

Saizen Real Estate Investment Trust

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

Announcement In Relation To The Unaudited Financial Statements For The First Quarter Ended 30 September 2009

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INTRODUCTION

Summary of results

Property operations of Saizen Real Estate Investment Trust ("**Saizen REIT**") had remained stable in the first quarter ended 30 September 2009 ("**1Q FY2010**"). It is expected that Saizen REIT will start accumulating cash for distribution in the last quarter (April 2010 to June 2010) of the current financial year ending 30 June 2010 ("**FY2010**"), and will resume distribution for the current financial year. This is notwithstanding the maturity default of the loan of YK Shintoku on 2 November 2009.

The financial year-end of Saizen REIT is 30 June. The following is a summary of Saizen REIT's operating performance for 1Q FY2010 and the first quarter ended 30 September 2008 ("**1Q FY2009**"), and for the financial year ended 30 June 2009 ("**FY2009**").

	1Q FY2010 ¹	1Q FY2009 ²
Gross revenue (JPY'000) (S\$'000)	1,051,349 16,150³	1,065,417 13,801⁴
Net property income (JPY'000) (S\$'000)	735,660 11,300³	741,248 9,602⁴

	As at 30 Sep 2009
Net asset value per Unit (JPY) (S\$)	26.16 0.41⁵

Notes:

1. There were 166 properties at the start of 1Q FY2010 and 162 properties at the end of 1Q FY2010
2. There were 166 properties at the start and end of 1Q FY2009
3. Based on S\$/JPY average exchange rate of 65.1 between 1 July 2009 and 30 September 2009
4. Based on S\$/JPY average exchange rate 77.2 between 1 July 2008 and 30 September 2008
5. Based on S\$/JPY exchange rate of 63.5 as at 30 September 2009, which is applied throughout this announcement unless stated otherwise

Background of Saizen REIT

Saizen REIT, listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 9 November 2007 ("**Listing**"), is the first REIT listed in Singapore offering access to purely Japanese residential real estate.

The principal investment objective of Saizen REIT is to invest in a diversified portfolio of income-producing real estate located in Japan, which is used primarily for residential and residential-related purposes, and real estate-related assets in connection with the foregoing.

At the time of Listing, Saizen REIT's portfolio comprised 147 properties located in 12 regional cities in Japan. As at 30 September 2009, Saizen REIT's portfolio comprised 162 properties, with a total appraised value of JPY 42.12 billion (S\$663.37 million) located in 13 regional cities in Japan.

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**").

As at the date hereof, 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.

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

Rights Issue

A rights cum warrants issue was conducted in May 2009 to raise funds to repay loans that are due to mature at the end of 2009 and the beginning of 2010 (the "**Rights Issue**"). Pursuant to the Rights Issue, 497,185,362 rights Units were issued at an issue price of S\$0.09 each, together with 497,185,362 detachable warrants; each warrant carrying the right to subscribe for one new Unit at an exercise price of S\$0.09. The warrants may be exercised at any time up to 5.00 p.m. on 2 June 2012. The Rights Issue was concluded in June 2009.

INFORMATION REQUIRED FOR ANNOUNCEMENTS**1(a) Statement of total return (for the Group) (1Q FY2010 vs 1Q FY2009)**

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)	Increase / (Decrease) %
Gross revenue	1,051,349	1,065,417	(1.3)
Property operating expenses	(315,689)	(324,169)	(2.6)
Net property income	735,660	741,248	(0.8)
Interest income	816	8,653	(90.6)
Other administrative expenses	(33,371)	(39,371)	(15.2)
Manager's management fees	(53,699)	(62,322)	(13.8)
Asset management fees	(6,336)	(5,137)	23.3
Trustee's fee	(3,881)	(907)	>100.0
Other trust expenses	(39,037)	(15,244)	>100.0
Finance costs ²	(214,196)	(491,123)	(56.4)
Issue expenses	(4,110)	-	NM ¹
Net income from operations	381,846	135,797	>100.0
Loss on divestment of properties	(47,619)	-	NM ¹
Net fair value loss on financial derivatives - fair value through profit or loss ³	(108,391)	(4,599)	>100.0
Total return for the period before income tax⁴	225,836	131,198	72.1
Income tax	(61,267)	(21,295)	>100.0
Total return for the period after income tax before distribution	164,569	109,903	49.7
Less: Distribution	-	-	NM ¹
Total return for the period	164,569	109,903	49.7
Attributable to:			
Unitholders	163,860	110,024	48.9
Minority Interests	709	(121)	NM ¹
	164,569	109,903	49.7

Notes:

1. NM denotes not meaningful

2. Finance costs comprise the following:

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	(171,677)	(197,414)	(13.0)
(ii) amortisation of loan commission	(40,776)	(84,818)	(51.9)
(iii) cost of refinancing	-	(191,172)	NM ¹
(iv) exchange difference	(1,743)	(17,719)	(90.2)

3. Fair value loss on financial derivatives comprises the following:

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(9,189)	(1,389)	>100.0
(ii) unrealised fair value loss on interest rate swap	(2,089)	(2,951)	(29.2)
(iii) unrealised fair value loss on interest rate cap	(17)	(259)	(93.4)
(iv) fair value loss on warrants	(97,096)	-	NM ¹

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

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)	Increase / (Decrease) %
(i) impairment on account receivable	(1,202)	(138)	>100.0

1(b)(i) Balance sheet

	The Group	
	As at 30 Sep 2009 (JPY'000)	As at 30 Jun 2009 (JPY'000)
Current assets		
Cash and cash equivalents	6,288,743	5,070,301
Deposits with cash management agents ¹	2,830,834	2,300,322
Trade and other receivables	43,307	46,391
Other current assets	35,723	37,000
	<u>9,198,607</u>	<u>7,454,014</u>
Non-current assets		
Derivative financial instruments ²	19	36
Investment properties	42,127,647	42,734,100
	<u>42,127,666</u>	<u>42,734,136</u>
Total assets	<u>51,326,273</u>	<u>50,188,150</u>
Current liabilities		
Rental deposits	654,417	683,341
Rental received in advance	254,810	264,419
Borrowings	15,397,721	14,890,781
Other current liabilities	271,085	358,714
Current tax liabilities	290,507	289,062
Derivative financial instruments ³	1,879,158	1,797,050
	<u>18,747,698</u>	<u>18,283,367</u>
Non-current liabilities		
Rental deposits	26,537	29,475
Borrowings	7,406,180	6,932,075
Derivative financial instruments ⁴	75,088	72,999
Deferred tax liabilities	143,988	143,720
	<u>7,651,793</u>	<u>7,178,269</u>
Total liabilities	<u>26,399,491</u>	<u>25,461,636</u>
Total net assets	<u>24,926,782</u>	<u>24,726,514</u>
Represented by:		
Unitholders	24,926,073	24,726,514
Minority Interests	709	-
	<u>24,926,782</u>	<u>24,726,514</u>
Number of Units in issue ('000)	<u>952,770</u>	<u>949,194</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>26.16</u>	<u>26.05</u>

Notes:

1. The cash management agents are professional service providers appointed by lenders to the TK operators to administer cash movements of the TK operators
2. The derivative financial instruments (non-current assets) comprised an interest rate cap used to hedge against fluctuations in interest rates in respect of the loan obtained by GK Chosei
3. The derivative financial instruments (current liabilities) comprised warrants that are outstanding
4. The derivative financial instruments (non-current liabilities) comprised an interest rate swap used to hedge against fluctuations in interest rates in respect of the loan obtained by GK Choan

Saizen REIT		
	As at 30 Sep 2009 (JPY'000)	As at 30 Jun 2009 (JPY'000)
Current assets		
Cash and cash equivalents	1,077,408	492,040
Distribution receivables	1,246,107	1,235,323
Other receivables	864	5,390
Other assets	3,624	1,679
	<u>2,328,003</u>	<u>1,734,432</u>
Non-current assets		
Investment in subsidiaries	24,169,928	24,911,233
	<u>24,169,928</u>	<u>24,911,233</u>
Total assets	<u>26,497,931</u>	<u>26,645,665</u>
Current liabilities		
Other current liabilities	54,127	88,220
Current tax liabilities	250,729	248,572
Derivative financial instruments ¹	1,879,158	1,797,050
	<u>2,184,014</u>	<u>2,133,842</u>
Total liabilities	<u>2,184,014</u>	<u>2,133,842</u>
Total net assets	<u>24,313,917</u>	<u>24,511,823</u>
Represented by:		
Unitholders	<u>24,313,917</u>	<u>24,511,823</u>
Number of Units in issue ('000)	<u>952,770</u>	<u>949,194</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>25.52</u>	<u>25.82</u>

Note:

1. The derivative financial instruments (current liabilities) comprised warrants that are outstanding

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

	As at 30 Sep 2009 (JPY'000)	As at 30 Jun 2009 (JPY'000)
Secured borrowings		
Amount repayable in one year or less		
- Bank loans	509,094	16,819
- Commercial mortgage-backed securities loans	14,888,627	14,873,962
	<u>15,397,721</u>	<u>14,890,781</u>
Amount repayable after one year		
- Bank loans	7,406,180	6,932,075
	<u>22,803,901</u>	<u>21,822,856</u>

The increase in borrowings from JPY 21.8 billion as at 30 June 2009 to JPY 22.8 billion as at 30 September 2009 was mainly due to a new long-term JPY 1.0 billion loan drawn down by YK JOF. As at 30 September 2009, the above borrowings are secured over the investment properties of Saizen REIT with aggregate value amounting to JPY 37.3 billion.

1(c) Cash flow statement (for the Group) (1Q FY2010 vs 1Q FY2009)

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)
Operating activities		
Total return for the period after income tax before distribution	164,569	109,903
Adjustments for:		
Income tax	61,267	21,295
Interest income	(816)	(8,653)
Interest expenses	212,453	473,404
Loss on divestment of properties	47,619	-
Net fair value loss on financial derivatives	108,391	4,599
Operating profit before working capital changes	593,483	600,548
Changes in working capital		
Deposit with cash management agents	(530,512) ¹	(51,240)
Trade and other receivables	3,084	57,719
Other current assets	3,989	348
Other current liabilities	(88,066)	(69,781)
Rental received in advance	(9,609)	(2,116)
Rental deposits	(31,862)	(2,227)
Cash generated from operations	(59,493)	533,251
Income tax paid	(59,553)	(616)
Cash flows (used in)/provided by operating activities	(119,046)	532,635
Investing activities		
Capital expenditure/ acquisition of investment properties	(3,547)	(21,095)
Sale of investment properties	562,380	-
Cash flows provided by/(used in) investing activities	558,833	(21,095)
Financing activities		
Bank borrowings obtained	1,000,000	3,835,000
Repayment of bank borrowings	(28,027)	(3,964,943)
Distribution to Unitholders	-	(1,637,520)
Interest received	816	17,090
Interest paid	(205,657)	(582,725)
Payment of interest rate swap	(9,189)	-
Proceeds from exercise of warrants	20,712	-
Cash flows provided by/(used in) financing activities	778,655	(2,333,098)
Net increase/(decrease) in cash and cash equivalents	1,218,442	(1,821,558)
Cash and cash equivalent at beginning of the period	5,070,301	5,609,118
Cash and cash equivalent at end of the period	6,288,743	3,787,560

Note:

- (1) The change in deposit with cash management agent comprised mainly sale proceeds from the divestment of four properties held by YK Shintoku that was retained by the loan servicer. These sale proceeds were subsequently used to pay down the loan of YK Shintoku in November 2009.

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

The Group

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)
OPERATION		
Balance as at beginning of the period	(10,621,193)	(2,515,175)
Total return for the period	163,860	110,024
Balance as at end of period	(10,457,333)	(2,405,151)
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	35,347,707	33,177,613
Creation of new units arising from		
- Acquisition fee and Manager's management fee	-	47,473
- Exercise of warrants	35,699	-
Distribution to Unitholders	-	(1,637,520)
Balance as at end of period	35,383,406	31,587,566
TOTAL ATTRIBUTABLE TO UNITHOLDERS	24,926,073	29,182,415
MINORITY INTERESTS		
Balance as at beginning of the period	-	30,635
Total return/(loss) for the period	709	(121)
Balance as at end of period	709	30,514
TOTAL	24,926,782	29,212,929

Saizen REIT

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY '000)
OPERATION		
Balance as at beginning of the period	(12,090,811)	(955,360)
Total loss for the period	(233,605)	(63,518)
Balance as at end of period	(12,324,416)	(1,018,878)
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	36,602,634	34,432,540
Creation of new units arising from		
- Acquisition fee and Manager's management fee	-	47,473
- Exercise of warrants	35,699	-
Distribution to Unitholders	-	(1,637,520)
Balance as at end of period	36,638,333	32,842,493
TOTAL ATTRIBUTABLE TO UNITHOLDERS	24,313,917	31,823,615

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

	1Q FY2010 (Units)	1Q FY2009 (Units)
Issued Units as at beginning of period	949,194,055	451,149,067
Issue of new Units from exercise of warrants	3,576,000	-
Issue of new Units to Manager	-	837,626
Issued Units as at end of period	952,770,055	451,986,693

	1Q FY2010 (Warrants)	1Q FY2009 (Warrants)
Number of warrants outstanding as at beginning of period	497,163,362	-
Exercise of warrants	(3,576,000)	-
Number of warrants outstanding as at end of period	<u>493,587,362</u>	<u>-</u>

Saizen REIT issued 497,185,362 warrants in June 2009. Each warrant entitles the warrant holder to subscribe for one new Unit in Saizen REIT at an exercise price of S\$0.09.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

For the current reporting period, the Group has applied the same accounting policies and methods of computation as those applied in its audited financial statements for the financial year ended 30 June 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

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

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

(a) Basic EPU

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

(b) Diluted EPU

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

		1Q FY2010	1Q FY2009
Total return for the period attributable to Unitholders for basic and diluted EPU (JPY'000)		163,860	110,024
Basic EPU	(JPY)	0.17	0.24
	(S\$ cents)	0.26 ¹	0.31 ²
Diluted EPU	(JPY)	0.14	0.24
	(S\$ cents)	0.22 ¹	0.31 ²
Weighted average number of Units		949,458,327	451,932,065
Weighted average number of Units plus dilutive effect		1,143,125,756	451,932,065

Notes:

1. Based on S\$/JPY average exchange rate of 65.1 between 1 July 2009 and 30 September 2009
2. Based on S\$/JPY average exchange rate of 77.2 between 1 July 2008 and 30 September 2008

7. Net asset value ("NAV") per Unit based on issued Units at the end of 30 September 2009 and 30 June 2009

The Group

		As at 30 Sep 2009	As at 30 Jun 2009
NAV per Unit based on issued Units at the end of financial period	(JPY)	26.16	26.05
	(S\$)	0.41 ¹	0.40 ²

Saizen REIT

		As at 30 Sep 2009	As at 30 Jun 2009
NAV per Unit based on issued Units at the end of financial period	(JPY)	25.52	25.82
	(S\$)	0.40 ¹	0.39 ²

Notes:

1. Based on S\$/JPY exchange rate of 63.5 as at 30 September 2009
2. Based on S\$/JPY exchange rate of 65.7 as at 30 June 2009

8. Review of performance

Income statement: 1Q FY2010 vs. 1Q FY2009**Group level**

Gross revenue and net property income remained stable in 1Q FY2010. The divestment of four properties in 1Q FY2010 contributed to the slight decrease in net property income when compared to 1Q FY2009.

The increase in other trust expenses by JPY 23.8 million in 1Q FY2010 was mainly due to accruals for valuation fees of approximately JPY 23.5 million. No valuation fees were accrued in 1Q FY2009.

Issue expenses of JPY 4.1 million in 1Q FY2010 comprised expenses incurred in respect of the Rights Issue. The loss on divestment of properties of JPY 47.6 million comprised net loss incurred on the divestment of four properties in 1Q FY2010.

The fair value loss on financial derivatives of JPY 108.4 million comprised mainly a fair value loss on warrants of JPY 97.1 million, which arose due to the increase in market-traded price of the warrants.

Property level

	1Q FY2010 ¹ (JPY'000)	1Q FY2009 ² (JPY'000)	Increase / (Decrease) %
Gross revenue	1,051,349	1,065,156	(1.3)
Property operating expenses ³	(315,689)	(324,169)	(2.6)
Net property income	735,660	740,987	(0.7)
Other administrative expenses	(28,192)	(33,829)	(16.7)
Asset management fees	(6,336)	(5,137)	23.3
Interest expenses ⁴	(180,866)	(197,414)	(8.4)
Net income from operations	520,266	504,607	3.1

Notes:

1. There were 166 properties at the start of 1Q FY2009 and 162 properties at the end of 1Q FY2010
2. There were 166 properties respectively at the start and end of 1Q FY2009
3. Property operating expenses comprised the following:

	1Q FY2010 (JPY'000)	1Q FY2009 (JPY'000)	Increase / (Decrease) %
Property tax	77,903	79,780	(2.4)
Property manager's fees	41,214	42,081	(2.1)
Operation and maintenance expenses	51,204	51,207	(0.0)
Repairs and renovations	51,005	46,404	9.9
Leasing and marketing expenses	28,874	36,348	(20.6)
Utilities charges	40,630	43,202	(6.0)
Insurance expenses	13,972	13,887	0.6
Impairment on account receivables	1,202	138	>100.0
Bad debt written-off	209	373	(44.0)
Consumption tax arising from operation	9,476	10,749	(11.8)

4. Interest expenses include the realised loss (payment) on interest rate swap but excludes one-off refinancing costs of JPY 191.2 million

The income statements for 1Q FY2010 and 1Q FY2009 comprised all the TK operators under Saizen REIT in existence at the relevant period, as well as income and expense items at the level of Saizen REIT. For the performance review of property operations, income and expense items at Saizen REIT level and the one-off cost of refinancing were excluded.

Gross revenue, net property income and net income from operations remained stable in 1Q FY2010. Other administrative expenses in 1Q FY2010 decreased by 16.7% when compared to 1Q FY2009, due mainly to expenses which were incurred in 1Q FY2009 in the establishment of new Ippan shadan hojins (previously known as chukan hojins) to facilitate the refinancing of bank borrowings. The decrease in interest expenses of 8.4% in 1Q FY2010 compared with 1Q FY2009 was mainly due to the full repayment of loans of YK Shinzan and YK JOF, which was partially offset by a new short-term bridging facility drawn down by YK JOF, in the second half of FY2009.

Income statement: 1Q FY2010 vs. 4Q FY2009Property level

	1Q FY2010 ¹ (JPY'000)	4Q FY2009 ² (JPY'000)	Increase / (Decrease) %
Gross revenue	1,051,349	1,067,298	(1.5)
Property operating expenses ³	(315,689)	(358,696)	(12.0)
Net property income	735,660	708,602	3.8
Other administrative expenses	(28,192)	(38,496)	(26.8)
Asset management fees	(6,336)	(2,980)	>100.0
Interest expenses ⁴	(180,866)	(172,541)	4.8
Net income from operations	520,266	494,585	5.2

Notes:

1. There were 166 properties at the start of 1Q FY2010 and 162 properties at the end of 1QFY2010

2. There were 166 properties respectively at the start and end of 4Q FY2009

3. Property operating expenses comprised the following:

	1Q FY2010 (JPY'000)	4Q FY2009 (JPY'000)	Increase / (Decrease) %
Property tax	77,903	77,513	0.5
Property manager's fees	41,214	41,499	(0.7)
Operation and maintenance expenses	51,204	53,720	(4.7)
Repairs and renovations	51,005	62,426	(18.3)
Leasing and marketing expenses	28,874	50,782	(43.1)
Utilities charges	40,630	45,970	(11.6)
Insurance expenses	13,972	13,861	0.8
Impairment on account receivables	1,202	158	>100.0
Bad debt written-off	209	289	(27.7)
Consumption tax arising from operation	9,476	12,477	(24.1)

4. Interest expenses include the realised loss (payment) on interest rate swap

The income statements for 1Q FY2010 and 4Q FY2009 comprised all the TK operators under Saizen REIT in existence at the relevant period, as well as income and expense items at the level of Saizen REIT. For the performance review of property operations, income and expense items at Saizen REIT level were excluded.

Gross revenue, net property income and net income from operations remained stable in 1Q FY2010 at JPY 1.1 billion, JPY 0.7 billion and JPY 0.5 billion respectively. Other administrative expenses in 1Q FY2010 decreased by 26.8% when compared to 4Q FY2009, due mainly to legal expenses incurred in 4Q FY2009 on a new short-term bridging facility obtained by YK JOF as well as on the establishment of new Ippan shadan hojins (previously known as chukan hojins) to facilitate the refinancing of bank borrowings. The increase in interest expenses of 4.8% in 1Q FY2010 compared with 4Q FY2009 was mainly due to interest expenses on the JPY400.0 million short-term bridging facility which was drawn down by YK JOF at the end of May 2009.

9. Outlook and prospects

Distributions

Notwithstanding the maturity default of the loan of YK Shintoku as discussed below, it is expected that Saizen REIT will start accumulating cash for distribution in the last quarter (April 2010 to June 2010) of FY2010, and will resume distribution for the current financial year.

Financing

The main focus of Saizen REIT in FY2010 will be the refinancing of its loans. Following the maturity default of the JPY 7.253 billion (S\$114.2 million) loan of YK Shintoku, details of which can be found in Saizen REIT's announcement dated 3 November 2009, the Asset Manager will work closely with the Manager and the lender of the loan to formulate a viable course of action. The Asset Manager will also continue with its efforts to refinance this loan, including the continuation of the deleveraging plan in respect of the YK Shintoku property portfolio.

The loans which are due in FY2010 are set out in the table below.

TK operator	Maturity date	Loan amount	
		(JPY million)	(S\$ million)
YK Kokkei	November 2009	787.2	12.4
YK Shingen	December 2009	4,620.0	72.8
YK Keizan	January 2010	1,536.3	24.2
		6,943.5	109.4

It is expected that with the current cash balance (which includes proceeds of the Rights Issue) and operational cash flow conserved up to January 2010, the loans of YK Kokkei, YK Shingen and YK Keizan can be fully repaid when they come due. Depending on the cash balance at such time, a short term bridging loan, which the Manager is currently in the process of arranging, may be drawn down.

Property operations

Property operations are expected to remain stable in the remaining periods of FY2010. Occupancy rates as at 30 September 2009 was 91.4%, while overall rental reversion of new contracts entered into in 1Q FY2010 was marginally lower by about 4%. While the absolute amount remains nominal, an increase in impairment of account receivables was observed in 1Q FY2010. While the Management Team expects this situation to stabilise, the Asset Manager will monitor the situation closely amidst the current uncertain economic conditions which have led to job losses and difficulties in household finances.

10. Distributions

Not applicable.

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

The Board does not propose to declare any distribution for 1Q FY2010.

12. Interested person transactions

Divestment fees amounting to an aggregate of JPY 1.8 million (S\$0.03 million) were paid to the Manager in respect of the sale of U.I Building, Crestage Tayacho, Legions Yunokawa and River City Kimachi in 1Q FY2010.

13. Update on utilisation of Rights Issue proceeds

Proceeds from the Rights Issue designated for the repayment of the YK Shingen and YK Keizan loans in December 2009 and January 2010 respectively have yet to be deployed.

14. Confirmation by Directors pursuant to Clause 705(4) of the Listing Manual of SGX-ST

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the financial results for the quarter ended 30 September 2009 to be false or misleading in any material respect.

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in tenant demands, changes in operating expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of Management Team on future events.

BY ORDER OF THE BOARD

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

11 November 2009