Presentation
2014 AGM

October 2014

www.saizenreit.com.sg

Disclaimer

- The value of units (the “**Units**”) in Saizen Real Estate Investment Trust (“**Saizen REIT**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, Japan Residential Assets Manager Limited as manager of Saizen REIT (the “**Manager**”), or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Saizen REIT is not necessarily indicative of the future performance of Saizen REIT.

- This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Prospective investors and unitholders of Saizen REIT (the “**Unitholders**”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.

- 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.

Saizen REIT in Brief

- Only Singapore-listed REIT to offer access exclusively to Japanese residential properties
- Properties targeted at mass market tenants in 14 cities
- Size of portfolio: JPY 41.9 billion (S$515 million[1])
- Saizen REIT has a corporate family rating of Ba3, with a stable outlook (rated by Moody's)

1. Computed based on an exchange rate of JPY81.3/S$ as at 30 June 2014.

Key Financial Information

Number of Units in issue as at 17 October 2014	283,611,720

NAV attributable to Unitholders as at 30 June 2014 [1]	S$346 million
NAV per Unit as at 30 June 2014 [1]	S$1.22
Market capitalisation as at 30 June 2014 [2]	S$267 million

4Q FY2014 interest cover ratio	6.2 times
Gearing [3] **/ net gearing** [4] **as at 30 June 2014**	37% / 31%

Unit price (closing price as at 17 October 2014)	S$0.900
52 week high / low (as adjusted for the Unit Consolidation)	S$0.980 / S$0.875

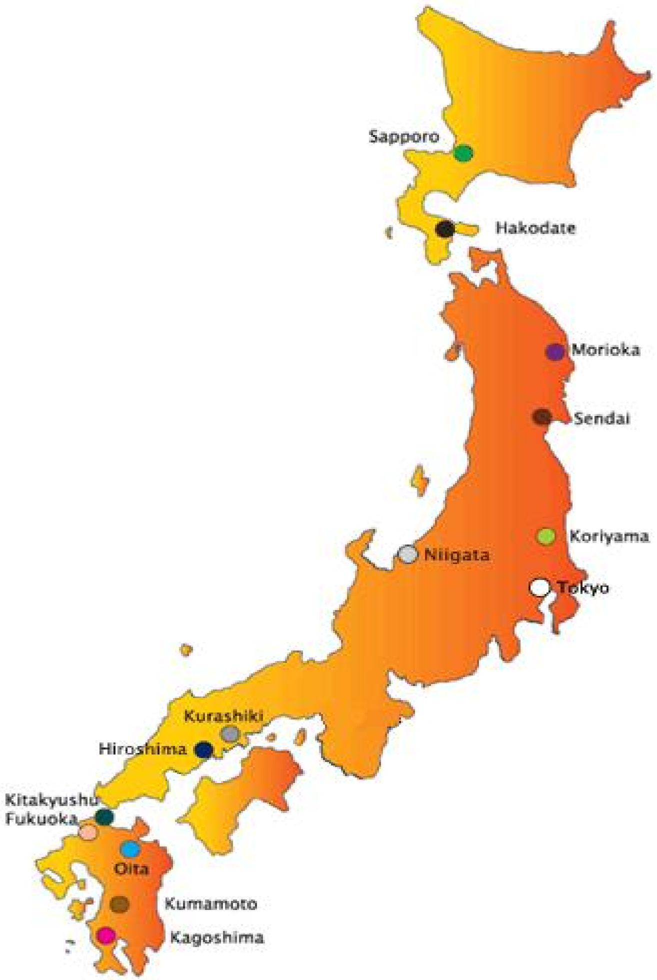
Notes:

1. *Computed based on an exchange rate of JPY 81.3/S$ as at 30 June 2014*
2. *Computed based on 283,611,720 Units in issue and Unit price of S$0.940 as at 30 June 2014*
3. *Gearing = Total borrowings / Total assets*
4. *Net gearing = Total net borrowings (net of cash) / Total value of Saizen REIT's investment properties*

Well-diversified Portfolio

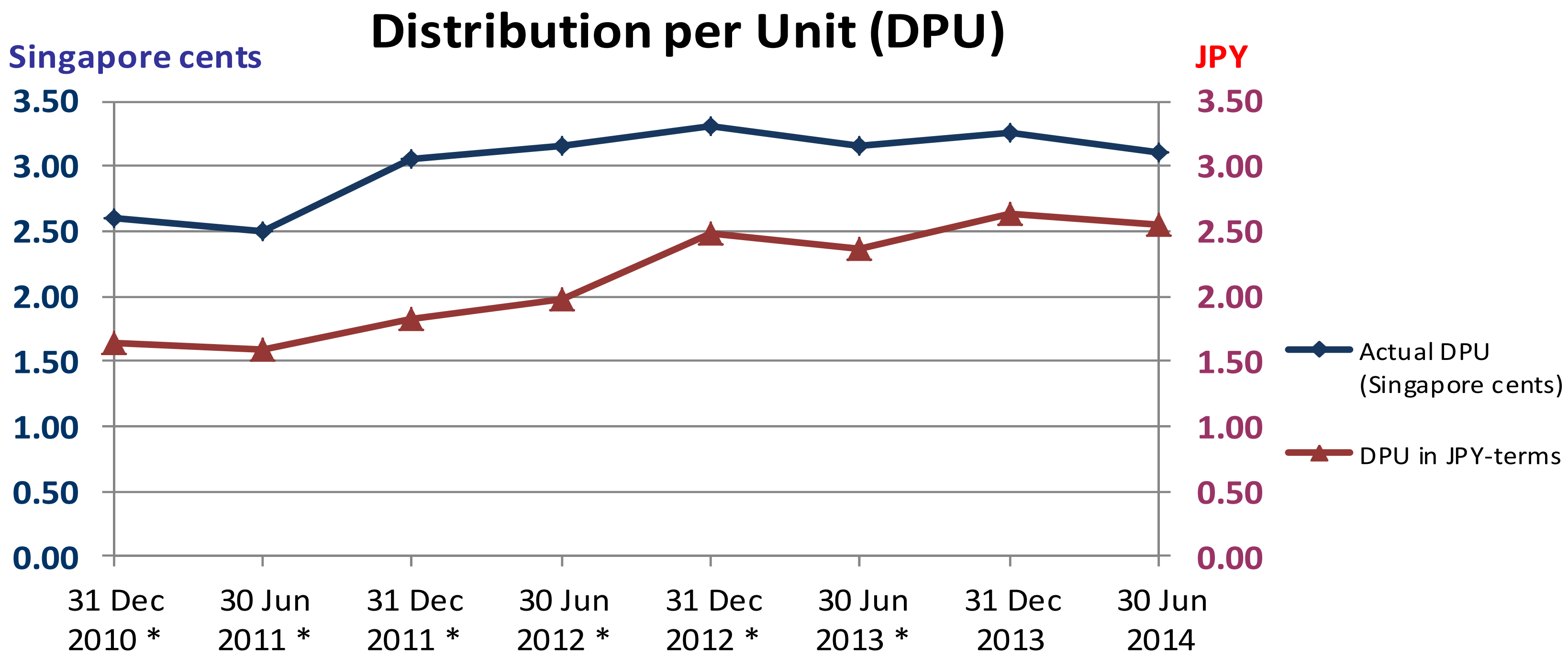
Region	City	Portfolio distribution by revenue (%)
Kyushu	Kumamoto	16.9
	Kitakyushu	10.4
	Fukuoka	5.9
	Kagoshima	3.4
	Oita	0.9
		37.5
Hokkaido	Sapporo	24.3
	Hakodate	0.7
		25.0
Tohoku	Sendai	10.9
	Koriyama	2.7
	Morioka	1.5
		15.1
Chugoku	Hiroshima	14.4
	Kurashiki	0.3
		14.7
Kanto	Tokyo	**5.3**
Chubu	Niigata	**2.3**

Total number of properties: 137



Distributions

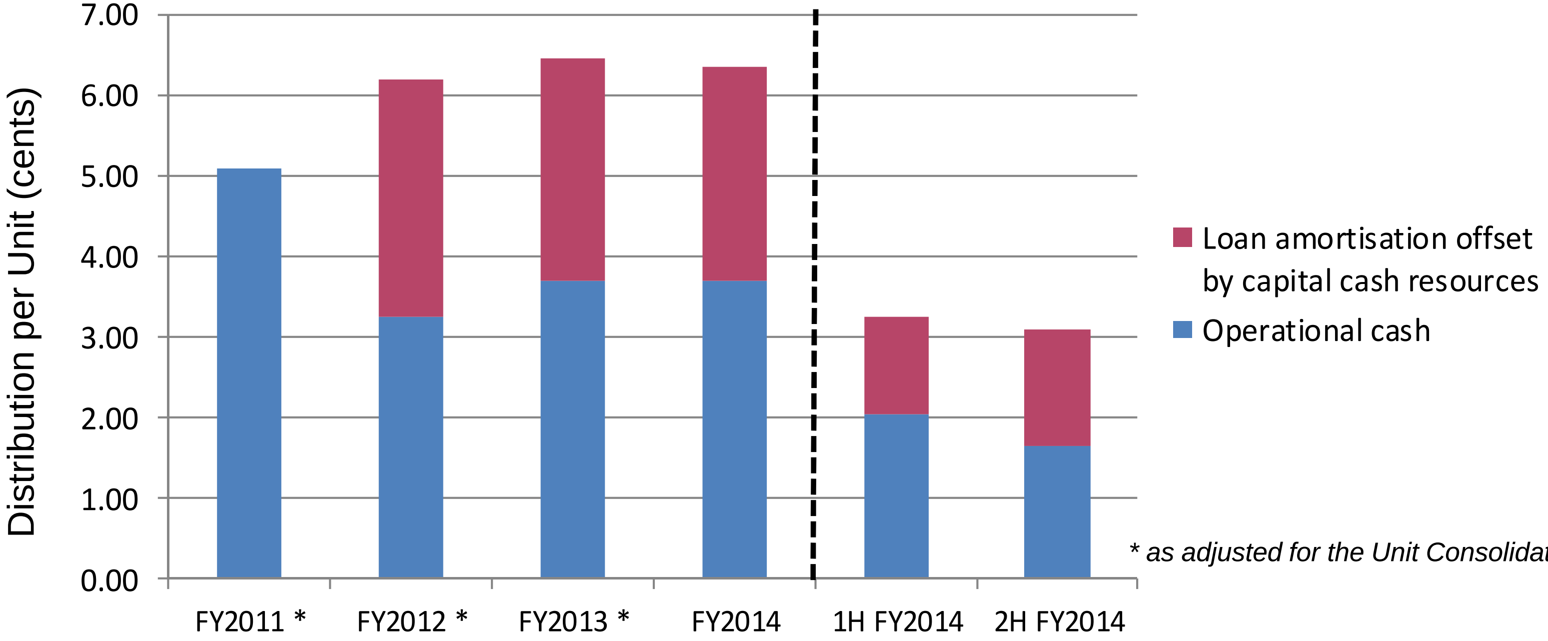
Distribution per Unit	3.10 Singapore cents
Distribution period	1 January 2014 to 30 June 2014
Date paid	26 September 2014



** as adjusted for the Unit Consolidation*

Distributions

- For 2H FY2014, the use of capital cash resources to offset loan principal repayment contributed to 1.46 cents out of the DPU of 3.10 cents
- At present, loan principal amortisation amounts to approximately JPY 681 million annually
- Going forward, such offsetting is subject to the availability of capital cash resources



* as adjusted for the Unit Consolidation

Hedging of Distribution Payments

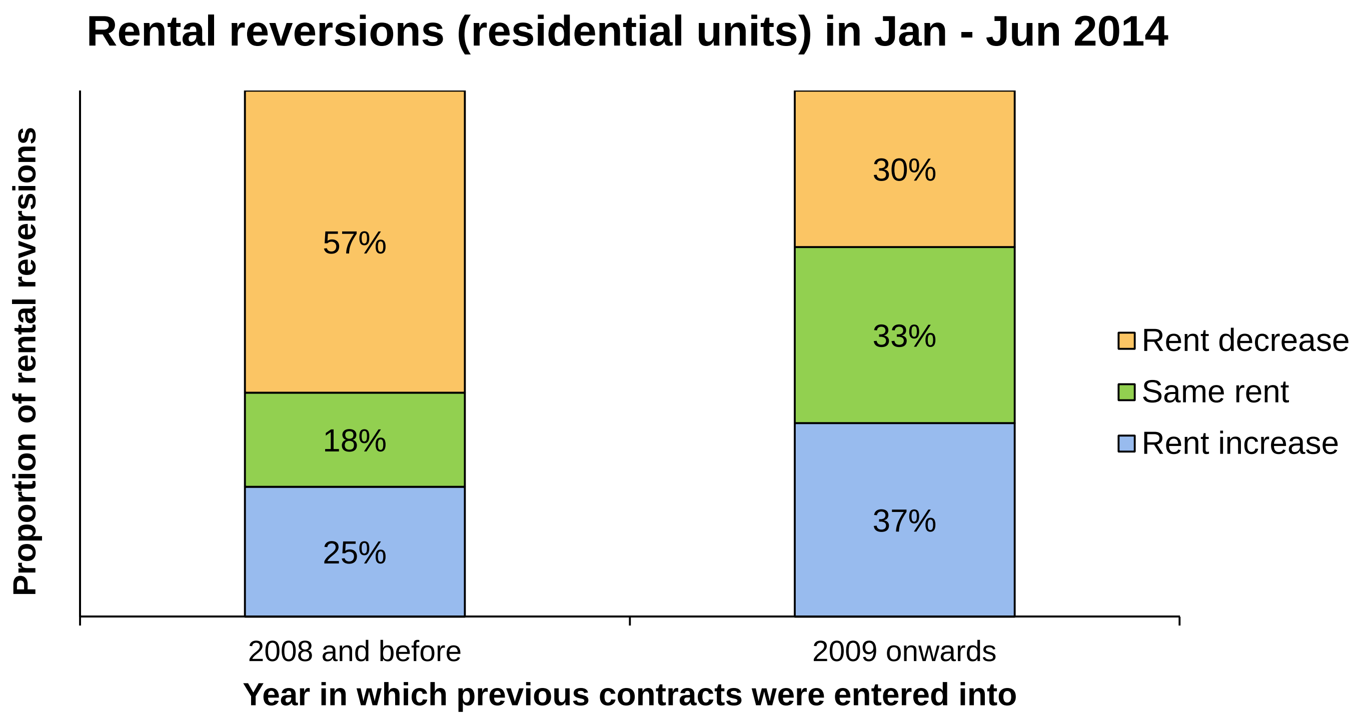
- Distributions have been hedged as follows:

Distribution period	6-month period ending 31 December 2014	6-month period ending 30 June 2015
Expected payment	March 2015	September 2015
Hedge rate (S$/JPY)	81.9	85.6
Hedge instrument	Forward contract	Forward contract

FY2014 Overview

- Growth in revenue and net property income were driven by property acquisitions
  - Y-o-Y revenue and net property income increased by 3.4% and 2.6% in FY2014
  - Net income from operations increased by 15.8% due mainly to the non-recurrence of one-off refinancing-related costs incurred in FY2013
- Property operations remained stable
  - Average occupancy rate in FY2014 was 91.0% (FY2013: 91.9%)
  - Overall rental reversion of new contracts entered into in FY2014 was marginally lower by about 0.5% (FY2013: lower by about 0.5%) from previous contracted rates
  - Mid-market rents in Tokyo have started to show increments in the quarter ended 30 June 2014
    - The Management Team remains hopeful that rental reflation will gradually filter through to the other cities in Japan

FY2014 Overview



- In cases where the previous rental contract was entered from 2009 onwards, the majority of new contracts were at the same or higher rents
- As at 30 June 2014, approximately 23% of residential rental contracts had been entered into in 2008 or earlier.

FY2014 Overview

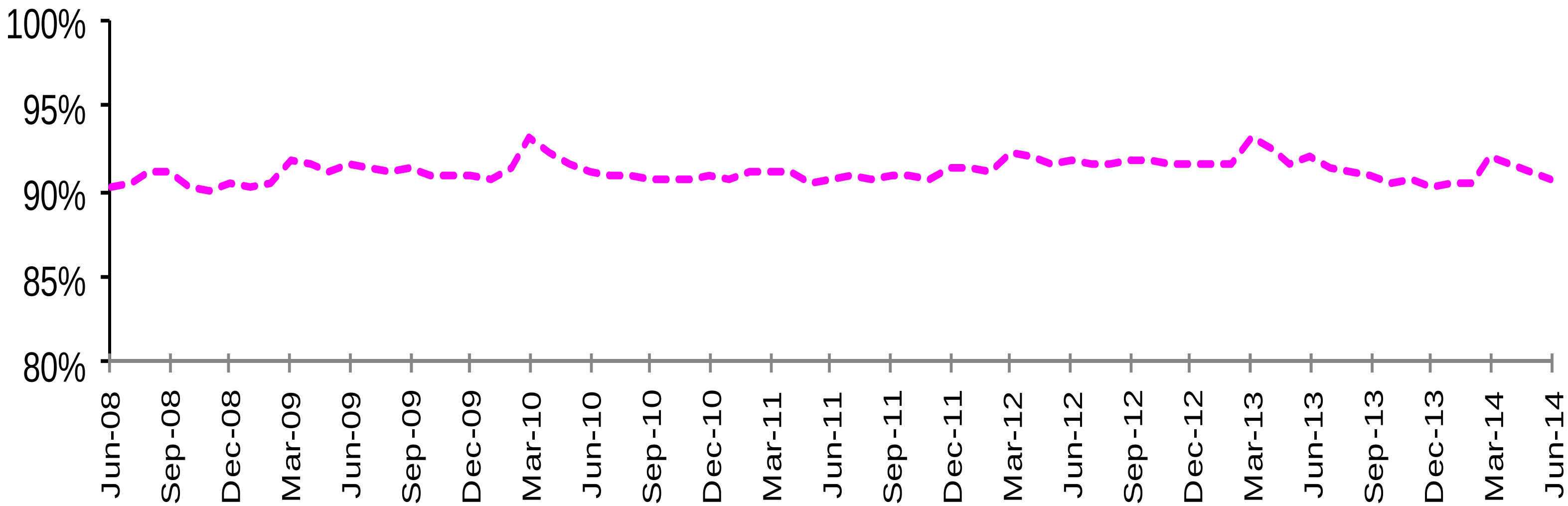
- 1 property was divested
  - Saumur Meinohama II was divested at a premium of 19.0% over its valuation
- Debt profile was strengthened
  - The tenure of the existing loan from the Tokyo Star Bank Ltd was extended by a further 5 years to February 2023 (from February 2018 previously)
    - 4 additional properties were pledged as security under the loan
  - Saizen REIT’s nearest loan maturity commitment is in March 2020

FY2014 Overview

- The weakening of the JPY against the S$ has weighed on Saizen REIT's net asset value and income in S$-terms
  - As Saizen REIT's distributable income from operations is generated in JPY, its S$-denominated distributions are dependent on the JPY-S$ cross rates
  - The Management Team may, when appropriate, enter into hedging transactions in respect of future distributions
  - Foreign exchange exposure on Saizen REIT's assets, liabilities and equity capital (which are principally denominated in JPY) will not be hedged

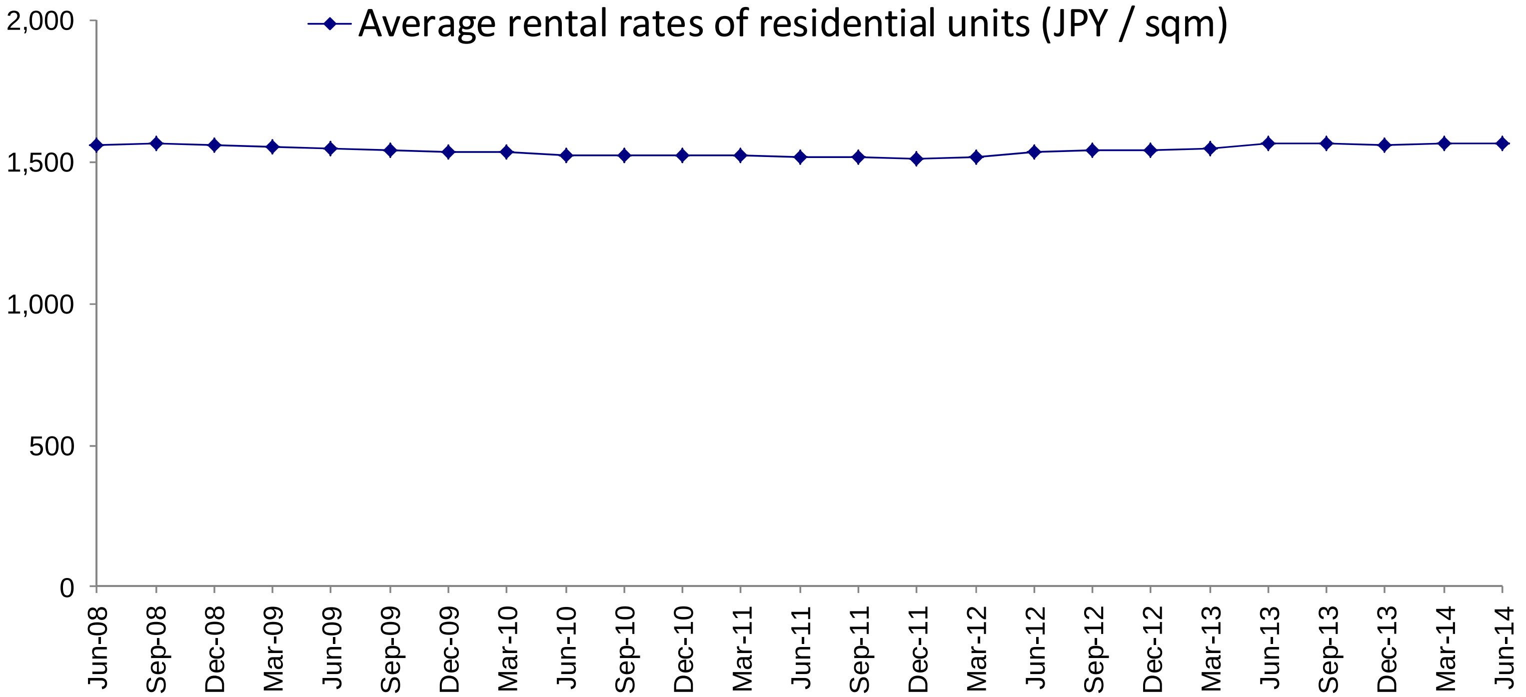
Occupancy Rates

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



Stable Rental Rates

- Average rental rates maintained above JPY 1,500 / sqm (approx. S$19 / sqm) since Jun 08



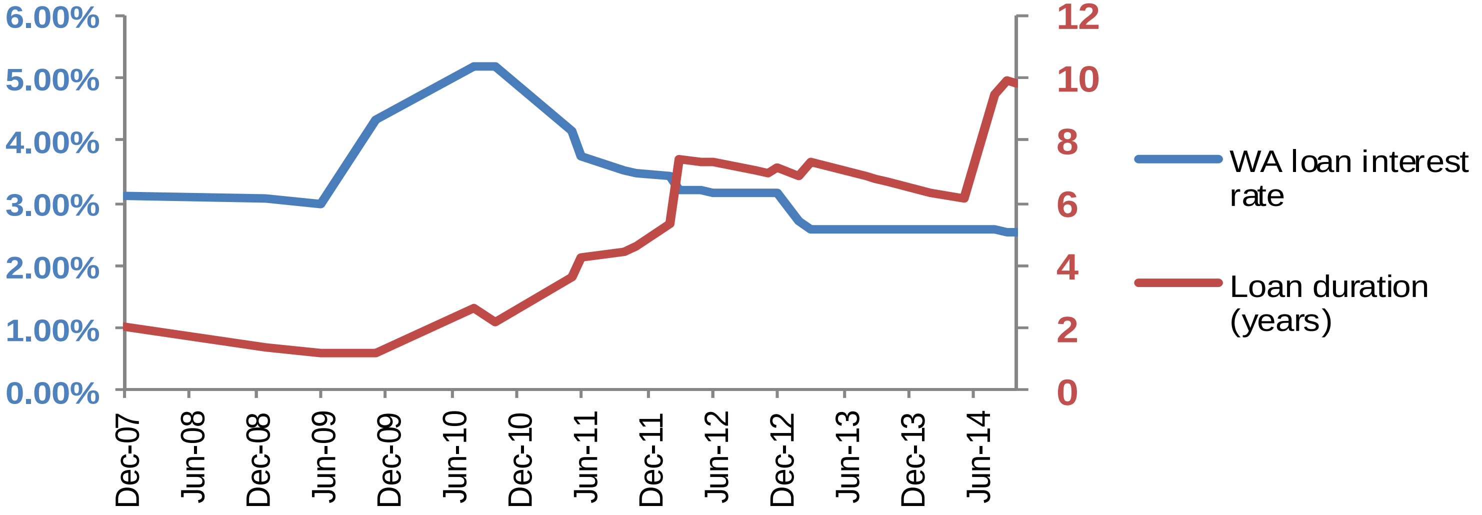
Debt Profile of TK Operators

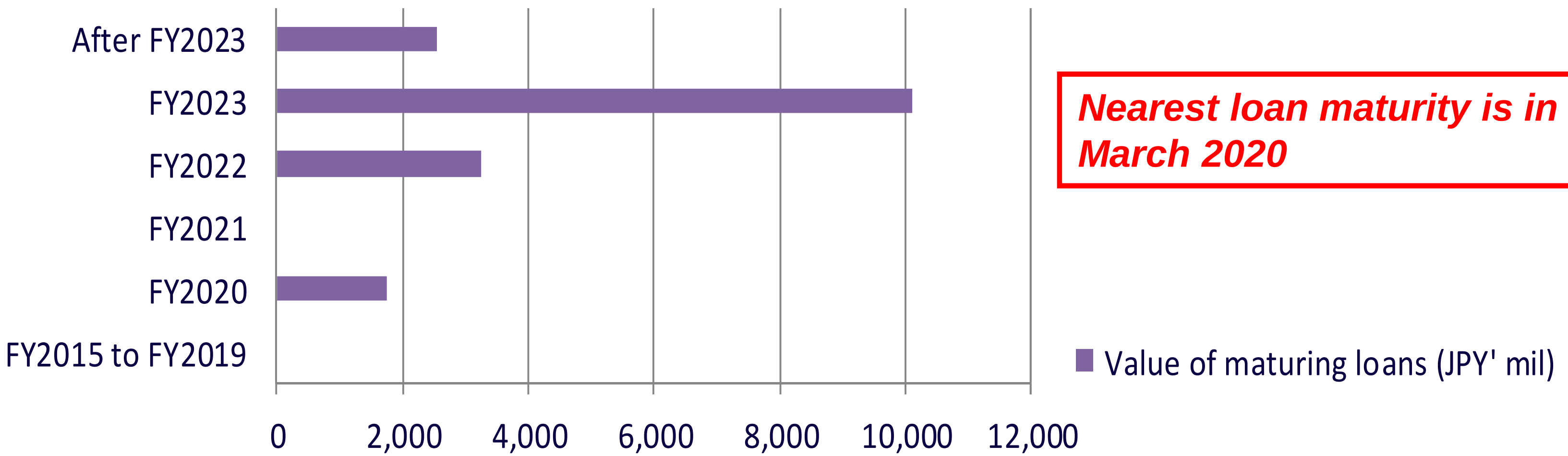
TK operator	Source of Debt	Maturity Date	Prevailing Interest Rate (%)	Guarantor Fee (%)	Loan Amount (JPY'mln)	Property Value (JPY'mln)	Loan-to-value (%)	Annual loan amortisation (JPY'mln)
GK Choan	***Unencumbered***					721.0		
YK Shinzan	Bank of Fukuoka	Mar 2020	2.223	0.175	1,750.0	4,594.0	38.1	100.0
GK Choan	Mizuho Bank	Mar 2022	2.91	0.3	2,625.0	8,369.8	31.4	150.0
GK Tosei		Jun 2022	2.81	0.3	637.0	1,821.0	35.0	28.0
GK Choan	Tokyo Star Bank	Feb 2023	2.42	0.175	9,890.3	1,734.0	48.5	257.4
GK Chosei						663.0		
YK JOF						2,015.0		
YK Keizan						2,530.6		
YK Kokkei						3,284.0		
YK Shintoku						3,952.5		
YK Shingen						6,233.3		
GK Chogen	The Higo Bank	Mar 2023	3.075	-	218.1	647.0	33.7	22.2
		Dec 2032	3.175	-	182.5	445.0	41.0	10.0
GK Gyokou	Kumamoto Dai-ichi Shinkin Bank	Feb 2031	3.50	-	413.7	1,147.0	36.1	25.2
		Oct 2031	3.35	-	428.4	982.0	43.6	25.2
	Kumamoto Shinkin Bank	Dec 2032	3.175	0.3	127.1	294.0	43.2	7.0
GK Gyotatsu	Kitakyushu Bank	Aug 2036	1.462	-	737.2	1,384.0	53.3	33.6
GK Gyosei	Hiroshimashi Credit Cooperative	Jul 2041	2.50	-	68.0	141.0	48.2	2.5
		Sep 2041	2.45	-	126.0	277.0	45.5	4.7
		Jun 2044	2.25	-	446.3	672.0	66.4	15.0
Grand Total					**17,649.6**	**41,907.2**		**680.8**

Debt Profile of TK Operators

- All loans are:
  - non-recourse to Saizen REIT
  - not cross-collateralised
  - long-term in nature (7 to 30-year loans)
  - secured only by specific properties of the TK operator(s)
- Interest rates for 89% of loans outstanding are fixed

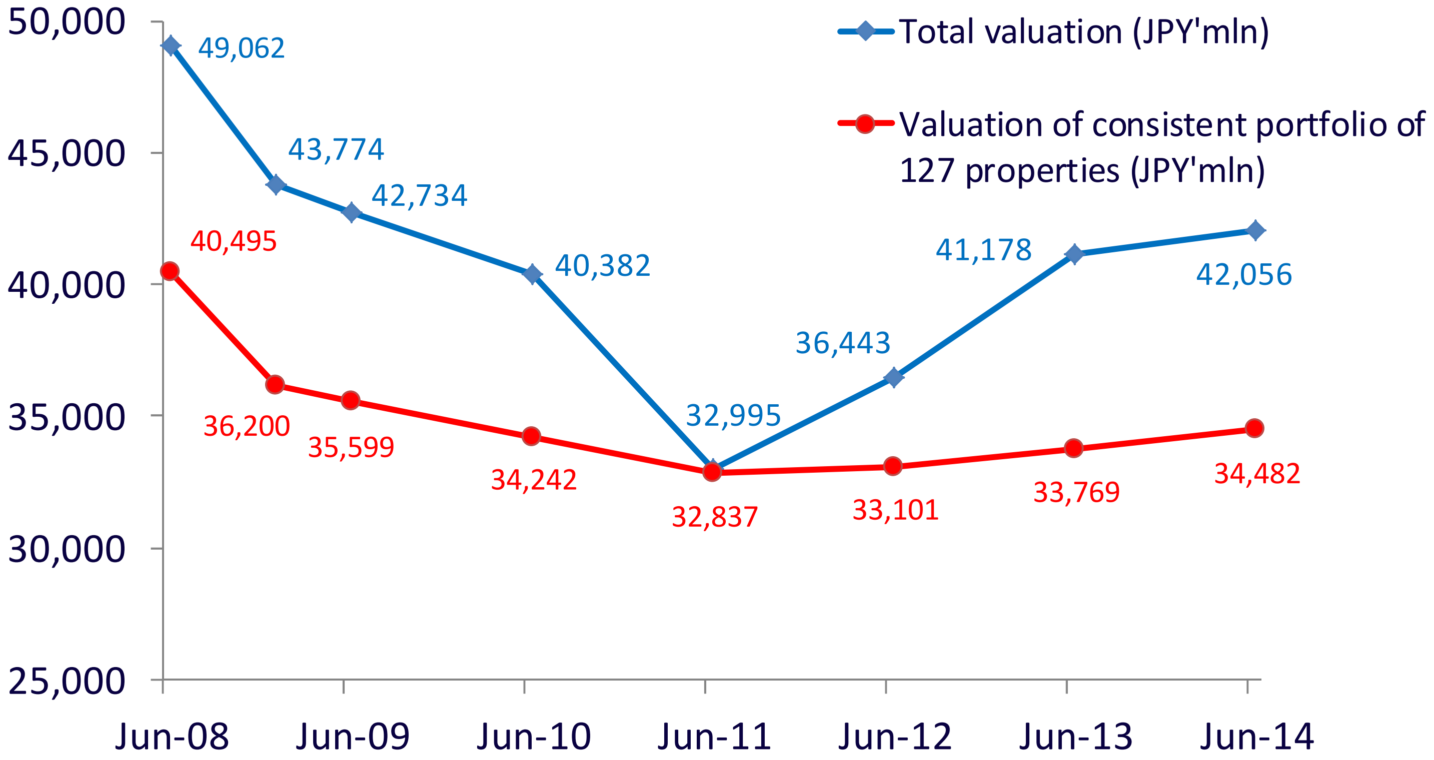
Debt Profile of TK Operators





Nearest loan maturity is in March 2020

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 138 as at 30 June 2014
- Based on a consistent portfolio of 127 properties, valuations decreased between 2008 and 2011, and increased slightly between 2012 and 2014

Strategic Review

- Strategy adopted:
  - To focus on capital structure enhancement, in particular, its cash management and optimal levels of leverage
  - To seek opportunities to expand property portfolio
- Leverage increased with 2 new loans in July and August 2014
  - To continue to explore financing opportunities
- Identifying yield-accretive acquisition opportunities

Upcoming plans

- Continued implementation of capital management and portfolio expansion
  - Headroom to increase gearing level from 38% currently to between 40% and 45%
  - Several S-REITs have increased their gearing in recent times to close to or above 40%, and Management believes that this is indicative of the general market's acceptance of higher gearing
  - Ability to operate under higher gearing is supported by stable rental cashflow and long-term nature of loans (nearest maturity obligation is in March 2020)
- To continue with Unit buy-back activities when opportunities arise
  - Buying back Units in times of Unit price weakness can serve as a useful and positive signalling mechanism to the equity capital markets, provided that the Manager considers such buy-backs to be an effective use of capital at the time

SaizenREIT 最善

Thank You