

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))

ANNOUNCEMENT

Recent developments relating to Saizen's refinancing arrangements

Completion of investments in 3 properties for an aggregate of JPY 812.0 million (\$\$ 10.7¹ million)

Recent developments relating to Saizen's refinancing arrangements

1. In general, the current uncertainties in the global credit markets have affected the availability of financing or, where available, financing terms have not been favourable to borrowers. This has also been reflected in the market for financing of residential properties such as those in which Saizen Real Estate Investment Trust ("**Saizen**") invests.
2. It was stated in Saizen's announcement on 29 November 2007 that new loans will be drawn in December 2007 to repay certain existing borrowings of the Initial TK Operators (as defined in the prospectus dated 29 October 2007 ("**Prospectus**") issued in connection with the initial public offering ("**Offering**") of units in Saizen ("**Units**") ("**Loan Refinancing**").
3. The Management Team (as defined in the Prospectus) has postponed the Loan Refinancing due to the current credit market conditions. The Manager however does not expect the aforesaid postponement to have a material impact on the forecast and projected distributions set out in the Prospectus.
4. The Loan Refinancing relates to two loans of JPY 3.94 billion (\$\$ 51.8 million) ("**First Loan**") and JPY 7.62 billion (\$\$ 100.1 million) ("**Second Loan**") respectively. The intention of the Loan Refinancing was to obtain borrowings at more favourable terms.
5. In respect of the First Loan, the Management Team has received an offer for its refinancing from a financial institution. The Management Team has however decided to defer such refinancing as the terms were not sufficiently attractive.
6. In respect of the Second Loan, the Management Team has been in discussion with the same financial institution which, however, was not able to provide a refinancing proposal as both parties had originally expected. Whilst the Second Loan could have been substantially repaid with Saizen's cash resources, the Management Team has considered and balanced (i) the advantages of maintaining a higher degree of liquidity; (ii) the likelihood of securing better financing terms as credit market conditions improve; (iii) the terms of the existing loans which allow for early repayment of a portion of the

¹ Based on an exchange rate of \$\$ 1.00 to JPY 76.13, which is applied throughout this announcement.

outstanding amount without incurring yield maintenance costs (i.e. interest penalties calculated with reference to interest payable up to loan maturities) if repayment was effected before end-December 2007; and (iv) the potential interest savings. In December 2007, JPY 3.0 billion (S\$ 39.4 million) of the Second Loan was repaid. As at the date hereof, its outstanding balance is JPY 4.62 billion (S\$ 60.7 million).

7. The Management Team wishes to highlight the fact that the proposed Loan Refinancing amounts to a voluntary early restructuring of loans. Since the current credit market conditions do not appear favourable, the Management Team is of the view that such refinancing should be conducted when the credit markets have improved. None of the TK Operators (as defined in the Prospectus) of Saizen are under pressure to repay any of their existing borrowings as there are no borrowings which fall due within the next 12 months. Meanwhile, the Management Team is continuing discussions with various financial institutions on future financing options.
8. Further, none of the TK Operators have incurred additional borrowings since the listing of Saizen and as set out above, a TK Operator has repaid JPY 3.0 billion (S\$ 39.4 million) of the Second Loan. Details of the borrowings of each TK Operator can be found on page 55 of the Prospectus. As at the date hereof, after deducting certain remaining expenses payable in connection with the Offering, Saizen maintains a cash balance equivalent to approximately JPY 4.1 billion (S\$ 53.9 million). Saizen is also currently holding 18 properties, with total carrying value of JPY 6.1 billion (S\$ 80.1 million), on an unencumbered basis.
9. In view of recent market developments, the Management Team is reviewing the availability of financing and their terms, and is reassessing the pace of investments. The Management Team has in the mean time slowed down Saizen's investment pace.
10. The leasing activities and operations of Saizen's property investments have remained stable and not been affected. The Management Team expects the availability of financing and credit market conditions to improve and Saizen's pace of investment to resume. It does not expect the partial implementation of the Loan Refinancing to have a material impact on the forecast and projected distributions set out in the Prospectus. For each of the Forecast Period 2008 and Projection Year 2009, any increase in interest expenses is expected to be offset by, inter alia, contributions from properties (other than the Additional Properties) acquired since Saizen's listing, as well as investments expected to be made.
11. The Management Team continues to see a strong level of deal flows, and believes Saizen's low gearing, its strong financial and liquidity positions, will allow Saizen to take advantage of these opportunities and any improvement in investment terms under current market conditions.

Completion of investments

12. Japan Residential Assets Manager Limited, as manager ("**Manager**") of Saizen, is pleased to announce the completion of investments in 3 properties (the "**Properties**", and each a "**Property**") in Japan ("**Investments**") as detailed in Appendix A.
13. One of the Properties, namely Relief Ohori Nishi, is part of the 15 properties defined as "Additional Properties" in the Prospectus. As at the date hereof, investments in 14 of such Additional Properties have been successfully completed.

14. Each of the Properties has been valued by independent valuers and the Investments are in compliance with the guidelines in Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
15. Given the expected net operating income yield of the Investments of between 5.8% to 7.2% and the comparatively low borrowing costs expected to be in the region of 2% to 3% per annum, the Investments are accretive to Saizen's distribution per Unit ("DPU"). The accretion effect of all the Additional Properties, including Relief Ohori Nishi, has already been taken into account in the forecast DPU figures in the "Profit Forecast and Profit Projection" section of the Prospectus. The two Properties not comprised in the Additional Properties, namely Towa Kita 7-jo and Towa Kotoni, will further accrete to the DPU for the financial years 2008 and 2009.
16. For illustration purposes, the financial effects of the investments in Towa Kita 7-jo and Towa Kotoni will be an additional of approximately 0.10 cents per Unit² per annum to the DPU.
17. The Investments, including related transaction costs, are currently funded entirely with internal cash resources.
18. The Investments are in accordance with Saizen's objective of investing in a diversified portfolio of income-producing real estate located in Japan which is used primarily for residential and residential-related purposes. They are also in line with Saizen's key strategy of acquisition growth.
19. Following the Investments, Saizen's portfolio comprises 164³ properties located in 13 cities in Japan.
20. An acquisition fee of 1% of the aggregate purchase consideration of the Properties is payable to the Manager in connection with the Investments and such fee will be payable in Units.

By order of the Board

Chang Sean Pey
Chief Executive Officer

Japan Residential Assets Manager Limited
(Company Registration No. 200712125H)
As Manager of Saizen Real Estate Investment Trust

8 January 2008

² Based on the expected net operating income yield of Towa Kita 7-jo and Towa Kotoni and assuming, inter alia, that (a) they are entirely funded by cash; and (b) the Manager had elected to receive its management fees entirely in cash and its acquisition fees in Units.

³ Excluding Kaminobori-cho Mansion, which is currently under construction and is expected to be completed in or around the second quarter of 2008.

In relation to the initial public offering of Saizen, the financial adviser and issue manager is Morgan Stanley Asia (Singapore) Pte.. The joint bookrunners and underwriters are Morgan Stanley Asia (Singapore) Pte., Morgan Stanley & Co. International plc and Credit Suisse (Singapore) Limited.

IMPORTANT NOTICE

This announcement may contain forward-looking statements that involve risks, assumptions and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of 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 ("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 is not necessarily indicative of the future performance of Saizen.

Appendix A

No.	Date of completion	Name of Property	Purchase consideration (JPY million)	Description	Year built	Expected net operating income yield ⁴
1.	4 Dec 2007	Towa Kita 7-jo	350.0 (S\$ 4.60 million)	Located in Sapporo , this property is a 9-storey block comprising 33 residential units and 23 car parking lots	Dec 1989	7.2%
2.	4 Dec 2007	Towa Kotoni	330.0 (S\$ 4.33 million)	Located in Sapporo , this property is a 10-storey block comprising 29 residential units and 18 car parking lots	Mar 1989	6.6%
3.	27 Dec 2007	Relief Ohori Nishi	132.0 (S\$ 1.73 million)	Located in Fukuoka , this property is a 3-storey block comprising 17 residential units	Jan 1989	5.8%

⁴ Based on purchase consideration of each Property, before related transaction costs.