SABANA
SHARI'AH COMPLIANT REIT

Sabana Shari'ah Compliant Industrial REIT

Investor Presentation

September 2018

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 second quarter from 1 April 2018 to 30 June 2018 ("2Q 2018").

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.

Agenda

Introduction to Sabana REIT

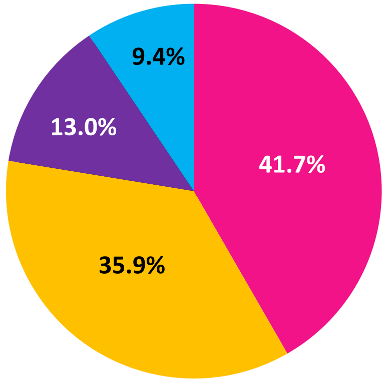
- Diversified portfolio of quality assets across 4 industrial segments
- Refreshed Board with deep experience in real estate to provide firm stewardship and input for growth
- Clear & sustainable growth strategy being implemented in phases – already successfully executing on Phase 1
- Already showing improving Unit Price, with high returns performance YTD
- Support from unitholders to pursue growth, with return of general mandate to Manager during recent AGM
- Solid balance sheet, strong lender support; with headroom for growth

19 Properties Across 4 Industrial Segments

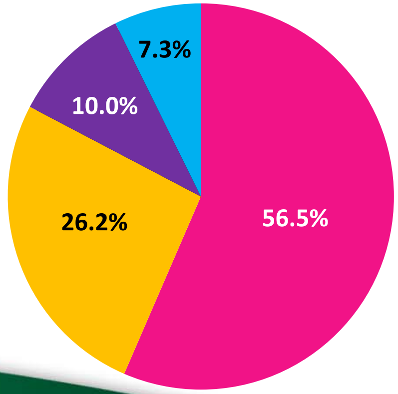
Portfolio Value	Total GFA (sq ft)	Total NLA (sq ft)	Tenant Base
S$939.3 million	4.3 million	3.5 million	118 tenants

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

Asset Breakdown by NLA for 2Q 2018 (1)



Gross Revenue by Asset Type for 2Q 2018 (1)



(1) As at 30 June 2018

Strong Relationships with Financial Institutions

Agenda

Challenging 2017: Heard Unitholder Feedback and Refined Strategy to Deliver Value and Improve Performance

Feb '17 Undertook Strategic Review based on unitholder feedback

Nov '17 Unveiled key pathways to optimise our operations; we have since delivered on them:

1) Rejuvenate Portfolio	2) Renew Senior Leadership	3) Enhance Board
• Identified 6 Woodlands Loop for divestment	• Appointed Mr Donald Han as new CEO	Appointed new IDs: • Mr Kelvin Tan Wee Peng • Mr Tan Cheong Hin

Jan '18 Further recalibrated strategy to improve performance following new CEO appointment

1) Driving revenue and occupancy	2) Enhancing portfolio	3) Further cost rationalisation
• Ramp up marketing efforts and focus on retaining key tenants	• Focus on high-spec assets and business parks, including selective divestments of underperforming assets	• Re-examine entire business to identify additional operational efficiencies

SINCE THEN: Refreshed Board and management re-examined the entire business to improve performance

Re-examining and Delivering on Strategy

25 January 2018: Announcement of appointment. Unveiled recalibrated strategy

28 February 2018: Announced sale of non-performing asset 6 Woodlands Loop (6WL) for S$13.8 million (approximately 7% above book value)

1 March 2018: Met 60 high-performing industrial property agents. Unveiled new competitive commission scheme and agent loyalty program

29 March 2018: 6WL sale completed

March and April 2018: Interviews with the media on strategic direction for the REIT moving forward

March and April 2018: Meeting with analysts to discuss Sabana REIT under refreshed leadership

April and May 2018: Meeting with major and potential Unitholders to share refreshed strategy

After re-looking business, consulting with stakeholders...

ANNOUNCED NEW GROWTH STRATEGY TO IMPROVE DPU

Agenda

Our Refreshed Strategy with 3 Phases

SABANA SHARI'AH COMPLIANT REIT

Immediate focus

Beyond 2018

PHASE 1	PHASE 2	PHASE 3
a. Divest Non-Performing Assets **b. Continue to Actively Manage and Optimise Portfolio**	**Undertake Asset Enhancement Initiatives**	**Potential Yield-Accretive Acquisitions including Overseas**

ALL UNDERPINNED BY

Prudent Capital and Risk Management; Ongoing Cost Rationalisation

- Maintained aggregate leverage at **38.2%**
- Improved profit coverage ratio to **3.7 times**
- No refinancing requirements till 2Q 2019

Already Actively Executing Phase 1 of Strategy

A. Divest Non-performing Assets

- Potential proceeds will be recycled to pare down borrowings or fund value-accretive propositions like AEI or acquisitions in high-spec industrial assets and business parks

March 2018

Divested 6 Woodlands Loop

Sold 7% above book value

FY 2018

EOI (Sale/Lease) for 21 Joo Koon Crescent

EOI (Sale/Lease/Build-To-Suit) for 1 Tuas Avenue 4

Already Actively Executing Phase 1 of Strategy

B. Continue to Actively Manage and Optimise Portfolio

1H FY2018

Overall occupancy level at **84.5%** as at 30 June 2018

Completed divestment of 6 Woodlands Loop, at S$13.8 million, 7.0% above book value of S$12.9 million

Renewed two master lease expiring in 2018; in discussions over remaining master leases

Potential divestment (or lease) of 1 Tuas Avenue 4 and 21 Joo Koon Crescent

Next Focus: Growth Through Recycling Capital

Phase 2: Undertake Asset Enhancement Initiatives

- Identify key assets that can provide good rental growth opportunities
- Improve circulation, efficiency and rentable areas to enlarge revenue base
- Expected to be DPU- and valuation-accretive over the medium term

New Tech Park has been identified* as one potential asset for AEI; hope to receive feedback in 2H 2018

*Subject to regulatory approval

Growth Beyond 2018: Phase 3 of Strategy

Phase 3: Potential Acquisitions, including Overseas

- Diversify earnings and ensure portfolio stability
- Capitalise on longer WALE tenancies, longer land tenures (including freehold) and opportunity to participate in key growth markets internationally
- Grow AUM and increase DPU

All Growth Phases Underpinned by Sound Foundation

- **Prudent Capital and Risk Management**
- **Ongoing Cost Rationalisation**

- We will explore all avenues to fund growth, including recycling assets and employing an appropriate mix of debt and equity, hedging as necessary
- Continue to be proactive in expanding our relationships with banks

Agenda

Key Highlights for 2Q 2018

For the quarter ended 30 June 2018

Gross Revenue (S$)	Net Property Income (S$)	Distributable Income (S$)	DPU (Cents)
20.08m	12.57m	8.64m	0.82
1Q18: S$21.00m 2Q17: S$21.96m	1Q18: S$14.59m 2Q17: S$12.93m	1Q18: S$9.24m 2Q17: S$8.57m	1Q18: 0.88 cents 2Q17: 0.81 cents

Significant Updates

- All resolutions passed at AGM held on 25th April 2018
- General mandate returned to REIT Manager
- 3-phase growth strategy plan unveiled

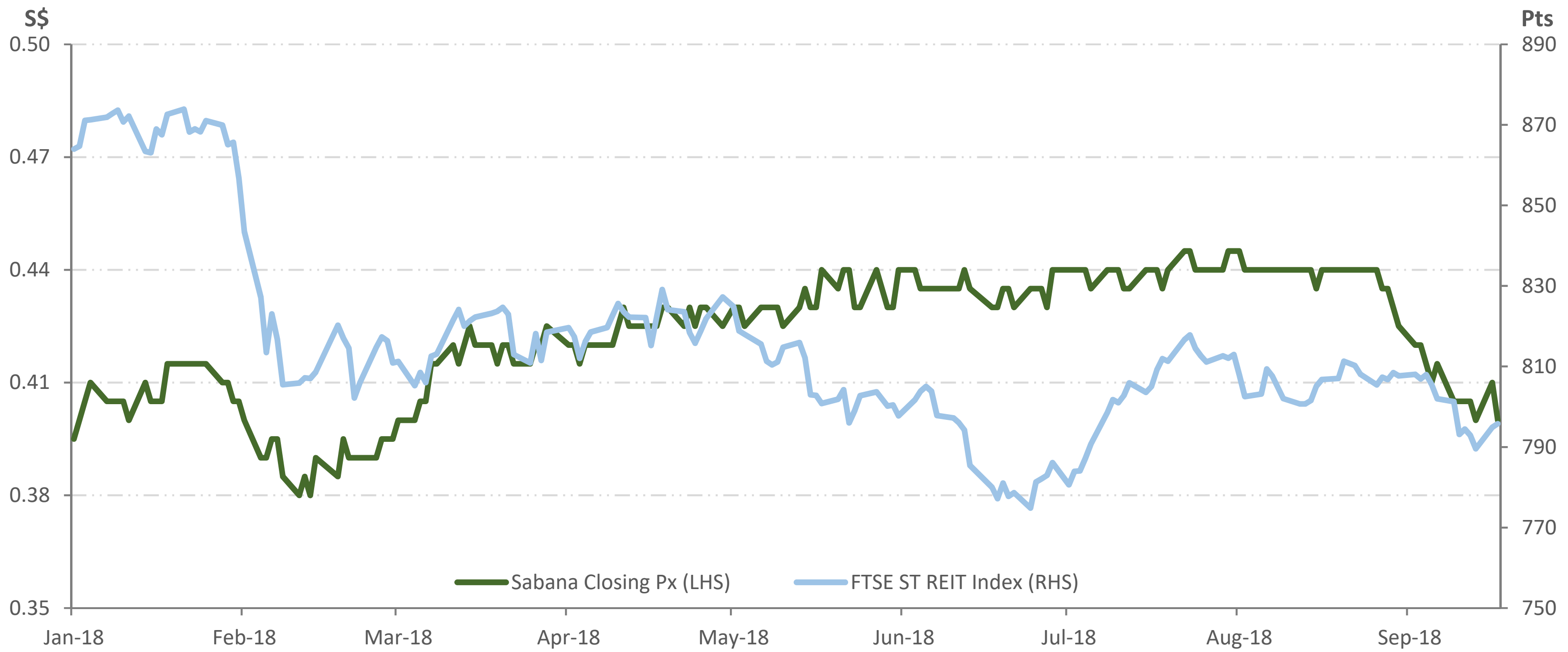
Improving Unit Price and Returns Performance

YTD return:

+1.3% in absolute unit price

+8.3% in relative unit price (against FTSE ST REIT Index)

Unit price performance from 2 Jan 2018 to 18 Sept 2018



Return (%)	1M	3M	6M	YTD
Absolute	-9.1	-7.0	-4.8	1.3
Relative	-7.7	-9.4	-1.4	8.3

Impressive Total Returns Against Peers

One of the Outperformer Among Peers YTD

+3.3% in total returns (incl. distribution yield*)

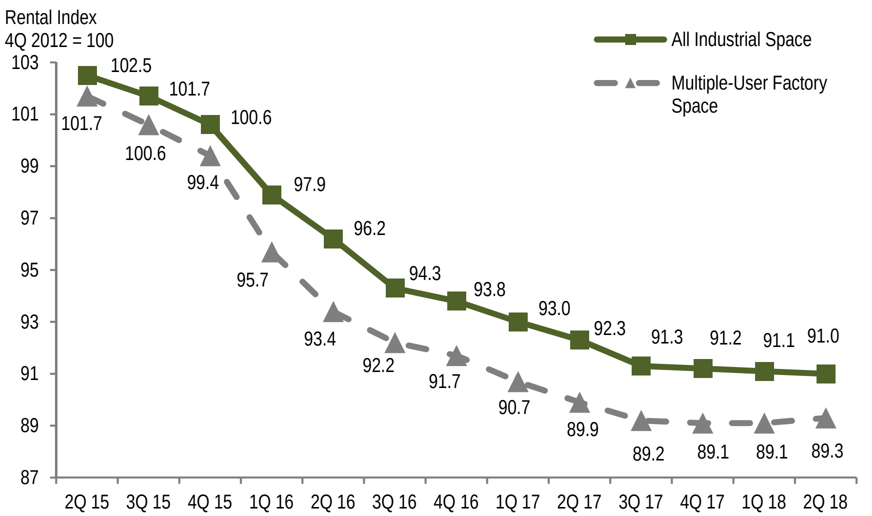
	1M	3M	6M	YTD
Sabana	**(7.0)**	**(4.9)**	**(2.7)**	**3.3**
AIMS AMP	3.2	3.9	5.4	6.2
Ascendas	2.5	7.4	(0.5)	(0.5)
Soilbuild	1.6	6.8	2.7	(2.7)
Keppel DC	1.6	5.7	6.6	(3.0)
Mapletree Ind	(4.6)	1.2	(2.2)	(4.0)
EC World	(2.2)	2.1	(2.9)	(4.9)
Frasers	0.8	5.5	(0.1)	(5.2)
Mapletree Log	1.0	6.1	(7.0)	(8.6)
Viva Ind	(0.6)	(3.9)	(6.5)	(8.9)
CACHE	3.3	(0.1)	(8.9)	(11.0)
ESR	(8.7)	(8.0)	(10.0)	(12.0)

* Distribution yield figures are based on latest DPU announced on respective corporate websites and share price as at 18 Sept 2018.

Agenda

Industrial Property Turning Optimistic

Rental Indices of Industrial Space



Source: JTC

- According to JTC statistics, industrial space rentals remain relatively stable in the last 3 quarters since 3Q '17
- In 2Q '18, rental index of the overall industrial space fell marginally at 0.1%, at 91.1
- On the other hand, rental index of multiple-user factory was up by 0.2%
- Charts showed a plateauing trend and may potentially be indicating a bottoming-out effect

Rental Indices of Multiple-User Factory Space

	2Q 17	3Q 17	4Q 17	1Q 18	2Q 18	YoY Chg (%)
Planning Region						
Central	90.9	90.6	91.8	92.0	91.5	0.7
North	92.2	91.0	89.2	88.7	91.9	-0.3
West	82.0	80.8	79.1	78.1	77.7	-5.2
East	90.6	90.1	90.6	90.5	89.7	-1.0
North-East	83.1	81.8	81.7	83.0	83.5	0.5
Land-Use Zoning						
Business 1	90.2	89.8	90.4	90.6	90.6	0.4
Business 2	84.6	83.1	81.5	81.0	81.5	-3.7

Source: JTC

- Rental indices trend is in line with Manager's strategy
- Continue to look at divesting/leasing assets in the West (1 Tuas Ave 4 and 21 Joo Koon Crescent)
- Focus on 151 Lorong Chuan (North-East) where the growth is, through AEI initiatives*
- Successful AEI would potentially result to higher valuation and rental

*Subject to regulatory approval

Industrial Property Market 'Bottoming'..?

Price, Rental and Occupancy Rate Movements in 2Q 2018

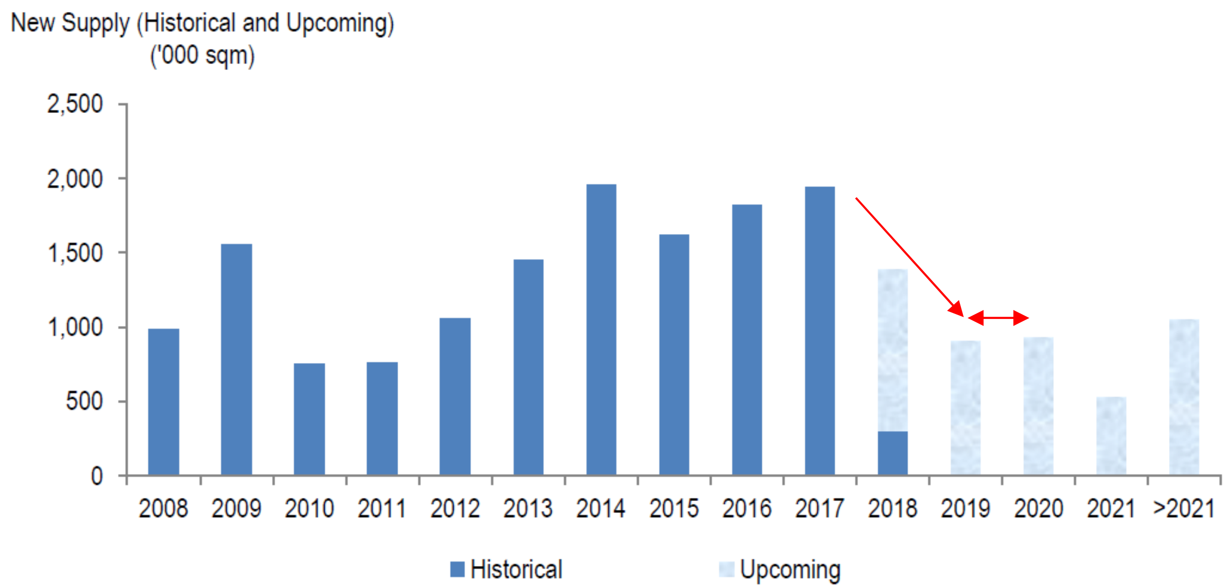
				% Change	
		1Q 18	2Q 18	QoQ	YoY
Price	All Industrial	89.9	89.9	0.0	-2.1
	Multiple-User Factory	93.8	93.8	0.0	-1.7
	Single-User Factory	79.3	79.3	0.0	-2.9
Rental	All Industrial	91.1	91.0	-0.1	-1.4
	Multiple-User Factory	89.1	89.3	0.2	-0.7
	Single-User Factory	97.5	95.9	-1.6	-4.2
	Business Park	111.5	112.1	0.5	5.3
	Warehouse	85.5	85.1	-0.5	-3.8
Occupancy Rate*	All Industrial	89.0%	88.7%	-0.3	0.0
	Multiple-User Factory	86.5%	86.0%	-0.5	-0.4
	Single-User Factory	90.4%	90.3%	-0.1	0.1
	Business Park	85.1%	85.0%	-0.1	-0.7
	Warehouse	88.9%	88.5%	-0.4	0.4

Source: JTC

*% change refers to absolute change over previous year/quarter

- Despite continuous decline on year-on-year basis, sentiment maybe turning around as quantum of decline has narrowed for industrial properties.
- Most of the segment prices, rentals and occupancy rates are appearing to be on a 'bottoming' trend, with Business Park outperforming the rest with a rental rise of 0.5% (Q-o-Q) / 5.3% (Y-o-Y).
- Price and rentals of industrial space remained relatively stable for most market segments.

Outlook on Future Supply



Source: JTC

- Reduction in new apply in the coming years (2018 – 2020)
- Based on JTC's quarterly market report, another 2.0m sqm of industrial space is expected to come on-stream in 2H 2018 and 2019
- Estimated supply of industrial space in 2019 is almost halved of 2018's
- Supply to only grow from 2021 onwards
- This is also in line with industry experts' view on easing supply moving forward

Outlook

Industrial Property Outlook	Sabana REIT

Industrial Property Outlook

- JTC data shows continued oversupply and island-wide vacancy of 11.3% as at 2Q 2018[(1)]. Overall rent reversion for 2018 likely to stay negative
- Colliers foresees a pick-up in interest in industrial properties as rents bottom out and stabilize, with increasing interest from institutional investors in the remaining of 2018[(2)]
- According to Knight Frank, the occupancy rates of current industrial spaces will continue to improve, albeit on a two-tier level, with high-specification industrial spaces recovering faster than conventional industrial spaces[(3)]

Sabana REIT

Market conditions remain challenging. Continue to focus on executing growth plan:

- Improve occupancy and drive revenue by active asset management, selective divestments
  - o Renewed two master leases
  - o Of remaining 4 master leases expiring in 2018: considering divestment of 1 asset and is in discussions on the other 3
- Talks with authorities on AEI for New Tech Park ongoing, hope to receive feedback in 2H 2018

Sources:
(1) "JTC Quarterly Market Report. Industrial Properties. Second Quarter 2018". JTC . 2Q2018.
(2) "Colliers Quarterly: Singapore Investment Q2 2018". Colliers International Singapore. 13 August 2018.
(3) "2Q 2018 Industrial Market Snapshot". Knight Frank Singapore Research. 4 September 2018.

Consultant's View

"We expect industrial property prices and rents to continue to stabilise for the rest of the year. There could potentially be modest rental gains beyond 2018 when new supply starts to taper." – *Colliers' comment on JTC 2Q data*

"The occupancy rates of current industrial spaces are envisaged to recover, albeit on a two-tier level with high specification industrial spaces seeing a faster rate of recovery to suit industrialists' needs compared to conventional industrial spaces." – *Knight Frank's 1Q 2018 Industrial Market Snapshot*

"Over the next six months, the strong leasing volume is expected to shore up occupancy. Coupled with the moderating supply of new industrial space, it will help to arrest the rate of rental decline." – *CBRE's 2Q Singapore Industrial Marketview*

"Coupled with the positive outlook and the filtered-through effect from the rise in office rents, we maintain the view that business park rents should rise at a faster pace in 2018 compared to 2017" – *JLL 1Q Singapore Industrial Outlook*

"Ultimately, while we will still be forecasting a moderate quarterly rental decline in 1H 2018, rents may only start to stabilise in 2H 2018." – *Savills Singapore Industrial Outlook*

"Industrial rents are expected to remain stable in the immediate term if there are no external shocks." – *Edmund Tie 2Q 2018 Real Estate Times Singapore*

Media Clipping – Business Times, 27 July

Reits with business parks could gain from rental uptick

Boost from IT and media companies, but rent hikes uneven as tenants pick and choose location and age of property

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AS INDUSTRIAL property prices here stabilise, Reits with exposure to business parks could enjoy the continued rental uptick in the sector, but not all spaces in that class of industrial property are doing equally well, said analysts.

JTC said in its second quarter industrial property report on Thursday that business park rents have risen 0.5 per cent, the fifth straight quarter of growth and the strongest showing among the various types of spaces here.

These would likely lift the fortunes of the likes of Ascendas Reit and Soilbuild Business Space Reit, said Derek Tan, senior vice-president for DBS group equity research.

Business parks have seen strong demand from the IT and media industry, and the segment has also seen limited supply coming on stream, he said.

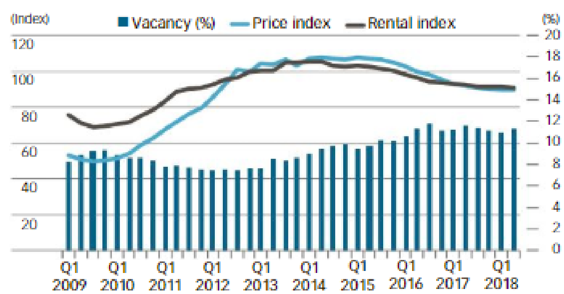
But he and other analysts also pointed out that the good performance is not shared by all business parks.

Head of research for Singapore at Colliers International Tricia Song pointed out that newer properties in choice locations remain popular while older ones are still struggling to fill up. She said that could explain why business park rents have risen for five straight quarters – a cumulative increase of 7.5 per cent – while occupancy has fallen for the third quarter to 85 per cent.

This comes amid what analysts consider a stabilisation of the market. The overall price index, as well as prices for single-user and multiple-factory, were flat this quarter, steadily falling from their last peaks in the first quarter of 2015.

Signs of stabilising

Industrial rents, prices and vacancy



Source: JTC

But a closer look at geography and lease length reveals a mixed picture.

Prices of factories with leases 60 years or longer rose by 3.3 per cent, compared to a 0.8 per cent decline for prices of factories with 30 or fewer years of remaining lease.

Moreover, prices in the central region rose 2.8 per cent while other areas posted a negative or less than 1 per cent increase over the past quarter.

"Investors are interested in freehold factory space, especially in central areas, due to the potential upside when planning parameters change," noted Lee Nai Jia, senior director and head of research at Knight Frank Singapore. "Separately, those purchasing for operations will look for the units with shorter leases, that meet their requirements."

Overall, rents slipped by 0.1 per cent. After business parks, the next best performer in the quarter under review was the multi-user factory segment, which rose 0.2 per cent, the first increase since edging up in the first quarter of 2015.

This was on the back of "more upbeat business sentiment alongside the positive economic and manufacturing data, which has emboldened more tenants and industrialists to review their real estate options," said JLL head of research and consultancy in Singapore Tay Huey Ying.

On the other hand, single-user factory and warehouse rents both saw rents contract, with the former posting a 1.6 per cent decrease due to what Ms Song called a large amount of existing stock and upcoming supply.

Warehouse rents fell 0.5 per cent on what Christine Li, senior director of resesarch at Cushman & Wakefield said was an influx of supply and strong competition for logistics tenants.

While occupancy in the second quarter for industrial properties overall fell 0.3 percentage point from the previous quarter to 88.7 per cent, hit by the continued influx of supply, analysts believe occupancy and rental rates will likely improve once supply begins to taper in the next few years.

Industrial stock completions in H1 2018 stood at 3.2 million sq ft of net lettable area, compared to a supply of 20.9 million sq ft of net lettable area completed in 2017, said Colliers.

JTC expects about another 21 million sq ft of industrial space to come on stream in the second half of 2018 and in 2019.

Analysts said healthy economic indicators here will likely lead to continued stability, with JLL's Ms Tay saying the market is likely to bottom within the next 12 months barring unforseen shocks.

Brenda Ong, CBRE's executive director of industrial and logistics services, said the medium-term outlook will likely be stable, bolstered by a year-on-year expansion in industrial output of 10.2 per cent for Q2.

But analysts had a mixed view on the impact of Sino-American trade tensions. Ms Ong of CBRE said a prolonged trade war could have negative implications for global trade and business sentiments.

On the other hand, Ms Li of Cushman & Wakefield said that the imposition of tariffs on Chinese exports could bring manufacturing activity to Southeast Asia.

While the low-cost production lines are expected to move to destinations such as Vietnam and Thailand, high-tech manufacturing activity could conceivably make its way to Singapore to tap its pool of skilled workers. Singapore remains a preferred business location," she said.

Key Takeaways

RESULTS

- **Improved DPU performance despite sector-wide headwinds**
  - Proactive property and lease management supported performance
- **Resilient balance sheet and remained well capitalised to meet commitments**

GROWTH STRATEGY

- **Phase 1: Divest non-performing assets and continue to actively manage and optimise portfolio**
  - Continue to review and enhance portfolio of assets to be in good position to pursue growth opportunities
- **Phase 2: Undertake asset enhancement initiatives (AEIs)**
  - Any potential proceeds to be recycled for value-accretive propositions, such as AEI for New Tech Park
- **Phase 3: Potential yield-accretive acquisitions including overseas**
- **Refreshed strategy to be underpinned across all phases by:**
  - Prudent capital and risk management
  - Ongoing cost rationalisation

THANK YOU