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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))

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

EMPHASIS OF MATTER BY AUDITORS

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of Japan Residential Assets Manager Limited, the manager ("**Manager**") of Saizen Real Estate Investment Trust ("**Saizen REIT**"), wishes to announce that Saizen REIT's auditors, PricewaterhouseCoopers LLP (the "**Auditors**"), have in their Independent Auditor's Report on the financial statements of Saizen REIT for the financial year ended 30 June 2009 (the "**Financial Statements**"), included an emphasis of matter in relation to Note 1 to the Financial Statements.

Without qualifying their opinion, the Auditors draw attention to Note 1 of the financial statements. As at 30 June 2009, Saizen REIT and its subsidiaries (the "**Group**") has interest-bearing borrowings of JPY 14.9 billion, which are due for repayment within the next 12 months, of which the Group expects to repay JPY 6.9 billion with cash generated from operating activities and loan facility available to the Group. The Group is currently in negotiations with financial institutions to refinance JPY 8.0 billion of these borrowings (the "**YK Shintoku Loan**"), which were held by a subsidiary Yugen Kaisha Shintoku ("YK Shintoku").

In accordance with the loan agreement of the YK Shintoku Loan, the lender has the right to take control of YK Shintoku in the event of default. As at 30 June 2009, the net asset value of YK Shintoku (adjusted for dues to Saizen REIT) amounts to JPY 2.5 billion, which approximates 10% of the net assets of the Group.

The subsidiary's ability to continue as a going concern is dependent on the successful outcome of these negotiations. This condition indicates the existence of a material uncertainty, which may cast significant doubt on the subsidiary's ability to continue as a going concern. If the subsidiary is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that its assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the balance sheet. In addition, the subsidiary may have to provide for further liabilities which may arise. The Group's financial statements do not include the adjustments that would result if the subsidiary was unable to continue as a going concern.

An application for the extension of the YK Shintoku Loan, maturing on 2 November 2009, was rejected by the loan servicer on 14 September 2009 and efforts are currently being made for its refinancing. Further announcements will be made at an appropriate time.

A copy of the Independent Auditor's Report together with an extract of Note 1 to the Financial Statements is attached.

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
22 September 2009

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.

Important Notice

The value of 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 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.

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 4 to 53, which comprise the Balance Sheets of Saizen REIT and of the Group and Portfolio Statement of the Group as at 30 June 2009, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of Saizen REIT and of the Group, the Consolidated Cash Flow Statement of the Group for the financial year then ended 30 June 2009, 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 2009, 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 year ended 30 June 2009 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.

Without qualifying our opinion, we draw attention to Note 1 of the financial statements. As at 30 June 2009, the Group has interest-bearing borrowings of JPY14.9 billion, which are due for repayment within the next 12 months, of which the Group expects to repay JPY6.9 billion with cash generated from operating activities and loan facility available to the Group. The Group is currently in negotiations with financial institutions to refinance JPY8.0 billion of these borrowings, which were held by a subsidiary Yugen Kaisha Shintoku (“YK Shintoku”).

In accordance with the loan agreement of YK Shintoku, the lender has the right to take control of YK Shintoku in the event of default. As at 30 June 2009, the net asset value of YK Shintoku (adjusted for dues to Saizen REIT) amounts to JPY 2.5 billion, which approximates 10% of the net assets of the Group.

The subsidiary’s ability to continue as a going concern is dependent on the successful outcome of these negotiations. This condition indicates the existence of a material uncertainty, which may cast significant doubt on the subsidiary’s ability to continue as a going concern. If the subsidiary is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that its assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the balance sheet. In addition, the subsidiary may have to provide for further liabilities which may arise. The Group’s financial statements do not include the adjustments that would result if the subsidiary was unable to continue as a going concern.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 22 September 2009

Saizen REIT and its subsidiaries
Financial Statements for the financial year ended 30 June 20009

Extract of Note 1 to the Financial Statements:-

Refinancing plan

As at 30 June 2009, the Group has interest-bearing borrowings amounting to JPY14.9 billion that are due for repayment between 2 November 2009 and 25 January 2010. Borrowings of YK Keizan, YK Kokkei and YK Shingen, amounting to JPY 1.5 billion, JPY0.8 billion and JPY 4.6 billion respectively, will be repaid with cash generated from operating activities and loan facility available to the Group.

The Manager is in negotiations with financial institutions to refinance the borrowings of YK Shintoku amounting to JPY8.0 billion.

In accordance with the loan agreement of YK Shintoku, if the loan goes into default, the lender has the right to take control of YK Shintoku (including its property portfolio). In the worst case scenario, the lender will take control of the assets and corresponding liabilities (being the net assets adjusted for dues to Saizen REIT) of YK Shintoku, which amounted to JPY 2.5 billion as at 30 June 2009, which approximates 10% of the net asset value of the Group as at 30 June 2009. In the event that the foreclosure action by the lender results in proceeds in excess of the outstanding loan amount and reasonable costs for foreclosure action of YK Shintoku, Saizen REIT will then be able to recoup an amount equivalent to this excess.

The subsidiary's ability to continue as a going concern is dependent on the successful outcome of these negotiations. This condition indicates the existence of a material uncertainty which may cast significant doubt on the subsidiary's ability to continue as a going concern. If the subsidiary is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that its assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the balance sheet. In addition, the subsidiary may have to provide for further liabilities which may arise. The Group's financial statements do not include the adjustments that would result if the subsidiary was unable to continue as a going concern.