
**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014
TO 30 JUNE 2014**

INTRODUCTION

Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana Shari'ah Compliant REIT**" or "**Trust**") is a real estate investment trust constituted on 29 October 2010 (as amended) under the laws of Singapore by the Trust Deed entered between Sabana Real Estate Investment Management Pte. Ltd. as the manager (the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited as the trustee (the "**Trustee**") of Sabana Shari'ah Compliant REIT.

The portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 22 quality industrial properties (the "**Properties**") strategically located across Singapore. The Properties are:

1. 151 Lorong Chuan, New Tech Park, Singapore 556741
2. 8 Commonwealth Lane, Singapore 149555
3. 9 Tai Seng Drive, Geo-Tele Centre, Singapore 535227
4. 200 Pandan Loop, Pantech 21, Singapore 128388
5. 15 Jalan Kilang Barat, Frontech Centre, Singapore 159357
6. 33 & 35 Penjuru Lane, Freight Links Express Logisticpark, Singapore 609200/609202
7. 18 Gul Drive, Singapore 629468
8. 1 Tuas Avenue 4, Singapore 639382
9. 34 Penjuru Lane, Penjuru Logistics Hub, Singapore 609201
10. 51 Penjuru Road, Freight Links Express Logisticcentre, Singapore 609143
11. 26 Loyang Drive, Singapore 508970
12. 3 Kallang Way 2A, Fong Tat Building, Singapore 347493
13. 218 Pandan Loop, Singapore 128408
14. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
15. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
16. 3A Joo Koon Circle, Singapore 629033
17. 2 Toh Tuck Link, Singapore 596225
18. 21 Joo Koon Crescent, Singapore 629026
19. 39 Ubi Road 1, Singapore 408695
20. 6 Woodlands Loop, Singapore 738346
21. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
22. 508 Chai Chee Lane, Singapore 469032

On 19 March 2014, Sabana Sukuk Pte. Ltd. ("**SSPL**"), a wholly-owned subsidiary of the Trust, issued S\$90.0 million in principal amount of 4.0 Per Cent. Fixed Periodic Distribution Trust Certificates due 19 March 2018 ("**Trust Certificates Series I**") under the S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme (the "**Programme**") that was set up on 16 April 2013. The proceeds of the Trust Certificates Series I were applied towards the refinancing of S\$90.0 million on a term facility under the Commodity Murabaha Facilities ("**CMF**") ahead of its maturity in November 2014.

On 1 April 2014, Sabana Shari'ah Compliant REIT announced the establishment of a distribution reinvestment plan ("**DRP**"), which will give Unitholders the option to receive distributions in the form of fully-paid new units in Sabana Shari'ah Compliant REIT in lieu of part only or all of the cash amount of any distribution to which the DRP applies.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the second quarter ended 30 June 2014 ("**2Q 2014**") and the comparative period ("**2Q 2013**") as set out in this announcement have been extracted from the interim condensed financial information for the period 2Q 2014 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

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SUMMARY OF RESULTS FOR SABANA GROUP

	Group					
	Quarter		Fav / (Unfav)	YTD		Fav / (Unfav)
	2Q 2014	2Q 2013		30/06/14	30/06/13	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	25,354	21,554	17.6	49,924	43,063	15.9
Net property income	18,350	20,229	(9.3)	36,735	40,487	(9.3)
Income available for distribution	13,000	15,590	(16.6)	26,044	31,076	(16.2)
Distribution per unit ("DPU") (cents) ^(a)	1.86	2.40	(22.5)	3.74	4.81	(22.2)
Annualised DPU (cents)	7.46	9.63	(22.5)	7.54	9.70	(22.2)

Note:

(a) Please refer to Item 6 on Page 15 for the DPU computation.

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1 (a)(i) Statements of Total Return and Distribution Statements (2Q 2014 vs 2Q 2013)

Statements of Total Return	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	2Q 2014	2Q 2013		2Q 2014	2Q 2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	25,354	21,554	17.6	25,354	21,554	17.6
Property expenses ^(b)	(7,004)	(1,325)	(428.6)	(7,004)	(1,325)	(428.6)
Net property income	18,350	20,229	(9.3)	18,350	20,229	(9.3)
Finance income	20	17	17.6	20	17	17.6
Finance costs	(5,111)	(4,823)	(6.0)	(4,997)	(4,712)	(6.0)
Net finance costs ^(c)	(5,091)	(4,806)	(5.9)	(4,977)	(4,695)	(6.0)
Amortisation of intangible assets	(359)	(370)	3.0	(359)	(370)	3.0
Manager's fees	(1,539)	(1,434)	(7.3)	(1,539)	(1,434)	(7.3)
Trustee's fees	(129)	(122)	(5.7)	(129)	(122)	(5.7)
Donation of non-Shari'ah compliant income ^(d)	(10)	(30)	66.7	(10)	(30)	66.7
Other trust expenses	(340)	(804)	57.7	(343)	(807)	57.5
Loss on conversion of Convertible Sukuk ^(e)	-	(1,228)	100.0	-	(1,010)	100.0
Net income	10,882	11,435	(4.8)	10,993	11,761	(6.5)
Net change in fair value of financial derivatives ^(f)	106	4,088	(97.4)	(372)	3,390	(111.0)
Total return for the period before taxation	10,988	15,523	(29.2)	10,621	15,151	(29.9)
Tax expense ^(g)	*	*	-	-	-	-
Total return for the period after taxation	10,988	15,523	(29.2)	10,621	15,151	(29.9)

Distribution Statements	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	2Q 2014	2Q 2013		2Q 2014	2Q 2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	10,988	15,523	(29.2)	10,621	15,151	(29.9)
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units	1,232	1,148	7.3	1,232	1,148	7.3
Amortisation of intangible assets	359	370	(3.0)	359	370	(3.0)
Amortisation of transaction costs ^(h)	784	807	(2.9)	673	698	(3.6)
Trustee's fees	129	122	5.7	129	122	5.7
Donation of non-Shari'ah compliant income	10	30	(66.7)	10	30	(66.7)
Net change in fair value of financial derivatives	(106)	(4,088)	97.4	372	(3,390)	111.0
Loss on conversion of Convertible Sukuk	-	1,228	(100.0)	-	1,010	(100.0)
Effects of recognising rental income on a straight line basis over the lease term	(533)	(228)	(133.8)	(533)	(228)	(133.8)
Other items	137	678	(79.8)	137	679	(79.8)
Net effect of non-tax deductible items	2,012	67	NM	2,379	439	441.9
Income available for distribution to Unitholders for the period	13,000	15,590	(16.6)	13,000	15,590	(16.6)

NM denotes "not meaningful"

* Less than S\$1,000

Notes:

- (a) Gross revenue comprises rental and other operating income from the Properties.
- (b) Property expenses comprise:
- Service, repairs, maintenance and insurances;
 - Property and lease management fees;
 - Applicable property tax, land rent and utilities expenses related to properties not under triple-net master lease agreements;
 - Marketing and lease administrative expenses; and
 - Other reimbursable expenses payable to the Property Manager.

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(c) Included in net finance costs are the following:

	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	2Q 2014	2Q 2013		2Q 2014	2Q 2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Finance income from fixed deposits with Islamic financial institutions	10	13	(23.1)	10	13	(23.1)
- Ta'widh (compensation on late payment of rent)	10	4	150.0	10	4	150.0
	20	17	17.6	20	17	17.6
Finance costs:						
- Commodity Murabaha Facilities	(2,074)	(2,446)	15.2	(2,074)	(2,446)	15.2
- Profit rate swaps	(477)	(712)	33.0	(477)	(712)	33.0
- Convertible Sukuk	(814)	(797)	(2.1)	-	-	-
- Trust Certificates	(898)	-	NM	-	-	-
- Loans from subsidiaries	-	-	-	(1,712)	(797)	(114.8)
- Amortisation of transaction costs	(784)	(807)	2.9	(673)	(698)	3.6
- Brokerage and agent fees	(64)	(61)	(4.9)	(61)	(59)	(3.4)
	(5,111)	(4,823)	(6.0)	(4,997)	(4,712)	(6.0)
Net finance costs	(5,091)	(4,806)	(5.9)	(4,977)	(4,695)	(6.0)

NM denotes "not meaningful"

(d) This relates to the net income which was subjected to the cleansing process and was approved by the Independent Shari'ah Committee to be and donated to the following beneficiaries:

2Q 2014

- Muslim Kidney Action Association.

2Q 2013

- Lions Befrienders Service Association (Singapore); and
- Ananias Centre.

(e) This represents the loss relating to the conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by Sukukholders ("**Converting Sukukholders**") into 6,285,090 units at the then conversion price of S\$1.1933 in 2Q 2013. This item is non-tax deductible and has no impact on income available for distribution.

(f) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk based on broker quotes and option pricing models respectively recognised between the last quarter and at the reporting date.

(g) This pertains to the tax expense of subsidiaries.

(h) This represents the amortisation of upfront fees and legal fees pertaining to the CMF, Convertible Sukuk, Trust Certificates Series I and loans from subsidiaries. These items are non-tax deductible and have no impact on income available for distribution.

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1 (a)(ii) Statements of Total Return and Distribution Statements (Current Year to Date ("YTD") vs Prior YTD)

Statements of Total Return	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/06/14	30/06/13		30/06/14	30/06/13	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	49,924	43,063	15.9	49,924	43,063	15.9
Property expenses ^(b)	(13,189)	(2,576)	(412.0)	(13,189)	(2,576)	(412.0)
Net property income	36,735	40,487	(9.3)	36,735	40,487	(9.3)
Finance income	43	42	2.4	43	42	2.4
Finance costs	(11,842)	(9,684)	(22.3)	(11,616)	(9,459)	(22.8)
Net finance costs ^(c)	(11,799)	(9,642)	(22.4)	(11,573)	(9,417)	(22.9)
Amortisation of intangible assets	(624)	(710)	12.1	(624)	(710)	12.1
Manager's fees	(3,058)	(2,856)	(7.1)	(3,058)	(2,856)	(7.1)
Trustee's fees	(257)	(236)	(8.9)	(257)	(236)	(8.9)
Donation of non-Shari'ah compliant income ^(d)	(34)	(63)	46.0	(34)	(63)	46.0
Other trust expenses	(651)	(1,113)	41.5	(658)	(1,117)	41.1
Loss on conversion of Convertible Sukuk ^(e)	-	(1,228)	100	-	(1,010)	100
Net income	20,312	24,639	(17.6)	20,531	25,078	(18.1)
Net change in fair value of financial derivatives ^(f)	2,984	31	NM	804	3,230	(75.1)
Total return for the period before taxation	23,296	24,670	(5.6)	21,335	28,308	(24.6)
Tax expense ^(g)	*	*	-	-	-	-
Total return for the period after taxation	23,296	24,670	(5.6)	21,335	28,308	(24.6)

Distribution Statements	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/06/14	30/06/13		30/06/14	30/06/13	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	23,296	24,670	(5.6)	21,335	28,308	(24.6)
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units	2,447	2,285	7.1	2,447	2,285	7.1
Amortisation of intangible assets	624	710	(12.1)	624	710	(12.1)
Amortisation of transaction costs ^(h)	1,611	1,607	0.2	1,391	1,385	0.4
Transaction costs written off ^(c)	260	-	NM	260	-	NM
Break costs on prepayment of borrowings ^(c)	909	-	NM	909	-	NM
Break fees on termination of profit rate swap ^(c)	589	-	NM	589	-	NM
Trustee's fees	257	236	8.9	257	236	8.9
Donation of non-Shari'ah compliant income	34	63	(46.0)	34	63	(46.0)
Net change in fair value of financial derivatives	(2,984)	(31)	NM	(804)	(3,230)	(75.1)
Loss on conversion of Convertible Sukuk	-	1,228	(100.0)	-	1,010	(100.0)
Effects of recognising rental income on a straight line basis over the lease term	(1,263)	(470)	(168.7)	(1,263)	(470)	(168.7)
Other items	264	778	(66.1)	265	779	(66.0)
Net effect of non-tax deductible items	2,748	6,406	(57.1)	4,709	2,768	70.1
Income available for distribution to Unitholders for the period	26,044	31,076	(16.2)	26,044	31,076	(16.2)

NM denotes "not meaningful"
* Less than S\$1,000

Notes:

- (a) Gross revenue comprises rental and other operating income from the Properties.
- (b) Property expenses comprise:
- (i) Service, repairs, maintenance and insurances;
 - (ii) Property and lease management fees;
 - (iii) Applicable property tax, land rent and utilities expenses related to properties not under triple-net master lease agreements;
 - (iv) Marketing and lease administrative expenses; and
 - (v) Other reimbursable expenses payable to the Property Manager.

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(c) Included in net finance costs are the following:

	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/06/14	30/06/13		30/06/14	30/06/13	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Finance income from fixed deposits with Islamic financial institutions	22	34	(35.3)	22	34	(35.3)
- Ta'widh (compensation on late payment of rent)	21	8	162.5	21	8	162.5
	43	42	2.4	43	42	2.4
Finance costs:						
- Commodity Murabaha Facilities	(4,484)	(4,880)	8.1	(4,484)	(4,880)	8.1
- Profit rate swaps	(1,228)	(1,392)	11.8	(1,228)	(1,392)	11.8
- Convertible Sukuk	(1,618)	(1,685)	4.0	-	-	-
- Trust Certificates	(1,016)	-	NM	-	-	-
- Loans from subsidiaries	-	-	-	(2,634)	(1,685)	(56.3)
- Amortisation of transaction costs	(1,611)	(1,607)	(0.2)	(1,391)	(1,385)	(0.4)
- Transaction costs written off	(260)	-	NM	(260)	-	NM
- Break costs on prepayment of borrowings	(909)	-	NM	(909)	-	NM
- Break fees for profit rate swap	(589)	-	NM	(589)	-	NM
- Brokerage and agent fees	(127)	(120)	(5.8)	(121)	(117)	(3.4)
	(11,842)	(9,684)	(22.3)	(11,616)	(9,459)	(22.8)
Net finance costs	(11,799)	(9,642)	(22.4)	(11,573)	(9,417)	(22.9)

NM denotes "not meaningful"

In March 2014, Sabana Group completed a refinancing exercise whereby the net proceeds from the issuance of the Trust Certificates Series I were used to partially prepay S\$90.0 million of the Term CMF C ahead of its maturity in November 2014 ("**Early Refinancing Exercise**").

As a result, the following one-time finance costs associated with the Early Refinancing Exercise were incurred during Current YTD:

- (i) Unamortised transaction costs relating to the S\$90.0 million of Term CMF C which was prepaid being written off;
- (ii) Break costs on the prepayment of S\$90.0 million on Term CMF C; and
- (iii) Break fees on the termination of the profit rate swap used for hedging Term CMF C.

The above items are non-tax deductible and have no impact on income available for distribution.

Refer to Item 1(b)(ii) on Page 9 for further details.

(d) This relates to the net income which was subjected to the cleansing process and was approved by the Independent Shari'ah Committee to be and donated to the following beneficiaries:

Current YTD

- Lien Aid (1Q 2014);
- Ananias Centre (1Q 2014); and
- Muslim Kidney Action Association (2Q 2014).

Prior YTD

- Mendaki Social Enterprise Network Services Pte Ltd (1Q 2013);
- Singapore Red Cross Society for the Philippines Relief Fund (1Q 2013);
- Lions Befrienders Service Association (Singapore) (2Q 2013); and
- Ananias Centre (2Q 2013).

(e) This represents the Prior YTD loss relating to the conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by Converting Sukukholders into 6,285,090 units at the then conversion price of S\$1.1933. This item is non-tax deductible and has no impact on income available for distribution.

(f) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk based on broker quotes and option pricing models respectively recognised YTD.

(g) This pertains to the tax expense of subsidiaries.

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- (h) This represents the amortisation of upfront fees and legal fees pertaining to the CMF, Convertible Sukuk, Trust Certificates Series I and loans from subsidiaries. These items are non-tax deductible and have no impact on income available for distribution.

1 (b)(i) Statements of financial position, together with comparatives as at the end of the immediate preceding financial year

Statements of Financial Position	Group			Trust		
	30/06/14	31/12/13	Change	30/06/14	31/12/13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets						
Investment properties	1,211,984	1,211,430	NM	1,211,984	1,211,430	NM
Intangible assets ^(a)	1,206	1,830	(34.1)	1,206	1,830	(34.1)
Subsidiaries ^(b)	-	-	-	*	*	-
Total non-current assets	1,213,190	1,213,260	NM	1,213,190	1,213,260	NM
Current assets						
Trade and other receivables ^(c)	7,418	6,409	15.7	7,407	6,407	15.6
Cash and cash equivalents ^(d)	13,843	17,084	(19.0)	13,838	17,078	(19.0)
Total current assets	21,261	23,493	(9.5)	21,245	23,485	(9.5)
Total assets	1,234,451	1,236,753	(0.2)	1,234,435	1,236,745	(0.2)
Current liabilities						
Trade and other payables ^(e)	17,315	18,869	(8.2)	17,303	18,864	(8.3)
Borrowings ^(f)	40,756	130,376	(68.7)	40,756	130,376	(68.7)
Derivative liabilities ^(g)	582	3,479	(83.3)	-	717	(100.0)
Total current liabilities	58,653	152,724	(61.6)	58,059	149,957	(61.3)
Non-current liabilities						
Trade and other payables ^(e)	7,438	6,626	12.3	7,438	6,626	12.3
Borrowings ^(h)	407,737	317,016	28.6	409,349	318,848	28.4
Derivative liabilities ⁽ⁱ⁾	3,796	3,883	(2.2)	3,796	3,883	(2.2)
Total non-current liabilities	418,971	327,525	27.9	420,583	329,357	27.7
Total liabilities	477,624	480,249	(0.5)	478,642	479,314	(0.1)
Net assets	756,827	756,504	NM	755,793	757,431	(0.2)
Represented by:						
Unitholders' funds ^(j)	756,827	756,504	NM	755,793	757,431	(0.2)

NM denotes "not meaningful"

* Less than S\$1,000

Notes:

- (a) This represents the unamortised rental support provided by the vendors of 9 Tai Seng Drive and 6 Woodlands Loop which can be drawn down over five years from the 26 November 2010 and three years from 15 December 2011, being their respective acquisition dates. The decrease in intangible assets is mainly due to the amortisation of the rental support.
- (b) This relates to the cost of investments in Sabana Treasury Pte. Ltd. ("STPL") and SSPL, wholly-owned subsidiaries of the Trust.
- (c) This relates to trade receivables, prepayments, deposits, and other receivables. The increase is mainly due to the straight-lining adjustments on rental revenue over the term of leases which have step-up rental escalation clauses and rent-free periods during Current YTD.
- (d) This relates to bank balances and Shari'ah compliant deposits held with Islamic financial institutions. Please refer to the Statement of Cashflows under Item 1(c) on Page 11 for further details in the movement of cash and cash equivalents.
- (e) This relates to trade payables, security deposits, rental received in advance, retention sums and accruals and provisions.

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The movements in current and non-current trade payables from 31 December 2013 are mainly due to:

- (i) Reclassification of security deposits from current to non-current upon renewal of tenants' expiring leases to new expiry dates of more than twelve months from the reporting date;
 - (ii) Conversion of cash security deposits to bankers' guarantee by tenants upon renewal of their expiring leases; and
 - (iii) Utilisation of rental support received upfront from the vendors of 9 Tai Seng Drive and 6 Woodlands Loop.
- (f) Current borrowings relate to the amortised cost of the principal amount of S\$40.8 million drawn from the Revolving CMF D and the remaining Term CMF C.

The decrease is mainly due to the prepayment of S\$90.0 million of the Term CMF C using the proceeds from the Trust Certificates Series I.

Both the Group and the Trust are in net current liabilities position as at the reporting date mainly due to the current borrowings as at the reporting date.

- (g) Current derivative liabilities relate to the fair value of the embedded derivatives component of the Convertible Sukuk issued by STPL.

The decrease is mainly due to the Current YTD change in the fair value of the embedded derivatives component of the Convertible Sukuk and the termination of the 3-year profit rate swap used for hedging Term CMF C.

- (h) Non-current borrowings represent the following at Sabana Group and the Trust:

- (i) Amortised cost of the principal amount of S\$252.6 million drawn from Term CMF E and F;
- (ii) Amortised cost of the liability component of the remaining principal amount of S\$72.5 million of Convertible Sukuk issued by STPL;
- (iii) Amortised cost of the principal amount of S\$90.0 million Trust Certificates Series I issued by SSPL;
- (iv) Amortised cost of the remaining principal amount of S\$72.5 million of STPL's profit bearing loan to the Trust, which was raised from the issuance of the Convertible Sukuk by STPL; and
- (v) Amortised cost of the principal amount of S\$90.0 million of SSPL's profit bearing loan to the Trust, which was raised from the issuance of the Trust Certificates Series I by SSPL.

The increase in non-current borrowings is mainly due to the issuance of the S\$90.0 million Trust Certificates Series I by SSPL and the S\$90.0 million loan from SSPL to the Trust at the Group and Trust level respectively.

- (i) Non-current derivative liabilities relate to the fair value of the 3-year and 5-year profit rate swaps entered into to hedge the profit rate risks on the S\$252.6 million Term CMF E and F.
- (j) Please refer to the Statements of Movements in Unitholders' Funds under Item (1)(d)(ii) on Page 12 for details.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014 TO 30 JUNE 2014

1 (b)(ii) Aggregate amount of borrowings and debt securities

	Group		Trust	
	30/06/14	31/12/13	30/06/14	31/12/13
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable within one year:				
Term CMF (C) ^(a)	10,274	100,274	10,274	100,274
Revolving CMF (D) ^(a)	30,500	30,500	30,500	30,500
Less: Unamortised capitalised transaction costs	(18)	(398)	(18)	(398)
	40,756	130,376	40,756	130,376
Amount repayable after one year:				
Term CMF (E & F) ^(a)	252,563	252,563	252,563	252,563
Less: Unamortised capitalised transaction costs	(4,125)	(5,225)	(4,125)	(5,225)
	248,438	247,338	248,438	247,338
Total secured borrowings	289,194	377,714	289,194	377,714
Unsecured borrowings				
Amount repayable after one year:				
Convertible Sukuk - debt component ^(b)	70,019	69,678	-	-
Trust Certificates ^(c)	90,000	-	-	-
Loans from subsidiaries ^(d)	-	-	162,500	72,500
Less: Unamortised capitalised transaction costs	(720)	-	(1,589)	(990)
	159,299	69,678	160,911	71,510
Total borrowings	448,493	447,392	450,105	449,224

Details of borrowings, debt securities and collaterals

Secured borrowings

- (a) In March 2014, Sabana Group completed a refinancing exercise to increase the weighted average term of existing debt and further diversify both debt maturity profile and funding sources. S\$90.0 million of the then outstanding S\$100.2 million Term CMF C maturing in November 2014 were partially prepaid by the net proceeds from the newly issued Trust Certificates Series I due in March 2018.

As at the reporting date, the following CMF were outstanding:

- (i) 3-year Term CMF C of S\$10.2 million maturing in November 2014;
- (ii) 3-year Term CMF E of S\$177.6 million maturing in August 2015;
- (iii) 3-year Revolving CMF D of S\$30.5 million maturing in November 2016; and
- (iv) 5-year Term CMF F of S\$75.0 million maturing in August 2017.

As at the reporting date, the Revolving CMF D has an undrawn amount of S\$17.5 million.

The Term and Revolving CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over all the Properties except for 39 Ubi Road 1, 6 Woodlands Loop, 23 Serangoon North Avenue 5 and 508 Chai Chee Lane (collectively, the "**Securitized Properties**"), (or, where title to the Securitized Properties has not been issued, an assignment of building agreement coupled with a mortgage in escrow);
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitized Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitized Properties.

Following the partial prepayment of Term CMF C, the Manager is in the midst of working with the lenders on a partial discharge of mortgage, to unencumber the properties located at 3A Joo Koon Circle, 2 Toh Tuck Link and 21 Joo Koon Crescent.

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FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014
TO 30 JUNE 2014**

Unsecured borrowings

(b) Convertible Sukuk

Convertible Sukuk - debt component	Group	
	30/06/14	31/12/13
	S\$'000	S\$'000
Carrying amount of debt component at beginning of the period/year	69,678	76,163
Profit accretion, including amortisation of transaction costs	341	679
Extinguishment of debt component arising from conversion of Convertible Sukuk	-	(7,164)
Carrying amount of debt component at end of the period/year	70,019	69,678

The S\$80.0 million 4.5 per cent. per annum Convertible Sukuk issued by STPL on 24 September 2012 and due on 24 September 2017, is unsecured, and convertible by Sukukholders into units of the Trust at any time on or after 9 November 2012 at the initial conversion price of S\$1.1933 per unit. As at the reporting date, the conversion price per unit is S\$1.1358.

(c) Trust Certificates

The S\$90.0 million 4.0 per cent. per annum Trust Certificates Series I issued by SSPL on 19 March 2014 and due on 19 March 2018 is unsecured.

(d) Loans from subsidiaries

As at the reporting date, the following loans from subsidiaries were outstanding:

- (i) S\$72.5 million loan, which is equivalent to the principal amount of the Convertible Sukuk outstanding, granted by STPL to the Trust, through the proceeds raised from the issuance of the Convertible Sukuk at the same repayment terms, is unsecured and profit bearing; and
- (ii) S\$90.0 million loan, which is equivalent to the principal amount of the Trust Certificates Series I, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates Series I at the same repayment terms, is unsecured and profit bearing.

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FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014
TO 30 JUNE 2014**

1 (c) Statement of Cash Flows

Statements of Cash Flows	Group			
	Quarter		YTD	
	2Q 2014	2Q 2013	30/06/14	30/06/13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period after taxation and before distribution	10,988	15,523	23,296	24,670
Adjustments for:				
Amortisation of intangible assets	359	370	624	710
Manager's fees paid/payable in units	1,232	1,148	2,447	2,285
Net change in fair value of financial derivatives	(106)	(4,088)	(2,984)	(31)
Loss on conversion of Convertible Sukuk	-	1,228	-	1,228
Net finance costs	5,091	4,806	11,799	9,642
	17,564	18,987	35,182	38,504
Change in trade and other receivables	(24)	62	(1,009)	(274)
Change in trade and other payables	(2,345)	(2,625)	(1,571)	(4,711)
Cash generated from operating activities	15,195	16,424	32,602	33,519
Ta'widh (compensation on late payment of rent) received	10	4	21	8
Net cash from operating activities	15,205	16,428	32,623	33,527
Cash flows from investing activities				
Capital expenditure on investment properties	(7)	-	(554)	-
Finance income received from Islamic financial institutions	10	13	22	34
Net cash from/(used in) investing activities	3	13	(532)	34
Cash flows from financing activities				
Costs incurred on prepayment of borrowings	-	-	(909)	-
Break fee for profit rate swap	-	-	(589)	-
Proceeds from borrowings	-	-	90,000	-
Repayment of borrowings	-	-	(90,000)	-
Issue expenses paid	(25)	-	(25)	-
Transaction costs paid	-	-	(770)	-
Finance costs paid	(2,497)	(3,157)	(7,644)	(8,141)
Distributions paid	(10,241) ^(a)	(15,482)	(25,395) ^(a)	(30,943)
Net cash used in financing activities	(12,763)	(18,639)	(35,332)	(39,084)
Net increase/(decrease) in cash and cash equivalents	2,445	(2,198)	(3,241)	(5,523)
Cash and cash equivalents at beginning of the period	11,398	15,640	17,084	18,965
Cash and cash equivalents at end of the period	13,843	13,442	13,843	13,442

Note:

- (a) This amount excludes approximately S\$2.8 million (net of withholding tax) distributed by the issuance of 2,729,513 new units in 2Q 2014 as part payment of distributions for the period from 1 January 2014 to 31 March 2014, pursuant to the DRP.

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1 (d)(i) Statements of Movements in Unitholders' Funds (2Q 2014 vs 2Q 2013)

	Group		Trust	
	Quarter		Quarter	
	2Q 2014	2Q 2013	2Q 2014	2Q 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Statements of Movements in Unitholders' Funds				
Balance at beginning of the period	754,873	697,680	754,206	700,666
Operations				
Total return for the period after taxation	10,988	15,523	10,621	15,151
	765,861	713,203	764,827	715,817
Unitholders' transactions				
Issue of new units:				
- Manager's fees payable in units ^(a)	1,232	1,148	1,232	1,148
- Conversion of Convertible Sukuk ^(b)	-	8,271	-	8,271
- DRP ^(c)	2,790	-	2,790	-
Issue expenses pursuant to DRP	(25)	-	(25)	-
Distributions to Unitholders	(13,031)	(15,482)	(13,031)	(15,482)
Net decrease in net assets resulting from Unitholders' transactions	(9,034)	(6,063)	(9,034)	(6,063)
Unitholders' funds at end of the period	756,827	707,140	755,793	709,754

Notes:

- (a) This represents the value of new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The units are to be issued within 30 days from the quarter end.
- (b) This represents the value of new units issued in 2Q 2013 upon the conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by Converting Sukukholders into 6,285,090 units at the then conversion price of S\$1.1933.
- (c) This represents the value of new units issued as part payment of distributions for the period from 1 January 2014 to 31 March 2014, pursuant to the DRP.

1 (d)(ii) Statements of Movements in Unitholders' Funds (Current YTD vs Prior YTD)

	Group		Trust	
	YTD		YTD	
	30/06/14	30/06/13	30/06/14	30/06/13
	S\$'000	S\$'000	S\$'000	S\$'000
Statements of Movements in Unitholders' Funds				
Balance at beginning of the period	756,504	702,857	757,431	701,833
Operations				
Total return for the period after taxation	23,296	24,670	21,335	28,308
	779,800	727,527	778,766	730,141
Unitholders' transactions				
Issue of new units:				
- Manager's fees paid/payable in units ^(a)	2,447	2,285	2,447	2,285
- Conversion of Convertible Sukuk ^(b)	-	8,271	-	8,271
- DRP ^(c)	2,790	-	2,790	-
Issue expenses pursuant to DRP	(25)	-	(25)	-
Distributions to Unitholders	(28,185)	(30,943)	(28,185)	(30,943)
Net decrease in net assets resulting from Unitholders' transactions	(22,973)	(20,387)	(22,973)	(20,387)
Unitholders' funds at end of the period	756,827	707,140	755,793	709,754

Notes:

- (a) This represents the value of new units issued and to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The units that are to be issued, will be issued within 30 days from the quarter end.
- (b) This represents the value of new units issued in Prior YTD upon the conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by Converting Sukukholders into 6,285,090 units at the then conversion price of S\$1.1933.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014 TO 30 JUNE 2014

(c) This represents the value of new units issued as part payment of distributions for the period from 1 January 2014 to 31 March 2014, pursuant to the DRP.

1 (d)(iii) Details of any changes in the units

	Group and Trust			
	Quarter		YTD	
	2Q 2014	2Q 2013	30/06/14	30/06/13
Units in issue:				
Units in issue at beginning of the period/year	691,959,462	641,522,917	690,774,855	640,490,459
Manager's fees paid in units	1,192,203	902,993	2,376,810	1,935,451
Conversion of Convertible Sukuk ^(a)	-	6,285,090	-	6,285,090
DRP ^(b)	2,729,513	-	2,729,513	-
Issued units at the end of the period/year	695,881,178	648,711,000	695,881,178	648,711,000
Units to be issued:				
Manager's fees payable in units ^(c)	1,170,218	993,185	1,170,218	993,185
Total issued and to be issued units	697,051,396	649,704,185	697,051,396	649,704,185

Notes:

- (a) These are new units issued in Prior YTD upon conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by converting Sukukholders at the then conversion price of S\$1.1933.
- (b) These are new units issued pursuant to the DRP.
- (c) These are new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The units are to be issued within 30 days from the quarter end.

Convertible Sukuk

Sabana Group has the following Convertible Sukuk outstanding as at 30 June 2014:

Principal Amount Outstanding	Maturity Date	Conversion Price per unit as at 30 June 2014
<u>Convertible Sukuk due 2017</u> S\$72.5 million 4.5% per annum.	24 September 2017	S\$1.1358

Since the date of their issue, an aggregate principal amount of S\$7.5 million of Convertible Sukuk has been converted into 6,285,090 units by converting Sukukholders.

Assuming all the outstanding Convertible Sukuk are fully converted based on the current conversion price of S\$1.1358, the number of new units to be issued would be 63,831,661 units, representing 9.2% of the total number of the Trust's units in issue and to be issued of 697,051,396 units as at 30 June 2014.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014 TO 30 JUNE 2014

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared with the audited financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per unit ("EPU") and Distribution per unit ("DPU") of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per unit (2Q 2014 vs 2Q 2013)

	Group		Trust	
	Quarter		Quarter	
	2Q 2014	2Q 2013	2Q 2014	2Q 2013
Basic EPU				
Weighted average number of units in issue	693,749,937	645,586,842	693,749,937	645,586,842
Earnings per unit for the period based on the weighted average number of units in issue (cents) ^(a)	1.58	2.40	1.53	2.35
Diluted EPU				
Weighted average number of units in issue (diluted)	757,581,598	706,342,729	757,581,598	706,342,729
Earnings per unit for the period based on the weighted average number of units in issue (diluted) (cents) ^(b)	1.52	2.40 ^(c)	1.52	2.35 ^(c)

Notes:

- (a) The EPU calculation uses the total return for the period after taxation and before distribution, and the weighted average number of units outstanding during the period.
- (b) The diluted EPU calculation uses the total return for the period after taxation and before distribution and the weighted average number of units outstanding during the period, adjusted for the effects of all dilutive potential units arising from the assumed conversion of the Convertible Sukuk to units.
- (c) The diluted EPU were the same as the basic EPU for the Group and the Trust as the Convertible Sukuk was anti-dilutive.

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Earnings per unit (Current YTD vs Prior YTD)

	Group		Trust	
	YTD		YTD	
	30/06/14	30/06/13	30/06/14	30/06/13
Basic EPU				
Weighted average number of units in issue	692,706,552	643,429,205	692,706,552	643,429,205
Earnings per unit for the period based on the weighted average number of units in issue (cents) ^(a)	3.36	3.83	3.08	4.40
Diluted EPU				
Weighted average number of units in issue (diluted)	756,538,213	704,185,092	756,538,213	704,185,092
Earnings per unit for the period based on the weighted average number of units in issue (diluted) (cents) ^(b)	3.05	3.83 ^(c)	3.05	4.40 ^(c)

Notes:

- (a) The EPU calculation uses the total return for the period after taxation and before distribution, and the weighted average number of units outstanding during the period.
- (b) The diluted EPU calculation uses the total return for the period after taxation and before distribution and the weighted average number of units outstanding during the period, adjusted for the effects of all dilutive potential units arising from the assumed conversion of the Convertible Sukuk to units.
- (c) The diluted EPU were the same as the basic EPU for the Group and the Trust as the Convertible Sukuk was anti-dilutive.

Distribution per unit

	Group and Trust		Group and Trust	
	2Q 2014	2Q 2013	30/06/14	30/06/13
Number of units issued and to be issued at end of period entitled to distribution ^(a)	697,051,396	649,704,185	697,051,396	649,704,185
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	1.86	2.40	3.74	4.81

Note:

- (a) The computation of DPU is based on the number of units entitled to distribution, comprising:
- (i) The number of units in issue as at 30 June 2014 of 695,881,178 (30 June 2013: 648,711,000); and
- (ii) The units to be issued to the Manager by 31 July 2014 as partial consideration of Manager's fees incurred for 2Q 2014 of 1,170,218 (by 31 July 2013 as partial consideration of Manager's fees incurred for 2Q 2013 of 993,185).

7. Net asset value per unit based on units issued at the end of the financial year and immediately preceding financial year

	Group		Trust	
	As at 30/06/14	As at 31/12/13	As at 30/06/14	As at 31/12/13
NAV per unit (S\$) ^(a)	1.09	1.09	1.08	1.09

Note:

- (a) The number of units used to compute NAV per unit is 697,051,396 (31 December 2013: 691,959,462), comprising:
- (i) The number of units in issue as at 30 June 2014 of 695,881,178 (31 December 2013: 690,774,855); and

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- (ii) The units to be issued to the Manager by 31 July 2014 as partial consideration of Manager's fees incurred for 2Q 2014 of 1,170,218 (by 31 January 2014 as partial consideration of Manager's fees incurred for 4Q 2013 of 1,184,607).

8. Review of the performance of the Group for the current financial period reported on

2Q 2014 vs 2Q 2013

Statement of Total Return	Group		
	Quarter		Fav / (Unfav)
	2Q 2014	2Q 2013	(Unfav)
	S\$'000	S\$'000	%
Gross revenue ^(a)	25,354	21,554	17.6
Property expenses ^(b)	(7,004)	(1,325)	(428.6)
Net property income	18,350	20,229	(9.3)
Finance income	20	17	17.6
Finance costs	(5,111)	(4,823)	(6.0)
Net finance costs ^(c)	(5,091)	(4,806)	(5.9)
Amortisation of intangible assets	(359)	(370)	3.0
Manager's fees ^(d)	(1,539)	(1,434)	(7.3)
Trustee's fees ^(d)	(129)	(122)	(5.7)
Donation of non-Shari'ah compliant income ^(e)	(10)	(30)	66.7
Other trust expenses ^(f)	(340)	(804)	57.7
Loss on conversion of Convertible Sukuk ^(g)	-	(1,228)	100.0
Net income	10,882	11,435	(4.8)
Net change in fair value of financial derivatives ^(h)	106	4,088	(97.4)
Total return for the period before taxation and distribution	10,988	15,523	(29.2)
Tax expense	*	*	-
Total return for the period before distribution	10,988	15,523	(29.2)
Distribution adjustments ⁽ⁱ⁾	2,012	67	NM
Income available for distribution ^(j)	13,000	15,590	(16.6)

NM denotes "not meaningful"

*Less than S\$1,000

Notes:

- (a) Gross revenue increased by 17.6% mainly due to the contribution from 508 Chai Chee Lane ("**Acquisition Property**") which was acquired on 26 September 2013 and higher gross revenue from 151 Lorong Chuan, which was converted into multi-tenanted lease arrangement in 4Q 2013.
- (b) Property expenses increased by 428.6% mainly due to:
- (i) Higher property tax, maintenance, utilities and applicable land rent expense, in line with the increase of directly managed multi-tenanted properties from one in 2Q 2013 to six in 2Q 2014; and
 - (ii) Lease management fees being charged to the 15 properties acquired during IPO, following the expiry of the three-year waiver period in 4Q 2013.
- In line with the higher property expenses, net property income decreased by 9.3%.
- (c) Net finance costs increased by 5.9% mainly due to:
- (i) Higher profit expense arising from higher principal amount of Revolving RCF D of \$30.5 million utilised in 2Q 2014 over 2Q 2013; and
 - (ii) Partially offset by lower profit expense arising from the lower weighted average principal amount of Convertible Sukuk outstanding in 2Q 2014 over 2Q 2013 as a result of the conversion of principal amount of \$7.5 million of Convertible Sukuk in 2Q 2013.
- (d) Manager's and Trustee's fees increased by 7.3% and 5.7% respectively mainly due to the higher total assets since 4Q 2013, arising from the Acquisition Property and the revaluation surplus on the properties at 31 December 2013, upon which these fees are based on.
- (e) The decrease in donation of non-Shari'ah compliant income by 66.7% is mainly due to less income generated from non-shari'ah compliant activities subjected to cleansing in 2Q 2014 over 2Q 2013.
- (f) Other trust expenses were 57.7% lower mainly due to one-time professional and advisory fees incurred on the establishment of the Programme in 2Q 2013.

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- (g) This represents the loss on conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by Converting Skukholders at the then conversion price of S\$1.1933 in 2Q 2013. There was no conversion of Convertible Sukuk during 2Q 2014.
- (h) The lower net change in fair value of financial derivatives relates to the net fair value change of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk recognised between the last quarter and at the reporting date.
- (i) Distribution adjustments were higher mainly due to the lower net non-tax chargeable effects on the items stated in (g) and (h) above as these items were adjusted back to derive the income available for distribution.
- (j) Distributable income decreased by 16.6% mainly due to the following factors in 2Q 2014 over 2Q 2013:
- (i) Lower net property income;
 - (ii) Higher non-taxable straight-lining adjustments on rental income for tenants of multi-tenanted properties given rent-free period; and
 - (iii) Higher profit expense incurred on higher borrowings.

Current YTD vs Prior YTD

Statement of Total Return	Group		
	YTD		Fav / (Unfav)
	30/06/14	30/06/13	(Unfav)
	S\$'000	S\$'000	%
Gross revenue ^(a)	49,924	43,063	15.9
Property expenses ^(b)	(13,189)	(2,576)	(412.0)
Net property income	36,735	40,487	(9.3)
Finance income	43	42	2.4
Finance costs	(11,842)	(9,684)	(22.3)
Net finance costs ^(c)	(11,799)	(9,642)	(22.4)
Amortisation of intangible assets ^(d)	(624)	(710)	12.1
Manager's fees ^(e)	(3,058)	(2,856)	(7.1)
Trustee's fees ^(e)	(257)	(236)	(8.9)
Donation of non-Shari'ah compliant income ^(f)	(34)	(63)	46.0
Other trust expenses ^(g)	(651)	(1,113)	41.5
Loss on conversion of Convertible Sukuk ^(h)	-	(1,228)	100.0
Net income	20,312	24,639	(17.6)
Net change in fair value of financial derivatives ⁽ⁱ⁾	2,984	31	NM
Total return for the period before taxation and distribution	23,296	24,670	(5.6)
Tax expense	*	*	-
Total return for the period before distribution	23,296	24,670	(5.6)
Distribution adjustments ^(j)	2,748	6,406	(57.1)
Income available for distribution ^(k)	26,044	31,076	(16.2)

NM denotes "not meaningful"

*Less than S\$1,000

Notes:

- (a) Gross revenue increased by 15.9% mainly due to the contribution the Acquisition Property which was acquired on 26 September 2013 and higher gross revenue from 151 Lorong Chuan, which was converted into multi-tenanted lease arrangement in 4Q 2013.
- (b) Property expenses increased by 412.0% mainly due to:
- (i) Higher property tax, maintenance, utilities and applicable land rent expense, in line with the increase of directly managed multi-tenanted properties from one in Prior YTD to six in Current YTD; and
 - (ii) Lease management fees being charged to the 15 properties acquired during IPO, following the expiry of the three-year waiver period in 4Q 2013.

In line with the higher property expenses, net property income decreased by 9.3%.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014 TO 30 JUNE 2014

- (c) Net finance costs increased by 22.4% mainly due to:
- (i) The following one-time finance costs associated with the Early Refinancing Exercise:
 - Unamortised transaction costs relating to the S\$90.0 million of Term CMF C which was prepaid being written off;
 - Break costs on the prepayment of S\$90.0 million on Term CMF C; and
 - Break fees on termination of the profit rate swap used for hedging Term CMF C.
 - (ii) Higher profit expense arising from the higher principal amount of Revolving CMF D of S\$30.5 million utilised in Current YTD over Prior YTD; and
 - (iii) Partially offset by lower profit expense arising from the lower weighted average principal amount of Convertible Sukuk outstanding in Current YTD over Prior YTD as a result of the conversion of principal amount of \$7.5 million of Convertible Sukuk in 2Q 2013.
- (d) Amortisation of intangible assets decreased by 12.1% mainly due to lower utilisation of the rental support at 9 Tai Seng Drive.
- (e) Manager's and Trustee's fees increased by 7.1% and 8.9% respectively mainly due to the higher total assets since 4Q 2013, arising from the Acquisition Property and the revaluation surplus on the properties at 31 December 2013, upon which these fees are based on.
- (f) The decrease in donation of non-Shari'ah compliant income by 46.0% is mainly due to less income generated from non-shari'ah compliant activities subjected to cleansing.
- (g) Other trust expenses were 41.5% lower mainly due to one-time professional and advisory fees incurred on the establishment of the Programme in 2Q 2013.
- (h) This represents the loss on conversion of aggregate principal amount of S\$7.5 million of Convertible Sukuk by Converting Sukukholders at the then conversion price of S\$1.1933 during Prior YTD. There was no conversion of Convertible Sukuk during Current YTD.
- (i) The higher net change in fair value of financial derivatives relates to the net fair value change of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk recognised during the Current YTD and Prior YTD respectively.
- (j) Distribution adjustments were 57.1% lower mainly due to the higher net non-tax chargeable effects on the items stated in (h) and (i) above as these items were adjusted back to derive the income available for distribution.
- (k) Distributable income decreased by 16.2% mainly due to the following factors during Current YTD over Prior YTD:
- (i) Lower net property income;
 - (ii) Higher non-taxable straight-lining adjustments on rental income for new tenants of multi-tenanted properties given rent-free period; and
 - (iii) Higher profit expense incurred on higher borrowings.

9. Variance between forecast and the actual results

The Manager has not disclosed any financial forecast to the market. However as indicated in the full year results announcement dated 16 April 2014, the Manager remains committed in its efforts to improve the portfolio occupancy.

10. Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Based on advance estimates, the Singapore economy grew by 2.1% on a year-on-year basis in 2Q 2014, slower than the 4.7% growth in 1Q 2014. On a year-on-year basis, the manufacturing sector grew by 0.2% in 2Q 2014, compared to 9.9% expansion in 1Q 2014, largely attributed to a contraction in electronics output and a slower growth in transportation engineering output.¹

According to DTZ Research, both average capital values and rents for conventional industrial space remained unchanged in 2Q 2014 and for the first half of 2014. That said, rents for high-tech space continued to edge up on account of high occupancy rates in the better quality buildings.²

In July 2014, JTC made changes to its policy which includes, amongst other things, the minimum sublet quantum to be occupied by approved anchor subtenants for lessees who are third-party facility providers,

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to increase from 50% to 70% of total GFA after five years from Temporary Occupation Permit. The revised policy will come into effect on 1 October 2014.³

DPU in 2Q 2014 has declined as compared to the same period last year as it continues to be affected by the conversion of four master tenanted properties into multi-tenanted properties. However DPU for 2Q 2014 remains largely unchanged, compared to that of 1Q 2014.

Market conditions are expected to remain challenging. The Manager will stay focused and will continue to intensify its marketing and leasing efforts to improve Sabana REIT's portfolio occupancy. The Manager will also continue to make selective acquisitions.

In addition, the Manager will look for opportunities to recycle Sabana REIT's capital by divesting underperforming assets.

Sources:

(1) "Singapore's GDP Growth Moderated in the Second Quarter of 2014". www.mti.gov.sg. Ministry of trade and Industry Singapore. 14 July 2014. Web. 14 July 2014.

(2) "Weak activity for conventional industrial space". www.dtz.com. DTZ Research. 3 July 2014. Web. 8 July 2014.

(3) "Revised subletting policy (with effect from 1 October 2014)". www.jtc.gov.sg. JTC. 3 July 2014. Web. 8 July 2014.

11. Distributions

(a) Current financial period

Any distribution declared for the current period?: Yes

Name of distribution: Distribution for the second quarter ended 30 June 2014

Distribution Type: Taxable income distribution – 1.86 cents per unit

Par value of units: Not meaningful

Tax rate: **Taxable Income**

These distributions are made out of Sabana Shari'ah Compliant REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold the units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of Sabana Shari'ah Compliant REIT.

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the current period? Yes

Name of distribution: Distribution for the second quarter ended 30 June 2013

Distribution Type: Taxable income distribution – 2.40 cents per unit

Par value of units: Not meaningful

Tax rate: **Taxable Income**

These distributions are made out of Sabana Shari'ah Compliant REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold the units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR SECOND QUARTER FROM 1 APRIL 2014 TO 30 JUNE 2014 AND FIRST HALF FROM 1 JANUARY 2014
TO 30 JUNE 2014**

partnership will be taxed at the level of these individuals at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of Sabana Shari'ah Compliant REIT.

(c) **Date Payable:** 29 Aug 2014

(d) **Books Closure Date:** 24 July 2014

12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. Distribution policy

Sabana Shari'ah Compliant REIT's current distribution policy is to distribute 100% of its distributable income to Unitholders. Distributions are usually made on a quarterly basis at the discretion of the Manager.

14. General mandate relating to interested person transactions

The Trust has not obtained a general mandate from Unitholders for interested person transactions.

15. Negative Confirmation By The Board Pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Sabana Shari'ah Compliant REIT which may render these unaudited interim financial results to be false or leading, in any material aspect.

**On behalf of the Board of Directors of
Sabana Real Estate Investment Management Pte. Ltd.
(Company registration number 201005493K)
as Manager of Sabana Shari'ah Compliant Real Estate Investment Trust**

Steven Lim Kok Hoong
Director

Kevin Xayaraj
Director

By Order of the Board
Chang Ai Ling
Company Secretary
Sabana Real Estate Investment Management Pte. Ltd.
(Company registration number 201005493K)
as Manager of Sabana Shari'ah Compliant Real Estate Investment Trust

16 July 2014

This release 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 announcement between the listed amounts and total thereof are due to rounding.



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The Board of Directors
Sabana Real Estate Investment Management Pte. Ltd.
(in its capacity as Manager of Sabana Shari'ah
Compliant Industrial Real Estate Investment Trust)
151 Lorong Chuan
#02-03 New Tech Park
Singapore 556741

16 July 2014

Dear Sirs

**Sabana Shari'ah Compliant Industrial Real Estate Investment Trust
Review of Interim Financial Information**

Introduction

We have reviewed the accompanying Interim Financial Information of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively the "Group") for the quarter and 6-month period ended 30 June 2014. The Interim Financial Information consists of the following:

- Statements of financial position of the Group and the Trust as at 30 June 2014;
- Portfolio statement of the Group as at 30 June 2014;
- Statements of total return of the Group and the Trust for the quarter and the 6-month period ended 30 June 2014;
- Distribution statements of the Group and the Trust for the quarter and the 6-month period ended 30 June 2014;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter and the 6-month period ended 30 June 2014;
- Statement of cash flows of the Group for the 6-month period ended 30 June 2014; and
- Certain explanatory notes to the above financial information.

The management of Sabana Real Estate Investment Management Pte. Ltd. (the "Manager" of the Trust) is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice ("RAP") 7 (2012) *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.



Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 (2012) issued by the Institute of Singapore Chartered Accountants.

Restriction of Use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its Interim Financial Information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

Yours faithfully

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
16 July 2014