
LOAN FROM KUMAMOTO DAI-ICHI SHINKIN BANK AND COMPLETION OF PROPERTY ACQUISITION

Further to Saizen Real Estate Investment Trust's ("**Saizen REIT**") announcement on 15 December 2011, the Board of Directors of Japan Residential Assets Manager Limited, the manager ("**Manager**") of Saizen REIT, wishes to announce that:

- (a) Godo Kaisha ("**GK**") Gyokou had entered into an agreement (the "**Loan Agreement**") for a JPY 500 million (S\$8.3 million¹) loan (the "**Loan**") from a Japanese financial institution, the Kumamoto Dai-ichi Shinkin Bank ("**KDSB**") on 27 December 2011; and
- (b) the acquisition of Flour Mansion Jyosei by GK Gyokou (the "**Acquisition**") was completed on 27 December 2011.

The Loan Agreement is for a term of almost 20 years up to 10 October 2031. The Loan is non-recourse to Saizen REIT and Flour Mansion Jyosei is pledged as security for the Loan.

The Loan carries a variable annual interest rate based on the lender's short-term prime interest rate. The prevailing interest rate is 3.35% per annum. The Loan has an amortisation feature with JPY 25.2 million (S\$0.4 million) of principal repayment per annum.

Proceeds from the Loan were used to fund part of the costs relating to the Acquisition.

Taking into account the Loan and the Acquisition, Saizen REIT's gearing (aggregate leverage ratio)² and net gearing³ are about 36% and 22% respectively.

The Loan is the second loan that GK Gyokou has obtained from KDSB. The Management Team is pleased that Saizen REIT is able to build on its banking relationship with KDSB to provide funding for a property acquisition.

¹ Based on an exchange rate of S\$1.00 to JPY 60.1 as at 27 December 2011, which is applied throughout this announcement.

² 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, the Acquisition, a loan obtained by GK Gyosei in October 2011 and a loan obtained by YK Shintoku and GK Chosei in November 2011.

³ 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, the Acquisition, a loan obtained by GK Gyosei in October 2011 and a loan obtained by YK Shintoku and GK Chosei in November 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).

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 the KDSB.

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
27 December 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.