



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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ACQUISITION OF CLAIR COURT ROKA KOEN

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 Clair Court Roka Koen by its TK operator Yugen Kaisha ("**YK**") Kokkei (the "**Acquisition**").

Introduction

YK Kokkei has, on 30 January 2013, entered into a conditional sale and purchase agreement for the acquisition of Clair Court Roka Koen ("**CCRK**") from an independent party (the "**Seller**") for a cash consideration of JPY 712,516,829 (S\$9.7 million¹) (the "**Purchase Price**").

The Purchase Price will be paid on the completion date, which is expected to be on or around 26 February 2013.

CCRK is located in the Setagaya Ward of Tokyo and is within 7-minutes walk from the Roka-koen Station (subway), which serves the Keio Line that connects to the Shinjuku Station in central Tokyo.

CCRK was built in January 1998 and comprises 29 residential units and 13 car parking lots. YK Kokkei will have full ownership of the entire building block of CCRK and full title of the freehold land.

CCRK is currently generating annual revenue and net property income of approximately JPY 47.4 million (S\$0.6 million) and JPY 35.3 million (S\$0.5 million) respectively, which are equivalent to about 1.4% and 1.5% of Saizen REIT's annual revenue and net property income in the financial year ended 30 June 2012.

Rationale for the Acquisition

Currently, 25 out of 29 residential units and 8 out of 13 car parking lots are occupied. At the current occupancy level of 85% (by revenue), the net operating income yield of CCRK is about 5.0%². At the expected normalised occupancy rate of 94%, the net operating income yield of CCRK is expected to be about 5.7%. The expected effective borrowing cost on CCRK is about 1.4%³ per annum. 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 73.2 as at 29 January 2013, which is applied throughout this announcement.

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

³ Based on an expected annual interest rate of about 2.5% and a loan-to-value ratio of 56% on the Purchase Price.

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 foregoing⁴.

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 CCRK 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 via a combination of internal cash resources and new borrowings. New borrowings are expected to amount to approximately JPY 400 million (S\$5.5 million). The completion of the Acquisition is contingent on the drawdown of such new borrowings.

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**")⁵.

Property valuation

Based on a valuation as at 1 January 2013 prepared by Rich Appraisal Institute Co., Ltd, an independent valuer commissioned by the Manager, CCRK is valued at JPY 716.0 million (S\$9.8 million) (the "**Valuation**") when valued using the direct capitalisation method and discounted cash flow analysis method.

The Purchase Price represents a discount of approximately 0.5% to the Valuation.

For reference, the replacement cost (of constructing a similar new building and excluding the cost of land) is JPY 411.0 million⁶ (S\$5.6 million).

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.

⁴ Please refer to the prospectus of Saizen REIT dated 29 October 2007.

⁵ 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.

⁶ Based on an independent engineering report prepared in January 2013.

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

30 January 2013

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.