



**Presentation
FY2012 AGM**



October 2012

www.saizenreit.com.sg

Disclaimer

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- 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.

FY2012 Overview

- Cumulative FY2012 DPU of 1.24 cents¹ (FY2011: 1.02 cents)
- Acquired 4 properties and obtained 7 new loans
- Unit buy-back program
 - Announced intention to pursue unit buy-back mandate in May 2012
 - In September 2012, Saizen REIT became the first Singapore-listed REIT to conduct a unit buy-back transaction
- Property valuations stabilised
- Expiry of warrants in June 2012
- Upgrade of corporate family rating to Ba3 from B1

Note:

1. Cumulative FY2012 DPU comprises 1H FY2012 DPU of 0.61 cents and 2H FY2012 DPU of 0.63 cents.

Saizen REIT In Brief

- 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 as at 30 June 2012: JPY 36.4 billion
- Saizen REIT has a corporate family rating of Ba3, with a stable outlook (rated by Moody's)

Well-diversified Portfolio

Location	Portfolio distribution by revenue (%)
Sapporo	25.3
Kumamoto	17.5
Hiroshima	13.4
Sendai	12.3
Kitakyushu	9.1
Fukuoka	5.2
Tokyo	5.2
Kagoshima	3.4
Koriyama	2.7
Niigata	2.3
Morioka	1.5
Oita	0.9
Hakodate	0.8
Kurashiki	0.4

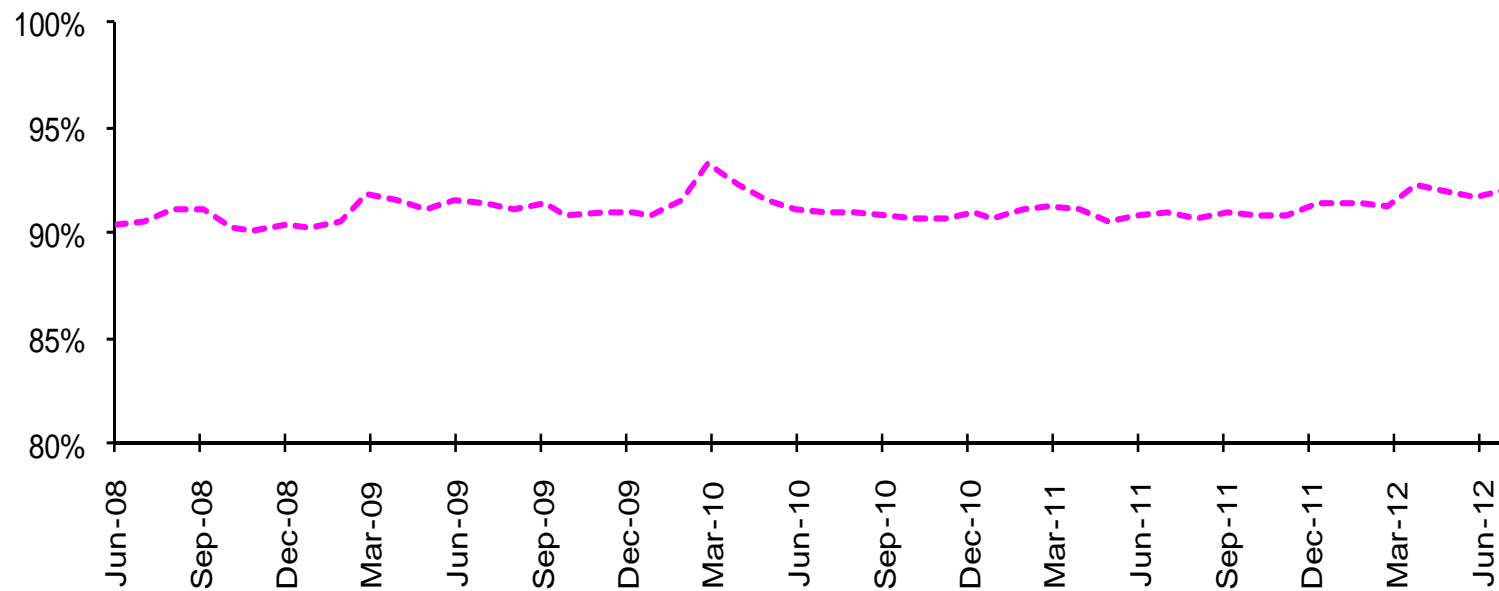


Property Operations

- Property operations remain stable
- Acquired 4 properties in FY2012, with a further 2 acquired in July/August 2012
- Average occupancy rate was 91.4% in FY2012 as compared to 90.9% in FY2011
- Average turnover rate was 18% in FY2012 as compared to 21% in FY2011
- Revenue and net property income decreased year-on-year for FY2012, due mainly to the sale of 31 properties FY2011
- Net income from operations increased by 3.1% in FY2012, due mainly to lower interest expenses

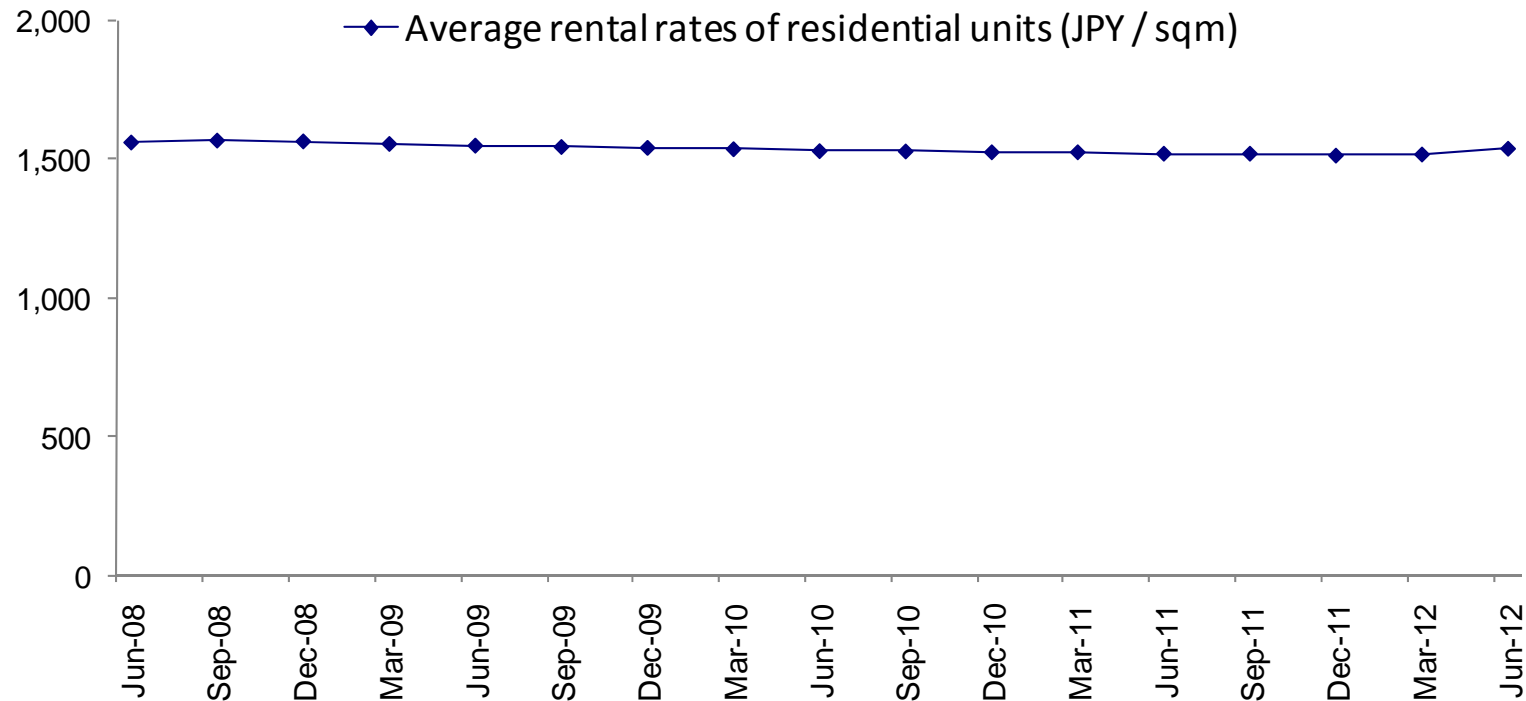
Occupancy Rates

- Average occupancy rates remained stable above 90% since Jun 08


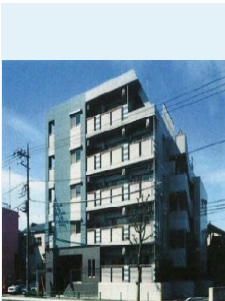






Stable Rental Rates

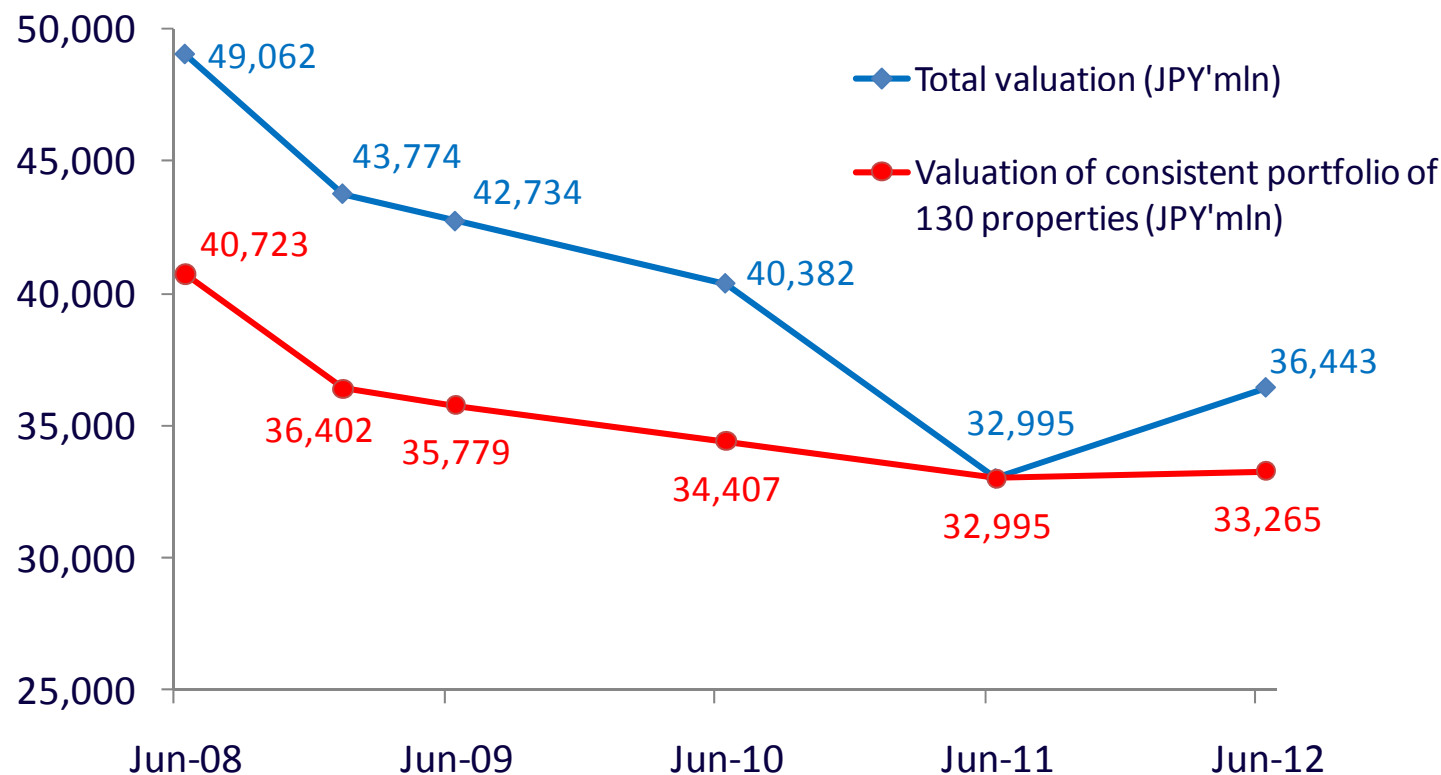
- Average rental rates maintained above JPY 1,500 / sqm (approx. S\$23 / sqm) since Jun 08



Acquisition Highlights

	Flour Mansion Jyosei	The Palms Denenchofu	AMS Hatchobori I	Bibress Tsukisamu Chuo Station	Rise Yotsugibashi	Cosmo Reveur Sangenjaya
						
Location	Kumamoto	Tokyo	Tokyo	Sapporo	Kumamoto	Tokyo
Year built	1999	2005	2004	2007	2012	1989
Purchase price (JPY'mil)	901.7	559.6	1,117.7	530.7	428.0	590.0
Valuation (JPY'mil)	916.0	562.0	1,150.0	550.0	420.0	593.0
NOI yield (at acquisition)	8.0%	5.3%	5.7%	7.2%	6.4% (expected)	4.8%
Net lettable area (sqm)	5,889	760	1,932	2,781	1,812	1,189

Property Valuations



- The total number of properties decreased from 166 as at 30 June 2008 to 130 as at 30 June 2011, and increased to 134 as at 30 June 2012
- Based on a consistent portfolio of 130 properties, valuations decreased between 2008 and 2011, and increased slightly in 2012

Financing Developments

- Re-leveraging of portfolio with the intention to increase distributable income
 - Current net gearing is low at 24% – optimal level is targeted at about 35% to 40%
 - 7 new loans, amounting to an aggregate of JPY 10.4 billion, obtained since July 2011
 - More confidence on access to financing, including those with longer tenures and lower principal amortisation
 - New loan proceeds, if any, will be made available for property acquisitions

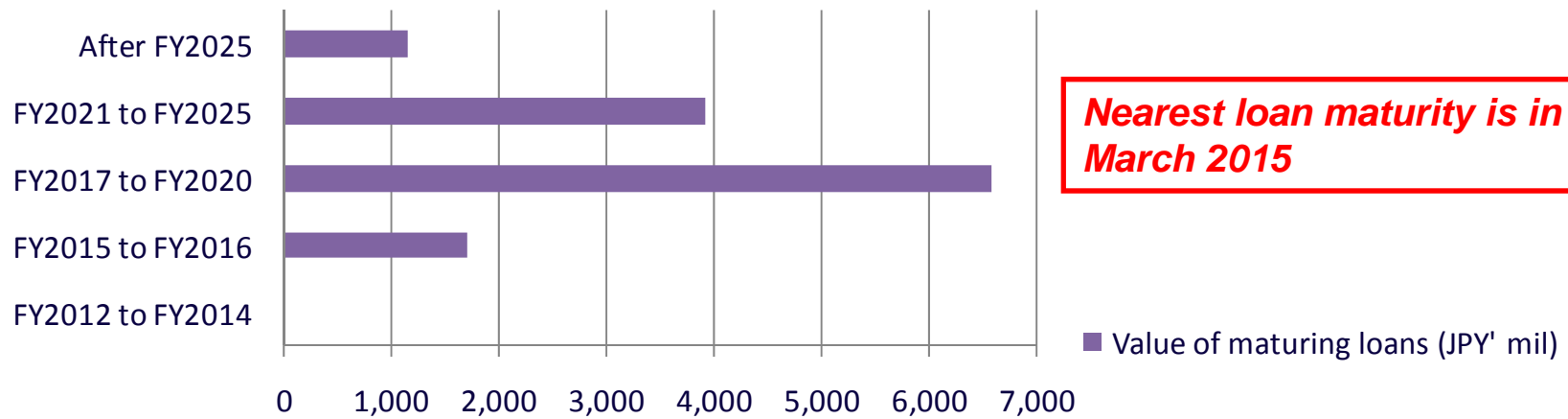
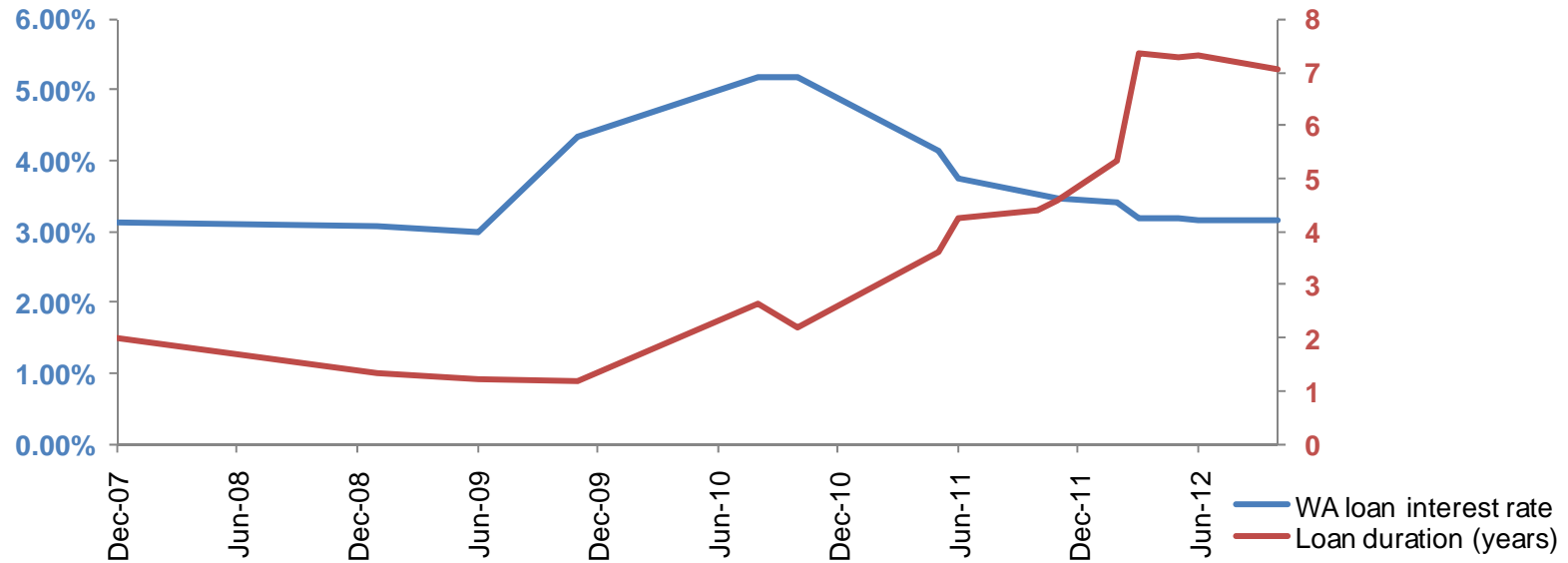
Debt Profile

Company	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)	Annual loan amortisation (JPY'mln)
YK Kokkei	<i>Unencumbered</i>				2,402.6		
GK Chogen	<i>Unencumbered</i>				420.0		
YK Shinzan	Tokyo Star Bank	Mar 2015	3.93125 ¹	1,704.3	4,393.1	38.8	100.0
YK Shingen and YK Keizan	Tokyo Star Bank	Sep 2016	3.3925 ¹	3,882.0	8,509.2	45.6	120.0
YK Shintoku And GK Chosei	Tokyo Star Bank	Nov 2016	3.3775 ¹	1,955.0	4,664.2	41.9	60.0
YK JOF	Mizuho Bank	Sep 2019	3.19 ¹	699.8	1,972.0	35.5	100.1
GK Choan	Mizuho Bank	Mar 2022	3.21 ¹	2,925.0	10,228.7	28.6	150.0
GK Tosei	Mizuho Bank	Jun 2022	3.11 ¹	693.0	1,712.0	40.5	28.0
GK Chogen	The Higo Bank	Mar 2023	3.075	261.7	635.0	41.2	20.7
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb/Oct 2031	3.50/3.35	945.0	2,045.0	46.2	50.4
GK Gyosei	Hiroshimashi Credit Cooperative	Jul/Sep 2041	2.50	209.0	401.0	52.1	7.2
Grand Total				13,274.8	37,382.8		636.4

Note:

1. Includes annual guarantor fees.

Debt Profile



Nearest loan maturity is in March 2015

Key Financial Information

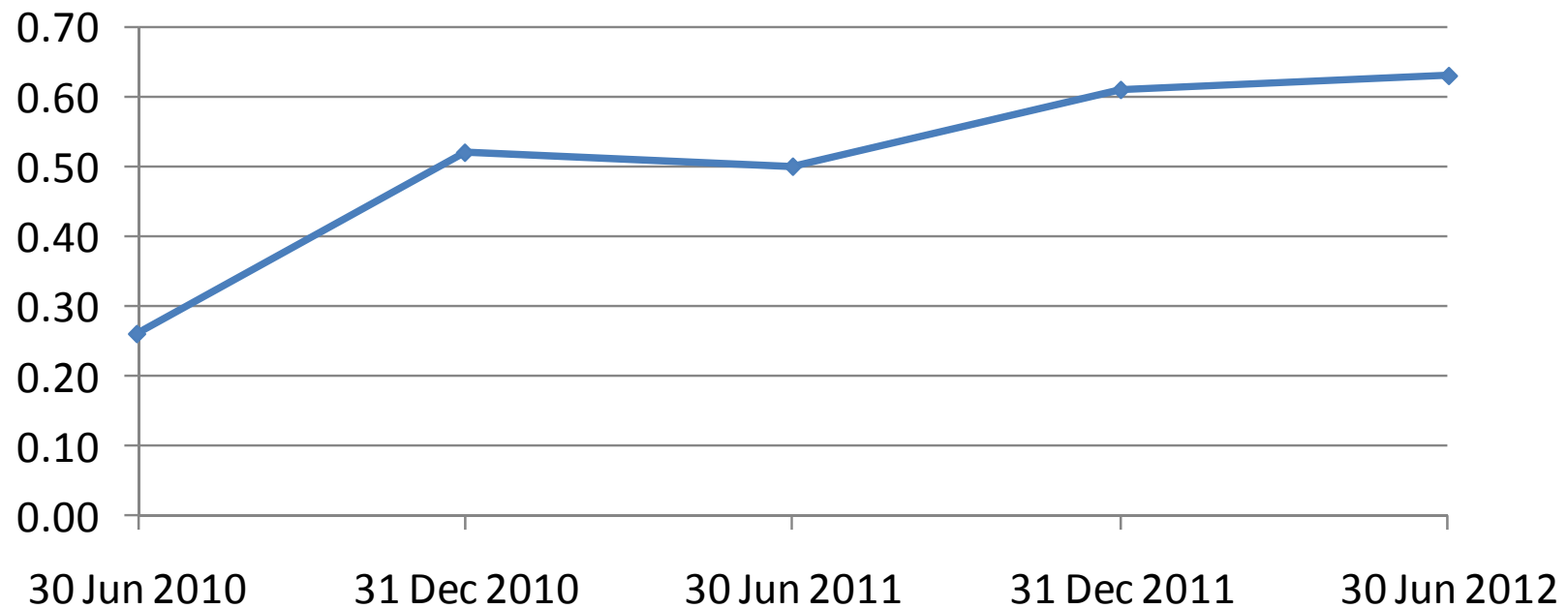
Number of Units in Issue as at 16 October 2012	1,422,473,795
NAV attributable to Unitholders as at 30 June 2012 ¹	S\$434 million
NAV per Unit as at 30 June 2012 ¹	S\$0.30
Market capitalisation as at 30 June 2012 ²	S\$207 million
4Q FY2012 interest cover ratio	6.0 times
Gearing as at 30 June 2012 ³	31%
Net gearing as at 30 June 2012 ⁴	24%
Unit Price (closing price as at 16 October 2012)	S\$0.168
52 week high / low	S\$0.170 / S\$0.127

Notes:

1. Computed based on an exchange rate of JPY 62.6 : S\$1.00 as at 30 June 2012.
2. Computed based on 1,424,383,795 Units in issue and Unit price of S\$0.145 as at 30 June 2012.
3. Gearing = Total borrowings / Total assets.
4. Net gearing = Total net borrowings (net of cash) / Total value of Saizen REIT's investment properties.

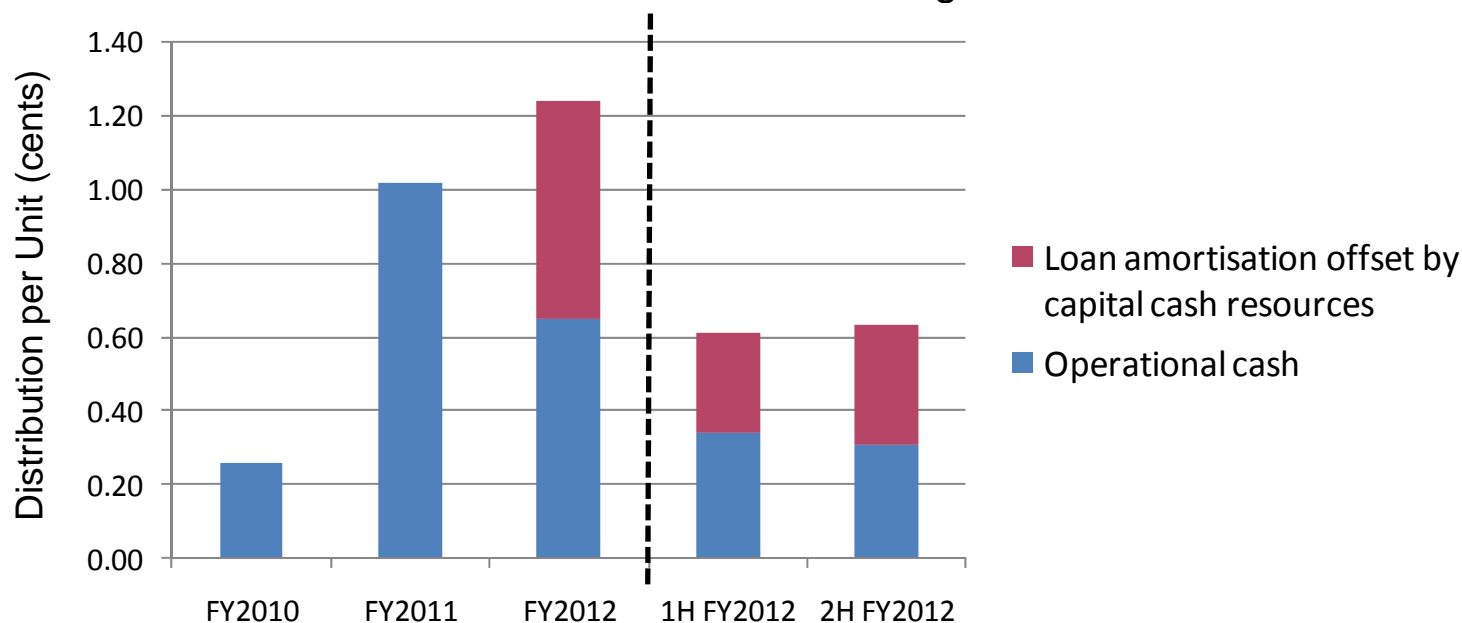
Distribution

Distribution per Unit (Singapore cents)



Distribution

- It is Saizen REIT's intention to utilise, when possible, undeployed capital cash resources such as proceeds from new borrowings and/or warrant proceeds to offset loan amortisation, thereby effectively making available cash from operations for distributions
- Going forward, the ability to offset such loan principal repayment will depend on the availability of such cash resources
- At present, loan amortisation amounts to approximately JPY 637 million per annum
- Currently, Saizen REIT has unencumbered properties valued at approximately JPY 2.8 billion available to be used as collateral for new financing



Factors Affecting Distribution

- Distribution may be affected by the following:
 - Gearing up to 35%
 - Deployment of existing cash, potential loan proceeds from gearing up, and potential warrant proceeds towards property acquisitions
 - Availability of capital cash resources to offset loan amortisation (for example, the use of capital cash resources to offset loan principal repayment contributed to 0.32 cents out of the 2H FY2012 DPU of 0.63 cents)

Gearing up and property acquisition	Potential as at 31 March 2012	Achieved as at 16 October 2012
Increase in portfolio size	JPY 5.2 billion	JPY 2.7 billion
Increase in annual net operating income ¹	JPY 375 million	JPY 189 million

1. Before taking into account REIT-level expenses and financing costs.

Important:

Please be reminded that the information above is based on management's estimates and purely for illustration purposes only. It assumes, amongst others, properties acquired can achieve on average net operation yields of 7%, that loans can be obtained at LTV of 40%, and all warrant proceeds are deployed towards acquisitions. Actual outcomes may differ materially from the information presented. For example, there is no assurance that Saizen REIT will be successful in obtaining any new financing, that property operations and the property market will remain stable, or that Saizen REIT will be successful in acquiring new properties. It should also be noted that warrant proceeds may be deployed towards the buy-back of Units (the amount is not known at this point in time) instead of acquisitions, thereby resulting in a reduction in the potential portfolio size and net operating income.

Property Acquisition vs Unit Buy-Back¹

- Generally, the positive effects on DPU from Unit buy-backs are greater than those from the acquisition of properties when the price of Saizen REIT Units are lower.
- Factors affecting the acquisition vs buy-back decision include:
 - Economic conditions and Unit price fluctuations
 - Property market conditions and the merits of property acquisition opportunities
 - Unit buy-backs will depend on the availability of capital and/or profit
 - Property acquisitions will depend on the availability of proceeds from borrowings and/or other cash resources
- Growth in portfolio size via property acquisitions may offer benefits in areas such as banking relationships and the credit rating of Saizen REIT.

Note:

1. *The Unit buy-back mandate is subject to Unitholders' approval at an Extraordinary General Meeting to be held on 24 August 2012. Please refer to Saizen REIT's circular dated 31 July 2012 for further information on the Unit buy-back mandate.*

Unit Buy-Back Activity

Unit buy-back activity between 24 August 2012 and 16 October 2012

Number of Units bought back	3,510,000
Highest price paid per Unit	S\$0.168
Lowest price paid per Unit	S\$0.164
Total consideration (incl. brokerage, GST etc.)	S\$582,898.60



Thank You