

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained, in this document. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

If you have sold or transferred all your units in Saizen Real Estate Investment Trust (“**Saizen REIT**”) and units in Saizen REIT, “**Units**”), you should immediately forward the Annual Report 2015 and this document, together with the Notice of Annual 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.

SaizenREIT 
SAIZEN 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

APPENDIX

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 30 SEPTEMBER 2015

IN RELATION TO

THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

This Appendix is circulated to the Unitholders of Saizen Real Estate Investment Trust (“**Saizen REIT**”) together with the Annual Report 2015 (as defined herein). Its purpose is to explain to the Unitholders the rationale and to provide information pertaining to the proposed renewal of the Unit Buy-Back Mandate (as defined herein), and to seek Unitholders’ approval of the same at the Annual General Meeting to be held **on 23 October 2015 at Marina Mandarin Singapore, Taurus/Leo Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594.**

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2015.

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CORPORATE INFORMATION

Directors of Japan Residential Assets Manager Limited (the manager of Saizen REIT, the “Manager”)	: Mr Arnold Ip Tin Chee (Chairman and Non-executive Director) Mr Chang Sean Pey (Executive Director and Co-Chief Executive Officer) Mr Raymond Wong Kin Jeon (Executive Director) 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 Advisor for the proposed renewal of the Unit Buy-Back Mandate	: Morgan Lewis Stamford LLC 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
Unit Registrar and Unit Transfer Office	: Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

GLOSSARY

In this Appendix, the following definitions apply throughout unless otherwise stated:

2015 AGM	:	The forthcoming AGM to be held at Marina Mandarin Singapore, Taurus/Leo Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 at 10.00 a.m. on 23 October 2015
AGM	:	Annual general meeting of Saizen REIT. Unless the context otherwise requires, “ the AGM ” shall refer to the annual general meeting to be held on 23 October 2015 at Marina Mandarin Singapore, Taurus/Leo Ballroom, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594
Annual Report 2015	:	Saizen REIT’s annual report for the financial year ended 30 June 2015
Appendix	:	This Appendix to the Notice
Average Closing Market Price	:	Means, in the context of a Market Purchase, the average of the closing market prices of a Unit over the last five (5) Market Days, on which transactions in Units were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period in accordance with Rule 884 of the Listing Manual
Board	:	The board of Directors of the Manager
Code	:	Singapore Code on Take-overs and Mergers
Companies Act	:	Companies Act, Chapter 50 of Singapore
day of the making of the offer	:	Means, in the context of an Off-Market Purchase, the day on which the Manager announces its intention to make an offer for the purchase of Units from Unitholders, stating the purchase price (which shall not be more than the Maximum Price) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Purchase
Directors	:	Directors of the Manager
DPU	:	Distribution per Unit
FY2015	:	The financial year ended 30 June 2015
FY2015 Accounts	:	The audited financial statements of Saizen REIT for FY2015
Highest Last Dealt Price	:	Means, in the context of an Off-Market Purchase, the highest price transacted for a Unit as recorded on the Market Day on which there were trades in the Units immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase
JPY	:	Japanese yen
Latest Practicable Date	:	23 September 2015, being the latest practicable date prior to the printing of this Appendix
Listing Manual	:	The Listing Manual of the SGX-ST

GLOSSARY

Manager	: Japan Residential Assets Manager Limited
Mandate Duration	: The period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates: (a) the date on which the next AGM is held; (b) the date by which the next AGM is required by law or the provisions of the Trust Deed to be held; or (c) the date on which the purchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated
Market Day	: A day on which the SGX-ST is open for trading in securities
Market Purchase	: Means an on-market purchase of Units by the Manager, transacted on the SGX-ST through the ready market, and which may be transacted through one or more licensed stock brokers appointed by the Manager for this purpose
Maximum Price	: Means (a) in the case of a Market Purchase, 105.0% of the Average Closing Market Price; and (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Highest Last Dealt Price
NAV	: Net asset value attributable to Unitholders
Notice	: The notice of AGM dated 30 September 2015
Off-Market Purchase	: Means a purchase of Units otherwise than on the SGX-ST in accordance with an equal access scheme
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
Renewal	: The proposed renewal of the Unit Buy-Back Mandate
Saizen REIT	: Saizen Real Estate Investment Trust
SGX-ST	: Singapore Exchange Securities Trading Limited
Substantial Unitholder	: A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Trust Deed	: The trust deed dated 27 September 2007, constituting Saizen REIT (as amended, varied or supplemented from time to time)
Trustee	: HSBC Institutional Trust Services (Singapore) Limited
Unit	: A unit representing an undivided interest in Saizen REIT

GLOSSARY

Unit Buy-Back Mandate	:	The mandate given to the Manager to exercise its powers to procure the purchase or otherwise acquire Units without the prior specific approval of Unitholders in a general meeting within the Mandate Duration
Unitholders	:	Unitholders of Saizen REIT
S\$ and cents	:	Singapore dollars and cents
%	:	Per centum or percentage

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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 Appendix 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 Appendix 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.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

JAPAN RESIDENTIAL ASSETS MANAGER LIMITED

(as manager of Saizen Real Estate Investment Trust)

Directors of the Manager

Mr Arnold Ip Tin Chee (Chairman and Non-executive Director)
Mr Chang Sean Pey (Executive Director and Co-Chief Executive Officer)
Mr Raymond Wong Kin Jeon (Executive Director)
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

30 September 2015

To: Unitholders of Saizen Real Estate Investment Trust

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

1. SUMMARY OF APPROVAL SOUGHT

1.1. Annual General Meeting

The Board refers to the Notice accompanying the Annual Report 2015 convening the AGM which is scheduled to be held on 23 October 2015 and the Ordinary Resolution 4 in relation to the renewal of the Unit Buy-Back Mandate under the heading "Special Business".

1.2. Purpose of this Appendix

To provide Unitholders with details in respect of the proposed renewal of the Unit Buy-Back Mandate.

2. THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

2.1. Background

The Manager's existing mandate to exercise its powers to procure the purchase of Units without the prior specific approval of Unitholders in a general meeting for and on behalf of Saizen REIT (the "Unit Buy-Back Mandate") was first approved by Unitholders at an EGM held on 24 August 2012 and last renewed on 21 October 2014. The existing Unit Buy-Back Mandate will expire on 23 October 2015, being the date of the forthcoming 2015 AGM.

In this regard, approval by Ordinary Resolution will be sought from Unitholders at the AGM for the renewal of the Unit Buy-Back Mandate. If approved by Unitholders at the AGM, the authority conferred by the Unit Buy-Back Mandate will take effect and continue in force for the duration of such authority as set out in Paragraph 2.3.2 of this Appendix.

Notwithstanding the approval of the Renewal, prior approval of Unitholders by way of ordinary resolution will be required for each annual renewal of the Unit Buy-back Mandate.

2.2. Rationale for the Unit Buy-Back Mandate

The approval of the Unit Buy-Back Mandate authorising the Manager to purchase Units will give the Manager the flexibility to undertake Unit buy-backs up to the 10.0% limit described in Paragraph 2.3.1 below at any time, during the Mandate Duration.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

Buying back Units in times of Unit price weakness can serve as a useful and positive signalling mechanism to the equity capital markets, provided that the Manager considers such buy-backs to be an effective use of capital at the time.

While the Unit Buy-Back Mandate authorises Unit buy-backs of up to the said 10.0% limit during the Mandate Duration, Unitholders should note that Unit buy-backs may not necessarily be carried out to the full 10.0% limit. The Unit buy-backs will be made only when the Manager considers it to be in the best interests of Saizen REIT and/or Unitholders and in circumstances which the Manager believes will not result in any material adverse effect on the financial position of Saizen REIT, or result in Saizen REIT being delisted from the SGX-ST.

The Manager will use its best efforts to ensure that the number of Units in public hands will not fall to levels that would cause market illiquidity or adversely affect the orderly trading and listing status of Units on the SGX-ST.

Rule 723 of the Listing Manual requires Saizen REIT to ensure that at least 10.0% of its Units are held by the public (the “**Public Float**”). As at the Latest Practicable Date, the Public Float was 84.7% and accordingly, the orderly trading and the listing status of the Units on the SGX-ST is not likely to be affected by Unitholders’ grant of the Unit Buy-Back Mandate and purchases of Units thereunder.

2.3. Authority and Limits on the Unit Buy-Back Mandate

The authority and limits placed on purchases of Units by the Manager under the Unit Buy-Back Mandate are summarised below:

2.3.1. Maximum Limit

The total number of Units that may be purchased pursuant to the Unit Buy-Back Mandate is limited to 10.0% of the total number of issued Units as at the date of the AGM when the Unit Buy-Back Mandate is approved by Unitholders.

For illustration: on the basis of 283,611,720 Units in issue as at the Latest Practicable Date and assuming no further Units are issued on or prior to the AGM at which the Renewal is approved and before the expiry of the Mandate Duration, not more than 28,361,172 Units (representing 10.0% of the issued Units) may be purchased by the Manager pursuant to the Unit Buy-Back Mandate during the Mandate Duration.

2.3.2. Duration of Authority

The Unit Buy-Back Mandate, if approved by Unitholders, will be in force from the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and will expire on the earliest of the following dates:

- (a) the date on which the next AGM is held;
- (b) the date by which the next AGM is required by law or the provisions of the Trust Deed to be held; or
- (c) the date on which the purchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated.

Under the Trust Deed and the prevailing laws and regulations of Singapore, Saizen REIT is required to convene annual general meetings once in every calendar year and not more than fifteen (15) months after the holding of the last preceding annual general meeting. Depending on the manner in which Saizen REIT is able to fully carry out the Unit Buy-Back Mandate, the Mandate Duration may last for more than one (1) calendar or financial year.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

The authority conferred on the Manager under the Unit Buy-Back Mandate to purchase Units may be renewed at the next annual general meeting of Unitholders. When seeking the approval of the Unitholders for any subsequent Unit Buy-Back Mandate, the Manager shall disclose details of each Unit buy-back made during the Mandate Duration in respect of the Unit Buy-Back Mandate immediately preceding such Unit Buy-Back Mandate being sought, including the total number of Units purchased, the purchase price per Unit or the highest and lowest prices paid for such purchases of Units, where relevant, and the total consideration paid for such purchases.

2.3.3. Manner of Purchase

Purchases of Units may be made on the SGX-ST (each a “**Market Purchase**”) and/or otherwise than on the SGX-ST in accordance with an equal access scheme (each an “**Off-Market Purchase**”).

Market Purchases refer to on-market purchases of Units by the Manager, transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Manager for this purpose in accordance with all applicable laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual, as any of them may for the time being be applicable.

Off-Market Purchases refer to purchases of Units by the Manager made under an equal access scheme(s) for the purchase of Units from Unitholders. The Directors may impose such terms and conditions, which are not inconsistent with the Unit Buy-Back Mandate and the Trust Deed, as they consider fit in the interests of Saizen REIT in connection with or in relation to an equal access scheme(s).

Under Clause 7A of the Trust Deed, an equal access scheme must satisfy all the following conditions:

- (a) the offers under the scheme are to be made to every person who holds Units to purchase or acquire the same percentage of their Units;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers relate to Units with different accrued distribution entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to Units with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each Unitholder is left with a whole number of Units.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Manager must issue an offer document to all Unitholders which must contain at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Unit purchase;

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

- (4) the consequences, if any, of Unit purchases by the Manager that will arise under the Code or other applicable take-over rules;
- (5) whether the Unit purchase, if made, would have any effect on the listing of the Units on the SGX-ST; and
- (6) details of any Unit purchases made by the Manager in the previous 12 months (whether through Market Purchases or Off-Market Purchases), giving the total number of Units purchased, the purchase price per Unit or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

2.3.4. Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Units will be determined by the Directors.

However, the purchase price must not exceed:

- (a) in the case of a Market Purchase, 105.0% of the Average Closing Market Price (as defined herein); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Highest Last Dealt Price (as defined herein),

(the “**Maximum Price**”), in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Market Price**” means the average of the closing market prices of a Unit over the last five (5) Market Days, on which transactions in Units were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period in accordance with Rule 884 of the Listing Manual;

“**Highest Last Dealt Price**” means the highest price transacted for a Unit as recorded on the Market Day on which there were trades in the Units immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“**day of the making of the offer**” means the day on which the Manager announces its intention to make an offer for the purchase of Units from Unitholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4. Dealing in the Units

The Listing Manual does not expressly prohibit the purchase by the Manager of the Units during any particular time or times. However, as the Manager would be regarded as an “insider” in relation to any proposed purchase or acquisition of its Units, the Manager will not undertake any purchase or acquisition of Units pursuant to the Unit Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision of the Board until the price sensitive information has been publicly announced.

The Manager will also observe its internal guidelines on dealings in the Units and will not deal in the Units during the period commencing one month before the public announcement of Saizen REIT’s full year results and two weeks before the public announcement of Saizen REIT’s quarterly results, and ending on the date of announcement of the relevant results.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

2.5. Status of Purchased Units

Under Clause 7A.5 of the Trust Deed, a Unit purchased by way of a Unit buy-back shall be cancelled (and all rights and privileges attached to the Unit will expire on such cancellation) and shall not thereafter be reissued or dealt with in any manner. For avoidance of doubt, the cancellation of Units shall not limit or restrict the right of the Manager to cause the creation and/or issue of further or other Units.

2.6. Reporting Requirements

The Listing Manual specifies that an issuer shall notify the SGX-ST of all purchases of its Units not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of any such purchases of Units to the SGX-ST (in the form of an announcement on the SGXNET) shall be in such form and shall include such details as the SGX-ST may prescribe.

The Manager shall make arrangements with the appointed stockbrokers and/or custodians to ensure that they provide the Manager in a timely fashion the necessary information which will enable the Manager to make the notifications to the SGX-ST.

2.7. Sources of Funds

The Manager may only apply funds for the purchase of Units as provided in the Trust Deed and in accordance with the applicable laws and regulations in Singapore. The Manager may not purchase Units of Saizen REIT for a consideration other than in cash.

The Manager intends to use Saizen REIT's internal sources of funds (which may comprise capital and/or profits of Saizen REIT, including any proceeds from the exercise of warrants issued by Saizen REIT) to finance the Manager's purchase of Units on behalf of Saizen REIT, pursuant to the Unit Buy-Back Mandate. Each time the Manager effects the purchase of Units on behalf of Saizen REIT, pursuant to the Unit Buy-Back Mandate and in accordance with a resolution passed by the Board, at least two Directors of the Manager will confirm that:

- (a) Saizen REIT is able to pay its debts in full at the time of any purchase of Units and will be able to pay its debts as they fall due in the normal course of business during the period 12 months immediately following the date of any purchase of Units; and
- (b) the value of Saizen REIT's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase of Units, become less than the value of its liabilities (including contingent liabilities).

2.8. Financial Effects

It is not possible for the Manager to calculate realistically or quantify the impact of purchases of Units that may be made pursuant to the Unit Buy-Back Mandate on the NAV per Unit and DPU as the resultant effect would depend on, *inter alia*, the aggregate number of Units purchased, whether the purchase is made out of capital or profits and the purchase prices paid for such Units.

Saizen REIT's total number of issued Units will be diminished by the total number of Units purchased by way of a Unit buy-back as such Units will be cancelled.

As with companies governed by the Companies Act, purchases of Units by the Manager may be made out of Saizen REIT's capital or profits so long as Saizen REIT is solvent. Where the consideration paid by Saizen REIT for the purchase by way of a Unit buy-back is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for distribution by Saizen REIT.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

The Manager does not propose to exercise the Unit Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of Saizen REIT. The purchase of Units will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources and the expansion and investment plans of Saizen REIT, as well as prevailing market conditions. The Unit Buy-Back Mandate will only be effected if the Manager is satisfied on reasonable grounds that, for the purposes of any purchases of Units, Saizen REIT is solvent.

For illustration: the financial effects of the Unit Buy-Back Mandate on Saizen REIT are based on the FY2015 Accounts and on the assumptions set out below:

- (a) the Unit Buy-Back Mandate had been effective since 1 July 2014;
- (b) after the requisite deductions of cash amounts earmarked for the repayment of borrowings as at 30 June 2015 which are due within one year, the payment of expenses payable as at 30 June 2015 and the payment of distribution for the six months ended 30 June 2015 (estimated based on an exchange rate of JPY85.6/S\$), the cash resources available for the Manager to undertake Unit buy-backs is approximately JPY 3,202,001,000, or S\$35,225,000 (based on an exchange rate of JPY90.9/S\$ as at 30 June 2015);
- (c) in the case of Market Purchases:
 - (i) 28,361,172 Units, representing approximately 10.0% of the total number of issued Units as at the Latest Practicable Date, were purchased on 1 July 2014; and
 - (ii) the maximum amount of funds required is approximately S\$24,759,303, based on S\$0.873 for each Unit (being 105.0% of the Average Closing Price of a Unit immediately preceding the Latest Practicable Date);
- (d) in the case of Off-Market Purchases:
 - (i) 28,361,172 Units, representing approximately 10.0% of the total number of issued Units as at the Latest Practicable Date, were purchased on 1 July 2014; and
 - (ii) the maximum amount of funds required is approximately S\$28,588,061, based on S\$1.008 for each Unit (being 120.0% of the Highest Last Dealt Price of a Unit immediately preceding the Latest Practicable Date);
- (e) the distribution for the six months ended 31 December 2014 was S\$0.0310 per Unit and for the six months ended 30 June 2015 was S\$0.0293 per Unit; and
- (f) all Units purchased under the Unit Buy-Back Mandate were cancelled.

Based on the assumptions set out above, the financial effects of the purchase of such Units by the Manager on the FY2015 Accounts are set out in Annexes A and B of this Appendix.

Unitholders should note that the financial effects set out above are purely for illustrative purposes only. Although the Unit Buy-Back Mandate would authorise the Manager to purchase up to 10.0% of the total number of issued Units, the Manager may not necessarily purchase or be able to purchase the entire 10.0% of the total number of issued Units at any time while the Unit Buy-Back Mandate is valid.

2.9. Taxation

Unitholders who are in doubt as to their respective tax positions or the tax implications of Unit purchases by the Manager, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisors.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

2.10. Take-over Implications

The circumstances under which Unitholders and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Code after a purchase of Units by the Manager are set out in Appendix 2 of the Code. The take-over implications which may arise from any purchase by the Manager of Units by way of a Unit buy-back are set out below.

2.10.1. Obligation to make a Take-over Offer

If, as a result of any purchase by the Manager of the Units, the proportionate interest in the voting rights of a Unitholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, a Unitholder or a group of Unitholders acting in concert could obtain or consolidate effective control of Saizen REIT and become obliged to make an offer under Rule 14 of the Code.

2.10.2. Persons Acting in Concert

Applying the Code to Saizen REIT, to the extent possible, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Units (or otherwise), to obtain or consolidate effective control of Saizen REIT.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional advisor, including a stockbroker, with its client in respect of the shareholdings of the advisor and the persons controlling, controlled by or under the same control as the advisor and all those funds which the advisor manages on a discretionary basis, where the shareholdings of the advisor and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of the foregoing, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and entities for the purchase of voting rights.

LETTER TO UNITHOLDERS FROM THE BOARD OF THE MANAGER

For this purpose, ownership or control of at least 20.0% but not more than 50.0% of the voting rights of a company will be regarded as an “associated company”.

2.10.3. Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Code is that, unless exempted, Unitholders and/or persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Manager purchasing Units by way of a Unit buy-back, the voting rights of such Unitholders and/or their concert parties would increase to 30.0% or more, or in the event that such Unitholders and/or their concert parties hold between 30.0% and 50.0% of the voting rights in Saizen REIT, if the voting rights of such Unitholders and/or their concert parties would increase by more than 1.0% in any period of six (6) months.

Under Appendix 2 of the Code, a Unitholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Manager purchasing Units by way of a Unit buy-back, the voting rights of such Unitholder would increase to 30.0% or more, or, if such Unitholder holds between 30.0% and 50.0% of the voting rights in Saizen REIT, the voting rights of such Unitholder would increase by more than 1.0% in any period of six (6) months. Such Unitholder need not abstain from voting in respect of the resolution authorising the Unit Buy-Back Mandate.

2.10.4. Voting rights of Directors and Substantial Unitholders

The Manager is not aware of any Director or Substantial Unitholder holding between 30.0% and 50.0% of the voting rights of Saizen REIT or such number of Units which voting rights could increase to 30.0% or more of the Saizen REIT’s voting rights as the result of purchases of Units by the Manager pursuant to the Unit Buy-Back Mandate.

Unitholders are advised to consult their professional advisors and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Unit purchases by the Manager.

2.11. Units purchased by the Manager in the previous 12 months

The Manager had not purchased any Units pursuant to the Unit Buy-Back Mandate in the 12 months preceding the Latest Practicable Date.

2.12. Unitholders’ Approval

In view of the foregoing, the Manager is seeking Unitholders’ approval to authorise the Manager to procure the purchase of Units on the terms and conditions set out in Paragraph 2 of this Appendix and in accordance with all applicable laws and regulations, including but not limited to the provisions of the Trust Deed and the Listing Manual.

2.13. Directors’ and Substantial Unitholders’ Interest

Based on the register of Director’s unitholdings and 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, and as at the date of the AGM (on the assumption that their voting rights will not change between the Latest Practicable Date and the date of the AGM), the direct and deemed interests and voting rights of the Directors and the Substantial Unitholders before and after the Market Purchases of Units pursuant to the Unit Buy-Back Mandate, assuming (i) the Manager purchases the maximum amount of 10.0% of the total number of issued Units pursuant to the Unit Buy-Back Mandate and (ii) there is no change in the number of Units held by the Directors and the Substantial Unitholders or which they are deemed interested in, will be as follows:

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	Direct Interest	Deemed Interest	Total Interest	% Interest Before Unit Buy-Back ⁽¹⁾	% Interest After Unit Buy-Back ⁽²⁾
Director					
Mr Arnold Ip Tin Chee ⁽³⁾	–	2,018,687	2,018,687	0.71	0.79
Mr Chang Sean Pey	730,000	–	730,000	0.26	0.29
Mr Raymond Wong Kin Jeon ⁽⁴⁾	–	4,981,878	4,981,878	1.76	1.95
Mr Soh Yew Hock	–	–	–	–	–
Mr Dennis Lam Siu Sun ⁽⁵⁾	–	120,320	120,320	0.04	0.05
Mr Harold Sun Dai Hoe	–	–	–	–	–
Substantial Unitholder					
ASM Asia Recovery (Master) Fund (“ ASMARMF ”) ⁽⁶⁾	–	18,726,305	18,726,305	6.60	7.34
ASM Asia Recovery Fund (“ ASMARF ”) ⁽⁷⁾	–	18,726,305	18,726,305	6.60	7.34
Argyle Street Management Ltd (“ ASML ”) ⁽⁸⁾	–	25,538,582	25,538,582	9.00	10.01
Argyle Street Management Holdings Ltd (“ ASMHL ”) ⁽⁹⁾	–	25,538,582	25,538,582	9.00	10.01
Mr Yeh V-Nee ⁽¹⁰⁾	–	35,090,869	35,090,869	12.37	13.75
Mr Chan Kin ⁽¹¹⁾	–	26,022,643	26,022,643	9.18	10.19

Notes:

- (1) The percentage interest is based on the 283,611,720 Units in issue as at the Latest Practicable Date;
- (2) Based on the 283,611,720 Units in issue as at the Latest Practicable Date and the following assumptions:
 - (a) no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved;
 - (b) 28,361,172 Units (representing 10.0% of the issued Units as at the Latest Practicable Date) were purchased by the Manager pursuant to the Unit Buy-Back Mandate; and
 - (c) all the 28,361,172 Units purchased under the Unit Buy-Back Mandate were cancelled and accordingly, 255,250,548 Units remain in issue after such purchase of Units by the Manager;
- (3) Mr Arnold Ip Tin Chee is deemed to be interested in (i) 757,771 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% indirectly owned by a trust being The General Trust Company Limited, of which Mr Ip is one of the beneficiaries;
- (4) Mr Raymond Wong Kin Jeon is deemed to be interested in (i) 901,440 Units held by HSBC (Singapore) Nominees Pte Ltd in favour of Credit Suisse Hong Kong for Mr Wong; (ii) 64,000 Units held by Citibank Nominees Singapore Pte Ltd for Beagle Capital Limited (“**BCL**”), of which Mr Wong has a controlling interest; and (iii) 2,569,461 Units held by HSBC (Singapore) Nominees Pte. Ltd. in favour of Credit Suisse Zurich for BCL. Mr Wong is also deemed to be interested in 1,446,977 Units held by his spouse;
- (5) Mr Dennis Lam Siu Sun is deemed to be interested in 120,320 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% of the voting shares of OSIL. Accordingly, pursuant to Companies Act, Mr Lam is deemed to be interested in the 120,320 Units held by SHL;
- (6) ASMARMF is deemed to be interested in 18,726,305 Units held by HSBC (Singapore) Nominees Pte Ltd for ASMARMF;
- (7) ASMARF is the beneficial holder of more than 50% 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;
- (8) 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;
- (9) 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;

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- (10) *Mr Yeh V-Nee is the beneficial holder of more than 20% 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 9 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% of its issued share capital; and*
- (11) *Mr Chan Kin is deemed to be interested in the underlying Units held directly or indirectly by ASMHL and his spouse.*

Based on the above and save as described herein, none of the Directors nor Substantial Unitholders would be obliged, as at the Latest Practicable Date, to make a take-over offer (described in Paragraph 2.10.1 above).

3. DIRECTORS' RECOMMENDATION

3.1. The Proposed Renewal of the Unit Buy-Back Mandate

The Directors have considered the relevant factors, including the rationale for the proposed renewal of the Unit Buy-Back Mandate as set out in Paragraph 2.2 above. The Directors believe that the proposed renewal of the Unit Buy-Back Mandate would be beneficial to, and is in the interests of Saizen REIT. Accordingly, the Directors recommend that Unitholders vote in favour of Resolution 4, being the Ordinary Resolution relating to the proposed renewal of the Unit Buy-Back Mandate, at the AGM.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Unit Buy-Back Mandate and Saizen REIT, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 Appendix in its proper form and context.

Yours faithfully

JAPAN RESIDENTIAL ASSETS MANAGER LIMITED
(as manager of Saizen Real Estate Investment Trust)
Company Registration No. 200712125H

Chang Sean Pey (Mr.)
Executive Director and Co-Chief Executive Officer

ANNEX A – ILLUSTRATION OF FINANCIAL EFFECTS FROM MARKET PURCHASES OF UNITS

		Before Unit buy-back via Market Purchase	After Unit buy-back via Market Purchase
		Per FY2015 Accounts	Pro forma financial effects on FY2015 Accounts
Net assets attributable to Unitholders	JPY'000	29,423,120	27,172,500
Net assets	JPY'000	29,569,801	27,319,181
Current assets	JPY'000	5,644,894	3,394,274
Current liabilities	JPY'000	2,209,082	2,209,082
Working capital	JPY'000	3,435,812	1,185,192
Cash and cash equivalents	JPY'000	5,489,450	3,238,830
Non-current assets	JPY'000	43,093,100	43,093,100
Non-current liabilities	JPY'000	16,959,111	16,959,111
Borrowings – current	JPY'000	1,002,238	1,002,238
Borrowings – non-current	JPY'000	16,200,876	16,200,876
No. of Units in issue	'000 Units	283,612	255,251
Financial ratio			
Net asset value per Unit	JPY	103.74	106.45
	S\$	1.14	1.17
Gearing (total borrowings / total assets)	%	35.3	37.0
Basic earnings per Unit	JPY	9.75	10.84
	cents	10.73	11.92
Aggregate distribution per Unit	cents	6.03	6.70

ANNEX B – ILLUSTRATION OF FINANCIAL EFFECTS FROM OFF-MARKET PURCHASES OF UNITS

		Before Unit buy-back via Off-Market Purchase	After Unit buy-back via Off-Market Purchase
		Per FY2015 Accounts	Pro forma financial effects on FY2015 Accounts
Net assets attributable to Unitholders	JPY'000	29,423,120	26,824,466
Net assets	JPY'000	29,569,801	26,971,147
Current assets	JPY'000	5,644,894	3,046,240
Current liabilities	JPY'000	2,209,082	2,209,082
Working capital	JPY'000	3,435,812	837,158
Cash and cash equivalents	JPY'000	5,489,450	2,890,796
Non-current assets	JPY'000	43,093,100	43,093,100
Non-current liabilities	JPY'000	16,959,111	16,959,111
Borrowings – current	JPY'000	1,002,238	1,002,238
Borrowings – non-current	JPY'000	16,200,876	16,200,876
No. of Units in issue	'000 Units	283,612	255,251
Financial ratio			
Net asset value per Unit	JPY	103.74	105.09
	S\$	1.14	1.16
Gearing (total borrowings / total assets)	%	35.3	37.3
Basic earnings per Unit	JPY	9.75	10.79
	cents	10.73	11.87
Aggregate distribution per Unit	cents	6.03	6.70