



# SABANA

SHARI'AH COMPLIANT REIT

## Embarking On Growth

**SGX Corporate  
Connect Seminar**

21 March 2019

# 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 fourth quarter from 1 October 2018 to 31 December 2018 ("4Q 2018") and full year from 1 January 2018 to 31 December 2018 ("FY 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

## **I. Resilient Unit Price Performance**

II. Introduction to Sabana REIT

III. Embarking on Growth in 2019

IV. Summary of 2018 Performance

V. Key Takeaways

# Resilient Unit Price Amid Challenging Market

**Better performance than major benchmarks in 2018**

**Sabana REIT: -1.3%**

**Straits Times Index: -8.0%**

**FTSE ST REIT Index: -9.6%**



Source: Bloomberg

# Solid Returns for Unitholders

- **Highest % total returns among Industrial S-REITs for 2018:**
  - **+6.8%**
- **Most resilient Unit Price (% change) among Industrial S-REITs for 2018:**
  - **-1.3%**

	1-year Total Returns (%)	1-year Unit Price Performance (%)
<b>Sabana Shari'ah Compliant REIT</b>	<b>+6.8</b>	<b>-1.3</b>
Ascendas REIT	+0.3	-5.5
Mapletree Industrial Trust	-0.7	-5.9
Mapletree Logistics Trust	+1.5	-4.5
Fraser's Logistics & Industrial Trust	-4.2	-10.5
Keppel DC REIT	-0.7	-5.6
AIMS AMP Capital Industrial REIT	+3.9	-2.2
Viva Industrial Trust	-	-3.2
Soilbuild Business Space Trust	-6.2	-13.4
Cache Logistics Trust	-12.2	-18.7
ESR-REIT	-1.8	-8.8
EC World REIT	-1.2	-9.2

Source: KGI Research, Bloomberg

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I. Resilient Unit Price Performance

## **II. Introduction to Sabana REIT**

III. Embarking on Growth in 2019

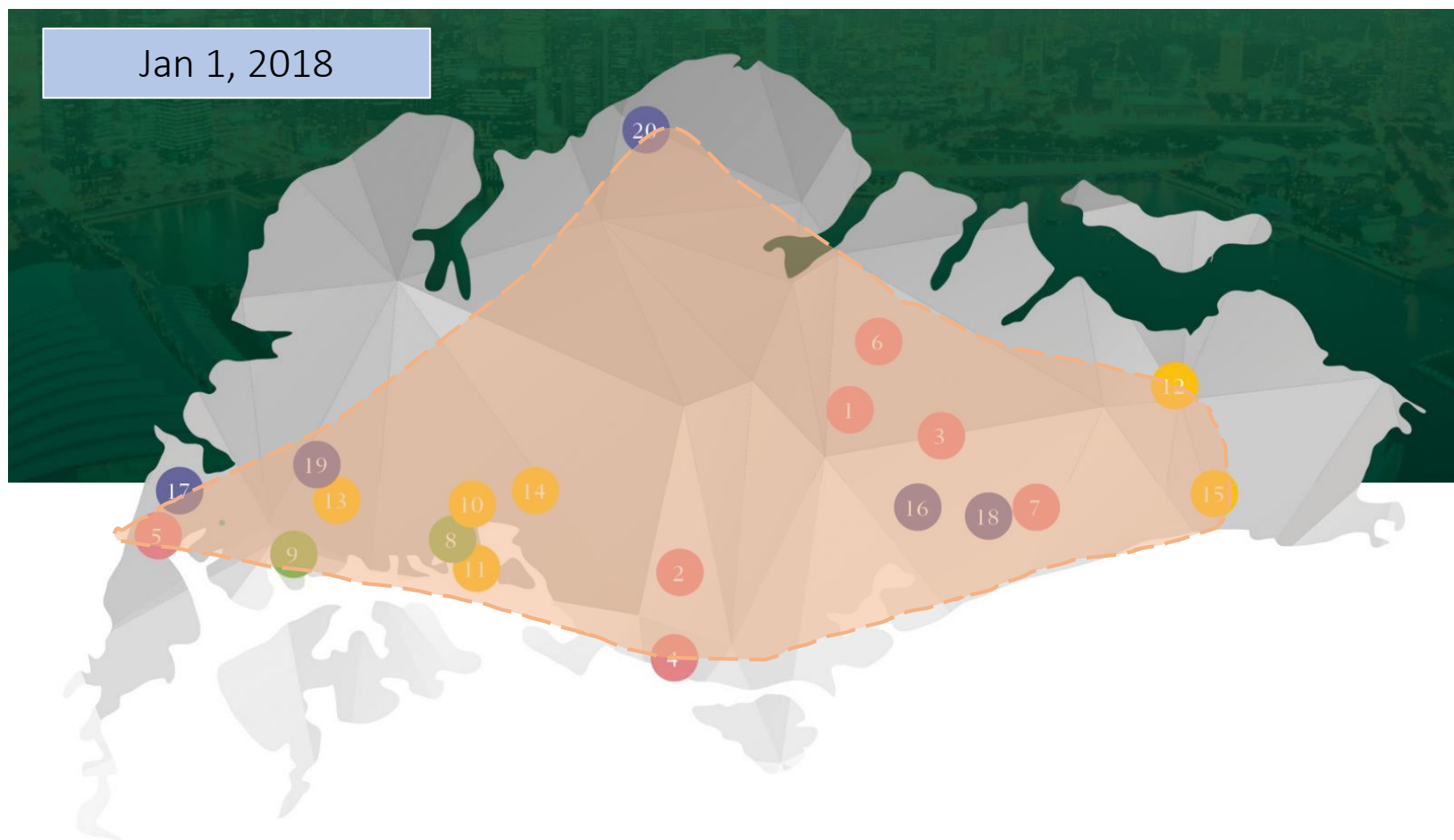
IV. Summary of 2018 Performance

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# Introduction to Sabana REIT

- Diversified portfolio of 19 properties across 4 industrial segments at end-Dec 2018
- Clear turnaround strategy to create sustainable value – successfully completed Phase 1 and embarking on Phase 2 that will focus on growth
  - Asset Enhancement Initiative for flagship New Tech Park asset at core of Phase 2
- Solid defensive play: resilient unit price and attractive yields despite challenging market
- Strengthened balance sheet with headroom for growth
- Refreshed Board with deep experience in real estate to provide firm stewardship and input for growth, working in lockstep with senior management

# Portfolio at a Glance



## HIGH-TECH INDUSTRIAL

- 01 151 Lorong Chuan
- 02 8 Commonwealth Lane
- 03 9 Tai Seng Drive
- 04 15 Jalan Kilang Barat
- 05 1 Tuas Avenue 4
- 06 23 Serangoon North Avenue 5
- 07 508 Chai Chee Lane



## CHEMICAL WAREHOUSE & LOGISTICS

- 08 33 & 35 Penjuru Lane
- 09 18 Gul Drive



## WAREHOUSE & LOGISTICS

- 10 34 Penjuru Lane
- 11 51 Penjuru Road
- 12 26 Loyang Drive
- 13 3A Joo Koon Circle
- 14 2 Toh Tuck Link
- 15 10 Changi South Street 2

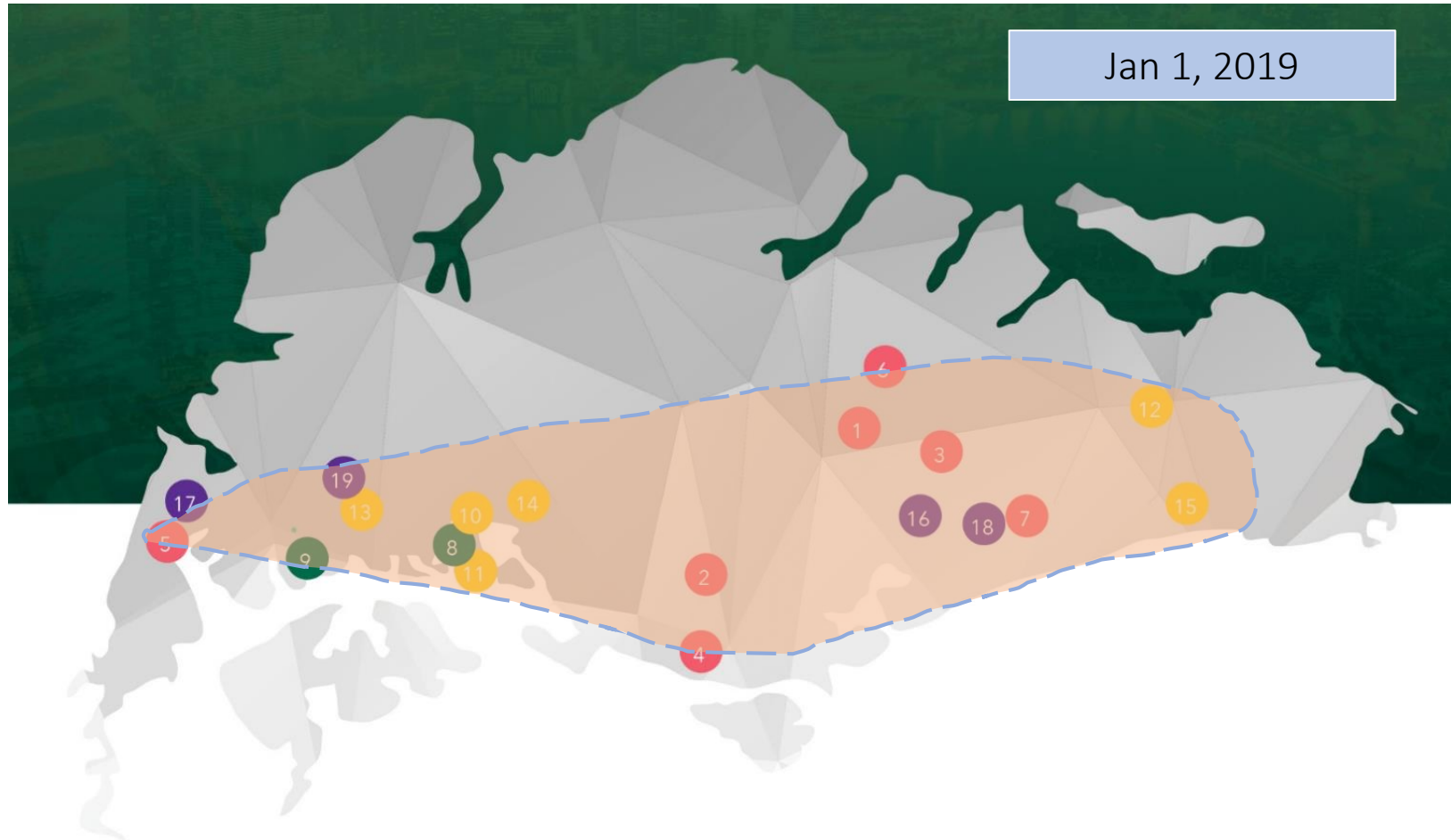


## GENERAL INDUSTRIAL

- 16 123 Genting Lane
- 17 30 & 32 Tuas Avenue 8
- 18 39 Ubi Road 1
- 19 21 Joo Koon Crescent
- 20 6 Woodlands Loop



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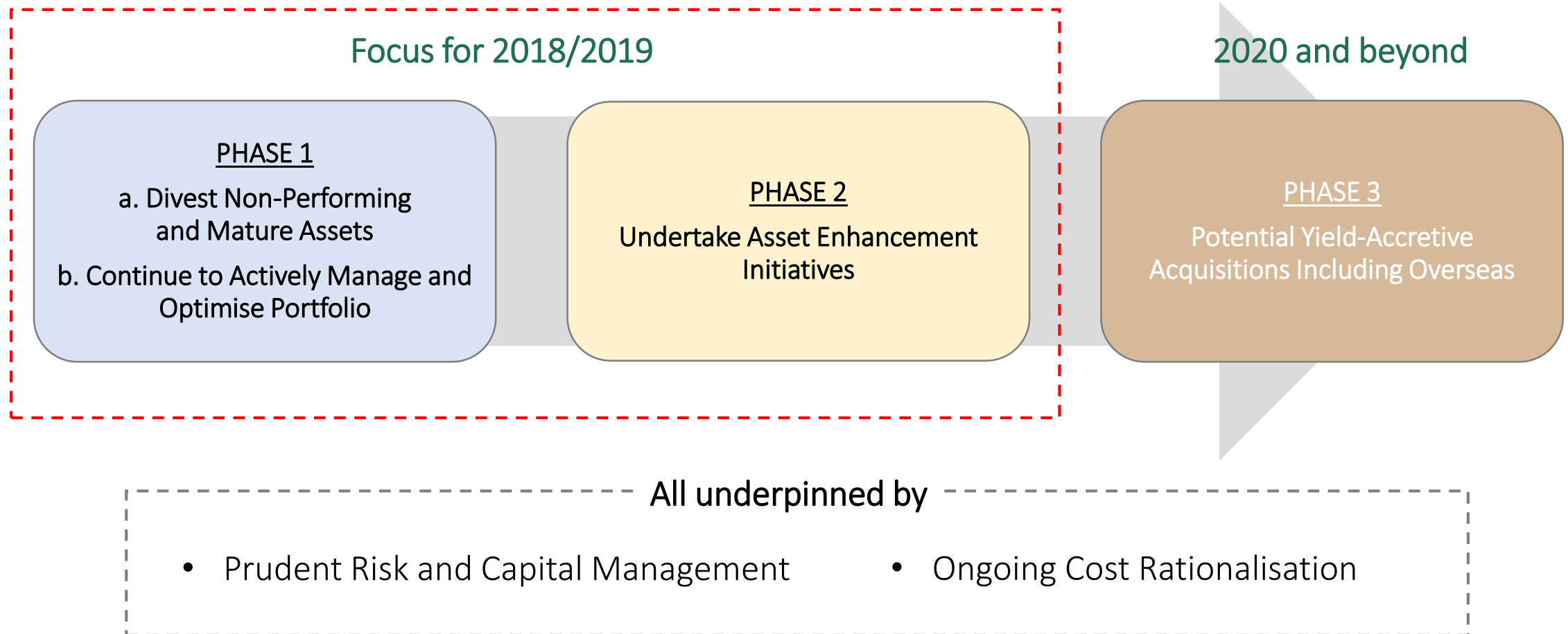
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# Our Refreshed Strategy



# Key Strategic Milestones in 2018



# Embarking on Next Phase of Growth in 2019

## PHASE 2: Undertake Asset Enhancement Initiatives



### Moving ahead on AEI for New Tech Park

- Provisional approval to add **3,979.69 sqm of new temporary commercial GFA** by URA
- Consultants working closely with authorities to finalise approval
- New Tech Park represents around **one third** of overall portfolio value
- Potential for greater intensity usage
  - Current approved plot ratio: 1.94
  - Master Plan allowable plot ratio : 2.5

# New Tech Park: Sabana REIT's flagship asset



- **Solid slate of tenants**
  - More than 30 corporate tenants including HBO, Nickelodeon, Fuji Electric, Epsilon, Kodak and Timberland
  - Premise serving as regional and global HQs for a number of tenants
- **Healthy daily footfall:**
  - Around 2,200-strong workforce; 300 daily visitors
- **Opportunities from captive surrounding developments**
  - Mid-income residential developments
  - Institutions of learning including the Australian International School



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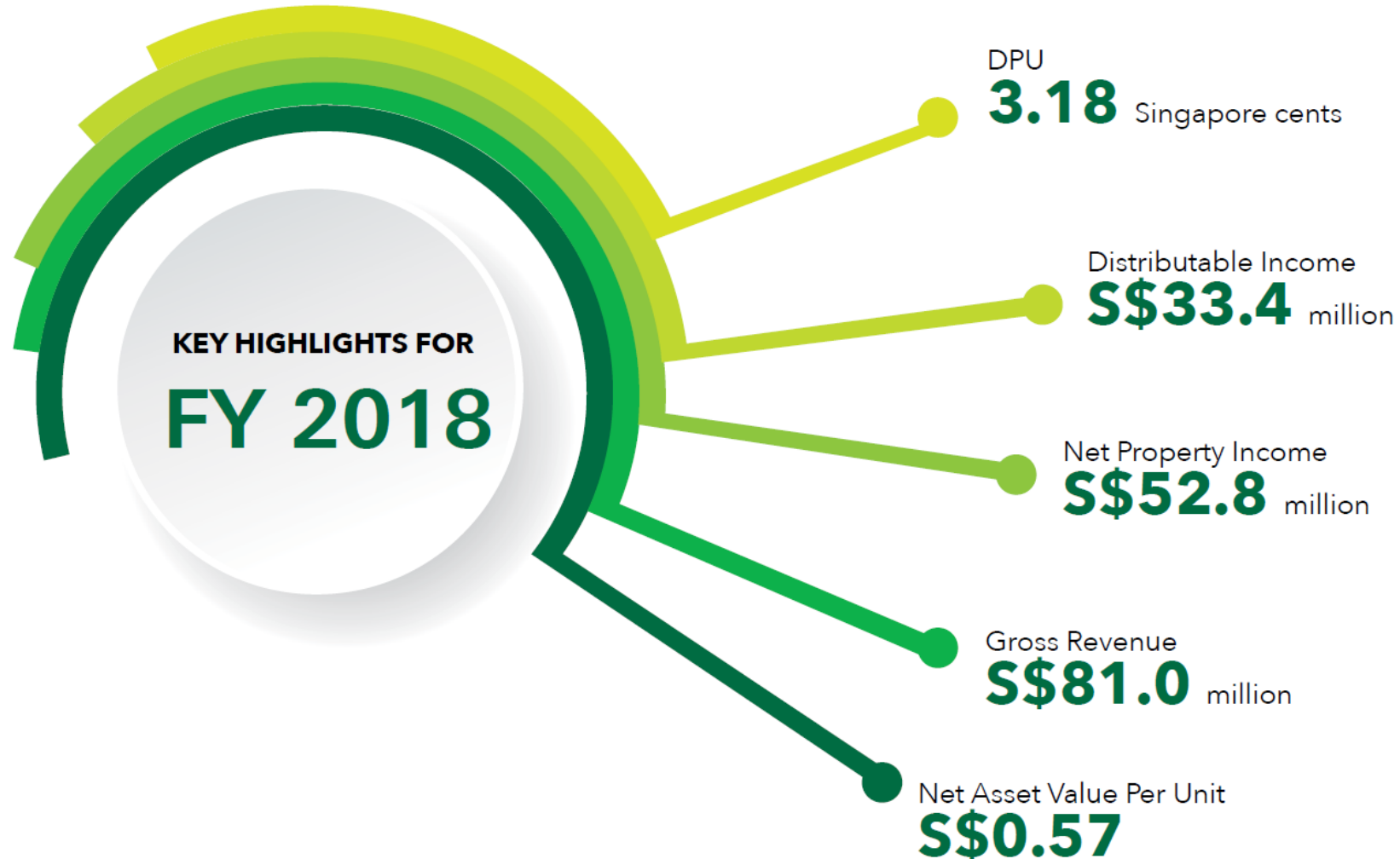
- I. Resilient Unit Price Performance
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- III. Delivering Against Our Strategy in 2018; Embarking on Growth in 2019

## **IV. Summary of 2018 Performance**

- V. Outlook and Key Takeaways

# DPU Affected Amid Challenging Market...

Year-on-year performance slightly lower; focused on execution of strategy





## ...But Balance Sheet Remained Resilient

### As a result of prudent financial management

#### Capital structure optimisation:

- a. Lower aggregate leverage at 36.8% as at 31 December 2018 (2017:38.2%)
- b. Weighted all-in cost of borrowings at 4.2% as at 31 December 2018 (2017:3.9%)
- c. Improved profit coverage ratio to 3.8 times (FY 2017: 3.7 times)
- d. Net finance costs reduced by 11.2% on repayment of borrowings using divestment proceeds of 6 Woodlands Loop and refinancing with lower cost facilities

### Supported by continued strong relationships with financial institutions



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## **V. Key Takeaways**

# Key Takeaways

- Delivering on Refreshed Strategy following disciplined execution
  - Embarking on Phase 2 to focus on growth, with AEI of New Tech Park as fulcrum
  - Successfully completed Phase 1 that laid firm foundations for turnaround
- Resilient defensive play amid challenging market, with strengthened balance sheet that will provide headroom for growth
- Deeply experienced Board and senior management to provide stewardship and align Unitholder interests
- Well-placed to improve performance and create sustainable value for Unitholders from second half of 2019

**Sabana Real Estate Investment Management Pte. Ltd.**

151 Lorong Chuan

#02-03 New Tech Park

Singapore 556741

[www.sabana-reit.com](http://www.sabana-reit.com)

Tel: +65 6580 7750

Fax: +65 6280 4700

For enquiries, please contact:

**Ms Dianne Tan**

Sabana Real Estate Investment Management Pte. Ltd.

Tel: +65 6580 7857

Email: [dianne.tan@sabana.com.sg](mailto:dianne.tan@sabana.com.sg)

**Mr Ong Chor Hao**

WATATAWA Consulting

Tel: +65 9627 2674

Email: [chorhaoo@we-watatawa.com](mailto:chorhaoo@we-watatawa.com)

**Ms Hoong Huifang**

WATATAWA Consulting

Tel: +65 9128 0762

Email: [hhoong@we-watatawa.com](mailto:hhoong@we-watatawa.com)