



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)

RESPONSE TO SGX QUERY

The Board of Directors (the “**Board**”) of Sabana Real Estate Investment Management Pte Ltd (the “**Manager**”) refers to the queries from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 27 and 28 February 2017 and sets out its responses as follows:

Question 1:

Aside from sourcing and considering potential strategic partners, please disclose whether there are any other areas of the strategic review that will be undertaken to address the concerns raised by unitholders, and if so, what are these areas that will be reviewed.

Manager’s response:

The Board wishes to update that as part of the strategic review exercise, the Strategic Review Committee, through Morgan Stanley Asia (Singapore) Pte. (“**Morgan Stanley**”), is in the process of making preliminary approaches to various parties to evaluate the viability of options available for its assets and business, which may include:

- A potential sale of all units or assets of Sabana REIT and a sale of the Manager, and/or
- Sourcing and considering potential strategic partners who can enhance Sabana REIT's performance in terms of, inter alia, the following factors:
 - (i) ability to contribute pipeline of quality assets to Sabana REIT to improve the current property portfolio mix;
 - (ii) improving the borrowing ability of Sabana REIT; and
 - (iii) ability to enhance the capability of the management team.

As disclosed previously, the Strategic Review Committee believes this will address the concerns raised by unitholders.

The Board wishes to emphasise that no definitive transaction has been entered into by Sabana REIT with any party and there is no assurance that any transaction will materialise from the strategic review.

The Board will make appropriate announcements in the event of any material developments.

Question 2:

In Ms. Ng Shin Ein's resignation letter, the contents of which were announced on 27 February 2017, it was disclosed that she has "expressed [her] inability to contribute to SREIM, as a result of certain internal dynamics within the company." Please elaborate on the details of these internal dynamics which has resulted in her cessation. Please disclose whether these issues on internal dynamics were relating to the interests of the REIT and its independent unitholders. If so, please provide details and disclose how the interest of the REIT and unitholders as a whole may have been impacted.

Manager's response:

The Board understands from Ms Ng that she felt that the fundamental issue of Sabana REIT relates to its inability to access a good pipeline of properties but it was difficult to achieve this given the shareholding structure of the REIT Manager.

Question 3:

Ms. Ng Shin Ein also disclosed that "while the basic framework and process are now in place, my reason for the earlier resignation remains in place and I am not confident that I can contribute meaningfully". Please elaborate on the reasons for Ms. Ng's lack of confidence that the framework and process now in place can address the internal dynamics and allow her to contribute meaningfully.

Manager's response:

The Board understands from Ms Ng that while strategic shareholders with substantial quality assets would usually want to take over majority interest in the REIT Manager, it is beyond the Board's control to compel any shareholder of the REIT Manager to divest its stake.

The Board wishes to highlight that, as announced on 2 February 2017, the Manager and the Sponsor have jointly announced that the Sponsor and the Manager are together undertaking a strategic review of Sabana REIT and are considering all options to further the sustainable growth of Sabana REIT and the interests of its unitholders. To further progress the strategic review exercise, the Manager has since established a Strategic Review Committee, where a majority of the members comprise the independent directors of the Manager, to explore the various options to enhance the performance of Sabana REIT. The Manager has also appointed Morgan Stanley Asia (Singapore) Pte. as the financial adviser which will be reporting directly to the Strategic Review Committee.

Question 4:

To disclose whether the Audit Committee is aware of the internal dynamics within the Company which resulted in her resignation and disclose the AC's views on these issues raised by Ms. Ng Shin Ein, if these were relating to the interest of the REIT and its independent unitholders.

Manager's response:

This matter does not relate to the Audit Committee. As set out in the resignation announcement, Ms Ng has stated that there are no unresolved differences with the Board.

In the meantime, Unitholders are advised to exercise caution when dealing in the units of Sabana REIT. Unitholders are further advised to read this announcement and any subsequent announcements by the Manager carefully.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company registration number 201005493K)

As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Kevin Xayaraj

Chief Executive Officer and Executive Director

1 March 2017

ABOUT SABANA REIT

Sabana REIT was listed on Singapore Exchange Securities Trading Limited on 26 November 2010. It was established principally to invest in income-producing real estate used for industrial purposes, as well as real estate-related assets, in line with Shari'ah investment principles. Sabana REIT currently has a diversified portfolio of 21 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. Its total assets amount to approximately S\$1.0 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 managed by Sabana Real Estate Investment Management Pte. Ltd., (in its capacity as the Manager of Sabana REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended). Sabana REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

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

Important Notice

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

The value of units in Sabana REIT ("Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.