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## WINDING-UP PROCEEDINGS

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**The Manager intends to issue a notice of termination (“Notice of Termination”) to unitholders of Saizen REIT (“Unitholders”) on 16 May 2017; i.e., five (5) clear market days after the date of this announcement.**

**Trading in the Units will be SUSPENDED on and with effect from the date of the Notice of Termination, at 9.00 a.m. on 16 May 2017.**

**Unitholders are advised to exercise caution in the dealing or trading of their Units.**

### 1. INTRODUCTION

The board of directors of Japan Residential Assets Manager Limited (the “**Board**”), the manager of Saizen Real Estate Investment Trust (“**Saizen REIT**” or the “**Trust**”) refer to its announcements dated 10 March 2017 (the “**10 March Announcement**”) and 31 March 2017 (the “**31 March Announcement**”), where the Manager had announced its intention to terminate Saizen REIT (the “**Proposed Termination**”) and to delist the units of Saizen REIT (the “**Units**”) from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Proposed Delisting**”) (collectively, the “**Proposed Termination and Delisting**”) after the termination of the Implementation Agreement and the Proposed RTO Transaction (as hereinafter defined). The SGX-ST had on 5 May 2017 confirmed that it has no objection to the Proposed Delisting subject to compliance with certain conditions. In addition, in response to an application made by the Manager for and on behalf of Saizen REIT, the SGX-ST has also granted certain waivers from compliance with certain provisions of the Listing Manual of the SGX-ST (the “**Listing Manual**”), the details of which are set out below.

The SGX-ST’s decision is not an indication of the merits of the Proposed Termination and Delisting.

### 2. RATIONALE FOR THE PROPOSED TERMINATION AND DELISTING

*Disposal of Saizen REIT’s entire portfolio of real estate assets in Japan (the “**Disposal**”)*

At an extraordinary general meeting convened on 1 March 2016, Unitholders had approved the Disposal for a purchase consideration of JPY44,660.0 million (about S\$514.1 million based on an exchange rate of JPY86.8684/S\$1.00). The Disposal was completed a few days later on 4 March 2016.

Following the completion of the Disposal, Saizen REIT has become a cash trust, with no property operating business. Most of the proceeds from the Disposal have been paid out to Unitholders via a special distribution of S\$1.056 per Unit in March 2016 and a capital distribution of S\$0.0750 per Unit in September 2016.

#### *Termination of the Proposed RTO Transaction*

Saizen REIT had on 10 October 2016, entered into an implementation agreement (as supplemented by a supplemental agreement dated 31 January 2017) (the “**Implementation Agreement**”) for the proposed acquisition by Saizen REIT of industrial properties in Australia and the reverse takeover of Saizen REIT (collectively, the “**Proposed RTO Transaction**”). The Proposed RTO Transaction had offered Saizen REIT the opportunity to change its investment strategy and to venture into a new business area under a new sponsor.

In the 10 March Announcement, the Manager had announced that the Proposed RTO Transaction would not proceed. Further, the Manager had in the 31 March Announcement, announced that the Implementation Agreement had been terminated pursuant to a termination agreement dated 31 March 2017.

### **3. ISSUANCE OF NOTICE OF TERMINATION AND IMPENDING SUSPENSION OF TRADING OF THE UNITS**

The Manager has consulted with Perpetual (Asia) Limited (in its capacity as trustee of Saizen REIT) (the “**Trustee**”) in relation to the matter and has recommended that the Proposed Termination be effected by terminating the deed of trust dated 27 September 2007 constituting Saizen REIT as amended and/or supplemented from time to time (the “**Trust Deed**”), followed by the requisite distributions of the remaining assets and winding-up of Saizen REIT and, consequently, by the Proposed Delisting. Clause 26.2 of the Trust Deed gives the Manager, among others, the absolute discretion to terminate the Trust by giving notice in writing to all Unitholders and to the Trustee not less than three (3) months in advance of the termination and to the Monetary Authority of Singapore not less than seven (7) days in advance of the termination, where the net asset value of all the assets held or deemed to be held upon the Trust is less than S\$50 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter. As of the date of this announcement, the current net asset value of Saizen REIT is approximately S\$11 million.

**The Manager intends to issue a Notice of Termination to Unitholders on 16 May 2017. Unitholders should note that trading in the Units will accordingly be suspended on and with effect from the date of the Notice of Termination, at 9.00 a.m. on 16 May 2017.**

#### 4. **SUMMARY OF PROCEDURE OF THE PROPOSED TERMINATION AND DELISTING**

The Manager intends for the Proposed Termination, the winding-up process as well as the Proposed Delisting to take place in the manner as follows:

- a) The Manager and the Trustee will enter into a formal deed of termination in respect of the Trust Deed to effect the Proposed Termination (the “**Termination Deed**”) in due course, in any event less no less than three (3) months after the Notice of Termination had been issued. For the avoidance of doubt, the termination pursuant to the Termination Deed will only take effect after the Final Distribution (as defined hereinafter) has taken place;
- b) for the purposes of the distribution of the remaining asset of Saizen REIT (being cash only), the Manager will, with the agreement of the Trustee, appoint a firm of accountants (“**Distribution Agent**”) to assist, among others, in the finalisation of the accounts of Saizen REIT, the distribution(s) of the remaining cash and the winding-up of Saizen REIT. The Distribution Agent will also work together with the tax agent of Saizen REIT to procure the necessary tax clearance from the Inland Revenue Authority of Singapore. The Distribution Agent will be asked to comply strictly with the terms of the Trust Deed; and
- c) once the winding-up process and the Final Distribution (as defined hereinafter) are completed, the Manager or the Trustee will submit a notice of such completion to the SGX-ST, whereupon the SGX-ST will officially give confirmation of the date on which the Proposed Delisting will take effect.

It is currently envisaged that the remaining cash of Saizen REIT may be disbursed in a final distribution (the “**Final Distribution**”) around September/October 2017 (the “**Final Distribution Date**”). The Manager may consider an interim distribution of part of the cash balance (the “**First Distribution**”), subject to, among other factors, the assessment of the cash requirements of Saizen REIT, tax clearance considerations, and whether it is cost-effective to do so. If applicable, the Manager will make relevant announcement(s) on the date of the First Distribution (the “**First Distribution Date**”) when appropriate. It is expected that the Proposed Delisting will take place shortly after the Final Distribution Date.

#### 5. **INDICATIVE TIMETABLE**

Set out below is a summary of the indicative timetable of the termination and delisting of Saizen REIT:

Event	Indicative Date
Notice of Termination	16 May 2017
Suspension of Trading	At 9.00 a.m. on 16 May 2017
Date of Termination Deed	On or around 16 August 2017
First Distribution Date <sup>(1)</sup>	To be announced, if applicable
Final Distribution Date <sup>(1)</sup>	To be announced, but is currently expected to take place around September/October 2017 upon the completion of winding-up proceedings
Date of Proposed Delisting <sup>(2)</sup>	To be announced, but is currently expected to take place on or around the Final Distribution Date

**Notes:**

- (1) The details (such as the quantum payable) of each of the First Distribution (if applicable) and Final Distribution will be announced by the Manager in due course. Unitholders should note that there is no assurance that a First Distribution will be made.
- (2) The Manager will make an announcement to confirm the date of the Proposed Delisting upon receipt of confirmation from the SGX-ST.

The Manager will make the relevant announcements to keep Unitholders updated as the Proposed Termination and Delisting progress.

**6. CONFIRMATIONS AND WAIVERS SOUGHT FROM THE SGX-ST**

In connection with the Proposed Termination and Delisting, the Manager had earlier written to the SGX-ST to seek confirmations as well as waivers as regards compliance with certain guidelines and rules under the Listing Manual. Specifically:

- a) **A waiver from having to comply with Rule 705 of the Listing Manual in respect of quarterly announcements of financial statements, starting from the quarter announcement due on or before 15 May 2017 in respect of the financial quarter ended 31 March 2017.**

Under Rule 705 of the Listing Manual, Saizen REIT is required to make quarterly announcements of its financial statements. The Manager has sought for a grant of a waiver from having to comply with Rule 705 of the Listing Manual after taking into consideration the following factors and for the following reasons:

- (i) quarterly announcements of financial statements are no longer meaningful or useful to Unitholders in light of the following:
- (l) as noted above, the trading of the Units will be suspended upon the issuance of the Notice of Termination;

- (II) since the start of the financial year ending 30 June 2017 (“FY2017”), Saizen REIT has been a cash trust (i.e., a trust that has no assets or business other than cash or receivables/payables);
  - (III) a year-on-year comparison of Saizen REIT’s financial results for FY2017 with its financial results prior to the completion of the sale of Saizen REIT’s entire portfolio of real estate assets on 4 March 2016 is not meaningful;
- (ii) since the start of FY2017, the Manager has been providing monthly valuations of assets and utilisations of cash in accordance with Rule 1018 of the Listing Manual (“**Monthly Valuation and Cash Utilisation Reports**”) and intends to continue to provide such reports until the effectual winding up of Saizen REIT. These Monthly Valuation and Cash Utilisation Reports will provide the Unitholders with sufficient information on the critical aspects of the remaining assets held under Saizen REIT; and
  - (iii) the continuation of quarterly reporting of Saizen REIT’s financial results would incur unnecessary costs and expenses without corresponding benefit to the Unitholders.
- b) **A confirmation that the approval of the Unitholders for the Proposed Delisting is not required to be obtained (whether at a meeting of the Unitholders or otherwise)**

By virtue of Rule 1307 of the Listing Manual and Clause 9.2 of the Trust Deed, the Manager may only apply to delist Saizen REIT only if the delisting has been approved by an extraordinary resolution of a meeting of its Unitholders duly convened and held. However, as the Manager is exercising its right to terminate Saizen REIT in accordance with the Clause 26.2 (as opposed to Clause 9.2) of the Trust Deed, the Manager, having sought the advice of its legal adviser, has taken the view that the aforesaid requirement under 1307 of the Listing Manual and Clause 9.2 of the Trust Deed would not apply. In addition, the Manager notes as follows:

- (i) the right to call for a termination of Saizen REIT under Clause 26.2 of the Trust Deed is at the absolute discretion of the Manager so long as the net asset value of Saizen REIT is less than S\$50 million;
- (ii) there can be no expectation or reason for Saizen REIT to remain listed following the exercise of the right to terminate under Clause 26.2 of the Trust Deed and the distribution of the remaining assets of Saizen REIT; and

- (iii) having to first call for a meeting of the Unitholders to obtain their approval for the Proposed Delisting prior to the Proposed Termination would incur unnecessary costs and expenses without corresponding benefit to the Unitholders.

It is further noted that full disclosure and warning of the possible termination of Saizen REIT should the Proposed RTO Transaction fail to proceed had previously been given to the Unitholders on a number of occasions. As such, a delisting consequent upon the effectual winding up of Saizen REIT is not unexpected.

c) **A waiver from complying with Rule 707 of the Listing Manual in relation to the requirement to hold an annual general meeting, as well as to issue and announce Saizen REIT's annual report and audited accounts for FY2017.**

Pursuant to Rule 707 of the Listing Manual, Saizen REIT is obliged to call for an annual general meeting as well as issue and announce its annual report and audited accounts for FY2017, which annual general meeting would in the ordinary course have to be held no later than 31 October 2017.

The Manager had sought the waiver from having to comply with Rule 707 of the Listing Manual after taking into account the following considerations and for the following reasons:

- i) for the whole of FY2017, save for the attempt at the Proposed RTO Transaction, the only business activity of Saizen REIT has been the holding and management of cash and accounts receivables/payables. In addition, after taking into account the considerations enumerated above under paragraph 4(a), the Manager has taken the view that audited accounts, if prepared for FY2017, would not contain any material financial information that would not already have been covered by the Monthly Valuation and Cash Utilisation Reports. Further and as noted above, a year-on-year comparison Saizen REIT's financial results for FY2017 with financial results prior to completion of the sale of its entire portfolio of real estate assets on 4 March 2016 is not meaningful; and
- ii) that there are substantial costs and expenses associated with: (i) the preparation, issuance and circulation of the audited accounts and the annual report; as well as (ii) the preparation and carrying out of an annual general meeting for Saizen REIT. The incurrance of such costs and expenses does not commensurate with the benefits, if any at all, that come with making available the annual report and the audited accounts and/or conducting the annual general meeting. At the relevant point of time when such annual general meeting is to be called, the termination of Saizen REIT would have been called for, the trading of the Units would

have been suspended and all material information about Saizen REIT for FY2017 that Unitholders' should be aware of would have been publicly disclosed via various announcements (including the Monthly Valuation and Cash Utilisation Reports).

In response to the Manager's application and submissions, the SGX-ST has on 5 May 2017 given the above-mentioned confirmations and granted Saizen REIT the aforesaid waivers, subject to the following conditions:

- i) the Trust announcing the waiver granted, the reasons for seeking the waiver and the Exchange's conditions as required under Listing Rule 107;
- ii) submission of a written confirmation from the Trust that the waiver does not contravene any laws and regulations governing the Trust and the provisions of the Trust Deed; and
- iii) in respect of the waiver of Rule 707(1) and Rule 707(2), approval of the relevant authority to waive the holding of the annual general meeting for FY2017 by the Trust and the issue of the annual report by the Trust (if applicable).

**7. ESTIMATED TOTAL CASH AT THE COMPLETION OF THE PROPOSED TERMINATION AND DELISTING**

The estimated total cash available to Saizen REIT (on a per Unit basis) as at the end of the Proposed Termination and Delisting is as follows:

	<u>S\$ per Unit<sup>(1)</sup></u>
<b>Net asset value as at 31 March 2017</b>	0.03956
Estimated costs and expenses up to the completion of the Proposed Termination and Delisting <sup>(2)</sup>	(0.00578)
<b>Estimated total cash (on a per Unit basis) as at completion of the Proposed Termination and Delisting</b>	<b>0.03378<sup>(3)</sup></b>

**Notes:**

- (1) Based on 287,024,902 Units in issue.
- (2) Based on estimated termination and winding-up expenses and estimated operating expenses up to end-September 2017. This amount may change if there are changes to, among other factors, the estimated timeline and extent of work of the winding-up process.
- (3) This is lower than the previous estimated total cash (on a per Unit basis) as at the end of the Proposed Termination and Delisting of S\$0.03406 per Unit as announced on 12 April 2017 which was based on estimated expenses up to August 2017 (instead of September 2017). Should there be any cost-savings arising from lower actual expenses or a shorter timeline for the winding-up process, such savings will accrue to Unitholders.

**IMPORTANT NOTE**

A key step involved in the winding-up proceedings is the procurement of the necessary tax clearance from the Inland Revenue Authority of Singapore (“IRAS”) in respect of, among others, the final settlement of tax matters in relation to past and present years of assessment. In addition, there is no assurance that the IRAS will take the view that receipts arising from the termination agreement relating to the Proposed RTO Transaction (please refer to Saizen REIT’s announcement dated 31 March 2017) are non-taxable.

Any distributions to Unitholders out of the remaining cash of Saizen REIT will have to take into account provisions for the full payment of tax, if any.

Unitholders should note that the quantum of distributions to Unitholders will be affected by any additional tax liability assessed as well as additional operational costs associated with any delay in the timeline.

Costs and expenses leading up to the completion of the Proposed Termination and Delisting

The Manager would like to provide Unitholders with further disclosure on the estimated costs and expenses that are expected to be incurred by Saizen REIT leading up to completion of the Proposed Termination and Delisting (the “**Estimated Costs and Expenses**”). The total Estimated Costs and Expenses up to end-September 2017 is approximately S\$1.66 million.

The breakdown of the Estimated Costs and Expenses is as follows:

<b>Estimated costs and expenses<sup>(1)</sup></b>	<b>S\$’000</b>	<b>Remarks</b>
Operational costs (mainly Manager’s costs <sup>(2)</sup> and Trustee fees)	800	Based on an estimate of costs of operations up to end-September 2017 (including a S\$200,000 offset against funds paid to the Manager for Saizen REIT’s operational costs in accordance with the termination terms of the Proposed RTO Transaction)
<u>Termination and winding-up costs</u>		
Professional fees	476	Includes fees of an independent firm of accountants (to be appointed to assist with, among other matters, finalisation of Saizen REIT’s accounts and distributions), the Manager’s and Trustee’s legal counsel, Saizen REIT’s tax agent and accounting agent
Listing and distribution related	146	
Miscellaneous and GST	236	
<b>Total</b>	<b>1,658</b>	



**Notes:**

- (1) All costs and expenses in relation to the Proposed Termination and Delisting (including normal operating expenses) will be borne by Saizen REIT.
- (2) The Manager's costs are predominantly fixed costs such as manpower costs. It should be noted that notwithstanding the commencement of the Proposed Termination and Delisting, the Manager is required to maintain its capital markets services (REIT management) license until the completion of the Proposed Termination and Delisting. Accordingly, the Manager's costs will continue to be incurred for the purposes of Saizen REIT.

The Manager will make the relevant announcements as and when there are any material changes to the information provided above.

**Unitholders are advised to exercise caution in the dealing or trading of their Units.**

**By Order of the Board**

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

Joey Goh (Mr.)  
Chief Executive Officer  
5 May 2017

***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.*