



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)

SABANA REIT ANNOUNCES 1.33 CENTS DPU FOR 1Q 2016

Financial Highlights

(S\$'000)	1Q 2016	1Q 2015	Variance (%)	1Q 2016	4Q 2015	Variance (%)
Gross revenue	23,606	25,364	(6.9)	23,606	24,561	(3.9)
Net property income ("NPI")	15,172	18,587	(18.4)	15,172	16,287	(6.8)
Income available for distribution	9,770	12,973	(24.7)	9,770	11,035	(11.5)
Distribution per Unit ("DPU") (cents)	1.33 ¹	1.78	(25.3)	1.33 ¹	1.50	(11.3)
Annualised DPU (cents)	5.35	7.22	(25.9)	5.35	5.95	(10.1)
Annualised distribution yield²	8.2%	11.0%	(25.5)	8.2%	9.1%	(9.9)

Singapore, 18 April 2016 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "Trust"), today announced a distributable income of approximately S\$9.8 million for 1Q 2016. This translates to DPU of 1.33 cents, based on approximately 735.8 million units issued and to be issued as at 31 March 2016.

On a year-on-year (Y-O-Y) basis, NPI and income available for distribution dipped by 18.4% and 24.7% respectively, mainly due to lower gross revenue arising from negative rental revisions for certain master leases renewals and the non-renewal of one master lease (218 Pandan Loop), higher property expenses arising from higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from three properties (15 Jalan Kilang Barat, 23 Serangoon North Avenue 5 and 34 Penjuru Lane) due to the conversion into multi-tenanted properties. In addition, there were higher property tax and land rent expenses for another three properties (26 Loyang Drive, 30 & 32 Tuas Avenue 8 and 21 Joo Koon Crescent) from the conversion into non-triple net master lease tenancies. All of the above conversions took place in 4Q 2015.

For 1Q 2016, Sabana REIT registered a gross revenue of S\$23.6 million, which is 6.9% lower as compared to 1Q 2015's gross revenue of S\$25.4 million. Distributable income and distribution yield in 1Q 2016 fell by 11.5% and 9.9% respectively on a quarter-on-quarter basis.

Property Portfolio Update

¹ Based 735,794,129 Units issued and to be issued as at 31 March 2016.

² Based on the last traded price of S\$0.655 per Unit as at 15 April 2016.

As at 31 March 2016, portfolio occupancy increased to 90.0% (21 properties) from 87.7% (23 properties) as at 31 December 2015. The weighted average lease term to expiry for master leases stood at 3.0 years and weighted average lease term to expiry for sub-tenancies stood at 31.6 months as at 31 March 2016. Two properties were successfully divested in March 2016.

Chief Executive Officer and Executive Director, Kevin Xayaraj said, “Despite the volatile market conditions, we remained focused on our business and continued to engage in active portfolio management. We will also continue our rigorous marketing and leasing efforts to boost the portfolio occupancy levels and enhance portfolio value.”

Prudent Capital Management Approach

Sabana REIT had total outstanding borrowings of S\$444.3 million as at 31 March 2016 which are spread across four years. Following the successful legal completion of the divestment for 200 Pandan Loop³ and 3 Kallang Way 2A⁴, the net proceeds from both divestments were utilised to reduce the overall debt liabilities of Sabana REIT, lowering its gearing to approximately 39.0% in April 2016.

As at 31 March 2016, all-in cost of borrowings remained at 4.2% per annum, with 89.5% of the profit rate fixed. Unencumbered assets totalled S\$322.8 million.

Outlook

According to the Ministry of Trade and Industry (“MTI”), amidst the sharp fall in oil prices and global financial market volatility, the economic prospects for Singapore has softened since the opening for the year 2016. MTI maintains its GDP growth forecast at 1.0% to 3.0%. The Singapore economy grew by 2.0% in 2015⁵.

Meanwhile, a quarterly survey by the Monetary Authority of Singapore in March 2016 has also shown that private sector economists are projecting an economic growth of 1.9% this year⁶.

With a surge in supply, industrial property prices in Singapore fell at their steepest pace in over two years in 4Q 2015 and analysts are pointing to further weakness ahead⁷.

The Manager expects market conditions to remain challenging. With the softening of the global economic climate, heightening interest rates and over-supply of industrial space in Singapore, overall rentals for industrial space are likely to remain under downward pressure.

The Group’s 1Q 2016 financial performance reflects the full impact of the negative rental reversions from the renewals and non-renewal of certain master leases as mentioned above, higher vacancies and higher operating expenses arising from the conversion of three more properties into multi-tenanted buildings, as well as the higher property tax and land rent expenses due to the conversion of certain master leases from triple-net into non-triple net tenancies, in 4Q 2015.

With the successful legal completion of the divestment of the two non-core and underperforming assets, namely 3 Kallang Way 2A and 200 Pandan Loop in 1Q 2016, estimated net proceeds of S\$53.0 million will be used to pare

³ SGX announcement of completion of divestment was made on 14 March 2016.

⁴ SGX announcement of completion of divestment was made on 30 March 2016.

⁵ “Singapore economy grew 2% in 2015, slowest since 2009; 2016 growth forecast maintained at 1-3%”. The Straits Times. 24 February 2016. Web. 24 February 2016.

⁶ “Economists cut Singapore 2016 growth forecast to 1.9% from 2.2%: MAS survey”. The Straits Times. 16 March 2016. Web. 16 March 2016.

⁷ “Singapore industrial property prices drop on oversupply, manufacturing slowdown”. CNBC. 8 April 2016. Web. 8 April 2016.

down part of the S\$138.0 million Commodity Murabaha Facilities due for refinancing in November 2016, to lower the Group's borrowing costs. Consequently, aggregate leverage will drop from 41.7% as at 31 December 2015 to approximately 39.0% in April 2016. The impact of the divestments on 1Q 2016 DPU was minimal. The Manager is in advanced stage of negotiations with the lenders on the refinancing of the maturing Commodity Murabaha Facilities and targets to complete the refinancing exercise by 3Q 2016.

Out of the four master leases that are due to expire in 4Q 2016, the master lessees (Sponsor-related companies) for three of the master leases have indicated interest to continue their operations in the three properties (33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road) via five successive options to renew for one year term each, subject to the parties agreeing on the rental rate for each renewal term⁸. The remaining property (39 Ubi Road 1) will likely be converted into a multi-tenanted property.

The Manager will continue to evaluate potential yield-accretive acquisition opportunities both locally, and abroad, as well as development projects and asset enhancement initiatives to grow the Trust's portfolio. On the capital management front, the Manager will carry on exploring new ways to diversify funding sources and improve the Trust's borrowings maturity profile.

1Q 2016 Non-Shari'ah Compliant Income

Sabana REIT will be allocating \$43,221 to Lien Aid, a non-profit organisation that seeks to make clean water and proper sanitation more accessible and affordable for poor rural communities in Asia. The amount will be utilised in the implementation of a centralised rural water supply system which provides tap water to the beneficiaries and is expected to benefit about 380 households in the Hunan province. It will also be utilised to support Lien Aid's health and hygiene awareness campaigns held for that community.

Distributions to Unitholders

Unitholders can expect to receive distributions for the period from 1 January 2016 to 31 March 2016 in cash on 30 May 2016. The closure of Sabana REIT's transfer books and register of Unitholders will take place at 5pm on 26 April 2016.

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⁸ SGX announcement on update of master leases was made on 6 April 2016.

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. Its total assets amount to approximately S\$1.1 billion.

Sabana REIT is listed in several indices within the SGX S-REIT Index, 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 by Standard & Poor's Ratings 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 www.sabana-reit.com.

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