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## DIVESTMENT OF MANSION LILAC

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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 Mansion Lilac (the “**Divestment**”) from the property portfolio of Yugen Kaisha (“**YK**”) Shintoku.

### **Background**

YK Shintoku has, on 26 February 2013, entered into a conditional sale and purchase agreement for the divestment of Mansion Lilac (“**MSL**”) to an independent private investor (the “**MSL Buyer**”) for a cash consideration of JPY 52,500,000 (S\$0.7 million<sup>1</sup>) (the “**MSL Sale Price**”).

The Divestment offers Saizen REIT an opportunity to realise MSL at a good price, and to rebalance its property portfolio with a view to enhancing the overall quality and growth potential.

MSL, located in Sendai, was built in March 1990 and comprises 6 residential units. It contributed about 0.1% (or approximately JPY 4.6 million) of Saizen REIT’s audited annual revenue in the financial year ended 30 June 2012.

Given the small size of MSL 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.

### **Consideration**

The MSL Buyer has paid a deposit of JPY 5,250,000 (S\$0.07 million) on 26 February 2013 with the remainder of the MSL Sale Price to be paid on completion date, which is expected to be before 29 March 2013.

The entire proceeds from the Divestment may be deployed towards Saizen REIT’s working capital and/or for property acquisitions.

The MSL Sale Price was arrived at on an arm’s length basis, taking into account, *inter alia*, the MSL 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 75.8 as at 25 February 2013, which is applied throughout this announcement unless stated otherwise.

### **Property valuation**

Based on a desktop valuation as at 1 February 2013 prepared by Le Futur Corporation, an independent valuer commissioned by the Manager, MSL was valued at JPY 40.8 million (S\$0.5 million) (the “**MSL Valuation**”) <sup>2</sup>. The MSL Valuation was prepared using the direct capitalisation method and discounted cash flow analysis method.

The desktop valuation was commissioned in connection with the Divestment as the previous valuation of MSL (the “**Previous Valuation**”) was performed more than 6 months ago<sup>3</sup>. MSL was valued at JPY 40.7 million (S\$0.5 million) under the Previous Valuation (as at 30 June 2012).

The MSL Sale Price therefore represents a premium of approximately 28.7% and 29.0% to the MSL Valuation and the Previous Valuation respectively.

### **Interest of Directors and Controlling Unitholders**

A divestment fee of 0.3% of the MSL Sale Price (the “**Divestment Fee**”) is payable to the Manager. The Divestment Fee 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 Divestment Fee, none of the directors of the Manager or controlling Unitholder of Saizen REIT has any interest, direct or indirect, in the Divestment.

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

26 February 2013

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<sup>2</sup> The desktop valuation report is available for inspection at the Manager's registered office at 3 Anson Road, #34-01 Springleaf Tower, Singapore 079909, during business hours for three months from the date hereof.

<sup>3</sup> Under Appendix 6 of the Code on Collective Investment Schemes, the valuation used for assessing the reasonableness of a property sale price should not be more than 6 months old.

## **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.