

SaizenREIT) 最善

**OPPORTUNITIES
FOR GROWTH**



**Presentation
May 2012**

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

- 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 regional cities
- Size of portfolio: JPY 34.5 billion (S\$527 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 JPY 65.5 : S\$1.00 as at 31 March 2012

Recent Developments

- Re-leveraging of portfolio with the intention to increase distributable income
 - Current net gearing is low at 24% – optimal level is targeted at about 35% to 40%
 - 6 loans, amounting to an aggregate of JPY 9.7 billion, obtained since July 2011
 - More confidence on access to financing
 - New loan proceeds, if any, will be made available for property acquisitions

Recent Developments

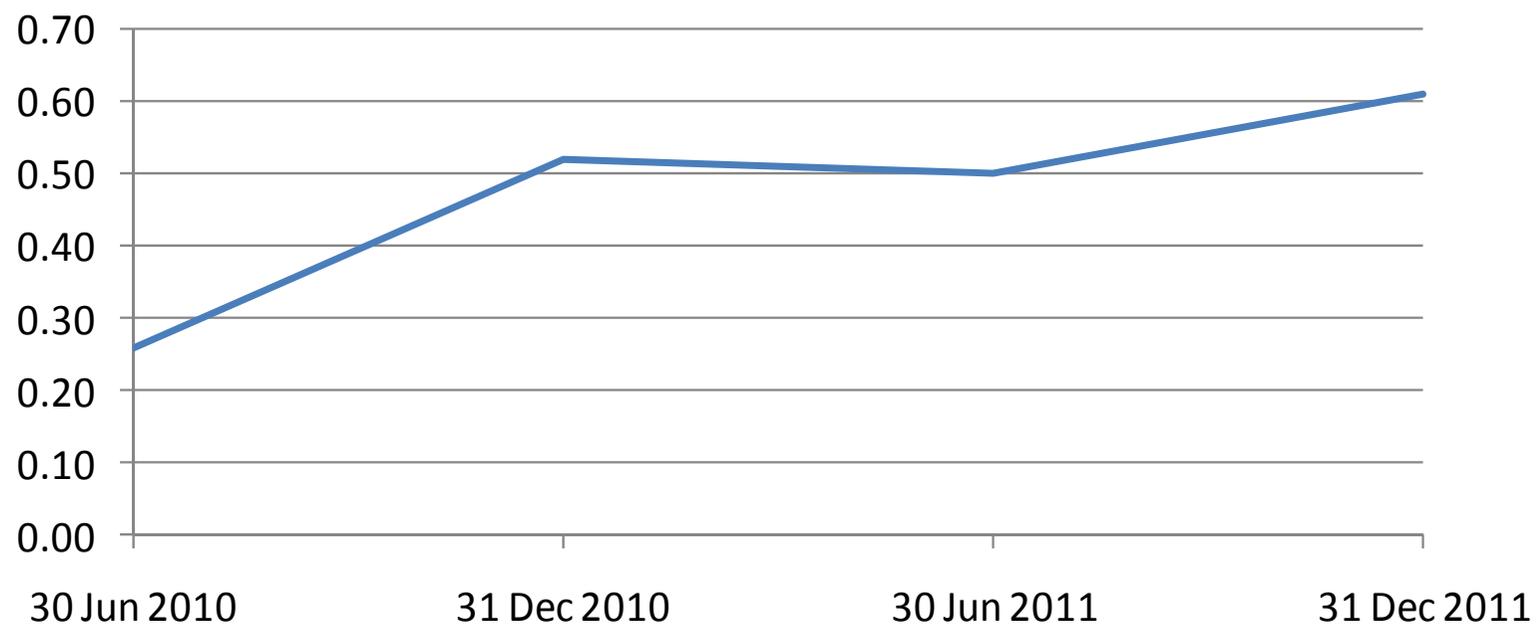
- Resumed acquisition activities with acquisitions in Tokyo and Kumamoto
- Property operations remain stable, with an improvement in the average occupancy rate to 91.6% in 3Q FY2012
- Net income from operations in 3Q FY2012 was JPY 261.0 million
- Distributable income decreased y-o-y in 3Q FY2012, due mainly to loan amortisation and one-off refinancing costs. As in previous case, these can be offset by undeployed loan proceeds, and are not expected to affect distributions.

Distributions

Recent distribution:

Distribution per Unit	0.61 Singapore cents
Distribution Period	1 July 2011 to 31 December 2011

Distribution per Unit (Singapore cents)



Factors affecting Distribution

- Distribution may be affected by the following:
 - Gearing up to 35%
 - Deployment of existing cash, potential loan proceeds from gearing up, and potential warrant proceeds towards property acquisitions
 - Potential dilution by approximately 12% due to warrant exercises

Gearing up and property acquisition potential	JPY'million
Increase in portfolio size	5,210
Increase in annual net operating income ¹	375

1. Before taking into account REIT-level expenses and financing costs.

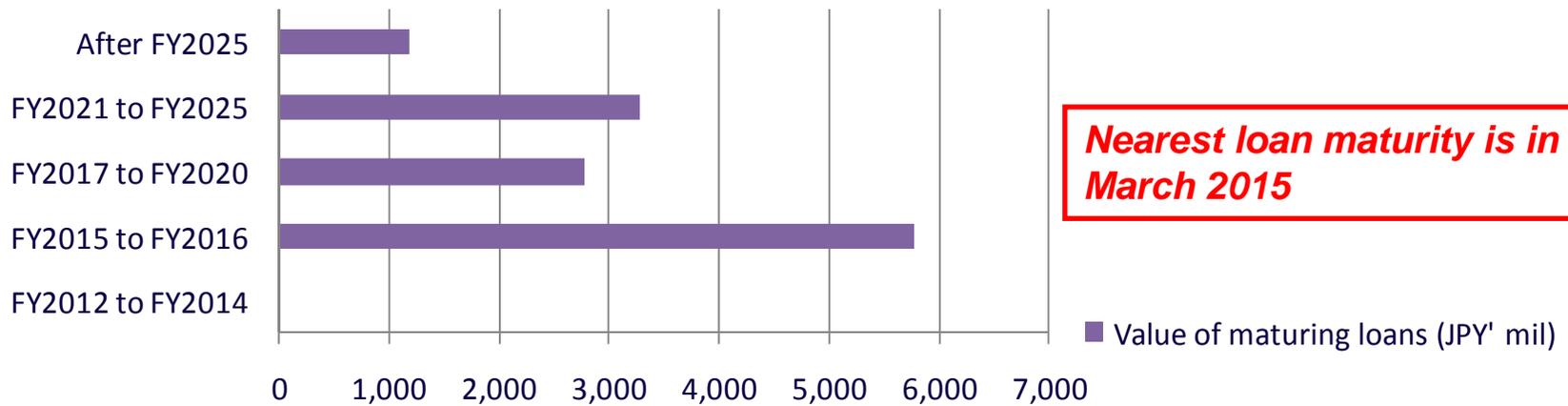
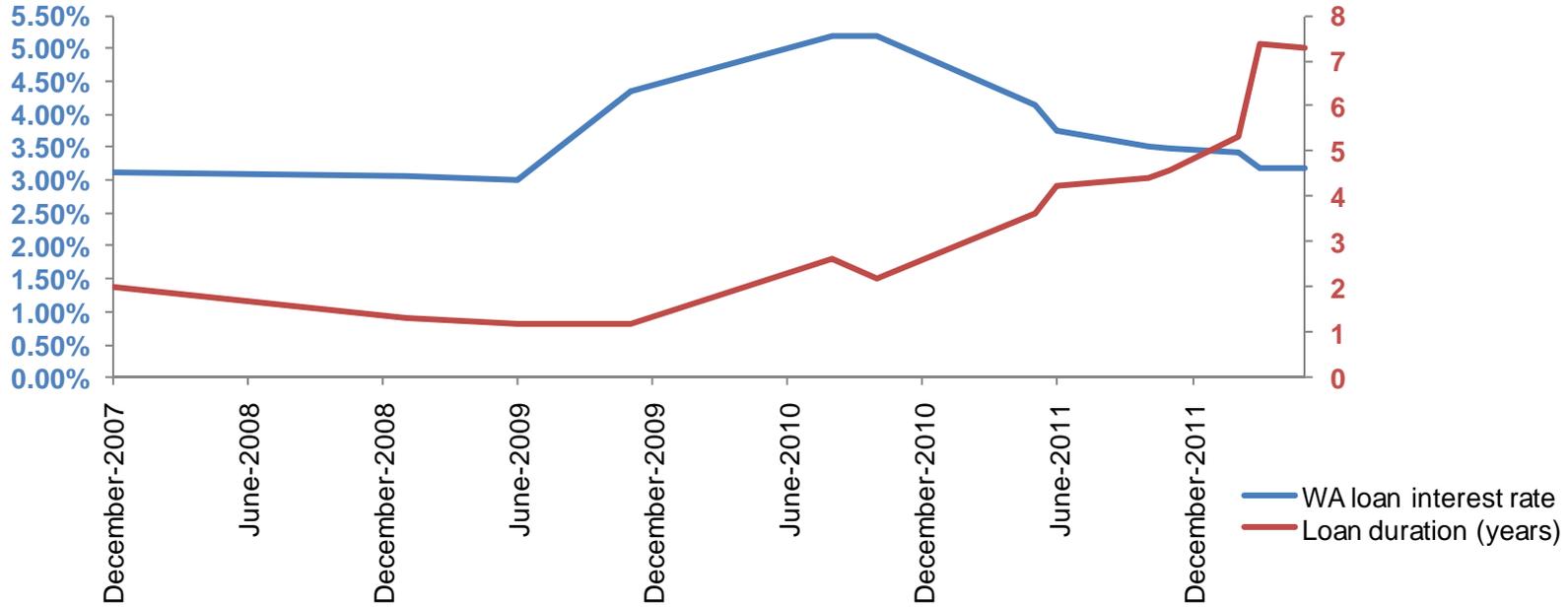
Important:

Please be reminded that the information above is based on management's estimates and purely for illustration purposes only. It assumes, amongst others, that acquisition of AMS Hatchobori I can be completed as planned, that other properties acquired can achieve on average net operation yields of 7%, that loans can be obtained at LTV of 40%, and that all outstanding warrants will be exercised. Actual outcomes may differ materially from the information presented. For example, there is no assurance that Saizen REIT will be successful in obtaining any new financing, that more warrants will be exercised, that property operations and the property market will remain stable, or that Saizen REIT will be successful in acquiring new properties.

Debt Profile

Company	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)
YK Kokkei	<i>Unencumbered</i>				1,266.0	
GK Tosei	<i>Unencumbered</i>				562.0	
YK Shinzan	Tokyo Star Bank	Mar 2015	3.75625	1,775.0	4,490.3	39.5
YK Shingen and YK Keizan	Tokyo Star Bank	Sep 2016	3.2175	3,940.0	8,474.0	46.8
YK Shintoku And GK Chosei	Tokyo Star Bank	Nov 2016	3.2025	1,985.0	4,598.7	43.2
YK JOF	Mizuho Bank	Sep 2019	2.69	749.8	1,928.6	38.9
GK Choan	Mizuho Bank	Mar 2022	2.91	3,000.0	10,125.7	29.6
GK Chogen	The Higo Bank	Mar 2023	3.075	272.2	638.0	42.7
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb/Oct 2031	3.50/3.35	966.0	2,044.0	47.3
GK Gyosei	Hiroshimashi Credit Cooperative	Aug/Oct 2041	2.50	211.4	439.8	48.1
Grand Total				12,899.4	34,567.1	

Debt Profile



Nearest loan maturity is in March 2015

Acquisition Highlights

Flour Mansion Jyosei



Purchase price : JPY 901.7 million

Valuation : JPY 916.0 million

Year built : 1999

No. of residential units : 98

No. of commercial units : 1

No. of car parking units : 104

Net lettable area : 5,889 sqm

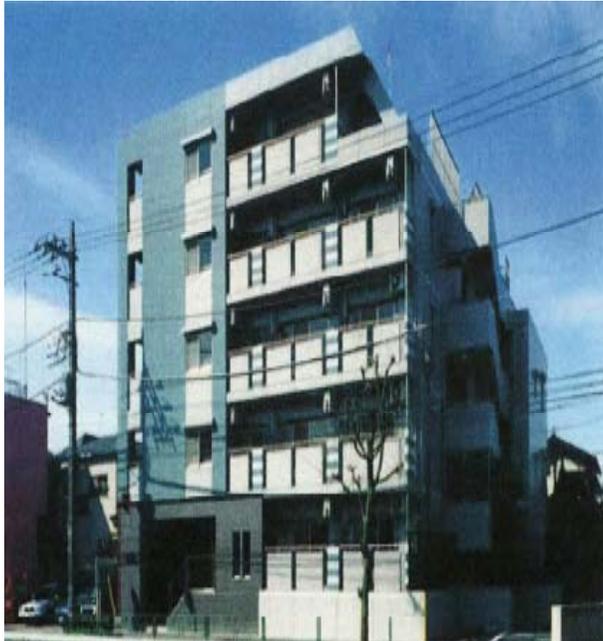
Occupancy rate by NLA (at acquisition): 100%

NOI yield (at acquisition): 8.0%

Location : Kumamoto

Acquisition Highlights

The Palms Denenchofu



Purchase price : JPY 559.6 million

Valuation : JPY 562.0 million

Year built : 2005

No. of residential units : 30

No. of car parking units : 2

Net lettable area : 760 sqm

Occupancy rate by NLA (at acquisition): 100%

NOI yield (at acquisition): 5.3%

Location : Tokyo

Acquisition Highlights

AMS Hatchobori I (pending completion)



Purchase price : JPY 1,117.7 million

Valuation : JPY 1,150.0 million

Year built : 2004

No. of residential units : 44

No. of car parking units : 2

Net lettable area : 1,932 sqm

Occupancy rate by NLA (current) : 97%

NOI yield (current) : 5.7%

Location : Tokyo

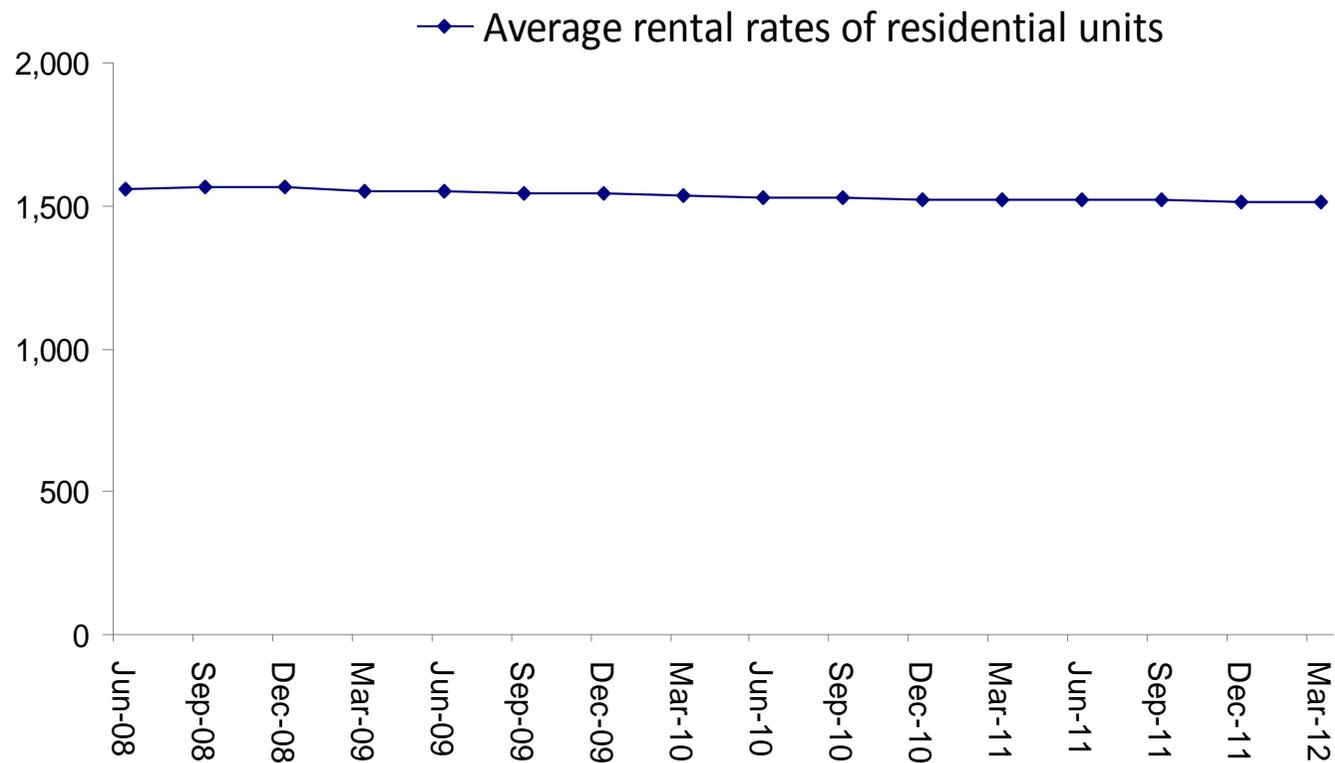
Well-diversified Portfolio

Location	Portfolio distribution by revenue (%)
Sapporo	25.3
Kumamoto	17.8
Hiroshima	14.4
Sendai	12.9
Kitakyushu	9.9
Fukuoka	5.5
Kagoshima	3.8
Koriyama	3.0
Niigata	2.5
Morioka	1.7
Tokyo	1.1
Oita	1.0
Hakodate	0.8
Kurashiki	0.3



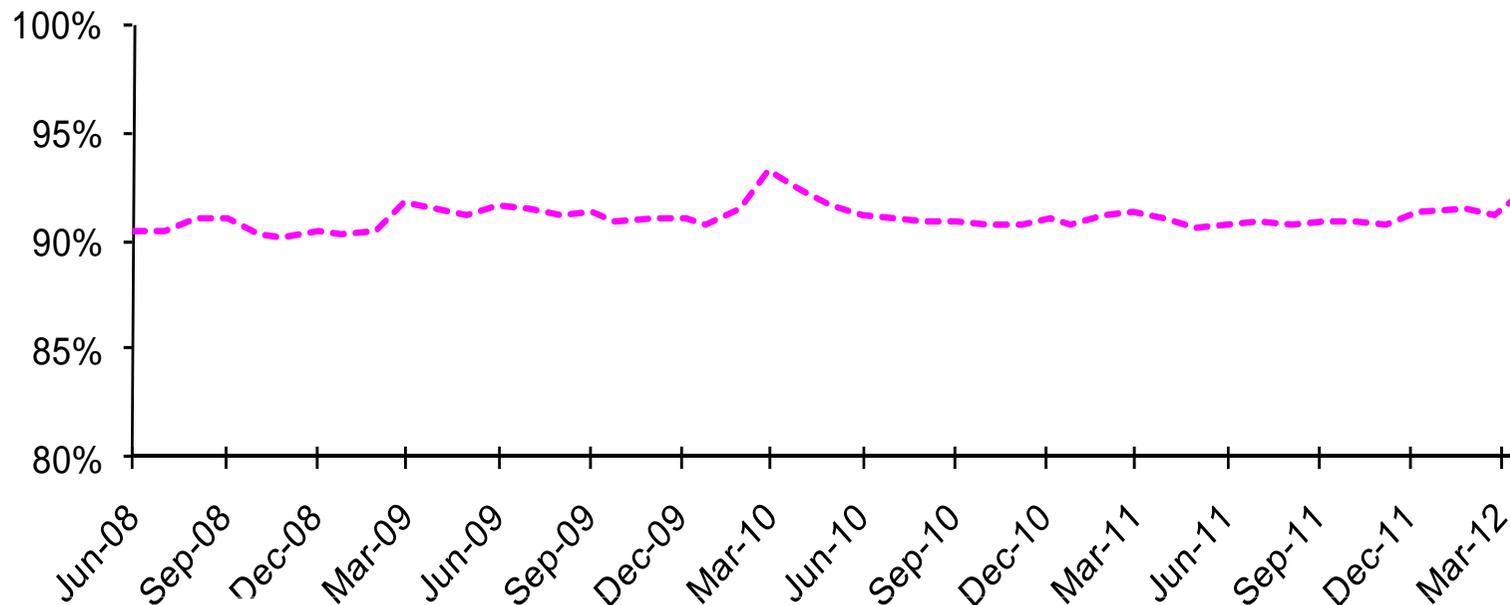
Stable Rental Rates

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



Occupancy Rates

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



Asset Enhancements

Taisei Building III (Oita city)

Before



Rent: JPY 55,000

After



Rent: JPY 65,000

Towa Kita 7 Jo (Sapporo)



Before



After

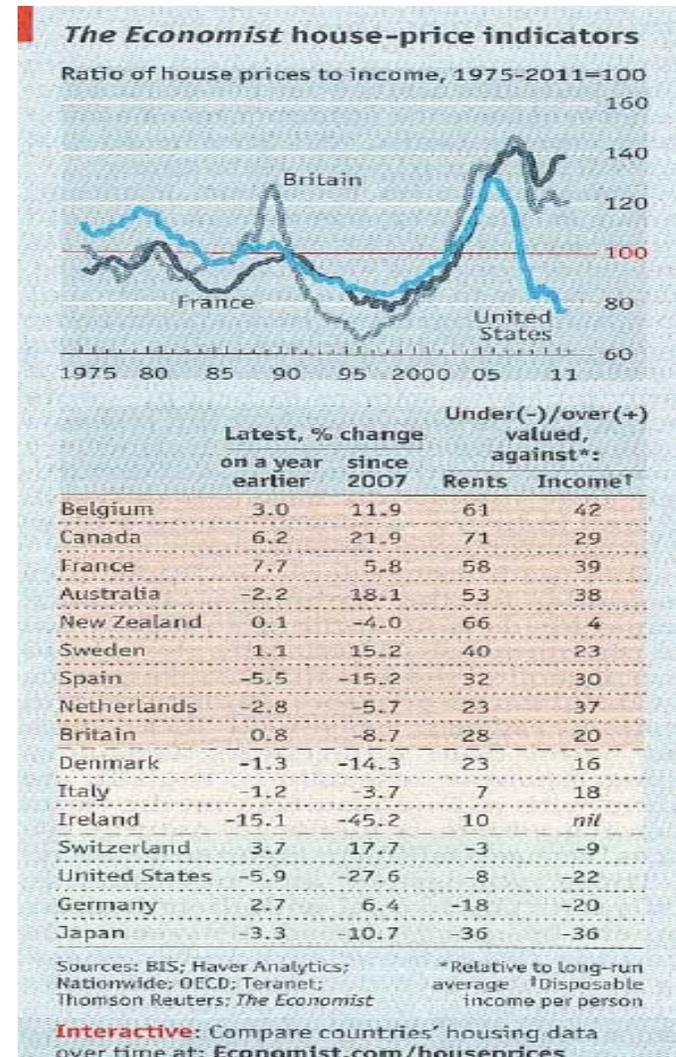


Chalet Kishinoura (Kitakyushu)



Upcoming Plans

- Explore acquisition opportunities
 - Improve and re-balance portfolio mix to enhance quality and yield
 - Exploring investment opportunities (including Tokyo)



Source: The Economist, Nov 2011

Key Financial Information

Number of Units in Issue as at 7 May 2012	1,288,107,144
Outstanding Warrants as at 7 May 2012	158,250,273
NAV attributable to Unitholders as at 30 June 2011 ¹	S\$378.5 million
NAV attributable to Unitholders as at 31 March 2012 ²	S\$388.1 million
Market capitalisation as at 31 March 2012 ³	S\$181.7 million
NAV per Unit as at 31 March 2012 ² / Adjusted for warrants ^{2 4}	S\$0.31 / S\$0.29
3Q FY2012 interest cover ratio	5.2 times
Gearing as at 31 March 2012 ⁵ / Adjusted for warrants ⁴	32% / 29%
Net gearing as at 31 March 2012 ⁶ / Adjusted for warrants ⁴	24% / 21%
Unit Price (closing price as at 7 May 2012)	S\$0.143
52 week high / low	S\$0.161 / S\$0.136

1. Computed based on an exchange rate of JPY 65.5 : S\$1.00 as at 30 June 2011.

2. Computed based on an exchange rate of JPY 65.5 : S\$1.00 as at 31 March 2012.

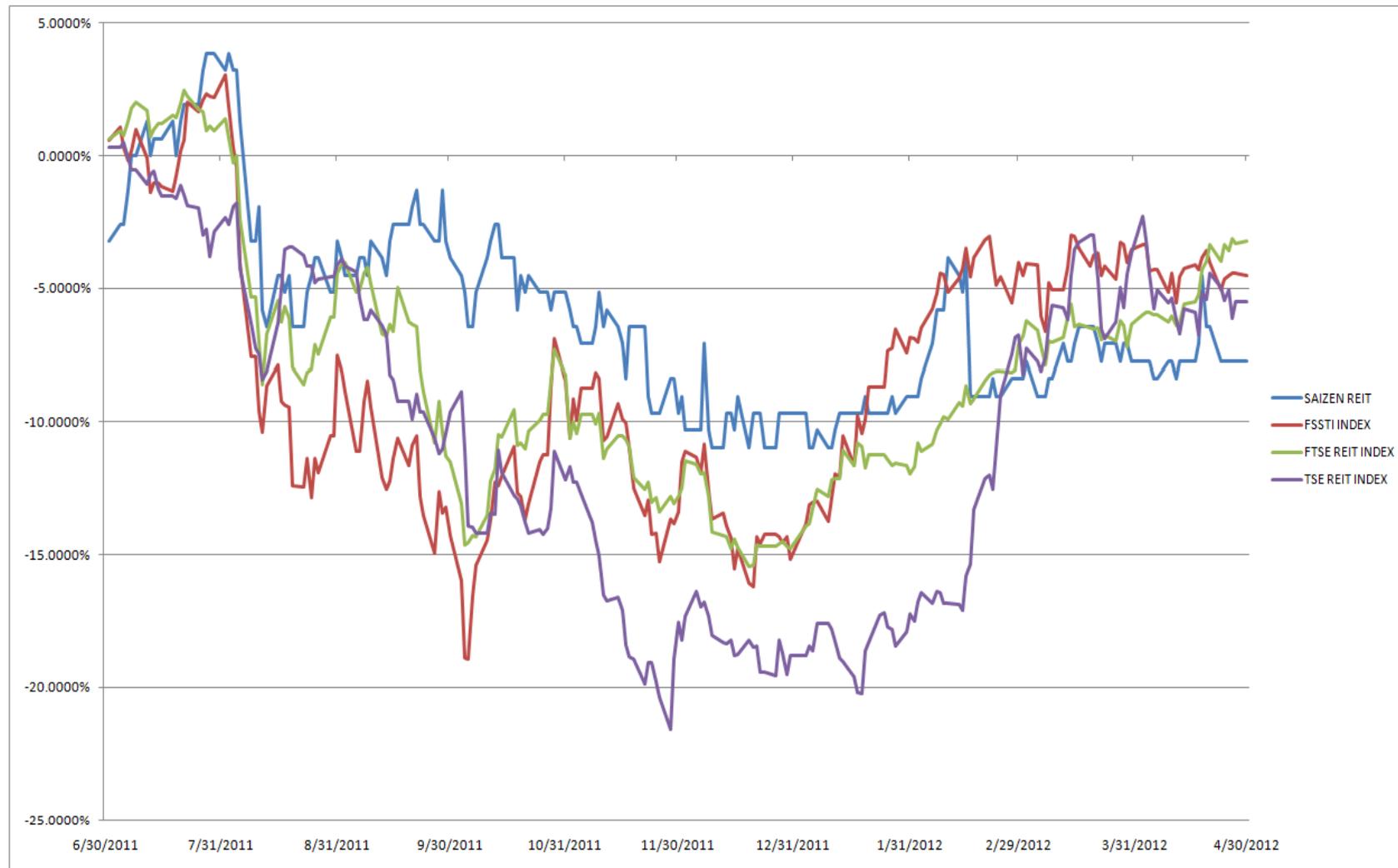
3. Computed based on 1,271,493,808 Units in issue and unit price of S\$0.143 as at 30 March 2012.

4. 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.

5. Gearing = Total borrowings / Total assets.

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

Unit Price Performance



Japan remains vibrant

Hakata City, Fukuoka



Japan remains vibrant

Kumamoto Station





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Thank You