

Saizen Real Estate Investment Trust

(A real estate investment trust constituted on 27 September 2007 under the laws of the Republic of Singapore (as amended))

**RESPONSES TO SGX-ST'S QUERIES REGARDING
THE 2Q FY2009 RESULTS ANNOUNCEMENT**

The board of directors of Japan Residential Assets Manager Limited (the "**Manager**"), as manager of Saizen Real Estate Investment Trust ("**Saizen REIT**"), refers to the queries of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 19 February 2009 in relation to the unaudited financial statements announcement of Saizen REIT for the second quarter ended 31 December 2008 ("**2Q FY2009**") (the "**Results Announcement**") made on 13 February 2009. The queries and responses are as follows:

Q1: In the statement of total return, "gross revenue" and "net property income" has increased approximately 25% but "Other trust expenses" has increased 43%. Please provide a breakdown of "Other trust expenses" and elaborate on the reasons for its increase.

Answer: Unless defined otherwise, capitalised terms used herein have the same meanings as those ascribed to them in the Results Announcement. Set out below is the breakdown of "other trust expenses" in the statement of total return for the Group:

| | 2Q FY2009 (JPY'000) | 2Q FY2008 (JPY'000) |
|---------------|-------------------------------|-------------------------------|
| Valuation fee | 1,223 | - |
| Audit fee | 5,742 | - |
| GST | 4,327 | 7,881 |
| Total | 11,292 | 7,881 |

The 43.3% increase was due principally to "audit fee" being reclassified from "other administrative expenses" in 2Q FY2008 to "other trust expenses" in 2Q FY2009 following discussions with the auditors.

In addition to the above, the basis for preparing the statement of total return for 2Q FY2009 differs from that of 2Q FY2008. Please refer to the paragraph "Significant accounting policies" on page 3 of the Results Announcement for details.

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

Q2: The balance sheet of the Group has recorded JPY66.4 million in "Derivative financial instruments" as at 31 December 2008. Please provide more details on these instruments.

Answer: The "Derivative financial instruments" stated as non-current liabilities in the balance sheet as at 31 December 2008 refers to an interest rate swap entered into in order to fix the interest rate of a JPY5.9 billion secured borrowing over its 3-year term. This interest rate swap was entered into to hedge against interest rate fluctuation. The liabilities were recorded due to revaluation losses as variable interest rates have been on a downward trend since the aforesaid interest rate swap was entered into.

ANYONE WHO WISHES TO INVEST OR TRADE IN THE UNITS OF SAIZEN REIT SHOULD EXERCISE DUE CAUTION, AND SHOULD IN THE MEANTIME CONSULT THEIR FINANCIAL/LLEGAL ADVISORS AND CONSIDER THE INFORMATION AND RECOMMENDATIONS OF THE DIRECTORS, TO BE SET OUT IN THE CIRCULAR THAT WILL BE ISSUED AT A LATER DATE.

BY ORDER OF THE BOARD OF DIRECTORS

Chang Sean Pey (Mr.)
Chief Executive Officer

Japan Residential Assets Manager Limited
(Company Registration No. 200712125H)
As Manager of Saizen Real Estate Investment Trust
23 February 2009

Important Notice

The value of units of Saizen REIT ("**Units**") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Saizen REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Saizen is not necessarily indicative of the future performance of Saizen REIT.