

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 Second Quarter Ended 31 December 2012

TABLE OF CONTENTS

Item no.	Description	Page no.
	Introduction	
-	Summary of results	2 – 3
-	Distribution details	3
-	Background of Saizen REIT	4
	Information Required for Announcements	
1(a)	Statement of total return	5 – 6
	Statement of distributable income from operations	7
1(b)(i)	Balance sheet	8 – 9
1(b)(ii)	Aggregate amount of the Group's borrowings and debt securities	9
1(c)	Cash flow statement	10 – 12
1(d)(i)	Statement of changes in Unitholders' funds	12
1(d)(ii)	Details of changes in the Units and warrants	13
2 & 3	Audit statement	13
4 & 5	Changes in accounting policies	13
6	Earnings per Unit for the financial period (Group)	14
7	Net Asset Value per Unit based on issued Units at the end of 31 December 2012 and 30 June 2012	14
8	Review of performance	15 – 18
9	Variance between previous forecast or prospect statement and actual results	18
10	Outlook and prospects	18 – 19
11 & 12	Distributions	19 – 20
13	Interested person transactions	20
14	General mandate for interested person transactions	20
15	Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST	21

INTRODUCTION

Declaration of distribution. Saizen Real Estate Investment Trust ("**Saizen REIT**") has declared a distribution of 0.66 Singapore cents ("**cents**") per Unit for the six-month financial period ended 31 December 2012 ("**YTD Dec 2012**"). This represents increases of 8.2% and 4.8% over the distribution per Unit ("**DPU**") for the six-month financial period ended 31 December 2011 ("**YTD Dec 2011**") and the six-month financial period ended 30 June 2012 respectively, despite the depreciation of the JPY against the S\$ in recent months.

Distributable income includes an amount from capital cash resources which will be used to offset loan principal repayment. For YTD Dec 2012, the use of capital cash resources to offset loan principal repayment contributed to 0.30 cents out of the DPU of 0.66 cents. Going forward, the ability to offset such loan principal repayment will depend on the availability of such cash resources. Such cash resources may include warrant proceeds on hand and cash raised on new loans in future.

Gross revenue and net property income increased by 10.7% and 13.4% respectively in the second quarter ended 31 December 2012 ("**2Q FY2013**") as compared to the second quarter ended 31 December 2011 ("**2Q FY2012**"), due mainly to the acquisitions of 7 properties between December 2011 and December 2012. A decrease in finance costs contributed to a further improvement in net income from operations, which increased by 51.2%.

On a quarter-on-quarter basis, gross revenue and net property income remained relatively stable, while net income from operations increased 8.3% due mainly to foreign exchange differences.

The average occupancy rate of Saizen Real Estate Investment Trust's ("**Saizen REIT**") properties was 91.7% in 2Q FY2013, as compared to 91.0% in 2Q FY2012 and 91.7% in the preceding first quarter ended 30 September 2012 ("**1Q FY2013**").

Overall rental reversion of new contracts entered into in 2Q FY2013 was marginally lower by about 0.3% (2Q FY2012 and 1Q FY2013: lower by about 1.9% and 1.3% respectively) from previous contracted rates.

Financial position strengthened with new financing. Saizen REIT was successful in securing 2 new loans of JPY 140 million (S\$2.0 million) and JPY 200 million (S\$2.8 million) from the Kumamoto Shinkin Bank and The Higo Bank, Ltd respectively in December 2012.

Saizen REIT currently has a loan portfolio comprising 13 loans, with the nearest loan maturity due in March 2015. Saizen REIT also has unencumbered properties of approximately JPY 2.4 billion (S\$34.2 million).

Saizen REIT acquired 1 property, namely Rise Shinoe, in 2Q FY2013 for JPY 285.0 million (S\$4.1 million). The annual net property income yield (on purchase price) of Rise Shinoe is expected to be approximately 6.6% on a normalised basis.

The financial year-end of Saizen REIT is 30 June.

Summary of results

Net asset value increased slightly from JPY 27.2 billion as at 30 June 2012 to JPY 27.3 billion as at 31 December 2012, attributable mainly to the total return of the Group in YTD Dec 2012, and partially offset by the payment of distributions for the six-month financial period ended 30 June 2012 to Unitholders in September 2012. Net asset value per Unit decreased from S\$0.30 as at 30 June 2012 to S\$0.27 as at 31 December 2012, due mainly to the depreciation of the JPY against the S\$ from JPY62.6/S\$ to JPY70.2/S\$.

The following is a summary of Saizen REIT's operating performance for 2Q FY2013, 1Q FY2013, 2Q FY2012, YTD Dec 2012 and YTD Dec 2011.

	2Q FY2013 ²	1Q FY2013 ³	2Q FY2012 ⁴
Gross revenue (S\$'000) (JPY'000)	14,162⁵ 940,375	14,760⁶ 931,382	14,137⁷ 849,630
Net property income (S\$'000) (JPY'000)	10,048⁵ 667,182	10,552⁶ 665,832	9,788⁷ 588,258
Net income from operations (S\$'000) (JPY'000)	7,360⁵ 488,684	7,150⁶ 451,184	5,379⁷ 323,252

	YTD Dec 2012 ⁸	YTD Dec 2011 ⁹
Distributable income generated during the period (S\$'000) (JPY'000)	11,037¹⁰ 714,097	7,848¹¹ 485,788
Distribution (S\$'000) (JPY'000)	9,364¹² 702,288	7,749¹³ 479,383
Distribution per Unit (cents)	0.66	0.61

Notes:

1. Based on S\$ / JPY exchange rate of 70.2 as at 31 December 2012, which is applied throughout this announcement unless stated otherwise.
2. There were 135 properties at the start of 2Q FY2013 and 136 properties at the end of 2Q FY2013.
3. There were 134 properties at the start of 1Q FY2013 and 135 properties at the end of 1Q FY2013.
4. There were 130 properties at the start of 2Q FY2012 and 131 properties at the end of 2Q FY2012.
5. Based on S\$ / JPY average exchange rate of 66.4 between 1 October 2012 and 31 December 2012.
6. Based on S\$ / JPY average exchange rate of 63.1 between 1 July 2012 and 30 September 2012.
7. Based on S\$ / JPY average exchange rate of 60.1 between 1 October 2011 and 31 December 2011.
8. There were 134 properties at the start of YTD Dec 2012 and 136 properties at the end of YTD Dec 2012.
9. There were 130 properties at the start of YTD Dec 2011 and 131 properties at the end of YTD Dec 2011.
10. Based on S\$ / JPY average exchange rate of 64.7 between 1 July 2012 and 31 December 2012.
11. Based on S\$ / JPY average exchange rate of 61.9 between 1 July 2011 and 31 December 2011.
12. Estimated based on 1,418,763,795 Units in issue.
13. Based on 1,270,258,408 Units in issue.

Distribution details

Distribution type	Tax-exempt income
Distribution rate	0.66 cents per Unit
Books closure date	20 February 2013, 5.00 p.m.
Date payable	22 March 2013

Background of Saizen REIT

Saizen REIT, listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 9 November 2007 (the "**Listing**"), is the first REIT listed in Singapore offering exclusive access to 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 the Listing, Saizen REIT's portfolio comprised 147 properties located in 12 regional cities in Japan. As at 31 December 2012, Saizen REIT's portfolio comprised 136 properties, with a total appraised value of JPY 37.7 billion (S\$537.0 million) located in 14 cities in Japan.

Saizen REIT invests in the properties in Japan via partnership agreements ("**TK agreements**") with local property holding companies known as *tokumei kumiai* operators ("**TK operators**"). As at the date hereof, Saizen REIT has entered into TK agreements with 12 TK operators, being YK JOF, YK Kokkei, YK Keizan, YK Shintoku, YK Shingen, YK Shinzan, GK Chosei, GK Choan, GK Chogen, GK Gyokou, GK Gyosei and GK Tosei.

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

INFORMATION REQUIRED FOR ANNOUNCEMENTS**1(a) Statement of total return (for the Group) (2Q FY2013 vs 2Q FY2012)**

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)	Increase / (Decrease) %
Gross revenue	940,375	849,630	10.7
Property operating expenses	(273,193)	(261,372)	4.5
Net property income	667,182	588,258	13.4
Manager's management fees	(47,235)	(41,646)	13.4
Asset management fees	(8,750)	(4,866)	79.8
Trustee's fee	(2,335)	(3,089)	(24.4)
Finance costs ¹	(56,590)	(155,647)	(63.6)
Interest income	448	11	>100.0
Other trust expenses	(17,049)	(24,192)	(29.5)
Other administrative expenses	(46,987)	(35,577)	32.1
Net income from operations	488,684	323,252	51.2
Net fair value (loss)/gain on financial derivatives - fair value through profit or loss ³	(4,028)	142,558	NM ²
Net fair value loss on investment properties	(37,805)	(31,436)	20.3
Total return for the period before income tax⁴	446,851	434,374	2.9
Income tax ⁵	(48,448)	(23,780)	>100.0
Total return for the period after income tax	398,403	410,594	(3.0)
Attributable to:			
Unitholders	392,895	403,923	(2.7)
Non-controlling interests	5,508	6,671	(17.4)
	398,403	410,594	(3.0)

Notes:

1. Finance costs comprised the following:

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	(90,351)	(115,873)	(22.0)
(ii) amortisation of loan commission	(14,697)	(17,161)	(14.4)
(iii) guarantor fee to asset manager	(6,950)	(3,870)	79.6
(iv) cost of refinancing/repayment	-	(20,780)	(100.0)
(v) foreign exchange difference	55,408	2,037	>100.0

The cost of refinancing/repayment in 2Q FY2012 comprised breakage costs associated with the reduction in the notional amount of interest rate swap following partial repayment of the previous loan of GK Choan in December 2011.

2. NM denotes not meaningful.

3. Fair value (loss)/gain on financial derivatives comprised the following:

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(16,193)	(8,939)	81.2
(ii) unrealised fair value gain on interest rate swap	12,165	28,854	(57.8)
(iii) fair value gain on warrants	-	122,643	(100.0)

4. The Group's total return before income tax was arrived at after charging the following:

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)	Increase / (Decrease) %
(i) write back of impairment on trade receivables	2,350	3,433	(31.5)

5. Income tax comprised the imputed 20% withholding tax payable upon the appropriation of profit to Saizen REIT from Saizen REIT's TK operators. Property depreciation expenses, recognised by these TK operators under the accounting regulations in Japan (ie. Japanese GAAP), are tax deductible for the purpose of computing the withholding tax payable. Property depreciation expenses amounted to JPY 189.3 million and JPY 171.9 million in 2Q FY2013 and 2Q FY2012 respectively.

Statement of total return (for the Group) (YTD Dec 2012 vs YTD Dec 2011)

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)	Increase / (Decrease) %
Gross revenue	1,871,757	1,698,424	10.2
Property operating expenses	(538,743)	(549,124)	(1.9)
Net property income	1,333,014	1,149,300	16.0
Manager's management fees	(93,812)	(83,229)	12.7
Asset management fees	(17,611)	(11,129)	58.2
Trustee's fee	(4,402)	(5,694)	(22.7)
Finance costs ¹	(157,337)	(267,475)	(41.2)
Interest income	942	328	>100.0
Other trust expenses	(37,703)	(39,384)	(4.3)
Other administrative expenses	(83,225)	(75,213)	10.7
Net income from operations	939,866	667,504	40.8
Gain/(loss) on divestment of properties	6,866	(13,617)	NM ²
Net fair value (loss)/gain on financial derivatives - fair value through profit or loss ³	(30,699)	257,863	NM ²
Net fair value loss on investment properties	(94,031)	(31,436)	>100.0
Total return for the period before income tax⁴	822,002	880,314	(6.6)
Income tax ⁵	(93,577)	(73,039)	28.1
Total return for the period after income tax	728,425	807,275	(9.8)
Attributable to:			
Unitholders	718,677	794,198	(9.5)
Non-controlling interests	9,748	13,077	(25.5)
	728,425	807,275	(9.8)

Notes:

1. Finance costs comprised the following:

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	(181,221)	(192,080)	(5.7)
(ii) amortisation of loan commission	(29,375)	(35,095)	(16.3)
(iii) guarantor fee to asset manager	(13,993)	(5,721)	>100.0
(iv) cost of refinancing/repayment	(571)	(20,780)	(97.3)
(v) foreign exchange difference	67,823	(13,799)	NM ²

The cost of refinancing/repayment in YTD Dec 2012 comprised breakage costs associated with the partial repayment of the fixed-rate 5-year loan of YK Shinzan following the sale of Rise Kojo Horibata in August 2012. The cost of refinancing/repayment in YTD Dec 2011 comprised breakage costs associated with the reduction in the notional amount of interest rate swap following partial repayment of the previous loan of GK Choan in December 2011.

2. NM denotes not meaningful.

3. Fair value (loss)/gain on financial derivatives comprised the following:

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(32,465)	(17,723)	83.2
(ii) unrealised fair value gain on interest rate swap	1,766	34,332	(94.9)
(iii) fair value gain on warrants	-	241,254	(100.0)

4. The Group's total return before income tax was arrived at after charging the following:

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)	Increase / (Decrease) %
(i) write back of impairment on trade receivables	2,802	357	>100.0

5. Income tax comprised the imputed 20% withholding tax payable upon the appropriation of profit to Saizen REIT from Saizen REIT's TK operators. Property depreciation expenses, recognised by these TK operators under the accounting regulations in Japan (ie. Japanese GAAP), are tax deductible for the purpose of computing the withholding tax payable. Property depreciation expenses amounted to JPY 376.2 million and JPY 342.3 million in YTD Dec 2012 and YTD Dec 2011 respectively.

Statement of distributable income from operations

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)
Total return for the period after income tax before distribution attributable to Unitholders	718,677	794,198
Adjustments ¹	508	(173,338)
Adjusted return for the period	719,185	620,860
Cash deployed for loan principal repayment ²	(317,924)	(210,493)
Loan principal repayment offset by capital cash resources ³	317,924	210,493
Cash deployed for one-off borrowing costs ⁴	(5,088)	(135,072)
Distributable income generated during the period	714,097	485,788
Income available for distribution to Unitholders at the beginning of the period	575,449	401,973
Previous distribution paid during the period ⁵	(569,651)	(390,043)
Distributable income from operations at the end of the period	719,895	497,718
Distribution to Unitholders	702,288 ⁶	479,383 ⁷
Distribution per Unit (cents)	0.66	0.61

Notes:

- Adjustments comprised mainly non-cash items, namely fair value gain on warrants, unrealised fair value gain/loss on interest rate swap, amortisation of loan commission, gain/loss on divestment of properties, net fair value loss on investment properties and unrealised foreign exchange differences.
- The amount deployed for loan principal repayment comprised mainly loan principal amortisation payments. While loan principal amortisation reduces cash available for distribution, it results in savings on interest expenses going forward.
- Loan amortisation in YTD Dec 2012 will be fully paid with capital cash resources, such as proceeds from new borrowings and/or warrant proceeds, rather than cash generated from operations. This is in line with Saizen REIT's intention to utilise, where possible, undeployed capital cash resources to offset loan amortisation, thereby effectively making available cash from operations for distributions.

	YTD Dec 2012	YTD Dec 2011
Portion of DPU funded by capital cash resources (deployed towards the offsetting of loan principal repayment)	0.30	0.27

- The amount deployed for one-off borrowing costs in YTD Dec 2012 comprised one-off costs (eg. upfront loan commissions and legal and professional fees) incurred in respect of the loans of GK Tosei, GK Chogen and GK Gyokou, while the amount deployed in YTD Dec 2011 comprised one-off costs incurred in respect of the loans of YK Shintoku, GK Chosei, YK Shingen, YK Keizan, GK Gyokou and GK Gyosei.
- Distribution previously paid in YTD Dec 2012 was related to the distribution declared for the six-month financial period ended 30 June 2012, while distribution previously paid in YTD Dec 2011 was related to the distribution declared for the six-month financial period ended 30 June 2011.
- Estimated based on 1,418,763,795 Units in issue and a hedged S\$ / JPY exchange rate of 75.0.
- Based on 1,270,258,408 Units in issue as at 20 February 2012, being the books closure day for distribution for YTD Dec 2011.

Saizen REIT's distribution policy is to distribute at least 90% of its income available for distribution to Unitholders.

1(b)(i) Balance sheet

	The Group	
	As at 31 Dec 2012 (JPY'000)	As at 30 Jun 2012 (JPY'000)
Current assets		
Cash and cash equivalents	4,774,967	5,461,377
Deposits with cash management agents ¹	608	592
Trade and other receivables	20,561	30,339
Other current assets	72,146	36,867
	<u>4,868,282</u>	<u>5,529,175</u>
Non-current assets		
Investment properties ²	37,722,914	36,443,100
	<u>37,722,914</u>	<u>36,443,100</u>
Total assets	<u>42,591,196</u>	<u>41,972,275</u>
Current liabilities		
Rental deposits	471,317	469,421
Rental received in advance	233,778	226,020
Borrowings	1,157,032	578,302
Other current liabilities	250,940	317,884
Current tax liabilities	213,120	192,319
	<u>2,326,187</u>	<u>1,783,946</u>
Non-current liabilities		
Rental deposits	29,565	31,666
Borrowings	12,585,266	12,601,691
Derivative financial instruments ³	320,880	322,646
	<u>12,935,711</u>	<u>12,956,003</u>
Total liabilities	<u>15,261,898</u>	<u>14,739,949</u>
Total net assets	<u>27,329,298</u>	<u>27,232,326</u>
Represented by:		
Unitholders	27,260,697	27,173,473
Non-controlling Interests	68,601	58,853
	<u>27,329,298</u>	<u>27,232,326</u>
Number of Units in issue ('000)	<u>1,418,764</u>	<u>1,424,384</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>19.21</u>	<u>19.08</u>

Notes:

1. The cash management agents are professional service providers appointed by lenders to administer cash movements of the TK operators.
2. The increase in investment properties of JPY 1.3 billion from JPY 36.4 billion as at 30 June 2012 to JPY 37.7 billion as at 31 December 2012 was mainly due to the acquisitions of 3 properties, and partially offset by the sale of 1 property.
3. The derivative financial instruments (non-current liabilities) comprised interest rate swaps used to hedge against fluctuations in interest rates in respect of the loans obtained by GK Choan, GK Tosei and YK JOF from Mizuho Bank, Ltd.

	Saizen REIT	
	As at 31 Dec 2012 (JPY'000)	As at 30 Jun 2012 (JPY'000)
Current assets		
Cash and cash equivalents	1,091,065	2,238,251
Distribution receivables	1,035,838	926,299
Other receivables	993	811
Other assets	2,709	1,701
	<u>2,130,605</u>	<u>3,167,062</u>
Non-current assets		
Investment in subsidiaries	25,571,232	24,169,209
	<u>25,571,232</u>	<u>24,169,209</u>
Total assets	<u>27,701,837</u>	<u>27,336,271</u>
Current liabilities		
Borrowings	561,662	-
Other current liabilities	57,159	75,781
Current tax liabilities	207,168	185,260
	<u>825,989</u>	<u>261,041</u>
Total liabilities	<u>825,989</u>	<u>261,041</u>
Total net assets	<u>26,875,848</u>	<u>27,075,230</u>
Represented by:		
Unitholders	<u>26,875,848</u>	<u>27,075,230</u>
Number of Units in issue ('000)	<u>1,418,764</u>	<u>1,424,384</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>18.94</u>	<u>19.01</u>

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

	As at 31 Dec 2012 (JPY'000)	As at 30 Jun 2012 (JPY'000)
Secured borrowings – Bank loans		
Amount repayable in one year or less	1,157,032	578,302
Amount repayable after one year	12,585,266	12,601,691
	<u>13,742,298</u>	<u>13,179,993</u>

Borrowings as at 31 December 2012 were secured over the investment properties valued at JPY 35.3 billion in aggregate and bank deposits of JPY0.8 billion.

The increase in borrowings from JPY 13.2 billion as at 30 June 2012 to JPY 13.7 billion as at 31 December 2012 was mainly due to (i) loans of JPY 140 million and JPY 200 million obtained by GK Gyokou and GK Chogen respectively, and (ii) advances of S\$8 million drawn down from a credit facility by Saizen REIT.

1(c) Cash flow statement (for the Group) (2Q FY2013 vs 2Q FY2012)

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)
Operating activities		
Total return for the period after income tax	398,403	410,594
Adjustments for:		
Income tax	48,448	23,780
Interest income	(448)	(11)
Interest expenses	105,048	153,814
Net fair value loss/(gain) on financial derivatives	4,028	(142,558)
Net fair value loss on investment properties	37,805	31,436
Unrealised foreign exchange gain	(57,829)	(2,305)
Operating profit before working capital changes	535,455	474,750
Changes in working capital		
Deposit with cash management agents	18	(10,279)
Trade and other receivables	4,940	4,742
Other current assets	(14,175)	4,161
Other current liabilities	(48,489)	(30,265)
Rental received in advance	11,780	8,793
Rental deposits	(710)	17,063
Cash generated from operations	488,819	468,965
Withholding tax paid	-	(7,469)
Cash flows provided by operating activities	488,819	461,496
Investing activities		
Capital expenditure/addition of investment properties ¹	(331,235)	(972,374)
Cash flows used in investing activities	(331,235)	(972,374)
Financing activities		
Bank borrowings obtained ²	864,295	2,640,000
Repayment of bank borrowings	(158,745)	(2,108,144) ³
Interest received	433	11
Interest paid	(95,436)	(186,096)
Payment for Unit buy-back ⁴	(54,734)	-
Payment of interest rate swap	(16,193)	(8,939)
Proceeds from exercise of warrants	-	31,466
Bank deposits pledged for bank borrowings ⁵	(842,711)	-
Cash flows (used in)/provided by financing activities	(303,091)	368,298
Net decrease in cash and cash equivalents	(145,507)	(142,580)
Cash and cash equivalent at beginning of the period	3,587,567	6,372,524
Effects of currency translation on cash and cash equivalents	95,196	2,305
Cash and cash equivalent at end of the period ⁶	3,537,256	6,232,249

Notes:

- Rise Shinoe was acquired in 2Q FY2013 while Flour Mansion Jyosei was acquired in 2Q FY2012.*
- Proceeds from bank borrowings in 2Q FY2013 comprised (i) loans of JPY 140 million and JPY 200 million obtained by GK Gyokou and GK Chogen respectively, and (ii) advances of S\$8 million (JPY 524 million) drawn down from a credit facility by Saizen REIT. Proceeds from bank borrowing in 2Q FY2012 comprised (i) a loan of JPY 140 million obtained by GK Gyosei, (ii) a loan of JPY 2.0 billion obtained by YK Shintoku and GK Chosei and (iii) a loan of JPY 500 million obtained by GK Gyokou.*
- Repayment of bank borrowings in 2Q FY2012 comprised mainly the partial repayment of the previous loan of GK Choan.*
- Saizen REIT bought back 4,940,000 Units in 2Q FY2013.*
- Bank deposits of S\$8 million and S\$4 million were pledged as security for credit facilities extended to Saizen REIT by Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited respectively.*

6. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)
Cash and bank balances (per balance sheet)	4,774,967	6,432,249
Less: Bank deposits pledged	(1,237,711)	(200,000)
	<u>3,537,256</u>	<u>6,232,249</u>

Bank deposits pledged related to minimum bank balances which have to be maintained by Saizen REIT, YK JOF, GK Choan and GK Tosei in 2Q FY2013 and by YK JOF in 2Q FY2012 under the terms of their respective loans or credit facilities.

1 (c) Cash flow statement (for the Group) (YTD Dec 2012 vs YTD Dec 2011)

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)
Operating activities		
Total return for the period after income tax before distribution	728,425	807,275
Adjustments for:		
Income tax	93,577	73,039
Interest income	(942)	(328)
Interest expenses	211,167	247,955
Net fair value loss/(gain) on financial derivatives	30,699	(257,863)
(Gain)/loss on divestment of properties	(6,866)	13,617
Net fair value losses on investment properties	94,031	31,436
Unrealised foreign exchange (gain)/loss	(71,392)	12,308
Operating profit before working capital changes	1,078,699	927,439
Changes in working capital		
Deposit with cash management agents	(16)	49,391
Trade and other receivables	9,825	3,779
Other current assets	(33,719)	(24,890)
Other current liabilities	(84,489)	(361,775) ¹
Rental received in advance	7,758	8,306
Rental deposits	(205)	7,133
Cash generated from operations	977,853	609,383
Income tax paid	(1,166)	(2,780)
Withholding tax paid	(71,610)	(254,040)
Cash flows provided by operating activities	<u>905,077</u>	<u>352,563</u>
Investing activities		
Net cash effect on acquisition of subsidiary	-	(63)
Capital expenditure/addition of investment properties	(1,430,059)	(994,444)
Proceeds from sale of investment properties	80,166	-
Expenditure on transfer of properties between subsidiary	-	(13,617)
Cash flows used in investing activities	<u>(1,349,893)</u>	<u>(1,008,124)</u>
Financing activities		
Bank borrowings obtained	864,295	6,716,000
Repayment of bank borrowings	(363,644)	(2,210,493)
Distribution to Unitholders	(569,651)	(390,043)
Interest received	895	328
Interest paid	(187,981)	(333,254)
Payment for Unit buy-back	(61,802)	-
Payment of interest rate swap	(32,465)	(17,723)
Proceeds from exercise of warrants	-	302,493
Bank deposits pledged for bank borrowings	(842,711)	-
Cash flows (used in)/ provided by financing activities	<u>(1,193,064)</u>	<u>4,067,308</u>
Net (decrease)/increase in cash and cash equivalents	(1, 637,880)	3, 411,747
Cash and cash equivalent at beginning of the period	5,066,377	2,832,810
Effects of currency translation on cash and cash equivalents	108,759	(12,308)
Cash and cash equivalent at end of the period ²	<u>3,537,256</u>	<u>6,232,249</u>

Notes:

1. The change in other current liabilities in YTD Dec 2011 was mainly due to the payment of consumption tax payable on properties which had been divested in the fourth quarter of the financial year ended 30 June 2011.
2. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)
Cash and bank balances (per balance sheet)	4,774,967	6,432,249
Less: Bank deposits pledged	(1,237,711)	(200,000)
	<u>3,537,256</u>	<u>6,232,249</u>

Bank deposits pledged related to minimum bank balances which had to be maintained by Saizen REIT, YK JOF, GK Choan and GK Tosei in YTD Dec 2012 and by YK JOF in YTD Dec 2011 under the terms of their respective loans and credit facilities.

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

<u>The Group</u>	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)
OPERATIONS		
Balance as at beginning of the period	(12,623,323)	(12,920,558)
Total return for the period	718,677	794,198
Distribution to Unitholders	(569,651)	(390,043)
Balance as at end of period	<u>(12,474,297)</u>	<u>(12,516,403)</u>
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	39,796,796	37,709,355
Issue of new units from exercise of warrants	-	495,579
Cancellation of Units pursuant to Unit buy-back	(61,650)	-
Costs relating to Unit buy-back	(152)	-
Balance as at end of period	<u>39,734,994</u>	<u>38,204,934</u>
TOTAL ATTRIBUTABLE TO UNITHOLDERS	<u>27,260,697</u>	<u>25,688,531</u>
NON-CONTROLLING INTERESTS		
Balance as at beginning of the period	58,853	(35,376)
Effect on investment in new TK operator	-	(63)
Total return for the period	9,748	13,077
Balance as at end of period	<u>68,601</u>	<u>(22,362)</u>
TOTAL	<u>27,329,298</u>	<u>25,666,169</u>

<u>Saizen REIT</u>	YTD Dec 2012 (JPY'000)	YTD Dec 2011 (JPY'000)
OPERATIONS		
Balance as at beginning of the period	(13,976,493)	(14,487,854)
Total return for the period	432,071	370,051
Distribution to Unitholders	(569,651)	(390,043)
Balance as at end of period	<u>(14,114,073)</u>	<u>(14,507,846)</u>
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	41,051,723	38,964,282
Issue of new units from exercise of warrants	-	495,579
Cancellation of Units pursuant to Unit buy-back	(61,650)	-
Costs relating to Unit buy-back	(152)	-
Balance as at end of period	<u>40,989,921</u>	<u>39,459,861</u>
TOTAL ATTRIBUTABLE TO UNITHOLDERS	<u>26,875,848</u>	<u>24,952,015</u>

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

	2Q FY2013 (Units)	2Q FY2012 (Units)
Issued Units as at beginning of period	1,423,703,795	1,229,375,481
Issue of new Units from exercise of warrants	-	5,801,600
Cancellation of Units pursuant to Unit buy-back	(4,940,000)	-
Issued Units as at end of period	<u>1,418,763,795</u>	<u>1,235,177,081</u>

Unitholders approved the renewal of Saizen REIT's Unit buy-back mandate on 17 October 2012. Saizen REIT bought back and cancelled 4,940,000 Units in 2Q FY2013.

	2Q FY2013 (Warrants)	2Q FY2012 (Warrants)
Number of warrants outstanding as at beginning of period	-	216,981,936
Exercise of warrants	-	(5,801,600)
Number of warrants outstanding as at end of period	<u>-</u>	<u>211,180,336</u>

Saizen REIT issued 497,185,362 warrants in June 2009. Outstanding warrants had expired on 1 June 2012 and hence, there were no such warrants as at the beginning of 2Q FY2013.

Utilisation of warrant proceeds

Total warrant proceeds from warrant exercises amounted to S\$42.8 million, of which approximately S\$0.9 million has been used for Units buy-backs, S\$0.3 million has been used for working capital purposes (daily operating expenses) and approximately S\$20.1 million had been deployed towards the repayment of the previous loan of YK Shintoku. Warrant proceeds have been deployed towards uses as approved by Unitholders.

Approximately S\$21.5 million of warrant proceeds remain unutilised, and can potentially be used for property acquisitions, Unit buy-backs, and/or the offsetting of loan principal amortisation.

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 applied in its audited financial statements for the financial year ended 30 June 2012.

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.

Not applicable.

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

Earnings per Unit (“EPU”) of the Group for the current financial period reported on, and the corresponding period of the immediately preceding financial year:-

(a) Basic EPU

Basic EPU amounts are calculated by dividing the profit attributable to the Unitholders of the Group by the weighted average number of units in issue during the financial period.

(b) Diluted EPU

Diluted EPU amounts are calculated by dividing the profit attributable to the Unitholders of the Group by the weighted average number of Units outstanding during the period plus the weighted average number of Units that would be issued on the exercise of all warrants into potential Units.

		2Q FY2013	2Q FY2012	YTD Dec 2012	YTD Dec 2011
Total return for the period attributable to Unitholders for basic and diluted EPU (JPY'000)		392,895	403,923	718,677	794,198
Basic EPU	(JPY)	0.28	0.33	0.51	0.65
	(cents)	0.42 ¹	0.55 ²	0.79 ³	1.05 ⁴
Diluted EPU	(JPY)	0.28	0.31	0.51	0.61
	(cents)	0.42 ¹	0.52 ²	0.79 ³	0.99 ⁴
Weighted average number of Units		1,420,583,252	1,231,616,209	1,422,472,436	1,217,073,391
Weighted average number of Units plus dilutive effect		1,420,583,252	1,311,660,708	1,422,472,436	1,306,877,363

Notes:

1. Based on S\$/JPY average exchange rate of 66.4 between 1 October 2012 and 31 December 2012.
2. Based on S\$/JPY average exchange rate of 60.1 between 1 October 2011 and 31 December 2011.
3. Based on S\$/JPY average exchange rate of 64.7 between 1 July 2012 and 31 December 2012.
4. Based on S\$/JPY average exchange rate of 61.9 between 1 July 2011 and 31 December 2011.

7. Net asset value (“NAV”) per Unit based on issued Units at the end of 31 December 2012 and 30 June 2012

The Group

		As at 31 Dec 2012	As at 30 Jun 2012
NAV per Unit based on issued Units at the end of financial period	(JPY)	19.21	19.08
	(S\$)	0.27 ¹	0.30 ²

Saizen REIT

		As at 31 Dec 2012	As at 30 Jun 2012
NAV per Unit based on issued Units at the end of financial period	(JPY)	18.94	19.01
	(S\$)	0.27 ¹	0.30 ²

Notes:

1. Based on S\$/JPY exchange rate of 70.2 as at 31 December 2012.
2. Based on S\$/JPY exchange rate of 62.6 as at 30 June 2012.

8. Review of performance

Income statement: 2Q FY2013 vs 2Q FY2012

	2Q FY2013 ¹ (JPY'000)	2Q FY2012 ² (JPY'000)	Increase/ (Decrease) %
Gross revenue	940,375	849,630	10.7
Property operating expenses ³	(273,193)	(261,372)	4.5
Net property income	667,182	588,258	13.4
Asset management fees	(8,750)	(4,866)	79.8
Interest expenses ⁴	(106,544)	(124,812)	(14.6)
Guarantor fee to asset manager	(6,950)	(3,870)	79.6
Other administrative expenses	(26,855)	(27,274)	(1.5)
Net income from property operations	518,083	427,436	21.2
Interest income	448	11	>100.0
Other operating expenses ⁵	(46,040)	(113,134)	(59.3)
Adjustment ⁶	16,193	8,939	81.2
Net income from operations	488,684	323,252	51.2

Notes:

1. There were 135 properties at the start of 2Q FY2013 and 136 properties at the end of 2Q FY2013.
2. There were 130 properties at the start of 2Q FY2012 and 131 properties at the end of 2Q FY2012.

3. Property operating expenses comprised the following:

	2Q FY2013 (JPY'000)	2Q FY2012 (JPY'000)	Increase / (Decrease) %
Property tax	64,277	63,485	1.2
Property manager's fees	37,865	34,341	10.3
Operation and maintenance expenses	42,736	40,361	5.9
Repairs and renovations	44,690	43,365	3.1
Leasing and marketing expenses	26,299	24,492	7.4
Utilities charges	38,656	38,328	0.9
Insurance expenses	10,684	11,261	(5.1)
Write back of impairment on trade receivables	(2,350)	(3,433)	(31.5)
Bad debt written-off	1,629	1,124	44.9
Consumption tax arising from operations	8,707	8,048	8.2

4. Interest expenses included the realised loss (payment) on interest rate swap.
5. Other operating expenses comprised Manager's management fees, Trustee's fee, other trust expenses, finance costs (excluding interest expenses and guarantor fee to asset manager) and REIT-level other administrative expenses.
6. The adjustment relates to the realised loss (payment) on interest rate swap which is included as an interest expense in this section 8. The realised loss (payment) on interest rate swap is recognised under "Fair value gain/(loss) on financial derivatives – fair value through profit and loss" in the Statement of Total Return of the Group in section 1(a) of this announcement.
7. NM denotes not meaningful.

Property-level operations

Gross revenue and net property income in 2Q FY2013 increased by 10.7% and 13.4% respectively, due mainly to the acquisitions of 7 properties between December 2011 and December 2012. Property operating expenses increased by a lesser extent of 4.5%.

Average occupancy rates in 2Q FY2013 was 91.7% as compared to 91.0% in 2Q FY2012, while overall rental reversion of new contracts entered into in 2Q FY2013 was marginally lower by about 0.3% (2Q FY2012: lower by about 1.9%) from previous contracted rates.

Net income from property operations increased by 21.2% in 2Q FY2013, due mainly to a higher net property income and a decrease in interest expenses. The decrease in interest expenses of 14.6% in 2Q FY2013 as compared to 2Q FY2012 was mainly due to partial repayment of the previous loan of GK Choan in December 2011 and the refinancing of that loan at a lower interest rate in March 2012.

Guarantor fees of JPY 7.0 million in 2Q FY2013 were paid to the Asset Manager in respect of the loans of YK JOF, YK Shinzan, YK Shingen, YK Keizan, YK Shintoku, GK Chosei, GK Choan and GK Tosei. Comparatively, the guarantor fees incurred in 2Q FY2012 were related to the loans of YK JOF, YK Shinzan, YK Shingen, YK Keizan, YK Shintoku and GK Chosei.

Group-level operations

Net income from operations increased by 51.2% from JPY 323.3 million in 2Q FY2012 to JPY 488.7 million in 2Q FY2013.

Other operating expenses decreased by 59.3% in 2Q FY2013 as compared to 2Q FY2012, due mainly to:

- (a) an increase in foreign exchange gains of JPY 53.4 million in 2Q FY2013. Unrealised foreign exchange gains arose from the translation of S\$-denominated bank balances to JPY for the preparation of the Group financial statements due mainly to the appreciation of the S\$ against the JPY;
- (b) a decrease in other trust expenses of JPY 7.1 million, or 29.5%, due mainly to lower audit fee expenses. Audit fees of JPY 2.8 million which were recognised in 2Q FY2013 comprised accruals of JPY 9.3 million which were partially offset by a write-back of JPY 6.5 million for over-accruals in the previous financial year and in 1Q FY2013. Accruals for audit fee amounted to JPY 10.4 million in 2Q FY2012; and
- (c) the non-recurrence of refinancing/repayment costs of JPY 20.8 million which were incurred in 2Q FY2012 in connection with the reduction in the notional amount of interest rate swap following the partial repayment of the previous loan of GK Choan in December 2011.

The decrease in other operating expenses was partially offset by:

- (a) an increase in the Manager's management fee of 13.4%, due mainly to the acquisitions of 6 properties between January 2012 and December 2012 and the increase in fair value of investment properties pursuant to the annual valuation as at 30 June 2012; and
- (b) an increase in legal and professional fees relating to financing and investment activities.

Other Group-level non-operating items

The fair value gain on financial derivatives of JPY 142.6 million incurred in 2Q FY2012 was mainly due to the fair value gain on warrants of JPY 122.6 million. The fair value gain on warrants arose mainly due to (i) the decrease in the market-traded price of the warrants, and (ii) the decrease in the number of warrants that are outstanding as at 31 December 2011 following warrant exercises in 2Q FY2012. Correspondingly, there was no fair value gain/loss on warrants in 2Q FY2013 as all outstanding warrants had expired on 1 June 2012.

The net fair value loss on investment properties of JPY 37.8 million in 2Q FY2013 was mainly due to acquisition-related expenses, such as consumption taxes and acquisition fees paid to the Manager, for a property acquired in November 2012.

Income statement: 2Q FY2013 vs 1Q FY2013

	2Q FY2013 ¹ (JPY'000)	1Q FY2013 ² (JPY'000)	Increase/ (Decrease) %
Gross revenue	940,375	931,382	1.0
Property operating expenses ³	(273,193)	(265,550)	2.9
Net property income	667,182	665,832	0.2
Asset management fees	(8,750)	(8,861)	(1.3)
Interest expenses ⁴	(106,544)	(107,142)	(0.6)
Guarantor fee to asset manager	(6,950)	(7,043)	(1.3)
Other administrative expenses	(26,855)	(27,400)	(2.0)
Net income from property operations	518,083	515,386	0.5
Interest income	448	494	(9.3)
Other operating expenses ⁵	(46,040)	(80,968)	(43.1)
Adjustment ⁶	16,193	16,272	(0.5)
Net income from operations	488,684	451,184	8.3

Notes:

1. There were 135 properties at the start of 2Q FY2013 and 136 properties at the end of 2Q FY2013.
2. There were 134 properties at the start of 1Q FY2013 and 135 properties at the end of 1Q FY2013.

3. Property operating expenses comprised the following:

	2Q FY2013 (JPY'000)	1Q FY2013 (JPY'000)	Increase / (Decrease) %
Property tax	64,277	63,453	1.3
Property manager's fees	37,865	36,372	4.1
Operation and maintenance expenses	42,736	43,989	(2.8)
Repairs and renovations	44,690	42,113	6.1
Leasing and marketing expenses	26,299	22,042	19.3
Utilities charges	38,656	37,750	2.4
Insurance expenses	10,684	10,681	0.0
Write back of impairment on trade receivables	(2,350)	(452)	>100.0
Bad debt written-off	1,629	1,302	25.1
Consumption tax arising from operations	8,707	8,300	4.9

4. Interest expenses included the realised loss (payment) on interest rate swap.
5. Other operating expenses comprised Manager's management fees, Trustee's fee, other trust expenses, finance costs (excluding interest expenses and guarantor fee to asset manager) and REIT-level other administrative expenses.
6. The adjustment relates to the realised loss (payment) on interest rate swap which is included as an interest expense in this section 8. The realised loss (payment) on interest rate swap is recognised under "Fair value gain/(loss) on financial derivatives – fair value through profit and loss" in the Statement of Total Return of the Group in section 1(a) of this announcement.

Property-level operations

On a quarter-on-quarter basis, gross revenue, net property income and net income from property operations remained relatively stable in 2Q FY2013. Property operating expenses increased slightly by 2.9%, due mainly to higher leasing and marketing expenses.

Average occupancy rates in 2Q FY2013 and 1Q FY2013 were stable at 91.7%, while overall rental reversion of new contracts entered into in 2Q FY2013 was marginally lower by about 0.3% (1Q FY2013: lower by about 1.3%) from previous contracted rates.

Group-level operations

Net income from operations increased by 8.3% from JPY 451.2 million in 1Q FY2013 to JPY 488.7 million in 2Q FY2013.

Other operating expenses decreased by 43.1% in 2Q FY2013 as compared to 1Q FY2013, due mainly to an increase in foreign exchange gains of JPY 43.0 million in 2Q FY2013. Unrealised foreign exchange gains arose from the translation of S\$-denominated bank balances to JPY for the preparation of the Group financial statements due mainly to the appreciation of the S\$ against the JPY. This was partially offset by an increase in legal and professional fees relating to financing and investment activities.

Other Group-level non-operating items

The net fair value loss on investment properties of JPY 37.8 million in 2Q FY2013 was mainly due to acquisition-related expenses, such as consumption taxes and acquisition fees paid to the Manager, for a property acquired in November 2012.

9. Variance between previous forecast or prospect statement and actual results

Saizen REIT has not disclosed any forecast to the market.

10. Outlook and prospects

In December 2012, the Liberal Democratic Party (“LDP”) of Japan was elected back into power. On the economic front, the LDP is expected to adopt a more aggressive stance towards inflation targeting and monetary easing. Japan's Prime Minister had announced a JPY 10.3 trillion stimulus package and the Bank of Japan has set out to achieve a 2% inflation target as soon as possible. Meanwhile, the JPY has fallen to multi-year lows against the S\$ and US\$.

In respect of Saizen REIT's distributions, while the weakening of the JPY will have a negative impact on the amount distributable (which is paid in S\$), Saizen REIT can potentially benefit from a reflation of the Japanese economy through rent increases in the coming years. The Management Team has progressively seen opportunities for rental appreciation in cities such as Sendai and Fukuoka.

On 30 January 2013, YK Kokkei entered into a conditional sale and purchase agreement for the acquisition of Clair Court Roka Koen for JPY 712.5 million (S\$10.1 million). Completion of this acquisition is expected to take place on 26 February 2013, and the purchase price is expected to be partially financed with new borrowings.

The Management Team continues to actively explore opportunities to (i) gear up the property portfolio of Saizen REIT to a more optimal level of 35% to 40% (gearing is currently at 32%), (ii) acquire properties, (iii) obtain new financing via the use of Saizen REIT's unencumbered properties as collateral, and (iv) refinance Saizen REIT's existing borrowings with loans of longer tenures, lower principal amortisation and lower interest rates.

The Management Team may also look to realise some of Saizen REIT's assets if good prices can be obtained so as to rebalance Saizen REIT's property portfolio with a view to enhancing the overall quality and growth potential.

Meanwhile, property operations are expected to remain stable, generating steady cash flow to enable Saizen REIT to continue paying out semi-annual distributions in accordance with its distribution policy.

Hedging of foreign exchange exposure

Saizen REIT receives distributions from its TK operators, whose cash flows are denominated in JPY. As Saizen REIT pays out distributions in S\$, this exposes Unitholders to fluctuations in the cross currency rates of JPY and S\$ when they receive their distributions.

Saizen REIT has entered into forward contracts to partially hedge the distribution payments for the six-month periods ended 31 December 2012 and 30 June 2013, which are expected to be paid in March 2013 and September 2013, at rates of JPY74.97/S\$ and JPY74.86/S\$

respectively. This will serve to minimise the exposure to fluctuations in the JPY-S\$ cross rates that Unitholders may face in respect of their impending distributions.

While Saizen REIT may enter into hedging transactions for its distributable income, the foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) will not be hedged.

11. Distributions

11(a) Current financial period

Any distributions declared for the current financial period?	Yes
Distribution name	Distribution for the six-month financial period ended 31 December 2012
Distribution type	Tax-exempt income
Distribution rate	0.66 cents per Unit
Tax rate	<p>(a) Tax-exempt income distribution</p> <p>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.</p> <p>Tax-exempt income distributed by Saizen REIT will not be subject to any further Singapore tax in the hands of all Unitholders.</p> <p>(b) Other income distribution</p> <p>Other income derived by Saizen REIT (including interest earned from fixed deposits) will be taxable in Singapore at the corporate tax rate. There is no distribution in respect of such income for YTD Dec 2012.</p> <p>(c) Any subsequent distributions made by Saizen REIT out of income which has been taxed at the REIT level will be exempt from Singapore tax for all Unitholders. There is no distribution in respect of such income for YTD Dec 2012.</p>

11(b) Corresponding period of the immediately preceding financial year

Any distributions declared for the current financial period?	Yes
Distribution name	Distribution for the six-month financial period ended 31 December 2011
Distribution type	Tax-exempt income
Distribution rate	0.61 cents per Unit
Tax rate	<p>(a) Tax-exempt income distribution</p> <p>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</p>

	<p>exempt from tax for Saizen REIT.</p> <p>Tax-exempt income distributed by Saizen REIT will not be subject to any further Singapore tax in the hands of all Unitholders.</p> <p>(b) Other income distribution</p> <p>Other income derived by Saizen REIT (including interest earned from fixed deposits) will be taxable in Singapore at the corporate tax rate. There is no distribution in respect of such income for YTD Dec 2011.</p> <p>(c) Any subsequent distributions made by Saizen REIT out of income which has been taxed at the REIT level will be exempt from Singapore tax for all Unitholders. There is no distribution in respect of such income for YTD Dec 2011.</p>
--	---

11(c) Date payable

22 March 2013

11(d) Books closure date

20 February 2013, 5.00 p.m.

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

Not applicable.

13. Interested person transactions

Guarantor fees amounting to an aggregate of JPY 7.0 million (S\$0.1 million) were paid to the Asset Manager in 2Q FY2013 in respect of the loans of YK JOF, YK Keizan, YK Shintoku, YK Shingen, YK Shinzan, GK Choan, GK Chosei and GK Tosei.

Acquisition fees paid to the Manager for the purchase of 1 property amounted to JPY 2.9 million (S\$0.04 million) in 2Q FY2013.

Property management and maintenance fees payable/paid to a related company of the Asset Manager amounted to an aggregate of JPY 6.4 million (S\$0.1 million) in 2Q FY2013.

Fees paid to the Asset Manager for rental of office premises amounted to JPY 0.5 million (S\$0.01 million) in 2Q FY2013.

14. General mandate for interested person transactions

Saizen REIT has not obtained a general mandate from Unitholders for interested person transactions.

15. Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the financial results for the quarter ended 31 December 2012 to be false or misleading in any material respect.

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

7 February 2013