

Presentation

February 2014

SaizenREIT) 最善

www.saizenreit.com.sg

Disclaimer

- The value of units (the “**Units**”) in Saizen Real Estate Investment Trust (“**Saizen REIT**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, Japan Residential Assets Manager Limited as manager of Saizen REIT (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. The past performance of Saizen REIT is not necessarily indicative of the future performance of Saizen REIT.
- This presentation may contain forward-looking statements that involve risks and uncertainties. Actual 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Prospective investors and unitholders of Saizen REIT (the “**Unitholders**”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.
- 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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The listing the Units on the SGX-ST does not guarantee a liquid market for the Units.

Saizen REIT in Brief

- Listed on SGX Mainboard in November 2007
- Only Singapore-listed REIT to offer access exclusively to Japanese residential properties
- Properties targeted at mass market tenants in 14 cities
- Size of portfolio: JPY 41.2 billion (S\$497 million¹)
- Saizen REIT has a corporate family rating of Ba3, with a stable outlook (rated by Moody's)
- Unit buy-back mandate renewed in October 2013
- Unit consolidation exercise completed in November 2013

1. Computed based on an exchange rate of JPY 83.0 : S\$1.00 as at 31 December 2013.

Well-diversified Portfolio

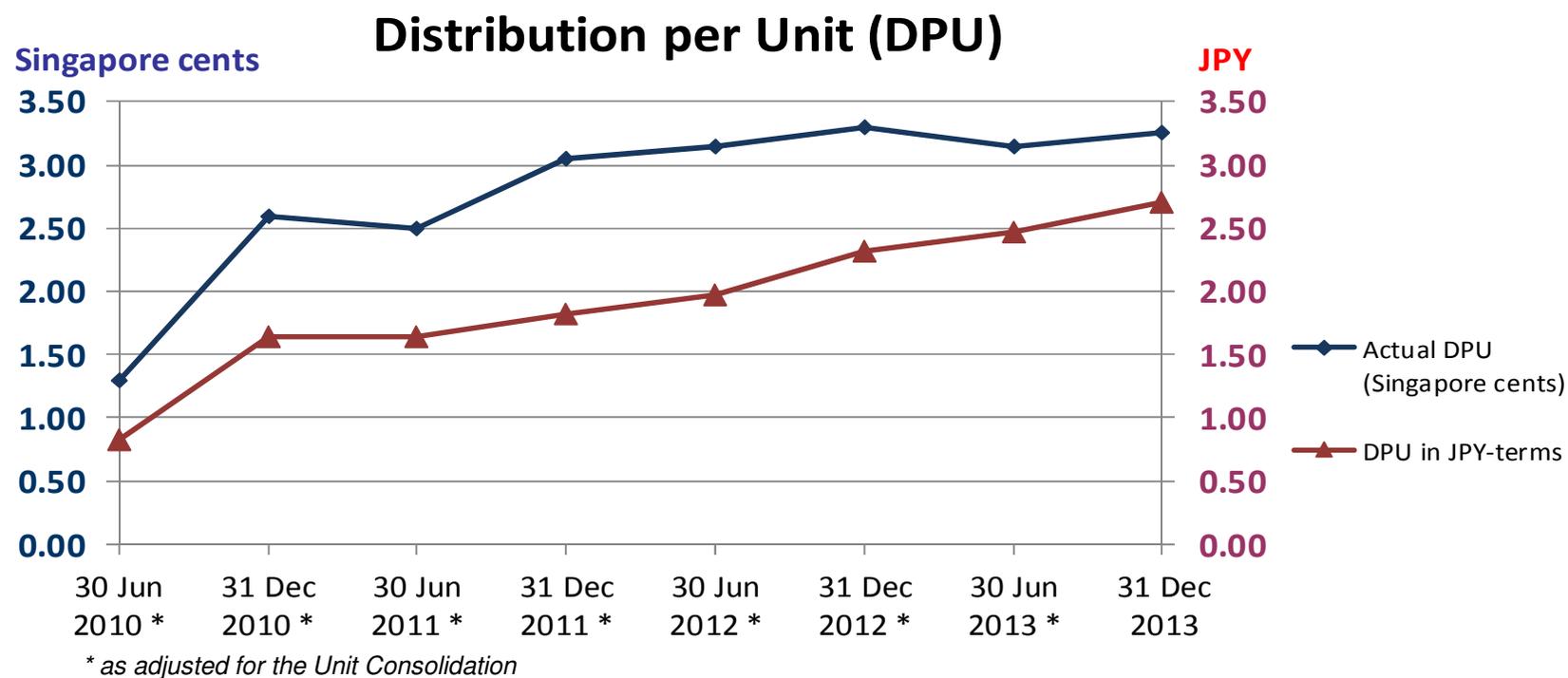
Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	17.7
	Kitakyushu	10.3
	Fukuoka	5.8
	Kagoshima	3.2
	Oita	0.8
		37.8
Hokkaido	Sapporo	24.2
	Hakodate	0.8
		25.0
Tohoku	Sendai	11.4
	Koriyama	2.7
	Morioka	1.5
		15.6
Chugoku	Hiroshima	13.9
	Kurashiki	0.3
		14.2
Kanto	Tokyo	5.1
Chubu	Niigata	2.3

Total number of properties: 139



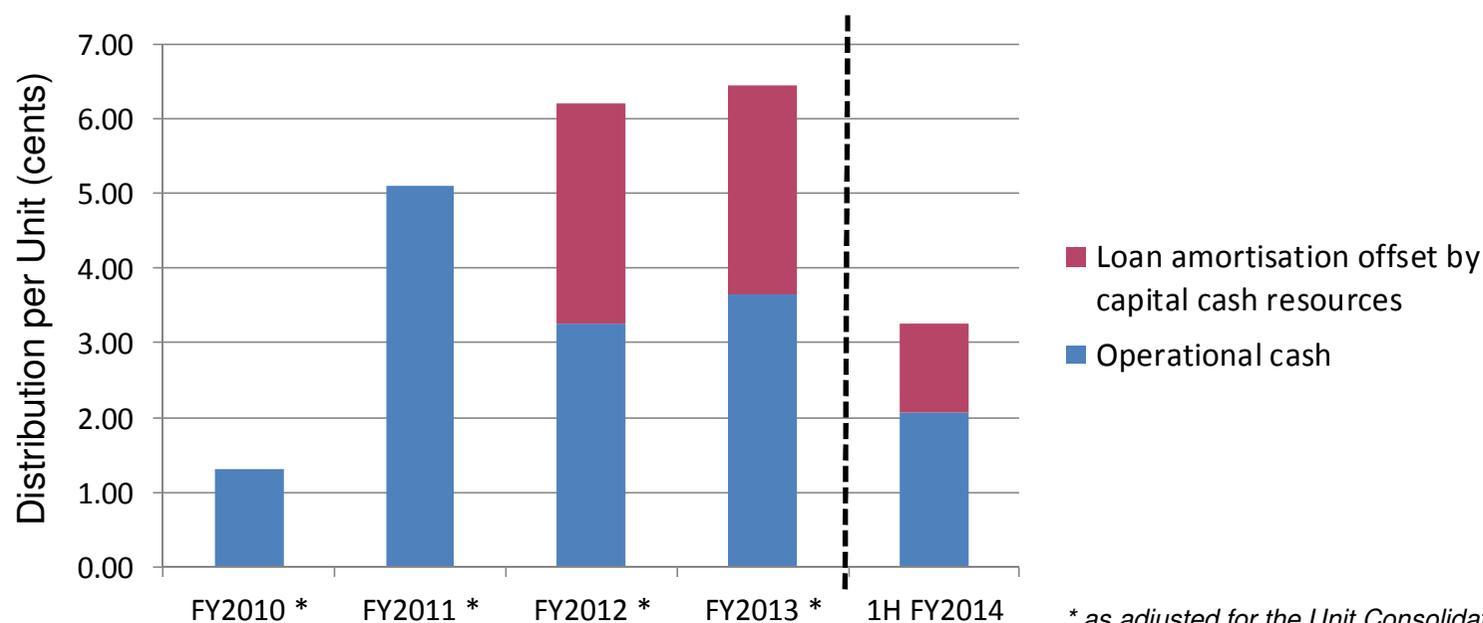
Distributions

Distribution per Unit	3.25 Singapore cents
Distribution period	1 July 2013 to 31 December 2013
Date payable	21 March 2014



Distributions

- For 1H FY2014, the use of capital cash resources to offset loan principal repayment contributed to 1.19 cents out of the DPU of 3.25 cents
- At present, loan principal amortisation amounts to approximately JPY 633 million annually
- Going forward, the ability to offset such loan principal repayment is subject to the availability of cash resources which will depend on cash raised on new loans or disposal proceeds within the coming year



* as adjusted for the Unit Consolidation

Hedging of Distribution Payments

- As Saizen REIT's distributable income from operations is generated in JPY, its S\$-denominated distributions have been hedged as follows:

Distribution period	6-month period ended 31 December 2013	6-month period ending 30 June 2014
Expected payment	21 March 2014	September 2014
Hedge rate (S\$/JPY)	81.15	76.18 – 82.00 (Note 1)
Hedge instrument	Forward contracts	Zero-cost collar

Note 1

This hedge restricts the range of the JPY/S\$ rate to be applied to that distribution to a cap of JPY82.00/S\$ and a floor of JPY76.18/S\$:

- If the S\$ appreciates against the JPY to a rate that is at or above JPY82.00/S\$, the distribution will be converted at JPY82.00/S\$
- If the S\$ depreciates against the JPY to a rate that is at or below JPY76.18/S\$, the distribution will be converted at JPY76.18/S\$
- If the exchange rate is between JPY76.18/S\$ and JPY82.00/S\$ when the distribution is due, the distribution payment will be converted from JPY to S\$ via a spot trade at the prevailing exchange rate

2Q FY2014 Overview

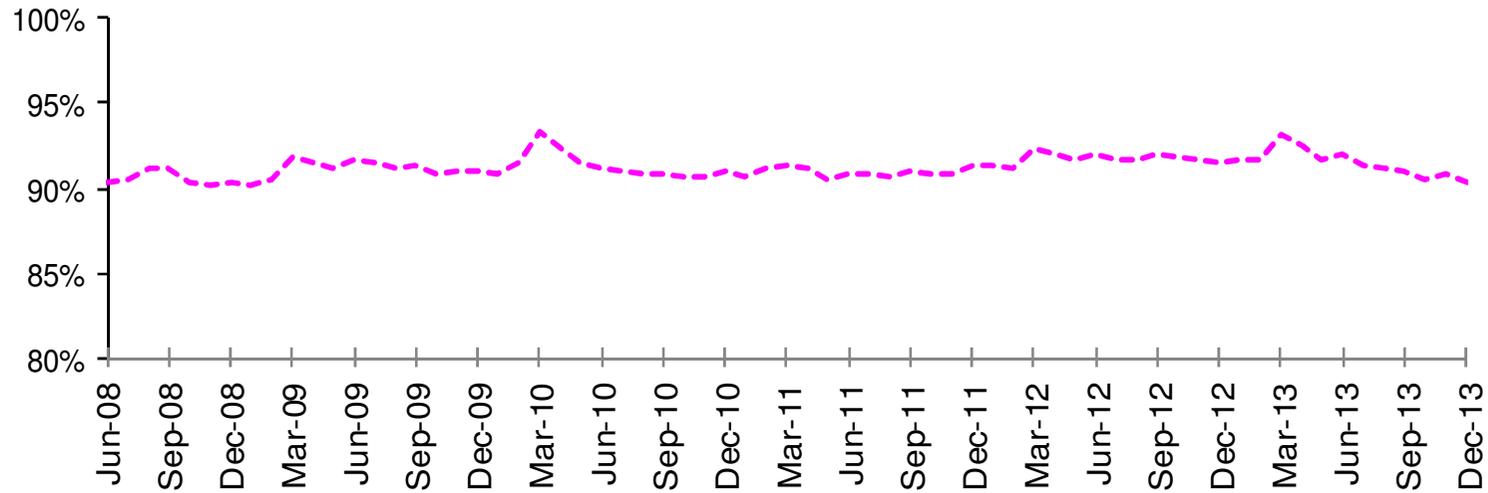
- Year-on-year gross revenue (JPY989 million) and net property income (JPY689 million) increased by 5.2% and 3.3% respectively in 2Q FY2014, due mainly to the acquisitions of 5 properties between November 2012 and June 2013 and partially offset by the divestment of a property in March 2013
- Quarter-on-quarter gross revenue and net property income remained stable as compared to 1Q FY2014. Property operating expenses increased by 4.0%, due mainly to higher repairs and renovation expenses

2Q FY2014 Overview

- Property operations remained stable
- Average occupancy rate in 2Q FY2014 was 90.6% (2Q FY2013: 91.7%; 4Q FY2013: 91.2%)
- The decline in occupancy rate was partly attributable to seasonal factors and occupancy demand is expected to improve during the major leasing season in the months of February to April
- Overall rental reversion of new contracts entered into in 2Q FY2014 was marginally lower by about 0.5% (2Q FY2013 and 1Q FY2014: both lower by about 0.3%) from previous contracted rates
- Downward reversions were mainly recorded for expired contracts entered into prior to 2008

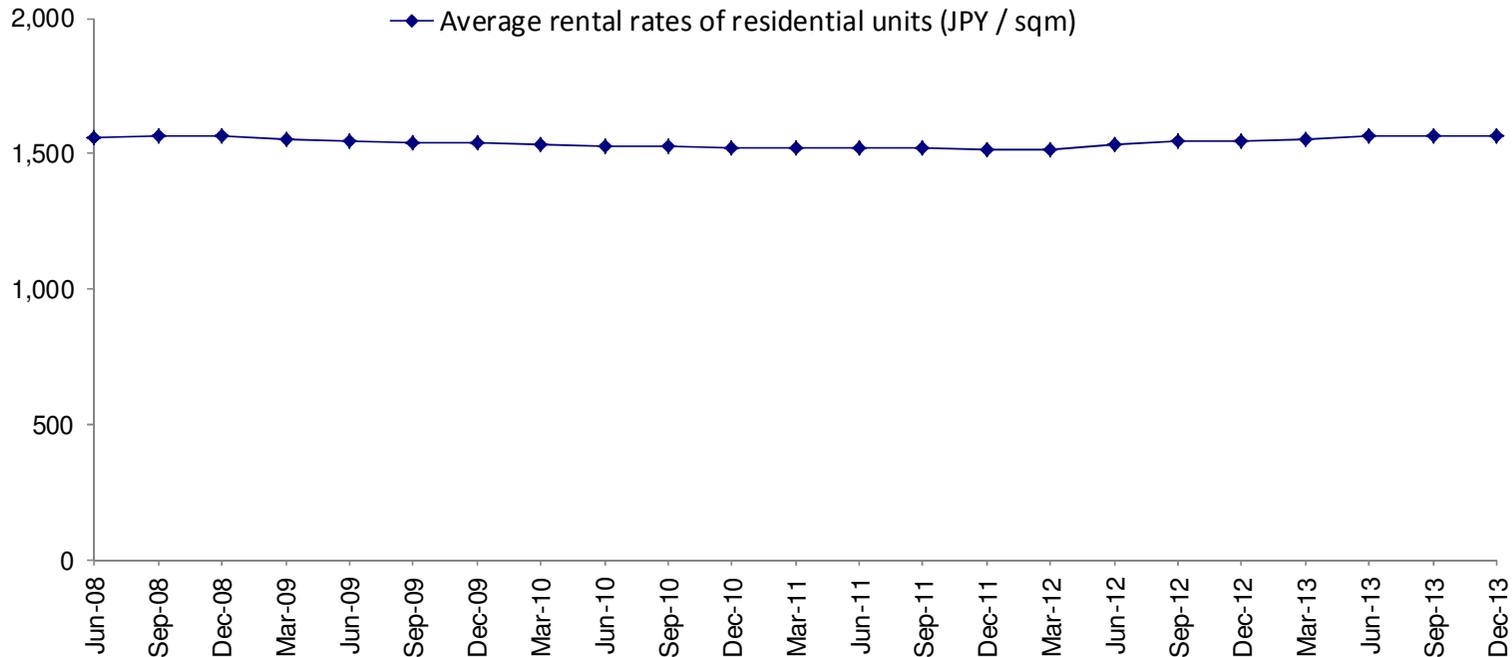
Occupancy Rates

- Average occupancy rates remained stable above 90% since Jun 08



Stable Rental Rates

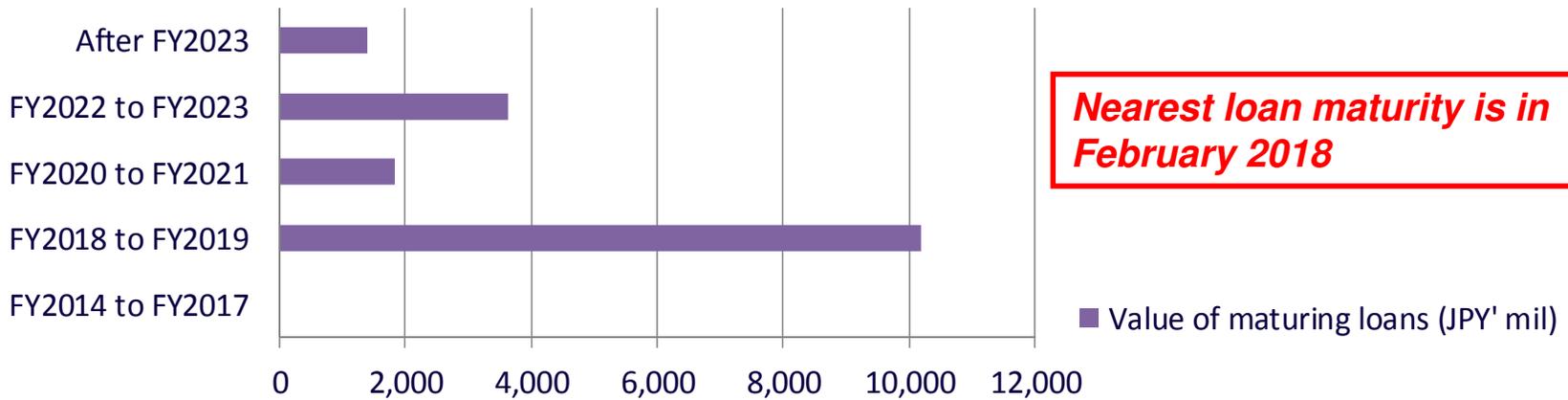
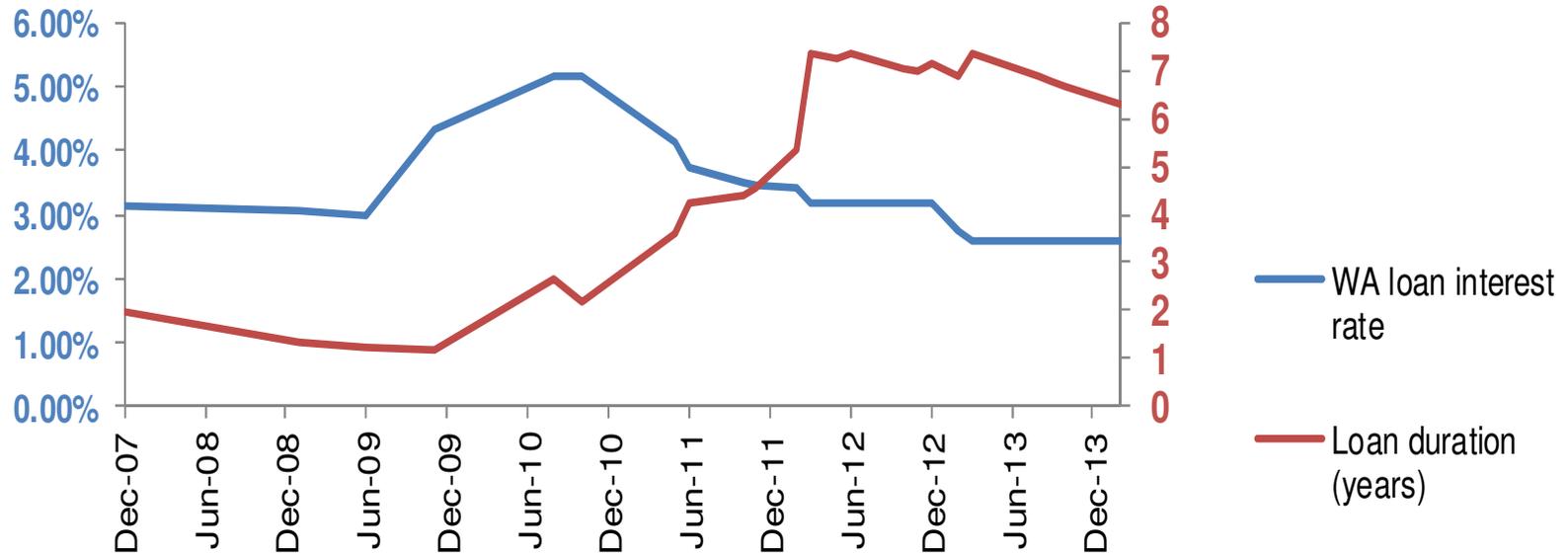
- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$20 / sqm) since Jun 08



Debt Profile

Company	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Guarantor Fee (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)	Annual loan amortisation (JPY'mln)
GK Gyotatsu	<i>Unencumbered</i>					1,347.0		
GK Gyosei	<i>Unencumbered</i>					671.0		
GK Chosei	Tokyo Star Bank	Feb 2018	2.42	0.175	10,185.4	643.0	55.0	259.5
YK JOF						1,982.0		
YK Keizan						2,464.0		
YK Kokkei						3,188.0		
YK Shingen						6,136.7		
YK Shintoku						4,106.0		
YK Shinzan	Bank of Fukuoka	Mar 2020	2.223	0.175	1,825.0	4,547.7	40.1	100.0
GK Choan	Mizuho Bank	Mar 2022	2.91	0.3	2,737.5	10,486.1	26.1	150.0
GK Tosei		Jun 2022	2.81	0.3	658.0	1,756.0	37.5	28.0
GK Chogen	The Higo Bank	Mar 2023	3.075	-	234.8	643.0	36.5	20.7
		Dec 2032	3.175	-	190.0	425.0	44.7	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	428.4	1,138.0	37.6	25.2
		Oct 2031	3.35	-	445.2	951.0	46.8	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	131.8	286.0	46.1	7.0
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.45	-	69.7	136.0	51.3	2.5
		Sep 2041	2.40	-	129.1	271.0	47.6	4.7
Grand Total					17,034.9	41,177.5		632.8

Debt Profile



Upcoming Plans

- Deloitte and Touche Corporate Finance Pte Ltd had been appointed in December 2013 as an independent financial adviser, to undertake strategic review of options for enhancing unitholders' value. The strategic review is ongoing

Key Financial Information

Number of Units in issue as at 7 February 2014	283,611,720
NAV attributable to Unitholders as at 31 December 2013 ¹	S\$332 million
NAV per Unit as at 31 December 2013 ¹	S\$1.17
Market capitalisation as at 31 December 2013 ²	S\$262 million
2Q FY2014 interest cover ratio	6.1 times
Gearing ³ / net gearing ⁴ as at 31 December 2014	38% / 31%
Unit price (closing price as at 7 February 2014)	S\$0.91
52 week high / low (as adjusted for the Unit Consolidation)	S\$1.175 / S\$0.840

1. Computed based on an exchange rate of JPY 83.0 : S\$1.00 as at 31 December 2013

2. Computed based on 283,611,720 Units in issue and Unit price of S\$0.925 as at 31 December 2013

3. Gearing = Total borrowings / Total assets

4. Net gearing = Total net borrowings (net of cash) / Total value of Saizen REIT's investment properties



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Thank You