

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 U.I. BUILDING
UPDATE ON REFINANCING EFFORTS OF YK SHINTOKU LOAN**

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 U.I. Building as part of a deleveraging plan which is being conducted to facilitate refinancing efforts in respect of the commercial mortgage-backed securities ("**CMBS**") loan of YK Shintoku (the "**YK Shintoku Loan**"), which will mature on 2 November 2009.

Divestment of U.I. Building

YK Shintoku has, on 31 July 2009, entered into a conditional sale and purchase agreement for the disposal of U.I. Building (the "**Divestment**") to an independent private investor (the "**Buyer**") for a cash consideration of JPY 274,680,000 (S\$4.2 million¹) (the "**Sale Price**"). The Sale Price was arrived at on a willing-buyer-willing-seller basis, taking into account, *inter alia*, the full valuation on U.I. Building and the prevailing market conditions (including the current market demand for such a property).

The Buyer has paid a deposit of JPY 10.0 million (S\$0.15 million) on 31 July 2009 with the remainder of the Sale Price to be paid at completion, which is expected to take place on or before 31 August 2009. The entire proceeds from the Divestment will be used for partial repayment of the YK Shintoku Loan.

U.I. Building, located in Hiroshima, comprises 31 residential units and 31 car parking lots. It contributes about 0.7% of Saizen REIT's annual revenue. Based on a full valuation as at 30 June 2009 prepared by Tokyo Asset Research Inc., an independent valuer commissioned by the Manager, U.I. Building was valued at JPY 257.0 million (S\$3.9 million) (the "**Valuation**"). The Sale Price therefore represents a premium of approximately 6.9% to the Valuation.

Given its small size relative to the entire portfolio of Saizen REIT, the Divestment is not expected to have any material impact on the financial position of Saizen REIT.

A divestment fee of 0.3% of the Sale Price (the "**Divestment Fee**") is payable to the Manager and such Divestment Fee will be payable in form of cash or units or a combination of both (as the Manager may in its sole discretion determine). Save for the aforesaid Divestment Fee, none of the Directors or controlling unitholders of the Manager or Saizen REIT, as the case may be, has any interest, direct or indirect, in the above Divestment.

¹ Based on exchange rate of S\$1.00 to JPY66.0, which is applied throughout this announcement.

The asset manager of Saizen REIT, KK Tenyu Asset Management (the “**Asset Manager**”), is currently seeking buyers for the properties under the YK Shintoku portfolio (the “**YK Shintoku Properties**”) through a network of real estate agents. The successful divestment of any of the YK Shintoku Properties for loan repayment to reduce the absolute amount of the YK Shintoku Loan and the leverage of the YK Shintoku portfolio is likely to make the extension or refinancing of the YK Shintoku Loan more acceptable to current and potential lenders.

Refinancing Efforts

In respect of the refinancing of the YK Shintoku Loan, the following efforts are currently made: (i) the arrangement of syndicated loan financing with the assistance of financial adviser, Société Générale; and (ii) the negotiations with holders of the CMBS for possible extension of loan maturity.

Since January 2009, Société Générale has been exploring the formation of the loan syndicate. Such syndication has yet to be successfully formed as at the date hereof but Société Générale will continue to work on this effort.

In the past few months, the Asset Manager has had discussions with some of the holders of the CMBS on possible loan restructuring and the extension of loan maturity. By doing this, it has gone beyond the formal channel of the loan servicer and bond trustee to reach out to the ultimate holders of the CMBS. Based on a further understanding of the diverse objectives of the various CMBS holders as well as the complexity of the structure of the CMBS, it is expected that negotiations for such a restructuring or extension will be difficult. However, the Asset Manager will continue its efforts in discussing with these CMBS holders. Updates on this matter will be made to Unitholders when appropriate.

BY ORDER OF THE BOARD OF DIRECTORS

Chang Sean Pey (Mr.)
Chief Executive Officer

Japan Residential Assets Manager Limited
(Company Registration No. 200712125H)
As Manager of Saizen Real Estate Investment Trust
4 August 2009

<p>In relation to the initial public offering of Saizen REIT, the financial adviser and issue manager is Morgan Stanley Asia (Singapore) Pte. The joint bookrunners and underwriters are Morgan Stanley Asia (Singapore) Pte., Morgan Stanley & Co. International plc and Credit Suisse (Singapore) Limited.</p>
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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. 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 is not necessarily indicative of the future performance of Saizen REIT.