
ACQUISITION OF AMS HATCHOBORI I

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 acquisition of AMS Hatchobori I by its TK operator Godo Kaisha ("**GK**") Tosei (the "**Acquisition**").

Introduction

GK Tosei has, on 25 April 2012, entered into a conditional sale and purchase agreement for the acquisition of AMS Hatchobori I ("**AMSH**") from an independent party (the "**Seller**") for a cash consideration of JPY 1,117,653,300 (S\$17.2 million¹) (the "**Purchase Price**").

AMSH was built in February 2004 and comprises 44 residential units and 2 car parking lots. Currently, 43 out of 44 residential units and 1 out of 2 car parking lots are occupied.

AMSH is located in central Tokyo and is within 7 minutes-walk from the Hatchobori Station which serves the Tokyo Metro Hibiya Line and the JR Keiyo Line. GK Tosei will have full ownership of the entire building block of AMSH and full title of the freehold land.

Currently, AMSH generates annual revenue and net property income of approximately JPY 80.4 million (S\$1.2 million) and JPY 63.8 million (S\$1.0 million) respectively, which are equivalent to about 2.1% and 2.5% of Saizen REIT's annual revenue and net property income in the financial year ended 30 June 2011 ("**FY2011**").

Rationale for the Acquisition

Yield accretion

At the current occupancy level of 97% (by revenue), the net operating income yield² of AMSH is about 5.7%.

Having used a substantial amount of equity to pay down loans in the last few years, Saizen REIT's re-leveraging efforts since July 2011 have raised new loan proceeds which provide it with the ability to increase distributable income via property acquisitions. There is no issuance of new Units to raise equity for the Acquisition. The Acquisition is accretive to Saizen REIT's distribution per Unit.

¹ Based on exchange rate of S\$1.00 to JPY 65.1 as at 24 April 2012, which is applied throughout this announcement.

² Net operating income yield is equal to net operating income divided by the Purchase Price.

Exposure to Tokyo and diversification of portfolio

The Acquisition represents Saizen REIT's second investment in a property in the Tokyo area. The Manager believes that yields of properties in Tokyo have risen to attractive levels in the last few years, with potential for capital gains and rental appreciation over the medium term.

The Acquisition will enable Saizen REIT to further diversify its portfolio geographically. Having a mix of Tokyo properties in Saizen REIT's portfolio could also facilitate the establishment of new banking relationships as well as enhance future financing efforts as, based on discussions with financial institutions, lenders are typically more receptive towards "pan-Japan" portfolios and willing to offer lower borrowing costs.

The Acquisition is in line with Saizen REIT's principle investment objective

The Acquisition is in line with Saizen REIT's principle investment objective of investing in income-producing real estate located in Japan which is used primarily for residential and residential-related purposes, and real estate-related assets in connection with the foregoing³.

Consideration and method of financing

The Purchase Price was arrived at on an arm's length basis, taking into account, *inter alia*, the valuation on AMSH and the prevailing market conditions (including the current market demand for such a property).

The Acquisition and its related costs are expected to be financed with Saizen REIT's cash resources initially. Costs to be incurred in connection with the Acquisition include registration fees, acquisition taxes, stamp duties and professional fees (for example agent, legal and valuation fees).

There will also be an acquisition fee, amounting to 1% of the Purchase Price, which is payable to the Manager (the "**Acquisition Fee**")⁴.

The Purchase Price will be paid on the completion date, which is expected to be on or before 31 May 2012.

Property valuation

Based on a valuation as at 1 April 2012 prepared by Rich Appraisal Institute Co., Ltd, an independent valuer commissioned by the Manager, AMSH is valued at JPY 1,150.0 million (S\$17.7 million) (the "**Valuation**"). The Valuation was prepared using the direct capitalisation method and discounted cash flow analysis method.

The Purchase Price represents a discount of approximately 2.8% to the Valuation. The replacement cost (of constructing a similar new building and excluding the cost of land) is JPY 515.0 million⁵ (S\$7.9 million).

³ Please refer to the prospectus of Saizen REIT dated 29 October 2007.

⁴ The Acquisition Fee will be payable to the Manager in the form of cash or Units or a combination of both as the Manager may in its sole discretion determine.

⁵ Based on an independent engineering report prepared in April 2012.

Financial effects

In the past 12 months, Saizen REIT had completed the acquisition of two properties, namely Flour Mansion Jyosei (announcements on 15 December 2011 and 27 December 2011) and The Palms Denenchofu (announcements on 28 February 2012 and 30 March 2012) (collectively, the “**Previous Acquisitions**”).

Net asset value per Unit attributable to Unitholders (“NAV per Unit”)

Based on the audited financial statements of the Saizen REIT Group for FY2011 and assuming that the Acquisition and the Previous Acquisitions had been completed on 30 June 2011, the pro forma financial effects which the Acquisition would have on the NAV per Unit as at 30 June 2011 are as follows:

	Audited (as at 30 June 2011)	Pro forma financial effects of the Acquisition and the Previous Acquisitions
Net asset value attributable to Unitholders (JPY' 000)	24,788,797	24,761,202 ⁶
Number of Units ⁷ ('000)	1,182,250	1,182,250
NAV per Unit ⁸ (JPY)	20.97	20.94
(S\$) ⁹	0.32	0.32

Earnings per Unit (“EPU”)

Assuming the Acquisition and the Previous Acquisitions had been completed on 1 July 2010 and based on the audited financial statements of the Saizen REIT Group for FY2011, the pro forma financial effects which the Acquisition and the Previous Acquisitions would have on the EPU of FY2011 are as follows:

	Audited (FY2011)	Pro forma financial effects of the Acquisition and the Previous Acquisitions
Loss for the year attributable to Unitholders (JPY' 000)	(841,543)	(763,992)
Weighted average number of Units ¹⁰ ('000)	1,110,447	1,110,447
Basic EPU ⁸ (JPY)	(0.76)	(0.69)
(cents) ¹¹	(1.18)	(1.07)

⁶ The pro forma net asset value is based on the assumption that the acquisition fees payable to the Manager are paid in cash and are not capitalised. If such acquisition fees are paid in the form of Units, the audited and pro forma net asset value attributable to Unitholders will be the same.

⁷ Based on 1,182,249,611 Units in issue as at 30 June 2011.

⁸ It is assumed that there is no exercise of warrants and therefore, there is no dilutive effect on the NAV per Unit and EPU.

⁹ Based on an exchange rate of S\$1.00 to JPY 65.5 as at 30 June 2011.

¹⁰ Based on a weighted average number of Units of 1,110,446,774 Units.

¹¹ Based on an average exchange rate of S\$1.00 to JPY 64.2 between 1 July 2010 and 30 June 2011.

Interest of directors and controlling Unitholders

Save for the Acquisition Fee, none of the directors of the Manager or controlling Unitholder of Saizen REIT has any interest, direct or indirect, in the Acquisition.

Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition.

Relative figures computed pursuant to Rule 1006 of the Listing Manual

The relative figures for the Acquisition and the Previous Acquisitions computed on the bases pursuant to Rule 1006 of the SGX-ST Listing Manual (based on the latest announced audited financial statements of the Saizen REIT Group for FY2011) are as follows¹²:

Rule 1006(b)	The net profits attributable to the assets acquired, compared with the group's net profits.	6.5% ¹³
Rule 1006(c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	21.6% ¹⁴
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 Acquisition is in the ordinary course of Saizen REIT's business as AMSH is being acquired within the investment policy of Saizen REIT and does not change the risk profile of Saizen REIT.

¹² Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

¹³ Based on the current aggregate annual net property income of the Acquisition and the Previous Acquisitions of approximately JPY 165.7 million and Saizen REIT Group's net property income of JPY 2,536.2 million in FY2011. A comparison based on Saizen REIT's net loss for FY2011 (contributed mainly by the write-down in the value of the property portfolio of Saizen REIT) is not meaningful.

¹⁴ Saizen REIT's market capitalisation is computed based on the weighted average Unit price of S\$0.1440 and 1,274,623,648 Units in issue on 24 April 2012, being the market day immediately preceding the date of the sale and purchase agreement.

Documents for inspection

Copies of the sale and purchase agreement and valuation report in respect of the Acquisition 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

25 April 2012

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.