



Reemerge. Restructure. **Rebirth**



Presentation

FY2011 Results

www.saizenreit.com.sg

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FY2011 Overview

- Cumulative FY2011 DPU of 1.02 cents¹ (FY2010: 0.26 cents)
- Gearing lowered to 24%, with unencumbered properties valued at S\$203.5 million
- Successful resolution of loan default situation
- Upgrade of corporate family rating to B1 from Caa1
- Minor damage suffered from earthquake
- Stable property operations

Note:

1. Cumulative FY2011 DPU comprises 1H FY2011 DPU of 0.52 cents and 2H FY2011 DPU of 0.50 cents.

Background

- 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 regional cities
- Size of portfolio: JPY 33 billion
- Saizen REIT has a corporate family rating of B1, with a stable outlook (rated by Moody's)

Well-diversified Portfolio

Location	Portfolio Value Breakdown (%)
Sapporo	24.8
Kumamoto	17.1
Hiroshima	16.8
Sendai	12.2
Kitakyushu	10.0
Fukuoka	5.7
Kagoshima	3.9
Koriyama	3.1
Niigata	2.8
Morioka	1.6
Oita	0.8
Hakodate	0.7
Kurashiki	0.4

Based on property valuations at 30 Jun 2011



Management Team

Arnold Ip

Chairman (Manager)
Director (Asset Manager)

Sean Pey Chang

Co-CEO and Executive Director (Manager)

Raymond Wong

Executive Director (Manager)

Linus Koh

Co-CEO (Manager)

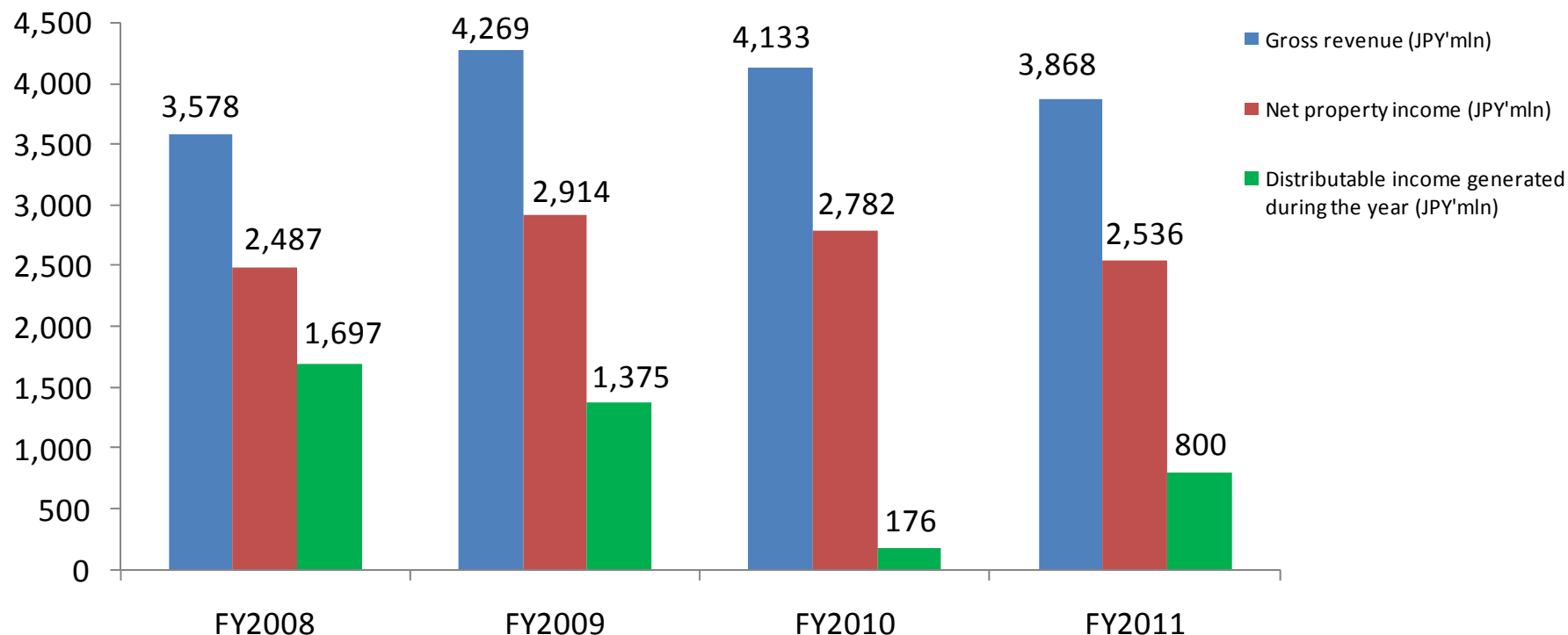
Yutaka Matsunaga

President (Asset Manager)

Richard Lo

Director (Asset Manager)

Financial Performance



- Distributable income generated in FY2009, FY2010 and FY2011 were affected by cash deployed for loan repayments
- Distributable income generated in FY2010 and FY2011 were also affected by property sales and the default interest paid on the loan of YK Shintoku

Distributions

- DPU of 0.50 cents paid for 2H FY2011 (January 2011 to June 2011)
 - Cumulative DPU in FY2011 of 1.02 cents
 - Annual yield of 6.9% (based on unit price of S\$0.147)
- YTD distributable income from operations:
 - JPY 402.0 million as at 30 June 2011
 - JPY 383.9 million as at 31 December 2010
 - JPY 176.1 million as at 30 June 2010

Distributions

- DPU for 1H FY2012 may be affected by several factors, including:
 - Contributions from YK Shintoku (previously used for interest payments and loan repayment)
 - Amortisation and interest expenses relating to new financing, if any
 - Dilutive effects from conversion of warrants

YK Shintoku

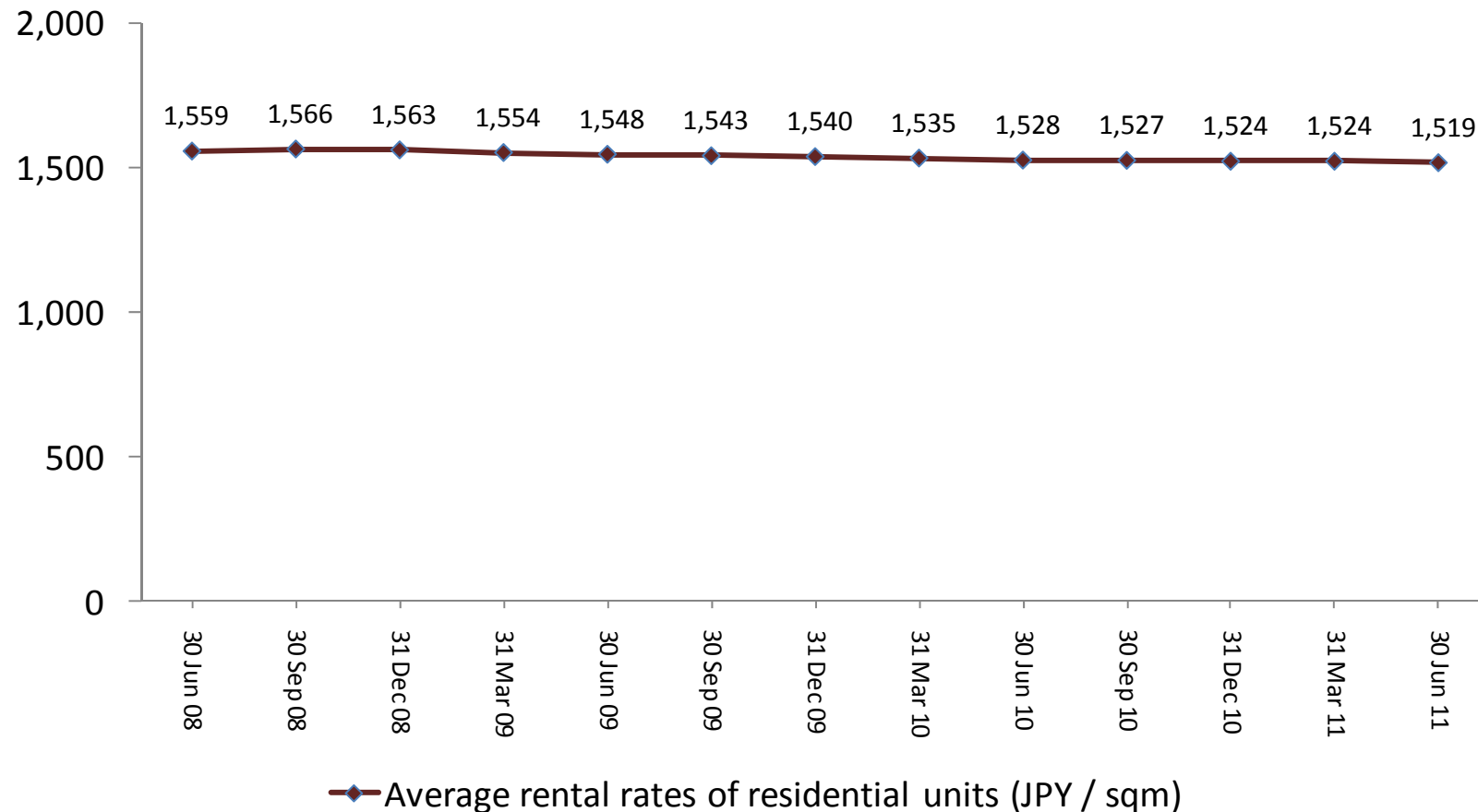
- The loan of YK Shintoku was fully repaid on 31 May 2011
- Repayment of defaulted loan in full
 - Burden of default interest charges lifted
 - Sale of 31 properties in FY2011 (from 3 TK operators) to fund loan repayment
 - YK Shintoku's cash flow available for distributions
- Full impact on contributions from YK Shintoku will be seen from the first quarter of the next financial year (July 2011 to September 2011), and this will in turn have a corresponding effect on the distributions to be declared for the first half of the next financial year (July 2011 to December 2011)

Property Operations

- Property operations remain stable
- Average tenant turnover at 21% in FY2011 vs 20% in FY2010
- Overall rental reversion of new contracts entered into in FY2011 was marginally lower by about 4.1% (FY2010: lower by about 4.3%) from previous contracted rates
- Occupancy rate remained stable above 90% since FY2008

Stable Rental Rates

- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$23 / sqm) since Jun 08



Note: For consistency, rental rates across selected timeline are based on a same population of 130 properties.

11 March 2011 Earthquake

- 28 properties in affected cities of Sendai, Morioka and Koriyama in the north-eastern region of Japan
- Only minor damage
- Overall occupancy rates remain stable
- Repair expenses expected to amount to no more than JPY 120 million
 - About JPY 78 million spent in FY2011
 - Repairs expected to be substantially completed by end of the year
- No properties within the current nuclear evacuation zone; closest properties more than 50 km away

Debt Profile

Company	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)
GK Chosei	Unencumbered	-	-	-	540.0	-
YK Keizan	Unencumbered	-	-	-	2,398.9	-
YK Shingen	Unencumbered	-	-	-	6,333.5	-
YK Shintoku	Unencumbered	-	-	-	4,058.7	-
Sub-total for unencumbered properties					13,331.1	
GK Choan and YK Kokkei	Societe Generale	Jun 2013	3.8275	5,597.5	11,366.6	49.2
YK Shinzan	Tokyo Star Bank	Mar 2015	3.75625	1,850.0	4,473.7	41.4
YK JOF	Mizuho Bank	Sep 2019	2.69	824.7	1,927.0	42.8
GK Chogen	The Higo Bank	Mar 2023	3.075	287.6	638.0	45.1
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	491.4	1,128.0	43.6
GK Gyosei	Hiroshimashi Credit Cooperative	Aug 2041	2.50	76.0	131.0	58.0
Grand Total				9,127.2	32,995.4	27.7

Upcoming Plans

- Gear up using unencumbered properties
 - Look to increase gearing from 24% to about 35%
 - Borrow to offset against deleveraging effect of loan amortisation
 - current distributable cashflow applied towards loan amortisation amounts to about 0.46 cents per annum¹
 - distribution payout can be significantly improved if such amortisation can be offset by new borrowings

Note:

1. *Solely for illustration only and based on loan amortisation payments in FY2011. This is not a forecast of future distribution payments or amortisation payments or new borrowings. There is no assurance that new borrowings, if any, can or will be used to offset loan amortisation payments.*

Upcoming Plans

- Explore acquisition opportunities
 - Improve portfolio mix with Tokyo properties
 - Trade and re-balance portfolio to enhance quality and yield

- Asset enhancement activities
 - Conduct renovations, especially to older properties, with the aim of improving rental and occupancy rates

- Enhance unitholder value
 - Explore other means to enhance unitholder value, such as assessing the viability of a unit buy-back program

Key Financial Information

Number of Units in Issue as at 23 August 2011	1,197,223,411
Outstanding Warrants as at 23 August 2011	249,134,006
NAV attributable to Unitholders as at 30 June 2011 ¹	S\$378.5 million
Unencumbered properties as at 30 June 2011 ¹	S\$203.5 million
Market capitalisation as at 30 June 2011 ²	S\$183.2 million
NAV per Unit as at 30 June 2011 ¹ / Adjusted for warrants ^{1 3}	S\$0.32 / S\$0.29
EBITDA ⁴ / Interest expenses for FY2011 ⁵	3.1 times
Gearing as at 30 June 2011 ⁶ / Adjusted for warrants ³	24% / 20%
Unit Price (closing price as at 23 August 2011)	S\$0.147
52 week high / low	S\$0.180 / S\$0.125

1. Computed based on an exchange rate of JPY 65.5 : S\$1.00 as at 30 June 2011

2. Computed based on 1,182,249,611 Units in issue and unit price of S\$0.155 as at 30 June 2011.

3. Computed based on a total of 1,446,357,417 Units after conversion of all warrants outstanding, and assuming all warrant proceeds are used to repay borrowings

4. EBITDA comprises net income from operations and excludes interest expenses, amortisation of loan commissions, losses on divestment of properties and fair value gains/losses.

5. This computation includes default interest on the loan of YK Shintoku, which is accrued at rate of 7.07% per annum.

6. Gearing = Total borrowings / Total assets; estimated based on financial position of Saizen REIT as at 30 June 2011



Thank You