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**DIVESTMENT OF RISE KUMADAI HOSPITAL II  
TO REPLENISH RESERVES DEPLOYED FOR YK SHINTOKU LOAN REPAYMENT**

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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 Rise Kumadai Hospital II (the "**Current Divestment**") from the property portfolio of Yugen Kaisha ("**YK**") Shingen.

Sale proceeds from the Current Divestment will be applied towards the replenishment of Saizen REIT's cash reserves which had previously been drawn on for the repayment of the loan of YK Shintoku (the "**YK Shintoku Loan**") on 31 May 2011. Please refer to the section entitled "Rationale" for further details.

Other than the Current Divestment and the divestment of Alte Heim Orio (previously announced on 26 May 2011 and pending completion), no further property divestments will be carried out in connection with the repayment of the YK Shintoku Loan.

**Background**

YK Shingen has, on 7 June 2011, entered into a conditional sale and purchase agreement for the divestment of Rise Kumadai Hospital II ("**RKH**") to an independent private investor (the "**RKH Buyer**") for a cash consideration of JPY 533,000,000 (S\$8.1 million<sup>1</sup>) (the "**RKH Sale Price**").

RKH, located in Kumamoto, was built in March 2007 and comprises 54 residential units and 18 car parking units. It contributed about 1.2% (or approximately JPY 48.8 million) of Saizen REIT's annual revenue in the financial year ended 30 June 2010 ("**FY2010**").

Given the small size of RKH 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 RKH Sale Price is expected to be fully paid up by the RKH Buyer on completion date, which is expected to be on or around 30 June 2011. Under the RKH Agreement, YK Shingen can claim compensation amounting to 20% of the RKH Sale Price if the RKH Buyer does not complete the sale on the completion date.

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

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<sup>1</sup> Based on an exchange rate of S\$1.00 to JPY 65.4 as at 6 June 2011, which is applied throughout this announcement unless stated otherwise.

## **Property value and financial results**

Based on a desktop valuation of RKH prepared by Le Futur Corporation, an independent valuer commissioned by the Manager, RKH was valued at JPY 534.0 million (S\$8.2 million) (the “**RKH Valuation**”) as at 31 January 2011. The RKH Sale Price therefore represents a discount of approximately 0.2% to the RKH Valuation.

In the past 12 months preceding the Current Divestment, YK Shingen and 2 other TK operators of Saizen REIT, YK Shintoku and YK Keizan, had completed the divestment of 29 properties and had also signed the conditional sale and purchase agreement for the divestment of Alte Heim Orio (collectively, the “**FY2011 Divestments**”) (see table below):

	<b>Name of Properties (FY2011 Divestments)</b>	<b>Date of Announcement(s)</b>
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
20	Escort South 11	11 April 2011 and 19 April 2011
21	Art Side Terrace	15 April 2011
22	KN 21 Shiragane	15 April 2011
23	Studio City	10 May 2011 and 30 May 2011
24	Lumiere et vent	12 May 2011 and 24 May 2011
25	KN 7 Kirigaoka	13 May 2011 and 25 May 2011
26	Matsui 38	13 May 2011 and 26 May 2011
27	Estaille S12	16 May 2011 and 26 May 2011
28	Alte Heim Orio	26 May 2011
29	Alpha Shinonome	31 May 2011
30	Rise Gofuku	31 May 2011

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:

	<b>RKH</b>	<b>FY2011 Divestments</b>
Net book value <sup>2</sup>	JPY 534.0 mil (S\$8.2 mil)	JPY5,401.0 mil (S\$82.6 mil)
Sale price	JPY 533.0 mil (S\$8.1 mil)	JPY 5,203.7 mil (S\$79.6 mil)
Excess/(deficit) of sale price over the book value	(JPY 1.0 mil) ((S\$0.02 mil))	(JPY 221.3 mil) ((S\$3.4 mil))
Profit/(loss) on disposal <sup>3</sup>	(JPY 36.7 mil) ((S\$0.6 mil))	(JPY 518.5 mil) ((S\$7.9 mil))

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

	<b>RKH</b>	<b>FY2011 Divestments</b>
Net profit/(loss) attributable to property <sup>4</sup>	JPY 19.1 mil (S\$0.3 mil)	(JPY 147.6 mil) ((S\$2.3 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 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:

	<b>Audited (as at 30 June 2010)</b>	<b>Pro forma financial effects of the Current Divestment and the FY2011 Divestments</b>
Net asset value attributable to Unitholders (JPY' 000)	23,882,923	23,342,070
Number of Units <sup>5</sup> ('000)	953,203	953,203
NAV per Unit <sup>6</sup> (JPY)	25.06	24.49
(S\$)	0.40 <sup>7</sup>	0.37

<sup>2</sup> The net book value of RKH 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.

<sup>3</sup> 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.

<sup>4</sup> 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 286.4 million in FY2010. The net profit attributable to RKH in FY2010 had included write-downs in property value of JPY 12.0 million.

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

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

### 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:

	<b>Audited (FY2010)</b>	<b>Pro forma financial effects of the Current Divestment and the FY2011 Divestments</b>
Loss for the year attributable to Unitholders (JPY ‘000)	(883,878)	(1,269,839)
Weighted average number of Units <sup>8</sup> (‘000)	952,710	952,710
Basic EPU <sup>6</sup> (JPY) (cents)	(0.93) (1.43) <sup>9</sup>	(1.33) (2.03)

### Rationale

On 6 April 2011, the Manager announced a schedule for the full repayment of the YK Shintoku Loan by the end of May 2011 (the “**Repayment Plan**”). The Current Divestment was one of the property disposals which were contemplated under the Repayment Plan.

Following negotiations with the RKH Buyer, the Current Divestment could only take place in June 2011. As a result, Saizen REIT’s cash reserves had to be first drawn on for the repayment of the YK Shintoku Loan on 31 May 2011. When received, the sale proceeds from the Current Divestment will be applied towards the replenishment of such cash reserves.

### Interest of Directors and Controlling Unitholders

A divestment fee of 0.3% of the RKH 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.

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<sup>7</sup> Based on an exchange rate of S\$1.00 to JPY 63.4 as at 30 June 2010.

<sup>8</sup> Based on a weighted average number of Units of 952,710,118 Units.

<sup>9</sup> Based on an average exchange rate of S\$1.00 to JPY 65.1 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 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 latest 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.	25.01% <sup>10</sup>
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with the group's net profits.	15.29% <sup>11</sup>
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.	49.17% <sup>12</sup>
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 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

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

7 June 2011

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

<sup>11</sup> Based on the aggregate net property income of the Current Divestment and the FY2011 Divestments in FY2010 of approximately JPY 425.5 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.

<sup>12</sup> Saizen REIT's market capitalisation is computed based on the weighted average Unit price of S\$0.1509 and 1,182,106,611 Units in issue on 6 June 2011, being the market day immediately preceding the date of the sale and purchase agreement.

## 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**"). 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.