



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 23 SERANGOON NORTH AVENUE 5

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 Shari'ah Compliant REIT**") and the manager of Sabana Shari'ah Compliant REIT, the "**Manager**", wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Shari'ah Compliant REIT (the "**Trustee**"), has on this day, entered into a sale and purchase agreement (the "**SPA**") with Ban Teck Han Enterprise Co Pte Ltd (the "**Vendor**") in relation to the acquisition (the "**Acquisition**") of the property located at 23 Serangoon North Avenue 5, Singapore 554530 (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 three years with an option to renew for a further term of three years.

The Manager is of the view that the Acquisition is in the ordinary course of Sabana Shari'ah Compliant REIT's business as the Property being acquired is within the investment strategy of Sabana Shari'ah Compliant REIT and does not change the risk profile of Sabana Shari'ah Compliant REIT. Accordingly, the Acquisition should not be subject to Chapter 10 of the Listing Manual.

2. INFORMATION ON THE PROPERTY

The Property is a purpose-built five storey light industrial building with a mezzanine level, located on the northern side of Serangoon North Avenue 5, off Yio Chu Kang Road, within Serangoon North Industrial Estate, and approximately 12.0 kilometres from the City Centre.

Completed in 2008 with a gross floor area of approximately 159,384 square feet, the Property is a JTC leasehold estate of 30 + 20 years 15 days tenure commencing from 16 September 2006. Land area of the site is around 64,579 square feet, with a remaining tenure of approximately 44.2 years.

The Property was independently valued by Knight Frank Pte Ltd on 23 July 2012 at S\$61,000,000.00 using the investment and discounted cash flow methods.

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("**HSBC**"), was the sole financial adviser for the initial public offering (the "**Offering**") of units in Sabana Shari'ah Compliant REIT ("**Units**"). HSBC, United Overseas Bank Limited and Daiwa Capital Markets Singapore Limited were the joint global coordinators, issue managers, bookrunners and underwriters for that Offering. HSBC, United Overseas Bank Limited and Daiwa Capital Markets Singapore Limited assume no responsibility for the contents of this announcement.

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 three years, with an option to renew a further term of three years, on a triple net basis (the “Lease”) commencing from (and including) the date of completion of the Property.

The purchase consideration of S\$61,000,000.00 (the “Purchase Consideration”) for the Property was arrived at on a willing buyer and willing seller basis.

Sabana Shari’ah Compliant REIT has on this day, arranged for the payment of a cash deposit of S\$1,525,000.00 (“the Deposit”), equivalent to 2.5 per cent of the Purchase Consideration, which is to be paid into the escrow account, in compliance with the Conveyancing and Law of Property (Conveyancing) Rules 2011, maintained jointly by the Vendor’s solicitors and Sabana Shari’ah Compliant REIT’s solicitors for the purpose of the Acquisition.

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 2012, 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 Shari’ah Compliant REIT having received the JTC Confirmation confirming that there is no subsisting breach by the Vendor of the JTC lease documents and the JTC Final Approval confirming that JTC has no objection to the execution of the transfer instrument in favour of the Trustee, and together with the Vendor, accepting the terms of the JTC approvals within the relevant period stipulated in such approvals for the Acquisition and the Lease;
- b. Sabana Shari’ah Compliant 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 the Tenant;
- c. There being no unsatisfactory replies to legal requisitions;
- d. The approval of any lender to Sabana Shari’ah Compliant 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 Shari’ah Compliant 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\$61,823,500.00, comprising:

- a. The Purchase Consideration of S\$61,000,000.00;
- b. The acquisition fee payable to the Manager under the trust deed dated 29 October 2010 constituting Sabana Shari’ah Compliant REIT entered into between the Trustee and the Manager (as amended) in respect of the Acquisition, which amounts to approximately S\$610,000.00; and The professional and other fees and expenses incurred or to be incurred in connection with the Acquisition which amount to approximately S\$213,500.00.

6. RATIONALE FOR THE TRANSACTION

The Manager believes that the Transaction will bring the following benefits to holders of units in Sabana Shari'ah Compliant 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 approximately four years old, with balance land tenure of 44.2 years, longer than Sabana Shari'ah Complaint REIT's existing portfolio of approximately 39.7 years. The Property has a good sub-tenancy profile comprising multi-national corporations. In addition to attractive strategic location, the Property has good building specifications and is well-designed and very functional.

c. Income Diversification

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

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

7. METHOD OF FINANCING

The Manager intends to fund the Acquisition by debt.

Sabana Shari'ah Compliant REIT's aggregate leverage (calculated as gross borrowings divided by total deposited property value) is expected to increase from 34.1 % as at 30 June 2012 to approximately 37.6 % after the completion of the Acquisition. This is within the aggregate leverage limit as set out in the guidelines in Appendix 6 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

8 August 2012

ABOUT SABANA SHARI'AH COMPLIANT REIT

Sabana Shari'ah Compliant REIT was listed on Singapore Exchange Securities Trading Limited on 26 November 2010.

Sabana Shari'ah Compliant REIT was established principally to invest in income-producing real estate used for industrial purposes, as well as real estate-related assets, in line with Shari'ah investment principles.

Since its successful market debut at S\$664.4 million, Sabana Shari'ah Compliant REIT has won numerous regional and international awards and still remains the biggest listed Shari'ah Compliant REIT in the world. Currently, Sabana Shari'ah Compliant REIT has a portfolio of 20 quality industrial properties in Singapore, valued at more than S\$1.0 billion.

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 Shari'ah Compliant REIT is managed by Sabana Real Estate Investment Management Pte. Ltd., in accordance with the terms of the trust deed dated 29 October 2010 (as amended). Sabana Shari'ah Compliant REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

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

Important Notice

This announcement is for information only and does not constitute an offer, invitation or solicitation of securities in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of 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 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 any Units in the United States. No Units have been or will 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.

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