PROPOSED ACQUISITION OF 508 CHAI CHEE LANE, SINGAPORE 469032

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 conditional put-and-call option agreement (the “Option Agreement”) with Advanced Micro Devices (Singapore) Pte Ltd (the “Vendor”) in relation to the acquisition (the “Acquisition”) of the property located at 508 Chai Chee Lane, Singapore 469032 (the “Property”) on the principal terms set out in paragraph 3 below and which is subject to certain conditions precedent set out in paragraph 4 below.

Pursuant to the terms of the Option Agreement, the Vendor and the Trustee are required to enter into a sale and purchase agreement (the “Sale and Purchase Agreement”) on the day the call option is exercised by the Trustee, or on the day the put option is exercised by the Vendor (as the case may be). The put and call options may only be exercised after JTC Corporation (“JTC”) approves the application for the assignment, and the JTC approval conditions for the assignment are accepted by the Trustee. On completion of the Acquisition, which will be the same day as (a) the exercise of the call option or the put option (as the case may be) and (b) the entry into by the Vendor and the Trustee of the Sale and Purchase Agreement, the Vendor and the Trustee will also enter into a lease agreement (“Lease Agreement”) pursuant to which the Vendor will lease back at least fifty per cent of the total rentable area of the Property (the “Premises”).

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. Accordingly, the Acquisition should not be subject to Chapter 10 of the Listing Manual.

2. INFORMATION ON THE PROPERTY

The Property is a seven-storey light industrial building with two basement storeys, located at Chai Chee Lane, off Bedok North Road and Bedok North Avenue 1.

Completed on 2 December 2002 with a built-up gross floor area of about 327,574.70 square feet, the Property is a JTC leasehold estate of 30 + 29 years tenure commencing from 16 April 2001. Land area of the site is around 113,689.50 square feet, with a remaining tenure of approximately 46.5 years.

The Property, which is currently 100% occupied by the Vendor, was independently valued by CKS Property Consultants Pte Ltd on 25 July 2013 at $67.75 million using the Discounted Cash Flow Analysis and Capitalisation of Income Approach and includes the upfront land premium amount.
of approximately S$7.7 million based on JTC posted land premium rate and adjusted for the
duration of the remaining land lease of the first 30 years term, which is approximately 17.5
years.

3. DETAILS OF THE ACQUISITION AND LEASE (THE “TRANSACTION”)

The purchase consideration for the Property is S$59.5 million (the “Purchase Consideration”),
and was arrived at on a willing buyer and willing seller basis. This excludes the upfront land
premium of approximately S$7.7 million for the balance of the first term (approximately 17.5
years), which will be payable by Sabana REIT to JTC upon approval by JTC of the assignment
application and acceptance of conditions imposed by JTC. Sabana REIT is also responsible for the
land rent or upfront land premium (as the case may be) for the second term of land tenure of 29
years.

The total cost of the Acquisition is approximately S$68.2 million, comprising the Purchase
Consideration, the JTC upfront land premium, the stamp fee on the land premium, the
acquisition fee payable to the Manager, and the professional and other fees and expenses in
connection with the Acquisition.

Pursuant to the Lease Agreement, the Vendor will lease back the Premises for a term of ten
years with two options to renew for further terms of four years and three-and-half years each.
The remaining space not taken up by the Vendor will be leased to third party tenants.

The Trustee has, on this day, paid an option fee of approximately S$0.6 million, which is
equivalent to one per cent. (1%) of the Purchase Consideration ("Option Fee") to the Vendor’s
solicitors (the “Stakeholder”) who are authorized to acknowledge receipt and to hold the Option
Fee as Stakeholder on the terms of the Option Agreement. On exercise of either the call or the
put option, the Option Fee shall be applied and held by the Stakeholder as the Deposit payable
by the Trustee under the Sale and Purchase Agreement.

4. CONDITIONS PRECEDENT

The right of the Trustee to issue and serve on the Vendor the call option notice and the right of
the Vendor to issue and serve on the Purchaser the put option notice under the Option
Agreement are subject to certain conditions precedent including but not limited to the
following:

a. the Vendor and the Trustee having received, amongst other things, JTC’s approval for the
   Acquisition and the Trustee’s lease to the Vendor of the Premises;

b. the Vendor not being in breach of any provisions of the JTC head lease or failing to perform
   and comply in all respects with any of the covenants and agreements contained therein; and

c. there being no compulsory acquisition or notice of compulsory acquisition or intended
   acquisition affecting the Property in whole or in part.

The Manager will make a further announcement when (a) the call or put option has been
exercised under the Option Agreement, (b) the Sale and Purchase Agreement has been entered
into with the Vendor and (c) completion of the Acquisition has taken place.
5. **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, to generate stable and growing returns to Unitholders. Sabana REIT would also benefit from an enlarged portfolio that could potentially lead to better access to both the debt and capital markets to support future acquisition growth.

**b. Strengths of the Property**

The Property is approximately 11.0 years old, with balance land tenure of 46.5 years, longer than Sabana REIT’s existing portfolio of approximately 38.8 years. It is strategically located next to the Pan Island Expressway (PIE) and is about five minutes’ drive from Bedok and Kembangan MRT Stations on the East-West Line. Long-term leaseback to the Vendor provides initial income stream and potential access to increasing market rentals for balance of space leased to third party tenants.

6. **METHOD OF FINANCING**

The Manager believes that Sabana REIT has sufficient financial flexibility and capacity to fund the Acquisition which is expected to take place in the third quarter of 2013, subject to approvals from the relevant authorities.

7. **INTEREST OF DIRECTORS AND CONTROLLING UNITHOLDERS**

Based on the information available to the Manager, none of the directors of the Manager has any interest, direct or indirect, in the Acquisition. As at the date of this announcement, Sabana REIT does not have any controlling Unitholders.

8. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the valuation report and the Option Agreement are available for inspection, with prior appointment, 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
22 August 2013
ABOUT SABANA REIT

Sabana REIT was listed on Singapore Exchange Securities Trading Limited on 26 November 2010. It 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. Sabana REIT currently has a diversified portfolio of 21 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. As at 30 June 2013, total assets amount to approximately $1.2 billion.

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. Sabana REIT is assigned a BBB- ‘long-term corporate credit rating’ with a stable outlook by Standard & Poor’s Rating Services.

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

For further information on Sabana 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 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.

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