
SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THIRD QUARTER FROM 1 JULY 2017 TO 30 SEPTEMBER 2017 AND PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017

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 property located at 218 Pandan Loop for sale consideration of S\$14.8 million on 11 August 2017, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 20 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. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
12. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
13. 3A Joo Koon Circle, Singapore 629033
14. 2 Toh Tuck Link, Singapore 596225
15. 21 Joo Koon Crescent, Singapore 629026
16. 39 Ubi Road 1, Singapore 408695
17. 6 Woodlands Loop, Singapore 738346
18. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
19. 508 Chai Chee Lane, Singapore 469032
20. 10 Changi South Street 2, Singapore 486596

On 25 January 2017, Sabana Shari'ah Compliant REIT issued 310,712,244 new units in the Trust ("**Rights units**") pursuant to the underwritten and renounceable rights issue launched on 20 December 2016 (the "**Rights Issue**") to raise gross proceeds of approximately S\$80.2 million mainly to partially finance the proposed acquisition of the properties located at 72 Eunos Avenue 7, 107 Eunos Avenue 3 and 47 Changi South Avenue 2 ("**Proposed Acquisitions**").

The Proposed Acquisitions were subsequently terminated. Consequently, the gross proceeds were utilised in accordance with the stated uses in the Offer Information Statement dated 30 December 2016 should any of the Proposed Acquisitions not complete. Please refer to Note (a) of Item 1(c) on Page 11 for further details on the utilisation of the gross proceeds from the Rights Issue.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the third quarter ended 30 September 2017 ("**3Q 2017**") and the comparative period ("**3Q 2016**") as set out in this announcement have been extracted from the interim financial information for 3Q 2017 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

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SUMMARY OF RESULTS FOR SABANA GROUP

	Group					
	Quarter		Fav / (Unfav)	YTD		Fav / (Unfav)
	3Q 2017	3Q 2016		30/09/17	30/09/16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	20,859	23,031	(9.4)	64,801	69,267	(6.4)
Net property income	13,400	13,911	(3.7)	39,668	43,048	(7.9)
Income available for distribution	8,336	8,858	(5.9)	26,222	27,691	(5.3)
Distribution per unit ("DPU") (cents) ^(a)	0.79 ^(b)	1.06 ^(c)	(25.5)	2.48 ^(b)	3.29 ^(c)	(24.6)
Annualised DPU (cents)	3.13	4.22 ^(c)	(25.8)	3.32	4.39 ^(c)	(24.4)

Notes:

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

(b) The ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the Annual General Meeting held on 28 April 2017 ("**AGM**"). Without the general mandate to issue new units, the Manager is not able to continue to receive 80.0% of its base fee in units and has to receive its fees fully in cash from 1Q 2017 onwards.

Such payment mode would reduce the income available for distribution and hence DPU. To cushion the impact on DPU, the Manager has elected to:

- (i) forgo 75.0% of its fees, equivalent to approximately S\$944,000 for 1Q 2017;
- (ii) forgo 25.0% of its fees, equivalent to approximately S\$310,000, for 2Q 2017; and
- (iii) receive 100% of its fees only from 3Q 2017 onwards.

DPU for 3Q 2017 of 0.79 cents would have instead been approximately 0.88 cents had the Manager been able to continue receiving 80.0% of its fees in units.

DPU for the 9-month period ended 30 September 2017 of 2.48 cents would have instead been approximately:

- (i) 2.64 cents had the Manager been able to continue receiving 80.0% of its fees in units; or
- (ii) 2.37 cents had the Manager not forgone any of its fees and received 100.0% of its fees in cash from 1Q 2017 onwards.

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

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1 (a)(i) Statements of Total Return and Distribution Statements (3Q 2017 vs 3Q 2016)

Statements of Total Return	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	3Q 2017	3Q 2016		3Q 2017	3Q 2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	20,859	23,031	(9.4)	20,859	23,031	(9.4)
Property expenses ^(b)	(7,459)	(9,120)	18.2	(7,459)	(9,120)	18.2
Net property income	13,400	13,911	(3.7)	13,400	13,911	(3.7)
Finance income	20	80	(75.0)	20	80	(75.0)
Finance costs	(4,086)	(5,375)	24.0	(4,007)	(5,295)	24.3
Net finance costs ^(c)	(4,066)	(5,295)	23.2	(3,987)	(5,215)	23.5
Manager's fees ^(d)	(1,238)	(1,332)	7.1	(1,238)	(1,332)	7.1
Trustee's fees	(104)	(111)	6.3	(104)	(111)	6.3
Donation of non-Shari'ah compliant income ^(e)	-	(23)	100.0	-	(23)	100.0
Other trust expenses	(630)	(225)	(180.0)	(635)	(231)	(174.9)
Net income	7,362	6,925	6.3	7,436	6,999	6.2
Net change in fair value of financial derivatives ^(f)	236	(464)	150.9	236	(464)	150.9
Gain on divestment of investment properties ^(g)	1,816	-	NM	1,816	-	NM
Total return for the period before taxation	9,414	6,461	45.7	9,488	6,535	45.2
Tax expense ^(h)	*	*	-	-	-	-
Total return for the period after taxation	9,414	6,461	45.7	9,488	6,535	45.2

Distribution Statements	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	3Q 2017	3Q 2016		3Q 2017	3Q 2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	9,414	6,461	45.7	9,488	6,535	45.2
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units ^(d)	-	1,066	(100.0)	-	1,066	(100.0)
Amortisation of transaction costs ⁽ⁱ⁾	370	845	(56.2)	294	769	(61.8)
Trustee's fees	104	111	(6.3)	104	111	(6.3)
Donation of non-Shari'ah compliant income	-	23	(100.0)	-	23	(100.0)
Net change in fair value of financial derivatives	(236)	464	(150.9)	(236)	464	(150.9)
Gain on divestment of investment properties	(1,816)	-	NM	(1,816)	-	NM
Effects of recognising rental income on a straight line basis over the lease term	(26)	(227)	88.5	(26)	(227)	88.5
Other items	526	115	357.4	528	117	351.3
Net effect of non-tax (chargeable)/ deductible items	(1,078)	2,397	(145.0)	(1,152)	2,323	(149.6)
Income available for distribution to Unitholders for the period	8,336	8,858	(5.9)	8,336	8,858	(5.9)

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) Impairment losses on trade receivables of approximately S\$109,000 (2016: S\$830,000) mainly provided for the outstanding balances of the master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop (2016: 1 Tuas Avenue 4) 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		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	3Q 2017	3Q 2016		3Q 2017	3Q 2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Profit income from fixed deposits with Islamic financial institutions	16	7	128.6	16	7	128.6
- Ta'widh (compensation on late payment of rent)	4	73	(94.5)	4	73	(94.5)
	20	80	(75.0)	20	80	(75.0)
Finance costs:						
- Commodity Murabaha Facilities	(995)	(1,642)	39.4	(995)	(1,642)	39.4
- Revolving Murabahah Facility	(100)	(101)	1.0	(100)	(101)	1.0
- Profit rate swaps	(151)	(279)	45.9	(151)	(279)	45.9
- Convertible Sukuk	(448)	(485)	7.6	-	-	-
- Trust Certificates	(1,978)	(1,979)	0.1	-	-	-
- Loans from subsidiaries	-	-	-	(2,426)	(2,464)	1.5
- Amortisation of transaction costs	(370)	(845)	56.2	(294)	(769)	61.8
- Brokerage and agent fees	(44)	(44)	-	(41)	(40)	(2.5)
	(4,086)	(5,375)	24.0	(4,007)	(5,295)	24.3
Net finance costs	(4,066)	(5,295)	23.2	(3,987)	(5,215)	23.5

(d) The ordinary resolution to authorise the Manager to issue units and make or grant convertible instruments was not passed at the AGM. As such, the Manager has to receive its fees fully in cash from 1Q 2017 onwards. In 3Q 2016, the Manager had elected to receive 80.0% of its fees in units and 20.0% in cash. Fees paid in units are non-tax deductible items and have no impact on income available for distribution.

(e) 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**").

There was no net income subjected to the cleansing process for 3Q 2017.

(f) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps based on broker quotes 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 relates to the gain on divestment of 218 Pandan Loop, after deducting the applicable agent commissions and other professional fees and expenses. This item is non-taxable and has no impact on income available for distribution.

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

(i) This represents the amortisation of upfront fees and legal fees pertaining to the Commodity Murabaha Facilities ("**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 (a)(ii) Statements of Total Return and Distribution Statements (Current Year to Date ("YTD") vs Prior YTD)

Statements of Total Return	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/09/17	30/09/16		30/09/17	30/09/16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	64,801	69,267	(6.4)	64,801	69,267	(6.4)
Property expenses ^(b)	(25,133)	(26,219)	4.1	(25,133)	(26,219)	4.1
Net property income	39,668	43,048	(7.9)	39,668	43,048	(7.9)
Finance income	302	187	61.5	302	187	61.5
Finance costs	(13,490)	(15,714)	14.2	(13,247)	(15,479)	14.4
Net finance costs ^(c)	(13,188)	(15,527)	15.1	(12,945)	(15,292)	15.3
Manager's fees ^(d)	(2,483)	(4,047)	38.6	(2,483)	(4,047)	38.6
Trustee's fees	(319)	(344)	7.3	(319)	(344)	7.3
Donation of non-Shari'ah compliant income ^(e)	(21)	(82)	74.4	(21)	(82)	74.4
Other trust expenses	(2,244)	(857)	(161.8)	(2,258)	(871)	(159.2)
Net income	21,413	22,191	(3.5)	21,642	22,412	(3.4)
Net change in fair value of financial derivatives ^(f)	(387)	(1,516)	74.5	(387)	(1,518)	74.5
Net change in fair value of investment properties ^(g)	(27,876)	(50,843)	45.2	(27,876)	(50,843)	45.2
Gain/(Loss) on divestment of investment properties ^(h)	1,816	(558)	425.4	1,816	(558)	425.4
Total return for the period before taxation	(5,034)	(30,726)	83.6	(4,805)	(30,507)	84.2
Tax expense ⁽ⁱ⁾	-	-	-	-	-	-
Total return for the period after taxation	(5,034)	(30,726)	83.6	(4,805)	(30,507)	84.2

Distribution Statements	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/09/17	30/09/16		30/09/17	30/09/16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	(5,034)	(30,726)	83.6	(4,805)	(30,507)	84.2
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units ^(d)	-	3,238	(100.0)	-	3,238	(100.0)
Amortisation of transaction costs ⁽ⁱ⁾	1,518	1,963	(22.7)	1,287	1,739	(26.0)
Break fees on termination of profit rate swaps ^(k)	656	-	NM	656	-	NM
Trustee's fees	319	344	(7.3)	319	344	(7.3)
Donation of non-Shari'ah compliant income	21	82	(74.4)	21	82	(74.4)
Net change in fair value of financial derivatives	387	1,516	(74.5)	387	1,518	(74.5)
Net change in fair value of investment properties	27,876	50,843	(45.2)	27,876	50,843	(45.2)
(Gain)/Loss on divestment of investment properties	(1,816)	558	(425.4)	(1,816)	558	(425.4)
Effects of recognising rental income on a straight line basis over the lease term	567	(508)	211.6	567	(508)	211.6
Other items	1,728	381	353.5	1,730	384	350.5
Net effect of non-tax (chargeable)/ deductible items	31,256	58,417	(46.5)	31,027	58,198	(46.7)
Income available for distribution to Unitholders for the period	26,222	27,691	(5.3)	26,222	27,691	(5.3)

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\$2,756,000 (2016: S\$1,454,000) mainly provided for the outstanding balances of the respective master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop (2016: 1 Tuas Avenue 4) 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)
	30/09/17	30/09/16		30/09/17	30/09/16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Profit income from fixed deposits with Islamic financial institutions	42	25	68.0	42	25	68.0
- Ta'widh (compensation on late payment of rent)	260	162	60.5	260	162	60.5
	302	187	61.5	302	187	61.5
Finance costs:						
- Commodity Murabaha Facilities	(3,288)	(5,551)	40.8	(3,288)	(5,551)	40.8
- Revolving Murabahah Facility	(248)	(495)	49.9	(248)	(495)	49.9
- Profit rate swaps	(378)	(234)	(61.5)	(378)	(234)	(61.5)
- Convertible Sukuk	(1,401)	(1,444)	3.0	-	-	-
- Trust Certificates	(5,871)	(5,893)	0.4	-	-	-
- Loans from subsidiaries	-	-	-	(7,272)	(7,337)	0.9
- Amortisation of transaction costs	(1,518)	(1,963)	22.7	(1,287)	(1,739)	26.0
- Break fees on termination of profit rate swaps	(656)	-	NM	(656)	-	NM
- Brokerage and agent fees	(130)	(134)	3.0	(118)	(123)	4.1
	(13,490)	(15,714)	14.2	(13,247)	(15,479)	14.4
Net finance costs	(13,188)	(15,527)	15.1	(12,945)	(15,292)	15.3

NM denotes "not meaningful"

(d) The ordinary resolution to authorise the Manager to issue units and make or grant convertible instruments was not passed at the AGM. As such, the Manager has to receive its fees fully in cash for Current YTD. In Prior YTD, the Manager had elected to receive 80.0% of its fees in units and 20.0% in cash. Fees paid in units are non-tax deductible items and have no impact on income available for distribution.

For 1Q 2017 and 2Q 2017, the Manager had elected to forgo 75.0% and 25.0% of its fees respectively.

(e) 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:

Current YTD

- The Smile Mission Ltd (1Q 2017).

Prior 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).

(f) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate based on broker quotes respectively recognized YTD. These items are non-tax deductible and have no impact on income available for distribution.

(g) The net change in fair value of investment properties in Current YTD relates to the revaluation loss based on the independent valuations of the properties undertaken by the independent valuers Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd and Suntec Real Estate Consultants Pte Ltd ("**1H 2017 Valuers**") as at 30 June 2017.

The net change in fair value of investment properties in Prior YTD relates to the revaluation loss based on the independent valuations of the properties undertaken by the independent valuers Knight Frank Pte Ltd and Debenham Tie Leung (SEA) Pte Ltd ("**1H 2016 Valuers**") as at 30 June 2016.

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

(h) The Current YTD gain on divestment relates to the gain on divestment of 218 Pandan Loop in 3Q 2017, after deducting the applicable agent commissions and other professional fees and expenses.

The Prior YTD loss on divestment 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 200 Pandan Loop and 3 Kallang Way 2A ("**2016 Divested Properties**") in 1Q 2016. These items are neither non-taxable or deductible and have no impact on income available for distribution.

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- (i) This pertains to the tax expense of subsidiaries of the Trust.
- (j) This represents the amortisation of upfront fees and legal fees pertaining to the Commodity Murabaha Facilities ("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.
- (k) This relates to the break fees on termination of the profit rate swap that was used to hedge Term CMF F ("PRS F") in 1Q 2017 as the proceeds from the Rights Issue were used to partially prepay S\$60.0 million of the Term CMF F, ahead of its maturity in August 2017. This item is non-tax deductible and has no impact on income available for distribution.

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

Statements of Financial Position	Group			Trust		
	30/09/17	31/12/16	Change	30/09/17	31/12/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets						
Investment properties ^(a)	955,451	990,600	(3.5)	955,451	990,600	(3.5)
Subsidiaries ^(b)	-	-	-	*	*	-
Derivative assets ^(c)	-	522	(100.0)	-	522	(100.0)
Total non-current assets	955,451	991,122	(3.6)	955,451	991,122	(3.6)
Current assets						
Investment properties held for divestment ^(d)	12,250	13,000	(5.8)	12,250	13,000	(5.8)
Trade and other receivables ^(e)	6,153	9,561	(35.6)	6,145	9,553	(35.7)
Cash and cash equivalents ^(f)	8,519	9,206	(7.5)	8,514	9,201	(7.5)
Total current assets	26,922	31,767	(15.3)	26,909	31,754	(15.3)
Total assets	982,373	1,022,889	(4.0)	982,360	1,022,876	(4.0)
Current liabilities						
Trade and other payables ^(g)	17,871	14,097	26.8	17,871	14,095	26.8
Borrowings ^(h)	132,904	130,209	2.1	132,904	130,440	1.9
Derivative liabilities ⁽ⁱ⁾	-	562	(100.0)	-	562	(100.0)
Total current liabilities	150,775	144,868	4.1	150,775	145,097	3.9
Non-current liabilities						
Trade and other payables ^(g)	11,042	13,511	(18.3)	11,042	13,511	(18.3)
Borrowings ^(h)	218,488	307,715	(29.0)	218,488	307,715	(29.0)
Derivative liabilities ⁽ⁱ⁾	427	-	NM	427	-	NM
Total non-current liabilities	229,957	321,226	(28.4)	229,957	321,226	(28.4)
Total liabilities	380,732	466,094	(18.3)	380,732	466,323	(18.4)
Net assets	601,641	556,795	8.1	601,628	556,553	8.1
Represented by:						
Unitholders' funds ^(j)	601,641	556,795	8.1	601,628	556,553	8.1

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 by the 1H 2017 Valuers as at 30 June 2017 and the reclassification of 6 Woodlands Loop to investment properties held for divestment as divestment 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.
- (c) Non-current derivative assets as at 31 December 2016 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 ("PRS B").

The movement in non-current derivative assets is mainly due to the Current YTD change in the fair value of the PRS B, classified under non-current derivative liability as at the reporting date.

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- (d) The movement in investment properties held for divestment is due to the legal completion of the divestment of 218 Pandan Loop on 11 August 2017 which was held for divestment as at 31 December 2016 and the reclassification of 6 Woodlands Loop to investment properties held for divestment.
- (e) This relates to trade receivables, prepayments, deposits, and other receivables. The lower trade and other receivables from 31 December 2016 is mainly due to:
- (i) Non-impaired outstanding arrears of the master tenant at 1 Tuas Avenue 4 in rental default repaid using the entire security deposit withheld;
 - (ii) Lower outstanding trade receivables from the other tenants; and
 - (iii) Refund of the option fees paid in respect of the Proposed Acquisitions whose put and call option agreements were either terminated or had ceased and determined.
- (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.

The higher current trade and other payables is mainly due to higher accrued Manager's fees payable in cash and higher accrued operating expenses as at the reporting date.

The lower non-current trade and other payables is mainly due to the utilisation of the security deposit of the master tenant at 1 Tuas Avenue 4 to repay its outstanding arrears.

- (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\$90.0 million Trust Certificates due 2018 ("**Trust Certificates Series I**") issued by SSPL;
 - (ii) Amortised cost of the principal amount of S\$90.0 million SSPL's profit bearing loans to the Trust, which was raised from the issuance of the Trust Certificates Series I by SSPL; and
 - (iii) Amortised cost of the principal amount of S\$43.0 million of Revolving Murabahah Facility.

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;
- (ii) Amortised cost of the principal amount of S\$100.0 million Trust Certificates due 2019 ("**Trust Certificates Series II**") issued by SSPL; and
- (iii) Amortised cost of the principal amount of S\$100.0 million SSPL's profit bearing loan to the Trust, which was raised from the issuance of the Trust Certificates Series II by SSPL.

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

- (i) Reclassification of Trust Certificates Series I from non-current to current as they are maturing within 12 months from the reporting date;
- (ii) Repayment of S\$13.3 million Revolving CMF D in Current YTD;
- (iii) Partial repayment of S\$60.0 million of Term CMF in 1Q 2017 and final repayment of the remaining S\$15.0 million of Term CMF F in 3Q 2017;
- (iv) Full redemption of S\$42.8 million Convertible Sukuk using S\$43.0 million Revolving Murabahah Facility drawn down in Current YTD.

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

- (i) Current derivative liabilities as at 31 December 2016 relate to the fair value of PRS F.

The lower current derivative liabilities over 31 December 2016 is mainly due to the termination of PRS F in Current YTD.

Non-current derivative liabilities as at the reporting date relate to the fair value of PRS B.

- (j) Please refer to the Statements of Movements in Unitholders' Funds under Item (1)(d)(ii) on Page 12 for details.

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

	Group		Trust	
	30/09/17	31/12/16	30/09/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable within one year:				
Revolving CMF ^(a)	-	13,300	-	13,300
Revolving Murabahah Facility ^(b)	43,000	-	43,000	-
Term CMF ^(a)	-	75,000	-	75,000
Less: Unamortised capitalised transaction costs	-	(486)	-	(486)
	43,000	87,814	43,000	87,814
Amount repayable after one year:				
Term CMF ^(a)	120,000	120,000	120,000	120,000
Less: Unamortised capitalised transaction costs	(1,130)	(1,476)	(1,130)	(1,476)
	118,870	118,524	118,870	118,524
Total secured borrowings	161,870	206,338	161,870	206,338
Unsecured borrowings				
Amount repayable within one year:				
Convertible Sukuk - debt component ^(c)	-	42,395	-	-
Trust Certificates ^(d)	90,000	-	-	-
Loans from subsidiaries ^(e)	-	-	90,000	42,750
Less: Unamortised capitalised transaction costs	(96)	-	(96)	(124)
	89,904	42,395	89,904	42,626
Amount repayable after one year:				
Trust Certificates ^(d)	100,000	190,000	-	-
Loans from subsidiaries ^(e)	-	-	100,000	190,000
Less: Unamortised capitalised transaction costs	(382)	(809)	(382)	(809)
	99,618	189,191	99,618	189,191
Total unsecured borrowings	189,522	231,586	189,522	231,817
Total borrowings	351,392	437,924	351,392	438,155

Details of borrowings, debt securities and collaterals

Secured borrowings

(a) Commodity Murabaha Facilities

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

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

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

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2016: 8) 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 of S\$48.9 million maturing in September 2018 has an outstanding amount of S\$43.0 million and an undrawn amount of S\$5.9 million.

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

- (1) A first ranking legal mortgage over 2 (2016: 2) investment properties ("**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

	Group	
	30/09/17	31/12/16
	S\$'000	S\$'000
Convertible Sukuk - debt component		
Carrying amount of debt component at beginning of the period/year	42,395	41,933
Profit accretion, including amortisation of transaction costs	355	462
Redemption of Convertible Sukuk on scheduled dissolution date	(42,750)	
Carrying amount of debt component at end of the period/year	-	42,395

As at the reporting date, there is no outstanding Convertible Sukuk as they have been fully redeemed on the scheduled dissolution date of 25 September 2017.

(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.

(Collectively, the "**Trust Certificates Series**")

(e) Loans from subsidiaries

As at the reporting date, 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

Statement of Cash Flows	Group			
	Quarter		YTD	
	3Q 2017	3Q 2016	30/09/17	30/09/16
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period after taxation and before distribution	9,414	6,461	(5,034)	(30,726)
Adjustments for:				
Manager's fees paid/payable in units	-	1,066	-	3,238
Net change in fair value of financial derivatives	(236)	464	387	1,516
Net change in fair value of fair value of investment properties	-	-	27,876	50,843
(Gain)/Loss on divestment of investment properties	(1,816)	-	(1,816)	558
Net finance costs	4,066	5,295	13,188	15,527
	11,428	13,286	34,601	40,956
Change in trade and other receivables	2,271	229	3,408	(824)
Change in trade and other payables	1,463	468	1,853	(1,698)
Cash generated from operating activities	15,162	13,983	39,862	38,434
Ta'widh (compensation on late payment of rent) received	4	73	260	162
Net cash from operating activities	15,166	14,056	40,122	38,596
Cash flows from investing activities				
Capital expenditure on investment properties	(3,701)	(400)	(4,777)	(1,543)
Proceeds from divestment of investment properties	14,800	-	14,800	54,600
Profit income received from Islamic financial institutions	16	7	42	25
Net cash from/(used in) investing activities	11,115	(393)	10,065	53,082
Cash flows from financing activities				
Proceeds from Rights Issue ^(a)	-	-	80,164	-
Issue costs paid in relation to Rights Issue ^(a)	-	-	(3,221)	-
Break fees on termination of profit rate swaps	-	-	(656)	-
Proceeds from borrowings	43,000	93,900	43,000	101,900
Repayment of borrowings	(57,750)	(90,000)	(131,050)	(148,000)
Transaction costs paid	-	(1,244)	-	(1,244)
Finance costs paid	(4,070)	(6,862)	(12,048)	(16,084)
Distributions paid	(8,529)	(9,074)	(27,063)	(29,871)
Net cash used in financing activities	(27,349)	(13,280)	(50,874)	(93,299)
Net (decrease)/increase in cash and cash equivalents	(1,068)	383	(687)	(1,621)
Cash and cash equivalents at beginning of the period	9,587	8,434	9,206	10,438
Cash and cash equivalents at end of the period	8,519	8,817	8,519	8,817

Note:

- (a) Following the announcement on 6 February 2017, the subsequent termination of the Proposed Acquisitions and cost finalisation of the Rights Issue, the gross proceeds from the Rights Issue of S\$80.2 million have been effectively utilised by the Trust as follows:

- (i) S\$60.0 million to repay term CMF F due in August 2017 in 1Q 2017;
- (ii) S\$13.3 million to repay revolving credit facilities in 2Q 2017;
- (iii) Approximately S\$3.5 million to pay the underwriting commission, professional fees and charges, including the applicable GST thereon, relating to the Rights Issue in 1Q 2017; and
- (iv) Approximately S\$3.4 million which were placed in short-term bank fixed deposits since 1Q 2017, to partially repay the remaining CMF F upon its maturity in 3Q 2017.

The above uses of the proceeds are in accordance with the stated uses in the Offer Information Statement dated 30 December 2016.

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1 (d)(i) Statements of Movements in Unitholders' Funds (3Q 2017 vs 3Q 2016)

<u>Statements of Movements in Unitholders' Funds</u>	Group		Trust	
	Quarter		Quarter	
	3Q 2017	3Q 2016	3Q 2017	3Q 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	600,756	597,929	600,669	597,536
Operations				
Total return for the period after taxation	9,414	6,461	9,488	6,535
	610,170	604,390	610,157	604,071
Unitholders' transactions				
Issue of new units:				
- Manager's fees payable in units ^(a)	-	1,066	-	1,066
Distributions to Unitholders	(8,529)	(9,074)	(8,529)	(9,074)
Net decrease in net assets resulting from Unitholders' transactions	(8,529)	(8,008)	(8,529)	(8,008)
Unitholders' funds at end of the period	601,641	596,382	601,628	596,063

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 ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the AGM. As such, the Manager has to receive its fees fully in cash for 3Q 2017. In 3Q 2016, the Manager had elected to receive 80.0% of its fee in units and 20.0% in cash.

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

<u>Statements of Movements in Unitholders' Funds</u>	Group		Trust	
	YTD		YTD	
	30/09/17	30/09/16	30/09/17	30/09/16
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	556,795	653,741	556,553	653,203
Operations				
Total return for the period after taxation	(5,034)	(30,726)	(4,805)	(30,507)
	551,761	623,015	551,748	622,696
Unitholders' transactions				
Issue of new units:				
- Manager's fees payable in units ^(a)	-	3,238	-	3,238
- Proceeds from Rights Issue ^(b)	80,164	-	80,164	-
Issue costs paid in relation to the Rights Issue	(3,221)	-	(3,221)	-
Distributions to Unitholders	(27,063)	(29,871)	(27,063)	(29,871)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	49,880	(26,633)	49,880	(26,633)
Unitholders' funds at end of the period	601,641	596,382	601,628	596,063

Notes:

- (a) This represents the value of new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period.

The ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the AGM. As such, the Manager has to receive its fees fully in cash for Current YTD. In Prior YTD, the Manager had elected to receive 80.0% of its fee in units and 20.0% in cash.

- (b) On 25 January 2017, the Trust issued 310,712,244 new units pursuant to the Rights Issue at an issue price of S\$0.258 to raise gross proceeds of approximately S\$80.2 million.

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

	Group and Trust			
	Quarter		YTD	
	3Q 2017	3Q 2016	30/09/17	30/09/16
Units in issue:				
Units in issue at beginning of the period	1,053,083,530	735,794,129	739,791,059	732,381,036
Manager's fees paid in units ^(a)	-	1,946,359	2,580,227	5,359,452
Rights Issue ^(b)	-	-	310,712,244	-
Issued units at the end of the period	1,053,083,530	737,740,488	1,053,083,530	737,740,488
Units to be issued:				
Manager's fees payable in units ^(a)	-	2,050,571	-	2,050,571
Total issued and to be issued units	1,053,083,530	739,791,059	1,053,083,530	739,791,059

Notes:

- (a) These are new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period.

The ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the AGM. As such, the Manager has to receive its fees fully in cash for 3Q 2017 and Current YTD. In 3Q 2016 and Prior YTD, the Manager had elected to receive 80.0% of its fees in units and 20.0% in cash.

- (b) On 25 January 2017, the Trust issued new 310,712,244 units pursuant to the Rights Issue at an issue price of S\$0.258 to raise gross proceeds of approximately S\$80.2 million.

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 2016.

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

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Earnings per unit (3Q 2017 vs 3Q 2016)

	Group			Trust		
	Quarter			Quarter		
	3Q 2017	3Q 2016 As restated ^(d)	3Q 2016 As previously reported	3Q 2017	3Q 2016 As restated ^(d)	3Q 2016 As previously reported
<u>Basic and diluted EPU</u>						
Weighted average number of units in issue	1,053,083,530	843,634,733	737,170,407	1,053,083,530	843,634,733	737,170,407
Basic and diluted EPU for the period based on the weighted average number of units in issue (cents) ^{(a)(b)}	0.89 ^(c)	0.77 ^(c)	0.88 ^(c)	0.90 ^(c)	0.77 ^(c)	0.88 ^(c)

Notes:

- (a) The EPU calculation uses the total return for the period after taxation and before distribution, and the weighted average number of units outstanding during the period.
- (b) The diluted EPU calculation uses the total return for the period after taxation and before distribution and the weighted average number of units outstanding during the period, adjusted for the effects of all dilutive potential units arising from the assumed conversion of the Convertible Sukuk to units.
- (c) The diluted EPU were the same as the basic EPU for the Group and Trust as the Convertible Sukuk was anti-dilutive at the Group and the Trust level.
- (d) The weighted average number of units in issue and EPU have been restated to reflect the effect of bonus element pursuant to the Rights Issue.

Earnings per unit (Current YTD vs Prior YTD)

	Group			Trust		
	YTD			YTD		
	30/09/17	30/09/16 As restated ^(d)	30/09/16 As previously reported	30/09/17	30/09/16 As restated ^(d)	30/09/16 As previously reported
<u>Basic and diluted EPU</u>						
Weighted average number of units in issue	1,025,522,432	841,539,745	735,339,800	1,025,522,432	841,539,745	735,339,800
Basic and diluted EPU for the period based on the weighted average number of units in issue (cents) ^{(a)(b)}	(0.49) ^(c)	(3.65) ^(c)	(4.18) ^(c)	(0.47) ^(c)	(3.63) ^(c)	(4.15) ^(c)

Notes:

- (a) The EPU calculation uses the total return for the period after taxation and before distribution, and the weighted average number of units outstanding during the period.
- (b) The diluted EPU calculation uses the total return for the period after taxation and before distribution and the weighted average number of units outstanding during the period, adjusted for the effects of all dilutive potential units arising from the assumed conversion of the Convertible Sukuk to units.
- (c) The diluted EPU were the same as the basic EPU for the Group and Trust as the Convertible Sukuk was anti-dilutive at the Group and the Trust level.
- (d) The weighted average number of units in issue and EPU have been restated to reflect the effect of bonus element pursuant to the Rights Issue.

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Distribution per unit (3Q 2017 vs 3Q 2016)

	Group and Trust		
	3Q 2017	3Q 2016 As restated ^(b)	3Q 2016 As previously reported
Number of units issued and to be issued at end of period entitled to distribution	1,053,083,530 ^(a)	844,633,868	739,791,059 ^(a)
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	0.79	1.06	1.20

Notes:

- (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 2017 of 1,053,083,530 (30 September 2016: 737,740,488); and
 - (ii) No new units (30 September 2016: 2,050,571 units) to be issued to the Manager as consideration of Manager's fees incurred for 3Q 2017 (30 September 2016: by 31 October 2016 as partial consideration of Manager's fees incurred for 3Q 2016) as the resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the AGM.
- (b) The number of units issued and to be issued at end of the period entitled to distribution and DPU have been restated to reflect the effect of bonus element in the Rights Issue.

Distribution per unit (Current YTD vs Prior YTD)

	Group and Trust		
	30/09/17	30/09/16 As restated ^(b)	30/09/16 As previously reported
Number of units issued and to be issued at end of period entitled to distribution	1,053,083,530 ^(a)	844,633,868	739,791,059 ^(a)
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	2.48	3.29	3.76

Notes:

- (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 2017 of 1,053,083,530 (30 September 2016: 737,740,488); and
 - (ii) No new units (30 September 2016: 2,050,571 units) to be issued to the Manager as consideration of Manager's fees incurred for 3Q 2017 (30 September 2016: by 31 October 2016 as partial consideration of Manager's fees incurred for 3Q 2016) as the resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the AGM.
- (b) The number of units issued and to be issued at end of the period entitled to distribution and DPU have been restated to reflect the effect of bonus element in the Rights Issue.

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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 30/09/17	As at 31/12/16	As at 30/09/17	As at 31/12/16
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$) ^(a)	0.57	0.75	0.57	0.75

Note:

- (a) The number of units used to compute NAV and NTA per unit is 1,053,083,530 (31 December 2016: 742,371,286), comprising:
- (i) The number of units in issue as at 30 September 2017 of 1,053,083,530 (31 December 2016: 739,791,059); and
 - (ii) No new units (31 December 2016: 2,580,227 units) to be issued to the Manager as consideration of Manager's fees incurred for 3Q 2017 (31 December 2016: by 31 January 2017 as partial consideration of Manager's fees incurred for 4Q 2016) as the resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the AGM.

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

3Q 2017 vs 3Q 2016

Statement of Total Return	Group		
	Quarter		Fav / (Unfav)
	3Q 2017	3Q 2016	
	S\$'000	S\$'000	%
Gross revenue ^(a)	20,859	23,031	(9.4)
Property expenses ^(a)	(7,459)	(9,120)	18.2
Net property income ^(a)	13,400	13,911	(3.7)
Finance income	20	80	(75.0)
Finance costs	(4,086)	(5,375)	24.0
Net finance costs ^(b)	(4,066)	(5,295)	23.2
Manager's fees ^(c)	(1,238)	(1,332)	7.1
Trustee's fees ^(d)	(104)	(111)	6.3
Donation of non-Shari'ah compliant income ^(e)	-	(23)	100.0
Other trust expenses ^(f)	(630)	(225)	(180.0)
Net income	7,362	6,925	6.3
Net change in fair value of financial derivatives ^(g)	236	(464)	150.9
Gain on divestment of investment properties ^(h)	1,816	-	NM
Total return for the period before taxation and distribution	9,414	6,461	45.7
Tax expense	*	*	-
Total return for the period before distribution	9,414	6,461	45.7
Distribution adjustments ⁽ⁱ⁾	(1,078)	2,397	(145.0)
Income available for distribution ⁽ⁱ⁾	8,336	8,858	(5.9)

NM denotes "not meaningful"

*Less than S\$1,000

Notes:

- (a) Net property income decreased by 3.7% mainly due to:

Lower gross revenue by 9.4% largely arising from:

- (i) Non-recognition of revenue from the properties located at 1 Tuas Avenue 4 and 6 Woodlands Loop in 3Q 2017 as collections from the master tenants are no longer probable;
- (ii) Lower contribution from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016;
- (iii) Lower contribution from 151 Lorong Chuan, 8 Commonwealth Lane, 508 Chai Chee Lane and 2 Toh Tuck Link in 3Q 2017 over 3Q 2016; and partially offset by
- (iv) Higher contribution from 9 Tai Seng Drive and 15 Jalan Kilang Barat in 3Q 2017 over 3Q 2016.

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positively offset by lower property expenses of 18.2% largely arising from:

- (i) Lower property tax, land rent, utilities and marketing expenses from certain multi-tenanted and non-triple-net master tenanted properties in 3Q 2017 over 3Q 2016;
 - (ii) Lower impairment losses on trade receivables in 3Q 2017 over 3Q 2016, largely arising from the effects of non-recognition of revenue from the master tenant of 1 Tuas Avenue 4; and partially offset by
 - (iii) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016.
- (b) Net finance costs decreased by 23.2% mainly due to lower profit expense arising from lower outstanding borrowings in 3Q 2017 over 3Q 2016 due to the repayment of the then outstanding borrowings using the net proceeds from the Rights Issue and the net divestment proceeds from 218 Pandan Loop.
- (c) Manager's fees decreased by 7.1% mainly due to lower total assets in 3Q 2017 over 3Q 2016, arising from the lower valuation of the properties as at 30 June 2017 and the divestment of 218 Pandan Loop, upon which these fees are based on.
- (d) Trustee fees decreased by 6.3% mainly due to lower total assets in 3Q 2017 over 3Q 2016, arising from the lower valuation of the properties as at 30 June 2017 and the divestment of 218 Pandan Loop, upon which these fees are based on.
- (e) Donation of non-Shari'ah compliant income decreased by 100.0% mainly due to nil income generated from non-core activities subjected to cleansing in 3Q 2017 over 3Q 2016.
- (f) Other trust expenses increased by 180.0% mainly due to the higher non-tax deductible legal, professional and advisory fees relating to the on-going strategic review in 3Q 2017 over 3Q 2016.
- (g) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps between the last quarter and the reporting date.
- (h) This relates to the gain on divestment of 218 Pandan Loop in 3Q 2017, after deducting the applicable agent commissions and other professional fees and expenses. There was no divestment of properties in 3Q 2016.
- (i) Distribution adjustments decreased by 145.0% mainly due to:
- (i) No non-tax deductible Manager's fees payable in units in 3Q 2017;
 - (ii) Higher non-taxable effects on the items stated in (g) and (h);
 - (iii) Lower non-tax deductible amortization of transaction costs of borrowings in 3Q 2017 over 3Q 2016, in line with the lower outstanding borrowings in 3Q 2017; partially offset by
 - (iv) Higher non-tax deductible legal, professional and advisory fees incurred in 3Q 2017 over 3Q 2016; and
 - (v) Lower non-taxable straight-lining adjustments on rental income in 3Q 2017 over 3Q 2016.
- (j) Income available for distribution decreased by 5.9% mainly due to:
- (i) Lower net property income as set out in (a) above
 - (ii) Higher Manager's fees payable in cash in 3Q 2017 over 3Q 2016; partially offset by
 - (iii) Lower profit expense arising from lower outstanding borrowings in 3Q 2017 over 3Q 2016; and
 - (iv) Lower non-taxable straight-lining adjustments on rental income in 3Q 2017 over 3Q 2016.

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Current YTD vs Prior YTD

<u>Statement of Total Return</u>	Group		
	YTD		Fav / (Unfav)
	30/09/17	30/09/16	
	S\$'000	S\$'000	%
Gross revenue ^(a)	64,801	69,267	(6.4)
Property expenses ^(a)	(25,133)	(26,219)	4.1
Net property income ^(a)	39,668	43,048	(7.9)
Finance income	302	187	61.5
Finance costs	(13,490)	(15,714)	14.2
Net finance costs ^(b)	(13,188)	(15,527)	15.1
Manager's fees ^(c)	(2,483)	(4,047)	38.6
Trustee's fees ^(d)	(319)	(344)	7.3
Donation of non-Shari'ah compliant income ^(e)	(21)	(82)	74.4
Other trust expenses ^(f)	(2,244)	(857)	(161.8)
Net income	21,413	22,191	(3.5)
Net change in fair value of financial derivatives ^(g)	(387)	(1,516)	74.5
Net change in fair value of investment properties ^(h)	(27,876)	(50,843)	45.2
Gain/(Loss) of divestment on investment properties ⁽ⁱ⁾	1,816	(558)	425.4
Total return for the period before taxation and distribution	(5,034)	(30,726)	83.6
Tax expense	*	*	-
Total return for the period before distribution	(5,034)	(30,726)	83.6
Distribution adjustments ^(j)	31,256	58,417	(46.5)
Income available for distribution ^(k)	26,222	27,691	(5.3)

*Less than S\$1,000

Notes:

(a) Net property income decreased by 7.9% mainly due to:

Lower gross revenue by 6.4% largely arising from:

- (i) Lower contribution from 2016 Divested Properties which were divested in 1Q 2016;
- (ii) Non-recognition of revenue from the properties located at 1 Tuas Avenue 4 and 6 Woodlands Loop from 3Q 2017 onwards as collections of income from these master tenants are no longer probable;
- (iii) Lower contribution from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016;
- (iv) Lower contribution from 151 Lorong Chuan, 508 Chai Chee Lane, 8 Commonwealth Lane, 23 Serangoon North Avenue 5, 2 Toh Tuck Link, 34 Penjuru Lane and 123 Genting Lane, in Current YTD over Prior YTD; and partially offset by
- (v) Higher contribution from 9 Tai Seng Drive and 15 Jalan Kilang Barat in Current YTD over Prior YTD.

positively offset by lower property expenses of 4.1% largely arising from:

- (i) Lower property tax, land rent, utilities and marketing expenses from certain multi-tenanted and non-triple-net master tenanted properties in Current YTD over Prior YTD;
- (ii) Lower property expenses from the 2016 Divested Properties which were divested in 1Q 2016; and partially offset by
- (iii) Higher net impairment losses on trade receivables in Current YTD over Prior YTD largely arising from the master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop whose arrears were in excess of the security deposits held.

(b) Net finance costs decreased by 15.1% mainly due to:

- (i) Lower profit expense arising from lower outstanding borrowings in Current YTD over Prior YTD due to the repayment of the then outstanding borrowings using the net sale proceeds from the 2016 Divested Properties and 218 Pandan Loop, and the net proceeds from the Rights Issue; and partially offset by
- (ii) The one-time break fees on the termination of PRS F, which are non-tax deductible and have no impact on income available for distribution.

(c) Manager's fees decreased by 38.6% mainly due to:

- (i) The Manager forgoing 75.0% of its fees for 1Q 2017 and 25.0% of its fees for 2Q 2017; and
- (ii) Lower total assets in Current YTD over Prior YTD, arising from the lower valuation of the properties as at 31 December 2016 and 30 June 2017 and the divestment of the 2016 Divested Properties in 1Q 2016 and 218 Pandan Loop in 3Q 2017, upon which these fees are based on.

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- (d) Trustee fees decreased by 7.3% mainly due to lower total assets in Current YTD over Prior YTD, arising from the lower valuation of the properties as at 31 December 2016 and 30 June 2017 and the divestment of the 2016 Divested Properties in 1Q 2016 and 218 Pandan Loop in 3Q 2017, upon which these fees are based on.
- (e) Donation of non-Shari'ah compliant income decreased by 74.4% mainly due to less income generated from non-core activities subjected to cleansing in Current YTD over Prior YTD.
- (f) Other trust expenses increased by 161.8% mainly due to the non-tax deductible legal, professional and advisory fees relating to the one-time Extraordinary General Meeting held on 28 April 2017 and the on-going strategic review, as well as higher unitholder reporting expenses incurred in Current YTD over Prior YTD.
- (g) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during the Current YTD and Prior YTD.
- (h) The net change in fair value of investment properties in Current YTD and Prior YTD relates to the revaluation loss of the Properties undertaken by the independent 1H 2017 Valuers and 1H 2016 Valuers as at 30 June 2017 and 30 June 2016 respectively.
- (i) The Current YTD gain on divestment on investment properties relates to the gain on divestment of 218 Pandan Loop in 3Q 2017, after deducting the applicable agent commissions and other professional fees and expenses.

The Prior YTD loss on divestment on investment properties 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 2016 Divested Properties in 1Q 2016.

- (j) Distribution adjustments decreased by 46.5% mainly due to:
 - (i) No non-tax deductible Manager's fees payable in units in Current YTD;
 - (ii) Lower non-tax deductible effects on the items stated in (g) and (h) in Current YTD over Prior YTD;
 - (iii) Higher taxable effects on the item stated in (i) in Current YTD over Prior YTD;
 - (iv) Lower non-tax deductible amortization of transaction costs of borrowings in Current YTD, in line with the lower outstanding borrowings in Prior YTD; partially offset by
 - (v) One-time non-tax deductible break fees on termination of PRS F in Current YTD;
 - (vi) Higher non-tax deductible legal, professional and advisory fees incurred in Current YTD over Prior YTD; and
 - (vii) Higher non-tax deductible straight-lining adjustments on rental income in Current YTD over Prior YTD.
- (k) Income available for distribution decreased by 5.3% mainly due to:
 - (i) Lower net property income as set out in (a) above;
 - (ii) Higher Manager's fees payable in cash in Current YTD over Prior YTD; partially offset by
 - (iii) Lower profit expense arising from lower outstanding borrowings in Current YTD over Prior YTD; and
 - (iv) Higher non-tax deductible straight-lining adjustments on rental income in Current YTD over Prior YTD.

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 25 July 2017, while the Manager expects market conditions to remain challenging, the Manager remains focus 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.

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

Based on advance estimates, Singapore's GDP grew by 4.6% on a year-on-year basis in the third quarter of 2017, higher than the 2.9% growth in the second quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 6.3%, improving from the 2.4% growth in the previous quarter¹. GDP forecast consensus among private economists remained at 2.5% for 2017².

The 2Q 2017 industrial property market report by JTC estimated that about 2.5 million square metres of industrial space will come on-stream in the second half of 2017 and 2018. This additional supply of industrial space will likely exert further downward pressures on prices and rental³.

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The Manager continues to be proactive in rebalancing and strengthening its portfolio, despite the challenging overall market. Improving the Trust's portfolio occupancy and retaining existing tenants remains a top priority for the Manager and it will continue to proactively manage its lease expiry profile through aggressive marketing and leasing efforts.

The Manager is currently in discussions on the possible renewal/extension of the four⁴ master leases expiring this year, three of which are Sponsor-related properties. 6 Woodlands Loop is being considered for divestment.

For the S\$90.0 million Islamic Trust Certificates Series I due March 2018, the Manager has commenced discussions with the lenders to explore different refinancing options and targets to complete the refinancing ahead of its maturity date.

Update on Strategic Review

As announced previously on 7 August 2017, the Manager is still in discussions with ESR Funds Management (S) Limited to explore options in connection with the strategic review. At this point, Sabana REIT has not entered into any definitive legally binding agreement. Accordingly, there can be no assurance that any transaction or agreements will eventually materialize pursuant to these discussions. The Manager will make the necessary announcements in accordance with its obligations under the listing rules as and when there are any material developments arising out of the strategic review exercise.

Sources:

- (1) "Singapore's GDP Grew by 4.6 Per Cent in the Third Quarter of 2017". Ministry of Trade and Industry. 13 October 2017. Web. 13 October 2017.
- (2) "Economic Policy Group Survey of Professional Forecasters". Monetary Authority of Singapore. September 2017. Web. September 2017.
- (3) "JTC Quarterly Market Report. Industrial Properties. Second Quarter 2017". 2Q2017. Web. 2Q2017.
- (4) 21 Joon Koon Crescent, 33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road.

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 2017

Distribution Type: Taxable income distribution – 0.79 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 2016

Distribution Type: Taxable income distribution – 1.20 cents per unit

Par value of units: Not meaningful

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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: 28 November 2017

(d) Books Closure Date: 31 October 2017

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 misleading, 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**

Yong Kok Hoon
Director

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

23 October 2017

**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

23 October 2017

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 2017. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 30 September 2017;
- Portfolio statement of the Group as at 30 September 2017;
- Statements of total return of the Group and the Trust for the quarter and the nine-month period ended 30 September 2017;
- Distribution statements of the Group and the Trust for the quarter and the nine-month period ended 30 September 2017;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter and the nine-month period ended 30 September 2017;
- Statement of cash flows of the Group for the nine-month period ended 30 September 2017; 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's 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 LP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore