



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 ACQUISITION OF 6 WOODLANDS LOOP, SINGAPORE 738346

1. INTRODUCTION

The Board of Directors of Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana Shariah Compliant REIT**") and the manager of Sabana Shari'ah Compliant REIT, the "**Manager**", wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Shari'ah Compliant REIT (the "**Trustee**"), has on 25 November 2011, entered into a sale and purchase agreement (the "**SPA**") with Winstant & Co Pte Ltd (the "**Vendor**") in relation to the acquisition (the "**Acquisition**") of the property located at 6 Woodlands Loop, Singapore 738346 (the "**Property**").

The Manager is of the view that the Acquisition is in the ordinary course of Sabana Shari'ah Compliant REIT's business as the Property being acquired is within the investment strategy of Sabana Shari'ah Compliant REIT and does not change the risk profile of Sabana Shari'ah Compliant REIT.

2. INFORMATION ON THE PROPERTY

The Property is a 3-storey general industrial building, with a gross floor area of approximately 77,544 square feet.

The Property is a JTC leasehold estate of 30 + 30 years tenure commencing from 16 September 1994, with a remaining tenure of approximately 43 years.

The Property was independently valued by CKS Property Consultants Pte Ltd on 21 September 2011 at S\$14,800,000.00 using the discounted cash flow analysis, income approach and direct comparison approach.

3. DETAILS OF THE ACQUISITION AND LEASE (THE "TRANSACTION")

The purchase consideration for the Property is S\$14,800,000.00 (the "**Purchase Consideration**") which was arrived at on a willing buyer and willing seller basis.

On completion of the Acquisition of the Property, the Trustee will enter into a lease agreement (the "**Lease**") with the Property's existing tenant, MMI Holdings Limited (the "**Tenant**"), for a term of three years commencing from (and including) the date of completion of the Property.

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("**HSBC**"), was the sole financial adviser for the initial public offering (the "**Offering**") of units in Sabana Shari'ah Compliant REIT ("**Units**"). HSBC, United Overseas Bank Limited and Daiwa Capital Markets Singapore Limited (the "**Joint Bookrunners**") were the joint global coordinators, issue managers, bookrunners and underwriters for the Offering. HSBC, United Overseas Bank Limited and Daiwa Capital Markets Singapore Limited assume no responsibility for the contents of this announcement.

Under the SPA, the Vendor has agreed to provide rental income support, subject to an aggregate maximum sum of S\$958,058.00 (the “**Rental Support Amount**”), for a period of three years from the date of the completion of the Acquisition.

For the purposes of providing the rental income support, the Rental Support Amount shall be deducted from the Purchase Consideration and retained by the Trustee and the said deduction from the Purchase Consideration shall constitute full and final discharge of the Vendor’s obligations and liabilities in relation to the rental income support provided by the Vendor.

Sabana Shari’ah Compliant REIT has on 25 November 2011, arranged for the payment of a cash deposit of S\$148,000.00 (the “**Deposit**”), equivalent to one percent of the Purchase Consideration, which is to be paid into an escrow account, in compliance with the Conveyancing and Law of Property (Conveyancing) Rules 2011, maintained jointly by the Vendor’s solicitors and Sabana Shari’ah Compliant REIT’s solicitors for the purpose of the Acquisition.

The balance of the Purchase Consideration, after deduction of Rental Support Amount, the Deposit and other amounts permitted under the SPA, shall be payable in cash on completion of the Acquisition which is expected to take place in the fourth quarter of 2011, or such other date as may be agreed by the Vendor and the Trustee.

4. CONDITIONS PRECEDENT

The Acquisition is subject to certain conditions precedent including but not limited to the following:

- a. Sabana Shari’ah Compliant REIT having received the JTC Confirmation confirming that there is no subsisting breach by the Vendor of the JTC lease documents and the JTC Final Approval confirming that JTC has no objection to the execution of the transfer instrument in favour of the Trustee, and together with the Vendor, accepting the terms of the JTC approvals within the relevant period stipulated in such approvals for the Acquisition and the Lease;
- b. Sabana Shari’ah Compliant REIT having received satisfactory results to its due diligence investigations in respect of, including and not limited to the Property, the building, the mechanical and electrical equipment and the Tenant;
- c. There being no unsatisfactory replies to legal requisitions;
- d. The approval of any lender to Sabana Shari’ah Compliant REIT (where applicable) and the approval of the Shari’ah Council in accordance with the terms and conditions of the SPA; and
- e. Such other consents or approvals as may be required to be obtained by Sabana Shari’ah Compliant REIT or the Vendor from any third party or any government agency relating to the Acquisition or the Lease.

5. ESTIMATED COST OF THE ACQUISITION

The estimated total cost of the Acquisition excluding all taxes is approximately S\$15,088,000.00 and comprises the following:

- a. The Purchase Consideration of S\$14,800,000.00;
- b. The acquisition fee payable to the Manager under the trust deed dated 29 October 2010 constituting Sabana Shari’ah Compliant REIT entered into between the Trustee and the Manager (as amended) in respect of the Acquisition, which amounts to approximately S\$148,000.00; and
- c. The professional and other fees and expenses incurred or to be incurred in connection with the Acquisition which amount to approximately S\$140,000.00.

6. RATIONALE FOR THE TRANSACTION

The Manager believes that the Transaction will bring the following benefits to holders of units in Sabana Shari'ah Compliant REIT ("Unitholders"):

a. In line with Manager's Strategy

The Transaction is in line with the Manager's aim to invest in income-producing real estate and real-estate related assets used for industrial purposes in Asia which, provide attractive cash flows, yield-accretion and capital growth opportunities to generate stable and growing returns to Unitholders.

b. Strengths of the Property

The Property is strategically located along Woodlands Loop and is easily accessible by Bukit Timah Expressway (BKE). It is approximately 3 km away from Admiralty and Sembawang MRT stations. The good building specification is expected to attract tenants from diverse trade sectors. The Property also provides an attractive opportunity to make use of under-utilized plot ratio.

c. Income Diversification

The Transaction is expected to benefit Unitholders by improving asset diversification to reduce the reliance of Sabana Shari'ah Compliant REIT's income stream on any single asset. In addition, this Acquisition will bring into Sabana Shari'ah Compliant REIT another quality tenant, further diversifying its tenant base.

The Transaction will also increase the weighted lease tenure of Sabana Shari'ah Compliant REIT's portfolio and reduce Sabana Shari'ah Compliant REIT's lease expiry concentration in 2013 and 2015.

7. METHOD OF FINANCING

The Manager intends to fund the Acquisition by debt.

Sabana Shari'ah Compliant REIT's aggregate leverage (calculated as gross borrowings divided by total deposited property value), after taking into account the successful completions of 3A Joo Koon Circle, 2 Toh Tuck Link and 21 Joo Koon Crescent on 22 November 2011, excluding the proposed acquisition of 39 Ubi Road 1 announced on 11 August 2011 still pending legal completion, is expected to increase marginally from approximately 31.2% to approximately 32.2%. If including 39 Ubi Road 1, the aggregate leverage is expected to increase to 34.2%. This is within the aggregate leverage limit as set out in the guidelines in Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the valuation report and the SPA are available for inspection during normal business hours at the registered office of the Manager at 151 Lorong Chuan #02-03 New Tech Park, Singapore 556741, for a period of three months commencing from the date of this Announcement.

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

Kevin Xayaraj
Chief Executive Officer and Executive Director
27 November 2011

ABOUT SABANA SHARI'AH COMPLIANT REIT

Sabana Shari'ah Compliant REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

Sabana Shari'ah Compliant REIT is established principally to invest in income-producing real estate used for industrial purposes in Asia, as well as real estate-related assets, in line with Shari'ah investment principles. The initial property portfolio of Sabana Shari'ah Compliant REIT comprises 18 industrial properties located across Singapore.

The Manager's key objective is to provide Unitholders of Sabana Shari'ah Compliant REIT with regular and stable distributions and long-term growth in distribution per Unit and net asset value per Unit, while maintaining an appropriate capital structure.

Sabana Real Estate Investment Management Pte. Ltd. is the manager of Sabana Shari'ah Compliant REIT.

For further information on SabanaShari'ah Compliant REIT, please visit <http://www.sabana-reit.com>

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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.

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