



SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

PROPOSED ACQUISITION OF 21 JOO KOON CRESCENT

1. INTRODUCTION

The Board of Directors of Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**" and the manager of Sabana REIT, the "**Manager**"), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana REIT (the "**Trustee**"), has on this day, entered into a sale and purchase agreement (the "**SPA**") with AVA Global Pte. Ltd. (the "**Vendor**") in relation to the acquisition (the "**Acquisition**") of the property located at 21 Joo Koon Crescent, Singapore 629026 (the "**Property**").

On completion of the Acquisition of the Property, a master lease agreement will be entered into between the Trustee and the Vendor pursuant to which the Vendor will take a master lease of the property for a term of four years.

The Manager is of the view that the Acquisition is in the ordinary course of Sabana REIT's business as the Property being acquired is within the investment strategy of Sabana REIT and does not change the risk profile of Sabana REIT.

2. INFORMATION ON THE PROPERTY

The Property is a 3-storey factory building with ancillary office located along Joo Koon Crescent, approximately 22.8 km from the city centre, with a gross floor area of approximately 99,575 square feet.

The Property is a JTC leasehold estate of 30 + 30 years tenure commencing from 16 February 1994, with a remaining tenure of approximately 43 years.

The Property was independently valued by CKS Property Consultants Pte Ltd on 25 August 2011 at S\$20,274,000.00 using the discounted cash flow analysis, income approach and direct comparison approach.

3. DETAILS OF THE ACQUISITION AND LEASE (THE "TRANSACTION")

The Property is being sold on a sale and leaseback basis wherein the Vendor will, upon completion of the acquisition of the Property, take a master lease of the entire premises for a term of four years on a triple net basis (the "**Lease**").

The purchase consideration for the Property is S\$20,274,000.00 (the "**Purchase Consideration**") which was arrived at on a willing buyer and willing seller basis.

Sabana REIT has on this day, arranged for the payment of a deposit of S\$1.00 only (the "**Deposit**") to the Vendor. The balance of the Purchase Consideration (after deduction of the Deposit and

deduction of other amounts permitted under the SPA), shall be payable in cash on completion of the Acquisition which is expected to take place in the fourth quarter of 2011, or such other date as may be agreed by the Vendor and the Trustee.

4. CONDITIONS PRECEDENT

The Acquisition is subject to certain conditions precedent including but not limited to the following:

- a. Sabana REIT and the Vendor having received, *inter alia*, JTC's approvals to the sale of the Property by the Vendor, JTC's confirmation in relation to the further leasehold term of 30 years in respect of the Property and JTC's confirmation stating it has no objection to the execution of transfer instrument in favour of the Trustee, and accepting the terms of the foregoing JTC approvals and confirmations within the relevant period stipulated in such approvals for the Acquisition and the Lease;
- b. Sabana REIT having received satisfactory results to its due diligence investigations in respect of, including and not limited to the Property, the building, the mechanical and electrical equipment and financial condition of the Vendor (including but not limited to the Vendor's ability to perform its obligation under the Lease);
- c. There being no unsatisfactory replies to legal requisitions;
- d. The approval of any lender to Sabana REIT (where applicable) and the approval of the Shari'ah Council in accordance with the terms and conditions of the SPA; and
- e. Such other consents or approvals as may be required to be obtained by Sabana REIT or the Vendor from any third party or any government agency relating to the Acquisition or the Lease.

5. ESTIMATED COST OF THE ACQUISITION

The estimated total cost of the Acquisition excluding all taxes is approximately S\$20,600,740.00, comprising:

- a. The Purchase Consideration of S\$20,274,000.00;
- b. The acquisition fee payable to the Manager under the trust deed dated 29 October 2010 constituting Sabana REIT entered into between the Trustee and the Manager (as amended) in respect of the Acquisition, which amounts to approximately S\$202,740.00; and
- c. The professional and other fees and expenses incurred or to be incurred in connection with the Acquisition which amount to approximately S\$124,000.00.

6. RATIONALE FOR THE TRANSACTION

The Manager believes that the Transaction will bring the following benefits to holders of units in Sabana REIT ("**Unitholders**"):

a. In line with Manager's Strategy

The Transaction is in line with the Manager's aim to invest in income-producing real estate and real-estate related assets used for industrial purposes in Asia which provide attractive cash flows, yield-accretion and capital growth opportunities so as to generate stable and growing returns to Unitholders.

b. Strengths of the Property

The Property is strategically located along Joo Koon Crescent, within walking distance from Joo Koon MRT station. It is easily accessible by Pan Island Expressway (PIE) and Ayer Rajah Expressway (AYE). The Property is of good building specifications which can cater to diverse trade sector.

c. Income Diversification

The Transaction is expected to benefit Unitholders by improving asset and tenant diversification to reduce the reliance of Sabana REIT's income stream on any single asset or lessee.

The Transaction will also increase the weighted lease tenure of Sabana REIT's portfolio and reduce Sabana REIT's lease expiry concentration in 2013.

7. METHOD OF FINANCING

The Manager intends to fund the Acquisition by debt.

Sabana REIT's aggregate leverage (calculated as gross borrowings divided by total deposited property value) is expected to increase marginally from 25.1% as at 30 June 2011 to approximately 26.8% after the completion of the Acquisition excluding the proposed acquisitions of 39 Ubi Road 1, 3A Joo Koon Circle, 2 Toh Tuck Link, announced on 11 August 2011 and 9 September 2011, pending legal completion. If combined, the aggregate leverage is expected to increase to 35.0%. This is within the aggregate leverage limit as set out in the guidelines in Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the valuation report and the SPA are available for inspection during normal business hours at the registered office of the Manager at 151 Lorong Chuan #02-03 New Tech Park, Singapore 556741, for a period of three months commencing from the date of this Announcement.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company registration number 201005493K)

As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Kevin Xayaraj

Chief Executive Officer and Executive Director

29 September 2011

ABOUT SABANA SHARI'AH COMPLIANT REIT

Sabana Shari'ah Compliant REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

Sabana Shari'ah Compliant REIT is established principally to invest in income-producing real estate used for industrial purposes in Asia, as well as real estate-related assets, in line with Shari'ah investment principles. The initial property portfolio of Sabana Shari'ah Compliant REIT comprises 15 industrial properties located across Singapore.

The Manager's key objective is to provide Unitholders of Sabana Shari'ah Compliant REIT with regular and stable distributions and long-term growth in distribution per Unit and net asset value per Unit, while maintaining an appropriate capital structure.

Sabana Real Estate Investment Management Pte. Ltd. is the manager of Sabana Shari'ah Compliant REIT.

For further information on Sabana Shari'ah Compliant REIT, please visit <http://www.sabana-reit.com>

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The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana Shari'ah Compliant REIT, Freight Links Express Holdings Limited, the Joint Bookrunners or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not an offer or sale of the Units in the United States. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act. Any public offering of the Units to be made in the United States will be made by means of a prospectus that may be obtained from the Manager or Sabana Shari'ah Compliant REIT and that will contain detailed information about Sabana Shari'ah Compliant REIT, the Manager and its management, as well as financial statements. Sabana Shari'ah Compliant REIT does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States. Accordingly, the Units are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act.

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