Saizen REIT

January 2008

SaizenREIT 最善

Concept of Saizen REIT

SaizenREIT 最善

First REIT in Singapore with purely Japanese regional residential properties

1. **Stress tested asset class with large yield spread**
2. **Financing hurdles and need for local connections create barrier to institutional competitors**
3. **Experienced management team with localized operations**
4. **Growth through continuous yield-accretive acquisitions**

Management Team

Name	Title
Arnold Ip	Chairman (Manager) Director (Asset Manager)
Sean Pey Chang	CEO and Executive Director (Manager)
Raymond Wong	Executive Director (Manager)
Yutaka Matsunaga	President (Asset Manager)
Richard Lo	Director (Asset Manager)
V-Nee Yeh	Non-Executive Director (Manager)

Sponsor Background and History

Å **Japan Regional Assets Manager Limited is the Sponsor of the REIT**

1999
- First investment by Richard Lo and Yutaka Matsunaga

2000
- Richard Lo and Yutaka Matsunaga joined by Arnold Ip and Sean Pey Chang

2002
- First non-recourse loan obtained
- JOF established

2004
- JOF fully invested / JOF II established
- Raymond Wong and V-Nee Yeh entered into partnership
- Properties under management reached 25 as at 6/30/04

2005
- JRAM established
- JOF II fully invested / JHYP established
- Properties under management reached 67 as at 6/30/05

2007
- JHYP fully invested / JHYPII established
- Properties under management reached 130 as at 6/30/06
- Properties under management reached 202 properties worth JPY 59.1Bn Yen as at 9/28/07
- Saizen REIT established in Nov 2007

Key Investment Highlights

1. Attractive Asset Class
2. Steady and Reliable Income Stream
3. Well Located, Maintained and Diversified Portfolio
4. Acquisition Growth as Key Strategy
5. Experienced Management Team

Saizen REIT

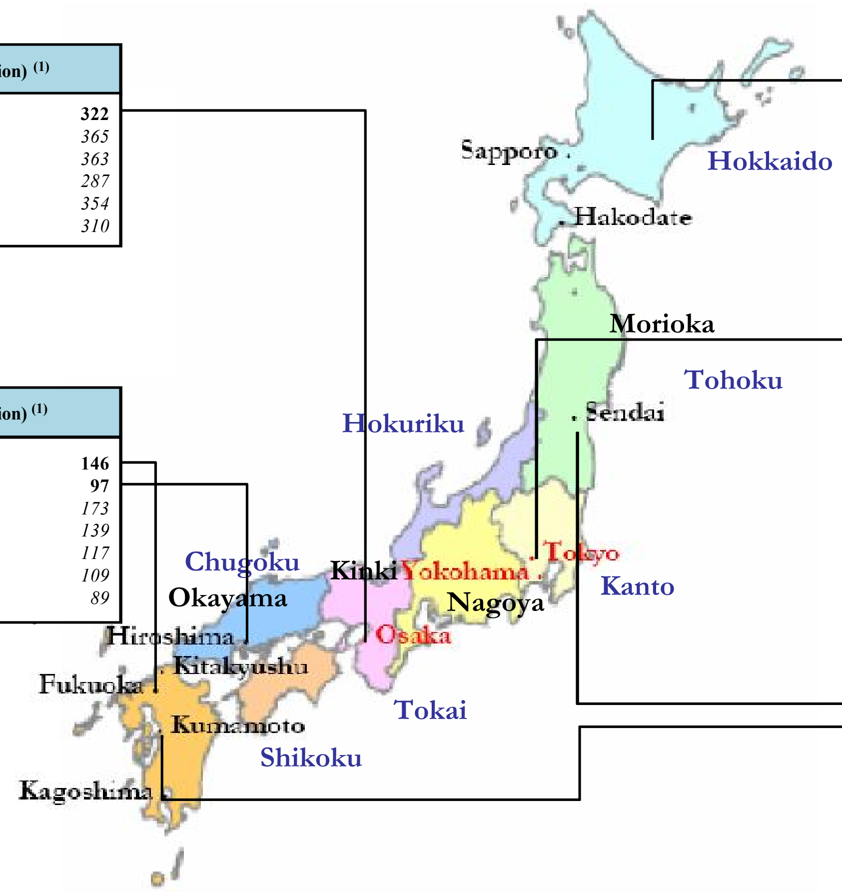
Largest Japanese regional residential portfolio

1. Attractive Asset Class

Japanese regional GDPs are comparable to entire countries

- Japan's GDP of US$4.7 trillion for FY2006, 2nd largest in the world [1]
- GDP growth of 2.2% in 2006 and growth of 1.3% for 1H07 [1]
- Japanese regional GDPs are comparable to entire countries

GDP of Japanese Regional Cities



GDP (US$ Billion) [1]	
Osaka	**322**
Belgium	*365*
Turkey	*363*
Indonesia	*287*
Sweden	*354*
Saudi Arabia	*310*

GDP (US$ Billion) [1]	
Fukuoka	**146**
Hiroshima	**97**
Portugal	*173*
Venezuela	*139*
Singapore	*117*
New Zealand	*109*
Egypt	*89*

GDP (US$ Billion) [1]	
Hokkaido	**164**
Hong Kong	*178*
Thailand	*177*
Portugal	*173*

GDP (US$ Billion) [1]	
Tokyo	**746**
India	*806*
Brazil	*796*
Russia	*764*
Australia	*701*
South Korea	*788*

GDP (US$ Billion) [1]	
Miyagi	**70**
Kumamoto	**48**
Peru	*78*
Kuwait	*75*
Vietnam	*52*
Morocco	*52*
Slovakia	*46*

Note

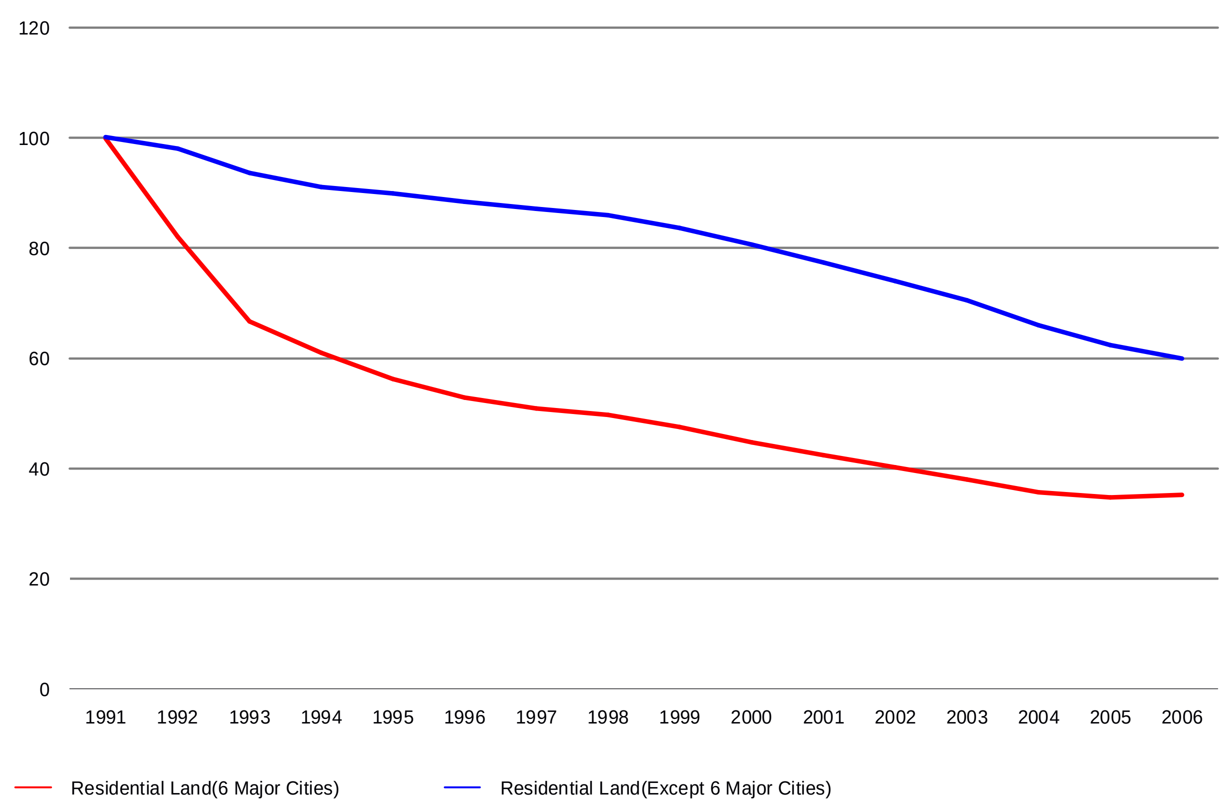
1. Japan Statistical Year book 2007, Japan Cabinet Office

1. Attractive Asset Class

Low Cost Land Bank in a Large Recovering Economy

- Japan's economy is recovering
  - After declining 41% from 1991 to 2006, average residential land values in major cities of Japan rose by 1.4% in 2006 [(1)]

Appraised Land Value (1991-2006)
1991 indexed to 100



Source Japan Statistical Yearbook 2007

Note
1. Japan Statistical Year book 2007, Japan Cabinet Office

2. Steady and Reliable Income Stream

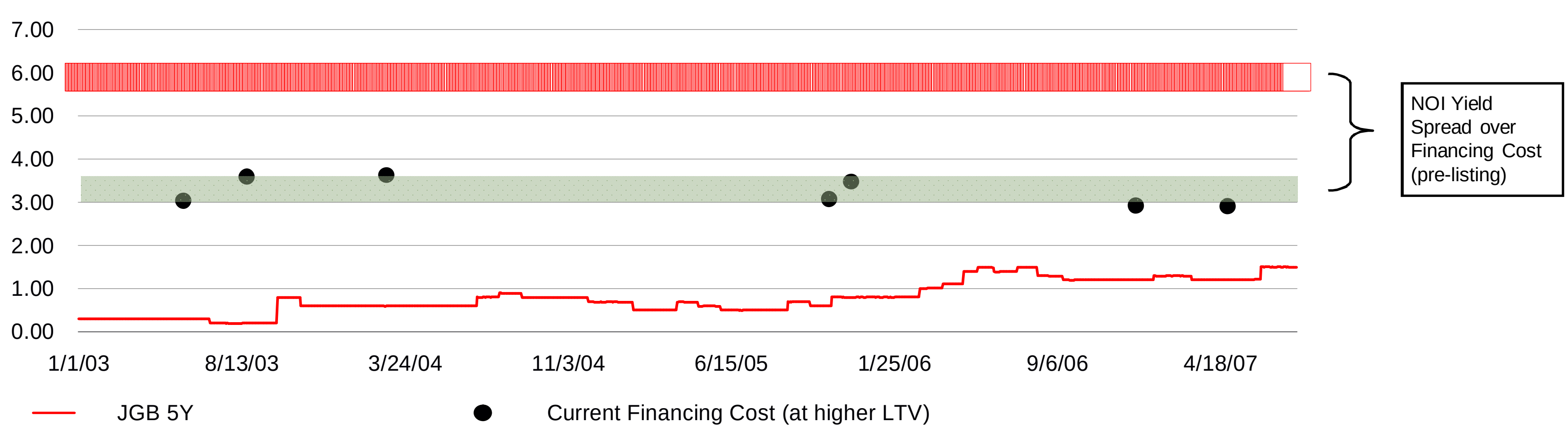
Large Positive Yield Spread

Å **Regional assets generate a higher yield than similar properties in Tokyo**

Å **Large positive spread between property yield and cost of debt**

- ~6.0% forecast NOI yield
- Low borrowing cost in Japan (average financing cost between 2.0% to 3.0% post listing)
- Large positive spread drives attractive cashflow returns

NOI Yield vs. JGB 5Y
%



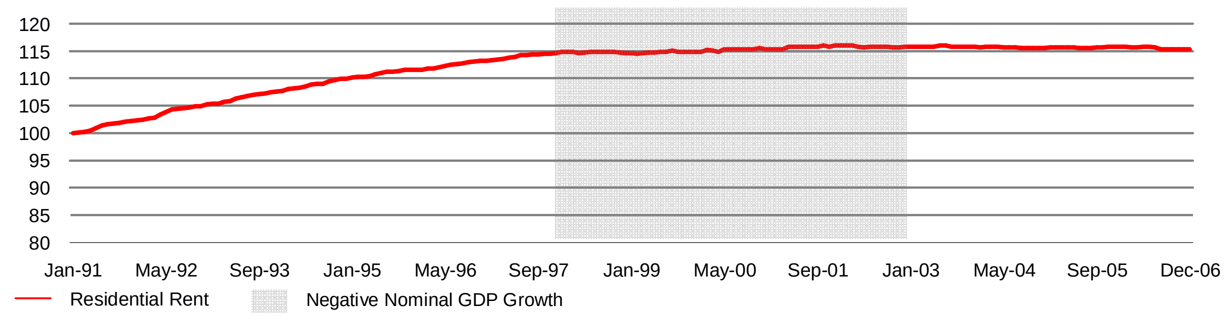
2. Steady and Reliable Income Stream
Stable Cashflows ï Stable Residential Property Market

Å Stable residential rental market through economic downturns

Å Continuing strong demand for rental housing
- Home-ownership is 60% of overall Japanese residential occupancy, compared to approximately 91% in Singapore and 76% in Hong Kong

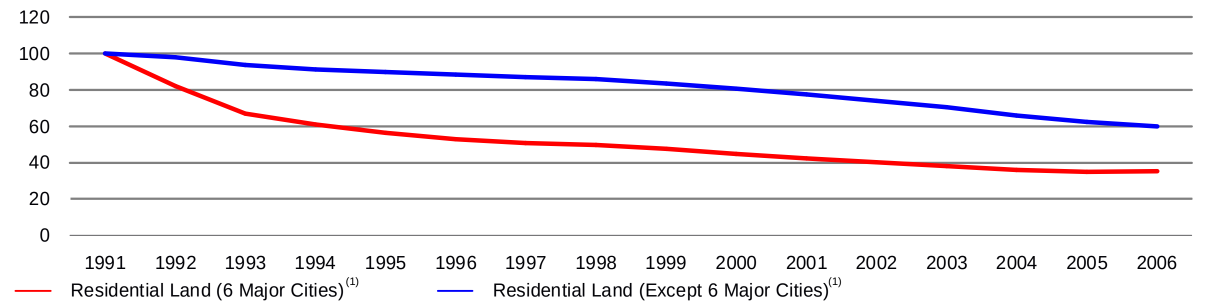
Å Even through severe economic downturns from 1991 to 2006, rents grew at an average annual rate of 1.0% even while average residential land values declined across Japan by 41%

Residential Rent
1991 indexed to 100



Sources Corporate Service Price Index from Bank of Japan and Data Stream

Appraised Land Value (1991-2006)
1991 indexed to 100



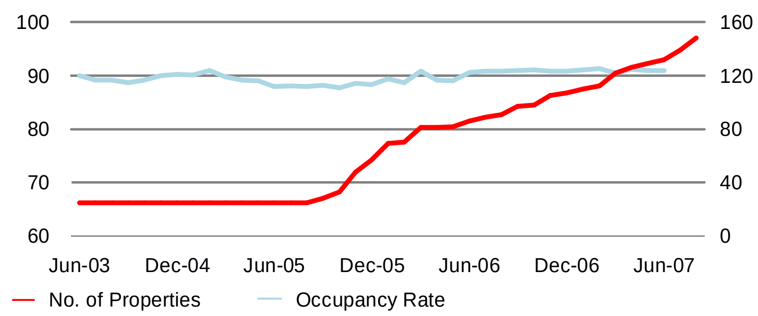
Source Japan Statistical Yearbook 2007

Note
1. 6 major cities refer to ku-area of Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe

2. Steady and Reliable Income Stream

Stable Cashflows ï Consistently High Occupancy and Low Defaults

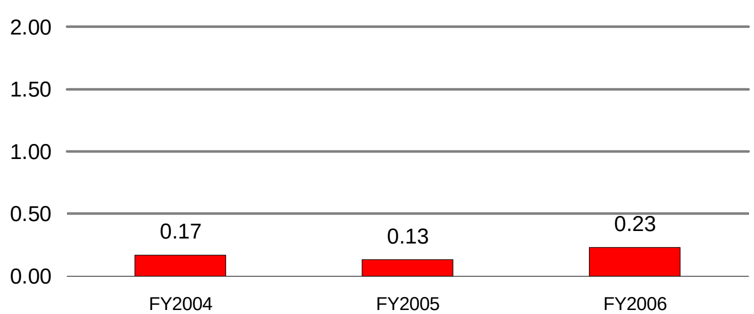
High Occupancy Throughout (Initial Properties)
Occupancy (%) **No. of Prop**



Å Rapid portfolio growth while maintaining overall occupancy rate around 90% (1)

- Focus on acquisition of properties with high occupancy rates or potential strong growth in occupancy rates
- 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
%



Å Bad debt provisions minimal due to

– Security deposits, guarantors and rental insurance where needed
– Monitoring procedures for overdue rents

Note
1. As at 31 August 2007

3. Well Located, Maintained and Diversified Portfolio
Well maintained properties in carefully-selected locations

Å **Located in carefully-selected residential neighbourhoods and/or near business districts and transportation hubs**

Å **The right property for each location**

- Family-type properties near schools and basic amenities (e.g. hospitals, supermarkets)
- Smaller units in city centres catering to working singles
- Student accommodation in university areas

Å **Strict maintenance standards to maximize property attractiveness**

- Same management team prior to REIT carrying out renovations, refurbishment and maintenance
- Necessary reserves for future capital expenditure have been made

EMYU Heisei Keyakidori - Kumamoto

High Grace II – Sendai

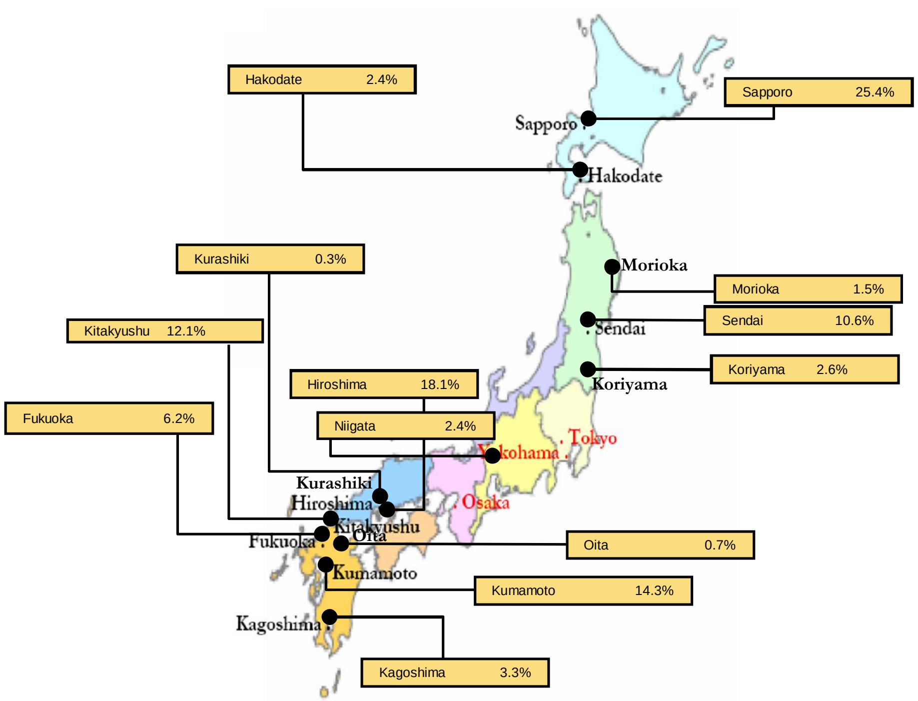
Grand Polestone Takeya - Hiroshima

Typical Interior Layout

3. Well Located, Maintained and Diversified Portfolio

Well Diversified Properties

Property Portfolio by Value



Current Portfolio has total value of JPY52.7 billion (S$ 691.9 million)

Geographical Diversification

Å Properties spread across 13 regional cities in Japan

Å No single city accounts for more than 28% of the portfolioâs aggregate rental income

Property Diversification

Å The Portfolio comprises of 164 properties, with Net Lettable Area of 220,400 sqm, more than any residential J-REIT

Å No single Property accounts for more than 3.0% of the aggregate rental income (as at 11 Jan 2008)

Tenant Diversification

Å 5,889 residential units, 99 commercial units and 1,921 car parking spaces

Å Focus on mass market tenants such as small families, working couples without children, working singles and students

4. Acquisition Growth as Key Strategy

Strong Track Record of Executing on Pipeline

Growth is Visible, Consistent and Sustainable

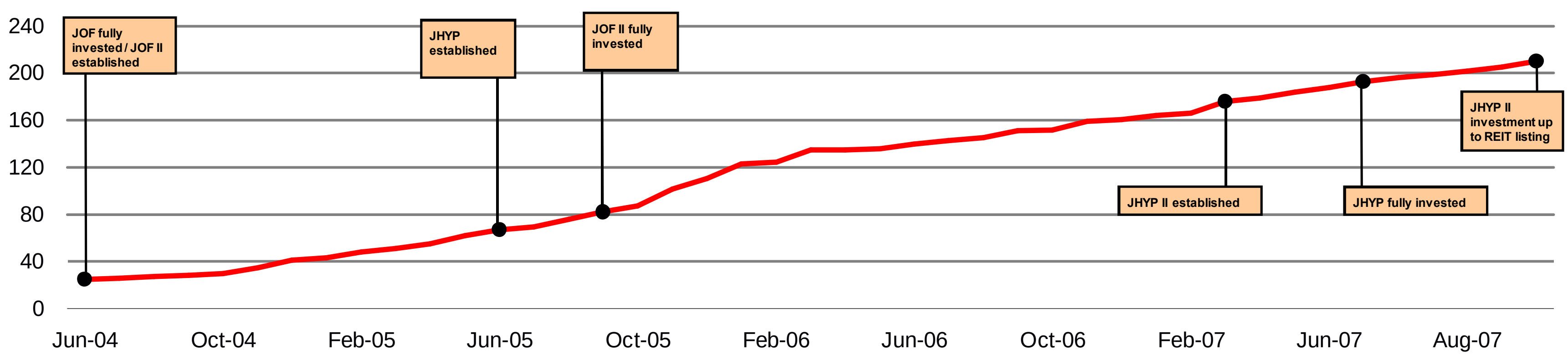
Acquired a further 17 additional properties with total value of JPY 5.8 billion (S$76.2 million) since listing

ï Post investment, LTV ratio is around ~35%. Much acquisition capacity left to reach the stabilized LTV level of ~ 45%

Properties under management have grown from 25 in 2004 to 219 currently

Acquisition process usually completed within 3 months

Growth in property portfolio under management
Number of Properties



5. Experienced Management Team

Management team with localized operations

Management team operating together for past 8 years

An early mover in institutionalizing this asset class since 1999

ï First to obtain non-recourse financing for such asset type

One of the largest operators in the Japanese regional residential property markets

Steep learning curve creates barrier to entry

Key Components

Network building to ensure future portfolio growth

Scalable management platform to manage expanded portfolio growth

Two layers of operations to achieve its objectives

Network Building (Management Level)

A credible counterpart to local brokers, agents and vendors through its strong track record

ï Considered a preferred buyer

ï Large proprietary database of leasing and pricing information

Consistently testing and learning new management strategies across portfolio

Rental collection, building management, leasing activities (Property Level)

All 25 property managers subject to performance monitoring

ï Not dependent on any one manager and able to change underperformers

Regular reporting by property managers

Economies of scale with operations in 13 regional cities

Financial Highlights

Financial Policies

Leverage

- Provisional investment grade credit rating of Baa3 obtained from Moody's
- Stabilized leverage ratio of around 45% (in-line with J-REITs)

Ongoing Capex Program

- Continuous capex program based on regular inspections and leasing feedback
- Dedicated capex reserves set aside upon acquisition and regularly thereafter from rental income

Dividend Policy

- Dividend payout target of >90% of distributable income

Interest Rates

- Interest rate is expected to decrease post-listing from around 3% to between 2.0% to 3.0%
- Current loans due 2009/2010

Loan Terms

- Term loans with staggered maturity and prepayment options

Hedging

- Distributable Income for Forecast Period 2008 hedged and monitoring the market on hedging strategy for Projection Year 2009.

Fee Structure

Fee	Amount payable
Management fee (Manager)	0.5% of the Property Assets
Asset management fee (Asset Manager)	3.0% of the net profit
Acquisition fee (Manager)	1.0% of acquisition price
Divestment fee (Manager)	0.3% of sale price

Forecast

Key Assumptions

ï No acquisitions assumed beyond the Initial Properties and Additional Properties

ï No rental growth or operating cost savings for portfolio

ï No yield uplift from income hedging for dividend distributions not reflected

ï Net distribution yield after tax

Forecast and Projected Distributions **(Presented in S$MM unless specified. 1SGD = 76.06￥)**	**Forecast Period 2008** **(5 Nov 07 – 30 June 08)**	**Projection Year 2009** **(1 July 08 – 30 June 09)**
Gross Revenue	36.1	57.1
Property Operating Expenses	(10.3)	(16.4)
Net Operating Income	27.3	43.1
Gross Yield on property value (%) (1)	7.9%	8.2%
NOI Yield on property value (%) (1)	6.0%	6.2%
Total distribution to unit holders (2)	21.0 (2)	25.4
Issue price (S$)	1.00	1.00
Annualised distribution yield excluding Special Div. (%) (3)	5.3%	5.7%
Non-annualized distribution yield from Special Div. (%) (2)	1.2%	-
Total distribution yield (%) with distribution yield from Special Div. not annualized (4)	6.5%	-

Notes

1. On property value of ￥53.1Bn for Initial Properties (￥47.7Bn) and Additional Properties (￥5.4Bn). NOI yield excludes repairs and renovation capex in operating expenses for like-to-like comparison to other REITs
2. Includes Special Dividend of S$5.5MM. Special Dividend is derived from free cash generated and accumulated in the Initial TK Operators prior to the Listing Date
3. Annualisation based on number of months of the distribution received from 5 Nov 2007 (the assumed Listing Date) to 30 June 2008 attributable to the Initial Properties and Additional Properties. Annualisation does not include the Special Dividend
4. Annualised distribution yield excluding Special Div. + Non-annualized distribution yield from Special Div. (%)

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Thank You