



Reemerge. Restructure. **Rebirth**



**Presentation**

**May 2011**

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

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# Company Overview

- Listed on SGX Mainboard in Nov 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 36.4 billion

*As at 11 May 2011*

# Management Team

**Arnold Ip**

**Chairman** (Manager)  
**Director** (Asset Manager)

**Yutaka Matsunaga**

**President** (Asset Manager)

**Sean Pey Chang**

**Co-CEO and Executive Director** (Manager)

**Raymond Wong**

**Executive Director** (Manager)

**Richard Lo**

**Director** (Asset Manager)

**Linus Koh**

**Co-CEO** (Manager)

# Property operations

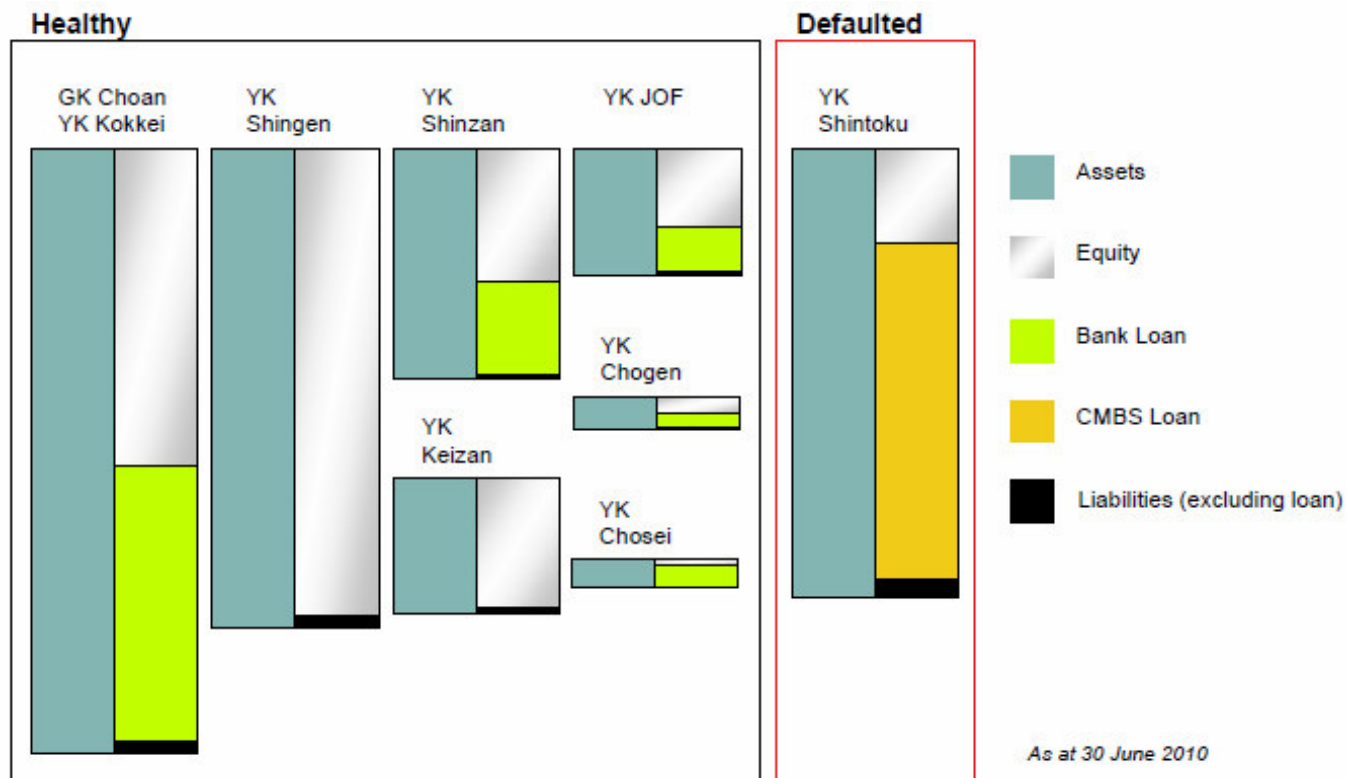
- Property operations remain stable.
- Average tenant turnover at 20% in FY2010 vs 22% in FY2009.
- Overall rental reversion of new contracts entered into in 3Q FY2011 was marginally lower by about 3.6% (3Q FY2010 and 2Q FY2011: lower by about 4.7% and 3.2% respectively) from previous contracted rates.
- Occupancy rate remained stable above 90% since FY2008.

## March earthquake

- An earthquake and tsunami hit the north-eastern region of Japan on 11 March 2011.
- 28 affected properties in cities of Sendai, Morioka and Koriyama .
- No properties within the current nuclear evacuation zone; closest properties more than 50 km away.
- Inspections on all affected properties revealed only minor damage. Overall occupancy rates of properties in 3 affected cities remain stable.
- Repair expenses expected to amount to no more than JPY 200 million.

# 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



# Debt Profile

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	-	-	-	7,750.3	-
GK Chosei	Orix Corporation	May 2011	3.19	429.3	540.0	79.5
GK Choan and YK Kokkei	Societe Generale	Jun 2013	3.8275	5,638.0	11,816.1	47.7
YK Shinzan	Tokyo Star Bank	Mar 2015	3.75625	1,900.0	4,570.6	41.6
YK JOF	Mizuho Bank	Sep 2019	3.50	849.9	2,198.0	38.7
GK Chogen	The Higo Bank	Mar 2023	3.075	292.7	629.0	46.5
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Mar 2031	3.5	500.0	1,111.0	45.0
YK Shintoku	CMBS Loan	Maturity default	7.07	1,391.8	5,156.0	27.0
<b>Grand Total</b>				<b>11,001.7</b>	<b>36,387.6</b>	

**Only remaining CMBS Loan**



## Capital management during credit crisis

- On-set of credit crisis resulted in shut-down of CMBS market in Japan in 2008.
- Immediately began working towards replacing six CMBS loans (which was Saizen REIT's sole source of financing at that time) since early 2008.
- Stopped all acquisitions activities to conserve cash raised at IPO.
- Suspended distributions to conserve cash for loan repayment. Payment of distributions was resumed in September 2010.

## Capital management during credit crisis

- Conducted rights-cum-warrants issue in May 2009 to raise cash for loan repayment.
- Established new banking relationships with five financial institutions.
- By end-April 2010, all CMBS loans, except for the loan of YK Shintoku, were repaid.

## YK Shintoku loan issue

- Loan went into maturity default in November 2009.
- Full repayment expected by 31 May 2011:
  - (a) repaid JPY 2.1 billion on 11 April 2011;
  - (b) repaid JPY 0.5 billion using proceeds from GK Gyokou's new loan in April 2011;  
and
  - (c) repayment of the balance amount on or before 31 May 2011, through internal cash resources and/or proceeds from the disposals of Saizen REIT's properties, including those currently under negotiation or pending completion.
- Repayment not expected to have any impact on Saizen REIT's distributions to be made in accordance with its distribution policy.

## YK Shintoku loan issue – Loan balance

Original loan balance: JPY 7.953 billion

*Less:*

- Net sale proceeds (27 completed divestments): (JPY 3.7 billion)
  - YK Shintoku's operational cash flow: (JPY 0.3 billion)
  - Repayment on 11 April 2011: (JPY 2.1 billion)
  - GK Gyokou's loan: (JPY 0.5 billion)
- JPY 1.4 billion

*Less:*

- YK Shintoku's reserves: (JPY 0.7 billion)

**Net outstanding loan balance: JPY 0.7 billion**

# Key Financial Information

<b>Number of Units in Issue as at 11 May 2011</b>	1,175,902,611
<b>Outstanding Warrants as at 11 May 2011</b>	270,454,806

<b>NAV attributable to Unitholders as at 31 March 2011 <sup>1</sup></b>	S\$401.9 million
<b>NAV per Unit as at 31 March 2011 <sup>1</sup></b>	S\$0.34
<b>- Adjusted for warrants <sup>1 2</sup></b>	S\$0.31
<b>Net Gearing as at 31 March 2011 <sup>3</sup></b>	32.1%
<b>- Adjusted for warrants <sup>2</sup></b>	28.3%
<b>EBITDA <sup>4</sup> / Interest expenses for 3Q FY2011 <sup>5</sup></b>	3.0 times
<b>Unencumbered properties as at 31 March 2011</b>	JPY 11.5 billion

<b>Share Price (11 May 2011)</b>	S\$0.14
<b>52 week high / low</b>	S\$0.180 / S\$0.125

1. Computed based on an exchange rate of JPY 65.6 : S\$1.00 as at 31 March 2011

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

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.



**Thank You**