



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)

DONALD HAN APPOINTED AS NEW CEO AND NEW INDEPENDENT DIRECTOR JOINS BOARD; 4Q DPU OF 0.83 SINGAPORE CENTS REPORTED

- **Manager delivers on commitments set out in recalibrated strategy; Strategic Review concludes**
 - **Real estate veteran Donald Han becomes CEO of Sabana REIT Manager**
 - **Tan Cheong Hin joins Board as Independent Director and Audit Committee member, joining Independent Director and Audit Chairman Kelvin Tan who was appointed in November 2017**
- **Going forward, new leadership and refreshed Board to drive changes in Sabana REIT to improve DPU**
- **4Q 2017: DPU of 0.83 Singapore cents reported**

Singapore, 25 January 2018 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "Trust"), is pleased to announce real estate veteran Mr Donald Han as the new Chief Executive Officer of the Manager. Mr Tan Cheong Hin also joins the Board as a new Independent Director.

These key appointments follow Sabana REIT's earlier commitment to a recalibrated strategy focused on three pathways, that is: a) Rejuvenating its portfolio through active asset management and selective divestments; b) Renewal of senior leadership; c) Enhancing the Board of Directors.

This marks the end of the Strategic Review¹ that was undertaken in response to feedback from unitholders in February 2017. However, the Manager remains open to considering proposals from prospective partners. The Board has also decided to take a 20% reduction to director fees for FY2017 to reduce costs of the Manager in support of its partial fee waiver to unitholders.

The refreshed leadership team will now focus on further refining strategy and driving changes at Sabana REIT to improve DPU. This will include:

- Driving revenue and occupancy by ramping up marketing efforts, and focusing on retaining particularly key tenants
- Enhancing the portfolio to focus on high specs assets and business parks, including through selective divestments of underperforming assets
- Further cost rationalisation by re-examining the entire business to identify additional operational efficiencies

Mr Donald Han appointed new CEO

Mr Han assumes his new role as CEO of Sabana REIT immediately.

¹ http://infopub.sgx.com/FileOpen/Sabana_SGX_queries_15Jan2018.ashx?App=Announcement&FileID=485294

A veteran in the real estate industry, Mr Han has close to 30 years of experience in various senior management and advisory positions, including in industrial property. This includes roles as Vice Chairman of Cushman & Wakefield Singapore; Special Advisor of the Catalist-listed HSR Global Ltd and Managing Director and Advisory Global Board Member of Chesterton Singapore Pte Ltd. Mr Han holds a Bachelor of Science (Estate Management) from the National University of Singapore and is a member of the Singapore Institute of Surveyors and Valuers.

He takes over from Mr Aw Wei Been, who has been serving as Acting CEO following the departure of former CEO Kevin Xayaraj at the end of 2017.

Mr Donald Han, Chief Executive Officer of Sabana REIT, said: "I am pleased to accept this important leadership role at Sabana REIT and will bring my full experience and commitment to take the organisation forward. With the full support of the Board and the management team, I will continue to refine our strategy and to make the changes necessary to improve performance.

"My immediate priorities are threefold: Drive revenue by ramping up marketing efforts to improve occupancy and retaining tenants; Enhance our portfolio to focus on high specs assets and business parks including through selective divestments of underperforming assets; and to further rationalise costs by re-examining the entire business to identify additional operational efficiencies.

"There is no doubt that 2017 was a challenging period in the organisation's history and we have our work cut out for us in 2018. But I am confident of the longer-term prospects of Sabana REIT and the wider industrial sector and I ask unitholders to continue to take this journey with us."

Mr Tan Cheong Hin appointed Independent Director and joins the Audit Committee

Mr Tan joins the Board of the Manager as an Independent Director and member of the Audit Committee. He has more than 30 years' experience in various roles across the finance, asset management and property sectors. His past positions include Director (Europe) of Mapletree Investments, where he set up and headed its London office, and Chief Investment Officer of Cityspring Infrastructure Trust. He has also held various senior investment and business development roles across industries, including at Temasek Holdings, The Islamic Bank of Asia and Raffles Medical Group.

Mr Tan is a qualified Chartered Financial Analyst and holds a Bachelor in Business Administration (1st Class Honours) and a Master of Science (Management) from the National University of Singapore. He also attended INSEAD's Advanced Management Program.

With the addition of Mr Tan, the Board now consists of four directors, three of whom are independent directors. The Audit Committee now consists of three members, all of whom are independent directors. Both the Chairman of the Board and the Audit Committee are independent directors.

Mr Yong Kok Hoon, Chairman of Sabana REIT, said: "With the refreshed leadership and Board in place, we conclude our Strategic Review and will now push on with the task of driving performance for unitholders. We thank unitholders for their patience as we worked through the Review process. The Board has also decided to take a fee cut to reduce costs to the Manager in support of its partial fee waiver for unitholders. We will continue to listen carefully to feedback and are fully committed to advocating unitholders' interests.

“Looking ahead, we have full confidence that Donald’s deep industry experience and network, and his proven business acumen, will complement the Board’s efforts in enhancing value for unitholders. The Board also thanks Wei Been for stepping up as Acting CEO while continuing to serve as Chief Operating Officer, which ensured a smooth leadership transition.”

Reports DPU of 0.83 Singapore cents for 4Q 2017

Financial Highlights

(\$'000)	4Q 2017	3Q 2017	Variance (%)	4Q 2016	Variance (%)	FY 2017	FY 2016	Variance (%)
Gross revenue	20,395	20,859	(2.2)	22,540	(9.5)	85,196	91,807	(7.2)
Net property income (“NPI”)	13,711	13,400	2.3	13,894	(1.3)	53,379	56,942	(6.3)
Income available for distribution	8,783	8,336	5.4	9,258	(5.1)	35,005	36,949	(5.3)
Distribution per Unit (“DPU”) (cents)	0.83 ^{2,3}	0.79 ⁴	5.1	0.88	(5.7)	3.31	4.17 ⁵	(20.6)
Annualised DPU (cents)	3.29	3.13	5.1	3.50	(6.0)	3.31	4.17 ⁵	(20.6)

The Manager also today reported financial results for the fourth quarter ended 31 December 2017 (“4Q 2017”). Unitholders will receive a DPU of 0.83 cents for the period, from a distributable income base of S\$8.8 million. This is 5.7% lower compared to the same period a year ago but a 5.1% improvement compared to 3Q 2017.

DPU for 4Q2017 would have been 0.92 cents, had the Manager continued to receive 80% of its base fees in units under its general mandate for the year 2017.

Gross revenue declined 9.5% year-on-year (“y-o-y”), primarily on non-contribution from 1 Tuas Avenue 4 and 6 Woodlands Loop, as well as lower revenue contribution from some of the other properties in the Trust’s portfolio. Net property income edged down 1.3% as the lower gross revenue was partially offset by a 22.7% reduction in property expenses from proactive lease and property management by the Manager.

On the costs front, the Trust proactively lowered net finance costs by 29.8% by utilising net proceeds from the Rights Issue and divestment of 218 Pandan Loop to pay down borrowings, and redeeming higher cost convertible sukuk with lower cost facilities.

² Based on 1,053,083,530 units issued as at 31 December 2017.

³ For 4Q 2017, Manager received 100% of its fees fully in cash, as 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. The DPU for 4Q2017 would have instead been approximately 0.92 cents had the Manager been able to continue receiving 80.0% of its base fee in units.

⁴ The 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 base fee in units.

⁵ DPU for prior periods has been restated to reflect the effect of bonus element in the Rights Issue.

The Trust's overall occupancy levels at 31 December 2017 was 85.4%. The Manager secured 93,358 square feet of renewals during 4Q 2017 with an average lease expiry for master leases and for sub-tenancies of 2.6 years and 2.4 years respectively.

Sabana REIT continued to optimise its capital structure by reducing borrowing costs and ensure it is well capitalised to service outstanding loans. Leverage improved to 38.2% from 43.2% a year ago, while cost of borrowings improved to 3.9% from 4.2% a year ago. During the quarter, new term and revolving credit facilities of up to S\$130.0 million were secured, mainly to refinance outstanding Trust Certificates and Revolving Murabahah Facility maturing in 2018. For borrowings that are maturing this year, the Manager expects to complete refinancing by 1Q 2018.

For the year ended 31 December 2017 ("FY2017"), Sabana REIT reported a DPU of 3.31 Singapore cents compared to 4.17⁵ Singapore cents in the previous year.

Outlook for the Year

For the Singapore economy: Based on advance estimates by the Ministry of Trade and Industry (MTI), Singapore's GDP grew by 3.1% on a year-on-year basis in 4Q 2017, easing from the 5.4% growth in the previous quarter. For the whole of 2017, the economy grew by 3.5%, in line with MTI's earlier announced GDP growth forecast of 3.0% to 3.5%⁶.

For the industrial property sector: Despite improving manufacturing performance in recent quarters, Savills Singapore expects this to be mainly confined to the technology sector and may not spill over to the general industrial market. It therefore foresees declining industrial rents for 4Q 2017 and 2018⁷. This is echoed by the latest industrial property market report by JTC, which indicated that an additional 1.4 million square metres of industrial space will come on stream in 2018. With this increased supply, prices and rentals are likely to continue to moderate⁸.

For Sabana REIT: Amid challenging market conditions, the Manager will focus on rejuvenating its portfolio through active asset management, selective divestments and driving operational efficiencies. This year, six master leases are due to expire, three of which are Sponsor-related properties. The Manager is working towards renewing master leases for five of them – the remaining property may be divested or converted into a multi-tenanted arrangement. The Manager is also in advanced discussions with a prospective buyer for 6 Woodlands Loop and targets to complete the divestment by 1H 2018.

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⁶ "Singapore's GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017". Ministry of Trade and Industry. 2 January 2018. Web. 2 January 2018.

⁷ "Savills: Briefing Industrial Sector. December 2017". Savills World Research Singapore. December 2017.

⁸ "JTC Quarterly Market Report. Industrial Properties. Third Quarter 2017". 3Q2017. Web. 3Q2017.

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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 S\$1.0 billion.

Sabana REIT is listed in several indices within the SGX S-REIT Index, Morgan Stanley Capital International, Inc (MSCI) Index and 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 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.

APPENDIX

I. Donald Han Yong Lee, New CEO

II. Tan Cheong Hin, New Independent Director

III. New Board Composition

I. Donald Han Yong Lee

Age: 53

Appointment: Chief Executive Officer



Donald is a real estate veteran, an accomplished and respected consultant across most sectors in the property market, from residential agency to collective enbloc, office investment sales to retail leasing, regional hospitality and hotel disposition to international project marketing.

He started his career at Richard Ellis Pte Ltd, where he built experience in industrial property and investment sales. He set up Cushman & Wakefield (C&W) Singapore and was appointed Managing Director of the Singapore office in 1997. He was subsequently promoted to C&W's Asia Pacific Capital Markets Managing Director in 2008.

He left C&W whilst at the helm as Vice Chairman of C&W Singapore and an advisory Asia Pac Board member with a team size of over 100 personnel under him. He eventually acquired a stake of UK owned Chesterton Singapore operations in 2013 leading a team of over 100 personnel doing what he loves most, starting up an agency firm from scratch, and expand the brand.

Due to the recent changes in Chesterton's global business, he moved part of his team to a new regional hospitality set up called Hospitality Strategies Asia Pacific with offices in Singapore, Maldives and Australia.

Mr Han holds a Bachelor of Science (Estate Management) from the National University of Singapore and is a member of the Singapore Institute of Surveyors and Valuers.

II. Tan Cheong Hin

Age: 54

Appointment: Independent Director, Member of Audit Committee



Cheong Hin has more than 30 years' experience in various roles across the finance, asset management and property sectors. His past positions include Director (Europe) of Mapletree Investments, where he set up and headed its London office, and Chief Investment Officer of Cityspring Infrastructure Trust.

He has also held various senior investment and business development roles across industries, including at Temasek Holdings, The Islamic Bank of Asia and Raffles Medical Group.

Mr Tan is a qualified Chartered Financial Analyst and holds a Bachelor in Business Administration (1st Class Honours) and a Master of Science (Management) from the National University of Singapore. He also attended INSEAD's Advanced Management Program.

III. New Board Composition

Following the above changes, the Board of Directors, Audit and Nominating and Remuneration Committees of the Manager shall comprise the following Directors:

Board of Directors

Mr Yong Kok Hoon	Chairman and Non-Executive Independent Director
Mr Kelvin Tan Wee Peng	Non-Executive Independent Director
Mr Tan Cheong Hin	Non-Executive Independent Director
Mr Henry Chua Tiong Hock	Non-Executive Director

Audit Committee

Mr Kelvin Tan Wee Peng	Chairman and Non-Executive Independent Director
Mr Yong Kok Hoon	Non-Executive Independent Director
Mr Tan Cheong Hin	Non-Executive Independent Director

Nominating and Remuneration Committee

Mr Yong Kok Hoon	Chairman and Non-Executive Independent Director
Mr Kelvin Tan Wee Peng	Non-Executive Independent Director
Mr Henry Chua Tiong Hock	Non-Executive Director