



# Sabana Shari'ah Compliant Industrial REIT

1Q 2012 Financial Results Presentation

19 April 2012



## Disclaimers

**This presentation shall be read in conjunction with Sabana Shari'ah Compliant REIT's financial information for the period from 1 January 2012 to 31 March 2012.**

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.

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# About Sabana Shari'ah Compliant REIT



**Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana Shari'ah Compliant REIT" or the "Trust")<sup>(1)</sup>** was listed on the Singapore Exchange on 26 November 2010. It aims to create value for its Unitholders by investing in income-generating industrial real estate across Asia, in line with Shari'ah investment principles. Sabana Shari'ah Compliant REIT is:

- the world's largest listed Shari'ah compliant REIT
- the first listed REIT globally to adopt the GCC-standard Shari'ah compliance
- the first Shari'ah compliant certified REIT in Singapore
- the largest IPO free float for Singapore industrial REITs
- included in major indices such as the MSCI Global Small-cap Indices and in the Dow Jones Singapore Index, the Dow Jones World Index and the S&P Shariah ASEAN Index
- Assigned a 'BBB-' long term corporate credit rating and 'aXA-' ASEAN scale rating with a stable outlook from Standard & Poor's Rating Services

(1) Sabana Shari'ah Compliant REIT was a dormant private trust from the date of constitution on 29 October 2010 until the initial 15 Properties were acquired on 26 November 2010. Sabana Shari'ah Compliant REIT was officially listed on the same day ("Listing Date") on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Consequently the operations of Sabana Shari'ah Compliant REIT commenced from 26 November 2010.

# Increasing international recognition



Sabana Shari'ah Compliant REIT received two regional awards in the first quarter of 2012. They are:



In February 2012, Sabana Shari'ah Compliant REIT was awarded **“Best Domestic Securitization”** at The Asset Triple A Regional Deal Awards 2011 for the S\$132 million Islamic securitisation facility it launched in November 2011.



In January 2012, Sabana Shari'ah Compliant REIT was awarded **“The Gold Standard Award for Corporate Financial Communications”** for the year 2011, by PublicAffairsAsia, a provider of news, features, analysis and intelligence on practice and policy across the Asia Pacific region. The award recognises the Trust's outstanding communication efforts at IPO.

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# Key financial highlights



## Sabana Shari'ah Compliant REIT 1Q 2012 results exceeds expectations:

- ❖ Net property income (NPI) and distributable income for the quarter ended 31 March 2012 exceed forecasts.
- ❖ Distribution per unit (DPU) for the quarter ended 31 March 2012 was 2.26 cents, exceeding its quarterly forecast DPU of 2.17 cents.
- ❖ The annualised distribution yield of 8.66%<sup>(1)</sup> exceeds the IPO forecast for Projection Year 2012 of 8.25%<sup>(2)</sup>.
- ❖ The positive performance stems mainly from acquisitions of five yield-accretive properties in 4Q 2011.

(1) Based on the offering price of S\$1.05 ("Offering Price") at IPO and the annualised DPU for the period from 1 January 2012 to 31 March 2012.

(2) Based on the Offering Price and the forecast DPU for the Projection Year 2012 as stated in the IPO Prospectus ("Projection Year 2012"), together with the accompanying assumptions stated in the Prospectus.

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# 1Q 2012 outperforms forecast



For the quarter ended 31 March 2012

(in S\$'000)	1Q 2012 Actual	1Q 2012 Forecast <sup>(1)</sup>	Fav/(Unfav) (%)
Net property income (NPI)	18,496	16,539	11.8
Income available for distribution	14,453	13,828	4.5
Distribution per unit (DPU) (in cents) <sup>(2)</sup>	2.26	2.17	4.1
Annualised DPU (in cents) <sup>(2)</sup>	9.09	8.67	4.8
Annualised distribution yield:			
IPO price at S\$1.05	8.66%	8.25%	5.0
Closing price at S\$0.975 <sup>(3)</sup>	9.32%	8.89%	4.8

(1) Based on figures for the Projection Year 2012 as stated in the IPO Prospectus, prorated for the period from 1 January 2012 to 31 March 2012.

(2) DPU and annualised DPU for the period from 1 January 2012 to 31 March 2012 are based on the actual number of units in issue and to be issued of 638,421,093 as at 31 March 2012.

(3) Based on the last traded price of S\$0.975 per unit as at 18 April 2012.

# Financial performance



## For the quarter ended 31 March 2012

(in S\$'000)	Q1 2012 Actual	Q1 2012 Forecast <sup>(1)</sup>	Fav/ (Unfav) (%)
<b>Gross revenue</b>	<b>19,651</b>	<b>17,221</b>	<b>14.1</b>
Property expenses	(1,155)	(682)	(69.4)
<b>NPI</b>	<b>18,496</b>	<b>16,539</b>	<b>11.8</b>
Net financing costs	(3,966)	(2,498)	(58.8)
Amortisation of intangible assets	(316)	(327)	3.4
Manager's fees	(1,341)	(1,094)	(22.6)
Trustee's fees	(113)	(88)	(28.4)
Donation of non-Shari'ah compliant income	(39)	(33)	(18.2)
Other trust expenses	(307)	(347)	11.6
<b>Net income</b>	<b>12,414</b>	<b>12,152</b>	<b>2.2</b>
Net change in fair value of financial derivatives	(493)	-	N.M.
Distribution adjustments <sup>(2)</sup>	2,532	1,676	51.1
<b>Distributable income</b>	<b>14,453</b>	<b>13,828</b>	<b>4.5</b>

- Gross revenue and NPI exceeded forecasts by 14.1% and 11.8% respectively.

- Property expenses are 69.4% above forecast, mainly due to higher actual utilities costs, higher property tax and higher JTC land rent.

- Net financing costs are 58.8% higher than forecast due to additional borrowings to fund new acquisitions.

- Manager's fees and Trustee's fees exceeded forecast by 22.6% and 28.4% respectively due to the new acquisitions made in 4Q 2011.

(1) Based on figures for the Projection Year 2012 as stated in the IPO Prospectus, prorated for the period from 1 January 2012 to 31 March 2012.

(2) Comprise the portion of management fees paid in Units, donation of non-Shari'ah compliant income, amortisation of capitalised transaction costs incurred on the Commodity Murabaha Facilities, straight-lining adjustments on rental income for accounting purposes, amortisation of intangible assets, Trustee's fees and other expenses which are non-deductible/chargeable for tax purposes.

# Balance sheet

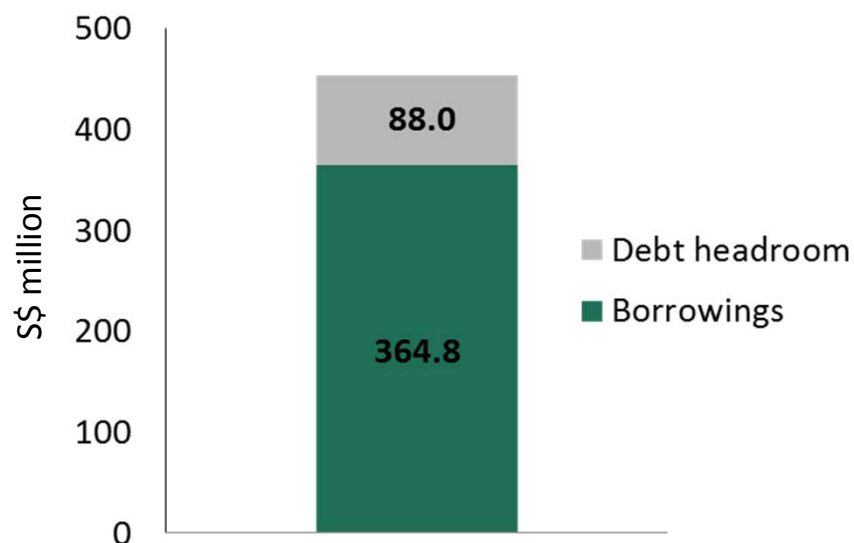


As at 31 March 2012	S\$'000
Investment properties	1,043,887
Intangible assets	4,272
Other assets	30,810
Total assets	1,078,969
Debt, at amortised cost	360,432
Other liabilities	37,590
Total liabilities	398,022
Net assets attributable to unitholders	680,947
Units in issue <sup>(1)</sup>	638,421,093
NAV per unit (SGD)	1.07
Adjusted NAV per unit <sup>(2)</sup> (SGD)	1.04

(1) Comprises 637,295,453 units in issue as at 31 March 2012 and 1,125,640 units to be issued to the Manager by 30 April 2012 as partial consideration of Manager's fees incurred for the period from 1 January 2012 to 31 March 2012.

(2) Excludes distributable income of S\$14.5 million available for distribution for the quarter ended 31 March 2012.

# Prudent capital management



- Secured two to three years Term Commodity Murabaha Facilities<sup>(1)</sup> of S\$220.6 million and S\$132.2 million in 2010 and 2011 respectively.
- Profit-rate swaps in place - fixed rates for Term Facilities.
- Debt headroom of S\$88.0 million based on 39.0% gearing

As at 31 March 2012	
Borrowings	S\$364.8 million
Aggregate leverage <sup>(2)</sup>	33.9%
Average all-in financing cost <sup>(3)(4)</sup>	4.4%
Interest cover <sup>(5)</sup>	5.5 times

(1) Shari'ah Compliance as assessed by Independent Shari'ah Committee based on HSBC Amanah Central Shari'ah Committee's Shari'ah Certification.  
 (2) Ratio of total debt and deferred payment over deposited properties as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.  
 (3) Inclusive of amortisation of transaction costs.  
 (4) Effective financing cost (inclusive of transaction costs capitalised) for Projection Year 2012 is 4.50%.  
 (5) Ratio of Net Property Income over interest expense (excluding amortisation and other fees) for the period from 1 January 2012 to 31 March 2012.

# Donations of non-Shari'ah compliant income



## Sabana Shari'ah Compliant REIT's donations to Shari'ah approved charities in 2012:



**Organisation:** The Singapore Red Cross Society

**Purpose:** In February 2012, Sabana Shari'ah Compliant REIT donated the full sum of non-Shari'ah income generated in 4Q 2011 (S\$26,358) to the flood relief efforts in the Philippines, through the Singapore Red Cross Society.

The amount is equivalent to 0.15% of Sabana Shari'ah Compliant REIT's gross revenue for 4Q 2011. The impact to the Trust's DPU is negligible.



**Organisation:** City College

**Purpose:** For 1Q 2012, Sabana Shari'ah Compliant REIT recorded a non-Shari'ah compliant income of S\$39,245, which represents 0.2% of its gross revenue. The amount will be donated to City College, a private education institution to support the education needs of needy students re-taking their 'O' Level examinations. The impact to the Trust's DPU is negligible.

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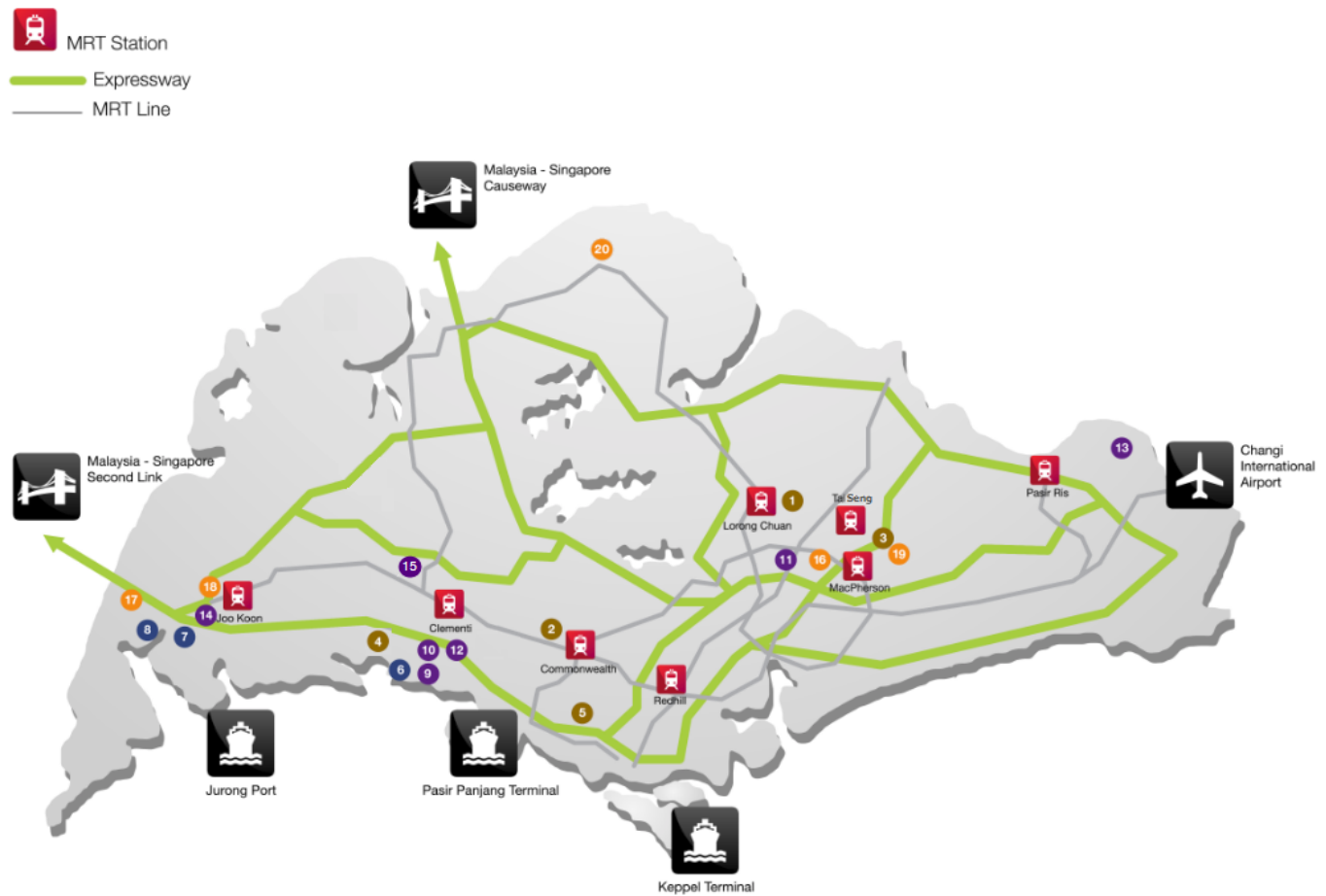
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# Quality portfolio strategically located

**Properties are located in hi-tech industrial and logistics hubs spread across Singapore and in close proximity to expressways and public transportation**

- High-tech Industrial**
  - 1 151 Lorong Chuan
  - 2 8 Commonwealth Lane
  - 3 9 Tai Seng Drive
  - 4 200 Pandan Loop
  - 5 15 Jalan Kilang Barat
  
- Chemical Warehouse & Logistics**
  - 6 33 & 35 Penjuru Lane
  - 7 18 Gul Drive
  - 8 1 Tuas Avenue 4
  
- Warehouse & Logistics**
  - 9 34 Penjuru Lane
  - 10 51 Penjuru Road
  - 11 3 Kallang Way 2A
  - 12 218 Pandan Loop
  - 13 26 Loyang Drive
  - 14 3A Joo Koon Circle
  - 15 2 Toh Tuck Link
  
- General Industrial**
  - 16 123 Genting Lane
  - 17 30 & 32 Tuas Avenue 8
  - 18 21 Joo Koon Crescent
  - 19 39 Ubi Road 1
  - 20 6 Woodlands Loop





## High occupancy rates



### As at 31 March 2012

**Total portfolio GFA** 3,998,796 sq ft

#### Portfolio occupancy

19 properties (18 triple net & 1 single net master lease)<sup>(1)</sup> 96.0%

1 property, multi-tenanted (9 Tai Seng Drive) 98.4%

**Weighted average lease term to expiry**<sup>(2)</sup> 2.6 years

**Weighted average unexpired lease term for the underlying land**<sup>(3)</sup> 39.9 years

(1) 1 Tuas Avenue 4 – No rentals were collected for the first quarter of 2012. The Manager has signed a new 10+5 year master lease with a replacement tenant for the whole building. The lease commenced on 1 April 2012.

(2) Based on gross revenue.

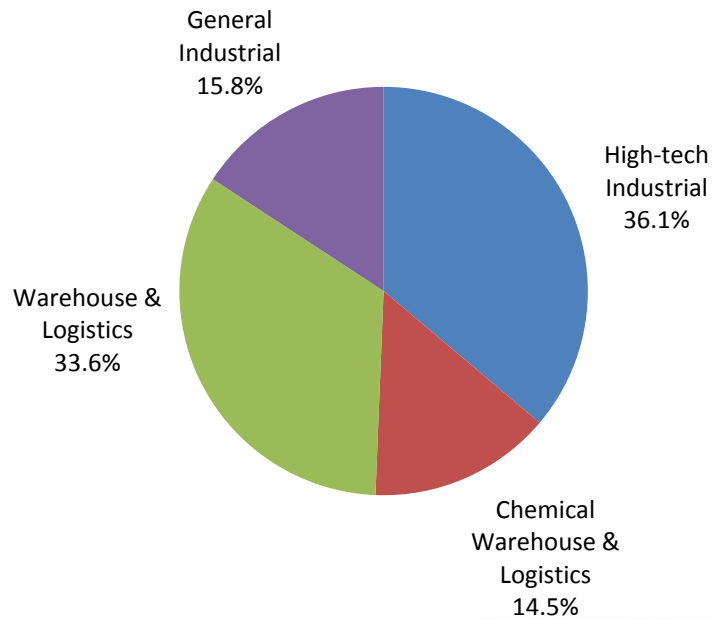
(3) Based on GFA.

# Diverse asset types

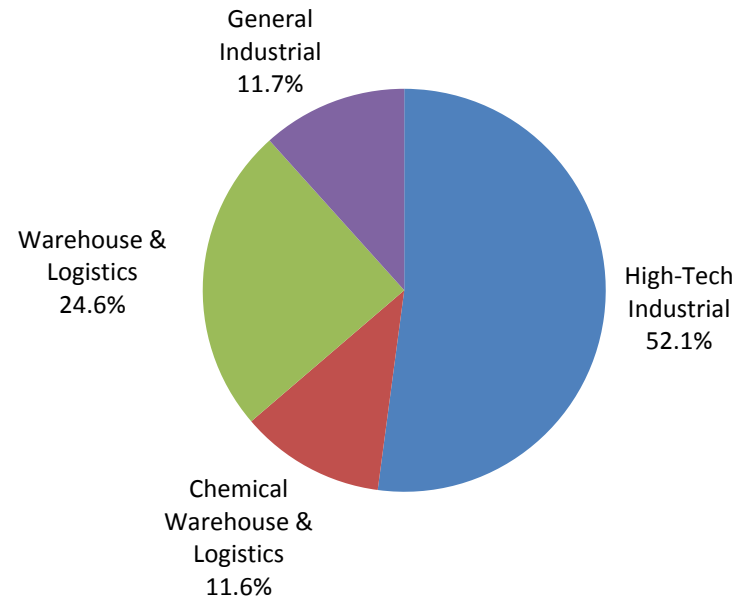
**Sabana Shari'ah Compliant REIT's portfolio is diversified in the following asset types:**

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

**Asset Breakdown by GFA for 1Q 2012**



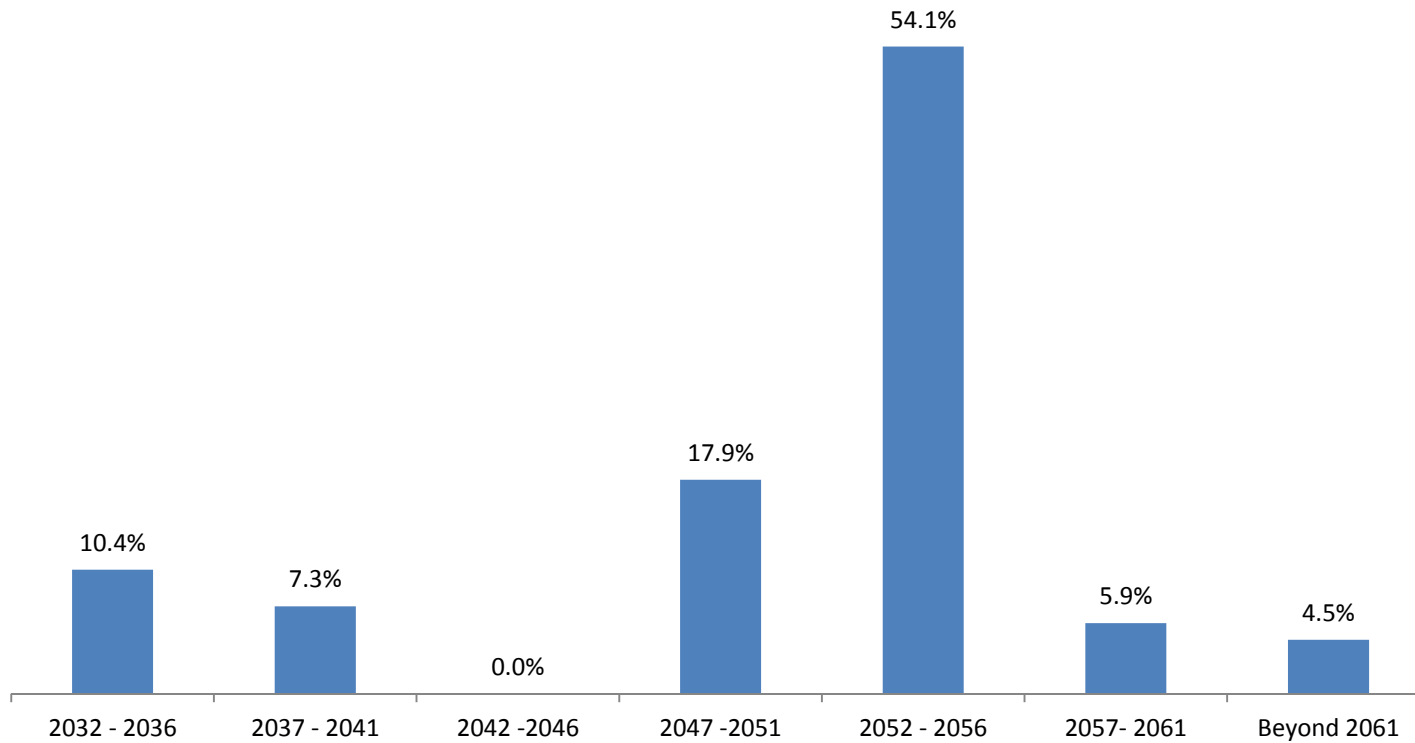
**Gross Revenue by Asset Type for 1Q 2012**



# Long weighted average leasehold for underlying land



## Percentage of unexpired land lease term by GFA<sup>(1)</sup>



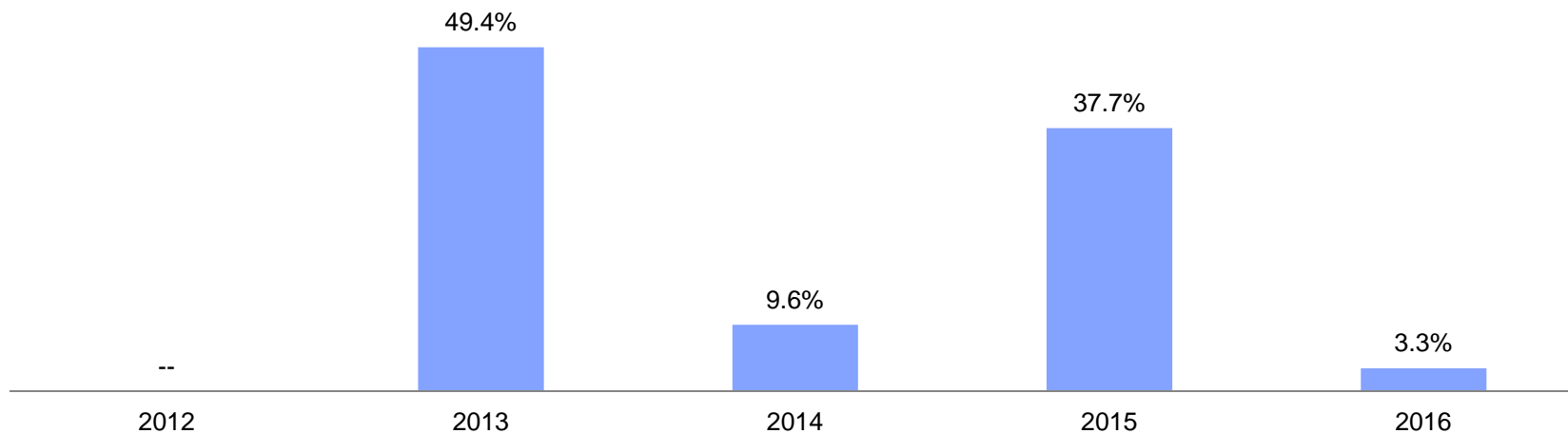
**Well distributed, long underlying land leases, with an average of 39.9 years by GFA.**

(1) As at 31 March 2012, weighted by GFA.

# Long weighted average master lease duration



## Lease Expiry Profile by Gross Revenue<sup>(1)</sup>



**Weighted average lease term to expiry of 2.6 years provides income stability.**

(1) 1 Tuas Avenue 4 – No rentals were collected for the first quarter of 2012. The Manager has signed a new 10+5 year master lease with a replacement tenant for the whole building. The lease commenced on 1 April 2012.

## Quality assets attract quality tenants

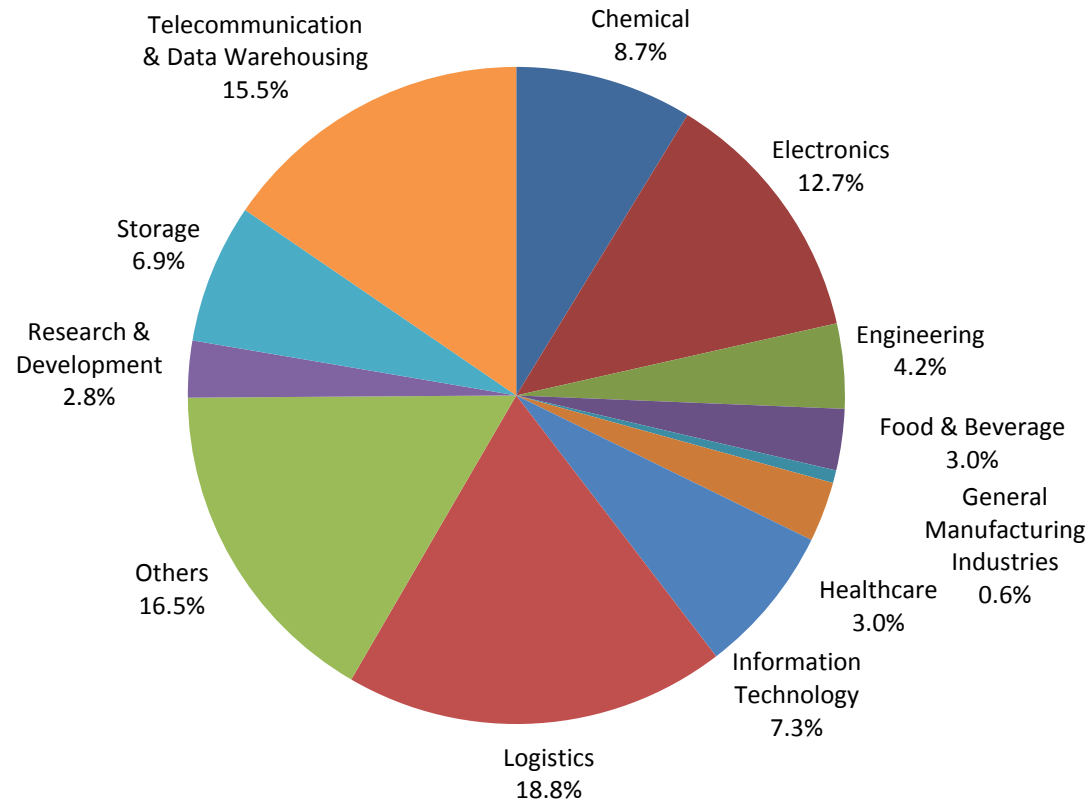


	As at 31 Mar 2012	As at 31 Dec 2011
Total NLA (sq ft)	3,165,643	3,165,643
Total number of sub-tenants	138	128
Weighted average lease term to expiry (mths) <sup>(1)</sup>	21.4	21.7

(1) Based on sub-tenancy gross rent.

# Diverse sub-tenant base

## Sub-tenants' Industry Diversification by NLA<sup>(1)</sup>:



**No concentration in any single trade sector**

(1) Data as at 31 March 2012.

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## Market outlook

- According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 4.9% in 2011 and continues to maintain the GDP growth forecast for 2012 at 1.0% to 3.0%.<sup>(1)</sup>
- According to DTZ Research, industrial rents are expected to fall between 5% and 10% with business park rental decline on the higher end of the range due to more available supply and competition in 2012.<sup>(2)</sup>
- Colliers is of the view that overall industrial rents in Singapore may dip by 3% in 2012 while capital values are expected to hold relatively stable in 2012.<sup>(3)(4)</sup>
- Despite subdued outlook for the global economy and Singapore industrial property market, the Manager is positive about the Trust's performance for 2012, given that the majority of the existing master leases will not expire until the end of 2013.

(1) Ministry of Trade and Industry, 16 February 2012, Press Release.

(2) DTZ Research: Business park rents projected to fall, 26 March 2012.

(3) Colliers International, The Knowledge Report, 1Q 2012.

(4) The Business Times, 13 April 2012.

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## Distribution details



Stock counter	Distribution period	DPU (cents)
SABANA REIT Code: M1GU	1 January 2012 to 31 March 2012	2.26

### Distribution Timetable

Ex-date	25 April 2012, 9am
Books closure date	27 April 2012, 5pm
Distribution payment date	29 May 2012
Donations to approved charities	29 May 2012 or earlier

# Thank you!

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