
ACQUISITION OF AS RESIDENCE HAKATAEKIMINAMI

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 AS Residence Hakataekiminami by its TK operator Godo Kaisha (“**GK**”) Gyotatsu (the “**Acquisition**”).

Introduction

GK Gyotatsu has, on 19 April 2013, entered into a conditional sale and purchase agreement for the acquisition of AS Residence Hakataekiminami (“**ASRH**”) from an independent party (the “**Seller**”) for a cash consideration of JPY 599,699,142 (S\$7.6 million¹) (the “**Purchase Price**”).

The Purchase Price will be paid on the completion date, which is expected to be on or around 1 May 2013.

ASRH is located in the Hakata Ward of Fukuoka and is within 15-minutes’ walk from the Hakata Station, which is the main railway and shinkansen (bullet train) station in central Fukuoka.

ASRH was built in February 2006 and comprises 56 residential units and 14 car parking lots. GK Gyotatsu will have full ownership of the entire building block of ASRH and full title of the freehold land.

ASRH is currently generating annual revenue and net property income of approximately JPY 45.3 million (S\$0.6 million) and JPY 34.9 million (S\$0.4 million) respectively, which are equivalent to about 1.3% 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, 55 out of 56 residential units and 4 out of 14 car parking lots are occupied. At the current occupancy level of 94% (by revenue), the net property income yield of ASRH is about 5.8%². There is no issuance of new Units to raise equity for the Acquisition. The Acquisition is accretive to Saizen REIT’s distribution per Unit.

The Acquisition is in line with Saizen REIT’s principal 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.

¹ Based on exchange rate of S\$1.00 to JPY 79.4 as at 18 April 2013, which is applied throughout this announcement.

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

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

Consideration and method of financing

The Purchase Price was arrived at on an arm's length basis, taking into account, *inter alia*, the valuation of ASRH 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 by internal 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.

Property valuation

Based on a valuation as at 1 April 2013 prepared by Real Value Inc., an independent valuer commissioned by the Manager, ASRH is valued at JPY 585.0 million (S\$7.4 million) (the “**Valuation**”) when valued using the direct capitalisation method and discounted cash flow analysis method.

The Purchase Price represents a premium of approximately 2.5% to the Valuation.

For reference, the replacement cost (of constructing a similar new building and excluding the cost of land) is JPY 441.0 million⁵ (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.

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

Linus Koh (Mr.)
Co-Chief Executive Officer
Japan Residential Assets Manager Limited
(Company Registration No. 200712125H)
As Manager of Saizen Real Estate Investment Trust

19 April 2013

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 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.