

Sabana Shari'ah Compliant REIT

Analyst Briefing Key Takeaways

SINGAPORE | REAL ESTATE (REIT) | RESULTS

16 October 2015

What is the news?

Sabana Shari'ah Compliant REIT (Sabana REIT) announced its 3Q FY15 (Y/E Dec) results on 15 October after trading hours. We tuned in to the Analyst Briefing conference call earlier this morning.

Results at a glance

(SGD mn)	3Q15	3Q14	y-y (%)	Comments
Gross revenue	25.49	25.13	↑ 1.5	Contribution from 10 Changi South Street 2, acquired in 4Q14
Net property income	18.29	18.05	↑ 1.4	
Distributable income	12.97	12.69	↑ 2.2	
DPU (Cents)	1.77	1.81	↓ (2.2)	Higher number of Units

Source: Company, Phillip Securities Research (Singapore)

Analyst briefing key takeaways

- Three master leases expiring in 4Q15 will be converted to multi-tenanted leases. 23 Serangoon North Avenue 5 had already been converted to multi-tenanted on 1 Oct.

Master-lease properties to be converted to Multi-tenanted

Property	3Q15 occupancy	handover date	expected occupancy on handover date
23 Serangoon North Avenue 5	63%	1 Oct	55% (actual)
15 Jalan Kilang Barat	94%	26 Nov	78%
34 Penjuru Lane	94%	26 Nov	81%

Source: Company, Phillip Securities Research (Singapore)

- Eight master leases expiring in 4Q15 (all on 26 Nov) are in the advanced stages of completing the renewal of the leases. The Manager guided that six of the properties will be renewed by the existing master tenant, while negotiations for the remaining two are with the main sub-lessee. This is a positive development for the REIT as it would bring more clarity to its portfolio occupancy and income going forward.

Master-lease properties to be renewed

Property	Use
33 & 35 Penjuru Lane	Chemical Warehouse & Logistics
18 Gul Drive	Chemical Warehouse & Logistics
51 Penjuru Road	Warehouse & Logistics
218 Pandan Loop	Warehouse & Logistics
26 Loyang Drive	Warehouse & Logistics
3 Kallang Way 2A	Warehouse & Logistics
30 & 32 Tuas Avenue 8	General Industrial
21 Joo Koon Crescent	General Industrial

Source: Company, Phillip Securities Research (Singapore)

- Acquisitions to remain Singapore-focused. The Manager guided that any future acquisitions will be in Singapore. These will be of the sale and leaseback type with a minimum tenure of five years.
- Outlook remains challenging. The upcoming supply of industrial space is making the current situation very much a tenant's market. The Manager has some confirmed non-renewals from tenants.

Investment Action

No stock rating or price target provided, as we do not have coverage on Sabana REIT.

SSREIT will trade ex-dividend on 21 October.

Non-rated

LAST DONE PRICE	SGD 0.785
FORECAST DIV	N/A
TARGET PRICE	N/A
TOTAL RETURN	N/A

COMPANY DATA

O/S SHARES (MN) :	731
MARKET CAP (USD mn / SGD mn) :	44 / 574
52 - WK HV/L0 (SGD) :	101 / 0.71
3M Average Daily T/O (mn) :	0.73

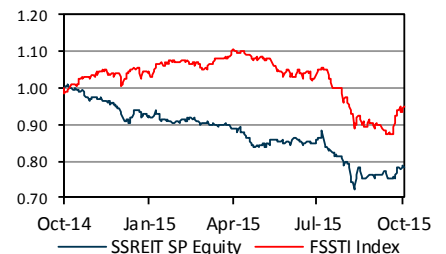
MAJOR SHAREHOLDERS (%)

JINQUAN TONG	8.5%
VIBRANT GROUP	6.6%
SABANA REAL ESTATE INV	2.5%
KIAN KEONG KHUA	18%
VANGUARD GROUP	14%

PRICE PERFORMANCE (%)

	1M TH	3M TH	1YR
COMPANY	4.6	(6.2)	(14.6)
STIRETURN	6.2	(8.4)	(2.6)

PRICE VS. STI



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec	FY 12	FY 13	FY 14
Gross Rev. (SGD mn)	818	89.8	100.3
NPI (SGD mn)	76.9	80.4	72.9
Dist. Inc. (SGD mn)	59.4	61.8	51.6
P/NAV (x)	1.04	0.99	0.86
DPU, adj (Cents)	9.28	9.38	7.33
Distribution Yield, %	8.1	8.7	8.3

Source: Company Data, Bloomberg

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