

**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))

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**DIVESTMENT OF SUN PORT 6**

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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 Sun Port 6 (the "**Divestment**") from the property portfolio of Yugen Kaisha ("**YK**") Shintoku.

**Background**

YK Shintoku has, on 24 July 2014, entered into a conditional sale and purchase agreement for the divestment of Sun Port 6 ("**SP6**") to an independent private investor (the "**SP6 Buyer**") for a cash consideration of JPY 168,000,000 (S\$2.1 million<sup>1</sup>) (the "**SP6 Sale Price**").

The Divestment offers Saizen REIT an opportunity to realise SP6 at a good price, and to rebalance its property portfolio with a view to enhancing the overall quality and growth potential.

SP6, located in Sendai, was built in October 1986 and comprises 35 residential units and 13 car parking lots. It contributed about 0.4% (or approximately JPY 12.8 million) of Saizen REIT's revenue in the nine-month financial period ended 31 March 2014.

Given the small size of SP6 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 SP6 Buyer has paid a deposit of JPY 5,000,000 (S\$0.06 million) on 24 July 2014 with the remainder of the SP6 Sale Price to be paid on completion date, which is expected to be before 29 August 2014.

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

The SP6 Sale Price was arrived at on an arm's length basis, taking into account, *inter alia*, the SP6 Valuation (as defined below) and the prevailing market conditions.

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<sup>1</sup> Based on an exchange rate of JPY81.8/S\$ as at 23 July 2014, which is applied throughout this announcement unless stated otherwise.

### **Property valuation**

Based on a full valuation as at 30 June 2014 prepared by Real Estate Appraisal Aota Jimusho, an independent valuer commissioned by the Manager, SP6 was valued at JPY 149.0 million (S\$1.8 million) (the “**SP6 Valuation**”) <sup>2</sup>. The SP6 Valuation was prepared using the direct capitalisation method and discounted cash flow analysis method.

The SP6 Sale Price therefore represents a premium of approximately 12.8% to the SP6 Valuation.

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

A divestment fee of 0.3% of the SP6 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

Linus Koh (Mr.)  
Co-Chief Executive Officer

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

24 July 2014

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<sup>2</sup> *The 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.*

### **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**”). The 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.