

NEW LOAN FROM THE TOKYO STAR BANK LTD

The Board of Directors of Japan Residential Assets Manager Limited, the manager (“**Manager**”) of Saizen Real Estate Investment Trust (“**Saizen REIT**”), is pleased to announce that six TK operators of Saizen REIT have entered into an agreement (the “**Loan Agreement**”) for a JPY 10.38 billion (S\$137.3 million¹) loan (the “**Loan**”) from The Tokyo Star Bank Ltd (“**Tokyo Star**”) on 15 February 2013.

The Loan is expected to be disbursed on 19 February 2013, subject to the fulfillment of the conditions precedent as set out in the Loan Agreement, such as the registration of mortgages of the applicable properties.

Key terms of the Loan	
Amount	JPY 10.38 billion (S\$137.3 million)
Tenure	5 years up to 19 February 2018
Interest rate	Fixed at 2.42% per annum
Security	(a) Properties held by Yugen Kaisha (“ YK ”) Kokkei, YK Shingen, YK Keizan, YK Shintoku, Godo Kaisha (“ GK ”) Chosei and YK JOF, which are valued at an aggregate of approximately JPY 18 billion ² (S\$238.1 million) (b) Non-recourse to Saizen REIT
Amortisation	JPY 259.5 million (S\$3.4 million) per annum
One-time fee	1% of loan amount disbursed
Annual Guarantor Fee ³	0.175% of outstanding loan amount
Use of proceeds	Net proceeds from the Loan will be deployed towards (i) the acquisition of Clair Court Roka Koen, and (ii) Saizen REIT’s working capital until such time when they are required for other purposes, which may include property acquisitions

¹ Based on an exchange rate of S\$1.00 to JPY 75.6 as at 14 February 2013, which is applied throughout this announcement.

² This amount includes the property Clair Court Roka Koen (acquisition pending completion by YK Kokkei). Please refer to Saizen REIT’s announcement entitled “Acquisition of Clair Court Roka Koen” on 30 January 2013 for further information. If the acquisition of Clair Court Roka Koen is not completed, the loan amount shall be reduced by JPY 400 million.

³ Under the Loan Agreement, the asset manager of Saizen REIT, KK Tenyu Asset Management (the “**Asset Manager**”), will act as a guarantor for the Loan. In return, the Asset Manager will charge the respective TK operators an annual guarantor fee (the “**Guarantor Fee**”).

The Management Team is pleased that Saizen REIT is able to build on its banking relationship with Tokyo Star to:

- (a) raise up to approximately JPY 3.7 billion (S\$48.9 million) in new loan proceeds which may be deployed for purposes such as property acquisitions and the offset of loan amortisation;
- (b) refinance its loans at higher loan-to-value ratios, lower interest rates and lower rates of amortisation;
- (c) obtain new financing on the unencumbered property portfolio of YK Kokkei; and
- (d) extend the tenures of the loans of YK Shingen/YK Keizan and YK Shintoku/GK Chosei.

While the favourable loan terms will enable Saizen REIT to improve its capital structure and raise new loan proceeds for further growth, the Management Team is mindful that Saizen REIT's debt exposure to Tokyo Star is significant at approximately 69% of total borrowings. The Management Team is currently working towards the potential refinancing of YK Shinzan's existing loan from Tokyo Star which, if successful, will reduce the level of borrowings from Tokyo Star. Meanwhile, the Management Team will continue to explore opportunities to further diversify Saizen REIT's sources of financing.

Following the drawdown of the Loan, Saizen REIT's gearing (aggregate leverage ratio)⁴ and net gearing⁵ will be approximately 39% and 30% respectively.

None of the Directors or controlling shareholders of the Manager, or the Manager, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee for Saizen REIT) or controlling unitholder of Saizen REIT, as the case may be, has any interest, direct or indirect, in the above-mentioned loan transaction with Tokyo Star.

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

Linus Koh (Mr.)
Co-Chief Executive Officer
15 February 2013

⁴ *Gearing (aggregate leverage ratio) is equal to the sum of borrowings divided by the total value of Saizen REIT's assets, and is computed based on Saizen REIT's financial position as at 31 December 2012 and adjusted for the Loan, the acquisition of Clair Court Roka Koen and Saizen REIT's estimated distribution (as announced on 7 February 2013).*

⁵ *Net gearing is equal to the sum of net borrowings divided by the total value of Saizen REIT's investment properties, and is computed based on Saizen REIT's financial position as at 31 December 2012 and adjusted for the Loan and the acquisition of Clair Court Roka Koen and Saizen REIT's estimated distribution (as announced on 7 February 2013). Net borrowings is equal to total borrowings less net cash (ie. cash at bank plus deposit with cash management agents less current rental deposits, other current liabilities and current tax liabilities).*

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.