



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)

PROPOSED DIVESTMENT OF 6 WOODLANDS LOOP, SINGAPORE 738346

Singapore, 28 February 2018 - Sabana Real Estate Investment Management Pte. Ltd. (the **"Manager"**), the manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (**"Sabana REIT"** or the **"Trust"**), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana REIT (the **"Trustee"**), has on this day, entered into a conditional sale and purchase agreement for the proposed divestment of 6 Woodlands Loop, Singapore 738346 (the **"Property"**) with Systematic Holdings Pte. Ltd. (the **"Purchaser"**) for the sum of S\$13.8 million (the **"Sale Consideration"**) (the **"Divestment"**). The Divestment is conditional upon the receipt of approvals from the relevant authorities and is expected to be completed by first half of 2018.

The Sale Consideration is approximately 7.0% above the Property's book value of S\$12.9 million as at 31 December 2017, based on the valuation performed by an independent valuer, Suntec Real Estate Consultants Pte Ltd. The Sale Consideration, which will be paid in cash, was arrived at on a willing-buyer, willing-seller basis taking into account the valuation done by the independent valuer.

The Property comprises a 3-storey general industrial building with an ancillary office and mezzanine extension, and is located in the northern part of Singapore. The Property, which has a gross floor area (**"GFA"**) of approximately 77,544 square feet, representing about 1.8% of the Trust's current portfolio GFA, was acquired on 15 December 2011 for a purchase consideration of S\$14.8 million.

The Divestment of the Property is in line with the Trust's refreshed strategy to improve performance for unitholders following the conclusion of its Strategic Review. Upon completion, the Divestment will:

- i. Improve Sabana REIT's overall occupancy from 85.4% to 87.1% as at 31 December 2017,
- ii. Deliver immediate cost efficiencies as all related expenses from the Property, including but not limited to land rent, property taxes, repairs and maintenance expenses, will no longer apply to the Trust

The proceeds from the Divestment, after taking into account all relevant costs and expenses, may be used for the repayment of the Trust's outstanding borrowings, or to explore options to optimise returns to unitholders such as value-accretive acquisitions - particularly in high-spec assets and business parks, asset enhancement initiatives, or other relevant growth opportunities.

The Manager will also be waiving the entire divestment fee of 0.5% on the Sale Consideration (approximately S\$69,000), which it is entitled to under the Trust Deed.

The Purchaser has paid an aggregate cash deposit of S\$1.38 million, equivalent to 10.0% of the Sale Consideration with the goods and services tax (**"GST"**) thereon, for the purpose of the Divestment. The

balance of the Sale Consideration with the GST thereon will be paid in cash on completion of the Divestment.

The Divestment is expected to have minimal impact on the Trust's net asset value, distributable income and aggregate leverage for FY 2018.

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

Han Yong Lee (Donald)

Chief Executive Officer

28 February 2018

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 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.