



SABANA SHARI'AH COMPLIANT INDUSTRIAL REIT

1Q 2014: First Quarter ended 31 March 2014 Results Presentation

16 April 2014

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 2014 to 31 March 2014 ("1Q 2014").

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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1Q 2014 Performance Versus 1Q 2013



For the quarter ended 31 March 2014

(in S\$'000)	1Q 2014	1Q 2013	Variance (%)
Gross revenue	24,570	21,509	14.2
NPI	18,385	20,258	(9.2)
Income available for distribution	13,044	15,486	(15.8)
DPU (in cents)	1.88⁽¹⁾	2.41	(22.0)
Annualised DPU (in cents)	7.62	9.77	(22.0)
Annualised distribution yield ⁽²⁾	7.05%	9.05%	(22.0)

(1) Based 693,151,665 Units issued and to be issued as at 31 March 2014.

(2) Based on the last traded price of S\$1.080 per unit as at 15 April 2014.

Financial Performance



For the quarter ended 31 March 2014

(in S\$'000)	1Q 2014	1Q 2013	Variance (%)
Gross revenue	24,570	21,509	14.2
Property expenses	(6,185)	(1,251)	(394.4)
NPI	18,385	20,258	(9.2)
Net finance costs	(6,708)	(4,836)	(38.7)
Amortisation of intangible assets	(265)	(340)	22.1
Manager's fees	(1,519)	(1,422)	(6.8)
Trustee's fees	(128)	(114)	(12.3)
Donation of non-Shari'ah compliant income	(24)	(33)	27.3
Other trust expenses	(311)	(309)	(0.6)
Net income	9,430	13,204	(28.6)
Net change in fair value of financial derivatives	2,878	(4,057)	170.9
Total return for the period	12,308	9,147	34.6
Distribution adjustments ⁽¹⁾	736	6,339	(88.4)
Income available for distribution	13,044	15,486	(15.8)

NM denotes "not meaningful".

(1) Comprise the portion of management fees paid/payable in Units, donation of non-Shari'ah compliant income, amortisation of capitalised transaction costs incurred on borrowings, straight-lining adjustments on rental income for accounting purposes, amortisation of intangible assets, Trustee's fees, net change in fair value of financial derivatives, net change in fair value of investment properties, and other income/expenses which are non-chargeable/deductible for tax purposes.

- **Gross revenue** was 14.2% higher compared to 1Q 2013, mainly due to 508 Chai Chee Lane acquired in September 2013 and higher rental from 151 Lorong Chuan which was converted into multi-tenanted lease arrangements in 4Q 2013.

- **Property expenses** were 394.4% higher than 1Q 2013 due to higher property tax, land rent, maintenance, and lease administration expenses, in line with the increase in the number of directly managed properties post 25 November 2013 from one in 1Q 2013 to six in 1Q 2014, as well as higher property and lease management fees, in line with higher gross revenue.

- **Net finance cost** increased by 38.7% from 1Q 2013 due to one-time finance costs associated with an early refinancing exercise in 1Q 2014. These costs are non-tax deductible and have no impact on income available for distribution.

- **Net income** was 28.6% lower than 1Q 2013 largely due to lower NPI and higher net finance costs.

- **Income available for distribution** decreased 15.8% from 1Q 2013, mainly due to lower NPI and straight-lining adjustments on rental income for a major tenant given rent-free period in 1Q 2014.

Balance Sheet



As at 31 March 2014

S\$'000

Investment properties	1,211,977
Intangible assets	1,565
Other assets	18,792
Total assets	1,232,334
Borrowings, at amortised cost	447,709
Other liabilities	29,752
Total liabilities	477,461
Net assets attributable to Unitholders	754,873
Units in issue ⁽¹⁾	693,151,665
NAV per unit (S\$)	1.09
Adjusted NAV per unit⁽²⁾ (S\$)	1.07

(1) Comprises 691,959,462 Units in issue as at 31 March 2014 and 1,191,674 units to be issued to the Manager by 30 April 2014 as partial consideration of Manager's fees incurred for the period from 1 January 2014 to 31 March 2014.

(2) Excludes distributable income of S\$13.0 million available for distribution for the quarter ended 31 March 2014.

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Capital Structure At A Glance



As at 31 March 2014	
Borrowings	S\$455.8 million
Aggregate leverage ⁽¹⁾	37.0%
Proportion of total debt fixed	91.0%
Average all-in financing cost⁽²⁾	4.1%
Outstanding Term CMF	S\$262.8 million
Outstanding Revolving CMF	S\$30.5 million
Convertible Sukuk due 2017	S\$72.5 million
Trust Certificates due 2018	S\$90.0 million
Weighted average tenor of debt	2.7 years
Interest cover ⁽³⁾	4.5 times
Unencumbered assets	S\$177.7 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 of 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 2014 to 31 March 2014.

Maiden Issuance of Trust Certificates

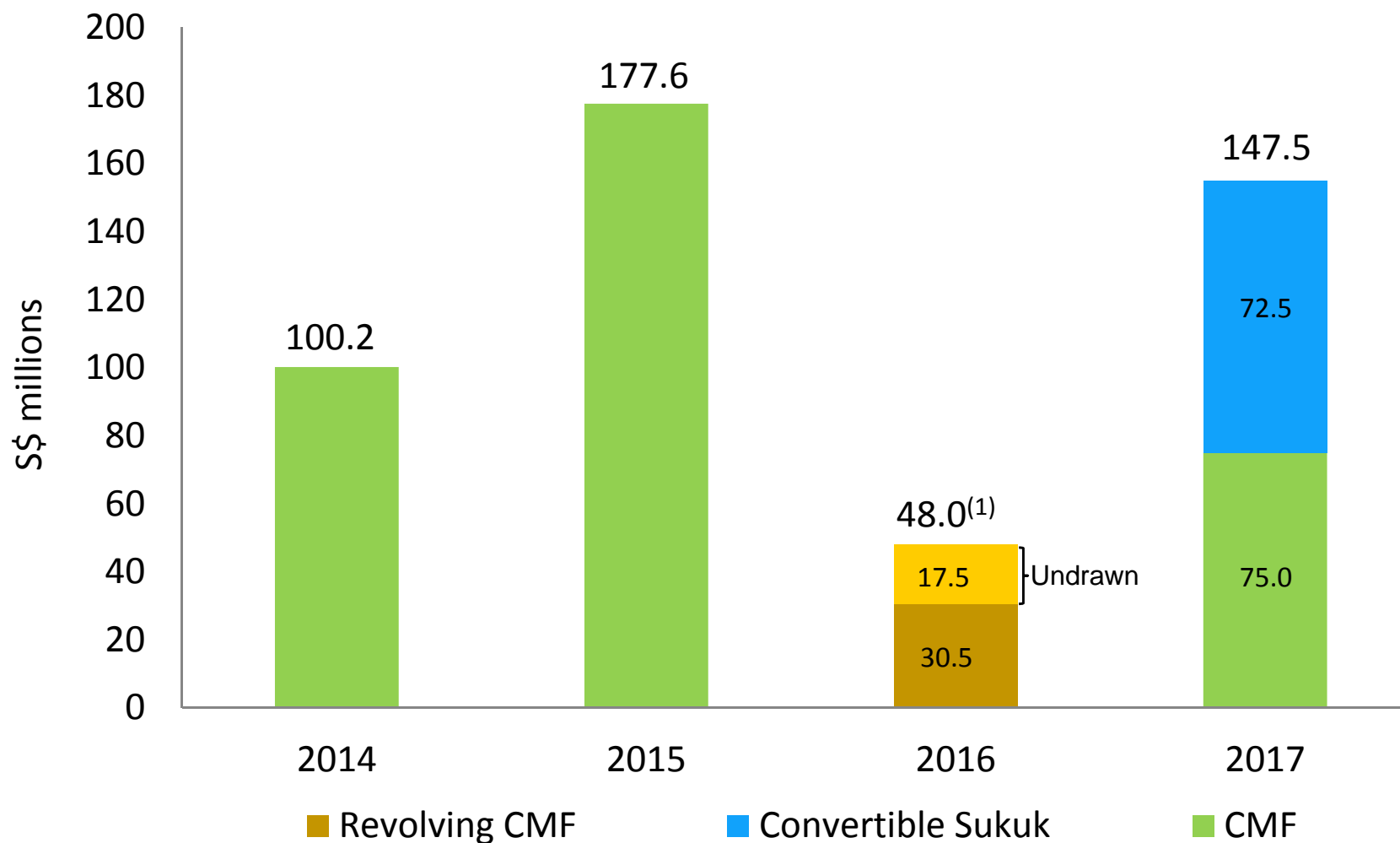
- S\$90.0 million 4.0% fixed periodic distribution trust certificates (Trust Certificates Series I) due 2018 issued on 19 March 2014 under the S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme on 19 March 2014.
- Proceeds paid off most of the S\$100.2 million of borrowings due November 2014.
- Three properties are in the process of being unencumbered.
- Weighted average tenor of debt increased to 2.7 years from 2.2 years in 4Q 2013.
- This maiden issuance has opened Sabana REIT to an additional source of financing and has forged new banking relationship with DBS Bank Ltd., which was appointed as joint lead manager and joint bookrunner for the Trust Certificates, alongside CIMB Bank Berhad.

Implementation of Distribution Reinvestment Plan ("DRP")

- The DRP which was introduced on 1 April 2014 to provide Unitholders with an opportunity to elect to receive distributions in the form of fully-paid new Units, instead of cash, will be applied to 1Q 2014 distribution.
- Unitholders will be able to increase their unitholdings in Sabana REIT without incurring brokerage fees, stamp duties (if any) and other related costs.
- Issue of new Units under the DRP will also enlarge Sabana REIT's capital base and improve the liquidity of Units, and the cash retained thereof will strengthen its working capital.

Debt Maturity Profile

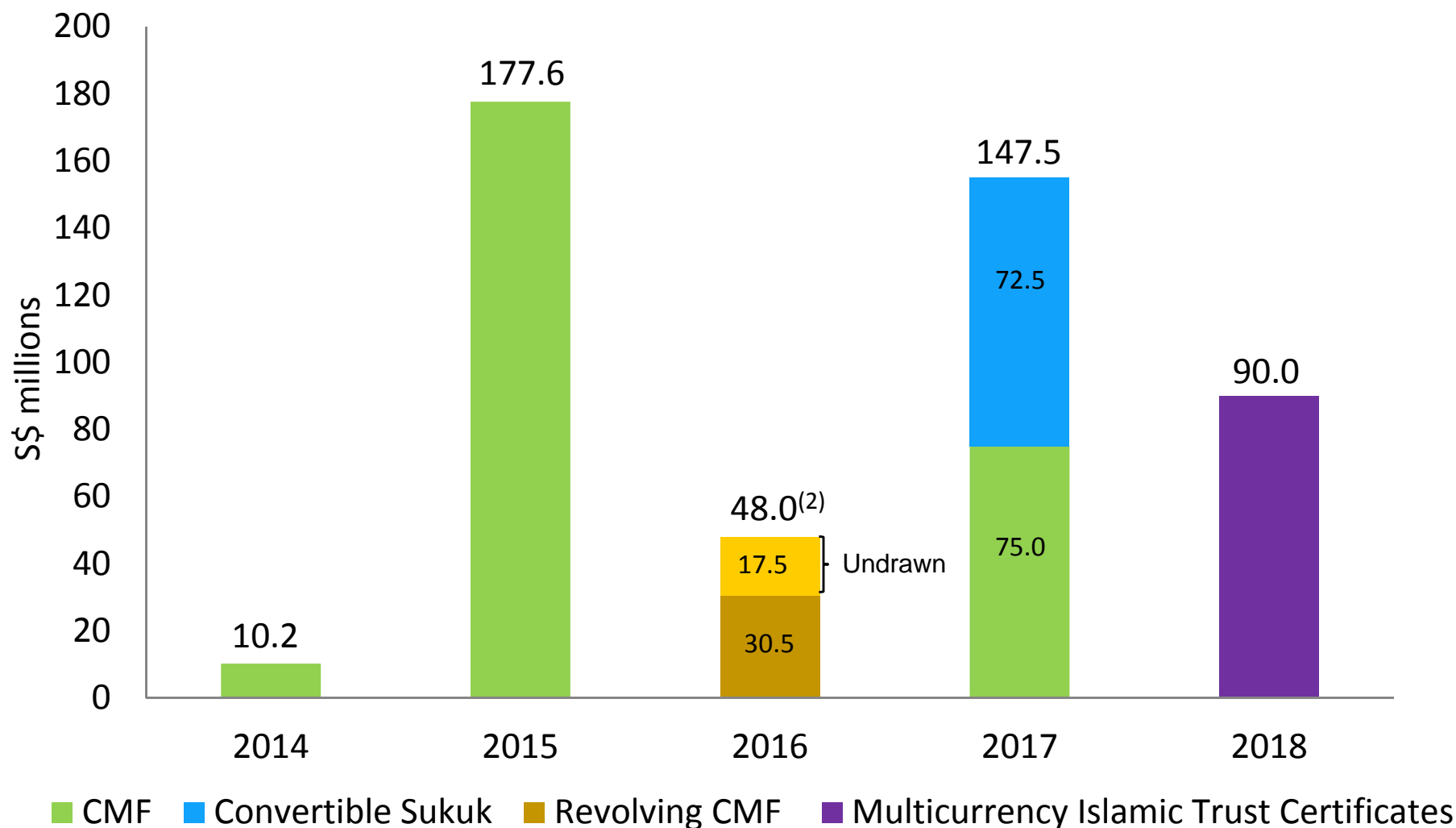
Before issuance of Trust Certificates Series I



(1) Comprises S\$30.5 million and S\$17.5 million of drawn and undrawn credit facilities.

Debt Maturity Profile

After issuance of Trust Certificates Series I⁽¹⁾

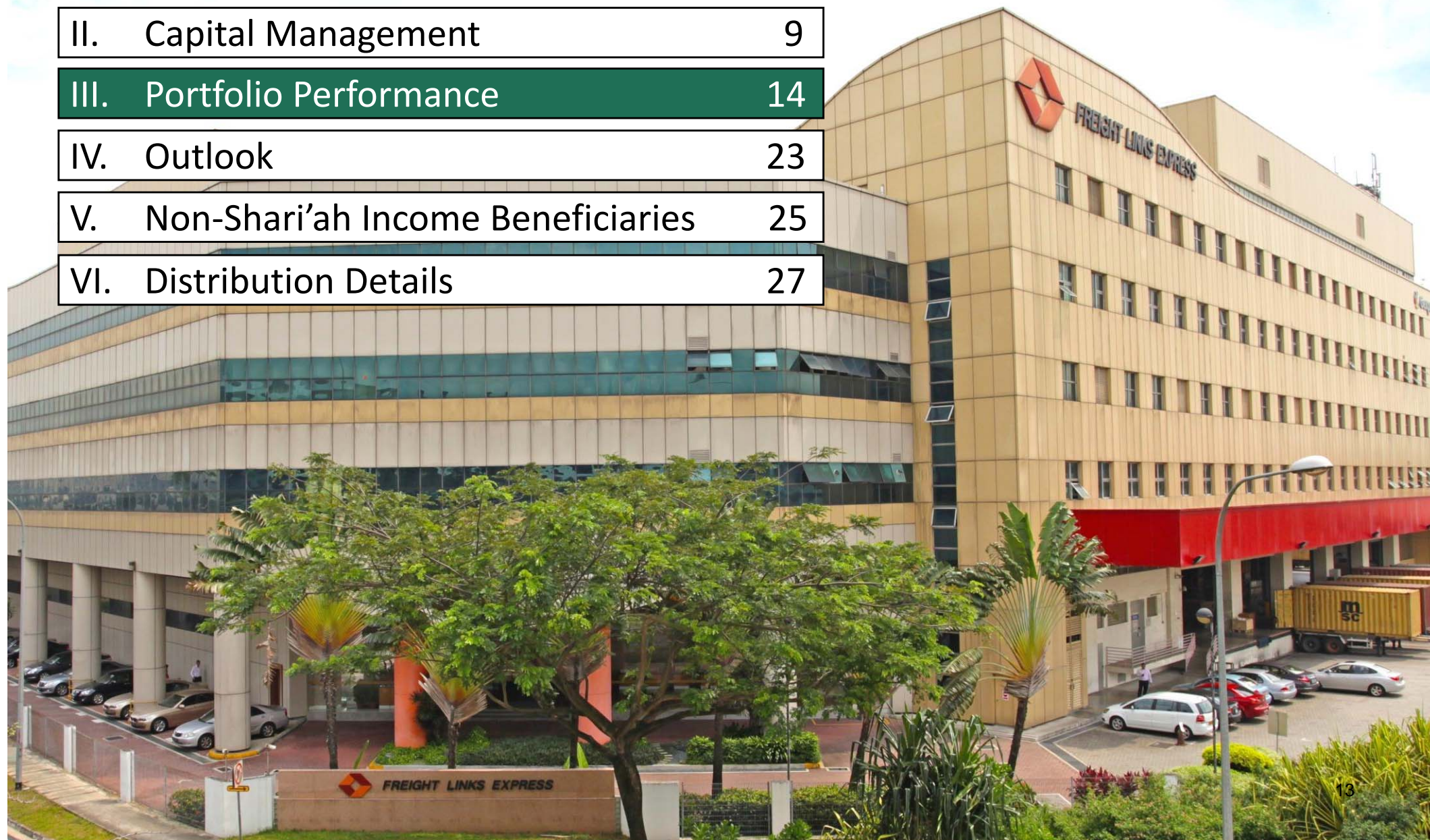


(1) As at 31 March 2014.

(2) Comprises S\$30.5 million and S\$17.5 million of drawn and undrawn credit facilities.

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Quality Portfolio Strategically Located

Properties are located in high-tech industrial and logistic hubs across Singapore, 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
- 6 1 Tuas Avenue 4
- 7 23 Serangoon North Avenue 5
- 8 508 Chai Chee Lane

Warehouse and Logistics

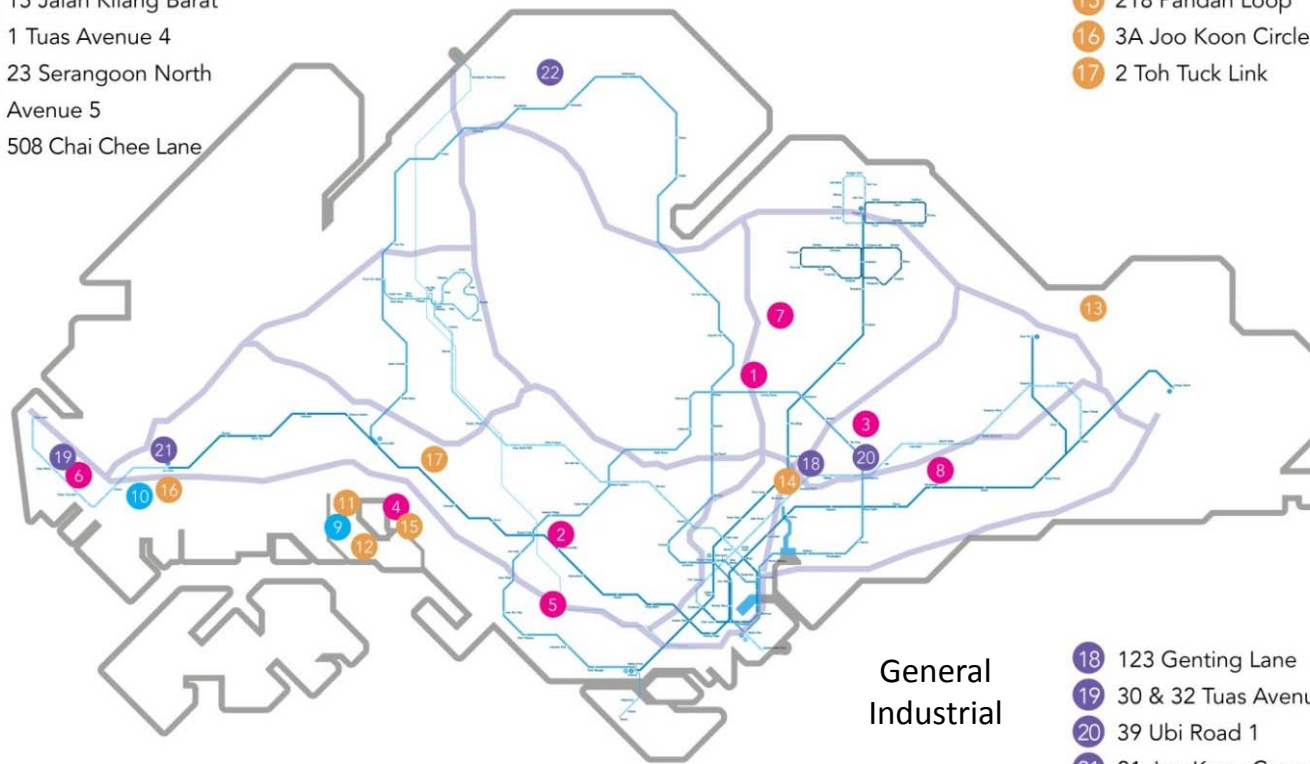
- 11 34 Penjuru Lane
- 12 51 Penjuru Road
- 13 26 Loyang Drive
- 14 3 Kallang Way 2A
- 15 218 Pandan Loop
- 16 3A Joo Koon Circle
- 17 2 Toh Tuck Link

Chemical Warehouse and Logistics

- 9 33 & 35 Penjuru Lane
- 10 18 Gul Drive

General Industrial

- 18 123 Genting Lane
- 19 30 & 32 Tuas Avenue 8
- 20 39 Ubi Road 1
- 21 21 Joo Koon Crescent
- 22 6 Woodlands Loop



High Occupancy Rates



As at 31 March 2014

Total portfolio GFA	4,485,755 sq ft
Portfolio occupancy	
16 properties, master leases ⁽¹⁾	100.0%
6 properties, multi-tenanted ⁽²⁾	76.9%
22 properties, total portfolio ⁽³⁾	90.6%
Weighted average lease term to expiry ⁽⁴⁾	2.0 years
Weighted average unexpired lease term for the underlying land ⁽⁵⁾	38.7 years

(1) 14 triple net & 2 single net master leases

(2) 151 Lorong Chuan, 8 Commonwealth Lane, 9 Tai Seng Drive, 200 Pandan Loop, 508 Chai Chee Lane and 123 Genting Lane

(3) By Net Lettable Area ("NLA").

(4) Weighted by gross revenue (master leases of 16 properties).

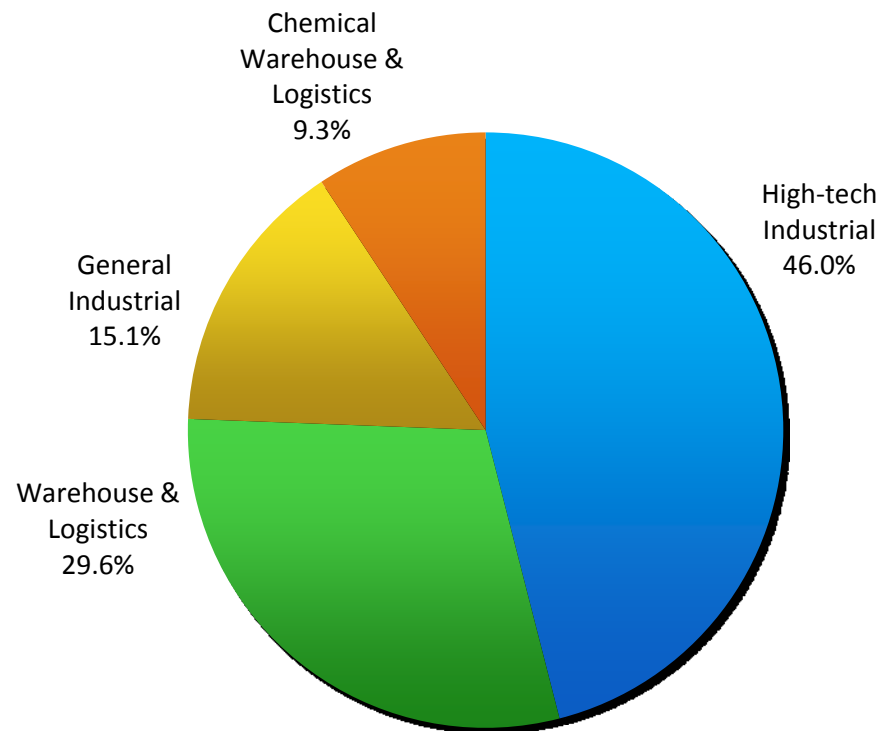
(5) Weighted by GFA.

Diverse Asset Types

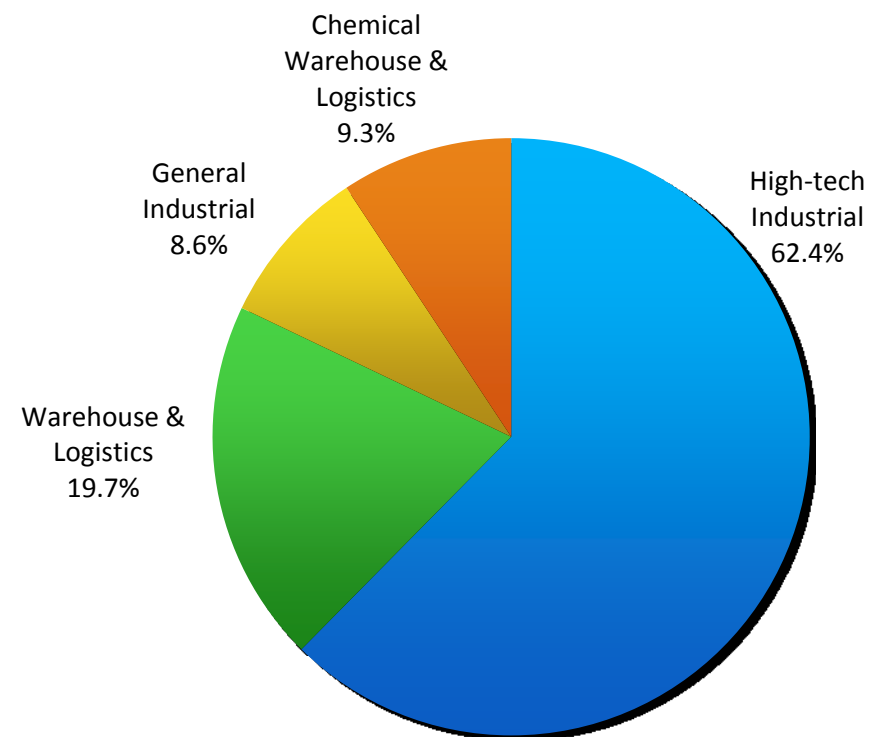
Sabana REIT's portfolio is diversified in the following asset types:

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

Asset Breakdown by NLA for 1Q 2014⁽¹⁾



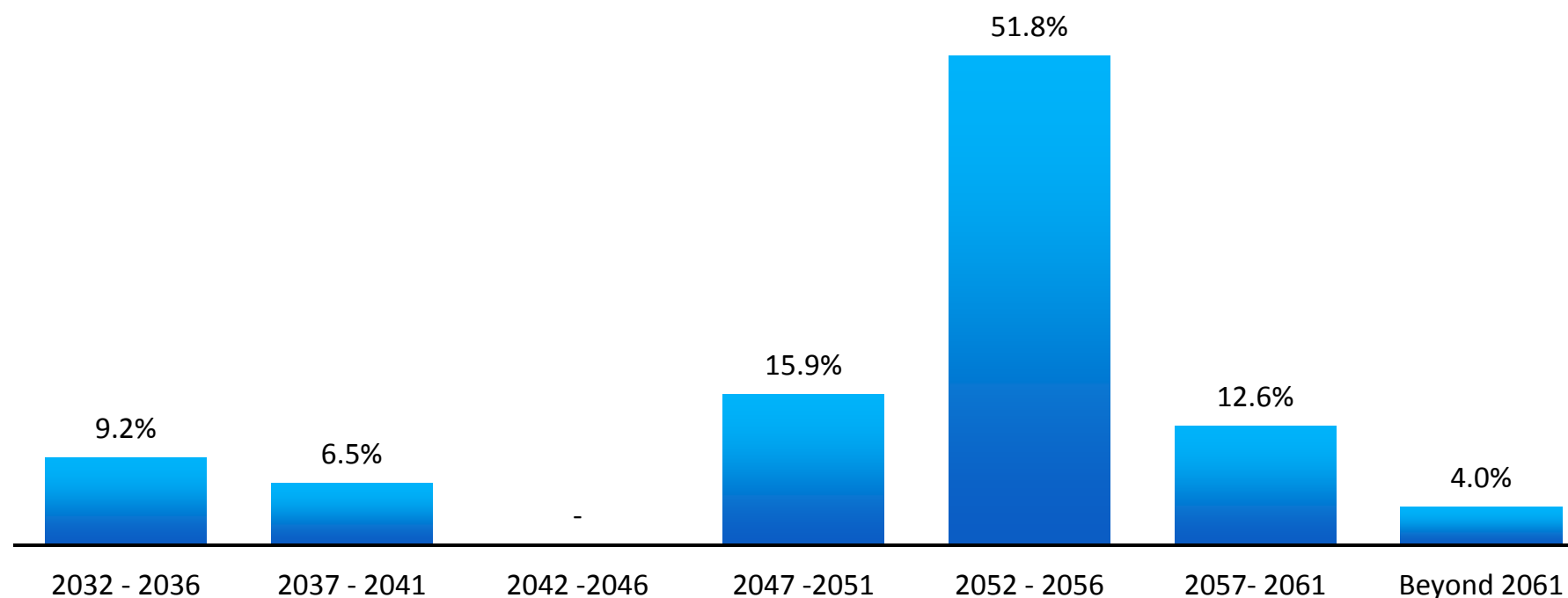
Gross Revenue by Asset Type for 1Q 2014



(1) As at 31 March 2014.

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 38.7 years by GFA.

(1) As at 31 March 2014, weighted by GFA.

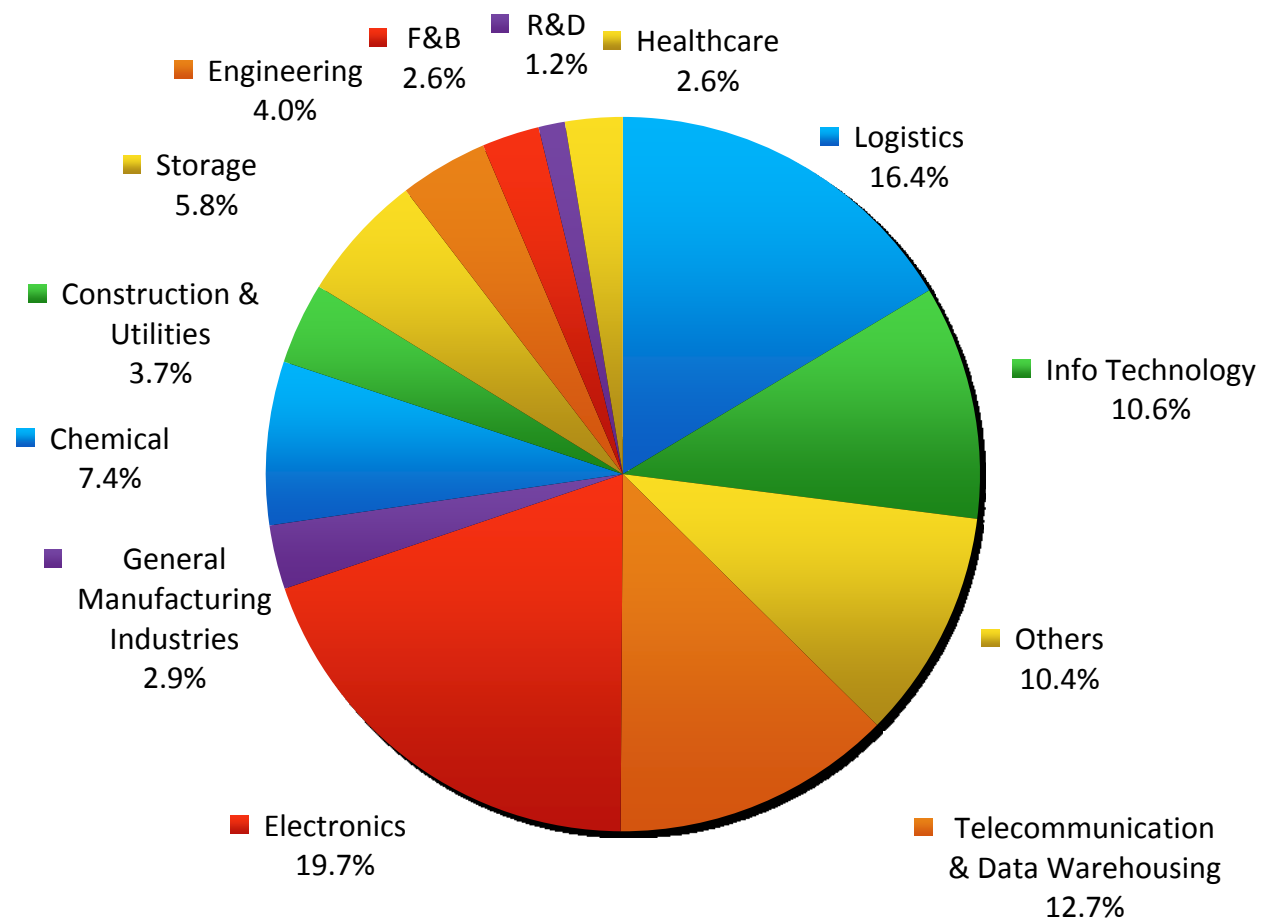
Quality Assets Attract Quality Tenants



	As at 31 March 2014	As at 31 December 2013
Total NLA (sq ft)	3,558,267	3,558,267
Total number of direct and sub-tenants	152	152
Weighted average lease term to expiry (mths) ⁽¹⁾	31.9	32.6

(1) Weighted by sub-tenancy gross rent.

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

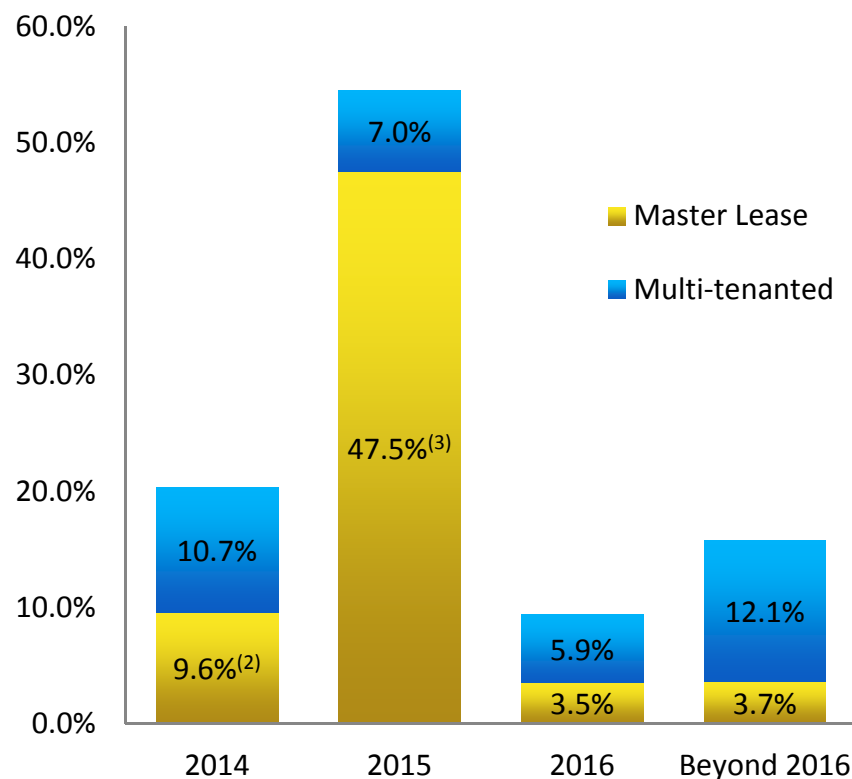


No concentration in any single trade sector

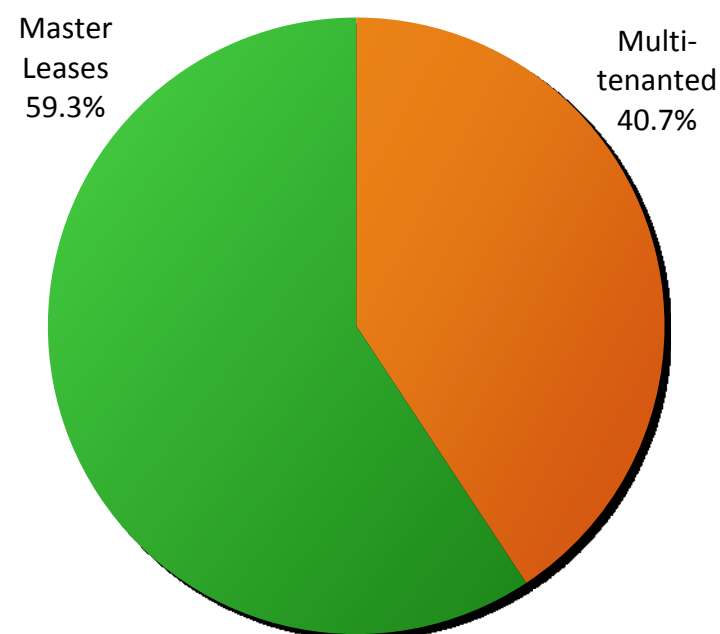
(1) As at 31 March 2014.

Active Lease Management

Lease Expiry by NLA for 1Q 2014⁽¹⁾



Lease Type by NLA for 1Q 2014⁽¹⁾



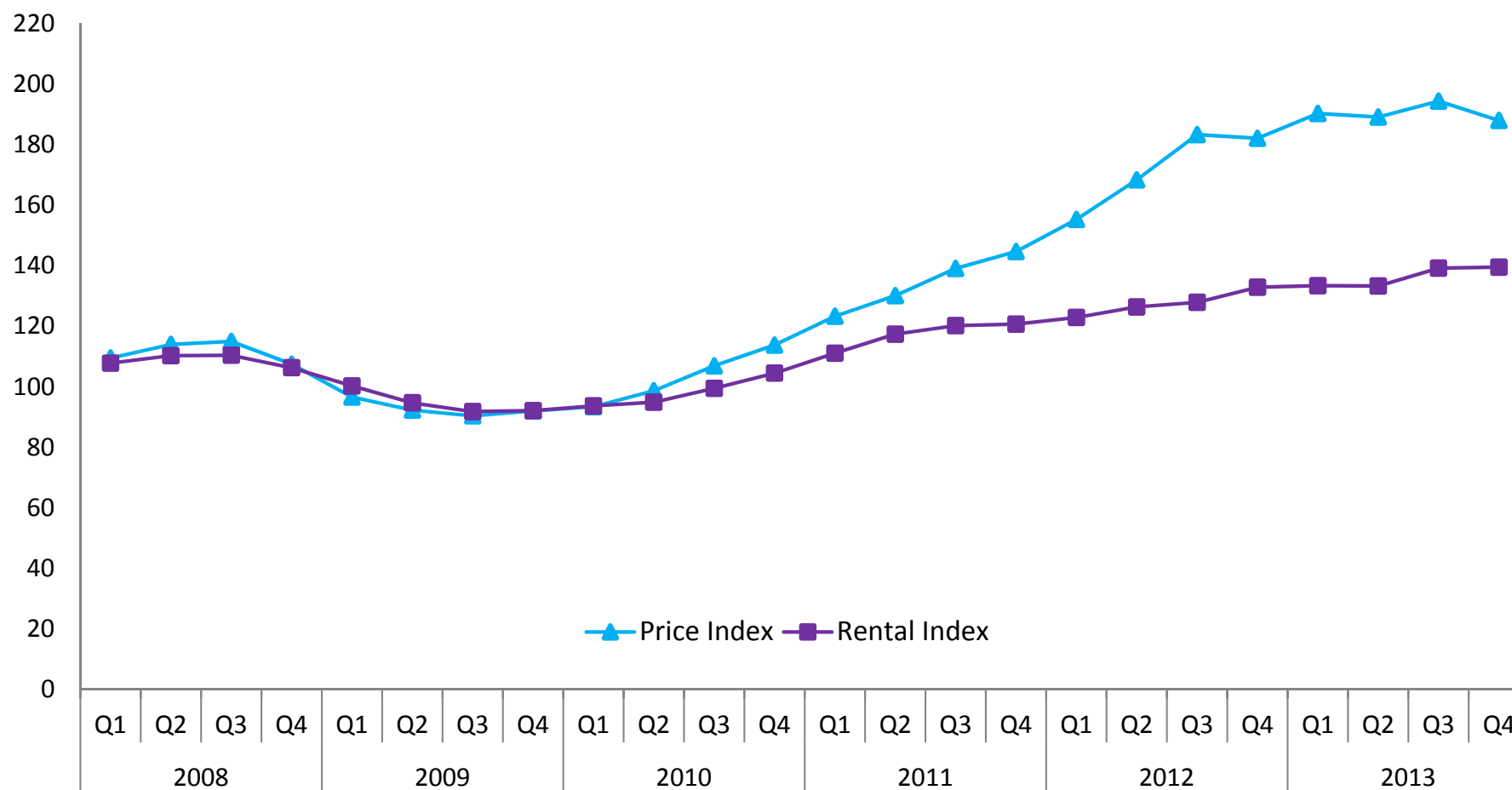
(1) As at 31 March 2014.

(2) Comprises three master leases (2 Toh Tuck Link, 3A Joo Koon Circle and 6 Woodlands Loop), which will expire in 4Q 2014.

(3) Comprises of 11 properties (NLA 1,558,552 sq ft) of which 5 properties (NLA 708,894 sq ft) are currently leased back by the Sponsor, SGX-listed Vibrant Group Limited (formerly known as Freight Links Express Holdings Limited). Out of the 11 master leases, ten are to expire in 4Q 2015.

Strong Recovery In Industrial Property Market

Industrial Sector's Price & Rental Index (2008 - 2013)¹



(1) Based on Urban Redevelopment Authority's quarterly real estate statistics

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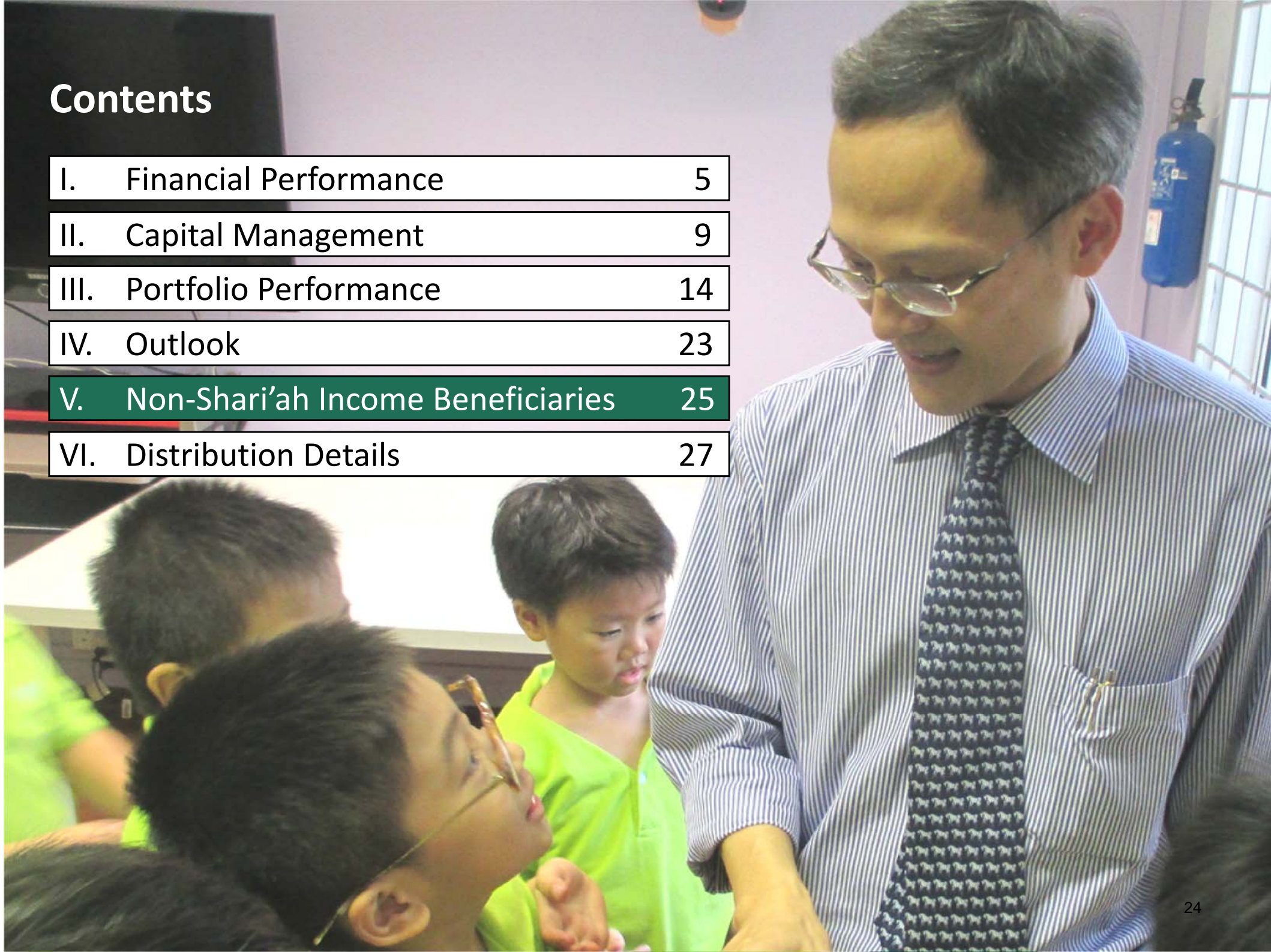
Singapore Economy	<p>Singapore economy sees modest growth in 1Q 2014</p> <ul style="list-style-type: none"> Based on advanced estimates, the Singapore economy grew by 5.1% year-on-year in the first quarter of 2014, lower than the 5.5% growth in the previous quarter.⁽¹⁾ For 2014, the MTI has maintained its growth forecast at 2.0% to 4.0%.⁽²⁾
Industrial Property Sector	<p>Conventional industrial rents held up, while high-tech industrial rents are on the rise</p> <ul style="list-style-type: none"> According to DTZ Research, rents for conventional industrial space was held up on the back of expansion in the manufacturing sector, although that may face supply-side pressures going forward.⁽³⁾ That said, rents for high-tech industrial space have increased by 1.6% q-o-q respectively as businesses demand for newer and better quality buildings.⁽³⁾ Meanwhile, capital values were stagnant for the third consecutive quarter, as the implementation of the seller's stamp duty (SSD) and total debt servicing ratio (TDSR) framework continued to slow transaction activity.⁽³⁾
The Trust	<p>Outlook for 2014</p> <ul style="list-style-type: none"> Looking ahead, we will continue to intensify our marketing and leasing efforts to improve our portfolio occupancy. In addition, we will look for opportunities to recycle our capital by divesting underperforming assets and use the sale proceeds to reinvest in new acquisitions, pare down our debt and/or distribute capital gains from divestments to our Unitholders.

Sources:

- (1) "Singapore's GDP Grew by 5.1 Per Cent in the First Quarter of 2014". www.mti.gov.sg. Ministry of Trade and Industry Singapore. 14 April 2014. Web. 14 April 2014.
- (2) "MTI Maintains 2014 GDP Growth Forecast at 2.0 to 4.0 Per Cent". www.mti.gov.sg. Ministry of Trade and Industry Singapore. 20 February 2014. Web. 14 April 2014.
- (3) "Conventional industrial rents hold firm while business park and hi-tech rents are on the rise". www.dtz.com. DTZ Research. 1 April 2014. Web. 7 April 2014.

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Non-Shariah Income Beneficiaries

Sabana REIT supports local communities by offering its non-Shari'ah income to charitable causes

The following organisations have been chosen to benefit from its non-Shari'ah income⁽¹⁾:



Organisation: Lien AID

Purpose: Lien Aid is a non-profit organisation that seeks to make clean water and proper sanitation more accessible and affordable for poor rural communities in Asia. It builds the capability of beneficiaries and empowers them with skills and knowledge, and a strong sense of project ownership. Sabana REIT will be allocating **S\$32,524** to Lien Aid to co-sponsor the installation of a community-based social water treatment plant in Cambodia and to support Lien Aid's health and hygiene awareness campaigns held for that community.



Organisation: Ananias Centre

Purposes: Ananias Centre provides before and after school care to approximately 240 primary school students across three centres in Singapore. Sabana REIT will be donating **S\$20,000** to Ananias Centre to help needy families which may not meet the criteria for government subsidies for student care for their children. The donations will also be used to sponsor enrolment fees, as well as school fees for children from needy families.

(1) Consists of S\$23,858 of non-Shari'ah income generated in 1Q 2014, as well as S\$28,666 being the re-disbursement of Sabana REIT's 3Q 2013 non-Shari'ah income (the amount was allocated to the "Save Neira Ng" project" but was returned by KK Hospital to the Trust after Ms Neira Ng passed away). Sabana REIT's 1Q 2014 non-Shari'ah income constitutes only less than 0.1% of Sabana REIT's 1Q 2014 gross revenue.

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Distribution details



Sabana REIT Code: MIGU

Distribution period	DPU (cents)
1 January 2014 to 31 March 2014	1.88
Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	22 April 2014
Ex-date	23 April 2014, 9am
Books closure date	25 April 2014, 5pm
Date of announcement of Issue Price of DRP Units	25 April 2014
Distribution payment date	30 May 2014
Donations to approved charities	30 May 2014 or earlier

Thank you

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