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 0.75 CENTS DPU FOR 1Q 2019

- **Amount distributable to Unitholders of S$7.9 million, of which S$1.2 million was from the divestment of properties in prior years and 1Q 2019**
- **Embarking on Growth Phase of Refreshed Strategy with asset enhancement initiatives ("AEI") for New Tech Park**

Summary of Sabana REIT's Results

(S$'000)	1Q 2019	4Q 2018	Variance (%)	1Q 2018	Variance (%)
Gross revenue	18,524	20,023	(7.5)	21,003	(11.8)
Net property income ("NPI")	12,653	13,001	(2.7)	14,586	(13.3)
Amount available for distribution	7,898[1]	7,436	6.2	9,244[2]	(14.6)
- ***from operations***	*6,655*	*7,436*	*(10.5)*	*9,244*	*(28.0)*
- ***from capital gains***	*1,243*	-	*NM*	-	*NM*
Distribution per Unit ("DPU") (cents)	0.75[1]	0.71	5.6	0.88[2]	(14.8)
- ***from operations***	*0.63*	0.71	(11.3)	*0.88*	(28.4)
- ***from capital gains***	*0.12*	-	*NM*	-	*NM*

Singapore, 20 April 2019 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "REIT"), today reported financial results for the first quarter ended 31 March 2019 ("1Q 2019").

Unitholders will receive a DPU of 0.75 Singapore cents for the quarter, 14.8% lower than the previous corresponding quarter, on reduced revenue and NPI amid a challenging market and portfolio optimisation[3]. The total distributable amount was S$7.9 million, which was boosted by the S$1.24 million the Manager earmarked for distribution to unitholders following capital gains from divesting non-performing and mature properties.

Gross revenue declined 11.8% year-on-year ("y-o-y") for 1Q 2019. This was primarily on reduced rental income from lower occupancies including that of 151 Lorong Chuan for which a significant tenant had a planned exit upon their lease expiry in 1Q 2019 and non-contribution from 9 Tai Seng Drive which was divested on 10 January 2019. There was also an absence of a one-time payment[4] versus the same period last year. There were however higher

[1] Includes distribution of approximately S$1.24 million from the capital gain arising from the divestment of properties from prior years and current period.
[2] The Manager forgone 20% of its fees, approximately S$238,000, for 1Q 2018.
[3] Divestments of non-performing and mature properties.
[4] Recoverables from the ex-master tenant of 6 Woodlands Loop.

contributions from improved occupancies at 508 Chai Chee Lane and 23 Serangoon North Avenue 5. Correspondingly, NPI decreased by 13.3% y-o-y to S$12.7 million.

Net finance costs rose by 7.3% y-o-y, as the Group adopted a new reporting standard, FRS 116 Leases on 1 January 2019, which mandates a recognition of finance costs on operating lease liabilities. This was offset by deliberate actions to reduce interest costs, specifically by using proceeds from the divestment of 9 Tai Seng Drive to repay short term borrowings and redeeming higher cost facilities with lower cost facilities.

Overall occupancy levels for the REIT stood at 82.4% as at 31 March 2019 (at 31 December 2018: 84.4%), had 1 Tuas Avenue 4 been divested, the occupancy rate would be at 85.5% instead.

Donald Han, Chief Executive Officer of Sabana REIT, said: "We experienced some challenges at the start of 2019 as we make necessary adjustments to the portfolio for the longer term. Already, the work from the past year is bearing fruit, enabling us to boost the distributable amount to unitholders from divestment proceeds from non-performing and mature properties. Our actions have also given us sufficient debt headroom and the flexibility to undertake growth initiatives.

"We see progress in the year ahead as we embark on the long-awaited AEI at New Tech Park which will enable us to deliver long-term value for our unitholders."

The Manager has been granted Outline Permission by the authorities to add 3,979.69 sqm (42,837 sf) of new temporary commercial GFA to New Tech Park. The landmark asset represents approximately one third of the REIT's overall portfolio asset value and improving its value will positively impact overall performance. While the AEI will involve some temporary disruption to the business, it will be carried out in phases to minimise impact on tenants' operations, and to the REIT's performance.

Outlook for the Year

Based on advance estimates by the Ministry of Trade and Industry ("**MTI**"), Singapore's GDP grew 1.3% on a year-on-year basis in 1Q 2019, moderating from the 1.9% growth in 4Q 2018[5]. Monetary Authority Singapore ("**MAS**") forecasts Singapore's GDP will grow slightly below the mid-point of the 1.5-3.5% forecast range in 2019[6].

Overall rent reversion for 2019 is likely to remain negative, with JTC Corporation data showing continued oversupply and island-wide vacancy as at 4Q 2018[7]. Analysts continue to expect a mellowed market. Colliers International forecasts annual demand to moderate to 9.6 million square feet over 2018-2023 and island-wide industry supply to increase 150% year-on-year in 2019, before tapering off in 2020. It recommends that landlords of ageing properties consider upgrades and enhancements to be ready for Industry 4.0[8].

Amid challenging market conditions, the Manager continues to focus on its growth plan through active asset management and progressing on proposed AEI.

=== END ===

[5] "Singapore's GDP Grew by 1.3 per cent in the first quarter of 2019". Ministry of Trade and Industry. 12 April 2019.
[6] "MAS Monetary Policy Statement". Monetary of Singapore. 12 April 2019.
[7] "JTC Quarterly Market Report – Industrial Properties". JTC. 24 January 2019.
[8] "H2 2018 | Singapore Industrial Market". Colliers International Singapore. 1 March 2019.

For enquiries, please contact:

Sabana Real Estate Investment Management Pte. Ltd.

Dianne Tan
Senior Executive, Investor Relations & Investments
Sabana Real Estate Investment Management Pte. Ltd.
DID: +65 6580 7857
Email: dianne.tan@sabana.com.sg

WATATAWA Consulting

Josephine Chew
HP: +65 9061 0353
Email: jchew@we-watatawa.com

Hoong Huifang
HP: +65 9128 0762
Email: hhoong@we-watatawa.com

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 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.