

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 ART SIDE TERRACE AND KN 21 SHIRAGANE

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 Art Side Terrace and KN 21 Shiragane (each a “**Current Divestment**” or collectively, the “**Current Divestments**”) from the property portfolio of Yugen Kaisha (“**YK**”) Shintoku.

Background*Art Side Terrace*

YK Shintoku has, on 15 April 2011, entered into a sale and purchase agreement for the divestment of Art Side Terrace (“**AST**”) to an independent private investor (the “**AST Buyer**”) for a cash consideration of JPY 416,745,000 (S\$6.3 million¹) (the “**AST Sale Price**”). The divestment of AST was completed on the same day upon the payment of the full amount of the AST Sale Price by the AST Buyer.

AST, located in Sapporo, was built in February 1986 and comprises 61 residential units, 2 commercial units and 22 car parking units. It contributed about 1.2% (or approximately JPY 49.3 million) of Saizen REIT’s annual revenue in the financial year ended 30 June 2010 (“**FY2010**”).

KN 21 Shiragane

YK Shintoku has, on 15 April 2011, entered into a sale and purchase agreement (the “**KN Agreement**”) for the divestment of KN 21 Shiragane (“**KN**”) to an independent private investor (the “**KN Buyer**”) for a cash consideration of JPY 213,164,000 (S\$3.2 million) (the “**KN Sale Price**”). The divestment of KN was completed on the same day upon the payment of the full amount of the KN Sale Price by the KN Buyer.

KN, located in Kitakyushu, was built in March 2000 and comprises 31 residential units, 1 commercial unit and 27 car parking units. It contributed about 0.5% (or approximately JPY 22.1 million) of Saizen REIT’s annual revenue in the financial year ended 30 June 2010 (“**FY2010**”).

Given the small sizes of AST and KN relative to the entire portfolio of Saizen REIT, the Current Divestments are not expected to have any material impact on the financial position of Saizen REIT.

¹ Based on an exchange rate of S\$1.00 to JPY 66.6 as at 14 April 2011, which is applied throughout this announcement unless stated otherwise.

Consideration

The AST Sale Price and KN Sale Price, amounting to an aggregate of JPY 629,909,000 (S\$9.5 million), were fully paid up by their respective buyers on 15 April 2011. The entire proceeds from the Current Divestments will be used for partial repayment of the YK Shintoku Loan.

The AST Sale Price and KN Sale Price were arrived at on an arm's length basis, taking into account, inter alia, their respective valuations (as defined below) and the prevailing market conditions.

Property value and financial results

Based on a desktop valuation of AST prepared by Rich Appraisal Institute Co., Ltd, an independent valuer commissioned by the Manager, AST was valued at JPY 450.0 million (S\$6.8 million) (the "**AST Valuation**") as at 31 December 2010. The AST Sale Price therefore represents a discount of approximately 7.4% to the AST Valuation.

Based on a desktop valuation of KN prepared by KK Soken, an independent valuer commissioned by the Manager, KN was valued at JPY 218.0 million (S\$3.3 million) (the "**KN Valuation**") as at 31 December 2010. The KN Sale Price therefore represents a discount of approximately 2.2% to the KN Valuation.

In the past 12 months, YK Shintoku and YK Shingen, another TK operator of Saizen REIT, had completed the divestment of 19 properties (see table below), and had also signed the conditional sale and purchase agreement for the divestment of Escort South 11 (announcement on 11 April 2011) (collectively, the "**FY2011 Divestments**"):

	Name of Properties (FY2011 Divestments)	Date of Announcement(s)
1	Patios Ohashi	21 September 2010 and 30 September 2010
2	Sun Park Yokokawa	29 September 2010
3	Funairi Honmachi 54	29 September 2010
4	Residence II Yasuda	29 September 2010
5	Matoba Y Building	29 September 2010
6	Villa Kaigancho	8 October 2010
7	Higashi Hakushima Y Building	14 October 2010
8	Otemachi Y Building	14 October 2010
9	Kinyacho Y Building	14 October 2010
10	Kamei Five	21 October 2010 and 28 October 2010
11	Jewel Town Suehiro	9 November 2010
12	Reef Suite	15 November 2010 and 24 November 2010
13	K1 Mansion Morioka	24 January 2011 and 28 January 2011
14	Aistage Ushita Minami	25 February 2011
15	Kinyacho Grande	8 March 2011
16	Wealth Meinohama	14 March 2011 and 23 March 2011
17	Johnan Building III	23 March 2011
18	Club House Kikugaoka	29 March 2011
19	Global Matsukawa Building	30 March 2011 and 6 April 2011

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

	AST	KN	FY2011 Divestments
Net book value ²	JPY 450.0 mil (S\$6.8 mil)	JPY 218.0 mil (S\$3.3 mil)	JPY 3,308.6 mil (S\$49.7 mil)
Sale price	JPY 416.7 mil (S\$6.3 mil)	JPY 213.2 mil (S\$3.2 mil)	JPY 3,190.4 mil (S\$47.9 mil)
Excess/(deficit) of sale price over the book value	(JPY 33.3 mil) ((S\$0.5 mil))	(JPY 4.8 mil) ((S\$0.1 mil))	(JPY 118.2 mil) ((S\$1.8 mil))
Profit/(loss) on disposal ³	(JPY 57.3 mil) ((S\$0.9 mil))	(JPY 18.3 mil) ((S\$0.3 mil))	(JPY 313.5 mil) ((S\$4.7 mil))

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

	AST	KN	FY2011 Divestments
Net profit/(loss) attributable to property ⁴	(JPY 8.8 mil) ((S\$0.1 mil))	(JPY 4.6 mil) ((S\$0.1 mil))	(JPY 96.1 mil) ((S\$1.4 mil))

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 Divestments and the FY2011 Divestments had been completed on 30 June 2010, the estimated aggregate pro forma financial effects which the Current Divestments 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 Divestments and the FY2011 Divestments
Net asset value attributable to Unitholders (JPY' 000)	23,882,923	23,506,888
Number of Units ⁵ ('000)	953,203	953,203
NAV per Unit ⁶ (JPY)	25.06	24.66
(S\$)	0.40 ⁷	0.37

² The net book value of the Current Divestments 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 183.9 million in FY2010. The net profit attributable to AST and KN in FY2010 had included a write-down in property value of JPY 22.0 million.

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.

Earnings per Unit (“EPU”)

Assuming the Current Divestments 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 Divestments and the FY2011 Divestments would have on the EPU of FY2010 are as follows:

	Audited (FY2010)	Pro forma financial effects of the Current Divestments and the FY2011 Divestments
Loss for the year attributable to Unitholders (JPY' 000)	(883,878)	(1,150,075)
Weighted average number of Units ⁸ ('000)	952,710	952,710
Basic EPU ⁶ (JPY)	(0.93)	(1.21)
(cents)	(1.43) ⁹	(1.82)

Rationale

On 6 April 2011, the Manager announced a schedule for the full repayment of the YK Shintoku Loan (the “**Repayment Plan**”). The Current Divestments were conducted as part of the Repayment Plan and sale proceeds will be applied towards the reduction of the outstanding balance of the YK Shintoku Loan.

Remaining loan balance

Taking into account (i) the repayment of JPY 2.1 billion (S\$31.5 million) under the Repayment Plan on 11 April 2011, (ii) the application of sale proceeds from the Current Divestments towards the repayment of the YK Shintoku Loan, and (iii) YK Shintoku’s cash reserves, the net outstanding loan of YK Shintoku amounts to approximately JPY 1.2 billion (S\$18.0 million).

Interest of Directors and Controlling Unitholders

A divestment fee of 0.3% of the AST Sale Price and KN Sale Price as well as each of the FY2011 Divestments as previously announced (collectively, the “**Divestment Fees**”) are 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 Divestments.

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.

Relative Figures Computed pursuant to Rule 1006 of the Listing Manual

The relative figures for the Current Divestments 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.	16.72% ¹⁰
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with the group's net profits.	10.42% ¹¹
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.	33.53% ¹²
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

The aggregate figures of the Current Divestments and the FY2011 Divestments under Rules 1006(a), (b) and (c) exceed 5%, but not 50%. Accordingly, the Current Divestments 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 agreements and valuation reports in respect of the Current Divestments 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

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

15 April 2011

¹⁰ The net asset value of the Saizen REIT Group as at 30 June 2010 was JPY 23,891.3 million.

¹¹ Based on the aggregate net property income of the Current Divestments and the FY2011 Divestments in FY2010 of approximately JPY 290.0 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.

¹² Saizen REIT's market capitalisation is computed based on the weighted average Unit price of S\$0.1456 and 1,174,855,611 Units in issue on 14 April 2011, being the market day immediately preceding the date of the sale and purchase agreements.

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.