

SaizenREIT) 最善

Reemerge. Restructure. **Rebirth**



Presentation

June 2011

www.saizenreit.com.sg

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Company Overview

- Listed on SGX Mainboard in Nov 2007
- Only Singapore-listed REIT to offer access exclusively to Japanese residential properties
- Properties targeted at mass market tenants in regional cities
- Size of portfolio: JPY 35.2 billion

As at 1 June 2011

Management Team

Arnold Ip

Chairman (Manager)
Director (Asset Manager)

Sean Pey Chang

Co-CEO and Executive Director (Manager)

Raymond Wong

Executive Director (Manager)

Linus Koh

Co-CEO (Manager)

Yutaka Matsunaga

President (Asset Manager)

Richard Lo

Director (Asset Manager)

Property operations

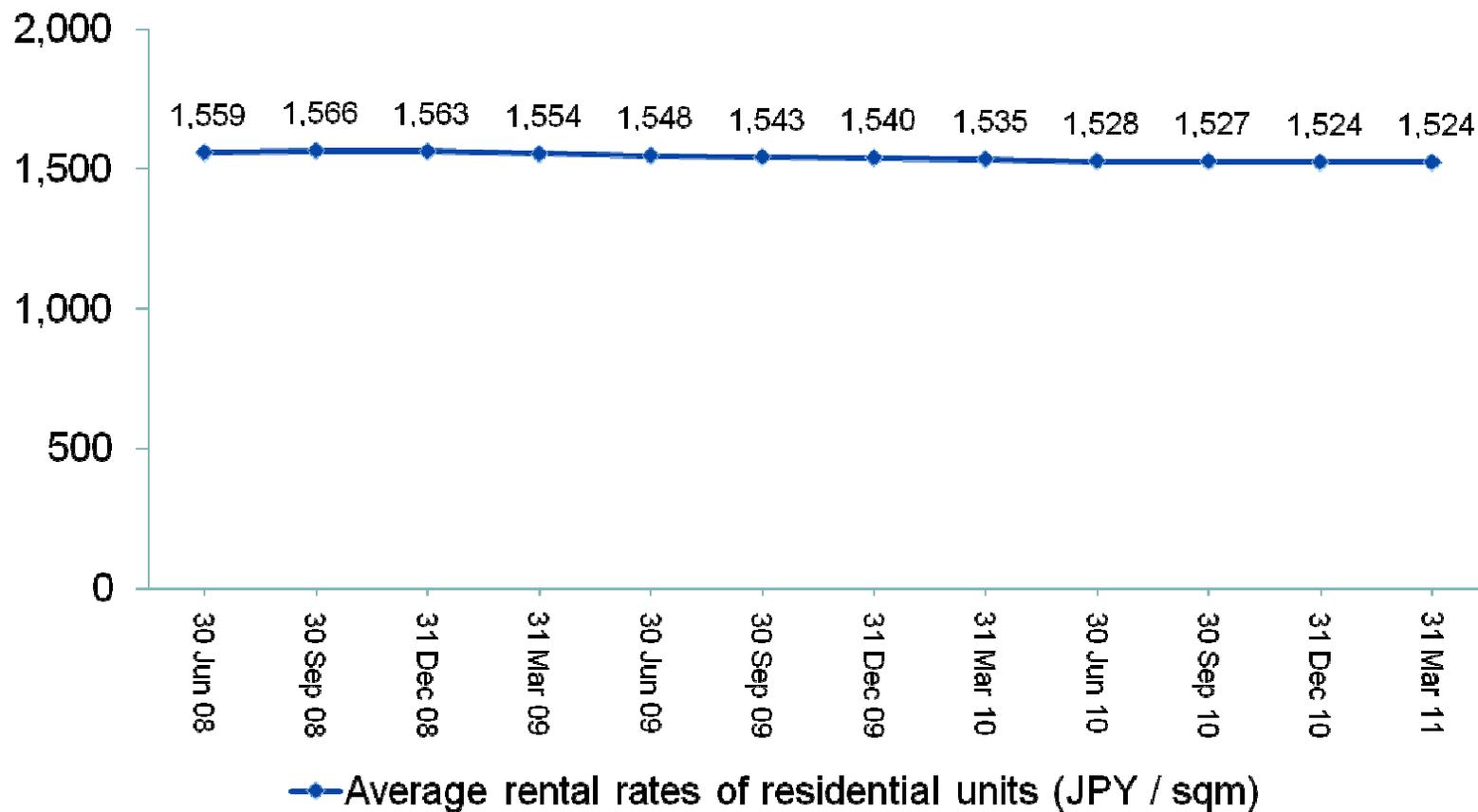
- Property operations remain stable.
- Average tenant turnover at 20% in FY2010 vs 22% in FY2009.
- Overall rental reversion of new contracts entered into in 3Q FY2011 was marginally lower by about 3.6% (3Q FY2010 and 2Q FY2011: lower by about 4.7% and 3.2% respectively) from previous contracted rates.
- Occupancy rate remained stable above 90% since FY2008.

11 March 2011 earthquake

- 28 properties in affected cities of Sendai, Morioka and Koriyama in the north-eastern region of Japan.
- Inspections on all affected properties revealed only minor damage. Overall occupancy rates of properties in 3 affected cities remain stable.
- Repair expenses expected to amount to no more than JPY 200 million.
- No properties within the current nuclear evacuation zone; closest properties more than 50 km away.

Stable Rental Rates

- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$23 / sqm) since Jun 08



Note: For consistency, rental rates across selected timeline are based on a same population of 130 properties.

Debt Profile

Company	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)
GK Chosei	Unencumbered	-	-	-	540.0	-
YK Keizan	Unencumbered	-	-	-	2,487.6	-
YK Shingen	Unencumbered	-	-	-	7,556.3	-
YK Shintoku	Unencumbered	-	-	-	4,306.3	-
Sub-total for unencumbered properties					14,890.2	
GK Choan and YK Kokkei	Societe Generale	Jun 2013	3.8275	5,638.0	11,816.1	47.7
YK Shinzan	Tokyo Star Bank	Mar 2015	3.75625	1,875.0	4,570.6	41.0
YK JOF	Mizuho Bank	Sep 2019	3.50	841.5	2,198.0	38.7
GK Chogen	The Higo Bank	Mar 2023	3.075	292.7	629.0	46.5
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	500.0	1,111.0	45.0
Grand Total				9,147.2	35,214.9	26.0

YK Shintoku

- The loan of YK Shintoku was fully repaid on 31 May 2011.
- Operational cashflow generated by YK Shintoku will start to contribute to the distributable cashflow of Saizen REIT from June 2011.
- Full impact on contributions from YK Shintoku will be seen from the first quarter of the next financial year (July 2011 to September 2011), and this will in turn have a corresponding effect on the distributions to be declared for the first half of the next financial year (July 2011 to December 2011).

Distributions

- DPU of 0.52 cents paid for 1H FY2011 (July 2010 to December 2010)
 - Annualised DPU of 1.04 cents
 - Annualised yield of 6.7% (based on unit price of S\$0.155)

- DPU for 2H FY2011 (January 2011 to June 2011) may be affected by several factors, including:
 - Contributions from YK Shintoku (previously used for interest payments and loan repayment)
 - Sale of properties in 2H FY2011
 - Amortisation and interest expenses relating to new loan of GK Gyokou
 - Dilutive effects from conversion of warrants

Upcoming Plans

- Seek an improvement in Moody's credit rating of Saizen REIT
 - Improve ability to seek financing
 - Decrease cost of financing

- Gear up using unencumbered properties
 - Look to increase gearing from 24% to about 35%
 - Borrow to offset against deleveraging effect of loan amortisation
 - current distributable cashflow applied towards loan amortisation amounts to about 0.52 cents per annum¹
 - distribution payout can be significantly improved if such amortisation can be offset by new borrowings

Note:

1. Solely for illustration only. Based on an annual loan amortisation of approximately JPY 0.4 billion (at an exchange rate of JPY65/S\$1) and number of Units in issue of 1.18 billion Units as at 6 June 2011.

Upcoming Plans

- Explore acquisition opportunities
 - Improve portfolio mix with Tokyo properties
 - Trade and re-balance portfolio to enhance quality and yield
- Asset enhancement activities
 - Conduct renovations, especially to older properties, with the aim of improving rental and occupancy rates
- Enhance unitholder value
 - Explore other means to enhance unitholder value, such as assessing the viability of a unit buy-back program

Key Financial Information

Number of Units in Issue as at 1 June 2011	1,182,100,611
Outstanding Warrants as at 1 June 2011	264,256,806
NAV attributable to Unitholders as at 31 March 2011 ¹	S\$401.9 million
Unencumbered properties as at 1 June 2011 ¹	S\$227.0 million
Market capitalisation as at 1 June 2011 ²	S\$183.2 million
NAV per Unit as at 31 March 2011 ¹ / Adjusted for warrants ^{1 3}	S\$0.34 / S\$0.31
EBITDA ⁴ / Interest expenses for 3Q FY2011 ⁵	3.0 times
Gearing as at 1 June 2011 ⁶ / Adjusted for warrants ³	24% / 20%
Unit Price (closing price as at 1 June 2011)	S\$0.155
52 week high / low	S\$0.180 / S\$0.125

1. Computed based on an exchange rate of JPY 65.6 : S\$1.00 as at 31 March 2011

2. Computed based on 1,182,100,611 Units in issue and unit price of S\$0.155.

3. Computed based on a total of 1,446,357,417 Units after conversion of all warrants outstanding, and assuming all warrant proceeds are used to repay borrowings

4. EBITDA comprises net income from operations and excludes interest expenses, amortisation of loan commissions, losses on divestment of properties and fair value gains/losses.

5. This computation includes default interest on the loan of YK Shintoku, which is accrued at rate of 7.07% per annum.

6. Gearing = Total borrowings / Total assets; estimated based on financial position of Saizen REIT as at 31 March 2011 and adjusted for sale of properties, repayment of borrowings , new borrowings and the exercise of warrants in April and May 2011.



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Thank You