

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 Financial Statements For The Second Quarter Ended 31 December 2016

TABLE OF CONTENTS

Item no.	Description	Page no.
	Introduction	2
-	Summary of results	2 – 3
-	Background of Saizen REIT	3
	Information Required for Announcements	
1(a)	Statement of total return	4 – 5
	Statement of distributable income from operations	6
1(b)(i)	Balance sheet	6
1(b)(ii)	Aggregate amount of the Group's borrowings and debt securities	6
1(c)	Cash flow statement	7 – 9
1(d)(i)	Statement of changes in Unitholders' funds	9 – 10
1(d)(ii)	Details of changes in the Units	10
2 & 3	Audit statement	10
4 & 5	Changes in accounting policies	10 – 11
6	Earnings per Unit for the financial period (Group)	11
7	Net Asset Value per Unit based on issued Units at the end of 31 December 2016 and 30 June 2016	11
8	Review of performance	11 – 12
9	Variance between previous forecast or prospect statement and actual results	12
10	Outlook and prospects	12 – 13
11 & 12	Distributions	13 – 14
13	Interested person transactions	14
14	General mandate for interested person transactions	14
15	Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST	14
16	Confirmation pursuant to Rule 720(1) of the Listing Manual of the SGX-ST	14

INTRODUCTION

Proposed reverse takeover transaction

On 10 October 2016, Saizen Real Estate Investment Trust ("**Saizen REIT**"), through Japan Residential Assets Manager Limited (as manager of Saizen REIT) (the "**Manager**"), entered into an implementation agreement ("**Implementation Agreement**") in relation to the proposed acquisition by Saizen REIT of industrial properties in Australia (the "**Proposed Acquisition**") and the reverse takeover of Saizen REIT by Sime Darby Property Singapore Limited ("**SDPSL**"), an indirect wholly-owned subsidiary of Sime Darby Berhad (the "**RTO**") (the Proposed Acquisition and the RTO, collectively the "**Proposed RTO Transaction**"). A supplemental agreement to the Implementation Agreement was subsequently entered into on 31 January 2017 to amend, among others, the long-stop date under the Implementation Agreement from 31 January 2017 to 31 March 2017.

Additionally, the in-principle approval (the "**Approval-in-principle**") in respect of, among others, the Proposed RTO Transaction was received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 31 January 2017, subject to the fulfilment of certain conditions.

The Proposed RTO Transaction is conditional upon, among others, approval from Saizen REIT's unitholders ("**Unitholders**") at an extraordinary general meeting (the "**RTO EGM**"). A circular containing, among others, information on the Proposed RTO Transaction (including the Proposed Acquisition), the recommendation of the Directors and independent financial adviser and notice of the RTO EGM will be despatched to Unitholders in due course. The Manager will make relevant announcements when appropriate to keep Unitholders updated of any significant developments.

Unitholders are advised to exercise caution in the dealing or trading of their units in Saizen REIT ("Units"). There is no certainty and assurance as at the date of this announcement that the Proposed RTO Transaction will be completed or that no changes will be made to the terms thereof.

Change of trustee of Saizen REIT

Pursuant to the supplemental deed of retirement and appointment of trustee dated 8 December 2016, HSBC Institutional Trust Services (Singapore) Limited retired as the trustee of Saizen REIT and Perpetual (Asia) Limited was appointed by the Manager as the trustee of Saizen REIT with effect from 9 January 2017.

Summary of results

Saizen REIT currently exists as a cash trust with no property operating business following the disposal of its entire portfolio of real estate assets on 4 March 2016 (the "**Disposal**").

Unitholders should note that Saizen REIT's financial results for the second quarter ended 31 December 2016 ("**2Q FY2017**") and the preceding quarter ended 30 September 2016 ("**1Q FY2017**") reflect Saizen REIT's operations as a cash trust and are not comparable with Saizen REIT's financial results for the quarter ended 31 December 2015 ("**2Q FY2016**").

A total loss of approximately S\$0.6 million was recorded in 2Q FY2017, due mainly to cost-recovery claims for the operational costs of the Manager of approximately S\$0.4 million and other trust and administrative expenses of approximately S\$0.2 million.

Net asset value attributable to Unitholders decreased from S\$31.7 million as at 30 June 2016 to S\$8.9 million as at 31 December 2016, attributable mainly to the payment of a capital distribution of S\$0.0750 per Unit to Unitholders in September 2016 and ongoing operating expenses of Saizen REIT. Net asset value per Unit decreased from S\$0.1106 as at 30 June 2016 to S\$0.0311 as at 31 December 2016.

Following the Disposal, S\$ has been adopted as the functional currency of Saizen REIT for the current financial year ending 30 June 2017. Substantially all of Saizen REIT's cash holdings as at 31 December 2016 is denominated in S\$.

The following is a summary of Saizen REIT's operating performance for 2Q FY2017, 1Q FY2017 and 2Q FY2016.

	2Q FY2017 ¹	1Q FY2017 ¹	2Q FY2016
Gross revenue (S\$'000)	-	-	11,364
Net property income (S\$'000)	-	-	7,915
Net (loss) / income from operations (S\$'000)	(602)	(664)	5,005

Note:

1. Following the completion of the Disposal on 4 March 2016, Saizen REIT had no property operations during 2Q FY2017 and 1Q FY2017.

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) (2Q FY2017 vs 2Q FY2016)**

	2Q FY2017 (S\$'000)	2Q FY2016 (S\$'000)	Increase / (Decrease) %
Gross revenue	-	11,364	(100.0)
Property operating expenses	-	(3,449)	(100.0)
Net property income	-	7,915	(100.0)
Manager's cost recovery / management fees	(414)	(631)	(34.4)
Asset management fees	-	(92)	(100.0)
Trustee's fee	(30)	(39)	(23.1)
Finance costs ¹	-	(1,315)	(100.0)
Interest income	1	10	(90.0)
Other (expenses)/income ²	(10)	165	NM ³
Other trust expenses	(44)	(343)	(87.2)
Other administrative expenses	(105)	(665)	(84.2)
Net (loss)/income from operations	(602)	5,005	NM³
Net fair value gain on financial derivatives - fair value through profit or loss ⁴	-	31	(100.0)
Total (loss)/return for the period before income tax⁵	(602)	5,036	NM³
Income tax	-	(669)	(100.0)
Total (loss)/return for the period after income tax	(602)	4,367	NM³
Attributable to:			
Unitholders	(602)	4,283	NM ³
Non-controlling interests	-	84	(100.0)
	(602)	4,367	NM³

Notes:

1. Finance costs comprised the following:

	2Q FY2017 (S\$'000)	2Q FY2016 (S\$'000)	Increase / (Decrease) %
(i) interest expenses	-	(1,018)	(100.0)
(ii) amortisation of loan commission	-	(151)	(100.0)
(iii) guarantor fee to asset manager	-	(85)	(100.0)
(iv) foreign exchange difference from financing	-	(61)	(100.0)

2. Other (expenses)/income comprised mainly unrealised foreign exchange (losses)/gains on the translation of bank balances for the preparation of the Group financial statements.

3. NM denotes not meaningful.

4. Fair value gain on financial derivatives comprised the following:

	2Q FY2017 (S\$'000)	2Q FY2016 (S\$'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	-	(237)	(100.0)
(ii) unrealised fair value gain on interest rate swap	-	109	(100.0)
(iii) fair value gain on forward contract	-	159	(100.0)

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

	2Q FY2017 (S\$'000)	2Q FY2016 (S\$'000)	Increase / (Decrease) %
(i) write back of trade receivables	-	6	(100.0)
(ii) trade receivables written-off	-	(6)	(100.0)

Statement of total return (for the Group) (YTD Dec 2016 vs YTD Dec 2015)

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)	Increase / (Decrease) %
Gross revenue	-	22,463	(100.0)
Property operating expenses	-	(6,959)	(100.0)
Net property income	-	15,504	(100.0)
Manager's cost recovery / management fees	(828)	(1,248)	(33.7)
Asset management fees	-	(193)	(100.0)
Trustee's fee	(60)	(76)	(21.1)
Finance costs ¹	-	(1,920)	(100.0)
Interest income	23	23	0.0
Other income/(expenses) ²	35	(399)	NM ³
Other trust expenses	(93)	(712)	(86.9)
Other administrative expenses	(341)	(1,094)	(68.8)
Net (loss)/income from operations	(1,264)	9,885	NM ³
Gain on divestment of property	-	521	(100.0)
Net fair value loss on financial derivatives - fair value through profit or loss ⁴	(30)	(1,606)	(98.1)
Net fair value loss on investment properties	-	(785)	(100.0)
Total (loss)/return for the period before income tax⁵	(1,294)	8,015	NM ³
Income tax	(3)	(1,275)	(99.8)
Total (loss)/return for the period after income	(1,297)	6,740	NM ³
Attributable to:			
Unitholders	(1,297)	6,603	NM ³
Non-controlling interests	-	137	(100.0)
	(1,297)	6,740	NM ³

1. Finance costs comprised the following:

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)	Increase / (Decrease) %
(i) Interest expenses	-	(2,031)	(100.0)
(ii) amortisation of loan commission	-	(299)	(100.0)
(iii) guarantor fee to asset manager	-	(171)	(100.0)
(iv) foreign exchange difference from financing	-	581	(100.0)

2. Other income/(expenses) comprised mainly unrealised foreign exchange gains/(losses) on the translation of bank balances for the preparation of the Group financial statements.

3. NM denotes not meaningful.

4. Fair value loss on financial derivatives comprised the following:

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	-	(471)	(100.0)
(ii) unrealised fair value loss on interest rate swap	-	(20)	(100.0)
(iii) fair value loss on forward contract	(30)	(1,115)	(97.3)

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

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)	Increase / (Decrease) %
(i) write back of trade receivables	-	12	(100.0)
(ii) trade receivables written-off	-	(9)	(100.0)

Statement of distributable income from operations

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)
Total (loss)/return for the period after income tax before distribution attributable to Unitholders	(1,297)	6,603
Adjustments ¹	(226)	2,131
Adjusted (loss)/return for the period	(1,523)	8,734
Cash deployed for loan principal repayment	-	(373)
Distributable (loss)/income generated during the period	(1,523)	8,361
Distribution to Unitholders	Not applicable	2.83 cents

Note:

- Adjustments comprised mainly non-cash items. For YTD Dec 2016, adjustments comprised mainly unrealised exchange differences relating to the fair value of a forward contract which was settled in September 2016. Adjustments for YTD Dec 2015 were mainly relating to fair value loss on forward contract, change in fair value of investment properties, unrealised fair value loss on interest rate swap, amortisation of loan commission, gain on divestment of properties and unrealised exchange differences.

1(b)(i) Balance sheet

Following the completion of the Disposal on 4 March 2016, Saizen REIT does not have any subsidiaries or investments as at 30 June 2016 and 31 December 2016.

	The Group and Saizen REIT	
	As at 31 Dec 2016 (S\$'000)	As at 30 Jun 2016 (S\$'000)
Current assets		
Cash and cash equivalents	9,103	32,031
Trade and other receivables ¹	53	245
Prepayments	9	18
Total assets	<u>9,165</u>	<u>32,294</u>
Current liabilities		
Other current liabilities ²	241	356
Derivative financial instruments	-	190 ³
Total liabilities	<u>241</u>	<u>546</u>
Total net assets	<u>8,924</u>	<u>31,748</u>
Represented by:		
Unitholders	<u>8,924</u>	<u>31,748</u>
Number of Units in issue ('000)	<u>287,025</u>	<u>287,025</u>
Net asset value per unit attributable to Unitholders (S\$)	<u>0.03</u>	<u>0.11</u>

Notes:

- Trade and other receivables as at 31 December 2016 comprised mainly receivables relating to the reimbursement of transaction-related expenses in respect of the Proposed RTO Transaction. Trade and other receivables as at 30 June 2016 comprised mainly goods and services tax receivable.
- Other current liabilities comprised mainly accruals for operating expenses.
- This comprised a forward contract which was previously entered into in September 2015 to partially hedge Saizen REIT's JPY-S\$ exposure. This forward contract was settled in September 2016.

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

Saizen REIT has no borrowings or debt securities as at 30 June 2016 and 31 December 2016.

1(c) Cash flow statement (for the Group) (2Q FY2017 vs 2Q FY2016)

	2Q FY2017 (S\$'000)	2Q FY2016 (S\$'000)
Operating activities		
Total (loss)/return for the period after income tax	(602)	4,367
Adjustments for:		
Income tax	-	669
Interest income	(1)	(10)
Interest expenses	-	1,169
Net fair value gain on financial derivatives	-	(31)
Unrealised foreign exchange gain	-	(36)
Operating (loss)/profit before working capital changes	(603)	6,128
Changes in working capital		
Deposit with cash management agents	-	1
Trade and other receivables	(49)	16
Other current assets	231	(51)
Other current liabilities	37	556
Other liabilities	-	(11)
Rental received in advance	-	11
Rental deposits	-	(189)
Cash (used in)/generated from operations	(384)	6,461
Withholding tax paid	-	(31)
Cash flows (used in)/provided by operating activities	(384)	6,430
Investing activities		
Capital expenditure/addition of investment properties	-	(798)
Cash flows used in investing activities	-	(798)
Financing activities		
Repayment of bank borrowings	-	(1,970)
Distribution to Unitholders	-	(20)
Interest received	1	10
Interest paid	-	(934)
Net settlement of interest rate swap and forward contracts	-	(299)
Bank deposits pledged for bank borrowings	-	36
Cash flows provided by/(used in) financing activities	1	(3,177)
Net (decrease)/increase in cash and cash equivalents	(383)	2,455
Cash and cash equivalent at beginning of the period	9,486	48,812
Exchange rate translation reserve	-	(536)
Cash and cash equivalent at end of the period¹	9,103	50,731

Note:

1. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalent comprise the following:

	2Q FY2017 (S\$'000)	2Q FY2016 (S\$'000)
Cash and bank balances (per balance sheet)	9,103	57,070
Less: Bank deposits pledged	-	(6,339)
	<u>9,103</u>	<u>50,731</u>

Bank deposits pledged related to minimum bank balances which had to be maintained previously under the terms of certain loans prior to the Disposal.

1(c) Cash flow statement (for the Group) (YTD Dec 2016 vs YTD Dec FY2015)

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)
Operating activities		
Total (loss)/return for the period after income tax	(1,297)	6,740
Adjustments for:		
Income tax	3	1,275
Interest income	(23)	(23)
Interest expenses	-	2,330
Net fair value loss on financial derivatives	30	1,606
Net fair value loss on investment property	-	785
Gain on divestment of properties	-	(521)
Unrealised foreign exchange loss	-	149
Operating (loss)/profit before working capital changes	(1,287)	12,341
Changes in working capital		
Trade and other receivables	188	1
Other current assets	9	(126)
Other current liabilities	(115)	(290)
Other liabilities	-	46
Rental received in advance	-	269
Rental deposits	-	161
Cash (used in)/generated from operations	(1,205)	12,402
Income tax paid	(3)	(17)
Withholding tax paid	-	(1,078)
Cash flows (used in)/provided by operating activities	(1,208)	11,307
Investing activities		
Contribution from non-controlling interest	-	2
Capital expenditure/addition of investment properties	-	(7,645) ¹
Sale of investment property	-	4,862 ²
Cash flows used in investing activities	-	(2,781)
Financing activities		
Repayment of bank borrowings	-	(6,138)
Distribution to Unitholders	(21,527) ³	(5,590)
Interest received	26	23
Interest paid	-	(2,282)
Net settlement of interest rate swap and forward contracts	(219)	(307)
Bank deposits pledged for bank borrowings	-	(149)
Cash flows used in financing activities	(21,720)	(14,443)
Net decrease in cash and cash equivalents	(22,928)	(5,917)
Cash and cash equivalent at beginning of the period	32,031	54,214
Exchange rate translation reserve	-	2,434
Cash and cash equivalent at end of the period⁴	9,103	50,731

Notes:

1. This was mainly related to the acquisition of 1 property in August 2015.
2. This was related to the sale of 1 property in August 2015
3. This comprised the capital distribution of S\$0.0750 per Unit which was paid in September 2016.

4. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalent comprise the following:

	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)
Cash and bank balances (per balance sheet)	9,103	57,070
Less: Bank deposits pledged	-	(6,339)
	<u>9,103</u>	<u>50,731</u>

Bank deposits pledged related to minimum bank balances which had to be maintained previously under the terms of certain loans prior to the Disposal.

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

<u>The Group</u>	YTD Dec 2016 (S\$'000)	YTD Dec 2015 (S\$'000)
OPERATIONS		
Balance as at beginning of the period	(174,257)	(150,427)
Total (loss)/return for the period	(1,297)	6,603
Distribution to Unitholders	-	(8,310)
Balance as at end of period	<u>(175,554)</u>	<u>(152,134)</u>
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	218,394	518,550
Distribution to Unitholders	(21,527) ¹	-
Issue of new Units pursuant to the Distribution Reinvestment Plan	-	2,770
Direct issuing cost against equity	-	(50)
Balance as at end of period	<u>196,867</u>	<u>521,270</u>
EXCHANGE RESERVES		
Balance as at beginning of the period	(12,389)	(44,365)
Exchange differences arising on translation	-	21,890
Balance as at end of period	<u>(12,389)</u>	<u>(22,475)</u>
TOTAL ATTRIBUTABLE TO UNITHOLDERS	<u>8,924</u>	<u>346,661</u>
NON-CONTROLLING INTERESTS		
Balance as at beginning of the period	-	1,614
Exchange differences arising on translation	-	115
Total return for the period	-	137
Balance as at end of period	<u>-</u>	<u>1,866</u>
TOTAL	<u>8,924</u>	<u>348,527</u>

Note:

1. This comprised the capital distribution of S\$0.0750 per Unit which was paid in September 2016.

Saizen REIT	YTD Dec 2016	YTD Dec 2015
	(S\$'000)	(S\$'000)
OPERATIONS		
Balance as at beginning of the period	(195,643)	(171,899)
Total (loss)/return for the period	(1,297)	2,570
Distribution to Unitholders	-	(8,310)
Balance as at end of period	(196,940)	(177,639)
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	235,187	538,716
Distribution to Unitholders	(21,527) ¹	-
Issue of new Units pursuant to the Distribution Reinvestment Plan	-	2,770
Direct issuing cost against equity	-	(50)
Balance as at end of period	213,660	541,436
EXCHANGE RESERVES		
Balance as at beginning of the period	(7,796)	(43,138)
Exchange differences arising on translation	-	21,796
Balance as at end of period	(7,796)	(21,342)
TOTAL ATTRIBUTABLE TO UNITHOLDERS	8,924	342,455

Note:

1. This comprised the capital distribution of S\$0.0750 per Unit which was paid in September 2016.

1(d)(ii) Details of changes in the Units

	2Q FY2017	2Q FY2016
	(Units)	(Units)
Issued Units as at beginning and end of period	287,024,902	287,024,902

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

These figures have neither been audited nor reviewed by our auditors.

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.

Following the Disposal, S\$ has been adopted as the functional currency of Saizen REIT for the current financial year ending 30 June 2017.

Save for the above, the Group has applied the same accounting policies and methods of computation for the current reporting period as those applied in its audited financial statements for the financial year ended 30 June 2016.

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.

Following the Disposal, Saizen REIT does not have any operations in Japan, and is currently operating as a cash trust in Singapore. Accordingly, S\$ has been adopted as the functional currency of Saizen REIT for the current financial year ending 30 June 2017. As a result of this change, prior year's comparative figures presented in Saizen REIT's financial statements have been translated from JPY to S\$.

6. Earnings per Unit for the financial period (Group)

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

	2Q FY2017	2Q FY2016	YTD Dec 2016	YTD Dec 2015
Total (loss)/return for the period attributable to Unitholders for basic and diluted EPU (S\$'000)	(602)	4,283	(1,297)	6,603
EPU – basic and diluted (cents)	(0.21)	1.49	(0.45)	2.31
Weighted average number of Units	287,024,902	287,024,902	287,024,902	285,373,961

7. Net asset value ("NAV") per Unit based on issued Units at the end of 31 December 2016 and 30 June 2016

<u>The Group and Saizen REIT</u>	<u>As at 31 Dec 2016</u>	<u>As at 30 Jun 2016</u>
NAV per Unit based on issued Units at the end of financial period (S\$)	0.03	0.11

8. Review of performance

2Q FY2017 vs 2Q FY2016

Following the Disposal on 4 March 2016, Saizen REIT had no property operations in 2Q FY2017. The financial results of 2Q FY2017 do not offer a meaningful comparison with that of 2Q FY2016. Saizen REIT had 136 properties in 2Q FY2016.

Saizen REIT's financial results for 2Q FY2017 reflect its operations as a cash trust, and its operating expenses for the period comprised mainly:

- (i) the operational costs of the Manager (which are claimed on a cost-recovery basis from Saizen REIT);
- (ii) the Trustee's fees; and
- (iii) trust expenses and administrative expenses, which mainly comprise audit, legal and professional fees, and expenses related to Saizen REIT's annual report and annual general meeting.

2Q FY2017 vs 1Q FY2017

	2Q FY2017	1Q FY2017	Increase /
	(S\$'000)	(S\$'000)	(Decrease) %
Manager's cost recovery	(414)	(414)	0.0
Trustee's fee	(30)	(30)	0.0
Interest income	1	22	(95.5)
Other (expenses)/income ¹	(10)	44	NM ²
Other trust expenses	(44)	(49)	(10.2)
Other administrative expenses	(105)	(237)	(55.7)
Net loss from operations	(602)	(664)	(9.3)
Net fair value loss on financial derivatives			
- fair value through profit or loss	-	(29)	(100.0)
Total loss for the period before income tax	(602)	(693)	(13.1)
Income tax	-	(3)	(100.0)
Total loss for the period after income tax	(602)	(696)	(13.5)

Notes:

1. *Other (expenses)/income comprised mainly unrealised foreign exchange (losses)/gains on the translation of bank balances for the preparation of the Group financial statements.*
2. *NM denotes not meaningful.*

Total loss for the period decreased from S\$0.7 million in 1Q FY2017 to S\$0.6 million in 2Q FY2017. This was mainly due to:

- (i) a decrease in other administrative expenses by S\$0.1 million, due mainly to higher legal fees and professional fees recorded in 1Q FY2017 in connection with the Disposal; and
- (ii) a fair value loss on financial derivatives in 1Q FY2017, comprising a fair value loss on forward contract of approximately S\$0.03 million, which arose mainly due to a realised foreign exchange loss as JPY had strengthened against the S\$ during the period. The forward contract had been previously entered into in September 2015 to partially hedge Saizen REIT's JPY-S\$ exposure, and was settled in September 2016.

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

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

10. Outlook and prospects

As set out in Saizen REIT's announcement dated 2 February 2017 (the "**AIP Announcement**"), the Approval-in-principle in respect of, among others, the Proposed RTO Transaction was received from the SGX-ST, subject to the fulfilment of certain conditions. Please refer to the AIP Announcement for further details. A circular containing, among others, information on the Proposed RTO Transaction, the recommendation of the Directors and independent financial adviser and notice of the RTO EGM will be despatched to the Unitholders in due course. The Manager will make relevant announcements when appropriate to keep Unitholders updated of any significant developments.

Unitholders should note that the Approval-in-principle from the SGX-ST is not to be taken as an indication of the merits of the Proposed RTO Transaction (including the Proposed Acquisition), the new Units to be issued to SDPSL (or its nominees) for the Proposed Acquisition, and the Enlarged Group (comprising Saizen REIT, its subsidiaries and associated companies following completion of the Proposed Acquisition).

Unitholders are advised to exercise caution in the dealing or trading of their Units in Saizen REIT. There is no certainty and assurance as at the date of this announcement that the Proposed RTO Transaction will be completed or that no changes will be made to the terms thereof.

11. Distributions

11(a) Current financial period

Any distributions declared for the current financial period?

No.

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

Any distributions declared for the corresponding period of the immediately preceding financial year?

Any distributions declared for the corresponding period of the immediate preceding financial year?	Yes
Distribution name	Distribution for the six-month financial period ended 31 December 2015
Distribution type	Tax-exempt income
Distribution rate	2.83 cents 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. There is no distribution in respect of such income for YTD Dec 2015.</p> <p>(c) 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 YTD Dec 2015.</p>

11(c) Date payable

Not applicable.

11(d) Books closure date

Not applicable.

12. If no distribution has been declared/ recommended, a statement to that effect.

The Board does not propose to declare any distribution for 2Q FY2017.

13. Interested person transactions

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 recovered by the Manager in 2Q FY2017 amounted to an aggregate of approximately S\$414,000.

14. General mandate for interested person transactions

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

15. Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the financial results for the quarter ended 31 December 2016 to be false or misleading in any material respect.

16. 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

8 February 2017