



**Saizen**REIT) 最善

[www.saizenreit.com.sg](http://www.saizenreit.com.sg)

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***Prepared by Japan Residential Assets Manager Limited  
(Manager of Saizen REIT)***

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# Agenda

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# Key Highlights

## ➤ **Obtained new source of financing from Mizuho Bank Ltd**

- First loan from a key domestic Japanese bank for Saizen REIT
- JPY1.0 billion loan
- Amortising over 10 years
- Attractive variable all-in interest cost of about 3.5%

## ➤ **YK Shintoku loan refinancing and restructuring efforts**

- Appointed Société Générale as financial adviser but no solution to-date
- Has reached out to ultimate CMBS holders (but process was difficult given large number of holders and their conflicting interests; application for extension rejected)
- Default interest will be 7.07% (from 3.07%) but can be serviced by YK Shintoku's own cash flow without affecting other YKs
- Japanese CMBS default rate reached 53% for loans maturing in first half of 2009. Very few have started loan workout process.
- Expect loan servicers not to commence enforcement of collaterals immediately after maturity default. YK Shintoku loan can still be refinanced after default provided that foreclosure proceedings have not initiated. Will work closely with loan servicers to devise plan if loan goes into default.

# Key Highlights

## ➤ **Distribution**

- Aims to resume distribution payout as soon as practicable
- Saizen REIT expected to start accumulating cash for distributions from final quarter of FY2010 or first quarter of FY2011

## ➤ **Divestments of properties**

- As part of deleveraging plan, has divested four properties so far
- Divestment program *specifically* for YK Shintoku portfolio only

## ➤ **Financial Performance**

- Fair value of investment properties decreased from JPY 49.1 billion as at 30 June 2008 to JPY 42.7 billion as at 30 June 2009; resulting in losses for FY2009

# Key Highlights

## ➤ **Rental operations remain stable**

- Property operations have remained stable despite severe economic downturn
- Portfolio occupancy rate at 91.6% in FY2009 vs 91.4% in FY2008
- Average rental turnover rate at 22% in FY2009 vs 21% in FY2008
- Rental reversion of contracts entered into during the leasing season (January to April 2009) were marginally lower by 6.5%

# Key Financial Information

NAV per Unit <sup>(1)</sup> at 30 June 2009	JPY26.05 S\$0.40
NAV per Unit (excluding YK Shintoku)	JPY23.44 S\$0.36
Diluted NAV per Unit <sup>(2)</sup> (adjusted for exercise of warrants)	JPY20.37 S\$0.31
Diluted NAV per Unit (adjusted for exercise of warrants and excluding YK Shintoku)	JPY18.66 S\$0.28
Gearing <sup>(3)</sup> as at 30 June 2009	43.5%
Gearing (excluding YK Shintoku and adjusted for Mizuho/Star Finance loan <sup>(4)</sup> )	36.1%
Gearing (excluding YK Shintoku and adjusted for Mizuho/Star Finance loan and repayment of all other CMBS loans)	22.8%

1. NAV per Unit as at 30 June 2009 is based on 949,194,055 Units in issue
2. Diluted NAV per Unit is based on a total of 1,446,357,417 Units and proceeds of S\$44.7 million from exercise of all warrants
3. Gearing is equal to the sum of total borrowings divided by the total value of assets
4. The JPY1.0 billion loan from Mizuho Bank Ltd has been used to repay the JPY0.4 billion loan from Star Finance

# Portfolio Information

	<b>As at 1 October 2009</b>
No. of properties	162
No. of units:	
• Residential	5,911
• Commercial	113
• Parking	1,887
No. of cities	13
Total lettable floor area (square meters)	219,809
Portfolio value <sup>(1)</sup>	
(JPY billion)	42,142.1
(S\$ million)	662.6 <sup>(2)</sup>
Value of leasable floor area:	
• per sqm (S\$)	3,014
• per sq ft (S\$)	280.1
Portfolio annual rental revenue <sup>(3)</sup>	
(JPY billion)	3,969
(S\$ million)	62.4 <sup>(2)</sup>
Profit gross income yield <sup>(4)</sup>	9.4%

1. Based on independent valuations performed as at 30 June 2009

2. Computed based on exchange rate of JPY 63.6 : S\$ 1.00 as at 1st October 2009

3. The annual rental income represents the annualised rental income of each property in June 2009. Rental income comprises base rental income, common area management fees and cars parking rental

4. Computed based on Portfolio annual rental revenue divided by Portfolio value

# Capital Management

Company	Maturity date	Interest Rate	Loan Amount JPY (million)	Property Value JPY (million)
YK Shinzan	-		-	4,796.8
YK JOF	Sep 2019	1.025% + LTFR <sup>(1)</sup>	1,000.0 - <i>Mizuho Bank Ltd</i>	2,268.0
YK Kokkei	Nov 2009	3.59%	794.3	1,427.0
YK Shintoku	Nov 2009	3.07%	7,953.0	9,757.1
YK Shingen	Dec 2009	3.00%	4,620.0	9,756.5
YK Keizan	Jan 2010	3.63%	1,536.3	2,754.5
GK Chosei	May 2011	3.0% + 3-month JPY LIBOR <sup>(2)</sup>	475.2 - <i>Orix Corporation</i>	552.1
GK Choan	Jun 2011	2.66% <sup>(3)</sup>	5,900.0 - <i>Societe Generale</i>	10,766.1
GK Chogen	Mar 2023	1.10% + short-term prime rate <sup>(4)</sup>	327.1 - <i>The Higo Bank, Ltd</i>	656.0
			<b>22,605.9</b>	<b>42,734.1</b>

1. Long-term floating lending rate corresponding to short-term prime rate. The prevailing LTFR is 1.975% per annum.
2. The variable interest rate on the loan of GK Chosei is 3.0% per annum plus 3- month JPY LIBOR. GK Chosei has purchase an interest cap which caps the 3-month JPY LIBOR rate at upper limit of 2.5% per annum.
3. GK Choan uses interest rate swap arrangements to hedge against interest rate fluctuations in respect of its loan. The interest rate swap arrangements enable the effective interest rate on the loan of GK Choan to be fixed at 2.66% per annum.
4. The prevailing short -term prime rate is 1.975% per annum.



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**Q & A**