

PRESS RELEASE

For Immediate Release



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))

3 Anson Road
#34-01 Springleaf Tower
Singapore 079909
Tel: 65-6327-8163
Fax: 65-6327-8092

PROPOSED TRANSACTION IN RELATION TO SAIZEN REIT'S ENTIRE PORTFOLIO OF REAL ESTATE ASSETS IN JAPAN

Japan Residential Assets Manager Limited, in its capacity as manager of Saizen Real Estate Investment Trust ("**Saizen REIT**"), and as manager of Saizen REIT, the "**Manager**") wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Saizen REIT, has on 31 October 2015 accepted an offer (the "**Offer**") for the acquisition of all the real estate assets (the "**Properties**") in Saizen REIT's portfolio in Japan by Triangle TMK for an agreed purchase consideration of JPY44,660.0 million (S\$517.3 million¹) (the "**Purchase Consideration**") (subject to adjustments, if any) (the "**Proposed Transaction**"). Triangle TMK is a Japanese affiliate of Lone Star Real Estate Fund IV and Lone Star Funds.

The Purchase Consideration is at a 3.4% premium to the appraised value of the Properties.

The Purchase Consideration is estimated to translate into an implied net offer price of S\$1.17² per unit of Saizen REIT ("**Unit**"), or a slight premium to Saizen REIT's adjusted net asset value ("**NAV**") per Unit based on audited figures as at 30 June 2015, after taking into account estimated transaction-related costs and expenses³.

The estimated implied net offer price of S\$1.17 per Unit represents a 36.9% premium above the closing price of S\$0.855 per Unit on 22 October 2015, being the day immediately prior to the Manager's announcement of the Offer on 23 October 2015, and a 40.9% premium above the 1-month volume-weighted average price per Unit as of 22 October 2015.

-
- 1 Based on the illustrative exchange rate of S\$1.00 to JPY86.33 as at 28 October 2015 (the "**Illustrative Exchange Rate**"). Unless otherwise stated, all conversions of JPY amounts into S\$ in this announcement shall be based on the Illustrative Exchange Rate and all amounts in JPY and S\$ in this announcement shall, where such amount exceeds one million, be rounded to one decimal number.
 - 2 Purchase Consideration post accounting for estimated transaction-related costs and expenses. For the purposes of determining the implied net offer price per Unit, the total number of Units outstanding of 287,024,902 is used. This has taken into account the issuance of new Units under the Distribution Reinvestment Plan in respect of the distribution period from 1 January 2015 to 30 June 2015. Unless stated otherwise, all per Unit data in this press release shall be calculated based on 287,024,902 Units. The implied net offer price per Unit has been further adjusted for distributions paid on 28 September 2015.
 - 3 Estimated transaction-related costs and expenses include penalty for prepayment of loans, swap breakage fee on loans, the Manager's divestment fee, professional fees and other transaction-related expenses.

The Manager intends to distribute the net proceeds from the Proposed Transaction to Saizen REIT's unitholders ("**Unitholders**") as soon as practicable following completion of the Proposed Transaction via special distribution(s). The timing and details relating to the special distribution(s) will be announced in due course.

The Proposed Transaction is conditional upon, among others, approval from Unitholders at an extraordinary general meeting of Saizen REIT to be convened and is expected to be completed in the first quarter of 2016 and no later than 31 March 2016 or such other date as the parties may agree in writing. The timing and details concerning the special distribution(s) proposals will be provided in the Unitholders' circular for the purpose of seeking Unitholders' approval for the Proposed Transaction. In the meantime, Unitholders are advised to exercise caution when dealing in the Units.

Credit Suisse (Singapore) Limited and NorthEast Capital Management GK acted as joint financial advisers to the independent evaluation committee of the Manager on the Proposed Transaction.

About Lone Star Funds and Affiliates

Lone Star Funds is a leading private equity firm that invests globally in real estate, equity, credit and other financial assets. Since the establishment of its first fund in 1995, Lone Star Funds has organised fifteen private equity funds (the "**Funds**") with aggregate capital commitments totalling approximately US\$60 billion. The Funds are structured as closed-end, private-equity limited partnerships, the limited partners of which include corporate and public pension funds, sovereign wealth funds, university endowments, foundations, fund of funds and high net worth individuals. The Lone Star Real Estate Fund IV, one of the funds under Lone Star Funds, is a leading real estate fund closed in April of 2015 with committed capital of US\$5.8 billion.

Lone Star Japan Acquisitions, Ltd and Triangle TMK are Japanese affiliates of Lone Star Real Estate Fund IV and Lone Star Funds.

About Saizen REIT

Saizen REIT was listed on Singapore Exchange Securities Trading Limited on 9 November 2007 and has the principal investment objective of investing in a diversified portfolio of income producing real estate located in Japan, which is used primarily for residential and residential-related purposes, and real estate-related assets in connection with the foregoing.

BY ORDER OF THE BOARD

Chang Sean Pey (Mr.)

Co-Chief Executive Officer

Japan Residential Assets Manager Limited

(Company Registration No. 200712125)

As Manager of Saizen Real Estate Investment Trust

31 October 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.