

SaizenREIT) 最善



Presentation

May 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\$479 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 JPY87.1/S\$ as at 31 March 2015

Well-diversified Portfolio

Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	17.3
	Kitakyushu	10.5
	Fukuoka	6.0
	Kagoshima	3.3
	Oita	0.8
		37.9
Hokkaido	Sapporo	24.2
	Hakodate	0.7
		24.9
Tohoku	Sendai	10.3
	Koriyama	2.8
	Morioka	1.5
		14.6
Chugoku	Hiroshima	14.8
	Kurashiki	0.3
		15.1
Kanto	Tokyo	5.3
Chubu	Niigata	2.2

Total number of properties: 136



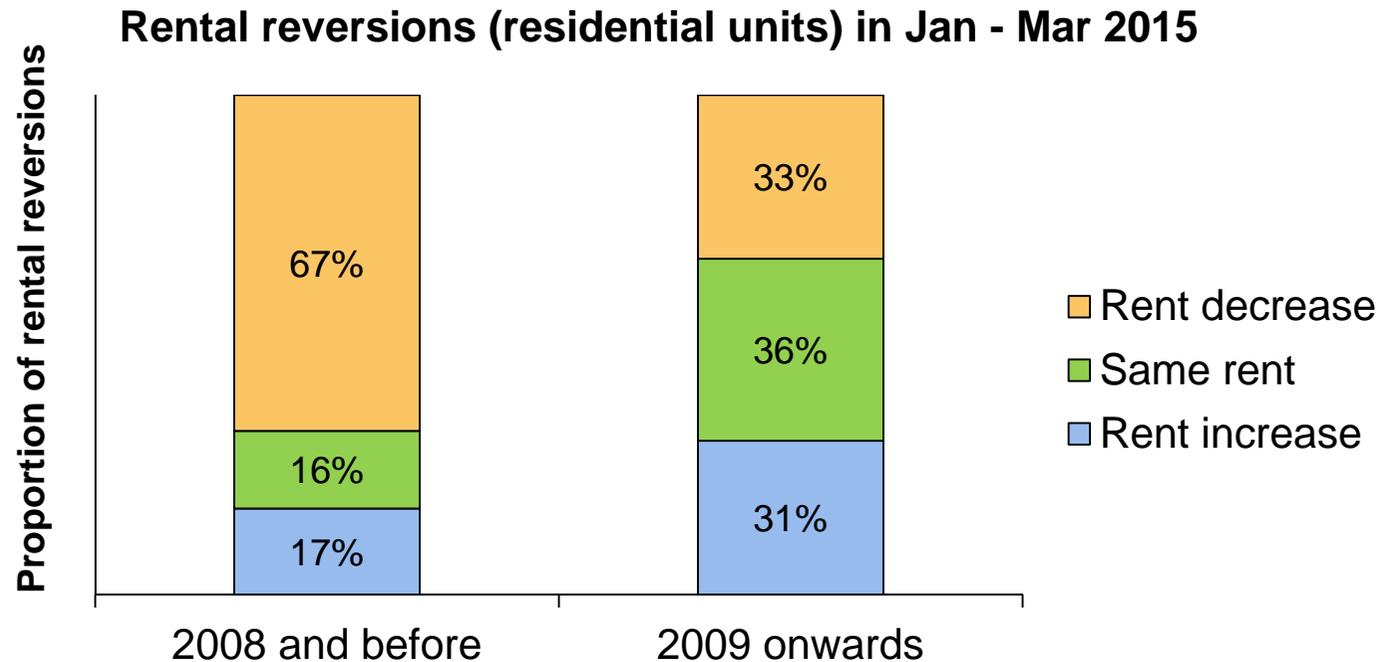
3Q FY2015 Overview

- Year-on-year gross revenue and net property income decreased due mainly to divestments
 - 3 properties were divested between May 2014 and November 2014
 - Average occupancy rates also decreased marginally
- Quarter-on-quarter gross revenue remained stable while net property income decreased due to seasonal expenses
- 1 new loan was obtained
 - JPY 260 million loan from The Shonai Bank Ltd was secured in March 2015, at a loan-to-value ratio of 48%. The prevailing interest rate on the loan is 2.475% per annum.

3Q FY2015 Overview

- Property operations remained stable
 - Average occupancy rate in 3Q FY2015 was 90.9% (3Q FY2014 and 2Q FY2015: 91.1% and 90.0% respectively)
 - Overall rental reversion of new contracts entered into in 3Q FY2015 was marginally lower by about 0.8% (3Q FY2014 and 2Q FY2015: lower by about 0.7% and 0.3% respectively) from previous contracted rates
 - Rents in Kitakyushu remained weak, and several residential units in other cities saw relatively larger declines in rent as their previous contracts were entered into between 12 and 22 years ago
 - On the other hand, positive rental reversions had been observed in specific areas and properties:
 - Saizen REIT's Tokyo properties recorded positive rental reversion of 2.8% on average in 3Q FY2015
 - Average rents for properties such as Quest Tower Noboricho and Villa Kaita in Hiroshima, Mon Palais Toroku in Kumamoto and Royal Hills Katagiri in Sendai have been on an upward trend in the past year

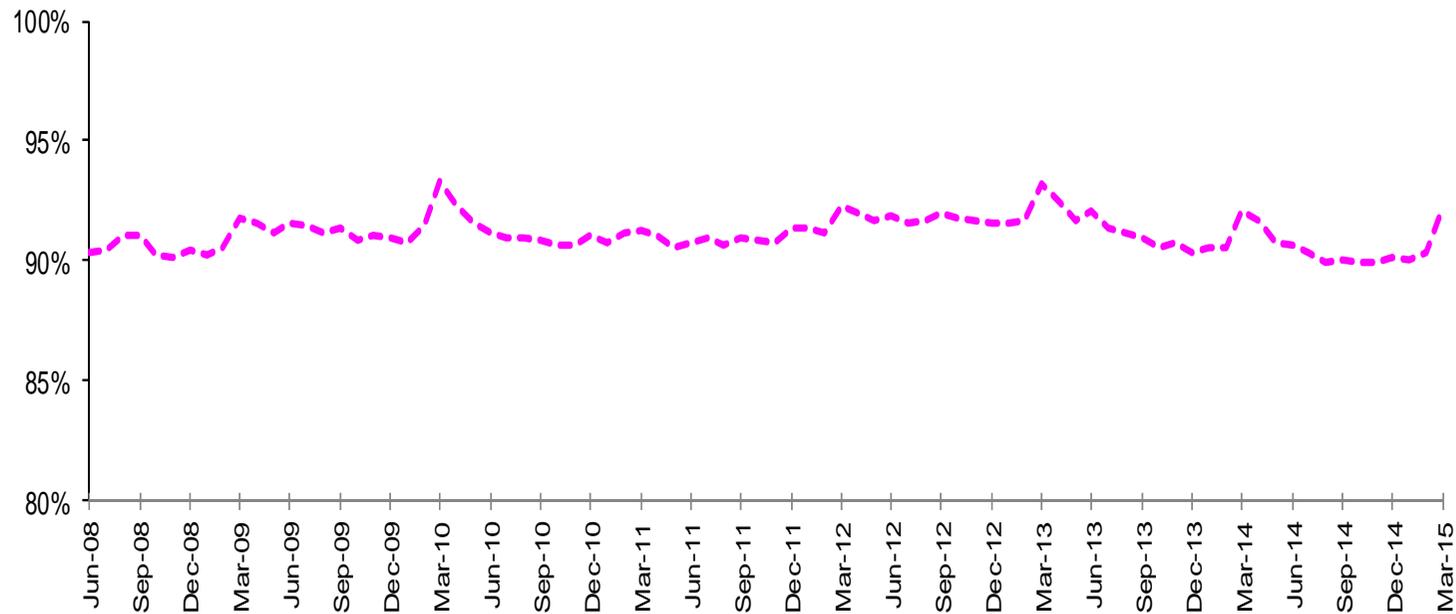
3Q FY2015 Overview



- 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 March 2015, approximately 21% of residential rental contracts had been entered into in 2008 or earlier

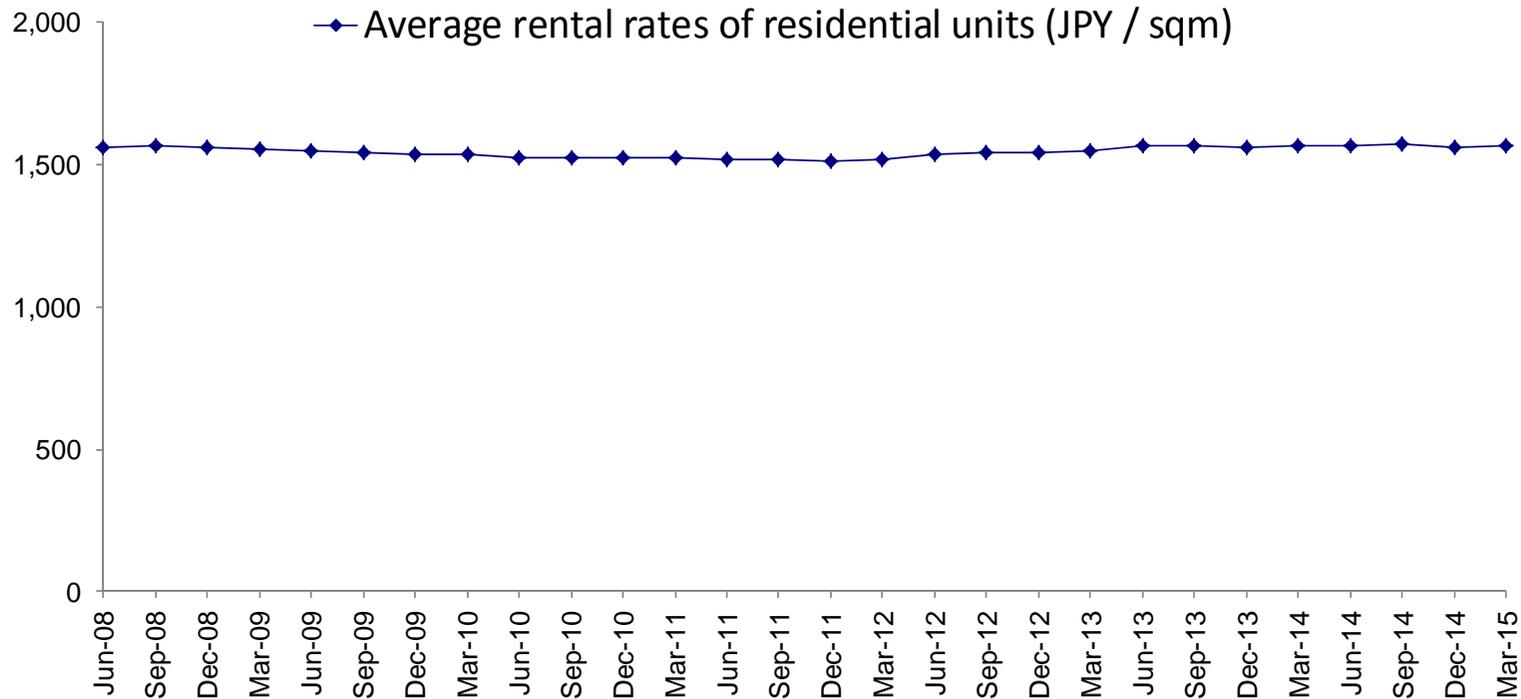
Occupancy Rates

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



Stable Rental Rates

- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$17 / sqm) since Jun 08



Hedging of Distribution Payments

- Distributions have been hedged as follows:

Distribution period	6-month period ending 30 June 2015	6-month period ending 31 December 2015
Expected payment	September 2015	March 2016
Hedge rate (S\$/JPY)	85.6	87.0
Hedge instrument	Forward contract	Forward contract

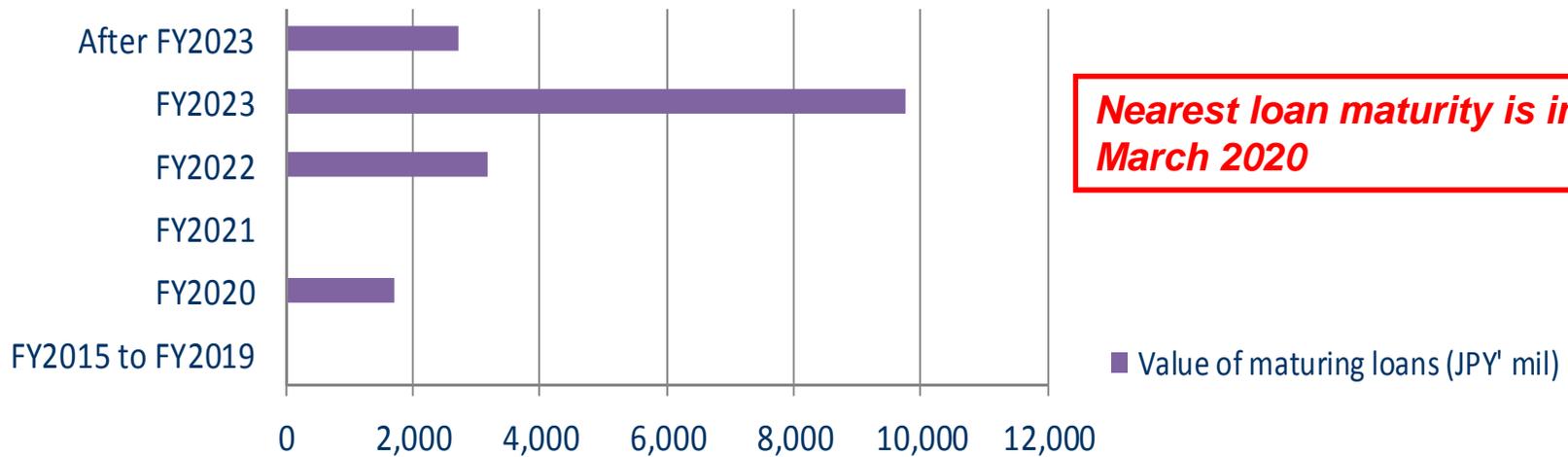
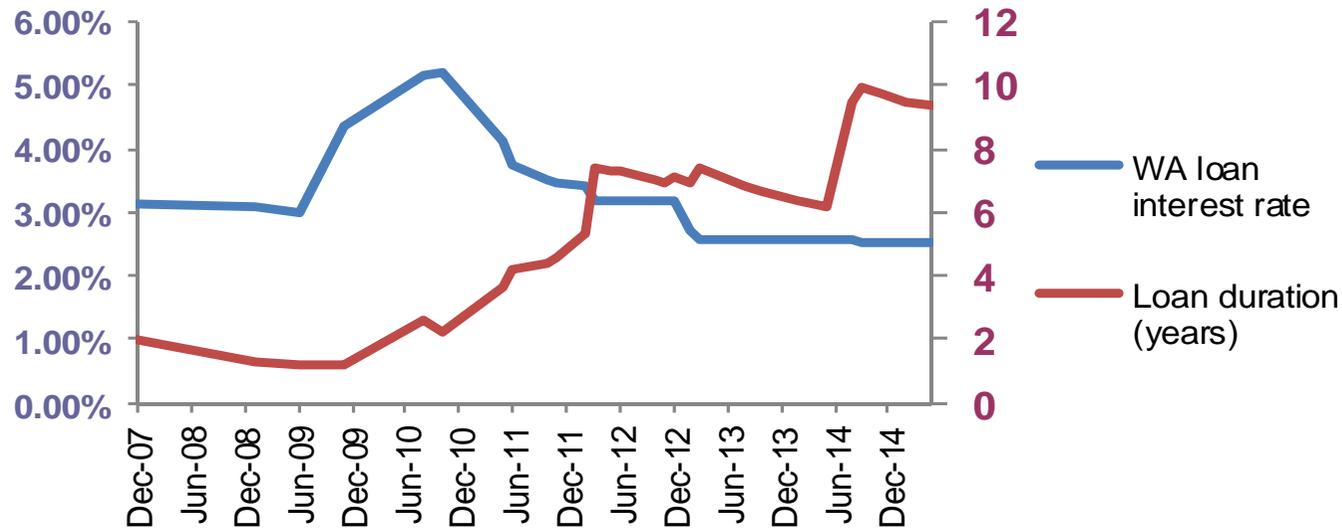
Debt Profile of TK Operators

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	1,700.0	4,594.0	37.0	100.0
GK Choan	Mizuho Bank	Mar 2022	2.91	0.3	2,550.0	7,832.8	32.6	150.0
GK Tosei		Jun 2022	2.81	0.3	623.0	1,821.0	34.2	28.0
GK Choan	Tokyo Star Bank	Feb 2023	2.42	0.175	9,567.5	1,734.0	47.6	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	-	206.8	647.0	32.0	22.2
		Dec 2032	3.175	-	177.5	445.0	39.9	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	399.0	1,147.0	34.8	25.2
		Oct 2031	3.35	-	415.8	982.0	42.3	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	123.6	294.0	42.0	7.0
GK Togen	Shonai Bank	Mar 2035	2.475	0.3	260.0	537.0	48.4	13.0
GK Gyotatsu	Kitakyushu Bank	Aug 2036	1.462	-	720.4	1,384.0	52.1	33.6
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.50	-	66.7	141.0	47.3	2.5
		Sep 2041	2.45	-	123.7	277.0	44.7	4.7
		Jun 2044	2.25	-	438.8	672.0	65.3	15.0
Grand Total					17,372.8	41,591.2		693.8

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 87% of loans outstanding are fixed

Debt Profile of TK Operators



Upcoming Plans

- **Distribution reinvestment plan (“DRP”)**
 - Plan to establish a DRP to provide Unitholders with an option to receive distributions either in the form of Units or cash or a combination of both
 - Intend to adopt the DRP for the distribution for the 6-month financial period ending 30 June 2015, which is expected to be paid in September 2015
 - Subject to relevant regulatory approvals
- **Property acquisition**
 - Commenced due diligence on an acquisition target in Fukuoka, and barring unforeseen circumstances, hopes to complete the transaction by July 2015

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 37% 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
- **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 11 May 2015	283,611,720
NAV attributable to Unitholders as at 31 March 2015 ¹	S\$319 million
NAV per Unit as at 31 March 2015 ¹	S\$1.13
Market capitalisation as at 31 March 2015 ²	S\$244 million
3Q FY2015 interest cover ratio	6.0 times
Gearing ³ / net gearing ⁴ as at 31 March 2015	37% / 31%
Unit price (closing price as at 11 May 2015)	S\$0.875
52 week high / low (as adjusted for the Unit Consolidation)	S\$0.980 / S\$0.840

Notes:

1. Computed based on an exchange rate of JPY87.1/S\$ as at 31 March 2015
2. Computed based on 283,611,720 Units in issue and Unit price of S\$0.860 as at 31 March 2015
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