

Issuer: Japan Residential Assets Manager Limited
Security: Saizen Real Estate Inv Trust

Meeting details:

Date: 18 Oct 2016

Time: 10:00AM

Venue: Raffles City Convention Centre, Canning Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560

Company Description

Saizen Real Estate Investment Trust is a real estate investment trust launched by Japan Regional Assets Manager Limited. The fund is managed by Japan Residential Assets Manager Limited. The fund invests in residential properties of Japan. It primarily invests in real estate primarily for residential and residential-related purposes, and real estate-related assets. Saizen Real Estate Investment Trust was formed on 27 September 2007 and is domiciled in Singapore.

Source: http://sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?page=1&code=T8JU&lang=en-us

1. As noted in the Chairman and CEO Statement (page 2 of the annual report), the manager, on 15 August 2016, “entered into a Framework Agreement for a reverse takeover involving the proposed acquisition of industrial properties in Australia from a subsidiary of Sime Darby Berhad (the “Properties Acquisition”)”.

However, as announced on 1 October 2016, “the Framework Agreement has lapsed as Definitive Agreements for the Properties Acquisition have not been entered into as of the Long-Stop Date of 30 September 2016. The Manager continues to be in discussion with Sime Darby Property Singapore Limited (“SDPSL”) and Hastings Deering (Australia) Limited (“HDAL”), and if the Parties are able to resolve outstanding matters, the Manager may then enter into the Definitive Agreements”.

Subsequently, on 11 October 2016, the manager announced that it had entered into an “Implementation Agreement” with SDPSL.

Can the board clarify if an “Implementation Agreement” is the same as a “Framework Agreement”? If not, what are the differences? Please also shed some light on the matters that could not be resolved by the long-stop date? How have they been resolved?

Given that the sale of a 80% stake in the manager is being negotiated at the same time, what is the level of involvement of the independent directors and what are they doing to ensure that the interests of the manager are not placed ahead of the interests of the unitholders in the negotiation?

2. Assuming that this Implementation Agreement would proceed smoothly, **when can the remaining proceeds of up to \$0.0237 per unit be distributed to existing unitholders? Can management also clarify what are the possible adjustments that could be made? Are the professional fees related to this acquisition/RTO to be taken out from the remaining proceeds?**

3. At the EGM held on 1 March 2016, unitholders’ approval was sought to make a supplemental payment of \$1.2 million to the Manager.

- In the circular sent to unitholders date 5 February, the Implied Net Offer Price per Unit was S\$1.162 and the Implied Liquidation per Unit of \$1.146.
- The difference of S\$0.016 was due to the estimated costs and expenses to be incurred in connection with the post-Completion maintenance and management of Saizen REIT and the supplemental payment
- The supplemental payment of \$1.2 million worked out to be approximately S\$0.004 per Unit.

Subsequently on 1 April 2016, the manager then reported that an increase in finance costs of \$0.005 per unit due to the increase in finance costs related to the early termination of loans and the cancellation of swap arrangements and a further increase in adjustments for tax-related liabilities of \$0.002 per unit.

In total, the estimated costs of \$0.016 per unit increased by \$0.007 per unit at the final close.

Could the board provide further clarification on the increase in the estimated costs? Also, when unitholders were asked to vote at the EGM on 1 March 2016, how much of this \$0.007 increase in the estimates had already been reasonably observed but not disclosed to unitholders at the AGM?