
**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR SECOND QUARTER FROM 1 APRIL 2018 TO 30 JUNE 2018 AND FIRST HALF FROM 1 JANUARY 2018
TO 30 JUNE 2018**

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 6 Woodlands Loop for a sale consideration of S\$13.8 million on 29 March 2018, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 19 quality industrial 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. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
18. 508 Chai Chee Lane, Singapore 469032
19. 10 Changi South Street 2, Singapore 486596

In March 2018, the three-year term and revolving Murabahah Facilities of up to S\$100.0 million, established on 28 December 2017, were drawn down in full to refinance the then outstanding Trust Certificates due in March 2018 ("**Trust Certificates Series I**") and Revolving Murabahah Facility due in September 2018. Consequently, the Trust has no more refinancing requirements for the rest of 2018.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the second quarter ended 30 June 2018 ("**2Q 2018**") and the comparative period ("**2Q 2017**") as set out in this announcement have been extracted from the interim financial information for 2Q 2018 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)
	2Q 2018	2Q 2017		30/06/18	30/06/17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	20,080	21,964	(8.6)	41,083	43,942	(6.5)
Net property income	12,570	12,933	(2.8)	27,156	26,268	3.4
Amount available for distribution	8,639	8,568	0.8	17,883	17,886	-
Distribution per unit ("DPU") (cents) ^(a)	0.82	0.81	1.2	1.70	1.69	0.6
Annualised DPU (cents)	3.29	3.25	1.2	3.43	3.41	0.6

Note:

- (a) Please refer to Item 6 on Page 14 for the DPU computation.

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1 (a)(i) Statements of Total Return and Distribution Statements (2Q 2018 vs 2Q 2017)

Statements of Total Return	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	2Q 2018	2Q 2017		2Q 2018	2Q 2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	20,080	21,964	(8.6)	20,080	21,964	(8.6)
Property expenses ^(b)	(7,510)	(9,031)	16.8	(7,510)	(9,031)	16.8
Net property income	12,570	12,933	(2.8)	12,570	12,933	(2.8)
Finance income	23	147	(84.4)	23	147	(84.4)
Finance costs	(3,628)	(4,121)	12.0	(3,626)	(4,038)	10.2
Net finance costs ^(c)	(3,605)	(3,974)	9.3	(3,603)	(3,891)	7.4
Manager's fees ^(d)	(1,186)	(930)	(27.5)	(1,186)	(930)	(27.5)
Trustee's fees	(94)	(106)	11.3	(94)	(106)	11.3
Donation of non-Shari'ah compliant income ^(e)	(25)	-	NM	(25)	-	NM
Other trust expenses	(249)	(1,296)	80.8	(247)	(1,300)	81.0
Net income	7,411	6,627	11.8	7,415	6,706	10.6
Net change in fair value of financial derivatives ^(f)	261	(556)	146.9	261	(556)	146.9
Net change in fair value of investment properties ^(g)	(3,983)	(27,876)	85.7	(3,983)	(27,876)	85.7
Total return for the period before taxation	3,689	(21,805)	116.9	3,693	(21,726)	117.0
Tax expense ^(h)	*	*	-	-	-	-
Total return for the period after taxation	3,689	(21,805)	116.9	3,693	(21,726)	117.0

Distribution Statements	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	2Q 2018	2Q 2017		2Q 2018	2Q 2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	3,689	(21,805)	116.9	3,693	(21,726)	117.0
Non-tax deductible/(chargeable) items:						
Amortisation of transaction costs ⁽ⁱ⁾	249	385	(35.3)	249	307	(18.9)
Trustee's fees	94	106	(11.3)	94	106	(11.3)
Donation of non-Shari'ah compliant income	25	-	NM	25	-	NM
Net change in fair value of financial derivatives	(261)	556	(146.9)	(261)	556	(146.9)
Net change in fair value of investment properties	3,983	27,876	(85.7)	3,983	27,876	(85.7)
Effects of recognising rental income on a straight line basis over the lease term	(241)	336	(171.7)	(241)	336	(171.7)
Other items	1,101	1,114	(1.2)	1,097	1,113	(1.4)
Net effect of non-tax deductible items	4,950	30,373	(83.7)	4,946	30,294	(83.7)
Amount available for distribution to Unitholders for the period	8,639	8,568	0.8	8,639	8,568	0.8

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:
- Service, repairs, maintenance and insurances;
 - Property and lease management fees;
 - Applicable property tax, land rent and utilities expenses related to properties not under triple-net master lease agreements;
 - Marketing and lease administrative expenses;
 - Other reimbursable expenses payable to the Property Manager; and
 - Impairment losses on trade receivables of approximately \$1,414,000 in 2Q 2017, mainly provided for the outstanding balances of the respective ex-master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop which were past due and in excess of security deposits held then. There was no impairment loss in 2Q 2018.

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(c) Included in net finance costs are the following:

	Group			Trust		
	Quarter		Fav / (Unfav)	Quarter		Fav / (Unfav)
	2Q 2018	2Q 2017		2Q 2018	2Q 2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Profit income from fixed deposits with Islamic financial institutions	*	17	(100.0)	*	17	(100.0)
- Ta'widh (compensation on late payment of rent)	23	130	(82.3)	23	130	(82.3)
	23	147	(84.4)	23	147	(84.4)
Finance costs:						
- Commodity Murabaha Facilities	(1,111)	(1,029)	(8.0)	(1,111)	(1,029)	(8.0)
- Murabahah Facilities	(817)	(75)	(989.3)	(817)	(75)	(989.3)
- Profit rate swaps	(105)	(154)	31.8	(105)	(154)	31.8
- Convertible Sukuk	-	(479)	100.0	-	-	-
- Trust Certificates	(1,060)	(1,957)	45.8	-	-	-
- Term Loan Facility	(270)	-	NM	(270)	-	NM
- Loans from subsidiaries	-	-	-	(1,060)	(2,436)	56.5
- Amortisation of transaction costs	(249)	(385)	35.3	(249)	(307)	18.9
- Brokerage and agent fees	(16)	(42)	61.9	(14)	(37)	62.2
	(3,628)	(4,121)	12.0	(3,626)	(4,038)	10.2
Net finance costs	(3,605)	(3,974)	9.3	(3,603)	(3,891)	7.4

NM denotes "not meaningful"

* Less than S\$1,000

(d) For 2Q 2017, the Manager had elected to forgo 25.0% of its fees.

(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 beneficiary:

2Q 2018

- SG Enable – Today Enable Fund.

(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 between the last quarter and at the reporting date. These items are non-tax deductible and have no impact on amount available for distribution.

(g) Net change in fair value of investment properties in 2Q 2018 relates to the revaluation loss based on the independent valuations of the properties undertaken by the independent valuers Knight Frank Pte Ltd and Edmund Tie & Company (SEA) Pte Ltd ("**1H 2018 Valuers**") as at 30 June 2018.

Net change in fair value of investment properties in 2Q 2017 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.

(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**"), Murabahah Facilities, Convertible Sukuk, Trust Certificates, Term Loan Facility, and loans from subsidiaries. These items are non-tax deductible and have no impact on amount 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)
	30/06/18	30/06/17		30/06/18	30/06/17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	41,083	43,942	(6.5)	41,083	43,942	(6.5)
Property expenses ^(b)	(13,927)	(17,674)	21.2	(13,927)	(17,674)	21.2
Net property income	27,156	26,268	3.4	27,156	26,268	3.4
Finance income	91	282	(67.7)	91	282	(67.7)
Finance costs	(7,604)	(9,404)	19.1	(7,600)	(9,240)	17.7
Net finance costs ^(c)	(7,513)	(9,122)	17.6	(7,509)	(8,958)	16.2
Manager's fees ^(d)	(2,139)	(1,245)	(71.8)	(2,139)	(1,245)	(71.8)
Trustee's fees	(194)	(215)	9.8	(194)	(215)	9.8
Donation of non-Shari'ah compliant income ^(e)	(44)	(21)	(109.5)	(44)	(21)	(109.5)
Other trust expenses	(503)	(1,614)	68.8	(504)	(1,623)	68.9
Net income	16,763	14,051	19.3	16,766	14,206	18.0
Net change in fair value of financial derivatives ^(f)	685	(623)	210.0	685	(623)	210.0
Net change in fair value of investment properties ^(g)	(3,983)	(27,876)	85.7	(3,983)	(27,876)	85.7
Gain on divestment of investment properties ^(h)	754	-	NM	754	-	NM
Total return for the period before taxation	14,219	(14,448)	198.4	14,222	(14,293)	199.5
Tax expense ⁽ⁱ⁾	*	*	-	-	-	-
Total return for the period after taxation	14,219	(14,448)	198.4	14,222	(14,293)	199.5

Distribution Statements	Group			Trust		
	YTD		Fav / (Unfav)	YTD		Fav / (Unfav)
	30/06/18	30/06/17		30/06/18	30/06/17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	14,219	(14,448)	198.4	14,222	(14,293)	199.5
Non-tax deductible/(chargeable) items:						
Amortisation of transaction costs ^(j)	709	1,148	(38.2)	709	993	(28.6)
Break fees on termination of profit rate swaps ^(k)	-	656	(100.0)	-	656	(100.0)
Trustee's fees	194	215	(9.8)	194	215	(9.8)
Donation of non-Shari'ah compliant income	44	21	109.5	44	21	109.5
Net change in fair value of financial derivatives	(685)	623	(210.0)	(685)	623	(210.0)
Net change in fair value of investment properties	3,983	27,876	(85.7)	3,983	27,876	(85.7)
Gain on divestment of investment properties	(754)	-	NM	(754)	-	NM
Effects of recognising rental income on a straight line basis over the lease term	(53)	593	(108.9)	(53)	593	(108.9)
Other items	226	1,202	(81.2)	223	1,202	(81.4)
Net effect of non-tax deductible items	3,664	32,334	(88.7)	3,661	32,179	(88.6)
Amount available for distribution to Unitholders for the period	17,883	17,886	-	17,883	17,886	-

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) Writeback of previously impaired losses on trade receivables of approximately S\$796,000, mainly arising from the recovery of trade receivables from the ex-master tenant of 6 Woodlands Loop through auction sales of its seized machinery and equipment (2017: Impairment losses on trade receivables of approximately S\$2,648,000 mainly provided for the outstanding balances of the respective ex-master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop 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)
	30/06/18	30/06/17		30/06/18	30/06/17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Profit income from fixed deposits with Islamic financial institutions	2	26	(92.3)	2	26	(92.3)
- Ta'widh (compensation on late payment of rent)	89	256	(65.2)	89	256	(65.2)
	91	282	(67.7)	91	282	(67.7)
Finance costs:						
- Commodity Murabaha Facilities	(2,106)	(2,293)	8.2	(2,106)	(2,293)	8.2
- Murabahah Facilities	(1,141)	(148)	(670.9)	(1,141)	(148)	(670.9)
- Profit rate swaps	(196)	(227)	13.7	(196)	(227)	13.7
- Convertible Sukuk	-	(953)	100.0	-	-	-
- Trust Certificates	(2,877)	(3,893)	26.1	-	-	-
- Term Loan Facility	(514)	-	NM	(514)	-	NM
- Loans from subsidiaries	-	-	-	(2,877)	(4,846)	40.6
- Amortisation of transaction costs	(709)	(1,148)	38.2	(709)	(993)	28.6
- Break fees on termination of profit rate swaps	-	(656)	100.0	-	(656)	100.0
- Brokerage and agent fees	(61)	(86)	29.1	(57)	(77)	26.0
	(7,604)	(9,404)	19.1	(7,600)	(9,240)	17.7
Net finance costs	(7,513)	(9,122)	17.6	(7,509)	(8,958)	16.2

NM denotes "not meaningful"

(d) For Prior YTD, the fees which the Manager had elected to forgo were 75.0% and 25.0% for 1Q 2017 and 2Q 2017 respectively.

During Current YTD, the Manager had elected to forgo 20.0% of its fees for 1Q 2018.

(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

- Singapore Kadayanallur Muslim League (1Q 2018); and
- SG Enable – Today Enable Fund (2Q 2018).

Prior YTD

- The Smile Mission Ltd (1Q 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 recognized YTD. These items are non-tax deductible and have no impact on amount available for distribution.

(g) 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 1H 2018 Valuers as at 30 June 2018.

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 1H 2017 Valuers as at 30 June 2017.

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

(h) This relates to the gain on divestment of 6 Woodlands Loop after deducting the applicable agent commissions and other professional fees and expenses, which is non-tax deductible and has no impact on amount available for distribution.

(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"), Murabahah Facilities, Convertible Sukuk, Trust Certificates, Term Loan Facility and loans from subsidiaries. These items are non-tax deductible and have no impact on amount available for distribution.

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- (k) This represents the break fees on termination of the profit rate swap (“**PRS F**”) used to hedge the then Term CMF F of which S\$60.0 million was prepaid in March 2017, ahead of its maturity date in August 2017. The break fees incurred on the termination of PRS F are non-tax deductible and have no impact on amount 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		
	30/06/18	31/12/17	Change	30/06/18	31/12/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets						
Investment properties ^(a)	939,300	942,400	(0.3)	939,300	942,400	(0.3)
Subsidiaries ^(b)	-	-	-	*	*	-
Derivative assets ^(c)	420	-	NM	420	-	NM
Total non-current assets	939,720	942,400	(0.3)	939,720	942,400	(0.3)
Current assets						
Investment properties held for divestment ^(d)	-	12,900	(100.0)	-	12,900	(100.0)
Trade and other receivables ^(e)	3,540	3,128	13.2	3,533	3,125	13.1
Cash and cash equivalents ^(f)	7,846	7,681	2.1	7,846	7,681	2.1
Total current assets	11,386	23,709	(52.0)	11,379	23,706	(52.0)
Total assets	951,106	966,109	(1.6)	951,099	966,106	(1.6)
Current liabilities						
Trade and other payables ^(g)	13,514	18,105	(25.4)	13,515	18,115	(25.4)
Borrowings ^(h)	141,805	117,456	20.7	141,805	117,456	20.7
Total current liabilities	155,319	135,561	14.6	155,320	135,571	14.6
Non-current liabilities						
Trade and other payables ^(g)	9,635	10,388	(7.2)	9,635	10,388	(7.2)
Borrowings ^(h)	218,396	248,350	(12.1)	218,396	248,350	(12.1)
Derivative liabilities ^(c)	-	265	(100.0)	-	265	(100.0)
Total non-current liabilities	228,031	259,003	(12.0)	228,031	259,003	(12.0)
Total liabilities	383,350	394,564	(2.8)	383,351	394,574	(2.8)
Net assets	567,756	571,545	(0.7)	567,748	571,532	(0.7)
Represented by:						
Unitholders' funds ⁽ⁱ⁾	567,756	571,545	(0.7)	567,748	571,532	(0.7)

NM denotes “not meaningful”

* Less than S\$1,000

Notes:

- (a) The carrying amounts of the investment properties as at 30 June 2018 were based on the independent valuations of the properties undertaken by the 1H 2018 Valuers. The decrease in investment properties mainly arises from the lower fair values of the properties appraised.
- (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) The non-current derivative assets as at the reporting date relate to the fair value of the profit rate swaps entered into to hedge the profit rate risks on the S\$90.0 million Term CMF B (“**PRS B**”) and the S\$70.0 million Term Murabahah Facility.
- The non-current derivative liabilities as at 31 December 2017 relate to the fair value of PRS B.
- The movement between them is mainly due to the Current YTD change in the fair value of the PRS B, classified under non-current derivative assets as at the reporting date.
- (d) The decrease is mainly due to the divestment of 6 Woodlands Loop, classified as investment properties held for divestment as at 31 December 2017, on 29 March 2018.
- (e) This relates to trade receivables, prepayments, deposits, and other receivables. The increase is mainly due to higher outstanding trade receivables from certain tenants.

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- (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 lower non-current and current trade and other payables from 31 December 2017 are mainly due to:

- (i) Refund of security deposits on expired leases during Current YTD;
- (ii) Refund of non-current cash security deposits to tenants who have provided banker's guarantees in lieu of cash furnished previously for security deposits;
- (iii) Settlement of trade payables and accrued operating expenses during Current YTD; and
- (iv) Refund of retention sums to vendors.

- (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\$30.0 million Revolving Murabahah Facility;
- (ii) Amortised cost of the principal amount of S\$12.0 million Revolving CMF D;
- (iii) Amortised cost of the principal amount of the S\$100.0 million Trust Certificates due 2019 ("**Trust Certificates Series II**") issued by SSPL; and
- (iv) Amortised cost of the principal amount of S\$100.0 million of SSPL's profit bearing loan to the Trust, which was raised from the issuance of the Trust Certificates Series II by SSPL.

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\$30.0 million drawn from the Term Loan Facility; and
- (iii) Amortised cost of the principal amount of S\$70.0 million drawn from the Term Murabahah Facility.

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

- (i) Repayment of S\$90.0 million Trust Certificates Series I and S\$27.5 million Revolving Murabahah Facility maturing in 2018 (collectively, the "**Maturing 2018 Borrowings**");
- (ii) Draw down of the S\$70.0 million Term Murabahah Facility, S\$30.0 million Revolving Murabahah Facility and S\$17.0 million Revolving CMF D to repay the Maturing 2018 Borrowings;
- (iii) Reclassification of the Trust Certificates Series II and the SSPL's profit bearing loan to the Trust maturing within 12 months from the reporting date from non-current to current; and
- (iv) Net repayment of S\$5.0 million Revolving CMF D from the proceeds from the divestment of 6 Woodlands Loop.

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

- (i) 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	
	30/06/18	31/12/17	30/06/18	31/12/17
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable within one year:				
Revolving CMF ^(a)	12,000	-	12,000	-
Revolving Murabahah Facility ^(b)	30,000	27,500	30,000	27,500
	42,000	27,500	42,000	27,500
Amount repayable after one year:				
Term CMF ^(a)	120,000	120,000	120,000	120,000
Term Murabahah Facility ^(b)	70,000	-	70,000	-
Term Loan Facility ^(c)	30,000	30,000	30,000	30,000
Less: Unamortised capitalised transaction costs	(1,604)	(1,330)	(1,604)	(1,330)
	218,396	148,670	218,396	148,670
Total secured borrowings	260,396	176,170	260,396	176,170
Unsecured borrowings				
Amount repayable within one year:				
Trust Certificates ^(d)	100,000	90,000	-	-
Loans from subsidiaries ^(e)	-	-	100,000	90,000
Less: Unamortised capitalised transaction costs	(195)	(44)	(195)	(44)
	99,805	89,956	99,805	89,956
Trust Certificates ^(d)	-	100,000	-	-
Loans from subsidiaries ^(e)	-	-	-	100,000
Less: Unamortised capitalised transaction costs	-	(320)	-	(320)
	-	99,680	-	99,680
Total unsecured borrowings	99,805	189,636	99,805	189,636
Total borrowings	360,201	365,806	360,201	365,806

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 maturing in February 2020 has an outstanding amount of S\$12.0 million and an undrawn amount of S\$6.0 million.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2017: 3) investment properties ("**Securitized Properties**"), (or, where title to or lease relating to the Securitized 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 Securitized Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitized Properties.

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(b) Murabahah Facilities

As at the reporting date, the 3-year S\$70.0 million Term Murabahah Facility and S\$30.0 million Revolving Murabahah Facility, both maturing in March 2021, were outstanding and secured by, *inter alia*:

- (1) A first ranking legal mortgage over 5 (2017: 5) investment properties ("**Murabahah Secured Properties**");
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Murabahah Secured Properties.

(c) Term Loan Facility

As at the reporting date, the Term Loan Facility of S\$30.0 million maturing in December 2021 was outstanding and secured by, *inter alia*:

- (1) A first ranking legal mortgage over 2 (2017: 2) investment properties ("**Term Loan Facility Secured Properties**"); and
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Term Loan Facility Secured Properties.

Unsecured borrowings

(d) Trust Certificates

As at the reporting date, the unsecured S\$100.0 million 4.25 per cent. Trust Certificates Series II issued on 3 October 2014 and due on 3 April 2019 issued under the Group's S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme was outstanding.

(e) Loans from subsidiaries

As at the reporting date, S\$100.0 million loan, which is equivalent to the principal amount of the Trust Certificates II, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates II at the same repayment terms stated in Item (1)(b)(ii)(d) above, was outstanding.

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1 (c) Statement of Cash Flows

Statement of Cash Flows	Group			
	Quarter		YTD	
	2Q 2018	2Q 2017	30/06/18	30/06/17
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period after taxation and before distribution	3,689	(21,805)	14,219	(14,448)
Adjustments for:				
Net change in fair value of financial derivatives	(261)	556	(685)	623
Net change in fair value of investment properties	3,983	27,876	3,983	27,876
Gain on divestment of investment properties	-	-	(754)	-
Net finance costs	3,605	3,974	7,513	9,122
	11,016	10,601	24,276	23,173
Change in trade and other receivables	(585)	1,043	(412)	1,137
Change in trade and other payables	(4,672)	1,528	(5,584)	390
Cash generated from operating activities	5,759	13,172	18,280	24,700
Ta'widi (compensation on late payment of rent) received	23	130	89	256
Net cash from operating activities	5,782	13,302	18,369	24,956
Cash flows from investing activities				
Capital expenditure on investment properties	(401)	(772)	(883)	(1,076)
Divestment of investment properties	-	-	13,800	-
Profit income received from Islamic financial institutions	-	17	2	26
Net cash (used in)/from investing activities	(401)	(755)	12,919	(1,050)
Cash flows from financing activities				
Proceeds from Rights Issue ^(a)	-	-	-	80,164
Issue costs paid in relation to Rights Issue	-	-	-	(3,221)
Break fees on termination of profit rate swaps	-	-	-	(656)
Proceeds from borrowings	12,000	-	129,000	-
Repayment of borrowings	(17,000)	-	(134,500)	(73,300)
Transaction costs paid	-	-	(814)	-
Finance costs paid	(3,538)	(1,222)	(6,801)	(7,978)
Distributions paid	(9,267)	(9,267)	(18,008)	(18,534)
Net cash used in financing activities	(17,805)	(10,489)	(31,123)	(23,525)
Net (decrease)/increase in cash and cash equivalents	(12,424)	2,058	165	381
Cash and cash equivalents at beginning of the period	20,270	7,529	7,681	9,206
Cash and cash equivalents at end of the period	7,846	9,587	7,846	9,587

Note:

- (a) 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 ("**Rights Issue**").

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1 (d)(i) Statements of Movements in Unitholders' Funds (2Q 2018 vs 2Q 2017)

Statements of Movements in Unitholders' Funds	Group		Trust	
	2Q 2018	2Q 2017	2Q 2018	2Q 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	573,334	631,828	573,320	631,662
Operations				
Total return for the period after taxation	3,689	(21,805)	3,693	(21,726)
	577,023	610,023	577,013	609,936
Unitholders' transactions				
Distributions to Unitholders	(9,267)	(9,267)	(9,267)	(9,267)
Net decrease in net assets resulting from Unitholders' transactions	(9,267)	(9,267)	(9,267)	(9,267)
Unitholders' funds at end of the period	567,756	600,756	567,746	600,669

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

Statements of Movements in Unitholders' Funds	Group		Trust	
	YTD		YTD	
	30/06/18	30/06/17	30/06/18	30/06/17
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	571,545	556,795	571,532	556,553
Operations				
Total return for the period after taxation	14,219	(14,448)	14,222	(14,293)
	585,764	542,347	585,754	542,260
Unitholders' transactions				
Issue of new units:				
- Proceeds from Rights Issue ^(a)	-	80,164	-	80,164
Issue costs paid in relation to the Rights Issue	-	(3,221)	-	(3,221)
Distributions to Unitholders	(18,008)	(18,534)	(18,008)	(18,534)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(18,008)	58,409	(18,008)	58,409
Unitholders' funds at end of the period	567,756	600,756	567,746	600,669

Note:

- (a) 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.

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

	Group and Trust			
	Quarter		YTD	
	2Q 2018	2Q 2017	30/06/18	30/06/17
Units in issue:				
Units in issue at beginning of the period	1,053,083,530	1,053,083,530	1,053,083,530	739,791,059
Manager's fees paid in units	-	-	-	2,580,227
Rights Issue ^(a)	-	-	-	310,712,244
Issued units at the end of the period	1,053,083,530	1,053,083,530	1,053,083,530	1,053,083,530

Note:

- (a) 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.

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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 2017, except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised standards did not have any effect on the financial performance or position of the Group.

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

Please refer to item 4 above.

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

Earnings per unit (2Q 2018 vs 2Q 2017)

	Group		Trust	
	Quarter		Quarter	
	2Q 2018	2Q 2017	2Q 2018	2Q 2017
<u>Basic and Diluted EPU</u>				
Weighted average number of units in issue	1,053,083,530	1,053,083,530	1,053,083,530	1,053,083,530
Earnings per unit for the period based on the weighted average number of units in issue (cents) ^{(a)(b)(c)}	0.35	(2.07)	0.35	(2.06)

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 there are no EPU dilutive financial instruments (2017: as the Convertible Sukuk was anti-dilutive at the Group and the Trust level).

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Earnings per unit (Current YTD vs Prior YTD)

	Group		Trust	
	Quarter		Quarter	
	30/06/18	30/06/17	30/06/18	30/06/17
Basic and Diluted EPU				
Weighted average number of units in issue	1,053,083,530	1,011,513,476	1,053,083,530	1,011,513,476
Earnings per unit for the period based on the weighted average number of units in issue (cents) ^{(a)(b)(c)}	1.35	(1.43)	1.35	(1.41)

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 there are no EPU dilutive financial instruments (2017: as the Convertible Sukuk was anti-dilutive at the Group and the Trust level).

Distribution per unit (2Q 2018 vs 2Q 2017)

	Group and Trust		Group and Trust	
	Quarter		YTD	
	2Q 2018	2Q 2017	30/06/17	2Q 2017
Number of units issued at end of period entitled to distribution	1,053,083,530	1,053,083,530	1,053,083,530	1,053,083,530
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	0.82	0.81	1.70	1.69

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 30/06/18	As at 31/12/17	As at 31/06/18	As at 31/12/17
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$) ^(a)	0.54	0.54	0.54	0.54

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,053,083,530 (31 December 2017: 1,053,083,530).

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

2Q 2018 vs 2Q 2017

<u>Statement of Total Return</u>	Group		
	2Q 2018	2Q 2017	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue ^(a)	20,080	21,964	(8.6)
Property expenses ^(b)	(7,510)	(9,031)	16.8
Net property income ^(b)	12,570	12,933	(2.8)
Finance income	23	147	(84.4)
Finance costs	(3,628)	(4,121)	12.0
Net finance costs ^(c)	(3,605)	(3,974)	9.3
Manager's fees ^(d)	(1,186)	(930)	(27.5)
Trustee's fees ^(e)	(94)	(106)	11.3
Donation of non-Shari'ah compliant income ^(f)	(25)	-	NM
Other trust expenses ^(g)	(249)	(1,296)	80.8
Net income	7,411	6,627	11.8
Net change in fair value of financial derivatives ^(h)	261	(556)	146.9
Net change in fair value of investment properties ⁽ⁱ⁾	(3,983)	(27,876)	85.7
Total return for the period before taxation and distribution	3,689	(21,805)	116.9
Tax expense	*	*	-
Total return for the period before distribution	3,689	(21,805)	116.9
Distribution adjustments ^(j)	4,950	30,373	(83.7)
Amount available for distribution	8,639	8,568	0.8

NM denotes "not meaningful"

*Less than S\$1,000

Notes:

- (a) Gross revenue decreased by 8.6% mainly due to:
- (i) Lower contribution from certain multi-tenanted properties due to lower occupancies in 2Q 2018 over 2Q 2017;
 - (ii) Negative rental reversions for certain master leases renewed in 4Q 2017;
 - (iii) Non-contribution from 1 Tuas Avenue 4 following the surrender of lease by the ex-master tenant in 1Q 2018;
 - (iv) Non-contribution from 6 Woodlands Loop due to termination of its master lease in 4Q 2017 and divestment in 1Q 2018; partially offset by
 - (v) Higher contribution from 10 Changi South Street 2 due to the commencement of a supplementary lease with the master tenant in 4Q 2017; and
 - (vi) Higher contribution from 39 Ubi Road 1 due to improved occupancy in 2Q 2018 over 2Q 2017.
- (b) Property expenses decreased by 16.8% mainly due to:
- (i) Lower impairment losses on trade receivables in 2Q 2018 over 2Q 2017 on the ex-master tenant of 1 Tuas Avenue 4 as the lease was surrendered in 1Q 2018;
 - (ii) Lower impairment losses on trade receivables in 2Q 2018 over 2Q 2017 on the ex-master tenant of 6 Woodlands Loop as the master lease was terminated in 4Q 2017; and
 - (iii) Lower property expenses from 6 Woodlands Loop which was divested in 1Q 2018.
- Consequently, net property income decreased by 2.8%.
- (c) Net finance costs decreased by 9.3% mainly due to:
- (i) Lower profit expense arising from lower average outstanding borrowings in 2Q 2018 over 2Q 2017 following the repayment of revolving credit facilities using the net proceeds from the divestment of 218 Pandan Loop in 3Q 2017 and 6 Woodlands Loop in 1Q 2018; and
 - (ii) Redemption of the higher cost Convertible Sukuk in 3Q 2017 and Trust Certificates Series I in 1Q 2018 using lower cost facilities.

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- (d) Manager's fees increased by 27.5% mainly due to
- (i) The Manager forging 25.0% of its fees for 2Q 2017; and partially offset by
 - (ii) The lower total assets in 2Q 2018 over 2Q 2017, arising from lower valuation of the properties as at 30 June 2018 and the divestment of 218 Pandan Loop and 6 Woodlands Loop in 3Q 2017 and 1Q 2018 respectively, upon which these fees are based upon.
- (e) Trustee's fees decreased by 11.3% mainly due to the lower total assets in 2Q 2018 over 2Q 2017, arising from lower valuation of the properties as at 30 June 2018 and the divestment of the 218 Pandan Loop and 6 Woodlands Loop in 3Q 2017 and 1Q 2018 respectively, upon which these fees are based on.
- (f) Donation of non-Shari'ah compliant income mainly due to higher income generated from non-core activities subjected to cleansing in 2Q 2018 over 2Q 2017.
- (g) Other trust expenses decreased by 80.8% mainly due to the one-time non-tax deductible legal, professional and advisory fees relating to the Extraordinary General Meeting held on 28 April 2017 ("EGM") and lower unitholder reporting expenses incurred in 2Q 2018 over 2Q 2017.
- (h) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised between the last quarter and the reporting date.
- (i) The net change in fair value of investment properties in 2Q 2018 and 2Q 2017 relates to the revaluation loss of the properties undertaken by the independent 1H 2018 Valuers and 1H 2017 Valuers as at 30 June 2018 and 30 June 2017 respectively.
- (j) Distribution adjustments decreased by 83.7% in 2Q 2018 over 2Q 2017 mainly due to:
- (i) Higher non-tax chargeable effects of the item stated in (h) above;
 - (ii) Lower non-tax deductible effects of the item stated in (i) above;
 - (iii) Lower amortisation of transaction costs of borrowings; and
 - (iv) Higher non-tax chargeable effects of straight-lining adjustments on rental income.

Current YTD vs Prior YTD

Statement of Total Return	Group		
	YTD		Fav / (Unfav)
	30/06/18	30/06/17	
	S\$'000	S\$'000	%
Gross revenue ^(a)	41,083	43,942	(6.5)
Property expenses ^(b)	(13,927)	(17,674)	21.2
Net property income ^(b)	27,156	26,268	3.4
Finance income	91	282	(67.7)
Finance costs	(7,604)	(9,404)	19.1
Net finance costs ^(c)	(7,513)	(9,122)	17.6
Manager's fees ^(d)	(2,139)	(1,245)	(71.8)
Trustee's fees ^(e)	(194)	(215)	9.8
Donation of non-Shari'ah compliant income ^(f)	(44)	(21)	(109.5)
Other trust expenses ^(g)	(503)	(1,614)	68.8
Net income	16,763	14,051	19.3
Net change in fair value of financial derivatives ^(h)	685	(623)	210.0
Net change in fair value of investment properties ⁽ⁱ⁾	(3,983)	(27,876)	85.7
Loss of divestment on investment properties ⁽ⁱ⁾	754	-	NM
Total return for the period before taxation and distribution	14,219	(14,448)	198.4
Tax expense	*	*	-
Total return for the period before distribution	14,219	(14,448)	198.4
Distribution adjustments ^(k)	3,664	32,334	(88.7)
Amount available for distribution	17,883	17,886	-

*Less than S\$1,000

Notes:

- (a) Gross revenue decreased by 6.5% mainly due to:
- (i) Lower contribution from certain multi-tenanted properties due to lower occupancies in 2Q 2018 over 2Q 2017;
 - (ii) Negative rental reversions for certain master leases renewed in 4Q 2017;
 - (iii) Non-contribution from 1 Tuas Avenue 4 in Current YTD as collections were no longer probable since 3Q 2017 and the lease was surrendered in 1Q 2018;

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- (iv) Lower contribution from 6 Woodlands Loop which was divested in 1Q 2018; partially offset by
 - (v) Higher contribution from 10 Changi South Street 2 due to the commencement of a supplementary lease with the master tenant in 4Q 2017;
 - (vi) Recovery of revenue from the ex-master tenant of 6 Woodlands Loop in 1Q 2018 that was previously de-recognised; and
 - (vii) Higher contribution from 39 Ubi Road 1 due to improved occupancy in Current YTD over Prior YTD.
- (b) Property expenses decreased by 21.2% largely arising from:
- (i) Net reversal of impairment losses upon recovery of trade receivables mainly from the ex-master tenant of 6 Woodlands Loop in 1Q 2018 that was previously impaired;
 - (ii) Lower impairment losses on trade receivables in Current YTD over Prior YTD on the master tenant of 1 Tuas Avenue 4 largely arising from the effects of non-recognition of revenue from 3Q 2017 onwards;
 - (iii) Lower property expenses from 6 Woodlands Loop which was divested in 1Q 2018; and partially offset by
 - (iv) Higher commissions and utilities expenses from certain multi-tenanted properties.
- Consequently, in line with the lower property expenses, net property income increased by 3.4%.
- (c) Net finance costs decreased by 17.6% mainly due to:
- (i) Lower profit expense arising from lower average outstanding borrowings in Current YTD over Prior YTD following the repayment of revolving credit facilities using the net proceeds from the divestment of 218 Pandan Loop in 3Q 2017 and 6 Woodlands Loop in 1Q 2018;
 - (ii) Redemption of the higher cost Convertible Sukuk in 3Q 2017 and Trust Certificates Series I in 1Q 2018 using lower cost facilities; and
 - (iii) The one-time break fees on the termination of PRS F in Prior YTD, which are non-tax deductible and have no impact on amount available for distribution.
- (d) Manager's fees increased by 71.8% mainly due to:
- (i) The Manager forgoing 20.0% of its fees for 1Q 2018 (2017: 75.0% of its fees for 1Q 2017 and 25.0% of its fees for 2Q 2017); and partially offset by
 - (ii) The lower total assets in Current YTD over Prior YTD, arising from lower valuation of the properties as at 31 December 2017 and 30 June 2018 and the divestment of 218 Pandan Loop and 6 Woodlands Loop in 3Q 2017 and 1Q 2018 respectively, upon which these fees are based on.
- (e) Trustee fees decreased by 9.8% mainly due to the lower total assets in Current YTD over Prior YTD, arising from lower valuation of the properties as at 31 December 2017 and 30 June 2018 and the divestment of 218 Pandan Loop and 6 Woodlands Loop in 3Q 2017 and 1Q 2018 respectively, upon which these fees are based on.
- (f) Donation of non-Shari'ah compliant income increased by 109.5% in Current YTD over Prior YTD mainly due to more income generated from non-core activities subjected to cleansing.
- (g) Other trust expenses decreased by 68.8% mainly due to the one-time non-tax deductible legal, professional and advisory fees relating to the EGM and higher unitholder reporting expenses incurred in Prior YTD.
- (h) 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.
- (i) 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 2018 Valuers and 1H 2017 Valuers as at 30 June 2018 and 30 June 2017 respectively.
- (j) This relates to the gain on divestment of 6 Woodlands Loop in Current YTD, after deducting the applicable agent commissions and other professional fees and expenses. There was no divestment of properties in Prior YTD.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR SECOND QUARTER FROM 1 APRIL 2018 TO 30 JUNE 2018 AND FIRST HALF FROM 1 JANUARY 2018 TO 30 JUNE 2018

(k) Distribution adjustments decreased by 88.7% in Current YTD over Prior YTD mainly due to:

- (i) Higher non-tax chargeable effects of the item stated in (h) and (j) above
- (ii) Lower non-tax deductible effects of the items stated in (i);
- (iii) Lower amortisation of transaction costs of borrowings;
- (iv) Higher non-tax chargeable effects of straight-lining adjustments on rental income; and
- (v) Lower non-tax deductible legal, professional and advisory fees incurred.

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 23 April 2018, the Manager will continue its focus on rejuvenating its portfolio through active asset management, selective divestments and driving operational efficiencies.

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 by the Ministry of Trade and Industry ("MTI"), Singapore's GDP grew by 3.8% y-o-y in 2Q 2018, moderating from the 4.3% growth in the previous quarter¹. MTI also forecasted growth of 2.5-3.5% for 2018² but the Monetary Authority of Singapore had earlier cautioned about the impact on global trade should the US-China trade dispute escalate³.

Overall rent reversions for 2018 are likely to remain negative, with JTC data showing continued oversupply and island-wide vacancy of 11.0%⁴. Colliers International foresees a pick-up in interest in industrial properties as rents bottom out, with increasing interest from institutional investors seeking higher yields⁵. Savills forecasts a moderate quarterly rental decline in 1H 2018 and rents may only start to stabilize in 2H 2018⁶.

Amid challenging market conditions, the Manager will focus on executing its growth plan through active asset management, selective divestments and progressing on asset enhancement initiatives ("AEIs"). Of the remaining five master leases expiring in 2018, the Trust is finalising one renewal, considering divesting one asset, and is in discussions on the other three. Consultation with the authorities on undertaking AEI for New Tech Park is ongoing.

Sources:

- (1) "Singapore's GDP Grew by 3.8 Per Cent in the Second Quarter of 2018". Ministry of Trade and Industry. 13 July 2018.
- (2) "MTI Expects GDP Growth to be "2.5 to 3.5 Per Cent" in 2018". Ministry of Trade and Industry. 24 May 2018.
- (3) "MAS Monetary Policy Statement". Monetary Authority of Singapore. 13 April 2018.
- (4) "JTC Quarterly Market Report. Industrial Properties. First Quarter 2018". JTC. 1Q2018.
- (5) "Colliers Quarterly: Singapore Investment Q1 2018". Colliers International Singapore. 09 May 2018.
- (6) "Briefing Industrial Sector". Savills World Research Singapore. 24 May 2018.

11. Distributions

(a) Current financial period

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the second quarter ended 30 June 2018

Distribution Type: Taxable income distribution – 0.82 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.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR SECOND QUARTER FROM 1 APRIL 2018 TO 30 JUNE 2018 AND FIRST HALF FROM 1 JANUARY 2018 TO 30 JUNE 2018

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 second quarter ended 30 June 2017

Distribution Type: Taxable income distribution – 0.81 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.

(c) Date Payable: 29 August 2018

(d) Books Closure Date: 2 August 2018

12. If no distribution has been declared/ (recommended), a statement to that effect

Not applicable.

13. Distribution policy

The distribution policy is to distribute at least 90.0% of its distributable income to Unitholder on a quarterly basis at the discretion of the Manager, having regards to funding requirements, other capital management considerations and ensuring the overall stability of distributions.

For 2Q 2018, Sabana Shari'ah Compliant REIT will be distributing 100.0% of its distributable income to Unitholders.

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).

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR SECOND QUARTER FROM 1 APRIL 2018 TO 30 JUNE 2018 AND FIRST HALF FROM 1 JANUARY 2018
TO 30 JUNE 2018**

**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

Kelvin Tan
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

25 July 2018

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.



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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

25 July 2018

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 six-month period ended 30 June 2018. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 30 June 2018;
- Portfolio statement of the Group as at 30 June 2018;
- Statements of total return of the Group and the Trust for the quarter and six-month period ended 30 June 2018;
- Distribution statements of the Group and the Trust for the quarter and six-month period ended 30 June 2018;
- Statements of movements in unitholders' funds of the Group and the Trust for the six-month period ended 30 June 2018;
- Statement of cash flows of the Group for the six-month period ended 30 June 2018; and
- Certain explanatory notes to the above Interim 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 LLP

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore