

# SABANA

SHARI'AH COMPLIANT REIT



**ANNUAL GENERAL MEETING**  
**14 APRIL 2015**

# 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 fourth quarter from 1 October 2014 to 31 December 2014 ("4Q 2014") and for the full year from 1 January 2014 to 31 December 2014 ("FY 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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II. Unit Price Performance

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# About Sabana REIT – Overview



- Diversified portfolio of 23 industrial properties in Singapore with a wide tenant base of both local & international companies;
- Total assets currently valued at approximately S\$1.3 billion;
- Assigned a 'BBB-' long term corporate credit rating and 'aXA-' ASEAN scale rating with a stable outlook from Standard & Poor's Rating Services
- The world's first and largest listed REIT to be certified with the GCC standard of Shari'ah compliance<sup>(1)</sup>;
- Sabana REIT is listed in several indices within the Morgan Stanley Capital International, Inc (MSCI) Index, the Global Property Research (GPR) index, FTSE index and S&P Dow Jones Indices.

(1) GCC Shari'ah compliance standards refers to the Shari'ah compliance standards applied by The Cooperation Council For The Arab States of The Gulf countries. This mandates Sabana REIT to keep the total rental income from lessees, tenants and/or sub-tenants engaging in activities which are non-permissible under the GCC-Shari'ah investment principles at or below 5.0% of Sabana REIT's annual gross revenue. As at 31 December 2014, Sabana REIT's non-Shari'ah income represents approximately 0.05% of the Trust's total rental income

# About Sabana REIT – FY 2014 Achievements



- Completed one new acquisition totaling S\$54.2 million.
- Successfully managed 2014 master leases expiries – signed a new master lease, renewed one and converted one property into multi-tenanted property.
- Successfully diversified funding sources and refinanced FY 2014 and FY 2015 borrowings ahead of schedule, while maintaining cost of borrowings at approximately 4.1% and aggregate leverage at below 40.0%.



## **GROWTH THROUGH ACQUISITION**

- Expanding Sabana REIT's portfolio by acquiring quality properties across the High-tech Industrial, Chemical Warehouse and Logistics, Warehouse and Logistics and General Industrial property segments, both in Singapore and overseas.



## **PROACTIVE ASSET MANAGEMENT**

- Proactively source for new tenants while managing lease renewals to minimise downtime and maximise rental yields. Maintaining a balanced mix of tenant trade sectors and well-distributed lease expiry profile to achieve greater portfolio resilience and stability.



## **CAPITAL AND RISK MANAGEMENT**

- Employing an appropriate mix of debt and equity in financing acquisitions.
- Proactively expanding our base of relationship banks access a greater pool of financing options to optimise risk-adjusted returns to Unitholders.



## **OPPORTUNISTIC DEVELOPMENT**

- Prudently undertake development activities when appropriate opportunities arise within the limits of Appendix 6 of the Code of Collective Investment Schemes issued by MAS.

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# Unit Price Performance

## Sabana REIT Monthly Trading Performance in FY 2014

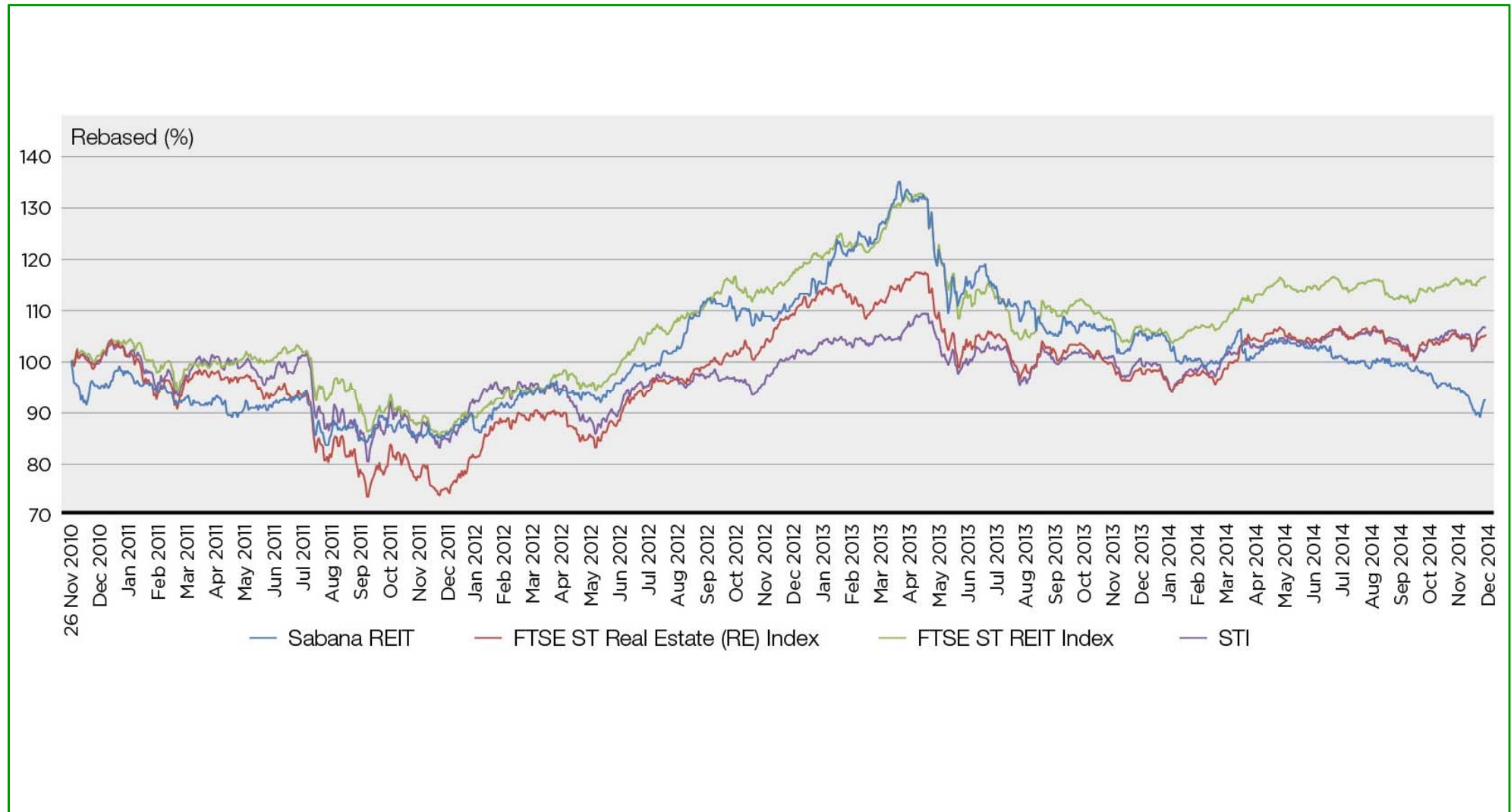


Source: ShareInvestor.



# Unit Price Performance

## Comparative Trading Performance since IPO



Source: ShareInvestor.

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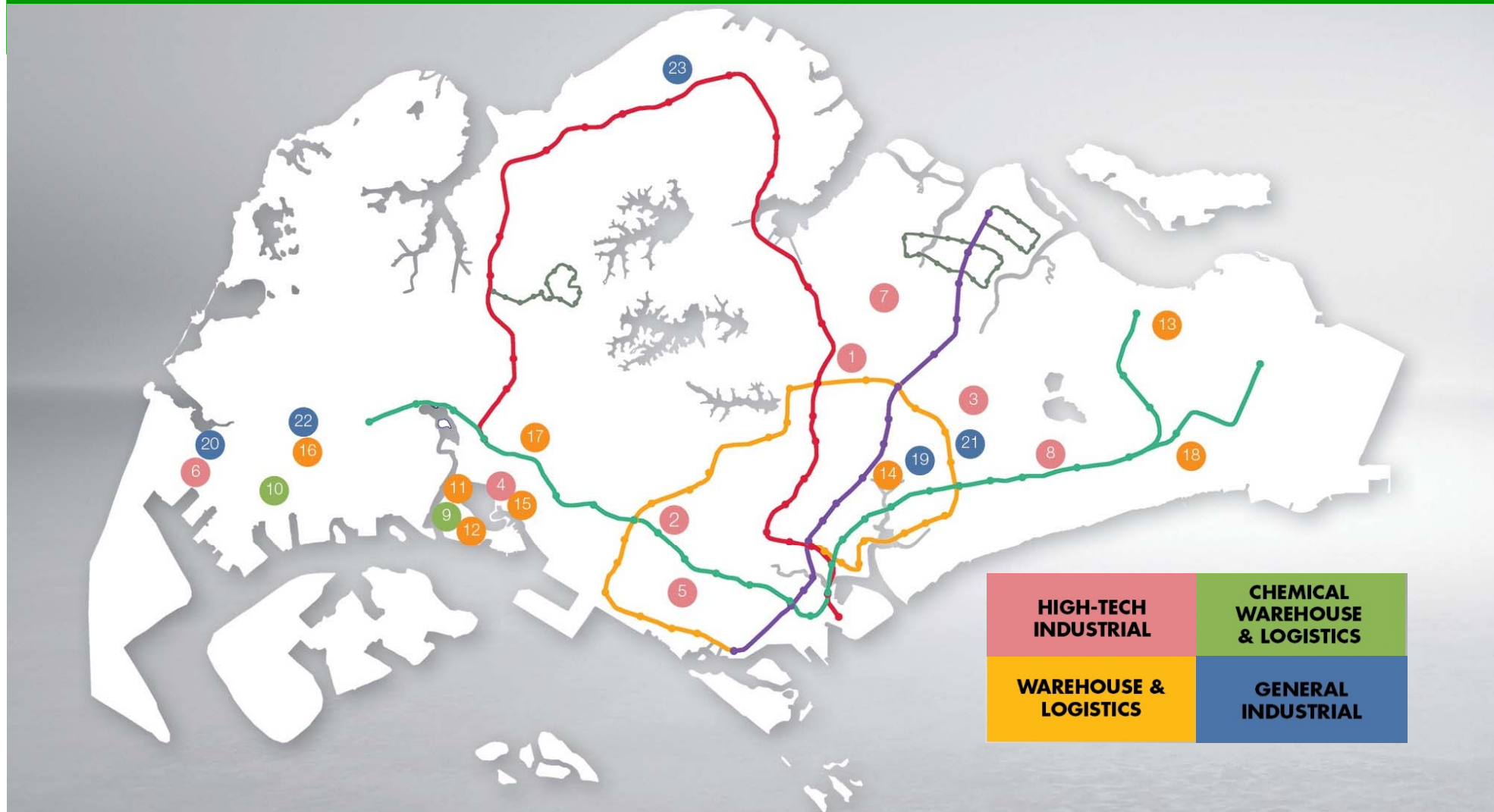
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# Portfolio Highlights – Property Locations

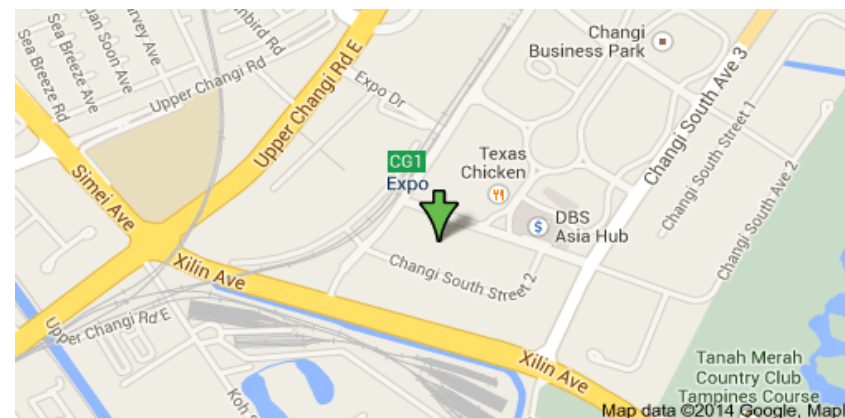
Our properties are diversified into four industrial segments across Singapore, close to expressways and public transportation.





# Portfolio Highlights – Acquisition in 2014

## 10 Changi South Street 2



### Purchase Consideration (S\$ million)<sup>1</sup>

54.2

### 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.

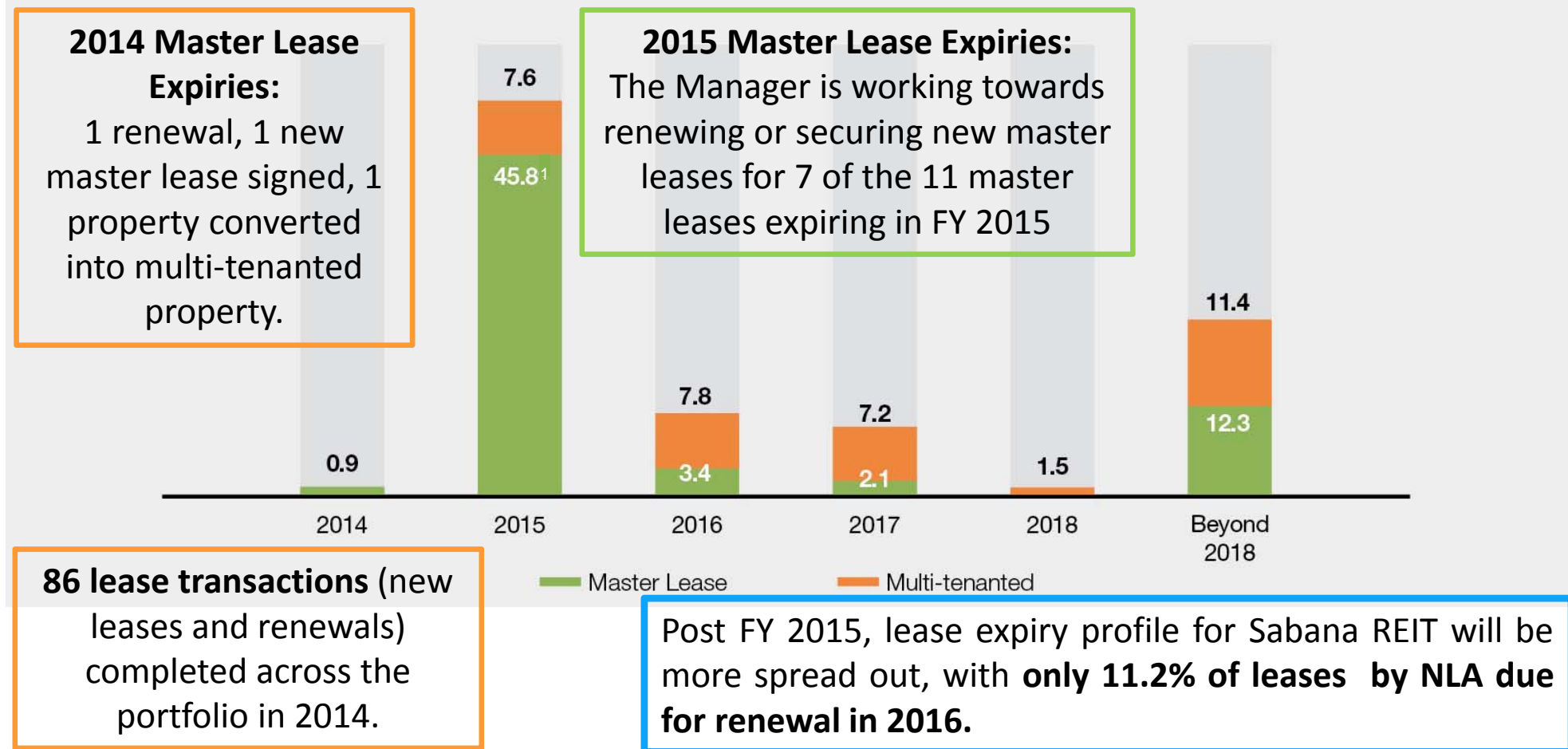
<sup>1</sup> Includes purchase price payable to vendor and the upfront land premium (including applicable stamp duties) for the balance of the first term (approximately 9.8 years).



# Portfolio Highlights – Lease Expiry Profile

## Active Asset Management

LEASE EXPIRY BY NLA (%) (AS AT 31 DECEMBER 2014)



(1) Comprises 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. Out of the 11 master leases, ten will expire in 4Q 2015 and one will expire in 3Q 2015.

# Portfolio Highlights – Quality Tenant Base

## Top Ten Tenants By Gross Rental Income As At 31 December 2014

	Tenant	Gross Rental Revenue (%)
1.	Subsidiaries of Vibrant Group Limited*	15.8
2.	SB (Lakeside) Investment Pte. Ltd.	5.3
3.	Ban Teck Han Enterprise Co Pte Ltd	4.6
4.	Advanced Micro Devices (S) Pte Ltd*	4.2
5.	Wincor Nixdorf Pte Ltd*	2.8
6.	Ringford Pte. Ltd.	2.7
7.	Ho Bee Developments Pte Ltd*	2.7
8.	Crescendas Logistics Solutions Pte. Ltd.	2.7
9.	Oxley & Hume Builders Pte Ltd	2.6
10.	Ascend Group Pte. Ltd.	2.4
	<b>Top 10 tenants</b>	<b>45.8</b>



**508 Chai Chee Lane**

Tenant: Advanced Micro Devices (S) Pte Ltd

**23 Serangoon North Avenue 5**  
Master tenant:  
Ban Teck Han Enterprise Co Pte Ltd



**51 Penjuru Road**  
Master tenant:  
Subsidiary of Vibrant Group Limited

**15 Jalan Kilang Barat**

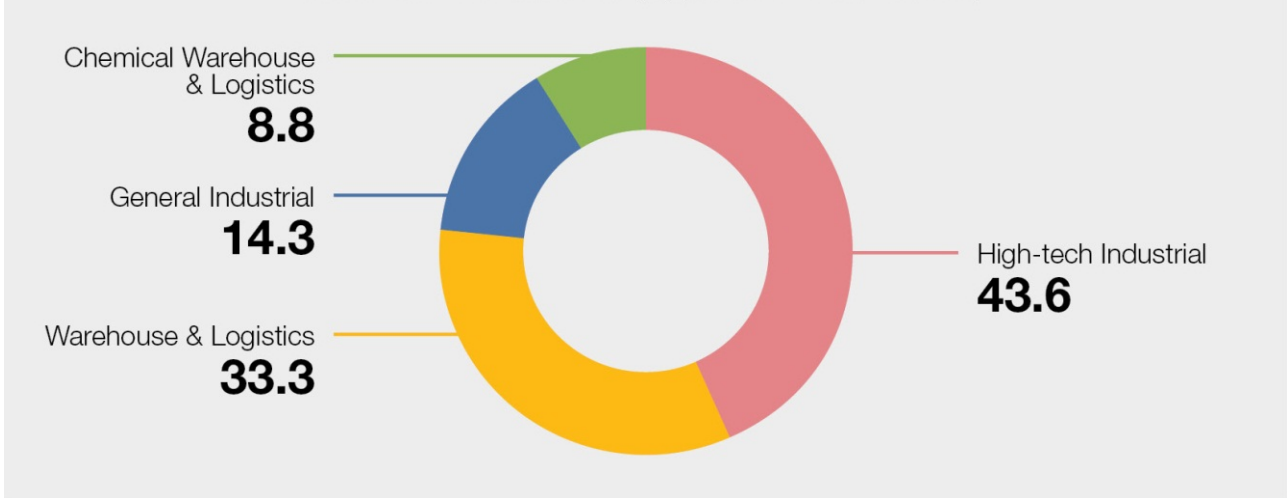
Master tenant:  
Ho Bee Developments Pte. Ltd.



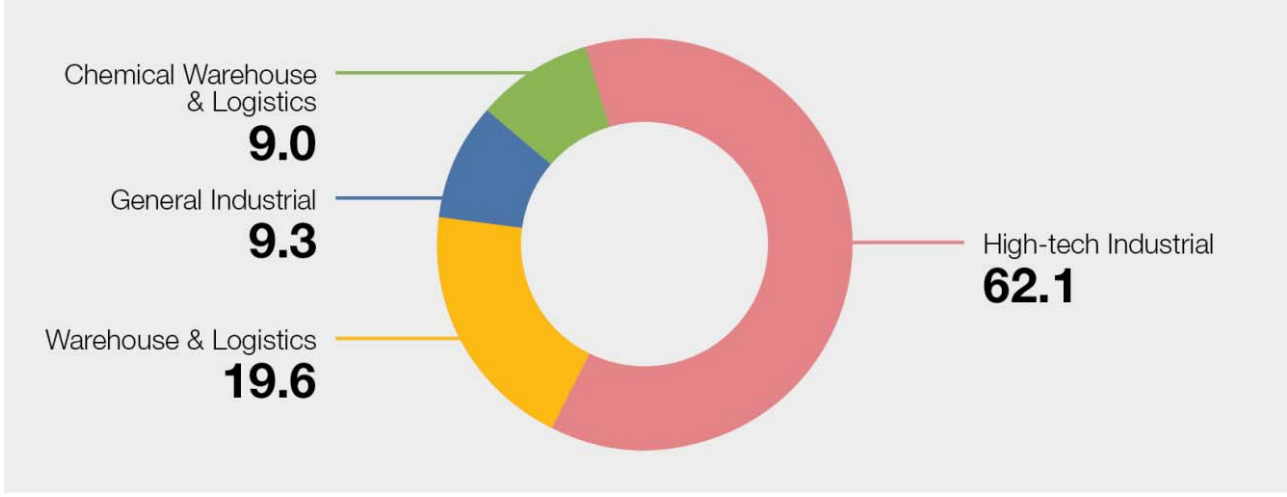
\* Listed companies or subsidiaries of listed entities.

# Portfolio Highlights - Diverse Asset Types

## Asset Breakdown by NLA (%) as at 31 December 2014



## Gross Revenue by Asset Type (%) as at 31 December

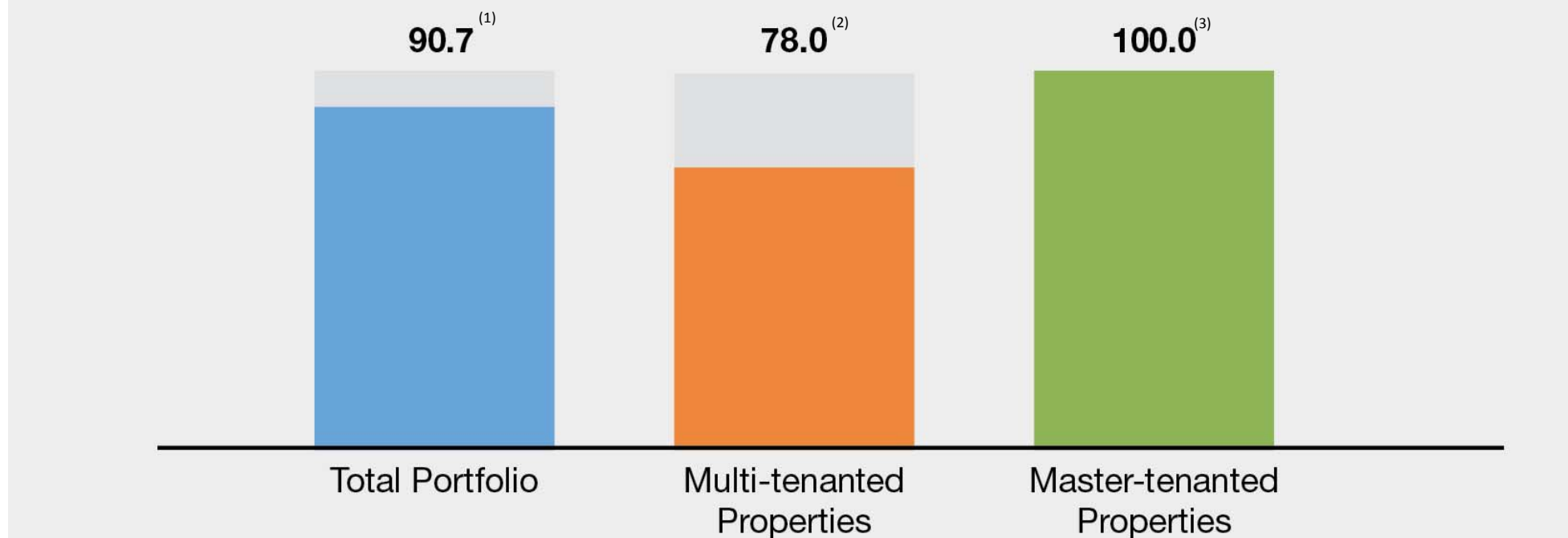


Property Class	Occupancy Rate (%)
High-tech Industrial	84.6
Chemical Warehouse & Logistics	100.0
General Industrial	95.0
Warehouse & Logistics	94.3

# Portfolio Highlights - Healthy Occupancy Rates



## Occupancy Levels by Tenancy Types (%) (As at 31 December 2014)



Total portfolio GFA	4,675,363 sq ft
Weighted average lease term to expiry <sup>(4)</sup>	2.5 years
Weighted average unexpired lease term for the underlying land <sup>(5)</sup>	37.9 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, 2 Toh Tuck Link and 123 Genting Lane.

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

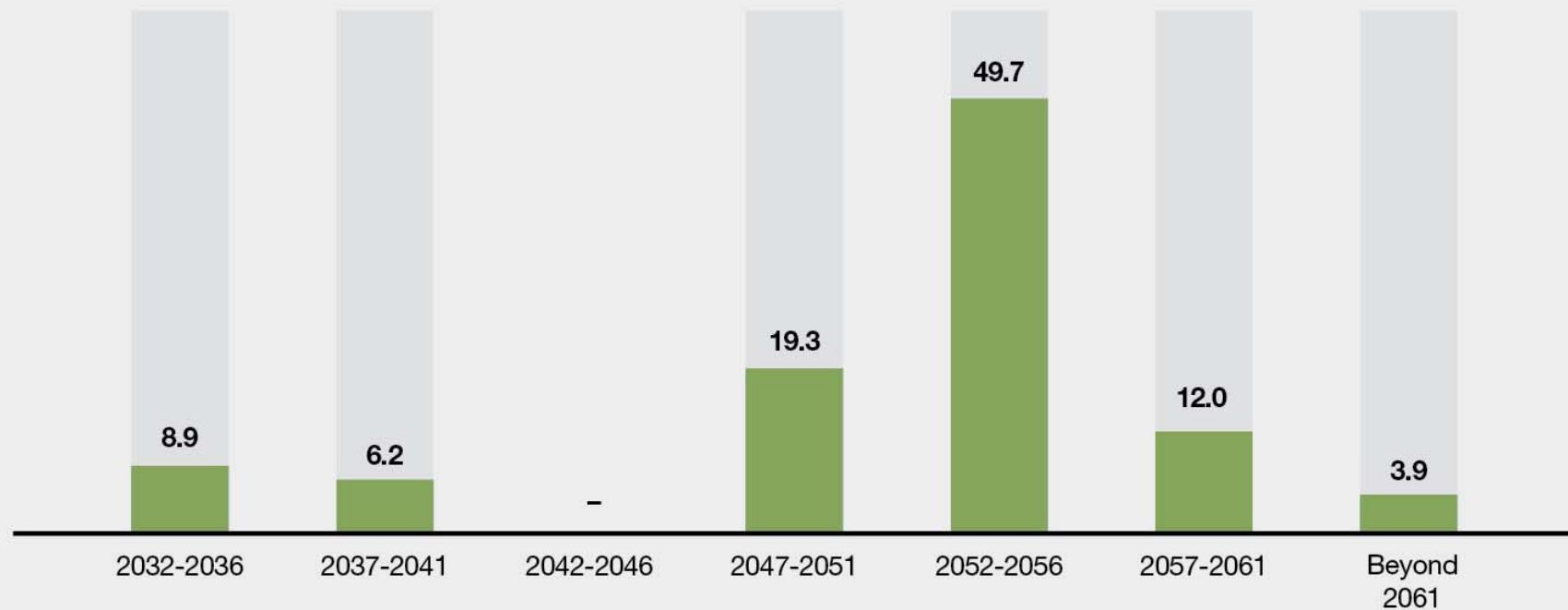
(4) Weighted by gross revenue (master leases of 16 properties).

(5) Weighted by GFA.



# Portfolio Highlights - Land Lease Expiry Profile

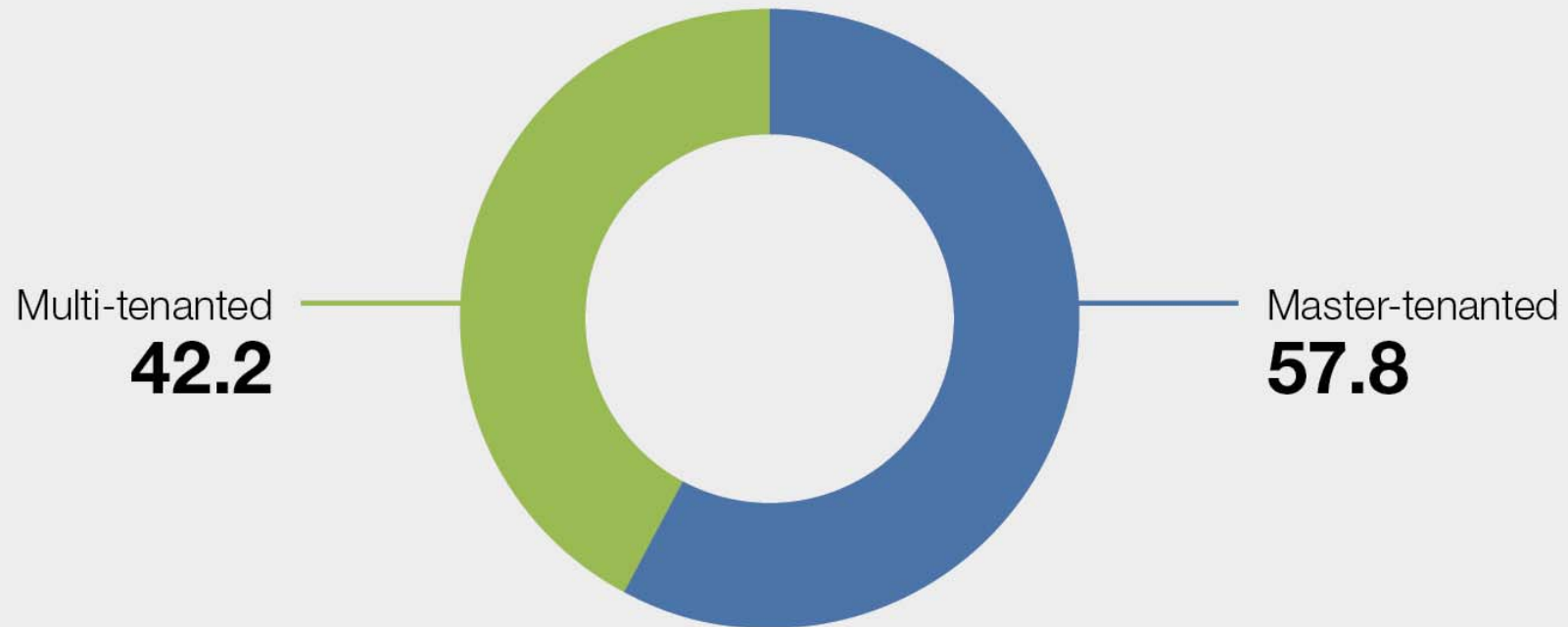
## Percentage of unexpired land lease term by (%) GFA<sup>(1)</sup>



**Well distributed, long underlying land leases, with an average of 37.9 years by GFA.**

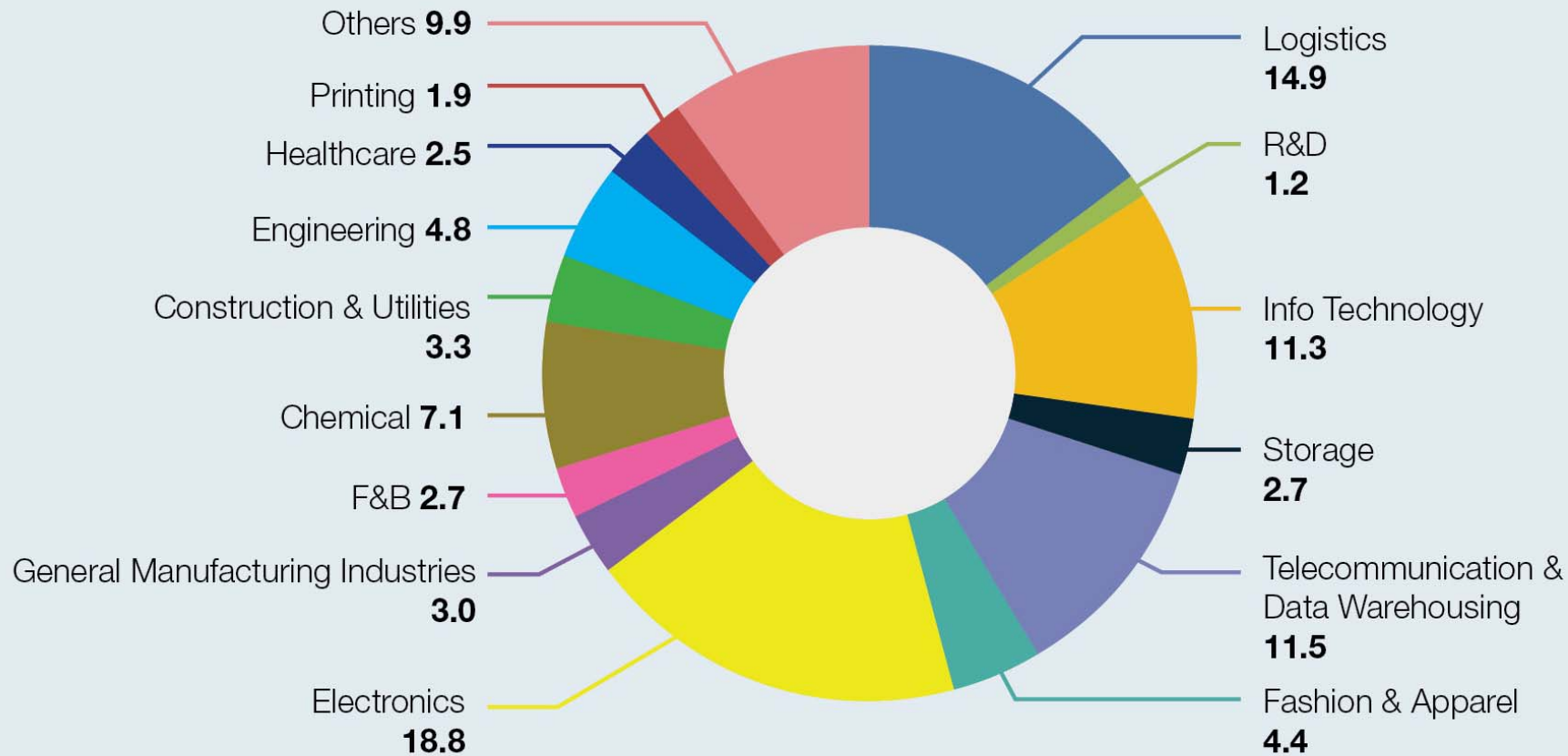
(1) As at 31 December 2014, weighted by GFA.

## Lease Type By NLA (%) as at 31 December 2014



# Portfolio Highlights - Diverse Sub-tenant Base

## Sub-tenants' industry diversification by NLA (%)<sup>(1)</sup>:



No concentration in any single trade sector

(1) As at 31 December 2014.

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# Financial Highlights



## Key Financial Figures

	FY 2014	FY 2013	FY 2012	FY 2011 <sup>1</sup>
<b>S\$'000</b>				
Gross revenue	100,342	89,485	81,768	76,945
NPI	72,946	80,360	76,937	73,074
Distributable income	51,624	61,755	59,395	60,603
DPU (cents)	7.33	9.38	9.28	8.67
Distribution yield (%)				
- Closing price of S\$0.940 on 31 December 2014	7.80	9.98	9.87	9.22

(1) For the period from 26 November 2010 to 31 December 2011.

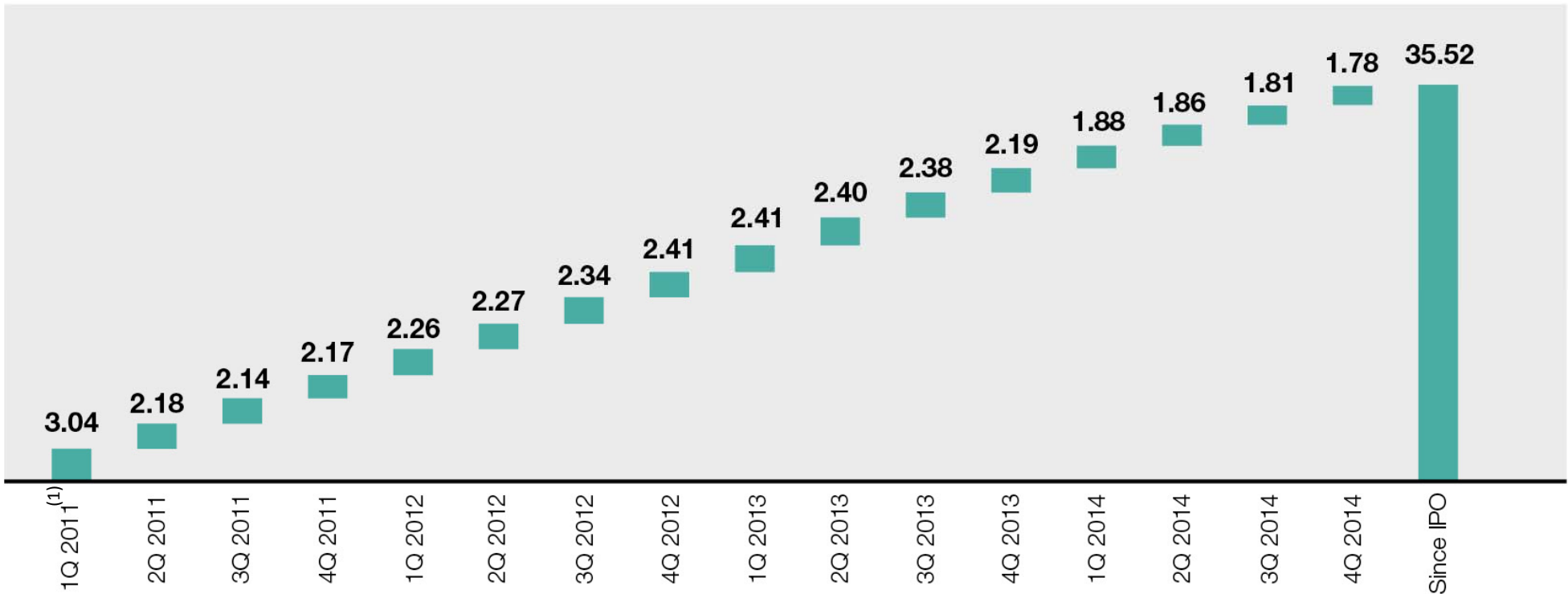
# Financial Highlights

## Selected Balance Sheet Data

	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
<b>S\$'000</b>				
Total assets	1,281,660	1,236,753	1,156,538	1,082,316
Borrowings, at amortised costs	478,848	447,392	420,800	359,865
Net assets attributable to Unitholders	772,585	756,504	702,857	681,782
Units in issue and to be issued entitled to distribution ('000)	725,983	691,959	641,523	637,295
NAV per Unit (S\$)	1.06	1.09	1.10	1.07
Adjusted NAV per Unit (S\$)	1.04	1.07	1.07	1.05
Market capitalisation	681,147	746,037	730,159	556,627

# Financial Highlights

## Actual DPU (cents) From 26 November 2010 to 31 December 2014



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

# Financial Highlights

## Borrowings Profile

	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Aggregate leverage <sup>1</sup>	38.0%	36.9%	37.6%	34.1%
Total borrowings (S\$ million)	486.0	455.8	432.8	364.8
Fixed as % of total borrowings	88.0%	93.3%	100.0%	96.7%
Weighted average all-in financing cost	4.1%	4.1%	4.3%	4.4%
Weighted average tenor of borrowings	3.0 years	2.3 years	3.2 years	2.2 years
Profit coverage ratio <sup>2</sup>	4.3	5.0	5.4	7.4
Unencumbered investment properties (S\$ million)	328.9 <sup>3</sup>	177.7	108.8	46.8

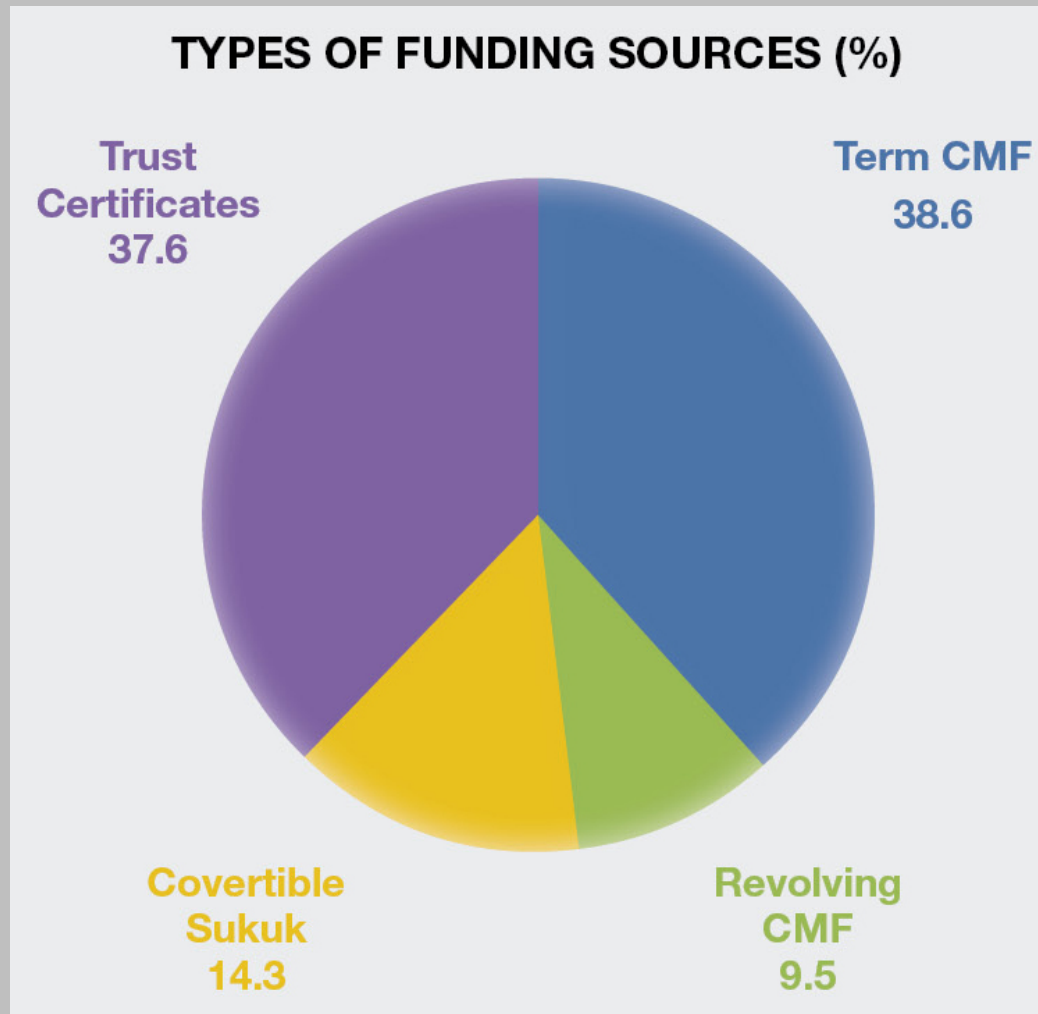
(1) Ratio of total borrowings and deferred payments over deposited property as defined in the Property Funds Appendix.

(2) Ratio of net property income over profit expense (excluding amortisation and other fees).

(3) Subsequent to 31 December 2014, an additional five properties valued at S\$210.6 million were unencumbered, bringing the total value of unencumbered assets to S\$539.5 million.

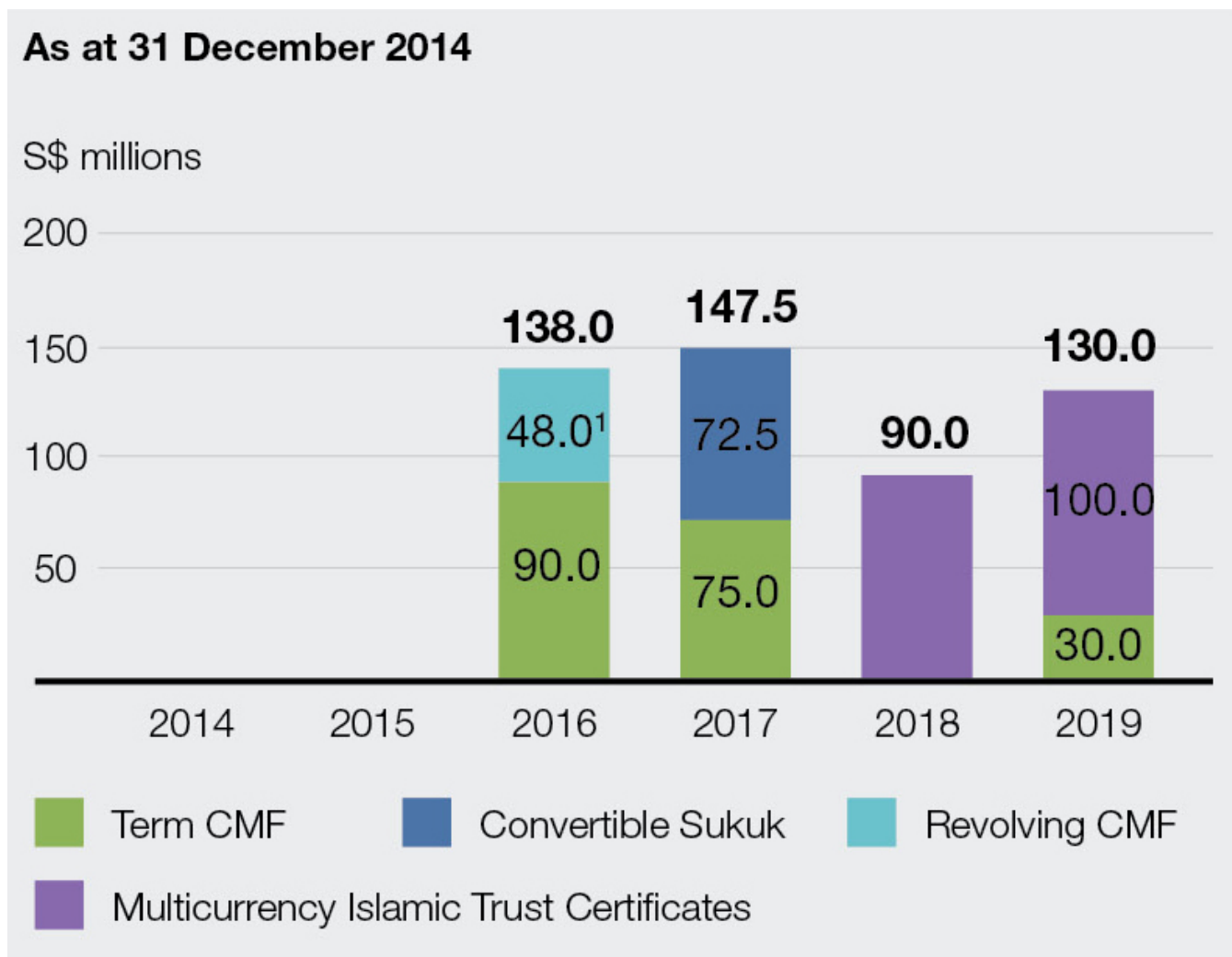


## Diversified Funding Sources For Effective Risk Management



As at 31 December 2014.

## Maturity Profile of Outstanding Borrowings



(1) Comprises S\$28.5 million and S\$19.5 million of drawn and undrawn credit facilities respectively.

# Financial Highlights

## Strong Support By Wide Pool of Financial Institutions



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- The Manager continues to proactively manage short-term fluctuations from Sabana REIT's lease expiry/renewal cycle to improve occupancy levels through aggressive marketing and leasing efforts.
- The Manager will also continue to prudently manage Sabana REIT's capital structure by improving borrowings maturity profile and maintaining aggregate leverage below 40.0%.
- The Manager is working towards renewing or securing new master leases for 7 of the 11 master leases expiring in FY 2015. The remaining 4 properties will likely be converted into multi-tenanted buildings.
- In addition, the Manager will continue to prudently evaluate potential yield-accretive acquisition opportunities both locally, and abroad, as well as development projects and asset enhancement initiatives.
- The Manager will also explore opportunities to divest underperforming assets to recycle Sabana REIT's capital.

# Thank you!

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

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