4 million (approximately S\$0.02 million);
- (iv) property management and maintenance fee paid to a related company of the Asset Manager amounted to an aggregate of JPY 17.1 million (approximately S\$0.22 million); and
- (v) fees paid to the Asset Manager for the rental of office premises amounted to JPY 140,000 (approximately S\$1,800).

The following Disposal-related fees were recorded in FY2016:

- (i) divestment fee payable to the Manager amounted to JPY 133.98 million (approximately S\$1.8 million);
- (ii) additional service fee paid/payable to the Asset Manager amounted to JPY 31.4 million (S\$0.4 million);
- (iii) additional service fee payable to a related company of the Asset Manager amounted to an aggregate of JPY 0.8 million (S\$0.01 million); and
- (iv) supplemental payment payable to the Manager (as approved by Unitholders) amounted to JPY 98.8 million (S\$1.2 million).

As the Manager has ceased to receive any management fee after the Disposal, its operational expenses after the Disposal (which comprise 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). Such costs claimed by the Manager in FY2016 amounted to an aggregate of JPY 65.1 million (S\$0.81 million).

17. General mandate for interested person transactions

Saizen REIT has not obtained a general mandate from Unitholders for interested person transactions.

18. Disclosure of person occupying a managerial position pursuant to Rule 704(13) of the Listing Manual of the SGX-ST

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Manager confirms that there is no person occupying managerial position in the Manager or in its principal subsidiaries (if any), who is a relative of a director or co-chief executive officer or substantial shareholder of the Manager or substantial Unitholder of Saizen REIT.

19. Confirmation pursuant to Rule 720(1) of the Listing Manual of the SGX-ST

The Manager confirms that undertakings pursuant to Rule 720(1) have been obtained from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the SGX-ST.

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in tenant demands, changes in operating expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of Management Team on future events.

BY ORDER OF THE BOARD

Joey Goh (Mr.)
Chief Executive Officer
Japan Residential Assets Manager Limited
(Company Registration No. 200712125H)
As Manager of Saizen Real Estate Investment Trust

25 August 2016