



## Saizen Real Estate Investment Trust

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

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### PROPOSED TRANSACTION IN RELATION TO SAIZEN REIT'S ENTIRE PORTFOLIO OF REAL ESTATE ASSETS IN JAPAN

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#### SUMMARY

Japan Residential Assets Manager Limited, in its capacity as manager of Saizen Real Estate Investment Trust ("**Saizen REIT**", and as manager of Saizen REIT, the "**Manager**"), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Saizen REIT (the "**Trustee**"), has on 31 October 2015 accepted an offer (the "**Offer**") for the acquisition of all the real estate assets (the "**Properties**") in Saizen REIT's portfolio in Japan by Triangle TMK for an agreed purchase consideration of JPY44,660.0 million (S\$517.3 million<sup>1</sup>) (the "**Purchase Consideration**") (subject to adjustments, if any) (the "**Proposed Transaction**"). Triangle TMK is a Japanese affiliate of Lone Star Real Estate Fund IV and Lone Star Funds.

The Purchase Consideration is at 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\$1.17<sup>2</sup> per unit of Saizen REIT ("**Unit**"), or a slight premium to Saizen REIT's adjusted<sup>3</sup> net asset value ("**NAV**") per Unit based on audited figures as at 30 June 2015, after taking into account estimated transaction-related costs and expenses<sup>4</sup>.

The estimated implied net offer price of S\$1.17 per Unit represents a 36.9% premium 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 40.9% premium above the 1-month volume-weighted average price per Unit as of 22 October 2015.

The Proposed Transaction is conditional upon, among others, approval from unitholders of Saizen REIT ("**Unitholders**") at an extraordinary general meeting of Saizen REIT to be convened and is expected to be completed in the first quarter of 2016.

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- 1 Based on the illustrative exchange rate of S\$1.00 to JPY86.33 as at 28 October 2015 (the "**Illustrative Exchange Rate**"). Unless otherwise stated, all conversions of JPY amounts into S\$ in this announcement shall be based on the Illustrative Exchange Rate and all amounts in JPY and S\$ in this announcement shall, where such amount exceeds one million, be rounded to one decimal number.
  - 2 For the purposes of determining the implied net offer price per Unit, the total number of Units outstanding of 287,024,902 is used. This has taken 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. Unless stated otherwise, all per Unit data in this announcement shall be calculated based on 287,024,902 Units. The implied net offer price per Unit has been further adjusted for distributions paid on 28 September 2015.
  - 3 NAV per Unit based on audited financials as at 30 June 2015, adjusted for distributions paid on 28 September 2015.
  - 4 Estimated transaction-related costs and expenses include penalty for prepayment of loans, swap breakage fee on loans, the Manager's divestment fee, professional fees and other transaction-related expenses.

## 1. INTRODUCTION

### 1.1 Background

The Board of Directors of the Manager (the “**Board**”) refers to its announcements on 13 August 2015 and 8 September 2015 in relation to the establishment of an independent evaluation committee (the “**Evaluation Committee**”) and the appointment of Joint Financial Advisers to the Evaluation Committee, and the announcement on 23 October 2015 in relation to the Offer.

Following arm’s length negotiations with Lone Star Funds, the Manager wishes to announce that the Trustee has 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 for cash. 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**”).

The Proposed Transaction constitutes a “Major Transaction” under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and the listing manual of the SGX-ST, the “**Listing Manual**”). Accordingly, the Proposed Transaction is conditional upon, among others, approval from Unitholders at an extraordinary general meeting of Saizen REIT to be convened and is expected to complete in the first quarter of 2016.

### 1.2 Information on Saizen REIT

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. Each of the Properties is held by a TK Operator which is a Japanese limited liability company functioning as a property holding company. The Trustee invests in the Properties by entering into 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.

### 1.3 Information on Lone Star Funds and affiliates

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, fund 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 has been provided by Lone Star Funds.

## 2. CERTAIN PRINCIPAL TERMS OF THE OFFER ACCEPTANCE

### 2.1 Purchase Consideration

The Purchase Consideration payable by Triangle TMK to Saizen REIT in connection with the Proposed Transaction is JPY44,660.0 million (S\$517.3 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\$500.2 million) (see paragraph 2.2 and the **Appendix** 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 of the Proposed Transaction (“**Completion**”). 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 a sum of up to 5.0% of the Purchase Consideration for the purpose of certain adjustments under the TK Interest Assignment Agreement including any claims under the TK Interest Assignment Agreement subject to a maximum of 2.5% for any remediation works to the Properties as determined by independent engineering firms.

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.

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.

## **2.2 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 as announced on 11 August 2015) and the valuation of Strasse Nanokawa (the “**Strasse Nanokawa Valuation**”) as at 15 July 2015, the aggregate value of the Properties is JPY43,181.1 million (S\$500.2 million).

Further details of the valuation of the Properties are set out in the **Appendix** of this announcement.

## **2.3 Completion**

### **2.3.1 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 designee<sup>5</sup>;
- (ii) the approval by the SGX-ST, and if required under the relevant laws, regulations or the provisions of the deed of trust constituting

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5 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 and Mr Chang Sean Pey are directors of Altus Investments Limited. Mr Raymond Wong Kin Jeon has an interest in Cheetah Group Holdings Limited which holds 30.0% of KK Tenyu Asset Management and is also a director of Cheetah Group Holdings Limited.

Saizen REIT (the “**Trust Deed**”), the Monetary Authority of Singapore;

- (iii) the approval of Unitholders; and
  - (iv) filings and/or approvals necessary to consummate the Proposed Transaction,
- (collectively, the “**Conditions**”).

### **2.3.2 Date of Completion**

Completion is conditional on the fulfilment of the Conditions and is expected to take place in the first quarter of 2016 and 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. RATIONALE FOR THE PROPOSED TRANSACTION**

### **3.1 Realisation of value**

The Evaluation Committee, in conjunction with the Joint Financial Advisers to the Evaluation Committee, being Credit Suisse (Singapore) Limited and NorthEast Capital Management GK, evaluated a number of proposals in respect of Saizen REIT and its assets. The Evaluation Committee, on the advice of the Joint Financial Advisers and after several rounds of negotiations by the Manager, determined that the Offer currently represents the best available option for Unitholders, based on price and terms, among the proposals received.

The Purchase Consideration of JPY44,660.0 million (S\$517.3 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\$1.17<sup>6</sup> per Unit of Saizen REIT, or a slight premium to the adjusted<sup>7</sup> NAV

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6 For the purposes of determining the implied net offer price per Unit, the total number of Units outstanding of 287,024,902 is used. This takes 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. Unless stated otherwise, all per Unit data in this announcement shall be calculated based on 287,024,902 Units. The implied net offer price per Unit has been further adjusted for distributions paid on 28 September 2015.

7 NAV per Unit based on audited financials as at 30 June 2015, and adjusted for distributions paid on 28 September 2015.

per Unit based on audited figures as at 30 June 2015, after taking into account the estimated transaction-related costs and expenses<sup>8</sup>.

The estimated implied net offer price of S\$1.17 per Unit implies a 36.9% premium above the closing price of S\$0.855 of Saizen REIT on 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015, and a 40.9% premium above the 1-month volume-weighted average price per Unit as of 22 October 2015.

### **3.2 Advantages of the Proposed Transaction relative to maintaining a listed platform**

The Board has evaluated the Offer relative to the prospects of Saizen REIT should it continue in its current form as a listed real estate investment trust ("REIT"). While the Board is confident of the long-term prospects of Saizen REIT and its assets should Saizen REIT remain listed, the Board notes that Saizen REIT has consistently traded at a discount to NAV. For example, over the two years prior to the announcement of the Offer on 23 October 2015, the Unit price of Saizen REIT has traded between a 16.4% to 30.8% discount to NAV per Unit.

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, which may or may not materialise.

### **3.3 Mitigation of market risks**

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 by Saizen REIT to market risks.

## **4. PRO FORMA 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

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<sup>8</sup> Estimated transaction-related costs and expenses include penalty for prepayment of loans, swap breakage fee on loans, the Manager's divestment fee, professional fees and other transaction-related expenses.

financial position of Saizen REIT after Completion.

#### 4.1 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 <sup>(1)</sup>	After the Proposed Transaction <sup>(3)</sup>
<b>NAV (S\$ million)</b>	335.3	336.0
<b>Number of Units ('000)<sup>(2)</sup></b>	287,025	287,025
<b>NAV per Unit (S\$)</b>	1.17	1.17

**Notes:**

- (1) Based on the FY2015 audited consolidated financial statements of Saizen REIT. Adjusted for the distribution paid on 28 September 2015.
- (2) Based on the total number of Units outstanding after accounting for the issuance of new Units under the Distribution Reinvestment Plan in respect of the distribution period from 1 January 2015 to 30 June 2015.
- (3) The NAV has been determined after taking into account the net proceeds to be received, and netting off the estimated transaction-related costs and expenses. Estimated transaction-related costs and expenses include penalty for prepayment of loans, swap breakage fee on loans, the Manager's divestment fee, professional fees and other transaction-related expenses.

#### 4.2 Distribution per Unit ("DPU")

The financial effects of the Proposed Transaction on Saizen REIT's 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 <sup>(1)</sup>	After the Proposed Transaction
<b>Net Property Income (S\$ million)</b>	31.0	0.0 <sup>(4)</sup>
<b>Distributable Income (S\$ million)</b>	17.2	0.0 <sup>(4)</sup>
<b>Number of Units('000)<sup>(2)</sup></b>	287,025	287,025
<b>DPU (cents)</b>	5.96 <sup>(3)</sup>	0.00

**Notes:**

- (1) Based on the FY2015 audited consolidated financial statements of Saizen REIT.
- (2) Based on the total number of Units outstanding after accounting for the issuance of new Units under the Distribution Reinvestment Plan in respect of the distribution period from 1 January 2015 to 30 June 2015.
- (3) Distributed income divided by total outstanding Units in issue, accounting for 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) After the Proposed Transaction, Saizen REIT does not have any income-producing assets.

Further details of the financial effects of the Proposed Transaction will be disclosed in the circular to be issued to Unitholders for the purpose of seeking Unitholders' approval for the Proposed Transaction (the "**Circular**").

## **5. USE OF PROCEEDS**

The Manager intends to distribute the net proceeds from the Proposed Transaction to the Unitholders as soon as practicable following the Completion via special distribution(s), after setting aside the divestment fee payable to the Manager<sup>9</sup>, any proposed fees of the Manager in relation to the winding up of Saizen REIT (which may be subject to Unitholders' approval, if applicable), the other costs and expenses arising from this exercise or in connection with the winding up of Saizen REIT and any other fees, costs and expenses which may be payable prior to the winding up of Saizen REIT. In the event that there is any cash remaining in Saizen REIT following Completion, Saizen REIT will be deemed as a "cash company" under the Listing Manual and will be subject to the relevant rules in the Listing Manual which regulate cash companies.

The timing and details concerning the special distribution(s) proposals and the status of Saizen REIT following Completion will be set out in the Circular. In the meantime, Unitholders are advised to exercise caution when dealing in the Units of Saizen REIT.

## **6. REQUIREMENT FOR UNITHOLDERS' APPROVAL**

### **6.1 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual**

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

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<sup>9</sup> The divestment fee payable to the Manager will amount to 0.3% of the Purchase Consideration.



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% but does not exceed 20%, 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 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	335.3 <sup>(1),(2)</sup>	333.7 <sup>(2)</sup>	99.5
The net profits attributable to the assets to be disposed of, compared with Saizen REIT's net profits <sup>(3)</sup>	31.0 <sup>(1)</sup>	31.0	100.0
Aggregate value of the consideration received compared with Saizen REIT's market capitalisation	265.5 <sup>(4)</sup>	336.0	126.6

**Notes:**

- (1) Based on audited financials as at 30 June 2015.
- (2) Adjusted for distributions paid on 28 September 2015.
- (3) Refers to net property income.
- (4) Based on the market capitalisation of Saizen REIT on 29 October 2015, being the last market day preceding the trading halt.

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.

The Circular is expected to be issued to Unitholders in due course, together with a notice of extraordinary general meeting, for the purpose of seeking the approval of Unitholders for the Proposed Transaction.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, certain Directors of the Manager collectively hold an aggregate, direct and/or deemed, interest in 8,088,821 Units.

Based on the information available to the Manager as at the date of this announcement, and save as disclosed in this announcement, 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.

## **8. UNDERTAKING BY THE MANAGER**

The Manager has provided an undertaking to Triangle TMK dated today 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.

## **9. DIRECTOR'S 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.

## **10. 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 announcement 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 the **Appendix** to this announcement.

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.

## **11. CAUTIONARY STATEMENT**

Unitholders should note that the Proposed Transaction is subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Transaction will be completed. Accordingly, Unitholders are advised to exercise caution when trading in Units of Saizen REIT.

### **BY ORDER OF THE BOARD**

Chang Sean Pey (Mr.)

Co-Chief Executive Officer

Japan Residential Assets Manager Limited

(Company Registration No. 200712125)

As Manager of Saizen Real Estate Investment Trust

31 October 2015

### **IMPORTANT NOTICE**

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

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

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

## APPENDIX

### VALUATION OF THE PROPERTIES

The Annual Valuation was conducted by the following independent valuers: Real Estate Appraisal Aota Jimusho (“**Aota**”), Asset Research Inc. (“**AR**”), DTZ Debenham Tie Leung KK (“**DTZ**”), 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	DTZ	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 II	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
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
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	Romaage 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
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	DTZ	118,000,000	30 June 2015
120	Exceed Tsuchitoi	Sendai	AR	86,000,000	30 June 2015
121	Fantage Yaotome	Sendai	DTZ	247,000,000	30 June 2015
122	Floreceer Miyagino	Sendai	DTZ	342,000,000	30 June 2015
123	Liesse Wakabayashi	Sendai	AR	161,000,000	30 June 2015
124	Lively Kamisugi	Sendai	DTZ	79,500,000	30 June 2015
125	Maison d'Etoile II	Sendai	DTZ	140,000,000	30 June 2015
126	Royal Hills Katagiri	Sendai	AR	156,000,000	30 June 2015
127	Royal Hills Komatsushima	Sendai	AR	58,500,000	30 June 2015
128	Sun Hills Asahigaoka	Sendai	AR	181,000,000	30 June 2015
129	Sun Rise Kashiwagi	Sendai	AR	439,000,000	30 June 2015
130	Sun Vario Shinden Eki Mae	Sendai	Aota	141,000,000	30 June 2015
131	Urban Hills Dainohara	Sendai	AR	415,000,000	30 June 2015
132	YSK Co-op Saiwaicho	Sendai	Aota	1,317,000,000	30 June 2015
133	AMS Hatchobori I	Tokyo	IAI	774,000,000	30 June 2015
134	Clair Court Roka Koen	Tokyo	IAI	649,000,000	30 June 2015
135	Cosmo Reveur Sangenjaya	Tokyo	DTZ	605,000,000	30 June 2015
136	The Palms Denenchofu	Tokyo	JLL	411,000,000	30 June 2015
<b>Total</b>				JPY43,181.1 million (S\$500.2 million)	30 June 2015 <sup>(1)</sup>

**Note:**

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