
ACQUISITION OF GRAND POLESTONE TSURUMI II

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 Grand Polestone Tsurumi II by its TK operator Godo Kaisha (“**GK**”) Gyosei (the “**Acquisition**”).

Introduction

GK Gyosei has, on 28 June 2013, entered into a sale and purchase agreement for the acquisition of Grand Polestone Tsurumi II (“**GPT2**”) from an independent party (the “**Seller**”) for a cash consideration of JPY 670,000,000 (S\$8.6 million¹) (the “**Purchase Price**”). The Acquisition was completed on the same day.

GPT2 is located in the Naka Ward of Hiroshima and is within 3-minutes’ walk from the Takaramachi Bus Station.

GPT2 was built in October 2008 and comprises 51 residential units and 6 car parking lots. GK Gyosei will have full ownership of the entire building block of GPT2 and full title of the freehold land.

GPT2 is currently generating annual revenue and net property income of approximately JPY 51.9 million (S\$0.7 million) and JPY 40.8 million (S\$0.5 million) respectively, which are equivalent to about 1.5% and 1.7% of Saizen REIT’s annual revenue and net property income in the financial year ended 30 June 2012.

Rationale for the Acquisition

Currently, GPT2 is fully occupied and its net property income yield is about 6.1%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 77.5 as at 27 June 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 GPT2 and the prevailing market conditions (including the current market demand for such a property).

The Acquisition and its related costs will 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 June 2013 prepared by Rich Appraisal Institute Co., Ltd, an independent valuer commissioned by the Manager, GPT2 is valued at JPY 671.0 million (S\$8.7 million) (the "**Valuation**") when valued using the direct capitalisation method and discounted cash flow analysis method.

The Purchase Price represents a discount of approximately 0.1% to the Valuation.

For reference, the replacement cost (of constructing a similar new building and excluding the cost of land) is JPY 471.0 million⁵ (S\$6.1 million).

Investment Structure

Saizen REIT is making the Acquisition by entering into Japanese tokumei kumiai ("**TK**") arrangement as a TK investor with GK Gyosei as the TK operator. The relationship between the TK operator and the TK investor is governed by the TK agreement, whereby the TK investor provide funds to the TK operator in return for income derived from the investments in real estate held by the TK operator⁶.

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 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 June 2013.

⁶ Please refer to page 3 of Saizen REIT annual report 2012 for more details.

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

28 June 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.