



SABANA SHARI'AH COMPLIANT INDUSTRIAL REIT

1Q 2017: First Quarter Ended 31 March 2017 Financial Results Presentation

9 May 2017

Important Notice



Disclaimer

This presentation shall be read in conjunction with the financial information of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "Trust") for the first quarter from 1 January 2017 to 31 March 2017 ("1Q 2017").

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, including employee wages, benefits and training, 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. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this presentation between the listed amounts and total thereof are due to rounding.

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29

Key Highlights for 1Q 2017

- 75% of base fee for 1Q 2017 waived to cushion the dilutive effect on the DPU due to general mandate not obtained from Unitholders to issue units as either full or partial payment of Manager's fees.
- Sabana REIT generated Distribution per Unit ("DPU") and distributable income of 0.88 Singapore cents and S\$9.3 million respectively.
- On a q-o-q basis, gross revenue dipped slightly from S\$22.5 million in 4Q 2016 to S\$22.0 million in 1Q 2017. For the quarter ended 31 March 2017, Sabana REIT generated net property income ("NPI") of S\$13.3 million.
- Aggregate leverage stood at approximately 36.1% for the quarter ended 31 March 2017. Weighted average all-in cost of borrowings improved from 4.2% per annum to 4.0% per annum on a q-o-q basis.
- As at 31 March 2017, multi-tenancy occupancy level and overall occupancy level stood at 80.4%⁽¹⁾ and 87.3%⁽²⁾ respectively.

(1) 151 Lorong Chuan, 8 Commonwealth Lane, 9 Tai Seng Drive, 15 Jalan Kilang Barat, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 34 Penjuru Lane, 2 Toh Tuck Link, 123 Genting Lane and 39 Ubi Road 1.

(2) By Net Lettable Area ("NLA"). One property, 218 Pandan Loop (NLA 43,103 sq ft), is currently vacant, pending divestment announced on 5 December 2016.

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29

Financial Performance



For the quarter ended 31 March 2017

(in S\$'000)	1Q 2017	1Q 2016	Variance (%)	1Q 2017	4Q 2016	Variance (%)
Gross revenue	21,978	23,606	(6.9)	21,978	22,540	(2.5)
Net property income ("NPI")	13,335	15,172	(12.1)	13,335	13,894	(4.0)
Income available for distribution	9,318	9,770	(4.6)	9,318	9,258	0.6
DPU (cents)	0.88^(1,2)	1.16 ⁽³⁾	(24.1)	0.88^(1,2)	0.88	-
Annualised DPU (cents)	3.57	4.70 ⁽³⁾	(24.0)	3.57	3.50	2.0

(1) Based on 1,053,083,530 units issued as at 31 March 2017.

(2) The ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the Annual General Meeting held on 28 April 2017. Without the general mandate to issue new units, the Manager is not able to continue to receive 80.0% of its base fee in units and have to receive its fees fully in cash from 1Q 2017 onwards. However the Manager has elected to forgo 75.0% of its fees for 1Q 2017. The DPU for 1Q 2017 of 0.88 cents would have instead been approximately (i) 0.89 cents had the Manager been able to continue receiving 80.0% of its base fee in units or ii) 0.80 cents had the Manager not forgone any of its fees and receive 100% of its fees in cash.

(3) DPU for 1Q 2016 has been restated to reflect the effect of bonus element in the Rights Issue.

Financial Performance

For the quarter ended 31 March 2017

(in S\$'000)	1Q 2017	1Q 2016	Variance (%)
Gross revenue	21,978	23,606	(6.9)
Property expenses	(8,643)	(8,434)	(2.5)
NPI	13,335	15,172	(12.1)
Net finance costs	(5,148)	(5,269)	2.3
Manager's fees	(315)	(1,397)	77.5
Trustee's fees	(109)	(120)	9.2
Donation of non-Shari'ah compliant income	(21)	(43)	51.2
Other trust expenses	(318)	(349)	8.9
Net income	7,424	7,994	(7.1)
Net change in fair value of financial derivatives	(67)	(793)	91.6
Loss on divestment of investment properties	-	(558)	100.0
Total return before taxation	7,357	6,643	10.7
Distribution adjustments ⁽¹⁾	1,961	3,127	(37.3)
Income available for distribution	9,318	9,770	(4.6)

- **Gross revenue** decreased by 6.9% mainly due to lower contribution from the 2016 Divested Properties which were divested in 1Q 2016; lower occupancy from the multi-tenanted properties of 23 Serangoon North Ave 5, 34 Penjuru lane, 2 Toh Tuck Link, 8 Commonwealth Lane as well as 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016.

- **Property expenses** increased by 2.5% mainly due to higher net impairment losses on trade receivables in 1Q 2017 over 1Q 2016 largely arising from the master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop whose arrears were in excess of the security deposits held; higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016; partially offset by lower overall service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from the multi-tenanted and non-triple-net master tenanted properties in 1Q 2017 over 1Q 2016; and lower property expenses from the 2016 Divested Properties which were divested in 1Q 2016.

- **Net finance costs** decreased by 2.3% mainly due to lower profit expense arising from lower outstanding borrowings in 1Q 2017 over 1Q 2016 as the proceeds from the 2016 Divested Properties and the proceeds from the Rights Issue, pending their deployment for the Proposed Acquisitions were used to repay outstanding short-term borrowings; and partially offset by the one-time non-tax deductible break fees on the termination of the profit rate swap on the CMF repaid.

- **Manager's fees** decreased by 77.5% mainly due to the Manager waiving 75.0% of its base fee for 1Q 2017.

Balance Sheet



As at 31 March 2017

S\$'000

Investment properties	990,904
Investment properties held for divestment	13,000
Other assets	16,996
Total assets	1,020,900
Borrowings, at amortised cost	365,387
Other liabilities	23,685
Total liabilities	389,072
Net assets attributable to Unitholders	631,828
Units in issue ⁽¹⁾	1,053,083,530
NAV per unit (S\$)	0.60
Adjusted NAV per unit ⁽²⁾ (S\$)	0.59

(1) No new units are to be issued to the Manager as consideration of Manager fees incurred for 1Q 2017 as the resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the Annual General Meeting held on 28 April 2017.

(2) Excludes distributable income of approximately S\$9.3 million available for distribution for the quarter ended 31 March 2017.

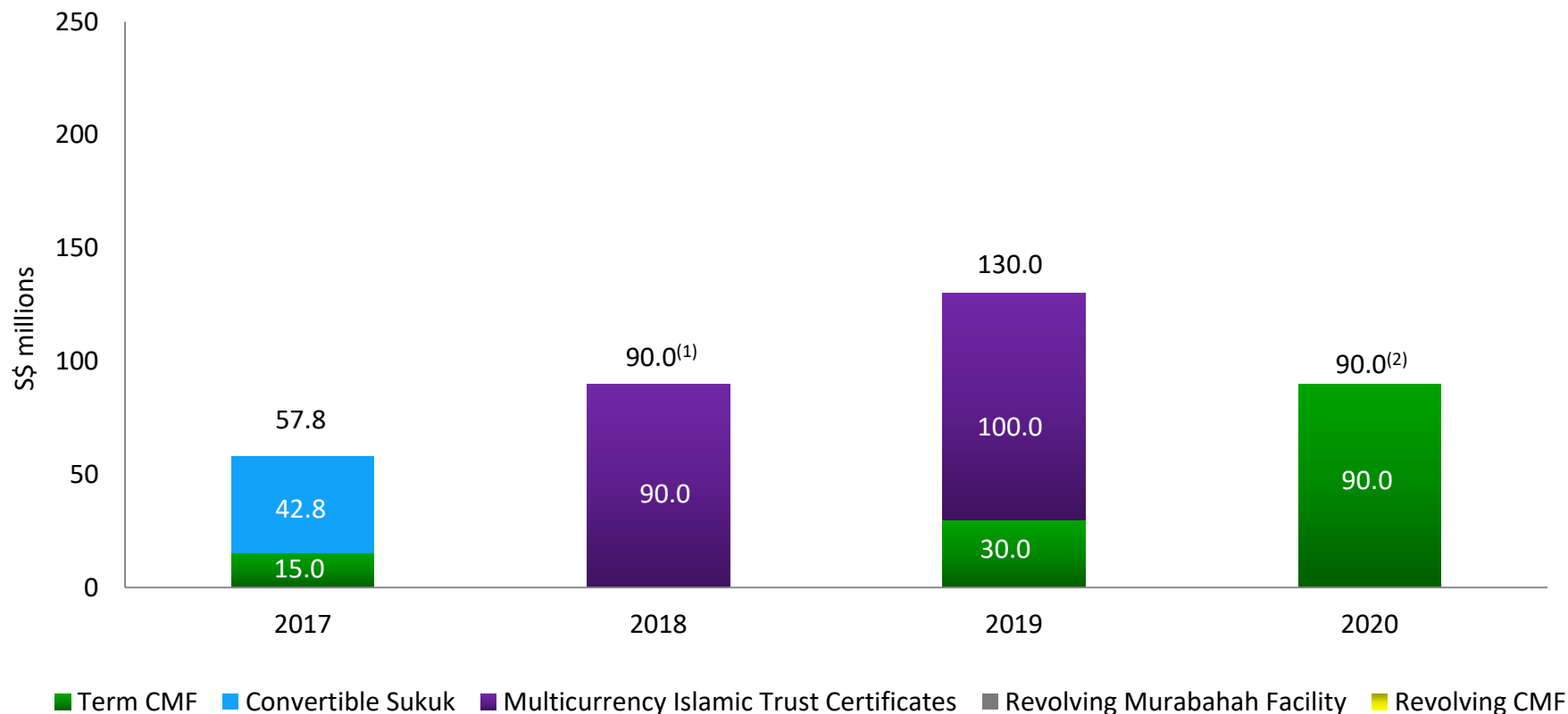
Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29



Borrowings Maturity Profile

As at 31 March 2017



Maturities of total outstanding borrowings of S\$367.8 million evenly staggered over 4 years.

(1) Excludes S\$50.0 million of undrawn Revolving Murabahah Facility.

(2) Excludes S\$18.0 million of undrawn Revolving CMF.

Capital Structure At A Glance



As at 31 March 2017

Borrowings	S\$367.8 million
Aggregate leverage ⁽¹⁾	36.1% ⁽²⁾
Proportion of total borrowings fixed	87.8%
Average all-in financing cost⁽²⁾	4.0%
Outstanding Term CMF	S\$135.0 million
Convertible Sukuk due 2017	S\$42.8 million
Trust Certificates	S\$190.0 million
Weighted average tenor of borrowings	1.8 years
Profit cover ⁽⁴⁾	3.5 times
Unencumbered assets	S\$331.5 million

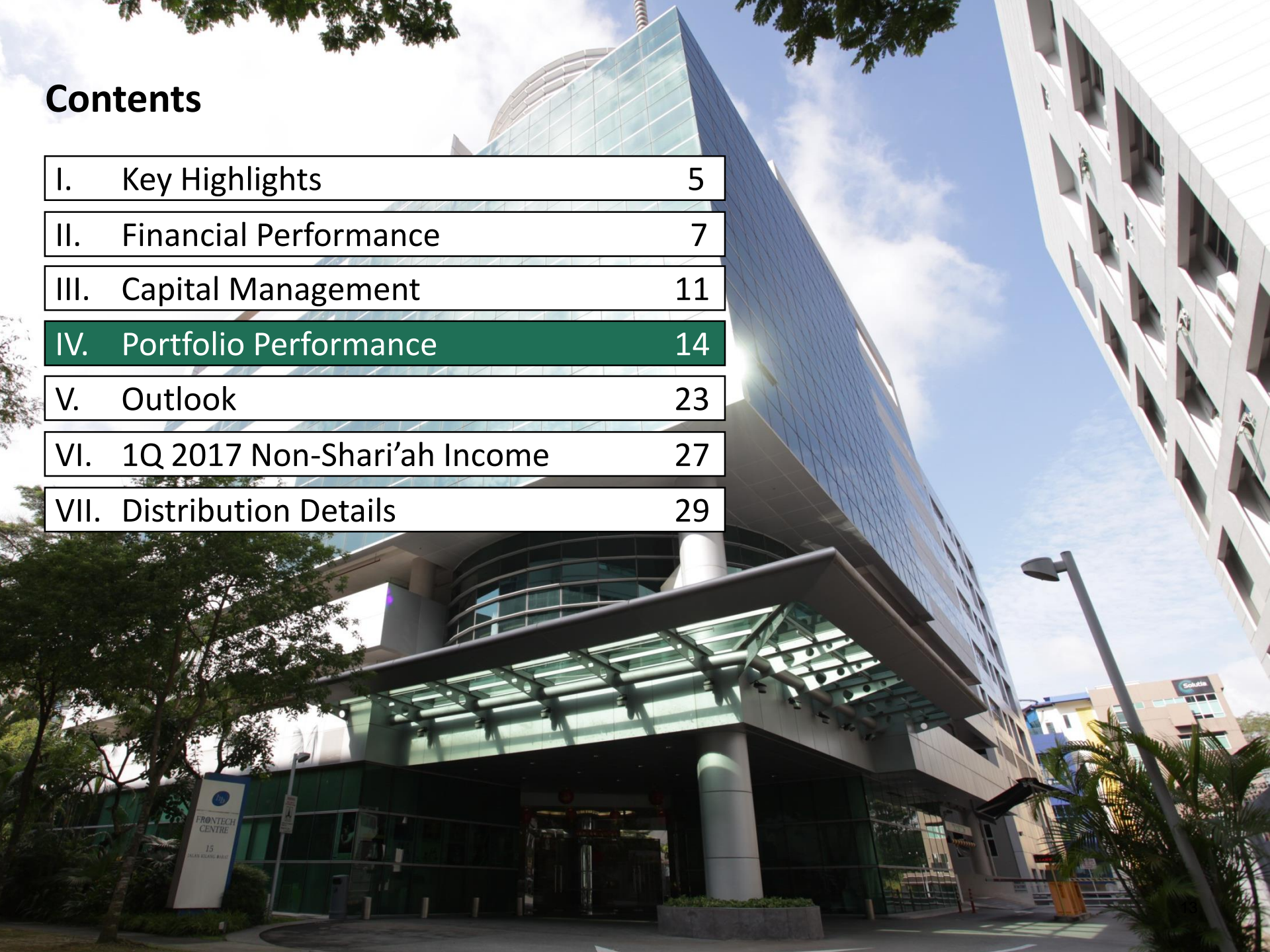
(1) Ratio of total borrowings and deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

(2) Inclusive of amortisation transaction costs.

(3) Ratio of Net Property Income over profit expense (excluding amortisation of transaction costs and other fees) for the period from 1 January 2017 to 31 March 2017.

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29



Property Locations

Our properties are diversified into four industrial segments across Singapore, close to expressways and public transportation.



— HIGH-TECH INDUSTRIAL

— CHEMICAL WAREHOUSE & LOGISTICS

— WAREHOUSE & LOGISTICS

— GENERAL INDUSTRIAL

Occupancy Rates

	As at 31 March 2017	As at 31 December 2016
Total portfolio GFA	4,403,674 sq ft	4,403,674 sq ft
Portfolio occupancy		
10 properties, master leases ⁽¹⁾	100.0%	100.0%
10 properties, multi-tenanted ⁽²⁾	80.4%	80.1%
21 properties, total portfolio ⁽³⁾	87.3%	87.2%
Weighted average master lease term to expiry ⁽⁴⁾	2.6 years	2.9 years
Weighted average unexpired lease term for the underlying land ⁽⁵⁾	34.3 years	34.6 years
Weighted average portfolio lease term to expiry ⁽⁵⁾	2.5 years	2.7 years

(1) 5 triple net & 5 single net master leases.

(2) 151 Lorong Chuan, 8 Commonwealth Lane, 9 Tai Seng Drive, 15 Jalan Kilang Barat, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 34 Penjurong Lane, 2 Toh Tuck Link, 123 Genting Lane and 39 Ubi Road 1.

(3) By Net Lettable Area ("NLA"). Legal completion of the divestment of 218 Pandan Loop (NLA 43,103 sq ft), is expected to take place in 2Q 2017.

(4) Weighted by gross rental income (master leases of 10 properties).

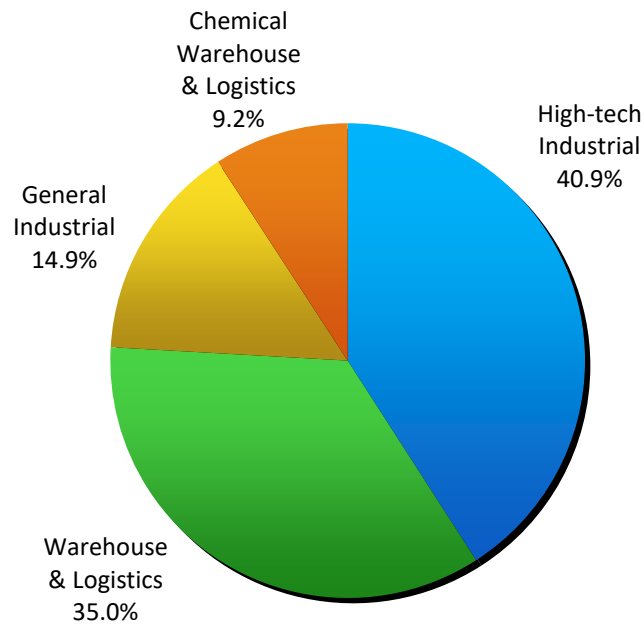
(5) Weighted by gross rental income (10 master leases and 10 multi-tenanted properties, excluding 218 Pandan Loop).

Diverse Asset Types

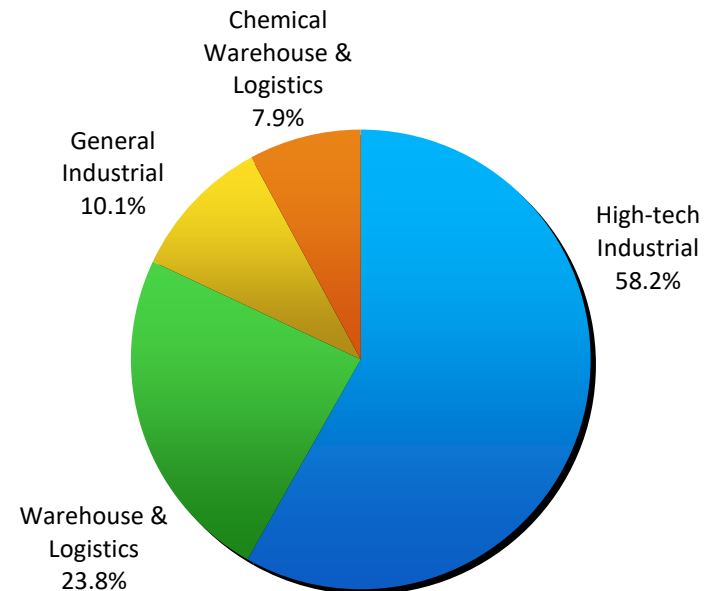
Sabana REIT's portfolio is diversified in the following asset types:

- High-tech Industrial
- Chemical Warehouse & Logistics
- Warehouse & Logistics
- General Industrial

Asset Breakdown by NLA for 1Q 2017⁽¹⁾



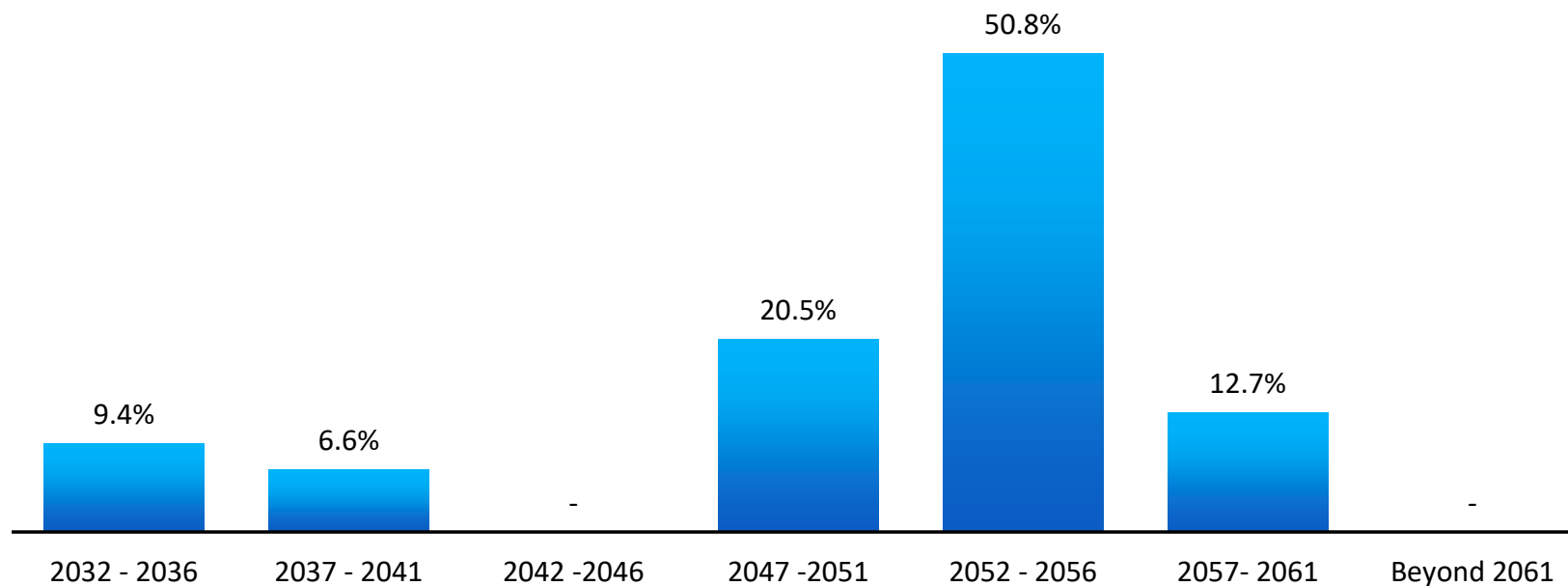
Gross Revenue by Asset Type for 1Q 2017



(1) As at 31 March 2017.

Long Weighted Average Leasehold For Underlying Land

Percentage of unexpired land lease term by GFA⁽¹⁾



Well distributed, long underlying land leases, with an average of 34.3 years by GFA.

(1) As at 31 March 2017.

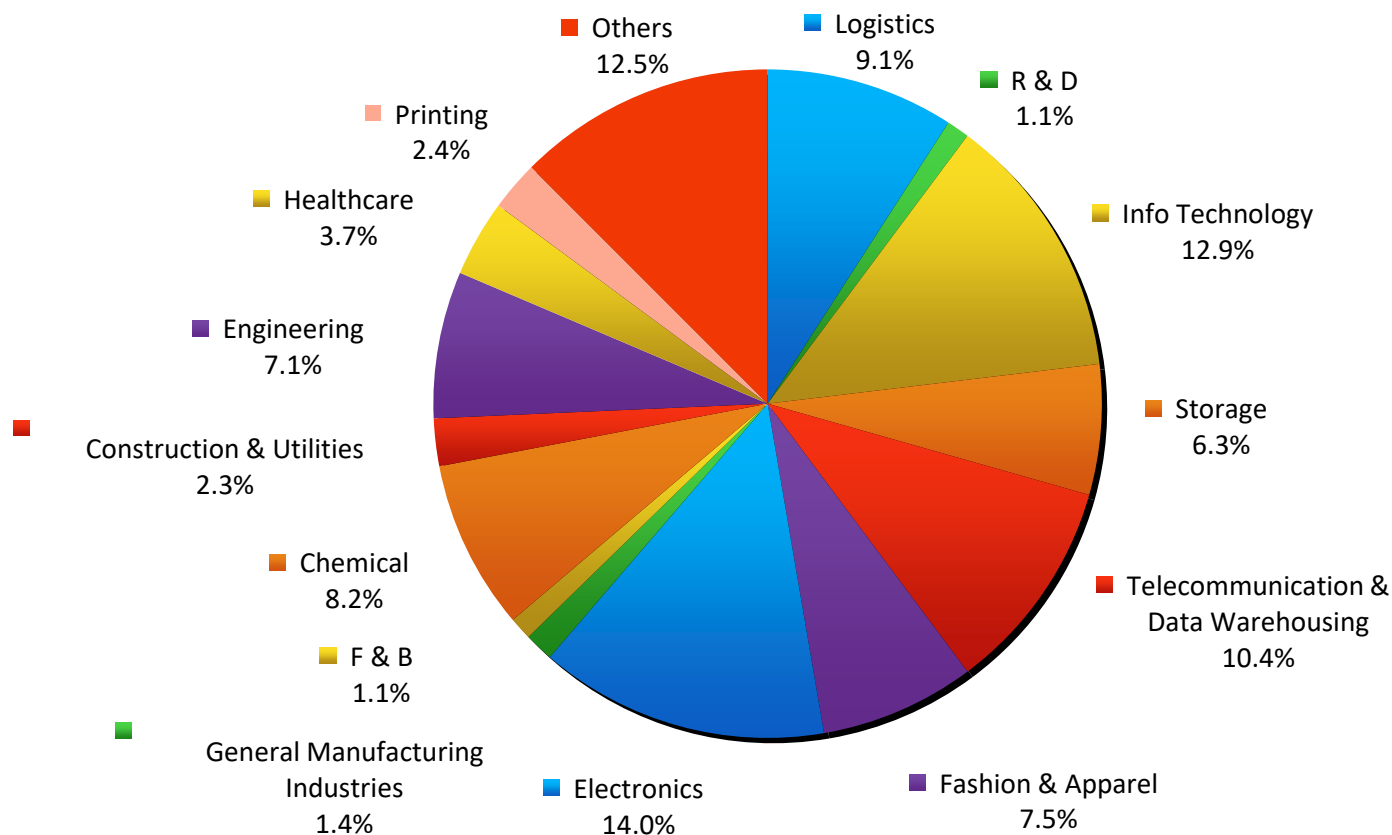
Quality Assets Attract Quality Tenants



	As at 31 March 2017	As at 31 December 2016
Total NLA (sq ft)	3,605,294	3,605,294
Total number of direct and sub-tenants	116	114
Weighted average lease term to expiry (mths) ⁽¹⁾	29.3	31.4

(1) Weighted by sub-tenancy gross rental income.

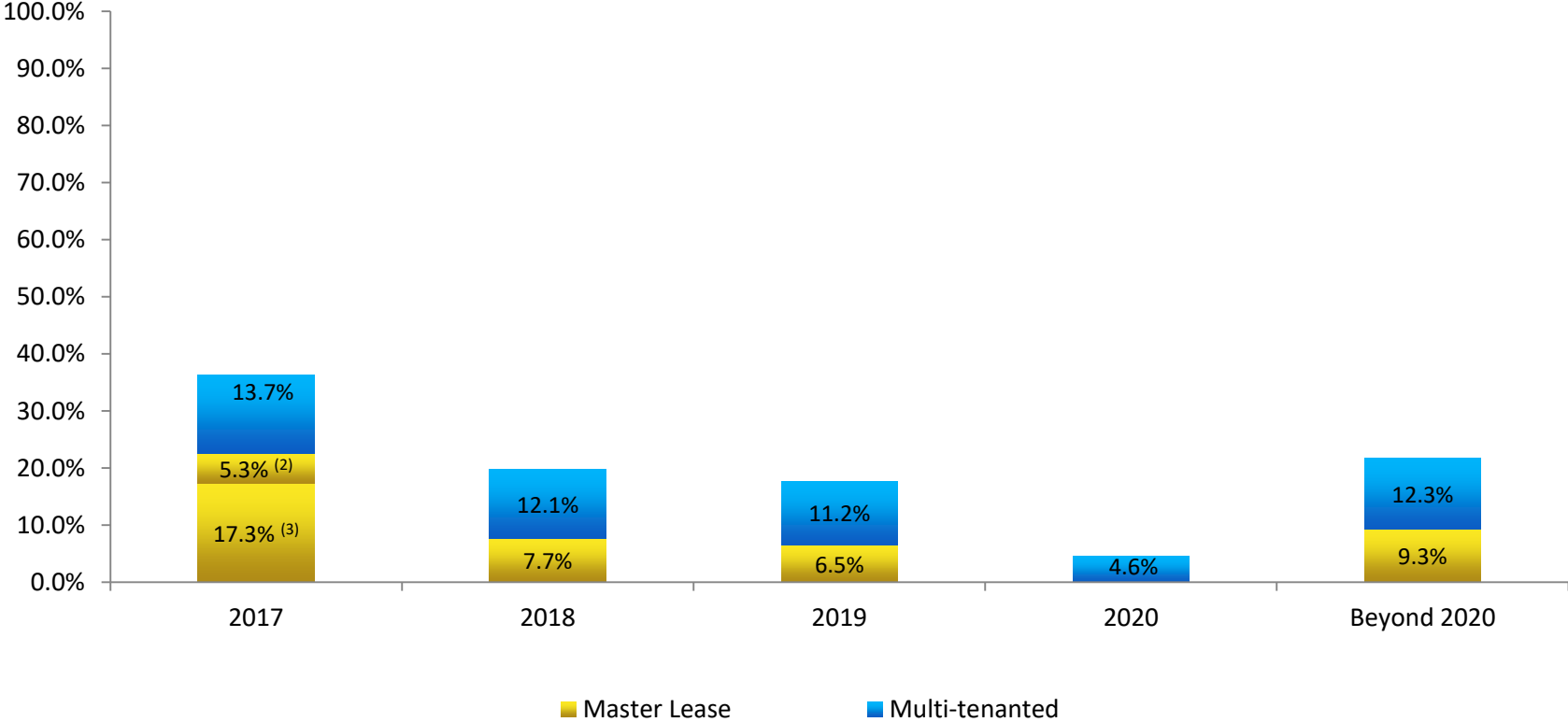
Sub-tenants' industry diversification by NLA⁽¹⁾:



No concentration in any single trade sector exceeding 15%

(1) As at 31 March 2017.

Lease Expiry by NLA⁽¹⁾

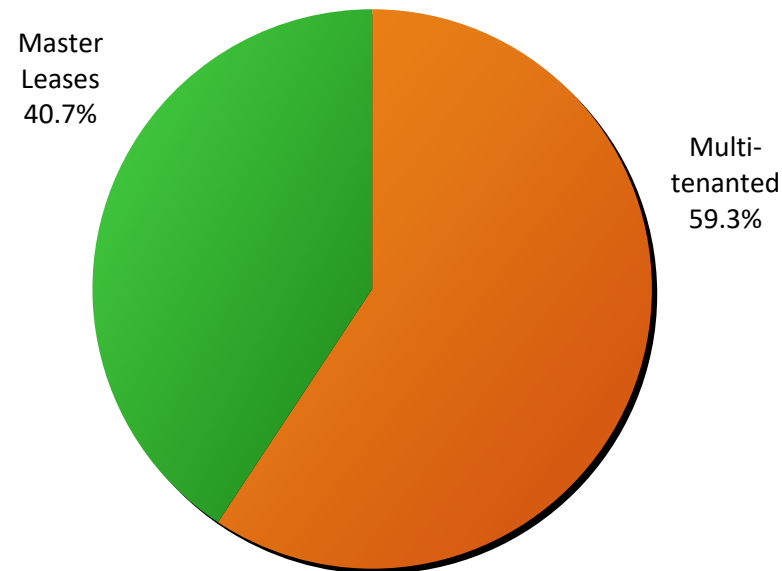


(1) As at 31 March 2017.

(2) Two properties: 21 Joo Koon Crescent and 6 Woodlands Loop.

(3) Three properties: 33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road. Master tenants are Sponsor related companies.

Lease Type by NLA for 1Q 2017⁽¹⁾



(1) As at 31 March 2017. Excludes 218 Pandan Loop, which is currently vacant, pending completion of divestment announced on 5 December 2016.

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29

Singapore Economy

Singapore's economic growth outlook for 1Q 2017

- Based on advance estimates released by the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.5% in the first quarter of 2017 on a y-o-y basis, a decrease from the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the overall GDP declined by 1.9%, after a strong rebound of 12.3% from the last quarter⁽¹⁾.
- In the latest quarterly survey by the Monetary Authority of Singapore in March 2017, private economists forecasted the economic growth for 2017 to be at 2.3%. This is a significant increase from the 1.5% growth projected in the survey reported in December 2016⁽²⁾.

Singapore Industrial Sector

Industrial property outlook

- In a 1Q 2017 industrial property market report by JTC, the price and rental indices for the overall industrial property market has dipped by 2.2% and 0.9% respectively on a quarter-on-quarter basis. With more supply coming on-stream in the upcoming quarters, it is forecasted that the prices and rentals of industrial space will continue to soften in tandem with the fall in occupancy rates⁽³⁾.

Sources:

(1) "Singapore's GDP Grew by 2.5 Per Cent in the First Quarter of 2017". Ministry of Trade and Industry Singapore. 13 April 2017. Web. 13 April 2017.

(2) "Singapore's GDP growth eases to 2.5% in Q1: Flash data". The Straits Times. 13 April 2017. Web. 13 April 2017.

(3) "JTC Quarterly Market Report. Industrial Properties. First Quarter 2017". 1Q 2017. Web. 1Q 2017.

Management Strategy and Outlook

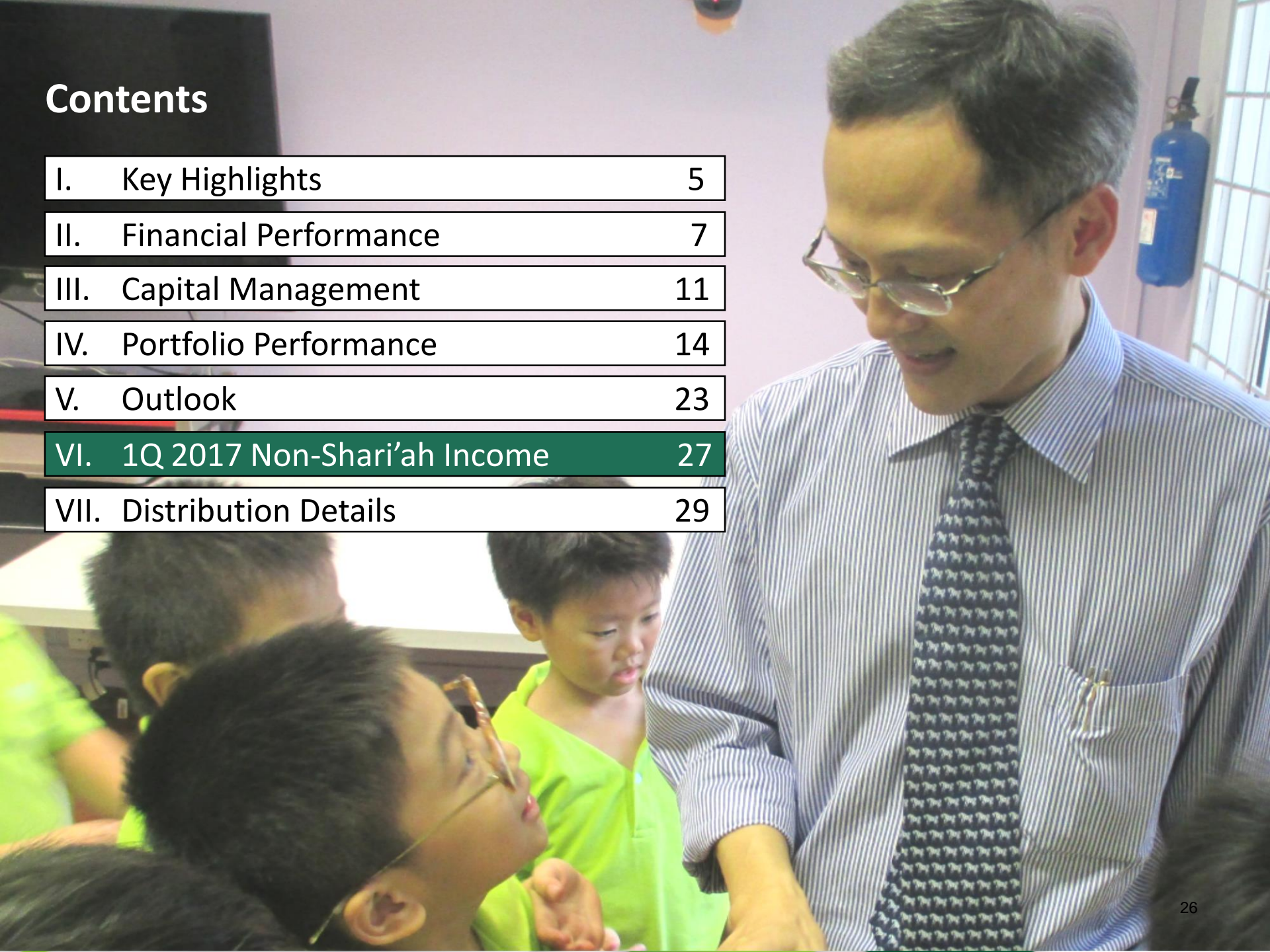
- As at 31 March 2017, 36.3% of Sabana REIT's leases by Net Lettable Area ("NLA") will expire in year 2017 (17.3% are Sponsor-related master leases, 5.3% are non-Sponsor-related master leases and 13.7% are leases of multi-tenanted properties). The Manager is already in discussions with all affected tenants on lease renewals. The Sponsor has indicated its commitment to exercise its option to renew the three master leases (17.3% by NLA).
- The Manager expects market conditions to remain challenging. With the onset of economic and political uncertainties in the global economy and over-supply of industrial space, overall rentals are likely to continue to face downward pressure. The Manager will continue its rigorous marketing and leasing efforts to diligently manage the near-term fluctuations from the Trust's lease expiry/renewal cycle to improve the occupancy level.

Management Strategy and Outlook

- The Strategic Review Process is on-going and as announced on 20 April 2017, the Strategic Review Committee (“SRC”) has received non-binding proposals from several parties. The SRC is evaluating these proposals and Sabana REIT has not entered into any binding arrangement. The Manager will make the necessary announcements in accordance with its obligations under the listing rules as and when there are any material developments arising out of the Strategic Review Process.

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29



1Q 2017 Non-Shari'ah Income

Sabana REIT gives out its non-Shari'ah income on a quarterly basis, to charitable causes

The charitable cause below is the chosen beneficiary of Sabana REIT's 1Q 2017 non-Shari'ah income:



Organisation: Smile Asia

Purpose: Sabana REIT's 1Q 2017 non-Shari'ah income amounting to S\$21,250 will be allocated to Smile Asia, an alliance of charities which has been providing medical assistance to children with facial deformities.

The funds will be utilised to support their medical efforts in sending qualified medical professionals, who will provide free surgical treatments to underprivileged children in Asia born with facial deformities like cleft lip and/or cleft palate and do not have access to proper treatment.

The total amount of **S\$21,250** allocated to the organisation above represents approximately **0.1%** of Sabana REIT's 1Q 2017 gross revenue.

Contents

I. Key Highlights	5
II. Financial Performance	7
III. Capital Management	11
IV. Portfolio Performance	14
V. Outlook	23
VI. 1Q 2017 Non-Shari'ah Income	27
VII. Distribution Details	29

Distribution Details



Sabana REIT Code: MIGU

Distribution period	DPU (cents)
1 January 2017 to 31 March 2017	0.88

Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	15 May 2017
Ex-date	16 May 2017, 9am
Books closure date	18 May 2017, 5pm
Distribution payment date	14 June 2017
Disbursement of non-Shari’ah income to approved charities	14 June 2017 or earlier

Thank you

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