

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))

FRAMEWORK AGREEMENT FOR THE PROPOSED ACQUISITION BY SAIZEN REIT OF INDUSTRIAL PROPERTIES IN AUSTRALIA (THE "PROPOSAL")

CAUTION IN TRADING

Unitholders and potential investors are advised to exercise caution in the dealing or trading of their units in Saizen REIT (as defined below) as there is only a Proposal and there is no certainty and assurance as at the date of this announcement that the Definitive Agreements (as defined below) will be entered into, the terms and conditions of the proposed Properties Acquisition (as defined below) will not differ from the Proposal set out in the Framework Agreement (as defined below), or that the proposed Properties Acquisition will be undertaken at all. NOW THAT THE FRAMEWORK AGREEMENT HAS BEEN SIGNED, PARTIES WILL ENTER INTO NEGOTIATIONS TO FINALISE THE TERMS OF THE DEFINITIVE AGREEMENTS TO BE SIGNED AT A LATER DATE, AND WILL CONDUCT THE NECESSARY DUE DILIGENCE AND APPOINT THE NECESSARY INDEPENDENT VALUERS TO ENSURE THAT THE PROPERTIES ARE SUITABLE FOR INCLUSION IN THE ASSET PORTFOLIO OF SAIZEN REIT.

Further announcement(s) will be made in the event that execution of the Definitive Agreements takes place. The Manager will keep Unitholders informed if there is any material development on the Proposal contemplated in this announcement by making the necessary/appropriate announcement(s) in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited.

Unitholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

1. INTRODUCTION

1.1 The board of directors of Japan Residential Assets Manager Limited ("**Board**"), the manager of Saizen Real Estate Investment Trust ("**Saizen REIT**", and as manager of Saizen REIT, the "**Manager**"), wishes to announce that Saizen REIT (through the Manager) has on 15 August 2016 entered into a framework agreement (the "**Framework Agreement**") with Sime Darby Property Singapore Limited ("**SDPSL**") and Hastings Deering (Australia) Limited ("**HDAL**") (collectively, the "**Parties**") for the purposes of the Proposal.

1.2 Pursuant to the Framework Agreement, it is intended that Saizen REIT (either directly through the trustee of Saizen REIT or through a wholly-owned entity of Saizen REIT) will acquire industrial properties in Australia from HDAL (the "**Properties**") (such acquisition, the "**Properties Acquisition**") and the Manager will issue new units in Saizen REIT (the "**New Saizen REIT Units**") to SDPSL or its nominee(s) as part of the reverse takeover of Saizen REIT by SDPSL.

- 1.3 The Board has been notified of Japan Regional Assets Manager Limited's (the "**JRAM Shareholder**") intention to sell its 80.0% interest in the Manager to SDPSL (the "**JRAM Sale**"). It is also intended that there will be a change in the board composition and management team of the Manager following the receipt of the approval of the Properties Acquisition from the unitholders of Saizen REIT ("**Unitholders**") at an extraordinary general meeting to be convened. The completion of the Properties Acquisition and the JRAM Sale are inter-conditional.
- 1.4 Following from the Proposal set out in the Framework Agreement, Parties shall commence negotiations and mutually agree on the terms of the definitive transaction agreements to be entered into between the Parties in relation to the Properties Acquisition (the "**Definitive Agreements**"). The Properties Acquisition is also subject to, among other things, due diligence being conducted and the execution of the Definitive Agreements. Property valuations, yields and other commercial terms shall be determined in the Definitive Agreements. The proposed Properties Acquisition, if proceeded with, will be undertaken in compliance with the applicable requirements of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

2. **INFORMATION ON SDPSL AND HDAL**

SDPSL and HDAL are indirect wholly-owned subsidiaries of Sime Darby Berhad. SDPSL is a company incorporated in Singapore and is principally involved in property management and investment holding. HDAL is a company incorporated in Australia and is principally involved in sale, rental and servicing for Caterpillar products, hardchroming and hydraulic repair.

Sime Darby Berhad is a major Malaysia-based multinational conglomerate involved in 5 core sectors: plantations, property, industrial, motors and energy & utilities. Sime Darby Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

3. **RATIONALE FOR THE PROPERTIES ACQUISITION**

Following the completion of the disposal of Saizen REIT's entire portfolio of real estate assets to Triangle TMK on 4 March 2016 (the "**Disposal**"), Saizen REIT ceased to have any operating business and currently exists as a cash trust. Most of the proceeds from the Disposal were paid out to Unitholders via a special distribution of S\$1.056 per unit in March 2016. **As previously announced on 15 July 2016, the estimated total cash at liquidation amounts to S\$0.0987 per unit in a liquidation scenario (the "**Liquidation Value**").**

The Properties to be injected into Saizen REIT are industrial assets in Australia currently held by HDAL, which would be master leased to HDAL (or its nominee). The proposed Properties Acquisition would result in a change of investment strategy for Saizen REIT.

In the event that the Definitive Agreements are entered into and following the completion of the proposed reverse takeover of Saizen REIT, the market capitalisation of Saizen REIT is expected to be equal to or more than S\$300 million (computed based on the issue price of the New Saizen REIT Units and the total number of units in Saizen REIT ("**Units**") in issue after the completion of the reverse takeover of Saizen REIT).

The Board believes that the proposed Properties Acquisition will provide an opportunity for Saizen REIT to venture into a new business area under the stewardship of an established sponsor. This is expected to create value for and enhance the long term interests of Saizen REIT and its Unitholders, after having realised value from the Disposal.

4. SALIENT TERMS OF THE FRAMEWORK AGREEMENT

Subject to the Definitive Agreements to be entered into in respect of the Properties Acquisition, the salient terms of the Framework Agreement include, amongst others:

4.1 Consideration

The consideration for the purchase of the Properties (the "**Consideration Amount**") shall be discussed by the Parties in good faith and using commercial endeavours to determine a mutually acceptable value to be agreed by the Parties under the Definitive Agreements and shall be based on the independent valuations of the Properties. The Consideration Amount shall be financed by the following:

- (a) part of the Consideration Amount shall be satisfied from the receivables from the issuance and allotment of the New Saizen REIT Units to SDPSL or its nominee(s) on completion of the Proposed Acquisition ("**Completion**") at an issue price of S\$0.03484 per unit. **This is after taking into account the intended cash distribution(s) of up to S\$0.0987 per unit, representing the Liquidation Value, to the existing Unitholders prior to the issuance of the New Saizen REIT Units;** and
- (b) the amount equivalent to any part of the Consideration Amount which is not satisfied by issuance and allotment of the New Saizen REIT Units shall be satisfied by payment of cash proceeds from external bank financing (the "**Properties Acquisition Loan**") to HDAL or its nominee(s) on Completion. For the avoidance of doubt, SDPSL shall be solely responsible for making arrangements for the procurement of the Properties Acquisition Loan.

The trustee of Saizen REIT and the Manager will each appoint a separate independent valuer to value the Properties.

Upon allotment and issuance of the New Saizen REIT Units, the New Saizen REIT Units will be listed and quoted on the Main Board of the SGX-ST and rank *pari passu* in all respects with the existing Units as at Completion.

4.2 Conditions Precedent

Completion of the Properties Acquisition is subject to and conditional upon the conditions precedent as may be agreed by the Parties in the Definitive Agreements, including but not limited to:

- (a) **Mutual Due Diligence.** Completion of satisfactory due diligence by (i) HDAL and SDPSL into the financial, legal, tax and business affairs of Saizen REIT and the Manager and (ii) the Manager and the trustee of Saizen REIT into the financial, legal, tax and business affairs of the Properties and the holding structure of the Properties.
- (b) **Regulatory Approvals.** All consents and approvals or other acts from any governmental agency (being any foreign or Singaporean government or governmental, semi-governmental, administrative, regulatory, fiscal or judicial agency, authority, body, commission, department, exchange, tribunal or entity) ("**Governmental Agency**") being obtained and not revoked or withdrawn and ongoing compliance with all requirements of the SGX-ST and the Monetary Authority of Singapore's ("**MAS**") regulations.

- (c) **Compliance Placement.** SDPSL or its nominee(s) entering into the placement agreement for the purposes of underwriting the compliance placement on terms satisfactory to SDPSL, which shall be entered into prior to the issuance of the circular to be issued by Saizen REIT to the Unitholders in connection with the Properties Acquisition and other matters related to the reverse takeover of Saizen REIT.
- (d) **Drawdown of the Properties Acquisition Loan.** The completion of the draw down of the Properties Acquisition Loan to part finance the Properties Acquisition.
- (e) **Approval from Unitholders.** Approval of the Unitholders being obtained by 31 December 2016 for the Properties Acquisition, the issuance of the New Saizen REIT Units, any amendments to the trust deed constituting Saizen REIT dated 27 September 2007 (as supplemented from time to time) and any other resolutions required to give effect to the Properties Acquisition and the reverse takeover of Saizen REIT (including, but not limited to, the resolution relating to the Whitewash Waiver (as defined below)).
- (f) **The distribution of up to S\$0.0987 per unit to Unitholders.** Completion of the distribution of up to S\$0.0987 per unit to the existing Unitholders prior to Completion and prior to the issuance of the New Saizen REIT Units to SDPSL or its nominee(s). The timing and manner of such distribution payment(s) shall be announced when appropriate.

4.3 Termination

The Framework Agreement may be terminated with immediate effect by notice in writing being given at any time prior to the Long-Stop Date (as defined below) by:

- (a) either of HDAL or SDPSL, if the Manager is in material breach of any provision of the Framework Agreement or has failed to perform and comply in all respects of any provision of the Framework Agreement; or
- (b) the Manager, if HDAL or SDPSL is in material breach of any provision of the Framework Agreement or has failed to perform and comply in all respects of any provision of the Framework Agreement.

4.4 Long-Stop Date

The Framework Agreement will automatically terminate if Parties have not entered into the Definitive Agreements by 30 September 2016 (the "**Long-Stop Date**"), and in such event, SDPSL and/or HDAL shall reimburse Saizen REIT and/or the Manager for transaction expenses incurred up to the Long-Stop Date and operating costs, in accordance with, and subject to, the terms of the Framework Agreement.

4.5 Whitewash Waiver

If the allotment and issuance of the New Saizen REIT Units pursuant to the Properties Acquisition is completed, it is envisaged that SDPSL or its nominee(s) will own more than 30.0% of the enlarged issued unit capital of Saizen REIT on a fully diluted basis.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), SDPSL and the concert parties of SDPSL (as the case may be) will be required to make a mandatory general offer for all the remaining issued Units not already owned, controlled or agreed to be acquired by them except where the Securities Industry Council (the "**SIC**") grants them a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code

("Whitewash Waiver"). SDPSL intends to make an application to the SIC for the Whitewash Waiver.

4.6 No-Shop Obligation

During the period from and including the date of the Framework Agreement to the earlier of (i) the termination of the Framework Agreement in accordance with its terms and (ii) the Long-Stop Date, the Manager:

- (a) shall not, and shall not authorise or cause any of its employees, officers, agents and advisers or other representatives or associates to, on behalf of Saizen REIT or the Manager or otherwise, whether directly or indirectly, (a) solicit any approach, expression of interest, offer or proposal from, (b) enter into any discussions or negotiations with, (c) enter into any agreement, arrangement or understanding with, or (d) announce or communicate any intention to do any of the foregoing to or with, any other person in connection with any initial, further or continuing approach, expression of interest, offer or proposal to or by or on behalf of such other person involving a transaction taking place with the intention to do any of the things as follows: (i) preclude or restrict or delay or prejudice the Properties Acquisition; (ii) acquire or become the holder of, or otherwise have an economic or other interest in all or any part of Saizen REIT or any part of the securityholdings or share capital (as the case may be) of Saizen REIT; (iii) acquire control of Saizen REIT; or (iv) otherwise acquire or merge with Saizen REIT; and
- (b) shall not without the prior written consent of HDAL and SDPSL: (i) solicit, initiate or permit any person other than HDAL and SDPSL to undertake due diligence or other investigations on Saizen REIT, in relation to any expression of interest, offer or proposal of the kind referred to in paragraph 4.6(a); or (ii) make available to any other person or permit any other person to receive any non-public information relating to Saizen REIT in relation to any expression of interest, offer or proposal of the kind referred to in paragraph 4.6(a), provided that nothing in the foregoing prevents the Manager from providing information to the SGX-ST, rating agencies, any Governmental Agency or the auditors of Saizen REIT and the Manager and advisers acting in that capacity, in the ordinary course of business.

5. SALIENT TERMS OF THE JRAM SALE AND CHANGE IN CONTROL

The Board has been informed of the following:

- (a) the JRAM Sale is conditional upon the Framework Agreement and the Definitive Agreements having been duly entered into and remaining valid and effective;
- (b) the consideration for the JRAM Sale shall be the aggregate of 80.0% of the net asset value of the Manager and US\$1.0 million; and
- (c) the JRAM Shareholder, as vendor in relation to the JRAM Sale, has agreed to procure the Manager and each person who has an interest in the shares of the Manager and who holds or controls the voting rights of the issued Units (each, an "Undertaking Unitholder") to provide HDAL and SDPSL with an irrevocable undertaking:
 - (i) not to sell, transfer or dispose or encumber of its/his interests in the Units prior to Completion; and

- (ii) to vote in favour of all the resolutions put forth to the Unitholders for consideration,

provided that in the event, among others, the law or the listing rules of the SGX-ST does not permit any of the Undertaking Unitholders to vote in favour of any or all of the resolutions put forth to the Unitholders, then such Undertaking Unitholder shall abstain for the vote on such resolutions.

6. INTEREST 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 2,181,011 Units.

It is intended that a change in control in respect of the ownership of the Manager shall take place in connection with the Properties Acquisition. Mr Arnold Ip, who is a Director of the Manager, is deemed interested in 40.0% of the Manager through his shareholding interest in Altus Investments Limited.

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 Properties Acquisition. Saizen REIT does not have any controlling Unitholders.

7. FURTHER ANNOUNCEMENTS

Further announcements on the proposed Properties Acquisition, including certain specific terms of the Definitive Agreements, financial effects and other information as may be required by the Listing Manual, will be made in due course when the Definitive Agreements are signed, or as and when appropriate.

8. DOCUMENTS FOR INSPECTION

Copies of the Framework Agreement are available for inspection during normal business hours at the Manager's registered office at 3 Anson Road #34-01, Springleaf Tower, Singapore 079909 for a period of three (3) months from the date of this announcement.

15 August 2016

By Order of the Board

Mr Joey Goh
Executive Director and Chief Executive Officer

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

IMPORTANT NOTICE

The value of 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 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.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager's current view of future events.