



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)

UPDATE ON STRATEGIC REVIEW

The Board of Directors of Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**", and the manager of Sabana REIT, the "**Manager**")) wishes to inform Unitholders that the Strategic Review Committee (the "**SRC**"), via its financial advisor Morgan Stanley Asia (Singapore) Pte. ("**Morgan Stanley**"), had reached out to a broad range of potential counterparties comprising both domestic and international entities, including REITs, developers, private equity funds, asset managers, and others, with the primary objective to solicit offers which would maximize value for unitholders of Sabana REIT. In order to maximise competition and to preserve strategic flexibility in choosing potential offers, proposals were sought for any transaction involving the assets and/or the units of Sabana REIT and/or shares of the Manager.

The Manager further refers to its announcement dated 7 August 2017 where the Manager had in response to a news article informed that it was in discussions with ESR Funds Management (S) Limited (formerly known as Cambridge Industrial Trust Management Limited) (in its capacity as manager of ESR-REIT (formerly known as Cambridge Industrial Trust) (the "**ESR-REIT Manager**")) to explore options in connection with the Manager's strategic review.

The Manager wishes to update that discussions between the Manager and the ESR-REIT Manager have ceased. However, the Manager remains open to considering proposals from prospective strategic partners which will further strengthen Sabana REIT.

The Manager is working on the following to improve the performance of Sabana REIT:

(A) Rejuvenate portfolio through selective asset disposals and active asset management

The Manager will identify suitable assets for disposition. Depending on Sabana REIT's existing priorities, the proceeds of such disposition may, amongst others, be deployed to repay loans, used for working capital purposes and/or for distribution to unitholders.

As announced on 23 October 2017 in Sabana REIT's results announcement for the third quarter of the financial year ending 31 December 2017 ("**3Q 2017**"), Sabana REIT's property at 6 Woodlands Loop, Singapore 738346 has been reclassified to be an investment property held for divestment. The Manager will make the necessary announcements in accordance with its obligations under the listing manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**", and the listing manual of the SGX-ST, the "**Listing Manual**") as and when there are material developments.

The Manager has taken steps on strengthening its asset management capabilities, focused on tenant retention and active marketing activities to improve occupancies. To that end, the Manager has successfully renewed the expiring master leases with subsidiaries of Vibrant Group Limited (the "**Sponsor**") for 51 Penjuru Road, 33&35 Penjuru Lane and 18

Gul Drive on a one-year term commencing on 26 November 2017 and expiring on 25 November 2018, for an aggregate rental of approximately S\$8.84 million, comprising S\$2.93 million for 51 Penjuru Road, S\$4.04 million for 33 & 35 Penjuru Lane and S\$1.87 million for 18 Gul Drive. The renewal of these Master Leases will provide continuing, predictable and stable cash flow and revenue to Sabana REIT.

The respective rental rate of each of the Master Leases have been negotiated at arm's length basis by the Manager with the Sponsor, taking into consideration the assessment on fair market rates by Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**") and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") commissioned by the Manager.

(B) Renewal of senior leadership

Consequent to the cessation of discussions with the ESR-REIT Manager, the NRC has intensified the search for a new CEO. With the resignation of current CEO and Executive Director Kevin Xayaraj effective on 31 December 2017, the Board will oversee a smooth transition.

(C) Enhancing the Board of Directors

With a view to strengthening the Board of Directors, the Board has been in talks to identify suitable candidates to act as independent directors for the reconstitution of the Board.

In this respect, the Manager had recently on 6 November 2017 announced the appointment of Mr Tan Wee Peng Kelvin to the Board of Directors of the Manager as an independent non-executive director, the chairman of the audit committee of the Manager, and a member of the nominating and remuneration committee ("**NRC**") of the Manager and the SRC. The NRC has also identified another suitable candidate to act as the third independent non-executive director and audit committee member and will seek regulatory approval in respect of the candidate shortly.

The Manager had submitted an application to the SGX-ST for a waiver of the non-compliance of Rule 704(8) of the Listing Manual in relation to the minimum number of members of the Audit Committee due to the following reasons:

1. In light of uncertainty from circumstances in which the Manager and Sabana REIT have been operating in, and with the Strategic Review exercise ongoing, the Board has found it challenging to identify suitable candidates from an already limited pool to be appointed independent directors for the Manager.
2. The Manager has also proactively reached out to the Monetary Authority of Singapore (the "**MAS**") to explain the current situation and at the same time, the Manager is also trying to expedite as much as possible the appointment of a new independent director, following the appointment of Mr Tan Wee Peng Kelvin to the Board as an independent non-executive director.

The SGX-ST has since confirmed that it has no objections to the Manager's application for an extension of time from 27 October 2017 to 27 January 2018 with regard to compliance with Rule 704(8) subject to the following:

- (a) the Manager announcing the period of extension granted, the reasons for seeking the extension of time and the conditions as required under Listing Rule 107;
- (b) submission of a written confirmation from the Manager that the waiver does not contravene any laws and regulations governing Sabana REIT and the trust deed of Sabana REIT; and
- (c) approval from the MAS granting an extension of time for compliance with the requirement in the Guidelines to all Holders of a Capital Markets Services Licence issued by the MAS and the Notice to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management issued by the MAS that the audit committee of a REIT manager to comprise at least 3 members.

The Manager will make the necessary announcements in accordance with its obligations under the Listing Manual as and when there are any material developments arising out of the strategic review exercise.

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 Cho
Company Secretary
25 November 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 20 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, FTSE index.

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.