

SaizenREIT) 最善



FY2015 Results Presentation

August 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 43.1 billion (S\$474 million¹)
- Saizen REIT has a corporate family rating of Ba3, with a stable outlook (rated by Moody's)
- Established Evaluation Committee in August 2015
- Established Distribution Reinvestment Plan in July 2015

1. Computed based on an exchange rate of JPY90.9/S\$ as at 30 June 2015.

Well-diversified Portfolio

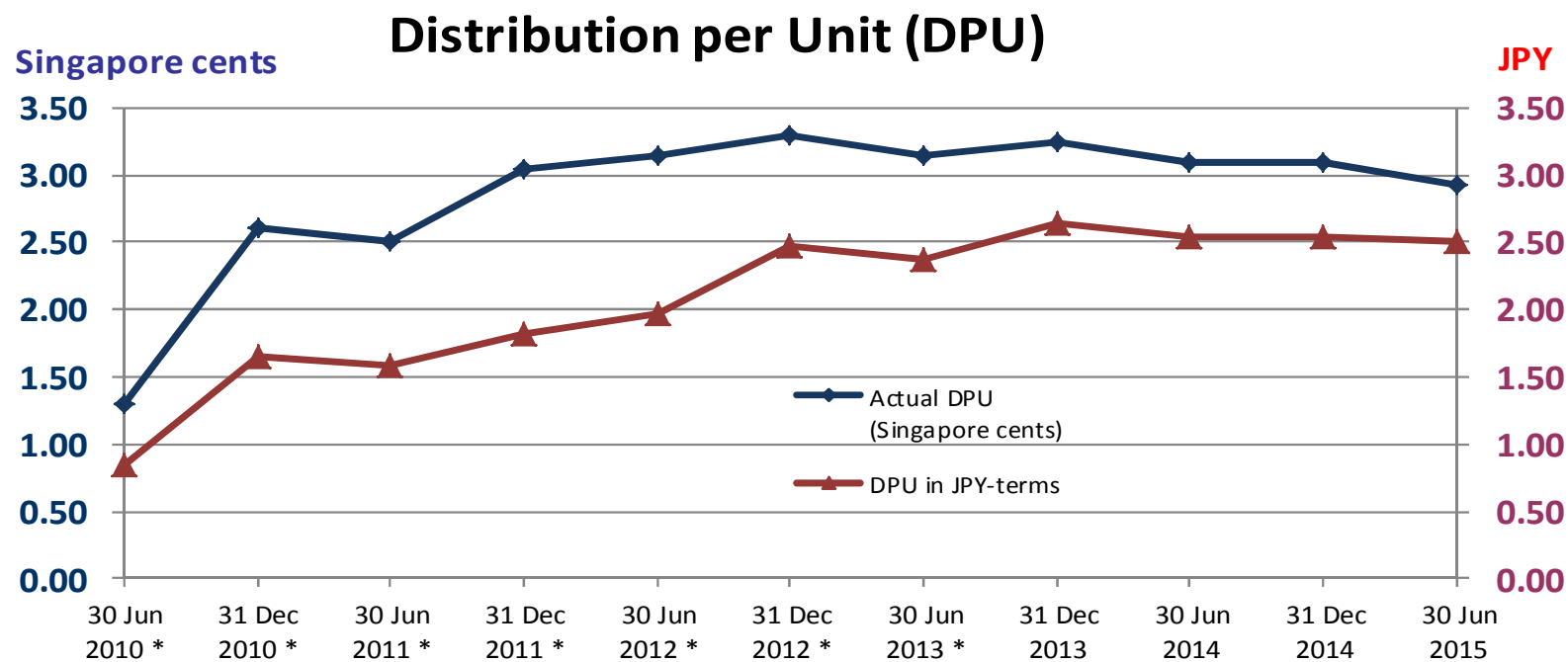
Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	17.2
	Kitakyushu	10.5
	Fukuoka	6.0
	Kagoshima	3.3
	Oita	0.8
		37.8
Hokkaido	Sapporo	24.6
	Hakodate	0.7
		25.3
Tohoku	Sendai	10.2
	Koriyama	2.7
	Morioka	1.5
		14.4
Chugoku	Hiroshima	14.6
	Kurashiki	0.2
		14.8
Kanto	Tokyo	5.5
Chubu	Niigata	2.2

Total number of properties: 136



Distributions

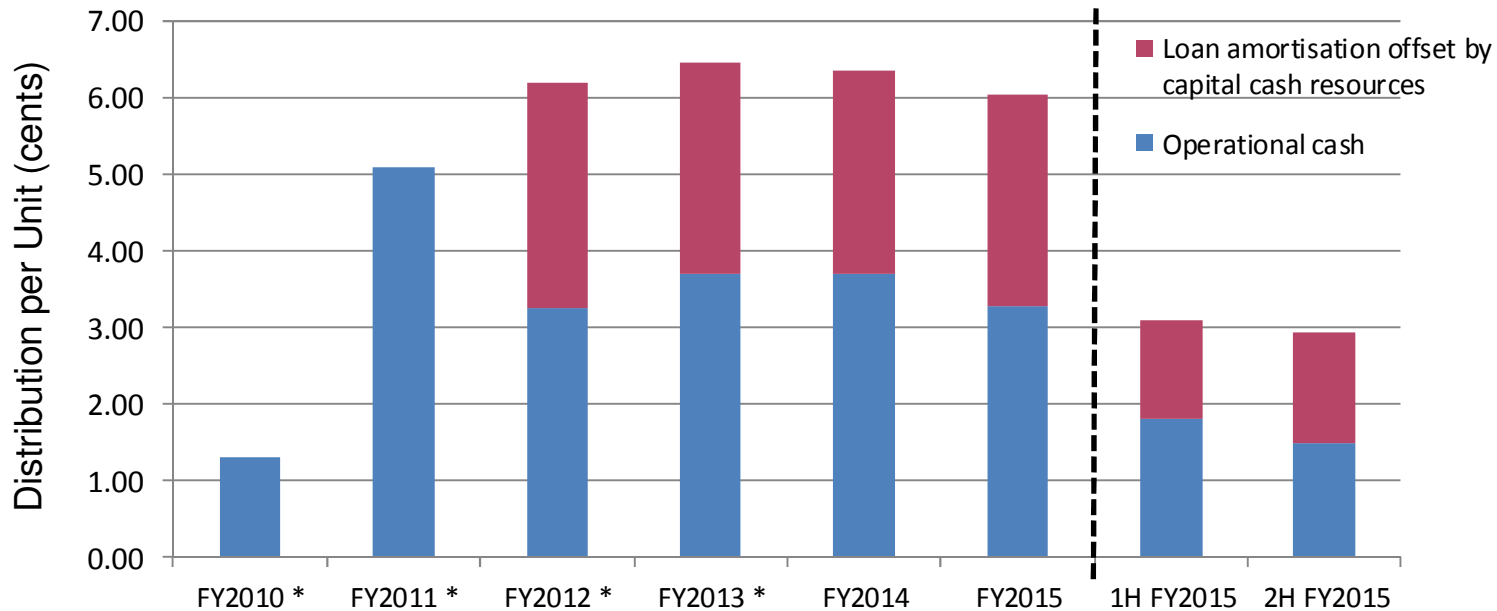
Distribution per Unit	2.93 Singapore cents
Distribution period	1 January 2015 to 30 June 2015
Date payable	28 September 2015



* as adjusted for the Unit Consolidation

Distributions

- For 2H FY2015, the use of capital cash resources to offset loan principal repayment contributed to 1.45 cents out of the DPU of 2.93 cents
- At present, loan principal amortisation amounts to approximately JPY 694 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



* as adjusted for the Unit Consolidation

Hedging of Distribution Payments

- Distributions have been hedged as follows:

Distribution period	6-month period ended 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

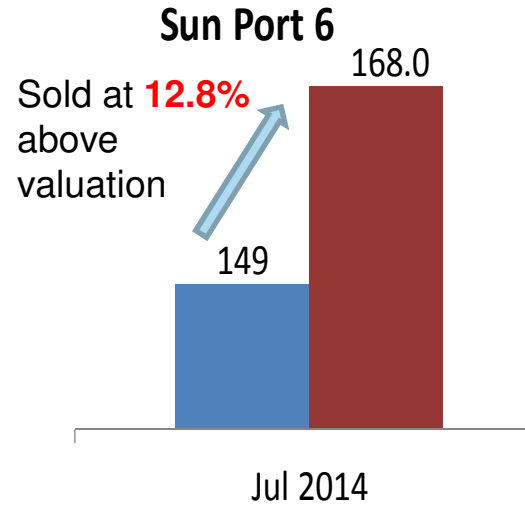
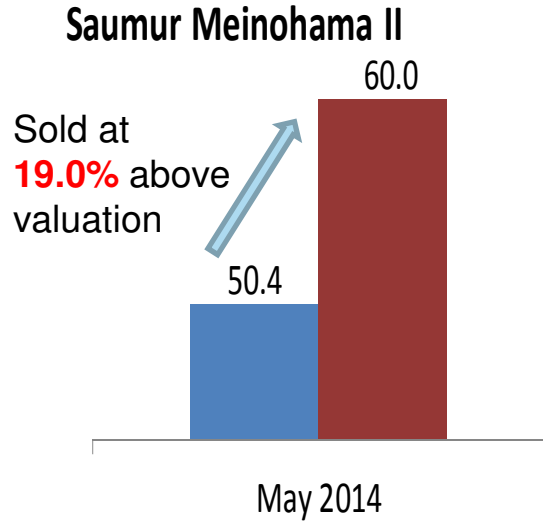
FY2015 Overview

- Y-o-Y revenue and net property income decreased by 1.4% and 1.9% in FY2015, due mainly to property divestments and decrease in occupancy rates
- Property operations remained stable
 - Average occupancy rate in FY2015 was 90.6% (FY2014: 91.0%)
 - Overall rental reversion of new contracts entered into in FY2015 was marginally lower by about 0.6% (FY2014: 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 a Y-o-Y increase of 1.1% in the quarter ended 30 June 2015
 - Saizen REIT's properties in Tokyo reported an average positive rental reversion of 2.4% in FY2015
 - The Management Team remains hopeful that rental reflation will gradually filter through to the other cities in Japan

FY2015 Overview

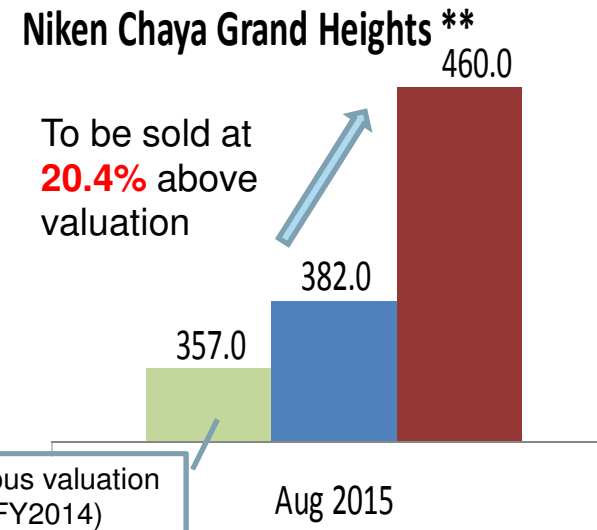
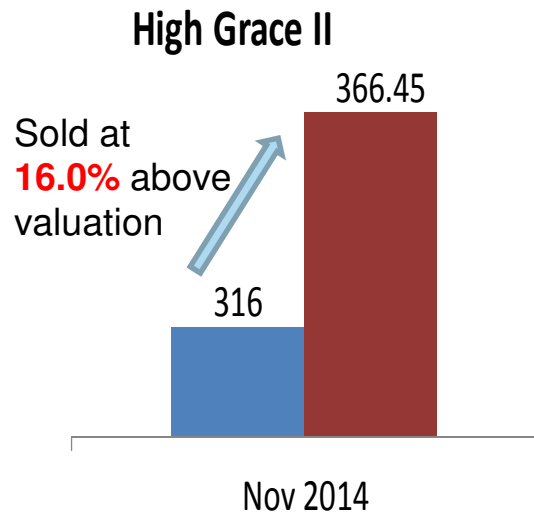
- 2 property were divested
 - Sun Port 6 and High Grace II were divested at premiums of 12.8% and 16.0% respectively over valuation
- Debt profile was strengthened with 3 loans
 - 3 loans, amounting to an aggregate of JPY 1,450 million, were secured in FY2015 from the Hiroshimashi Credit Co-operative, the Kitakyushu Bank and the Shonai Bank
 - 2 of these 3 loans were from new lenders, further diversifying Saizen REIT's portfolio of loans
 - With the loan from the Shonai Bank, Saizen REIT achieved a strategic breakthrough with its first loan from a bank in the northern region of Japan

Divestments since 2014



■ Valuation (JPY'mln)

■ Sale price * (JPY'mln)



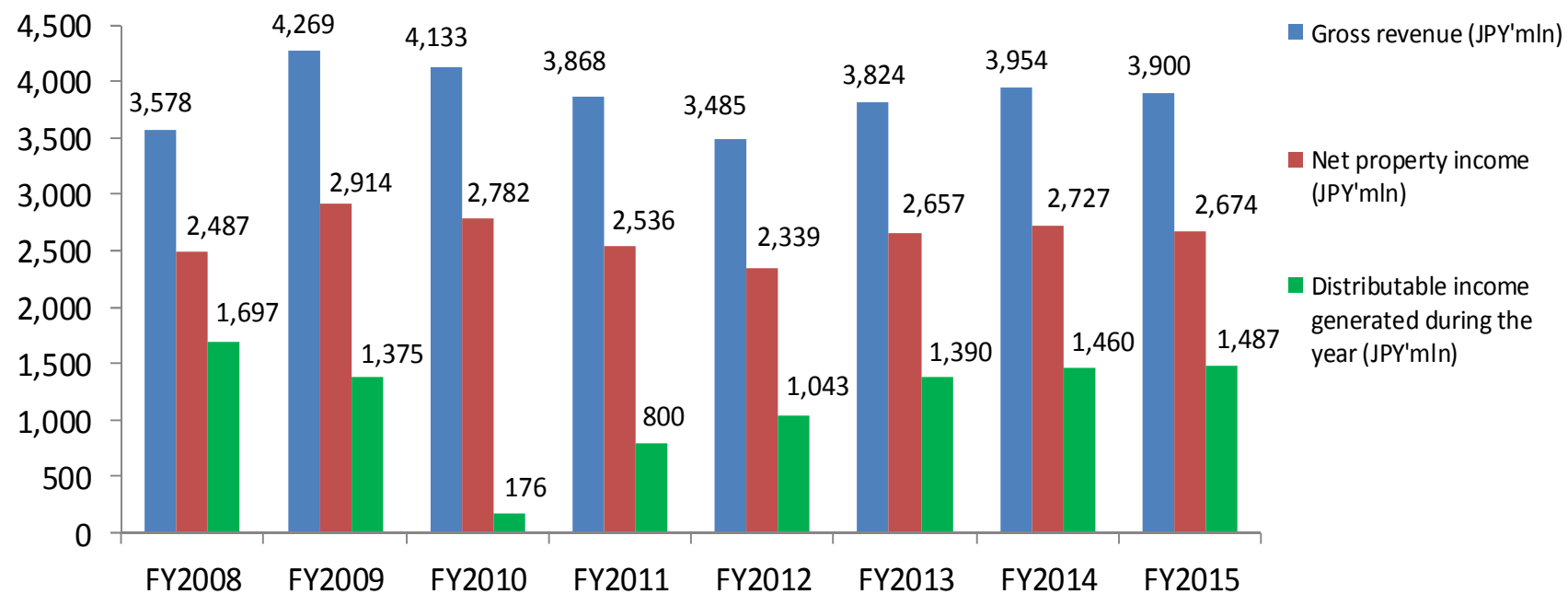
* sale price includes consumption tax

** a conditional sale and purchase agreement has been signed, with completion expected to take place on or before 24 August 2015

FY2015 Overview

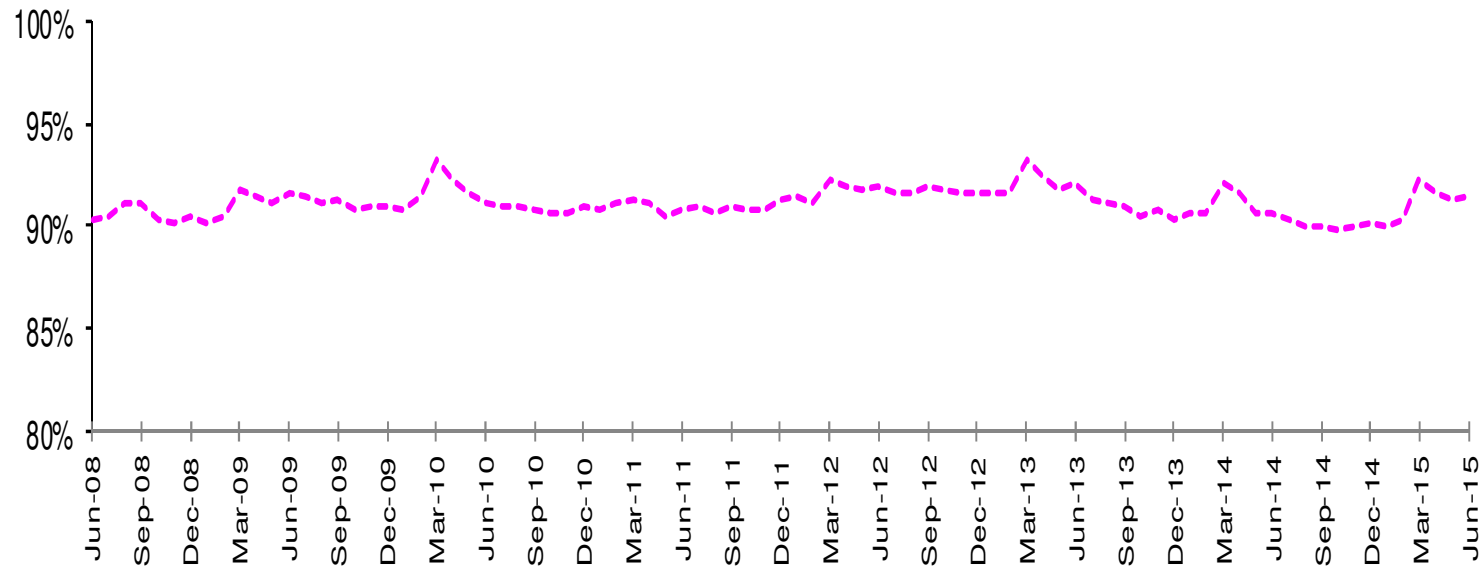
- The weakening of the JPY against the S\$ has weighed on Saizen REIT's net asset value and income in S\$-terms
 - As Saizen REIT's distributable income from operations is generated in JPY, its S\$-denominated distributions are dependent on the JPY-S\$ cross rates
 - The Management Team may, when appropriate, enter into hedging transactions in respect of distributions for the six-month financial period ending 30 June 2016
 - Foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) will not be hedged

Financial Performance



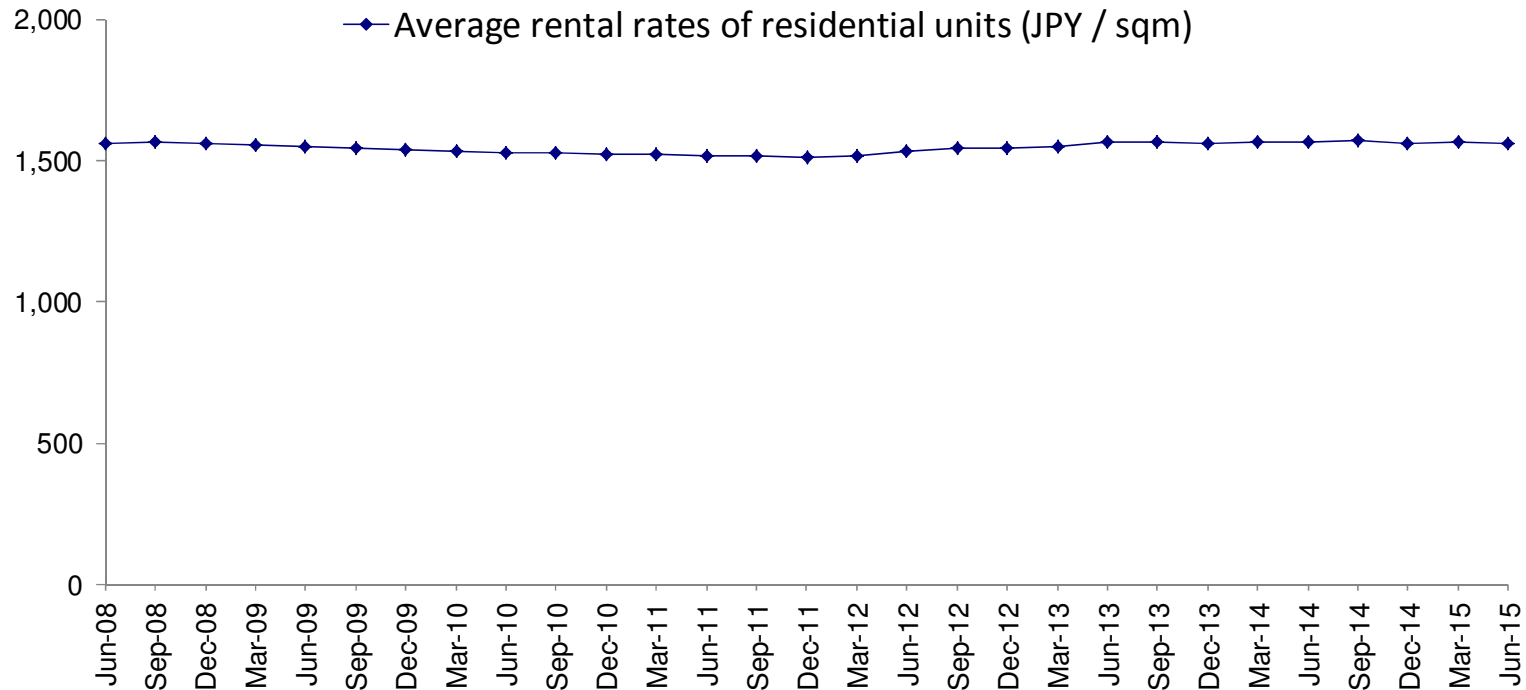
Occupancy Rates

- Average occupancy rates 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



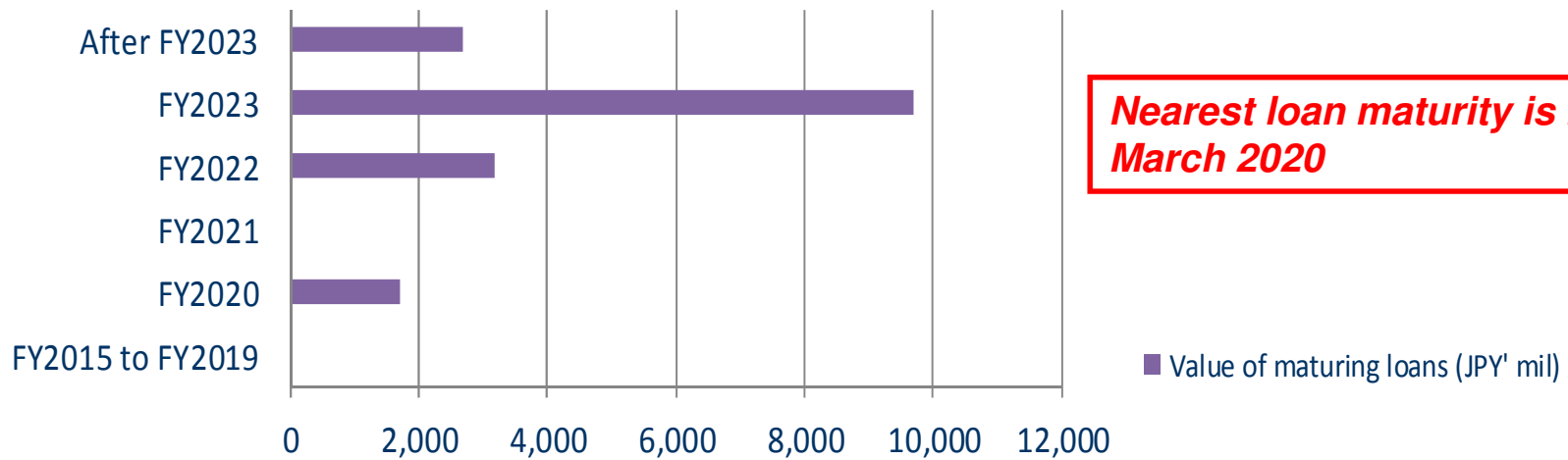
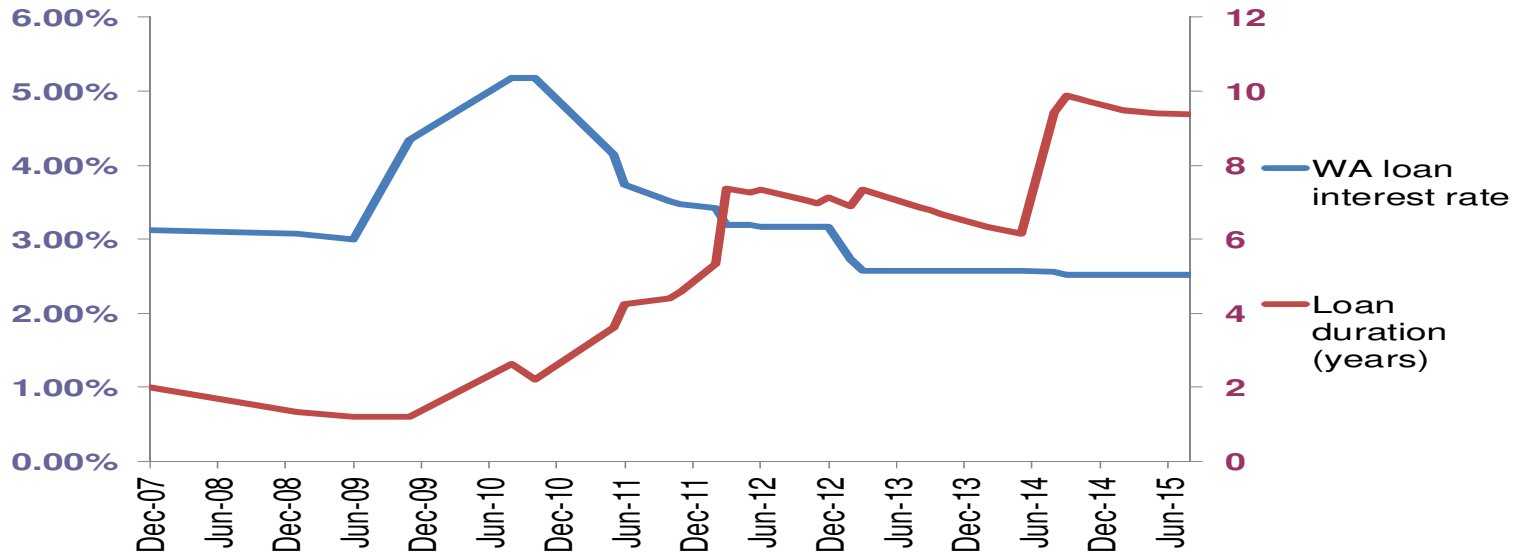
Debt Profile of TK Operators

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		
YK Shinzan	Bank of Fukuoka	Mar 2020	2.223	0.175	1,700.0	4,701.0	36.2	100.0
GK Choan	Mizuho Bank	Mar 2022	2.91	0.3	2,550.0	8,090.0	31.5	150.0
GK Tosei		Jun 2022	2.81	0.3	623.0	1,922.0	32.4	28.0
GK Choan	Tokyo Star Bank	Feb 2023	2.42	0.175	9,504.2	1,800.0	45.0	257.4
GK Chosei						695.0		
YK JOF						2,177.0		
YK Keizan						2,684.0		
YK Kokkei						3,412.7		
YK Shintoku						3,838.4		
YK Shingen						6,503.0		
GK Chogen	The Higo Bank	Mar 2023	3.075	-	201.1	640.0	31.4	22.2
		Dec 2032	3.175	-	175.0	435.0	40.2	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	392.7	1,088.0	36.1	25.2
		Oct 2031	3.35	-	409.5	1,000.0	41.0	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	121.9	273.0	44.7	7.0
GK Togen	Shonai Bank	Mar 2035	2.475	0.3	256.8	589.0	43.6	13.0
GK Gyotatsu	Kitakyushu Bank	Aug 2036	1.515	-	709.2	1,400.0	50.7	33.6
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.30	-	65.9	141.0	46.7	2.5
		Sep 2041	2.25	-	122.2	282.0	43.3	4.7
		Jun 2044	2.25	-	433.8	672.0	64.6	15.0
Grand Total					17,265.3	43,093.1		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



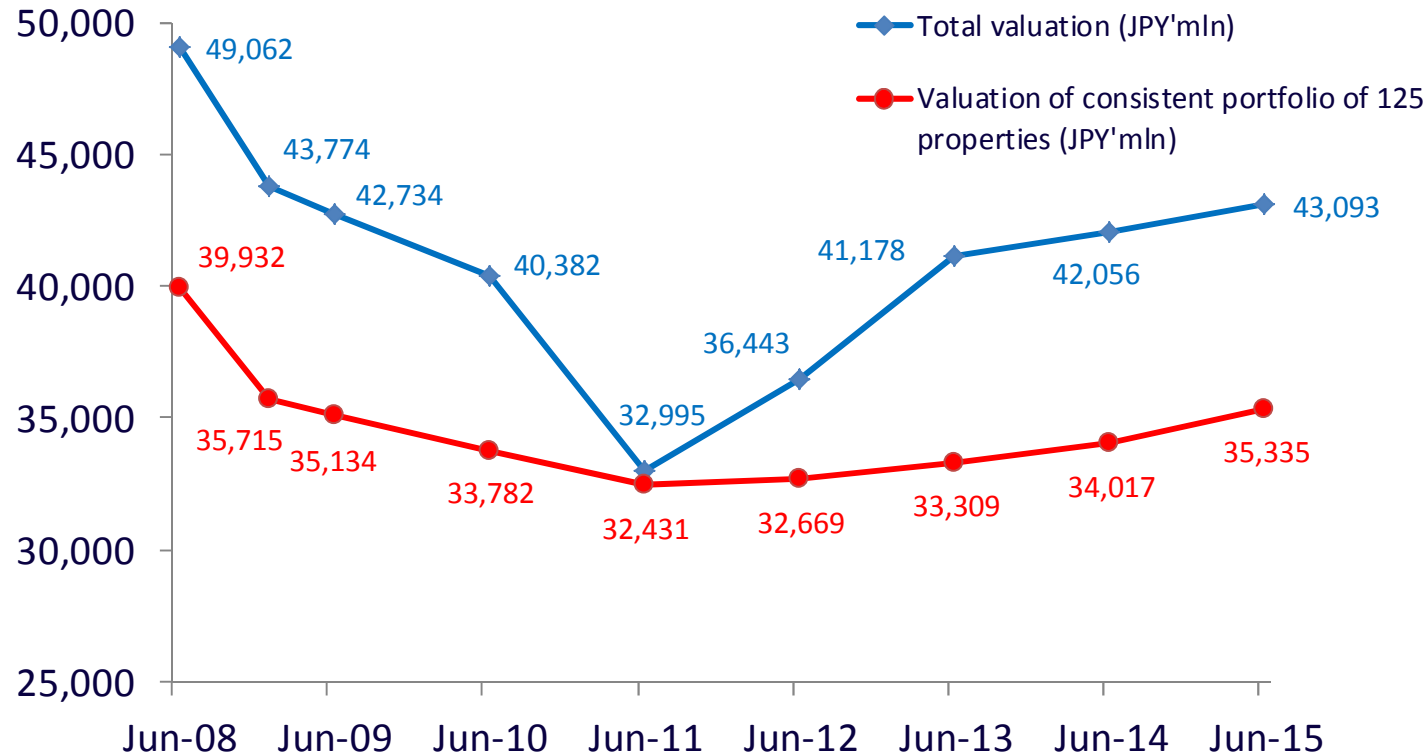
Upcoming Plans

- Evaluation Committee
 - Comprise solely the independent non-executive directors of the Manager
 - Lead the assessment and evaluation of proposals, including those that may involve, among others, material corporate actions involving Saizen REIT's portfolio and/or unitholding structure
- Distribution reinvestment plan (“**DRP**”)
 - Established 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
- Property acquisition
 - Potential acquisition of a property in Fukuoka, which was previously targeted for completion by July 2015, is undergoing the final phases of due diligence and is expected to be completed by early September 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 35% 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

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 136 as at 30 June 2015
- Based on a consistent portfolio of 125 properties, valuations decreased between 2008 and 2011, and increased between 2012 and 2015

Key Financial Information

Number of Units in issue as at 19 August 2015	283,611,720
NAV attributable to Unitholders as at 30 June 2015 ¹	S\$324 million
NAV per Unit as at 30 June 2015 ¹	S\$1.14
Market capitalisation as at 30 June 2015 ²	S\$245 million
4Q FY2015 interest cover ratio	6.0 times
Gearing ³ / net gearing ⁴ as at 30 June 2015	35% / 29%
Unit price (closing price as at 19 August 2015)	S\$0.855
52 week high / low (as adjusted for the Unit Consolidation)	S\$0.965 / S\$0.840

Notes:

1. Computed based on an exchange rate of JPY90.9/S\$ as at 30 June 2015
2. Computed based on 283,611,720 Units in issue and Unit price of S\$0.865 as at 30 June 2015
3. Gearing = Total borrowings / Total assets
4. Net gearing = Total net borrowings (net of cash) / Total value of Saizen REIT's investment properties



SaizenREIT) 最善

Thank You