

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))

DIVESTMENT OF NIKEN CHAYA GRAND HEIGHTS

The Board of Directors of Japan Residential Assets Manager Limited, the manager (“**Manager**”) of Saizen Real Estate Investment Trust (“**Saizen REIT**”), wishes to announce the divestment of Niken Chaya Grand Heights (the “**Divestment**”) from the property portfolio of Yugen Kaisha (“**YK**”) Shintoku.

Background

YK Shintoku has, on 11 August 2015, entered into a conditional sale and purchase agreement for the divestment of Niken Chaya Grand Heights (“**NCGH**”) to an independent private investor (the “**NCGH Buyer**”) for a cash consideration of JPY 460,000,000 (S\$5.1 million¹) (the “**NCGH Sale Price**”).

The Divestment offers Saizen REIT an opportunity to realise NCGH at a good price, and to rebalance its property portfolio with a view to enhancing the overall quality and growth potential.

NCGH, located in Sendai, was built in March 1979 and comprises 40 residential units and 18 car parking lots. It contributed about 0.9% (or approximately JPY 27.6 million) of Saizen REIT’s revenue in the nine-month financial period ended 31 March 2015.

Property valuation

Based on a valuation as at 30 June 2015 prepared by Asset Research Inc., an independent valuer commissioned by the Manager, NCGH was valued at JPY 382.0 million (S\$4.2 million) (the “**NCGH Valuation**”) ². The NCGH Valuation was prepared using the direct capitalisation method and discounted cash flow analysis method.

The NCGH Sale Price therefore represents a premium of approximately 20.4% to the NCGH Valuation.

For reference, Saizen REIT had previously divested 3 properties in 2014 at premiums of between 12.8% and 19.0% over valuation.

¹ Based on an exchange rate of JPY90.0/S\$ as at 6 August 2015, which is applied throughout this announcement unless stated otherwise.

² The valuation report is available for inspection at the Manager’s registered office at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909, during business hours for three months from the date hereof.

Consideration

The NCGH Buyer has paid a deposit of JPY 10,000,000 (S\$0.1 million) on 11 August 2015 with the remainder of the NCGH Sale Price to be paid on completion date, which is expected to be on or before 24 August 2015.

The net proceeds from the Divestment may be deployed towards Saizen REIT's working capital and/or for property acquisitions.

The NCGH Sale Price was arrived at on an arm's length basis, taking into account, *inter alia*, the NCGH Valuation (as defined below) and the prevailing market conditions.

Interest of Directors and Controlling Unitholders

A divestment fee of 0.3% of the NCGH Sale Price (the "**Divestment Fee**") is payable to the Manager. The Divestment Fee will be payable in the form of cash or units or a combination of both (as the Manager may in its sole discretion determine).

Save for the Divestment Fee, none of the directors of the Manager or controlling Unitholder of Saizen REIT has any interest, direct or indirect, in the Divestment.

BY ORDER OF THE BOARD OF DIRECTORS

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

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

11 August 2015

Important Notice

The value of units in Saizen REIT (“**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 Singapore Exchange Securities Trading Limited (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.