

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 Third Quarter Ended 31 March 2012

TABLE OF CONTENTS

Item no.	Description	Page no.
	Introduction	
-	Summary of results	2 – 3
-	Background of Saizen REIT	3
	Information Required for Announcements	
1(a)	Statement of total return	4 – 6
1(b)(i)	Balance sheet	7 – 8
1(b)(ii)	Aggregate amount of the Group's borrowings and debt securities	8
1(c)	Cash flow statement	9 – 11
1(d)(i)	Statement of changes in Unitholders' funds	11
1(d)(ii)	Details of changes in the Units and warrants	12
2 & 3	Audit statement	12
4 & 5	Changes in accounting policies	12
6	Earnings per Unit for the financial period (Group)	12 – 13
7	Net Asset Value per Unit based on issued Units at the end of 31 March 2012 and 30 June 2011	13
8	Review of performance	14 – 18
9	Outlook and prospects	18
10 & 11	Distributions	18 – 19
12	Interested person transactions	19
13	General mandate for interested person transactions	19
14	Update on utilisation of warrant proceeds	19
15	Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST	19

INTRODUCTION

While revenue remained relatively stable, income decreased on a quarter-on-quarter basis in the third quarter ended 31 March 2012 (“**3Q FY2012**”), due mainly to (i) an increase in renovations and leasing-related expenses being incurred for the leasing season (which had contributed to the improvement in the average occupancy rate in 3Q FY2012) and (ii) an increase in finance costs associated with the refinancing of the loan of GK Choan. On a year-on-year basis, revenue and income decreased due mainly to the sale of 19 properties between January 2011 and June 2011.

The average occupancy rate was 91.6% in 3Q FY2012, as compared to 91.0% in both the third quarter ended 31 March 2011 (“**3Q FY2011**”) and in the previous quarter ended 31 December 2011 (“**2Q FY2012**”). Overall rental reversion of new contracts entered into in 3Q FY2012 was marginally lower by about 2.4% (3Q FY2011 and 2Q FY2012: lower by about 3.6% and 1.9% respectively) from previous contracted rates.

Distributable income from operations as at the end of 3Q FY2012 was JPY 17.8 million (S\$0.3 million¹) as compared to JPY 187.2 million (S\$2.9 million) as at the end of 3Q FY2011. The decrease was mainly due to loan amortisation and one-off refinancing costs. As in the case of Saizen REIT’s previous distribution, these can be offset by undeployed loan proceeds, and are not expected to affect semi-annual distributions.

Acquisition of properties. The Palms Denenchofu was acquired in March 2012 at a purchase price of JPY 559.6 million (S\$8.5 million). It is currently generating annual revenue and net property income of approximately JPY 37.4 million (S\$0.6 million) and JPY 29.5 million (S\$0.5 million) respectively. This marked Saizen REIT’s first property acquisition in Tokyo.

GK Tosei has also entered into a conditional sale and purchase agreement for the acquisition of AMS Hatchobori I, which is located in central Tokyo, at a purchase price of JPY 1,117.7 million (S\$17.1 million). This property is currently generating annual revenue and net property income of approximately JPY 80.4 million (S\$1.2 million) and JPY 63.8 million (S\$1.0 million) respectively. This acquisition is expected to be completed on or before 31 May 2012.

Financial position strengthened with refinancing of loan. Saizen REIT was successful in refinancing GK Choan’s borrowings with a JPY 3.0 billion (S\$45.8 million) loan from Mizuho Bank, Ltd. in March 2012 (the “**Mizuho Loan**”). With this new loan, GK Choan has effectively secured longer-term financing at a lower interest rate.

Saizen REIT currently has a loan portfolio comprising 8 loans, with the nearest loan maturity due in March 2015. Saizen REIT also has unencumbered properties of approximately JPY 1.8 billion (S\$27.5 million).

On 5 April 2012, Moody’s Investors Service upgraded Saizen REIT’s corporate family rating to Ba3 from B1, with a stable outlook.

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

Summary of results

Net asset value increased from JPY 24.8 billion as at 30 June 2011 to JPY 25.4 billion as at 31 March 2012, attributable mainly to the exercise of warrants in the first nine months of the financial year ending 30 June 2012. Following the issue of new Units pursuant to the exercise of warrants, the number of issued Units increased from 1,182,249,611 as at 30 June 2011 to 1,270,493,808 as at 31 March 2012. This had dilutive effects on the net asset value per Unit, which decreased from S\$0.32 per Unit as at 30 June 2011 to S\$0.31 per Unit as at 31 March 2012, as the exercise price of the warrants is lower than the prevailing net asset value per Unit of the Group.

The following is a summary of Saizen REIT's operating performance for 3Q FY2012, 2Q FY2012 and 3Q FY2011.

	3Q FY2012 ²	2Q FY2012 ³	3Q FY2011 ⁴
Gross revenue (S\$'000) (JPY'000)	14,010⁵ 878,445	14,137⁶ 849,630	14,886⁷ 958,667
Net property income (S\$'000) (JPY'000)	9,143⁵ 573,254	9,788⁶ 588,258	9,944⁷ 640,414
Net income from operations (S\$'000) (JPY'000)	4,163⁵ 261,028	5,379⁶ 323,252	5,154⁷ 331,932

Notes:

1. Based on S\$ / JPY exchange rate of 65.5 as at 31 March 2012, which is applied throughout this announcement unless stated otherwise.
2. There were 131 properties at the start of 3Q FY2012 and 132 properties at the end of 3Q FY2012.
3. There were 130 properties at the start of 2Q FY2012 and 131 properties at the end of 2Q FY2012.
4. There were 149 properties at the start of 3Q FY2011 and 143 properties at the end of 3Q FY2011.
5. Based on S\$ / JPY average exchange rate of 62.7 between 1 January 2012 and 31 March 2012.
6. Based on S\$ / JPY average exchange rate of 60.1 between 1 October 2011 and 31 December 2011.
7. Based on S\$ / JPY average exchange rate of 64.4 between 1 January 2011 and 31 March 2011.

Background of Saizen REIT

Saizen REIT, listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 9 November 2007 (the "**Listing**"), is the first REIT listed in Singapore offering 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 the Listing, Saizen REIT's portfolio comprised 147 properties located in 12 regional cities in Japan. As at 31 March 2012, Saizen REIT's portfolio comprised 132 properties, with a total appraised value of JPY 34.5 billion (S\$526.7 million) located in 14 cities in Japan.

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

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

Saizen REIT conducted a 10-for-11 rights issue in May 2009 (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. The Rights Issue was concluded in June 2009. Each warrant carries 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 1 June 2012.

INFORMATION REQUIRED FOR ANNOUNCEMENTS**1(a) Statement of total return (for the Group) (3Q FY2012 vs 3Q FY2011)**

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)	Increase / (Decrease) %
Gross revenue	878,445	958,667	(8.4)
Property operating expenses	(305,191)	(318,253)	(4.1)
Net property income	573,254	640,414	(10.5)
Manager's management fees	(42,289)	(47,308)	(10.6)
Asset management fees	(5,824)	(3,634)	60.3
Trustee's fee	(870)	(2,500)	(65.2)
Finance costs ¹	(196,595)	(179,101)	9.8
Interest income	570	344	65.7
Other trust expenses	(20,500)	(26,041)	(21.3)
Other administrative expenses	(46,718)	(50,242)	(7.0)
Net income from operations	261,028	331,932	(21.4)
Loss on divestment of properties	-	(109,392)	(100.0)
Net fair value (loss)/gain on financial derivatives			
- fair value through profit or loss ²	(322,404)	298,698	NM ⁴
Net fair value loss on investment properties	(27,597)	(10,400)	>100.0
Total (loss)/return for the period before income tax³	(88,973)	510,838	NM ⁴
Income tax	(18,100)	(26,130)	(30.7)
Total (loss)/return for the period after income tax	(107,073)	484,708	NM ⁴
Attributable to:			
Unitholders	(105,579)	480,424	NM ⁴
Non-controlling interests	(1,494)	4,284	NM ⁴
	(107,073)	484,708	NM ⁴

Notes:

1. Finance costs comprised the following:

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	(101,996)	(169,784)	(39.9)
(ii) amortisation of loan commission	(50,629)	(28,646)	76.7
(iii) cost of refinancing/repayment	(33,900)	-	NM ⁴
(iv) guarantor fee to asset manager	(5,135)	(1,907)	>100.0
(v) exchange difference	(4,935)	21,236	NM ⁴

Amortisation of loan commission increased by 76.7% in 3Q FY2012, due mainly to the full repayment of GK Choan's loan from Societe Generale (the "SG Loan") in March 2012. Such amortisation of loan commission is non-cash in nature. Please refer to section 8 for more information.

The cost of refinancing/repayment in 3Q FY2012 represented breakage costs for the reduction in the notional amount of interest rate swap following the full repayment of the SG Loan in March 2012.

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

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(7,568)	(8,536)	(11.3)
(ii) unrealised fair value (loss)/gain on interest rate swap	(204,328)	5,637	NM ⁴
(iii) fair value (loss)/gain on warrants	(110,508)	301,597	NM ⁴

The unrealised fair value loss on interest rate swap was mainly due to the new interest rate swap arrangement entered into by GK Choan in March 2012 in connection with the Mizuho Loan. Unrealised fair value (losses)/gains on interest rate swap are non-cash in nature. Please refer to section 8 for more information.

3. The Group's total (loss)/return before income tax was arrived at after charging the following:

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)	Increase / (Decrease) %
(i) write back of impairment on trade receivables	202	1,341	(84.9)

4. NM denotes not meaningful.

Statement of total return (for the Group) (YTD Mar 2012¹ vs YTD Mar 2011²)

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)	Increase / (Decrease) %
Gross revenue	2,576,869	2,959,455	(12.9)
Property operating expenses	(854,315)	(933,396)	(8.5)
Net property income	1,722,554	2,026,059	(15.0)
Manager's management fees	(125,518)	(147,250)	(14.8)
Asset management fees	(16,953)	(16,547)	2.5
Trustee's fee	(6,564)	(7,322)	(10.4)
Finance costs ³	(464,070)	(628,084)	(26.1)
Interest income	898	968	(7.2)
Other trust expenses	(59,884)	(66,560)	(10.0)
Other administrative expenses	(121,930)	(129,800)	(6.1)
Net income from operations	928,533	1,031,464	(10.0)
Loss on divestment of properties	(13,617)	(292,302)	(95.3)
Net fair value (loss)/gain on financial derivatives - fair value through profit or loss ⁴	(64,542)	208,784	NM ⁶
Net fair value losses on investment properties	(59,033)	(10,800)	>100.0
Total return for the period before income tax⁵	791,341	937,146	(15.6)
Income tax	(91,139)	(119,056)	(23.4)
Total return for the period after income tax	700,202	818,090	(14.4)
Attributable to:			
Unitholders	688,619	807,129	(14.7)
Non-controlling interests	11,583	10,961	5.7
	700,202	818,090	(14.4)

Notes:

- YTD Mar 2012 denotes the nine-month financial period ended 31 March 2012.
- YTD Mar 2011 denotes the nine-month financial period ended 31 March 2011.
- Finance costs comprised the following:

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)	Increase / (Decrease) %
(i) interest expenses	(294,075)	(559,117)	(47.4)
(ii) amortisation of loan commission	(85,725)	(85,030)	0.8
(iii) cost of refinancing	(54,680)	-	NM ⁶
(iv) guarantor fee to asset manager	(10,856)	(5,884)	84.5
(v) exchange difference	(18,734)	21,947	NM ⁶

The cost of refinancing/repayment in YTD Mar 2012 represented total breakage costs associated with the termination of the interest rate swap arrangements on the SG Loan.

- Fair value (loss)/profit on financial derivatives comprised the following:

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)	Increase / (Decrease) %
(i) realised loss (payment) on interest rate swap	(25,292)	(25,924)	(2.4)
(ii) unrealised fair value (loss)/gain on interest rate swap	(169,996)	14,359	NM ⁶
(iii) fair value gain on warrants	130,746	220,349	(40.7)

The unrealised fair value loss on interest rate swap was mainly due to the new interest rate swap arrangement entered into by GK Choan in March 2012 in connection with the Mizuho Loan.

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

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)	Increase / (Decrease) %
(i) write back of impairment on trade receivables	559	2,579	(78.3)

- NM denotes not meaningful.

Statement of distributable income from operations

		3Q FY2012	3Q FY2011
Total (loss)/return for the period after income tax before distribution attributable to Unitholders	(JPY'000)	(105,579)	480,424
Adjustments ¹	(JPY'000)	375,630	(177,484)
Adjusted return for the period	(JPY'000)	270,051	302,940
Cash deployed for loan principal repayment ²	(JPY'000)	(155,303)	(104,780)
Cash deployed for one-off borrowing costs ³	(JPY'000)	(115,234)	-
	(JPY'000)	(486)	198,160
Income available for distribution to Unitholders at the beginning of the period	(JPY'000)	497,718	383,858
Previous distribution paid during the period ⁴	(JPY'000)	(479,383)	(394,805)
Distributable income from operations at the end of the period ⁵	(JPY'000)	17,849	187,213
Distribution to Unitholders	(JPY'000)	NA ⁶	NA ⁶

Notes:

1. Adjustments comprised mainly non-cash items, namely fair value gain/loss on warrants, unrealised fair value gain/loss on interest rate swap, amortisation of loan commission, loss on divestment of properties, net fair value losses on investment properties and unrealised exchange differences.
2. The amount deployed for loan principal repayment comprised mainly loan amortisation payments. While loan amortisation reduces cash available for distribution, it results in savings on interest expenses going forward.

It is Saizen REIT's intention to utilise, when possible, undeployed loan proceeds to offset loan amortisation, thereby effectively making available cash from operations for distributions. The decision on such a possible use of loan proceeds will only be made when future distributions are announced.
3. The amount deployed for one-off borrowing costs in 3Q FY2012 comprised mainly one-off costs (eg. upfront loan commissions and legal and professional fees) incurred in respect of the Mizuho Loan.
4. Distribution paid in 3Q FY2012 related to the distribution declared for the six-month financial period ended 31 December 2011, while distribution paid in 3Q FY2011 related to the distribution declared for the six-month financial period ended 31 December 2010.
5. Distributable income from operations at the end of 3Q FY2012 was JPY 17.8 million as compared to JPY 187.2 million at the end of 3Q FY2011. The decrease was mainly due to (i) an increase in regular loan amortisation of JPY 50.5 million, (ii) one-off borrowing costs of JPY 115.2 million, and (iii) one-off swap breakage costs of JPY 33.9 million incurred in 3Q FY2012. **As in the case of Saizen REIT's previous distribution, these can be offset by undeployed loan proceeds, and are not expected to affect semi-annual distributions.**
6. NA denotes not applicable.

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

1(b)(i) Balance sheet

	The Group	
	As at 31 Mar 2012 (JPY'000)	As at 30 Jun 2011 (JPY'000)
Current assets		
Cash and cash equivalents	5,333,408	3,032,810
Deposits with cash management agents ¹	103,428	423,927
Trade and other receivables	22,358	28,036
Other current assets	44,417	33,844
	<u>5,503,611</u>	<u>3,518,617</u>
Non-current assets		
Investment properties ²	34,542,119	32,995,420
	<u>34,542,119</u>	<u>32,995,420</u>
Total assets	<u>40,045,730</u>	<u>36,514,037</u>
Current liabilities		
Rental deposits	475,569	463,390
Rental received in advance	214,802	208,857
Borrowings	553,000	357,187
Other current liabilities ³	294,127	603,594
Current tax liabilities	159,381	419,604
Derivative financial instruments ⁴	598,668	1,038,614
	<u>2,295,547</u>	<u>3,091,246</u>
Non-current liabilities		
Rental deposits	28,584	25,589
Borrowings	12,093,534	8,579,696
Derivative financial instruments ⁵	234,081	64,085
	<u>12,356,199</u>	<u>8,669,370</u>
Total liabilities	<u>14,651,746</u>	<u>11,760,616</u>
Total net assets	<u>25,393,984</u>	<u>24,753,421</u>
Represented by:		
Unitholders	25,417,815	24,788,797
Non-controlling Interests	(23,831)	(35,376)
	<u>25,393,984</u>	<u>24,753,421</u>
Number of Units in issue ('000)⁶	<u>1,270,494</u>	<u>1,182,250</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>20.01</u>	<u>20.97</u>

Notes:

1. The cash management agents are professional service providers appointed by lenders to administer cash movements of the TK operators.
2. The increase in investment properties was mainly due to the acquisition of a property in December 2011 and a property in March 2012.
3. The decrease in other current liabilities from JPY 0.6 billion as at 30 June 2011 to JPY 0.3 billion as at 31 March 2012 was mainly due to the decrease in consumption tax payable on properties which had been divested in the fourth quarter of the financial year ended 30 June 2011. Such consumption tax has since been paid.
4. The derivative financial instruments (current liabilities) comprised warrants that were outstanding. The decrease in the derivative financial instruments (current liabilities) was mainly due to the decrease in the number of warrants that were outstanding and the decrease in the market-traded price of the warrants as at 31 March 2012.
5. The derivative financial instruments (non-current liabilities) comprised interest rate swaps used to hedge against fluctuations in interest rates in respect of the loans obtained by GK Choan and YK JOF. The increase in derivative financial instruments (non-current liabilities) was mainly due to a new interest rate swap arrangement entered by GK Choan in March 2012 in connection with the Mizuho Loan. Please refer to section 8 for more information.
6. The number of Units in issue increased from 1,182,249,611 Units as at 30 June 2011 to 1,270,493,808 Units as at 31 March 2012 due to the issue of 88,244,197 new Units pursuant to the exercise of warrants.

Saizen REIT		
	As at 31 Mar 2012 (JPY'000)	As at 30 Jun 2011 (JPY'000)
Current assets		
Cash and cash equivalents	71,756	173,356
Distribution receivables	766,795	2,008,505
Other receivables	824	855
Other assets	2,958	1,023
	<u>842,333</u>	<u>2,183,739</u>
Non-current assets		
Investment in subsidiaries	24,703,160	23,810,325
	<u>24,703,160</u>	<u>23,810,325</u>
Total assets	<u>25,545,493</u>	<u>25,994,064</u>
Current liabilities		
Other current liabilities	61,036	75,289
Current tax liabilities	153,359	403,733
Derivative financial instruments ¹	598,668	1,038,614
	<u>813,063</u>	<u>1,517,636</u>
Total liabilities	<u>813,063</u>	<u>1,517,636</u>
Total net assets	<u>24,732,430</u>	<u>24,476,428</u>
Represented by:		
Unitholders	<u>24,732,430</u>	<u>24,476,428</u>
Number of Units in issue ('000)	<u>1,270,494</u>	<u>1,182,250</u>
Net asset value per unit attributable to Unitholders (JPY)	<u>19.47</u>	<u>20.70</u>

Note:

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

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

	As at 31 Mar 2012 (JPY'000)	As at 30 Jun 2011 (JPY'000)
Secured borrowings- Bank loans		
Amount repayable in one year or less	553,000	357,187
Amount repayable after one year	12,093,534	8,579,696
	<u>12,646,534</u>	<u>8,936,883</u>

As at 31 March 2012, the above borrowings are secured over the investment properties of Saizen REIT with aggregate value amounting to JPY 32.7 billion.

The increase in borrowings from JPY 8.9 billion as at 30 June 2011 to JPY 12.6 billion as at 31 March 2012 was mainly due to 6 new loans amounting to an aggregate of JPY 9.7 billion which were obtained in YTD Mar 2012. This was partially offset by the repayment of the SG Loan, which had amounted to approximately JPY 5.6 billion.

1(c) Cash flow statement (for the Group) (3Q FY2012 vs 3Q FY2011)

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)
Operating activities		
Total (loss)/return for the period after income tax	(107,073)	484,708
Adjustments for:		
Income tax	18,100	26,130
Interest income	(570)	(344)
Interest expenses	186,525	198,430
Net fair value loss/(gain) on financial derivatives	322,404	(298,698)
Loss on divestment of properties	-	109,392
Net fair value losses on investment properties	27,597	10,400
Operating profit before working capital changes	446,983	530,018
Changes in working capital		
Deposit with cash management agents	271,108 ¹	7,230
Trade and other receivables	1,899	1,645
Other current assets	12,534	22,445
Other current liabilities	42,281	100,064
Rental received in advance	(2,361)	(16,245)
Rental deposits	8,041	(23,356)
Cash generated from operations	780,485	621,801
Withholding tax paid	(94,543)	-
Cash flows provided by operating activities	685,942	621,801
Investing activities		
Net cash effect on acquisition of subsidiary	24	-
Capital expenditure/addition of investment properties	(611,288) ²	(7,025)
Proceeds from sale of investment properties	-	1,238,908 ³
Cash flows(used in)/provided by investing activities	(611,264)	1,231,883
Financing activities		
Bank borrowings obtained	3,000,000 ⁴	-
Repayment of bank borrowings ⁵	(3,631,274)	(832,002)
Distribution to Unitholders	(479,383)	(394,805)
Interest received	570	345
Interest paid	(253,997)	(202,806)
Payment of interest rate swap	(7,568)	(8,536)
Proceeds from exercise of warrants	198,133	304,499
Bank deposits pledged for bank borrowings	(150,000)	(166)
Cash flows used in financing activities	(1,323,519)	(1,133,471)
Net (decrease)/increase in cash and cash equivalents	(1,248,841)	720,213
Cash and cash equivalent at beginning of the period	6,232,249	3,231,811
Cash and cash equivalent at end of the period⁶	4,983,408	3,952,024

Notes:

1. The change in deposit with cash management agents was mainly due to the repayment by GK Choan of the SG Loan. GK Choan is required to maintain a lower level of such deposits under the subsequent Mizuho Loan.
2. This related mainly to the acquisition of one property in March 2012.
3. Proceeds from the sale of investment properties in 3Q FY2011 related to the sale of 6 properties between January 2011 and March 2011.
4. Bank borrowings obtained in 3Q FY2012 comprised the Mizuho Loan.
5. Repayment of bank borrowings in 3Q FY2012 comprised mainly the full repayment of the SG Loan, while repayment of bank borrowings in 3Q FY2011 comprised mainly the partial repayment of the loan of YK Shintoku.

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

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)
Cash and bank balances (per balance sheet)	5,333,408	4,152,639
Less: Bank deposits pledged	(350,000)	(200,615)
	<u>4,983,408</u>	<u>3,952,024</u>

Bank deposits pledged related to minimum bank balances which had to be maintained by both YK JOF and GK Choan in 3Q FY2012 and by both YK JOF and YK Shintoku in 3Q FY2011 under the terms of their respective loans.

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

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)
Operating activities		
Total return for the period after income tax before distribution	700,202	818,090
Adjustments for:		
Income tax	91,139	119,056
Interest income	(898)	(968)
Interest expenses	434,480	644,147
Net fair value loss/(gain) on financial derivatives	64,542	(208,784)
Loss on divestment of properties	13,617	292,302
Net fair value losses on investment properties	59,033	10,800
Operating profit before working capital changes	<u>1,362,115</u>	<u>1,674,643</u>
Changes in working capital		
Deposit with cash management agents	320,499	109,067
Trade and other receivables	5,678	8,442
Other current assets	(12,356)	5,408
Other current liabilities	(319,494)	47,244
Rental received in advance	5,945	(30,578)
Rental deposits	15,174	(77,342)
Cash generated from operations	<u>1,377,561</u>	<u>1,736,884</u>
Income tax paid	(2,780)	(2,599)
Withholding tax paid	(348,582)	(41,265)
Cash flows provided by operating activities	<u>1,026,199</u>	<u>1,693,020</u>
Investing activities		
Net cash effect on acquisition of subsidiary	(39)	-
Capital expenditure/addition of investment properties	(1,605,732)	(41,358)
Proceeds from sale of investment properties	-	2,754,998
Expenditure on transfer of properties between subsidiary	(13,617)	-
Cash flows (used in)/provided by investing activities	<u>(1,619,388)</u>	<u>2,713,640</u>
Financing activities		
Bank borrowings obtained	9,716,000	-
Repayment of bank borrowings	(5,841,767)	(2,639,339)
Distribution to Unitholders	(869,426)	(573,944)
Interest received	898	977
Interest paid	(587,251)	(644,880)
Payment of interest rate swap	(25,292)	(25,924)
Proceeds from exercise of warrants	500,625	1,260,179
Bank deposits pledged for bank borrowings	(150,000)	1,902
Cash flows provided by/(used in) financing activities	<u>2,743,787</u>	<u>(2,621,029)</u>
Net increase in cash and cash equivalents	2,150,598	1,785,631
Cash and cash equivalent at beginning of the period	2,832,810	2,166,393
Cash and cash equivalent at end of the period¹	<u>4,983,408</u>	<u>3,952,024</u>

Note:

1. For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)
Cash and bank balances (per balance sheet)	5,333,408	4,152,639
Less: Bank deposits pledged	(350,000)	(200,615)
	<u>4,983,408</u>	<u>3,952,024</u>

Bank deposits pledged related to minimum bank balances which had to be maintained by both YK JOF and GK Choan in YTD Mar 2012 and by both YK JOF and YK Shintoku in YTD Mar 2011 under the terms of their respective loans.

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

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)
OPERATION		
Balance as at beginning of the period	(12,920,558)	(11,505,071)
Total return for the period	688,619	807,129
Distribution to Unitholders	(869,426)	(573,944)
Balance as at end of period	<u>(13,101,365)</u>	<u>(11,271,886)</u>
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	37,709,355	35,387,994
Issue of new units from exercise of warrants	809,826	2,248,420
Balance as at end of period	<u>38,519,181</u>	<u>37,636,414</u>
TOTAL ATTRIBUTABLE TO UNITHOLDERS	<u>25,417,816</u>	<u>26,364,528</u>
NON-CONTROLLING INTERESTS		
Balance as at beginning of the period	(35,376)	8,391
Effect on investment in new TK operator	(39)	-
Total return for the period	11,583	10,961
Balance as at end of period	<u>(23,832)</u>	<u>19,352</u>
TOTAL	<u>25,393,984</u>	<u>26,383,880</u>

Saizen REIT

	YTD Mar 2012 (JPY'000)	YTD Mar 2011 (JPY'000)
OPERATION		
Balance as at beginning of the period	(14,487,854)	(13,016,678)
Total return/(loss) for the period	315,602	(556,483)
Distribution to Unitholders	(869,426)	(573,944)
Balance as at end of period	<u>(15,041,678)</u>	<u>(14,147,105)</u>
UNITHOLDERS CONTRIBUTION		
Balance as at beginning of the period	38,964,282	36,642,921
Issue of new units from exercise of warrants	809,826	2,248,420
Balance as at end of period	<u>39,774,108</u>	<u>38,891,341</u>
TOTAL ATTRIBUTABLE TO UNITHOLDERS	<u>24,732,430</u>	<u>24,744,236</u>

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

	3Q FY2012 (Units)	3Q FY2011 (Units)
Issued Units as at beginning of period	1,235,177,081	1,122,925,619
Issue of new Units from exercise of warrants	35,316,727	51,929,992
Issued Units as at end of period	<u>1,270,493,808</u>	<u>1,174,855,611</u>
	3Q FY2012 (Warrants)	3Q FY2011 (Warrants)
Number of warrants outstanding as at beginning of period	211,180,336	323,431,798
Exercise of warrants	(35,316,727)	(51,929,992)
Number of warrants outstanding as at end of period	<u>175,863,609</u>	<u>271,501,806</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.

After 31 March 2012 and following the exercise of an aggregate of 20,703,676 warrants in April 2012 and May 2012, the number of Units in issue and warrants outstanding as at 9 May 2012, being the market day immediately preceding the date of this announcement, are 1,291,197,484 and 155,159,933 respectively.

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 2011.

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

Not applicable.

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

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

(a) Basic EPU

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

(b) Diluted EPU

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

		3Q FY2012	3Q FY2011	YTD Mar 2012	YTD Mar 2011
Total (loss)/return for the period attributable to Unitholders for basic and diluted EPU (JPY'000)		(105,579)	480,424	688,619	807,129
Basic EPU	(JPY)	(0.08)	0.42	0.56	0.74
	(cents)	(0.13) ¹	0.65 ²	0.90 ³	1.16 ⁴
Diluted EPU	(JPY)	(0.08)	0.38	0.52	0.65
	(cents)	(0.13) ¹	0.59 ²	0.84 ³	1.02 ⁴
Weighted average number of Units		1,256,296,470	1,148,925,398	1,230,052,664	1,087,881,707
Weighted average number of Units plus dilutive effect		1,325,850,153	1,279,802,567	1,313,155,632	1,244,368,657

Notes:

1. Based on S\$ / JPY average exchange rate of 62.7 between 1 January 2012 and 31 March 2012.
2. Based on S\$ / JPY average exchange rate of 64.4 between 1 January 2011 and 31 March 2011.
3. Based on S\$ / JPY average exchange rate of 62.2 between 1 July 2011 and 31 March 2012.
4. Based on S\$ / JPY average exchange rate of 63.6 between 1 July 2010 and 31 March 2011.

7. Net asset value ("NAV") per Unit based on issued Units at the end of 31 March 2012 and 30 June 2011

The Group

		As at 31 Mar 2012	As at 30 Jun 2011
NAV per Unit based on issued Units at the end of financial period	(JPY)	20.01	20.97
	(S\$)	0.31 ¹	0.32 ²

Saizen REIT

		As at 31 Mar 2012	As at 30 Jun 2011
NAV per Unit based on issued Units at the end of financial period	(JPY)	19.47	20.70
	(S\$)	0.30 ¹	0.32 ²

Notes:

1. Based on S\$ / JPY exchange rate of 65.5 as at 31 March 2012.
2. Based on S\$ / JPY exchange rate of 65.5 as at 30 June 2011.

8. Review of performance

Income statement: 3Q FY2012 vs 3Q FY2011

	3Q FY2012 ¹ (JPY'000)	3Q FY2011 ² (JPY'000)	Increase/ (Decrease) %
Gross revenue	878,445	958,667	(8.4)
Property operating expenses ³	(305,191)	(318,253)	(4.1)
Net property income	573,254	640,414	(10.5)
Asset management fees	(5,824)	(3,634)	60.3
Interest expenses ⁴	(109,564)	(178,320)	(38.6)
Guarantor fee to asset manager	(5,135)	(1,907)	>100.0
Other administrative expenses	(42,313)	(45,439)	(6.9)
Net income from property operations	410,418	411,114	(0.2)
Interest income	570	344	65.7
Other operating expenses ⁵	(157,528)	(88,062)	78.9
Adjustment ⁶	7,568	8,536	(11.3)
Net income from operations	261,028	331,932	(21.4)

Notes:

1. There were 131 properties at the start of 3Q FY2012 and 132 properties at the end of 3Q FY2012.

2. There were 149 properties at the start of 3Q FY2011 and 143 properties at the end of 3Q FY2011.

3. Property operating expenses comprised the following:

	3Q FY2012 (JPY'000)	3Q FY2011 (JPY'000)	Increase / (Decrease) %
Property tax	61,986	70,794	(12.4)
Property manager's fees	34,556	37,516	(7.9)
Operation and maintenance expenses	48,284	51,945	(7.0)
Repairs and renovations	59,972	54,378	10.3
Leasing and marketing expenses	36,636	35,035	4.6
Utilities charges	43,470	45,900	(5.3)
Insurance expenses	8,813	11,070	(20.4)
Write back of impairment on trade receivables	(202)	(1,341)	(84.9)
Trade receivables written-off	1,020	2,108	(51.6)
Consumption tax arising from operation	10,656	10,848	(1.8)

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

5. Other operating expenses comprised Manager's management fees, Trustee's fee, other trust expenses, finance costs (excluding interest expenses and guarantor fee to asset manager) and REIT-level other administrative expenses.

6. The adjustment relates to the realised loss (payment) on interest rate swap which is included as an interest expense in this section 8. The realised loss (payment) on interest rate swap is recognised under "Fair value gain/(loss) on financial derivatives – fair value through profit and loss" in the Statement of Total Return of the Group in section 1(a) of this announcement.

Property-level operations

Gross revenue decreased by 8.4%, due mainly to the sale of 19 properties between January 2011 and June 2011 as well as a slight decrease in rental rates of new contracts entered into after 3Q FY2011. This was partially offset by rental revenue from a property which was acquired in December 2011. Net property income and net income from property operations decreased by 10.5% and 0.2% respectively.

Average occupancy rates in 3Q FY2012 was 91.6% as compared to 91.0% in 3Q FY2011, while overall rental reversion of new contracts entered into in 3Q FY2012 was marginally lower by about 2.4% (3Q FY2011: lower by about 3.6%) from previous contracted rates.

Property operating expenses decreased by a lesser extent of 4.1%, from JPY 318.3 million in 3Q FY2011 to JPY 305.2 million in 3Q FY2012, due to higher repair and renovation expenses as well as leasing and marketing expenses. The increase in repair and renovation expenses in 3Q FY2012 was mainly due to upgrading works to the common areas and walls of Orion Heim (which amounted to approximately JPY 14.2 million), and renovations carried out on Three Tower (which amounted to approximately JPY 6.0 million and was covered by insurance claims).

Leasing and marketing expenses increased by 4.6% in 3Q FY2012 as compared to 3Q FY2011, due mainly to more intensive leasing activities as well as a higher tenant turnover, especially in the cities of Sendai, Morioka and Sapporo. Such leasing and marketing efforts had contributed to the improvement in the overall average occupancy rates to 91.6% in 3Q FY2012, with properties in Sendai, Morioka and Fukuoka reporting average occupancy rates of between 94% and 97%.

The decrease in interest expenses of 38.6% in 3Q FY2012 as compared to 3Q FY2011 was mainly due to the decrease in interest expenses relating to a previous commercial mortgage-backed securities loan of YK Shintoku, which was fully repaid in May 2011.

Guarantor fees of JPY 5.1 million were paid to the Asset Manager in respect of the loans of YK JOF, YK Shingan, YK Shingen, YK Keizan, YK Shintoku, GK Chosei and GK Choan. The increase in guarantor fees 3Q FY2012 was mainly due to the a loan obtained by YK Shingen and YK Keizan in September 2011, a loan obtained by YK Shintoku and GK Chosei in November 2011 and a loan obtained by GK Choan in March 2012.

Group-level operations

Net income from operations decreased from JPY 331.9 million in 3Q FY2011 to JPY 261.0 million in 3Q FY2012.

Other operating expenses increased by 78.9% in 3Q FY2012 as compared to 3Q FY2011, due mainly to:

- (a) refinancing/repayment costs of JPY 33.9 million which represented breakage costs for the reduction in the notional amount of interest rate swap following the full repayment of the SG Loan in March 2012;
- (b) an increase in amortisation of loan commission of 76.7%, due mainly to the full repayment of the SG Loan in March 2012. Commissions previously paid in June 2010 on the SG Loan were capitalised and subsequently amortised over the tenure of the loan. Pursuant to the repayment of the SG Loan, the remaining loan commission of approximately JPY 38.6 million was fully amortised in March 2012; and
- (c) a foreign exchange loss recognised in 3Q FY2012, due mainly to a realised foreign exchange loss recognised on distributions paid in during the quarter. Comparatively, a foreign exchange gain of JPY 21.2 million had been recognised in 3Q FY2011.

The increase in other operating expenses was partially offset by decreases in the Manager's management fee and other trust expenses. The decrease in the Manager's management fee of 10.6% was due mainly to the decrease in the number of properties as well as the decrease in fair value of Saizen REIT's investment property portfolio following the annual valuation as at 30 June 2011.

The decrease in other trust expenses of 21.3% was mainly due to lower valuation fee expenses. Valuation fee expenses decreased by JPY 4.4 million in 3Q FY2012. Accruals for valuation fees in 3Q FY2012 amounted to JPY 9.8 million. Valuation fees of JPY 14.3 million which were recognised in 3Q FY2011 comprised accruals of JPY 11.5 million and an additional JPY 2.8 million for valuations performed in connection with property disposals.

Other Group-level non-operating items

The fair value loss on financial derivatives of JPY 322.4 million incurred in 3Q FY2012 was mainly due to the following:

- (a) the unrealised fair value loss on interest rate swap of JPY 204.3 million, due mainly to the new interest rate swap arrangement entered into by GK Choan in March 2012 in connection with the Mizuho Loan.

The Mizuho Loan carries a variable interest rate of 1% plus 3-month JPY TIBOR (Tokyo Interbank Offered Rate). In order to fix the interest on the Mizuho Loan throughout its term up to March 2022, GK Choan has entered into an interest rate swap arrangement whereby it has agreed to pay its counterparty payments of 1.91% per annum, in exchange for a variable payment of 3-month JPY TIBOR. This enables GK Choan to fix the interest rate of the Mizuho Loan at 2.91% (being 1% + 1.91%) per annum.

This interest rate swap is recognised as a derivative financial instrument (non-current liabilities) and its fair value was JPY 204.6 million as at 31 March 2012. Unrealised fair value losses and gains on interest rate swap are non-cash in nature; and

- (b) the fair value loss on warrants of JPY 110.5 million. The fair value loss on warrants arose mainly due to the increase in the market-traded price of the warrants and the depreciation of the JPY against the S\$.

The net fair value loss on investment properties of JPY 27.6 million comprised mainly consumption tax expenses, an acquisition fee paid to the Manager and acquisition-related expenses incurred in connection with the acquisition of a property in March 2012.

Income statement: 3Q FY2012 vs 2Q FY2012

	3Q FY2012 ¹ (JPY'000)	2Q FY2012 ² (JPY'000)	Increase/ (Decrease) %
Gross revenue	878,445	849,630	3.4
Property operating expenses ³	(305,191)	(261,372)	16.8
Net property income	573,254	588,258	(2.6)
Asset management fees	(5,824)	(4,866)	19.7
Interest expenses ⁴	(109,564)	(124,812)	(12.2)
Guarantor fee to asset manager	(5,135)	(3,870)	32.7
Other administrative expenses	(42,313)	(27,274)	55.1
Net income from property operations	410,418	427,436	(4.0)
Interest income	570	11	>100.0
Other operating expenses ⁵	(157,528)	(113,134)	39.2
Adjustment ⁶	7,568	8,939	(15.3)
Net income from operations	261,028	323,252	(19.3)

Notes:

1. There were 131 properties at the start of 3Q FY2012 and 132 properties at the end of 3Q FY2012.
2. There were 130 properties at the start of 2Q FY2012 and 131 properties at the end of 2Q FY2012.
3. Property operating expenses comprised the following:

	3Q FY2012 (JPY'000)	2Q FY2012 (JPY'000)	Increase / (Decrease) %
Property tax	61,986	63,485	(2.4)
Property manager's fees	34,556	34,341	0.6
Operation and maintenance expenses	48,284	40,361	19.6
Repairs and renovations	59,972	43,365	38.3
Leasing and marketing expenses	36,636	24,492	49.6
Utilities charges	43,470	38,328	13.4
Insurance expenses	8,813	11,261	(21.7)
Write back of impairment on trade receivables	(202)	(3,433)	(94.1)
Trade receivables written-off	1,020	1,124	(9.3)
Consumption tax arising from operation	10,656	8,048	32.4

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

Property-level operations

Gross revenue increased by 3.4% quarter-on-quarter in 3Q FY2012, due mainly to the rental revenue contributed by a property acquired in December 2012. Net property income decreased by 4.9%, due mainly to higher repair and renovation as well as leasing and marketing expenses. Net income from property operations decreased by 4.0% in 3Q FY2012, due mainly to an increase in other administrative expenses.

Property operating expenses increased from JPY 261.4 million in 2Q FY2012 to JPY 305.2 million in 3Q FY2012. Repair and renovation expenses increased by 38.3% in 3Q FY2012 as compared to 2Q FY2012, due mainly to upgrading works on Orion Heim, renovations on Three Tower and other renovations carried out for this year's leasing season in February and March 2012. Leasing and marketing expenses increased by 49.6% during the leasing season.

The decrease in interest expenses of 12.2% in 3Q FY2012 as compared to 2Q FY2012 was mainly due to the JPY 2.0 billion partial repayment on the SG Loan made by GK Choan in December 2011.

The increase in guarantor fees in 3Q FY2012 was mainly due to a loan obtained by YK Shintoku and GK Chosei in November 2011 and a loan obtained by GK Choan in March 2012.

Other administrative expenses increased by 55.1% in 3Q FY2012, due mainly to legal and professional fees which were incurred in connection with the refinancing of GK Choan's loan and the incorporation of the TK operator GK Tosei.

Group-level operations

Net income from operations decreased from JPY 323.3 million in 2Q FY2012 to JPY 261.0 million in 3Q FY2012.

Other operating expenses increased by 39.2% in 3Q FY2012 as compared to 2Q FY2012, due mainly to:

- (a) an increase in financing/repayment costs of JPY 13.1 million. Swap breakage costs associated with the partial repayment of the SG Loan in 2Q FY2012 amounted to JPY 20.8 million, while swap breakage costs associated with the full repayment of the SG Loan in 3Q FY2012 amounted to JPY 33.9 million; and
- (b) an increase in amortisation of loan commission from JPY 17.2 million in 2Q FY2012 to JPY 50.6 million in 3Q FY2012, due mainly to the full repayment of the SG Loan in March 2012.

Other Group-level non-operating items

The fair value loss on financial derivatives of JPY 322.4 million incurred in 3Q FY2012 was mainly due to the unrealised fair value loss on interest rate swap of JPY 204.3 million associated with the new interest rate swap arrangement entered into by GK Choan in respect of the Mizuho Loan in March 2012, and the fair value loss on warrants of JPY 110.5 million.

The fair value loss on warrants arose mainly due to the increase in the market-traded price of the warrants and the depreciation of the JPY against the S\$.

The net fair value loss on investment properties of JPY 27.6 million comprised mainly consumption tax expenses, an acquisition fee paid to the Manager and acquisition-related expenses incurred in connection with the acquisition of a property in March 2012.

9. Outlook and prospectsCapital structure

Saizen REIT currently has approximately JPY 2.1 billion (S\$32.1 million) in undeployed loan proceeds, out of which approximately JPY 1.2 billion (S\$18.3 million) has been earmarked for the acquisition of AMS Hatchobori I and its related costs.

It is intended that a portion of the undeployed loan proceeds will be used for property acquisitions in the near future. The Management Team is currently in negotiations for the potential acquisition of properties in, among others, Sapporo, Hiroshima and Kumamoto.

Saizen REIT's current unencumbered properties comprise the portfolio of YK Kokkei and The Palms Denechofu, which are valued at an aggregate of approximately JPY 1.8 billion (S\$27.5 million). AMS Hatchobori I, valued at JPY 1.15 billion (S\$17.6 million), will also be unencumbered at the point of its acquisition. The Management Team is actively exploring the possibility of raising funds with existing and new lenders via the use of Saizen REIT's unencumbered properties as collateral.

Property operations and distributions

Property operations are expected to remain stable, generating steady cash flow to enable Saizen REIT to continue paying out semi-annual distributions in accordance with its distribution policy. The next distribution payment is expected to take place in September 2012 in respect of distributable cash accumulated in the six months financial period ending 30 June 2012.

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 3Q FY2012.

12. Interested person transactions

An acquisition fee of JPY 5.6 million (\$0.09 million) was paid to the Manager in respect of the acquisition of the property Palms Denenchofu in March 2012.

Guarantor fees amounting to an aggregate of JPY 5.1 million (S\$0.08 million) were paid to the Asset Manager in 3Q FY2012 in respect of the loans of YK JOF, YK Keizan, YK Shintoku, YK Shingen, YK Shinzan, GK Choan and GK Chosei.

13. General mandate for interested person transactions

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

14. Update on utilisation of warrant proceeds

Since the issue of warrants by Saizen REIT in June 2009, a total of 342,025,429 warrants have been exercised as at 9 May 2012, being the market day immediately preceding the the date of this announcement.

Such warrant exercises have raised proceeds of approximately S\$30.8 million, of which approximately S\$0.3 million has been used for working capital purposes and approximately S\$20.1 million have been deployed towards loan repayment. The balance of S\$10.4 million in warrant proceeds remain unutilised.

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

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

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

BY ORDER OF THE BOARD

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

10 May 2012