
ACQUISITION OF COSMOS KOKURA EKI MAE

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 Cosmos Kokura Eki Mae by its TK operator Godo Kaisha ("**GK**") Gyotatsu (the "**Acquisition**").

Introduction

GK Gyotatsu has, on 21 March 2013, entered into a sale and purchase agreement for the acquisition of Cosmos Kokura Eki Mae ("**CKEM**") from an independent party (the "**Seller**") for a cash consideration of JPY 753,920,622 (S\$9.9 million¹) (the "**Purchase Price**"). The Acquisition was completed on the same day.

CKEM is located in the Kokura Kita Ward of Kitakyushu and is within 5-minutes' walk from the Kokura Station which is the main railway and shinkansen (bullet train) station in Kitakyushu.

CKEM was built in February 2006 and comprises 61 residential units and 28 car parking lots. GK Gyotatsu will have full ownership of the entire building block of CKEM and full title of the freehold land.

CKEM is currently generating annual revenue and net property income of approximately JPY 65.8 million (S\$0.9 million) and JPY 49.2 million (S\$0.6 million) respectively, which are equivalent to about 1.9% and 2.1% of Saizen REIT's annual revenue and net property income in the financial year ended 30 June 2012.

Rationale for the Acquisition

Currently, 53 out of 61 residential units and 26 out of 28 car parking lots are occupied. At the current occupancy level of 88% (by revenue), the net property income yield of CKEM is about 6.5%². At the expected normalised occupancy rate of 94%, the net property income yield of CKEM is expected to be about 7.1%. 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 76.2 as at 20 March 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 on CKEM 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 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 March 2013 prepared by KK Asset Research, an independent valuer commissioned by the Manager, CKEM is valued at JPY 762.0 million (S\$10.0 million) (the "**Valuation**") when valued using the direct capitalisation method and discounted cash flow analysis method.

The Purchase Price represents a discount of approximately 1.1% to the Valuation.

For reference, the replacement cost (of constructing a similar new building and excluding the cost of land) is JPY 684.0 million⁵ (S\$9.0 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

21 March 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 March 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.