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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016  
TO 30 SEPTEMBER 2016**

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**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.

Following the divestment of the properties at 200 Pandan Loop and 3 Kallang Way 2A (the "**Divestment Properties**") for sale considerations of S\$38.0 million and S\$16.6 million on 14 March 2016 and 30 March 2016 respectively, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 21 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. 15 Jalan Kilang Barat, Frontech Centre, Singapore 159357
5. 33 & 35 Penjuru Lane, Freight Links Express Logisticpark, Singapore 609200/609202
6. 18 Gul Drive, Singapore 629468
7. 1 Tuas Avenue 4, Singapore 639382
8. 34 Penjuru Lane, Penjuru Logistics Hub, Singapore 609201
9. 51 Penjuru Road, Freight Links Express Logisticcentre, Singapore 609143
10. 26 Loyang Drive, Singapore 508970
11. 218 Pandan Loop, Singapore 128408
12. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
13. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
14. 3A Joo Koon Circle, Singapore 629033
15. 2 Toh Tuck Link, Singapore 596225
16. 21 Joo Koon Crescent, Singapore 629026
17. 39 Ubi Road 1, Singapore 408695
18. 6 Woodlands Loop, Singapore 738346
19. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
20. 508 Chai Chee Lane, Singapore 469032
21. 10 Changi South Street 2, Singapore 486596

On 25 August 2016, Sabana Shari'ah Compliant REIT was granted new S\$108.0 million Commodity Murabaha Facilities ("**New CMF**"), comprising S\$90.0 million Term CMF ("**Term CMF B (2020)**") and S\$18.0 million Revolving CMF D ("**Revolving CMF D (2020)**"), both maturing in February 2020. The proceeds were used to refinance the then S\$90.0 million Term CMF and Revolving CMF (collectively, "**CMF Maturing in November 2016**") respectively ahead of their maturities in November 2016.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the third quarter ended 30 September 2016 ("**3Q 2016**") and the comparative period ("**3Q 2015**") as set out in this announcement have been extracted from the interim financial information for 3Q 2016 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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**SUMMARY OF RESULTS FOR SABANA GROUP**

	Group					
	Quarter		Fav / (Unfav)	YTD		Fav / (Unfav)
	3Q 2016	3Q 2015		30/09/16	30/09/15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	23,031	25,494	(9.7)	69,267	76,263	(9.2)
Net property income	13,911	18,294	(24.0)	43,048	55,318	(22.2)
Income available for distribution	8,858	12,971	(31.7)	27,691	39,100	(29.2)
Distribution per unit ("DPU") (cents) <sup>(a)</sup>	1.20	1.77	(32.2)	3.76	5.35	(29.7)
Annualised DPU (cents)	4.77	7.02	(32.1)	5.02	7.15	(29.8)

**Note:**

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

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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**1 (a)(i) Statements of Total Return and Distribution Statements (3Q 2016 vs 3Q 2015)**

<b>Statements of Total Return</b>	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	3Q 2016	3Q 2015		3Q 2016	3Q 2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	23,031	25,494	(9.7)	23,031	25,494	(9.7)
Property expenses <sup>(b)</sup>	(9,120)	(7,200)	(26.7)	(9,120)	(7,200)	(26.7)
<b>Net property income</b>	<b>13,911</b>	<b>18,294</b>	<b>(24.0)</b>	<b>13,911</b>	<b>18,294</b>	<b>(24.0)</b>
Finance income	80	33	142.4	80	33	142.4
Finance costs	(5,375)	(5,503)	2.3	(5,295)	(5,377)	1.5
<b>Net finance costs <sup>(c)</sup></b>	<b>(5,295)</b>	<b>(5,470)</b>	<b>3.2</b>	<b>(5,215)</b>	<b>(5,344)</b>	<b>2.4</b>
Manager's fees	(1,332)	(1,614)	17.5	(1,332)	(1,614)	17.5
Trustee's fees	(111)	(136)	18.4	(111)	(136)	18.4
Donation of non-Shari'ah compliant income <sup>(d)</sup>	(23)	(15)	(53.3)	(23)	(15)	(53.3)
Other trust expenses	(225)	(253)	11.1	(231)	(259)	10.8
Loss on exercise of put option on Convertible Sukuk by Sukukholders <sup>(e)</sup>	-	(648)	100.0	-	(227)	100.0
<b>Net income</b>	<b>6,925</b>	<b>10,158</b>	<b>(31.8)</b>	<b>6,999</b>	<b>10,699</b>	<b>(34.6)</b>
Net change in fair value of financial derivatives <sup>(f)</sup>	(464)	1,496	(131.0)	(464)	1,001	(146.4)
<b>Total return for the period before taxation</b>	<b>6,461</b>	<b>11,654</b>	<b>(44.6)</b>	<b>6,535</b>	<b>11,700</b>	<b>(44.1)</b>
Tax expense <sup>(g)</sup>	*	*	-	-	-	-
<b>Total return for the period after taxation</b>	<b>6,461</b>	<b>11,654</b>	<b>(44.6)</b>	<b>6,535</b>	<b>11,700</b>	<b>(44.1)</b>

<b>Distribution Statements</b>	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	3Q 2016	3Q 2015		3Q 2016	3Q 2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return for the period after taxation</b>	<b>6,461</b>	<b>11,654</b>	<b>(44.6)</b>	<b>6,535</b>	<b>11,700</b>	<b>(44.1)</b>
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units	1,066	1,292	(17.5)	1,066	1,292	(17.5)
Amortisation of transaction costs <sup>(h)</sup>	845	597	41.5	769	477	61.2
Trustee's fees	111	136	(18.4)	111	136	(18.4)
Donation of non-Shari'ah compliant income	23	15	53.3	23	15	53.3
Net change in fair value of financial derivatives	464	(1,496)	131.0	464	(1,001)	146.4
Loss on exercise of put option on Convertible Sukuk by Sukukholders	-	648	(100.0)	-	227	(100.0)
Effects of recognising rental income on a straight line basis over the lease term	(227)	20	NM	(227)	20	NM
Other items	115	105	9.5	117	105	11.4
<b>Net effect of non-tax deductible items</b>	<b>2,397</b>	<b>1,317</b>	<b>82.0</b>	<b>2,323</b>	<b>1,271</b>	<b>82.8</b>
<b>Income available for distribution to Unitholders for the period</b>	<b>8,858</b>	<b>12,971</b>	<b>(31.7)</b>	<b>8,858</b>	<b>12,971</b>	<b>(31.7)</b>

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;
  - (v) Other reimbursable expenses payable to the Property Manager; and
  - (vi) Net impairment losses on trade receivables of approximately S\$830,000 (2015: Nil) mainly provided for the outstanding balances of debtors which were past due and in excess of security deposits held.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016**

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

	Group			Trust		
	3Q 2016	3Q 2015	Fav / (Unfav)	3Q 2016	3Q 2015	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Finance income:</b>						
- Profit income from fixed deposits with Islamic financial institutions	7	18	(61.1)	7	18	(61.1)
- Ta'widh (compensation on late payment of rent)	73	15	386.7	73	15	386.7
	80	33	142.4	80	33	142.4
<b>Finance costs:</b>						
- Commodity Murabaha Facilities	(1,642)	(1,891)	13.2	(1,642)	(1,891)	13.2
- Revolving Murabahah Facility	(101)	(55)	(83.6)	(101)	(55)	(83.6)
- Profit rate swaps	(279)	(123)	(126.8)	(279)	(123)	(126.8)
- Convertible Sukuk	(485)	(811)	40.2	-	-	-
- Trust Certificates	(1,979)	(1,978)	(0.1)	-	-	-
- Loans from subsidiaries	-	-	-	(2,464)	(2,789)	11.7
- Amortisation of transaction costs	(845)	(597)	(41.5)	(769)	(477)	(61.2)
- Brokerage and agent fees	(44)	(48)	8.3	(40)	(42)	4.8
	(5,375)	(5,503)	2.3	(5,295)	(5,377)	1.5
<b>Net finance costs</b>	<b>(5,295)</b>	<b>(5,470)</b>	<b>3.2</b>	<b>(5,215)</b>	<b>(5,344)</b>	<b>2.4</b>

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

**3Q 2016**

- Mendaki Social Enterprise Network Services Pte Ltd (“**Mendaki Sense**”).

**3Q 2015**

- Majlis Ugama Islam Singapura.

(e) This represents the loss relating to the redemption and cancellation of aggregate principal of S\$29.7 million of Convertible Sukuk pursuant to the put option exercised by certain Sukukholders in 3Q 2015. This item was non-tax deductible and had 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 between the last quarter and at the reporting date. These items are non-tax deductible and have no impact on income available for distribution.

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

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

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TO 30 SEPTEMBER 2016**

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

<b>Statements of Total Return</b>	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/09/16	30/09/15		30/09/16	30/09/15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	69,267	76,263	(9.2)	69,267	76,263	(9.2)
Property expenses <sup>(b)</sup>	(26,219)	(20,945)	(25.2)	(26,219)	(20,945)	(25.2)
<b>Net property income</b>	<b>43,048</b>	<b>55,318</b>	<b>(22.2)</b>	<b>43,048</b>	<b>55,318</b>	<b>(22.2)</b>
Finance income	187	95	96.8	187	95	96.8
Finance costs	(15,714)	(16,132)	2.6	(15,479)	(15,766)	1.8
<b>Net finance costs <sup>(c)</sup></b>	<b>(15,527)</b>	<b>(16,037)</b>	<b>3.2</b>	<b>(15,292)</b>	<b>(15,671)</b>	<b>2.4</b>
Amortisation of intangible assets	-	(447)	100.0	-	(447)	100.0
Manager's fees	(4,047)	(4,794)	15.6	(4,047)	(4,794)	15.6
Trustee's fees	(344)	(414)	16.9	(344)	(414)	16.9
Donation of non-Shari'ah compliant income <sup>(d)</sup>	(82)	(39)	(110.3)	(82)	(39)	(110.3)
Other trust expenses	(857)	(897)	4.5	(871)	(910)	4.3
Loss on exercise of put option on Convertible Sukuk by Sukukholders <sup>(e)</sup>	-	(648)	100.0	-	(227)	100.0
<b>Net income</b>	<b>22,191</b>	<b>32,042</b>	<b>(30.7)</b>	<b>22,412</b>	<b>32,816</b>	<b>(31.7)</b>
Net change in fair value of financial derivatives <sup>(f)</sup>	(1,516)	2,135	(171.0)	(1,518)	1,538	(198.7)
Net change in fair value of investment properties <sup>(g)</sup>	(50,843)	-	NM	(50,843)	-	NM
Loss on divestment of investment properties <sup>(h)</sup>	(558)	-	NM	(558)	-	NM
<b>Total return for the period before taxation</b>	<b>(30,726)</b>	<b>34,177</b>	<b>(189.9)</b>	<b>(30,507)</b>	<b>34,354</b>	<b>(188.8)</b>
Tax expense <sup>(i)</sup>	*	*	-	-	-	-
<b>Total return for the period after taxation</b>	<b>(30,726)</b>	<b>34,177</b>	<b>(189.9)</b>	<b>(30,507)</b>	<b>34,354</b>	<b>(188.8)</b>

<b>Distribution Statements</b>	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/09/16	30/09/15		30/09/16	30/09/15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return for the period after taxation</b>	<b>(30,726)</b>	<b>34,177</b>	<b>(189.9)</b>	<b>(30,507)</b>	<b>34,354</b>	<b>(188.8)</b>
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units	3,238	3,836	(15.6)	3,238	3,836	(15.6)
Amortisation of intangible assets	-	447	(100.0)	-	447	(100.0)
Amortisation of transaction costs <sup>(i)</sup>	1,963	1,731	13.4	1,739	1,377	26.3
Trustee's fees	344	414	(16.9)	344	414	(16.9)
Donation of non-Shari'ah compliant income	82	39	110.3	82	39	110.3
Net change in fair value of financial derivatives	1,516	(2,135)	171.0	1,518	(1,538)	198.7
Net change in fair value of investment properties	50,843	-	NM	50,843	-	NM
Loss on divestment of investment properties	558	-	NM	558	-	NM
Loss on exercise of put option on Convertible Sukuk by Sukukholders	-	648	(100.0)	-	227	(100.0)
Effects of recognising rental income on a straight line basis over the lease term	(508)	(334)	(52.1)	(508)	(334)	(52.1)
Other items	381	277	37.5	384	278	38.1
<b>Net effect of non-tax deductible items</b>	<b>58,417</b>	<b>4,923</b>	<b>NM</b>	<b>58,198</b>	<b>4,746</b>	<b>NM</b>
<b>Income available for distribution to Unitholders for the period</b>	<b>27,691</b>	<b>39,100</b>	<b>(29.2)</b>	<b>27,691</b>	<b>39,100</b>	<b>(29.2)</b>

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;
  - (v) Other reimbursable expenses payable to the Property Manager; and
  - (vi) Net impairment losses on trade receivables of approximately S\$1,454,000 (2015: Nil) mainly provided for the outstanding balances of debtors which were past due and in excess of security deposits held.

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

	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/09/16	30/09/15		30/09/16	30/09/16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Finance income:</b>						
- Profit income from fixed deposits with Islamic financial institutions	25	54	(53.7)	25	54	(53.7)
- Ta'widh (compensation on late payment of rent)	162	41	295.1	162	41	295.1
	187	95	96.8	187	95	96.8
<b>Finance costs:</b>						
- Commodity Murabaha Facilities	(5,551)	(5,352)	(3.7)	(5,551)	(5,352)	(3.7)
- Revolving Murabahah Facility	(495)	(55)	(800.0)	(495)	(55)	(800.0)
- Profit rate swaps	(234)	(558)	58.1	(234)	(558)	58.1
- Convertible Sukuk	(1,444)	(2,429)	40.6	-	-	-
- Trust Certificates	(5,893)	(5,871)	(0.4)	-	-	-
- Loans from subsidiaries	-	-	-	(7,337)	(8,300)	11.6
- Amortisation of transaction costs	(1,963)	(1,731)	(13.4)	(1,739)	(1,377)	(26.3)
- Brokerage and agent fees	(134)	(136)	1.5	(123)	(124)	0.8
	(15,714)	(16,132)	2.6	(15,479)	(15,766)	1.8
<b>Net finance costs</b>	<b>(15,527)</b>	<b>(16,037)</b>	<b>3.2</b>	<b>(15,292)</b>	<b>(15,671)</b>	<b>2.4</b>

(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 2016);
- The Operation Hope Foundation Ltd for their Nepal Earthquake Rebuilding Project and Bursaries Sponsorship (2Q 2016); and
- Mendaki Sense (3Q 2016).

**Prior YTD**

- Singapore Red Cross for the Cyclone Pam 2015 Relief Fund (1Q 2015);
- Mendaki Sense (2Q 2015); and
- Majlis Ugama Islam Singapura (3Q 2015).

(e) This represents the Prior YTD loss relating to the redemption and cancellation of aggregate principal amount of S\$29.7 million of Convertible Sukuk pursuant to the put option exercised by certain Sukukholders. This item was non-tax deductible and had 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. These items are non-tax deductible and have no impact on income available for distribution.

(g) Net change in fair value of investment properties in Current YTD relates to the revaluation loss based on independent desktop valuations of the properties undertaken by the independent valuers Knight Frank and DTZ as at 30 June 2016. This item is non-tax deductible and has no impact on income available for distribution.

(h) This relates to the applicable agent commissions, divestment fee payable to the Manager, and other professional fees and expenses incurred in connection with the divestment of the Divestment Properties. These items are non-tax deductible and have no impact on income available for distribution.

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

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

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

<b>Statements of Financial Position</b>	<b>Group</b>			<b>Trust</b>		
	30/09/16	31/12/15	Change	30/09/16	31/12/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Non-current assets</b>						
Investment properties <sup>(a)</sup>	1,027,900	1,090,200	(5.7)	1,027,900	1,090,200	(5.7)
Subsidiaries <sup>(b)</sup>	-	-	-	*	*	-
<b>Total non-current assets</b>	<b>1,027,900</b>	<b>1,090,200</b>	<b>(5.7)</b>	<b>1,027,900</b>	<b>1,090,200</b>	<b>(5.7)</b>
<b>Current assets</b>						
Investment properties held for divestment <sup>(c)</sup>	13,000	54,600	(76.2)	13,000	54,600	(76.2)
Derivative assets <sup>(d)</sup>	-	403	(100.0)	-	403	(100.0)
Trade and other receivables <sup>(e)</sup>	10,582	9,758	8.4	10,576	9,750	8.5
Cash and cash equivalents <sup>(f)</sup>	8,817	10,438	(15.5)	8,811	10,432	(15.5)
<b>Total current assets</b>	<b>32,399</b>	<b>75,199</b>	<b>(56.9)</b>	<b>32,387</b>	<b>75,185</b>	<b>(56.9)</b>
<b>Total assets</b>	<b>1,060,299</b>	<b>1,165,399</b>	<b>(9.0)</b>	<b>1,060,287</b>	<b>1,165,385</b>	<b>(9.0)</b>
<b>Current liabilities</b>						
Trade and other payables <sup>(g)</sup>	11,271	14,438	(21.9)	11,269	14,431	(21.9)
Borrowings <sup>(h)</sup>	128,211	147,288	(13.0)	128,520	147,288	(12.7)
Derivative liabilities <sup>(i)</sup>	829	2	NM	829	-	NM
<b>Total current liabilities</b>	<b>140,311</b>	<b>161,728</b>	<b>(13.2)</b>	<b>140,618</b>	<b>161,719</b>	<b>(13.0)</b>
<b>Non-current liabilities</b>						
Trade and other payables <sup>(g)</sup>	15,622	15,928	(1.9)	15,622	15,928	(1.9)
Borrowings <sup>(h)</sup>	307,492	333,796	(7.9)	307,492	334,329	(8.0)
Derivative liabilities <sup>(i)</sup>	492	206	138.8	492	206	138.8
<b>Total non-current liabilities</b>	<b>323,606</b>	<b>349,930</b>	<b>(7.5)</b>	<b>323,606</b>	<b>350,463</b>	<b>(7.7)</b>
<b>Total liabilities</b>	<b>463,917</b>	<b>511,658</b>	<b>(9.3)</b>	<b>464,224</b>	<b>512,182</b>	<b>(9.4)</b>
<b>Net assets</b>	<b>596,382</b>	<b>653,741</b>	<b>(8.8)</b>	<b>596,063</b>	<b>653,203</b>	<b>(8.7)</b>
Represented by:						
<b>Unitholders' funds <sup>(j)</sup></b>	<b>596,382</b>	<b>653,741</b>	<b>(8.8)</b>	<b>596,063</b>	<b>653,203</b>	<b>(8.7)</b>

NM denotes "not meaningful"

\* Less than S\$1,000

**Notes:**

- (a) The decrease in investment properties mainly arises from the lower fair values of the properties appraised in 2Q 2016 and the reclassification of 218 Pandan Loop to investment properties held for divestment as divestment of 218 Pandan Loop is planned within the next 12 months from the reporting date.
- (b) This relates to the cost of investments in Sabana Treasury Pte. Ltd. ("**STPL**") and Sabana Sukuk Pte. Ltd. ("**SSPL**"), wholly-owned subsidiaries of the Trust, which are eliminated at the consolidated level.
- (c) This relates to the Divestment Properties and 218 Pandan Loop as at 31 December 2015 and 30 September 2016 respectively, which were classified as investment properties held for divestment in accordance with FRS 105 – *Non-current Assets held for Sale and Discontinued Operations*.
- The decrease mainly arises from the Divestment Properties have been divested as at the reporting date and partially offset by the reclassification of 218 Pandan Loop to investment properties held for divestment.
- (d) Derivative assets as at 31 December 2015 relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the then S\$90.0 million Term CMF B. As at the reporting date, the profit rate swap has fully matured.
- (e) This relates to trade receivables, prepayments, deposits, and other receivables.
- (f) This relates to bank balances and Shari'ah compliant deposits held with Islamic financial institutions. Please refer to the Statement of Cash Flows under Item 1(c) on Page 11 for further details in the movement of cash and cash equivalents.
- (g) This relates to trade payables, security deposits, rental received in advance, retention sums and accruals and provisions.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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The lower current trade and other payables from 31 December 2015 is mainly due to:

- (i) Lower rental received in advance from tenants as at 30 September 2016 as compared to 31 December 2015;
- (ii) Transfer of cash security deposits of tenants relating to the Divestment Properties to the purchasers upon legal completion of the divestments in 1Q 2016; and
- (iii) Higher settlement of accrued operating expenses and finance costs as at 30 September 2016 as compared to 31 December 2015, in line with the lower cash and cash equivalents balances as at 30 September 2016.

(h) Current borrowings represent the following at Sabana Group and the Trust as at the reporting date:

- (i) Amortised cost of the principal amount of S\$11.9 million drawn from Revolving Murabahah Facility;
- (ii) Amortised cost of the liability component of the remaining principal amount of S\$42.8 million of Convertible Sukuk issued by STPL;
- (iii) Amortised cost of the remaining principal amount of S\$42.8 million of STPL's profit bearing loan to the Trust, which was raised from the issuance of the Convertible Sukuk by STPL; and
- (iv) Amortised cost of the principal amount of S\$75.0 million drawn from Term CMF F.

The higher current borrowings is mainly due the reclassification of Term CMF F and the Convertible Sukuk from non-current to current as they are maturing within 12 months from the reporting date and partially offset by the repayment of the then Revolving CMF D and Revolving Murabahah Facility with the proceeds received from the divestment of the Divestment Properties.

Non-current borrowings represent the following at Sabana Group and the Trust as at the reporting date:

- (i) Amortised cost of the principal amount of S\$120.0 million drawn from Term CMF C and Term CMF B (2020);
- (ii) Amortised cost of the principal amount of the S\$90.0 million Trust Certificates due 2018 ("**Trust Certificates Series I**") and the S\$100.0 million Trust Certificates due 2019 ("**Trust Certificates Series II**") (collectively, the "**Trust Certificates Series**") issued by SSPL; and
- (iii) Amortised cost of the principal amount of S\$190.0 million of SSPL's profit bearing loans to the Trust, which was raised from the issuance of the Trust Certificates Series by SSPL;

The movements in current and non-current borrowings are mainly due to:

- (i) The reclassification of Term CMF F and the Convertible Sukuk from non-current to current as they are maturing within 12 months from the reporting date;
- (ii) The refinancing of the then Term CMF B maturing in November 2016 with the new Term CMF B (2020) maturing in February 2020; and
- (iii) Repayment of the current Revolving CMF D and Revolving Murbahaha Facility with the proceeds received from the divestment of the Divestment Properties.

As at the reporting date, both the Group and the Trust are in net current liabilities position mainly due to the current borrowings.

(i) Current derivative liabilities relate to the fair value of the embedded derivatives component of the Convertible Sukuk issued by STPL and the profit rate swap entered into to hedge the profit rate risk on the S\$75.0 million Term CMF F ("**PRS F**").

Non-current derivative liabilities relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the S\$90.0 million Term CMF B (2020) ("**PRS B**").

The movements in current and non-current derivative liabilities are mainly due to the reclassification of PRS F from non-current to current as it is maturing within 12 months from the reporting date and the fair value change of PRS B.

(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 THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016**

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

	Group		Trust	
	30/09/16	31/12/15	30/09/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Secured borrowings</b>				
Amount repayable within one year:				
Revolving CMF <sup>(a)</sup>	-	30,000	-	30,000
Revolving Murabahah Facility <sup>(b)</sup>	11,900	28,000	11,900	28,000
Term CMF <sup>(a)</sup>	75,000	90,000	75,000	90,000
Less: Unamortised capitalised transaction costs	(965)	(712)	(965)	(712)
	<b>85,935</b>	<b>147,288</b>	<b>85,935</b>	<b>147,288</b>
Amount repayable after one year:				
Term CMF <sup>(a)</sup>	120,000	105,000	120,000	105,000
Less: Unamortised capitalised transaction costs	(1,590)	(1,900)	(1,590)	(1,900)
	<b>118,410</b>	<b>103,100</b>	<b>118,410</b>	<b>103,100</b>
<b>Total secured borrowings</b>	<b>204,345</b>	<b>250,388</b>	<b>204,345</b>	<b>250,388</b>
<b>Unsecured borrowings</b>				
Amount repayable within one year:				
Convertible Sukuk - debt component <sup>(c)</sup>	42,276	-	-	-
Loans from subsidiaries <sup>(e)</sup>	-	-	42,750	-
Less: Unamortised capitalised transaction costs	-	-	(165)	-
	<b>42,276</b>	<b>-</b>	<b>42,585</b>	<b>-</b>
Amount repayable after one year:				
Convertible Sukuk - debt component <sup>(c)</sup>	-	41,933	-	-
Trust Certificates <sup>(d)</sup>	190,000	190,000	-	-
Loans from subsidiaries <sup>(e)</sup>	-	-	190,000	232,750
Less: Unamortised capitalised transaction costs	(918)	(1,237)	(918)	(1,521)
	<b>189,082</b>	<b>230,696</b>	<b>189,082</b>	<b>231,229</b>
<b>Total unsecured borrowings</b>	<b>231,358</b>	<b>230,696</b>	<b>231,667</b>	<b>231,229</b>
<b>Total borrowings</b>	<b>435,703</b>	<b>481,084</b>	<b>436,012</b>	<b>481,617</b>

**Details of borrowings, debt securities and collaterals**

**Secured borrowings**

**(a) Commodity Murabaha Facilities**

In August 2016, Sabana Group completed the refinancing exercise of the CMF Maturing in November 2016, with the New CMF to increase the weighted average term of existing borrowings and to further unencumber two investment properties valued at S\$36.0 million.

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

- (i) 5-year Term CMF F of S\$75.0 million maturing in August 2017;
- (ii) 5-year Term CMF C of S\$30.0 million maturing in November 2019; and
- (iii) 3.5-year Term CMF B (2020) of S\$90.0 million maturing in February 2020;

As at the reporting date, the 3.5-year Revolving CMF D (2020) of S\$18.0 million maturing in February 2020 is fully undrawn.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 8 (2015: 10) investment properties ("**Securitised Properties**"), (or, where title to or lease relating to the Securitised Properties has not been issued, an assignment of building agreement or agreement for lease (as the case may be) coupled with a mortgage in escrow);
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitised Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitised Properties.

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(b) Revolving Murabahah Facility

As at the reporting date, the outstanding 3-year Revolving Murabahah Facility maturing in September 2018, has an outstanding amount of S\$11.9 million and an undrawn amount of S\$38.1 million.

The Revolving Murabahah Facility is secured by, *inter alia*:

- (1) A first ranking legal mortgage over 8 Commonwealth Lane and 34 Penjuru Lane ("**Dual Secured Properties**");
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Dual Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Dual Secured Properties.

Unsecured borrowings

(c) Convertible Sukuk

	<b>Group</b>	
	30/09/16	31/12/15
	S\$'000	S\$'000
<b>Convertible Sukuk - debt component</b>		
Carrying amount of debt component at beginning of the period/year	41,933	70,375
Profit accretion, including amortisation of transaction costs	343	660
Extinguishment of debt component arising from the redemption of Convertible Sukuk pursuant to the put option exercised by Sukukholders	-	(29,102)
<b>Carrying amount of debt component at end of the period/year</b>	<b>42,276</b>	<b>41,933</b>

The S\$80.0 million 4.5 per cent. 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\$1.0431.

(d) Trust Certificates

As at the reporting date, the following unsecured Trust Certificates issued under the Group's S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme were outstanding:

- (i) S\$90.0 million 4.0 per cent. Trust Certificates Series I issued on 19 March 2014 and due on 19 March 2018; and
- (ii) S\$100.0 million 4.25 per cent. Trust Certificates Series II issued on 3 October 2014 and due on 3 April 2019.

(e) Loans from subsidiaries

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

- (i) S\$42.8 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\$190.0 million loans, which are equivalent to the principal amount of the Trust Certificates, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates Series at the same repayment terms stated in Item (1)(b)(ii)(d) above.

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**1 (c) Statement of Cash Flows**

<b>Statement of Cash Flows</b>	Group			
	Quarter		YTD	
	3Q 2016	3Q 2015	30/09/16	30/09/15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Total return for the period after taxation and before distribution	6,461	11,654	(30,726)	34,177
Adjustments for:				
Amortisation of intangible assets	-	-	-	447
Manager's fees paid/payable in units	1,066	1,292	3,238	3,836
Net change in fair value of financial derivatives	464	(1,496)	1,516	(2,135)
Loss on exercise of put option on Convertible Sukuk by Sukukholders	-	648	-	648
Net change in fair value of fair value of investment properties	-	-	50,843	-
Loss on divestment of investment properties	-	-	558	-
Net finance costs	5,295	5,470	15,527	16,037
	13,286	17,568	40,956	53,010
Change in trade and other receivables	229	52	(824)	(129)
Change in trade and other payables	468	(553)	(1,698)	(554)
Cash generated from operating activities	13,983	17,067	38,434	52,327
Ta'widh (compensation on late payment of rent) received	73	15	162	41
<b>Net cash from operating activities</b>	<b>14,056</b>	<b>17,082</b>	<b>38,596</b>	<b>52,368</b>
<b>Cash flows from investing activities</b>				
Capital expenditure on investment properties	(400)	(201)	(1,543)	(1,248)
Divestment of investment properties	-	-	54,600	-
Profit income received from Islamic financial institutions	7	18	25	54
<b>Net cash (used in)/from investing activities</b>	<b>(393)</b>	<b>(183)</b>	<b>53,082</b>	<b>(1,194)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	93,900	29,500	101,900	29,500
Repayment of borrowings	(90,000)	(29,750)	(148,000)	(29,750)
Transaction costs paid	(1,244)	(446)	(1,244)	(446)
Issue expenses paid	-	-	-	(40)
Finance costs paid	(6,862)	(5,429)	(16,084)	(14,832)
Distributions paid	(9,074)	(13,151)	(29,871)	(37,416) <sup>(a)</sup>
<b>Net cash used in financing activities</b>	<b>(13,280)</b>	<b>(19,276)</b>	<b>(93,299)</b>	<b>(52,984)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>383</b>	<b>(2,377)</b>	<b>(1,621)</b>	<b>(1,810)</b>
Cash and cash equivalents at beginning of the period	8,434	12,854	10,438	12,287
<b>Cash and cash equivalents at end of the period</b>	<b>8,817</b>	<b>10,477</b>	<b>8,817</b>	<b>10,477</b>

**Note:**

- (a) This amount excludes approximately S\$1.6 million (net of withholding tax) distributed by the issuance of 1,811,131 new units in 2Q 2015 in Prior YTD as part payment of distributions for the period from 1 October 2014 to 31 March 2015, pursuant to the DRP. There was no DRP applied for the period from 1 October 2015 to 30 June 2016.

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**1 (d)(i) Statements of Movements in Unitholders' Funds (3Q 2016 vs 3Q 2015)**

<b>Statements of Movements in Unitholders' Funds</b>	Group		Trust	
	Quarter		Quarter	
	3Q 2016	3Q 2015	3Q 2016	3Q 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	597,929	773,347	597,536	772,693
<b>Operations</b>				
Total return for the period after taxation	6,461	11,654	6,535	11,700
	<b>604,390</b>	<b>785,001</b>	<b>604,071</b>	<b>784,393</b>
<b>Unitholders' transactions</b>				
Issue of new units:				
- Manager's fees payable in units <sup>(a)</sup>	1,066	1,292	1,066	1,292
Distributions to Unitholders	(9,074)	(13,151)	(9,074)	(13,151)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(8,008)</b>	<b>(11,859)</b>	<b>(8,008)</b>	<b>(11,859)</b>
<b>Unitholders' funds at end of the period</b>	<b>596,382</b>	<b>773,142</b>	<b>596,063</b>	<b>772,534</b>

**Note:**

- (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.

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

<b>Statements of Movements in Unitholders' Funds</b>	Group		Trust	
	YTD		YTD	
	30/09/16	30/09/15	30/09/16	30/09/15
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	653,741	772,585	653,203	771,800
<b>Operations</b>				
Total return for the period after taxation	(30,726)	34,177	(30,507)	34,354
	<b>623,015</b>	<b>806,762</b>	<b>622,696</b>	<b>806,154</b>
<b>Unitholders' transactions</b>				
Issue of new units:				
- Manager's fees paid/payable in units <sup>(a)</sup>	3,238	3,836	3,238	3,836
- DRP <sup>(b)</sup>	-	1,628	-	1,628
Issue expenses pursuant to DRP	-	(40)	-	(40)
Distributions to Unitholders	(29,871)	(39,044)	(29,871)	(39,044)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(26,633)</b>	<b>(33,620)</b>	<b>(26,633)</b>	<b>(33,620)</b>
<b>Unitholders' funds at end of the period</b>	<b>596,382</b>	<b>773,142</b>	<b>596,063</b>	<b>772,534</b>

**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 as part payment of distributions for the period from 1 October 2014 to 31 March 2015 pursuant to the DRP.

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

	Group and Trust			
	Quarter		YTD	
	3Q 2016	3Q 2015	30/09/16	30/09/15
<b>Units in issue:</b>				
Units in issue at beginning of the period	735,794,129	729,195,246	732,381,036	724,623,716
Manager's fees paid in units	1,946,359	1,493,583	5,359,452	4,253,982
DRP <sup>(a)</sup>	-	-	-	1,811,131
<b>Issued units at the end of the period</b>	<b>737,740,488</b>	<b>730,688,829</b>	<b>737,740,488</b>	<b>730,688,829</b>
<b>Units to be issued:</b>				
Manager's fees payable in units <sup>(b)</sup>	2,050,571	1,692,207	2,050,571	1,692,207
<b>Total issued and to be issued units</b>	<b>739,791,059</b>	<b>732,381,036</b>	<b>739,791,059</b>	<b>732,381,036</b>

**Notes:**

- (a) These are new units issued pursuant to the DRP.
- (b) These are new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The new 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 September 2016:

Principal Amount Outstanding	Maturity Date	Conversion Price per unit as at 30 September 2016
<b><u>Convertible Sukuk due 2017</u></b> S\$42.8 million 4.5% per annum.	24 September 2017	S\$1.0431

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 and an aggregate principal amount of S\$29.7 million has been redeemed and cancelled pursuant to the put option exercised by certain Sukukholders.

Assuming all the outstanding Convertible Sukuk are fully converted based on the current conversion price of S\$1.0431, the number of new units to be issued would be 40,983,607 units, representing 5.5% of the total number of the Trust's units in issue and to be issued of 739,791,059 units as at 30 September 2016.

**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.

**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 2015.

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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 (3Q 2016 vs 3Q 2015)**

	Group		Trust	
	Quarter		Quarter	
	3Q 2016	3Q 2015	3Q 2016	3Q 2015
<b><u>Basic EPU</u></b>				
Weighted average number of units in issue	737,170,407	730,285,123	737,170,407	730,285,123
Earnings per unit for the period based on the weighted average number of units in issue (cents) <sup>(a)</sup>	0.88	1.60	0.89	1.60
<b><u>Diluted EPU</u></b>				
Weighted average number of units in issue (diluted)	778,154,014	794,599,938	778,154,014	794,599,938
Earnings per unit for the period based on the weighted average number of units in issue (diluted) (cents) <sup>(b)</sup>	0.88 <sup>(c)</sup>	1.60 <sup>(c)</sup>	0.89 <sup>(c)</sup>	1.60 <sup>(c)</sup>

**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 Trust as the Convertible Sukuk was anti-dilutive at the Group and the Trust level.

**Earnings per unit (Current YTD vs Prior YTD)**

	Group		Trust	
	YTD		YTD	
	30/09/16	30/09/15	30/09/16	30/09/15
<b><u>Basic EPU</u></b>				
Weighted average number of units in issue	735,339,800	728,280,054	735,339,800	728,280,054
Earnings per unit for the period based on the weighted average number of units in issue (cents) <sup>(a)</sup>	(4.18)	4.69	(4.15)	4.72
<b><u>Diluted EPU</u></b>				
Weighted average number of units in issue (diluted)	776,323,407	793,767,388	776,323,407	793,767,388
Earnings per unit for the period based on the weighted average number of units in issue (diluted) (cents) <sup>(b)</sup>	(4.18) <sup>(c)</sup>	4.69	(4.15) <sup>(c)</sup>	4.69

**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.

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- (c) The diluted EPU were the same as the basic EPU for the Group and Trust as the Convertible Sukuk was anti-dilutive at the Group and the Trust level.

**Distribution per unit**

	Group and Trust		Group and Trust	
	Quarter		YTD	
	3Q 2016	3Q 2015	30/09/16	30/09/15
Number of units issued and to be issued at end of period entitled to distribution <sup>(a)</sup>	739,791,059	732,381,036	739,791,059	732,381,036
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	1.20	1.77	3.76	5.35

**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 September 2016 of 737,740,488 (30 September 2015: 730,688,829); and
  - (ii) The units to be issued to the Manager by 31 October 2016 as partial consideration of Manager's fees incurred for 3Q 2016 of 2,050,571 (by 31 October 2015 as partial consideration of Manager's fees incurred for 3Q 2015: 1,692,207).

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

	Group		Trust	
	As at 30/09/16	As at 31/12/15	As at 30/09/16	As at 31/12/15
Net asset value ("NAV") per unit (S\$) <sup>(a)</sup>	0.81	0.89	0.81	0.89
Net tangible asset ("NTA") per unit (S\$) <sup>(a)</sup>	0.81	0.89	0.81	0.89

**Note:**

- (a) The number of units used to compute NAV per unit and NTA per unit is 739,791,059 (31 December 2015: 734,026,663), comprising:
- (i) The number of units in issue as at 30 September 2016 of 737,740,488 (31 December 2015: 732,381,036); and
  - (ii) The units to be issued to the Manager by 31 October 2016 as partial consideration of Manager's fees incurred for 3Q 2016 of 2,050,571 (by 31 January 2016 as partial consideration of Manager's fees incurred for 4Q 2015 of 1,645,627).

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016**

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

**3Q 2016 vs 3Q 2015**

<b>Statement of Total Return</b>	<b>Group</b>		
	Quarter		Fav / (Unfav)
	3Q 2016	3Q 2015	(Unfav)
	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	23,031	25,494	(9.7)
Property expenses <sup>(b)</sup>	(9,120)	(7,200)	(26.7)
<b>Net property income <sup>(b)</sup></b>	<b>13,911</b>	<b>18,294</b>	<b>(24.0)</b>
Finance income	80	33	142.4
Finance costs	(5,375)	(5,503)	2.3
<b>Net finance costs</b>	<b>(5,295)</b>	<b>(5,470)</b>	<b>3.2</b>
Manager's fees <sup>(c)</sup>	(1,332)	(1,614)	17.5
Trustee's fees <sup>(c)</sup>	(111)	(136)	18.4
Donation of non-Shari'ah compliant income <sup>(d)</sup>	(23)	(15)	(53.3)
Other trust expenses <sup>(e)</sup>	(225)	(253)	11.1
Loss on exercise of put option on Convertible Sukuk by Sukukholders <sup>(f)</sup>	-	(648)	100.0
<b>Net income</b>	<b>6,925</b>	<b>10,158</b>	<b>(31.8)</b>
Net change in fair value of financial derivatives <sup>(g)</sup>	(464)	1,496	(131.0)
<b>Total return for the period before taxation and distribution</b>	<b>6,461</b>	<b>11,654</b>	<b>(44.6)</b>
Tax expense	*	*	-
<b>Total return for the period before distribution</b>	<b>6,461</b>	<b>11,654</b>	<b>(44.6)</b>
Distribution adjustments <sup>(h)</sup>	2,397	1,317	82.0
<b>Income available for distribution <sup>(i)</sup></b>	<b>8,858</b>	<b>12,971</b>	<b>(31.7)</b>

\*Less than S\$1,000

**Notes:**

- (a) Gross revenue decreased by 9.7% mainly due to:
- (i) Negative rental revisions for certain master leases renewals in 4Q 2015;
  - (ii) Lower portfolio property occupancy in 3Q 2016 over 3Q 2015 largely arising from the conversion of 23 Serangoon North Avenue 5, 34 Penjuru Lane and 15 Jalan Kilang Barat into multi-tenanted lease arrangement and non-renewal of 218 Pandan Loop upon the expiry of their master leases in 4Q 2015; and
  - (iii) Lower contribution from the Divestment Properties which were divested in 1Q 2016.
- (b) Property expenses increased by 26.7% mainly due to:
- (i) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 34 Penjuru Lane, 23 Serangoon North Avenue 5 and 15 Jalan Kilang Barat which were converted into multi-tenanted lease arrangements and non-renewal of 218 Pandan Loop's triple-net master lease in 4Q 2015;
  - (ii) Higher property tax and land rent expenses from 30 & 32 Tuas Avenue 8, 26 Loyang Drive and 21 Joo Koon Crescent which were converted into non-triple net master lease tenancies in 4Q 2015;
  - (iii) Higher net impairment losses on trade receivables in 3Q 2016 over 3Q 2015 largely arising from the master tenant at 1 Tuas Avenue 4 whose arrears were in excess of the security deposit held; and partially offset by
  - (iv) Lower property expenses from the Divestment Properties which were divested in 1Q 2016.
- In line with the higher property expenses and lower gross revenue, net property income decreased by 24.0%.
- (c) Both Manager's and Trustee's fees decreased by 17.5% and 18.4% respectively mainly due to the lower total assets in 3Q 2016 over 3Q 2015, arising from the revaluation loss on the properties as at 31 December 2015 and 30 June 2016 and the divestment of the Divestment Properties in 1Q 2016, upon which these fees are based on.
- (d) Donation of non-Shari'ah compliant income increased by 53.3% mainly due to more income generated from non-core activities subjected to cleansing in 3Q 2016 over 3Q 2015.
- (e) Other trust expenses were 11.1% lower as compared to 3Q 2015 mainly due to lower professional fees, credit rating agency fees, central registry service charges and printing and stationary charges incurred in 3Q 2016 over 3Q 2015.



**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016**

- (f) This represents the non-tax deductible one-time loss relating to the redemption and cancellation of aggregate principal amount of S\$29.7 million of Convertible Sukuk pursuant to the put option exercised by certain Sukukholders in 3Q 2015.
- (g) The net change in fair value of financial derivatives relates to the 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.
- (h) Distribution adjustments were 82.0% higher as compared to 3Q 2015 mainly due to the higher non-tax deductible effects on the items stated in (f) and (g).
- (i) Distribution income decreased by 31.7% in 3Q 2016 mainly due to:
- (i) Lower net property income as set out in (b) above;
  - (ii) Higher non-taxable straight-lining adjustments on rental income for major tenants given rent-free periods in 3Q 2016 over 3Q 2015; and partially offset by
  - (iii) Lower profit expense arising from lower outstanding borrowings.

**Current YTD vs Prior YTD**

<b>Statement of Total Return</b>	<b>Group</b>		
	YTD		Fav / (Unfav)
	30/09/16	30/09/15	
	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	69,267	76,263	(9.2)
Property expenses <sup>(b)</sup>	(26,219)	(20,945)	(25.2)
<b>Net property income <sup>(b)</sup></b>	<b>43,048</b>	<b>55,318</b>	<b>(22.2)</b>
Finance income	187	95	96.8
Finance costs	(15,714)	(16,132)	2.6
<b>Net finance costs</b>	<b>(15,527)</b>	<b>(16,037)</b>	<b>3.2</b>
Amortisation of intangible assets <sup>(c)</sup>	-	(447)	100.0
Manager's fees <sup>(d)</sup>	(4,047)	(4,794)	15.6
Trustee's fees <sup>(d)</sup>	(344)	(414)	16.9
Donation of non-Shari'ah compliant income <sup>(e)</sup>	(82)	(39)	(110.3)
Other trust expenses	(857)	(897)	4.5
Loss on exercise of put option on Convertible Sukuk by Sukukholders <sup>(f)</sup>	-	(648)	100.0
<b>Net income</b>	<b>22,191</b>	<b>32,042</b>	<b>(30.7)</b>
Net change in fair value of financial derivatives <sup>(g)</sup>	(1,516)	2,135	(171.0)
Net change in fair value of investment properties <sup>(h)</sup>	(50,843)	-	NM
Loss on divestment of investment properties <sup>(i)</sup>	(558)	-	NM
<b>Total return for the period before taxation and distribution</b>	<b>(30,726)</b>	<b>34,177</b>	<b>(189.9)</b>
Tax expense	*	*	-
<b>Total return for the period before distribution</b>	<b>(30,726)</b>	<b>34,177</b>	<b>(189.9)</b>
Distribution adjustments <sup>(j)</sup>	58,417	4,923	NM
<b>Income available for distribution <sup>(k)</sup></b>	<b>27,691</b>	<b>39,100</b>	<b>(29.2)</b>

NM denotes "not meaningful"

\*Less than S\$1,000

**Notes:**

- (a) Gross revenue decreased by 9.2% mainly due to:
- (i) Negative rental revisions for certain master leases renewals in 4Q 2015;
  - (ii) Lower overall portfolio occupancy in Current YTD over Prior YTD largely arising from the conversion of 23 Serangoon North Avenue 5, 34 Penjuru Lane and 15 Jalan Kilang Barat into multi-tenanted lease arrangement and non-renewal of 218 Pandan Loop upon the expiry of their master leases in 4Q 2015;
  - (iii) Expiry of rental support at 9 Tai Seng Drive in 2Q 2015; and
  - (iv) Lower contribution from the Divestment Properties which were divested in 1Q 2016.
- (b) Property expenses increased by 25.2% mainly due to:
- (i) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 34 Penjuru Lane, 23 Serangoon North Avenue 5 and 15 Jalan Kilang Barat which were converted into multi-tenanted lease arrangements and non-renewal of 218 Pandan Loop's triple-net maser lease in 4Q 2015;
  - (ii) Higher property tax and land rent expenses from 30 & 32 Tuas Avenue 8, 26 Loyang Drive and 21 Joo Koon Crescent which were converted into non-triple net master lease arrangements in 4Q 2015;

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016**

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- (iii) Higher net impairment losses on trade receivables, largely arising from the master tenant at 1 Tuas Avenue 4 whose arrears were in excess of the security deposit held, in Current YTD over Prior YTD; and partially offset by
- (iv) Lower property expenses from the Divestment Properties which were divested in 1Q 2016.

In line with the higher property expenses and lower gross revenue, net property income decreased by 22.2%.

- (c) Amortisation of intangible assets decreased by 100.0% mainly due to the rental support at 9 Tai Seng Drive being fully amortised in 2Q 2015.
- (d) Both Manager's and Trustee's fees decreased by 15.6% and 16.9% respectively mainly due to the lower total assets since 4Q 2015, arising from the revaluation loss on the properties as at 31 December 2015 and 30 June 2016 and the divestment of the Divestment Properties in 1Q 2016, upon which these fees are based on.
- (e) Donation of non-Shari'ah compliant income increased by 110.3% mainly due to more income generated from non-core activities subjected to cleansing in Current YTD over Prior YTD.
- (f) This represents the one-time loss relating to the redemption and cancellation of aggregate principal amount of S\$29.7 million of Convertible Sukuk pursuant to the put option exercised by certain Sukukholders in 3Q 2015.
- (g) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk recognised during Current YTD.
- (h) The net change in fair value of investment properties in Current YTD relates to the revaluation loss of the properties based on independent desktop valuations undertaken by the independent valuers as at 30 June 2016. There was no such valuation exercise in Prior YTD.
- (i) This relates to the applicable agent commissions, divestment fee payable to the Manager, and other professional fees and expenses incurred in connection with the divestment of the Divestment Properties in 1Q 2016.
- (j) Distribution adjustments were significantly higher in Current YTD mainly due to the higher non-tax deductible effects on the items stated in (f), (g), (h) and (i).
- (k) Distribution income decreased by 29.2% in Current YTD mainly due:
  - (i) Lower net property income as set out in (b) above; and partially offset by
  - (ii) Lower profit expense arising from lower outstanding 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 previous quarter's announcement dated 22 July 2016, the Manager remains committed in its efforts to evaluate potential yield-accretive acquisition opportunities, both locally and abroad, as well as development projects and asset enhancement initiatives for income diversification and growth and continue its rigorous marketing and leasing efforts to diligently manage the near-term fluctuations from the Trust's lease expiry/renewal cycle to boost the occupancy level.

**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**

According to advance estimates released by the Ministry of Trade and Industry (MTI), the Singapore economy only grew 0.6% in Q3 2016 as compared to the previous year, which is lower than what the market had expected. Based on a seasonally-adjusted quarter-on-quarter annualised basis, overall GDP had contracted 4.1%, which is a reversal from the annualised 0.2% growth in the previous quarter<sup>1</sup>.

Previously in August 2016, the MTI narrowed Singapore's economy growth forecast to range between 1% and 2%, which is lower than the earlier wider range of between 1% and 3%. However, according to the latest Monetary Authority of Singapore survey of professional forecasters, the survey predicted that the economic growth is likely to be at 1.8% for both this year and the next<sup>2</sup>.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016**

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In a recent report by Knight Frank, industrial rents are expected to be under pressure with the onset of the softening demand and high supply of industrial space in the market. Knight Frank also estimated that average industrial rents could fall 6 – 8% year on year in the fourth quarter of 2016, as industrialists seek to consolidate and relocate in order to cope with the challenging business climate<sup>3</sup>.

Further to the announcements made on 6 April 2016 and 22 July 2016, the Manager is currently in the final stage of negotiations with the Sponsor for the renewal of the three of the master leases that are due to expire in 4Q 2016. On the remaining property (39 Ubi Road 1), the transition phase for the conversion from master-lease arrangement to multi-tenanted arrangement has already commenced and is well under way.

Even though the Manager anticipates market conditions to remain challenging, it will continue to stay proactive in managing lease expiry profile, be aggressive in its marketing and leasing efforts to increase the Trust's portfolio occupancy and take necessary measures to mitigate potential credit risk. The Manager is very focused on filling up any available space within the shortest time possible and is consistently actively engaging with tenants to manage the lease expiries.

The Manager will also continue to evaluate potential yield-accretive acquisition opportunities both locally and abroad, as well as asset enhancement initiatives to grow the Trust's portfolio. The Manager also intends to divest underperforming or non-core assets to recycle Sabana REIT's capital and is evaluating opportunities to do so. On the capital management front, the Manager will continue to explore new ways to diversify funding sources, to improve the Trust borrowings maturity profile and to strengthen the Trust's capital structure.

Sources:

- (1) "Singapore Q3 GDP grows 0.6% year-on-year, below expectations". The Business Times. 14 October 2016. Web. 14 October 2016.
- (2) "2016 growth to be at lower end of 1-2% forecast: Tharman". The Business Times. 29 September 2016. Web. 29 September 2016.
- (3) "Industrial rents could dip 6-8% in Q4: Knight Frank". The Business Times. 1 October 2016. Web. 1 October 2016.

## **11. Distributions**

### **(a) Current financial period**

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the third quarter ended 30 September 2016

Distribution Type: Taxable income distribution – 1.20 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 previous corresponding period: Yes

Name of distribution: Distribution for the third quarter ended 30 September 2015

Distribution Type: Taxable income distribution – 1.77 cents per unit

Par value of units: Not meaningful

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR THIRD QUARTER FROM 1 JULY 2016 TO 30 SEPTEMBER 2016 AND PERIOD FROM 1 JANUARY 2016  
TO 30 SEPTEMBER 2016**

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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.

(c) **Date Payable:** 29 November 2016

(d) **Books Closure Date:** 25 October 2016

**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.

**16. Procured Undertakings By The Board and Executive Officers to Rule 720(1)**

The Manager of Sabana Shari'ah Compliant REIT has procured undertakings from all its directors and executive officers under Rule 720(1).

**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**

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Steven Lim Kok Hoong  
Director

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Kevin Xayaraj  
Director

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

17 October 2016

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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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

17 October 2016

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 nine-month period ended 30 September 2016. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 30 September 2016;
- Portfolio statement of the Group as at 30 September 2016;
- Statements of total return of the Group and the Trust for the quarter and the nine-month period ended 30 September 2016;
- Distribution statements of the Group and the Trust for the quarter and the nine-month period ended 30 September 2016;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter and the nine-month period ended 30 September 2016;
- Statement of cash flows of the Group for the nine-month period ended 30 September 2016; 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 the Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice ("RAP") *7 Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on the 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 the 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 relevant to interim financial information, 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 in meeting 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*

**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

Singapore

17 October 2016