

SaizenREIT) 最善



Presentation

February 2015

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**”). Listing the Units on the SGX-ST does not guarantee a liquid market for the Units.

Saizen REIT in Brief

- 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 41.7 billion (S\$460 million¹)
- Saizen REIT has a corporate family rating of Ba3, with a stable outlook (rated by Moody's)

1. Computed based on an exchange rate of JPY90.7/S\$ as at 31 December 2014.

Well-diversified Portfolio

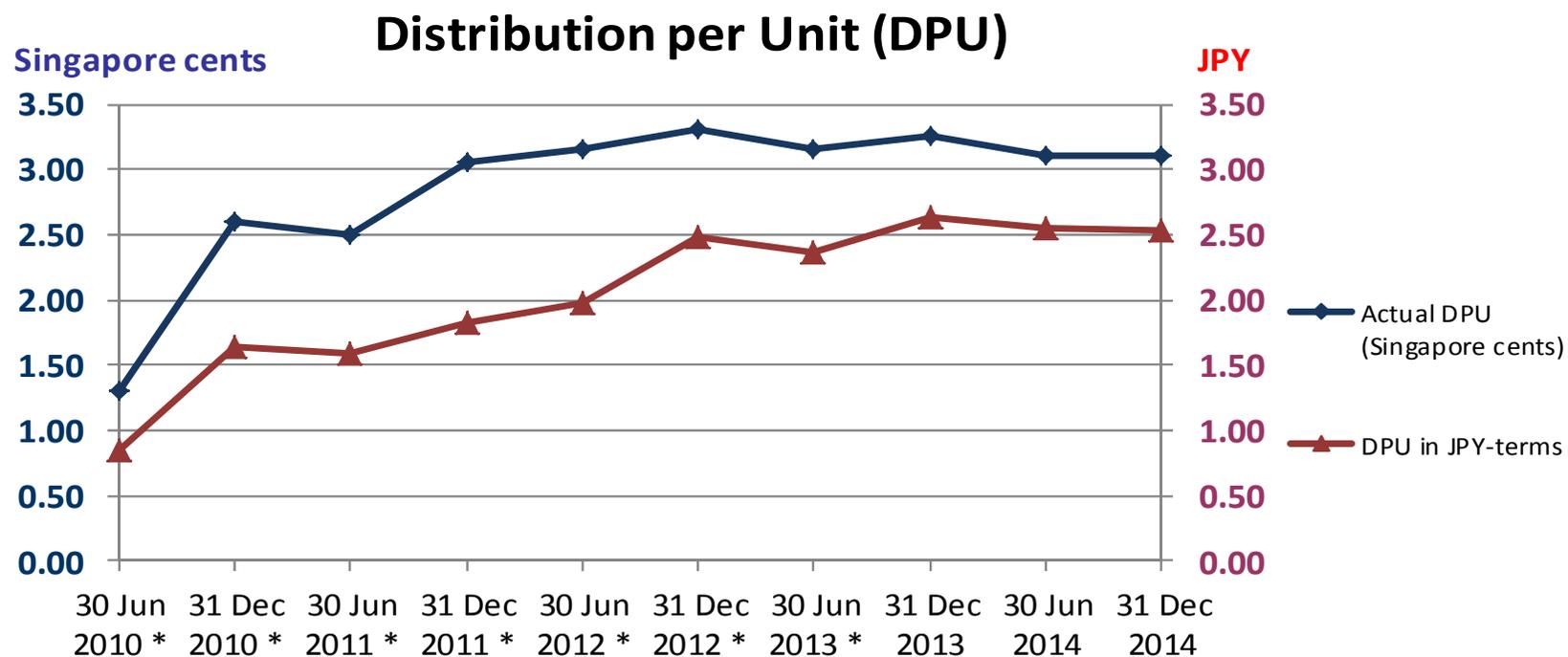
Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	17.4
	Kitakyushu	10.5
	Fukuoka	6.0
	Kagoshima	3.1
	Oita	0.9
		37.9
Hokkaido	Sapporo	24.5
	Hakodate	0.7
		25.2
Tohoku	Sendai	10.3
	Koriyama	2.9
	Morioka	1.6
		14.8
Chugoku	Hiroshima	14.5
	Kurashiki	0.3
		14.8
Kanto	Tokyo	5.1
Chubu	Niigata	2.2

Total number of properties: 136



Distributions

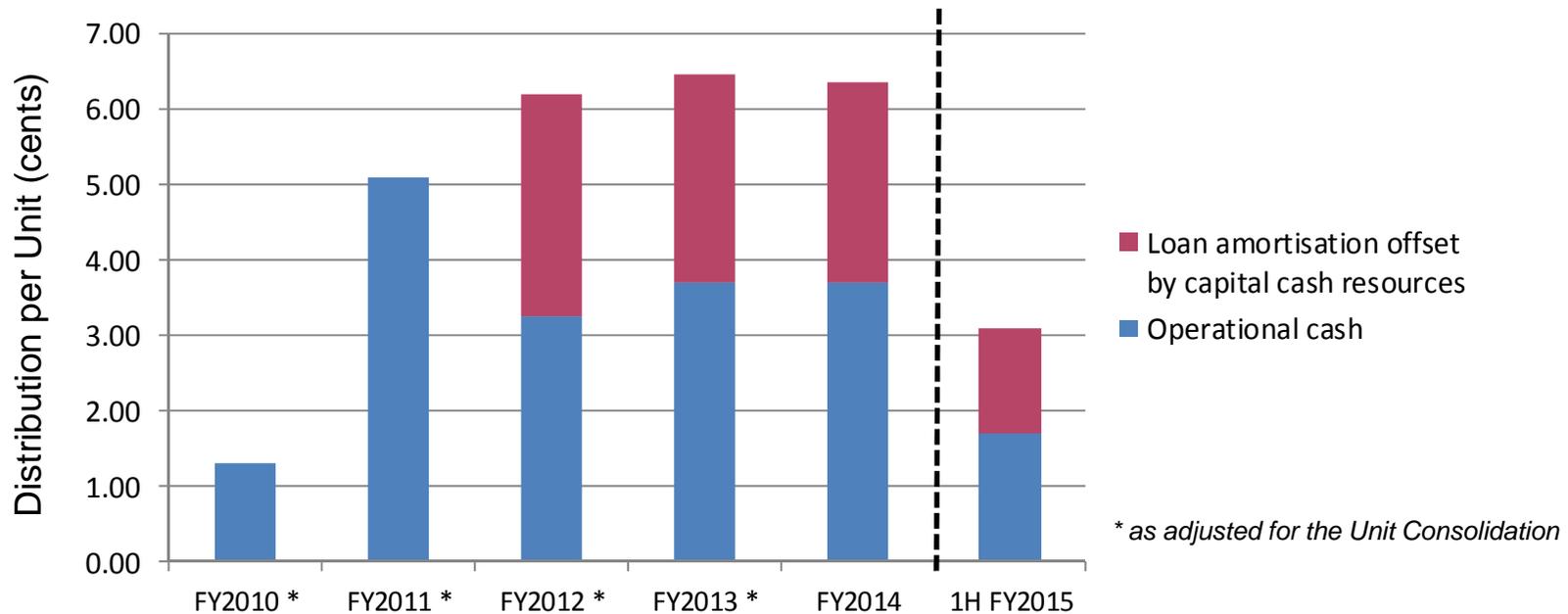
Distribution per Unit	3.10 Singapore cents
Distribution period	1 July 2014 to 31 December 2014
Date payable	27 March 2015



* as adjusted for the Unit Consolidation

Distributions

- For 1H FY2015, the use of capital cash resources to offset loan principal repayment contributed to 1.39 cents out of the DPU of 3.10 cents
- At present, loan principal amortisation amounts to approximately JPY 681 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



Hedging of Distribution Payments

- Distributions have been hedged as follows:

Distribution period	6-month period ended 31 December 2014	6-month period ending 30 June 2015
Expected payment	March 2015	September 2015
Hedge rate (S\$/JPY)	81.9	85.6
Hedge instrument	Forward contract	Forward contract

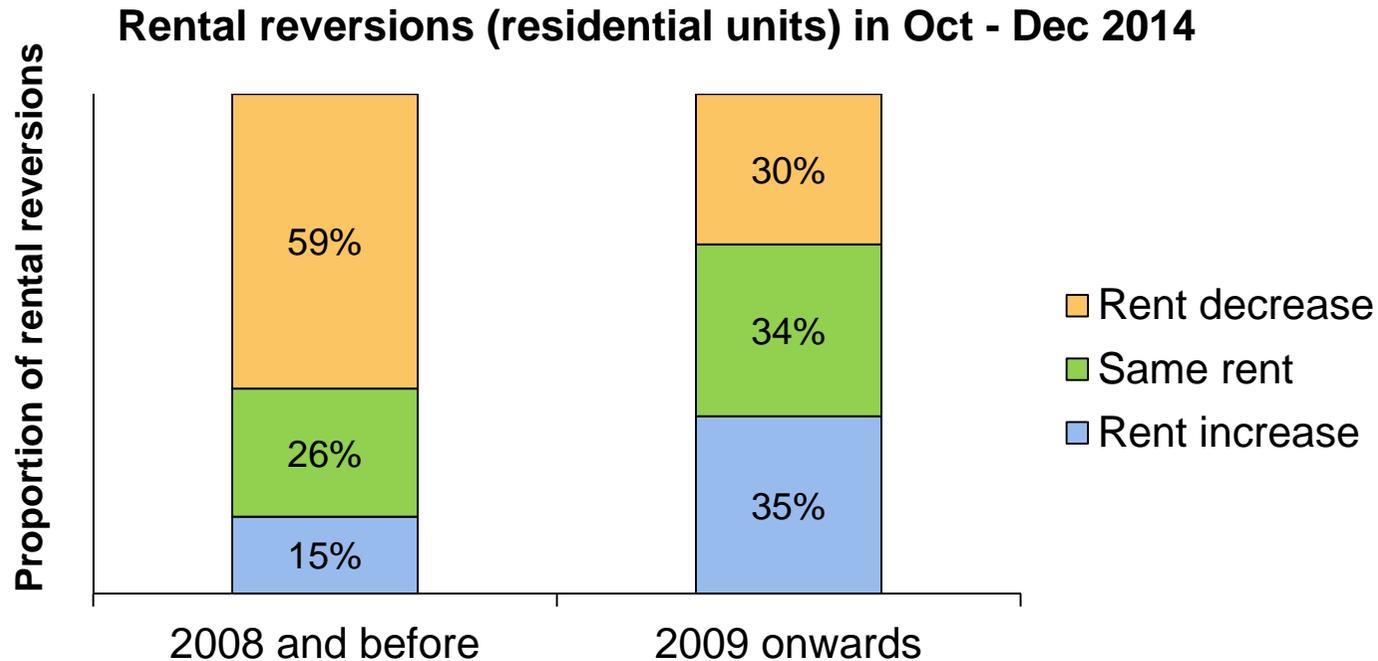
Hedging of Distribution Payments

- The weakening of the JPY against the S\$ has weighed on Saizen REIT's net asset value and income in S\$-terms
 - As Saizen REIT's distributable income from operations is generated in JPY, its S\$-denominated distributions are dependent on the JPY-S\$ cross rates
 - The Management Team may, when appropriate, enter into hedging transactions in respect of future distributions
 - Foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) will not be hedged

2Q FY2015 Overview

- Revenue and net property income remained stable
 - Average occupancy rate in 2Q FY2015 was 90.0% (2Q FY2014 and 1Q FY2015: 90.6% and 90.1% respectively)
 - Properties in Sendai, which had been experiencing higher occupancy rates in the past few years, continued to see a normalisation of average occupancy rates at around 93% as compared to around 95% a year ago.
 - Properties in Kumamoto and Niigata have been facing competition from new buildings.
 - Overall rental reversion of new contracts entered into in 2Q FY2015 was marginally lower by about 0.3% (2Q FY2014 and 1Q FY2015: lower by about 0.5% and 0.7% respectively) from previous contracted rates
- 1 property was divested
 - High Grace II was divested at a premium of 16% over its valuation

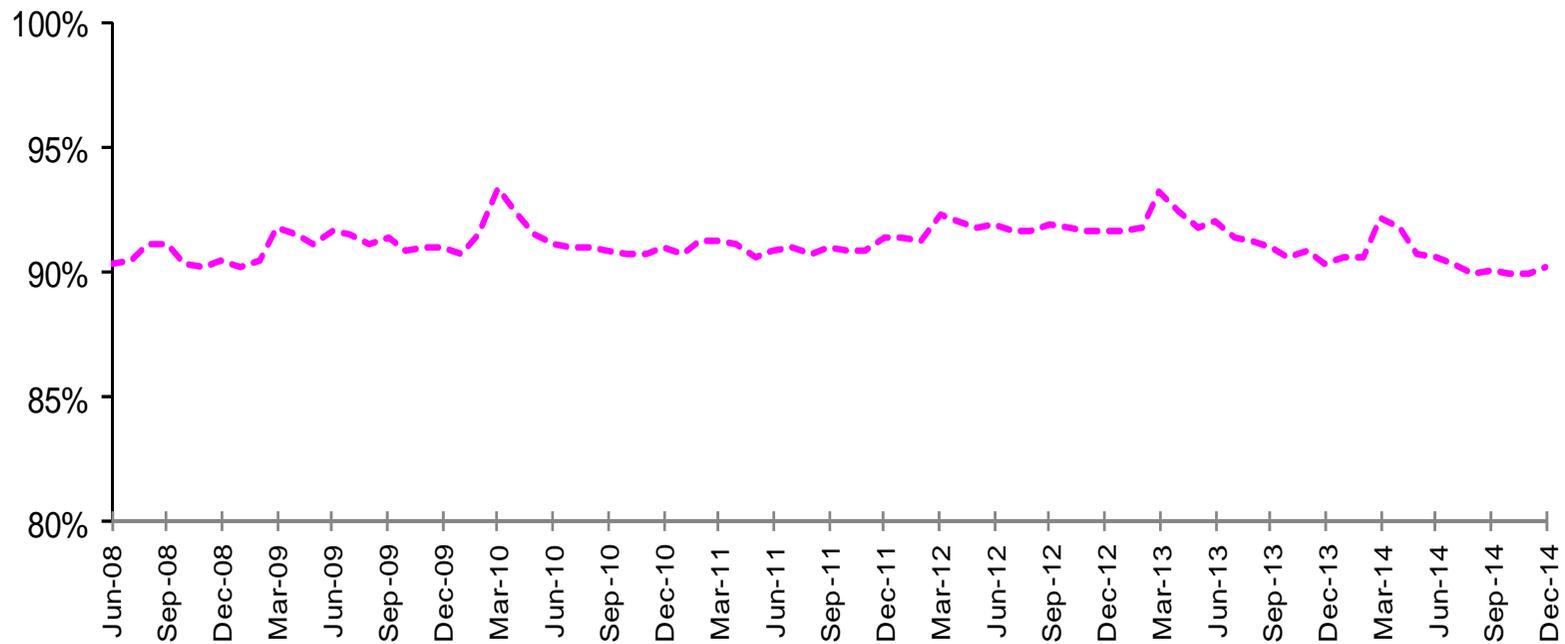
2Q FY2015 Overview



- In cases where the previous rental contract was entered from 2009 onwards, the majority of new contracts were at the same or higher rents
- As at 31 December 2014, approximately 22% of residential rental contracts had been entered into in 2008 or earlier.

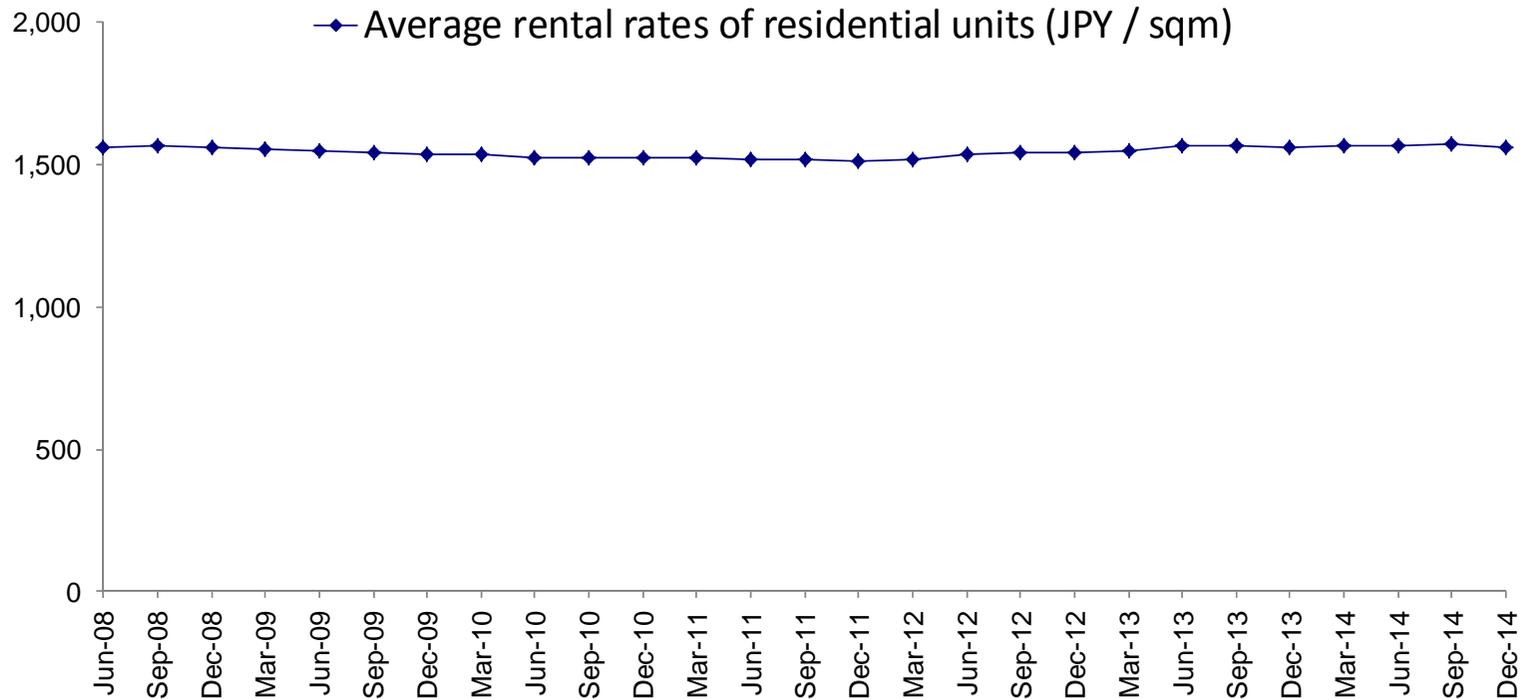
Occupancy Rates

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



Stable Rental Rates

- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$19 / sqm) since Jun 08



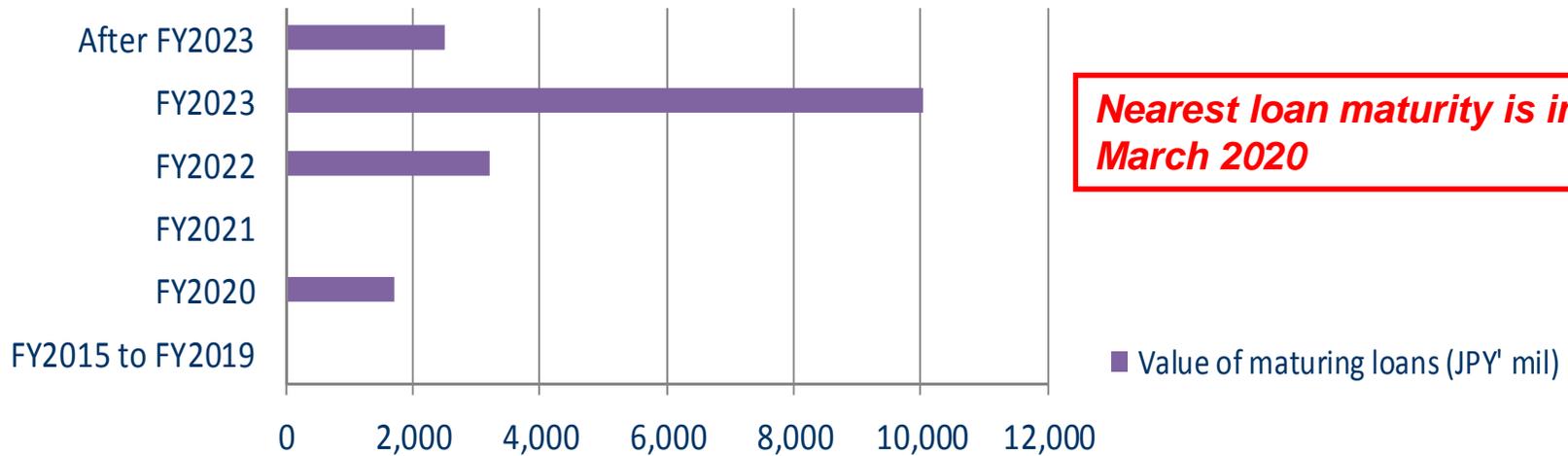
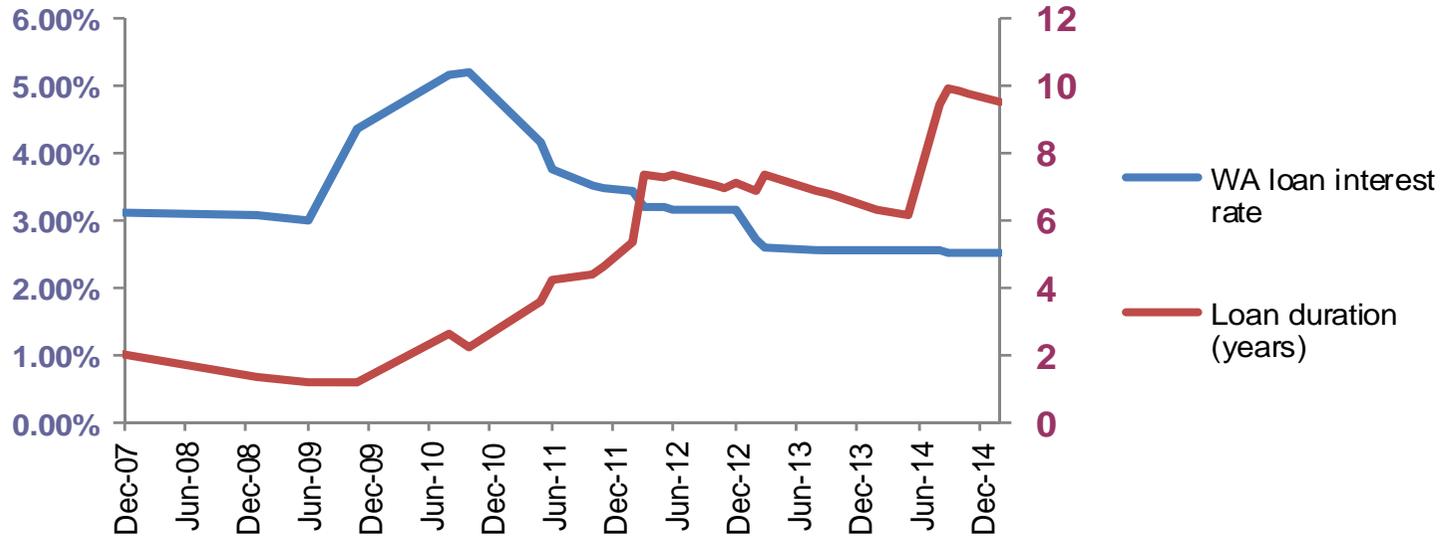
Debt Profile of TK Operators

TK operator	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 Choan	<i>Unencumbered</i>					721.0		
YK Shinzan	Bank of Fukuoka	Mar 2020	2.223	0.175	1,725.0	4,594.0	37.5	100.0
GK Choan	Mizuho Bank	Mar 2022	2.91	0.3	2,587.5	8,369.8	30.9	150.0
GK Tosei		Jun 2022	2.81	0.3	630.0	1,821.0	34.6	28.0
GK Choan	Tokyo Star Bank	Feb 2023	2.42	0.175	9,825.9	1,734.0	48.9	257.4
GK Chosei						663.0		
YK JOF						2,015.0		
YK Keizan						2,530.6		
YK Kokkei						3,284.0		
YK Shintoku						3,636.5		
YK Shingen						6,233.3		
GK Chogen	The Higo Bank	Mar 2023	3.075	-	212.5	647.0	32.8	22.2
		Dec 2032	3.175	-	180.0	445.0	40.4	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	405.3	1,147.0	35.3	25.2
		Oct 2031	3.35	-	422.1	982.0	43.0	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	125.4	294.0	42.7	7.0
GK Gyotatsu	Kitakyushu Bank	Aug 2036	1.462	-	726.0	1,384.0	52.5	33.6
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.50	-	67.3	141.0	47.7	2.5
		Sep 2041	2.45	-	124.9	277.0	45.1	4.7
		Jun 2044	2.25	-	442.5	672.0	65.8	15.0
Grand Total					17,474.4	41,591.2		680.8

Debt Profile of TK Operators

- All loans are:
 - non-recourse to Saizen REIT
 - not cross-collateralised
 - long-term in nature (7 to 30-year loans)
 - secured only by specific properties of the TK operator(s)
- Interest rates for 89% of loans outstanding are fixed

Debt Profile of TK Operators



Nearest loan maturity is in March 2020

Upcoming Plans of Saizen REIT

▪ Capital management

- Seek opportunities to expand and further diversify banking relationships in Japan and Singapore
- Headroom to increase gearing level from 36% currently to between 40% and 45%
- Ability to operate under higher gearing is supported by stable rental cashflow and long-term nature of debt financing

▪ Portfolio expansion

- Seek opportunities for yield-accretive property acquisitions
- The Management Team has identified several potential targets and is hopeful of acquiring at least one property soon
- Scale of expansion is contingent on factors such as the market conditions in Japan, the availability of debt financing and the ability to raise funds in equity markets

Upcoming Plans of Saizen REIT

- Conduct of Unit buy-back activities when opportunities arise
 - Buying back Units in times of Unit price weakness can serve as a useful and positive signalling mechanism to the equity capital markets, provided that the REIT Manager considers such buy-backs to be an effective use of capital at the time

Key Financial Information

Number of Units in issue as at 9 February 2015	283,611,720
NAV attributable to Unitholders as at 31 December 2014 ¹	S\$312 million
NAV per Unit as at 31 December 2014 ¹	S\$1.10
Market capitalisation as at 31 December 2014 ²	S\$244 million
2Q FY2015 interest cover ratio	6.1 times
Gearing ³ / net gearing ⁴ as at 31 December 2014	36% / 30%
Unit price (closing price as at 9 February 2015)	S\$0.870
52 week high / low (as adjusted for the Unit Consolidation)	S\$0.980 / S\$0.845

Notes:

1. Computed based on an exchange rate of JPY90.7/S\$ as at 31 December 2014
2. Computed based on 283,611,720 Units in issue and Unit price of S\$0.860 as at 31 December 2014
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