



SaizenREIT 
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***Presentation -
Update on Rights cum Warrants Issue
and the upcoming EGM***

1 April 2009

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

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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.

In relation to the initial public offering of Saizen REIT, the financial adviser and issue manager is Morgan Stanley Asia (Singapore) Pte. The joint bookrunners and underwriters are Morgan Stanley Asia (Singapore) Pte., Morgan Stanley & Co. International plc and Credit Suisse (Singapore) Limited.

Summary of the Rights cum Warrants Issue

Issue Structure

Renounceable non-underwritten rights issue with free 3-year warrants

- **11 rights units for every 10 existing units**
- **1 free warrant for every rights subscribed for**
- **Up to 497,185,362 rights units and up to 497,185,362 warrants**
- **Price at S\$0.09 per rights unit**
- **Warrant exercise price at S\$0.09 per warrant**
- **Representing:**
 - **30.8% discount to last transacted price of S\$0.13 per unit on 31 Dec 08;**
 - **17.4% discount to theoretical ex-rights price**

Use of Proceeds

Rights proceeds: SGD41.10 million net proceeds for repayment of loans and/or for general working capital purposes

Warrants proceeds: In the event all warrants are exercised, SGD44.75 million proceed will be for repayment of loans and/or for general operational purposes

Undertaking Parties

Received undertakings from certain undertaking parties (at a fee) to ensure the entire rights issue is subscribed for

Reasons for the Rights cum Warrants Issue

- Increase the equity capital base of Saizen REIT to facilitate the refinancing and repayment of CMBS loans
- Rights issue is fairest means of equity fund raising
- Aim to protect close to 90% of the value of Saizen REIT from CMBS loans refinancing risk
- Ensures survival even if loan markets continue to deteriorate

Loan Maturity Profile

TK operators	Maturity date	Loan type	Loan Amount <i>(note)</i>		Collateral value (based on property value as at 30.6.08)		Collateral value (property value based on desktop valuation as at 31.1.09)		Current repayment and refinancing plans
							(JPY million)	(SGD million)	
YK Shinzan	January 2009	CMBS	3,916.0	62.5	5,673.0	90.5	4,894.0	78.1	Loan have been fully repaid at maturity using cash resources
YK JOF	April 2009	CMBS	1,340.1	21.4	2,559.0	40.8	2,320.0	37.0	Loan to be fully repaid at maturity using cash resources
YK Kokkei	November 2009	CMBS	808.4	12.9	1,657.0	26.4	1,495.0	23.8	Loan to be fully repaid at maturity using cash resources
YK Shintoku	November 2009	CMBS	7,953.0	126.8	11,673.5	186.2	10,301.0	164.3	Appointed financial adviser for refinancing of this loan through possible syndicated loan financing
YK Shingen	December 2009	CMBS	4,620.0	73.7	10,901.4	173.9	9,705.0	154.8	Loan to be fully repaid at maturity using proceeds from Rights cum Warrants Issue and operational cash flow

(to be continued)

Note: Actual loan amount, being borrowings per unaudited balance sheet as at 31 December 2008 adding back borrowing costs capitalised.

Loan Maturity Profile

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							(JPY million)	(SGD million)	
YK Keizan	January 2010	CMBS	1,536.3	24.5	3,181.4	50.7	2,907.0	46.4	Loan to be fully repaid at maturity using proceeds from Rights cum Warrants Issue, operational cash flow and proceeds from short term bridging facilities
GK Chosei	May 2011	Bilateral	477.6	7.6	685.0	10.9	587.0	9.4	To be negotiated closer to loan maturity
GK Choan	July 2011	Bilateral	5,900.0	94.1	11,968.0	190.9	10,857.0	173.2	To be negotiated closer to loan maturity
GK Chogen	March 2023	Bilateral	336.5	5.4	764.0	12.2	702.0	11.2	To be negotiated closer to loan maturity
GRAND TOTAL			26,887.9	428.9	49,062.3	782.5	43,768.0	698.2	

Note: Actual loan amount, being borrowings per unaudited balance sheet as at 31 December 2008 adding back borrowing costs capitalised.

Current Development

- Credit markets have further deteriorated since September 2008
- Société Générale has been appointed as financial adviser to assist in syndicated loan financing for a major portfolio
- Securing short-term bridging facilities to repay smaller CMBS loans with the aim to unencumbering properties
- Negotiating a bilateral loan with a Japanese regional bank
- Seeking to negotiate with CMBS holders for possible loan maturity extension

Benefits of the Rights cum Warrants Issue

- With (i) proceeds from Rights cum Warrants Issue; (ii) cash-on-hand; (iii) operational cash flow conserved; and (iv) short term bridging facilities (not more than S\$10 million), Saizen REIT is expected to fully repay five out of six CMBS loans maturing in end 2009 and early 2010
- Repayment of these five CMBS loans could unencumber properties with value of up to JPY21.32 billion (S\$340 million) (based on valuation as at 31 January 2009); rendering these properties free from refinancing risks
- Short term bridging facilities can be repaid within one year using operational cash flow

Progress of Rights cum Warrants Issue

- Obtained Approval-in-Principle from SGX
- Circular expected to be despatched on 1 April 2009
- Unitholders' meeting to be held on 20 April 2009 at 10:30 a.m.
- Commence trading of Rights Units and Warrants in early June 2009

Proposed Resolutions at the EGM

- Extraordinary Resolution

Extraordinary Resolution:

1. Proposed alternations to the Trust Deed

- To allow issuance of convertible securities, including warrants to facilitate the Rights cum Warrants Issue
- To allow issuance of bonus Units to existing Unitholders, which enables distributions in the form of bonus Units credited as fully paid, as an alternative to cash dividend

Proposed Resolutions at the EGM

- Ordinary Resolutions

Ordinary Resolution #1:

Approval for the Rights cum Warrants Issue

- To authorise issuance of up to 497,185,362 Rights cum Warrants and 497,185,362 New Units upon exercise of Warrants
- In the event that the Extraordinary Resolution is not passed, the Manager has the discretion to proceed with a straightforward rights issue without Warrants
- Subject to Ordinary Resolutions #2, #3 and #4 being passed

Proposed Resolutions at the EGM

- Ordinary Resolutions

Ordinary Resolution #2:

Approval for the Commitment Fee and the Introduction Fee

- To authorise payment of 7% commitment fee to the Undertaking Unitholders and the Undertaking Placees, amounting to approximately S\$2.62 million
- To authorise payment to the lead Undertaking Unitholder, ASM, an introduction fee of S\$565,732 for forming the group of Undertaking Unitholders and Undertaking Placees
- This Undertaking group was formed under a very difficult market conditions and is exposed to risk for extended period (irrevocable undertaking obtained on 11 December 2008)

Proposed Resolutions at the EGM

- Ordinary Resolutions

Ordinary Resolution #3:

Approval for the Whitewash Resolution

- To waive the requirements for ASM and its concert parties to make a mandatory general offer for the remaining Units not already owned or controlled by them
- ASM and its concert parties could potentially increase from 12.8% to 33.9%
- Independent financial adviser has recommended the Independent Unitholders to vote in favour of the Whitewash Resolution

Proposed Resolutions at the EGM

- Ordinary Resolutions

Ordinary Resolution #4:

Approval for the Placement Exercise

- To authorise issuance of up to a maximum of 115,932,629 Available Rights Units cum Warrants to the Undertaking Placees
- The Undertaking Placees are not existing Unitholders
- The Rights Units price represents over 10% discount to the WAP per Units prior to the entering of the irrevocable undertaking on 11 December 2008, Unitholders' approval is required



Q & A