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Corporate Profile

Our investment objective 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.

Listed on the Singapore Stock Exchange on 9 November 2007, Saizen Real Estate Investment Trust ("**Saizen REIT**") is the first REIT listed in Singapore to offer access to exclusively Japanese real estate and in particular residential properties. Its investment objective 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.

Saizen REIT's portfolio consists of 166 residential properties located over 13 regional cities in Japan. The properties are generally located in close proximity to business districts and transportation hubs and/or in residential neighbourhoods, targeting mass market tenants such as small families, working couples without children, working singles and students. This is consistent with the expected continuing strong demand for rental housing across Japan, as the home ownership rate in Japan is relatively low at around 60.0%¹. With 5,593 occupied residential and commercial units as at 30 June 2008, Saizen REIT's portfolio is well diversified, ensuring stable cashflow with low default rate.

The residential property rental market in Japan has historically been stable, even throughout periods of severe economic downturns. Japan Residential Assets Manager Limited, the manager of Saizen REIT (the "**Manager**"), believes that such stability will contribute to the ability of Saizen REIT to provide a steady distribution stream to holders of units of Saizen REIT ("**Units**", and the holders of Units, the "**Unitholders**") despite possible fluctuations in macro-economic conditions.

Saizen REIT has a credit rating of Baa3 from Moody's Investors Service, Inc.

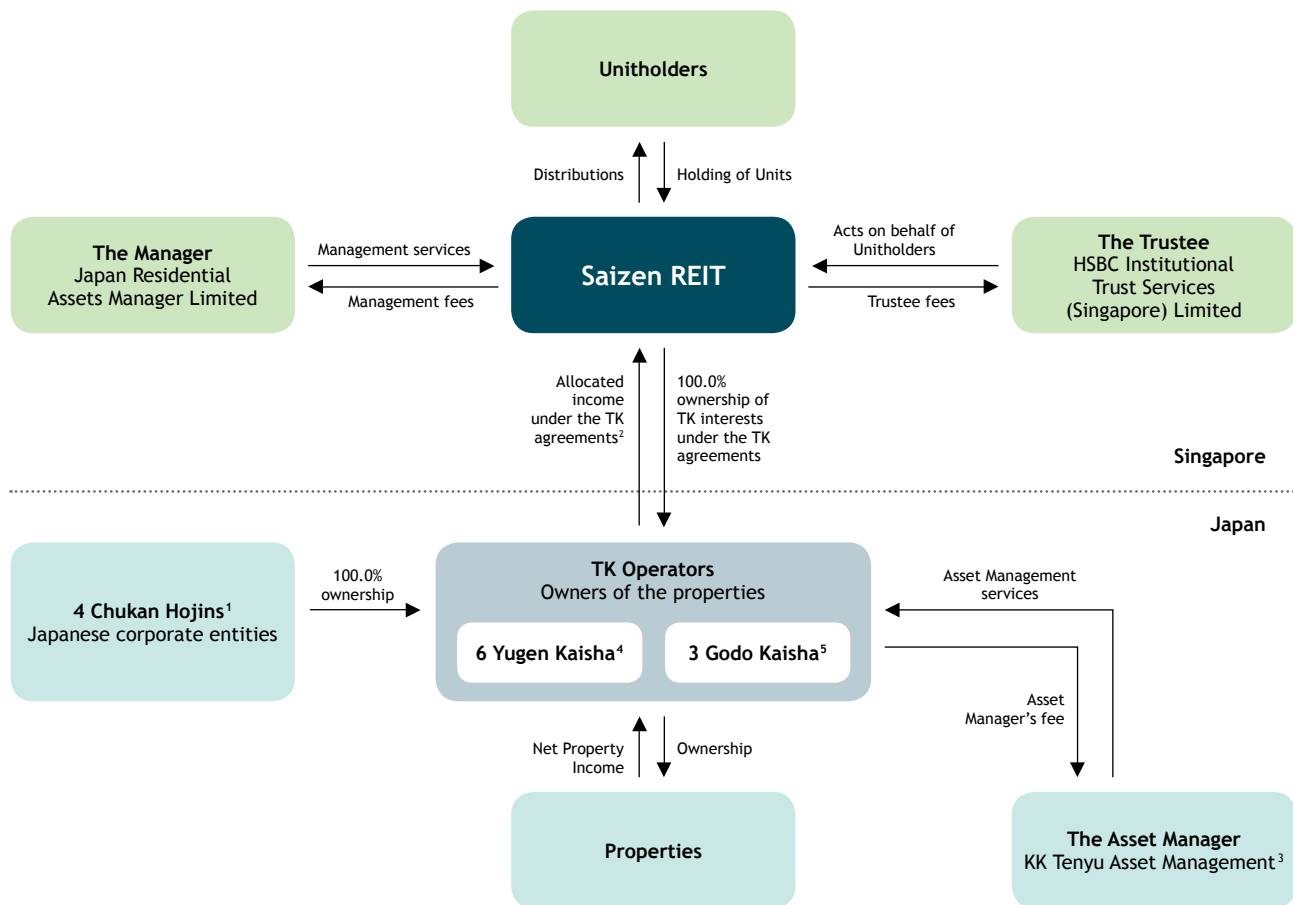
1 Based on the 2003 Housing and Land Survey from the Ministry of Internal Affairs and Communications, Japan.

Structure Of Saizen REIT

Saizen REIT invests in 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"). Such TK arrangements are 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 real estate held by the TK operators. The TK investor can enter into TK arrangements

with TK operators either through the acquisition from existing TK investors of all rights and obligations ("TK interests") under their respective TK agreements with TK operators, or by entering into new TK agreements with TK operators.

The following diagram illustrates the relationship between Saizen REIT, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Saizen REIT (the "Trustee"), the TK operators, the chukan hojins¹, KK Tenyu Asset Management, the asset manager of Saizen REIT (the "Asset Manager") and the Unitholders.



- ¹ Chukan hojins are bankruptcy remote entities established solely to act as the holding company of the TK operators, and have no potential income, loss or net worth.
- ² Under the terms of the existing TK agreements, Saizen REIT is entitled to 97.0% of the profits generated and is required to bear 97.0% of the losses incurred by the TK operators.
- ³ Certain daily operations of managing the properties are delegated to third party property managers appointed by the Asset Manager.
- ⁴ A *Yugen Kaisha* ("YK") is a Japanese company established under Japanese law before May 2006. Its corporate structure is similar to that of a private limited company, with directors managing the company on behalf of the shareholders who own the company.
- ⁵ A *Godo Kaisha* ("GK") is a Japanese company established under Japanese law from May 2006. Its corporate structure is similar to that of a limited liability company, with the members of the GK both owning and managing the GK.

Chairman's Statement


During the period subsequent to Saizen REIT's listing on 9 November 2007, we witnessed a dramatic adverse change in the financing environment in Japan, which reflected closely the developments in other markets. The credit crunch has affected property investors and developers in Japan, many of whom have faced difficulties in obtaining refinancing. A consequence of this credit crunch is the reversal of the steady uptrend in capital values since the early years of this decade.

As for Saizen REIT, we have had to change our original plans at the time of listing. Firstly, we had to abandon the voluntary refinancing plans, originally planned and intended to bring about reductions in our interest costs. Secondly, we decided to slow down on our acquisition plans. Rather, we refocused on the strategy of securing new sources of financing to replace our traditional financiers. These have hitherto been investment banks, which securitized our loans into commercial mortgage backed securities for on-selling to institutional investors.

It is fortunate that we entered into this financial crisis in an excellent financial position - with a strong balance sheet, high liquidity and low gearing. Since then, as previously announced, we have been successful in opening up new sources of financing. These comprise a local regional bank, a Tokyo-based Japanese financial institution, as well as a European bank. All of them are balance sheet lenders. This represents a breakthrough in our financing model, which we will adopt in the foreseeable future. Indeed, following the full drawdown of a facility which we have obtained, expected to be within the next 2 months, Saizen REIT's net gearing will be no more than 40.0%¹, while maintaining a healthy level of spare cash.

At the operations level, the picture is one of steadiness. Our efforts in renovating and upgrading the property portfolio have continued. The asset management team's dedication to improving the competitiveness of the portfolio has clearly paid off. Active monitoring of third party property managers, leasing agents, and other service providers has yielded good results. All in all, such efforts have resulted in stability in both leasing revenues and occupancy levels.

Reviewing the situation at this juncture, we are in a strong position both absolutely and relative to many of our peers - both listed and unlisted. In particular, Saizen REIT is financially stable, without pressure resulting from immediate financing hurdles. We are the largest listed player in this investment sector of mass market residential properties in Japanese regional cities. The properties have been carefully selected and are well located. Our policy of active management, using our own team of asset managers, distinguishes Saizen REIT's management from its peers. This enables us to institutionalize the management of such class of assets hitherto held by smaller investors. This asset class remains extremely undervalued, with attractive recurring income that compares favorably against long-term bond yield or other traditional valuation yardsticks. Looking beyond the current financial turmoil, we believe that Saizen REIT will emerge a stronger investor with significant upside potential for our Unitholders.



Arnold Ip Tin Chee
30 September 2008

¹ Net gearing is computed by net borrowings divided by values of investment properties. Net borrowings being total borrowings less net cash (i.e. cash at bank plus deposit with cash management agents less rental deposits, other current liabilities and current tax liabilities).

CEO's Statement

Saizen REIT has full ownership of each entire property block, facilitating ease of asset management and administrative functions, upgrading and capital expenditure programs and the eventual sale decisions. All the portfolio properties are built on freehold land.

I am pleased to present to you the first annual report of Saizen REIT since its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on 9 November 2007.

The Property Portfolio

At the time of listing, Saizen REIT's portfolio had 147 properties in 12 cities. The prospectus dated 29 October 2007 issued in relation to the initial public offering ("IPO") of units in Saizen REIT (the "Prospectus") stated that there are 15 Additional Properties (as defined in the Prospectus) which Saizen REIT intended to invest in within five months after the listing. By the end of the financial year ended 30 June 2008 ("FY2008"), Saizen REIT has completed the investments in 14 of the 15 Additional Properties at a total consideration (excluding transaction costs) of about JPY4.9 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 JPY2.4 billion (S\$30.8 million).

Saizen REIT's portfolio currently consists of 166 residential properties located in 13 Japanese cities, including Sapporo, Sendai, Hiroshima, Fukuoka and Kumamoto as at the date hereof. Basic details of the portfolio are summarised below:

- residential (units)	5,995
- commercial and retail (units)	112
- car parking spaces	1,930
Total leasable floor area (square meters)	224,900
Portfolio value (JPY billion)	49.1
(S\$ million)	629.8
Value per square meter of leasable floor area (S\$)	2,800
per square foot of leasable floor area (S\$)	260
Portfolio annual revenue ¹	
- (JPY billion)	4.5
- (S\$ million)	57.8
Portfolio gross income return	9.1%

The portfolio properties are predominantly used for residential purposes, with small commercial and office elements (such units are typically found on the ground or first few floors of the properties). Saizen REIT has full ownership of each entire property block, facilitating ease of asset management and administrative functions, upgrading and capital expenditure programs and the eventual sale decisions. All the portfolio properties are built on freehold land.

¹ Based on prevailing rental rate at full occupancy.

Market Overview

Since the listing of Saizen REIT last November, the global markets have experienced substantial turmoil. The Bank of Japan recently downgraded its official view of short-term economic prospects and 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. The credit crisis, which started in the United States of America last year, has spread globally and Japan has also not been spared, as evidenced by the recent news of bankruptcies of real estate firms and developers as banks rein in lending.

More specifically, the credit crunch has affected the availability of financing from major foreign investment banks which Saizen REIT has traditionally worked with. As a result, Saizen REIT has to delay the refinancing of two loans which it originally intended to conduct in December 2007. One of the aforesaid loans was subsequently refinanced but at higher borrowing costs. Details of progress made on the financing front are further discussed below. Meanwhile, given current market conditions, the management team has significantly slowed down investment pace since early 2008.

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 JPY49.1 billion (S\$629.8 million) as at 30 June 2008, recorded a revaluation loss of JPY4.7 billion (S\$59.8 million) for the financial year ended 30 June 2008 based on valuations performed by independent valuers. The decrease in valuation of the properties is attributable to expansion in capitalisation rate assumptions as well as more conservative operating assumptions adopted by valuers.

Based on the above valuation and total leasable floor area of about 224,900 square meters, the value of the property portfolio works out to be approximately S\$2,800 per square meter or S\$260 per square foot. The average rental rate of the portfolio amounted to approximately S\$20.3 per square meter per month or S\$1.9 per square foot per month.

Residential Rental Market

The portfolio properties cater to the local mass market segment targeting the medium to low income small families, single professionals and workers as well as students. Given the low home ownership rates in Japan (which range between 50% and 60% in the cities where Saizen REIT operates) and the population's mobile nature, there is continued and steady demand.

The rental rates of the properties are affordable relative to tenants' income. For illustration, a typical apartment unit in Sapporo of 30 square meters in size which caters to a working single person commands monthly rent of about JPY45,000. Such rental constitutes about 25% of the tenant's typical monthly income of JPY180,000. For this reason, this market segment has also shown to be resilient and less sensitive to economic cycles.



The portfolio properties cater to the local mass market segment targeting the medium to low income small families, single professionals and workers as well as students. Given the low home ownership rates in Japan (which range between 50% and 60% in the cities where Saizen REIT operates) and the population's mobile nature, there is continued and steady demand.

There has also been continued concern of diminishing demands for rental properties due to the projected declining population in Japan nationwide. Further analysis into the trend however shows that there are population increases in the major prefecture capitals. Such a disparate trend in demographics is mainly due to migration of the population from small townships (typically with population of less than 150,000) to cities as a result of continued urbanisation. The chart below illustrates the rate of change of population between 2000 and 2005 (the last population census) in the cities where Saizen REIT principally operates:

City	Rate of change of population between 2000 and 2005	% of total leasable area of portfolio
Sapporo	3.2%	28.5%
Kitakyushu	(1.8%)	14.1%
Kumamoto	1.1%	13.8%
Hiroshima	1.8%	13.3%
Sendai	1.7%	10.5%
Fukuoka	4.4%	5.1%

Source: Statistical Survey Department, Statistics Bureau, Ministry of Internal Affairs and Communications.

The management team believes the above factors will underpin continued and stable demand for residential rental properties.

Property Operations

Notwithstanding the external factors which have affected financial markets globally, operations at the property level have remained stable. While increased leasing competition has been observed in certain cities during the last leasing season from February to April 2008, the management team has responded with various leasing strategies and consequently, occupancy rate (by revenue) improved from 89.4% as at 31 December 2007 to 91.4%¹ as at 30 June 2008. Tenant turnover rates of the portfolio were 17% for the family type units and about 22% for the medium and small type units during this financial year. Delinquency rate was at a negligible 0.045%.

The management team is also planning for asset enhancement programs to increase the competitiveness of the portfolio properties, and has identified about 25 properties for upgrading at total budgets of between JPY150 million to JPY200 million.

¹ Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 30 May 2008. It is currently being leased up.

Debt Financing

In the midst of the global credit crisis, debt financing situation has become a key focus. The general concerns are whether financing will continue to be available and the corresponding costs of borrowing.

As at the date hereof, the maturity profile of Saizen REIT's loans maturing within the next 2 years is 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

The total amount of debt due to be repaid in the coming financial year is approximately JPY5.3 billion (S\$67.4 million). As at 30 June 2008, Saizen REIT has net cash of approximately JPY6.9 billion (S\$88.6 million) and after taking into account distributions to shareholders and proceeds from the loan from the European bank below, Saizen REIT has cash reserves in excess of this debt obligation. The net gearing¹ of Saizen REIT as at 30 June 2008 was 36.5% and it has an interest cover ratio of 3.7 times².

In light of recent market developments, the near term focus of the management team is towards the establishment of new banking relationships and the refinancing of loans. The management team started this early this year, recognizing that the process takes time, and has made encouraging progress thus far.

In April and May 2008, Saizen REIT obtained loans from two Japanese financial institutions of JPY350 million (S\$4.5 million) and JPY480 million (S\$6.2 million) respectively. Despite their relative modest size, the above loans represent new sources of financing. The management team made further progress in July 2008 where it obtained a JPY5.9 billion (S\$75.7 million) loan from a European bank. The above loans have been obtained at interest rates of between 2.7% and 3.9%, compared with the weighted average interest rate of Saizen REIT's debt of about 3.2%. Over 95% of Saizen REIT's debt is on fixed rate basis.

Given current market condition, the management team recognises the possibility of increased borrowing costs (including upfront costs) at the time when these debts are refinanced. Given Saizen REIT's stable property operations with strong cash flow, its liquidity position and relatively low level of gearing, the management team, while remaining cautious, is optimistic.

¹ Net gearing is equal to the sum of net borrowings divided by the total value of investment properties; net borrowings being total borrowings less net cash (cash in the bank plus deposit with cash management agents less rental deposits, other current liabilities and current tax liabilities). If gearing is calculated by total borrowings divided by total value of the assets of Saizen REIT, overall gearing of Saizen REIT as at 30 June 2008 would be 43.1%.

² Based on net property income of 4Q FY2008 divided by interest expenses of 4Q FY2008.

Trading Performance Of Units

The trading performance of Units from the date of listing on 9 November 2007 to 19 September 2008, being the latest practicable date prior to the printing of this report, is summarised below:

Closing price	
High (per Unit)	S\$0.935
Low (per Unit)	S\$0.385
Volume weighted average	S\$0.837
Closing on 19th September 2008	S\$0.425

Trading volume	
Number of trading days	206
Total volume	219,156,000 Units
Average daily volume	1,063,864 Units

Against the backdrop of the global credit crisis and the general negative market sentiment toward Japanese real estate market, the Unit price of Saizen REIT has suffered downward pressure. Compared to S\$1.00 per Unit at the time of listing, the market price of Saizen REIT has closed at S\$0.425 per Unit on 19 September 2008, representing a 57.5% decline. Over the same period, the Straits Times Index, the UBS Singapore REIT Index and the Tokyo Stock Exchange REIT Index have declined by 28.4%, 27.8% and 32.3% respectively.

The price of S\$0.425 per Unit, represents a discount of 51.1% to the net asset value ("NAV") per Unit as at 30 June 2008 of S\$0.87. Based on market capitalisation of S\$192.1 million (at price of S\$0.425 per Unit), the implied value of Saizen REIT's portfolio is about JPY33.3 billion (based on balance sheet as at 30 June 2008). Such valuation translates into a high gross income return of 13.4%. At S\$0.425 per Unit, it also represents a yield of 11.0% based on the distribution of S\$0.0467 per Unit declared.

Notwithstanding the above external factors, the operations of Saizen REIT have been, and are expected to remain stable going forward. We are hopeful that upon the exuberant negative sentiments subsiding, the market price of the Units will improve to reflect the intrinsic quality and stable nature of this asset class, as well as the healthy financial position of Saizen REIT.



Update on utilization of IPO proceeds

Saizen REIT raised gross proceeds of S\$196.7 million at listing. The amount of proceeds designated for payment of issue costs have 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 has 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 as mentioned on page 7 of this report. 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.

Outlook For Financial Year Ending 30 June 2009

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 does not envisage acquisitions in the short term. It will resume the acquisition pace once financing conditions improve.

Overall, the management team expects leasing activities and operations to remain stable, barring unforeseen circumstances. However, income will likely be affected by higher financing related costs given current market conditions.

Investor Relations

Saizen REIT is committed to maintaining effective and transparent communications with unitholders and the financial community. Information is disseminated through the SGX-Net and Saizen REIT's website at www.saizenreit.com.sg. Within a permitted framework, the management team strives to respond to queries of all stakeholders, with the aim of enhancing their understanding and coverage of Saizen REIT, and achieving fair performance for Saizen REIT units.

The management team expects the real estate market to remain subdued in the coming months. While this presents attractive investment opportunities, it intends to adopt a cautious approach for the time being.



Chang Sean Pey
Chief Executive Officer
30 September 2008

Quality portfolio of regional residential properties





Financial Highlights

Key financial information of Saizen REIT

NAV per Unit attributable to Unitholders as at 30 June 2008	JPY67.97 S\$0.87
Dividend distribution for FY2008	JPY1.61 billion S\$21.1 million
Distribution per Unit for FY2008	S\$0.0467
Closing market price per Unit on 19 September 2008 ¹	S\$0.425
Distribution yield based on closing market price on 19 September 2008	11%
Discount of closing market price to NAV per Unit	51%
4Q FY2008 annualised net property income yield	6.0%
Impairment of account receivable as % of gross revenue	0.045%
Gearing (aggregate leverage ratio) ²	43.1%
Net gearing ³	36.5%
4Q FY2008 Interest cover ratio	3.7 times
Net cash as at 30 June 2008	JPY6.9 billion
Borrowings due within next 12 months	JPY5.3 billion
Value of investment properties as at 30 June 2008	JPY49.1 billion
Net fair value losses on investment properties in FY2008	JPY4.7 billion
Occupancy rate as at 30 June 2008 (by revenue)	91.4%

Exposure to derivatives for the financial year ended 30 June

	2008	2007
Fair value of interest rate cap (JPY'000)	559	-
Group net asset value attributable to Unitholders (JPY'000)	30,662,438	12,648,902
Percentage of fair value of interest rate cap to Group net asset value	0.002%	-
Percentage of notional amount of interest rate cap to total Group borrowings	1.94%	-

¹ 19 September 2008 being the latest practicable date prior to the printing of this report.

² Gearing is equal to the sum of total borrowings divided by the total value of the assets of Saizen REIT.

³ Net gearing is equal to the sum of net borrowings divided by the total value of investment properties. Net borrowings being total borrowings less net cash (i.e. cash at bank plus deposit with cash management agents less rental deposits, other current liabilities and current tax liabilities).

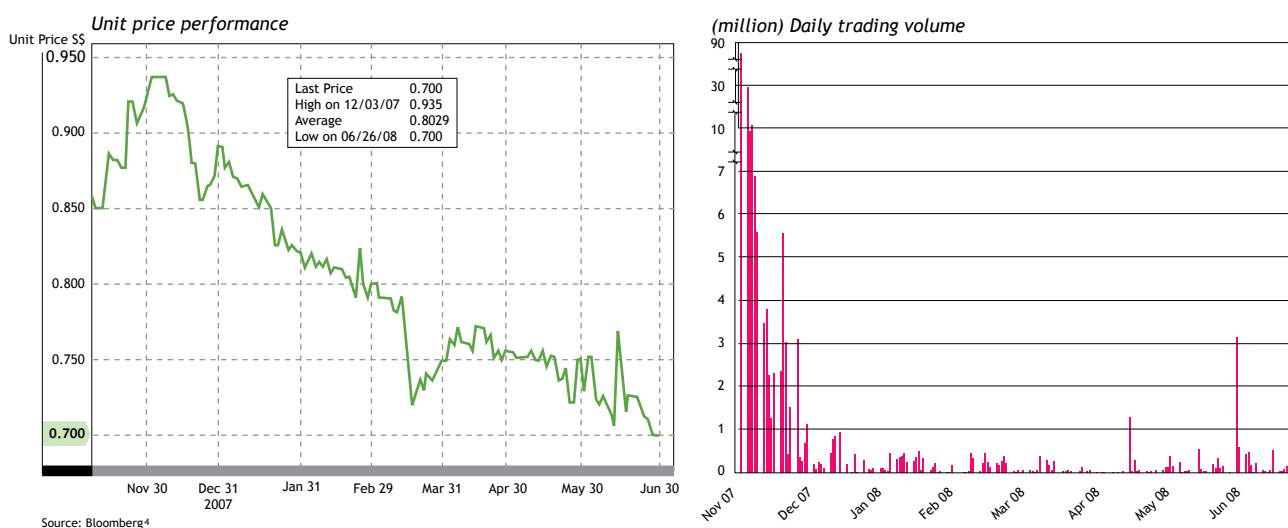
Summary of statement of total return for FY2008

	Actual 9 November 2007 to 30 June 2008 (JPY '000)	Forecast 5 November 2007 to 30 June 2008 ¹ (JPY '000)	Increase / (Decrease) %
Gross Revenue	2,699,585	2,746,543	(1.7)
Net property income	1,868,813	1,959,738	(4.6)
Net (loss) / income from operations	(273,010)	154,893	NM ²
Total loss for the period after tax before distribution	(4,778,025)	(65,639)	>100

Unit price performance

	From date of listing to 30 June 2008
IPO offering price	S\$1.00
Closing price on first day closing (9 November 2007)	S\$0.86
Closing price on last day closing (30 June 2008)	S\$0.70
Highest price (per Unit)	S\$0.935
Lowest price (per Unit)	S\$0.700
NAV per Unit attributable to Unitholders at listing ³	JPY79.78 S\$1.02
NAV per Unit attributable to Unitholders as at 30 June 2008	JPY67.97 S\$0.87
Volume weighted average price per Unit	\$0.857
Trading volume (million Units)	205.83

Saizen REIT Unit trading performance since listing (9 November 2007 to 30 June 2008)



¹ Based on the forecast together with the accompanying assumptions as shown in the Prospectus.

² NM denotes not meaningful.

³ The NAV per Unit at listing has been adjusted for the offering of Units at the IPO, the issuance of consideration units to the three vendors, which have sold their respective TK interests to Saizen REIT, and the application of the proceeds from IPO.

⁴ While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data or ascertained any underlying economic assumptions relied upon therein. Consequently, the Manager does not make any representation as to the accuracy or completeness of such information.

Financial Review

Review of Performance FY2008 vs FY2007

	FY2008 (JPY'000)	FY2007 (JPY'000)	Increase/ (Decrease) %
Gross revenue	3,578,346	1,911,539	87.2
Net income from operation	62,256	828,363	(92.5)
Total (loss)/return for the period before income tax	(4,600,951)	2,416,931	NM ¹
Total (loss)/return for the period after income tax	(3,733,813)	2,057,532	NM ¹

Due to the adoption of the reverse acquisition accounting policy, the income statement for FY2007 comprised only the financial information of the three TK operators of Japan High Yield Property Fund Limited. In respect of the income statement for FY2008, it comprised the financial information of all the TK operators under Saizen REIT (i.e. those TK operators previously under the three vendors, namely Central-Top Properties Ltd. ("Central-Top"), Japan High Yield Property Fund Limited ("JHYP") and Japan High Yield Property Fund (II) Limited ("JHYP II") (collectively, the "Vendors"), which have sold their respective TK interests to Saizen REIT at the time of listing by entering into the TK interest transfer agreements, and the two new TK operators) as well as Saizen REIT, which include income and expense items at the level of Saizen REIT. Details of the above mentioned TK interest transfer agreements are set out under the "Investment Highlights" section on page 24 of this report.

Saizen REIT recorded a total loss after income tax of JPY3.73 billion due mainly to (i) net fair value losses on investment properties of JPY4.66 billion, (ii) one-off IPO expenses of JPY807.5 million, and (iii) exchange losses of JPY323.8 million.

	FY2008 ² (JPY'000)	FY2007 ³ (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	(122,211)	(46,555)	>100.0
Asset Manager's asset management fees	(26,080)	(16,450)	58.5
Interest expenses	(734,455)	(435,590)	68.6
Net income from operations	1,603,962	908,598	76.5

To make a like-for-like comparison of income from property operations, income and expense items at Saizen REIT level were excluded. Compared with FY2007, gross revenue in FY2008 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 had a higher amount of borrowings.

¹ NM denotes not meaningful.

² There were 101 and 166 properties respectively at the start and end of FY2008.

³ There were 62 and 101 properties respectively at the start and end of FY2007.

Variance Between Actual and Forecast Results

	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	(11,612)	(9,434)	23.1
Other trust expenses	(73,741)	(32,609)	>100.0
Finance cost ³	(961,489)	(667,494)	44.0
Issue expenses	(807,488)	(864,384)	(6.6)
Net (loss)/ income from operations	(273,010)	154,893	NM ⁴
Fair value gain on financial derivatives	559	-	NM ⁴
Net fair value losses on investment properties	(5,591,927)	(426,057)	>100.0
Negative goodwill	350,047	406,782	(13.9)
Total (loss)/return for the period before income tax	(5,514,331)	135,618	NM ⁴
Income tax	736,306	(201,257)	NM ⁴
Total loss 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

1 The actual results ("Actual") were prepared in accordance with the accounting policies stated in "Significant accounting policies" in this report. For illustrative and comparison purposes, 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, together with the accompanying assumptions, as 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 9 November 2007 to 30 June 2008 (JPY'000)	Forecast 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 [*]

[#] Based on the forecast together with the accompanying assumptions as shown in the Prospectus.

^{*} NM denotes not meaningful.

Forecast Period 2008 vs Actual Period 2008

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 and are based on the forecast together with the accompanying assumptions as shown in the Prospectus, 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 JPY47.0 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 JPY44.0 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 JPY11.7 million.

Leasing and marketing expenses were higher than expected as the management team implemented various leasing strategies during the leasing season 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 resulted in higher leasing fees being paid to leasing agents.

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

¹ Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 30 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 the aborted 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 JPY961.5 million comprises (i) interest expenses of JPY515.4 million; (ii) amortization of loan commission and swap breakage fees of JPY122.3 million; and (iii) exchange losses of JPY323.8 million.

Actual interest expenses were higher than the Forecast amount of JPY434.0 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 JPY233.5 million.

Net Fair Value Losses on 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 net fair value losses on investment properties of JPY5.59 billion based on valuations performed by independent valuers.

The Management Team

BOARD OF DIRECTORS OF THE MANAGER

Mr Arnold IP Tin Chee Chairman

Mr Arnold Ip Tin Chee is the Chairman of Japan Residential Assets Manager Limited, the Manager. Mr Ip is concurrently the director of KK Tenyu Asset Management, the Asset Manager and is involved in the acquisition and disposal functions of the Asset Manager and oversees the overall property management, leasing and renovation and financing functions.

Mr Ip is a founding member of the management team of several funds which subsequently formed Saizen REIT. Mr Ip has been investing in Japanese regional real estate since 2000 and has extensive experience in real estate investment management and has experience in the evaluation and management of private equity investments including real estate and related companies. Prior to that, Mr Ip was a director of Yuanta Securities (Hong Kong) Company Limited between 1997 and 2001.

From 1989 to 1997, Mr Ip worked for Standard Chartered Asia Limited, a corporate finance advisory company focusing on the mid-cap segment of the Hong Kong/China market, where his last position there was as a director. During 1984 to 1988, Mr Ip worked for Arthur Andersen & Co in London, specialising in taxation.

Mr Ip holds a BA in Economics from Trinity College, Cambridge University and has been qualified as a chartered accountant since 1988. Mr Ip is a member of the Corporate Announcement Committee.

Mr CHANG Sean Pey Chief Executive Officer

Mr Chang Sean Pey is the Chief Executive Officer and is responsible for the development and review of investment and divestment strategies, the day-to-day operations of Saizen REIT and working with the Manager's Executive Officers in meeting the strategic, financial, investment, operational and investor relations objectives of Saizen REIT.

Mr Chang is a founding member of the management team of several funds which subsequently formed Saizen REIT. Mr Chang has been managing investments in Japanese regional real estate since 2000 and has experience in the evaluation and management of private equity investments including real estate and related companies. Prior to this, Mr Chang worked for the corporate finance services division of DBS Group in Singapore between 1996 and 2000, specialising in fund raising activities in the equity capital markets.

Mr Chang holds a Bachelor of Engineering (Hons) degree from the National University of Singapore. Mr Chang is a member of the Corporate Announcement Committee.

Mr Raymond WONG Kin Jeon Executive Director

Mr Raymond Wong Kin Jeon is a member of the Corporate Announcement Committee. He oversees the investor relations function of Saizen REIT and formulates strategic plans focusing primarily on the creation of value for the Unitholders, and promoting and marketing Saizen REIT to the Unitholders, analysts and prospective investors together with the board of directors of the Manager (the "Board") and the Chief Executive Officer.

Mr Wong is a founder, managing director and responsible officer of Cheetah Investment Management Limited, an investment advisory firm licensed by the Securities and Futures Commission in Hong Kong, and is a director of The Cheetah Fund Limited and Cheetah Korea Value Fund. Mr Wong is also a founder and director of Cheetah Group Holdings Limited, a substantial shareholder of the Sponsor, the holding company of the Manager.

Through its group companies, Cheetah Group Holdings Limited has launched seven funds and two managed accounts since 2002 that invest in various alternative investment strategies around Asia with total assets under management of over US\$850 million. Mr Wong manages and supervises the fund raising, compliance and investor relations for these funds and managed accounts. Mr

Wong has 15 years of experience managing both hedge fund portfolios and family office investments, and has extensive entrepreneurial experience in Canada and Hong Kong. He has more than 20 years of experience in real estate investment management. He is a member of the executive committee of the Hong Kong/China Chapter of Alternative Investment Management Association (AIMA).

Mr Wong holds a BA in Engineering from Cambridge University and an MA in Systems Control from the University of Toronto and is also a Chartered Financial Analyst.

Mr YEH V-Nee

Non-executive Director

Mr Yeh is a member of the Audit Committee. He is the chairman and responsible officer of Cheetah Investment Management Limited, an investment advisory firm. Mr Yeh is also a director of Cheetah Korea Value Fund, Japan High Yield Property Fund Limited, Steel China Access Capital Partners Limited, the general partner of Steel Partners China Access I.L.P., and Pedder Street Asia Absolute Return Fund Limited. Mr Yeh is also a founder and non-executive Honorary Chairman of Value Partners Group Limited, an independent, value-oriented asset management group with a focus on Greater China and the Asia-Pacific region listed on The Stock Exchange of Hong Kong Limited. Mr Yeh is also the non-executive chairman of Argyle Street Management Limited, a boutique distressed asset management firm.

Mr Yeh has extensive experience in corporate finance and has worked at the Lazard group in London, Hong Kong and New York. He has more than 20 years of experience in real estate investment management. Mr Yeh currently sits on the Takeovers & Mergers Panel, the Takeovers Appeal Committee and SFC Dual Filing Advisory Group of the Securities and Futures Commission of Hong Kong and MPF Schemes Advisory Committee of Mandatory Provident Fund Schemes Authority of Hong Kong. He was a member of China's CSRC Listing Committee from 1999 to 2003 and a member of the Listing Committee of The Stock Exchange of Hong Kong Limited from 1996 to 2006.

Mr Yeh holds a JD from Columbia Law School, New York, and a BA from Williams College, Massachusetts. Mr Yeh was admitted as a member of the California Bar Association in 1984.

Mr SOH Yew Hock

Independent Non-executive Director

Mr Soh is the Chairman of the Audit Committee. He is currently an independent director of Asia Dekor Holdings and chairman of its remuneration committee and member of its nominating and audit committees. He is also the lead independent director of Kencana Agri Limited. Mr Soh has wide experience in commerce and industry and had previously served as head of finance and corporate affairs of Guthrie Berhad (now known as Guthrie GTS) and WBL Corporation Limited respectively. He was chief executive officer/managing director of Wearnes International (1994) Limited from 1993 to 2006, an executive director of WBL Corporation Ltd from 1993 to 2007 and several of its joint ventures and subsidiaries in Asia, People's Republic of China, Australia and the United States of America, a director of MFS Technology Ltd and deputy chairman of O'Connor's Corporation Berhad (now known as OCB Berhad). Mr Soh was also a past president of the Singapore Division of CPA (Australia).

Mr Soh holds a Bachelor of Accountancy degree from the University of Singapore and is a graduate of the Chartered Institute of Marketing (UK) and the Advanced Management Program of Harvard Business School. He is a fellow of CPA (Singapore), CPA (Australia), Association of Chartered Certified Accountants (UK) and the Chartered Institute of Marketing (UK).

Mr Dennis LAM Siu Sun

Independent Non-executive Director

Mr Lam is a member of the Audit Committee. He is a practising solicitor in Hong Kong and the senior partner of a Hong Kong law firm Messrs. Li, Wong & Lam & W.I. Cheung. Mr Lam specialises in corporate, financial and property work, and is experienced in working with Japanese clients, having previously worked at the Japan Desk of Messrs. Baker & McKenzie from 1989 to 1992 and was involved in several mergers of Japanese banks.

Mr Lam holds a Bachelor of Laws degree from the University of Warwick, England, and a Postgraduate Certificate in Laws from The University of Hong Kong. He is also admitted as a solicitor in England & Wales.

Mr Harold SUN Dai Hoe

Independent Non-executive Director

Mr Harold Sun is the executive director of Sun International (S) Pte Ltd and Sun Sung Trading (S) Pte Ltd, with long experience in import, export and distribution of consumer products from Japan and other Asian countries. Mr Sun also has real estate investments in China, Hong Kong, Singapore, Malaysia and Canada through his family investment holding companies. He has worked for the Corporate Banking Real Estate Division in Citibank, Hong Kong from 1987 to 1990.

Mr Sun holds a MBA degree from University of British Columbia, Canada and a Bachelor degree in Business Administration from Georgetown University in the United States.

EXECUTIVE OFFICERS OF THE MANAGER

Mr CHANG Sean Pey Chief Executive Officer

Details of the roles, experience and expertise of Mr Chang are set out under the "Board of Directors of the Manager" section.

Ms YIP Yuen Man, Letitia Compliance and Investor Relations Manager

Ms Yip works closely with the Board and the Chief Executive Officer to ensure compliance with the organizational and regulatory rules and regulations, which includes evaluating processes and procedures for compliance, alerting management to current regulatory issues and maintaining a compliance manual.

Ms Yip assists in facilitating and maintaining continuous disclosure and transparent communications with the Unitholders and the market, which includes regular statutory reporting, such as producing quarterly and annual financial reports to the Unitholders, and reporting to the SGX-ST in compliance with the Listing Manual. Ms Yip assists in facilitating and coordinating the execution of strategic plans in promoting and marketing Saizen REIT to the Unitholders, prospective investors, analysts and the media through regular communications, roadshows, Unitholders meeting, events and the internet.

Ms Yip has over five years of corporate finance experience including as a corporate finance executive in Kingston Corporate Finance Limited (2002 to 2005) and has participated in a number of initial public offerings, mergers and acquisitions, and other corporate finance advisory transactions for companies listed on The Stock Exchange of Hong Kong Limited in Hong Kong. Ms Yip holds a Bachelor Degree of Arts in Business Administration from the University of Washington, United States of America.

Ms NG Bee Ting Investment and Operations Manager

Ms Ng has been involved in managing Japanese regional real estate since 2002. Prior to that, she was an equity analyst with more than 6 years of extensive research experience in Malaysia specialising in various industries, including real estate. Her previous experience included being an investment analyst in Omega Securities Sdn Bhd (1996 to 1997), vice president of research at CIMB Securities Sdn Bhd (1997 to 2002) and senior vice president of investment in Opus Capital Sdn Bhd (2002 to 2007). She graduated with a Bachelor of Commerce from the University of Western Australia and is a Chartered Financial Analyst.

Ms Ng works closely with the Board in the evaluations of potential investment and divestment opportunities with a view to enhancing Saizen REIT's portfolio. Ms Ng recommends and analyses potential asset enhancement initiatives. In order to support these various initiatives, Ms Ng and the investment operation team has developed financial models to test the financial impact of different courses of action. These findings are research-driven to help develop and implement the proposed initiatives.

Ms Ng also oversees the database management team of the Manager which is responsible for the setting up and ongoing maintenance of the database of property operating information to ensure the Manager maintains the most up-to-date information of each underlying assets in the portfolio and provides periodical and ad-hoc reports for management review. Ms Ng analyses this information and reports on property portfolio performance to the management.

Ms Ivy CHAN Ka Lam Finance Manager

Ms Chan is a member of the Hong Kong Institute of CPAs and The Association of Chartered Certified Accountants, and is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Ms Chan graduated with a Bachelor of Sociology (Hons) from Hong Kong Baptist

University and a Bachelor of Applied Accounting (Hons) from Oxford Brookes University. As Finance Manager, Ms Chan is in charge of the finance and accounting team of the Manager, which is responsible for the keeping and reporting of Saizen REIT's financial and accounting conditions as well as the development of a comprehensive system of business score cards and key performance indicators to facilitate the effective management of Saizen REIT's assets.

Ms Chan is also responsible for the preparation of statutory accounts, co-ordination with external auditors, management of tax affairs, as well as the preparation of Saizen REIT's performance reports for the Unitholders and investors. Prior to this, Ms Chan was an accountant with Fung Kiu Manufacturing Limited from 1999 to 2003 and an audit assistant with Poon & Company, CPA from 2003 to 2004.

Ms Sally LAW Yin Nee Finance Manager

Ms Law is a qualified member of Hong Kong Institute of CPAs and The Association of Chartered Certified Accountants. Ms Law graduated with a Bachelor of Accountancy (Hons) from Hong Kong Baptist University. Ms Law has over seven years of experience in accounting including experience in the accounting and audit department of Chan, Li Law & Co., and over six years of accounting and auditing experience in a number of industries such as commodities trading, insurance brokerage and global wholesale.

As a Finance Manager, Ms Law, together with Ms Ivy Chan, are in charge of the finance and accounting team of the Manager, which is responsible for the keeping and reporting of Saizen REIT's financial and accounting conditions as well as the development of a comprehensive system of business score cards and key performance indicators to facilitate the effective management of Saizen REIT's assets.

Ms Law is also responsible for the preparation of statutory accounts, co-ordination with external auditors management of tax affairs as well as the preparation of Saizen REIT's performance reports for the Unitholders and investors.

ASSET MANAGER

Mr Yutaka MATSUNAGA President

Mr Matsunaga, the Representative Director and President of KK Tenyu Asset Management, the Asset Manager, works closely with Mr Arnold Ip Tin Chee and Mr Richard Lo for the acquisition and disposal functions of the Asset Manager and is responsible for the overall management, operation and monitoring of the Asset Manager in its role as the asset manager for the TK Operators in order to enhance the performance of the TK Operators and other asset holding entities and Saizen REIT as an investor in those entities.

Mr Matsunaga bases in Tokyo, Japan, and has been managing Japanese real estate since 1999. He has more than seven years of experience in real estate investment, and has established an extensive network in the property market in Japan. From 1999 to 2001, Mr Matsunaga was the chief executive officer and director of JAIC International (HK) Co., Ltd, a wholly-owned subsidiary of Japan Asia Investment Co., Ltd, one of the largest specialist private equity investment managers listed on JASDAQ.

Mr Matsunaga holds a bachelor's degree in commerce from University of Meiji and is a licensed person under the Hong Kong Securities and Futures Ordinance.

Mr Arnold IP Tin Chee Director

Mr Ip is involved in the acquisition and disposal functions of the Asset Manager and oversees the overall property management, leasing and renovation and financing functions. Details of Mr Ip's experience and expertise are set out in the "Board of Directors of the Manager" section.

Mr Richard LO Director

Mr Lo has previously lived in Japan and has over 25 years of business experience in Japan, including engaging in distributorships of computer and related products for major Japanese corporations in China and South East Asia. Mr Lo has over 10 years of experience in real estate investment management and has invested in real estate in Japan since 1999.

Mr Lo has established a wide network of contacts in both the property and corporate sectors in Japan. Mr Lo is a founder and director of a computer and related-products distribution group of companies, but he is no longer involved in the daily operations of these companies and will dedicate substantially all his time to the Asset Manager. Mr Lo is also a director of Altus Capital Limited, a company under the Altus Group.

Mr Lo holds a Master of Business Administration from the University of California, Los Angeles (UCLA).

EXECUTIVE OFFICERS OF THE ASSET MANAGER

Ms Aki KURAMITSU Financing and Administration Manager

Ms Kuramitsu oversees the financing, acquisition and administration function of the Asset Manager and TK Operators. She oversees the preparation of statutory accounts, co-ordinates with external auditors, manages tax affairs, and liaises with lenders and loan servicers, gathering and providing them with all necessary information to proceed with the non-recourse loan applications.

She is also responsible for the due diligence of property acquisitions. Ms Kuramitsu works closely with appraisal companies and engineering companies to evaluate suitable investment targets, and coordinates the valuation reports and engineering reports to be produced in a timely and an appropriate manner.

Ms Eiko KIDANI Property Operations Manager

Ms Kidani, bases in Fukuoka, Japan, oversees the property management, leasing and renovation functions of the Asset Manager, focusing on the southern part of Japan.

Ms Kidani works directly and closely with property managers and property agents in each of the relevant cities with the objectives of keeping market information updated and enhancing or maintaining occupancy rates at satisfactory levels. Ms Kidani assists the board and other executive officers to establish plans in property management, capital expenditure and renovation budgets.

Ms Kidani liaises with property managers on a regular basis and seeks quotations from various service providers and suppliers with the objectives of lowering operating costs (for example, renovation, cleaning, elevator maintenance etc.) and, in the long-run, increasing property management efficiency.

Ms Ikuko SHIMOYASHIKI Property Operations Manager

Ms Shimoyashiki, bases in Sapporo, Japan, oversees the property management, leasing and renovation functions of the Asset Manager, focusing on the northern part of Japan. Ms Shimoyashiki graduated with a Bachelor of Arts in English from the Sapporo University, Japan.

Ms Shimoyashiki works directly and closely with property managers and property agents in each of the relevant cities with the objectives of keeping market information updated and enhancing or maintaining occupancy rates at satisfactory levels. Ms Shimoyashiki also assists the board and other executive officers to establish plans in property management, capital expenditure and renovation budgets.

Ms Shimoyashiki will also liaise with property managers on a regular basis and seek quotations from various service providers and suppliers with the objectives of lowering operating costs (for example, renovation, cleaning, elevator maintenance etc.) and, in the long-run, increasing property management efficiency.



Strong growth potential



Investment Highlights

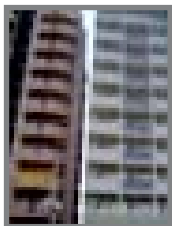
During FY2008 and prior to listing of Saizen REIT, Saizen REIT had entered into the following TK interest transfer agreements in relation to its investments in 148¹ properties:

- TK interest transfer agreement dated 28 September 2007 entered into with JHYP in respect of YK Shingen for the investments in 31 properties with a total consideration of JPY12.32 billion;
- TK interest transfer agreement dated 28 September 2007 entered into with JHYP in respect of YK Shintoku for the investments in 56 properties with a total consideration of JPY13.10 billion;
- TK interest transfer agreement dated 28 September 2007 entered into with JHYP in respect of YK Shinzan for the investments in 16 properties with a total consideration of JPY6.30 billion;
- TK interest transfer agreement dated 28 September 2007 entered into with Central-Top in respect of YK JOF for the investments in 6 properties with a total consideration of JPY2.95 billion;
- TK interest transfer agreement dated 28 September 2007 entered into with Central-Top in respect of YK Keizan for the investments in 11 properties with a total consideration of JPY3.61 billion;
- TK interest transfer agreement dated 28 September 2007 entered into with Central-Top in respect of YK Kokkei for the investments in 6 properties with a total consideration of JPY1.81 billion; and
- TK interest transfer agreement dated 28 September 2007 entered into with JHYP II in respect of GK Choan for the investments in 22 properties with a total consideration of JPY7.61 billion.

Pursuant to the TK interest transfer agreements, Saizen REIT has acquired the existing TK interests of the vendors Central-Top, JHYP and YHYP II in existing TK agreements with TK operators holding the properties.

Since listing, we have also completed further investments in 19² properties at a total of consideration of JPY7.26 billion (S\$93.2 million). All of these properties were acquired by TK operators from independent third parties. The Trustee, as trustee of Saizen REIT, has entered into TK agreements with such TK operators for the investment in these 19 properties. As at 30 June 2008, Saizen REIT's properties portfolio comprised 166 properties across 13 regional cities in Japan. Please see the table on the next page for details of the acquisition of these 19 properties.

Quest Tower Noboricho



Estate 18 Shinonome



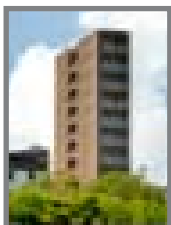
Royal Shinonome



GP Stone Otemachi II



GP Stone Higashi Hiratsuka



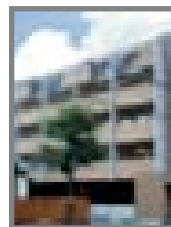
Shinonome Heights



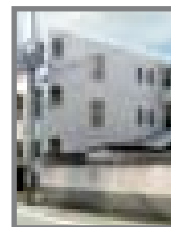
Villa Kaita



Le Pied Hirao



Relief Ohorinishi



1 One of the properties in Hiroshima namely Kaminobori-cho Mansion (now known as Quest Tower Noboricho) was under construction at the time of entering into the TK interest transfer agreement. The completion of this investment took place after listing on 30 May 2008.
2 Included Quest Tower Noboricho as mentioned in note 1 above.

Location	Property	Date of Acquisition	Valuation at Acquisition JPY (million)
Fukuoka	Le Pied Hirao	19 Nov 07	304.0
	Relief Ohorinishi	27 Dec 07	130.0
Hiroshima	Estate 18 Shinonome	28 Nov 07	287.0
	Grand Polestone	22 Nov 07	541.0
	Higashi Hiratsuka		
	Grand Polestone	22 Nov 07	504.0
	Otemachi II		
	Quest Tower	30 May 08	685.0
	Noboricho		
	Royal Shinonome	28 Nov 07	336.0
	Shinonome Heights	28 Nov 07	198.0
	Villa Kaita	28 Nov 07	354.0
Koriyama	Arioso Phrase	29 Nov 07	571.0
Kumamoto	Romaug Kamidori	30 Apr 08	764.0
Niigata	GEO Kamiokawamaedori 3	21 Nov 07	496.0
	Hills Kawabata	21 Nov 07	354.0
	Hills Nogizaka	21 Nov 07	449.0
Sapporo	Residence Shiroishi ABCD	20 Nov 07	661.0
	Towa Kita 7 Jo	4 Dec 07	371.0
	Towa Kotoni	4 Dec 07	349.0
Sendai	Fantage Yaotome	29 Nov 07	308.0
	Floreceer Miyagino	27 Nov 07	259.0

Residence Shiroishi



Towa Kita 7 Jo



Towa Kotoni



SAPPORO

HAKODATE

MORIOKA

SENDAI

NIIGATA

KORIYAMA

YOKOHAMA

TOKYO

KURASHIKI

KINKI

OSAKA

HIROSHIMA

FUKUOKA

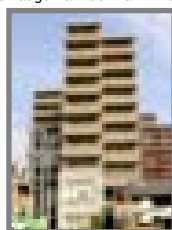
KITAKYUSHU

OITA

KUMAMOTO

KAGOSHIMA

Romaug Kamidori



Fantage Yaotome



Floreceer Miyagino



Arioso Phrase



Portfolio Summary as at 30 June 2008

No.	Property Name	Year built	Date of Acquisition	Seller	Purchase Consideration ¹ (JPY million)	Latest Valuation ² (JPY million)	Valuation Date
FUKUOKA							
1	Arati Hakata South	1991	9 Nov 07	Central-Top	472.0	413.0	30 Jun 08
2	Central Court Tenjin Higashi	1991	9 Nov 07	JHYP	203.0	189.0	30 Jun 08
3	Chic Takaramachi	1985	9 Nov 07	Central-Top	243.0	221.0	30 Jun 08
4	Gold Mansion Nakao	1988	9 Nov 07	JHYP	179.0	168.0	30 Jun 08
5	Johann Building III	1983	9 Nov 07	JHYP	452.0	406.0	30 Jun 08
6	La Finesse Hakataeki Minami	2006	9 Nov 07	JHYP II	550.0	519.0	1 Apr 08
7	Le Pied Hirao	2000	19 Nov 07	Mr Mineki Sekito ³	288.0	296.0	30 Apr 08
8	Orion Heim	1996	9 Nov 07	JHYP II	268.0	226.0	1 Apr 08
9	Patios Ohashi	1995	9 Nov 07	JHYP	140.0	134.0	30 Jun 08
10	Relief Ohorinishi	1989	27 Dec 07	YK Toyohiro ³	132.0	130.0	30 Apr 08
11	Saumur Meinohama II	1991	9 Nov 07	JHYP	76.0	67.0	30 Jun 08
12	Wealth Meinohama	1988	9 Nov 07	JHYP	19.7	70.6	30 Jun 08
13	Wing Befu	1992	9 Nov 07	Central-Top	206.0	171.0	30 Jun 08
Sub-total:					3,288.1	3,010.6	
HAKODATE							
14	Crestage Tayacho	1991	9 Nov 07	JHYP	129.0	111.0	30 Jun 08
15	Jewel Town Suehiro	1991	9 Nov 07	JHYP	203.0	172.0	30 Jun 08
16	Legions Yunokawa	1989	9 Nov 07	JHYP	185.0	130.0	30 Jun 08
17	Matsukaze Building	1990	9 Nov 07	JHYP	382.0	307.0	30 Jun 08
18	Villa Kaiganchō	1990	9 Nov 07	JHYP	383.0	319.0	30 Jun 08
Sub-total:					1,282.0	1,039.0	
HIROSHIMA							
19	Aistage Ushita Minami	2006	9 Nov 07	JHYP	359.00	349.0	30 Jun 08
20	Alpha Shinonome	1984	9 Nov 07	JHYP	118.0	108.0	30 Jun 08
21	Estate 18 Shinonome	1990	28 Nov 07	KK IDO ³	253.3	272.0	30 Apr 08
22	Fujimicho Building	2007	9 Nov 07	JHYP II	513.0	429.0	30 Apr 08
23	Funairi Honmachi 54	1992	9 Nov 07	JHYP	227.0	211.0	30 Jun 08
24	Global Matsukawa Building	1985	9 Nov 07	JHYP	301.0	271.0	30 Jun 08
25	Grand Polestone Fujimi	2005	9 Nov 07	JHYP II	228.4	207.0	30 Apr 08
26	Grand Polestone Higashi Hiratsuka	2007	22 Nov 07	Kyokutou Kensetsu KK ³	505.0	494.0	1 Apr 08
27	Grand Polestone Kinya	2005	9 Nov 07	JHYP	178.0	171.0	30 Jun 08
28	Grand Polestone Otemachi	2007	9 Nov 07	JHYP II	655.0	611.0	1 Apr 08
29	Grand Polestone Otemachi II	2007	22 Nov 07	Kyokutou Kensetsu KK ³	470.0	457.0	1 Apr 08
30	Grand Polestone Takeya	2006	9 Nov 07	JHYP	641.0	636.0	30 Jun 08
31	Grand Polestone Tsurumi	2006	9 Nov 07	JHYP II	465.0	440.0	1 Apr 08
32	Higashi Hakushima Y Building	2003	9 Nov 07	JHYP	210.0	202.0	30 Jun 08
33	Kamei Five	1989	9 Nov 07	JHYP	139.0	118.0	30 Jun 08
34	Kinyacho Grande	2004	9 Nov 07	JHYP	573.0	557.0	30 Jun 08
35	Kinyacho Y Building	2002	9 Nov 07	JHYP	244.0	231.0	30 Jun 08
36	Kusatsu Higashi Heights	1988	9 Nov 07	JHYP II	197.0	232.0	30 Apr 08
37	Matoba Meijibashi II	1996	9 Nov 07	JHYP	324.0	312.7	30 Jun 08
38	Matoba Y Building	1999	9 Nov 07	JHYP	229.0	212.0	30 Jun 08
39	Otemachi Y Building	2001	9 Nov 07	JHYP	244.0	222.0	30 Jun 08
40	Quest Tower Noboricho	2008	30 May 08	GK Quest Field ³	680.0	685.0	1 May 08
41	Residence II Yasuda	1985	9 Nov 07	JHYP	120.0	108.0	30 Jun 08
42	Royal Shinonome	1990	28 Nov 07	KK IDO ³	320.0	321.0	30 Apr 08
43	Shinonome Heights	1988	28 Nov 07	KK IDO ³	175.0	181.0	30 Apr 08
44	Sun Park Yokokawa	1988	9 Nov 07	JHYP	81.7	75.4	30 Jun 08
45	U.I. Building	1993	9 Nov 07	JHYP	342.0	324.0	30 Jun 08
46	Villa Kaita	1992	28 Nov 07	KK IDO ³	300.0	314.0	30 Apr 08
47	VOGA Minami Kannon	1993	9 Nov 07	JHYP II	230.0	191.0	30 Apr 08
48	Wing Nakahirodori	2007	9 Nov 07	JHYP II	838.6	812.0	30 Apr 08
Sub-total:					10,160.4	9,754.1	
KAGOSHIMA							
49	Abitare Kohrimoto	1990	9 Nov 07	JHYP II	338.0	310.0	30 Apr 08
50	Abitare Shimoarata I	1989	9 Nov 07	JHYP II	342.0	315.0	30 Apr 08
51	Abitare Shinyashiki	1989	9 Nov 07	JHYP II	316.0	301.0	30 Apr 08
52	Yamamoto Mansion	2004	9 Nov 07	JHYP	765.0	710.0	30 Jun 08
Sub-total:					1,761.0	1,636.0	
KITAKYUSHU							
53	Alte Heim Kokura	1992	9 Nov 07	JHYP	113.0	101.0	30 Jun 08
54	Alte Heim Kokura II	1995	9 Nov 07	JHYP	586.0	495.0	30 Jun 08
55	Alte Heim Kokura IV	1989	9 Nov 07	JHYP	124.0	109.0	30 Jun 08
56	Alte Heim Mojekimae	1992	9 Nov 07	JHYP	211.0	185.0	30 Jun 08
57	Alte Heim Orio	1996	9 Nov 07	JHYP	405.0	335.0	30 Jun 08

1 Save for the 19 properties Saizen REIT acquired after the listing, the purchase consideration for the property that was acquired from Central-Top, JHYP or JHYP II, being the Vendors, also represented the valuation of the property at acquisition. Details of the valuations conducted at the IPO are set out in the Prospectus.

2 The valuations were determined using income approach, which includes the direct capitalisation method and discounted cash flow method.

3 Seller of the property, who / which is an independent third party not related to Saizen REIT.

No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Leasable Area (sqm)	Occupancy rate by sqm (Residential and Commercial) as at 30 June 2008	Annual Rental Income ⁴ (JPY)	% of Revenue for June 2008
62	0	15	1,406	1,376	91%	33,893,376	0.8%
27	0	0	579	546	100%	14,220,000	0.4%
30	0	17	2,102	1,949	90%	21,192,000	0.5%
28	0	0	739	739	93%	13,104,000	0.3%
24	6	21	2,108	1,759	93%	33,909,072	0.8%
50	0	7	1,319	1,228	100%	41,067,600	1.0%
32	0	10	1,004	794	97%	21,950,868	0.5%
29	0	6	963	815	91%	17,900,400	0.4%
23	0	7	475	442	96%	11,527,200	0.3%
17	0	0	519	450	83%	9,084,000	0.2%
14	0	0	290	290	100%	6,432,000	0.2%
12	0	1	298	283	100%	6,462,000	0.2%
29	0	3	768	51	86%	13,593,096	0.3%
377	6	87	12,570	11,422		244,335,612	6.0%
19	0	18	1,172	1,027	90%	12,375,000	0.3%
30	0	8	1,594	1,382	98%	19,693,728	0.5%
20	0	13	1,763	1,486	77%	14,619,000	0.4%
32	4	30	3,101	2,447	94%	35,143,536	0.9%
50	1	24	4,275	3,907	87%	38,658,000	1.0%
151	5	93	11,905	10,249		120,489,264	3.1%
32	0	7	1,000	920	97%	25,164,000	0.6%
27	0	0	579	512	89%	9,720,000	0.2%
68	0	0	1,133	1,142	97%	26,616,000	0.7%
32	1	4	1,047	960	92%	28,980,000	0.7%
28	1	3	830	769	100%	19,411,200	0.5%
32	2	5	1,369	1,105	87%	22,764,000	0.6%
19	0	1	598	548	79%	13,356,000	0.3%
39	1	6	1,414	1,312	100%	36,768,000	0.9%
16	0	2	531	416	94%	11,352,000	0.3%
38	0	8	1,812	1,529	79%	35,160,000	0.9%
280	0	6	1,271	1,137	81%	26,700,000	0.7%
52	1	3	1,897	1,575	96%	41,844,000	1.0%
36	0	5	1,216	1,060	94%	28,344,000	0.7%
19	0	4	561	536	84%	13,620,000	0.3%
22	2	2	522	449	84%	9,937,800	0.2%
50	0	8	1,438	1,360	94%	38,640,000	1.0%
24	0	27	186	218	4%	15,906,000	0.4%
60	0	5	1,183	1,183	100%	24,348,000	0.6%
42	0	0	916	820	90%	23,532,000	0.6%
23	1	2	753	663	96%	16,560,000	0.4%
24	0	2	651	577	96%	17,244,000	0.4%
60	0	5	1,736	1,66	57%	3,528,000	0.1%
21	0	2	580	445	81%	8,820,000	0.2%
80	0	16	1,373	1,358	99%	33,942,000	0.8%
48	0	0	778	778	94%	17,844,000	0.4%
21	0	0	402	322	78%	6,420,000	0.2%
31	0	31	2,061	2,002	94%	26,832,000	0.7%
80	0	3	1,408	1,335	98%	33,816,000	0.8%
39	0	0	890	659	95%	17,496,000	0.4%
72	2	13	2,239	2,161	95%	55,804,512	1.4%
1,163	11	145	32,906	29,919		689,659,512	17.0%
58	0	3	1,279	1,277	100%	27,876,000	0.7%
60	0	0	1,252	1,235	98%	27,474,500	0.7%
54	0	0	1,409	1,292	93%	24,540,000	0.6%
99	1	8	2,762	2,672	94%	56,901,840	1.4%
271	1	11	6,702	6,476		136,791,840	3.4%
21	0	2	6244	659	91%	9,509,148	0.2%
87	1	9	1,833	1,799	87%	38,628,000	1.0%
17	0	2	818	733	94%	11,000,400	0.3%
31	0	8	774	699	100%	17,196,000	0.4%
60	0	12	1,424	1,329	100%	31,992,000	0.8%

Continued next page

4 The annual rental income represents the annualised rental income of each of the properties in June 2008.
Rental income comprises base rental income, common area management fees and car parking rental income only.

No.	Property Name	Year built	Date of Acquisition	Seller	Purchase Consideration ¹ (JPY million)	Latest Valuation ² (JPY million)	Valuation Date
KITAKYUSHU							
58	Chalet Aoyama	1989	9 Nov 07	JHYP	325.0	262.0	30 Jun 08
59	Chalet Einomaru II	1991	9 Nov 07	JHYP	147.0	134.0	30 Jun 08
60	Chalet Harunomachi	1991	9 Nov 07	JHYP	478.6	459.0	30 Jun 08
61	Chalet Kanda II	1992	9 Nov 07	JHYP	341.0	320.0	30 Jun 08
62	Chalet Kishinoura	1991	9 Nov 07	JHYP	384.0	348.0	30 Jun 08
63	Chalet Matsuo II	1991	9 Nov 07	JHYP	78.8	75.0	30 Jun 08
64	Chalet Numahon Machi II	1991	9 Nov 07	JHYP	246.0	222.0	30 Jun 08
65	Chalet Shiragane	1990	9 Nov 07	JHYP	285.0	283.0	30 Jun 08
66	Chalet Suwamachi	1996	9 Nov 07	JHYP	387	345.0	30 Jun 08
67	Chalet Tsudashin Machi	1990	9 Nov 07	JHYP	193.0	175.0	30 Jun 08
68	City Room Nakai III	1998	9 Nov 07	JHYP	193.00	190.0	30 Jun 08
69	Club House Kikugaoka	1991	9 Nov 07	JHYP	330.0	307.0	30 Jun 08
70	Katano Residential Building	1990	9 Nov 07	JHYP	515.0	465.0	30 Jun 08
71	KN 21 Shiragane	2000	9 Nov 07	JHYP	302.0	270.0	30 Jun 08
72	KN 7 Kirigaoka	1996	9 Nov 07	JHYP	452.0	409.0	30 Jun 08
73	Shinko Kokura Kogane Sky Mansion	1990	9 Nov 07	JHYP	267.0	243.0	30 Jun 08
74	Urban KN 2 Kumamoto	1984	9 Nov 07	JHYP	113.0	94.0	30 Jun 08
Sub-total:					6,476.4	5,826.0	
KORIYAMA							
75	Arioso Phrase	2006	29 Nov 07	Goumeigaisha Saito Syouji ³	475.0	491.0	30 Apr 08
76	Leggiero Viola	2004	9 Nov 07	JHYP	375.0	349.0	30 Jun 08
77	Maestoso Figur	2000	9 Nov 07	JHYP	456.0	441.0	30 Jun 08
Sub-total:					1,306.0	1,281.0	
KUMAMOTO							
78	EMYU Heisei Keyakidori Mansion	2007	9 Nov 07	JHYP	956.0	789.0	30 Jun 08
79	EMYU Honjo	2006	9 Nov 07	JHYP	1,100.0	944.0	30 Jun 08
80	EMYU Shinmachi	2006	9 Nov 07	JHYP	761.0	653.0	30 Jun 08
81	EMYU Suizenji	2006	9 Nov 07	JHYP	1,305.0	1,070.0	30 Jun 08
82	KC Heights	1980	9 Nov 07	JHYP	155.0	136.0	30 Jun 08
83	Mon Palais Toroku	1994	9 Nov 07	JHYP	362.0	271.0	30 Jun 08
84	Rise Fujisaki Dai	2006	9 Nov 07	JHYP	331.0	298.0	30 Jun 08
85	Rise Gofuku	2006	9 Nov 07	JHYP	336.0	301.0	30 Jun 08
86	Rise Heiseiekimae	2007	9 Nov 07	JHYP II	225.0	215.0	30 Apr 08
87	Rise Kojo Horibata	2004	9 Nov 07	JHYP	111.0	99.0	30 Jun 08
88	Rise Kuhonji II	2005	9 Nov 07	JHYP	484.0	440.0	30 Jun 08
89	Rise Kumadai Hospital II	2007	9 Nov 07	JHYP	622.0	563.0	30 Jun 08
90	Rise Kumamoto Station South	2006	9 Nov 07	JHYP	211.0	170.0	30 Jun 08
91	Rise Oe	1998	9 Nov 07	JHYP	306.0	251.0	30 Jun 08
92	Rise Shimodori	2005	9 Nov 07	JHYP	389.0	330.0	30 Jun 08
93	Romaugé Kamidori Namikizaka	2007	30 Apr 08	KK Crea ³	750.0	764.0	1 Feb 08
Sub-total:					8,404.0	7,294.0	
KURASHIKI							
94	Gardenia Kurashiki	1994	9 Nov 07	JHYP	148.0	144.0	30 Jun 08
Sub-total:					148.0	144.0	
MORIOKA							
95	K1 Mansion Morioka	1995	9 Nov 07	JHYP	79.0	71.8	30 Jun 08
96	K2 Mansion Morioka	1997	9 Nov 07	JHYP	380.0	329.0	30 Jun 08
97	Senboku Heim I	1991	9 Nov 07	JHYP II	204.0	180.0	30 Apr 08
98	Senboku Heim II	1995	9 Nov 07	JHYP II	125.0	109.0	30 Apr 08
Sub-total:					788.0	689.8	
NIIGATA							
99	GEO Kamiokawamaedori 3	2005	21 Nov 07	Mr Kazuhiro Daisaka ³	450.2	423.0	1 Apr 08
100	Hills Kawabata	2006	21 Nov 07	Mr Kazuhiro Daisaka ³	315.0	306.0	1 Apr 08
101	Hills Nogizaka	2006	21 Nov 07	Ms Miki Daisaka and Mr Kazuhiro Daisaka ³	404.9	358.0	1 Apr 08
Sub-total:					1,170.1	1,087.0	
OITA							
102	Taisei Building III	1979	9 Nov 07	JHYP	373.0	307.0	30 Jun 08
Sub-total:					373.0	307.0	
SAPPORO							
103	Art Side Terrace	1986	9 Nov 07	JHYP	687.0	595.0	30 Jun 08
104	Aster Yamahana	1987	9 Nov 07	JHYP	193.0	169.0	30 Jun 08
105	Casa Motomachi	2007	9 Nov 07	JHYP II	341.0	299.0	1 Apr 08
106	Chateau 24	1994	9 Nov 07	Central-Top	649.0	561.0	30 Jun 08
107	Chateau Nakanoshima	1989	9 Nov 07	Central-Top	298.0	250.0	30 Jun 08

1 Save for the 19 properties Saizen REIT acquired after the listing, the purchase consideration for the property that was acquired from Central-Top, JHYP or JHYP II, being the Vendors, also represented the valuation of the property at acquisition. Details of the valuations conducted at the IPO are set out in the Prospectus.

2 The valuations were determined using income approach, which includes the direct capitalisation method and discounted cash flow method.

3 Seller of the property, who / which is an independent third party not related to Saizen REIT.

No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Leasable Area (sqm)	Occupancy rate by sqm (Residential and Commercial) as at 30 June 2008	Annual Rental Income ⁴ (JPY)	% of Revenue for June 2008
40	0	24	2,098	2,098	88%	24,906,000	0.6%
20	0	9	937	937	100%	12,291,600	0.3%
50	0	20	3,089	2,750	96%	38,748,000	1.0%
38	0	25	2,094	2,094	92%	25,416,000	0.6%
41	0	23	1,754	1,727	90%	25,440,000	0.6%
12	0	1	411	411	85%	5,532,000	0.1%
20	3	14	1,344	1,313	84%	16,725,300	0.4%
21	1	5	1,337	1,316	92%	21,964,800	0.5%
28	0	23	2,317	2,221	85%	26,322,000	0.7%
23	2	0	1,276	1,227	95%	15,049,200	0.4%
30	0	5	855	855	90%	14,676,000	0.4%
25	0	26	1,928	1,867	84%	23,308,200	0.6%
34	2	36	3,721	2,315	97%	37,550,076	0.9%
31	1	27	1,472	1,390	86%	21,786,000	0.5%
32	0	41	2,194	2,122	85%	29,724,000	0.7%
54	1	4	1,209	1,161	98%	24,038,880	0.6%
15	0	10	914	799	75%	8,110,800	0.2%
730	11	326	34,423	31,628		479,914,404	11.8%
45	0	43	1,949	1,882	87%	37,372,512	0.9%
33	0	37	1,656	1,414	97%	28,870,140	0.7%
45	0	45	1,710	1,662	98%	34,402,860	0.8%
123	-	125	5,315	4,958		100,645,512	2.5%
90	0	53	4,281	3,699	96%	65,665,800	1.6%
99	0	30	4,160	3,458	98%	76,428,000	1.9%
81	0	22	2,932	2,517	94%	52,275,600	1.3%
119	0	56	4,503	4,257	99%	89,650,800	2.2%
20	0	21	1,283	1,152	100%	13,637,400	0.3%
72	0	10	1,740	1,494	90%	28,005,600	0.7%
36	0	8	1,405	1,338	100%	26,647,800	0.7%
34	1	2	1,583	1,358	95%	24,930,000	0.6%
18	2	7	863	852	100%	18,009,144	0.4%
12	0	6	442	345	100%	7,354,200	0.2%
45	3	4	1,973	1,884	100%	29,060,400	0.7%
54	0	18	2,789	2,419	95%	45,893,148	1.1%
20	0	7	980	940	91%	14,415,600	0.4%
36	1	0	1,204	1,163	100%	24,516,000	0.6%
36	0	13	1,398	1,265	100%	24,582,000	0.6%
56	13	6	3,048	2,796	85%	52,643,940	1.3%
828	20	263	34,584	30,937		593,715,432	14.6%
19	0	10	869	846	95%	14,287,152	0.4%
19	0	10	869	846		14,287,152	0.4%
6	0	6	496	434	100%	7,044,000	0.2%
42	0	44	1,880	1,870	98%	30,840,000	0.8%
24	0	26	1,325	1,230	100%	18,852,000	0.5%
12	0	8	786	713	92%	9,880,800	0.2%
84	-	84	4,487	4,247		66,616,800	1.7%
54	0	6	1,605	1,351	100%	33,552,000	0.8%
40	0	0	1,320	1,067	100%	24,000,000	0.6%
32	3	0	1,402	1,302	94%	30,756,000	0.8%
126	3	6	4,327	3,720		88,308,000	2.2%
45	8	8	3,315	2,827	85%	33,177,000	0.8%
45	8	8	3,315	2,827		33,177,000	0.8%
61	2	22	4,122	3,265	84%	45,576,576	1.1%
20	0	10	1,015	986	100%	16,128,000	0.4%
32	1	14	1,616	1,364	97%	28,862,400	0.7%
84	2	45	2,580	2,105	89%	45,313,200	1.1%
49	0	17	1,775	1,379	78%	20,712,000	0.5%

Continued next page

4 The annual rental income represents the annualised rental income of each of the properties in June 2008. Rental income comprises base rental income, common area management fees and car parking rental income only.

No.	Property Name	Year built	Date of Acquisition	Seller	Purchase Consideration ¹ (JPY million)	Latest Valuation ² (JPY million)	Valuation Date
SAPPORO							
108	Dear Misono	1996	9 Nov 07	JHYP II	61.0	46.0	30 Apr 08
109	Dominion Yamanote	1988	9 Nov 07	Central-Top	179.0	164.0	30 Jun 08
110	Ebisu Building III	1985	9 Nov 07	JHYP	91.0	80.7	30 Jun 08
111	Escort South 11	1992	9 Nov 07	JHYP	64.0	55.0	30 Jun 08
112	Estella 24-ken A	2006	9 Nov 07	JHYP	109.0	73.0	30 Jun 08
113	Estaille S12	2002	9 Nov 07	JHYP	269.0	219.0	30 Jun 08
114	First Kotake Building	1984	9 Nov 07	Central-Top	1,147.0	996.0	30 Jun 08
115	Glance Nishimachi	1993	9 Nov 07	Central-Top	466.0	427.0	30 Jun 08
116	Heart Inn Hongou	1989	9 Nov 07	JHYP	103.0	74.2	30 Jun 08
117	Infinity Higashi Sapporo	1991	9 Nov 07	Central-Top	244.0	226.0	30 Jun 08
118	Jeunes 23	1988	9 Nov 07	JHYP	376.0	290.0	30 Jun 08
119	Kohatsu 88	1990	9 Nov 07	JHYP	68.1	57.4	30 Jun 08
120	Kotoni 1-6 Mansion	1990	9 Nov 07	JHYP	351.0	330.0	30 Jun 08
121	Les Chambres	1986	9 Nov 07	Central-Top	89.7	81.4	30 Jun 08
122	Lumiere et vent	1998	9 Nov 07	JHYP	75.1	58.5	30 Jun 08
123	Luna Heights	1988	9 Nov 07	Central-Top	316.0	257.0	30 Jun 08
124	Maison Towa	1988	9 Nov 07	Central-Top	210.0	199.0	30 Jun 08
125	Matsui 38	1987	9 Nov 07	Central-Top	188.0	162.0	30 Jun 08
126	Matsui 53	1988	9 Nov 07	Central-Top	243.0	191.0	30 Jun 08
127	Matsui 82	1989	9 Nov 07	Central-Top	452.0	410.0	30 Jun 08
128	Misono	1991	9 Nov 07	Central-Top	339.0	319.0	30 Jun 08
129	Park Crystal	1990	9 Nov 07	Central-Top	317.0	269.0	30 Jun 08
130	Plaza Nakajima Park	1990	9 Nov 07	Central-Top	370.0	340.0	30 Jun 08
131	Reef Suite	2005	9 Nov 07	JHYP	210.0	174.0	30 Jun 08
132	Residence Shiroishi ABCD	1988(A,B) 1989(C,D)	20 Nov 07	Mr Itsuo Koizumi ³	525.0	535.0	30 Apr 08
133	S. Heim	1987	9 Nov 07	Central-Top	136.0	120.0	30 Jun 08
134	Sec' As Blue II	2004	9 Nov 07	JHYP II	440.0	361.0	1 May 08
135	Studio City	1985	9 Nov 07	JHYP	314.0	240.0	30 Jun 08
136	Suien	2004	9 Nov 07	JHYP	131.0	93.1	30 Jun 08
137	Sun City	1988	9 Nov 07	Central-Top	404.0	356.0	30 Jun 08
138	Three Tower	1992	9 Nov 07	Central-Top	1,071.0	960.0	30 Jun 08
139	TOA Mansion	1988	9 Nov 07	JHYP	823.0	684.0	30 Jun 08
140	Towa Kita 7 Jo	1989	4 Dec 07	Shokusan Kougyo KK ³	350.0	355.0	30 Apr 08
141	Towa Kotoni	1989	4 Dec 07	KK Towa ³	330.0	327.0	30 Apr 08
142	Treasure 15	1990	9 Nov 07	Central-Top	187.0	173.0	30 Jun 08
143	Urban Yamahana	1990	9 Nov 07	Central-Top	136.0	131.0	30 Jun 08
Sub-total:					13,352.9	11,708.3	
SENDAI							
144	Aisho Plaza Hachiman	1991	9 Nov 07	JHYP	240.0	229.0	30 Jun 08
145	Castle Kano	1989	9 Nov 07	JHYP	256.0	229.0	30 Jun 08
146	Clio Court	1988	9 Nov 07	JHYP	244.0	232.0	30 Jun 08
147	Core Life	1990	9 Nov 07	JHYP	541.0	512.0	30 Jun 08
148	Etoile Higashi Sendai	1987	9 Nov 07	JHYP	123.0	116.0	30 Jun 08
149	Exceed Tsuchitai	1998	9 Nov 07	JHYP	119.0	112.0	30 Jun 08
150	Fantage Yaotome	1998	29 Nov 07	Mr Tomoko Fujimura, Mr Manabu Fujimura and Ms Kaori Fukuoka ³	285.0	235.0	1 Apr 08
151	Floreceer Miyagino	1999	27 Nov 07	Mr Yoshio Obata	239.2	272.0	1 Apr 08
152	High Grace II	1998	9 Nov 07	JHYP	413.0	387.0	30 Jun 08
153	Liesse Wakabayashi	1995	9 Nov 07	JHYP II	179.0	139.0	1 Apr 08
154	Lively Kamisugi	1991	9 Nov 07	JHYP	91.8	82.8	30 Jun 08
155	Maison d'Etoile II	1984	9 Nov 07	JHYP II	122.0	102.0	1 Apr 08
156	Mansion Lilac	1990	9 Nov 07	JHYP	64.0	61.7	30 Jun 08
157	Niken Chaya Grand Heights	1979	9 Nov 07	JHYP	479.0	459.0	30 Jun 08
158	River City Kimachi	1988	9 Nov 07	JHYP	164.0	154.0	30 Jun 08
159	Royal Hills Katagiri	1994	9 Nov 07	JHYP	197.0	184.0	30 Jun 08
160	Royal Hills Komatsushima	1990	9 Nov 07	JHYP II	174.0	157.0	30 Apr 08
161	Sun Hills Asahigaoka	1987	9 Nov 07	JHYP	70.2	68.0	30 Jun 08
162	Sun Port 6	1986	9 Nov 07	JHYP	189.0	176.0	30 Jun 08
163	Sun Rise Kashiwagi	1997	9 Nov 07	JHYP	249.0	236.0	30 Jun 08
164	Sun Vario Shinden Eki Mae	2006	9 Nov 07	JHYP	494.0	484.0	30 Jun 08
165	Urban Hills Dainohara	1991	9 Nov 07	JHYP	164.0	158.0	30 Jun 08
166	YSK Co-op Saiwaicho	1993	9 Nov 07	JHYP	513.0	500.0	30 Jun 08
Sub-total:					5,610.2	5,285.5	
GRAND TOTAL:					54,120.1	49,062.3	

1 Save for the 19 properties Saizen REIT acquired after the listing, the purchase consideration for the property that was acquired from Central-Top, JHYP or JHYP II, being the Vendors, also represented the valuation of the property at acquisition. Details of the valuations conducted at the IPO are set out in the Prospectus.

2 The valuations were determined using income approach, which includes the direct capitalisation method and discounted cash flow method.

3 Seller of the property, who / which is an independent third party not related to Saizen REIT.

No. of Residential Units	No. of Commercial Units	No. of Car Parking Units	Gross Floor Area (sqm)	Net Lettable Area (sqm)	Occupancy rate by sqm (Residential and Commercial) as at 30 June 2008	Annual Rental Income ⁴ (JPY)	% of Revenue for June 2008
9	1	2	361	314	83%	4,536,000	0.1%
33	0	5	964	800	81%	13,584,000	0.3%
16	0	0	403	403	88%	6,324,000	0.2%
10	0	0	554	495	90%	5,748,000	0.1%
12	0	1	468	372	84%	6,552,000	0.2%
18	0	12	1,186	919	78%	13,866,000	0.3%
28	7	16	4,379	3,169	95%	75,175,824	1.9%
40	0	37	3,192	2,668	95%	38,191,800	0.9%
20	0	4	503	458	85%	7,500,000	0.2%
22	2	10	1,732	1,398	97%	22,844,400	0.6%
34	1	14	1,700	1,502	96%	26,429,436	0.7%
8	1	0	533	453	89%	5,592,000	0.1%
42	2	6	1,923	1,662	96%	29,214,000	0.7%
20	0	3	546	469	95%	7,764,000	0.2%
9	0	6	5453	37	100%	6,091,200	0.2%
50	0	2	1,575	1,304	98%	26,088,000	0.6%
25	2	7	1,502	1,149	90%	19,261,404	0.5%
20	2	2	1,100	847	96%	16,068,000	0.4%
36	0	4	1,233	1,074	95%	19,560,000	0.5%
48	2	4	2,970	2,483	92%	39,894,288	1.0%
26	8	16	1,837	1,598	89%	27,871,500	0.7%
56	0	5	1,575	1,286	75%	20,035,200	0.5%
37	0	14	2,465	2,189	75%	26,484,000	0.7%
18	0	15	1,260	894	84%	14,088,000	0.3%
124	0	25	3,927	3,492	84%	53,820,000	1.3%
26	0	8	794	636	89%	11,028,000	0.3%
48	0	11	2,159	1,643	100%	33,762,840	0.8%
51	1	12	1,963	1,435	98%	27,095,100	0.7%
15	0	0	681	577	80%	8,400,000	0.2%
50	0	18	4,316	2,833	90%	37,984,464	0.9%
57	3	103	6,258	5,569	100%	96,649,596	2.4%
70	1	28	5,335	4,406	97%	66,288,288	1.6%
33	0	23	2,781	2,509	81%	30,285,432	0.7%
29	0	18	2,330	2,084	79%	25,752,864	0.6%
36	0	0	886	879	86%	15,060,000	0.4%
18	0	11	829	752	84%	12,288,000	0.3%
1,440	38	550	77,873	64,157		1,053,769,812	25.9
27	0	0	643	607	94%	17,112,000	0.4%
30	0	1	1,091	1,038	84%	17,500,200	0.4%
20	0	13	1,178	1,097	100%	21,395,988	0.5%
46	3	43	4,780	3,849	76%	42,712,200	1.1%
15	0	7	652	652	93%	9,520,596	0.2%
14	0	2	378	314	86%	8,037,144	0.2%
24	0	19	1,430	1,363	79%	20,304,000	0.5%
39	0	12	1,082	1,021	90%	23,634,000	0.6%
50	1	10	1,206	1,125	80%	26,135,400	0.6%
32	0	9	781	671	97%	15,522,228	0.4%
12	0	3	294	277	92%	6,420,000	0.2%
28	0	0	661	598	89%	12,180,000	0.3%
6	0	0	294	270	67%	3,684,000	0.1%
40	0	18	2,713	2,287	82%	32,418,000	0.8%
16	0	0	754	636	94%	12,796,800	0.3%
27	0	10	937	732	93%	15,374,400	0.4%
26	0	5	691	678	90%	13,662,000	0.3%
15	0	0	335	334	100%	6,360,000	0.2%
35	0	13	887	883	85%	14,986,320	0.4%
31	0	4	680	666	94%	17,204,004	0.4%
47	0	26	1,715	1,527	95%	34,535,952	0.9%
33	0	0	757	677	97%	13,944,000	0.3%
25	5	27	2,810	2,218	100%	44,139,924	1.1%
638	9	222	26,749	23,520		429,579,156	10.6%
5,995	112	1,930	256,025	224,906		4,051,289,496	100.0%

4 The annual rental income represents the annualised rental income of each of the properties in June 2008. Rental income comprises base rental income, common area management fees and car parking rental income only.



Highly stable operations)

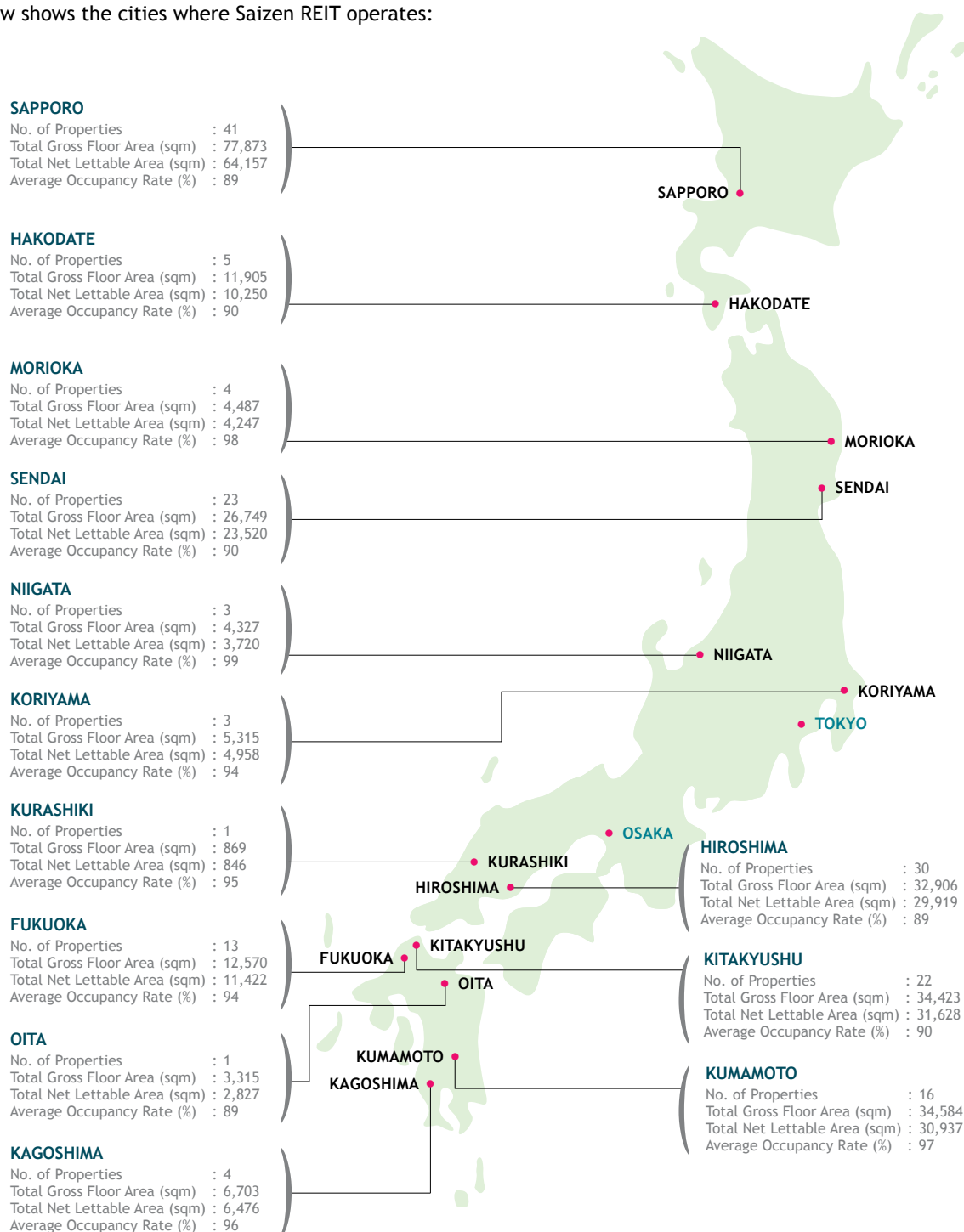


Portfolio Overview

Geographical Distribution of Saizen REIT's Portfolio

As at 30 June 2008, Saizen REIT's portfolio consists of 166 properties located across 13 regional Japanese cities.

The map below shows the cities where Saizen REIT operates:



Unit Type

Saizen REIT's portfolio consists predominantly of residential units, with some commercial elements in the form of office and retail units located in the property's lower floors. The portfolio also has a number of car parking spaces, including tower parking facilities. The charts below show the composition of the portfolio in terms of the type of units and their revenue contribution.

Portfolio Distribution by Unit Type (%)*

Residential units	75%
Commercial/retail units	1%
Car parking spaces	24%



As at 30 June 2008

* As a percentage of the total number of units in Saizen REIT's portfolio.

Revenue Contribution by Unit Type (%)*

Residential units	90%
Commercial/retail units	6%
Car parking spaces	4%



* As a percentage of total gross revenue attributable to Saizen REIT's portfolio for June 2008.

Residential Units

Residential units in the portfolio are divided into three categories in terms of their size, comprising small, medium and family units. Each property may have a combination of unit types, but a majority of the portfolio properties consist of small and medium units.

Residential Units Distribution by Size (%)*

Small	49%
Medium	38%
Family	13%

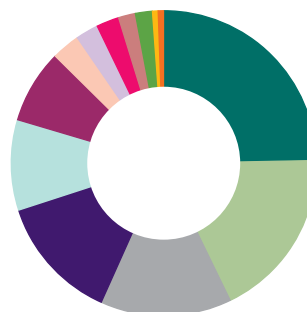


As at 30 June 2008

* As a percentage of the total number of residential units in Saizen REIT's portfolio.

Portfolio Distribution (in terms of number of properties) by Location (%)*

Sapporo	24.7%
Hiroshima	18.1%
Sendai	13.9%
Kitakyushu	13.3%
Kumamoto	9.6%
Fukuoka	7.8%
Hakodate	3.0%
Morioka	2.4%
Kagoshima	2.4%
Koriyama	1.8%
Niigata	1.8%
Oita City	0.6%
Kurashiki	0.6%

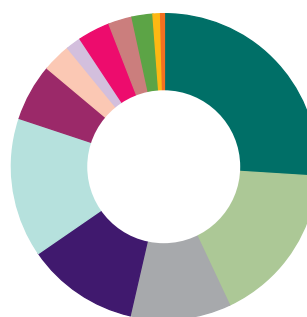


As at 30 June 2008

* As a percentage of the total number of properties in Saizen REIT's portfolio.

Portfolio Distribution (in terms of revenue) by Location (%)*

Sapporo	26.0%
Hiroshima	17.0%
Sendai	10.6%
Kitakyushu	11.8%
Kumamoto	14.7%
Fukuoka	6.0%
Hakodate	3.0%
Morioka	1.6%
Kagoshima	3.4%
Koriyama	2.5%
Niigata	2.2%
Oita City	0.8%
Kurashiki	0.4%



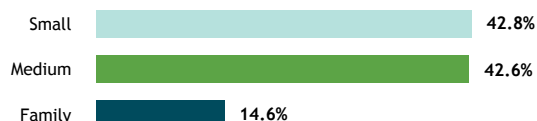
* As a percentage of the total gross revenue attributable to Saizen REIT's portfolio for June 2008.

Portfolio Distribution by Residential Unit Size (Number)



As at 30 June 2008

Revenue Contribution by Residential Unit Size (%)*



* As a percentage of the total gross revenue attributable to Saizen REIT's portfolio for June 2008.

Average Lease Turnover Rate by Residential Unit Size (%)



FY2008

Below are descriptions of the general characteristics of a typical residential unit type:

Type	Layout and Size	Tenant Profile	Location
Small	Layout type Studio (1R) Studio plus kitchen (1K) Average size 20sqm - 35sqm	Young working singles, students	<ul style="list-style-type: none"> Downtown, around major business and entertainment areas Towns along major transportation networks linking major business and commercial centres ("Bed Towns")
Medium	Layout type 1 Bedroom plus dining and kitchen (1DK) 2 Bedrooms plus dining and kitchen (2DK) 2 Bedrooms with living, dining and kitchen (2LDK) Average Size 35sqm - 50sqm	Young professionals, working singles, working couples without children	<ul style="list-style-type: none"> Close to educational institutions
Family	Layout type 3 Bedrooms plus living, dining and kitchen and above (3LDK) Average Size 50sqm and above	Families	<ul style="list-style-type: none"> Suburbs, residential areas Bed Towns near transportation networks and basic amenities (e.g. schools, hospitals, supermarkets)

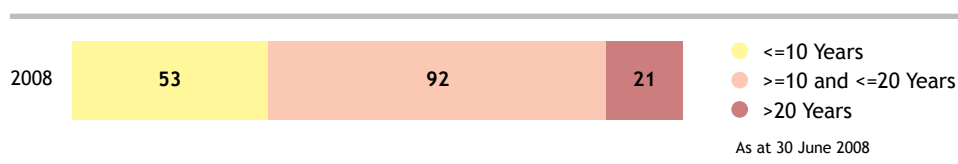
Lease terms and tenant profile

As at 30 June 2008, the property portfolio of Saizen REIT comprises 5,995 residential units and 112 commercial units, of which 5,498 residential units and 95 commercial units were occupied. Over 98% of our units are for residential use where the tenants are principally working singles, students and families. In view of the fact that the tenant mix of Saizen REIT's residential units is principally individuals and families and the trade sectors of such tenants cannot be clearly defined, we believe the disclosure of the trade sector mix of tenants as required by the Code on Collective Investment Schemes will not be meaningful. As less than 2% of the property portfolio of Saizen REIT comprises commercial units, we are also of the view that the disclosure of the trade sector mix of tenants in such commercial units will not be meaningful.

In line with the general practice of the Japan residential property market, the majority of the leases for our properties are standard leases for periods of two years. Notwithstanding, under their terms, such leases may generally be terminated by tenants upon giving one to two months' notice. During FY2008, tenant turnover rates (i.e. rate of termination of leases by tenants) of Saizen REIT's property portfolio were 17% for the family type units and about 22% for the medium and small type units. Given that the lease tenures of two years are relatively short, we are of the view that an analysis on lease maturity will not be meaningful. Saizen REIT's property portfolio has 5,593 occupied residential and commercial units as at 30 June 2008. Given the broad tenant base, we believe the risk of lease maturity is well diversified.

Due to the diversification mentioned above, the aggregate revenue attributable to the top 10 residential unit tenants only accounted for about 0.43% of the gross monthly rental revenue of Saizen REIT in June 2008. For commercial units, the aggregate revenue attributable by the top 10 tenants only accounted for about 1.96% of the gross monthly rental revenue of Saizen REIT in June 2008. On this basis, we are of the view that analysis of the top 10 tenants will not be meaningful.

Portfolio Distribution by Age of Properties

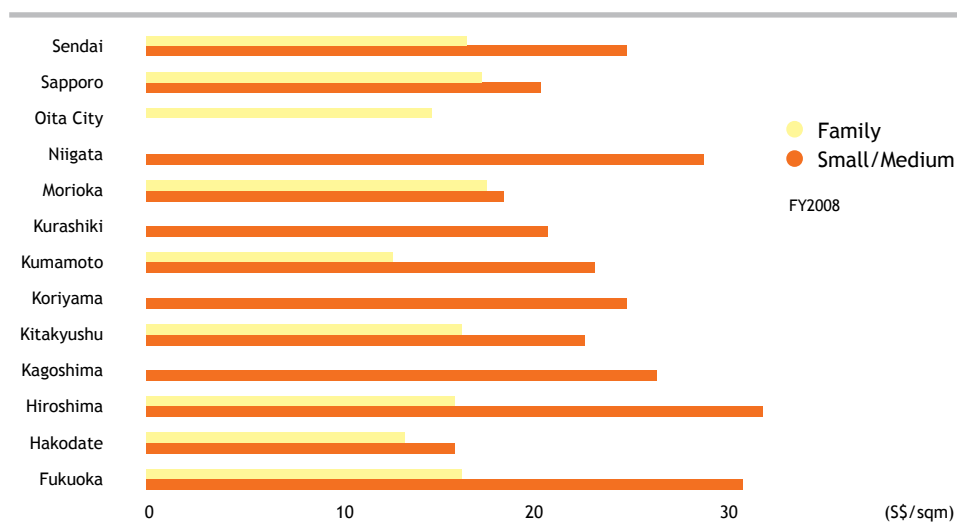


Value weighted average age of properties: 13.6 years.

Rental Rates

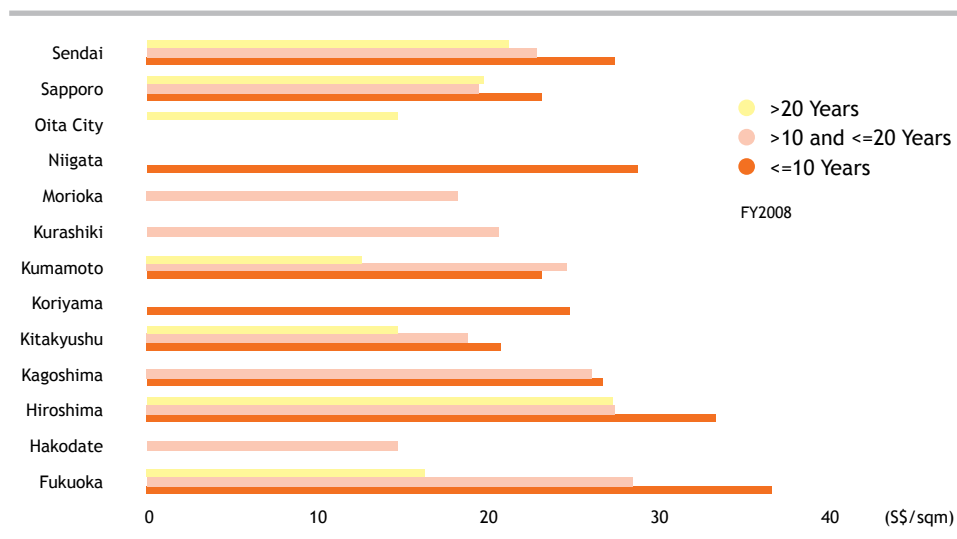
Factors which affect rental rates include age of property, unit condition, location, purpose and type. The table below shows the average rental per square meter by unit type for each city in which Saizen REIT operates:

Average S\$/sqm Rental Rates by Unit Type



The table below shows the average rental per square meter by property age for each city in which Saizen REIT operates:

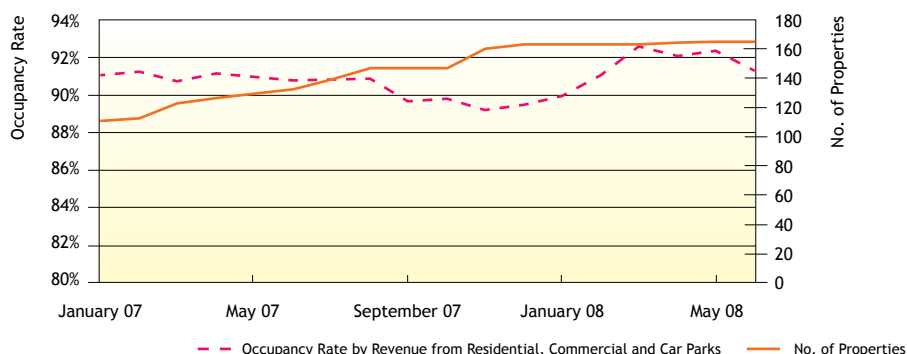
Average S\$/sqm Rental Rates by Property Age



Occupancy Rates

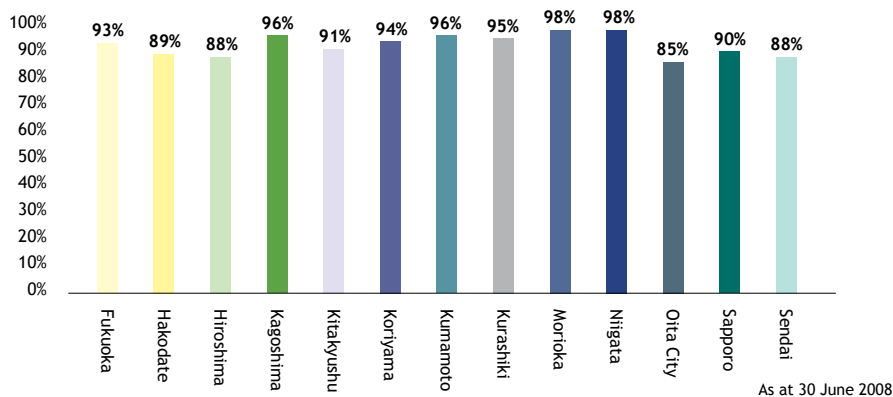
Saizen REIT's portfolio has maintained stable occupancy. The diversification in terms of number of units (5,995 residential, 112 commercial and 1,930 car parking spaces), geographical distribution (13 cities) and a large tenant base further enhances stability.

Occupancy Rates and Size of Portfolio*



* Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 30 May 2008. It is currently being leased up.

Occupancy Rate by Geographical Distribution (%)*



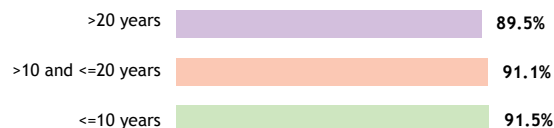
* Occupancy rate of residential and commercial units in Saizen REIT's portfolio.

Occupancy Rate by Residential Unit Size (%)



As at 30 June 2008

Occupancy Rate by Property Age (%)*



As at 30 June 2008

* Occupancy rate of residential and commercial units in Saizen REIT's portfolio.

Corporate Governance

As the manager of Saizen REIT, Japan Residential Assets Manager Limited is committed to high corporate governance standards to ensure clear internal control systems, policies, procedures, communication and reporting lines are in place so as to protect the interests of Unitholders.

The Manager also ensures that applicable laws and regulations within the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code on Collective Investment Schemes (including the Property Funds Guidelines) ("**Code on CIS**") issued by the Monetary Authority of Singapore ("**MAS**"), and the Securities and Futures Act, are complied with, and that the Manager's obligations under the tax rulings dated 28 June 2007 and 10 July 2007 respectively issued by the Inland Revenue Authority of Singapore in relation to the taxation of Saizen REIT and its Unitholders and the trust deed dated 27 September 2007 (as supplemented from time to time) entered into between the Trustee and the Manager (the "**Trust Deed**") are properly carried out.

The Manager uses the Code of Corporate Governance 2005, which took effect on 1 January 2007, as a benchmark for its corporate governance policies and practices. The following sets out the Manager's main corporate governance policies and practices for the year ended 30 June 2008:

The Manager

Japan Residential Assets Manager Limited was appointed as the manager of Saizen REIT in accordance with the Trust Deed. The Manager has general powers of management over the investment activities of Saizen REIT, for the benefits of the Unitholders. Pursuant to the Trust Deed, the Manager has the power to retire in favour of a corporation approved by the Trustee to act as the manager of Saizen REIT. Also, the Manager may be removed by an ordinary resolution passed by a simple majority of Unitholders.

The principal responsibilities of the Manager include:

- setting the strategic directions of Saizen REIT and giving recommendations to the Trustee on the establishment of new TK arrangements, divestments, or propose other investment methods and strategies that are beneficial to Unitholders;
- making recommendations to the Trustee on investment opportunities identified by the Asset Manager;
- reviewing reports prepared by the Asset Manager on a regular basis, which may contain property plans at the fund level on a regular basis, proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions;
- implementing suitable hedging strategies to minimise any foreign exchange rate risk;
- ensuring compliance with applicable rules and regulations; and
- attending to all regular communication with Unitholders

Board of Directors of the Manager

The Board of Directors of the Manager (the "**Board**") is responsible for the overall management and corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, compliance monitoring, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager and Saizen REIT, including a system of internal control and business risk management process.

As at 30 June 2008, the Board consisted of seven members, three of whom are independent non-executive directors. None of the directors has entered into any service contract with Saizen REIT.

Members of the Board are:

- Mr Arnold Ip Tin Chee (Chairman)
- Mr Chang Sean Pey (Chief Executive Officer)
- Mr Raymond Wong Kin Jeon (Executive Director)
- Mr Yeh V-Nee (Non-executive Director)
- Mr Soh Yew Hock (Independent Non-executive Director)
- Mr Dennis Lam Siu Sun (Independent Non-executive Director)
- Mr Harold Sun Dai Hoe (Independent Non-executive Director)

To assist and facilitate the execution of its responsibilities, the Board has established the Audit Committee and Corporate Announcement Committee.

Saizen REIT is externally managed by the Manager and has no personnel of its own. The Manager appoints experienced and qualified management personnel to handle its day-to-day operations and all directors and employees of the Manager are remunerated by the Manager.

The Board meets regularly, at least once every quarter, to review key activities, objectives and business strategies of the Manager. These include any significant acquisitions and divestments, the budgets, the financial performance of Saizen REIT and approval for the release of the quarterly, half-yearly and annual results. The meeting also reviews the risks to the assets of Saizen REIT, examines debt management and refinancing status, and acts upon any comments from the auditors of Saizen REIT ("**Quarterly Review Board Meetings**"). Where appropriate, Board meetings are also convened for administrative matters such as approving public announcements ("**Administrative Board Meetings**"). To simplify the process of approval for standard announcements, the Manager has formed the Corporate Announcement Committee on 26 August 2008. Details of the Corporate Announcement Committee are set out on page 44 of this report.

Composition of the Board

The composition of the Board, including the selection of candidates for new appointments to the Board as part of the renewal process, is determined using the following principles:

- there should be a clear separation of the roles of the Chairman and the Chief Executive Officer;
- the Board should comprise directors with a broad range of commercial experience including expertise in fund management and the real estate industry; and
- at least one-third of the Board should comprise independent directors.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Newly-appointed directors of the Manager will be given a briefing session by the management and company secretary of the Manager to ensure each director understands his roles and duties as well as the business model and operations of Saizen REIT.

The positions of Chairman and Chief Executive Officer are held by two separate individuals to ensure clear and effective segregation of duties. The Chairman ensures that the members of the Board work together with management in a constructive manner to address strategy, business operations and enterprise issues. The Chief Executive Officer has full executive responsibilities over the development and review of investment and divestment strategies, the day-to-day operations of Saizen REIT and works closely with the management team to ensure the strategic, financial, investment, operational and investor relations objectives of Saizen REIT are met.

The members of the Board possess extensive experience in various areas such as real estate investment management, fund management, corporate finance, investment advisory, laws and accounting. This enables the Manager to benefit from their external and objective views on issues brought before the Board.

The Board has the right to seek independent professional advice on matters relating to the management of Saizen REIT where it deems necessary for proper and efficient discharge of its duties and responsibilities. Such costs shall be borne by Saizen REIT.

Audit Committee

The Audit Committee is appointed by the Board from among the directors of the Manager and operates under the delegated authority of the Board. The Audit Committee currently consists of three members, a majority of whom (including the Chairman of the Audit Committee) are independent non-executive directors.

The members of the Audit Committee are:

- Mr Soh Yew Hock (Chairman of Audit Committee)
- Mr Yeh V-Nee
- Mr Dennis Lam Siu Sun

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls and is responsible for the nomination of external auditors and review of adequacy of existing audits in respect of cost, scope and performance, including the quality and reliability of information prepared for inclusion in financial reports.

The Audit Committee's responsibilities also include:

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;
- reviewing internal audit reports at least twice a year to ensure guidelines and procedures established to monitor Related Party Transactions (as defined in the Prospectus) have been complied with;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within Saizen REIT;
- reviewing the nature and extent of non-audit services performed by external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without the presence of the executive officers of the Manager, at least on an annual basis;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines, including procedures established to regulate Related Party Transactions;
- examining the effectiveness of financial, operating and compliance controls;
- reviewing the financial statements and significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of Saizen REIT and any formal announcements relating to Saizen REIT's financial performance;
- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary;
- reporting to the Board on material matters, findings and recommendations;
- reviewing the Whistle-Blowing Policy and Press Policy of the Manager; and
- reviewing the Manager's determination of the fair market price of a Unit in relation to the issue of Units, and the determination of the number of Units that the Manager is entitled to receive as its management fee.

The Audit Committee has full access to and co-operation from management and enjoys full discretion to invite any director and executive officer of the Manager to attend its meetings. The Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

The Audit Committee has reviewed the Internal Systems Control Manual, Whistle-Blowing Policy and Press Policy and is of the view that:

- (i) the extent of disclosure and transparency of the Internal Systems Control Manual has provided further clarity about Saizen REIT's operations, which could help its members to form constructive opinions and advices to the Manager
- (ii) appropriate arrangements are in place for employees of the Manager to raise concerns about possible improprieties in Saizen REIT's operations or other matters; and
- (iii) appropriate arrangements are in place for employees and directors of the Manager to handle media and general queries to ensure proper disclosures to stakeholders and compliance with the Listing Manual and the relevant rules and regulations.

The Audit Committee has also conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

Audit Committee meetings are generally held after the end of each quarter of every financial year. For the year ended 30 June 2008, three (3) Audit Committee meetings have been held. Details of the members' participation in the Audit Committee meetings are set out on page 47 of this report.

Corporate Announcement Committee

At the Board meeting of the Manager held on 26 August 2008, the Board approved the formation of the Corporate Announcement Committee with immediate effect, which operates under the delegated authority of the Board.

The members of the Corporate Announcement Committee are:

- Mr Arnold Ip Tin Chee (Chairman of the Corporate Announcement Committee)
- Mr Chang Sean Pey
- Mr Raymond Wong Kin Jeon

The principle role and responsibilities of the Corporate Announcement Committee include:

- reviewing and approving general corporate disclosure issues and announcements to be made to the SGX-ST and the public;
- ensuring that disclosure of any price-sensitive information is made in a timely manner to prevent the creation of a false market in dealings of the Units; and
- ensuring all disclosures are in compliance with applicable rules and regulations;

Internal Control and Audit

The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories, amongst others. Approvals of matters not exceeding specified sub-limits are also delegated to various management levels to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important bearing on the Manager's or directors' obligations, the directors will be briefed either during Board meetings, at specially-convened sessions or via circulation of Board papers.

Furthermore, in order to ensure high corporate governance standards, the Manager has put in place a system of internal controls of procedures and processes to safeguard the assets of and Unitholders' interests in Saizen REIT. The Audit Committee has appointed Yoshioka, Certified Public Accountant Office to provide internal audit services on such procedures and processes.

Yoshioka, Certified Public Accountant Office's scope is to provide risk assessment services and compliance audits in order to ensure internal controls are aligned to business objectives and related risks. Key operational activities are selected to be regularly and objectively evaluated to maintain and improve the efficiency and effectiveness of internal controls and corporate governance. The Board is satisfied that the Manager's internal controls are adequate based on the reports of Yoshioka, Certified Public Accountant Office and the external auditors.

Dealings in Units

The Manager has undertaken that it will not deal in the Units:

- during the period commencing one month before the public announcement of Saizen REIT's annual results and (where applicable) property valuations and two weeks before the public announcement of Saizen REIT's quarterly results, and ending on the date of announcement of the relevant results, or as the case may be, property valuation; and
- at any time while in possession of price sensitive information.

The Manager has also undertaken to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two days after the date on which it acquires or disposes of any Units, as the case may be.

In general, the directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units at the above time period. The Directors and employees are advised not to deal in the Units on short-term considerations.

Management of Business Risk

Effective risk management is a fundamental part of Saizen REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value of the Units. Saizen REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risk involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board. In assessing business risk, the Board considers the economic environment and risks relevant to the real estate industry.

The Manager has determined that significant risk for Saizen REIT will most likely arise when making property investment and financing decisions. Accordingly, when making such decisions, the Manager has set out procedures to be followed prior to the completion of an investment in properties and the relevant financing. The Manager ensures comprehensive due diligence is carried out in relation to the proposed investment and a suitable determination is made as to whether the anticipated return on investment is appropriate having regard to the level of risk.

The above are reviewed by the Board at least once every quarter during the Quarterly Review Board Meeting, or more often if necessary.

Conflicts of Interest

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will be a dedicated manager to Saizen REIT and will not manage any other real estate investment trust (excluding other investment vehicles such as closed-end funds) with the same investment strategies as Saizen REIT.
- All executive officers will be employed by the Manager.
- All resolutions in writing of the directors in relation to matters concerning Saizen REIT must be approved by a majority of the directors, which must include at least one independent director.
- At least one-third of the Board shall comprise independent non-executive directors.
- Prior to Japan Regional Assets Manager Limited (being the sponsor of Saizen REIT (the "Sponsor")), entering into any transaction which places it in a conflict of interest situation with Saizen REIT, the Sponsor shall resolve such conflict with Saizen REIT, for so long as (a) the Manager remains the manager of Saizen REIT, and (b) the Sponsor and/or any of its related corporations, alone or in aggregate, remains a controlling shareholder of the Manager.
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interests shall abstain from voting. In such matters, the quorum must comprise a majority of the independent directors of the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries (save for the Manager).
- In respect of matters in which a director has an interest, direct or indirect, such interested director shall abstain from voting. In such matters, the quorum must comprise a majority of the directors and must exclude such interested director.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee or any person for and on behalf of Saizen REIT with a related party of the Manager (as defined below), the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee or such person) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee or such person, on behalf of Saizen REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors will have a duty to ensure that the Manager so complies.

Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee or any person for and on behalf of Saizen REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Related Party Transactions

The Manager has established internal control procedures to ensure that all future transactions involving the Trustee and a related party (either an "interested party" pursuant to the Property Funds Guidelines or an "interested person" pursuant to the Listing Manual) of the Manager ("Related Party Transactions") are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. In respect of such transactions, the Manager would have to demonstrate to the Audit Committee that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuation reports from independent valuers (in accordance with the Property Funds Guidelines).

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Saizen REIT. The Audit Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Audit Committee shall also periodically review the Manager's internal control system and with the relevant provisions of the Listing Manual as well as the Property Funds Guidelines. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

In addition, the Trustee has the right to review the audit reports to ascertain that the Property Funds Guidelines have been complied with. Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of Saizen REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Saizen REIT's net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Saizen REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of the Unitholders.

Where the Audit Committee's approval is required for a Related Party Transaction, such approval will have to be granted by a majority of the Audit Committee. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process of that transaction.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual during the relevant financial year will be disclosed in Saizen REIT's annual report, if applicable.

Communication with Unitholders

The Board has established relevant policies and procedures which are regularly reviewed, to ensure requirements of the Listing Manual of the SGX-ST is complied with. The Listing Manual requires a listed entity to disclose to the market matters that could or might be expected to have a material effect on the price of the entity's securities.

The Board aims to ensure that the Unitholders and the investment community are informed of all information and major developments affecting Saizen REIT's state of affairs on a timely basis. Communication to the Unitholders and/or the investment community include the following:

- a. Quarterly and annual results announcements containing financial information and review of operations of Saizen REIT during the relevant financial period.
- b. Annual report containing information on the operations of Saizen REIT during the financial year, changes in the state of affairs of Saizen REIT and details of future developments.
- c. Notice of meetings of Unitholders, where applicable.
- d. Distribution notices with information including the components which make up the distributions.
- e. Announcements and press releases in relation to the latest affairs of Saizen REIT.
- f. Regular briefings for analysts, media representatives and investment community, which will generally coincide with the release of Saizen REIT's results announcement.
- g. Notwithstanding holding of annual general meeting is not applicable to Saizen REIT, the Board intends to hold Unitholders meetings from time to time to keep investors informed of latest developments relating to Saizen REIT and to facilitate communications with Unitholders.

Items (a) to (e) above will be made available on the SGXNet website and Saizen REIT's corporate website at www.saizenreit.com.sg.

Members' Participation in Board Meetings and Audit Committee Meetings

From the date of listing of Saizen REIT to the financial year ended 30 June 2008, the Manager has held eight Board meetings and three Audit Committee meetings respectively. Of the eight Board meetings held, two of them were Quarterly Review Board Meetings and six of them were Administrative Board Meetings. The attendance at the meetings is as follows:

Name of members of the Board / Audit Committee	Quarterly Review Board Meetings (Attendance / No. of meetings held)	Administrative Board Meetings (Attendance / No. of meetings held)	Audit Committee Meetings (Attendance / No. of meetings held)
Mr Arnold Ip Tin Chee	2/2	6/6	3/3 ³
Mr Chang Sean Pey	2/2	6/6	3/3 ³
Mr Raymond Wong Kin Jeon	2/2	2/6	3/3 ³
Mr Yeh V-Nee ¹	1/2	2/6	3/3
Mr Soh Yew Hock ¹	2/2	1/6	3/3
Mr Dennis Lam Siu Sun ¹	2/2	2/6	3/3
Mr Harold Sun Dai Hoe ²	2/2	2/6	3/3 ³

¹ Members of Audit Committee.

² Mr Harold Sun Dai Hoe was appointed as an Independent Non-executive Director of the Manager on 24 January 2008.

³ All non-Audit Committee members of the Board were invited and have attended the Audit Committee meetings.

FINANCIAL STATEMENTS

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Report of the Trustee

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Saizen Real Estate Investment Trust ("Saizen REIT") held by it or through its subsidiaries ("Group", which shall mean Saizen REIT and its subsidiaries) in trust for the Unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Japan Residential Assets Manager Limited (the "Manager") for compliance with the limitation imposed on the investment and borrowing powers as set out in the Trust Deed, First and Second Supplemental Deeds dated 27 September 2007, 3 October 2007 and 29 October 2007 respectively between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Saizen REIT and the Group during the period covered by these financial statements set out on pages 52 to 94, comprising the Balance Sheets for Saizen REIT and the Group and Portfolio Statement for the Group as at 30 June 2008, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds for Saizen REIT and the Group, the Consolidated Cash Flow Statement for the Group and Notes to the Financial Statements for the period then ended, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,

HSBC Institutional Trust Services (Singapore) Limited



John van Verre
Director

Singapore
19 September 2008

Statement by the Manager

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

In the opinion of the directors of Japan Residential Assets Manager Limited, the accompanying financial statements of Saizen Real Estate Investment Trust ("Saizen REIT") and its subsidiaries (the "Group") as set out on pages 52 to 94, comprising the Balance Sheets for Saizen REIT and the Group and Portfolio Statement for the Group as at 30 June 2008, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds for Saizen REIT and the Group, the Consolidated Cash Flow Statement for the Group and Notes to the Financial Statements for the period then ended, are drawn up so as to present fairly, in all material respects, the financial position of Saizen REIT and of the Group as at 30 June 2008, the total return, amount distributable, movements of unitholders' funds of Saizen REIT and of the Group and consolidated cash flows of the Group for the financial period then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that Saizen REIT will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,

Japan Residential Assets Manager Limited



Chang Sean Pey
Director

Singapore
19 September 2008

Independent Auditor's Report to the Unitholders of Saizen Real Estate Investment Trust

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the accompanying financial statements of Saizen Real Estate Investment Trust ("Saizen REIT") and its subsidiaries (the "Group") as set out on pages 52 to 94, which comprise the Balance Sheets for Saizen REIT and the Group and Portfolio Statement for the Group as at 30 June 2008, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds for Saizen REIT and the Group, the Consolidated Cash Flow Statement for the Group and Notes to the Financial Statements for the financial period from 27 September 2007 (date of constitution) to 30 June 2008, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The Manager of Saizen REIT is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of Saizen REIT, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saizen REIT and of the Group as at 30 June 2008, the total return, amount distributable, movements of unitholders' funds of Saizen REIT and the Group and consolidated cash flows of the Group for the financial period from 27 September 2007 (date of constitution) to 30 June 2008 in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.



PricewaterhouseCoopers
Public Accountants and Certified Public Accountants

Singapore, 19 September 2008

Statements of Total Return

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

			Group	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
	Note	2008 JPY'000	2007 JPY'000	
Gross revenue	4	3,578,346	1,911,539	636,539
Property operating expenses	5	(1,091,638)	(504,346)	-
Net property income/distribution income		2,486,708	1,407,193	636,539
Interest income		27,559	1,175	21,312
Other administrative expenses		(138,526)	(46,555)	(16,315)
Manager's management fees		(169,609)	-	(169,609)
Asset management fees		(26,080)	(16,450)	-
Trustee's fees		(11,612)	-	(11,612)
Other trust expenses	6	(76,585)	(9,231)	(134,502)
Finance costs	7	(1,222,111)	(507,769)	(324,194)
Issue expenses		(807,488)	-	(828,164)
Net income/(loss) from operations		62,256	828,363	(826,545)
Fair value gain on financial derivatives		559	-	-
Net fair value (losses)/gains on investment properties		(4,663,766)	1,588,568	-
Total (loss)/return for the year/period before income tax		(4,600,951)	2,416,931	(826,545)
Negative goodwill		350,047	-	-
Income tax	8	517,091	(359,399)	(128,815)
Total (loss)/return for the year/period after income tax before distribution		(3,733,813)	2,057,532	(955,360)
Less: Distribution to previous TK investor		(223,929)	(574,905)	-
Total (loss)/return for the year/period		(3,957,742)	1,482,627	(955,360)
Attributable to:				
Unitholders		(3,870,121)	1,447,537	(955,360)
Minority interests		(87,621)	35,090	-
		(3,957,742)	1,482,627	(955,360)
(Loss)/earnings per unit (JPY)	9			
- Basic		(10.51)	12.57	
- Diluted		(10.51)	12.57	

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 30 June 2008

	Note	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
ASSETS				
Current assets				
Cash and cash equivalents	11	5,609,118	754,765	1,877,045
Deposits with cash management agent	10	2,639,772	1,748,333	-
Trade and other receivables	12	100,544	44,198	710,029
Other current assets	13	46,914	65,492	1,991
		<u>8,396,348</u>	<u>2,612,788</u>	<u>2,589,065</u>
Non-current assets				
Derivative financial instruments	14	559	-	-
Investments in subsidiaries	15	-	-	31,156,661
Investment properties	16	49,062,300	29,930,200	-
		<u>49,062,859</u>	<u>29,930,200</u>	<u>31,156,661</u>
Total assets		<u>57,459,207</u>	<u>32,542,988</u>	<u>33,745,726</u>
LIABILITIES				
Current liabilities				
Rental deposits		741,997	431,951	-
Rental received in advance		264,504	151,241	-
Borrowings	17	5,314,479	-	-
Other current liabilities	18	455,415	158,200	139,731
Current tax liabilities		169,244	415	128,815
		<u>6,945,639</u>	<u>741,807</u>	<u>268,546</u>
Non-current liabilities				
Rental deposits		22,289	13,641	-
Borrowings	17	19,472,617	18,738,921	-
Deferred tax liabilities	19	325,589	358,889	-
		<u>19,820,495</u>	<u>19,111,451</u>	<u>-</u>
Total liabilities		<u>26,766,134</u>	<u>19,853,258</u>	<u>268,546</u>
Net assets		<u>30,693,073</u>	<u>12,689,730</u>	<u>33,477,180</u>
Represented by:				
Unitholders		30,662,438	12,648,902	33,477,180
Minority interests		30,635	40,828	-
		<u>30,693,073</u>	<u>12,689,730</u>	<u>33,477,180</u>
Number of units in issue ¹ ('000)	20	<u>451,149</u>	<u>160,838</u>	<u>451,149</u>
Net asset value per unit attributable to Unitholders (JPY)		<u>67.97</u>	<u>78.64</u>	<u>74.20</u>

¹ For financial year ("FY") 2007, 160,838,440 units was used in the computation of net asset value per unit as it represents the number of units issued for the Accounting Acquirer [as defined in Note 2.4(c)] during the reverse acquisition.

The accompanying notes form an integral part of these financial statements.

Distribution Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

	Group 2008 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Total loss for the year/period after income tax before distribution	(3,733,813)	(955,360)
Distribution adjustments (Note a)	5,430,977	2,652,524
Income available for distribution to Unitholders	1,697,164	1,697,164
Note a - Distribution adjustments		
Distribution adjustments items:		
- Change in fair value of investment properties	4,663,766	-
- Change in fair value of financial derivatives	(559)	-
- Amortisation of transaction cost for borrowings	110,259	-
- Negative goodwill	(350,047)	-
- Deferred tax	(646,842)	-
- Foreign exchange loss arising from conversion of proceeds from initial public offering	323,777	323,777
- Acquisition fee and Manager's management fee paid/payable in units	116,985	116,985
- Issue expenses	807,488	828,164
- Working capital funded by proceeds from initial public offering	251,254	251,254
- Profit for the period from 1 July 2007 to 8 November 2007 attributable to previous TK investor (excluding change in fair value of investment properties and deferred tax)	(407,742)	-
- Overseas income not distributed to the Trust	-	571,520
- Other	1,814	-
Sub-total	4,870,153	2,091,700
- Special dividend ¹	560,824	560,824
	5,430,977	2,652,524
Distribution to Unitholders for the period from 9 November 2007 to 30 June 2008	1,611,790	1,611,790
Distribution per Unit (S\$ cents)	4.67	4.67

A tax-exempt distribution of S\$4.67 cents per unit amounting to JPY1,611,790,000 was proposed on 26 August 2008 to the Board of Directors of the Manager. These financial statements do not reflect this distribution, which will be accounted for in unitholders' funds as an appropriation of revenue reserves in the financial year ending 30 June 2009.

¹ The special dividend is derived from cash generated and accumulated in the subsidiaries prior to the business combination on 9 November 2007.

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

	Note	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
OPERATIONS				
Balance at beginning of the year/period		1,354,946	(92,591)	-
Total (loss)/return for the year/period		(3,646,192)	2,022,442	(955,360)
Distribution to previous TK investor		(223,929)	(574,905)	-
Balance at end of the year/period		(2,515,175)	1,354,946	(955,360)
UNITHOLDERS' CONTRIBUTION				
Balance at beginning of the year/period		11,293,956	7,802,266	-
Creation of new units				
- Acquisition of subsidiaries	15(a)	-	-	19,824,661
- Initial public offering	20	15,400,394	-	15,400,394
- Acquisition fee and Manager's management fee	20	69,512	-	69,512
Contributions from previous TK investor		-	3,491,690	-
Return of capital to previous TK investor		(18,335)	-	-
Issue expenses		(862,027)	-	(862,027)
Cost of acquisition		7,294,113	-	-
Balance at end of the year/period		33,177,613	11,293,956	34,432,540
TOTAL ATTRIBUTABLE TO UNITHOLDERS		30,662,438	12,648,902	33,477,180
MINORITY INTERESTS				
Balance at beginning of the year/period		40,828	5,738	-
Effect on acquisition	11	78,250	-	-
Effect on investment in new TK operators		(822)	-	-
Total (loss)/return for the year/period		(87,621)	35,090	-
Balance at end of the year/period		30,635	40,828	-
TOTAL		30,693,073	12,689,730	33,477,180

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

	Note	2008 JPY'000	Group 2007 JPY'000
Operating activities			
Total (loss)/return for the year after income tax before distribution		(3,733,813)	2,057,532
Adjustments for:			
Income tax		(517,091)	359,399
Negative goodwill		(350,047)	-
Interest income		(27,559)	(1,175)
Interest expense	7	898,334	507,769
Fair value gain on financial derivatives		(559)	-
Net fair value losses/(gains) on investment properties		4,663,766	(1,588,568)
Operating profit before working capital changes		933,031	1,334,957
Changes in working capital			
Deposits with cash management agent		(62,775)	(737,443)
Trade and other receivables		(22,910)	21,317
Other current assets		188,349	16,133
Other current liabilities		270,528	51,938
Rental received in advance		50,947	66,720
Rental deposits		80,853	200,362
Cash generated from operations		1,438,023	953,984
Income tax paid		(250)	(666)
Cash flows provided by operating activities		1,437,773	953,318
Investing activities			
Purchase of/additions to investment properties		(8,613,295)	(12,853,432)
Net cash effect on acquisition of subsidiaries	11	203,064	-
Cash flows used in investing activities		(8,410,231)	(12,853,432)
Financing activities			
Issue of new Units at initial public offering		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 previous TK investor		(223,929)	(574,905)
Return of capital to previous TK investor		(18,335)	-
Contributions from previous TK investor		-	3,491,690
Interest received		19,121	1,175
Interest paid		(779,190)	(622,565)
Cash flows provided by financing activities		11,826,811	12,235,395
Net increase in cash and cash equivalents		4,854,353	335,281
Cash and cash equivalents at beginning of the year	11	754,765	419,484
Cash and cash equivalents at end of the year	11	5,609,118	754,765

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

As at 30 June 2008

Description of properties	Location	Latest Valuation Date	Valuation		Percentage of net assets attributable to Unitholders		
			30 June 2008 JPY'000	30 June 2007 JPY'000	30 June 2008 %	30 June 2007 %	
Yugen Kaisha ("YK") JOF							
Three Tower	Sapporo	30 June 2008	960,000	(a)	-	3.1	-
Luna Heights	Sapporo	30 June 2008	257,000	(a)	-	0.8	-
Matsui 53	Sapporo	30 June 2008	191,000	(a)	-	0.6	-
Plaza Nakajima Park	Sapporo	30 June 2008	340,000	(a)	-	1.1	-
Chateau Nakanoshima	Sapporo	30 June 2008	250,000	(a)	-	0.8	-
Chateau 24	Sapporo	30 June 2008	561,000	(a)	-	1.8	-
YK KOKKEI							
Glance Nishimachi	Sapporo	30 June 2008	427,000	(a)	-	1.4	-
Matsui 82	Sapporo	30 June 2008	410,000	(a)	-	1.3	-
Urban Yamahana	Sapporo	30 June 2008	131,000	(a)	-	0.4	-
Misono	Sapporo	30 June 2008	319,000	(a)	-	1.0	-
Maison Towa	Sapporo	30 June 2008	199,000	(a)	-	0.7	-
Wing Befu	Fukuoka	30 June 2008	171,000	(a)	-	0.6	-
YK KEIZAN							
Chic Takaramachi	Fukuoka	30 June 2008	221,000	(a)	-	0.7	-
Matsui 38	Sapporo	30 June 2008	162,000	(a)	-	0.5	-
Sun City	Sapporo	30 June 2008	356,000	(a)	-	1.2	-
S.Heim	Sapporo	30 June 2008	120,000	(a)	-	0.4	-
Les Chambres	Sapporo	30 June 2008	81,400	(a)	-	0.3	-
Dominion Yamanote	Sapporo	30 June 2008	164,000	(a)	-	0.5	-
Treasure 15	Sapporo	30 June 2008	173,000	(a)	-	0.6	-
Infinity Higashi Sapporo	Sapporo	30 June 2008	226,000	(a)	-	0.7	-
Arati Hakata South	Fukuoka	30 June 2008	413,000	(a)	-	1.3	-
First Kotake Building	Sapporo	30 June 2008	996,000	(a)	-	3.3	-
Park Crystal	Sapporo	30 June 2008	269,000	(a)	-	0.9	-
YK SHINTOKU							
KN 21 Shiragane	Kitakyushu	30 June 2008	270,000	(b)	290,000 (e)	0.9	2.3
Urban KN 2 Kumamoto	Kitakyushu	30 June 2008	94,000	(b)	106,000 (e)	0.3	0.8
KN 7 Kirigaoka	Kitakyushu	30 June 2008	409,000	(b)	421,000 (e)	1.3	3.3
Chalet Aoyama	Kitakyushu	30 June 2008	262,000	(b)	325,000 (e)	0.9	2.6
City Room Nakai III	Kitakyushu	30 June 2008	190,000	(c)	193,000 (e)	0.6	1.5
Matsukaze Building	Hakodate	30 June 2008	307,000	(a)	364,000 (e)	1.0	2.9
Johnan Building III	Fukuoka	30 June 2008	406,000	(a)	452,000 (e)	1.3	3.6
Gold Mansion Nakao	Fukuoka	30 June 2008	168,000	(b)	179,000 (e)	0.5	1.4
Lumiere et vent	Sapporo	30 June 2008	58,500	(a)	75,000 (e)	0.2	0.6
Kohatsu 88	Sapporo	30 June 2008	57,400	(a)	68,100 (e)	0.2	0.5
Central Court Tenjin Higashi	Fukuoka	30 June 2008	189,000	(b)	203,000 (e)	0.6	1.6
Legions Yunokawa	Hakodate	30 June 2008	130,000	(a)	166,000 (e)	0.4	1.3
Estoille S12	Sapporo	30 June 2008	219,000	(a)	242,000 (e)	0.7	1.9
Villa Kaigancho	Hakodate	30 June 2008	319,000	(a)	383,000 (e)	1.0	3.0

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

As at 30 June 2008

Description of properties	Location	Latest Valuation Date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2008 JPY'000	30 June 2007 JPY'000	30 June 2008 %	30 June 2007 %
YK SHINTOKU (continued)						
Escort South 11	Sapporo	30 June 2008	55,000 (a)	59,500 (e)	0.2	0.5
Ebisu Building III	Sapporo	30 June 2008	80,700 (a)	83,900 (e)	0.3	0.6
Crestage Tayacho	Hakodate	30 June 2008	111,000 (a)	129,000 (e)	0.4	1.0
Heart Inn Hongou	Sapporo	30 June 2008	74,200 (a)	103,000 (e)	0.2	0.8
Reef Suite	Sapporo	30 June 2008	174,000 (a)	210,000 (e)	0.6	1.7
Alpha Shinonome	Hiroshima	30 June 2008	108,000 (a)	118,000 (e)	0.4	0.9
Saumur Meinohama II	Fukuoka	30 June 2008	67,000 (d)	72,000 (e)	0.2	0.6
Urban Hills Dainohara	Sendai	30 June 2008	158,000 (e)	161,000 (e)	0.5	1.3
Residence II Yasuda	Hiroshima	30 June 2008	108,000 (a)	120,000 (e)	0.4	0.9
Sun Park Yokokawa	Hiroshima	30 June 2008	75,400 (e)	78,600 (e)	0.2	0.6
Funairi Honmachi 54	Hiroshima	30 June 2008	211,000 (a)	215,000 (e)	0.7	1.7
Global Matsukawa Building	Hiroshima	30 June 2008	271,000 (a)	288,000 (e)	0.9	2.3
Sun Port 6	Sendai	30 June 2008	176,000 (e)	176,000 (e)	0.6	1.4
Exceed Tsuchitoi	Sendai	30 June 2008	112,000 (e)	119,000 (e)	0.4	0.9
Sun Hills Asahigaoka	Sendai	30 June 2008	68,000 (e)	68,000 (e)	0.2	0.5
Aisho Plaza Hachiman	Sendai	30 June 2008	229,000 (e)	240,000 (e)	0.7	1.9
Sun Rise Kashiwagi	Sendai	30 June 2008	236,000 (e)	249,000 (e)	0.8	2.0
Lively Kamisugi	Sendai	30 June 2008	82,800 (e)	91,300 (e)	0.3	0.7
Etoile Higashi Sendai	Sendai	30 June 2008	116,000 (e)	123,000 (e)	0.4	1.0
Mansion Lilac	Sendai	30 June 2008	61,700 (e)	64,100 (e)	0.2	0.5
U.I. Building	Hiroshima	30 June 2008	324,000 (a)	337,000 (e)	1.1	2.7
Matoba Y Building	Hiroshima	30 June 2008	212,000 (a)	221,000 (e)	0.7	1.7
Otemachi Y Building	Hiroshima	30 June 2008	222,000 (a)	244,000 (e)	0.7	1.9
Higashi Hakushima Y Building	Hiroshima	30 June 2008	202,000 (a)	196,000 (e)	0.7	1.6
Kinyacho Y Building	Hiroshima	30 June 2008	231,000 (a)	230,000 (e)	0.8	1.8
Kinyacho Grande	Hiroshima	30 June 2008	557,000 (a)	573,000 (e)	1.8	4.5
Kamei Five	Hiroshima	30 June 2008	118,000 (a)	139,000 (e)	0.4	1.1
Shinko Kokura Kogane Sky Mansion	Kitakyushu	30 June 2008	243,000 (f)	260,000 (e)	0.8	2.1
Katano Residential Building	Kitakyushu	30 June 2008	465,000 (f)	474,000 (e)	1.5	3.7
High Grace II	Sendai	30 June 2008	387,000 (e)	413,000 (e)	1.3	3.3
Art Side Terrace	Sapporo	30 June 2008	595,000 (a)	591,000 (e)	1.9	4.7
Jewel Town Suehiro	Hakodate	30 June 2008	172,000 (a)	203,000 (e)	0.6	1.6
Estella 24-ken A	Sapporo	30 June 2008	73,000 (g)	98,500 (e)	0.2	0.8
Niken Chaya Grand Heights	Sendai	30 June 2008	459,000 (e)	475,000 (e)	1.5	3.8
River City Kimachi	Sendai	30 June 2008	154,000 (e)	164,000 (e)	0.5	1.3
Kotoni 1-6 Mansion	Sapporo	30 June 2008	330,000 (a)	350,000 (e)	1.1	2.8
Aster Yamahana	Sapporo	30 June 2008	169,000 (a)	165,000 (e)	0.6	1.3
Patios Ohashi	Fukuoka	30 June 2008	134,000 (a)	138,000 (e)	0.4	1.1
K1 Mansion Morioka	Morioka	30 June 2008	71,800 (h)	76,000 (e)	0.2	0.6
K2 Mansion Morioka	Morioka	30 June 2008	329,000 (h)	373,000 (e)	1.1	3.0
Mon Palais Toroku	Kumamoto	30 June 2008	271,000 (b)	356,000 (e)	0.9	2.8
Rise Gofuku	Kumamoto	30 June 2008	301,000 (b)	318,000 (e)	1.0	2.5

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

As at 30 June 2008

Description of properties	Location	Latest Valuation Date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2008 JPY'000	30 June 2007 JPY'000	30 June 2008 %	30 June 2007 %
YK SHINZAN						
Chalet Kishinoura	Kitakyushu	30 June 2008	348,000 (b)	382,000 (e)	1.1	3.0
Chalet Shiragane	Kitakyushu	30 June 2008	283,000 (b)	278,700 (e)	0.9	2.2
Chalet Suwamachi	Kitakyushu	30 June 2008	345,000 (b)	378,000 (e)	1.1	3.0
Chalet Numahon Machi II	Kitakyushu	30 June 2008	222,000 (b)	246,000 (e)	0.7	1.9
Chalet Matsuo II	Kitakyushu	30 June 2008	75,000 (b)	78,800 (e)	0.2	0.6
Chalet Tsudashin Machi	Kitakyushu	30 June 2008	175,000 (b)	189,000 (e)	0.6	1.5
Chalet Harunomachi	Kitakyushu	30 June 2008	459,000 (b)	474,600 (e)	1.5	3.8
Chalet Kanda II	Kitakyushu	30 June 2008	320,000 (b)	336,000 (e)	1.0	2.7
Chalet Einomaru II	Kitakyushu	30 June 2008	134,000 (b)	147,000 (e)	0.4	1.2
EMYU Honjo	Kumamoto	30 June 2008	944,000 (b)	1,050,000 (e)	3.1	8.3
EMYU Shinmachi	Kumamoto	30 June 2008	653,000 (b)	736,000 (e)	2.1	5.8
Yamamoto Mansion	Kagoshima	30 June 2008	710,000 (b)	765,000 (e)	2.3	6.0
Rise Kojo Horibata	Kumamoto	30 June 2008	99,000 (b)	103,000 (e)	0.3	0.8
KC Heights	Kumamoto	30 June 2008	136,000 (b)	135,000 (e)	0.4	1.1
Rise Shimodori	Kumamoto	30 June 2008	330,000 (b)	389,000 (e)	1.1	3.1
Rise Kuhonji II	Kumamoto	30 June 2008	440,000 (b)	480,000 (e)	1.4	3.8
YK SHINGEN						
Alte Heim Kokura	Kitakyushu	30 June 2008	101,000 (b)	113,000 (e)	0.3	0.9
Alte Heim Kokura II	Kitakyushu	30 June 2008	495,000 (b)	569,000 (e)	1.6	4.5
Alte Heim Kokura IV	Kitakyushu	30 June 2008	109,000 (b)	117,000 (e)	0.4	0.9
Alte Heim Mojiekimae	Kitakyushu	30 June 2008	185,000 (b)	209,000 (e)	0.6	1.7
Alte Heim Orio	Kitakyushu	30 June 2008	335,000 (b)	376,000 (e)	1.1	3.0
Castle Kano	Sendai	30 June 2008	229,000 (e)	241,000 (e)	0.7	1.9
Clio Court	Sendai	30 June 2008	232,000 (e)	244,000 (e)	0.8	1.9
Club House Kikugaoka	Kitakyushu	30 June 2008	307,000 (c)	320,000 (e)	1.0	2.5
Core Life	Sendai	30 June 2008	512,000 (e)	522,000 (e)	1.7	4.1
Taisei Building III	Oita	30 June 2008	307,000 (b)	373,000 (e)	1.0	3.0
EMYU Heisei Keyakidori Mansion	Kumamoto	30 June 2008	789,000 (b)	877,000 (e)	2.6	6.9
EMYU Suizenji	Kumamoto	30 June 2008	1,070,000 (b)	1,200,000 (e)	3.5	9.5
Gardenia Kurashiki	Kurashiki	30 June 2008	144,000 (a)	148,000 (e)	0.5	1.2
Aistage Ushita Minami	Hiroshima	30 June 2008	349,000 (a)	359,000 (e)	1.1	2.8
Jeunes 23	Sapporo	30 June 2008	290,000 (a)	376,000 (e)	0.9	3.0
Matoba Meijibashi II	Hiroshima	30 June 2008	312,700 (e)	324,000 (e)	1.0	2.6
Rise Fujisaki Dai	Kumamoto	30 June 2008	298,000 (b)	331,000 (e)	1.0	2.6
Rise Kumadai Hospital II	Kumamoto	30 June 2008	563,000 (b)	604,000 (e)	1.8	4.8
Rise Kumamoto Station South	Kumamoto	30 June 2008	170,000 (b)	196,000 (e)	0.6	1.6
Rise Oe	Kumamoto	30 June 2008	251,000 (b)	295,000 (e)	0.8	2.3
Royal Hills Katagiri	Sendai	30 June 2008	184,000 (e)	192,000 (e)	0.6	1.5
Studio City	Sapporo	30 June 2008	240,000 (a)	314,000 (e)	0.8	2.5
Suien	Sapporo	30 June 2008	93,100 (i)	123,000 (e)	0.3	1.0

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

As at 30 June 2008

Description of properties	Location	Latest Valuation Date	Valuation		Percentage of net assets attributable to Unitholders		
			30 June 2008 JPY'000	30 June 2007 JPY'000	30 June 2008 %	30 June 2007 %	
YK SHINGEN (continued)							
Sun Vario Shinden Eki Mae	Sendai	30 June 2008	484,000 (e)	486,000 (e)	1.6	3.8	
TOA Mansion	Sapporo	30 June 2008	684,000 (a)	813,000 (e)	2.2	6.4	
Wealth Meinohama	Fukuoka	30 June 2008	70,600 (d)	79,100 (e)	0.2	0.6	
YSK Co-op Saiwaicho	Sendai	30 June 2008	500,000 (e)	512,000 (e)	1.6	4.0	
Grand Polestone Takeya	Hiroshima	30 June 2008	636,000 (e)	641,000 (e)	2.1	5.1	
Grand Polestone Kinya	Hiroshima	30 June 2008	171,000 (e)	178,000 (e)	0.6	1.4	
Maestoso Figur	Koriyama	30 June 2008	441,000 (e)	-	1.4	-	
Leggiero Viola	Koriyama	30 June 2008	349,000 (e)	-	1.1	-	
Godō Kaisha ("GK") CHOAN							
Sec' As Blue II	Sapporo	1 May 2008	361,000 (j)	-	1.2	-	
Wing Nakahirodori	Hiroshima	30 April 2008	812,000 (b)	-	2.7	-	
Abitare Shimoarata I	Kagoshima	30 April 2008	315,000 (b)	-	1.0	-	
Abitare Shinyashiki	Kagoshima	30 April 2008	301,000 (k)	-	1.0	-	
Royal Hills Komatsushima	Sendai	30 April 2008	157,000 (e)	-	0.5	-	
Senboku Heim I	Morioka	30 April 2008	180,000 (k)	-	0.6	-	
Senboku Heim II	Morioka	30 April 2008	109,000 (k)	-	0.4	-	
Liesse Wakabayashi	Sendai	1 April 2008	139,000 (a)	-	0.5	-	
Dear Misono	Sapporo	30 April 2008	46,000 (k)	-	0.2	-	
Casa Motomachi	Sapporo	1 April 2008	299,000 (l)	-	1.0	-	
Grand Polestone Tsurumi	Hiroshima	1 April 2008	440,000 (a)	-	1.4	-	
La Finesse Hakataeki Minami	Fukuoka	1 April 2008	519,000 (a)	-	1.7	-	
Rise Heiseiekimae	Kumamoto	30 April 2008	215,000 (b)	-	0.7	-	
Maison d'Etoile II	Sendai	1 April 2008	102,000 (a)	-	0.3	-	
Abitare Kohrimoto	Kagoshima	30 April 2008	310,000 (b)	-	1.0	-	
Orion Heim	Fukuoka	1 April 2008	226,000 (a)	-	0.7	-	
Fujimicho Building	Hiroshima	30 April 2008	429,000 (b)	-	1.4	-	
Grand Polestone Fujimi	Hiroshima	30 April 2008	207,000 (b)	-	0.7	-	
Grand Polestone Otemachi	Hiroshima	1 April 2008	611,000 (a)	-	2.0	-	
Kusatsu Higashi Heights	Hiroshima	30 April 2008	232,000 (k)	-	0.8	-	
VOGA Minami Kannon	Hiroshima	30 April 2008	191,000 (k)	-	0.6	-	
Le Pied Hirao	Fukuoka	30 April 2008	296,000 (k)	-	1.0	-	
Residence Shiroishi ABCD	Sapporo	30 April 2008	535,000 (b)	-	1.7	-	
GEO Kamiokawamaedori 3	Niigata	1 April 2008	423,000 (l)	-	1.4	-	
Hills Kawabata	Niigata	1 April 2008	306,000 (l)	-	1.0	-	
Hills Nogizaka	Niigata	1 April 2008	358,000 (l)	-	1.2	-	
Grand Polestone Otemachi II	Hiroshima	1 April 2008	457,000 (a)	-	1.5	-	
Grand Polestone Higashi Hiratsuka	Hiroshima	1 April 2008	494,000 (a)	-	1.6	-	
Floreceer Miyagino	Sendai	1 April 2008	272,000 (a)	-	0.9	-	
Shinonome Heights	Hiroshima	30 April 2008	181,000 (k)	-	0.6	-	
Estate 18 Shinonome	Hiroshima	30 April 2008	272,000 (k)	-	0.9	-	

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

As at 30 June 2008

Description of properties	Location	Latest Valuation Date	Valuation		Percentage of net assets attributable to Unitholders	
			30 June 2008 JPY'000	30 June 2007 JPY'000	30 June 2008 %	30 June 2007 %
GK CHOAN (continued)						
Royal Shinonome	Hiroshima	30 April 2008	321,000 (k)	-	1.0	-
Villa Kaita	Hiroshima	30 April 2008	314,000 (k)	-	1.0	-
Arioso Phrase	Koriyama	30 April 2008	491,000 (e)	-	1.6	-
Fantage Yaotome	Sendai	1 April 2008	235,000 (l)	-	0.8	-
Towa Kita 7 Jo	Sapporo	30 April 2008	355,000 (b)	-	1.2	-
Towa Kotoni	Sapporo	30 April 2008	327,000 (b)	-	1.1	-
Relief Ohorinishi	Fukuoka	30 April 2008	130,000 (b)	-	0.4	-
GK CHOGEN						
Romaugé Kamidori Namikizaka	Kumamoto	1 February 2008	764,000 (b)	-	2.5	-
GK CHOSEI						
Quest Tower Noboricho	Hiroshima	1 May 2008	685,000 (a)	-	2.2	-
Investment properties			49,062,300	29,930,200	160.0	236.6
Other assets and liabilities (net)			(18,369,227)	(17,240,470)	(59.9)	(136.3)
Net assets			30,693,073	12,689,730	100.1	100.3
Net assets attributable to minority interests			(30,635)	(40,828)	(0.1)	(0.3)
Net assets attributable to Unitholders			30,662,438	12,648,902	100.0	100.0

The properties above comprise of freehold land and freehold buildings, and are used primarily for residential and residential-related purposes.

The carrying amounts of the properties were based on independent full valuations undertaken by:

- (a) Rich Appraisal Institute Co., Ltd,
- (b) Asset Research Corporation,
- (c) KK Sakura Business Partners,
- (d) KK Soken,
- (e) Real Value Inc.,
- (f) Prime Appraisal Institute Co., Ltd,
- (g) Mizuno Real Estate Appraisal Office,
- (h) Real Estate Appraisal Aota Jimusho,
- (i) Toho Appraisal,
- (j) Kokudo Kantei Research Institute Co., Ltd,
- (k) Tokyo Asset Research Inc., and
- (l) Total Asset Research.

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the Income Approach, which includes the direct capitalisation method and discounted cash flow method.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Saizen Real Estate Investment Trust ("Saizen REIT") is a Singapore domiciled unit trust constituted pursuant to the Trust Deed dated 27 September 2007 between Japan Residential Assets Manager Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of Saizen REIT in trust for the holders ("Unitholders") of units in Saizen REIT (the "Units").

Saizen REIT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 9 November 2007 (the "Listing") and was included in the Central Provident Fund ("CPF") Investment Scheme on 9 November 2007.

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.

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"). The TK investor can enter into TK arrangements with TK operators either through the acquisition from existing TK investors of all rights and obligations under their respective TK agreements with TK operators, or by entering into new TK agreements with TK operators.

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. Under the TK agreements, the net income of the TK business, comprising principally the income generated from the property holding business, will be passed up to Saizen REIT. Saizen REIT is entitled to 97.0% of the profits and losses of such business while the shareholder of the TK operators is entitled to the remaining 3.0% of the allocated profits and losses. Saizen REIT is, therefore, exposed to the majority of risks and rewards from its agreements with the TK operators and the underlying property holding business.

The Manager has assessed the economic reality of Saizen REIT and its investment activities through the TK operators, and concluded that as Saizen REIT primarily bears the risks and enjoys the benefits under the TK agreements, the TK operators are considered as special purpose entities. The consolidated financial statements of Saizen REIT are presented on a group basis by consolidating Saizen REIT and the TK operators as special purpose entities (together referred to as the "Group").

Saizen REIT has entered into several service agreements in relation to the management of Saizen REIT and its property operations. The fee structures for these services are as follows:

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

1. General information (continued)

(a) *Trustee's fees*

The Trustee's fee shall not exceed 0.03% per annum of the value of the Deposited Property (being all the assets of Saizen REIT as stipulated in the Trust Deed), subject to an aggregate minimum fee of S\$10,000 per month, or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The Trustee's fee is payable out of the Deposited Property of Saizen REIT on a quarterly basis, in arrears. The Trustee is also entitled to the reimbursement of all reasonable out-of-pocket expenses (including a one-time inception fee of S\$25,000) incurred by it in the performance of its duties under the Trust Deed.

(b) *Manager's Management fees*

The Manager is entitled to receive 0.5% per annum of the monthly weighted average value of all property assets of Saizen REIT (or proportional share) for the time being held or deemed to be held upon the trusts under the Trust Deed from time to time (the "Property Assets"). For the avoidance of doubt, cash does not form part of the Property Assets.

The management fee payable to the Manager will be paid in the form of cash and/or Units (as it may in its sole discretion determine). Where the management fees are paid in cash, the amounts are paid monthly in arrears. Where the management fees are paid in the form of Units, the amounts are paid quarterly in arrears.

(c) *Acquisition and Divestment fees*

The Manager is also entitled to receive an acquisition fee of 1.0% of the acquisition price and a divestment fee of 0.3% of the sale price on all future acquisitions or disposals of properties.

The acquisition and disposal fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition and disposal respectively.

(d) *Asset Manager's asset management fees*

The Asset Manager is entitled to receive 3.0% of the net profits of the property-holding business (before deducting the asset management fee and any expense of such business payable to Saizen REIT), calculated in accordance with accounting standards applicable to the property holding vehicles (the "Property Business Profits").

In the case of a TK arrangement, JPY150,000 per annum for overhead incurred by each TK operator will be deducted from the Property Business Profits.

The asset management fee is payable out of the Deposited Property of property holding vehicles, on a monthly basis, in advance.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial statements, which are expressed in Japanese Yen ("JPY"), the functional currency of Saizen REIT and rounded to the nearest thousand, have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 3.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Interpretations and amendments to published standards effective in 2007

On 1 July 2007, the Group adopted the new or amended Singapore Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

Amendments to FRS 1	Presentation of Financial Statements - Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures

The Group has early adopted FRS 40 on Investment Property in FY2006.

The adoption of the above FRS did not result in any substantial changes to the Group's accounting policies. The Group has elected to continue to carry its investment properties at fair value, which was the accounting policy in use for investment properties before 1 July 2007. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) *Rental income and rental-related income*

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

Rental-related income includes non-refundable deposits from tenants which are amortised over the lease terms. The amortisation is taken to the Statement of Total Return.

(b) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

2.3 Expenses

(a) *Property expenses*

Property expenses are recognised on an accrual basis.

(b) *Trustee's fees, manager's management fees, acquisition and divestment fees and asset management fees*

These expenses are recognised on an accrual basis using the applicable formula stipulated in Note 1(a) - (d).

(c) *Borrowing costs*

Interest expense and similar charges are recognised on a time proportion basis in the period in which they are incurred using the effective interest method.

2.4 Group accounting

(a) *Subsidiaries*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities.

The Group identified the TK operators established in Japan as special purpose entities as defined in Interpretations of Financial Reporting Standards 12 Consolidation - Special Purpose Entities ("INT FRS 12"). The TK operators are principally engaged in the investment holding business. Under the TK agreements, the Group primarily bears the risks and enjoys the benefits of the investments held by TK operators and, accordingly, consolidates their financial statements for reporting purpose.

The TK operators are consolidated from the date on which the relationship of special purpose entities defined under INT FRS 12 is established between the Group and the TK operators. They are de-consolidated from the date that such relationship ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Please refer to Note 2.8 for Saizen REIT's accounting policy on investments in subsidiaries in separate financial statements of Saizen REIT.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(b) *Minority interests*

Minority interests represent the interests in the operating results and net assets of special purpose entities attributable to the shareholder of the TK operators, in accordance with the TK agreements.

(c) *Reverse acquisition accounting*

Saizen REIT has, as at 28 September 2007, entered into agreements with Central-Top Properties Ltd, wholly-owned subsidiary of Japan Opportunities Fund ("JOF") and Japan High Yield Property Fund ("JHYP") and Japan High Yield Property Fund II ("JHYP II") (together the "Vendors" or the "Funds") to acquire from the Vendors all rights and obligations (the "TK interest") as at 9 November 2007, under existing TK agreements with their respective TK operators (the "Acquisition").

The Acquisition has been accounted for as a reverse acquisition. For the purpose of reverse acquisition accounting, the acquirer is the entity whose equity interests have been acquired. 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, 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:

- (i) 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
- (ii) reflect the fair values of the assets, liabilities and contingent liabilities of the Accounting Acquirees. Therefore, the cost of the business combination for 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 Listing).

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

- (i) in respect of FY2007, it comprises those of the three TK operators of JHYP, with income and expense items at the TK operators' level only;
- (ii) in respect of FY2008, 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 operators' level only; and (ii) thereafter from 9 November 2007 (being the completion date of the acquisition or as the case may be) 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 new TK operators, GK Chosei and GK Chogen) with income and expense items at both the TK operators' and Saizen REIT level.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Reverse acquisition accounting (continued)

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

- (i) as at 30 June 2007, it comprises those of the three TK operators of JHYP only;
- (ii) as at 30 June 2008, 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 new TK operators, GK Chosei and GK Chogen) as well as Saizen REIT.

2.5 Negative goodwill

Where the cost of an acquisition is less than the fair value of the Group's share of net identifiable assets and contingent liabilities of the subsidiary acquired, the difference ("Negative goodwill") is recognised directly in the Statement of Total Return.

2.6 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Japanese Yen, which is Saizen REIT's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the Statement of Total Return.

2.7 Investment properties

Investment properties are initially recognised at cost, including related transaction costs.

After initial recognition, investment properties are carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent professional valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

Changes in fair values are recognised in the Statement of Total Return as a net appreciation or depreciation in the value of the investment properties.

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property. Investment property comprises freehold land and freehold buildings.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.7 Investment properties (continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Total Return during the financial period in which they are incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Statement of Total Return.

2.8 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.17) in Saizen REIT's balance sheet. On disposal of investments in subsidiaries, the difference between net disposals proceeds and the carrying amount of the investment is taken to the Statement of Total Return.

2.9 Cash

Cash and cash equivalents include cash balances and deposits with financial institutions.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "deposits with cash management agent" and "trade and other receivables" on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. An allowance for impairment of loans and receivables including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of allowance for impairment is recognised in the Statement of Total Return.

2.11 Trade payables

Trade payables are initially measured at fair value, and subsequently at amortised cost, using the effective interest method.

2.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Total Return over the period of the borrowings using the effective interest method.

2.13 Leases

The Group leased out investment properties to third parties.

(a) Finance leases

Leases of assets where substantially all risks and rewards incidental to legal ownership of the assets are transferred by the Group to the lessees are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in the Statement of Total Return on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Contingent rents are recognised as income in the Statement of Total Return in the financial period in which they are earned.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.13 Leases (continued)

(b) Operating leases

Assets leased out under operating leases are included in investment properties.

Rental income from operating leases (net of any incentives given to lessees) is recognised in the Statement of Total Return on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the Statement of Total Return over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the Statement of Total Return in the financial period in which they are earned.

2.14 Income tax

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the Statement of Total Return, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.15 Provisions

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the Statement of Total Return as finance expense.

2.16 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.17 Impairment of non-financial assets

Investments in subsidiaries and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the Statement of Total Return.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Statement of Total Return.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.18 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

Interest rate caps entered into by the Group are not designated or do not qualify for hedge accounting. Fair value changes on these derivatives are recognised in the Statement of Total Return when the changes arise.

2.19 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair value of interest rate caps are determined based on brokers' quote.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.20 Issue expenses

Issue expenses relate to expenses incurred in the issuance of units in Saizen REIT. Issue expenses directly attributable to the issue of new units are deductible from net assets attributable to the Unitholders. Other issue expenses are recognised in the Statement of Total Return in the period in which they are incurred.

2.21 Distribution policy

The distribution of Saizen REIT is based on the cash flow it receives from the TK operators pursuant to its TK interests under the TK agreements entered into with the TK operators. Due to the difference between cash flow and accounting profits of the TK operators as further discussed below, the cash flow received by Saizen REIT may comprise profits from the TK operators' operations and return of capital from the TK interests.

Under the TK agreements, Saizen REIT will be entitled to 97.0% of the profits of the TK business and such profits are subject to a withholding tax at a rate of 20.0% when distributed to Saizen REIT. Return of capital from the TK interests is not taxable. After deducting expenses at the Saizen REIT level such as the Manager's fee, the Trustee's fee, other trust expenses and hedging costs (if any), the residual cash flow is available for distribution to Unitholders as distributable income (the "Distributable Income").

Saizen REIT's distribution policy is to distribute at least 90.0% of its Distributable Income in each financial year. For the avoidance of doubt, Distributable Income excludes cash from realisation of investments pursuant to sale of the underlying real properties by the TK operators.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

2. Significant accounting policies (continued)

2.21 Distribution policy (continued)

Saizen REIT's distribution to Unitholders is not affected by non-cash expense items and unrealised gains or losses.

The actual proportion of Saizen REIT's distributable income distributed to the Unitholders may be greater than 90.0%, to the extent that the Manager believes it to be appropriate, having regard to Saizen REIT's funding requirements, other capital management considerations and the overall stability of distributions. Distributions, when made, will be in Singapore dollars.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates.

The fair values are determined using the Income Approach, which includes the direct capitalisation method and discounted cash flow method. This approach involves the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties.

The Manager is of the view that the valuation methods and estimates are reflective of the current market condition.

4. Gross Revenue

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Distribution income	-	-	636,539
Rental income	3,486,231	1,839,301	-
Rental-related income	92,115	72,238	-
	3,578,346	1,911,539	636,539

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

5. Property operating expenses

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Property related taxes	266,572	137,193	-
Property management fees	143,305	79,309	-
Operation and maintenance	175,368	97,924	-
Renovations	175,885	91,466	-
Marketing and leasing commission	118,274	55,296	-
Utilities	144,934	59,616	-
Insurance	47,041	26,998	-
Allowance for impairment on trade receivables	1,618	1,785	-
Trade receivables written off	761	-	-
Net consumption tax expense/(refund) for operations	17,880	(45,241)	-
	1,091,638	504,346	-

Property-related taxes comprised property tax of 1.4% and city planning tax of 0.3% on the municipal government's assessed value of the land and building.

6. Other trust expenses

Included in other trust expenses are:

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Auditors' remuneration ¹	26,559	9,231	12,000
Property valuation fees paid on behalf of subsidiaries	39,437	-	39,437
Goods and services tax	10,589	-	10,589
Acquisition fees paid on behalf of subsidiaries	-	-	72,476
	76,585	9,231	134,502

¹ Included in the issue expenses taken to the Statement of Total Return and Unitholders' Funds are fees paid to auditors of Saizen REIT amounting to JPY100,246,000 and JPY55,549,000 respectively, for acting as reporting accountants. Issue expenses taken to the Statement of Total Return also include fees for other non-audit services amounting to JPY2,184,000.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

7. Finance costs

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Interest expense:			
- Bank borrowings	897,917	507,769	-
- Other	417	-	417
Exchange loss	323,777	-	323,777
	<u>1,222,111</u>	<u>507,769</u>	<u>324,194</u>

Included in interest expense from bank borrowings are amortisation of loan commission, amounting to JPY151,462,000 (2007: JPY72,179,000).

8. Income tax

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Tax expense attributable to return is made up of:			
Current income tax			
- Foreign	129,751	522	128,815
Deferred income tax (Note 19)	(646,842)	358,877	-
	<u>(517,091)</u>	<u>359,399</u>	<u>128,815</u>

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

8. Income tax (continued)

The income tax expense on the results for the financial period differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Total (loss)/return for the year/period before income tax	(4,250,904)	2,416,931	(826,545)
Tax calculated at tax rate of 18% (2007: 18%)	(765,163)	435,048	(148,778)
Effects of:			
- Different tax rates in other countries	(67,102)	37,186	12,731
- Partial tax exemption	(2,140)	-	(2,140)
- Expenses not deductible for tax purposes	267,192	-	267,192
- Income not subject to tax	(103,316)	(103,483)	-
- Utilisation of previously unrecognised deferred tax asset	-	(19,517)	-
- Deferred tax asset not recognised	167,330	-	-
- Other	(13,892)	10,165	(190)
Tax (credit)/charge	(517,091)	359,399	128,815

The Ministry of Finance has issued a tax ruling on the taxation of Saizen REIT for the income earned after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling, the Trustee will not be taxed on TK distribution receivable from the TK operators in Japan.

The above tax ruling does not apply to gains derived from the sale of real properties or TK interests by Saizen REIT. Such gains, if they are considered as trading gains, are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessed to tax.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

9. Earnings per unit

The calculation of basic earnings per unit is based on:

	2008	Group 2007
Total (loss)/return for the period after income tax and minority interests, before distribution (JPY'000)	(3,646,192)	2,022,442
Weighted average number of units outstanding during the year ('000)	346,879	160,838
Basic and diluted (loss)/earnings per unit (JPY)	(10.51)	12.57

For FY2007, 160,838,440 units was used in the computation of earnings per unit as it represents the number of units issued for the Accounting Acquirer [as defined in Note 2.4(c)] during the reverse acquisition.

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial period.

10. Deposits with cash management agent

The balance relates to deposits placed with cash management agent as required by the bank borrowing agreements. The deposits are restricted for use and are required to be maintained for payments of certain operating expenses and capital expenditure of the properties, and a minimum amount of deposits placed with the cash management agent should be maintained. The calculation of minimum amount of deposits required is based on the estimated future capital expenditure for each investment property acquired.

As at 30 June 2008, the minimum amount of deposits required is JPY2,267,703,000 (2007: JPY1,550,468,000).

The deposits as at balance sheet date are denominated in Japanese Yen.

11. Cash and cash equivalents

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Cash at bank and on hand	3,959,558	754,765	227,485
Short-term bank deposits	1,649,560	-	1,649,560
	5,609,118	754,765	1,877,045

Short-term bank deposits at the balance sheet date mature less than 2 months (2007: nil) from the end of the financial period. The effective interest rate at balance sheet date is 1.4% (2007: nil) per annum.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

11. Cash and cash equivalents (continued)

Cash and cash equivalents are denominated in the following currencies:

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Japanese Yen	3,759,782	754,765	27,709
Singapore Dollar	1,848,767	-	1,848,767
Hong Kong Dollar	262	-	262
Other	307	-	307
	<u>5,609,118</u>	<u>754,765</u>	<u>1,877,045</u>

Acquisition of subsidiaries

Details of identifiable net assets at the date of acquisition as at 9 November 2007, and the effects of acquisition on the cash flow of the Group were as follows:

	Carrying amounts in acquirees' book and at fair values JPY'000
Identifiable assets and liabilities	
Cash and cash equivalents	223,739
Deposits with cash management agent	828,664
Trade and other receivables	20,190
Investment properties	15,182,572
Other current assets	169,770
Total assets	<u>16,424,935</u>
Rental deposits	237,840
Trade and other payables	196,370
Deferred tax liabilities	613,542
Borrowings	7,634,098
Total liabilities	<u>8,681,850</u>
Identifiable net assets	7,743,085
Less: Minority interests	(78,250)
Identifiable net assets acquired	<u>7,664,835</u>
Negative goodwill	(350,047)
Consideration paid	<u>7,314,788</u>
Consideration paid:	
- in units	7,294,113
- in cash	20,675
	<u>7,314,788</u>
Cash consideration paid	20,675
Less: Cash and cash equivalents on subsidiaries acquired	(223,739)
Net cash acquired on acquisition	<u>(203,064)</u>

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

12. Trade and other receivables

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Trade receivables	15,212	10,264	-
Less: Allowance for impairment	(4,658)	(3,039)	-
Trade receivables - net	10,554	7,225	-
Interest receivable	8,437	-	8,437
Deferred rent receivable	16,500	2,437	-
Net consumption tax receivable	-	34,536	-
Distribution receivable from subsidiaries	-	-	636,539
Goods and services tax receivable	65,053	-	65,053
	100,544	44,198	710,029

Deferred rent receivable relates to rental incentives (rent-free period) granted to tenants which will be amortised over the remaining lease term.

Trade and other receivables are denominated in the following currencies:

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Japanese Yen	27,054	44,198	636,539
Singapore Dollar	73,490	-	73,490
	100,544	44,198	710,029

13. Other current assets

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Prepayments	30,655	33,529	1,991
Deposits	500	272	-
Deposits for acquisition of investment properties	-	31,691	-
Prepaid transaction costs for borrowings	14,075	-	-
Prepaid asset management fees	1,684	-	-
	46,914	65,492	1,991

14. Derivative financial instruments

	Group Contract/notional amount 2008 JPY'000	2007 JPY'000	Group Fair value assets/(liabilities) 2008 JPY'000	2007 JPY'000
Interest rate cap	480,000	-	559	-

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

14. Derivative financial instruments (continued)

The Group made use of the following derivative financial instrument to manage the risks arising from fluctuations in interest rates:

A subsidiary, GK Chosei has entered into an interest rate cap contract based on Japanese Yen - 3-month Libor Rate subject to a cap at 2.5% per annum from 30 May 2008 to 20 May 2011. The notional principal amount of the outstanding interest rate cap contract at the end of the financial year was JPY480,000,000, and the maturity date of the contract is 20 May 2011. The interest rate cap is denominated in Japanese Yen.

As at 30 June 2008, a fair value gain of JPY559,000 (2007: nil) has been recognised in the Statement of Total Return.

15. Investments in subsidiaries

	Saizen REIT 2008 JPY'000
Balance at beginning of the financial period	-
- Acquisition of TK interest (Note a)	19,824,661
- New TK agreements (Note b)	735,000
- Additional investments in TK operators (Note c)	10,597,000
Balance at end of the financial period	<u>31,156,661</u>

Details of the subsidiaries are included in Note 28.

(a) Acquisition of TK interest

Saizen REIT has, as at 28 September 2007, entered into agreements with Central-Top Properties Ltd, wholly-owned subsidiary of Japan Opportunities Fund ("JOF") and Japan High Yield Property Fund ("JHYP") and Japan High Yield Property Fund II ("JHYP II") (together the "Vendors" or the "Funds") to acquire from the Vendors all rights and obligations (the "TK interest") as at 9 November 2007, under existing TK agreements with their respective TK operators as follows (the "Acquisition"):

- (i) To acquire JOF's TK interest under the TK agreements signed during the period from 23 May 2003 to 11 March 2005, between its subsidiary with YK JOF, YK Kokkei and YK Keizan, being the TK operators of JOF. The consideration on the acquisition of these TK interests were satisfied by way of issuance of 53,191,511 units in Saizen REIT to Central-Top Properties Ltd amounting to S\$53,191,511 (approximately JPY4,163,720,000), computed based on the offering price of S\$1.00.
- (ii) To acquire JHYP's TK interest under the TK agreements signed during the period from 12 July 2005 to 12 March 2007 with YK Shintoku, YK Shinzan and YK Shingen, being the TK operators of JHYP. The consideration on the acquisition of these TK interests were satisfied by way of issuance of 160,838,440 units in Saizen REIT to JHYP amounting to S\$160,838,440 (approximately JPY12,590,095,000), computed based on the offering price of S\$1.00.
- (iii) To acquire JHYP II's TK interest under the TK agreements signed during the period from 19 April 2007 to 24 August 2007 with GK Choan, being the TK operator of JHYP II. The consideration on the acquisition of these TK interests were satisfied by way of issuance of 39,230,049 units in Saizen REIT to JHYP II amounting to S\$39,230,049 (approximately JPY3,070,846,000), computed based on the offering price of S\$1.00.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

15. Investments in subsidiaries (continued)

(a) Acquisition of TK interest (continued)

The above acquisitions are accounted for using reverse acquisition accounting, in accordance with accounting policy disclosed in Note 2.4(c). Details of identifiable net assets acquired are disclosed in Note 11.

The negative goodwill was attributable to the increase in net asset value of the Accounting Acquirees between the date where the purchase consideration was determined and the completion date of the acquisition.

The acquired subsidiaries contributed revenue of JPY1,089,788,000 and total loss of JPY1,171,221,000 to the Group for the period from 9 November 2007 to 30 June 2008. The subsidiaries' assets and liabilities as at 30 June 2008 were JPY22,340,844,000 and JPY8,519,982,000 respectively. If the acquisition had occurred on 1 July 2007, Group revenue would have been JPY1,535,632,000 and total loss would have been JPY878,861,000.

(b) New TK agreements with TK operators

During the year, Saizen REIT has, as at 24 April 2008 and 26 May 2008, entered into agreements with TK operators GK Chogen and GK Chosei to invest amounts of JPY465,000,000 and JPY270,000,000 respectively.

(c) Additional investments in TK operators

During the year, Saizen REIT has made additional investments in the following TK operators:

Name of entities	Additional investment amount JPY'000
YK JOF	95,000
YK Kokkei	94,000
YK Keizan	60,000
YK Shintoku	48,000
YK Shingen	3,300,000
GK Choan	7,000,000
	<hr/> 10,597,000

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

16. Investment properties

	2008 JPY'000	Group 2007 JPY'000
Balance at beginning of the financial year	29,930,200	15,488,200
Acquisition of subsidiaries (Note 11)	15,182,572	-
Acquisition of investment properties	8,613,295	12,853,432
Net fair value (losses)/gains recognised in the Statement of Total Return	(4,663,767)	1,588,568
Balance at end of the financial year	49,062,300	29,930,200

Investment properties amounting to JPY43.1 billion (2007: JPY29.9 billion) are pledged as security for bank facilities granted to the TK operators.

The carrying amount of the Group's interests in investment properties as at 30 June 2008 and 30 June 2007 are based on independent valuations undertaken by independent professional valuers. Details of the properties are disclosed in the Portfolio Statement.

17. Borrowings

	2008 JPY'000	Group 2007 JPY'000
Current		
Bank loans	5,314,479	-
Non-current		
Bank loans	19,472,617	18,738,921
Total borrowings	24,787,096	18,738,921

The borrowings are denominated in Japanese Yen. Borrowings are secured over some of the Group's investment properties (Note 16).

(i) Maturity of borrowings

	2008 JPY'000	Group 2007 JPY'000
Between one to two years	18,698,021	3,882,083
Between two to five years	527,784	14,856,838
Over five years	246,812	-
	19,472,617	18,738,921

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

17. Borrowings (continued)

(ii) Interest rate risks

The weighted average effective interest rate of total borrowings at the balance sheet date was 3.19% (2007: 3.10%).

(iii) Carrying amounts and fair values

The carrying amounts of borrowings approximated their fair values. The fair values were determined from cash flow analyses, discounted at the borrowing rates which the directors expected to be available to the Group at the balance sheet date.

18. Other current liabilities

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Accrued interest payable on borrowings	92,412	69,001	-
Accrued operating expenses	358,196	86,465	139,731
Net consumption tax payable	4,807	-	-
Asset management fees payable	-	2,734	-
	<u>455,415</u>	<u>158,200</u>	<u>139,731</u>

Other current liabilities are denominated in the following currencies:

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT 2008 JPY'000
Japanese Yen	453,159	158,200	137,475
Singapore Dollar	2,256	-	2,256
	<u>455,415</u>	<u>158,200</u>	<u>139,731</u>

19. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	2008 JPY'000	Group 2007 JPY'000
Deferred income tax liabilities		
- to be settled after one year		
	<u>325,589</u>	<u>358,889</u>

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

19. Deferred income taxes (continued)

Movement in deferred income tax account is as follows:

	2008 JPY'000	Group 2007 JPY'000
Balance at beginning of the financial year	358,889	12
Acquisition of subsidiaries (Note 11)	613,542	-
Tax (credited)/charged to		
- Statement of Total Return (Note 8)	(646,842)	358,877
Balance at end of the financial year	325,589	358,889

The Group has unrecognised deductible temporary differences of JPY856,194,000 (2007: nil) at the balance sheet date which can be carried forward and used to offset against future taxable income.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) is as follows:

Deferred income tax liabilities

	Fair value gain on investment properties JPY'000	Tax depreciation JPY'000	Other JPY'000	Total JPY'000
2008				
Balance at beginning of the financial year	270,993	97,383	12	368,388
Acquisition of subsidiaries (Note 11)	445,721	95,388	72,433	613,542
Tax (credited)/charged to				
- Statement of Total Return	(568,243)	137,292	4,954	(425,997)
Balance at end of the financial year	148,471	330,063	77,399	555,933
2007				
Balance at beginning of the financial year	-	23,044	12	23,056
Tax charged to				
- Statement of Total Return	270,993	74,339	-	345,332
Balance at end of the financial year	270,993	97,383	12	368,388

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

19. Deferred income taxes (continued)

Deferred income tax assets

	Fair value loss on investment properties JPY'000	Other JPY'000	Total JPY'000
2008			
Balance at beginning of the financial year	-	(9,499)	(9,499)
Tax (credited)/charged to			
- Statement of Total Return	(230,344)	9,499	(220,845)
Balance at end of the financial year	<u>(230,344)</u>	<u>-</u>	<u>(230,344)</u>
2007			
Balance at beginning of the financial year	(23,044)	-	(23,044)
Tax charged/(credited) to			
- Statement of Total Return	23,044	(9,499)	13,545
Balance at end of the financial year	<u>-</u>	<u>(9,499)</u>	<u>(9,499)</u>

20. Units in issue

	Saizen REIT No. of units	
	2008 '000	2007 '000
Units at beginning of the financial period	-	-
Units created at acquisition of subsidiaries	253,260	-
Units created at initial public offering	196,740	-
Units created, as settlement of acquisition fee and management fee	1,149	-
Units at end of the financial period	<u>451,149</u>	<u>-</u>

Each unit in Saizen REIT represents an undivided interest in Saizen REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- participate in the termination of Saizen REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Saizen REIT less any liabilities, in accordance with their proportionate interests in Saizen REIT. However, a Unitholder does not have the right to require that any assets (or part thereof) of Saizen REIT be transferred to him; and
- attend all Unitholders' meetings. The Trustee of the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in the number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

20. Units in issue (continued)

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of Saizen REIT in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request to redeem their units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in Saizen REIT. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of Saizen REIT exceed its assets.

21. Related party transactions

For the purpose of these financial statements, parties are considered to be related to Saizen REIT when Saizen REIT has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Saizen REIT and the party are subject to common significant influence. Related parties may be individuals or other entities.

In addition to related party transactions disclosed elsewhere in the financial statements, the following transactions took place at terms agreed between the parties as follows:

	2008 JPY'000	Group 2007 JPY'000	Saizen REIT For the financial period from 27 September 2007 to 30 June 2008 JPY'000
Manager's management fees paid/payable to the Manager	169,609	-	169,609
Acquisition fees paid/payable to the Manager in relation to the acquisition of properties by the subsidiaries	72,476	-	72,476
Asset management fees	26,080	16,450	-
Rental income received from the Asset Manager	106	-	-
Trustee's fees	11,612	-	11,612
	<u>279,883</u>	<u>16,450</u>	<u>253,697</u>

22. Segment information

The Group's investment properties are primarily used for residential and residential-related purposes and are located in Japan. Therefore, the Manager considers that the Group operates within a single business segment and within a single geographical segment in Japan.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

23. Commitments

Operating lease commitments

The operating lease commitments are generally cancellable in nature. In line with the general practice in the Japan residential property market, the majority of the leases for the investment properties are standard two-year leases which the tenants may terminate upon giving one to two months' notice.

24. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines, approved by the BOD.

(a) Market risk

(i) *Currency risk*

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's business is not exposed to significant currency risk and its portfolio of properties held by the TK operators is located in Japan and the cash flows from the operations of the properties are denominated in Japanese Yen.

However, Saizen REIT will receive distributions from the TK operators where cash flows at the TK level are denominated in Japanese Yen, before flowing through to Saizen REIT level where cash flows are denominated in Singapore dollars. This exposes the Group to fluctuations in the cross currency rates of the Japanese Yen and Singapore Dollar ("SGD"). Where appropriate based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

In order to manage the currency risk involved in the coming distributions, the Manager has reserved part of the initial public offering proceeds in Singapore dollars based on the forecasted amount stated in the prospectus at Saizen REIT level.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

24. Financial risk management (continued)

Financial risk factors (continued)

(a) **Market risk** (continued)

(i) **Currency risk** (continued)

The Group's main currency exposure based on the information provided to key management is as follows:

	2008				2007	
	SGD JPY'000	JPY JPY'000	Others JPY'000	Total JPY'000	JPY JPY'000	Total JPY'000
Financial Assets						
Cash and cash equivalents	1,848,767	3,759,782	569	5,609,118	754,765	754,765
Deposits with cash management agent	-	2,639,772	-	2,639,772	1,748,333	1,748,333
Trade and other receivables	73,490	27,054	-	100,544	44,198	44,198
Financial Liabilities						
Rental deposits	-	(764,286)	-	(764,286)	(445,592)	(445,592)
Other current liabilities	(2,256)	(453,159)	-	(455,415)	(158,200)	(158,200)
Borrowings	-	(24,787,096)	-	(24,787,096)	(18,738,921)	(18,738,921)
Net financial assets/ (liabilities)	1,920,001	(19,577,933)	569	(17,657,363)	(16,795,417)	(16,795,417)
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	19,577,933	-	19,577,933	16,795,417	16,795,417
Currency exposure	1,920,001	-	569	1,920,570	-	-

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

24. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the SGD changes against the JPY by 2% (2007: nil) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)	
	2008	2007
	Statement of	Statement of
	Total Return	Total Return
	JPY'000	JPY'000
Group		
SGD against JPY		
- strengthened	38,399	-
- weakened	(38,399)	-
Saizen REIT		
SGD against JPY		
- strengthened	38,399	-
- weakened	(38,399)	-

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has significant interest-bearing borrowings.

The Group's policy is to maintain over 90.0% of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from floating rate borrowings obtained in the current year. The Group manages the material cash flow interest rate risks using interest rate cap.

The Group's floating rate borrowings as at 30 June 2008 amounted to JPY830 million, of which JPY480 million has been protected by an interest rate cap (see Note 14). If the interest rates increase/decrease by 0.5% with all other variables including tax rate being held constant, the total return for the year after income tax will be lower/higher by JPY4,150,000 as a result of higher/lower interest expenses on these borrowings. The Group did not have any floating rate borrowings as at 30 June 2007.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

24. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group does not have significant concentration of credit risk. Trade receivables from tenants are monitored on an ongoing basis. Cash are placed with financial institutions which are regulated.

The credit risk for trade receivables based on the information provided to key management is presented in note (ii) below.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2008 JPY'000	2007 JPY'000
Past due 0 to 1 month	8,398	4,990
Past due 1 to 2 months	2,156	2,235
	10,554	7,225

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2008 JPY'000	2007 JPY'000
Gross amount	4,658	3,039
Less: Allowance for impairment	(4,658)	(3,039)
	-	-
Beginning of financial year	3,040	1,254
Allowance made	1,618	1,785
End of financial year	4,658	3,039

Allowance for impairment of receivables is recognised when there is objective evidence that the Group will not be able to collect the amounts due according to original terms of the receivables.

Under the accounting policy, impairment on account receivables is made for rental in arrears for over 60 days.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

24. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

With recurring interest payment obligations and operating expenses, the Group is exposed to liquidity risk. The Group manages this risk by:

- (a) maintaining sufficient cash reserves for interest, tax, insurance, capital expenditure, leasing commissions, and other major operations-related disbursements; and
- (b) preparing budgets and cash flow forecasts, and regular monitoring and matching of assets to liabilities as they become due.

The table below analyses the maturity profile of the Group's and Saizen REIT's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year JPY'000	Between 1 and 2 years JPY'000	Between 2 and 5 Years JPY'000	Over 5 years JPY'000
Group				
At 30 June 2008				
Rental deposits	741,997	-	-	-
Other current liabilities	455,415	-	-	-
Borrowings	6,102,397	19,270,623	579,147	292,885
	7,299,809	19,270,623	579,147	292,885
At 30 June 2007				
Rental deposits	431,951	-	-	-
Other current liabilities	158,200	-	-	-
Borrowings	597,236	4,478,270	15,294,112	-
	1,187,387	4,478,270	15,294,112	-
Saizen REIT				
At 30 June 2008				
Other current liabilities	139,731	-	-	-
	139,731	-	-	-

(d) Capital risk

The Manager's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder value.

Management monitors capital based on aggregate leverage limit. Under the Property Fund Guidelines (issued by the Monetary Authority of Singapore), all Singapore-listed real estate investment trusts ("S-REITs") are given an aggregate leverage limit of 60.0% of its deposited property if a S-REIT has obtained a credit rating from a major credit rating agency.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

24. Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The aggregate leverage ratio is calculated as total borrowings divided by total assets.

	2008 JPY'000	2007 JPY'000
Total borrowings	24,787,096	18,738,921
Total assets	57,459,207	32,542,988
Aggregate leverage ratio	43.1%	57.6%

Saizen REIT is in compliance with the borrowing limit requirement imposed by the Property Fund Guidelines for the financial year ended 30 June 2008.

The aggregate leverage ratio for FY2007 is not subjected to the Property Fund Guidelines, as Saizen REIT was only constituted on 27 September 2007.

25. Financial ratios

	2008	2007
Ratio of expenses to weighted average net assets ¹		
- including performance component of asset management fees	1.48%	0.64%
- excluding performance component of asset management fees	1.39%	0.50%
Portfolio turnover rate ²	-	-

- ¹ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore dated 25 May 2005.

The expenses used in the computation relate to expenses of the Group, excluding property expenses, issue expenses, borrowing costs, net foreign exchange differences and income tax expense.

- ² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of Saizen REIT expressed as a percentage of daily average net asset value in accordance with the formulae stated in the Code on Collective Investment Schemes.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

26. Fair value

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash, trade and other receivables, other current liabilities and bank borrowings.

27. Events occurring after balance sheet date

- (a) Subsequent to the end of the financial year, the Group has obtained a 3-year loan of JPY5.9 billion secured on a portfolio of properties which was partially ungeared. As of the date hereof, JPY2.95 billion of this loan has been drawn to partially early repay non-current bank borrowings of JPY3.94 billion relating to the geared properties in this portfolio as at 30 June 2008. The remaining balance of the aforesaid non-current borrowings was repaid using cash of the Group.
- (b) On 7 July 2008, Saizen REIT issued 837,626 units for the settlement of the Manager's acquisition fee in relation to property investments in April and May 2008 as well as the Manager's management fee for the period from 1 April 2008 to 30 June 2008. With this issue of 837,626 new units, the total number of units in issue is 451,986,693.

28. List of subsidiaries - TK operators

Name of entities	Principal activities	Country of business/ incorporation	Effective interest	
			2008 %	2007 %
Yugen Kaisha Shingen ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Yugen Kaisha Shintoku ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Yugen Kaisha Shinzan ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Yugen Kaisha JOF ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Yugen Kaisha Kokkei ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Yugen Kaisha Keizan ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Godo Kaisha Choan ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Godo Kaisha Chosei ^(a)	Special purpose entity -Investment in real estate	Japan	97	97
Godo Kaisha Chogen ^(a)	Special purpose entity -Investment in real estate	Japan	97	97

(a) Audited by PricewaterhouseCoopers, Hong Kong.

These special purpose entities have been consolidated in the financial statements in accordance with Interpretations of Financial Reporting Standards 12: Consolidation - Special Purpose Entities, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.

29. Comparatives

No comparative figures are disclosed for Saizen REIT as Saizen REIT was only constituted on 27 September 2007.

Notes to the Financial Statements

For the financial period from 27 September 2007 (date of constitution) to 30 June 2008

30. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) **FRS 108 *Operating Segments*** (effective for annual periods beginning on or after 1 January 2009)

FRS 108 supersedes FRS 14 *Segment Reporting* and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 July 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group does not expect the new operating segments to be significantly different from business segments currently disclosed.

(b) **Revised FRS 23 *Borrowing Costs*** (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 July 2009. The revised standard is not expected to have any impact to the Group, as the Group does not have significant qualifying assets, as defined under the revised FRS 23.

31. Authorisation of financial statements

These financial statements were authorised for issue by the Manager and the Trustee on 19 September 2008.

Statistics of Unitholdings

As at 31 August 2008

As at 31 August 2008, Saizen REIT had 451,986,693 Units in issue (voting rights: one vote per Unit).

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 999	2	0.03	2	0.00
1,000 - 10,000	5,327	93.33	19,070,988	4.22
10,001 - 1,000,000	368	6.45	13,968,010	3.09
1,000,001 and above	11	0.19	418,947,693	92.69
TOTAL:	5,708	100.00	451,986,693	100.00

20 Largest Unitholders

The table below lists the 20 largest Unitholders in terms of the size of their unitholdings as at 31 August 2008, based on information obtained from Saizen REIT's Unit Registrar and Unit Transfer Office, Boardroom Corporate & Advisory Service Pte. Ltd:

No.	Name	No. of Units	%
1.	Japan High Yield Property Fund Limited	159,402,541	35.27
2.	Central-Top Properties Ltd.	52,719,640	11.66
3.	DBSN Services Pte Ltd	41,712,000	9.23
4.	Japan High Yield Property Fund II Limited	38,879,819	8.60
5.	DBS Nominees Pte Ltd	30,701,000	6.79
6.	HSBC (Singapore) Nominees Pte Ltd	25,166,000	5.57
7.	Morgan Stanley Asia (Singapore)	22,559,000	4.99
8.	Raffles Nominees Pte Ltd	16,667,000	3.69
9.	Citibank Nominees Singapore Pte Ltd	16,307,000	3.61
10.	DB Nominees (S) Pte Ltd	5,055,000	1.12
11.	DBS Vickers Securities (S) Pte Ltd	3,618,000	0.80
12.	UOB Kay Hian Pte Ltd	2,555,693	0.57
13.	OCBC Securities Private Ltd	2,407,000	0.53
14.	BNP Paribas Nominees Singapore Pl	1,201,000	0.27
15.	United Overseas Bank Nominees	486,000	0.11
16.	Bank of East Asia Nominees Pte Ltd	469,000	0.10
17.	Kim Eng Securities Pte Ltd	381,000	0.08
18.	Hoo Su Hen	350,000	0.08
19.	Merrill Lynch (Singapore) P L	295,000	0.07
20.	Tan Bien Chuan	250,000	0.06
	TOTAL:	421,181,693	93.20

Based on the information available to the Manager as at 31 August 2008, approximately 41.96% of the number of Units issued was held by the public. Hence, the Manager has complied with Rule 723 of the Listing Manual which requires at least 10% of the total number of issued Units to be at all times held by the public.

Statistics of Unitholdings

As at 31 August 2008

List of Substantial Unitholders

The table below lists the Substantial Unitholders (as defined in the Securities and Futures Act, Chapter 289 of Singapore) of Saizen REIT as at 31 August 2008, based on information obtained from notifications submitted by such Substantial Unitholders to the Manager.

Name	No. of Units Deemed Interest	%
Central-Top Properties Limited ("CTPL")	52,716,640 ⁽¹⁾	11.663
Japan Opportunities Fund Limited ("JOF")	52,716,640 ⁽²⁾	11.663
ASM Hudson River Fund ("ASMHRF")	53,027,640 ⁽³⁾	11.732
ASM Asia Recovery (Master) Fund ("ASMARMF")	54,585,640 ⁽⁴⁾	12.077
ASM Asia Recovery Fund ("ASMARF")	54,585,640 ⁽⁵⁾	12.077
Argyle Street Management Ltd ("ASML")	54,896,640 ⁽⁶⁾	12.146
Argyle Street Management Holdings Ltd ("ASMHL")	54,896,640 ⁽⁷⁾	12.146
Mr Yeh V-Nee	56,942,640 ⁽⁸⁾	12.598
Mr Kin Chan	54,896,640 ⁽⁹⁾	12.146
Japan High Yield Fund Limited ("JHYP I")	159,402,541 ⁽¹⁰⁾	35.267
Japan High Yield Fund (II) Limited ("JHYP II")	38,879,819 ⁽¹⁰⁾	8.602
Berggruen Holdings Limited ("BHL")	42,030,819 ⁽¹¹⁾	9.299
Maitland Trustees Limited ("MTL")	42,030,819 ⁽¹²⁾	9.299
The Capital Group Companies, Inc.	23,608,000 ⁽¹⁰⁾	5.223
JPMorgan Chase & Co & its affiliates	36,000,000 ⁽¹⁰⁾	7.965

Notes:

- 1 CTPL is deemed to be interested in the 52,716,640 Units held by a nominee for CTPL.
- 2 CTPL is a wholly-owned subsidiary of JOF. JOF is deemed to be interested in the 52,716,640 Units which CTPL is deemed to be interested in. See note 1 above.
- 3 ASMHRF is the beneficial holder of more than 20% of the issued share capital of JOF, which in turns owns 100% of CTPL. Pursuant to the Companies Act, Chapter 50 of Singapore (the "Companies Act"), ASMHRF is deemed to be interested in the 52,716,640 Units which JOF is deemed to be interested in. See note 2 above. ASMHRF is also deemed to be interested in the 311,000 Units acquired by it through open market purchases and held by a nominee for ASMHRF.
- 4 ASMARMF is the beneficial holder of more than 20% of the issued share capital of JOF, which in turns owns 100% of CTPL. Pursuant to the Companies Act, ASMARMF is deemed to be interested in the 52,716,640 Units which JOF is deemed to be interested in. See note 2 above. ASMARMF is also deemed to be interested in the 1,869,000 Units acquired by it through open market purchases and held by a nominee for ASMARMF.
- 5 ASMARF is the beneficial holder of more than 50% of the issued share capital of ASMARMF. Pursuant to the Companies Act, ASMARF is deemed to be interested in the 54,585,640 Units which ASMARMF is deemed to be interested in. See note 4 above.
- 6 ASML is the beneficial holder of more than 50% of the voting shares of ASMHRF and more than 20% of voting shares of ASMARF. Accordingly, pursuant to the Companies Act, ASML is deemed to be interested in the 52,716,640 Units held by the nominee for CTPL, the 1,869,000 Units which ASMARMF is deemed to be interested in (see note 4 above) and the 311,000 Units which ASMHRF is deemed to be interested in (see note 3 above).
- 7 ASMHL is the beneficial holder of more than 50% of the voting shares of ASML. Pursuant to the Companies Act, ASMHL is deemed to be interested in the 54,896,640 Units which ASML is deemed to be interested in. See note 6 above.
- 8 Mr Yeh V-Nee is the beneficial holder of more than 20% of the issued share capital of ASMHL. Pursuant to the Companies Act, Mr Yeh is deemed to be interested in the 54,896,640 Units which ASMHL is deemed to be interested in. See note 7 above. Mr Yeh is also deemed to be interested in 1,665,000 Units held by a company in which Mr Yeh is considered to be the beneficial holder of more than 20% of its issued share capital and 381,000 Units held by a nominee for Mr Yeh.

Statistics of Unitholdings

List of Substantial Unitholders (continued)

Notes: (continued)

- ⁹ Mr Kin Chan is the beneficial holder of more than 20% of the issued share capital of ASMHL. Pursuant to the Companies Act, Mr Chan is deemed to be interested in the 54,896,640 Units which ASMHL is deemed to be interested in. See note 7 above.
- ¹⁰ Units are held through nominee.
- ¹¹ BHL is the beneficial holder of more than 20% of the issued share capital of JHYP II. Pursuant to the Companies Act, BHL is deemed to be interested in the 38,879,819 Units which JHYP II is deemed to be interested in. BHL is also deemed to be interested in the 3,151,000 Units acquired by it through open market purchases and held by a nominee for BHL.
- ¹² MTL holds more than 50% of BHL, which in turn is the beneficial holder of more than 20% in the issued share capital of JHYP II. Pursuant to the Companies Act, MTL is deemed to be interested in the 42,030,819 Units which BHL is deemed to be interested in. See note 11 above.

Interests of directors of the Manager (as at 21 July 2008)

Name	No. of Units (Direct interest)	No. of Units (Deemed interest)	%
Arnold Ip Tin Chee	-	2,315,693 ¹	0.512
Chang Sean Pey	125,000	-	0.028
Raymond Wong Kin Jeon	-	1,301,000	0.288
V-Nee Yeh	-	56,232,640	12.441
Soh Yew Hock	Nil	Nil	-
Dennis Lam Siu Sun	Nil	Nil	-
Harold Sun Dai Hoe	Nil	Nil	-

Note:

- ¹ Among the 2,315,693 Units, 1,986,693 Units were Units issued to the Manager as payment of the Manager's management and acquisition fees. Arnold is indirectly entitled to control the exercise of not less than 20% of the voting shares in the Manager, therefore, Arnold is deemed to be interested in the 1,986,693 Units held by the Manager.

Additional Information

Related Party Transactions

Transactions entered into with related parties for the period between 9 November 2007 (date of listing) and 30 June 2008 pursuant to the Listing Manual of the SGX-ST and the Code on CIS are listed below:

Name of related parties	Aggregate value of all related party transactions (excluding transactions less than S\$100,000)
Japan Residential Assets Manager Limited	
- Acquisition fees (JPY'000) (S\$'000) ¹	72,476 955 ²
- Management fees (JPY'000) (S\$'000) ¹	169,609 2,235 ³
HSBC Institutional Trust Services (Singapore) Limited	
- Trustee fees (JPY'000) (S\$'000) ¹	11,612 153
KK Tenyu Asset Management	
- Asset management fees (JPY'000) (S\$'000) ¹	18,302 241

Please also refer to note 21 "Related party transactions" in the "Notes to the Financial Statements" section of this report.

As stated in the Prospectus, related party transactions relating to, inter alia, the fees and charges payable by Saizen REIT to the Manager under the Trust Deed and the asset management fee payable under the Asset Management Agreement (as defined in the Prospectus) are not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or leases of the fees charged thereunder which will adversely affect Saizen REIT. The renewals of such agreements will be subject to Rules 905 and 906 of the Listing Manual.

Save as disclosed above, there was no additional related party transactions (excluding transactions of less than S\$100,000) entered into during the financial period under review.

Notes:

- 1 Based on S\$/JPY average exchange rate of S\$1.00 = JPY75.9 between 9 November 2007 and 30 June 2008.
- 2 In February 2008, Saizen REIT issued 944,094 Units at S\$0.8101 per Unit to the Manager as payment of acquisition fee for the investments completed in November and December 2007. In July 2008, Saizen REIT issued 261,402 Units at S\$0.6983 per Unit to the Manager as payment of acquisition fee for the investments completed in April and May 2008. The issue price per Unit in respect of the acquisition fees was the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading for the period of ten (10) business days immediately preceding the date of issuance of the Units. The exchange rates applied were the average London closing price for the period of ten (10) business days immediately preceding the date of issuance of the Units.
- 3 In April 2008, Saizen REIT issued 204,973 Units at S\$0.7343 per Unit to the Manager as payment of 50% of the management fees for the period from 1 March 2008 to 31 March 2008. The remaining 50% of the management fees was settled in cash. In July 2008, Saizen REIT issued 184,693 Units, 193,216 Units and 198,315 Units at S\$0.7585 per Unit, S\$0.7406 per Unit and S\$0.7073 per Unit respectively as payment of 50% of the management fees for the period from 1 April 2008 to 30 June 2008. The issue price per Unit is the volume weighted average traded price for a Unit for all trades on the SGX-ST for the last ten (10) business days of the relevant periods in which the management fee accrued. The exchange rates applied were the average London closing price for the period of ten (10) business days immediately preceding the date of issuance of the Units.

Notice of Unitholders Information Meeting

NOTICE IS HEREBY GIVEN THAT the unitholders information meeting of Saizen Real Estate Investment Trust ("**Saizen REIT**") will be held at Pan Pacific Singapore Hotel, Meeting Room Ocean 4, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Friday, October 17, 2008 at 10.30 a.m. to:

- 1) provide the management of Saizen REIT an opportunity to meet with the unitholders of Saizen REIT ("**Unitholders**");
and
- 2) provide Unitholders an update on the operations and financial performance of Saizen REIT.

BY ORDER OF THE BOARD



Chang Sean Pey
Chief Executive Officer

30 September 2008

Corporate Information

SAIZEN REIT

Website: www.saizenreit.com.sg
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TRUSTEE

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(Singapore) Limited**
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Fax: +65 6534-5526

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

**Boardroom Corporate & Advisory
Services Pte. Ltd**
3 Church Street
#08-01 Samsung Hub
Singapore 049483

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
8 Cross Street #17-00
PWC Building
Singapore 048424

Audit Partner-in-charge:
Mr Choo Eng Beng
Date of appointment: Since the
financial period ended 30 June 2008

INDEPENDENT TAX ADVISERS

Japan
KPMG Tax Corporation
Izumi Garden Tower
1-6-1, Roppongi, Minato-ku
Tokyo 106-6012, Japan

BOARD OF DIRECTORS

Mr Arnold Ip Tin Chee (Chairman)
Mr Chang Sean Pey (CEO)
Mr Raymond Wong Kin Jeon
Mr Yeh V-Nee
Mr Soh Yew Hock
Mr Dennis Lam Siu Sun
Mr Harold Sun Dai Hoe

AUDIT COMMITTEE

Mr Soh Yew Hock (Chairman)
Mr Yeh V-Nee
Mr Dennis Lam Siu Sun

CORPORATE ANNOUNCEMENT COMMITTEE

Mr Arnold Ip Tin Chee (Chairman)
Mr Chang Sean Pey
Mr Raymond Wong Kin Jeon

JOINT COMPANY SECRETARIES OF THE MANAGER

Ms Seet Geok Neo Patricia
Ms Lee Lih Feng

INDEPENDENT VALUERS

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KK Sakura Business Partners

5F Shin Nihon Building, 2-4-22
Daimyo, Chuo-ku, Fukuoka,
810-0041, Japan

KK Soken

Kyogin Building,
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Japan

Mizuno Real Estate Appraisal Office

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Prime Appraisal Institute Co, Ltd

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810-0041, Japan

Real Estate Appraisal Aota Jimusho

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175-203, Niizo, Toda-shi,
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Rich Appraisal Institute Co., Ltd

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Tokyo, 104-0061, Japan

Toho Appraisal

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2-1, Kita 26 Higashi 8,
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065-0026 Japan

Tokyo Asset Research Inc.


4F Chouyu Randic Building,
3-1-1, Shinbashi,
Minato-ku,
Tokyo, 105-0004, Japan

Total Asset Research (TAR)

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Equal Brand Design



Manager of

SaizenREIT) 最善

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