



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 ANNOUNCES 0.79 CENTS DPU FOR 3Q 2017

- **Income distributable to Unitholders of S\$8.3 million**
- **Successful divestment of 218 Pandan Loop at S\$14.8 million, approximately 9.6% and 15.6% above original purchase price and book value respectively**
- **Total value of unencumbered assets increased 56.9% to S\$507.2 million in 3Q 2017, providing more operational and financial flexibility**
- **Strategic Review still underway; talks ongoing but no binding agreements have been entered into**

Financial Highlights

(S\$'000)	3Q 2017	2Q 2017	Variance (%)	3Q 2017	3Q 2016	Variance (%)
Gross revenue	20,859	21,964	(5.0)	20,859	23,031	(9.4)
Net property income ("NPI")	13,400	12,933	3.6	13,400	13,911	(3.7)
Income available for distribution	8,336	8,568	(2.7)	8,336	8,858	(5.9)
Distribution per Unit ("DPU") (cents)	0.79 ^{1,2}	0.81 ³	(2.5)	0.79 ^{1,2}	1.06 ⁴	(25.5)
Annualised DPU (cents)	3.13	3.25	(3.7)	3.13	4.22 ⁴	(25.8)

Singapore, 23 October 2017 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "Trust"), today announced a distributable income of approximately S\$8.3 million for the third quarter ended 30 September 2017 ("3Q 2017").

Unitholders will receive a DPU of 0.79 cents for 3Q 2017, based on 1.053 billion units issued as at 30 September 2017.

In 3Q 2017, gross revenue was 9.4% lower on a year-on-year ("y-o-y") basis mainly arising from the non-recognition of revenue for the master leases at 1 Tuas Avenue 4 and 6 Woodlands Loop as collections are no longer probable, conversion of 39 Ubi Road 1 into multi-tenanted lease arrangements in 4Q 2016, and lower revenue contribution

¹ Based on 1,053,083,530 units issued as at 30 September 2017.

² For 3Q 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. Without the general mandate to issue new units, the Manager is not able to continue to receive 80.0% of its base fee in units and has to receive its fees fully in cash from 1Q 2017 onwards. The DPU for 3Q2017 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.

³ The DPU for 2Q 2017 of 0.81 cents would have instead been approximately 0.87 cents had the Manager been able to continue receiving 80.0% of its base fee in units and approximately 0.78 cents had the Manager not elected to forego 25.0% of its fees for 2Q 2017.

⁴ DPU for prior periods has been restated to reflect the effect of bonus element in the Rights Issue.

from 151 Lorong Chuan, 8 Commonwealth Lane, 508 Chai Chee Lane and 2 Toh Tuck Link. This was positively offset by a higher revenue contribution from 9 Tai Seng Drive and 15 Jalan Kilang Barat.

Property expenses decreased by 18.2% y-o-y due to lower property tax, land rent, utilities and marketing expenses from certain multi-tenanted and non-triple-net master tenanted properties, and lower impairment losses on trade receivables arising from revenue from 1 Tuas Avenue 4 not recognised from 3Q 2017 onwards. This was partially offset by higher property expenses incurred from the lease conversion of 39 Ubi Road 1.

Although net property income (“NPI”) for 3Q 2017 declined by 3.7% y-o-y, there was a 3.6% improvement over 2Q 2017 as savings in property expenses more than offset the decline in revenue on a quarter-on-quarter (“q-o-q”) basis.

Property Portfolio Update

As at 30 September 2017, the multi-tenancy and overall portfolio occupancy levels were at 80.4% and 88.4% respectively. The Manager also successfully secured 171,247 square feet of renewals with direct tenants during the quarter.

The weighted average lease terms to expiry for master leases and for sub-tenancies stood at 2.1 years and 2.4 years respectively for the quarter.

The divestment of 218 Pandan Loop was completed at S\$14.8 million in 3Q 2017, approximately 9.6% higher than the original purchase price of S\$13.5 million. This was an approximate 15.6% premium over its book value of S\$12.8 million as at 30 June 2017, based on independent desktop valuation undertaken by Suntec Real Estate Consultants Pte Ltd.

The net sales proceeds from the divestment of 218 Pandan Loop was used mainly to reduce the Trust’s existing borrowings and lower its recurring financing costs.

Capital Management

As at 30 September 2017, five of the Trust’s secured assets valued at S\$196.7 million were unencumbered, increasing the total value of unencumbered assets from S\$323.3 million (including 218 Pandan Loop) in 2Q 2017 to S\$507.2 million (excluding the divested 218 Pandan Loop) in 3Q 2017.

The Manager also refinanced approximately S\$57.8 million of Commodity Murabaha Facility and Convertible Sukuk in August and September 2017, using the divestment proceeds from 218 Pandan Loop and revolving credit facilities.

Earlier this year, the Trust launched a rights issue⁵ and raised approximately S\$80.2 million. The proceeds from the rights issue, as previously announced⁶, has been fully utilised to primarily repay maturing short-term borrowings, lowering the gearing from 43.2% as at 31 December 2016 to 36.0% as at 30 September 2017. This in turn, helped strengthen the Trust’s capital structure and financing flexibility, as well as its ability to pursue future growth opportunities in a more efficient manner.

Following the full repayment and redemption of its 2017 maturing borrowings, the Trust’s aggregate leverage and weighted average all-in-cost of borrowings improved q-o-q from 37.0% and 4.0% to 36.0% and 3.9% respectively, with close to 79.3% of its profit rate fixed as at 30 September 2017. The Trust’s weighted average borrowing maturity was 1.5 years, and approximately S\$23.9 million in revolving credit facilities remained unutilised at the quarter end.

⁵ Issuance Of 310,712,244 New Units In Sabana REIT. 25 January 2017

⁶ Use Of Proceeds From The Rights Issue. 6 February 2017.

The Manager remains committed to proactively managing its capital structure and has commenced discussions with the lenders to explore different refinancing options for the S\$90.0 million Islamic Trust Certificates Series I due March 2018.

Outlook and Management Strategy

Based on advance estimates released by Ministry of Trade and Industry, Singapore's GDP grew by 4.6% on a y-o-y basis in the third quarter of 2017, higher than the 2.9% growth in the second quarter⁷. On a q-o-q seasonally-adjusted annualised basis, the economy expanded by 6.3%, improving from the 2.4% growth in the previous quarter. GDP forecast consensus among private economists remained at 2.5%⁸ for 2017.

The 2Q 2017 industrial property market report by JTC estimated about 2.5 million square metres of industrial space will come on-stream in the second half of 2017 and 2018. This additional supply of industrial space will likely exert further downward pressures on prices and rentals⁹.

The Manager continues to be proactive in rebalancing and strengthening its portfolio, despite the challenging overall market. Improving the Trust's portfolio occupancy and retaining existing tenants remains a top priority for the Manager and it will continue to proactively manage its lease expiry profile through aggressive marketing and leasing efforts.

The Manager is currently in talks on the possible renewal/extension of the four¹⁰ master leases expiring this year, three of which are Sponsor-related properties. 6 Woodlands Loop is being considered for divestment.

Update on Strategic Review

As announced previously on 7 August 2017, the Manager is still in discussions with ESR Funds Management (S) Limited to explore options in connection with the Strategic Review. At this point, Sabana REIT has not entered into any definitive legally binding agreement. Accordingly, there can be no assurance that any transaction or agreements will eventually materialise pursuant to these discussions. The Manager will make the necessary announcements in accordance with its obligations under the listing rules as and when there are any material developments arising out of the Strategic Review exercise.

3Q 2017 Non-Shari'ah Compliant Income

After taking into consideration the Ta'widh and Ta'widh processing cost for the quarter, there will be no non-Shari'ah compliant income subjected to cleansing and to be donated to charitable causes for 3Q 2017.

Distributions to Unitholders

Unitholders will receive distributions for the period from 1 July 2017 to 30 September 2017 in cash on 28 November 2017. The closure of Sabana REIT's transfer books and register of Unitholders will take place at 5pm on 31 October 2017.

=== END ==

⁷ Singapore's GDP Grew by 4.6 Per Cent in the Third Quarter of 2017". Ministry of Trade and Industry. 13 October 2017. Web. 13 October 2017.

⁸ "Economic Policy Group Survey of Professional Forecasters". Monetary Authority of Singapore. September 2017. Web. September 2017.

⁹ "JTC Quarterly Market Report. Industrial Properties Second Quarter 2017". 2Q 2017. Web. 2Q 2017.

¹⁰ 21 Joon Koon Crescent, 33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road.

For enquiries, please contact:

Sabana Real Estate Investment Management Pte. Ltd.

Bobby Tay Chiew Sheng
Chief Strategy Officer & Head of Investor Relations
DID: +65 6580 7768
Email: bobby.tay@sabana.com.sg

Jasmine Teo
Manager, Investor Relations
DID: +65 6580 7857
Email: jasmine.teo@sabana.com.sg

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 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.