



SaizenREIT 最善

**Presentation
November 2015**

www.saizenreit.com.sg

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Saizen REIT in Brief

- **Only Singapore-listed REIT to offer exclusive access to Japanese residential real estate**
- **Principal investment objective** - Investing in diversified portfolio of income-producing real estate in Japan which is used primarily for residential and residential-related purposes, and real estate-related assets
- **Portfolio of 136 properties valued at JPY 43.1 billion (\$515 million¹)**
 - 5,512 residential and commercial units in 14 Japanese cities
 - Targeted at mass market tenants

¹ Based on latest available valuation, figures and exchange rate of JPY83.8/S\$ as at 30 September 2015.

Proposed Transaction

- **Acceptance of offer for the acquisition of all the real estate assets in Saizen REIT's portfolio in Japan for cash in October 2015**
 - On advice of the Joint Financial Advisers, and after negotiations by the Manager, Evaluation Committee has determined that among proposals received, offer represents best available option for Unitholders, based on price and terms
 - Agreed purchase consideration of JPY 44.66 billion (S\$517.3 million¹) (subject to adjustments, if any) represents 3.4% premium to appraised value of properties
 - Conditional upon, among others, approval from Unitholders at an extraordinary general meeting to be convened
 - Proposed Transaction expected to complete in first quarter 2016

¹ Based on illustrative exchange rate of JPY86.33/S\$ as at 28 October 2015.

Proposed Transaction

- **Distribution of net proceeds**

- Manager intends to distribute net proceeds from Proposed Transaction to Unitholders as soon as practicable following completion via special distribution(s), after setting aside relevant transaction-related costs and expenses
- Timing and details concerning special distribution(s) proposals and status of Saizen REIT following completion will be set out in the circular to Unitholders
- Hedging arrangements entered into to substantially hedge net proceeds of Proposed Transaction

Portfolio Overview

Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	17.5
	Kitakyushu	10.3
	Fukuoka	6.8
	Kagoshima	3.3
	Oita	0.9
		38.8
Hokkaido	Sapporo	24.9
	Hakodate	0.7
		25.6
Tohoku	Sendai	9.1
	Koriyama	2.8
	Morioka	1.5
		13.4
Chugoku	Hiroshima	14.3
	Kurashiki	0.3
		14.6
Kanto	Tokyo	5.5
Chubu	Niigata	2.1



1Q FY2016 Overview

- **Revenue remained stable, while net property income was affected by repair and renovation costs and fluctuations in seasonal expenses**
 - Y-o-Y
 - Revenue increased by 0.3%, driven by increase in occupancy rates and partially offset by divestment of 3 properties between July 2014 and August 2015
 - Net property income decreased by 1.1%, resulted from higher repair and renovation expenses
 - Q-o-Q
 - Revenue decreased by 0.3% due mainly to effect of negative rental reversions, partially offset by higher occupancy rates
 - Net property income increased by 1.1%, due to decrease in leasing and marketing expenses following the end of leasing season in April 2015

1Q FY2016 Overview

▪ **Property operations remained stable**

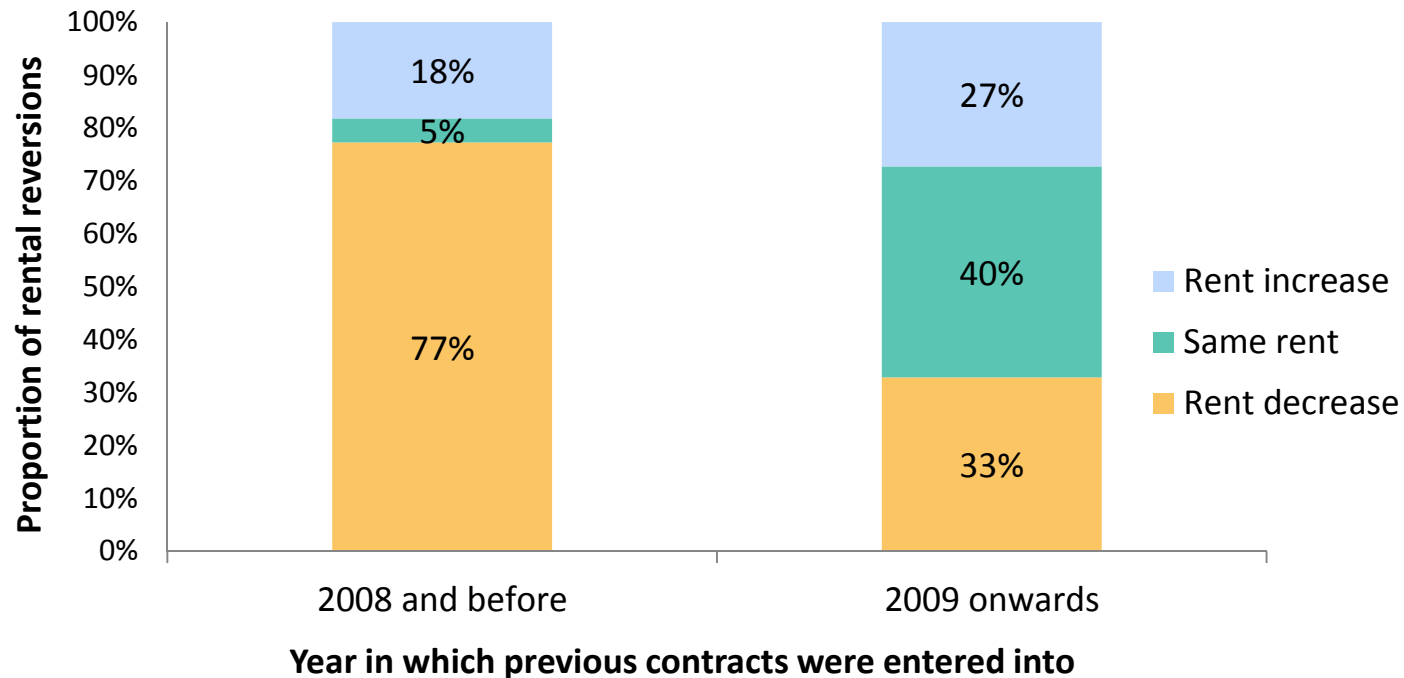
- Average occupancy rate in 1Q FY2016 at 91.6% (1Q FY2015 and 4Q FY2015: 90.1% and 90.4% respectively)
- Overall rental reversion of new contracts entered into in 1Q FY2016 lower by about 2.2% (1Q FY2015 and 4Q FY2015: lower by about 0.7% and 0.4% respectively), due mainly to a reversion of contracts previously entered into before 2008
- Saizen REIT's properties in Tokyo and Sendai reported average positive rental reversion of 2.7% and 3.3% in 1Q FY2016

▪ **Properties acquired and divested**

- Strasse Nanokawa, located in Fukuoka, acquired at price of JPY 513 million
- Niken Chaya Grand Heights divested at premium of 20.4% over its valuation

1Q FY2016 Overview

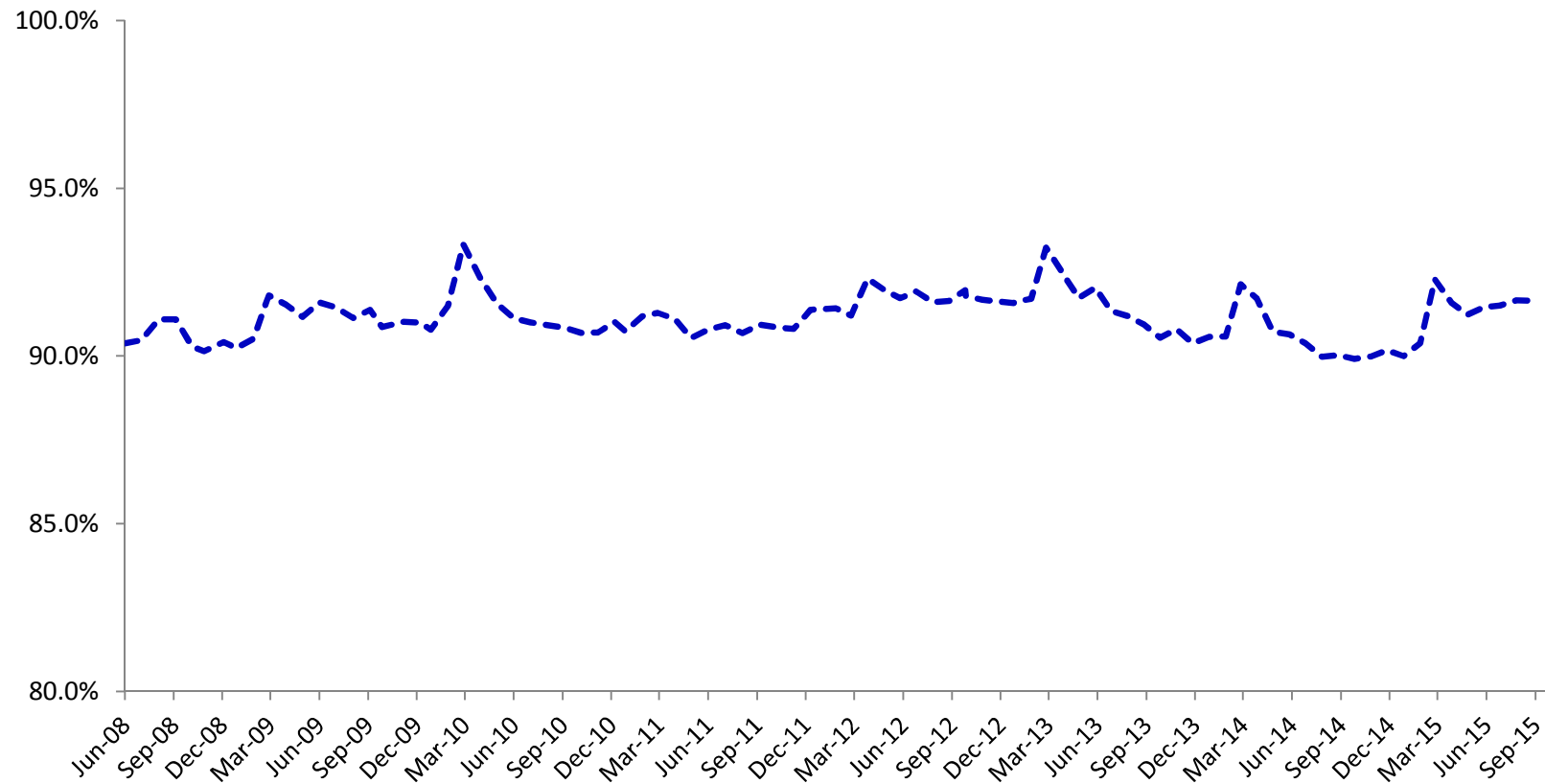
Rental reversions (residential units) in Jul – Sep 2015



- Where previous rental contracts were entered into from 2009 onwards, majority of new contracts were at same or higher rents
- As at 30 September 2015, approximately 20% of rental contracts had been entered into in 2008 or earlier

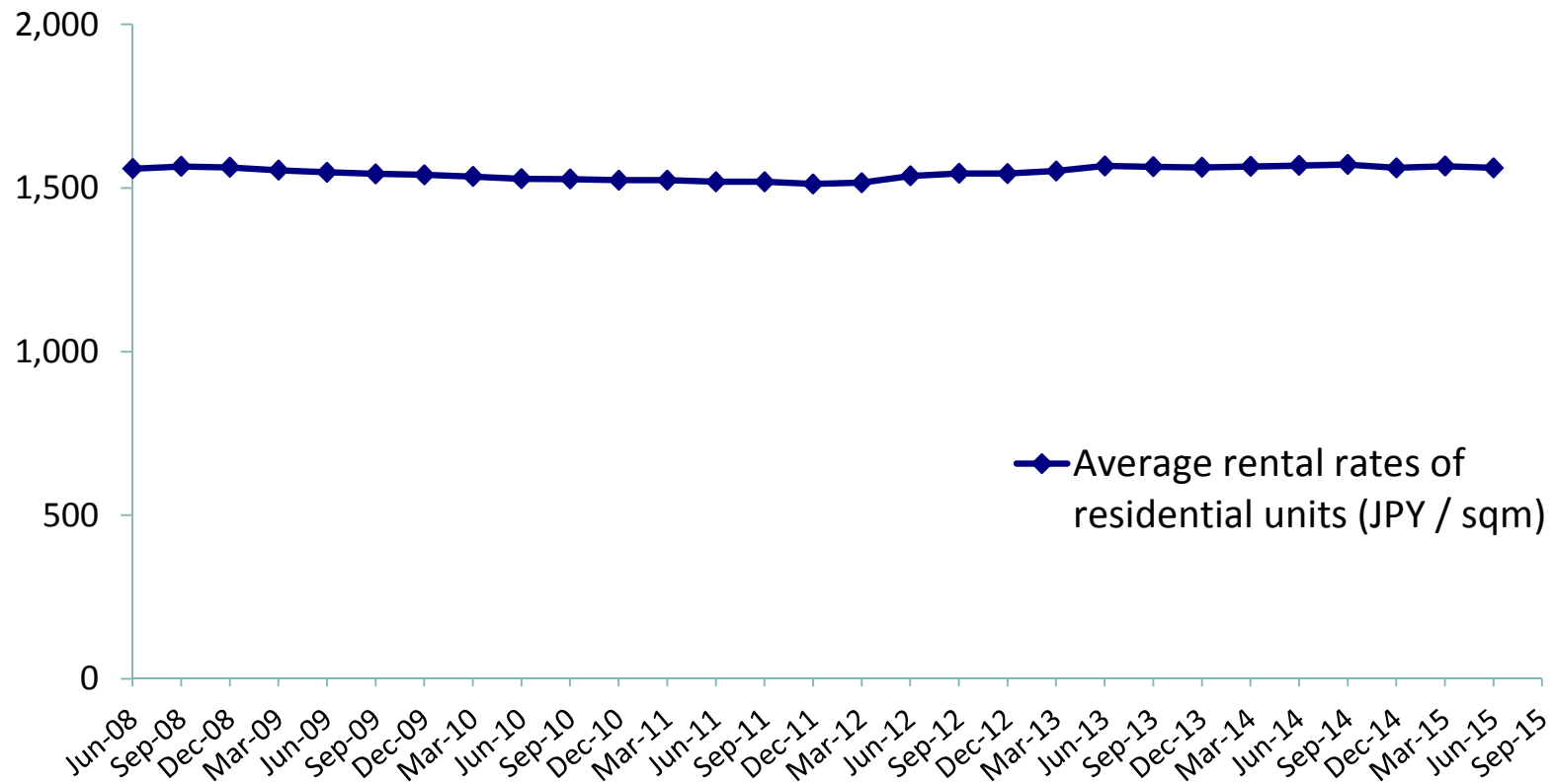
Occupancy Rates

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



Stable Rental Rates

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



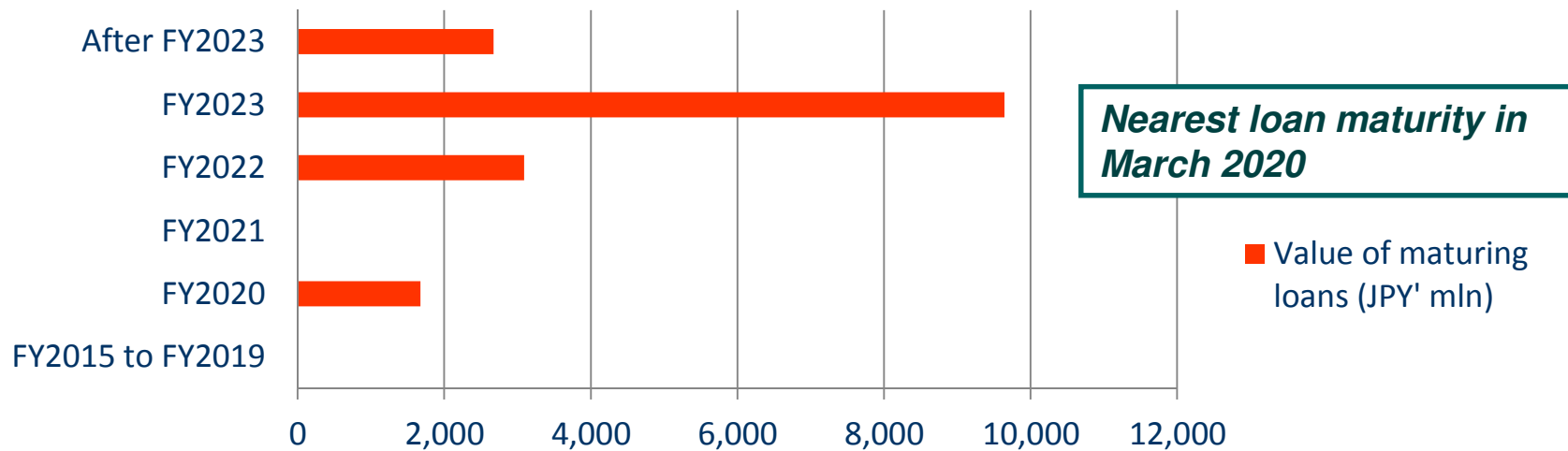
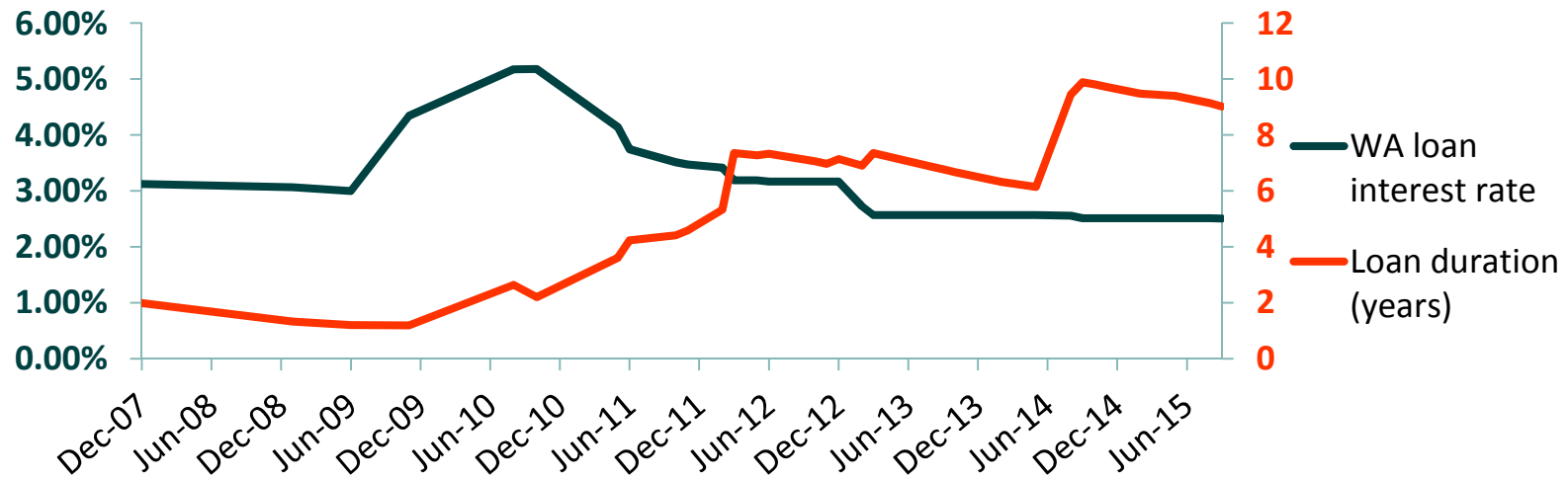
Debt Profile of TK Operators

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>					750.0		
GK Chosei	<i>Unencumbered</i>					470.0		
YK Shinzan	Bank of Fukuoka	Mar 2020	2.223	0.175	1,650.0	4,701.0	35.1	100.0
GK Choan	Mizuho Bank Ltd	Mar 2022	2.91	0.3	2,475.0	8,090.0	30.6	150.0
GK Tosei		Jun 2022	2.81	0.3	609.0	1,922.0	31.7	28.0
GK Choan, GK Chosei, YK JOF, YK Keizan, YK Kokkei, YK Shintoku, YK Shingen	Tokyo Star Bank	Feb 2023	2.42	0.175	9,246.7	20,728.1	44.6	253.4
GK Chogen	The Higo Bank	Mar 2023	3.075	-	195.3	640.0	30.5	23.3
		Dec 2032	3.175	-	172.5	435.0	39.7	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	386.4	1,088.0	35.5	25.2
		Oct 2031	3.35	-	403.2	1,000.0	40.3	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	119.5	273.0	43.8	7.0
GK Togen	Shonai Bank	Mar 2035	2.475	0.3	240.5	589.0	40.8	13.0
GK Gyotatsu	Kitakyushu Bank	Aug 2036	1.462	-	700.8	1,400.0	50.1	33.6
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.30	-	65.2	141.0	46.2	2.5
		Sep 2041	2.25	-	121.0	282.0	42.9	4.7
		Jun 2044	2.25	-	430.0	672.0	64.0	15.0
Grand Total					16,815.1	43,181.1		690.9

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)
- **Fixed interest rates for 87% of loans outstanding**

Debt Profile of TK Operators



Key Financial Information

Number of Units in issue as at 9 November 2015	287,024,902
NAV attributable to Unitholders as at 30 September 2015 ⁽¹⁾	S\$348 million
NAV per Unit as at 30 September 2015 ⁽¹⁾	S\$1.21
Market capitalisation as at 30 September 2015 ⁽²⁾	S\$231 million
1Q FY2016 interest cover ratio	6.1 times
Gearing ⁽³⁾/ Net gearing ⁽⁴⁾ as at 30 September 2015	35% / 28%
Unit price (closing price as at 9 November 2015)	S\$1.090
52 week high / low	S\$1.140 / S\$0.780

Notes:

(1) Computed based on exchange rate of JPY 83.8/S\$ as at 30 September 2015

(2) Computed based on 287,024,902 Units in issue and Unit price of S\$0.805 as at 30 September 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