SABANA
SHARI'AH COMPLIANT REIT



Sabana Shari'ah Compliant Industrial REIT

1Q 2018 Financial Results Presentation

23 April 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 first quarter from 1 January 2018 to 31 March 2018 ("1Q 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.

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Key Highlights for 1Q 2018

SABANA SHARI'AH COMPLIANT REIT

DPU (Cents)	Distributable Income (S$)	Net Property Income (S$)	Gross Revenue (S$)	Net Asset Value per unit (S$)
0.88	9.2m	14.6m	21.0m	0.54

Focused execution on recalibrated strategy

1. Strategic Review of Operations

- **Other assets identified for possible divestment**
  - Marketing Agent appointed for EOI exercise
  - Leasing efforts to continue in the interim to maintain income stability
  - Proceeds from any divestments to be recycled to pare down loans and/or for potential AEI
- **Key asset identified for potential AEI:** New Tech Park(2)

2. Active Portfolio Management

- Successfully divested 6 Woodlands Loop for S$13.8m, 7% higher than its book value; fully recovered S$1.2m rental arrears previously impaired from the ex master tenant
- Occupancy (1) for multi-tenanted properties improved from 78.4% to 79%
- Active management of the six master leases, the bulk of which are expiring at the end of this year – one master tenancy has been renewed, proactive management of remaining five

3. Prudent Financial Management

- **Maintain balanced capital structure:**
  - Aggregate leverage at **38.1%** (1Q 2017: 36.1%)
  - Weighted all in cost of borrowing at **4.0%** (1Q 2017: 4.0%)
- **Ensure the Trust is well capitalised to service outstanding loans:**
  - Improved profit coverage ratio to **4.2 times** (1Q 2017: 3.5 times)
  - No refinancing requirements till 2Q 2019

(1) By Net Lettable Area ("NLA").
(2) Subject to regulatory approval

Delivering on 2018 Strategy: Active Initiatives

CEO's first 90 days

25 January 2018: Announcement of appointment. Unveiled 3-prong recalibrated strategy:

1. Driving revenue and occupancy by ramping up marketing efforts, and focusing on retaining key tenants
2. Enhancing the portfolio to focus on high specs assets and business parks, including selective divestments of underperforming assets
3. Further cost rationalisation by re-examining entire business to identify additional operational efficiencies

28 February 2018: Sale of non-core asset 6 Woodlands Loop (6WL) for S$13.8 million announced

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 Edge* and *Money FM 89.3* on strategic direction for the REIT moving forward

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



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Financial Performance At a Glance (y-o-y)

SABANA SHARI'AH COMPLIANT REIT

For the quarter ended 31 March 2018

(in S$'000)	1Q 2018	1Q 2017	Variance (%)
Gross revenue	**21,003**	21,978	(4.4)
Net property income	**14,586**	13,335	9.4
Amount available for distribution[(1)]	**9,244**	9,318	(0.8)
DPU (cents)[(1)(2)]	**0.88**	0.88	-
Annualised DPU (cents)	**3.57**	3.57	-

Distribution per unit (DPU):

- Would have been lower at 0.86 cents if fee waiver of 20% ($238k) not taken
- Excluding fee waivers for 1Q 2018 and 1Q 2017, DPU improved 7.5% y-o-y

Net Property Income improved:

- Reduction in property expenses more than offset lower gross revenue as a result of active asset and lease management

Net Finance Costs significantly reduced:

- Down 24.1% y-o-y due to repayment and refinancing of maturing borrowings using proceeds from Rights Issue, divestments and lower cost facilities

(1) For 1Q 2018, the Manager elected to forgo 20% of its base fees or approximately S$238,000 (1Q 2017: 75% and S$944,000) to cushion the dilutive effect on DPU due to general mandate not obtained to issue units as either full or partial payment of the Manager's fees at the Annual General Meeting held on 28 April 2017. The amount available for distribution and DPU for 1Q 2018 would have instead been approximately S$9,006,000 and 0.86 cents (1Q 2017: S$8,374,000 and 0.80 cents) respectively, had the Manager not forgone any of its fees.

(2) Based on 1,053,083,530 units issued.

Financial Performance At a Glance (q-o-q)

SABANA SHARI'AH COMPLIANT REIT

For the quarter ended 31 March 2018

(in S$'000)	1Q 2018	4Q 2017	Variance (%)
Gross revenue	**21,003**	20,395	3.0
Net property income	**14,586**	13,711	6.4
Amount available for distribution[(1)]	**9,244**	8,783	5.2
DPU (cents)[(1)(2)]	**0.88**	0.83	6.0
Annualised DPU (cents)	**3.57**	3.29	8.5

Improvement in DPU q-o-q:

- Active management of portfolio improved gross revenue and lowered property expenses

Higher Net Property Income:

- Fully recovered rental arrears from previous master tenant of 6 Woodlands Loop that had been non-recognised or impaired

(1) For 1Q 2018, the Manager elected to forgo 20% of its base fees or approximately S$238,000 (4Q 2017: NIL) to cushion the dilutive effect on DPU due to general mandate not obtained to issue units as either full or partial payment of the Manager's fees at the Annual General Meeting held on 28 April 2017. The amount available for distribution and DPU for 1Q 2018 would have instead been approximately S$9,006,000 and 0.86 cents (4Q 2017: No change) respectively, had the Manager not forgone any of its fees.

(2) Based on 1,053,083,530 units issued.

Preserving Balance Sheet Resilience

(S$'000)	As at 31 Mar 2018	As at 31 Dec 2017
Investment properties	942,882	942,400
Investment properties held for divestment	-	12,900
Other assets	23,384	10,809
Total assets	966,266	966,109
Borrowings, at amortised cost	364,952	365,806
Other liabilities	27,980	28,758
Total liabilities	392,932	394,564
Net assets attributable to Unitholders	573,334	571,545
Units in issue	1,053,083,530	1,053,083,530
NAV per unit (S$)	0.54	0.54
Adjusted NAV per unit[(1)] (S$)	0.54	0.53

Strengthened balance sheet

- Net proceeds from rights issue and divestment of 218 Pandan Loop used to pay down borrowings
- No refinancing needs until 2Q 2019 after replacing outstanding borrowings with new facilities

- Subsequent to quarter-end, net proceeds from divestment of 6 Woodlands Loop fully utilised to pare borrowings to increase headroom for future growth

(1) Excludes the amount of approximately S$9.2 million (31 December 2017: S$8.8 million) available for distribution for the quarter ended 31 March 2018.

Continued Capital Structure Optimisation

	As at 31 Mar 2018	As at 31 Dec 2017
Borrowings	S$367.0 million	S$367.5 million
Aggregate leverage[1]	38.1%	38.2%
Proportion of total borrowings on fixed rates	70.8%	76.2%
Average all-in financing cost[2]	**4.0%**	**3.9%**
Term CMF	S$120.0 million	S$120.0 million
Revolving CMF	S$17.0 million	–
Term Murabahah Facility	S$70.0 million	–
Revolving Murabahah Facility	S$30.0 million	S$27.5 million
Trust Certificates	S$100.0 million	S$190.0 million
Term Loan Facility	S$30.0 million	S$30.0 million
Weighted average tenor of borrowings	**2.1 years**	**1.8 years**
Profit cover[3]	4.2 times	4.1 times
Unencumbered assets	S$255.8 million	S$268.7 million

Improved weighted average tenor of borrowings

- To 2.1 years, up from 1.8 years in 4Q 2017

Improved profit coverage ratio

- To 4.2 times, up from 4.1 times in 4Q 2017

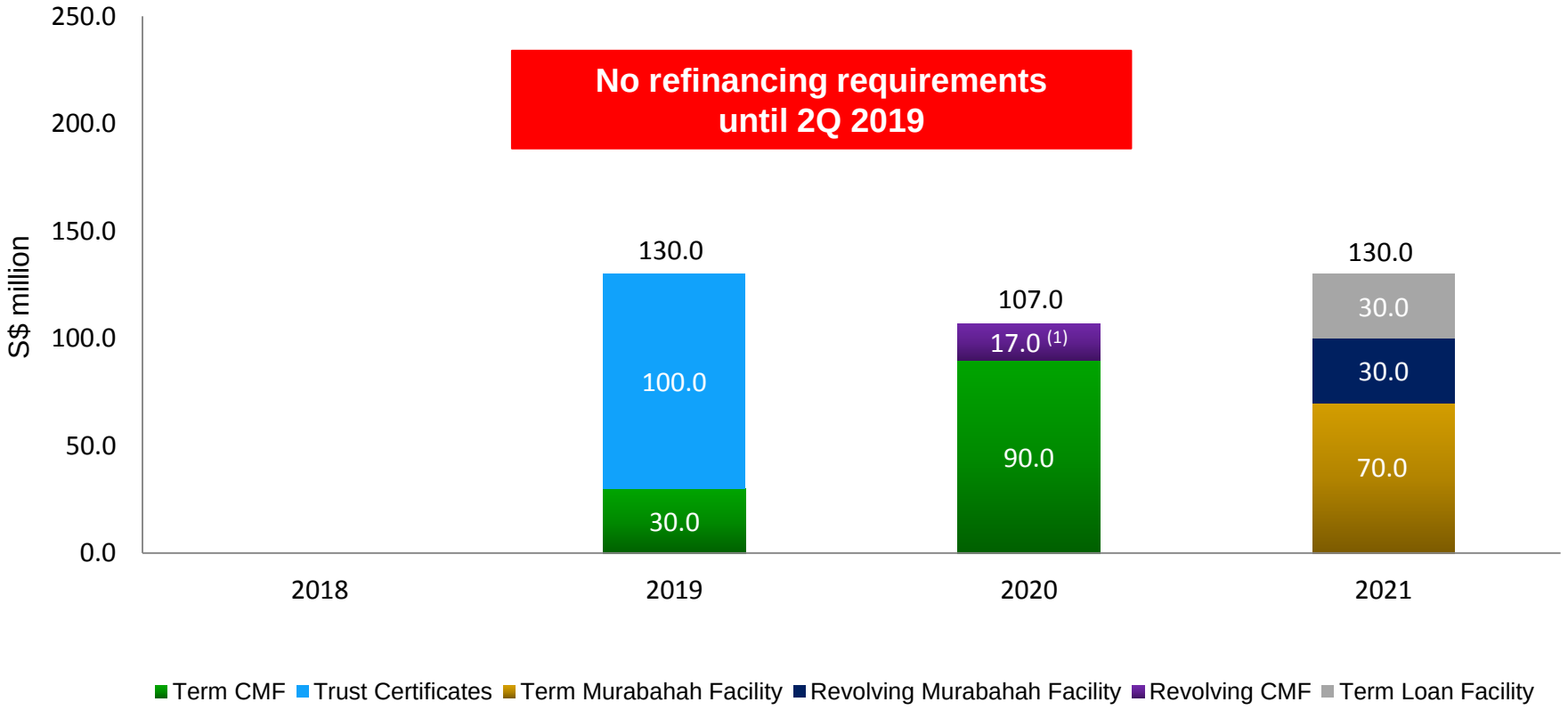
Greater financial flexibility provides stronger platform to pursue growth needed to improve performance

(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 1Q 2018 (31 December 2017: 4Q 2017).

Evenly Staggered Borrowings Maturity

Maturities of total outstanding borrowings of S$367.0 million evenly staggered over next 3 years

As at 31 March 2018



(1) Subsequent to 31 March 2018, approximately S$13.0 million of the outstanding Revolving CMF was repaid using the net proceeds from the divestment of 6 Woodlands Loop completed on 29 March 2018. Excludes S$1.0 million undrawn as at 31 March 2018.

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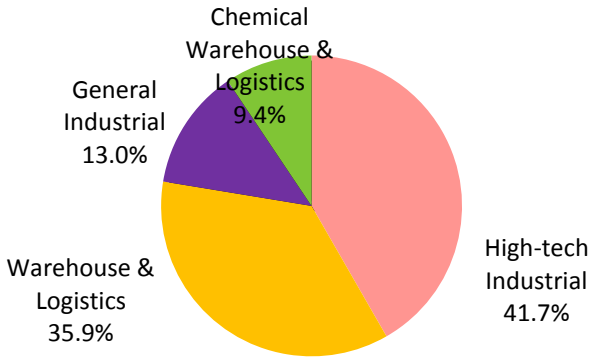
19 Properties Across 4 Industrial Segments

Portfolio Value	Total GFA (sq ft)	Total NLA (sq ft)	Tenant Base
S$942.4 million	4.3 million	3.5 million	122 tenants

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

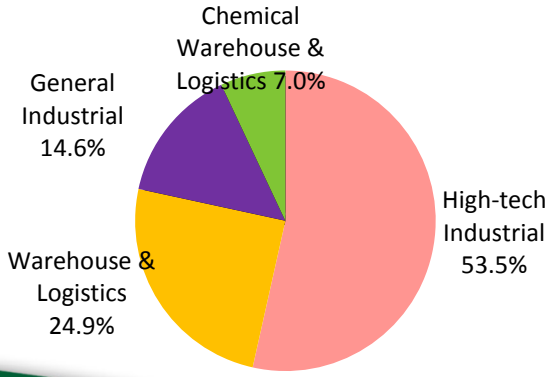


Asset Breakdown by NLA for 1Q 2018(1)



(1) As at 31 March 2018

Gross Revenue by Asset Type for 1Q 2018



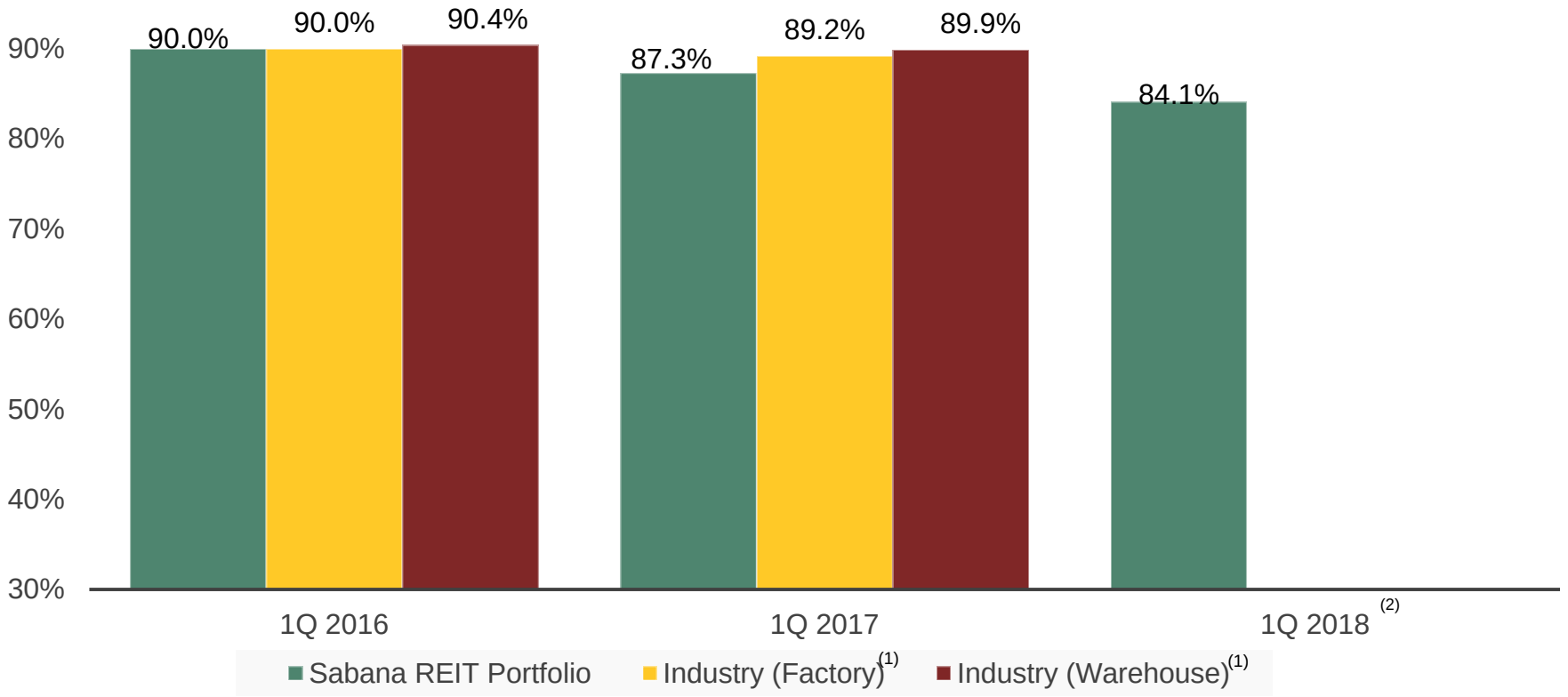
Occupancy Rates

	As at 31 Mar 2018	As at 31 Dec 2017
Total portfolio GFA	4,325,010 sq ft[1]	4,402,554 sq ft
Portfolio occupancy		
8 properties, master leases[2]	100.0%	100.0%
10 properties, multi-tenanted[3]	79.0%	78.4%
19 properties, total portfolio[4]	84.1%	85.4%
Weighted average master lease term to expiry	2.0 years[5]	2.6 years
Weighted average unexpired lease term for the underlying land[6]	33.3 years	33.6 years
Weighted average portfolio lease term to expiry[7]	2.3 years	2.5 years

(1) Decrease due to divestment of 6 Woodlands Loop.
(2) 5 triple net & 3 single net master leases.
(3) 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.
(4) By Net Lettable Area ("NLA"). 1 Tuas Avenue 4 (NLA 120,340 sq ft) is currently vacant.
(5) Weighted by gross rental income (master leases of 8 properties).
(6) Weighted by Gross Floor Area ("GFA").
(7) Weighted by gross rental income (8 master leases and 10 multi-tenanted properties).

Occupancy Levels

Occupancy levels over the years

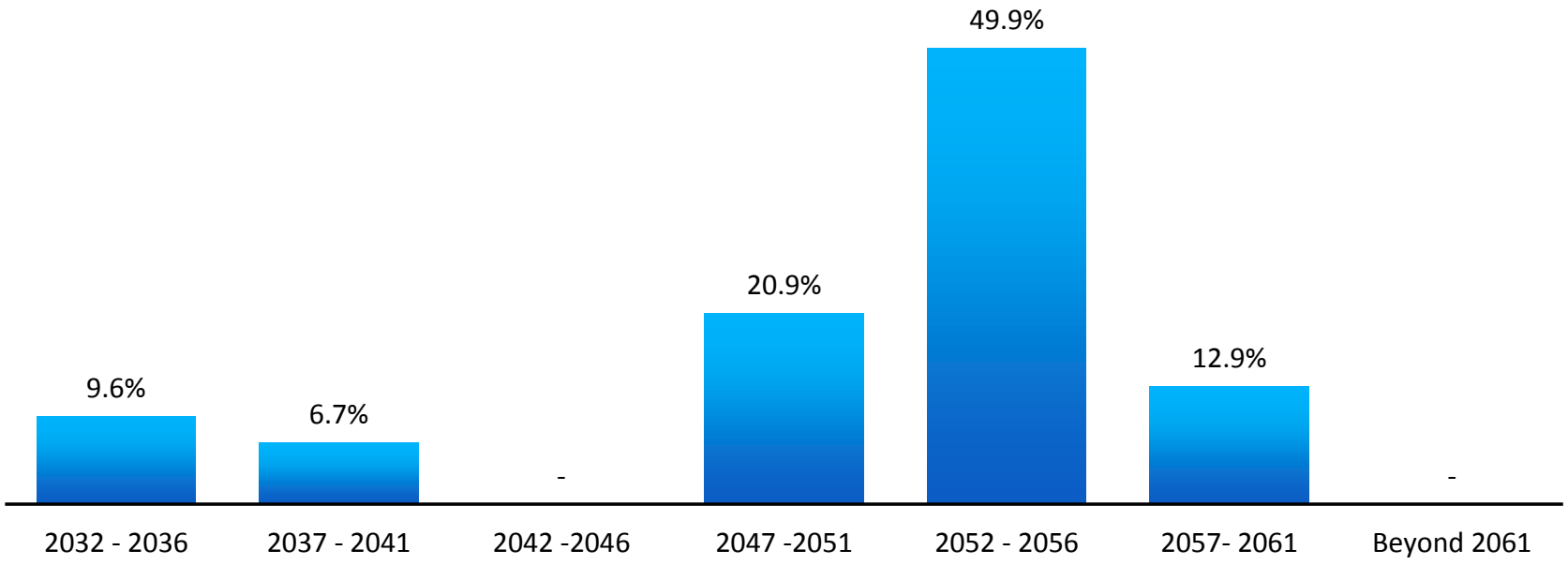


Comparisons to Singapore industrial average occupancy levels

(1) Source: Property Market Information by Urban Redevelopment Authority and Quarterly Market Report by Jurong Town Corporation.
(2) Data for 1Q 2018 from Jurong Town Corporation not available 23 April 2018.

Long Weighted Average Leasehold For Underlying Land

Long underlying land leases, with an average of **33.3 years** by GFA



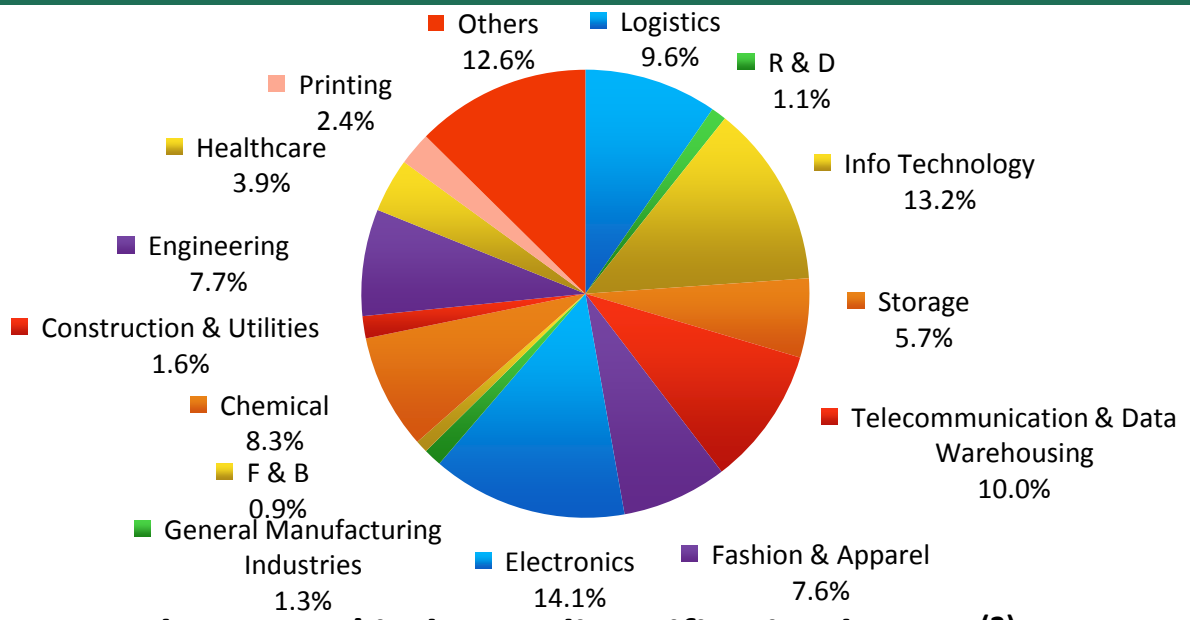
Percentage of unexpired land lease term by GFA(1)

(1) As at 31 March 2018

Diversified Base of Quality Tenants

	As at 31 Mar 2018	As at 31 Dec 2017
Total NLA (sq ft)	3,533,127[1]	3,606,304
Total number of direct and sub-tenants	122	117
Weighted average lease term to expiry (mths)[2]	27.5	28.7

No concentration in any single trade sector exceeding 15%

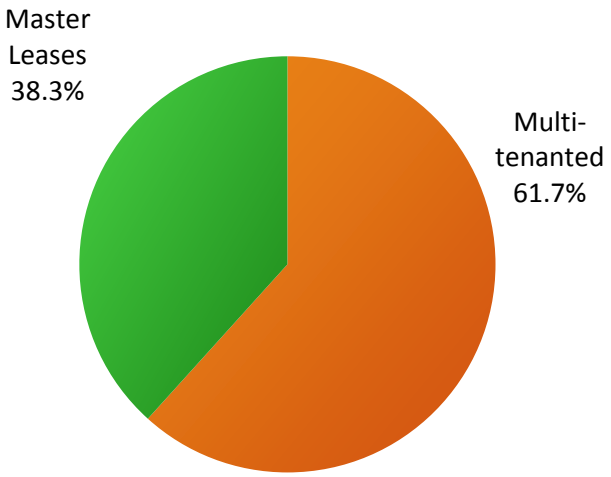


Sub-tenants' industry diversification by NLA[3]

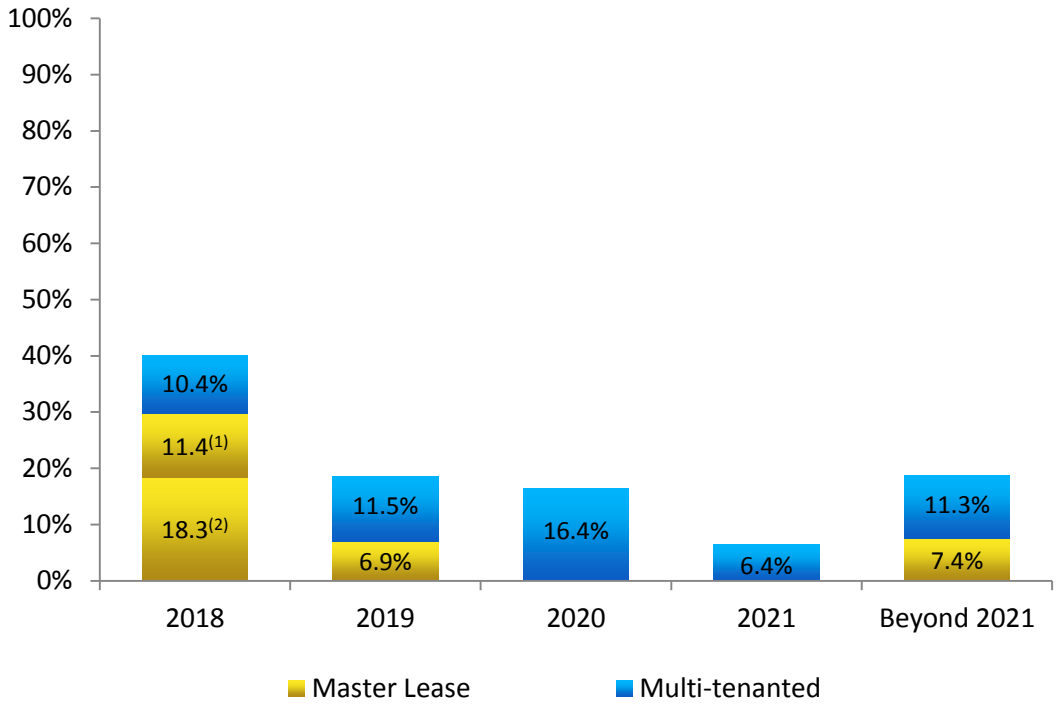
(1) Adjusted due to divestment of 6 Woodlands Loop and reconfiguration of space.
(2) Weighted by sub-tenancy gross rental income.
(3) As at 31 March 2018

Balanced and Proactive Lease Management

Lease Type by NLA for 1Q 2018(3)



Lease Expiry by NLA(3)



(1) Three properties: 26 Loyang Drive, 30 & 32 Tuas Avenue 8 and 21 Joo Koon Crescent
(2) Three properties: 33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road. Master tenants are Sponsor related companies
(3) As at 31 March 2018. Excludes 1 Tuas Avenue 4, which is currently vacant

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Outlook

Singapore Economic Outlook

- GDP grew 4.3% y-o-y in 1Q 2018 based on advance MTI estimates, higher than the 3.6% in 4Q 2017 but slower q-o-q[1]
- The Monetary Authority of Singapore expects growth in the upper range of 1.5-3.5% in 2018[2]
- But it has warned of the impact on global trade should US-China trade dispute escalate.[2]

Industry Property Outlook

- Continued oversupply and island-wide vacancy of 11.1% [3] as at end 2017 means overall reversionary rent for 2018 likely to stay negative.
- Further JTC land sales slated despite lackluster demand for 2 recent plots in Tuas
- Knight Frank believes landlords of older properties may need to offer competitive rental rates or AEI to keep up with changing market needs.[4]
- Colliers forecasted stronger leasing demand on growth in manufacturing and exports, along with easing supply[5]

Sabana REIT

Market conditions continue to be challenging. Will continue to refine strategy and drive changes to improve performance:

- Maximise agent/tenants outreach and offer competitive rents to boost occupancy
- Active management of the six master leases, the bulk of which are expiring at the end of this year – one master tenancy has been renewed, proactive management of remaining five
- Continue to review portfolio and identify non-core assets for divestment
- Proceeds from divestments to be channeled to pay down borrowings and/or to fund value-accretive propositions such as AEI
    - New Tech Park one possible asset for AEI

Sources:

(1) "Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018". Ministry of Trade and Industry. 13 April 2018. Web. 13 April 2018.
(2) "MAS Monetary Policy Statement". Monetary Authority of Singapore. 13 April 2018. Web. 13 April 2018.
(3) "JTC Quarterly Market Report. Industrial Properties. Fourth Quarter 2017". 4Q2017. Web. 4Q2017.
(4) "Research Commentary – For Independent Review Of The Singapore Industrial Property Market". Knight Frank Pte Ltd Consultancy & Research. 29 March 2018.
(5) "Colliers Outlook: Singapore 2018 Market Outlook". Colliers International Singapore. 27 February 2018.

Key Takeaways

RESULTS

- **Maintained DPU performance despite sector-wide headwinds**
  - Manager waived part of fees to cushion DPU impact on Unitholders
  - Proactive property and lease management also supported performance
- **Continued balance sheet resilience and remained well capitalised to meet commitments**

STRATEGY

- **6 Woodlands Loop divestment first of many initiatives to come from executing on refreshed strategy**
  - Two properties identified for potential divestment
  - Any potential proceeds to be recycled for value-accretive propositions, such as AEI without dilution to Unitholders
- **Remained focused on driving DPU improvement along strategic priorities:**
  - Driving revenue and occupancy
  - Enhancing the portfolio
  - Further cost rationalisation

MARKET OUTLOOK

- Sabana REIT remains confident of longer term prospects for industrial real estate sector and will navigate short-term volatility
- Negative reversionary rents likely for 2018 with over-supply of industrial space in Singapore and broader geopolitical and economic uncertainty
- Manager will maximise outreach to agents and tenants to boost occupancy level, and review and identify other non-core assets for divestment

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Appendix: Distribution Details

Sabana REIT Code: M1GU

Distribution period	DPU (cents)
1 January 2018 to 31 March 2018	0.88
Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	26 April 2018
Ex-date	27 April 2018, 9am
Books closure date	2 May 2018, 5pm
Distribution payment date	25 May 2018
Disbursement of non-Shari’ah income to approved charities	25 May 2018 or earlier

Appendix: Non-Shari'ah Compliant Income

Sabana REIT distributes its non-Shari'ah compliant income on a quarterly basis as assessed, to various charitable causes.

Details on the contribution and beneficiary for 1Q 2018 as follows:

Organisation: Singapore Kadayanallur Muslim League
Purpose: Sabana REIT's 1Q 2018 non-Shari'ah income amounting to S$19,378 will be directed to support their cause of outreach to the Singapore community.

The total amount of **S$19,378** allocated to the organisation above represents approximately **0.1%** of Sabana REIT's 1Q 2018 gross revenue.

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