SaizenREIT 最善

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 In Relation To The Unaudited Financial Statements For The Year Ended 30 June 2008

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In relation to the initial public offering of Saizen REIT (**"IPO"**), 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.

INTRODUCTION

The financial year-end of Saizen Real Estate Investment Trust (“**Saizen REIT**”) is 30 June.

Key financial information

Net asset value per Unit as at 30 June 2008 (JPY) **(S$)**	**68.03** **0.87** [i]
Distribution per Unit for FY2008 (S$)	**0.0467**
Closing market price per Unit on 26 August 2008 (S$)	**0.505**
Distribution yield based on closing market price of Unit	**9.2%**
Discount of closing market price to net asset value per Unit	**42.0%**
4Q FY2008 Annualised net property income yield [ii]	**6.0%**
4Q FY2008 interest cover ratio [iii]	**3.7 times**
Impairment of account receivable as % of gross revenue	**0.03%**
Gearing - net borrowings [iv] **/ value of investment properties**	**36.5%**
Net cash [iv] **as at 30 June 2008**	**JPY 6.9 billion**
Borrowings due within next 12 months from date hereof	**JPY 5.3 billion**
Value of investment properties as at 30 June 2008	**JPY 49.1 billion**
Net depreciation in the value of investment properties in FY 2008	**JPY 4.7 billion**
Occupancy rate (by revenue) [v]	**91.4%**

Notes:

i. Based on S$/ JPY exchange rate of 77.9 as at 30 June 2008, which is applied throughout this announcement unless stated otherwise

ii. Net property income of 4Q FY2008 divide by value of investment properties as at 30 June 2008

iii. Net property income of 4Q FY2008 divide by interest expenses of 4Q FY2008

iv. Net borrowings being total borrowings less Net Cash (cash at bank plus deposit with cash management agents less rental deposits and other current liabilities)

v. Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 31 May 2008. It is currently being leased up.

Summary of results

The following is a summary of Saizen REIT's operating performance for the fourth quarters ended 30 June 2008 ("**4Q FY2008**") and 30 June 2007 ("**4Q FY2007**"), and for the financial year ended 30 June 2008 ("**FY 2008**") and 30 June 2007 ("**FY 2007**").

	4Q FY2008[1]	4Q FY2007[2]	FY 2008[3]	FY 2007[4]	Increase/ (Decrease) %
Gross revenue					
(JPY'000)	**1,053,230**	**550,050**	**3,578,346**	**1,911,539**	**87.2**
(S$'000)	**13,768**[5]	**6,945**[6]	**46,654**[8]	**24,955**[9]	
Net property income					
(JPY'000)	**732,244**	**425,949**	**2,486,708**	**1,407,193**	**76.7**
(S$'000)	**9,572**[5]	**5,378**[6]	**32,421**[8]	**18,371**[9]	
Net income from operations					
(JPY'000)	**683,735**	**234,553**	**62,256**	**828,363**	**(92.5)**
(S$'000)	**8,938**[5]	**2,962**[6]	**812**[8]	**10,814**[9]	
Total return after income tax					
(JPY'000)	**(4,388,416)**	**296,228**	**(3,733,813)**	**2,057,532**	**NM**[11]
(S$'000)	**(57,365)**[5]	**3,740**[6]	**(48,681)**[8]	**26,860**[9]	
Distributable income					
(JPY'000)	**NA**[12]	**NA**[12]	**1,697,165**	**NA**[12]	**NM**[11]
(S$'000)			**22,127**[8]		
Distribution[7]					
(JPY'000)	**NA**[12]	**NA**[12]	**1,611,790**	**NA**[12]	**NM**[11]
(S$'000)			**21,047**[10]		
Distribution per Unit[7]					
S$ (cents)	**NA**[12]	**NA**[12]	**4.67**	**NA**[12]	**NM**[11]

Notes:

1. *There were 164 and 166properties respectively at the start and end of 4Q FY2008*
2. *There were 99 and 101 properties respectively at the start and end of 4Q FY2007*
3. *There were 101 and 166 properties respectively at the start and end of FY2008*
4. *There were 62 and 101 properties respectively at the start and end of FY2007*
5. *Based on S$/ JPY average exchange rate of 76.5 between 1 April 2008 and 30 June 2008*
6. *Based on S$/ JPY average exchange rate of 79.2 between 1 April 2007 and 30 June 2007*
7. *The distribution to unitholders is based on 95.0% of the Distributable Income (as defined in the Prospectus and below on page 19)*
8. *Based on S$/JPY average exchange rate of 76.7 between 1 July 2007 and 30 June 2008*
9. *Based on S$/JPY average exchange rate of 76.6 between 1 July 2006 and 30 June 2007*
10. *Based on S$/JPY exchange rate of 76.36 hedged in respect of this distribution*
11. *NM denotes not meaningful*
12. *NA denote not applicable*

Distribution details

Distribution type	Tax-exempt income
Distribution rate	S$4.67 cents per Unit
Book closure date	11 September 2008, 5:00 p.m.
Date payable	26 September 2008

Background of Saizen REIT

Saizen REIT, listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 9 November 2007 (“**Listing**”), is the first REIT listed in Singapore offering access to purely Japanese residential real estate.

The principal investment objective of Saizen REIT is to invest in a diversified portfolio of 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 foregoing.

At the time of Listing, Saizen REIT’s portfolio comprised 147 properties located in 12 regional cities in Japan. As at 30 June 2008, Saizen REIT’s portfolio comprised 166 properties, with a total appraised value of JPY 49.06 billion (approximately S$629.78 million) located in 13 regional cities in Japan.

Saizen REIT invests in the properties by entering into Japanese *tokumei kumiai* arrangements (“**TK arrangements**”) as a *tokumei kumiai* investor (“**TK investor**”) with Japanese limited liability companies known as *tokumei kumiai* operators (“**TK operators**”), which are the property holding companies. Such TK arrangement is a common method of investing and holding real estate in Japan. The relationship between the TK operators and the TK investors is governed by *tokumei kumiai* agreements (“**TK agreements**”), whereby the TK investors provide funds to the TK operators in return for income derived from the investments in properties held by the TK operators (the “**TK business**”).

During the financial year, Saizen REIT has entered into TK agreements with nine Japanese TK operators, being Yugen Kaisha (“YK”) JOF, YK Kokkei, YK Keizan, YK Shintoku, YK Shingen, YK Shinzan, Godo Kaisha (“GK”) Chosei, GK Choan and GK Chogen.

The manager of Saizen REIT is Japan Residential Assets Manager Limited (“**Manager**”) and the Asset Manager is KK Tenyu Asset Management (“**Asset Manager**”) (together, the “**Management Team**”).

Significant accounting policies

Saizen REIT consolidates the financial statements of the TK operators for reporting purpose.

Upon the initial formation of Saizen REIT, as part of the acquisition of its interest in the properties, Saizen REIT has entered into agreements with vendors of the properties, being Central-Top Properties Ltd, a wholly-owned subsidiary of Japan Opportunities Fund (“**JOF**”), Japan High Yield Property Fund (“**JHYP**”) and Japan High Yield Property Fund II (“**JHYP II**”) (together the “**Vendors**”) to acquire from them all rights and obligation (the “**TK interest**”) under the TK agreements, which were entered into among the Vendors and the respective TK operators (the “**Acquisition**”).

For the purpose of preparation of the financial statements, the Acquisition has been accounted for as a reverse acquisition. The three TK operators of JHYP, as a combining entity, have been identified as the acquirer for accounting purposes (the “**Accounting Acquirer**”), and are treated as having acquired the TK operators of JOF and JHYP II as well as Saizen REIT (the “**Accounting Acquirees**”).

Under this accounting policy adopted, the financial statements have been prepared as a reverse acquisition and:

(a) represent a continuation of the financial statements of the Accounting Acquirer. Hence, the assets and liabilities of the Accounting Acquirer are recognised and measured in the financial statements at their pre-combination carrying amounts; and

(b) reflect the fair values of the assets, liabilities and contingent liabilities of the Accounting Acquirees. Therefore, the cost of the business combination or the Acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the Accounting Acquirees that satisfy the recognition criteria at their fair values as at 9 November 2007 (being the completion date of the Acquisition which is also the date of the Listing).

With the adoption of the above accounting policy, the implications on the Statement of Total Return and the definition of the ñ**Group**ò include, inter alia, the following:

(a) in respect of 4Q FY2007 and the financial year ended 30 June 2007, it comprises those of the three TK operators of JHYP only with income and expense items at the TK operatorsô level only;

(b) in respect of the financial year ended 30 June 2008, it comprises (i) those of the three TK operators of JHYP from 1 July 2007 (as the case may be) up to 8 November 2007 with income and expense items at the TK operatorsô level only; and (ii) thereafter from 9 November 2007 (being the completion date of the Acquisition which is also the date of Listing) to 30 June 2008, those of all the TK operators under Saizen REIT (i.e. those TK operators previously under the Vendors prior to the Acquisition and two newly acquired TK operators) with income and expense items at both the TK operatorsô and Saizen REIT level.

(c) in respect of 4Q FY2008, it comprises those of all the TK operators under Saizen REIT (i.e. those TK operators previously under the Vendors prior to the Acquisition and two newly acquired TK operators) with income and expense items at both the TK operatorsô level and Saizen REIT level throughout the period.

The implications on the Balance Sheet and the definition of the ñ**Group**ò include, *inter alia*, the following:

(a) as at 30 June 2007, it comprised those of the three TK operators of JHYP only;

(b) as at 30 June 2008, it comprised those of all the TK operators under Saizen REIT (i.e. those TK operators previously under the Vendors prior to the Acquisition and two newly acquired TK operators) as well as Saizen REIT.

The financial statements in this announcement are prepared assuming completion date of the Acquisition is the date of Listing. They are therefore on a different basis from the financial statements prepared for inclusion in the prospectus of Saizen REIT dated 29 October 2007 (ñ**Prospectus**ò), which are on a proforma basis.

INFORMATION REQUIRED FOR ANNOUNCEMENTS

1(a) Statement of total return (for the Group) (4Q FY2008 vs 4Q FY2007)

	4Q FY2008 (JPY'000)	4Q FY2007 (JPY'000)	Increase / (Decrease) %
Gross revenue	1,053,230	555,050	89.8
Property operating expenses	(320,986)	(129,101)	>100.0
Net property income	732,244	425,949	71.9
Other administrative expenses	(43,217)	(17,338)	>100.0
Interest income	6,994	75	>100.0
Manager's management fee	(65,796)	-	NM[1]
Asset Manager's asset management fee	(7,151)	(5,193)	37.7
Trustee's fee	(4,285)	-	NM[1]
Other trust expenses	(63,602)	-	NM[1]
Finance costs[2]	(70,326)	(168,940)	(58.4)
IPO expenses	198,874	-	NM[1]
Net income from operations	683,735	234,553	>100.0
Net appreciation in the value of interest rate cap	559	-	NM[1]
Net (depreciation)/ appreciation in the value of investment properties	(5,993,501)	7,619	NM[1]
Total return for the period before income tax[3]	(5,309,207)	242,172	NM[1]
Income tax	920,791	54,056	>100.0
Total return for the period after income tax before distribution	(4,388,416)	296,228	NM[1]
Less: Distribution[4]	-	(152,746)	NM[1]
Total return for the period	(4,388,416)	143,482	NM[1]
Attributable to:			
Unitholders	(4,228,378)	142,619	NM[1]
Minority Interests	(160,038)	863	NM[1]
	(4,388,416)	143,482	NM[1]

Notes:

1. *NM denotes not meaningful*

2. *Finance costs comprise the following:*

	4Q FY2008 (JPY'000)	*4Q FY2007 (JPY'000)*	*Increase / (Decrease) %*
(i) interest expenses	*(198,538)*	*(142,308)*	*39.5*
(ii) amortisation of loan commission	*(36,101)*	*(26,632)*	*35.6*
(iii) exchange difference	*164,313*	*-*	*NM[1]*

Exchange difference arises due to the difference between the S$/ JPY rate booked last quarter and the prevailing rate at the quarter-end

3. *The Group's total return before income tax is arrived at after charging the following:*

	4Q FY2008 (JPY'000)	*4Q FY2007 (JPY'000)*	*Increase / (Decrease) %*
(i) write back/ (impairment) on account receivable	*124*	*(290)*	*NM[1]*

4. *Distribution relates to the allocation of profit to previous TK investor (i.e. JHYP) for the periods prior to Listing*

1(a) Statement of total return (for the Group) (FY 2008 vs FY 2007)

	FY 2008 (JPY'000)	FY 2007 (JPY'000)	Increase / (Decrease) %
Gross revenue	3,578,346	1,911,539	87.2
Property operating expenses	(1,091,638)	(504,346)	>100.0
Net property income	2,486,708	1,407,193	76.7
Other administrative expenses	(138,526)	(55,786)	>100.0
Interest income	27,559	1,175	>100.0
Manager's management fee	(169,609)	-	NM[1]
Asset Manager's asset management fee	(26,080)	(16,450)	58.5
Trustee's fee	(11,612)	-	NM[1]
Other trust expenses	(76,585)	-	NM[1]
Finance costs[2]	(1,222,111)	(507,769)	>100.0
IPO expenses	(807,488)	-	NM[1]
Net income from operations	62,256	828,363	(92.5)
Net appreciation in the value of interest rate cap	559	-	NM[1]
Net (depreciation)/ appreciation in the value of investment properties	(4,663,766)	1,588,568	NM[1]
Total return for the period before income tax[3]	(4,600,951)	2,416,931	NM[1]
Excess of Acquirer's interest in the net fair value of Acquiree's identifiable assets, liabilities and contingent liabilities over cost	350,047	-	NM[1]
Income tax	517,091	(359,399)	NM[1]
Total return for the period after income tax before distribution	(3,733,813)	2,057,532	NM[1]
Less: Distribution[4]	(223,929)	(574,905)	(61.0)
Total return for the period	(3,957,742)	1,482,627	NM[1]
Attributable to:			
Unitholders	(3,870,121)	1,447,537	NM[1]
Minority Interests	(87,621)	35,090	NM[1]
	(3,957,742)	1,482,627	NM[1]

Notes:

1. *NM denotes not meaningful*

2. *Finance costs comprise the following:*

	FY 2008 (JPY'000)	*FY 2007 (JPY'000)*	*Increase / (Decrease) %*
(i) interest expenses	*(734,871)*	*(435,590)*	*68.7*
(ii) amortisation of loan commission/ swap breakage	*(163,463)*	*(72,179)*	*>100.0*
(iii) exchange difference	*(323,777)*	*-*	*NM[1]*

Exchange difference arises due to the difference between the S$/ JPY rate booked based on day of Listing and (a) the actual rates where the S$ proceeds were converted into JPY, or (b) the prevailing rate at period-end

3. *The Group's total return before income tax is arrived at after charging the following:*

	FY 2008 (JPY'000)	*FY 2007 (JPY'000)*	*Increase / (Decrease) %*
(i) impairment on account receivable	*(1,618)*	*(1,785)*	*(9.4)*

4. *Distribution relates to the allocation of profit to previous TK investor (i.e. JHYP) for the periods prior to Listing*

Distribution Statement

	FY 2008 JPY'000
Total return for the period after income tax before distribution	(3,733,813)
Adjustments	5,430,978
Distributable Income	1,697,165
Distribution to Unitholders	1,611,790
Distribution per Unit (S$ cents)	4.67

1(b)(i) Balance sheet

	The Group		The Company[2]
	As at 30 June 2008 (JPY'000)	**As at 30 June 2007 (JPY'000)**	**As at 30 June 2008 (JPY'000)**
Current assets			
Cash at bank	5,609,118	754,765	1,877,045
Deposit with cash management agents[1]	2,639,772	1,748,333	-
Trade and other receivables	92,107	44,198	65,053
Other assets	55,351	65,492	10,428
	8,396,348	2,612,788	1,952,526
Non-current assets			
Derivative financial instruments	559	-	-
Investment in subsidiaries	-	-	31,793,200
Investment properties	49,062,300	29,930,200	-
Other assets	-	-	-
	49,062,859	29,930,200	31,793,200
Total assets	57,459,207	32,542,988	33,745,726
Current liabilities			
Rental deposits	741,997	431,951	-
Rental received in advance	264,504	151,241	-
Borrowings	5,314,479	-	-
Other current liabilities	624,659	158,615	268,546
	6,945,639	741,807	268,546
Non-current liabilities			
Rental deposits	22,289	13,641	-
Borrowings	19,472,617	18,738,921	-
Deferred tax liabilities	325,589	358,889	-
	19,820,495	19,111,451	-
Total liabilities	26,766,134	19,853,258	268,546
Total net assets	30,693,073	12,689,730	33,477,180
Represented by:			
Unitholders	30,662,438	12,648,902	33,477,180
Minority Interests	30,635	40,828	-
	30,693,073	12,689,730	33,477,180
Number of Units in issue ('000)	451,149	160,838	451,149
Net asset value per Unit (JPY)	68.03	78.90	74.20

Notes:

1. *The cash management agents are professional service providers appointed by the lenders to the TK operators to administer the cash movements of the TK operators*

2. *There is no prior period comparative figure for the Company as Saizen REIT was set up on 27 September 2007*

1(b)(ii)Aggregate amount of the Group's borrowings and debt securities

	As at 30 June 2008 (JPY'000)	**As at 30 June 2007 (JPY'000)**
Secured borrowings		
Amount repayable in one year or less	5,314,479	-
Amount repayable after one year	19,472,617	18,738,921
	24,787,096	18,738,921

As at 30 June 2008, the above borrowings are secured over certain investment properties.

1(c) Cash flow statement (for the Group) (4Q FY2008 vs 4Q FY2007)

	4Q FY2008 (JPY'000)	**4Q FY2007 (JPY'000)**
Operating activities		
Returns for the period after tax	(4,388,416)	296,228
Adjustments for:		
Tax expenses	(920,791)	(54,056)
Interest income	(6,994)	(75)
Interest expenses	234,639	168,940
Net appreciation in the value of interest rate cap	(559)	-
Net depreciation/(appreciation) in the value of investment properties	5,993,501	(7,619)
Operating profit before working capital changes	911,380	403,418
Changes in working capital		
Deposit with cash management agents	37,549	4,277
Trade and other receivables	10,502	8,594
Other current assets	105,429	59,324
Other current liabilities	101,757	(3,167)
Rental received in advance	3,245	20,225
Rental deposits	(15,746)	9,030
Cash flows generated from operation	1,154,116	501,701
Income tax paid	-	(415)
Cash flows provided by operating activities	1,154,116	501,286
Investing activities		
Purchase of/ additions to investment properties	(1,561,770)	(836,881)
Net cash effect on acquisition of subsidiaries	162	-
Cash flows used in investing activities	(1,561,608)	(836,881)

Financing activities		
Issue expenses	(196,532)	-
Bank borrowings obtained	830,000	840,000
Repayment of bank borrowings	(23,712)	-
Distribution to Unitholders	-	(152,746)
Contributions from Unitholders	-	(46,306)
Interest received	2,172	75
Interest paid	(209,443)	(153,402)
Cash flows from financing activities	402,485	487,621
Net (decrease)/increase in Cash at bank	(5,007)	152,026
Cash balance at the beginning of the period	5,614,125	602,739
Cash at bank at end of the period	5,609,118	754,765

1(c) Cash flow statement (for the Group) (FY 2008 vs FY 2007)

	FY 2008 (JPY'000)	FY 2007 (JPY'000)
Operating activities		
Returns for the period after tax	(3,733,813)	2,057,532
Adjustments for:		
Tax expenses	(517,091)	359,399
Excess of Acquirer's interest in the net fair value of Acquiree's identifiable assets, liabilities and contingent liabilities over cost	(350,047)	-
Interest income	(27,559)	(1,175)
Interest expenses	886,333	507,769
Net appreciation in the value of interest rate cap	(559)	-
Net depreciation/(appreciation) in the value of investment properties	4,663,766	(1,588,568)
Operating profit before working capital changes	921,030	1,334,957
Changes in working capital		
Deposit with cash management agents[1]	(62,775)	(737,443)
Trade and other receivables	(22,910)	21,317
Other current assets	188,349	16,133
Other current liabilities	270,367	51,938
Rental received in advance	50,947	66,720
Rental deposits	80,853	200,362
Cash flows generated from operation	1,425,861	953,984
Income tax paid	(250)	(666)
Cash flows provided by operating activities	1,425,611	953,318
Investing activities		
Purchase of/ additions to investment properties	(8,613,295)	(12,853,432)
Net cash effect on acquisition of subsidiaries	203,225	-
Cash flows used in investing activities	(8,410,070)	(12,853,432)
Financing activities		
Issue of new Units to Unitholders	15,400,394	-
Issue expenses	(862,027)	-
Bank borrowings obtained	1,340,000	9,940,000
Repayment of bank borrowings	(3,049,223)	-

Distribution to Unitholders	(223,929)	(574,905)
Return of capital	(18,335)	-
Contributions from Unitholders	-	3,491,690
Interest received	19,121	1,175
Interest paid	(767,189)	(622,565)
Cash flows from financing activities	11,838,812	12,235,395
Net increase in cash at bank	4,854,353	335,281
Cash balance at beginning of the period	754,765	419,484
Cash at bank at end of the period	5,609,118	754,765

Note:

1. The negative cash flow shown was primarily due to reserves set aside for the working capital requirements of the rental business, such as reserves to meet quarterly rates, insurance, etc.

1(d)(i) Statement of changes in Unitholders' funds

The Group

	FY 2008 (JPY'000)	FY 2007 (JPY'000)
OPERATION		
Balance as at 1 July	1,354,946	(92,591)
Total return for the period	(3,646,192)	2,022,442
Distributions[1]	(223,929)	(574,905)
Balance as at 30 June	(2,515,175)	1,354,946
UNITHOLDERS CONTRIBUTION		
Balance as at 1 July	11,293,956	7,802,266
Issue of new Units to Manager[2]	69,512	-
Issue of new Units to Unitholders	15,400,394	-
Contributions from Unitholders	-	3,491,690
Return of capital	(18,335)	-
Issue expenses	(862,027)	-
Cost of acquisition	7,294,113	-
Balance as at 30 June	33,177,613	11,293,956
TOTAL ATTRIBUTABLE TO UNITHOLDERS	30,662,438	12,648,902
MINORITY INTERESTS		
Balance as at 1 July	40,828	5,738
Effect on acquisition	77,428	-
Total return for the period	(87,621)	35,090
Balance at 30 June	30,635	40,828
TOTAL	30,693,073	12,689,730

The Company

	From 27 September 2007 to 30 June 2008 (JPY '000)
OPERATION	
Balance as at 27 September 2007	-
Total return for the period	(955,360)
Balance as at 30 June 2008	(955,360)
UNITHOLDERS CONTRIBUTION	
Balance as at 27 September 2007	-
Issue of new Units	35,294,566
Issue expenses	(862,026)

Balance as at 30 June 2008	34,432,540
TOTAL ATTRIBUTABLE TO UNITHOLDERS	33,477,180

Note:

1. *Distribution relates to the allocation of profit to previous TK investor (i.e. JHYP) for the periods prior to Listing*
2. *Saizen REIT issued 944,094 new Units as payment of acquisition fee and 204,973 new Units as payment of management fee to the Manager*

1(d)(ii) Details of changes in the Units

The Manager made an offering of 196,740,000 units (ñ**Offering**ò) representing undivided interests in Saizen REIT (ñ**Units**ò) for subscription at an offering price of S$1.00 per Unit on 9 November 2007.

Concurrently, but separate from the Offering, Central-Top Properties Ltd., a wholly-owned subsidiary of JOF, JHYP and JHYP II received 53,191,511 Units, 160,838,440 Units and 39,230,049 Units respectively in full satisfaction of the purchase consideration for the Acquisition.

In consideration of acquisition fee entitlements for acquisitions in November and December 2007 as well as in April and May 2008, Manager received 944,094 Units at S$0.8101 per Unit on 21 February 2008.

In consideration of management fee entitlements for the period from March to June 2008, Manager received 204,973 Units at S$0.7343 per Unit on 23 April 2008.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

For the current reporting period, the Group has applied the same accounting policies and methods of computation as those disclosed in the Prospectus.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no significant changes in the accounting polices and methods of computation.

6. Earnings per Unit for the financial period (for the Group)

	4Q FY2008	4Q FY2007
Total return for the period after income tax (JPY'000)	(4,388,416)	296,228
Basic earnings per Unit (JPY)	(9.73)	1.84
(S$ cents)	(12.72)[1]	2.32[2]

Notes:

1. Based on S$/ JPY average exchange rate of 76.5 between 1 April 2008 and 30 June 2008

2. Based on S$/ JPY average exchange rate of 79.2 between 1 April 2007 and 30 June 2007

The basic earnings per Unit is calculated based on total return for the period after income tax divided by the weighted average Units during the period of 451,099,513 Units (2007: 160,838,440 Units). There is no difference between the basic and diluted earnings per Unit as there is no dilutive instrument in issue during the financial period.

	FY 2008	FY 2007
Total return for the period after income tax (JPY'000)	(3,733,813)	2,057,532
Basic earnings per Unit (JPY)	(10.76)	12.79
(S$ cents)	(14.03)[1]	16.70[2]

Notes:

1. Based on S$/ JPY average exchange rate of 76.7 between 1 July 2007 and 30 June 2008

2. Based on S$/ JPY average exchange rate of 76.6 between 1 July 2006 and 30 June 2007

The basic earnings per Unit is calculated based on total return for the period after income tax divided by the weighted average Units during the period of 346,878,839 Units (2007: 160,838,440 Units). There is no difference between the basic and diluted earnings per Unit as there is no dilutive instrument in issue during the financial period.

7. Net asset value ("NAV") per Unit based on issued Units at the end of 30 June 2008 and 30 June 2007

<u>The Group</u>

	As at 30 June 2008	As at 30 June 2007
NAV per Unit based on issued Units at the end of financial period (JPY)	68.03	78.90
(S$)	0.87[1]	0.98[2]

<u>The Company</u>

	As at 30 June 2008
NAV per Unit based on issued Units at the end of financial period (JPY)	74.20
(S$)	0.95[1]

Notes:

1. Based on S$/ JPY exchange rate of 77.9 as at 30 June 2008

2. Based on S$/ JPY exchange rate of 80.5 as at 30 June 2007

8. Review of performance

Income statement: FY 2008 vs FY 2007

	FY 2008[1] (JPY'000)	FY 2007[2] (JPY'000)	Increase / (Decrease)
			%
Gross revenue	3,578,345	1,911,539	87.2
Property operating expenses	(1,091,638)	(504,346)	>100.0
Net property income	**2,486,707**	**1,407,193**	76.7
Other administrative expenses	(122,211)	(55,786)	>100.0
Asset Manager's asset management fees	(26,080)	(16,450)	58.5
Interest expenses	(734,871)	(435,590)	68.7
Net income from operations	**1,603,545**	**899,367**	78.3

Notes:

1. *There were 101 and 166 properties respectively at the start and end of FY 2008*

2. *There were 62 and 101 properties respectively at the start and end of FY 2007*

FY 2008 vs FY 2007

Due to the adoption of the reverse acquisition accounting policy, the income statement for FY 2007 comprises only those of the three TK operators of JHYP. In respect of the income statement for FY 2008, its composition is described in the section "Significant accounting policies" on page 4, which include income and expense items at the level of Saizen REIT.

Saizen REIT recorded a total loss after income tax of JPY 3.73 billion due mainly to (i) net depreciation in the value of investment properties of JPY 4.66 billion; (ii) one-off IPO expenses of JPY 807.5 million; and (iii) exchange losses of JPY 323.8 million.

Meanwhile, to make a like-with-like comparison of income from property operations, income and expense items at Saizen REIT level were excluded. Compared with FY 2007, gross revenue in FY 2008 increased by 87.2% due to the increase in number of properties over these periods. Net property income increased in tandem while interest expenses also increased as the expanded property portfolio also has a higher amount of borrowings.

Income statement: 4Q FY2008 vs. 3Q FY2008

	4Q FY2008[1] (JPY'000)	3Q FY2008[2] (JPY'000)	Increase / (Decrease)
			%
Gross revenue	1,053,229	1,054,522	(0.1)
Property operating expenses	(320,986)	(343,015)	(6.4)
Net property income	**732,243**	**711,507**	2.9
Other administrative expenses	(34,368)	(30,697)	12.0
Asset Manager's asset management fees	(7,151)	(7,964)	(10.2)
Interest expenses	(197,002)	(193,421)	1.9
Net income from operations	**493,722**	**479,425**	3.0

Notes:

1. There were 164 and 166 properties respectively at the start and end of 4Q FY2008

2. There were 164 properties at the start and end of 3Q FY2008

4Q FY2008 vs 3Q FY2008

The income statements for 3Q FY2008 and 4Q FY2008 comprise all the TK operators under Saizen REIT in existence at the relevant period, as well as income and expense items at the level of Saizen REIT. For the performance review of property operations, income and expense items at Saizen REIT level were excluded.

Gross revenue in 4Q FY2008 have remained at around the same level as in 3Q FY2008. Property operating expenses decreased slightly due mainly to refunds of consumption tax. Consequently, net property income increased by about 2.9%.

Other administrative expenses was higher due to higher legal and professional fees relating to refinancing exercise. Interest expenses increased marginally due partly to new loans drawn for the investments in the two properties in April and May 2008.

Investments since Listing

The Prospectus stated that there are 15 Additional Properties (as defined in the Prospectus) which Saizen REIT intends to invest in within five months after the Listing. By the financial year ended 30 June 2008, Saizen REIT has completed the investments in 14 of the 15 Additional Properties at a total consideration (excluding transaction costs) of about JPY 4.86 billion (S$62.4 million). In addition to these, Saizen REIT has invested in a further five properties at a total consideration (excluding transaction costs) of about JPY 2.40 billion (S$30.8 million).

Following these investments, Saizen REIT's portfolio comprises 166 properties located in 13 cities in Japan.

Update on financing

In April 2008, a 15-year term loan of JPY 350 million (S$4.5 million) was drawn down at floating interest rate of 3.475% per annum from a Japanese bank to finance the investment in Romauge Kamidori Namikizaka, as announced on 12 May 2008.

In May 2008, a 3-year term loan of JPY 480 million (S$6.2 million) was drawn down at floating interest rate of 3.92% per annum from a Japanese financial institution to finance the investment in Quest Tower Noboricho, as announced on 30 May 2008.

It is also announced today that on 31 July 2008, a TK operator of Saizen REIT entered into a loan agreement with a European bank for a 3-year term loan of JPY 5.90 billion (S$75.7 million) collateralised by 38 properties. Partial drawdown of the loan has taken place at a fixed interest rate of 2.67% per annum. Further drawdowns are expected upon fulfilment of all the relevant conditions precedent, principally relating to completion of mortgage registrations. Proceeds from this loan will be used to repay an existing loan and for future loans refinancing and investments.

The gearing ratios of Saizen REIT as at 30 June 2008 are as follows:

(i) 50.5% based on total borrowings / value of investment properties;

(ii) 36.5% based on net borrowings / value of investment properties,

where net borrowings being equal to total borrowings minus net cash (cash at bank plus deposit with cash management agents less rental deposits and other current liabilities).

9. Variance between forecast or prospectus statement (if disclosed previously) and the actual results

(i) Statement of total return (Actual vs. Forecast)

	Actual[1] 9 November 2007 to 30 June 2008 (JPY'000)	**Forecast[2] 5 November 2007 to 30 June 2008 (JPY'000)**	Increase / (Decrease) %
Gross revenue	2,699,585	2,746,543	(1.7)
Property operating expenses	(830,772)	(786,805)	5.6
Net property income	1,868,813	1,959,738	(4.6)
Other administrative expenses	(125,176)	(35,865)	>100.0
Interest income	25,594	9,784	>100.0
Manager's management fee	(169,609)	(178,495)	(5.0)
Asset Manager's asset management fee	(18,302)	(26,348)	(30.5)
Trustee's fee	(11,613)	(9,434)	23.1
Other trust expenses	(73,741)	(32,609)	>100.0
Finance cost[3]	(961,489)	(667,494)	44.0
IPO expenses	(807,488)	(864,384)	(6.6)
Net (loss)/ income from operations	(273,011)	154,893	NM[4]
Net appreciation in the value of interest rate cap	559	-	NM[4]
Net depreciation in the value of investment properties	(5,591,926)	(426,057)	>100.0
Excess of Acquirer's interest in the net fair value of Acquiree's identifiable assets, liabilities and contingent liabilities over cost	350,047	406,782	(13.9)
Total return for the period before income tax	(5,514,331)	135,618	NM[4]
Income tax	736,306	(201,257)	NM[4]
Total return for the period after income tax before Distribution	(4,778,025)	(65,639)	>100.0
Attributable to:			
Unitholders	(4,669,617)	(65,937)	>100.0
Minority Interests	(108,408)	298	NM[4]
	(4,778,025)	(65,639)	>100.0

Notes:

1. *The actual results ("Actual") was prepared in accordance with the accountng policies stated in "Significant accounting policies" in this announcement. For illustrative and comparison purpose, the figures disclosed herein only reflect the results for the period from 9 November 2007 (the date of Listing) to 30 June 2008.*

2. *The forecast ("Forecast") is based on the forecast statement of total return shown in the Prospectus and the Forecast is prepared for the period from 5 November 2007 to 30 June 2008.*

3. *Finance costs comprise the following:*

	Actual[1] 9 November 2007 to 30 June 2008 (JPY'000)	Forecast[2] 5 November 2007 to 30 June 2008 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	*(515,452)*	*(434,042)*	*18.8*
(ii)amortisation of loan commission/ swap breakage	*(122,260)*	*(233,452)*	*(47.6)*
(iii)exchange difference	*(323,777)*	-	*NM[4]*

Exchange difference arises due to the difference between the S$/ JPY rate booked on day of Listing and the actual rates where the S$ proceeds were converted into JPY, or (b) the prevailing rate at period-end.

4. *NM denotes not meaningful*

<u>Forecast Period 2008 (5 November 2007 to 30 June 2008) vs Actual Period (9 November 2007 to 30 June 2008)</u>

The figures for the Forecast are for the period between 5 November 2007 (being the expected date of Listing in the Prospectus) and 30 June 2008, while the figures for the Actual are for the period between 9 November 2007 (being the actual date of Listing) and 30 June 2008. There is therefore a difference of four days between the periods under the Forecast and the Actual.

Gross revenue

The Actual revenue is approximately JPY 47.0 million or 1.7% lower than the Forecast revenue due mainly to the four-day difference between the Forecast Period and Actual Period. The investment in four properties not taken into account at the time of Listing helps to offset the loss of expected income from the relatively large Additional Property which was not acquired eventually.

Property Operating Expenses (POE)

The Actual POE is approximately JPY 44.0 million or 5.6% higher than the Forecast POE. This is due mainly to higher leasing and marketing expenses by about JPY 40.0 million and higher repairs and renovations of JPY 11.7 million.

Leasing and marketing expenses were higher than expected as the Management Team implemented various leasing strategies during the leasing season of between February and April 2008. These strategies have improved occupancy rate (by revenue) to 91.4%[1] as at 30 June 2008 compared with 89.4% as at 31 December 2007, but result in higher leasing fees being paid to leasing agents.

The Management Team has also embarked on asset enhancement program by progressively upgrading the older properties with a view to enhancing leasing competitiveness. Consequently, renovation expenses were higher than expected.

Note 1: Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 31 May 2008. It is currently being leased up.

Interest income

Interest income was higher than expected due to Saizen REIT maintaining a relatively high cash balance as the Manager has slowed down its investment pace since January 2008 pending the review of availability of financing and their terms.

Other administrative expenses

Other administrative expenses were significantly higher than expected due to legal and professional fees incurred relating to aborted acquisitions and refinancing exercise.

Other trust expenses

Other trust expenses were significantly higher than expected as valuations were conducted on a higher number of properties for which expenses were accrued during the Actual period.

Finance cost

Actual finance cost of JPY 961.5 million comprises (i) interest expenses of JPY 515.4 million; (ii) amortization of loan commission and swap breakage fees of JPY 122.3 million; and (iii) exchange losses of JPY 323.8 million.

Actual interest expenses were higher than the forecast amount of JPY 434.0 million as the original refinancing exercise to lower borrowing costs was aborted in December 2007. For the reason above, loan commission capitalized in respect of loans originally planned to be repaid was not written-off, resulting in actual amortization of loan commission being lower than the forecast amount of JPY 233.5 million.

Net depreciation in the value of investment properties

For the Forecast, it has been assumed that the values of properties will remain at the amounts at which they were historically valued. Saizen REIT nevertheless recorded an actual depreciation in value of investment properties of JPY5.59 billion based on valuations performed by independent valuers.

10. Outlook and prospects

Market overview

The Bank of Japan recently downgraded its official view of short-term economic prospects. It was reported that the Japanese economy contracted at its fastest pace in seven years during the second quarter of 2008, hurt by rising commodity prices and weak exports. Given this backdrop, the Japanese real estate market has been further affected by the global credit crisis. This has been highlighted in the recent news of bankruptcy of real estate firms and developers as banks rein in lending.

In the regional residential sector, we are experiencing weakening asset prices and significant reduction in market liquidity. Amidst this credit crunch, potential buyers face difficulties in financing acquisitions while distressed sellers look to divest their real estate holdings. The portfolio properties of Saizen REIT, valued at JPY 49.06 billion (S$629.8 million) as at 30 June 2008, recorded a revaluation loss of JPY 4.66 billion (S$59.8 million) for the financial year ended 30 June 2008 based on valuations performed by independent valuers. The decrease in valuation is attributable to expansion in capitalization rate assumptions as well as more conservative operating assumptions adopted by valuers.

On the operating level, the leasing activities and rental performances of our portfolio have remained stable during FY 2008. During the past leasing season from February to April 2008, increased leasing competition has been observed in certain cities. The management team has devised various leasing strategies and embarked on asset enhancement programs to increase the competitiveness of the portfolio. Occupancy rate (by revenue) was 91.4%[1] as at 30 June 2008 compared with 89.4% as at 31 December 2007.

Note 1: Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 31 May 2008. It is currently being leased up.

<u>Prospects and outlook for financial year ending 30 June 2009 (ñFY 2009ò)</u>

The overall market environment has changed significantly as compared to the second half of 2007, when Saizen REIT obtained the Listing. The principal change is in the tightening of credit as mentioned above.

We expect FY 2009 to be a challenging year. Given the credit environment, the focus has shifted towards the establishment of new banking relationships and the refinancing of loans. Loans maturing within the next 18 months amount to approximately JPY 20.2 billion. Details of such loans as at the date hereof which form the majority of Saizen REITõs loan liabilities are set out as follows.

Period	**Amount of loan maturing (JPY billion)**
August to December 2008	Nil
January to June 2009	5.3
July to December 2009	13.4
January to June 2010	1.5

As mentioned on page 14 and as announced today, a loan facility of JPY 5.9 billion (S$75.7 million) has been secured, completing the voluntary refinancing of a portfolio of one of Saizen REITõs TK operators at a reduced interest rate. This refinancing exercise was originally intended to be conducted in December 2007, together with the financing of the property portfolio acquired with cash after Listing. The existing loan to be refinanced (including transaction costs) amounts to approximately JPY 4.2 billion (S$53.9 million), hence upon full drawdown of this loan facility, Saizen REIT will receive net proceeds of approximately JPY 1.7 billion (S$21.8 million), and the cash balance of Saizen REIT (after deducting the amount designated for distribution to Unitholders) will amount to approximately JPY 7.0 billion (S$89.9 million).

On the investment front, the Management Team expects the Japanese real estate market to remain subdued in the coming months. While this presents attractive investment opportunities for Saizen REIT, the Management Team intends to adopt a cautious approach for the time being and do not envisage acquisitions in the short term.

Overall, the Management Team expects leasing activities and operations to remain stable, barring unforeseen circumstances. Saizen REITõs portfolio properties cater to the local Japanese mass market and there is continued and steady demand given the low home ownership rates in Japan. However, income will likely be affected by higher financing costs given current market conditions.

For FY 2009, the Management Team will focus on establishing new banking relationships and refinancing plans. Given Saizen REITõs stable property operations with strong cash flow, its relatively low level of gearing and liquidity position discussed above, the Management Team, while remaining cautious, is optimistic.

11. Distributions

(a) Current financial period

<u>Distribution</u>

For FY 2008, Saizen REIT generated residual cash flow available for distribution to Unitholders after deducting expenses at Saizen REIT level (ñDistributable Incomeò) of JPY approximately 1.70 billion. Distribution to Unitholders will amount to approximately JPY1.61 billion (S$21.1 million based on the S$/ JPY exchange rate of 76.36 hedged in respect of this distribution) or 4.67 cents per unit, which is the same as the forecast distribution as stated in the Prospectus. Distribution to Unitholders represents about 95.0% of Distributable Income.

Name of distribution	Distribution for the year ended 30 June 2008
Distribution type	(a) Tax-exempt income (b) Other income
Distribution rate	Income distribution ï 4.67 cents per unit
Par value of units	Not applicable
Tax rate	(a) Tax-exempt income distribution Tax-exempt income includes rental and other related income derived from Japanese real estate properties received in Singapore by Saizen REIT in the form of profit allocation (TK distributions) from Japan under a TK agreement. Such income received from Japan will be exempt from tax for Saizen REIT. Tax-exempt income distributed by Saizen REIT will not be subject to any further Singapore tax in the hands of all Unitholders. (b) Other income distribution Other income derived by Saizen REIT (including interest earned from fixed deposits) will be taxable in Singapore at the corporate tax rate (currently at 18%). Any susequent distributions made by Saizen REIT out of income which has previously been taxed at the REIT level will be exempt from Singapore tax for all Unitholders.

(b) Corresponding period of the immediately preceding year

Not applicable

(c) Date payable

26 September 2008

(d) Books Closure Date

11 September 2008, 5:00 p.m.

12. If no distribution has been declared/ recommended, a statement to that effect.

Not applicable.

13. Segmental Results

Segment information has not been presented as all the Groupõs investment properties are used primarily for rental purposes and are located in Japan.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales as follows:-

		Group		
		FY 2008	**FY 2007**	**Increase/ (Decrease)**
		JPY'000	JPY'000	%
(a)	Gross revenue reported for first half year	1,470,593	825,970	78.0
(b)	Total return before deducting minority interests reported for first half year	324,998	(245,260)	NM[1]
(c)	Gross revenue reported for second half year	2,107,753	1,085,569	94.2
(d)	Total return before deducting minority interests reported for second half year	(4,282,740)	1,727,887	NM[1]

Note:

1. *NM denotes not meaningful*

16. A breakdown of the total annual distribution for the current period and its previous period:-

	Group		
	FY 2008	**FY 2007**	**Increase/ (Decrease)**
	JPY'000	**JPY'000**	**%**
Distribution relates to allocation of profit to previous TK investor	223,929	574,905	(61.0)
Distribution to Unitholders	1,611,790	-	NM[1]

17. Interested person transactions

No interested person transactions were entered into since the Listing.

18. Update on utilization of initial public offering ("IPO") proceeds

Saizen REIT raised gross proceeds of S$196.7 million at the Listing. The amount of proceeds designated for payment of issue costs has been fully deployed. Of the S$151.9 million designated for repayment and refinancing of existing loans, about S$92.0 million has been deployed thus far.

Since Listing, Saizen REIT has invested in 19 properties, which amounted to approximately S$93.2 million, and have fully utilised the S$15.3 million set aside from the proceeds to partially fund these investments. Two properties have been funded by long-term loans while the remaining 17 properties will be funded by the partially drawn loan facility from the European bank mentioned on page 15. In the interim, to ensure efficient use of Saizen REIT's internal resources, a portion of the aforesaid balance is funded by proceeds designated for repayment and refinancing of existing loans mentioned above. Upon full draw down of the aforesaid loan facility, Saizen REIT will receive about S$38.5 million.

As at the date hereof, pending receipt of the aforesaid S$38.5 million, proceeds from the Listing have been fully deployed.

This release may contain forward-looking statements that involve risks and uncertainties. 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in tenant demands, changes in operating expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of Management Team on future events.

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

27 August 2008