



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'S MANAGER WAIVES 25% OF ITS 2Q 2017 BASE FEE, REPORTS 0.81 CENTS DPU

- Amount distributable to Unitholders of S\$8.6 million
- 25% of base fee for 2Q 2017 waived to cushion the dilutive effect of cash payment on DPU for Unitholders
- DPU of 0.81 Singapore cents for 2Q 2017 after base fee waiver of 25%
- Strategic Review process is on-going, with several proposals under consideration

Financial Highlights

(\$'000)	2Q 2017	1Q 2017	Variance (%)	2Q 2017	2Q 2016	Variance (%)
Gross revenue	21,964	21,978	(0.1)	21,964	22,630	(2.9)
Net property income ("NPI")	12,933	13,335	(3.0)	12,933	13,965	(7.4)
Income available for distribution	8,568	9,318	(8.0)	8,568	9,063	(5.5)
Distribution per Unit ("DPU") (cents)	0.81	0.88	(8.0)	0.81	1.07 ¹	(24.3)
Annualised DPU (cents)	3.25	3.57	(9.0)	3.25	4.30 ¹	(24.4)

Singapore, 25 July 2017 – 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\$8.6 million for the second quarter ended 30 June 2017 ("2Q 2017").

Based on approximately 1.053 billion units issued as at 30 June 2017, Unitholders will receive a DPU of 0.81 cents for 2Q 2017.

Sabana REIT maintained a steady gross revenue of S\$22.0 million compared to 1Q 2017, and 2.9% lower compared to 2Q 2016. Net Property Income (NPI) was S\$12.9 million for 2Q 2017, which was marginally lower on a quarter-on-quarter basis and 7.4% lower on a year-on-year ("y-o-y") basis. The y-o-y change was mainly due to lower contribution from its properties at 8 Commonwealth Lane; 508 Chai Chee Lane; 23 Serangoon North Avenue 5; 123 Genting Lane and 2 Toh Tuck Link. Revenue was also lower on reduced contribution from 39 Ubi Road 1 which had been converted into multi-tenanted lease arrangements in 4Q 2016. These factors offset a stronger performance from 9 Tai Seng Drive and 15 Jalang Kilang Barat.

Property expenses increased 4.2% y-o-y to S\$9.0 million as the Trust recorded higher net impairment losses on trade receivables in 2Q 2017, largely from arrears from the master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop and on higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from

¹ DPU for prior periods has been restated to reflect the effect of bonus element in the Rights Issue.

39 Ubi Road 1. These were positively offset by lower property tax, land rent, utilities and marketing expenses from certain multi-tenanted and non-triple-net master tenanted properties in 2Q 2017.

In the interest of supporting Unitholders, the Manager has provided another reduction of its base fee in 2Q 2017, by 25%, to soften the dilutive impact of cash payment on the DPU. Excluding the reduction in base fee, the amount distributable to Unitholders and DPU for 2Q 2017 would have been 0.87 cents had the Manager continued to receive 80% of its fees in units under the general mandate, and 0.78 cents if the Manager had not forgone any of its fees and received 100% of its fees in cash.

Property Portfolio Update

As at 30 June 2017, the multi-tenancy occupancy levels and overall portfolio occupancy level were stable at 80.4% and 87.3% respectively. Through the Manager's active leasing and marketing efforts, it has secured 109,791 sq ft of renewals with direct tenants in 2Q 2017. Occupancy level for 39 Ubi Road 1 has also increased from 64.4% in 1Q 2017 to 77.7% in 2Q 2017.

The weighted average lease terms to expiry for master leases and for sub-tenancies both stood at 2.4 years for the quarter.

Legal completion of the divestment of 218 Pandan Loop has been rescheduled for 3Q 2017. An additional 10% of the purchase price had also been obtained from the purchaser in July 2017 as a form of commitment to complete the transaction.

Capital Management

As at 30 June 2017, the Trust's all-in cost of borrowings remained unchanged at 4.0% per annum, with 87.8% of its profit rate fixed. The Trust's aggregate leverage for the quarter stood at 37.0% while its weighted average borrowing maturity was about 1.5 years.

The Manager is also working towards refinancing the Commodity Murabaha Facility and Convertible Sukuk maturing in August and September 2017 ahead of their maturity dates. As at 30 June 2017, the Trust had undrawn revolving credit facilities of S\$66.9 million and 11 unencumbered assets valued at S\$323.3 million providing it with future financial flexibility.

Outlook and Management Strategy

According to the advance estimates released by the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 2.5% in the second quarter of 2017 on a y-o-y basis, a same pace of growth as the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the overall GDP increased by 0.4%, contrary to the 1.9% decline in the previous quarter².

In the latest survey conducted by the Monetary Authority of Singapore, private economists forecasted economic growth for 2017 to be 2.5% this year, higher than the forecasted growth of 2.3% in March³.

The softening of the industrial property market together with an increasing supply of industrial space, however, are likely to put further pressure on overall rentals and occupancy levels⁴.

² "Singapore's GDP Grew by 2.5 Per Cent in the Second Quarter of 2017". Ministry of Trade and Industry Singapore. 14 July 2017. Web. 14 July 2017.

³ "Singapore to release advance Q2 GDP estimates on July 14". The Straits Times. 7 July 2017. Web. 7 July 2017.

⁴ "JTC Quarterly Market Report. Industrial Properties. First Quarter 2017". 1Q 2017. Web. 1Q 2017.

While the Manager expects market conditions to remain challenging, it is focusing on managing short-term volatility through marketing and leasing efforts, retaining existing tenants while improving its occupancy levels in the multi-tenanted buildings to secure long-term value for Unitholders. Ahead of their maturity, the Manager has commenced discussions with the relevant parties on the possible renewal of the five master leases expiring this year⁵, three of which are Sponsor-related properties.

After taking into account feedback from Unitholders, the Manager had also announced the termination of the three proposed acquisitions⁶ which were to be funded in part by a Rights Issue⁷ completed earlier this year.

On the utilization of the Rights Issue gross proceeds, as stated in the Offer Information Statement⁷, should any of the proposed acquisitions not be completed, the Manager may use the gross proceeds to reduce short-term borrowings. Further to the announcement on the utilization of the Rights Issue proceeds made on 6 February 2017⁸, approximately S\$13.3 million were further utilized to repay outstanding revolving credit facilities. The remaining S\$3.2 million not utilized for payments of issue-related fees and expenses were placed in new short-term bank deposits.

Update on Strategy Review

As announced previously, Sabana REIT is undertaking a strategic review of the Trust and the Strategic Review Committee ("SRC") continues to evaluate non-binding proposals from several parties. No binding agreements have been entered into at this time and the Manager will make the necessary announcements in accordance with its obligations under the listing rules as and when there are any material developments.

2Q 2017 Non-Shari'ah Compliant Income

After taking into consideration the uncollected Ta'widh and Ta'widh processing cost for the quarter, there will be no non-Shari'ah compliant income subjected to cleansing and to be donated to charitable causes for 2Q 2017.

Distributions to Unitholders

Unitholders will receive distributions for the period from 1 April 2017 to 30 June 2017 in cash on 29 August 2017. The closure of Sabana REIT's transfer books and register of Unitholders will take place at 5pm on 2 August 2017.

=== END ===

⁵ 21 Joo Koon Crescent, 6 Woodlands Loop, 33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road.

⁶ SGX announcement on the termination of the proposed acquisition of 47 Changi South, 107 Eunos Avenue 3 and 72 Eunos Avenue 7 were made on 9 May 2017, 6 July 2017 and 21 July 2017 respectively.

⁷ SGX Lodgement and Despatch of Offer Information Statement for Underwritten And Renounceable Rights Issue - Lodgement And Despatch Of Offer Information Statement, 30 December 2016.

⁸ SGX announcement on the use of proceeds from the Rights Issue was announced on 6 February 2017.

For enquiries, please contact:

Sabana Real Estate Investment Management Pte. Ltd.

Bobby Tay Chiew Sheng
Chief Strategy Officer & Head of Investor Relations
DID: +65 6580 7768
Email: bobby.tay@sabana.com.sg

Cassandra Seet
Manager, Investor Relations
DID: +65 6580 7857
Email: cassandra.seet@sabana.com.sg

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 www.sabana-reit.com.

Important Notice

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 of Sabana REIT 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.