



SABANA SHARI'AH COMPLIANT INDUSTRIAL REIT

3Q 2014: Third quarter ended 30 September 2014 Results Presentation
15 October 2014

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 third quarter from 1 July 2014 to 30 September 2014 ("3Q 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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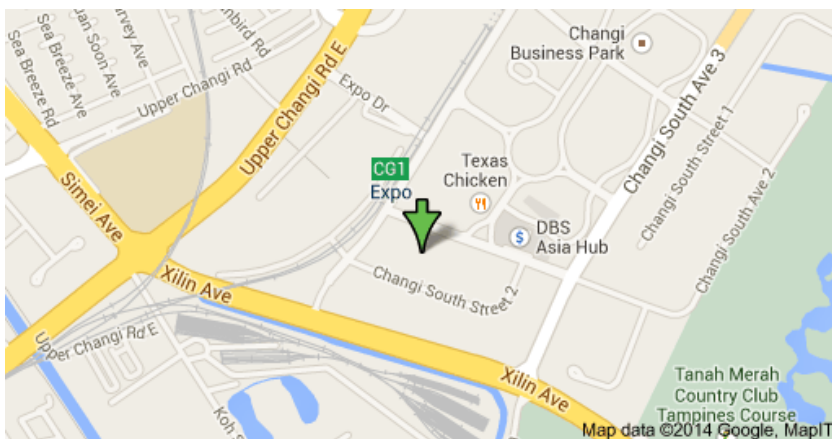
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Key Highlights

- **New proposed acquisition** of 10 Changi South Street 2 at an estimated total cost of S\$55.1 million to bring Sabana REIT's total asset size close to S\$1.3 billion, when completed.
- S\$100.0 million 4.25% Fixed Periodic Distribution Trust Certificates ("**Trust Certificates Series II**") **due 2019 successfully launched** on 24 September 2014 will partly finance the proposed acquisition.
- Part of the proceeds from the issuance of Trust Certificates Series II will also be used to **refinance borrowings** due in November 2014 and part of the borrowings due in August 2015, **further improving the borrowings maturity profile** for Sabana REIT.
- **Overall portfolio occupancy level continued to improve** in 3Q 2014 and was at 91.8%, compared to 90.8% in 2Q 2014.
- **Distributable income** dipped by 2.4% partly due to rent-free period granted to new tenants secured during the quarter.

Key Highlights – Latest Proposed Acquisition

10 Changi South Street 2



Location

10 Changi South Street 2, Singapore 486596

Description

A purpose-built part single-storey/part six-storey warehouse building with ancillary office areas, located within the Changi South Industrial Estate, next to Changi Business Park, some 13.5 km from the city centre.

Total Estimated Cost of Acquisition (S\$ million)¹

55.1

Valuation by Cushman & Wakefield VHS Pte Ltd. (S\$ million)

54.3 (as at 16 July 2014)

Occupancy Rate (%)

100.0

Remaining Lease Tenure

37 years approx. (the Property is a JTC leasehold estate of 30 + 27 years tenure commencing from 1 October 1994)

Gross Floor Area (sq ft)

189,609

Vendor

Adviva Distribution Pte. Ltd.

Expected Acquisition Completion

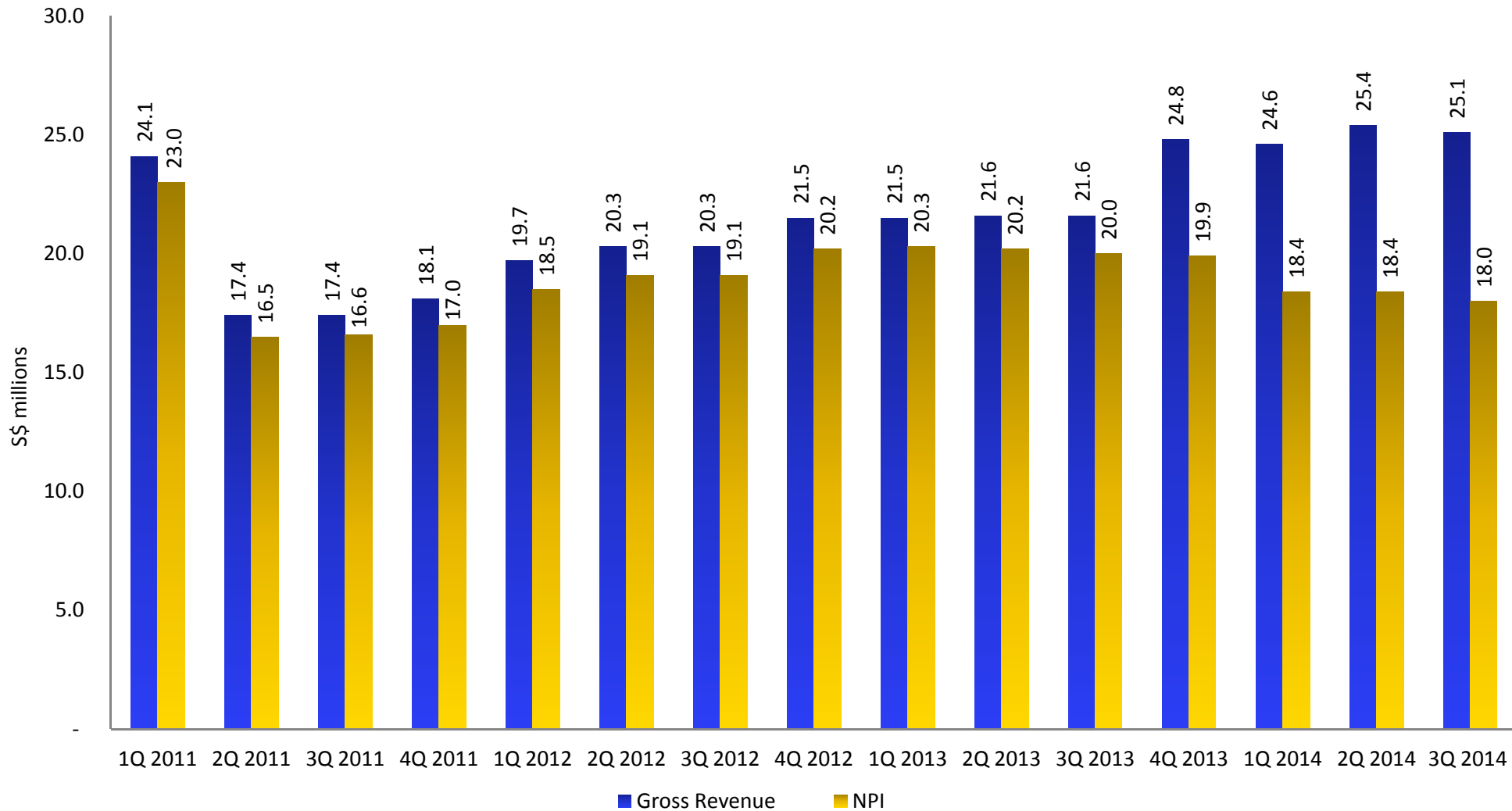
4Q 2014

¹ Includes proposed purchase price of S\$50.0 million, JTC upfront land premium of approximately S\$4.3 million, stamp fee on the land premium, acquisition fee of S\$0.5 million (being 1% of the purchase price) payable to the Manager, and other transaction related costs.

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Gross revenue and NPI since listing



(1) For the period from date of listing on 26 November 2010 to 31 March 2011.

3Q 2014 Quarter-on-Quarter Performance



For the quarter ended 30 September 2014

(in S\$'000)	3Q 2014	2Q 2014	Variance (%)
Gross revenue	25,126	25,354	(0.9)
Net property income ("NPI")	18,048	18,350	(1.6)
Income available for distribution	12,689	13,000	(2.4)
DPU (in cents)	1.81 ⁽¹⁾	1.86	(2.7)
Annualised DPU (in cents)	7.18	7.46	(3.8)
Annualised distribution yield ⁽²⁾	7.18%	7.46%	(3.8)

(1) Based 699,653,525 Units issued and to be issued as at 30 September 2014.

(2) Based on the last traded price of S\$1.00 per unit as at 14 October 2014.

3Q 2014 Year-on-Year Performance



For the quarter ended 30 September 2014

(in S\$'000)	3Q 2014	3Q 2013	Variance (%)
Gross revenue	25,126	21,598	16.3
Net property income ("NPI")	18,048	19,998	(9.8)
Income available for distribution	12,689	15,552	(18.4)
DPU (in cents)	1.81 ⁽¹⁾	2.38	(23.9)
Annualised DPU (in cents)	7.18	9.44	(23.9)
Annualised distribution yield ⁽²⁾	7.18%	9.44%	(23.9)

(1) Based 699,653,525 Units issued and to be issued as at 30 September 2014.

(2) Based on the last traded price of S\$1.00 per unit as at 14 October 2014.

Financial Performance

For the quarter ended 30 September 2014

(in S\$'000)	3Q 2014	3Q 2013	Variance (%)
Gross revenue	25,126	21,598	16.3
Property expenses	(7,078)	(1,600)	(342.4)
NPI	18,048	19,998	(9.8)
Net finance costs	(5,153)	(4,971)	(3.7)
Amortisation of intangible assets	(418)	(326)	(28.2)
Manager's fees	(1,555)	(1,453)	(7.0)
Trustee's fees	(131)	(124)	(5.6)
Donation of non-Shari'ah compliant income	(13)	(29)	55.2
Other trust expenses	(308)	(176)	(75.0)
Net income	10,470	12,919	(19.0)
Net change in fair value of financial derivatives	322	622	(48.2)
Net change in fair value of investment properties	-	(415)	100.0
Total return for the period	10,792	13,126	(17.8)
Distribution adjustments ⁽¹⁾	1,897	2,426	(21.8)
Income available for distribution	12,689	15,552	(18.4)

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** increased by 16.3% y-o-y in 3Q 2014 mainly due to the contribution from 508 Chai Chee Lane, which was acquired on 26 September 2013 and higher gross revenue from 151 Lorong Chuan, which was converted into multi-tenanted lease arrangement in 4Q 2013.

- **Property expenses** increased by 342.4% in 3Q 2014 compared to 3Q 2013 due to higher property tax, maintenance, utilities, marketing and lease administrative expenses and applicable land rent expense, in line with the increase of directly managed multi-tenanted properties from two in 3Q 2013 to six in 3Q 2014; and lease management fees being charged to the 15 properties acquired during IPO, following the expiry of the three-year waiver period in 4Q 2013.

- **Amortisation of intangible asset** increased by 28.2% in 3Q 2014 from 3Q 2013, mainly due to higher utilisation of the rental support at 9 Tai Seng Drive.

- **Other trust expenses** were 75.0% higher mainly due to higher central registry service charges in 3Q 2014 over 3Q 2013.

- **Distribution adjustments** were 21.8% lower in 3Q 2014 compared to 3Q 2013, mainly due to the higher net non-tax chargeable effects on the net change in fair value of financial derivatives, net change in fair value of investment properties and the straight-lining adjustments on rental income for tenants of multi-tenanted properties given rent-free period as these items were adjusted back to derive the income available for distribution.

Balance Sheet



As at 30 September 2014

S\$'000

Investment properties	1,212,300
Intangible assets	788
Other assets	20,722
Total assets	1,233,810
Borrowings, at amortised cost	449,296
Other liabilities	27,239
Total liabilities	476,535
Net assets attributable to Unitholders	757,275
Units in issue ⁽¹⁾	699,653,525
NAV per unit (S\$)	1.08
Adjusted NAV per unit⁽²⁾ (S\$)	1.06

(1) Comprises 698,425,418 Units in issue as at 30 September 2014 and 1,228,107 units to be issued to the Manager by 31 October 2014, as partial consideration of Manager's fees incurred for the period from 1 July 2014 to 30 September 2014.

(2) Excludes distributable income of approximately S\$12.7 million available for distribution for the quarter ended 30 September 2014.

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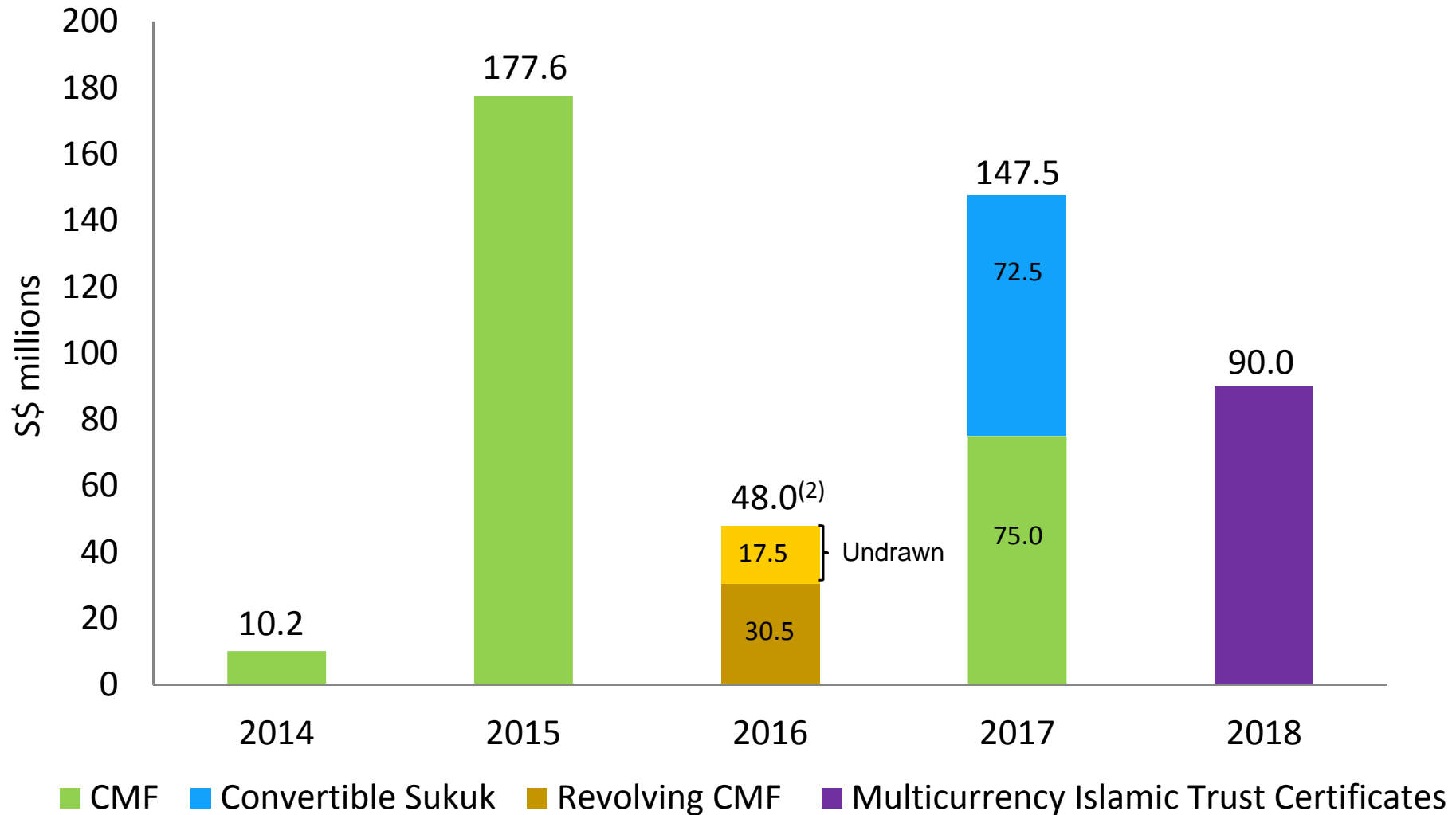
Updates as at 30 September 2014

Launch of Trust Certificates Series II

- S\$100.0 million 4.25% Trust Certificates Series II due 2019 launched on 24 September 2014 under the S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme.
- Trust Certificates Series II was successfully issued on 3 October 2014.
- The net proceeds will be used for (i) financing the acquisition of 10 Changi South Street 2 and (ii) refinancing of the S\$10.2 million borrowings due in November 2014 and part of the S\$177.6 million borrowings due in August 2015.

Borrowings Maturity Profile

Before issuance of Trust Certificates Series II⁽¹⁾

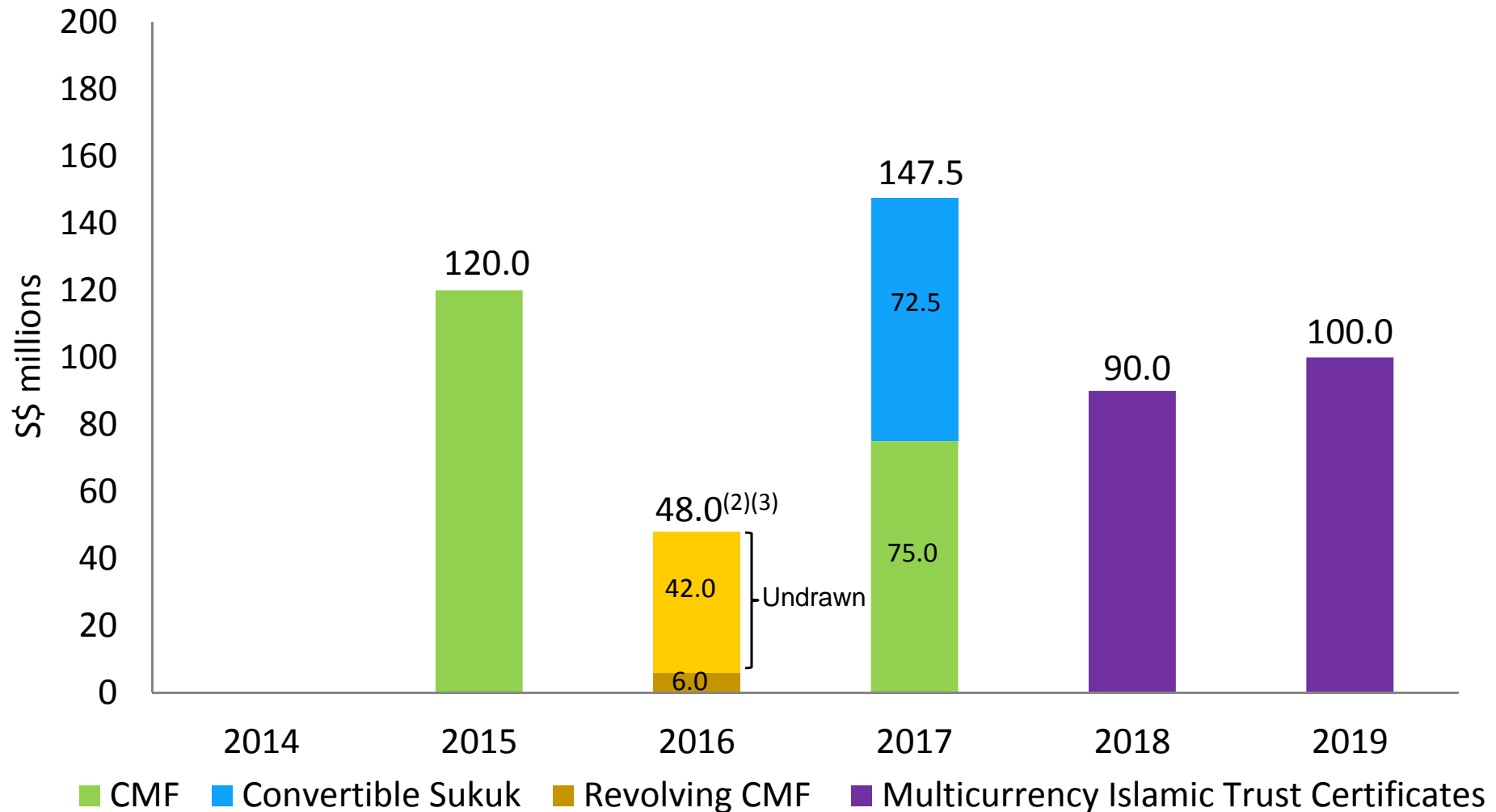


(1) As at 30 September 2014.

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

Borrowings Maturity Profile

After issuance of Trust Certificates Series II⁽¹⁾



(1) As at 3 October 2014.

(2) Comprises S\$42.0 million and S\$6.0 million of undrawn and drawn credit facilities respectively.

(3) Approximately S\$24.5 million of the proceeds from Trust Certificates Series II was used to repay outstanding Revolving CMF, pending the deployment of such funds for the proposed acquisition of 10 Changi South Street 2.

Capital Structure At A Glance



As at 30 September 2014	
Borrowings	S\$455.8 million
Aggregate leverage ⁽¹⁾	37.0%
Proportion of total borrowings 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 borrowings	2.3 years
Interest cover ⁽³⁾	4.2 times
Unencumbered assets	S\$281.8 million

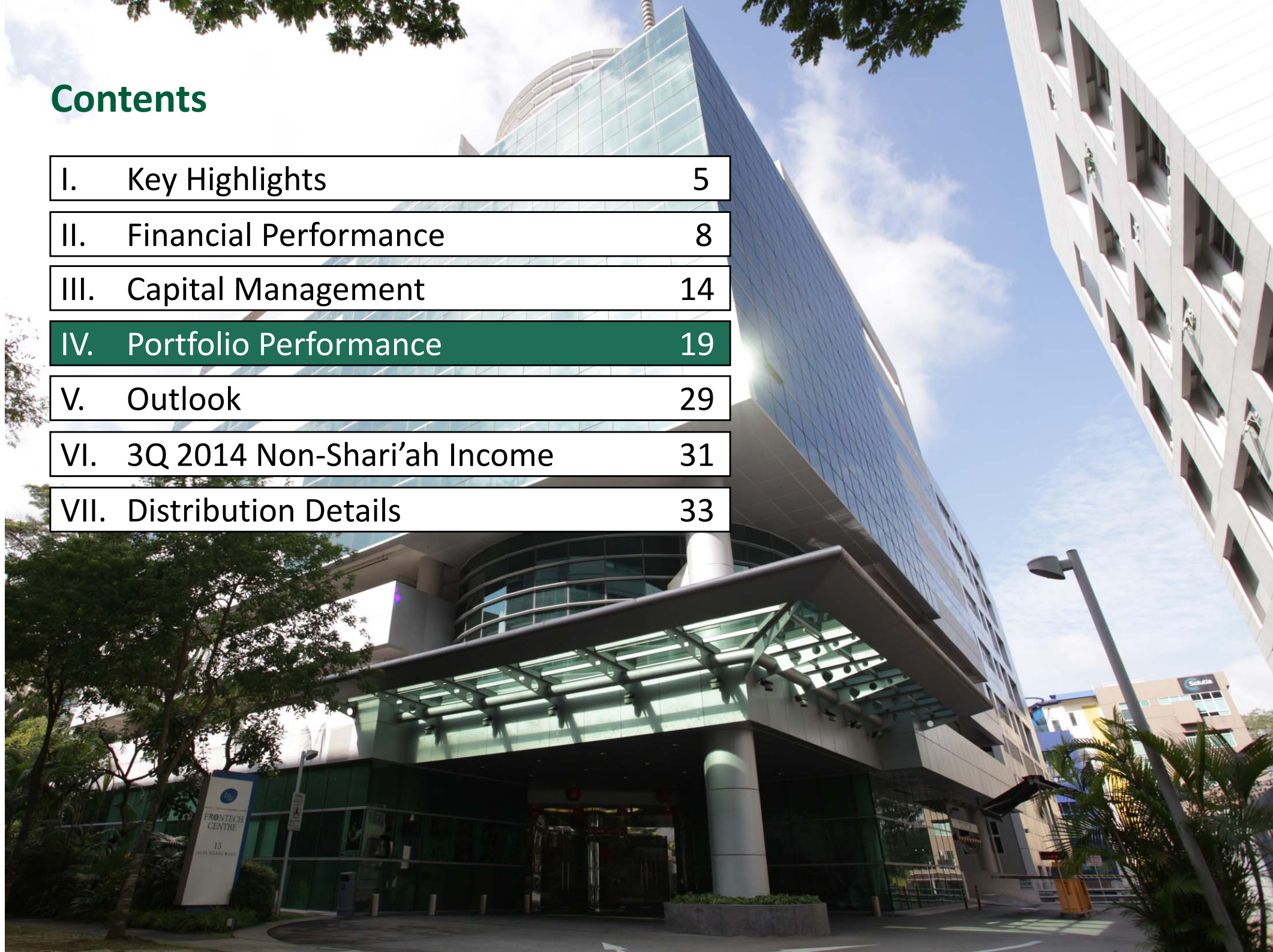
(1) Ratio of total borrowings and deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

(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 July 2014 to 30 September 2014.

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Quality Portfolio Strategically Located

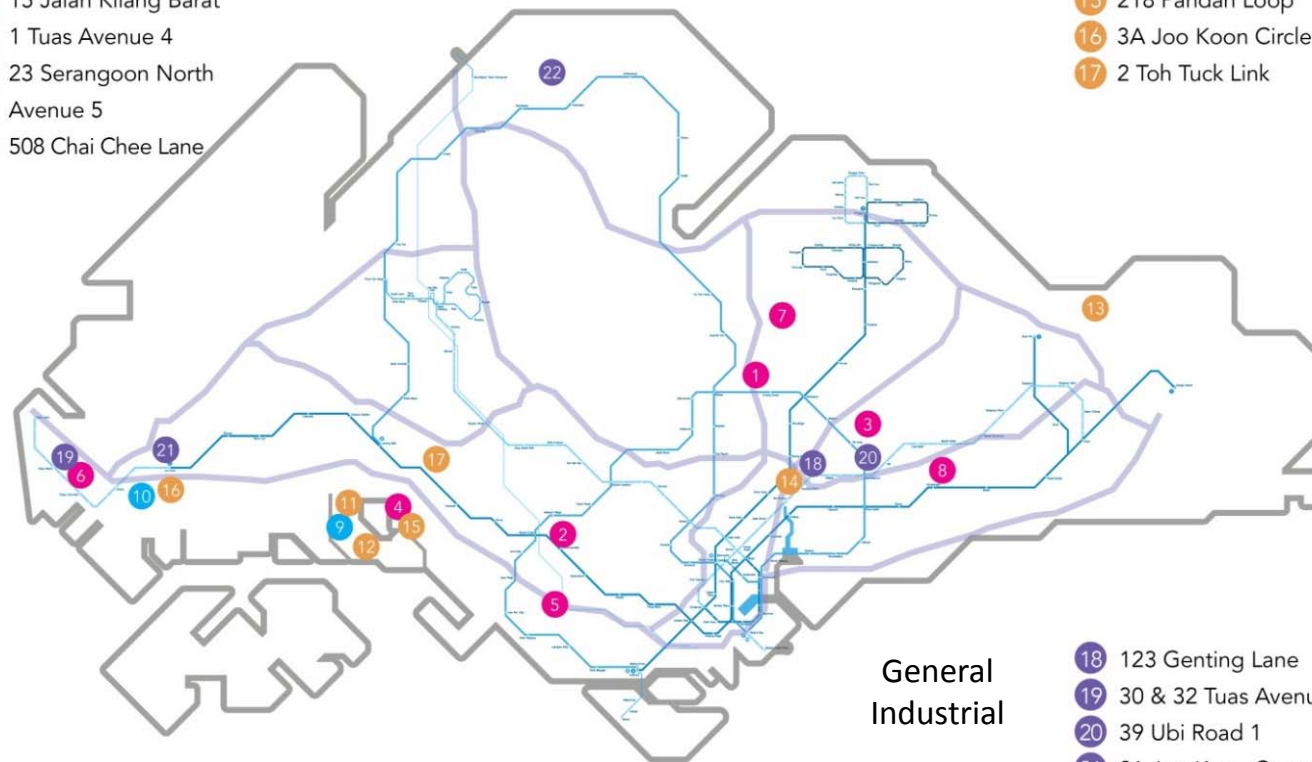
Properties are located in high-tech industrial and logistic hubs across Singapore, in close proximity to expressways and public transportation

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 30 September 2014

Total portfolio GFA	4,485,755 sq ft
Portfolio occupancy	
16 properties, master leases ⁽¹⁾	100.0%
6 properties, multi-tenanted ⁽²⁾	79.6%
22 properties, total portfolio ⁽³⁾	91.8%
Weighted average lease term to expiry ⁽⁴⁾	1.5 years
Weighted average unexpired lease term for the underlying land ⁽⁵⁾	38.2 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

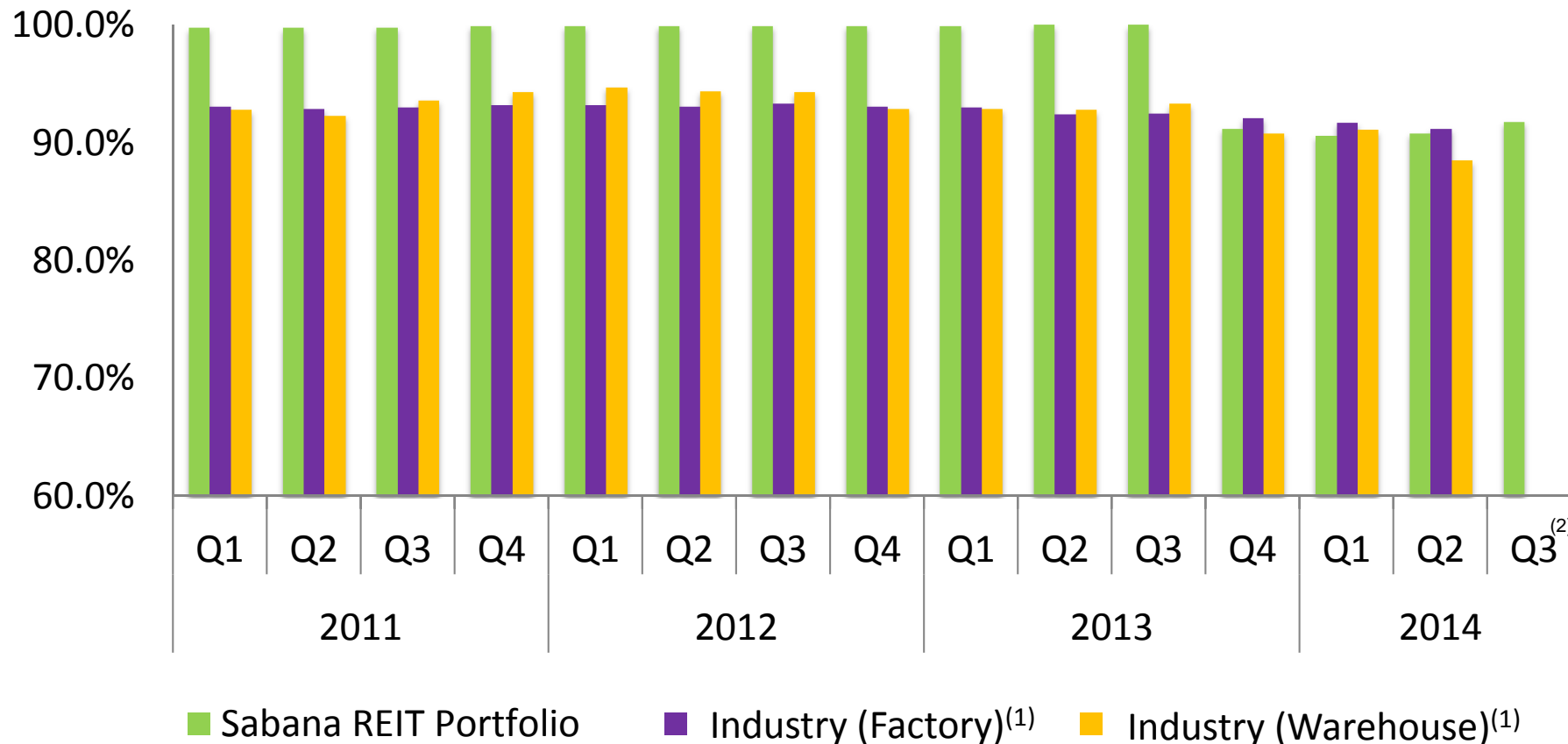
(3) By Net Lettable Area ("NLA").

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

(5) Weighted by GFA.

Occupancy Levels Since Listing

Comparisons to Singapore industrial average occupancy levels



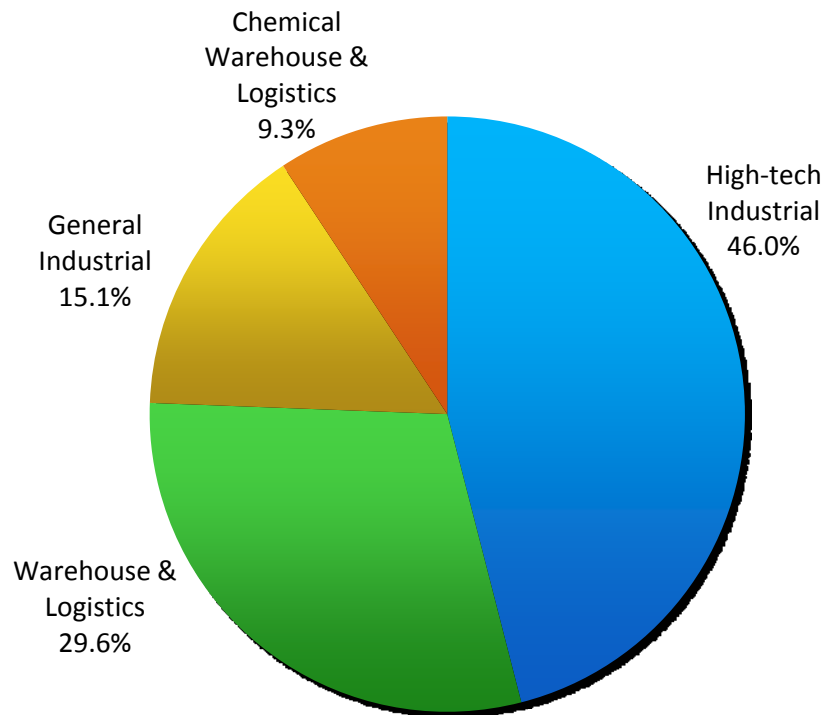
(1) Source: Property Market Information by Urban Redevelopment Authority and Quarterly Market Report by Jurong Town Corporation.

(2) 3Q 2014 data are not available as at 30 September 2014 from Jurong Town Corporation.

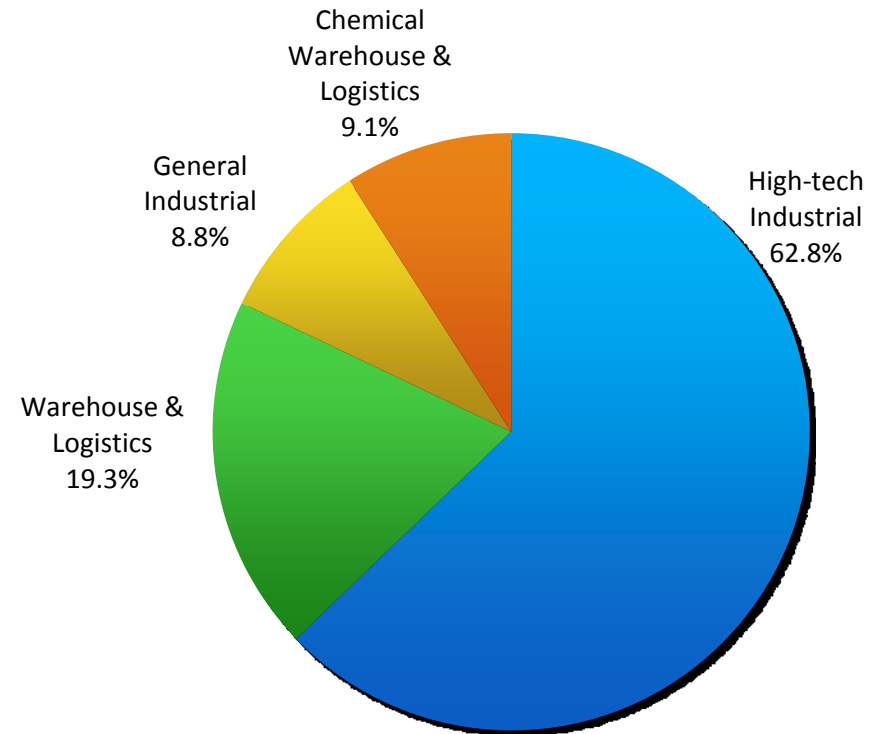
Sabana REIT's portfolio is diversified in the following asset types:

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

Asset Breakdown by NLA for 3Q 2014⁽¹⁾



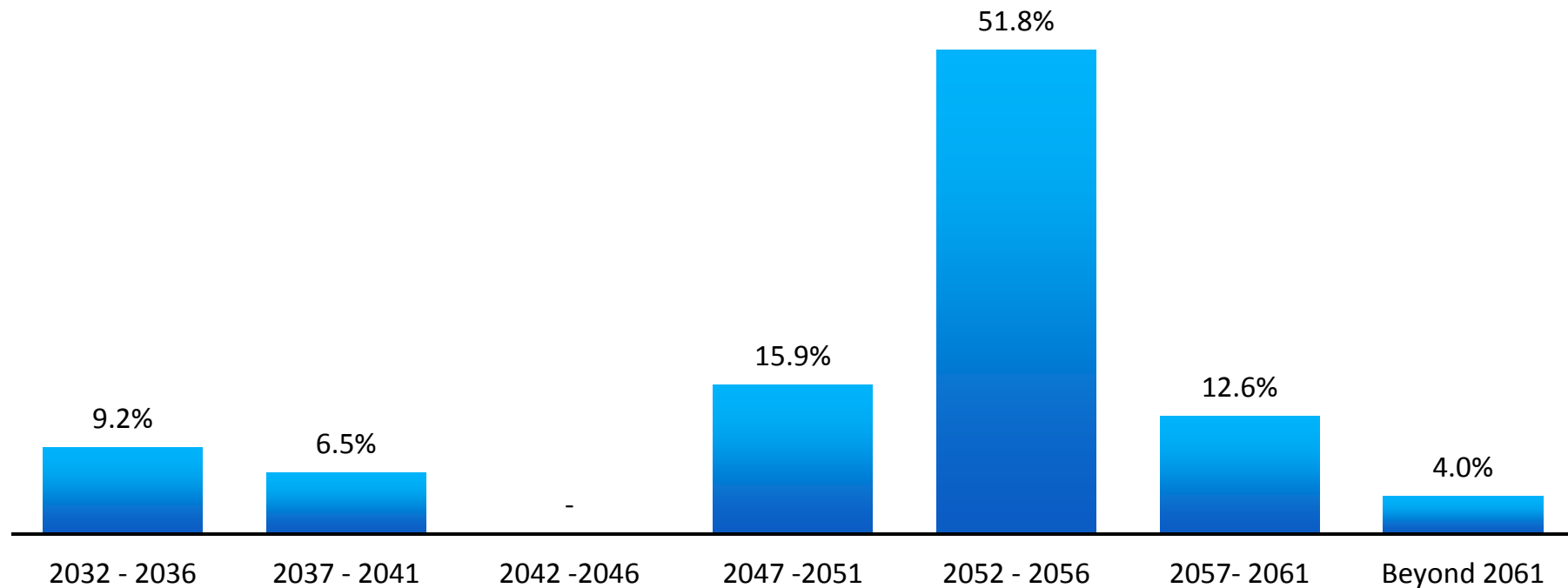
Gross Revenue by Asset Type for 3Q 2014



(1) As at 30 September 2014.

Long Weighted Average Lease Term For Underlying Land

Percentage of unexpired land lease term by GFA⁽¹⁾



Well distributed, long underlying land leases, with an average of 38.2 years by GFA.

(1) As at 30 September 2014, weighted by GFA.

Quality Assets Attract Quality Tenants

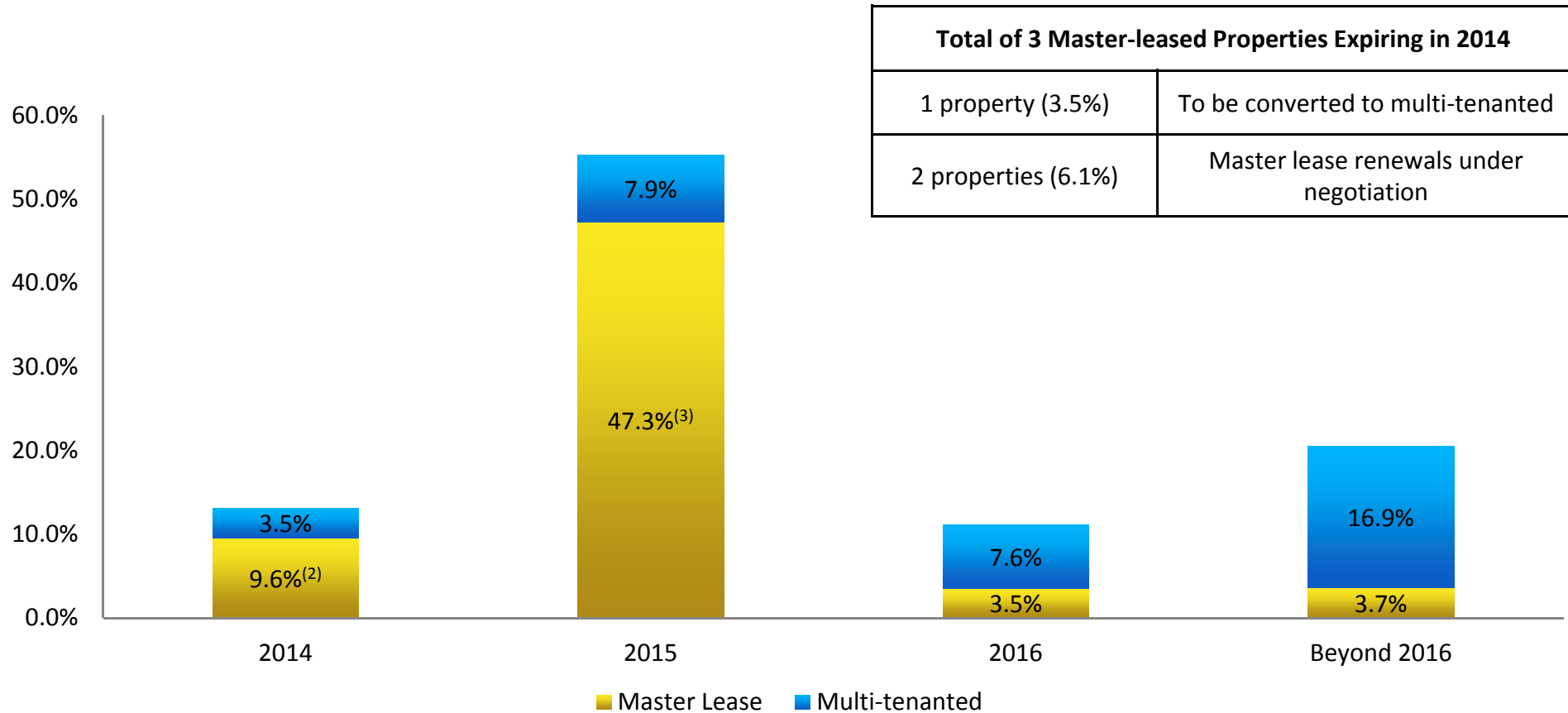


	As at 30 September 2014	As at 30 June 2014
Total NLA (sq ft)	3,558,267	3,558,267
Total number of direct and sub-tenants	150	151
Weighted average lease term to expiry (mths) ⁽¹⁾	30.7	30.0

(1) Weighted by sub-tenancy gross rent.

Active Lease Management

Lease Expiry by NLA for 3Q 2014⁽¹⁾

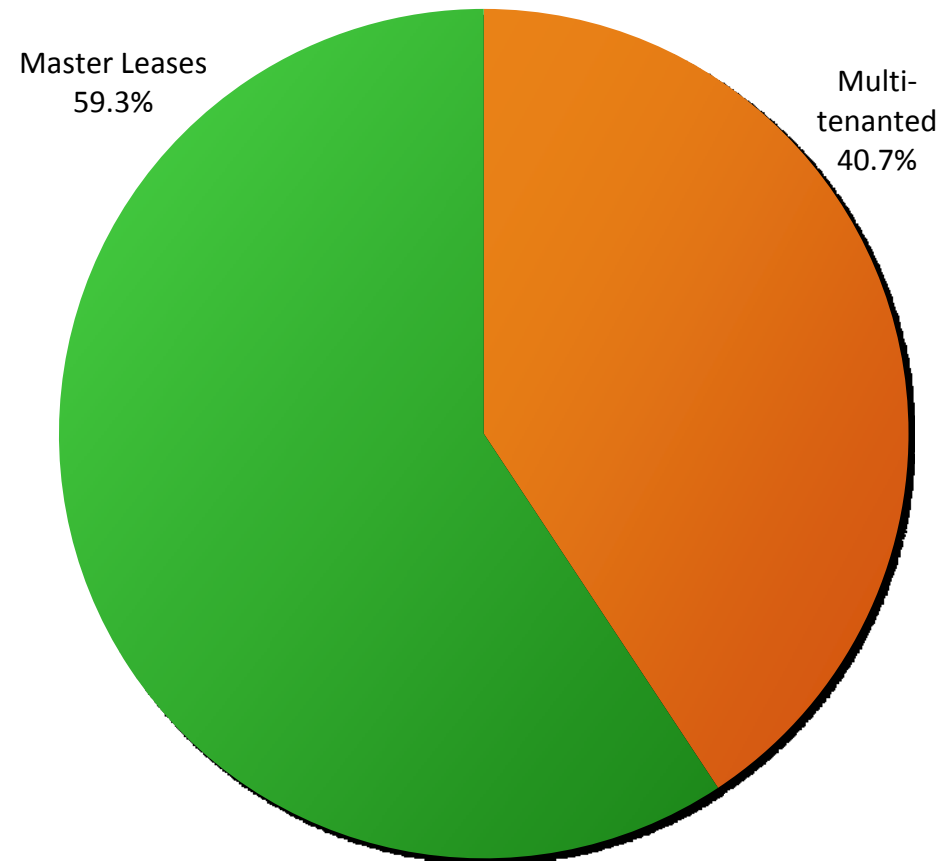


(1) As at 30 September 2014.

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

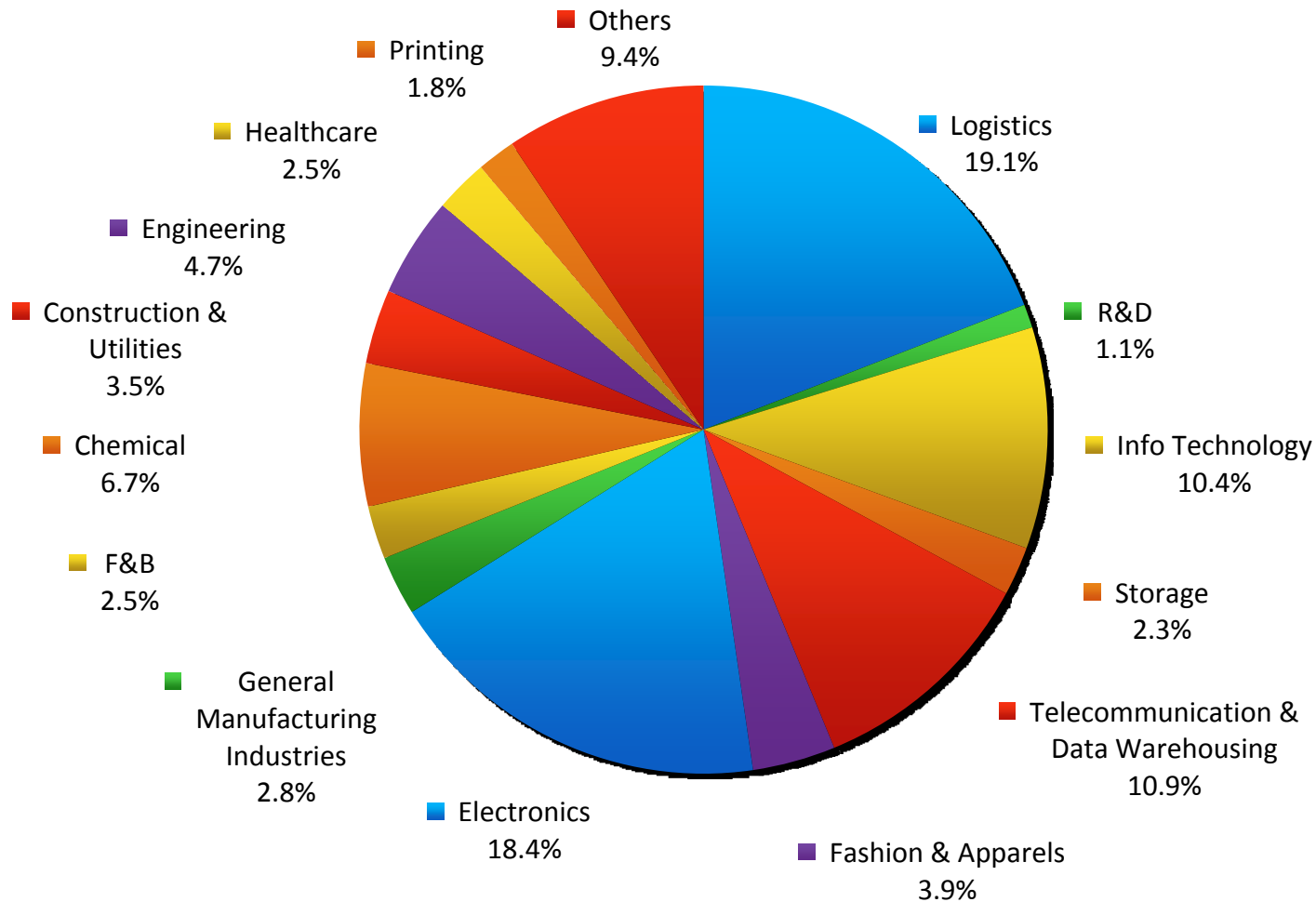
(3) Comprises of 11 properties (NLA 1,558,552 sq ft) of which 5 properties (NLA 708,894 sq ft) are currently leased back by the Sponsor, SGX-listed Vibrant Group Limited (formerly known as Freight Links Express Holdings Limited). Out of the 11 master leases, 10 are to expire in 4Q 2015.

Lease Type by NLA for 3Q 2014⁽¹⁾



(1) As at 30 September 2014.

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

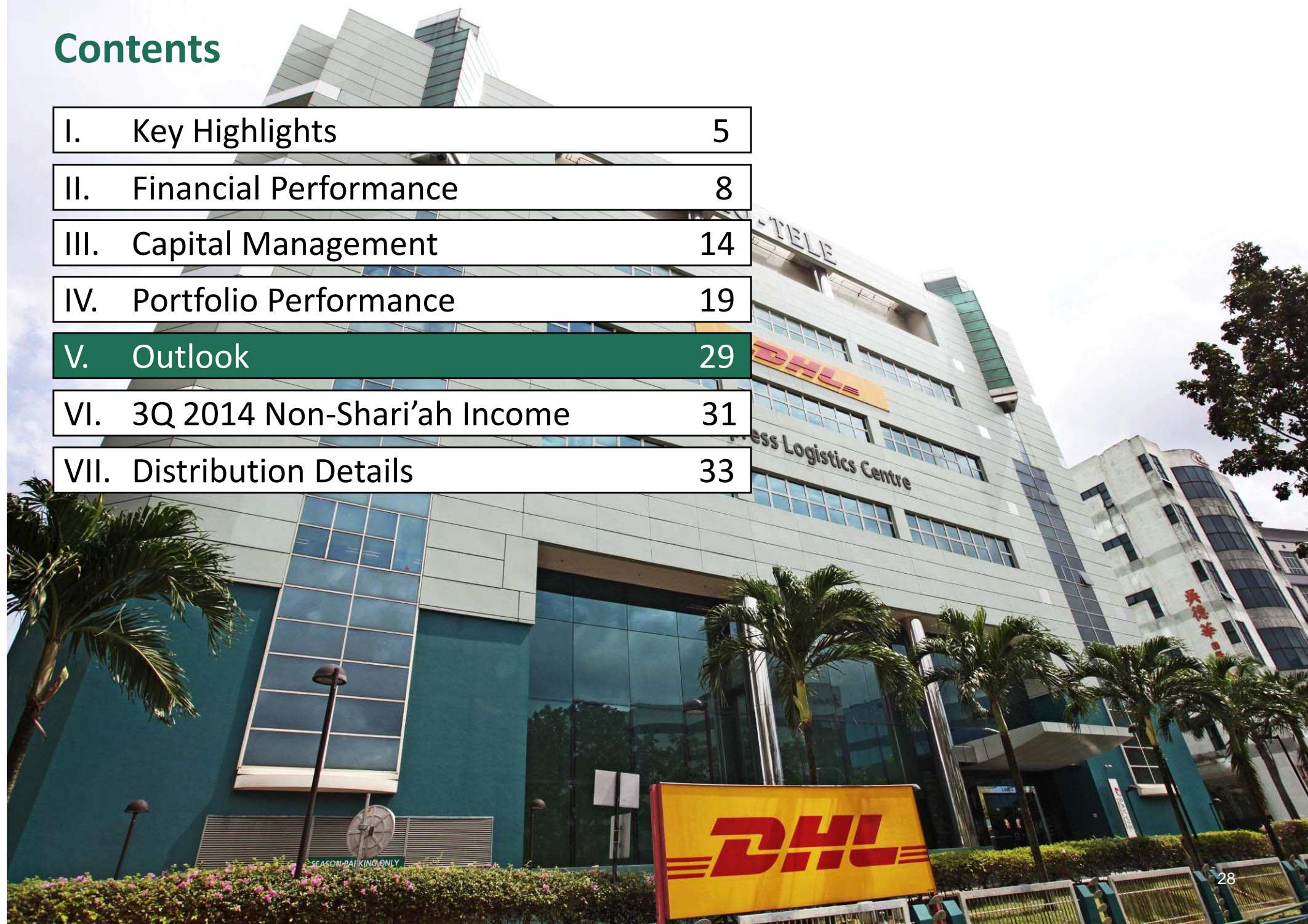


No concentration in any single trade sector

(1) As at 30 September 2014.

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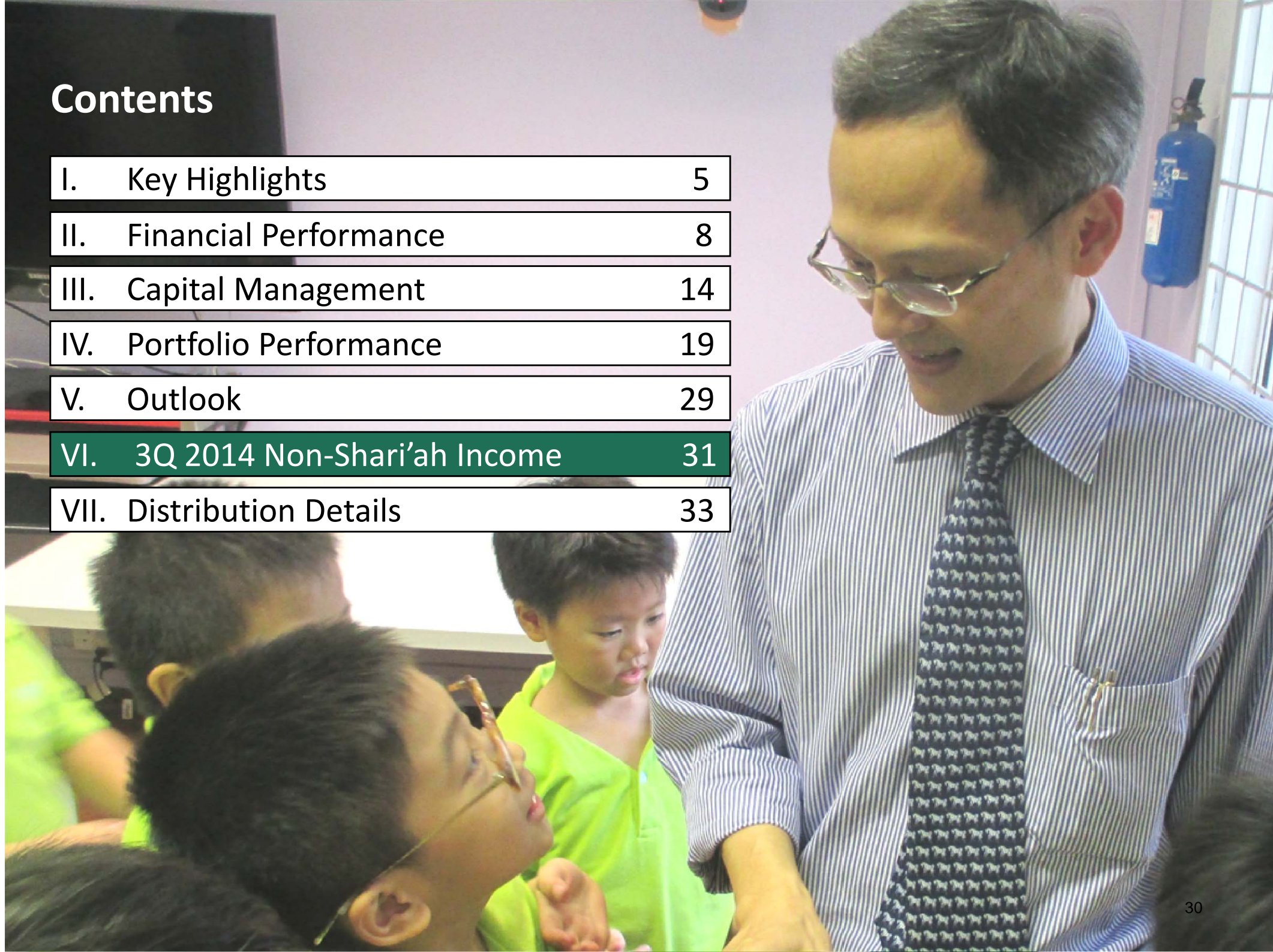
<p>Singapore Economy</p>	<p>Singapore's GDP grew 2.4% y-o-y in Q 2014</p> <ul style="list-style-type: none"> Based on advanced estimates, the Singapore economy grew by 2.4% on a y-o-y basis in 3Q 2014, the same pace of growth as the previous quarter, though markedly slower compared to the 5.0% growth in 3Q 2013.⁽¹⁾ On a q-o-q seasonally adjusted annualised basis, the economy expanded by 1.2%, a reversal from the 0.1% contraction in 2Q 2014.⁽¹⁾
<p>Industrial Property Sector</p>	<p>Capital and rental values of conventional industrial space remains stable</p> <ul style="list-style-type: none"> Industrial property market was relatively more subdued in 3Q 2014 compared to 2Q 2014, with sales of strata-titled industrial properties easing by approximately 36.0% compared to 2Q 2014, though business parks remained a bright spot with monthly gross rents rising by 2.0% q-o-q.⁽²⁾ Leasing activity was stable in 3Q 2014 as industrialists' real estate decisions remained largely guided by cost containment and longer cost savings objectives.⁽³⁾ Citing caveats from the Urban Redevelopment Authority's REALIS, DTZ said both average capital and rental values of conventional industrial space remained unchanged in 3Q 2014.⁽²⁾
<p>The Trust</p>	<p>Management strategy and outlook</p> <ul style="list-style-type: none"> The Manager expects to see rental contribution from the proposed acquisition of 10 Changi South Street 2, in the later part of 4Q 2014, subject to approval from JTC. For 4Q 2014, Sabana REIT will have three master leases expiring and the Manager is in the process of signing new master leases for two of the three properties. The Manager expects to convert the remaining one into a multi-tenanted property. The Manager anticipates market conditions to remain challenging. The Manager will continue to prudently manage Sabana REIT's capital structure by improving borrowings maturity profile and maintaining aggregate leverage below 40%. It will actively manage Sabana REIT's lease expiry profile and continue to be aggressive in its marketing and leasing efforts to increase the Trust's portfolio occupancy. In addition, the Manager will continue to evaluate potential yield-accretive acquisition opportunities and also explore opportunities to divest underperforming assets to recycle Sabana REIT's capital.

Sources:

- (1) "Singapore's GDP Grew 2.4 Per Cent in the Third Quarter of 2014". www.mti.gov.sg. Ministry of Trade and Industry Singapore. 14 October 2014. Web. 14 October 2014.
- (2) "Industrial property transactions down sharply in Q3: DTZ". <http://www.channelnewsasia.com/news/singapore/industrial-property/1405682.html>. Channel News Asia. 9 October 2014. Web. 9 October 2014.
- (3) "Stable leasing activity and weak sales amid mixed sentiments". <http://www.colliers.com/-/media/Files/APAC/Singapore/Research-Reports/TKInd-3Q2014.pdf>. Colliers International. 9 October 2014. Web. 14 October 2014.

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Non-Shari'ah Income Beneficiaries

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

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



Organisation: Operation Hope Foundation

Purpose: Operation Hope Foundation is a charity that delivers programs for the poor in developing countries with high-benefit-to-cost ratio. Sabana REIT will allocate approximately **S\$6,374** to the charity to finance activities such as the construction of orphanages, homes for the poor and in providing skills training for school leavers and young adults in topics such as computing knowledge, attitude and English.



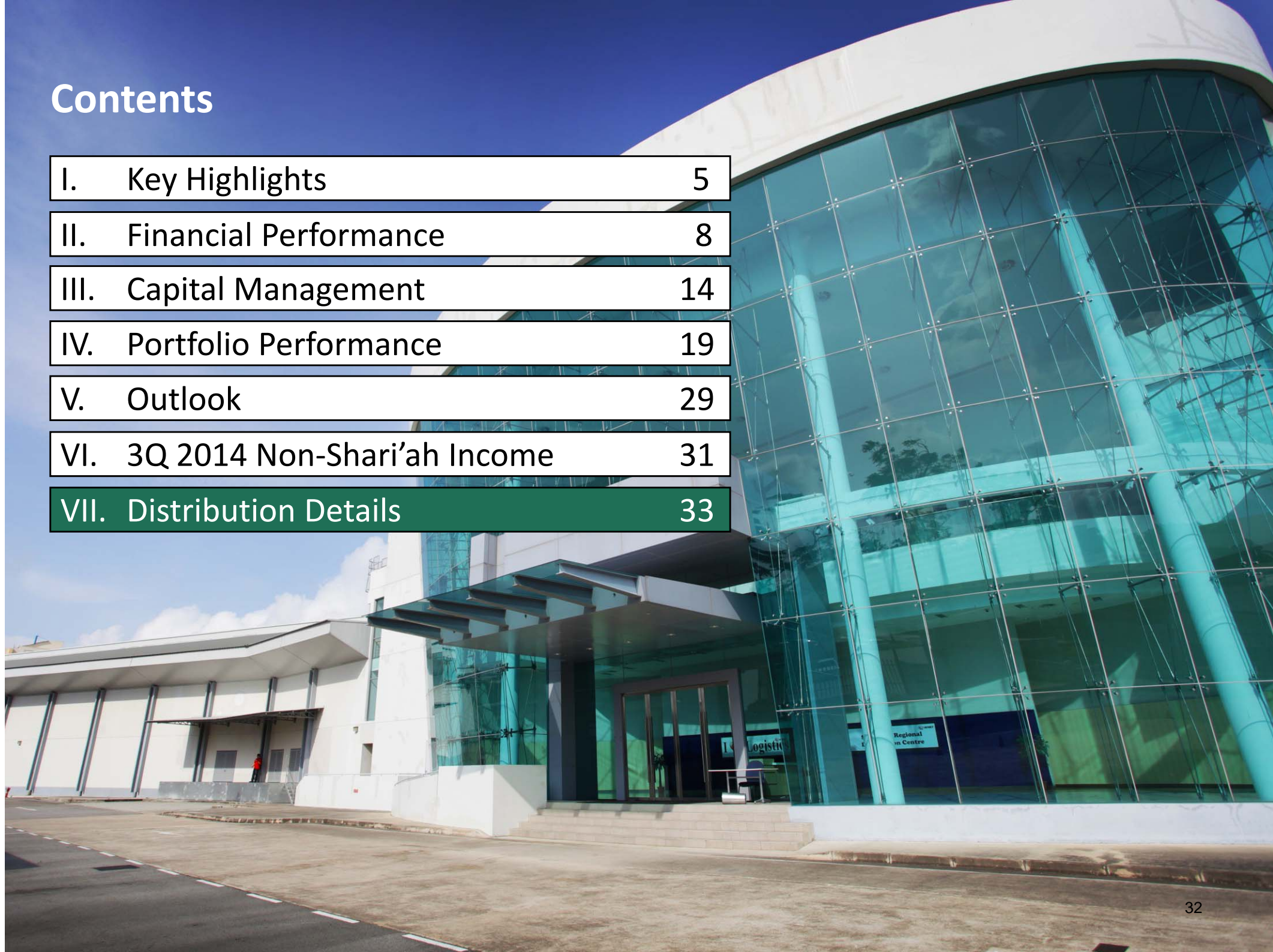
Organisation: Habitat for Humanity Singapore

Purpose: Habitat for Humanity Singapore is a non-profit housing organisation with a mission to eliminate poverty housing worldwide by building simple, decent houses with the help of the homeowner families themselves and volunteers. Sabana will allocate approximately **S\$6,374** to the organisation to finance the construction costs of housing for the poor in Batam, Indonesia.

The total amount of **S\$12,748** allocated to the organisations above represents approximately **0.05%** of Sabana REIT's 3Q 2014 gross revenue.

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Distribution details



Sabana REIT Code: MIGU

Distribution period	DPU (cents)
1 July 2014 to 30 September 2014	1.81

Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	20 October 2014
Ex-date	21 October 2014, 9am
Books closure date	24 October 2014, 5pm
Date of announcement of Issue Price of DRP Units	24 October 2014
Distribution payment date	28 November 2014
Donations to approved charities	28 November 2014 or earlier

Thank you

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