



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)

SABANA REIT GROWS DPU TO 0.78 CENTS FOR 3Q 2019

- **Distribution amount declared to Unitholders of S\$8.2 million**
- **Executing on Phase 2 of refreshed strategy to undertake AEs:**
 - **Evaluating rental offers from prospective retail/F&B tenants at New Tech Park**
 - **Completed refurbishment at 8 Commonwealth Lane**
- **Continues to actively manage and optimise portfolio**
 - **Secured new master tenant for 18 Gul Drive**
 - **In talks with potential anchor tenant(s) at 3A Joo Koon Circle**
 - **Secured 8 new leases totaling 75,879 sq ft in 3Q 2019, double the number from 33,055 sq ft in 2Q 2019**

Summary of Sabana REIT's Results

(S\$'000)	3Q 2019	3Q 2018	Variance (%)	2Q 2019	Variance (%)	9M 2019	9M 2018	Variance (%)
Gross revenue	20,165	19,855	1.6	18,205	10.8	56,894	60,938	(6.6)
Net property income ("NPI")	13,913	12,633	10.1	12,040	15.6	38,606	39,789	(3.0)
Total distribution amount declared to Unitholders	8,212	8,072	1.7	6,553	25.3	22,663	25,955	(12.7)
- from operations	8,212	8,072	1.7	6,553	25.3	21,420	25,955	(17.5)
- from capital gains	-	-	-	-	-	1,243 ¹	-	NM
Distribution per Unit ("DPU") (cents)	0.78	0.77	1.3	0.62	25.9	2.15	2.47	(13.0)
- from operations	0.78	0.77	1.3	0.62	25.9	2.03	2.47	(17.8)
- from capital gains	-	-	-	-	-	0.12 ¹	-	NM

NM denotes "not meaningful"

Singapore, 24 October 2019 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**"), and as manager of Sabana REIT, the "**Manager**"), today reported financial results for the third quarter ended 30 September 2019 ("**3Q 2019**").

Unitholders will receive a DPU of 0.78 Singapore cents for the period, 1.3% higher year-on-year ("**y-o-y**"), from a distributable amount declared of S\$8.2 million.

Gross revenue increased 1.6% y-o-y for 3Q 2019, mainly due to higher contribution from some multi-tenanted properties on improved occupancies, and a one-off recovery of revenue relating to prior usage of common area from certain tenants. This offset lower rental income from a smaller portfolio – 18 versus 19 in 3Q 2018. Overall, NPI grew

¹ Distribution of approximately S\$1.24 million of capital gains, arising from the divestment of properties from prior periods, in 1Q 2019 only.

10.1% y-o-y to S\$13.9 million as property expenses came down by 13.4% as a result of adoption of FRS 116 *leases* and divestment of 9 Tai Seng Drive in January 2019.

Overall occupancy levels for Sabana REIT stood at 80.6%² as at 30 September 2019 (at 30 June 2019: 83.2%). Rental reversions in 3Q 2019 were at positive 5.5%, up from positive 3.0% for 2Q 2019³, with 8 new leases totaling 75,879 sq ft secured during the period – double the number from 33,055 sq ft in 2Q 2019, where most of the new leases came from 151 Lorong Chuan. The Manager continues to work proactively to manage and optimise its portfolio. In September, it secured a new master tenant for 18 Gul Drive - a global chemical supplier that is part of a major U.S. listed MNC. It is also in talks with potential anchor tenant(s) at 3A Joo Koon Circle, in anticipation of the master lease expiring in end-2019.

As Sabana REIT continues to execute Phase 2 of its refreshed strategy – undertaking asset enhancement initiatives (“**AEIs**”) for growth, the Manager is currently evaluating rental offers from prospective retail food & beverage tenants at New Tech Park, 151 Lorong Chuan. It also completed the refurbishment of the main lobby at 8 Commonwealth Lane, which saw occupancy level rising from 62% at the beginning of the year to 86% in 3Q 2019.

Donald Han, Chief Executive Officer of the Manager, said: “Our steadfast execution of our refreshed strategy has enabled us to deliver a resilient performance against an increasingly challenging economic outlook. We will continue working towards delivering consistent performance to our unitholders by progressing on our AEI at New Tech Park, sharpening our portfolio offerings, and proactively managing our leases well ahead of expiry.”

Outlook for the Year

Based on advance estimates by the Ministry of Trade and Industry (“**MTI**”), Singapore’s Gross Domestic Product (“**GDP**”) growth continued to moderate, at 0.1% on a y-o-y basis in 3Q 2019. This was flat on the 0.1% growth in 2Q 2019, and down from 1.1% growth in 1Q 2019⁴. Economists predict a y-o-y growth in 3Q 2019 is likely to come in at 0.3%⁵.

Overall rent reversion for 2019 is likely to remain negative, with JTC Corporation data showing continued oversupply and island-wide vacancy, and industrial rents rising slightly by 0.1% y-o-y as at 3Q 2019⁶. The Singapore government has reduced industrial land supply under the Industrial Government Land Sales (IGLS) programme⁷.

Rents for multiple-user factories and warehouses are likely to face some downward pressure while rental growth for business park space and hi-tech industrial space are likely to remain relatively positive⁷.

Meanwhile, JLL expects logistics rents and capital values to remain stable in 4Q 2019 barring any unforeseen shocks⁸. CBRE on the other hand, said the economic slowdown is expected to affect sentiments, which may suppress overall industrial rental values⁹.

² Total portfolio would be 85.4%, if not for the early settlement and termination of lease at 10 Changi South Street 2.

³ For multi-tenanted properties.

⁴ “Singapore’s GDP Grew by 0.1 Per Cent in the Third Quarter of 2019”. Ministry of Trade & Industry. 14 October 2019.

⁵ “MAS Survey of Professional Forecasters: September 2019”. Monetary Authority of Singapore. Retrieved 11 October 2019.

⁶ “Quarterly Market Report Industrial Properties Third Quarter 2019”. JTC Corporation. 24 October 2019.

⁷ “Singapore Q3 2019 Real Estate Times”. Edmund Tie. October 2019.

⁸ “Property Market Monitor.” JLL Singapore. 16 October 2019.

⁹ “CBRE Marketview, Singapore, Q3 2019”. CBRE Research. 16 October 2019.

Amid challenging market conditions, the Manager continues to focus on active lease and asset management and progressing on the AEI, as it executes its refreshed strategy.

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Sabana REIT

Sabana REIT was listed on the SGX-ST 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 18 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 one of the constituents of the FTSE ST Singapore Shariah 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.