

CIRCULAR DATED 5 FEBRUARY 2016
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If you have sold or transferred all your units in Saizen Real Estate Investment Trust (“Saizen REIT”, and the units in Saizen REIT, “Units”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States of America (“United States” or “U.S.”). It is not an offer of securities for sale into the U.S. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state of the U.S. or other jurisdiction, and the Units may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of Saizen REIT in the U.S. would be made by means of a prospectus that would contain detailed information about Saizen REIT and Japan Residential Assets Manager Limited, as manager of Saizen REIT (the “Manager”), as well as financial statements. The Manager does not intend to conduct a public offering of securities in the U.S.



SAIZEN REAL ESTATE INVESTMENT TRUST

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

MANAGED BY

JAPAN RESIDENTIAL ASSETS MANAGER LIMITED

**CIRCULAR TO UNITHOLDERS
IN RELATION TO**

- (1) THE PROPOSED TRANSACTION FOR THE DISPOSAL OF SAIZEN REIT’S ENTIRE PORTFOLIO OF REAL ESTATE ASSETS IN JAPAN TO TRIANGLE TMK;
- (2) THE PROPOSED SPECIAL DISTRIBUTION OF S\$1.056 PER UNIT¹ TO UNITHOLDERS; AND
- (3) THE PROPOSED SUPPLEMENTAL PAYMENT TO THE MANAGER OF SAIZEN REIT AND THE CORRESPONDING AMENDMENT TO THE TRUST DEED

**Joint Financial Advisers
to the Independent Evaluation Committee**



**Independent Financial Adviser
in relation to
the Proposed Transaction and the proposed Supplemental Payment**



IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	: 28 February 2016 at 10.00 a.m.
Date and time of Extraordinary General Meeting	: 1 March 2016 at 10.00 a.m.
Place of Extraordinary General Meeting	: Raffles City Convention Centre, Collyer Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560

¹ The proposed Special Distribution and the Undistributed Proceeds (as defined in the Circular) **DO NOT** include distributable income (if any) accrued from July 2015 up to Completion (as defined in the Circular).

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CORPORATE INFORMATION

Directors of the Manager	:	Mr Arnold Ip Tin Chee (Chairman and Non-Executive Director) Mr Goh Hwee Leng Joey (Executive Director and Chief Executive Officer) Mr Soh Yew Hock (Lead Independent Non-Executive Director) Mr Dennis Lam Siu Sun (Independent Non-Executive Director) Mr Harold Sun Dai Hoe (Independent Non-Executive Director)
Independent Evaluation Committee of the Manager	:	Mr Soh Yew Hock (Lead Independent Non-Executive Director) Mr Dennis Lam Siu Sun (Independent Non-Executive Director) Mr Harold Sun Dai Hoe (Independent Non-Executive Director)
Registered Office of the Manager	:	3 Anson Road #34-01 Springleaf Tower Singapore 079909
Trustee of Saizen REIT (the “Trustee”)	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #13-02 HSBC Building Singapore 049320
Legal Adviser to the Manager (as manager of Saizen REIT)	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to Japan Residential Assets Manager Limited (in its own capacity)	:	Morgan Lewis Stamford LLC 10 Collyer Quay Level 27 Ocean Financial Centre Singapore 049315

Joint Financial Advisers to the Independent Evaluation Committee	:	Credit Suisse (Singapore) Limited 1 Raffles Link #03/04-01 South Lobby Singapore 039393
		NorthEast Capital Management GK Metro City Kamuyacho 6F 5-1-5 Toranomon, Minato-ku Tokyo 105-0001, Japan
Independent Financial Adviser to the Independent Directors and the Trustee (“IFA”)	:	HL Bank 20 Collyer Quay #01-02 Singapore 049319
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 33 to 36 of this Circular.

INFORMATION ON SAIZEN REIT

Saizen REIT is a real estate investment trust (“**REIT**”) constituted in the Republic of Singapore pursuant to a trust deed dated 27 September 2007 (as amended) (the “**Trust Deed**”). Saizen REIT was listed on the SGX-ST on 9 November 2007 and has 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.

Saizen REIT’s portfolio consists of 136 residential properties located in 14 Japanese cities (the “**Properties**”). Each of the Properties is held by a *tokumei kumiai* operator (“**TK Operator**”) which is a Japanese limited liability company functioning as a property holding company. The Trustee invests in the Properties by entering into *tokumei kumiai* arrangements (“**TK Arrangements**”) as a *tokumei kumiai* investor (“**TK Investor**”) with the TK Operators. The TK Arrangement is a common method of investing and holding real estate in Japan. The relationship between the TK Operators and the TK Investors is governed by *tokumei kumiai* agreements, whereby the TK Investors provide funds to the TK Operators in return for income derived from the investments in properties held by the TK Operators.

OVERVIEW

On 22 October 2015, the Manager received a firm offer for the acquisition of Saizen REIT’s entire portfolio of real estate assets in Japan by Triangle TMK (a Japanese affiliate of Lone Star Funds) for a purchase consideration of JPY44,660.0 million (S\$514.1 million¹) (subject to adjustments, if any) payable in cash (the “**Purchase Consideration**”, and the firm offer by Triangle TMK, the “**Offer**”).

Following arm’s length negotiations with Lone Star Funds, the Trustee had on 31 October 2015 entered into a conditional agreement (the “**TK Interest Assignment Agreement**”) with Triangle TMK, pursuant to which Triangle TMK will acquire the Properties (the “**Proposed Transaction**”). The Proposed Transaction will be effected indirectly by Triangle TMK acquiring all the rights and obligations (the “**TK Interests**”) of the Trustee under the existing TK Arrangements entered into between the Trustee and the existing TK Operators.

The Purchase Consideration is at a 3.4% premium to the appraised value of the Properties².

¹ Based on the illustrative exchange rate of S\$1.00 to JPY86.8684 (the “**Illustrative Exchange Rate**”). Unless otherwise stated, all conversions of JPY amounts into S\$ in this Circular shall be based on the Illustrative Exchange Rate and all amounts in JPY and S\$ in this Circular shall, where such amount exceeds one million, be rounded to one decimal number. On 3 November 2015, the Manager announced that the Trustee had entered into hedging arrangements to fix the JPY-S\$ exchange rate to substantially hedge the post-Completion cash balance of Saizen REIT.

² The appraised value of the Properties is based on their annual valuation as at 30 June 2015, except for Strasse Nanokawa which is based on its valuation as at 15 July 2015 (see paragraph 3.3 of the Letter to Unitholders for further information).

The Purchase Consideration is estimated to translate into an implied net offer price of S\$1.162 per Unit^{1,2} (the “**Implied Net Offer Price**”). In the event that the termination and dissolution of Saizen REIT as described in paragraph 6.3 of the Letter to Unitholders is carried out and Resolution 3 in connection with the proposed Supplemental Payment (as defined herein) is approved by unitholders of Saizen REIT (“**Unitholders**”), the implied liquidation value of Saizen REIT is estimated to be approximately S\$1.146 per Unit³ (the “**Implied Liquidation Value**”). The estimated Implied Net Offer Price is at a slight premium of 0.2%, while the estimated Implied Liquidation Value is at a slight discount of 1.2%, to Saizen REIT’s adjusted Net Asset Value (“**NAV**”) per Unit⁴ of S\$1.160 based on audited figures as at 30 June 2015.

The estimated Implied Net Offer Price of S\$1.162 per Unit and estimated Implied Liquidation Value of S\$1.146 per Unit represent a premium of 35.9% and 34.0% respectively above the closing price of S\$0.855 per Unit on 22 October 2015, being the day immediately prior to the Manager’s announcement of the Offer on 23 October 2015, and a premium of 39.5% and 37.6% respectively above the 1-month volume-weighted average price of S\$0.833 per Unit as of 22 October 2015.

On 3 November 2015, the Manager announced that the Trustee had entered into hedging arrangements to fix the JPY-S\$ exchange rate to substantially hedge the post-Completion cash balance of Saizen REIT.

APPROVALS SOUGHT

The Manager is convening an extraordinary general meeting (“**EGM**”) to seek the approval from Unitholders by way of the following resolutions:

- (a) **Resolution 1:** the Proposed Transaction for the disposal of Saizen REIT’s entire portfolio of real estate assets in Japan to Triangle TMK by Ordinary Resolution⁵;
- (b) **Resolution 2:** subject to the passing of Resolution 1, the proposed special distribution of S\$1.056 per Unit to Unitholders out of the post-Completion cash balance of Saizen REIT (the “**Special Distribution**”) by Ordinary Resolution; and

¹ Unless stated otherwise, all per Unit data in this announcement shall be calculated based on 287,024,902 Units as at the Latest Practicable Date.

² The estimated Implied Net Offer Price per Unit is based on the NAV per Unit attributable to Unitholders as at 30 June 2015 (including cash and cash equivalents) and adjusted for property transactions of Saizen REIT in August 2015, distributions paid by Saizen REIT on 28 September 2015, capital expenditures after 30 June 2015, provisions for claims on remediation works, non-cash and fair value adjustments (comprising mainly adjustments arising from the fair value of derivative financial instruments, deferred expenses, deferred tax liabilities and non-controlling interests), and costs and expenses related to the Proposed Transaction.

³ The Implied Liquidation Value represents the Implied Net Offer Price, after further deducting estimated costs related to the maintenance and management of Saizen REIT after Completion, liquidation costs and the Supplemental Payment (if approved).

⁴ The NAV per Unit is based on audited financials as at 30 June 2015, adjusted for property transactions of Saizen REIT in August 2015 and distributions paid by Saizen REIT on 28 September 2015.

⁵ “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

- (c) **Resolution 3:** subject to the passing of Resolution 1, the proposed supplemental payment of S\$1.2 million payable to the Manager following completion of the Proposed Transaction (“**Completion**”, and the supplemental payment payable to the Manager, the “**Supplemental Payment**”) and the corresponding amendment to the Trust Deed by way of supplemental deed of trust by Extraordinary Resolution¹.

THE PROPOSED TRANSACTION

Purchase Consideration and Valuation

The Purchase Consideration payable by Triangle TMK to Saizen REIT in connection with the Proposed Transaction is JPY44,660.0 million (S\$514.1 million) (subject to adjustments, if any).

The Purchase Consideration was agreed after arm’s length negotiations between the Manager and Triangle TMK, and was based on a willing-buyer willing-seller basis, after taking into account the appraised value of the Properties of JPY43,181.1 million (S\$497.1 million).

(Further details are set out at paragraphs 3.1 and 3.3 of the Letter to Unitholders.)

Rationale for the Proposed Transaction

On 13 August 2015, the Manager announced that the Independent Evaluation Committee, comprising the Independent Directors, being Mr Soh Yew Hock, Mr Dennis Lam Siu Sun and Mr Harold Sun Dai Hoe, has been established to lead the assessment and evaluation of proposals that are received or tabled from time to time, including proposals that may involve, among others, material corporate actions involving Saizen REIT’s entire portfolio and/or unitholding structure. This was in view of several unsolicited proposals that were being put forth to the Manager for consideration. In order to deal with any conflicts of interest that may arise between the interests of the stakeholders of the Manager and the interests of the Unitholders generally, the board of directors of the Manager (“**Board**”) was of the view that the formation of the Independent Evaluation Committee would be in the best interests of the Unitholders.

The Independent Evaluation Committee believes that the Proposed Transaction is beneficial to Unitholders as the Offer currently represents the best available option for Unitholders among the proposals received, based on the advice of the Joint Financial Advisers, being Credit Suisse (Singapore) Limited and NorthEast Capital Management GK. In evaluating the Offer, the Independent Evaluation Committee considered numerous factors including but not limited to the offer price and the contractual terms of the Offer, and the fact that the Offer was the only definitive offer received by the Manager. Further, in the opinion of the Independent Financial Adviser, the Proposed Transaction is fair and reasonable to Saizen REIT and its Unitholders. Given that Saizen REIT has consistently traded at discounts of between 5.4% and 54.2% (and averaging 33.2%) to NAV over the five years prior to the announcement of the Offer on 23 October 2015, the Proposed Transaction enables Unitholders to realise value for

¹ “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

their Units now, compared to the realisation of value through potential future appreciation of Saizen REIT's Unit price, for which the timing is uncertain, and which may or may not materialise. In addition, Unitholders will be able to realise the value in the Units without further exposure to market risks.

(Further details are set out at paragraph 4 of the Letter to Unitholders.)

THE SPECIAL DISTRIBUTION

Special Distribution to Unitholders and Application of Undistributed Proceeds

Post-Completion, the total cash balance of Saizen REIT, excluding distributable income accrued from July 2015 up to Completion, is estimated to be approximately S\$333.4 million which will be dealt with as follows¹:

- | | | |
|------------------------|---|---|
| Special Distribution | : | Estimated to be approximately S\$303.1 million (being S\$1.056 per Unit) to be distributed to Unitholders out of the post-Completion cash balance of Saizen REIT, by way of the Special Distribution. |
| Undistributed Proceeds | : | <p>Estimated to be approximately S\$30.3 million to be applied as follows:</p> <ul style="list-style-type: none">(i) approximately S\$25.7 million, amounting to 5.0% of the Purchase Consideration to be retained and held until the expiry of the liability claim period (being up to four months after Completion under the TK Interest Assignment Agreement), such retained amount to be used to meet or satisfy any and all claims and liabilities that Saizen REIT may be liable to pay to Triangle TMK under the TK Interest Assignment Agreement;(ii) approximately S\$3.4 million to pay for the costs and expenses to be incurred in connection with the post-Completion maintenance and management of Saizen REIT and the dissolution of Saizen REIT²; and(iii) subject to the passing of Resolution 3, S\$1.2 million to pay for the proposed Supplemental Payment to the Manager. |

¹ Further details are set out at paragraph 6.1 of the Letter to Unitholders.

² The amount of S\$3.4 million comprises professional fees (such as trustee, audit, accounting, liquidator fees, other professional fees) of approximately S\$1.2 million, on-going listing-related costs of approximately S\$0.2 million, operational expenses of the Manager of approximately S\$1.8 million, and a cash buffer of S\$0.2 million for contingencies. After the completion of the Proposed Transaction, the Manager has to attend to post-Completion matters (such as managing the Escrow Amount and claims which may be made during the liability claim period) and continue to perform its role as a licensed REIT manager in the Interim Period (as defined herein). The operational expenses of the Manager, which shall be claimed on a cost-recovery basis, comprises mainly staff remuneration, director fees, office rental and administrative expenses. For the avoidance of doubt, the Manager will not be receiving its usual management fee, being 0.5% per annum of the monthly weighted average value of Saizen REIT's property assets, as Saizen REIT will not have any property assets following Completion.

Any remaining cash after settling the above-mentioned distribution(s) and payments shall, on the termination and dissolution of Saizen REIT, be applied to make a final distribution to the Unitholders.

The Manager will make further announcements on the Special Distribution and the Undistributed Proceeds following Completion.

For the avoidance of doubt, the Special Distribution and Undistributed Proceeds as set out above do not include distributable income (if any) accrued from July 2015 up to Completion. Further information on the payment of income distributions, if any, will be announced when appropriate.

(Further details are set out at paragraphs 6.1 and 6.2 of the Letter to Unitholders.)

Termination and Dissolution of Saizen REIT and other Options

Subject to Unitholders' approval for Resolution 1 in connection with the Proposed Transaction, and following the Special Distribution contemplated under Resolution 2 which will bring the NAV of the deposited property of Saizen REIT below S\$50 million, giving the Manager the discretion to terminate Saizen REIT pursuant to the Trust Deed, the Manager intends to dissolve Saizen REIT by terminating the REIT in accordance with the Trust Deed following the expiry of the liability claim period under the TK Interest Assignment Agreement. In the period following Completion and prior to the termination and dissolution of Saizen REIT in accordance with the Trust Deed (the "**Interim Period**"), Saizen REIT will cease to have any operating business and its assets will consist wholly or substantially of cash. Being a cash trust, Saizen REIT will be subject to Rule 1303(2) and Rule 1018 of the listing manual of the SGX-ST ("**Listing Manual**"). The Manager will during the Interim Period remain open to considering various options available for Saizen REIT and Unitholders will be informed of any significant developments as appropriate.

(Further details are set out at paragraphs 6.3, 6.4 and 6.5 of the Letter to Unitholders.)

THE PROPOSED SUPPLEMENTAL PAYMENT

Rationale for the Supplemental Payment

The Supplemental Payment of S\$1.2 million is proposed in recognition of services that the Manager has rendered to Saizen REIT in respect of the disposal of Saizen REIT's entire property portfolio through the Proposed Transaction. The Proposed Transaction is generally outside the scope of the Manager's mandate, which is to manage Saizen REIT and its business, and runs contrary to the interests of the Manager as a going-concern. At the time of establishment of Saizen REIT, a transaction of the nature of the Proposed Transaction, which involves the sale of the entire portfolio was not contemplated. During the Interim Period which commences on the date of Completion to the dissolution of Saizen REIT, Saizen REIT will not have any property assets and consequently, the Manager will not be receiving its usual management fee which is computed based on the value of the property assets of Saizen REIT. Further, the Manager will cease to have any business after the dissolution of Saizen REIT as it provides its services exclusively to Saizen REIT. For the avoidance of doubt, the Proposed Supplemental Payment will be in addition to the divestment fee of 0.3% of the Purchase Consideration payable to the Manager pursuant to the Trust Deed. (Further details are set out at paragraph 7 of the Letter to Unitholders.)

Supplemental Payment constitutes an Interested Person Transaction

Japan Residential Assets Manager Limited, as the manager of Saizen REIT, is considered an “interested person” in connection with the Supplemental Payment. Accordingly, the Supplemental Payment will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

(Further details are set out at paragraph 7.3 of the Letter to Unitholders.)

RESOLUTIONS TO BE PROPOSED AT THE EGM

Resolution 1: The Proposed Transaction for the disposal of Saizen REIT’s entire portfolio of real estate assets in Japan to Triangle TMK

The Manager seeks approval from Unitholders by way of Ordinary Resolution for the Proposed Transaction pursuant to Rule 1014(3) of the Listing Manual.

Resolution 2: The proposed Special Distribution of S\$1.056 per Unit to Unitholders

Subject to the passing of Resolution 1 in relation to the Proposed Transaction, the Manager seeks approval from Unitholders by way of Ordinary Resolution for the proposed Special Distribution to be made to Unitholders out of the post-Completion cash balance of Saizen REIT, with the remaining amount of cash to be retained and applied as stated above including, on the termination and dissolution of Saizen REIT, the distribution of any and all remaining cash as a final distribution to Unitholders following the settlement of the above-mentioned distribution and payments.

Resolution 3: The proposed Supplemental Payment to the Manager of Saizen REIT and the corresponding amendment to the Trust Deed

Subject to the passing of Resolution 1 in relation to the Proposed Transaction, the Manager intends to enter into a supplemental deed of trust with the Trustee to amend the Trust Deed such that the proposed Supplemental Payment of S\$1.2 million, will be paid to the Manager two months after Completion, and accordingly, the Manager seeks approval from Unitholders by way of Extraordinary Resolution for such amendment of the Trust Deed and to enter into the aforesaid supplemental deed of trust. The Supplemental Payment, being an additional fee arrangement, requires an amendment to the Trust Deed, and therefore, approval from Unitholders under an Extraordinary Resolution.

UNITHOLDERS SHOULD NOTE THAT IN THE EVENT THAT APPROVAL FOR RESOLUTION 1 IN RELATION TO THE PROPOSED TRANSACTION IS OBTAINED BUT APPROVAL FOR RESOLUTION 2 IN RELATION TO THE SPECIAL DISTRIBUTION IS NOT OBTAINED, SAIZEN REIT WILL CONTINUE TO EXIST AS A CASH TRUST AND THE SGX-ST WILL PROCEED TO REMOVE SAIZEN REIT FROM THE OFFICIAL LIST IF IT IS UNABLE TO MEET THE REQUIREMENTS FOR A NEW LISTING WITHIN 12 MONTHS (OR 18 MONTHS WHERE EXTENSION IS OBTAINED FROM THE SGX-ST) FROM THE DATE OF COMPLETION PURSUANT TO RULE 1018(2) OF THE LISTING MANUAL.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event

Date and Time

Last date and time for lodgement of Proxy Forms : 28 February 2016 at 10.00 a.m.

Date and time of the EGM : 1 March 2016 at 10.00 a.m.

If approval for the Proposed Transaction is obtained at the EGM

Expected date of Completion : On or before 31 March 2016 (or such other date as may be agreed between the Trustee and Triangle TMK)

If approval for the Special Distribution is obtained at the EGM

Expected Books Closure Date for the Special Distribution : Within 21 days after Completion (or such later date as the Manager may determine)

Expected payment date for the Special Distribution : Within 30 days after Completion

Expected date of final distribution of any remaining cash following dissolution of Saizen REIT : To be announced, but is currently expected to be no later than 31 December 2016



SAIZEN REAL ESTATE INVESTMENT TRUST

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

Directors of the Manager

Mr Arnold Ip Tin Chee
(Chairman and Non-Executive Director)
Mr Goh Hwee Leng Joey
(Executive Director and Chief Executive Officer)
Mr Soh Yew Hock
(Lead Independent Non-Executive Director)
Mr Dennis Lam Siu Sun
(Independent Non-Executive Director)
Mr Harold Sun Dai Hoe
(Independent Non-Executive Director)

Registered Office

3 Anson Road
#34-01 Springleaf Tower
Singapore 079909

5 February 2016

To: Unitholders of Saizen REIT

Dear Sir / Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek approval from the Unitholders for the following resolutions:

- (a) **Resolution 1:** the Proposed Transaction for the disposal of Saizen REIT's entire portfolio of real estate assets in Japan to Triangle TMK by Ordinary Resolution;
- (b) **Resolution 2:** subject to the passing of Resolution 1, the proposed Special Distribution of S\$1.056 per Unit to Unitholders by Ordinary Resolution; and
- (c) **Resolution 3:** subject to the passing of Resolution 1, the proposed Supplemental Payment and the corresponding amendment to the Trust Deed by way of supplemental deed of trust by Extraordinary Resolution.

2. BACKGROUND

2.1 Background of the Proposed Transaction

On 22 October 2015, the Manager received the Offer for the acquisition of Saizen REIT's entire portfolio of real estate assets in Japan by Triangle TMK (a Japanese affiliate of Lone Star Funds) for the Purchase Consideration of JPY44,660.0 million (S\$514.1 million) (subject to adjustments, if any) payable in cash.

Following arm's length negotiations with Lone Star Funds, the Trustee had on 31 October 2015 entered into the TK Interest Assignment Agreement with Triangle TMK, pursuant to which Triangle TMK will acquire the Properties. The Proposed Transaction will be effected indirectly by Triangle TMK acquiring the TK Interests of the Trustee under the existing TK Arrangements entered into between the Trustee and the existing TK Operators.

On 3 November 2015, the Manager announced that the Trustee had entered into hedging arrangements to fix the JPY-S\$ exchange rate to substantially hedge the post-Completion cash balance of Saizen REIT.

The Proposed Transaction constitutes a "major transaction" under Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction is conditional upon, among others, approval from Unitholders at the EGM. (Further details on the requirement for Unitholders' approval are set out at paragraph 8 below.)

Subject to Unitholders' approval, the Manager will distribute the Special Distribution of S\$1.056 per Unit, amounting to approximately S\$303.1 million, to Unitholders out of the post-Completion cash balance of Saizen REIT. Payment of the Special Distribution is expected to occur within 30 days after Completion. The Manager will make further announcements on the Special Distribution, the applicable Books Closure Date and the date of payment of the Special Distribution following Completion. (Further details on the Special Distribution are set out at paragraph 6 below.)

2.2 Information on Lone Star Funds and affiliates

Triangle TMK is a Japanese affiliate of Lone Star Funds. Lone Star Funds is a leading private equity firm that invests globally in real estate, equity, credit and other financial assets. Since the establishment of its first fund in 1995, Lone Star Funds has organised fifteen private equity funds (the "**Funds**") with aggregate capital commitments totalling approximately US\$60 billion. The Funds are structured as closed-end, private-equity limited partnerships, the limited partners of which include corporate and public pension funds, sovereign wealth funds, university endowments, foundations, funds of funds and high net worth individuals. The Lone Star Real Estate Fund IV, one of the funds under Lone Star Funds, is a leading real estate fund closed in April of 2015 with committed capital of US\$5.8 billion. Lone Star Japan Acquisitions, Ltd. and Triangle TMK are Japanese affiliates of Lone Star Real Estate Fund IV and Lone Star Funds.

The information above concerning Lone Star Funds was provided by Lone Star Funds.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

3.1 Purchase Consideration

The Purchase Consideration payable by Triangle TMK to Saizen REIT in connection with the Proposed Transaction is JPY44,660.0 million (S\$514.1 million) (subject to adjustments, if any).

The Purchase Consideration was agreed after arm's length negotiations between the Manager and Triangle TMK, and was based on a willing-buyer willing-seller basis, after taking into account the appraised value of the Properties of JPY43,181.1 million (S\$497.1 million) (see paragraph 3.3 below and **Appendix A** of this Circular for further details).

Pursuant to the terms of the TK Interest Assignment Agreement, Triangle TMK will pay 95.0% of the Purchase Consideration (subject to adjustments, if any) to Saizen REIT on the date of Completion. Such adjustments to the Purchase Consideration include adjustments for tenant security deposits and any property-related liabilities, outstanding loans, any remediation works to the Properties, property tax, utilities and public charges. Triangle TMK will deposit the remaining 5.0% of the Purchase Consideration into an escrow account to be operated by an independent third party escrow agent (the “**Escrow Amount**”).

Triangle TMK may, subject to certain limitations and conditions, deduct from the Escrow Amount sums (i) for any remediation works to the Properties, as determined by independent engineering firms and (ii) for any claims under the TK Interest Assignment Agreement (other than claims for any remediation works to the Properties) including claims for any breaches of representations and warranties and other obligations by the Trustee under the TK Interest Assignment Agreement. The amount which Triangle TMK may deduct from the Escrow Amount for any remediation works to the Properties is limited to 2.5% of the Purchase Consideration. The limitation for all claims under the TK Interest Assignment Agreement (including claims for any remediation works to the Properties) is 5.0% of the Purchase Consideration.

The final sum to be deducted from the Escrow Amount (if any) will be determined within 28 days of Completion or such later date as the Trustee and Triangle TMK may mutually agree (the “**Final Payment Date**”), and the balance of the Escrow Amount (if any) will be released to Saizen REIT within two business days of the Final Payment Date.

3.2 Guaranty

In relation to the Proposed Transaction, Lone Star Real Estate Fund IV (Bermuda), L.P. and Lone Star Real Estate Fund IV (U.S.), L.P. have granted a guaranty in favour of the Trustee for the purpose of guaranteeing the obligations of Triangle TMK to pay the Purchase Consideration in accordance with the TK Interest Assignment Agreement.

3.3 Valuation of the Properties

The Manager refers to its announcement dated 20 August 2015 in relation to the annual valuation conducted on the Properties (excluding Strasse Nanokawa) as at 30 June 2015 (the “**Annual Valuation**”) and its announcement dated 31 August 2015 in relation to the acquisition of Strasse Nanokawa.

Based on the Annual Valuation as at 30 June 2015 (after taking into account the divestment of Niken Chaya Grand Heights which was completed on 24 August 2015) and the valuation of Strasse Nanokawa as at 15 July 2015 (the “**Strasse Nanokawa Valuation**”), the aggregate value of the Properties is JPY43,181.1 million (S\$497.1 million).

The Annual Valuation and the Strasse Nanokawa Valuation were commissioned by the Manager. The Properties were valued using the direct capitalisation method and discounted cash flow analysis method.

(Further details of the valuation of the Properties are set out in **Appendix A** of this Circular.)

3.4 Completion

3.4.1 Conditions Precedent

Completion under the TK Interest Assignment Agreement is subject to and conditional upon:

- (i) the simultaneous transfers by the vendors of the *ippan-shadan hojin* funds (the “**ISH Funds**”) which hold the TK Operators in respect of the Properties to Star Holdings Co. Ltd. (a Japan affiliate of Lone Star Funds) or its designee¹;
 - (ii) the approval by the SGX-ST, and if required under the relevant laws, regulations or the provisions of the Trust Deed, the MAS;
 - (iii) the approval of Unitholders; and
 - (iv) filings and/or approvals necessary to consummate the Proposed Transaction,
- (collectively, the “**Conditions**”).

As at the Latest Practicable Date, the SGX-ST has approved the Circular and the Conditions in paragraph 3.4.1(ii) has been met. For the avoidance of doubt, the SGX-ST takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in the Circular. It is expected that the Conditions in paragraph 3.4.1 will be fulfilled on or before the date of Completion.

3.4.2 Date of Completion

Completion is conditional on the fulfilment of the Conditions and is expected to take place no later than 31 March 2016 or such other date as the parties to the TK Interest Assignment Agreement may agree in writing (“**Long Stop Date**”). In the event that any of the Conditions has not been fulfilled (or waived) prior to the Long Stop Date, the TK Interest Assignment Agreement (other than the surviving provisions) shall automatically terminate and neither party to the TK Interest Assignment Agreement shall have any claim thereunder against the other party (save in respect of claims arising out of any antecedent breach of the TK Interest Assignment Agreement).

3.5 Interests of Directors and Controlling Unitholders in the Proposed Transaction

As at the Latest Practicable Date, certain Directors of the Manager collectively hold an aggregate, direct and/or deemed, interest in 2,181,011 Units.

¹ The transfer of the ISH Funds has no impact on Saizen REIT. An *ippan-shadan hojin* (“**ISH**”) is a bankruptcy remote entity established solely to act as the holding company of a TK Operator. Saizen REIT invests in properties via TK Arrangements with the TK Operators, and has no interests in the respective ISH of these TK Operators. KK Tenyu Asset Management is the vendor of two of the ISH Funds and will receive consideration on a dollar-for-dollar basis, based on the amount of cash remaining in the two ISH Funds as at the date of Completion of the transfer of the ISH Funds. Mr Arnold Ip is indirectly interested in KK Tenyu Asset Management through his shareholding in Altus Investments Limited which holds 40.0% of KK Tenyu Asset Management. Additionally, Mr Arnold Ip Tin Chee is a director of Altus Investments Limited. Cheetah Group Holdings Limited, a controlling shareholder of the Manager, holds 30.0% of KK Tenyu Asset Management.

A divestment fee of 0.3% of the Purchase Consideration is payable to the Manager pursuant to the Trust Deed.

Based on the information available to the Manager as at the Latest Practicable Date, and save as disclosed in this Circular at paragraph 7.5.1 below, none of the Directors of the Manager have any interest, direct or indirect, in relation to the Proposed Transaction. Saizen REIT does not have any controlling Unitholders.

3.6 Directors' Service Contracts

No person is proposed to be appointed as a Director of the Manager in relation to the Proposed Transaction or any other transactions contemplated in relation to the Proposed Transaction.

3.7 Undertaking By Manager

The Manager has provided an undertaking to Triangle TMK dated 30 October 2015 that it will:

- (i) vote any and all Units it holds in favour of the resolution to approve the Proposed Transaction at an extraordinary general meeting of Saizen REIT to be convened; and
- (ii) not, directly or indirectly, solicit, initiate, encourage or entertain any inquiries or proposals from, discuss or negotiate with, provide any non-public information to or consider the merits of any inquiries or proposals from, any person (other than Triangle TMK) relating to any transaction involving the sale of the assets of any TK Operator, or any of the capital stock or TK Interests of any TK Operator, or any merger, consolidation, business combination or similar transaction involving any TK Operator, and will promptly notify Triangle TMK in writing of any such inquiry or proposal.

The Manager's obligation in sub-paragraph (i) above is subject to the fiduciary duties owed by the Manager to Unitholders and will not be applicable if, for any reason including due to any actual or potential conflict of interest or otherwise, the Manager is required by the SGX-ST and/or the MAS to abstain from voting the Units held by the Manager in respect of the Proposed Transaction.

The above undertaking has been provided by the Manager at the request of Lone Star Funds, in consideration for a higher purchase consideration for the acquisition of Saizen REIT's entire portfolio. For the avoidance of doubt, no payment¹ was received by the Manager in exchange for providing the above undertaking.

4. RATIONALE FOR THE PROPOSED TRANSACTION

4.1 Realisation of value

On 13 August 2015, the Manager announced that the Independent Evaluation Committee, comprising the Independent Directors, has been established to lead the assessment and

¹ Other than the nominal consideration sum of S\$1.00 received by the Manager for providing the above undertaking.

evaluation of proposals that are received or tabled from time to time, including proposals that may involve, among others, material corporate actions involving Saizen REIT's entire portfolio and/or unitholding structure. This was in view of several unsolicited proposals that were being put forth to the Manager for consideration. In order to deal with any conflicts of interest that may arise between the interests of the stakeholders of the Manager and the interests of the Unitholders generally, the Board was of the view that the formation of the Independent Evaluation Committee would be in the best interests of the Unitholders. On 8 September 2015, the Independent Evaluation Committee appointed the Joint Financial Advisers, being Credit Suisse (Singapore) Limited and NorthEast Capital Management GK, to assist the Independent Evaluation Committee in the discharge of its duties.

Following their appointment, the Joint Financial Advisers engaged with investors who expressed interest in Saizen REIT and its assets, pursuant to which several non-binding proposals were received. On 22 October 2015, the Manager received a firm offer in relation to the assets of Saizen REIT from Triangle TMK. Following arm's length negotiations with Lone Star Funds, an affiliate of Triangle TMK, on 31 October 2015 the Trustee entered into the TK Interest Assignment Agreement, pursuant to which Triangle TMK will acquire the Properties.

The Independent Evaluation Committee believes that the Proposed Transaction is beneficial to Unitholders as the Offer currently represents the best available option for Unitholders among the proposals received, based on the advice of the Joint Financial Advisers. In evaluating the Offer, the Independent Evaluation Committee considered numerous factors including but not limited to the offer price and the contractual terms of the Offer, and the fact that the Offer was the only definitive offer received by the Manager.

The Purchase Consideration of JPY44,660.0 million (S\$514.1 million) for the TK Interests represents a 3.4% premium to the appraised value of the Properties¹.

The Purchase Consideration is estimated to translate into an Implied Net Offer Price of S\$1.162 per Unit. In the event that the termination and dissolution of Saizen REIT as described in paragraph 6.3 below is carried out and Resolution 3 in connection with the Supplemental Payment is approved by Unitholders, the Implied Liquidation Value of Saizen REIT is estimated to be approximately S\$1.146 per Unit. The estimated Implied Net Offer Price is at a slight premium of 0.2%, while the estimated Implied Liquidation Value is at a slight discount of 1.2%, to Saizen REIT's adjusted NAV per Unit² of S\$1.160 based on audited figures as at 30 June 2015³.

The estimated Implied Net Offer Price of S\$1.162 per Unit and estimated Implied Liquidation Value of S\$1.146 per Unit represent a premium of 35.9% and 34.0%

¹ The appraised value of the Properties is based on their annual valuation as at 30 June 2015, except for Strasse Nanokawa which is based on its valuation as at 15 July 2015 (see paragraph 3.3 above).

² NAV per Unit based on audited financials as at 30 June 2015, adjusted for property transactions in August 2015 and distributions paid on 28 September 2015.

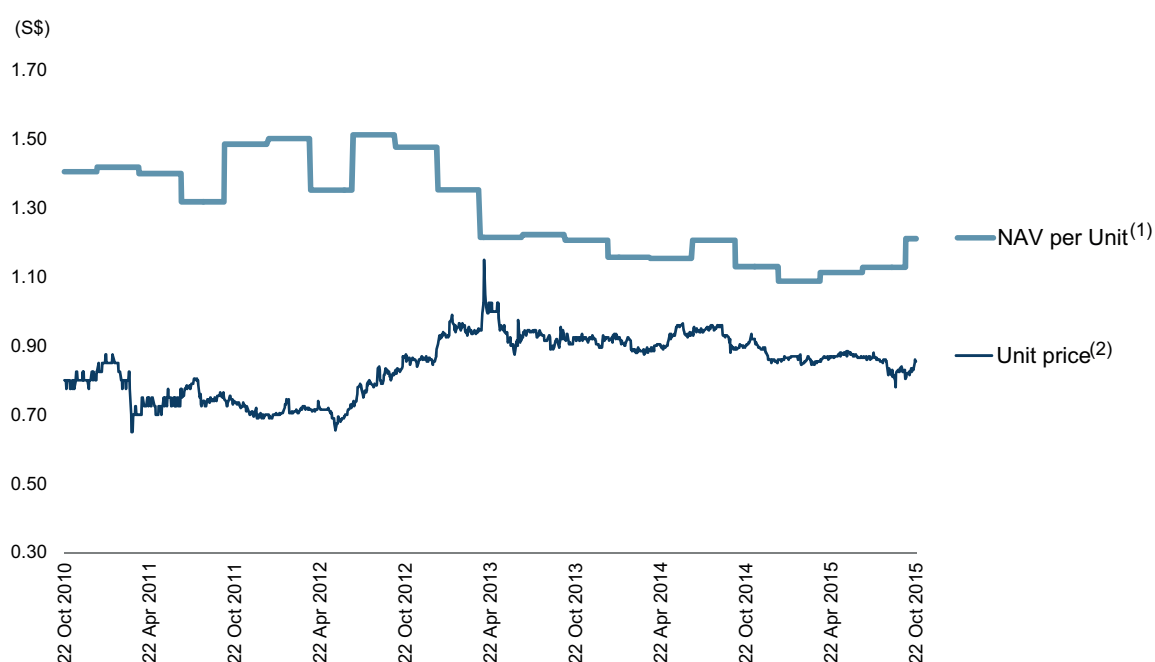
³ The Implied Liquidation Value represents the Implied Net Offer Price, after further deducting estimated costs related to the maintenance and management of Saizen REIT after Completion, liquidation costs and the Supplemental Payment (if approved).

respectively above the closing price of S\$0.855 per Unit on 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015, and a premium of 39.5% and 37.6% respectively above the 1-month volume-weighted average price of S\$0.833 per Unit as of 22 October 2015.

4.2 Advantages of the Proposed Transaction relative to maintaining a listed platform

The Independent Evaluation Committee has evaluated the Offer relative to the prospects of Saizen REIT should it continue in its current form as a listed REIT. While the Board has expressed its confidence in the long-term prospects of Saizen REIT and its assets should Saizen REIT remain listed, the Independent Evaluation Committee notes that Saizen REIT has consistently traded at a discount to NAV. Over the last five years (from 22 October 2010 to 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015), the Unit price of Saizen REIT has traded at discounts of between 5.4% and 54.2%, and at an average discount of 33.2%, to the NAV per Unit:

Unit price and NAV per Unit between 22 October 2010 and 22 October 2015



Source: Company information, Bloomberg.

- (1) NAV per Unit based on NAV as reported in Saizen REIT's interim and full year financials, converted at respective reported S\$/JPY exchange rates, divided by latest number of Units outstanding of 287,024,902 as at the Latest Practicable Date.
- (2) Unit price is adjusted for corporate actions such as a Unit consolidation, Unit buy-backs, and the issuance of new Units pursuant to the distribution reinvestment plan, and rights and warrant issues.

The Proposed Transaction enables Unitholders to realise value for their Units now, compared to the realisation of value through potential future appreciation of Saizen REIT's Unit price, for which the timing is uncertain, and which may or may not materialise.

4.3 Mitigation of market risks

Unitholders face risks in respect of economic conditions in Japan (including the real estate and financing markets) as well as the market price of the Units. The market price of the Units is subject to a number of factors, including performance of the Properties, availability of financing, trading liquidity of the Units, the prospects of the Singapore REIT market, the prospects of the Japanese residential property market, prevailing interest rates and economic conditions in Japan. The realisation of value in Saizen REIT through the Proposed Transaction and subsequent declaration of special distributions following Completion will enable the value in the Properties to be realised without any further exposure of the Units to market risks.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction on Saizen REIT, prepared based on Saizen REIT's audited consolidated financial statements for the financial year ended 30 June 2015 ("FY2015"), are set out below.

It should be noted that the financial effects set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of Saizen REIT after Completion.

5.1 NAV per Unit

The financial effects of the Proposed Transaction on Saizen REIT's NAV per Unit, based on Saizen REIT's audited consolidated financial statements for FY2015 and assuming that the Proposed Transaction was completed on 30 June 2015, are as follows:

	Before the Proposed Transaction ⁽¹⁾	After the Proposed Transaction ⁽²⁾
NAV (S\$ million)	332.9	328.8
Number of Units outstanding ('000)⁽³⁾	287,025	287,025
NAV per Unit (S\$)	1.160	1.146

Notes:

- (1) Based on the FY2015 audited consolidated financial statements of Saizen REIT, and adjusted for property transactions in August 2015 and the distributions paid on 28 September 2015.
- (2) The NAV has been determined after taking into account (i) the estimated post-Completion cash balance of Saizen REIT, (ii) other post-Completion payments (including the costs and expenses required to maintain and manage Saizen REIT after Completion, costs and expenses relating to liquidation and dissolution as well as the Supplemental Payment (on the assumption that it has been approved)), (iii) adjustments for capital expenditures after 30 June 2015, provisions for claims on remediation works, and (iv) non-cash and fair value adjustments (comprising mainly adjustments arising from the fair value of derivative financial instruments, deferred expenses, deferred tax liabilities and non-controlling interests).
- (3) Based on the total number of Units outstanding after taking into account the issuance of new Units under the Distribution Reinvestment Plan in respect of the distribution period from 1 January 2015 to 30 June 2015.

Based on the above, the net loss on the Proposed Transaction, after taking into account transaction-related costs, adjustments for capital expenditures after 30 June 2015, provisions for claims on remediation works, post-Completion payments and non-cash and fair value adjustments, is approximately S\$4.1 million¹. The non-cash and fair value adjustments comprise mainly adjustments arising from the fair value of derivative financial instruments, deferred expenses, deferred tax liabilities and non-controlling interests.

Saizen REIT has sought an advance ruling from the Inland Revenue Authority of Singapore (“IRAS”) to confirm that any gains from the Proposed Transaction will be regarded as capital gains and are hence not taxable. As at the Latest Practicable Date, IRAS has not issued a ruling. In the event that IRAS deems such gains as profits and hence taxable, any income tax arising from such profits (if any) is not expected to be material.

5.2 Distribution per Unit

The financial effects of the Proposed Transaction on Saizen REIT’s distribution per Unit (“DPU”), based on Saizen REIT’s audited consolidated financial statements for FY2015 and assuming that the Proposed Transaction was completed on 1 July 2014, are as follows:

	Before the Proposed Transaction ⁽¹⁾	After the Proposed Transaction
Net Property Income (S\$ million)	30.8	0.0 ⁽²⁾
Distributable Income (S\$ million)	17.1	0.0 ⁽²⁾
Number of Units outstanding (’000)⁽³⁾	287,025	287,025
DPU (cents)	6.03 ⁽⁴⁾	0.00 ⁽²⁾

Notes:

- (1) Based on the FY2015 audited consolidated financial statements of Saizen REIT.
- (2) After the Proposed Transaction, Saizen REIT would not have any income-producing assets.
- (3) Based on the total number of Units outstanding after taking into account the issuance of new Units under the Distribution Reinvestment Plan in respect of the distribution period from 1 January 2015 to 30 June 2015.
- (4) Based on the aggregate DPU declared for FY2015.

¹ Based on the assumption that there are no claims (other than provisions for claims on remediation works) payable to Triangle TMK under the TK Interest Assignment Agreement.

6. THE PROPOSED SPECIAL DISTRIBUTION

6.1 The Special Distribution

In connection with the Proposed Transaction and subject to Completion, the Manager intends to distribute the Special Distribution of S\$1.056 per Unit, amounting to approximately S\$303.1 million, to Unitholders out of the post-Completion cash balance of Saizen REIT.

The Purchase Consideration is approximately S\$514.1 million. After adding cash on hand (as at 30 June 2015) of approximately S\$63.2 million and deducting the following from the Purchase Consideration:

- (i) the repayment of borrowings as at 30 June 2015 of approximately S\$202.2 million¹;
- (ii) the payment of distributions on 28 September 2015 of approximately S\$5.5 million;
- (iii) the net cash flow from property transactions² after 30 June 2015 of approximately S\$1.3 million;
- (iv) capital expenditures after 30 June 2015 and provisions for claims on remediation works of approximately S\$3.2 million;
- (v) net adjustments for other liabilities and assets and non-controlling interests as at 30 June 2015 of approximately S\$13.6 million; and
- (vi) transaction-related expenses (mainly professional fees, finance costs relating to early repayment of loans, divestment fee payable to the Manager and expenses relating to convening the EGM) of approximately S\$18.1 million,

the total cash balance of Saizen REIT, excluding distributable income accrued from July 2015 up to Completion, is estimated to be approximately S\$333.4 million.

In determining the estimated amount of the Special Distribution, the Manager further deducted from the estimated cash balance of approximately S\$333.4 million: (i) an amount of approximately S\$25.7 million, amounting to 5.0% of the Purchase Consideration, to be retained to meet potential claims and liabilities under the TK Interest Assignment Agreement, and (ii) approximately S\$4.6 million for the costs, expenses and other payments that are enumerated in paragraphs 6.2(ii) and (iii) below.

Payment of the Special Distribution is expected to occur within 30 days after Completion. The Manager will make further announcements on the Special Distribution, the applicable Books Closure Date and the date of payment of the Special Distribution following Completion.

¹ The borrowings of Saizen REIT as at 30 June 2015 comprised the outstanding loans which were taken up by the TK Operators to finance the acquisition of the Properties, and advances drawn down from credit facilities.

² Relates to the sale of Niken Chaya Grand Heights and the acquisition of Strasse Nanokawa.

For avoidance of doubt, the Special Distribution does not include distributable income accrued from July 2015 up to Completion. Further information on the payment of income distributions, if any, will be announced when appropriate.

6.2 Application of Undistributed Proceeds

The balance of the Purchase Consideration (net of repayment of loans, costs and expenses related to the Proposed Transaction and the Special Distribution), estimated to be approximately S\$30.3 million, being the Undistributed Proceeds arising from the Proposed Transaction, will be applied as follows:

- (i) approximately S\$25.7 million, amounting to 5.0% of the Purchase Consideration, to be retained and held to meet or satisfy any and all claims and liabilities that Saizen REIT may be liable to pay to Triangle TMK under the TK Interest Assignment Agreement;
- (ii) approximately S\$3.4 million to pay for the costs and expenses to be incurred in connection with the post-Completion maintenance and management of Saizen REIT and the dissolution of Saizen REIT¹; and
- (iii) subject to the passing of Resolution 3, S\$1.2 million to pay for the proposed Supplemental Payment to the Manager.

Any remaining cash after settling the above-mentioned distribution(s) and payments shall, on the termination and dissolution of Saizen REIT, be applied to make a final distribution to the Unitholders.

The Manager will make further announcements on the Special Distribution. In addition, the Manager will also make further announcements on the Undistributed Proceeds and/or any other options which may be considered by the Manager following Completion as the case may be (further details on the Manager's plans in the Interim Period are set out in paragraph 6.5 below).

For the avoidance of doubt, the Undistributed Proceeds as set out above do not include distributable income (if any) accrued from July 2015 up to Completion. Further information on the payment of income distributions, if any, will be announced when appropriate.

¹ The amount of S\$3.4 million comprises professional fees (such as trustee, audit, accounting, liquidator fees, other professional fees) of approximately S\$1.2 million, on-going listing-related costs of approximately S\$0.2 million, operational expenses of the Manager of approximately S\$1.8 million, and a cash buffer of S\$0.2 million for contingencies. After the completion of the Proposed Transaction, the Manager has to attend to post-Completion matters (such as managing the Escrow Amount and claims which may be made during the claims liability period) and continue to perform its role as a licensed REIT manager in the Interim Period (as defined herein). The operational expenses of the Manager, which shall be claimed on a cost-recovery basis, comprises mainly staff remuneration, director fees, office rental and administrative expenses. For the avoidance of doubt, the Manager will not be receiving its usual management fee, being 0.5% per annum of the monthly weighted average value of Saizen REIT's property assets, as Saizen REIT will not have any property assets following Completion.

6.3 TERMINATION AND DISSOLUTION OF SAIZEN REIT

6.3.1 Termination of Saizen REIT pursuant to the Trust Deed

Subject to Unitholders' approval for Resolution 1 in connection with the Proposed Transaction and Resolution 2 in connection with the Special Distribution, the NAV of Saizen REIT will decrease to approximately S\$30.3 million in cash following the Special Distribution. Accordingly, the Manager intends to terminate Saizen REIT pursuant to Clause 26.2.2 of the Trust Deed which states:

"26.2 Termination by Manager

The Manager may in its absolute discretion terminate the Trust by giving notice in writing thereof to all Holders or (as the case may be) the Depository (in respect of the Depositors), as well as to the Trustee not less than three months in advance of the termination and to the Authority not less than seven days before the termination in any of the following circumstances:

...

26.2.2 if the Net Asset Value of the Deposited Property shall be less than S\$50 million after the end of the first anniversary of the date of this Deed or any time thereafter;"

6.3.2 Manner of Liquidation

Further, Clause 26.5 of the Trust Deed provides, among others, upon Saizen REIT being terminated, the Trustee shall, subject to authorisations or directions (if any) given to it by the Manager:

- (a) sell all investments then remaining in its hands as part of the deposited property;
- (b) repay any borrowings effected by Saizen REIT and all other debts and liabilities in respect of Saizen REIT;
- (c) retain full provision for all fees, costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee in connection with or arising out of the liquidation of Saizen REIT; and
- (d) distribute to Unitholders in proportion to their respective interests in the deposited property all net cash proceeds derived from the realisation of the deposited property and available for such distribution.

Any remaining cash, cash equivalents and bank deposits of Saizen REIT (if any) after liquidation of Saizen REIT will be distributed to Unitholders as soon as practicable following the termination of Saizen REIT. The Manager will make further announcements on such final distribution and the date of payment following the dissolution of Saizen REIT.

6.4 Saizen REIT Deemed to be a Cash Trust During the Interim Period

During the Interim Period, Saizen REIT will cease to have any operating business and its assets will consist wholly or substantially of cash. Being a cash trust, Saizen REIT will be subject to Rule 1303(2) and Rule 1018 of the Listing Manual.

Pursuant to Rule 1303(2), the SGX-ST may at any time suspend trading of an issuer's securities where there is a change in the issuer's assets that produces a situation where its assets consist wholly or substantially of cash or short-dated securities.

Under Rules 1018(1)(a) and (b), an issuer's securities would normally be suspended from trading until such time that the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced. In addition, upon Completion, Saizen REIT must:

- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the issuer) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the MAS. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by Unitholders and pro-rata distributions to Unitholders (the "**Rule 1018 Escrow Requirements**"); and
- (b) provide monthly valuations of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business to the market via SGXNET.

Taking the above compliance into account, Rules 1018(1)(c) and (d) further provide that the SGX-ST may allow continued trading in Saizen REIT's securities on a case-by-case basis, subject to:

- (a) contractual undertakings from the Directors, controlling Unitholders, the chief executive officer and their associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the securities of Saizen REIT; and
- (b) the period of the moratorium commencing from the date Unitholders approve the disposal of business, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing,

(collectively, the "**Rule 1018 Moratorium Undertakings**").

In the present case, the Manager has applied to the SGX-ST to allow the continued trading of Saizen REIT's securities and the application is currently pending the SGX-ST's approval.

On the assumption that the Proposed Transaction is approved at the EGM, with a view to facilitating the continued trading of the Units on the SGX-ST, Saizen REIT has sought the Rule 1018 Moratorium Undertakings from Mr Arnold Ip Tin Chee (Chairman and Non-Executive Director), Mr Goh Hwee Leng Joey (Executive Director and Chief Executive Officer), and Mr Dennis Lam Siu Sun (Independent Non-Executive Director) agreeing to observe a moratorium on the transfer or disposal of their respective interests, direct and indirect, in Saizen REIT, commencing from the date of the EGM and continuing up to and

including the earlier of (a) the completion date of the acquisition of a new business by Saizen REIT which is able to satisfy SGX-ST's requirements for a new listing; (b) an announcement by Saizen REIT that it will be effecting a voluntary winding-up; or (c) the delisting of Saizen REIT by the SGX-ST, and to procure their respective associates to observe the same.¹ For the avoidance of doubt, the Rule 1018 Moratorium Undertakings exclude any transfer or disposal of any interest, direct or indirect, in Saizen REIT pursuant to the acceptance of a voluntary conditional general offer made by an offeror offering to acquire all the Units. Additionally, Saizen REIT's NAV per Unit will decrease to approximately S\$0.106² following the Special Distribution. Unless the SGX-ST allows the continued trading of the Units on the SGX-ST pursuant to Rule 1018 of the Listing Manual, Unitholders will not be able to trade the Units on the SGX-ST after Saizen REIT becomes a cash trust.

The Manager has also applied for a waiver from the SGX-ST of the Rule 1018 Escrow Requirements ("**Escrow Waiver**") and the application is currently pending the SGX-ST's approval. Where SGX-ST grants an Escrow Waiver, the Manager will make an announcement in accordance with Rule 107 of the Listing Manual. Where the SGX-ST does not grant an Escrow Waiver, the Manager will comply with the Rule 1018 Escrow Requirements. For the avoidance of doubt, pro-rata distributions which can be drawn from the escrow account include the Special Distribution (if approved by Unitholders) and any other capital and/or income distributions such as the final distribution of any remaining assets to Unitholders.

6.5 Manager's Plans in the Interim Period

During the Interim Period, the Manager will remain open to considering various options available for Saizen REIT and Unitholders will be informed of any significant developments as appropriate. This may include, among others, a variation to the Manager's investment policy with regards to type and geographical location of the real estate investment.

Unitholders should however note that pursuant to Rule 1018(2) of the Listing Manual, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company (or in the case of Saizen REIT, a cash trust). The issuer may apply to the SGX-ST for a maximum six month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six month extension period. The extension is subject to the issuer providing information to investors on its progress in meeting key milestones in the transaction. In the event the issuer is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the issuer will be required to delist and a cash exit offer in accordance with Rule 1309 of the Listing Manual be made to its shareholders within six months. Accordingly, there is no certainty that Saizen REIT will not be delisted after a period of 12 months in

¹ As at the date of this Circular, Mr Soh Yew Hock (Lead Independent Non-Executive Director) and Mr Harold Sun Dai Hoe (Independent Non-Executive Director) do not hold any interests in the Units and hence will not need to provide the Rule 1018 Moratorium Undertakings.

² Estimated based on the Undistributed Proceeds of S\$30.3 million as set out in paragraph 6.2 above, and excludes any distributable income (if any) accrued from July 2015 up to Completion.

accordance with Rule 1018(2) of the Listing Manual. In any case, subject to Resolution 2 being approved by Unitholders, the Manager intends to terminate Saizen REIT pursuant to Clause 26.2.2 of the Trust Deed if there are no suitable options available for Saizen REIT during the period when Saizen REIT is allowed to remain as a cash trust.

7. THE PROPOSED SUPPLEMENTAL PAYMENT

7.1 Background and Rationale

Subject to approval from Unitholders by Extraordinary Resolution pursuant to Clause 28.2.4 of the Trust Deed, the Manager intends to enter into a supplemental deed of trust with the Trustee to amend the Trust Deed so that the Supplemental Payment of S\$1.2 million may be paid two months after Completion.

In December 2013, the Manager, assisted by an independent financial adviser, began to undertake a strategic review of options to enhance Unitholder value, which was subsequently completed in June 2014. Since then, the overall property market in Japan continued to show improvement in 2015, with the compression of yields and increased competition for properties making it more challenging for Saizen REIT to acquire properties to grow its portfolio. The Manager began to receive more approaches and proposals involving, among others, material corporate actions involving Saizen REIT's entire portfolio and/or unitholding structure. The Independent Evaluation Committee was formed in August 2015 and the Joint Financial Advisers were appointed in September 2015 to assess and evaluate such proposals. The Offer was subsequently accepted in October 2015.

The Supplemental Payment is proposed in recognition of services that the Manager has rendered to Saizen REIT in respect of the disposal of Saizen REIT's entire property portfolio through the Proposed Transaction. The Proposed Transaction is generally outside the scope of the Manager's mandate, which is to manage Saizen REIT and its business, and runs contrary to the interests of the Manager as a going-concern. At the time of establishment of Saizen REIT, a transaction of the nature of the Proposed Transaction, which involves the sale of the entire portfolio was not contemplated. During the Interim Period which commences on the date of Completion to the dissolution of Saizen REIT, Saizen REIT will not have any property assets and consequently, the Manager will not be receiving its usual management fee which is computed based on 0.5% per annum of the monthly weighted average value of Saizen REIT's property assets. Further, the Manager will cease to have any business after the dissolution of Saizen REIT as it provides its services exclusively to Saizen REIT. For the avoidance of doubt, the proposed Supplemental Payment will be in addition to the divestment fee of 0.3% of the Purchase Consideration payable to the Manager pursuant to the Trust Deed.

The Supplemental Payment, being an additional fee arrangement, requires an amendment to the Trust Deed, and therefore, approval from Unitholders by Extraordinary Resolution.

The Board of Directors notes that the opinion of the IFA is that the proposed Supplemental Payment is on normal commercial terms and is not prejudicial to the interests of Saizen REIT and its non-interested Unitholders.

(See paragraph 9 of the Letter to Unitholders.)

7.2 Proposed Form of the Amendments to the Trust Deed to provide for the Supplemental Payment

The proposed form of the amendments to the Trust Deed upon Unitholders' approval of the Supplemental Payment is as follows:

- That Clause 15 of the Trust Deed be amended to reflect the addition indicated by the underlined text below immediately after Clause 15.1:

15.1A SUPPLEMENTAL PAYMENT

15.1A.1 Subject to the disposal of all Property Assets, the Manager shall be entitled to receive for its own account, out of the Deposited Property, a fixed fee of S\$1.2 million (the "**Supplemental Payment**").

15.1A.2 The amount of the Supplemental Payment payable to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Supplemental Payment by the relevant authorities in Singapore or elsewhere.

15.1A.3 Form and Time of Payment of Supplemental Payment

- (i) Subject to the Property Funds Appendix and any other applicable laws, rules and/or regulations, the Supplemental Payment shall be paid to the Manager or any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) in the form of cash out of the Deposited Property.
- (ii) The Supplemental Payment shall be paid to the Manager two months after the completion of the Proposed Transaction (as defined in the Unitholders' circular dated 5 February 2016).

7.3 Interested Person Transaction

Japan Residential Assets Manager Limited, as the manager of Saizen REIT, is considered an "interested person" of Saizen REIT for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Supplemental Payment and the proposed amendments to the Trust Deed by way of a supplemental deed of trust will constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

7.4 Abstention from Voting

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested at the EGM.

Accordingly, the Manager and its associates are prohibited from voting on Resolution 3 at the EGM.

In addition, the Manager and its associates shall decline to accept appointment as proxy to attend and vote at the EGM in respect of the proposed Supplemental Payment unless the Unitholder concerned has given specific instructions in his/her/its proxy form as to the manner in which his/her/its votes are to be cast.

7.5 Interests of Directors, Substantial Unitholders and the Manager

7.5.1 Unitholdings of the Directors

As at the Latest Practicable Date, the details of the unitholdings of the Directors are as follows:

Name of Director	Number of Units		Total Interest	% of total issued Units
	Direct Interest	Deemed Interest		
Mr Arnold Ip Tin Chee ⁽¹⁾	—	2,046,047	2,046,047	0.71
Mr Goh Hwee Leng Joey	10,300	—	10,300	0.004
Mr Soh Yew Hock	—	—	—	—
Mr Dennis Lam Siu Sun ⁽²⁾	—	124,664	124,664	0.04
Mr Harold Sun Dai Hoe	—	—	—	—

Notes:

- (1) Mr Arnold Ip Tin Chee is deemed to be interested in (i) 785,131 Units held by the Manager, (ii) 622,991 Units held by UOB Kay Hian Pte Ltd (“**UOBKH**”) for Altus Investments Limited (“**AIL**”), (iii) 208,025 Units and 429,900 Units held by UOBKH and Kim Eng Securities Pte Ltd respectively, for Starich Resources Limited (“**SRL**”). AIL and SRL are 80.0% indirectly owned by a trust being The General Trust Company S.A., of which Mr Ip is one of the beneficiaries.
- (2) Mr Dennis Lam Siu Sun is deemed to be interested in 124,664 Units held by Somerset Holdings Limited (“**SHL**”). Oriental Star Investments Limited (“**OSIL**”) holds a controlling interest in SHL. In turn, Mr Lam is the beneficial holder of more than 20.0% of the voting shares of OSIL. Accordingly, pursuant to Companies Act, Mr Lam is deemed to be interested in the 124,664 Units held by SHL.

7.5.2 Unitholdings of Substantial Unitholders

Based on the register of Substantial Unitholders (based on statutory notifications filed by such persons or entities with the Manager and as applicable, adjusted for the unit consolidation exercise completed on 8 November 2013) as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders, as listed in the register of Substantial Unitholders maintained by the Manager are as follows:

Name of Unitholder	Number of Units			% of total issued Units
	Direct Interest	Deemed Interest	Total Interest	
ASM Asia Recovery (Master) Fund (“ ASMARMF ”) ⁽¹⁾	—	18,726,305	18,726,305	6.52
ASM Asia Recovery Fund (“ ASMARF ”) ⁽²⁾	—	18,726,305	18,726,305	6.52
Argyle Street Management Ltd (“ ASML ”) ⁽³⁾	—	25,538,582	25,538,582	8.90
Argyle Street Management Holdings Ltd (“ ASMHL ”) ⁽⁴⁾	—	25,538,582	25,538,582	8.90
Mr Yeh V-Nee ⁽⁵⁾	—	35,090,869	35,090,869	12.23
Mr Chan Kin ⁽⁶⁾	—	26,022,643	26,022,643	9.07

Notes:

- (1) ASMARMF is deemed to be interested in 18,726,305 Units held by HSBC (Singapore) Nominees Pte Ltd for ASMARMF.
- (2) ASMARF is the beneficial holder of more than 50.0% of the issued share capital of ASMARMF. Pursuant to the Companies Act, ASMARF is deemed to be interested in the underlying Units held directly or indirectly by ASMARMF.
- (3) ASML is deemed to be interested in the underlying Units held directly or indirectly by ASMARF and ASMARMF, the ASM Hudson River Fund, ASM Connaught House Fund LP and ASM Co-Investment Opportunity Trust I LP.
- (4) ASMHL is deemed to be interested in the underlying Units held directly or indirectly by ASML, ASM General Partner I Limited and ASM Connaught House General Partner Limited.
- (5) Mr Yeh V-Nee is the beneficial holder of more than 20.0% of the issued share capital of ASMHL. Pursuant to the Companies Act, Mr Yeh is deemed to be interested in 25,538,582 Units which ASMHL is deemed to be interested in. See note 4 above. Mr Yeh is also deemed to be interested in (i) 3,260,188 Units held by HSBC (Singapore) Nominees Pte Ltd. in favour of Credit Suisse Zurich for Mr Yeh, (ii) 1,862,000 Units, 3,289,299 Units and 1,140,800 Units held by HSBC (Singapore) Nominees Pte Ltd in favour of Credit Suisse Singapore, BNP Paribas Nominees Singapore Pte Ltd and DB Nominees (Singapore) Pte Ltd respectively for HC Capital Limited, of which Mr Yeh is considered to be the beneficial holder of more than 20.0% of its issued share capital.
- (6) Mr Chan Kin is deemed to be interested in the underlying Units held directly or indirectly by ASMHL (see note 4 above) and his spouse.

7.5.3 Interests of the Manager

As at the Latest Practicable Date, the interests of the Manager and its associates are as follows:

Manager and its Associates	Number of Units		Total Interest	% of total issued Units
	Direct Interest	Deemed Interest		
Japan Residential Assets Manager Limited ⁽¹⁾	—	785,131	785,131	0.27

Note:

- (1) Japan Residential Assets Manager Limited is deemed to be interested in 785,131 Units held by its depository agent, UOB Kay Hian Pte Ltd.

8. REQUIREMENT FOR UNITHOLDERS' APPROVAL

8.1 The Proposed Transaction

Chapter 10 of the Listing Manual classifies transactions into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions, and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases:

- (i) the NAV of the assets to be disposed of, compared with Saizen REIT's NAV pursuant to Rule 1006(a) of the Listing Manual;
- (ii) the net profits attributable to the assets disposed of, compared with Saizen REIT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (ii) the aggregate value of the consideration received, compared with Saizen REIT's market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual which would require the issue of an announcement. In the case of REITs, where any of the relative figures computed on the bases set out above is 50.0% or more based on the aggregate value of all disposals in the last 12 months, the transaction is classified as a "major transaction" under Rule 1014(3) of the Listing Manual which would be subject to the approval of Unitholders.

The relative figures for the Proposed Transaction using the applicable bases of comparison, and based on the latest announced financial statements as at 30 September 2015, are set out in the table below:

Criteria	Saizen REIT (S\$ million)	The Proposed Transaction (S\$ million)	Relative Percentage (%)
The NAV of the assets to be disposed of, compared with Saizen REIT's NAV.....	337.0	337.1	100.0
The net profits attributable to the assets to be disposed of, compared with Saizen REIT's net profits ⁽¹⁾	7.7	7.7	100.0
Aggregate value of the consideration received compared with Saizen REIT's market capitalisation	265.5 ⁽²⁾	328.3	123.7

Notes:

- (1) Based on the net property income of Saizen REIT for the three-month period ending 30 September 2015.
(2) Based on the market capitalisation of Saizen REIT on 29 October 2015, being the last market day preceding the trading halt prior to the announcement of the entry into the TK Interest Assignment Agreement.

Given that the relative figures for the Proposed Transaction computed using the applicable bases of comparison exceed 50.0%, the Manager is seeking Unitholders' approval for the Proposed Transaction.

8.2 The Special Distribution

Subject to and conditional upon the passing of Resolution 1 in relation to the Proposed Transaction, the Manager is seeking Unitholders' approval for the proposed Special Distribution to be made to Unitholders out of the post-Completion cash balance of Saizen REIT, with the remaining amount of cash to be retained and applied as stated in paragraphs 6.1 and 6.2 above including, the distribution of any and all remaining cash as a final distribution to Unitholders following the settlement of the above-mentioned distribution and payments on the termination and dissolution of Saizen REIT.

UNITHOLDERS SHOULD NOTE THAT IN THE EVENT THAT APPROVAL FOR RESOLUTION 1 IN RELATION TO THE PROPOSED TRANSACTION IS OBTAINED BUT APPROVAL FOR RESOLUTION 2 IN RELATION TO THE SPECIAL DISTRIBUTION IS NOT OBTAINED, SAIZEN REIT WILL CONTINUE TO EXIST AS A CASH TRUST AND THE SGX-ST WILL PROCEED TO REMOVE SAIZEN REIT FROM THE OFFICIAL LIST IF IT IS UNABLE TO MEET THE REQUIREMENTS FOR A NEW LISTING WITHIN 12 MONTHS (OR 18 MONTHS WHERE EXTENSION IS OBTAINED FROM THE SGX-ST) FROM THE DATE OF COMPLETION PURSUANT TO RULE 1018(2) OF THE LISTING MANUAL.

8.3 The Proposed Supplemental Payment

Subject to and conditional upon the passing of Resolution 1 in relation to the Proposed Transaction, the Manager is seeking Unitholders' approval for the proposed Supplemental Payment by way of the corresponding amendment to the Trust Deed pursuant to Clause 28.2.4 of the Trust Deed.

9. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed HL Bank as the IFA to advise the Independent Directors and the Trustee in relation to the Proposed Transaction and the Supplemental Payment. A copy of the letter from the IFA to the Independent Directors and the Trustee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix B** of this Circular and Unitholders are advised to read the IFA Letter carefully.

9.1 IFA Opinion on the Proposed Transaction

In arriving at its opinion in respect of the Proposed Transaction, the IFA reviewed and examined all factors which it considers to be pertinent in its assessment, including the following key considerations:

- The IFA reviewed the rationale for the Proposed Transaction, being that the Offer is the best available option which is able to realise and enhance Unitholders’ value, and is of the view that it is of a reasonable basis;
- The IFA noted that the Purchase Consideration represents a 3.4% premium to the appraised value of the Properties;
- The IFA noted that the Implied Net Offer Price per Unit is at a slight premium of 0.2%, while the estimated Implied Liquidation Value per Unit is at a slight discount of 1.2%, to Saizen REIT’s adjusted NAV per Unit of S\$1.160 based on audited figures as at 30 June 2015;
- The IFA noted that the Implied Net Offer Price per Unit and Implied Liquidation Value per Unit are at a premium of approximately 35.9% and 34.0% respectively to the last closing price of S\$0.855 for 22 October 2015, being the day immediately prior to the Manager’s announcement of the Offer on 23 October 2015, and also similar significant premium over the volume weighted average price for the 1-month, 3-month, 6-month and 12-month periods prior to and including 22 October 2015;
- The IFA noted that the implied price-to-book ratio based on the Implied Net Offer Price and the Implied Liquidation Value of Saizen REIT of 1.00 and 0.99 times respectively are higher than the range, mean and median of the price-to-book ratios of the broadly comparable REITs;
- Should Saizen REIT maintain its portfolio and continued to be listed, it would take approximately five years for the Unitholders to realise the Hypothetical Capital Gain (as defined in the IFA Letter) accruing from the Implied Liquidation Value via the annual distributions assuming the distributions, Unit price and other market factors staying constant; and
- There is no certainty that the Manager will be able to secure a better offer than the current Offer. The Manager has also undertaken, at the request of Lone Star Funds to vote any and all Units it holds in favour of the Proposed Transaction and not to solicit or entertain any other inquiries or proposals in relation to the assets, in consideration for a higher purchase consideration for the acquisition of Saizen REIT’s entire portfolio.

Based on the IFA's analysis, and after having carefully considered the information available to it as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Transaction is fair and reasonable to Saizen REIT and its Unitholders.

Accordingly, the IFA has advised that the Board of Directors recommend that the Unitholders vote in favour of the Proposed Transaction.

9.2 IFA Opinion on the Supplemental Payment

In arriving at the IFA's opinion on whether the proposed Supplemental Payment is on normal commercial terms and not prejudicial to the interests of Saizen REIT and its non-interested Unitholders, it has reviewed and examined all factors which it considers to be pertinent in its assessment, including the following key considerations:

- The IFA noted that there is a shift in strategy in response to changes in the Japanese property market, which led to the formation of the Independent Evaluation Committee and which eventually led to the acceptance of the Offer from Triangle TMK to acquire Saizen REIT's entire portfolio of real estate assets in Japan;
- The IFA reviewed the rationale for the proposed Supplemental Payment, which is proposed in recognition of services that the Manager has rendered to Saizen REIT in respect of the disposal of Saizen REIT's entire property portfolio through the Proposed Transaction, and is of the view that it is of a reasonable basis;
- The IFA reviewed and noted that the fee structure of the broadly comparable REITs do not include a success fee or supplemental fee for a one-off divestment of the entire portfolio followed by the winding up of the REIT and the manager, given that the general strategy of a REIT and its manager is to grow and maintain the portfolio on a going concern basis; and
- The IFA noted that in a precedent example of an infrastructure fund which was listed on the SGX-ST, it undertook a revised strategy with the view of divesting all its assets and wind up the company. It then proposed to amend its management agreement which involved amending its management fee, performance fee, and including a success fee, to better align the manager's interest with that of the new strategy, as it involved additional scope of work, as well as to compensate for profits foregone as a consequence of the early termination of the management agreement.

Based on the analysis of the IFA, after having carefully considered the information available to it as at the Latest Practicable Date, the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Supplemental Payment is on normal commercial terms and not prejudicial to the interests of Saizen REIT and its non-interested Unitholders.

Accordingly, the IFA has advised that the Independent Directors recommend that the Unitholders vote in favour of the proposed Supplemental Payment.

10. RECOMMENDATIONS

10.1 The Proposed Transaction

Having carefully considered the advice of the IFA (as set out in the IFA Letter in **Appendix B** of this Circular) on the Proposed Transaction and the rationale for the Proposed Transaction as set out in paragraph 4 above, the Independent Evaluation Committee resolved that the Proposed Transaction is fair and reasonable, and recommended to the Board of Directors to approve the Proposed Transaction (the “**IEC Recommendation**”).

Based on the IEC Recommendation, the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of this Circular) and the rationale for the Proposed Transaction as set out in paragraph 4 above, the Board of Directors believes that the Proposed Transaction is fair and reasonable.

10.2 The Proposed Special Distribution

Based on the rationale for the Proposed Transaction, the Board of Directors believes that the Special Distribution is in the interests of Unitholders.

10.3 The Proposed Supplemental Payment

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of this Circular), the rationale for the Supplemental Payment as set out in paragraph 7 above including a wholesale disposal of the portfolio of assets of Saizen REIT being generally outside the scope of the Manager’s mandate, the Independent Directors, being, Mr Soh Yew Hock, Mr Dennis Lam Siu Sun and Mr Harold Sun Dai Hoe, believe that the proposed Supplemental Payment is based on normal commercial terms and would not be prejudicial to the interests of Saizen REIT and its non-interested Unitholders.

11. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Raffles City Convention Centre, Collyer Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 at 10.00 a.m. on 1 March 2016, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages C-1 and C-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of Ordinary Resolution is required in respect of Resolution 1 and Resolution 2 in relation to the Proposed Transaction and the Special Distribution respectively, and approval by way of Extraordinary Resolution is required in respect of Resolution 3 in relation to the proposed Supplemental Payment.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 48 hours before the time fixed for the EGM.

12. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Manager's registered office at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909, not later than 10.00 a.m. on 28 February 2016, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the proposed Special Distribution, the proposed Supplemental Payment, Saizen REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. JOINT FINANCIAL ADVISERS' RESPONSIBILITY STATEMENT

To the best of the Joint Financial Advisers' knowledge and belief, save for the information set out in paragraphs 11, 13 and 16, **Appendix A** and **Appendix B** of this Circular, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the proposed Special Distribution, the proposed Supplemental Payment, Saizen REIT and its subsidiaries, and the Joint Financial Advisers are not aware of any facts the omission of which would make any statement in this Circular misleading.

15. CONSENTS

Each of Credit Suisse (Singapore) Limited, NorthEast Capital Management GK, the IFA, and the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter (in the case of the IFA) and all references thereto, in the form and context in which they are included in this Circular.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909 from the date of this Circular up to and including the date falling three months thereafter:

- (i) the TK Interest Assignment Agreement; and

- (ii) the valuation reports of the Independent Valuers in respect of the Properties as set out in **Appendix A** to this Circular.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Saizen REIT is in existence.

Yours faithfully

JAPAN RESIDENTIAL ASSETS MANAGER LIMITED

(as manager of Saizen Real Estate Investment Trust)

Company Registration No. 200712125H

Mr Goh Hwee Leng Joey

Executive Director and Chief Executive Officer

5 February 2016

GLOSSARY

Annual Valuation	:	The annual valuation conducted on the Properties (excluding Strasse Nanokawa) as at 30 June 2015
Board	:	Board of directors of the Manager
Books Closure Date	:	The books closure date for the purpose of determining Unitholders' entitlements to the Special Distribution
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 5 February 2016
Completion	:	Completion of the Proposed Transaction, more particularly described in paragraph 3.4.2 of the Letter to Unitholders
Conditions	:	Has the meaning ascribed to it in paragraph 3.4.1 of the Letter to Unitholders
Director	:	Director of the Manager
EGM	:	The extraordinary general meeting of Unitholders to be held at 10.00 a.m. on Tuesday, 1 March 2016 at Raffles City Convention Centre, Collyer Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560, to approve the matters set out in the Notice of Extraordinary General Meeting on pages C-1 and C-2 of this Circular
Escrow Amount	:	5.0% of the Purchase Consideration to be deposited by Triangle TMK into an escrow account to be operated by an independent third party escrow agent on the date of Completion
Escrow Waiver	:	A waiver from the SGX-ST from the Rule 1018 Escrow Requirements
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Final Payment Date	:	The date on which the final sum to be deducted from the Escrow Amount (if any) will be determined, being 28 days within the date of Completion or such later date as the Trustee and Triangle TMK may mutually agree
IEC Recommendation	:	The recommendation by the Independent Evaluation Committee to the Board of Directors to approve the Proposed Transaction. The Independent Evaluation Committee comprises the Independent Directors, being Mr Soh Yew Hock, Mr Dennis Lam Siu Sun and Mr Harold Sun Dai Hoe

IFA	:	HL Bank, the independent financial adviser in relation to the Proposed Transaction and the proposed Supplemental Payment
Illustrative Exchange Rate	:	The illustrative exchange rate of S\$1.00 to JPY86.8684
Implied Liquidation Value	:	The net value attributable to Unitholders of S\$1.146 per Unit, after deducting estimated costs of S\$4.6 million related to the maintenance and management of Saizen REIT after Completion, liquidation costs and the Supplemental Payment (if approved) from the Implied Net Offer Price
Implied Net Offer Price	:	The implied net offer price of S\$1.162 per Unit is based on the NAV per Unit attributable to Unitholders as at 30 June 2015 (including cash and cash equivalents) and adjusted for property transactions of Saizen REIT in August 2015, distributions paid by Saizen REIT on 28 September 2015, capital expenditures after 30 June 2015, provisions for claims on remediation works, non-cash and fair value adjustments (comprising mainly adjustments arising from the fair value of derivative financial instruments, deferred expenses, deferred tax liabilities and non-controlling interests), the Purchase Consideration and costs and expenses related to the Proposed Transaction
Independent Directors	:	The independent non-executive directors of the Manager, namely Mr Soh Yew Hock, Mr Dennis Lam Siu Sun and Mr Harold Sun Dai Hoe
Independent Valuers	:	Has the meaning ascribed to it in Appendix A of this Circular
IRAS	:	Inland Revenue Authority of Singapore
Interim Period	:	The period following Completion and up to and including the date of termination and dissolution of Saizen REIT in accordance with the Trust Deed
ISH Funds	:	<i>ippan-shadan hojin</i> funds
Joint Financial Advisers	:	Credit Suisse (Singapore) Limited and NorthEast Capital Management GK
Latest Practicable Date	:	29 January 2016
Listing Manual	:	Listing manual of the SGX-ST
Long Stop Date	:	31 March 2016 or such other date as the parties to the TK Interest Assignment Agreement may agree in writing

Manager	:	Japan Residential Assets Manager Limited, in its capacity as manager of Saizen REIT
MAS	:	Monetary Authority of Singapore
NAV	:	Net asset value
Offer	:	The firm offer from Triangle TMK for Saizen REIT's entire portfolio of real estate assets in Japan received on 22 October 2015
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Properties	:	The 136 residential properties located in 14 Japanese cities in Saizen REIT's portfolio
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Proposed Transaction	:	The proposed transaction by which Triangle TMK will acquire all the Properties
Purchase Consideration	:	The agreed purchase consideration of JPY44,660.0 million (S\$514.1 million) (subject to adjustments, if any)
REIT	:	Real Estate Investment Trust
Rule 1018 Escrow Requirements	:	The requirement in Rule 1018(1)(a) of the Listing Manual
Saizen REIT	:	Saizen Real Estate Investment Trust
SFA	:	Securities and Futures Act (Chapter 289 of Singapore)
SGX-ST	:	Singapore Exchange Securities Trading Limited
Special Distribution	:	The proposed special distribution of S\$1.056 per Unit, more particularly described in paragraph 6 of the Letter to Unitholders
Strasse Nanokawa Valuation	:	The valuation of Strasse Nanokawa as at 15 July 2015
Supplemental Payment	:	The proposed supplemental payment to be made to the Manager post-Completion as more particularly described in paragraph 7 of the Letter to Unitholders
TK Arrangements	:	The existing Japanese <i>tokumei kumiai</i> arrangements

TK Interest Assignment Agreement	:	The conditional agreement entered into between the Trustee and Triangle TMK pursuant to which Triangle TMK will acquire all the Properties for cash
TK Interests	:	All the rights and obligations of the Trustee under the TK Arrangements
TK Investor	:	<i>Tokumei kumiai</i> investor
TK Operators	:	<i>Tokumei kumiai</i> operators
Trust Deed	:	The deed of trust constituting Saizen REIT dated 27 September 2007 (as amended)
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as the trustee of Saizen REIT
Undistributed Proceeds	:	The balance of the Purchase Consideration (net of repayment of loans, costs and expenses related to the Proposed Transaction and the Special Distribution), as more particularly described in paragraph 6.2 of the Letter to Unitholders
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

APPENDIX A

VALUATION OF THE PROPERTIES

The Annual Valuation was conducted by the following independent valuers (the “**Independent Valuers**”): Real Estate Appraisal Aota Jimusho (“**Aota**”), Asset Research Inc. (“**AR**”), Cushman and Wakefield K.K. (formerly known as DTZ Debenham Tie Leung KK) (“**C&W**”), K.K. Halifax Associates dba Colliers International (“**HACI**”), International Appraisals Incorporated (“**IAI**”), Jones Lang LaSalle K.K. (“**JLL**”), Prime Appraisal Institute Co., Ltd (“**Prime**”), Rich Appraisal Institute Co., Ltd (“**RH**”), Real Value Inc. (“**RV**”), KK Sakura Business Partners (“**Sakura**”), KK Soken (“**Soken**”) and Success Solution Inc. (“**SS**”). The Strasse Nanokawa Valuation was conducted by Soken.

The table below sets out the valuation of each of the Properties:

No.	Property Name	Location	Independent Valuer	Valuation (JPY)	Date of Valuation
1	Arati Hakata South	Fukuoka	JLL	411,000,000	30 June 2015
2	AS Residence Hakataekiminami	Fukuoka	Sakura	615,000,000	30 June 2015
3	Central Court Tenjin Higashi	Fukuoka	Sakura	134,000,000	30 June 2015
4	Chic Takaramachi	Fukuoka	JLL	222,000,000	30 June 2015
5	Gold Mansion Nakao	Fukuoka	Prime	113,000,000	30 June 2015
6	La Finesse Hakataeki Minami	Fukuoka	Sakura	493,000,000	30 June 2015
7	Le Pied Hirao	Fukuoka	Prime	257,000,000	30 June 2015
8	Orion Heim	Fukuoka	Prime	224,000,000	30 June 2015
9	Relief Ohorinishi	Fukuoka	Prime	119,000,000	30 June 2015
10	Wing Befu	Fukuoka	Prime	124,000,000	30 June 2015
11	Strasse Nanokawa	Fukuoka	Soken	470,000,000	15 July 2015
12	Matsukaze Building	Hakodate	C&W	264,000,000	30 June 2015
13	Estate 18 Shinonome	Hiroshima	Soken	254,000,000	30 June 2015
14	Fujimicho Building	Hiroshima	RV	365,000,000	30 June 2015
15	Grand Polestone Fujimi	Hiroshima	RV	181,000,000	30 June 2015
16	Grand Polestone Higashi Hiratsuka	Hiroshima	IAI	406,000,000	30 June 2015
17	Grand Polestone Kinya	Hiroshima	IAI	141,000,000	30 June 2015
18	Grand Polestone Otemachi	Hiroshima	Soken	473,000,000	30 June 2015
19	Grand Polestone Otemachi	Hiroshima	IAI	405,000,000	30 June 2015
20	Grand Polestone Takeya	Hiroshima	RV	543,000,000	30 June 2015
21	Grand Polestone Tsurumi	Hiroshima	Soken	366,000,000	30 June 2015
22	Grand Polestone Tsurumi II	Hiroshima	RV	672,000,000	30 June 2015
23	Kusatsu Higashi Heights	Hiroshima	Soken	217,000,000	30 June 2015
24	Matoba Meijibashi II	Hiroshima	IAI	282,000,000	30 June 2015
25	Quest Tower Noboricho	Hiroshima	RV	695,000,000	30 June 2015

No.	Property Name	Location	Independent Valuer	Valuation (JPY)	Date of Valuation
26	Royal Shinonome	Hiroshima	Soken	331,000,000	30 June 2015
27	Shinonome Heights	Hiroshima	Soken	170,000,000	30 June 2015
28	Villa Kaita	Hiroshima	Soken	338,000,000	30 June 2015
29	VOGA Minami Kannon	Hiroshima	RV	192,000,000	30 June 2015
30	Wing Nakahirodori	Hiroshima	RV	768,000,000	30 June 2015
31	Abitare Korimoto	Kagoshima	Prime	249,000,000	30 June 2015
32	Abitare Shimoarata I	Kagoshima	Prime	259,000,000	30 June 2015
33	Abitare Shinyashiki	Kagoshima	Prime	241,000,000	30 June 2015
34	Yamamoto Mansion	Kagoshima	Prime	554,000,000	30 June 2015
35	Alte Heim Kokura	Kitakyushu	RH	58,000,000	30 June 2015
36	Alte Heim Kokura II	Kitakyushu	RH	395,000,000	30 June 2015
37	Alte Heim Kokura IV	Kitakyushu	RH	70,000,000	30 June 2015
38	Alte Heim Mojiekimae	Kitakyushu	RH	139,000,000	30 June 2015
39	Chalet Aoyama	Kitakyushu	Soken	233,000,000	30 June 2015
40	Chalet Einomaru II	Kitakyushu	Soken	100,000,000	30 June 2015
41	Chalet Harunomachi	Kitakyushu	Sakura	360,000,000	30 June 2015
42	Chalet Kanda II	Kitakyushu	Sakura	206,000,000	30 June 2015
43	Chalet Kishinoura	Kitakyushu	Soken	288,000,000	30 June 2015
44	Chalet Matsuo II	Kitakyushu	Sakura	48,000,000	30 June 2015
45	Chalet Numahon Machi II	Kitakyushu	Sakura	147,000,000	30 June 2015
46	Chalet Shiragane	Kitakyushu	Soken	214,000,000	30 June 2015
47	Chalet Suwamachi	Kitakyushu	Sakura	256,000,000	30 June 2015
48	Chalet Tsudashin Machi	Kitakyushu	Soken	131,000,000	30 June 2015
49	City Room Nakai III	Kitakyushu	RH	153,000,000	30 June 2015
50	Cosmos Kokura Eki Mae	Kitakyushu	RH	785,000,000	30 June 2015
51	Katano Residential Building	Kitakyushu	Soken	326,000,000	30 June 2015
52	Shinko Kokura Kogane Sky Mansion	Kitakyushu	Soken	172,000,000	30 June 2015
53	Arioso Phrase	Koriyama	RH	466,000,000	30 June 2015
54	Leggiero Viola	Koriyama	RH	291,000,000	30 June 2015
55	Maestoso Figur	Koriyama	RH	375,000,000	30 June 2015
56	EMYU Heisei Keyakidori Mansion	Kumamoto	SS	651,000,000	30 June 2015
57	EMYU Honjo	Kumamoto	CI	907,000,000	30 June 2015
58	EMYU Shinmachi	Kumamoto	CI	619,000,000	30 June 2015
59	EMYU Suizenji	Kumamoto	CI	1,080,000,000	30 June 2015
60	Flour Mansion Jyosei	Kumamoto	SS	1,000,000,000	30 June 2015
61	KC Heights	Kumamoto	SS	117,000,000	30 June 2015
62	Mon Palais Toroku	Kumamoto	SS	207,000,000	30 June 2015
63	Rise Fujisaki Dai	Kumamoto	SS	296,000,000	30 June 2015
64	Rise Heiseiekimae	Kumamoto	CI	206,000,000	30 June 2015

No.	Property Name	Location	Independent Valuer	Valuation (JPY)	Date of Valuation
65	Rise Kuhonji II	Kumamoto	SS	429,000,000	30 June 2015
66	Rise Kumamoto Station South	Kumamoto	SS	141,000,000	30 June 2015
67	Rise Oe	Kumamoto	CI	256,000,000	30 June 2015
68	Rise Shimodori	Kumamoto	SS	325,000,000	30 June 2015
69	Rise Shinoe	Kumamoto	SS	273,000,000	30 June 2015
70	Rise Yotsugibashi	Kumamoto	SS	435,000,000	30 June 2015
71	Romaug Kamidori Namikizaka	Kumamoto	SS	640,000,000	30 June 2015
72	Gardenia Kurashiki	Kurashiki	RV	111,000,000	30 June 2015
73	K2 Mansion Morioka	Morioka	RH	313,000,000	30 June 2015
74	Senboku Heim I	Morioka	RH	157,000,000	30 June 2015
75	Senboku Heim II	Morioka	RH	78,000,000	30 June 2015
76	GEO Kamiokawamaedori 3	Niigata	CI	400,000,000	30 June 2015
77	Hills Kawabata	Niigata	CI	302,000,000	30 June 2015
78	Hills Nogizaka	Niigata	CI	330,000,000	30 June 2015
79	Taisei Building III	Oita	SS	270,000,000	30 June 2015
80	Aster Yamahana	Sapporo	RH	132,000,000	30 June 2015
81	Bibress Tsukisamu Chuo Station	Sapporo	AR	633,000,000	30 June 2015
82	Casa Motomachi	Sapporo	RH	340,000,000	30 June 2015
83	Chateau 24	Sapporo	RH	428,000,000	30 June 2015
84	Chateau Nakanoshima	Sapporo	RH	217,000,000	30 June 2015
85	Dear Misono	Sapporo	RH	47,000,000	30 June 2015
86	Dominion Yamanote	Sapporo	RV	152,000,000	30 June 2015
87	Ebisu Building III	Sapporo	Aota	69,800,000	30 June 2015
88	Estella 24-ken A	Sapporo	RH	77,000,000	30 June 2015
89	First Kotake Building	Sapporo	RV	872,000,000	30 June 2015
90	Glance Nishimachi	Sapporo	AR	364,000,000	30 June 2015
91	Heart Inn Hongou	Sapporo	Aota	70,600,000	30 June 2015
92	Infinity Higashi Sapporo	Sapporo	RV	153,000,000	30 June 2015
93	Jeunes 23	Sapporo	RH	254,000,000	30 June 2015
94	Kohatsu 88	Sapporo	RH	49,000,000	30 June 2015
95	Kotoni 1-6 Mansion	Sapporo	RH	287,000,000	30 June 2015
96	Les Chambres	Sapporo	AR	70,000,000	30 June 2015
97	Luna Heights	Sapporo	RH	254,000,000	30 June 2015
98	Maison Towa	Sapporo	RV	172,000,000	30 June 2015
99	Matsui 53	Sapporo	RH	174,000,000	30 June 2015
100	Matsui 82	Sapporo	AR	296,000,000	30 June 2015
101	Misono	Sapporo	RV	302,000,000	30 June 2015
102	Park Crystal	Sapporo	RV	243,000,000	30 June 2015
103	Plaza Nakajima Park	Sapporo	RH	274,000,000	30 June 2015

No.	Property Name	Location	Independent Valuer	Valuation (JPY)	Date of Valuation
104	Residence Shiroishi ABCD	Sapporo	RV	506,000,000	30 June 2015
105	S. Heim	Sapporo	RV	103,000,000	30 June 2015
106	Sec' As Blue II	Sapporo	RH	361,000,000	30 June 2015
107	Suien	Sapporo	RV	104,000,000	30 June 2015
108	Sun City	Sapporo	AR	319,000,000	30 June 2015
109	Three Tower	Sapporo	RH	830,000,000	30 June 2015
110	TOA Mansion	Sapporo	RH	684,000,000	30 June 2015
111	Towa Kita 7 Jo	Sapporo	Aota	371,000,000	30 June 2015
112	Towa Kotoni	Sapporo	Aota	311,000,000	30 June 2015
113	Treasure 15	Sapporo	RV	139,000,000	30 June 2015
114	Urban Yamahana	Sapporo	AR	98,700,000	30 June 2015
115	Aisho Plaza Hachiman	Sendai	AR	192,000,000	30 June 2015
116	Castle Kano	Sendai	Aota	204,000,000	30 June 2015
117	Clio Court	Sendai	Aota	194,000,000	30 June 2015
118	Core Life	Sendai	Aota	457,000,000	30 June 2015
119	Etoile Higashi Sendai	Sendai	C&W	118,000,000	30 June 2015
120	Exceed Tsuchitai	Sendai	AR	86,000,000	30 June 2015
121	Fantage Yaotome	Sendai	C&W	247,000,000	30 June 2015
122	Florece Miyagino	Sendai	C&W	342,000,000	30 June 2015
123	Liesse Wakabayashi	Sendai	AR	161,000,000	30 June 2015
124	Lively Kamisugi	Sendai	C&W	79,500,000	30 June 2015
125	Maison d'Etoile II	Sendai	C&W	140,000,000	30 June 2015
126	Royal Hills Katagiri	Sendai	AR	164,000,000	30 June 2015
127	Royal Hills Komatsushima	Sendai	AR	156,000,000	30 June 2015
128	Sun Hills Asahigaoka	Sendai	AR	58,500,000	30 June 2015
129	Sun Rise Kashiwagi	Sendai	AR	181,000,000	30 June 2015
130	Sun Vario Shinden Eki Mae	Sendai	Aota	439,000,000	30 June 2015
131	Urban Hills Dainohara	Sendai	AR	141,000,000	30 June 2015
132	YSK Co-op Saiwaicho	Sendai	Aota	415,000,000	30 June 2015
133	AMS Hatchobori I	Tokyo	IAI	1,317,000,000	30 June 2015
134	Clair Court Roka Koen	Tokyo	IAI	774,000,000	30 June 2015
135	Cosmo Reveur Sangenjaya	Tokyo	C&W	649,000,000	30 June 2015
136	The Palms Denenchofu	Tokyo	JLL	605,000,000	30 June 2015
			Total	JPY43,181.1 million (S\$497.1 million)	30 June 2015 ⁽¹⁾

Note:

(1) With the exception of Strasse Nanokawa which was valued as at 15 July 2015.

INDEPENDENT FINANCIAL ADVISER'S LETTER

5 February 2016

The Directors of Japan Residential Assets Manager Limited
("JRAM" or, in its capacity as the manager of Saizen REIT, the "Manager")
3 Anson Road, #34-01 Springleaf Tower
Singapore 079909

HSBC Institutional Trust Services (Singapore) Limited ("HSBCITS")
(in its capacity as trustee of Saizen Real Estate Investment Trust) (the "Trustee")
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

Dear Sirs/Madam

INDEPENDENT FINANCIAL ADVICE

*For the purpose of this letter, capitalised terms not otherwise defined herein shall have the same meaning as given to them in the circular to the unitholders of Saizen Real Estate Investment Trust ("**Saizen REIT**") in respect of the Proposed Transaction, the proposed Special Distribution and the proposed Supplemental Payment (as defined below) (the "**Circular**").*

1. INTRODUCTION

On 22 October 2015, the Manager received a firm offer (the "**Offer**") from Triangle TMK for the acquisition of Saizen REIT's entire portfolio of real estate assets in Japan (the "**Properties**") for a purchase consideration of JPY44,660.0 million (S\$514.1 million) (subject to adjustments, if any) payable in cash (the "**Purchase Consideration**"). Triangle TMK is a Japanese affiliate of Lone Star Funds.

Following arm's length negotiations with Lone Star Funds, the Trustee had on 31 October 2015 entered into a conditional agreement (the "**TK Interest Assignment Agreement**") with Triangle TMK, pursuant to which Triangle TMK will acquire the Properties (the "**Proposed Transaction**"). The Proposed Transaction will be effected indirectly by Triangle TMK acquiring all the rights and obligations (the "**TK Interests**") of the Trustee under the existing Japanese *tokumei kumiai* arrangements ("**TK Arrangements**") entered into between the Trustee and the existing *tokumei kumiai* operators ("**TK Operators**"). Please refer to paragraph 2 of the Letter to Unitholders for further details to the background of the Proposed Transaction.

The Purchase Consideration was agreed after arm's length negotiations between the Manager and Triangle TMK, and was based on a willing-buyer willing-seller basis, after taking into account the appraised value of the Properties of JPY43,181.1 million (S\$497.1 million). (Please refer to paragraph 3.1 of the Letter to Unitholders for further details).

Post-Completion, the total cash balance of Saizen REIT, excluding distributable income accrued from July 2015 up to Completion, is estimated to be approximately S\$333.4 million. Please refer to paragraph 6.1 of the Letter to Unitholders for further details on the breakdown on the calculation of the post-Completion cash balance of Saizen REIT. This is estimated to translate into an Implied Net Offer Price of S\$1.162 per Unit. In the event that the termination and dissolution of Saizen REIT as described in paragraph 6.3 of the Letter to Unitholders is carried out and Resolution 3 in connection with the proposed Supplemental Payment is approved by the Unitholders, the Implied Liquidation Value of Saizen REIT is estimated to be approximately S\$1.146 per Unit, after deducting estimated costs related to the maintenance and management of Saizen REIT after Completion, liquidation costs and the Supplemental Payment (if approved) from the Implied Net Offer Price.

The estimated Implied Net Offer Price of S\$1.162 per Unit and Implied Liquidation Value of S\$1.146 per Unit represent a premium of 35.9% and 34.0% respectively above the closing price of S\$0.855 per Unit on 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015 ("**Offer Announcement Date**"), and a premium of 39.5% and 37.6% respectively above the 1-month volume-weighted average price of S\$0.833 per Unit as of 22 October 2015.

In connection with the Proposed Transaction and subject to Completion, the Manager intends to distribute a special distribution of S\$1.056 per Unit, amounting to approximately S\$303.1 million, to Unitholders out of the post-Completion cash balance of Saizen REIT (the "**Special Distribution**"). Payment of the Special Distribution is expected to occur within 30 days after Completion. Pursuant to the Special Distribution, the Undistributed Proceeds is estimated to be approximately S\$30.3 million, which will be applied as follows:

- (i) approximately S\$25.7 million, amounting to 5.0% of the Purchase Consideration, to be retained and held to meet or satisfy any and all claims and liabilities that Saizen REIT may be liable to pay to Triangle TMK under the TK Interest Assignment Agreement;
- (ii) approximately S\$3.4 million to pay for the costs and expenses to be incurred in connection with the post-Completion maintenance and management of Saizen REIT and the dissolution of Saizen REIT¹; and
- (iii) subject to the passing of Resolution 3, S\$1.2 million to pay for the proposed Supplemental Payment to the Manager.

¹ The amount of S\$3.4 million comprises professional fees (such as trustee, audit, accounting, liquidator fees, other professional fees) of approximately S\$1.2 million, on-going listing-related costs of approximately S\$0.2 million, operational expenses of the Manager of approximately S\$1.8 million, and a cash buffer of S\$0.2 million for contingencies. After the completion of the Proposed Transaction, the Manager has to attend to post-Completion matters (such as managing the Escrow Amount and claims which may be made during the liability claim period) and continue to perform its role as a licensed REIT Manager in the Interim Period (as defined herein). The operational expenses of the Manager, which shall be claimed on a cost-recovery basis, comprises mainly staff remuneration, director fees, office rental and administrative expenses. For the avoidance of doubt, the Manager will not be receiving its usual management fee, being 0.5% per annum of the monthly weighted average value of Saizen REIT's property assets, as Saizen REIT will not have any property assets following Completion.

Any remaining cash after settling the above-mentioned distribution(s) and payments shall, on the termination and dissolution of Saizen REIT, be applied to make a final distribution to the Unitholders. The Manager will make further announcements on the Special Distribution, the Undistributed Proceeds and/or any other options which may be considered by the Manager following the Completion as the case may be.

For the avoidance of doubt, the Special Distribution and the Undistributed Proceeds as set out above do not include distributable income (if any) accrued from July 2015 up to Completion. Further information on the payment of income distributions, if any, will be announced when appropriate.

Please refer to paragraphs 4, 5 and 6 of the Letter to Unitholders for further details on the rationale, financial effects and the proposed Special Distribution in relation to the Proposed Transaction.

Subject to Unitholders' approval for Resolution 1 in connection with the Proposed Transaction, and following the Special Distribution contemplated under Resolution 2 which will bring the NAV of the deposited property of Saizen REIT below S\$50 million, giving the Manager the discretion to terminate Saizen REIT pursuant to the Trust Deed, the Manager intends to dissolve Saizen REIT by terminating the REIT in accordance with the Trust Deed following the expiry of the liability claim period under the TK Interest Assignment Agreement. In addition, during the Interim Period, Saizen REIT will cease to have any operating business and its assets will consist wholly or substantially of cash. Saizen REIT will be subject to Rule 1303(2) and Rule 1018 of the Listing Manual. Nevertheless, during the Interim Period, the Manager will remain open to considering various options available for Saizen REIT, if any, and Unitholders will be informed of any significant developments as appropriate. Please refer to paragraph 6 of the Letter to Unitholders for further details.

HL Bank ("**HL Bank**") has been appointed as the independent financial adviser ("**IFA**") to state (i) whether the Proposed Transaction is fair and reasonable to Saizen REIT and its non-interested Unitholders; and (ii) whether the proposed Supplemental Payment is on normal commercial terms and not prejudicial to Saizen REIT and its non-interested Unitholders.

This letter sets forth our opinion and will form part of the Circular to be issued by Saizen REIT to the Unitholders dated 5 February 2016.

2. TERMS OF REFERENCE

HL Bank has been appointed to provide an opinion regarding the Proposed Transaction and the proposed Supplemental Payment.

We were neither a party to the negotiations in relation to the Proposed Transaction or the proposed Supplemental Payment, nor were we involved in the deliberations leading up to the decision by the Board to enter into the Proposed Transaction or to approve the proposed Supplemental Payment and its subsequent actions relating thereof. This letter is addressed solely to the Directors and/or Independent Directors and the Trustee, as the

case may be, for their benefit in connection with and for the purposes of their consideration of the Proposed Transaction and the proposed Supplemental Payment. Any recommendations made by the Directors and/or Independent Directors to the Unitholders shall remain the responsibility of the Directors and/or Independent Directors.

Our terms of reference do not require us to evaluate, comment, advise or form a view on the legal, strategic, and/or commercial risks and merits of the Proposed Transaction or the proposed Supplemental Payment, or the future growth prospects or earnings potential of Saizen REIT or its Properties should the Proposed Transaction be completed or not be completed. Such evaluation or comment, if any, remains the sole responsibility of the Directors and their advisers, although we may draw upon their views or make such comments in respect thereof to the extent deemed necessary or appropriate by us in arriving at our views as set out in this letter. We have not been instructed or authorised to solicit, and we have not solicited any indications of interest from any third party with respect to the Proposed Transaction. Accordingly, we do not compare nor express any opinion on the relative merits of the Proposed Transaction vis-à-vis any alternative transactions previously considered by the Saizen REIT or that may otherwise be available to Saizen REIT in the future.

In formulating our advice and opinion, we have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, opinions and facts provided to us by the Manager, Saizen REIT and its other professional advisers. We have also relied on the information contained in the various announcements made by Saizen REIT, as well as other public announcements, in relation to the Proposed Transaction.

Our view is based upon market, economic, industry, monetary, and other conditions in effect on, as well as the information provided to us by Saizen REIT, as at 29 January 2016 (the “**Latest Practicable Date**”). As such conditions can change significantly over a relatively short period of time, we assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date even if it might affect our opinion contained herein.

We have not conducted a comprehensive independent review of the business, operations or financial condition of Saizen REIT. Further, the scope of our appointment does not require us to express an opinion on the prospects of Saizen REIT. We are therefore not expressing any opinion herein as to the prices at which the units of Saizen REIT (“**Units**”) may trade or as to the future performance of Saizen REIT. For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties if any) of Saizen REIT or its assets, and have relied on the Annual Valuation carried out by the Independent Valuers and relevant management estimates.

We have relied upon and assumed the accuracy of the relevant information, opinions and facts, both written and verbal, provided to us by Saizen REIT, its Manager, advisers and other information extracted from public sources. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the accuracy or completeness of such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nevertheless, we have made reasonable enquiries and exercised our judgment on the reasonable use of such information and

have found no reason to doubt the accuracy or reliability of such information. We have also relied on the responsibility statement by the Board that the Circular and all documents relating to the Circular have been seen and approved by them and they collectively and individually accept responsibility for the information given, and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in the Circular are fair and accurate and that there is no other material fact the omission of which would make any statement in the Circular misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

In rendering our opinion, we have not considered the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Unitholder. As different Unitholders would have different investment profiles and objectives, we recommend that any individual Unitholder who may require specific advice in relation to his investment portfolio or objectives should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Manager has also been advised by its own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

This letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. No other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner except with HL Bank's prior written consent in each specific case, provided that this shall not prevent Saizen REIT, the Trustee, the Manager, its Directors and the Unitholders from reproducing, disseminating or quoting this letter (or any part thereof) for the purpose of any matter relating to the Proposed Transaction and/or the proposed Supplemental Payment. Our advice and opinion should be considered in the context of the entirety of this letter and the Circular.

3. ASSESSMENT OF THE PROPOSED TRANSACTION

The Offer is made by TMK Triangle on the basis set out in paragraph 3 of the Letter to Unitholders. Unitholders are advised to read the Circular in detail.

In the course of our assessment of the Proposed Transaction, we have given due consideration to the following factors:

(i) Rationale for the Proposed Transaction

(a) Best Available Option

We noted in an announcement dated 13 August 2015 that the Manager has established an independent committee comprising solely the independent

non-executive directors of the Manager, namely Mr Soh Yew Hock, Mr Dennis Lam Siu Sun and Mr Harold Sun Dai Hoe (the “**Independent Evaluation Committee**”), to lead the assessment and evaluation of proposals that are received or tabled from time to time, including proposals that may involve, among others, material corporate actions involving Saizen REIT’s entire portfolio and/or unitholding structure.

The setup of the Independent Evaluation Committee was in view of several unsolicited proposals that were being put forth to the Manager for consideration, and in order to deal with any conflicts of interests that may arise between the interests of the stakeholders of the Manager and the interests of the Unitholders generally. The Board was of the view that the formation of the Independent Evaluation Committee would be in the best interests of the Unitholders. The Independent Evaluation Committee is fully supported by the management of the Manager and its external advisers in the discharge of its duties.

Subsequently on 8 September 2015, the Independent Evaluation Committee appointed the joint financial advisers (“**JFAs**”), being Credit Suisse (Singapore) Limited and NorthEast Capital Management GK, to assist the Independent Evaluation Committee in the discharge of its duties.

Following their appointment, the JFAs engaged with investors who expressed interest in Saizen REIT and its assets, pursuant to which several non-binding proposals were received. On 22 October 2015, the Manager received a firm offer in relation to the assets of Saizen REIT from Triangle TMK. Following arm’s length negotiations with Lone Star Funds, an affiliate of Triangle TMK, on 31 October 2015 the Trustee entered into the Interest Assignment Agreement, pursuant to which Triangle TMK will acquire the Properties.

The Independent Evaluation Committee believes that the Proposed Transaction is beneficial to Unitholders **as the Offer currently represents the best available option** for Unitholders among the proposals received, based on the advice of the JFAs. **In evaluating the Offer, the Independent Evaluation Committee considered numerous factors including but not limited to the offer price and the contractual terms of the Offer, and the fact that the Offer was the only definitive offer received by the Manager.**

(b) Realisation of Value

The Purchase Consideration of JPY44,660.0 million (S\$514.1 million) for the TK interests represents a 3.4% premium to the appraised value of the Properties.

The Purchase Consideration is estimated to translate into an Implied Net Offer Price of S\$1.162 per Unit of Saizen REIT. In the event that Resolutions 2 and 3 are approved by Unitholders, the Implied Liquidation Value of Saizen REIT is estimated to be approximately S\$1.146 per Unit. The Implied Net Offer Price is at a slight premium of 0.2%, while the Implied Liquidation Value is at a slight discount of 1.2%, to Saizen REIT’s adjusted NAV per Unit of S\$1.160 based on audited figures as at 30 June 2015 (further elaborated below).

The estimated Implied Net Offer Price of S\$1.162 per Unit and estimate Implied Liquidation Value of S\$1.146 per Unit represent a premium of 35.9% and 34.0% respectively above the closing price of S\$0.855 per Unit on 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015, and a premium of 39.5% and 37.6% respectively above the 1-month volume-weighted average price of S\$0.833 per Unit as of 22 October 2015.

Please refer to paragraphs 4.2 and 4.3 of the Letter to Unitholders for further rationale and advantages of the Proposed Transaction including mitigation of market risks.

(ii) Comparison of the Purchase Consideration to the Independent Valuation

We note that based on the Annual Valuation as at 30 June 2015 (after taking into account the divestment of Niken Chaya Grand Heights which was completed on 24 August 2015) and the valuation of Strasse Nanokawa as at 15 July 2015 (the "**Strasse Nanokawa Valuation**"), the aggregate value of the Properties is JPY43,181.1 million (S\$497.1 million). The Properties were valued using the direct capitalisation method and discounted cash flow analysis method.

Accordingly, the Purchase Consideration represents a 3.4% premium to the appraised value of the Properties.

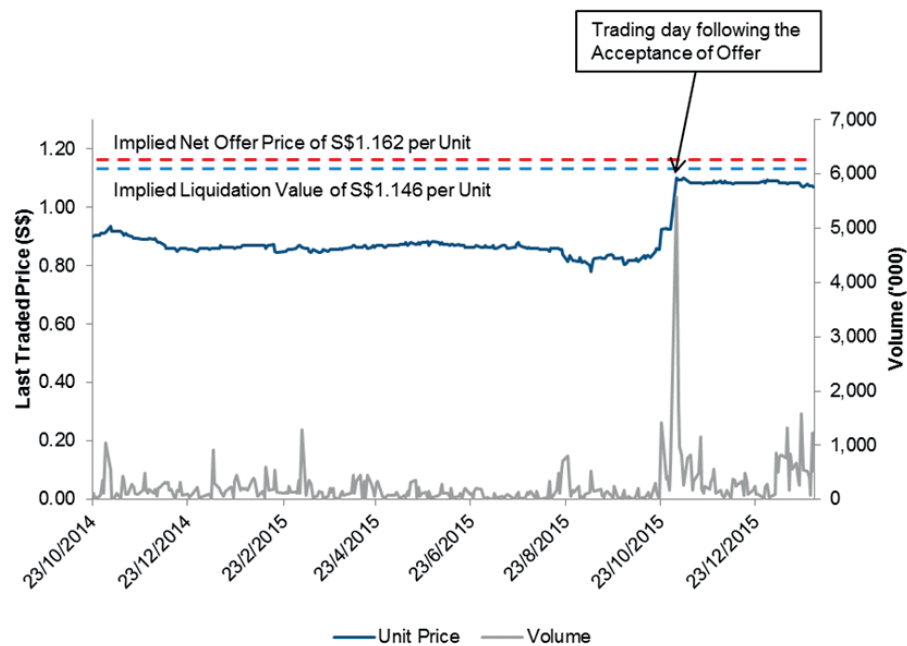
(iii) Comparison of the Implied Net Offer Price of S\$1.162 per Unit and the Implied Liquidation Value of S\$1.146 per Unit to the adjusted NAV per Unit

We note that the Implied Net Offer Price is at a slight premium of 0.2%, while the Implied Liquidation Value is at a slight discount of 1.2%, to Saizen REIT's adjusted NAV per Unit of S\$1.160 (based on audited financials as at 30 June 2015, adjusted for property transactions in August 2015 and distributions paid on 28 September 2015). We also note that Saizen REIT has consistently traded at a discount to NAV. For example, over the last five years (from 22 October 2010 to 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015), the Unit price of Saizen REIT has traded at discounts of between 5.4% and 54.2%, and at an average discount of 33.2%, to the NAV per Unit. Please refer to paragraph 4.2 of the Letter to Unitholders for further details.

(iv) Comparison of the Implied Net Offer Price of S\$1.162 per Unit and Implied Liquidation Value of S\$1.146 per Unit to the Historical Trading Price of Saizen REIT

We set out below a chart showing the Implied Net Offer Price relative to the trend of the daily last traded price of the Saizen REIT Units ("**Last Traded Price**") for the 12-month period prior to and including the last trading day, 22 October 2015, before the Offer Announcement Date ("**Last Trading Day**") and up to the Latest Practicable Date. We also set out the key announcements made by Saizen REIT during the corresponding period.

Exhibit 1: Historical Unit Price Performance



Source: Bloomberg and SGX-ST announcements made by the Saizen REIT

Exhibit 2 : Selected Announcements

Date	Description
4 Nov 2014 and 21 Nov 2014	Divestment of High Grace 2 for cash consideration of JPY 366.45m. The sale price represented a 16.0% to the valuation of JPY 316.0m.
11 Aug 2015 and 24 Aug 2015	Divestment of Niken Chaya Grand Heights for cash consideration of JPY 460m. The sale price represented a 20.4% to the valuation of JPY 382.0m.
13 Aug 2015	Establishment of Independent Evaluation Committee to lead the assessment and evaluation of proposals that are received or tabled from time to time, including proposals that may involve, among others, material corporate actions involving Saizen REIT's entire portfolio and/or unitholding structure.
31 Aug 2015	Purchase of Strasse Nanokawa for cash consideration of JPY 513m. The sale price represented a 9.1% to the valuation of JPY 470.0m.
8 Sep 2015	Appointment of JFAs to the Independent Evaluation Committee.
23 Oct 2015	Announcement of receipt of firm offer for the Properties.

31 Oct 15 Acceptance of the Offer.

11 Nov 15 Announcement of the unaudited financial results for the 3 months ended 30 September 2015.

We note that the Saizen REIT Units have traded between S\$0.780 and S\$1.100 over the 12-month period prior to and including the Last Trading Day.

We have also compared the Implied Net Offer Price per Unit and Implied Liquidation Value per Unit against the volume weighted average price ("VWAP") of the Saizen REIT Unit for selected reference periods both prior to and after the Offer Announcement Date and the corresponding trading liquidity analysis in the table below:

Exhibit 3: Analysis of Historical Unit Price and Trading Volume Performance

Reference Periods	VWAP ⁽¹⁾ of Saizen REIT Unit (S\$)	Premium/ (discount) of Implied Net Offer Price over VWAP(%)	Premium/ (discount) of Implied Liquidation Value over price	Highest Traded Price (S\$)	Lowest Traded Price (S\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as percentage of free float (%) ⁽³⁾
Periods up to and including the Last Trading Day							
12 months	0.865	34.34	32.49	0.935	0.780	158,599	0.064
6 months	0.850	36.71	34.82	0.895	0.780	117,852	0.047
3 months	0.834	39.33	37.41	0.880	0.780	137,108	0.055
1 month	0.833	39.50	37.58	0.870	0.805	82,948	0.033
Last transacted price on the Last trading day before the Offer Announcement Date							
	0.855	35.91	34.04	0.865	0.855	17,400	0.007
The last transacted price on the Last Trading Day (22 October 2015) is S\$0.855							
Periods after the Offer Announcement Date							
Between the trading date immediately after Offer Announcement Date and the Latest Practicable Date (both dates inclusive)							
	1.075	8.09	6.60	1.140	0.890	530,033	0.213
Latest Practicable Date							
	1.070	8.60	7.10	1.075	1.065	516,100	0.207

Notes:

- (1) VWAP is calculated as the total traded value divided by the total traded volume for the relevant period.
- (2) The average daily volume of the Saizen REIT Units is calculated based on the total volume of Saizen REIT Units traded during the period divided by the number of trading days over the same period.
- (3) Free float refers to approximately 249.3 million Saizen REIT Units or approximately 86.8% of the number of Units in issue held by the public (as defined in the SGX-ST Listing Manual) as at the Latest Practicable Date.

From Exhibit 3, we note the following:

- (i) The Implied Net Offer Price and Implied Liquidation Value per Unit are at a premium of approximately 35.9% and 34.0% respectively to the last closing price of S\$0.855 for the Last Trading Day;
- (ii) The Implied Net Offer Price per Unit is at a premium of approximately 39.5%, 39.3%, 36.7% and 34.3% over the VWAP for the 1-month, 3-month, 6-month and 12-month periods prior to and including the Last Trading Day;
- (iii) The Implied Liquidation Value per Unit is at a premium of approximately 37.6%, 37.4%, 34.8% and 32.5% over the VWAP for the 1-month, 3-month, 6-month and 12-month periods prior to and including the Last Trading Day;
- (iv) After the Offer Announcement Date and up to the Latest Practicable Date, there was no instance when the traded price of Saizen REIT Units was higher than the Implied Net Offer Price per Unit or the Implied Liquidation Value per Unit; and
- (v) The average daily trading volume as a percentage of free float is approximately 0.033%, 0.055%, 0.047% and 0.064% over the 1-month, 3-month, 6-month and 12-month periods prior to and including the Last Trading Day.

We have also noted that the recent trading activity of Saizen REIT Units has increased as compared to the period 12 months prior to and including the Last Trading Day. There is no assurance that the trading volume of Saizen REIT Units will continue at the current level.

We wish to highlight that the trading performance of Saizen REIT Unit may be attributed to various factors and is not an indication of the future trading performance of the Saizen REIT Unit.

(v) Comparison of the Valuation Ratios with Selected SGX-listed REITs which are Broadly Comparable to Saizen REIT ("Broadly Comparable REITs")

In our assessment of the Implied Net Offer Price and the Implied Liquidation Value, we have also benchmarked the valuation ratios of Broadly Comparable REITs to Saizen REIT.

We have considered the following:

P/B	"P/B" or "price-to-book" illustrates the ratio of the market price of a unit relative to its historical NAV per unit as recorded in its financial statements.
12 Months Distribution Yield	"12 Months Distribution Yield" is the sum of gross dividend per unit amount that have gone ex distribution over the prior 12 months, divided by the current unit price. Gross and net distribution is assumed to be the same when only one is reported.

We note that there is no REIT listed on the SGX-ST which is identical to Saizen REIT in terms of composition of the Properties, scale of operations, risk profile, geographical concentration, financial condition, track record, future prospects and other relevant criteria. Accordingly, any comparison made with respect to the Broadly Comparable REITs merely serves as an illustrative guide and conclusions drawn from the comparison may not necessarily reflect the perceived market valuation of Saizen REIT nor its Properties.

For the reasons articulated above, it should be noted that it would not be appropriate to solely rely on the Broadly Comparable REITs multiples in assessing the Implied Net Offer Price and the Implied Liquidation Value.

The statistics for the Broadly Comparable REITs are based on their last traded prices and the latest available published financial statements as at the Latest Practicable Date.

Exhibit 4: Description of Broadly Comparable REITs

Broadly Comparable REITs	Description
Ascott Resident Trust (“ ART ”)	ART is a serviced real estate investment trust. ART invests in real estate or real estate related assets which are income-producing and which are used as serviced residences or rental housing properties. ART has residence and housing rental properties in Asia Pacific and Europe.
CDL Hospitality Trusts (“ CDLHT ”)	CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“ H-REIT ”) and CDL Hospitality Business Trust (“ HBT ”). H-REIT is a REIT that invests in a portfolio of income producing properties and HBT is a business trust.
Far East Hospitality Trust (“ FEHT ”)	FEHT is a hospitality stapled group comprising Far East Hospitality Real Estate Investment Trust (“ Far East H-REIT ”) and Far East Hospitality Business Trust (“ Far East H-BT ”). FEHT is a Singapore based REIT, which invests in hospitality assets and Far East H-BT, a Singapore-based business trust.
OUE Hospitality Trusts (“ OUEHT ”)	OUEHT is a stapled group comprising OUE Hospitality Real Estate Investment Trust (“ OUE H-REIT ”) and OUE Hospitality Business Trust (“ OUE HBT ”). OUE H-REIT is a REIT that directly or indirectly invests in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes while OUE HBT is a business Trust.
Fraser Hospitality Trust (“ FHT ”)	FHT is a REIT which owns, operates and invests in hotel and serviced residences.

We set out in the table below the valuation statistics for the Broadly Comparable REITs listed on the SGX-ST based on their last transacted unit price as at the Latest Practicable Date.

Exhibit 5: Valuation statistics for Broadly Comparable REITs on SGX-ST

Name	Mkt Cap (SGD m)	Last Financial Year End	P/B (x)	12 Months Distribution Yield (%)
Ascott Residence Trust	1,781.0	31 Dec 2015	0.81	7.05%
CDL Hospitality Trusts	1,288.2	31 Dec 2015	0.82	7.99%
Far East Hospitality Trust	1,147.6	31 Dec 2015	0.66	7.36%
OUE Hospitality Trusts	977.5	31 Dec 2015	0.81	9.07%
Fraser Hospitality Trust	1,005.5	30 Sep 2015	0.85	9.95%
High			0.85	9.95%
Low			0.66	7.05%
Mean			0.79	8.29%
Median			0.81	7.99%
Saizen REIT (Based on Implied Offer Price)	333.4	30 Jun 2015	1.00	5.19%
Saizen REIT (Based on Implied Liquidation Value) .	328.8	30 Jun 2015	0.99	5.26%
Saizen REIT (Based on Last Traded Price)	245.4	30 Jun 2015	0.74	7.05%

Source: Bloomberg L.P. and the latest available financial statements of the Broadly Comparable REITs.

Notes:

- (1) Historical P/B of the Broadly Comparable REITs were based on their respective last traded prices as at the Latest Practicable Date and latest announced financial statements.
- (2) P/B for Saizen REIT was calculated based on the adjusted NAV per Unit of S\$1.160.
- (3) 12 Months Distribution Yield of the Broadly Comparable REITs is the sum of the gross distributions per unit amount that have gone ex distribution over the prior 12 months, divided by the current unit price.

We observed that:

- (a) the implied P/B ratio based on the Implied Net Offer Price and the Implied Liquidation Value of Saizen REIT of 1.00 and 0.99 times respectively are higher than the range, mean and median of the P/B ratios of the Broadly Comparable REITs. Based on the Last Traded Price of S\$0.855 per Unit, the P/B ratio of 0.74 times of Saizen REIT is within the range of 0.66 to 0.85 times, but below the mean and median P/B ratios for the Broadly Comparable REIT; and

- (b) the implied 12 Months Distribution Yield based on the Implied Net Offer Price and the Implied Liquidation Value of Saizen REIT of 5.19% to 5.26% is below the range, mean and median of the 12 Months Distribution Yield of the Broadly Comparable REITs. Based on the Last Traded Price of S\$0.855 per unit, the 12 Months Distribution Yield is 7.05% for Saizen REIT which is within the range but below the mean and median 12 Months Distribution Yield for the Broadly Comparable REITs.

(vi) Proforma Effects of the Proposed Transaction

The proforma financial effects of the Proposed Transaction are set out in paragraph 5 of the Letter to Unitholders.

(vii) Other Relevant Considerations

(a) Implied Liquidation Value Versus Future Distributions

The estimated Implied Liquidation Value is S\$1.146 per Unit should Resolution 2 and 3 be approved. Should Saizen REIT continue in its current form as a listed real estate investment trust (“REIT”), Unitholders may continue to receive distributions annually. Based on the latest distribution per Unit of S\$0.0603, and the 34.0% premium represented by the estimated Implied Liquidation Value per Unit over its last closing price of S\$0.855 for the Last Trading Day (“**Hypothetical Capital Gain**”), it would take approximately five years for the Unitholders to realise the Hypothetical Capital Gain accruing from the estimated Implied Liquidation Value via annual distributions assuming the distributions and Unit price do not change as well as other market factors such as currency, interest rates, policies, etc staying constant. Please refer to paragraph 4.3 of the Letter to Unitholders relating to the mitigation of further market risks by realising the value of the Properties through the Proposed Transaction.

(b) No Certainty of Better Offers for the Entire Portfolio

There is no certainty that the Manager will be able to secure a better offer than the current Offer which is for the entire portfolio of Properties, comprising 136 properties across 14 Japanese cities targeted at the mass market.

(c) Undertaking by Manager

We note that the Manager has provided an undertaking to Triangle TMK dated 31 October 2015 that it will:

- vote any and all Units it holds in favour of the resolution to approve the Proposed Transaction at an extraordinary general meeting of Saizen REIT to be convened; and
- not, directly or indirectly, solicit, initiate, encourage or entertain any inquiries or proposals from, discuss or negotiate with, provide any non-public information to or consider the merits of any inquiries or proposals from, any person (other than Triangle TMK) relating to any transaction involving the sale of the assets of any TK Operator, or any of

the capital stock or TK Interests of any TK Operator, or any merger, consolidation, business combination or similar transaction involving any TK Operator, and will promptly notify Triangle TMK in writing of any such inquiry or proposal.

The above undertaking has been provided by the Manager at the request of Lone Star Funds, in consideration for a higher purchase consideration for the acquisition of Saizen REIT's entire portfolio. For the avoidance of doubt, no payment was received (other than the nominal consideration sum of S\$1.00 received by the Manager for providing the above undertaking) by the Manager in exchange for providing the above undertaking.

Please refer to paragraph 3.7 of the Letter to Unitholders for full details on the undertaking by the Manager.

4. OUR OPINION ON THE PROPOSED TRANSACTION

In arriving at our opinion in respect of the Proposed Transaction, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- We have reviewed the rationale for the Proposed Transaction, being that the Offer is the best available option which is able to realise and enhance Unitholders' value, and are of the view that it is of a reasonable basis;
- We note that the Purchase Consideration represents a 3.4% premium to the appraised value of the Properties;
- We note that the Implied Net Offer Price per Unit is at a slight premium of 0.2%, while the estimated Implied Liquidation Value per Unit is at a slight discount of 1.2%, to Saizen REIT's adjusted NAV per Unit of S\$1.160 based on audited figures as at 30 June 2015;
- We note that the Implied Net Offer Price per Unit and Implied Liquidation Value per Unit are at a premium of approximately 35.9% and 34.0% respectively to the last closing price of S\$0.855 for the Last Trading Day, and also similar significant premium over the VWAP for the 1-month, 3-month, 6-month and 12-month periods prior to and including the Last Trading Day;
- We note that the implied P/B ratio based on the Implied Net Offer Price and the Implied Liquidation Value of Saizen REIT of 1.00 and 0.99 times respectively are higher than the range, mean and median of the P/B ratios of the Broadly Comparable REITs;
- Should Saizen REIT maintain its portfolio and continued to be listed, it would take approximately five years for the Unitholders to realise the Hypothetical Capital Gain accruing from the Implied Liquidation Value via the annual distributions assuming the distributions, Unit price and other market factors staying constant; and
- There is no certainty that the Manager will be able to secure a better offer than the current Offer. The Manager has also undertaken, at the request of Lone Star Funds

to vote any and all Units it holds in favour of the Proposed Transaction and not to solicit or entertain any other inquiries or proposals in relation to the assets, in consideration for a higher purchase consideration for the acquisition of Saizen REIT's entire portfolio.

Based on our analysis, and after having carefully considered the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Transaction is fair and reasonable to Saizen REIT and its Unitholders. Accordingly, we advise that the Board of Directors recommend that the Unitholders vote in favour of the Proposed Transaction.

This opinion is addressed to the Board of Directors and the Trustee for their use and benefit, in connection with and for the purpose of their consideration of the Proposed Transaction and for inclusion in the Circular.

5. ASSESSMENT OF THE PROPOSED SUPPLEMENTAL PAYMENT

The Manager intends to enter into a supplemental deed of trust with the Trustee to amend the Trust Deed so that the proposed Supplemental Payment of S\$1.2 million may be paid two months after Completion.

Subject to and conditional upon the passing of Resolution 1 in relation to the Proposed Transaction, the Supplement Payment, being an additional fee arrangement, requires an amendment to the Trust Deed, and therefore, approval from Unitholders by Extraordinary Resolution.

In the course of our assessment of the proposed Supplemental Payment, we have taken into consideration, *inter alia*, the following:

(i) Shift in Strategy in Response to Opportunities

As noted paragraph 7.1 of the Letter to Unitholders, in December 2013, the Manager, assisted by an independent financial adviser, began to undertake a strategic review of options to enhance Unitholder value, which was subsequently completed in June 2014. Since then, the overall Japanese property market continued to show improvement in 2015, with the compression of yields and increased competition for properties, which makes it more challenging for Saizen REIT to acquire properties to grow its portfolio. The Manager also began to receive more approaches and proposals involving, among others, material corporate actions involving Saizen REIT's entire portfolio and/or unitholding structure.

The Independent Evaluation Committee was formed in August 2015 and the JFAs were appointed in September 2015 to assess and evaluate the various proposals received by the Manager. We noted that this is a deliberate decision taken by the Board that the Independent Evaluation Committee shall be fully independent of the management so that it is in the best possible position to perform its duties objectively and in the interest of Unitholders. This is necessary to address any conflicts of interests that may arise between the interests of the stakeholders of the Manager and the interests of the Unitholders of Saizen REIT generally. The Independent Evaluation Committee was fully supported by the management and the JFAs in the discharge of its duties.

Pursuant to the deliberations and negotiations held by the Independent Evaluation Committee with the help of the management and the JFAs, on 22 Oct 2015, the Manager received the Offer from Triangle TMK and on 31 Oct 2015, the Manager announced that the Trustee had accepted the Offer. The Manager has also undertaken to vote in favour of the Proposed Transaction.

(ii) Rationale for the Proposed Supplemental Payment

The Supplemental Payment is proposed in recognition of services that the Manager has rendered to Saizen REIT in respect of the disposal of Saizen REIT's entire property portfolio through the Proposed Transaction. The Proposed Transaction is generally outside the scope of the Manager's mandate, which is to manage Saizen REIT and its business, and runs contrary to the interests of the Manager as a going-concern.

At the time of establishment of Saizen REIT, a transaction of the nature of the Proposed Transaction, which involves the sale of the entire portfolio was not contemplated. During the Interim Period which commences on the date of Completion to the dissolution of Saizen REIT, Saizen REIT will not have any property assets and consequently, the Manager will not be receiving its usual management fee (which was approximately S\$2.5 million in FY2015) which is computed based on 0.5% per annum of the monthly weighted average value of the Saizen REIT's property assets). Hence the Manager would only be entitled to the divestment fee of 0.3% of the Purchase Consideration under the current terms of the Trust Deed.

Further, the Manager will cease to have any business after the dissolution of Saizen REIT as it provides its services exclusively to Saizen REIT.

Please refer to paragraph 7.1 of the Letter to Unitholders for the full details of the background and rationale of the proposed Supplemental Payment.

(iii) Current Fee Structure of the Manager

Under the current terms of the Trust Deed, the Manager is entitled to the following fees:

- a) Management fee of 0.5% per annum of the monthly weighted average value of all property assets of Saizen REIT;
- b) Acquisition fee of 1.0% of acquisition price; and
- c) Divestment fee of 0.3% of sale price.

As mentioned earlier, at the time of establishment of Saizen REIT, a transaction of the nature of the Proposed Transaction was not contemplated, and hence the Manager would only be entitled to the divestment fee under the current terms of the Trust Deed.

We have reviewed the fee arrangements of the Broadly Comparable REITs, and noticed that it is fairly typical for the REIT Managers to have fee arrangements which include a base management fee, a performance fee, acquisition fee, divestment fee and a developmental management fee (to a lesser extent depending on the nature

of the Manager's scope of work). We note that the base management fee of Saizen REIT is higher than the Broadly Comparable REITs. In addition, we also note that unlike these Broadly Comparable REITs, Saizen REIT does not have a performance fee structure, which typically ranges from 4.0% — 5.5% of net property income or distributable income or gross profit. However, we have not observed a fee structure that includes a success fee or supplemental fee for a one-off divestment of the entire portfolio followed by the winding up of the REIT and the manager, given that the general strategy of a REIT and its manager is to grow and maintain the portfolio on a going concern basis.

Exhibit 6: Fee Structure of the Broadly Comparable REITs on SGX-ST

		Base fee	Performance fee	Acquisition fee	Divestment fee	Development management fee
1.	Ascott Residence Trust	0.3% per annum of the property values	4.0% per annum of the Group's share of gross profit and certain outperformance fee.	1.0% of the enterprise value of any real estate or real estate related asset or 0.5% in the event that there is payment to third party agents or brokers in connection with the acquisition.	0.5% of the enterprise value of any real estate or real estate related asset	—
2.	CDL Hospitality Trust	0.25% per annum of the value of H-REIT's deposited property	5.0% per annum of H-REIT's net property income	1% of the acquisition price	0.5% of the sale price	—
3.	Far East Hospitality Trust	0.3% per annum of the value of the H-REIT deposited property	4.0% per annum of net property income	0.75% for acquisition from related parties and 1% for all other cases	0.5% of divestment fee	3.0% of the total project costs incurred
4.	OUE Hospitality Trust	Up to 0.3% per annum of the value of OUE H-REIT's Deposited Property	4.0% per annum of OUE H-REIT's net property income	0.75% of the acquisition price for acquisitions from related parties and 1.0% for all other cases	0.5% of the sale price	—
5.	Fraser's Hospitality Trust	0.3% per annum of the value of the FH-BT Trust property	5.5% of the aggregate distributable income of FHT	0.5% for acquisitions from Related Parties and 1.0% for all other cases	0.5% of the sale price or underlying value	—

		Base fee	Performance fee	Acquisition fee	Divestment fee	Development management fee
6.	Saizen REIT	0.5% per annum of the monthly weighted average value of all property assets of Saizen REIT	nil	1% of the purchase price	0.3% of the sale price	—

Source: Latest available annual reports of the Broadly Comparable REITs and Saizen REIT.

(iv) Comparison with Precedent Example

As mentioned in paragraph 5(iii) earlier, in our review of the fee structure of the Broadly Comparable REITs, we have not observed a fee structure that includes a success fee or supplemental payment for a one-off divestment of the entire portfolio followed by the winding up of the REIT and the manager, given that the general strategy of a REIT and its manager is to grow and maintain the portfolio on a going concern basis.

However, we have identified an infrastructure fund, Macquarie International Infrastructure Fund Limited (“MIIFL”) which used to be listed on the SGX-ST, and which carried out a strategic review in 2012, and concluded that it would undertake a revised strategy with the view of divesting all its assets and wind up the company. It then proposed to amend its management agreement to be better aligned with the new strategy:

- Reduce its management fee from 1.5% to 0.75% of net investment value (the divestment will take a few years and so management fee is still applicable);
- Remove its performance fee which is based on 20% of the outperformance of the benchmark of an annualised total return to shareholders of 8.0% per annum, as this is not as relevant in a divestment strategy and it has consistently underperformed this benchmark; and
- Include a **success fee** which is equal to S\$15.0 million if the divestment fee is equal to a threshold level (“Threshold Level”) of S\$694.915 million which is 95% of the board’s valuation. The Threshold Level represents the board’s valuation, net of estimated total transaction costs. The success fee increases as the divestment proceeds increase above the Threshold Level.

In 2015, MIIFL divested its last asset and realised a total divestment proceeds of approximately S\$719.4 million from the divestments and a success fee of approximately S\$17.4 million will be payable to the manager.

For purpose of illustration, the proposed Supplemental Payment of S\$1.2 million represents approximately S\$0.004 per Unit, or 0.23% of the Purchase Consideration, or 0.36% of the Implied Liquidation Value (before deducting the proposed Supplemental Payment).

For further illustration, the divestment fee of 0.3% of Purchase Consideration (approximately S\$1.54 million), together with the proposed Supplemental Payment, represent approximately S\$0.0096 per Unit, or 0.53% of the Purchase Consideration, or 0.83% of the Implied Liquidation Value (before deducting the proposed Supplemental Payment).

We recognised that each REIT or fund has distinct unique circumstances in relation to the fee arrangement with their managers, with different bases upon which certain fees are calculated. This presents difficulties in establishing a comparative basis with the proposed Supplemental Payment. Attempts to compare these fees arrangements would be subject to a number of assumptions, several of which are subjective in nature.

The main salient point in relation to this precedent example is that the intention of the amendment to the fee arrangement was to allow the fund to:

- perform the additional scope of work in relation to the divestment of existing assets and the winding up the fund;
- align the manager's interest with that of a divestment strategy; and
- compensate for the profits foregone as a consequence of the early termination of the management agreement.

6. OUR OPINION ON THE PROPOSED SUPPLEMENTAL PAYMENT

In arriving at our opinion on whether the proposed Supplemental Payment is on normal commercial terms and not prejudicial to the interests of Saizen REIT and its non-interested Unitholders, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- We note that there is a shift in strategy in response to changes in the Japanese property market, which led to the formation of the Independent Evaluation Committee and which eventually led to the acceptance of the Offer from Triangle TMK to acquire Saizen REIT's entire portfolio of real estate assets in Japan;
- We have reviewed the rationale for the proposed Supplemental Payment, which is proposed in recognition of services that the Manager has rendered to Saizen REIT in respect of the disposal of Saizen REIT's entire property portfolio through the Proposed Transaction, and are of the view that it is of a reasonable basis;
- We have reviewed and note that the fee structure of the Broadly Comparable REITs do not include a success fee or supplemental fee for a one-off divestment of the entire portfolio followed by the winding up of the REIT and the manager, given that the general strategy of a REIT and its manager is to grow and maintain the portfolio on a going concern basis; and

- We note that in a precedent example of an infrastructure fund which was listed on the SGX-ST, it undertook a revised strategy with the view of divesting all its assets and wind up the company. It then proposed to amend its management agreement which involved amending its management fee, performance fee, and including a success fee, to better align the manager's interest with that of the new strategy, as it involved additional scope of work, as well as to compensate for profits foregone as a consequence of the early termination of the management agreement.

Based on our analysis, and after having carefully considered the information available to us as at the Latest Practicable Date, we are of the opinion that the proposed Supplemental Payment is on normal commercial terms and is not prejudicial to the interests of Saizen REIT and its non-interested Unitholders. Accordingly, we advise that the Independent Directors recommend that the Unitholders vote in favour of the proposed Supplemental Payment.

This opinion is addressed solely to the Independent Directors and the Trustee for their use and benefit, in connection with and for the purpose of their consideration of the proposed Supplemental Payment and for inclusion in the Circular.

In rendering the above opinion, we have not taken into consideration the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Unitholder. Accordingly, any individual Unitholder who may require specific advice in relation to their investment portfolio, including their investment in Saizen REIT, should consult their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

Yours faithfully

For and on behalf of

HL Bank

Tan Chong Hin
General Manager, Investment Banking

Faye Chong
Senior Manager, Investment Banking

SAIZEN REAL ESTATE INVESTMENT TRUST
(A real estate investment trust constituted in the Republic of Singapore
pursuant to a trust deed dated 27 September 2007 (as amended))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Saizen Real Estate Investment Trust (“**Saizen REIT**”) will be held at Raffles City Convention Centre, Collyer Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 at 10.00 a.m. on 1 March 2016 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 5 February 2016 to Unitholders (the “**Circular**”)):

1. RESOLUTION 1 (ORDINARY RESOLUTION)

THE PROPOSED TRANSACTION FOR THE DISPOSAL OF SAIZEN REIT’S ENTIRE PORTFOLIO OF REAL ESTATE ASSETS IN JAPAN TO TRIANGLE TMK

That:

- (i) approval be and is hereby given for the transaction to dispose of Saizen REIT’s entire portfolio of real estate assets in Japan to Triangle TMK (the “**Proposed Transaction**”), on the terms and conditions set out in the conditional agreement (the “**TK Interest Assignment Agreement**”) dated 31 October 2015 made between HSBC Institutional Trust Services (Singapore) Limited, as trustee of Saizen REIT (the “**Trustee**”), and Triangle TMK, and the entry into of the TK Interest Assignment Agreement be and is hereby approved and ratified; and
- (ii) Japan Residential Assets Manager Limited, as manager of Saizen REIT (the “**Manager**”) and/or any director of the board of the Manager (“**Director**”), be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director may consider expedient or necessary or in the interests of Saizen REIT to give effect to the Proposed Transaction.

2. RESOLUTION 2 (ORDINARY RESOLUTION)

THE PROPOSED SPECIAL DISTRIBUTION

That, contingent on the passing of Resolution 1:

- (i) approval be and is hereby given for the distribution of S\$1.056 per Unit as Special Distribution to Unitholders in proportion to their respective interests, such distribution to be made from the net cash proceeds to be derived from realisation of deposited property and available for distribution as more particularly described in the Circular; and
- (ii) the Manager and/or any Director be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director may consider expedient or necessary or in the interests of Saizen REIT to give effect to the proposed Special Distribution.

3. RESOLUTION 3 (EXTRAORDINARY RESOLUTION)

THE PROPOSED SUPPLEMENTAL PAYMENT

That, contingent on the passing of Resolution 1:

- (i) approval be and is hereby given to pay the proposed Supplemental Payment (as defined in the Circular) and to amend the Trust Deed by way of a supplemental deed of trust to provide for such payment in the manner set out in paragraph 7.2 of the Letter to Unitholders in the Circular, and
- (ii) the Manager, any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Saizen REIT to give effect to the proposed Supplemental Payment.

BY ORDER OF THE BOARD

Mr Goh Hwee Leng Joey
Executive Director and Chief Executive Officer

Japan Residential Assets Manager Limited
(Company Registration No. 200712125)
As Manager of Saizen Real Estate Investment Trust

5 February 2016

Notes:

- (1) A Unitholder who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Manager's registered office at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909 no later than 10.00 a.m. on Sunday, 28 February 2016, being 48 hours before the time appointed for holding the meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of Saizen REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM of Saizen REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of Saizen REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

SAIZEN REAL ESTATE INVESTMENT TRUST

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 February 2016.

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

of _____ (Address)

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

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

and/or (delete as appropriate)

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

as *my/our proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting of Saizen REIT ("**Extraordinary General Meeting**") to be held at Raffles City Convention Centre, Collyer Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560 at 10.00 a.m. on Tuesday, 1 March 2016. *I/We direct *my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Extraordinary General Meeting.

	No. of Votes For**	No. of Votes Against**
Resolution 1 (Ordinary Resolution) To approve the Proposed Transaction for the disposal of Saizen REIT's entire portfolio of Real Estate Assets in Japan to Triangle TMK		
Resolution 2 (Ordinary Resolution) To approve the Special Distribution of S\$1.056 per Unit to Unitholders out of the cash balance of Saizen REIT after the completion of the Proposed Transaction(Conditional upon the passing of Resolution 1)		
Resolution 3 (Extraordinary Resolution) To approve the Supplemental Payment and the corresponding amendment to the Trust Deed by way of supplemental deed of trust (Conditional upon the passing of Resolution 1)		

* Delete where applicable.

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

Dated this _____ day of _____ 2016

Total number of Units held

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

1st fold here

2nd fold here

Affix
Postage
Stamp

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

3rd fold here

IMPORTANT: PLEASE READ NOTES TO PROXY FORM BELOW

NOTES TO PROXY FORM:

1. A Unitholder who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

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

General

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

