



SaizenREIT) 最善

**Extraordinary General
Meeting
Presentation**

1 March 2016

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- 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 SGX-ST. Listing the Units on the SGX-ST does not guarantee a liquid market for the Units.

Important Note

All information in this presentation for the Extraordinary General Meeting (“**EGM**”) of Saizen REIT on 1 March 2016 is qualified in its entirety by, and should be read in conjunction with, the full text of Saizen REIT’s circular dated 5 February 2016 (the “**Circular**”).

Meanings of defined terms may be found in the Glossary of the Circular.

Unitholders are advised to read the Circular carefully and to exercise caution when dealing in the Units.



EGM Resolutions

- **Ordinary Resolution 1: The Proposed Transaction**

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

- **Ordinary Resolution 2: The Proposed Special Distribution**

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

- **Extraordinary Resolution 3: The Proposed Supplemental Payment**

Subject to the passing of Resolution 1, the proposed Supplemental Payment of S\$1.2 million payable to the Manager following Completion, and the corresponding amendment to the Trust Deed by way of supplemental deed of trust

Proposed Transaction

- The proposed disposal of Saizen REIT's entire portfolio of real estate assets in Japan to Triangle TMK for JPY 44.66 billion (S\$514.1 million¹) (subject to adjustments, if any)

Timeline	Event
13 Aug 2015	Announced the formation of the Independent Evaluation Committee to lead the assessment and evaluation of proposals received by the Manager
8 Sep 2015	Appointed Joint Financial Advisers
22 Oct 2015	Received the Offer from Triangle TMK (a Japanese affiliate of Lone Star Funds)
23 Oct 2015	Announced the Offer
31 Oct 2015	Entered into the (conditional) TK Interest Assignment Agreement with Triangle TMK
5 Feb 2016	Despatched the Circular to Unitholders
1 Mar 2016	EGM

Proposed Transaction

Key Terms

Adjusted Net Asset Value per Unit as at 30 June 2015	S\$1.160
Implied Net Offer Price per Unit	S\$1.162
Implied Liquidation Value per Unit	S\$1.146
Proposed Special Distribution per Unit	S\$1.056

A {
B }

Note: The Trustee had on 3 November 2015 entered into hedging arrangements to substantially hedge the post-Completion cash balance of Saizen REIT

- A:** difference is due to (i) costs and expenses to be incurred in connection with the post-Completion maintenance and management of Saizen REIT and the dissolution of Saizen REIT and (ii) the Supplemental Payment (if approved)
- B:** S\$0.09 per Unit is retained 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

Proposed Transaction

- **Rationale for Proposed Transaction**

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

- The Implied Net Offer Price is at a slight premium of 0.2% to the adjusted NAV per Unit
- The Implied Liquidation Value is at a slight discount of 1.2% to the adjusted NAV per Unit
- The Implied Net Offer Price and Implied Liquidation Value represent significant premiums over the pre-announcement¹ traded Unit prices

Proposed Transaction

▪ Rationale for Proposed Transaction

- Saizen REIT has consistently traded at a discount to NAV
 - Over the last five years (22 Oct 2010 to 22 Oct 2015), the Unit price of Saizen REIT has traded at an average discount of 33.2%, to the NAV per Unit
 - Saizen REIT is affected by the dynamics of the REIT market in Singapore, where DPU yield is a key pricing consideration, and this may not be reflective of the book value or stability of income
 - The high cost of equity (implied by a discounted price valuation) and regulatory limits on leverage make it difficult to grow Saizen REIT with yield-accretive acquisitions via equity issuance or debt financing, and Saizen REIT may remain as one of the smallest REITs in Singapore

Proposed Transaction

- **Rationale for Proposed Transaction**

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 conditions

- Unitholders are exposed to 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

Proposed Transaction and Special Distribution

▪ Indicative Timetable

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)
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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

Proposed Transaction

- **Manager's Post-Transaction Plans**

- Open to considering various options available for Saizen REIT during the liability claim period of up to 4 months after Completion
 - 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
- Intends to commence termination and dissolution of Saizen REIT following the expiry of the liability claim period if there are no suitable options available



Supplemental Payment

- **The Supplemental Payment of S\$1.2 million to the Manager**
 - Similar to a “discretionary bonus” in relation to the Proposed Transaction
 - In recognition of services that the Manager has rendered to Saizen REIT in respect of the Proposed Transaction, which 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



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Thank You