



Reemerge. Restructure. **Rebirth**



Annual General Meeting Presentation

19 October 2010

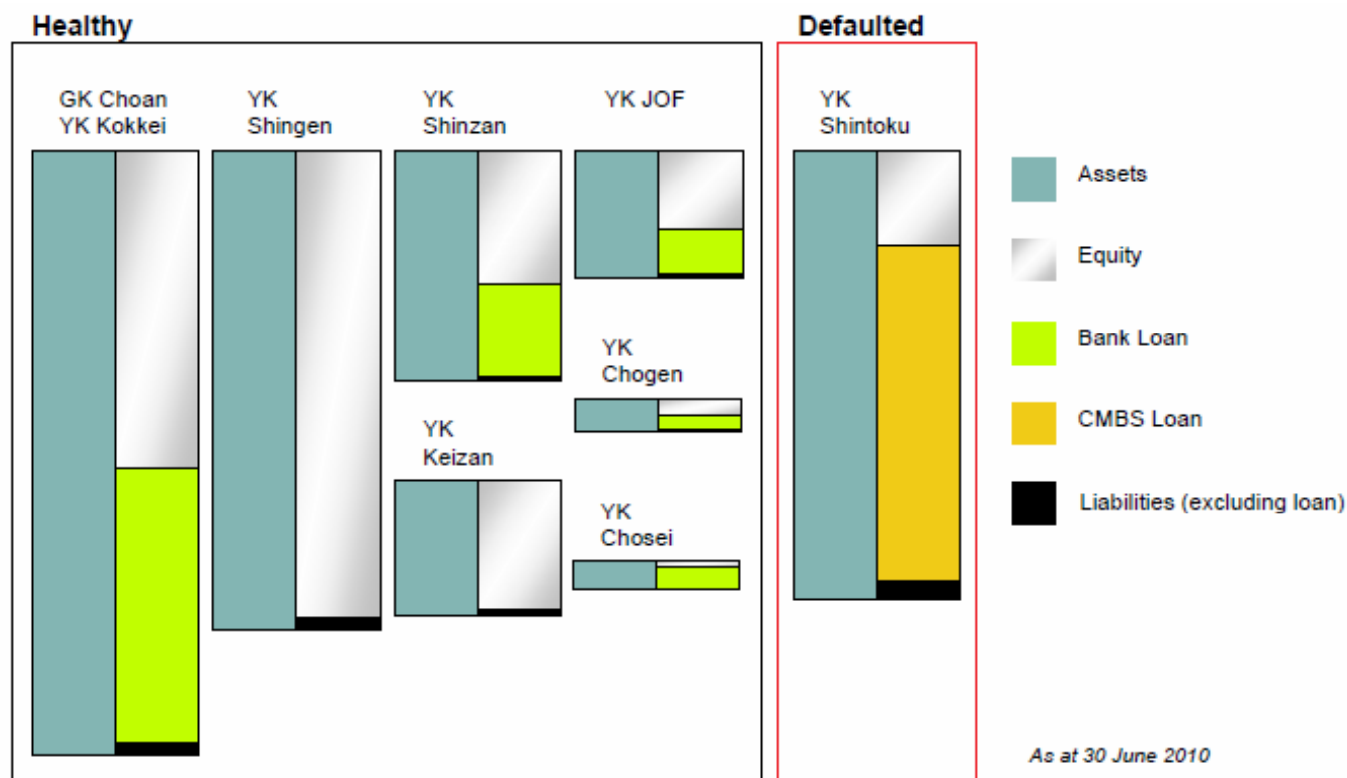
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Overview of Real Estate Assets & Loans

- Saizen REIT can be viewed in two parts:
 - “Healthy” part accounts for about 79% of Group assets and 91% of Group NAV
 - Defaulted part accounts for about 21% of Group assets and 9% of Group NAV
 - Cash flow from “Healthy” part is freely distributable to investors
 - If the YK Shintoku loan issue is resolved, cash flow from YK Shintoku can further contribute to distributions



Overview

1. Resumed distributions for FY2010
2. Maturity default of loan of YK Shintoku; on-going efforts to seek refinancing
3. Financial position strengthened with loan repayments, new banking relationships and loan refinancing
4. Property operations and portfolio value remained stable
5. Partial and progressive divestment of YK Shintoku properties

1. Resumption of distribution

- FY2010 distribution of 0.26 cents per Unit, in respect of 2 months' cash flow
- Distribution represents operational cash generated from 8 “healthy” subsidiaries (ie. excluding cash flow of YK Shintoku)
- Distribution of cash generated from “healthy” part of the REIT is expected to continue

2. YK Shintoku loan

- Maturity default in November 2009
- Commenced discussions with financial institutions on potential refinancing of loan; any refinancing has to be on reasonable terms
- Unencumbered properties of JPY 12 billion available as collateral for new loans
- No indication of foreclosure actions to-date
- Asset manager continues to work closely with the loan servicer (including divestments)

2. YK Shintoku loan – Current loan balance

Original loan balance: JPY 7.953 billion

Less:

- Net sale proceeds (14 properties): (JPY 1.9 billion)
- YK Shintoku's operational cash flow: (JPY 0.2 billion)
JPY 5.9 billion

Less:

- Applicable cash reserves: (JPY 0.6 billion)

Net outstanding loan balance: JPY 5.3 billion

3. Capital management

- At time of **IPO** (2007), all loans were CMBS loans

Company	Source of Debt	Maturity Date	Loan Amount (JPY'mln)	Property Value (31 May 2007) (JPY'mln)
YK Shingen	CMBS Loan	Dec 2009	7,620.0	12,322.1
YK Keizan	CMBS Loan	Apr 2010	1,536.3	3,606.7
YK Kokkei	CMBS Loan	Nov 2009	842.0	1,809.0
YK Shinzan	CMBS Loan	Jan 2009	3,916.0	6,305.4
YK JOF	CMBS Loan	Apr 2009	1,402.0	2,947.0
YK Shintoku	CMBS Loan	Nov 2009	7,953.0	13,070.9
GK Choan	CMBS Loan	Jun 2010	3,940.0	7,611.4
	Grand Total		27,209.3	47,672.5

3. Capital management

Current capital structure

Company	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)
YK Keizan	Unencumbered	-	-	-	2,616.6	-
YK Shingen	Unencumbered	-	-	-	9,424.4	-
GK Chosei	FI Loan	May 2011	3.23875	436.7	540.0	80.9
GK Choan and YK Kokkei	Bank Loan	Jun 2013	3.8275	5,719.0	11,816.1	48.4
YK Shinzan	Bank Loan	Mar 2015	3.75625	1,950.0	4,570.6	42.7
YK JOF	Bank Loan	Sep 2019	3.50	891.6	2,198.0	40.6
GK Chogen	Bank Loan	Mar 2023	3.075	302.7	629.0	48.1
YK Shintoku	CMBS Loan	Maturity default	7.07	5,912.0	7,237.9	81.7
Grand Total				15,212.0	39,032.6	

Only remaining CMBS Loan

3. Capital management

- Recent successful bank loan refinancing

Date of Refinancing	Company	Cost of Refinancing (%)	Loan Amount (JPY'mln)
Sep 2009	Mizuho Bank	3.50	1,000
Mar 2010	Tokyo Star Bank	3.75625	2,000
June 2010	Societe Generale	3.8275	5,900
Total			8,900

4. Property operations and portfolio value

- Property operations has been stable and is expected to remain stable
- Average occupancy rate of 91.7% in FY2010
- Tenant turnover improved from 22% in FY2009 to 20% in FY2010
- Overall rental reversions of contracts entered into during FY2010 were at rental rates which were marginally lower (by 4.3%) than previous rates
- Portfolio value remained stable compared with June 2009

5. Divestments

- Partial and progressive divestment of YK Shintoku properties to facilitate refinancing of YK Shintoku's loan
- Divested 5 properties in FY2010 and a further 9 properties in FY2011 to-date
- Total sale price JPY 1,953.5 million
- Sale prices were at a weighted average discount of 4% to valuation
- Assets proven to be liquid even at depth of crisis

Outlook for FY2011

- Property operations expected to remain **stable**
- Continue to **seek refinancing** for loan of YK Shintoku
- **Only loan** to mature in FY2011 will be repaid using internal cash resources or be refinanced
- Explore divestment of existing properties and new acquisitions rebalancing of portfolio with, especially in the **Tokyo** region, to **enhance quality and growth potential** of property portfolio

Key Financial Information

Number of Units in Issue as at 18 October 2010	1,111,004,712
Outstanding Warrants as at 18 October 2010	335,352,705
Warrant proceeds received as at 18 October 2010	S\$14.56 million
Potential warrant proceeds (<i>assuming exercise of all outstanding warrants as at 18 October 2010</i>)	S\$30.18 million

NAV as at 30 June 2010 ¹	S\$376.83 million
NAV per Unit as at 30 June 2010 ¹	S\$0.40
- Adjusted for warrants ^{1 2}	S\$0.32
Net Gearing as at 30 June 2010 ³	34.7%
- Adjusted for warrants ²	27.7%

Share Price (18 Oct 10)	S\$0.155
52 week high / low	S\$0.180 / S\$0.130

1. Computed based on an exchange rate of JPY 63.4 : S\$1.00 as at 30 June 2010

2. 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

3. Net Gearing = Net borrowings / Total assets



Q & A