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## INTERESTED PERSON TRANSACTION – COST-RECOVERY ARRANGEMENT

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The Board of Directors of Japan Residential Assets Manager Limited, the manager of Saizen Real Estate Investment Trust (“**Saizen REIT**”, and as manager of Saizen REIT, the “**Manager**”), wishes to make the following disclosure on the Cost-Recovery Arrangement (as defined below), which is an interested person transaction (“**IPT**”) between the Manager<sup>1</sup> and Saizen REIT, pursuant to Rule 905 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Following the disposal of the entire portfolio of real estate assets by Saizen REIT on 4 March 2016 (the “**Disposal**”), the Manager has ceased to receive any management fee (which is computed based on 0.5% per annum of the monthly weighted average value of Saizen REIT’s property assets).

In order for the Manager to operate as a going concern while continuing to perform its role as a licensed REIT manager and to be able to effectively provide management services to Saizen REIT, the Manager’s 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) (the “**Cost-Recovery Arrangement**”). The Manager has been and will continue to operate on a non-profit basis under the Cost-Recovery Arrangement, which has been in effect since the completion of the Disposal.

Having taken into consideration the above, in particular, the non-profit basis on which the Cost-Recovery Arrangement is structured, the Audit Committee of the Manager is of the view that the Cost-Recovery Arrangement is not prejudicial to the interests of Saizen REIT and its Unitholders.

As at the date of this Announcement, the aggregate amount claimed by the Manager under the Cost-Recovery Arrangement in the current financial year ending 30 June 2017 is approximately S\$987,000, which is equivalent to approximately 3.1% of Saizen REIT’s latest audited net tangible assets of S\$31.7 million as at 30 June 2016.

It is estimated that, based on existing operational resources and requirements, the aggregate costs to be claimed under the Cost-Recovery Arrangement from the beginning of the current financial year (1 July 2016) up to the end of the current quarter ending 31 March 2017<sup>2</sup> will amount to approximately S\$1.3 million, which is equivalent to approximately 4.1% of Saizen REIT’s latest audited net tangible assets.

To-date, the total value of IPTs of Saizen REIT (comprising the Cost-Recovery Arrangement and Trustee fees) amount to an aggregate of approximately S\$1.1 million in the current financial year ending 30 June 2017.

**Notes:**

1. *Mr Arnold Ip Tin Chee, a Director of the Manager, is deemed to be interested in the Manager through his indirect holdings in Altus Investments Limited, which owns a 40.0% interest in Japan Regional Assets Manager Limited. The Manager is a wholly-owned subsidiary of Japan Regional Assets Manager Limited.*
2. *Any extension of the Cost-Recovery Arrangement beyond 31 March 2017 will be announced as appropriate.*

**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.)  
Chief Executive Officer  
25 January 2017

## **IMPORTANT NOTICE**

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

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

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

*This Announcement may contain forward-looking statements that involve risks and uncertainties. Actual 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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and 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 Manager's current view of future events.*