

**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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**NEW LOAN FROM TOKYO STAR BANK LTD**

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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 Yugen Kaisha (“**YK**”) Shintoku and Godo Kaisha (“**GK**”) Chosei have entered into an agreement (the “**Loan Agreement**”) for a JPY 2.0 billion (S\$33.5 million<sup>1</sup>) loan (the “**Loan**”) from Tokyo Star Bank Ltd (“**Tokyo Star**”) on 16 November 2011. The Loan is expected to be fully disbursed on 18 November 2011, subject to the fulfillment of the conditions precedent as set out in the Loan Agreement, such as the registration of mortgages of the properties.

The Loan Agreement is for a term of 5 years up to 18 November 2016. The Loan has an amortisation feature with JPY 60 million (S\$1.0 million) of principal repayment per annum. The Loan carries a fixed annual interest rate of 3.2025%. Additionally, there are no early repayment penalties on the Loan. Under the Loan Agreement, Tokyo Star will also charge a one-time fee of 1.5% of the initial loan amount.

The Loan is non-recourse to Saizen REIT. Under the Loan Agreement, the asset manager of Saizen REIT, KK Tenyu Asset Management (the “**Asset Manager**”), will act as a sponsor for the Loan. In return, the Asset Manager will charge an annual sponsor fee (the “**Sponsor Fee**”) of 0.175% of the outstanding loan amount.

The property portfolios of YK Shintoku and GK Chosei, which are unencumbered and valued at a total of approximately JPY 4.6 billion (S\$77.1 million) based on valuations as at 30 June 2011, will be pledged as security for the Loan.

The Loan is the third loan that the TK operators of Saizen REIT have obtained from Tokyo Star. The Management Team is pleased that Saizen REIT is able to build on and strengthen its banking relationship with Tokyo Star.

Following the drawdown of the Loan, total proceeds from loans drawn down by Saizen REIT in the past 5 months will amount to approximately JPY 6.2 billion (S\$103.9 million). Such proceeds have not been deployed. A portion of these loan proceeds will be deployed towards property acquisitions in the near future. The Management Team is currently in negotiations for the potential acquisition of properties in, among others, the cities of Tokyo and Kumamoto. A portion of these loan proceeds will also be deployed towards the partial repayment of certain borrowings of Saizen REIT, pending further discussions with the applicable lender(s).

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<sup>1</sup> Based on an exchange rate of S\$1.00 to JPY 59.7 as at 15 November 2011, which is applied throughout this announcement.

With the Loan, Saizen REIT's gearing (aggregate leverage ratio)<sup>2</sup> and net gearing<sup>3</sup> will be 35% and 21% respectively.

Save for the Sponsor Fee, 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

Chang Sean Pey (Mr.)  
Co-Chief Executive Officer  
16 November 2011

### **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.

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<sup>2</sup> *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 30 September 2011 and adjusted for the Loan as well as a loan obtained by GK Gyosei in October 2011.*

<sup>3</sup> *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 30 September 2011 and adjusted for the Loan as well as a loan obtained by GK Gyosei in October 2011. Net borrowings is equal 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).*