



**SaizenREIT**   
[www.saizenreit.com.sg](http://www.saizenreit.com.sg)

***FY2007/08  
Unitholders Information Meeting  
Presentation  
17 October 2008***

***Prepared by Japan Residential Assets Manager Limited  
(Manager of Saizen REIT)***

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# Key Highlights in FY2008

## ➤ **Rental operations remain stable**

- Portfolio occupancy rate at 91.4% as at 30 June 2008 vs. 89.4% as at 31 December 2007
- Enabled distribution of JPY1.61 billion (about S\$21.1 million<sup>(1)</sup>), representing 95% of total distributable income
- DPU of S\$4.67 cents

## ➤ **Yield accretive investments**

- Invested in 19 properties since listing, with total value of JPY7.26 billion or (S\$93.2 million)
- As at 30 June 2008, 166 properties across 13 regional cities in Japan

## ➤ **Obtained new sources of financing amidst global credit crisis**

- Successfully obtained loans from three new “balance sheet” lenders, including two Japanese financial institutions and a European bank, diversifying away from securitized financing
- Interest rates range from 2.67% to 3.92%

**Note 1 :** Based on S\$/JPY exchange rate of 76.63 hedged in respect of this distribution.

# Key Highlights in FY2008

## ➤ **Prudent capital management**

- Relatively high interest coverage of 3.7 times
- Gearing / Net gearing at 43% / 37%

## ➤ **Devised various leasing strategies and embarked on assets enhancement programs**

- Implementation of rental incentive schemes
- Repair, renovation and improvement of rooms, buildings and facilities

**Note 1 :** Excluding Quest Tower Noboricho which was brand new and vacant when acquired on 31 May 2008. It is currently being leased up.

# Key Highlights in FY2008

## ➤ Overall performance

- Amidst weakening global credit market and the recent bankruptcy of Japanese real estate companies and developers, asset prices and market liquidity have been adversely impacted
- Valuers in Japan have generally adopted higher capitalisation rates and more conservative operating assumptions
- Based on valuation as at 30 June 2008, portfolio properties of Saizen REIT recognised unrealised net fair value losses of about 9% compared to valuations in the previous year

# Key Financial Information

NAV per Unit attributable to Unitholders as at 30 June 2008	JPY67.97 S\$0.98 <sup>(1)</sup>
Dividend distribution for FY2008	JPY1.61billion S\$21.1 million
Distribution per Unit for FY2008	S\$0.0467
Closing market price per Unit on 16 October 2008	S\$0.27
Distribution yield based on closing market price on 16 October 2008	17.30%
Discount of closing market price to NAV per Unit	72.45%
4Q FY2008 annualized net property income yield	6%
Impairment of account receivable as % of gross revenue	0.045%
Gearing (aggregate leverage ratio) <sup>(2)</sup>	43.1%
Net gearing <sup>(3)</sup>	36.5%
4Q FY2008 interest cover ratio	3.7 times
Net cash as at 30 June 2008	JPY6.9billion
Borrowings due within next 12 months	JPY5.3billion (19.6% of total loans)
Occupancy rate as at 30 June 2008 (by revenue)	91.4%

1. Based on exchange rate of S\$1.00 = JPY69.01

2. Gearing is equal to the sum of total borrowings divided by the total value of the assets of Saizen REIT

3. Net gearing is equal to the sum of net borrowings divided by the total value of investments properties. Net borrowings being total borrowings less net cash (i.e. cash at bank plus deposit with cash management agents less rental deposits, other current liabilities and current tax liabilities).

# Portfolio Information

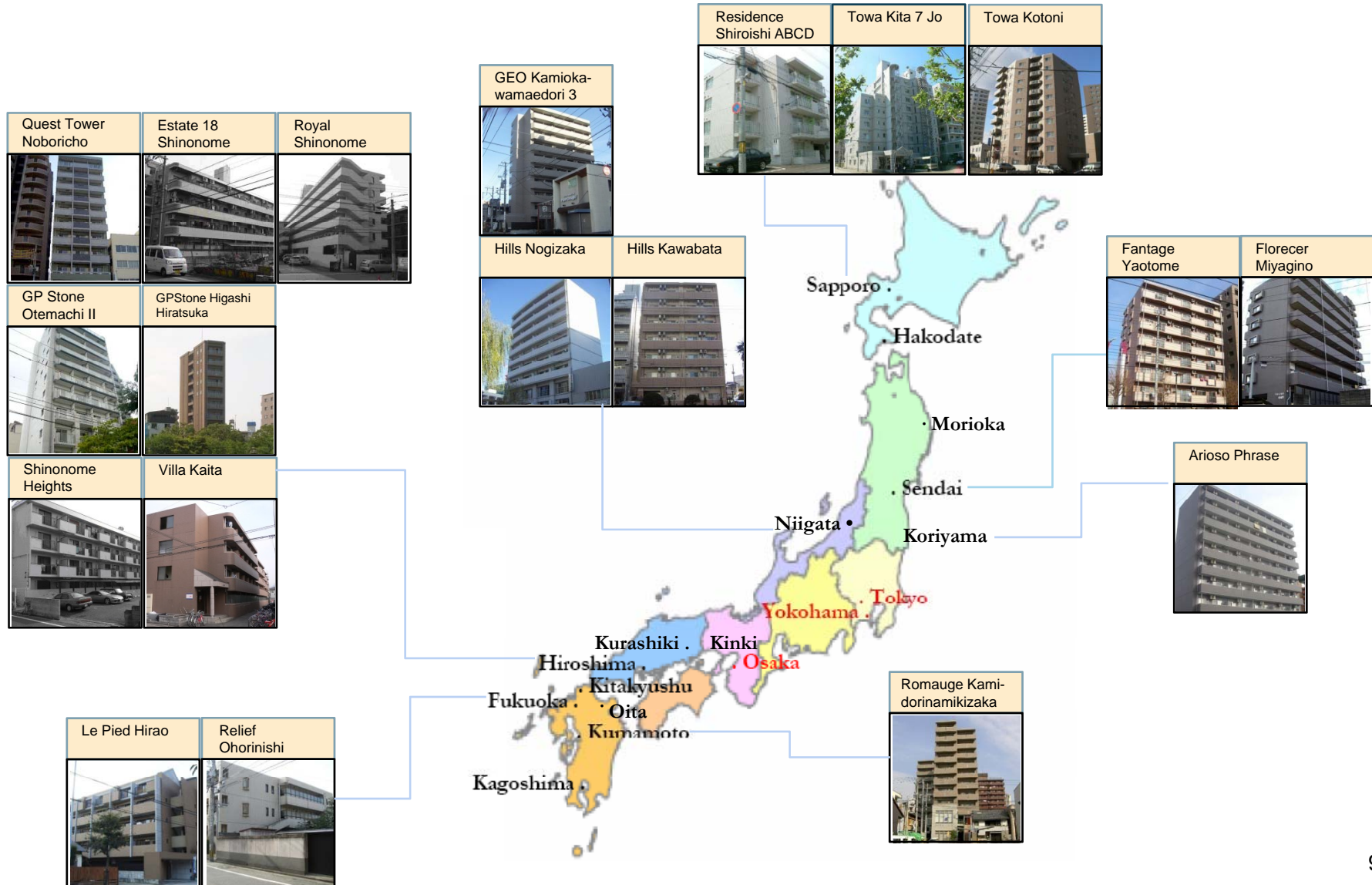
	<b>FY2008</b>
No. of properties	166
No. of units:	
- Residential	5,995
- Commercial	112
- Parking	1,930
No. of cities	13
	<b>As at</b>
	<b>30 June 2008</b>
Portfolio value (JPY billion)	JPY49.06
(S\$ million)	S\$629.80
Total leasable floor area (sqm)	224,900
Value of leasable floor area:	
• per sqm	S\$2,800
• per sq ft	S\$260
Average rental rate of portfolio:	
• per sqm	S\$20.30
• per sq ft	S\$1.90





# Portfolio Information

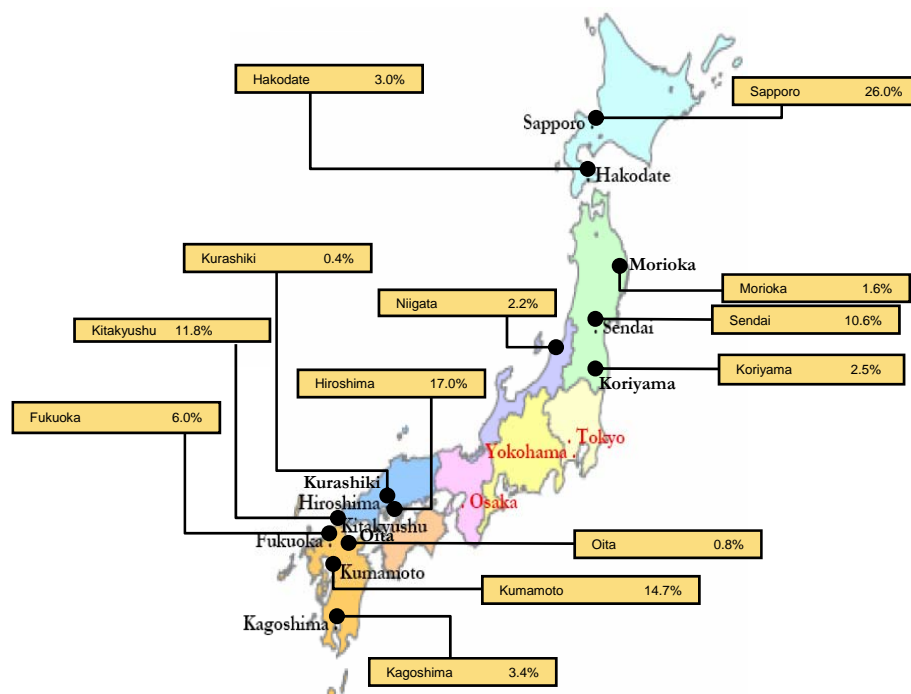
## Investment Highlights



# Portfolio Information

## Investment Highlights

### Portfolio distribution (in terms of revenue) by location (%)



**Value of Current Portfolio**  
**JPY49.1 billion (S\$ 629.8 million)**

### Geographical Diversification

- Properties spread across 13 regional cities in Japan
- No single city accounts for more than 26% of the portfolio's aggregate rental income

### Property Diversification

- The Portfolio comprises of 166 properties, with Net Lettable Area of 224,900 sqm
- No single property accounts for more than 3.0% of the aggregate rental income

### Tenant Diversification

- 5,995 residential units, 112 commercial units and 1,929 car parking spaces
- Focus on mass market tenants such as small families, working couples without children, working singles and students

# Capital Management

## New Sources of Financing

Loan Maturity		JPY (million)
2009	1 <sup>st</sup> half	5,281
	2 <sup>nd</sup> half	13,395
2010	1 <sup>st</sup> half	1,536
2011	1 <sup>st</sup> half	6,380 <sup>1</sup>
2023	1 <sup>st</sup> half	350
	<b>Total:</b>	<b>26,942</b>

*1 After full drawdown of JPY 5.9 billion loan from a European bank*

- Sufficient cash-on-hand for loan due in 1H 2009
- Has started work on refinancing of loans due end of 2009 and early 2010

# Outlook

- Immediate focus will be placed on refinancing of loans of about JPY20.2 billion which fall due within the next 12 to 18 months
- Saizen REIT has adequate resources to repay loans that will come due within the next 12 months. Nonetheless, team continues to work hard on broadening the sources of financing
- The management may review the dividend policy with a view to preserving liquidity and cash resources at this volatile market
- Overall, given the current market conditions, the management may explore ways to strengthen the capital base of Saizen REIT

# Outlook

- Notwithstanding increased leasing competition has been observed and amidst of difficult macro economic environment, leasing activities and rental operations of Saizen REIT's property portfolio is expected to remain stable
- Continued implementation of leasing strategies and asset enhancement program



**Q & A**