
DIVESTMENT OF CLUB HOUSE KIKUGAOKA

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 Club House Kikugaoka (the “**Current Divestment**”) from the property portfolio of Yugen Kaisha (“**YK**”) Shingen.

Background

YK Shingen has, on 29 March 2011, entered into a sale and purchase agreement for the divestment of Club House Kikugaoka (“**CHK**”) to an independent private investor (the “**CHK Buyer**”) for a cash consideration of JPY 230,000,000 (S\$3.6 million¹) (the “**CHK Sale Price**”). The divestment of CHK was completed on the same day upon the payment of the full amount of the CHK Sale Price by the CHK Buyer.

CHK, located in Kitakyushu, was built in March 1991 and comprises 25 residential units and 26 car parking units. It contributed about 0.6% (or approximately JPY 23.3 million) of Saizen REIT’s annual revenue in the financial year ended 30 June 2010 (“**FY2010**”).

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

Consideration

The CHK Sale Price was fully paid up by the CHK Buyer on 29 March 2011. The proceeds from the Current Divestment will be deployed towards Saizen REIT’s working capital until such time when they are required for other purposes, including the refinancing of the loan of YK Shintoku (if such refinancing is possible).

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

Property value and financial results

Based on a desktop valuation of CHK prepared by KK Sakura Business Partners, an independent valuer commissioned by the Manager, CHK was valued at JPY 230.0 million (S\$3.6 million) (the “**CHK Valuation**”) as at 31 January 2011. The CHK Sale Price is therefore equal to the CHK Valuation.

¹ Based on an exchange rate of S\$1.00 to JPY 64.5 as at 28 March 2011, which is applied throughout this announcement unless stated otherwise.

In the past 12 months, YK Shingen and YK Shintoku, another TK operator of Saizen REIT, had completed the divestment of 17 properties, namely Patios Ohashi (announcements dated 21 September 2010 and 30 September 2010), Sun Park Yokokawa (announcement dated 29 September 2010), Funairi Honmachi 54 (announcement dated 29 September 2010), Residence II Yasuda (announcement dated 29 September 2010), Matoba Y Building (announcement dated 29 September 2010), Villa Kaigancho (announcement dated 8 October 2010), Higashi Hakushima Y Building (announcement dated 14 October 2010), Otemachi Y Building (announcement dated 14 October 2010), Kinyacho Y Building (announcement dated 14 October 2010), Kamei Five (announcements dated 21 October 2010 and 28 October 2010), Jewel Town Suehiro (announcement dated 9 November 2010), Reef Suite (announcements on 15 November 2010 and 24 November 2010), K1 Mansion Morioka (announcements on 24 January 2011 and 28 January 2011), Aistage Ushita Minami (announcement on 25 February 2011), Kinyacho Grande (announcement on 8 March 2011), Wealth Meinohama (announcements on 14 March 2011 and 23 March 2011) and Johnan Building III (announcement on 23 March 2011) (collectively, the “**FY2011 Divestments**”).

A summary of the net book value, sale price and resultant loss on disposal in respect of the Current Divestment and the FY2011 Divestments is as follows:

	CHK	FY2011 Divestments
Net book value ²	JPY 230.0 mil (S\$3.6 mil)	JPY 2,817.3 mil (S\$43.7 mil)
Sale price	JPY 230.0 mil (S\$3.6 mil)	JPY 2,713.9 mil (S\$42.1 mil)
Excess/(deficit) of sale price over the book value	Nil	(JPY 103.3 mil) ((S\$1.6 mil))
Profit/(loss) on disposal ³	(JPY 14.3 mil) ((S\$0.2 mil))	(JPY 270.0 mil) ((S\$4.2 mil))

The net profit/(loss) attributable to the properties in respect of the Current Divestment and the FY2011 Divestments in FY2010 is as follows:

	CHK	FY2011 Divestments
Net profit/(loss) attributable to property ⁴	(JPY 5.0 mil) ((S\$0.1 mil))	(JPY 69.6 mil) ((S\$1.1 mil))

² The net book value of CHK and the FY2011 Divestments are equal to the latest desktop valuation or full valuation conducted on the applicable properties. These valuations are conducted by independent valuers commissioned by the Manager.

³ The differences between the profit/(loss) on disposal and the excess/(deficit) of sale price over book value are due to transaction costs, namely agent fees and consumption taxes.

⁴ This represents the impact attributable to the properties to the net loss of Saizen REIT and its subsidiaries (the “**Saizen REIT Group**”) in FY2010. The net loss attributable to the FY2011 Divestments in FY2010 was mainly due to net write-downs in property values amounting to an aggregate of JPY 139.0 million in FY2010. The net loss attributable to CHK in FY2010 had included a write-down in property value of JPY 15.0 million.

Financial effects

Net asset value per Unit attributable to Unitholders ("NAV per Unit")

Based on the audited financial statements of the Saizen REIT Group for FY2010 and assuming that the Current Divestment and the FY2011 Divestments had been completed on 30 June 2010, the estimated aggregate pro forma financial effects which the Current Divestment and the FY2011 Divestments would have on the NAV per Unit as at 30 June 2010 are as follows:

	Audited (as at 30 June 2010)	Pro forma financial effects of the Current Divestment and the FY2011 Divestments
Net asset value attributable to Unitholders (JPY' 000)	23,882,923	23,604,836
Number of Units ⁵ ('000)	953,203	953,203
NAV per Unit ⁶ (JPY)	25.06	24.76
(S\$)	0.40 ⁷	0.38

Earnings per Unit ("EPU")

Assuming the Current Divestment and the FY2011 Divestments had been completed on 1 July 2009 and based on the audited financial statements of the Saizen REIT Group for FY2010, the estimated aggregate pro forma financial effects which the Current Divestment and the FY2011 Divestments would have on the EPU of FY2010 are as follows:

	Audited (FY2010)	Pro forma financial effects of the Current Divestment and the FY2011 Divestments
Loss for the year attributable to Unitholders (JPY' 000)	(883,878)	(1,074,386)
Weighted average number of Units ⁸ ('000)	952,710	952,710
Basic EPU ⁶ (JPY)	(0.93)	(1.13)
(cents)	(1.43) ⁹	(1.75)

⁵ Based on 953,203,055 Units in issue as at 30 June 2010.

⁶ It is assumed that there is no exercise of warrants and therefore, there is no dilutive effect on the NAV per Unit and EPU.

⁷ Based on an exchange rate of S\$1.00 to JPY63.4 as at 30 June 2010.

⁸ Based on a weighted average number of Units of 952,710,118 Units.

⁹ Based on an average exchange rate of S\$1.00 to JPY65.1 between 1 July 2009 and 30 June 2010.

Rationale

The sale of Saizen REIT's unencumbered properties can enhance the financial liquidity and flexibility of Saizen REIT, and can potentially be used in the resolution of the YK Shintoku loan default issue¹⁰ if a complete solution can be found.

YK Shingen proceeded with the divestment of CHK in view of the above-mentioned rationale.

Interest of Directors and Controlling Unitholders

A divestment fee of 0.3% of the CHK Sale Price as well as each of the FY2011 Divestments as previously announced (collectively, the “**Divestment Fees**”) is payable to the Manager. The Divestment Fees 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 above Divestment Fees, none of the Directors or controlling shareholders of the Manager, or the Manager, the Trustee or controlling unitholder of Saizen REIT, as the case may be, has any interest, direct or indirect, in the Current Divestment.

Relative Figures Computed pursuant to Rule 1006 of the Listing Manual

The relative figures for the Current Divestment and the FY2011 Divestments taken in aggregate and computed on the bases pursuant to Rule 1006(a) to 1006(d) of the SGX-ST Listing Manual (based on the recently announced audited financial statements of the Saizen REIT Group for FY2010) are as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value.	12.80% ¹¹
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with the group's net profits.	7.98% ¹²
Rule 1006(c)	The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	27.65% ¹³

¹⁰ The loan of YK Shintoku went into maturity default in November 2009. YK Shintoku is currently carrying out a progressive and partial sale of its properties to reduce the absolute amount of its loan so as to make the refinancing of the loan more acceptable to lenders.

¹¹ The net asset value of the Saizen REIT Group as at 30 June 2010 was JPY 23,891.3 million.

¹² Based on the aggregate net property income of the Current Divestment and the FY2011 Divestments in FY2010 of approximately JPY 222.1 million and Saizen REIT Group's net property income of JPY 2,782.6 million in FY2010. A comparison of net loss for FY2010 (contributed mainly by the write-down in the value of the property portfolio of Saizen REIT) is not meaningful.

¹³ Saizen REIT's market capitalisation is computed based on the weighted average Unit price of S\$0.1405 and 1,174,855,611 Units in issue on 28 March 2011, being the market day immediately preceding the date of the sale and purchase agreement.

Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
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The aggregate figures of the Current Divestment and the FY2011 Divestments under Rules 1006(a), (b) and (c) exceed 5%, but not 50%. Accordingly, the Current Divestment and the FY2011 Divestments, in aggregate, constitute a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual.

Documents for inspection

Copies of the sale and purchase agreement and valuation report in respect of the Current Divestment are available for inspection during normal business hours at the registered office of the Manager at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909 for three months commencing from the date of this announcement.

BY ORDER OF THE BOARD OF DIRECTORS

Linus Koh Kia Meng (Mr.)
Co-Chief Executive Officer

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

29 March 2011

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.