

FY2014 Results Presentation

August 2014

SaizenREIT 最善

www.saizenreit.com.sg

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- 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 14 cities
- Size of portfolio: JPY 42.1 billion (S\$518 million¹)
- Saizen REIT has a corporate family rating of Ba3, with a stable outlook (rated by Moody's)
- Unit buy-back mandate renewed in October 2013

1. Computed based on an exchange rate of JPY81.3/S\$ as at 30 June 2014.

Well-diversified Portfolio

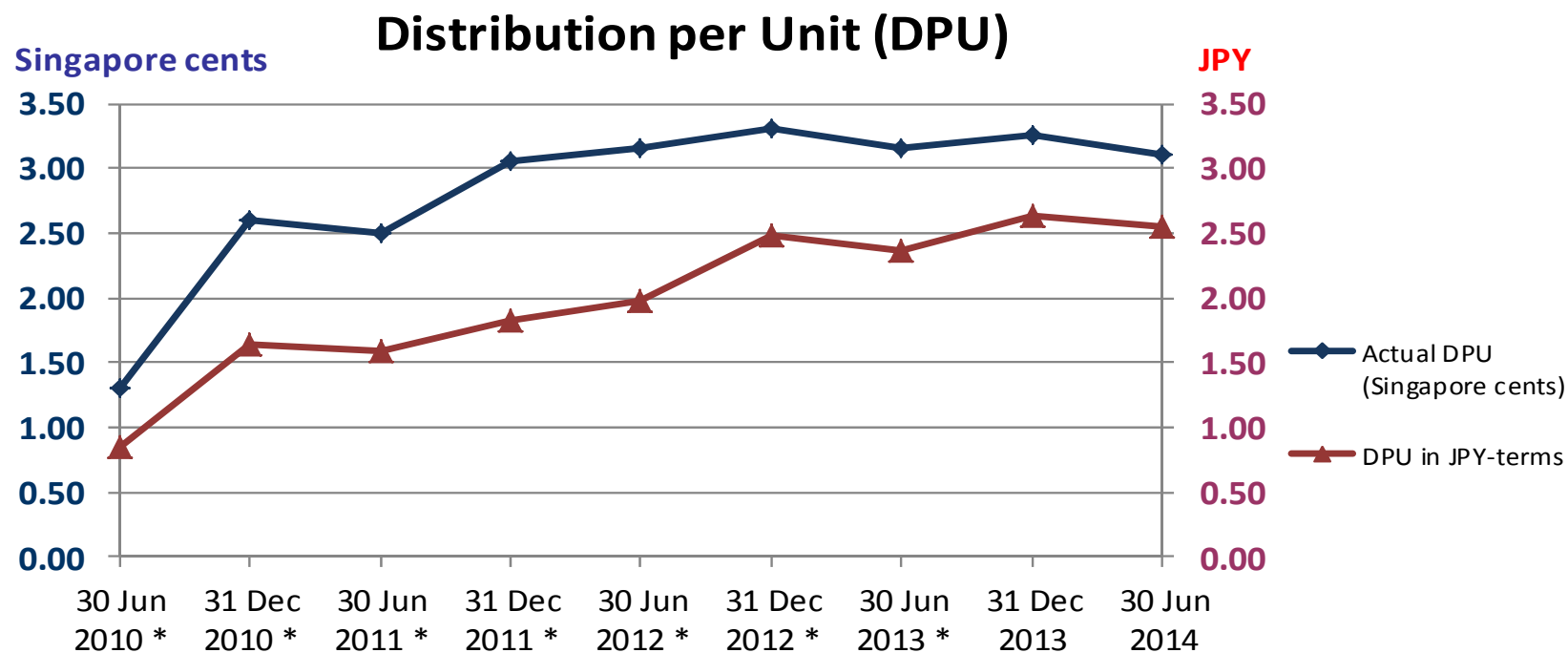
Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	16.9
	Kitakyushu	10.4
	Fukuoka	5.9
	Kagoshima	3.4
	Oita	0.9
		37.5
Hokkaido	Sapporo	24.3
	Hakodate	0.7
		25.0
Tohoku	Sendai	10.9
	Koriyama	2.7
	Morioka	1.5
		15.1
Chugoku	Hiroshima	14.4
	Kurashiki	0.3
		14.7
Kanto	Tokyo	5.3
Chubu	Niigata	2.3

Total number of properties: 137



Distributions

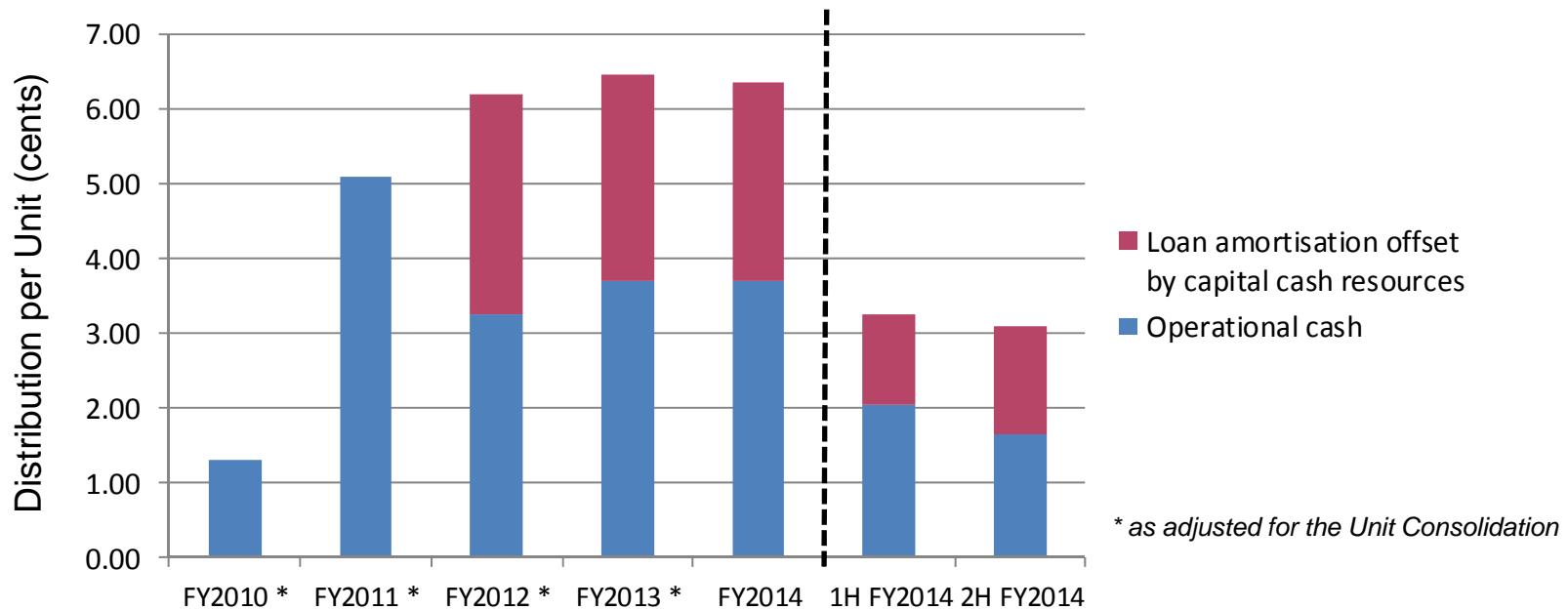
Distribution per Unit	3.10 Singapore cents
Distribution period	1 January 2014 to 30 June 2014
Date payable	26 September 2014



* as adjusted for the Unit Consolidation

Distributions

- For 2H FY2014, the use of capital cash resources to offset loan principal repayment contributed to 1.46 cents out of the DPU of 3.10 cents
- At present, loan principal amortisation amounts to approximately JPY 648 million annually
- Going forward, the ability to offset such loan principal repayment is subject to the availability of cash resources which will depend on cash raised on new loans or disposal proceeds within the coming year



Hedging of Distribution Payments

- Saizen REIT's upcoming distribution for the six-month financial period ended 30 June 2014 is expected to be paid in September 2014
- Distributions have been hedged as follows:

Distribution period	6-month period ended 30 June 2014	6-month period ending 31 December 2014
Expected payment	September 2014	March 2015
Hedge rate (S\$/JPY)	76.18 – 82.00 (Note 1)	81.9
Hedge instrument	Zero-cost collar	Forward contracts

Note 1

This hedge restricts the range of the JPY/S\$ rate to be applied to that distribution to a cap of JPY82.00/S\$ and a floor of JPY76.18/S\$:

- If the S\$ appreciates against the JPY to a rate that is at or above JPY82.00/S\$, the distribution will be converted at JPY82.00/S\$
- If the S\$ depreciates against the JPY to a rate that is at or below JPY76.18/S\$, the distribution will be converted at JPY76.18/S\$
- If the exchange rate is between JPY76.18/S\$ and JPY82.00/S\$ when the distribution is due, the distribution payment will be converted from JPY to S\$ via a spot trade at the prevailing exchange rate

FY2014 Overview

- Growth in revenue and net property income were driven by property acquisitions
 - Y-o-Y revenue and net property income increased by 3.4% and 2.6% in FY2014
 - Net income from operations increased by 15.8% due mainly to the non-recurrence of one-off refinancing-related costs incurred in FY2013
- Property operations remained stable
 - Average occupancy rate in FY2014 was 91.0% (FY2013: 91.9%)
 - Overall rental reversion of new contracts entered into in FY2014 was marginally lower by about 0.5% (FY2013: lower by about 0.5%) from previous contracted rates
 - According to a report from Savills, mid-market rents in the 23-ward area of Tokyo showed Q-o-Q and Y-o-Y increases of 0.3% and 1.1% respectively in the quarter ended 30 June 2014
 - The Management Team remains hopeful that rental reflation will gradually filter through to the other cities in Japan

FY2014 Overview

- 1 property was divested
 - Saumur Meinohama II was divested at a premium of 19.0% over its valuation
- Debt profile was strengthened
 - The tenure of the existing loan from the Tokyo Star Bank Ltd was extended by a further 5 years to February 2023 (from February 2018 previously)
 - 4 additional properties were pledged as security under the loan
 - Saizen REIT's nearest loan maturity commitment is in March 2020
 - 6 properties were released from security under GK Choan's loan from Mizuho Bank Ltd, with 4 of these properties being subsequently pledged as additional collateral under the loan from the Tokyo Star Bank Ltd (as described above)

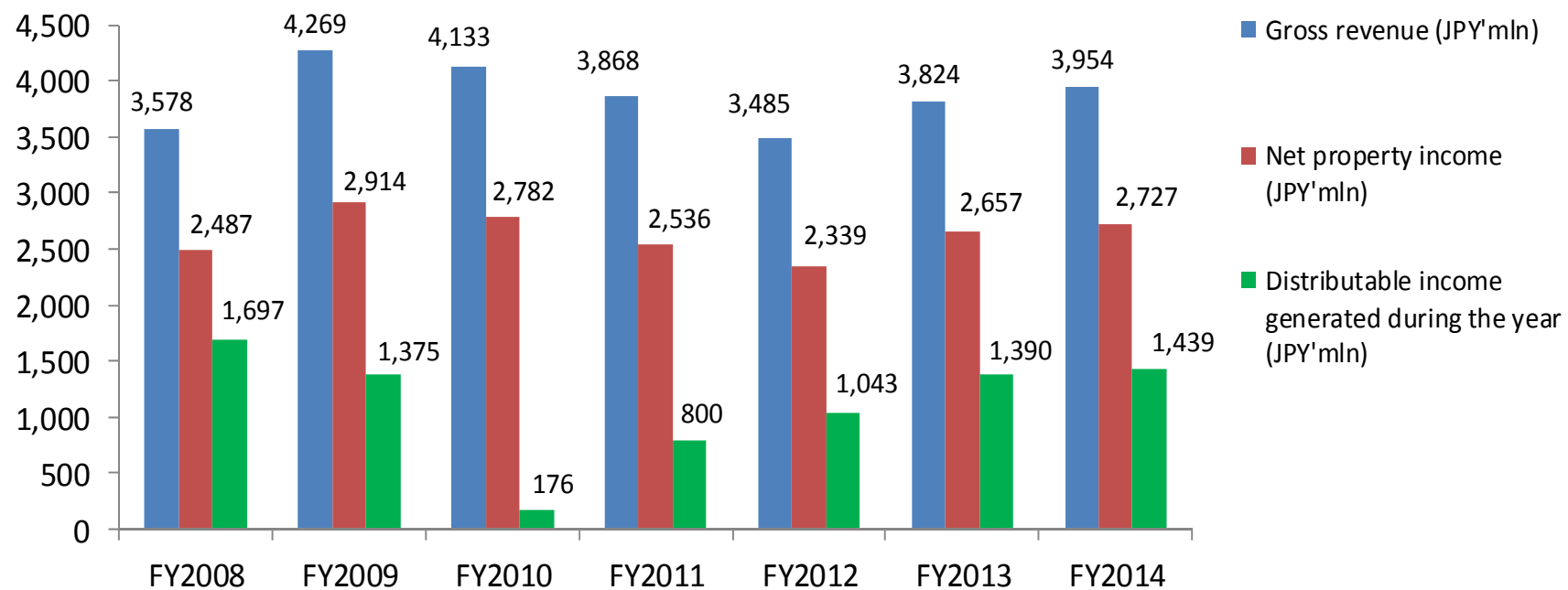
FY2014 Overview

- The weakening of the JPY against the S\$ has weighed on Saizen REIT's net asset value and income in S\$-terms
 - As Saizen REIT's distributable income from operations is generated in JPY, its S\$-denominated distributions are dependent on the JPY-S\$ cross rates
 - The Management Team may, when appropriate, enter into hedging transactions in respect of distributions for the six-month financial period ending 30 June 2015
 - Foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) will not be hedged

Strategic Review

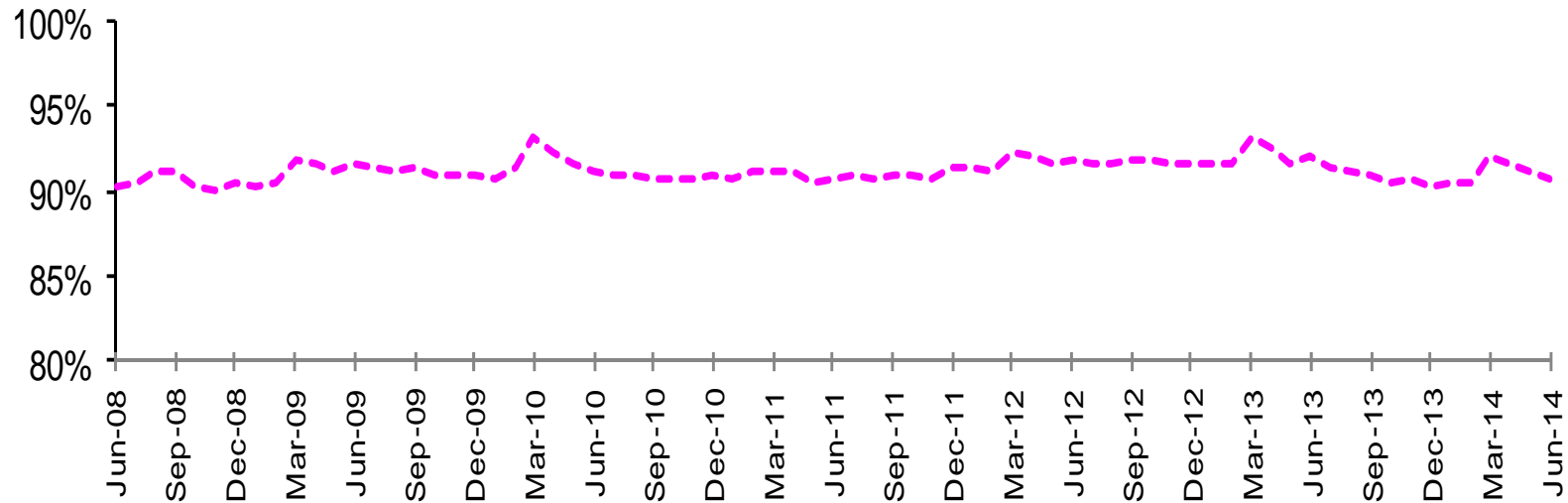
- Strategy adopted following completion of strategic review:
 - To focus on Saizen REIT's capital structure, in particular, its cash management and levels of leverage
 - To seek opportunities to expand property portfolio
- 30-year loan of JPY 450.0 million (S\$5.5 million) from the Hiroshimashi Credit Cooperative was secured in July 2014
 - Loan-to-value ratio of 67%
- Actively exploring financing opportunities
 - 4 unencumbered properties, valued at an aggregate of approximately JPY 2.1 billion, are available for use as collateral for loans

Financial Performance



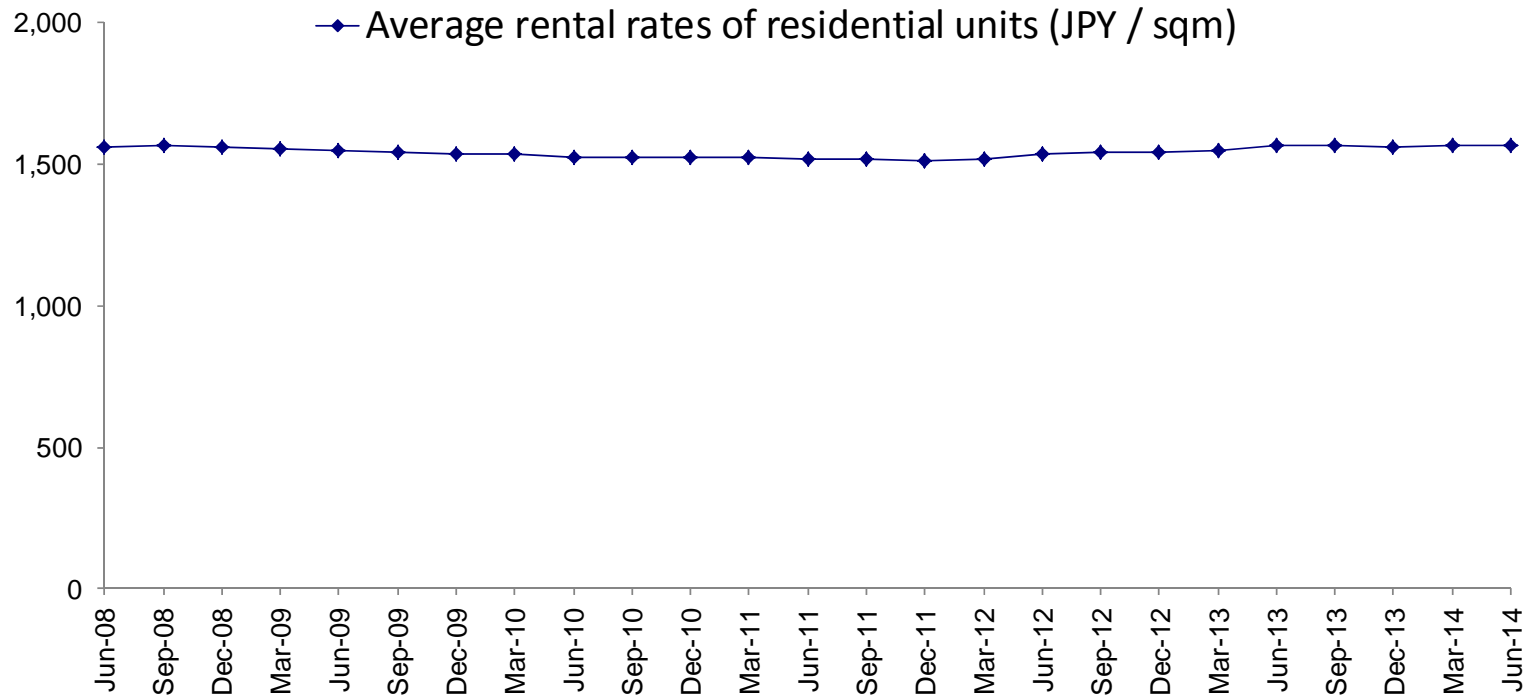
Occupancy Rates

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



Stable Rental Rates

- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$19 / sqm) since Jun 08



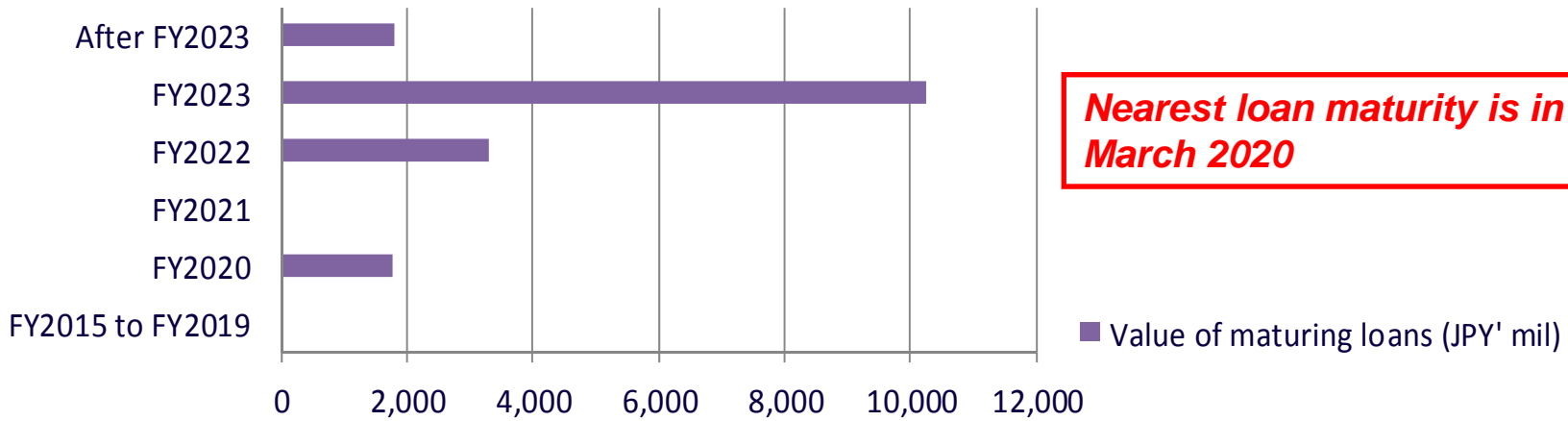
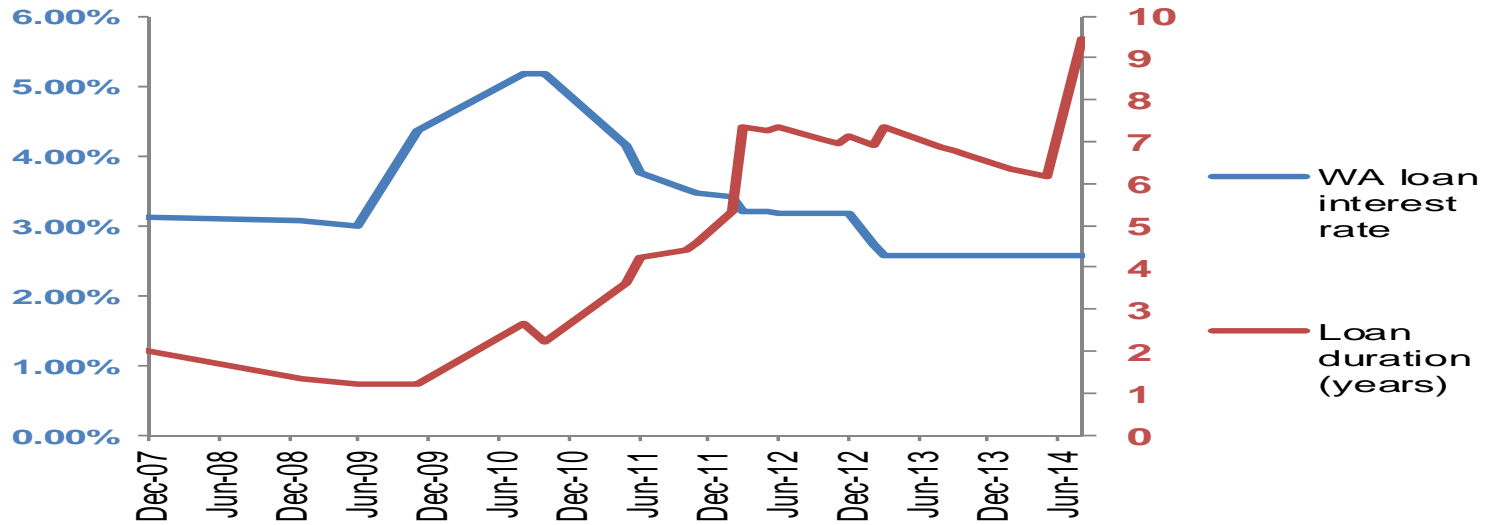
Debt Profile of TK Operators

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>					721.0		
GK Gyotatsu	<i>Unencumbered</i>					1,384.0		
YK Shinzan	Bank of Fukuoka	Mar 2020	2.223	0.175	1,775.0	4,594.0	38.6	100.0
GK Choan	Mizuho Bank	Mar 2022	2.91	0.3	2,662.5	8,369.8	31.8	150.0
GK Tosei		Jun 2022	2.81	0.3	644.0	1,821.0	35.4	28.0
GK Choan	Tokyo Star Bank	Feb 2023	2.42	0.175	10,022.2	1,734.0	49.1	259.5
GK Chosei						663.0		
YK JOF						2,015.0		
YK Keizan						2,530.6		
YK Kokkei						3,284.0		
YK Shintoku						3,952.5		
YK Shingen						6,233.3		
GK Chogen	The Higo Bank	Mar 2023	3.075	-	223.7	647.0	34.6	20.7
		Dec 2032	3.175	-	185.0	445.0	41.6	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	415.8	1,147.0	36.3	25.2
		Oct 2031	3.35	-	432.6	982.0	44.1	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	128.3	294.0	43.6	7.0
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.45	-	68.4	141.0	48.5	2.5
		Sep 2041	2.40	-	126.8	277.0	45.8	4.7
		Jun 2044	2.25	-	448.8	672.0	66.8	15.0
Grand Total					17,133.1	41,907.2		647.8

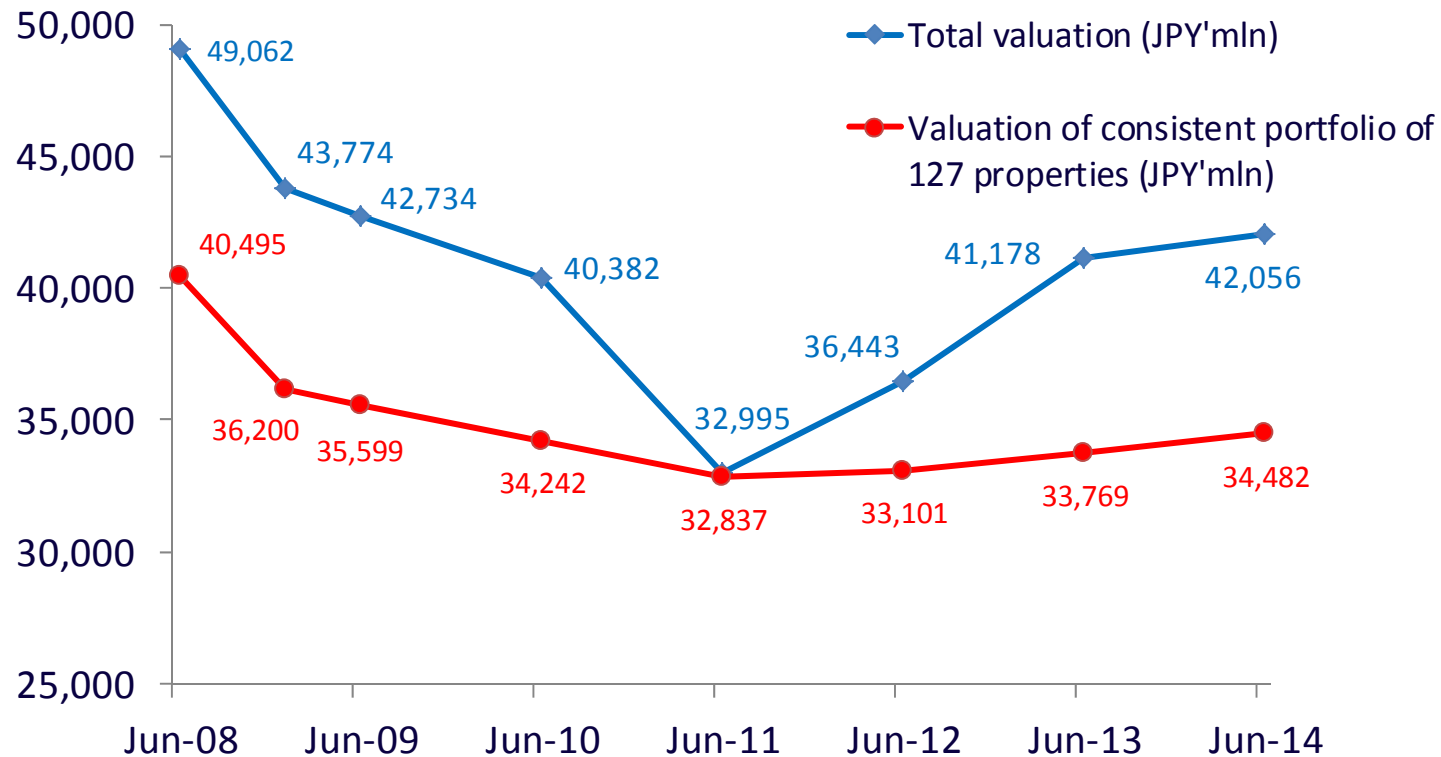
Debt Profile of TK Operators

- 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 88% of loans outstanding are fixed

Debt Profile of TK Operators



Property Valuations



- The total number of properties decreased from 166 as at 30 June 2008 to 130 as at 30 June 2011, and increased to 138 as at 30 June 2014
- Based on a consistent portfolio of 127 properties, valuations decreased between 2008 and 2011, and increased slightly between 2012 and 2014

Upcoming plans

- Continued implementation of capital management and portfolio expansion, in line with the strategy adopted following the Strategic Review
- Renewal of Unit buy-back mandate and to continue with 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 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 25 August 2014	283,611,720
NAV attributable to Unitholders as at 30 June 2014 ¹	S\$346 million
NAV per Unit as at 30 June 2014 ¹	S\$1.22
Market capitalisation as at 30 June 2014 ²	S\$267 million
4Q FY2014 interest cover ratio	6.2 times
Gearing ³ / net gearing ⁴ as at 30 June 2014	37% / 31%
Unit price (closing price as at 25 August 2014)	S\$0.955
52 week high / low (as adjusted for the Unit Consolidation)	S\$0.980 / S\$0.875

Notes:

1. Computed based on an exchange rate of JPY 81.3/S\$ as at 30 June 2014
2. Computed based on 283,611,720 Units in issue and Unit price of S\$0.940 as at 30 June 2014
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