



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

***June 2009***

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

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- 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.

# Summary

## – Asset Class

- Stable and stress-tested yield
- High rental demand due to low home ownership
- Mass market with fragmented ownership
- Small ticket size ensures liquid market – traded by local corporations and individuals

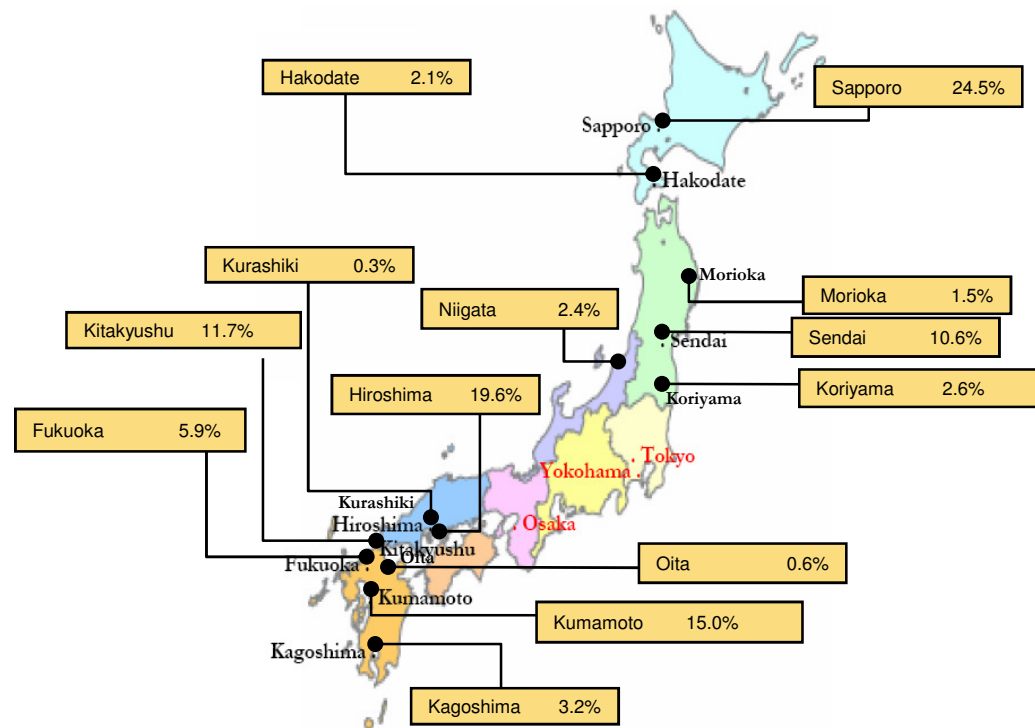
	Residential		Office	Retail	Hospitality	Industrial
	Condo/House	For Lease				
Tokyo/Osaka						
Regional Cities		Saizen REIT				

# Summary

## – Portfolio

- 166 well-located properties diversified across 13 regional cities
- Well diversified with 6,000 units providing steady and reliable income stream

Property Portfolio by Value



# Distinctive Features of Saizen Asset Class

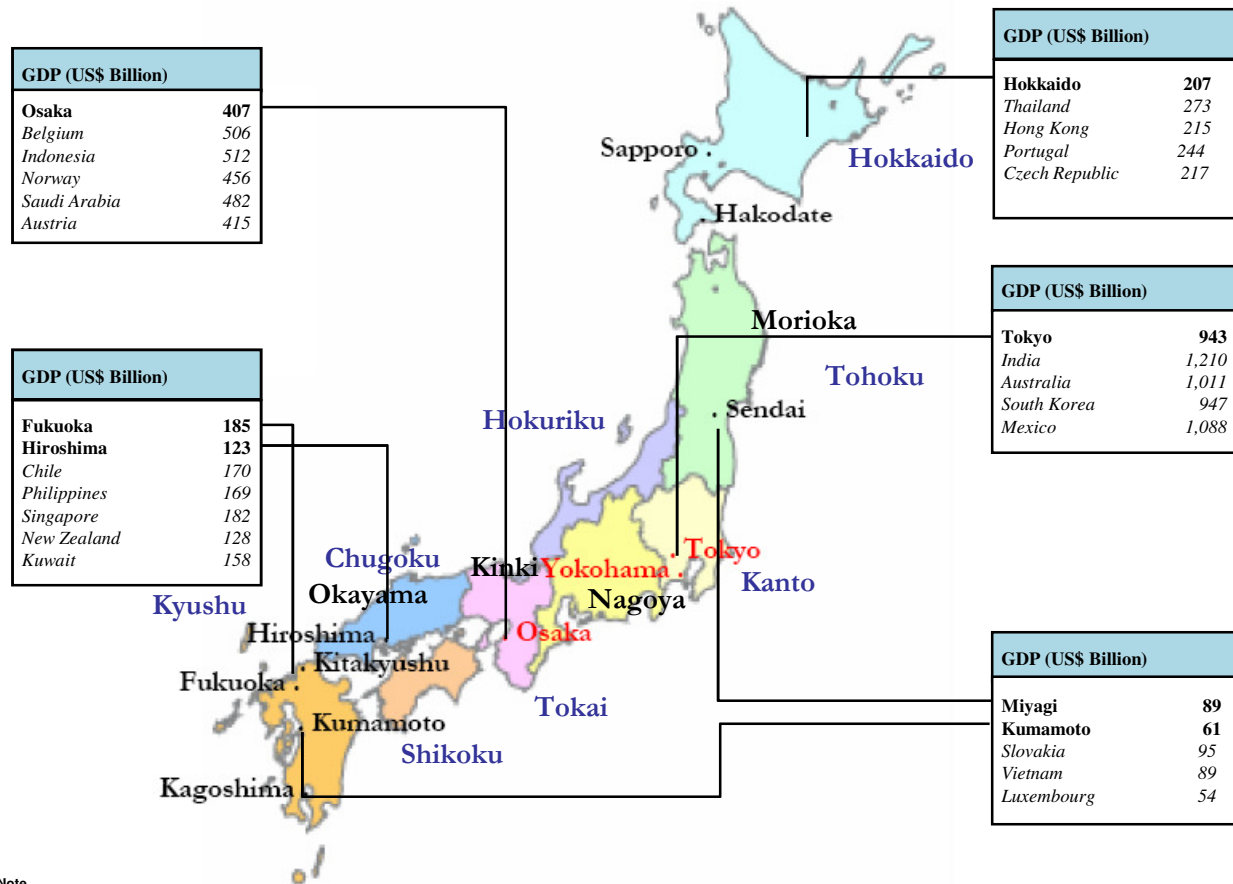
## **Sizeable Regional Economies**

# Distinctive Features of Saizen Asset Class

## – Sizeable Regional Economies

### GDP of Japanese Regional Cities

- Japan's GDP of US\$5.2 trillion for FY2007, 2nd largest in the world <sup>(1)</sup>
- Japanese regional GDPs are comparable to entire countries <sup>(2)</sup>
- Regional cities, not rural



Note  
Source:  
1. Financial and Economic Statistics Monthly, April 2008, Bank of Japan  
2. Cabinet Office, Government of Japan  
3. International Monetary Fund, World Economic Outlook Database, June 2009

## Distinctive Features of Saizen Asset Class

**Major Regional Cities Benefit From  
Population Growth**

# Distinctive Features of Saizen Asset Class

## – Major Regional Cities Benefit From Population Growth

### Population Change in Regional Cities from 2000 to 2005

- While regional prefectures have generally seen declining population, many regional cities recorded increases in population from 2000 to 2005
- Working population tends to move to more developed and yet affordable regional cities for job opportunities and education

City	Population in 2006	Increase/ decrease in population from 2000 to 2005 (%)
Tokyo	8,535,000	4.4
Osaka	2,635,500	1.2
Sapporo	1,890,000	3.2
Fukuoka	1,404,500	4.5
Hiroshima	1,164,500	1.8
Sendai	1,029,500	1.7
Kitakyushu	990,500	-1.8
Niigata	813,000	0.7
Kumamoto	670,000	1.1
Kagoshima	605,000	0.4
Koriyama	339,000	1.2
Morioka	300,000	-0.6

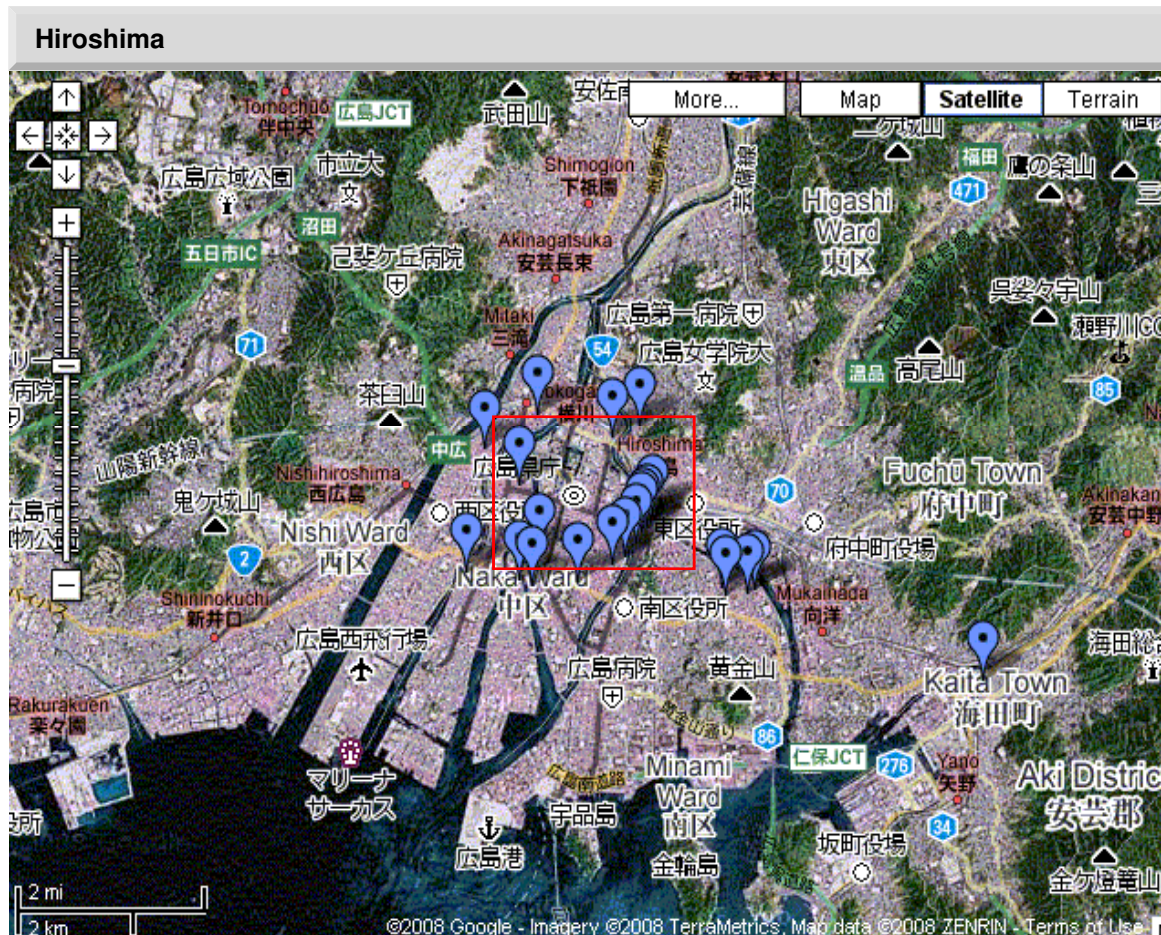


## Distinctive Features of Saizen Asset Class

**Quality Rental Properties in City Centres**

# Distinctive Features of Saizen Asset Class

– Quality Rental Properties in City Centres



- All regional cities have well developed and accessible transportation and public facilities
- Saizen REIT's properties are well located in city centres and business districts

# Distinctive Features of Saizen Asset Class

## – Quality Rental Properties in City Centres



### **Le Pied Hirao (Fukuoka)**

Built: Mar 2000

Floors: 5

Rooms: 32

Net Lettable Area: 794 sqm



### **Core Life (Sendai)**

Built: Mar 1990

Floors: 10

Rooms: 46, Office: 3

Net Lettable Area: 3,849 sqm



### **Aistage Ushita Minami (Hiroshima)**

Built: Aug 2006

Floors: 9

Rooms: 32

Net Lettable Area: 920 sqm



### **Rise Fujisaki Dai (Kumamoto)**

Built: Mar 2006

Floors: 10

Rooms: 36

Net Lettable Area: 1,338 sqm

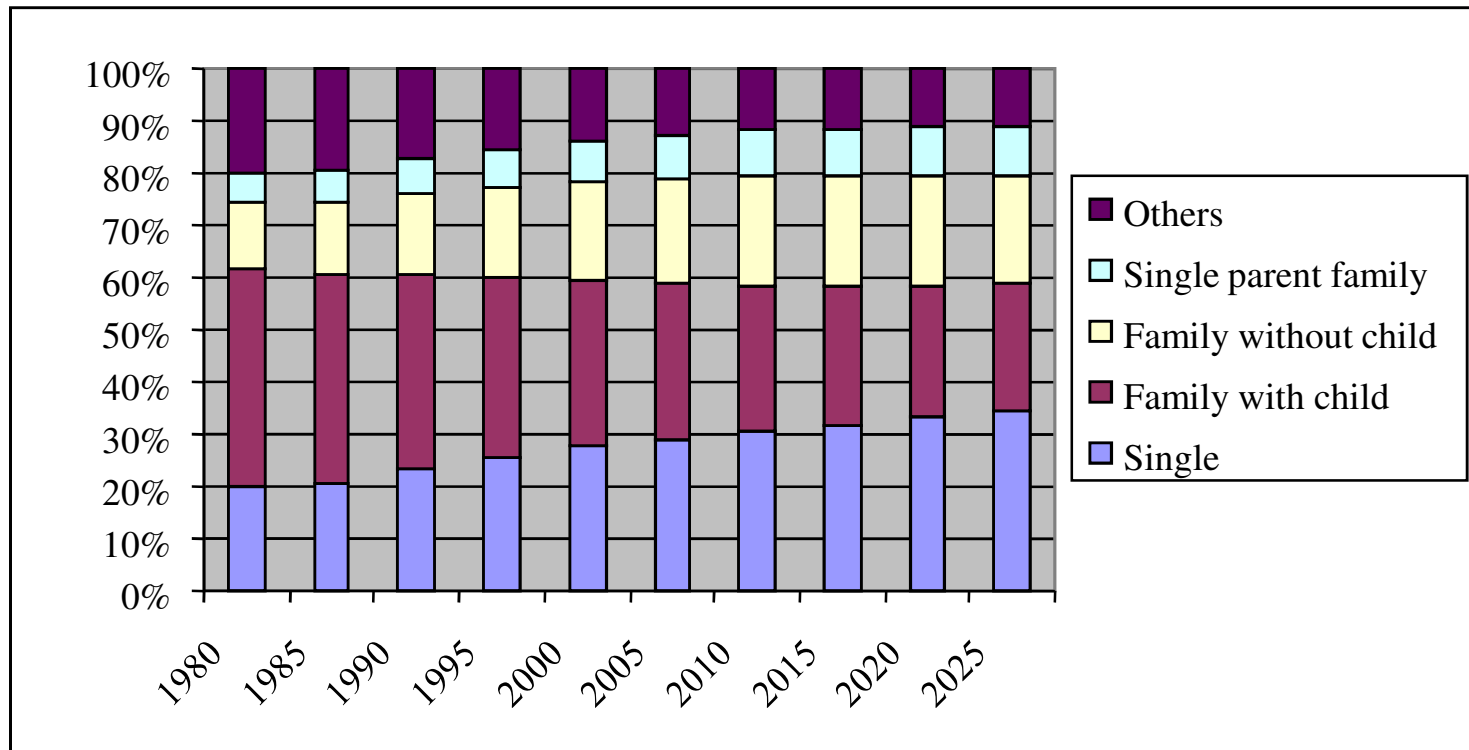
## Distinctive Features of Saizen Asset Class

**Mass Market Tenants  
and Affordable Rents**

# Distinctive Features of Saizen Asset Class

## – Mass Market Tenants and Affordable Rents

- Rising number of singles and families without children underpin demand
- 87% of Saizen portfolio caters to market segments of singles and families without children



Source: Japan Statistics Bureau



# Distinctive Features of Saizen Asset Class

## – Mass Market Tenants and Affordable Rents

**Example: Rise Kumadai Hospital II  
(Kumamoto), between 38 sqm and 80 sqm**

Age group	No. of tenant(s)	Occupation	Average monthly rent (JPY)
Below 20	1	Student	62,000
20 – 29	30	Students; workers in medical field	62,000
30 – 39	17	Workers in medical field, financial services and industrial	82,000
40 – 49	5	Workers in medical field and local businesses	77,000
Above 50	1	Cosmetic surgeon	69,000
<b>Total</b>	<b>54</b>		

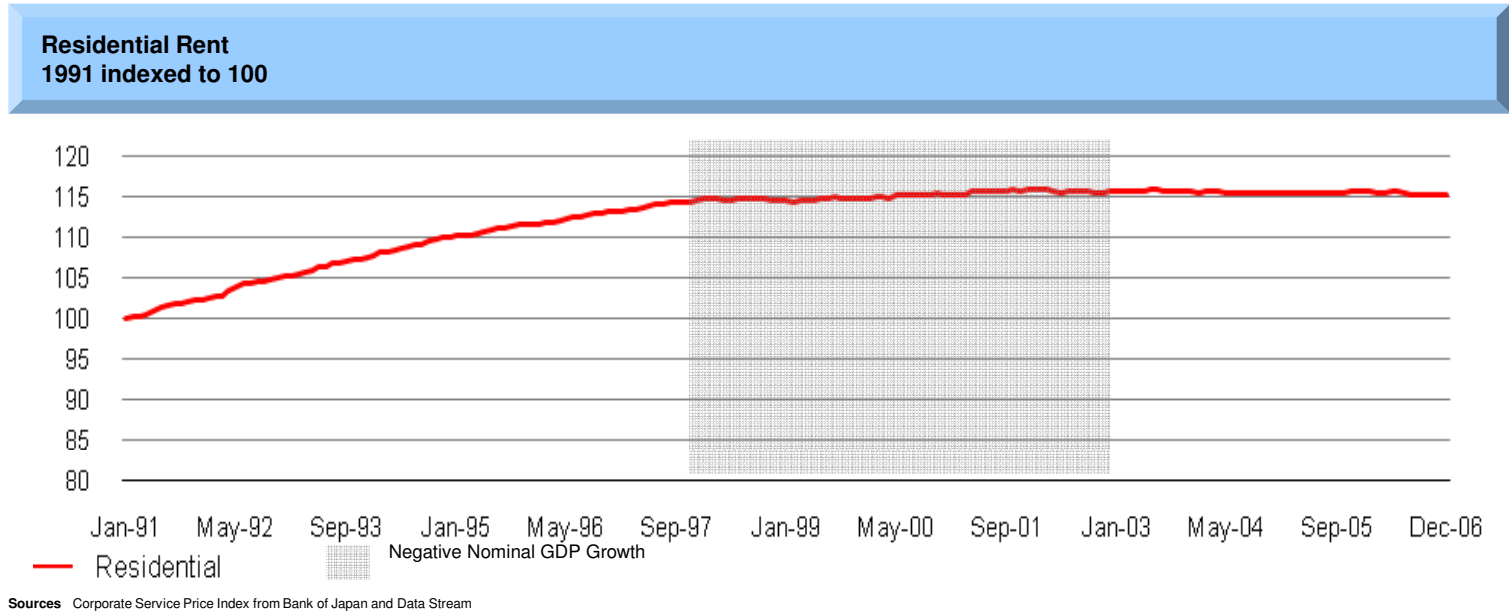
**Rental expenses account for about 20%  
to 25% of tenants' annual income**

## Distinctive Features of Saizen Asset Class

### **Stable and Stress-Tested Asset Class**

# Distinctive Features of Saizen Asset Class

## – Stable and Stress-Tested Asset Class



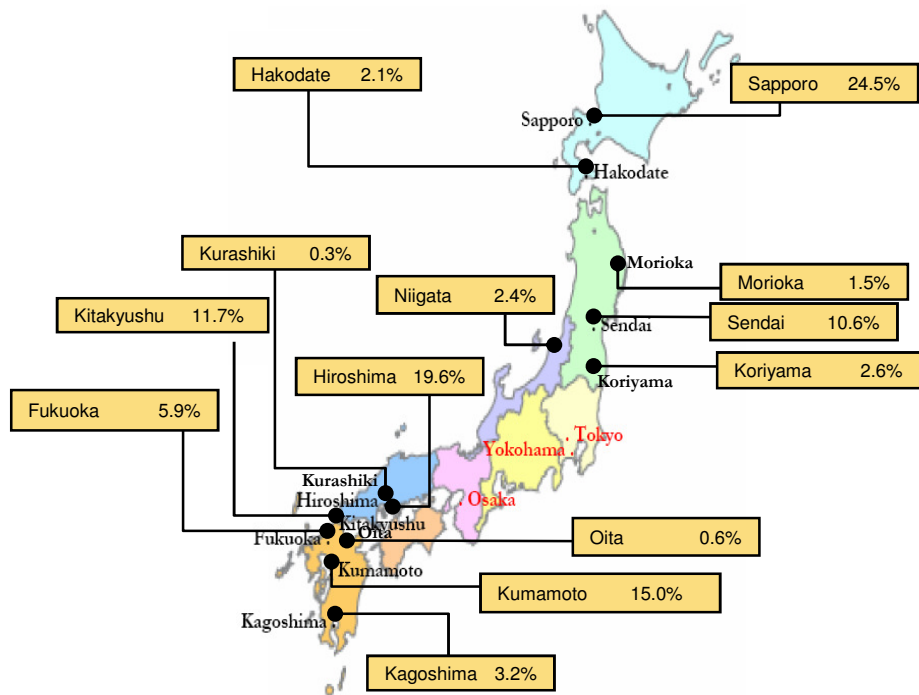
- Stable residential rental market through economic downturns
- Continuing strong demand for rental housing
  - Home-ownership is 60% in Japan, compared to approximately 91% in Singapore and 76% in Hong Kong



# Portfolio Overview

## – Extensive Local Network and Diversify Portfolio

### Property Portfolio by Value



**Current Portfolio has total value of JPY43.7 billion (S\$ 662 million);** having been revalued down by about 20% since end 2007

### Extensive Local Network

- Work closely with 23 property managers

### Geographical Diversification

- Properties across 13 regional cities
- No single city accounts for more than 25% of the aggregate rental income

### Property Diversification

- The Portfolio comprises 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

- Not reliant on any single large tenant

# Portfolio Overview

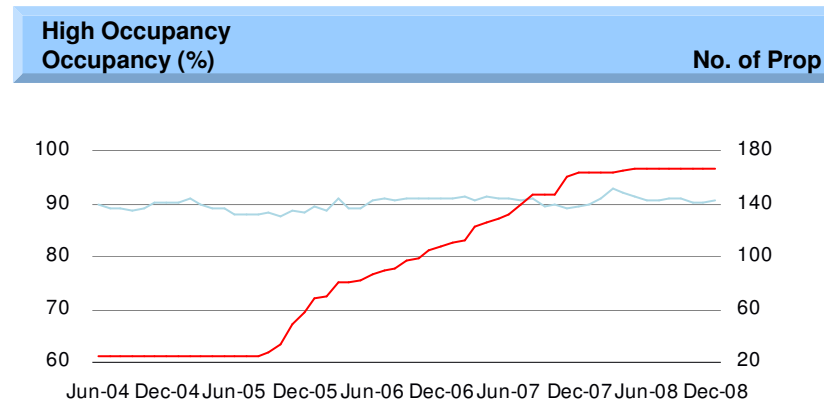
## – Portfolio Summary: Saizen REIT

	As at Mar 2009
No. of properties	166
No. of units:	
- Residential	5,995
- Commercial	112
- Parking	1,930
No. of cities	13
	As at Mar 2009
Portfolio value (JPY billion)	JPY 43.7
(S\$ million)	S\$ 662
Total leasable floor area (sqm)	224,900
Value of leasable floor area (per sqm)	S\$ 2,940
Average monthly rental rate (per sqm)	S\$ 23.8
Average age of properties (by units)	13.9 years

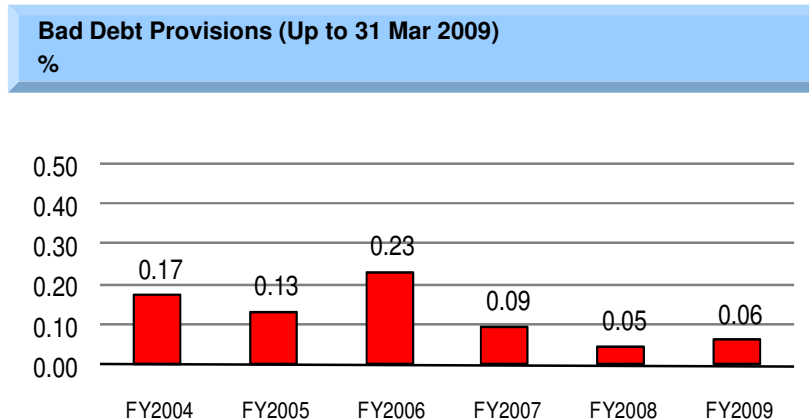


# Asset Management

## – Steady Occupancy Rates and Low Delinquencies



- Consistently maintaining overall occupancy rate of around 90%
- Ability to modify its leasing strategy to accommodate changing market conditions and seasonal variations
- Strong collaboration with property managers and local partners



- Bad debt provisions minimal due to
- Security deposits, guarantors and rental insurance where needed
- Monitoring procedures for overdue rents

# Asset Management

– Intensive Asset Enhancement Program

## Sapporo – Dominion Yamanote

*Before*



*After*



# Asset Management

– Intensive Asset Enhancement Program

## Sapporo – Art Side Terrace

*Before*



*After*



*Before*



*After*





# Asset Management

– Intensive Asset Enhancement Program

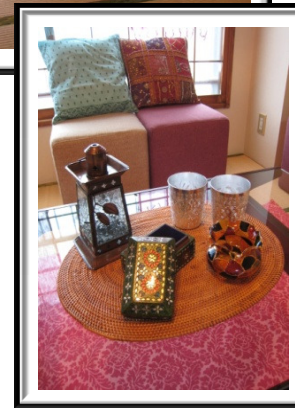
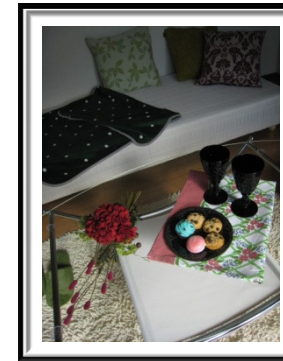
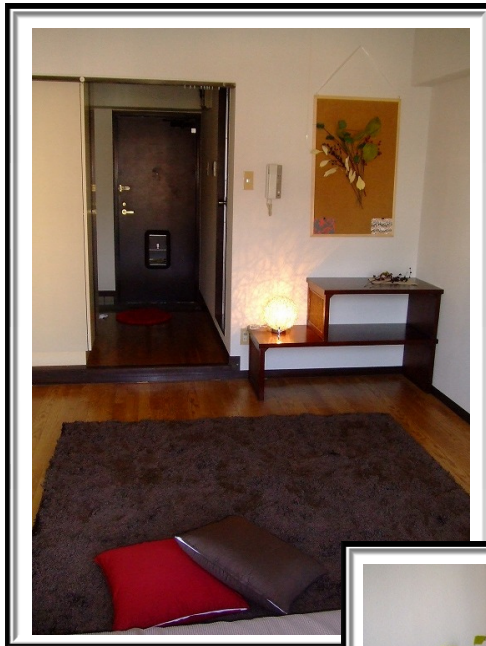
## Typical Rooms



# Asset Management

– Intensive Asset Enhancement Program

## Model Rooms



# Key Financial Information

## - Saizen REIT

Total investment properties value	JPY 43.66 billion S\$ 661.5 million <sup>(1)</sup>
NAV as at 31 March 2009, adjusted for Rights Issue proceeds but before Warrants proceeds	JPY 27.19 billion S\$ 412.0 million <sup>(1)</sup>
NAV per Unit, adjusted for Rights Issue but before Warrants proceeds	JPY 28.64 S\$ 0.43 <sup>(1) (3)</sup>
NAV as at 31 March 2009, adjusted for Rights Issue and Warrants proceeds	JPY 30.14 billion S\$ 456.7 million <sup>(1)</sup>
NAV per Unit, adjusted for Rights Issue and Warrants proceeds	JPY 20.84 S\$ 0.32 <sup>(1) (4)</sup>
Closing market price per Unit on 25 June 2009	S\$ 0.135
Net gearing as at 31 March 2009, adjusted for Rights Issue proceeds	36.9% <sup>(2)</sup>
Occupancy rate as at 31 March 2009 (by revenue)	91.8%

1. Based on exchange rate of S\$1.00 = JPY66.0.
2. 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).
3. Based on 949,172,055 Units in issue after the Rights Issue but before exercise of Warrants.
4. Based on 1,446,357,417 Units in issue after the Rights Issue and exercise of Warrants.



# Key Financial Information

## – Capital Management

Company	Maturity date	Loan Amount JPY (million)	Property Value JPY (million)
YK Shinzan	Jan 2009	-	4,894.0
YK JOF	Apr 2009	-	2,320.0
YK Kokkei	Nov 2009	808.4	1,495.0
YK Shintoku	Nov 2009	7,953.0	10,301.0
YK Shingen	Dec 2009	4,620.0	9,705.0
YK Keizan	Jan 2010	1,536.3	2,907.0
GK Chosei	May 2011	477.6	543.4
GK Choan	Jun 2011	5,900.0	10,815.3
GK Chogen	Mar 2023	336.5	681.0
		<b>21,631.8</b>	<b>43,661.7</b>

*CMBS*

*- Tokyo-based financial institution*

*- Societe Generale*

*- Japan regional bank*



**Q & A**