



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))

PRESS RELEASE

PROPOSED RIGHTS CUM WARRANTS ISSUE TO RAISE S\$44.75 MILLION TO STRENGTHEN ITS CAPITAL BASE

Singapore, 31 December 2008 – Japan Residential Assets Manager Limited (the “**Manager**”), as the manager of Saizen Real Estate Investment Trust (“**Saizen REIT**”), announced today a proposed renounceable non-underwritten rights issue with free detachable and transferrable warrants to raise gross proceeds of up to S\$44.75 million (“**Rights cum Warrants Issue**”).

The Rights cum Warrants Issue intends to issue up to 497.2 million new units of Saizen REIT (“**Rights Units**”) at an issue price of S\$0.09 each, on the basis of 11 Rights Units for every 10 existing units in Saizen REIT (“**Units**”) held by unitholders of Saizen REIT (“**Unitholders**”) as at the books closure date. Concurrently, up to 497.2 million free detachable and transferrable 3-year warrants (“**Warrants**”) will be issued on the basis of one Warrant for every Rights Unit subscribed for, with an exercise price of S\$0.09 for each. In the event that all the Warrants are exercised, there will be further gross proceeds of S\$44.75 million.

The issue price per Rights Unit of S\$0.09 each represents a discount of about 30.8% to the last traded price of S\$0.13 per Unit on 31 December 2008.

Saizen REIT plans to use the proceeds raised from the Rights cum Warrants Issue for repayment of loans and/or for general operational purposes. “While operations of Saizen REIT has been stable, reflecting the underlying strength and resilience of its residential portfolio; lenders generally favour lower leverage under the current credit environment. The Rights cum Warrants Issue will strengthen Saizen REIT’s capital base thereby facilitating refinancing of existing loans”, said Mr. Chang Sean Pey, Chief Executive Officer of the Manager.

Saizen REIT has JPY5.28 billion (S\$84.12 million¹) loans falling due in January and April 2009, which it has sufficient cash resources to fully repay. It has a further aggregate amount of JPY13.40 billion (S\$213.48 million¹) loans maturing in November and December 2009.

The Rights cum Warrants Issue is on a non-underwritten basis. To ensure that the intended proceeds can be raised, the Manager has obtained irrevocable undertakings from certain existing Unitholders and non-Unitholders to (i) take up their direct and indirect entitlements to the Rights cum Warrants Issue in full (where applicable); and (ii) make or procure to make excess applications or to subscribe for any Rights Units not taken up by other Unitholders.

¹ Based on exchange rate of S\$1.00 to JPY62.77

The aforesaid existing Unitholders comprise Argyle Street Management Limited (as investment manager of ASM Hudson River Fund and ASM Asia Recovery (Master) Fund, HC Capital Limited, Pioneer Industries (Holdings) Limited, Terry Fok Kwong Hang, Richard Lo, Arnold Ip Tin Chee, Chang Sean Pey, Raymond Wong Kin Jeon and Yeh V-Nee. Mr. Ip, Mr. Chang, Mr. Wong and Mr. Yeh are directors of the Manager. The aforesaid non-Unitholders comprise Amherst Holdings Limited and Equal Chances Limited.

The Rights cum Warrants Issue is subject to, among others, regulatory approvals of the Securities Industry Council and the Singapore Exchange Securities Trading Limited; and independent Unitholders approval at an extraordinary general meeting. Accordingly, there is no assurance that the Rights cum Warrants Issue will be proceeded with.

The Rights cum Warrants Issue is conducted in conjunction with Saizen REIT's refinancing plans and negotiations with potential lenders, and the Manager may also decide not to proceed with the Rights cum Warrants Issue if it is of the view that Saizen REIT is not able to obtain reasonably satisfactory financing to meet its expected requirements. In light of the above and in order to conserve cash, the Manager may also as a temporary measure, consider significantly reducing or suspending dividend payouts in cash until the refinancing plans become clearer and financial conditions are more satisfactory.

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About Saizen REIT

Saizen REIT was listed on the Main Board of the Singapore Exchange on 9 November 2007. It is a Singapore-based real estate investment trust established with the principle 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, and real estate-related assets in connection with the foregoing.

Morgan Stanley is the Financial Adviser to the Offering, and together with Credit Suisse, is Joint Bookrunner and Underwriter. Nomura Singapore Limited is the Sub-underwriter and UOB Asia Limited is the Co-ordinator of the Public Offer in Singapore.

About the Sponsor

Japan Regional Assets Manager Limited is an investment management company specialising in the investment management of real estate assets in regional cities across Japan. It is one of the largest operators in the Japanese regional residential property market. Over the last three years, the property portfolio managed by its key personnel has grown from 25 as at 30 June 2004 to more than 200 today.

About the Manager

Japan Residential Assets Manager Limited is a wholly-owned subsidiary of the Sponsor, responsible for Saizen REIT's investment and financing strategies, asset acquisition and divestment policies, and the overall management of Saizen REIT's real estate and real estate-related assets. The Management Team possesses extensive experience and expertise in managing investments in the Japanese regional residential property markets.