

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 HIGH GRACE II

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 High Grace II (the “**Divestment**”) from the property portfolio of Yugen Kaisha (“**YK**”) Shintoku.

Background

YK Shintoku has, on 4 November 2014, entered into a conditional sale and purchase agreement for the divestment of High Grace II (“**HG2**”) to an independent private investor (the “**HG2 Buyer**”) for a cash consideration of JPY 366,450,000 (S\$4.2 million¹) (the “**HG2 Sale Price**”).

The Divestment offers Saizen REIT an opportunity to realise HG2 at a good price, and to rebalance its property portfolio with a view to enhancing the overall quality and growth potential.

HG2, located in Sendai, was built in April 1998 and comprises 51 residential units, 1 commercial unit and 10 car parking lots. It contributed about 0.8% (or approximately JPY 32.4 million) of Saizen REIT’s revenue in the financial year ended 30 June 2014.

Given the small size of HG2 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 HG2 Buyer has paid a deposit of JPY 18,000,000 (S\$0.2 million) on 4 November 2014 with the remainder of the HG2 Sale Price to be paid on completion date, which is expected to be on or before 21 November 2014.

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

The HG2 Sale Price was arrived at on an arm’s length basis, taking into account, *inter alia*, the HG2 Valuation (as defined below) and the prevailing market conditions.

¹ Based on an exchange rate of JPY87.7/S\$ as at 3 November 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, HG2 was valued at JPY 316.0 million (S\$3.6 million) (the “**HG2 Valuation**”) ². The HG2 Valuation was prepared using the direct capitalisation method and discounted cash flow analysis method.

The HG2 Sale Price therefore represents a premium of approximately 16.0% to the HG2 Valuation.

Interest of Directors and Controlling Unitholders

A divestment fee of 0.3% of the HG2 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

4 November 2014

² *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.