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## SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FOURTH QUARTER FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016 AND FULL YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

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### 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 properties at 200 Pandan Loop and 3 Kallang Way 2A (the "**Divestment Properties**") for sale considerations of S\$38.0 million and S\$16.6 million on 14 March 2016 and 30 March 2016 respectively, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 21 quality industrial properties (the "**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. 218 Pandan Loop, Singapore 128408
12. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
13. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
14. 3A Joo Koon Circle, Singapore 629033
15. 2 Toh Tuck Link, Singapore 596225
16. 21 Joo Koon Crescent, Singapore 629026
17. 39 Ubi Road 1, Singapore 408695
18. 6 Woodlands Loop, Singapore 738346
19. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
20. 508 Chai Chee Lane, Singapore 469032
21. 10 Changi South Street 2, Singapore 486596

On 25 August 2016, Sabana Shari'ah Compliant REIT was granted new S\$108.0 million Commodity Murabaha Facilities ("**CMF**") (the "**New CMF**"), comprising S\$90.0 million Term CMF ("**Term CMF B (2020)**") and S\$18.0 million Revolving CMF D ("**Revolving CMF D (2020)**"), both maturing in February 2020. The proceeds were used to refinance the then S\$90.0 million Term CMF and Revolving CMF (collectively, "**CMF Maturing in November 2016**") respectively ahead of their maturities in November 2016.

On 5 December 2016, Sabana Shari'ah Compliant REIT entered into conditional sale and purchase agreement for the proposed divestment of the property at 218 Pandan Loop for a sale consideration of S\$14.8 million. The proposed divestment is expected to be completed in 1Q 2017.

On 8 December 2016, 14 December and 15 December 2016, Sabana Shari'ah Compliant REIT entered into conditional put and call option agreements for the proposed acquisitions of the properties located at 72 Eunos Avenue 7, 107 Eunos Avenue 3 and 47 Changi South Avenue 2 ("**Proposed Acquisitions**") for purchase considerations of S\$20.0 million, S\$34.5 million and S\$23.0 million respectively.

On 20 December 2016, Sabana Shari'ah Compliant REIT launched an underwritten and renounceable rights issue (the "**Rights Issue**") of 310,712,244 new units in the Trust ("**Rights Units**") to raise gross proceeds of approximately S\$80.2 million mainly to partially finance the Proposed Acquisitions and their related costs.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the full year ended 31 December 2016 as set out in this announcement have been extracted from the financial statements for the year ended 31 December 2016 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FOURTH QUARTER FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016 AND FULL YEAR FROM  
1 JANUARY 2016 TO 31 DECEMBER 2016**

**SUMMARY OF RESULTS FOR SABANA GROUP**

|                                                                                 | Group               |                     |                  |                        |                     |                  |
|---------------------------------------------------------------------------------|---------------------|---------------------|------------------|------------------------|---------------------|------------------|
|                                                                                 | Quarter             |                     | Fav /<br>(Unfav) | YTD                    |                     | Fav /<br>(Unfav) |
|                                                                                 | 4Q 2016             | 4Q 2015             |                  | 31/12/16               | 31/12/15            |                  |
|                                                                                 | S\$'000             | S\$'000             | %                | S\$'000                | S\$'000             | %                |
| Gross revenue                                                                   | 22,540              | 24,561              | (8.2)            | 91,807                 | 100,824             | (8.9)            |
| Net property income                                                             | 13,894              | 16,287              | (14.7)           | 56,942                 | 71,605              | (20.5)           |
| Income available for distribution                                               | 9,258               | 11,035              | (16.1)           | 36,949                 | 50,135              | (26.3)           |
| Distribution per unit ("DPU") (cents) – as reported and restated <sup>(a)</sup> | 0.88 <sup>(b)</sup> | 1.31 <sup>(c)</sup> | (32.8)           | 4.17 <sup>(b)(c)</sup> | 5.99 <sup>(c)</sup> | (30.4)           |
| Annualised DPU (cents)                                                          | 3.50 <sup>(b)</sup> | 5.20 <sup>(c)</sup> | (32.7)           | 4.17 <sup>(b)(c)</sup> | 5.99 <sup>(c)</sup> | (30.4)           |
| <u>Excluding impact of Right Units and bonus element of Rights Issue</u>        |                     |                     |                  |                        |                     |                  |
| DPU (cents)                                                                     | 1.25                | 1.50                | (16.7)           | 5.01                   | 6.85                | (26.9)           |
| Annualised DPU (cents)                                                          | 4.97                | 5.95                | (16.5)           | 5.01                   | 6.85                | (26.9)           |

**Notes:**

- (a) Please refer to Item 6 on Page 15 for the DPU computation.
- (b) Includes Right Units of 310,712,244 that will rank pari passu in all respects with the existing units issued and issuable as at 31 December 2016, including the right to any distributions which may accrue for the period from 1 October 2016 to 31 December 2016 as well as all distributions thereafter.
- (c) DPU for prior periods has been restated to reflect the effect of bonus element in the Rights Issue

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FOURTH QUARTER FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016 AND FULL YEAR FROM  
1 JANUARY 2016 TO 31 DECEMBER 2016**

**1 (a)(i) Statements of Total Return and Distribution Statements (4Q 2016 vs 4Q 2015)**

| <b>Statements of Total Return</b>                                | Group           |                  |                  | Trust           |                  |                  |
|------------------------------------------------------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
|                                                                  | Quarter         |                  | Fav /<br>(Unfav) | Quarter         |                  | Fav /<br>(Unfav) |
|                                                                  | 4Q 2016         | 4Q 2015          |                  | 4Q 2016         | 4Q 2015          |                  |
|                                                                  | S\$'000         | S\$'000          | %                | S\$'000         | S\$'000          | %                |
| Gross revenue <sup>(a)</sup>                                     | 22,540          | 24,561           | (8.2)            | 22,540          | 24,561           | (8.2)            |
| Property expenses <sup>(b)</sup>                                 | (8,646)         | (8,274)          | (4.5)            | (8,646)         | (8,274)          | (4.5)            |
| <b>Net property income</b>                                       | <b>13,894</b>   | <b>16,287</b>    | <b>(14.7)</b>    | <b>13,894</b>   | <b>16,287</b>    | <b>(14.7)</b>    |
| Finance income                                                   | 106             | 35               | 202.9            | 106             | 35               | 202.9            |
| Finance costs                                                    | (5,375)         | (5,416)          | 0.8              | (5,294)         | (5,340)          | 0.9              |
| <b>Net finance costs <sup>(c)</sup></b>                          | <b>(5,269)</b>  | <b>(5,381)</b>   | <b>2.1</b>       | <b>(5,188)</b>  | <b>(5,305)</b>   | <b>2.2</b>       |
| Manager's fees                                                   | (1,286)         | (1,469)          | 12.5             | (1,286)         | (1,469)          | 12.5             |
| Trustee's fees                                                   | (110)           | (130)            | 15.4             | (110)           | (130)            | 15.4             |
| Donation of non-Shari'ah compliant income <sup>(d)</sup>         | (31)            | (24)             | (29.2)           | (31)            | (24)             | (29.2)           |
| Other trust expenses                                             | (198)           | (312)            | 36.5             | (202)           | (316)            | 36.1             |
| <b>Net income</b>                                                | <b>7,000</b>    | <b>8,971</b>     | <b>(22.0)</b>    | <b>7,077</b>    | <b>9,043</b>     | <b>(21.7)</b>    |
| Net change in fair value of financial derivatives <sup>(e)</sup> | 1,281           | 124              | NM               | 1,281           | 122              | NM               |
| Net change in fair value of investment properties <sup>(f)</sup> | (40,019)        | (116,708)        | 65.7             | (40,019)        | (116,708)        | 65.7             |
| <b>Total return for the period before taxation</b>               | <b>(31,738)</b> | <b>(107,613)</b> | <b>70.5</b>      | <b>(31,661)</b> | <b>(107,543)</b> | <b>70.6</b>      |
| Tax expense <sup>(g)</sup>                                       | *               | *                | -                | -               | -                | -                |
| <b>Total return for the period after taxation</b>                | <b>(31,738)</b> | <b>(107,613)</b> | <b>70.5</b>      | <b>(31,661)</b> | <b>(107,543)</b> | <b>70.6</b>      |
|                                                                  |                 |                  |                  |                 |                  |                  |

  

| <b>Distribution Statements</b>                                                    | Group           |                  |                  | Trust           |                  |                  |
|-----------------------------------------------------------------------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
|                                                                                   | Quarter         |                  | Fav /<br>(Unfav) | Quarter         |                  | Fav /<br>(Unfav) |
|                                                                                   | 4Q 2016         | 4Q 2015          |                  | 4Q 2016         | 4Q 2015          |                  |
|                                                                                   | S\$'000         | S\$'000          | %                | S\$'000         | S\$'000          | %                |
| <b>Total return for the period after taxation</b>                                 | <b>(31,738)</b> | <b>(107,613)</b> | <b>70.5</b>      | <b>(31,661)</b> | <b>(107,543)</b> | <b>70.6</b>      |
| Non-tax deductible/(chargeable) items:                                            |                 |                  |                  |                 |                  |                  |
| Manager's fees paid/payable in units                                              | 1,028           | 1,175            | (12.5)           | 1,028           | 1,175            | (12.5)           |
| Amortisation of transaction costs <sup>(h)</sup>                                  | 821             | 553              | 48.5             | 743             | 480              | 54.8             |
| Trustee's fees                                                                    | 110             | 130              | (15.4)           | 110             | 130              | (15.4)           |
| Donation of non-Shari'ah compliant income                                         | 31              | 24               | 29.2             | 31              | 24               | 29.2             |
| Net change in fair value of financial derivatives                                 | (1,281)         | (124)            | NM               | (1,281)         | (122)            | NM               |
| Net change in fair value of investment properties                                 | 40,019          | 116,708          | (65.7)           | 40,019          | 116,708          | (65.7)           |
| Effects of recognising rental income on a straight line basis over the lease term | 146             | (35)             | 517.1            | 146             | (35)             | 517.1            |
| Other items                                                                       | 122             | 217              | (43.8)           | 123             | 218              | (43.6)           |
| <b>Net effect of non-tax deductible items</b>                                     | <b>40,996</b>   | <b>118,648</b>   | <b>(65.4)</b>    | <b>40,919</b>   | <b>118,578</b>   | <b>(65.5)</b>    |
| <b>Income available for distribution to Unitholders for the period</b>            | <b>9,258</b>    | <b>11,035</b>    | <b>(16.1)</b>    | <b>9,258</b>    | <b>11,035</b>    | <b>(16.1)</b>    |
|                                                                                   |                 |                  |                  |                 |                  |                  |

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) Net impairment losses on trade receivables of approximately S\$899,000 (2015: Nil) mainly provided for the outstanding balances of the master tenant at 1 Tuas Avenue 4 which were past due and in excess of security deposits held.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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1 JANUARY 2016 TO 31 DECEMBER 2016**

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

|                                                                         | Group          |                |                  | Trust          |                |                  |
|-------------------------------------------------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|
|                                                                         | 4Q 2016        | 4Q 2015        | Fav /<br>(Unfav) | 4Q 2016        | 4Q 2015        | Fav /<br>(Unfav) |
|                                                                         | S\$'000        | S\$'000        | %                | S\$'000        | S\$'000        | %                |
| <b>Finance income:</b>                                                  |                |                |                  |                |                |                  |
| - Profit income from fixed deposits with Islamic financial institutions | 5              | 11             | (54.5)           | 5              | 11             | (54.5)           |
| - Ta'widh (compensation on late payment of rent)                        | 101            | 24             | 320.8            | 101            | 24             | 320.8            |
|                                                                         | 106            | 35             | 202.9            | 106            | 35             | 202.9            |
| <b>Finance costs:</b>                                                   |                |                |                  |                |                |                  |
| - Commodity Murabaha Facilities                                         | (1,540)        | (2,131)        | 27.7             | (1,540)        | (2,131)        | 27.7             |
| - Revolving Murabahah Facility                                          | (104)          | (269)          | 61.3             | (104)          | (269)          | 61.3             |
| - Profit rate swaps                                                     | (403)          | 45             | NM               | (403)          | 45             | NM               |
| - Convertible Sukuk                                                     | (485)          | (485)          | -                | -              | -              | -                |
| - Trust Certificates                                                    | (1,979)        | (1,979)        | -                | -              | -              | -                |
| - Loans from subsidiaries                                               | -              | -              | -                | (2,464)        | (2,464)        | -                |
| - Amortisation of transaction costs                                     | (821)          | (553)          | (48.5)           | (743)          | (480)          | (54.8)           |
| - Brokerage and agent fees                                              | (43)           | (44)           | 2.3              | (40)           | (41)           | 2.4              |
|                                                                         | (5,375)        | (5,416)        | 0.8              | (5,294)        | (5,340)        | 0.9              |
| <b>Net finance costs</b>                                                | <b>(5,269)</b> | <b>(5,381)</b> | <b>2.1</b>       | <b>(5,188)</b> | <b>(5,305)</b> | <b>2.2</b>       |

(d) 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:

**4Q 2016**

- Singapore Kadayanallur Muslim League.

**4Q 2015**

- Singapore Red Cross for the South India Floods 2015 Relief Fund.

(e) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk based on broker quotes and option pricing models between the last quarter and at the reporting date. These items are non-tax deductible and have no impact on income available for distribution.

(f) The net change in fair value of investment properties in 4Q 2016 mainly 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 ("**FY 2016 Valuers**") and an adjustment of straight line rent of S\$2.5 million in respect of 1 Tuas Avenue 4, as at 31 December 2016.

The net change in fair value of investment properties in 4Q 2015 mainly relates to the revaluation loss based on independent valuations of the properties undertaken by the independent valuers Knight Frank Pte Ltd and/or Debenham Tie Leung (SEA) Pte Ltd ("**FY 2015 Valuers**") and the sale consideration of the Divestment Properties, as at 31 December 2015.

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

(g) This pertains to the tax expense of subsidiaries of the Trust.

(h) This represents the amortisation of upfront fees and legal fees pertaining to the CMF, Revolving Murabahah Facility, Convertible Sukuk, Trust Certificates and loans from subsidiaries. These items are non-tax deductible and have no impact on income available for distribution.

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1 JANUARY 2016 TO 31 DECEMBER 2016**

**1 (a)(ii) Statements of Total Return and Distribution Statements (Current Year to Date ("YTD") vs Prior YTD)**

| <b>Statements of Total Return</b>                                                  | Group           |                 |                  | Trust           |                 |                  |
|------------------------------------------------------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
|                                                                                    | YTD             |                 | Fav /<br>(Unfav) | YTD             |                 | Fav /<br>(Unfav) |
|                                                                                    | 31/12/16        | 31/12/15        |                  | 31/12/16        | 31/12/15        |                  |
|                                                                                    | S\$'000         | S\$'000         | %                | S\$'000         | S\$'000         | %                |
| Gross revenue <sup>(a)</sup>                                                       | 91,807          | 100,824         | (8.9)            | 91,807          | 100,824         | (8.9)            |
| Property expenses <sup>(b)</sup>                                                   | (34,865)        | (29,219)        | (19.3)           | (34,865)        | (29,219)        | (19.3)           |
| <b>Net property income</b>                                                         | <b>56,942</b>   | <b>71,605</b>   | <b>(20.5)</b>    | <b>56,942</b>   | <b>71,605</b>   | <b>(20.5)</b>    |
| Finance income                                                                     | 293             | 130             | 125.4            | 293             | 130             | 125.4            |
| Finance costs                                                                      | (21,089)        | (21,548)        | 2.1              | (20,773)        | (21,106)        | 1.6              |
| <b>Net finance costs <sup>(c)</sup></b>                                            | <b>(20,796)</b> | <b>(21,418)</b> | <b>2.9</b>       | <b>(20,480)</b> | <b>(20,976)</b> | <b>2.4</b>       |
| Amortisation of intangible assets                                                  | -               | (447)           | 100.0            | -               | (447)           | 100.0            |
| Manager's fees                                                                     | (5,333)         | (6,263)         | 14.8             | (5,333)         | (6,263)         | 14.8             |
| Trustee's fees                                                                     | (454)           | (544)           | 16.5             | (454)           | (544)           | 16.5             |
| Donation of non-Shari'ah compliant income <sup>(d)</sup>                           | (113)           | (63)            | (79.4)           | (113)           | (63)            | (79.4)           |
| Other trust expenses                                                               | (1,055)         | (1,209)         | 12.7             | (1,073)         | (1,226)         | 12.5             |
| Loss on exercise of put option on Convertible Sukuk by Sukukholders <sup>(e)</sup> | -               | (648)           | 100.0            | -               | (227)           | 100.0            |
| <b>Net income</b>                                                                  | <b>29,191</b>   | <b>41,013</b>   | <b>(28.8)</b>    | <b>29,489</b>   | <b>41,859</b>   | <b>(29.6)</b>    |
| Net change in fair value of financial derivatives <sup>(f)</sup>                   | (235)           | 2,259           | (110.4)          | (237)           | 1,660           | (114.3)          |
| Net change in fair value of investment properties <sup>(g)</sup>                   | (90,862)        | (116,708)       | 22.1             | (90,862)        | (116,708)       | 22.1             |
| Loss on divestment of investment properties <sup>(h)</sup>                         | (558)           | -               | NM               | (558)           | -               | NM               |
| <b>Total return for the year before taxation</b>                                   | <b>(62,464)</b> | <b>(73,436)</b> | <b>14.9</b>      | <b>(62,168)</b> | <b>(73,189)</b> | <b>15.1</b>      |
| Tax expense <sup>(i)</sup>                                                         | *               | *               | -                | -               | -               | -                |
| <b>Total return for the year after taxation</b>                                    | <b>(62,464)</b> | <b>(73,436)</b> | <b>14.9</b>      | <b>(62,168)</b> | <b>(73,189)</b> | <b>15.1</b>      |

| <b>Distribution Statements</b>                                                    | Group           |                 |                  | Trust           |                 |                  |
|-----------------------------------------------------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
|                                                                                   | YTD             |                 | Fav /<br>(Unfav) | YTD             |                 | Fav /<br>(Unfav) |
|                                                                                   | 31/12/16        | 31/12/15        |                  | 31/12/16        | 31/12/15        |                  |
|                                                                                   | S\$'000         | S\$'000         | %                | S\$'000         | S\$'000         | %                |
| <b>Total return for the year after taxation</b>                                   | <b>(62,464)</b> | <b>(73,436)</b> | <b>14.9</b>      | <b>(62,168)</b> | <b>(73,189)</b> | <b>15.1</b>      |
| Non-tax deductible/(chargeable) items:                                            |                 |                 |                  |                 |                 |                  |
| Manager's fees paid/payable in units                                              | 4,266           | 5,011           | (14.9)           | 4,266           | 5,011           | (14.9)           |
| Amortisation of intangible assets                                                 | -               | 447             | (100.0)          | -               | 447             | (100.0)          |
| Amortisation of transaction costs <sup>(i)</sup>                                  | 2,784           | 2,284           | 21.9             | 2,482           | 1,857           | 33.7             |
| Trustee's fees                                                                    | 454             | 544             | (16.5)           | 454             | 544             | (16.5)           |
| Donation of non-Shari'ah compliant income                                         | 113             | 63              | 79.4             | 113             | 63              | 79.4             |
| Net change in fair value of financial derivatives                                 | 235             | (2,259)         | 110.4            | 237             | (1,660)         | 114.3            |
| Net change in fair value of investment properties                                 | 90,862          | 116,708         | (22.1)           | 90,862          | 116,708         | (22.1)           |
| Loss on divestment of investment properties                                       | 558             | -               | NM               | 558             | -               | NM               |
| Loss on exercise of put option on Convertible Sukuk by Sukukholders               | -               | 648             | (100.0)          | -               | 227             | (100.0)          |
| Effects of recognising rental income on a straight line basis over the lease term | (362)           | (369)           | 1.9              | (362)           | (369)           | 1.9              |
| Other items                                                                       | 503             | 494             | 1.8              | 507             | 496             | 2.2              |
| <b>Net effect of non-tax deductible items</b>                                     | <b>99,413</b>   | <b>123,571</b>  | <b>(19.5)</b>    | <b>99,117</b>   | <b>123,324</b>  | <b>(19.6)</b>    |
| <b>Income available for distribution to Unitholders for the year</b>              | <b>36,949</b>   | <b>50,135</b>   | <b>(26.3)</b>    | <b>36,949</b>   | <b>50,135</b>   | <b>(26.3)</b>    |

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) Net impairment losses on trade receivables of approximately S\$2,354,000 (2015: Nil) mainly provided for the outstanding balances of the master tenant at 1 Tuas Avenue 4 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 /<br>(Unfav) | YTD             |                 | Fav /<br>(Unfav) |
|                                                                         | 31/12/16        | 31/12/15        |                  | 31/12/16        | 31/12/15        |                  |
|                                                                         | S\$'000         | S\$'000         | %                | S\$'000         | S\$'000         | %                |
| <b>Finance income:</b>                                                  |                 |                 |                  |                 |                 |                  |
| - Profit income from fixed deposits with Islamic financial institutions | 30              | 65              | (53.8)           | 30              | 65              | (53.8)           |
| - Ta'widh (compensation on late payment of rent)                        | 263             | 65              | 304.6            | 263             | 65              | 304.6            |
|                                                                         | 293             | 130             | 125.4            | 293             | 130             | 125.4            |
| <b>Finance costs:</b>                                                   |                 |                 |                  |                 |                 |                  |
| - Commodity Murabaha Facilities                                         | (7,091)         | (7,483)         | 5.2              | (7,091)         | (7,483)         | 5.2              |
| - Revolving Murabahah Facility                                          | (599)           | (324)           | (84.9)           | (599)           | (324)           | (84.9)           |
| - Profit rate swaps                                                     | (637)           | (513)           | (24.2)           | (637)           | (513)           | (24.2)           |
| - Convertible Sukuk                                                     | (1,929)         | (2,914)         | 33.8             | -               | -               | -                |
| - Trust Certificates                                                    | (7,872)         | (7,850)         | (0.3)            | -               | -               | -                |
| - Loans from subsidiaries                                               | -               | -               | -                | (9,801)         | (10,764)        | 8.9              |
| - Amortisation of transaction costs                                     | (2,784)         | (2,284)         | (21.9)           | (2,482)         | (1,857)         | (33.7)           |
| - Brokerage and agent fees                                              | (177)           | (180)           | 1.7              | (163)           | (165)           | 1.2              |
|                                                                         | (21,089)        | (21,548)        | 2.1              | (20,773)        | (21,106)        | 1.6              |
| <b>Net finance costs</b>                                                | <b>(20,796)</b> | <b>(21,418)</b> | <b>2.9</b>       | <b>(20,480)</b> | <b>(20,976)</b> | <b>2.4</b>       |

(d) This relates to the net income 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**

- Lien Aid (1Q 2016);
- The Operation Hope Foundation Ltd for their Nepal Earthquake Rebuilding Project and Bursaries Sponsorship (2Q 2016);
- Mendaki Sense (3Q 2016); and
- Singapore Kadayanallur Muslim League (4Q 2016).

**Prior YTD**

- Singapore Red Cross for the Cyclone Pam 2015 Relief Fund (1Q 2015);
- Mendaki Sense (2Q 2015);
- Majlis Ugama Islam Singapura (3Q 2015); and
- Singapore Red Cross for the South India Floods 2015 Relief Fund (4Q 2015).

(e) This represents the Prior YTD loss relating to the redemption and cancellation of aggregate principal amount of S\$29.7 million of Convertible Sukuk pursuant to the put option exercised by certain Sukukholders. This item was non-tax deductible and had no impact on income available for distribution.

(f) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk based on broker quotes and option pricing models respectively recognised YTD. These items are non-tax deductible and have no impact on income available for distribution.

(g) The net change in fair value of investment properties in Current YTD mainly relates to the revaluation loss based on the independent valuations of the properties undertaken by the independent FY 2016 Valuers and an adjustment of straight line rent of S\$2.5 million in respect of 1 Tuas Avenue 4, as at 31 December 2016

The net change in fair value of investment properties in Prior YTD mainly relates to the revaluation loss based on independent valuations of the properties undertaken by the independent FY 2015 Valuers and the sale consideration of the Divestment Properties, as at 31 December 2015.

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

(h) This relates to the applicable agent commissions, divestment fee payable to the Manager, and other professional fees and expenses incurred in connection with the divestment of the Divestment Properties. These items are non-tax deductible and have no impact on income available for distribution.

(i) This pertains to the tax expense of subsidiaries.

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- (j) This represents the amortisation of upfront fees and legal fees pertaining to the CMF, Revolving Murabahah Facility, Convertible Sukuk, Trust Certificates and loans from subsidiaries. These items are non-tax deductible and have no impact on income 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            |                  |               |
|----------------------------------------------------------|------------------|------------------|---------------|------------------|------------------|---------------|
|                                                          | 31/12/16         | 31/12/15         | Change        | 31/12/16         | 31/12/15         | Change        |
|                                                          | S\$'000          | S\$'000          | %             | S\$'000          | S\$'000          | %             |
| <b>Non-current assets</b>                                |                  |                  |               |                  |                  |               |
| Investment properties <sup>(a)</sup>                     | 990,600          | 1,090,200        | (9.1)         | 990,600          | 1,090,200        | (9.1)         |
| Subsidiaries <sup>(b)</sup>                              | -                | -                | -             | *                | *                | -             |
| Derivative assets <sup>(c)</sup>                         | 522              | -                | NM            | 522              | -                | NM            |
| <b>Total non-current assets</b>                          | <b>991,122</b>   | <b>1,090,200</b> | <b>(9.1)</b>  | <b>991,122</b>   | <b>1,090,200</b> | <b>(9.1)</b>  |
| <b>Current assets</b>                                    |                  |                  |               |                  |                  |               |
| Investment properties held for divestment <sup>(d)</sup> | 13,000           | 54,600           | (76.2)        | 13,000           | 54,600           | (76.2)        |
| Derivative assets <sup>(c)</sup>                         | -                | 403              | (100.0)       | -                | 403              | (100.0)       |
| Trade and other receivables <sup>(e)</sup>               | 9,561            | 9,758            | (2.0)         | 9,553            | 9,750            | (2.0)         |
| Cash and cash equivalents <sup>(f)</sup>                 | 9,206            | 10,438           | (11.8)        | 9,201            | 10,432           | (11.8)        |
| <b>Total current assets</b>                              | <b>31,767</b>    | <b>75,199</b>    | <b>(57.8)</b> | <b>31,754</b>    | <b>75,185</b>    | <b>(57.8)</b> |
| <b>Total assets</b>                                      | <b>1,022,889</b> | <b>1,165,399</b> | <b>(12.2)</b> | <b>1,022,876</b> | <b>1,165,385</b> | <b>(12.2)</b> |
| <b>Current liabilities</b>                               |                  |                  |               |                  |                  |               |
| Trade and other payables <sup>(g)</sup>                  | 14,097           | 14,438           | (2.4)         | 14,095           | 14,431           | (2.3)         |
| Borrowings <sup>(h)</sup>                                | 130,209          | 147,288          | (11.6)        | 130,440          | 147,288          | (11.4)        |
| Derivative liabilities <sup>(i)</sup>                    | 562              | 2                | NM            | 562              | -                | NM            |
| <b>Total current liabilities</b>                         | <b>144,868</b>   | <b>161,728</b>   | <b>(10.4)</b> | <b>145,097</b>   | <b>161,719</b>   | <b>(10.3)</b> |
| <b>Non-current liabilities</b>                           |                  |                  |               |                  |                  |               |
| Trade and other payables <sup>(g)</sup>                  | 13,511           | 15,928           | (15.2)        | 13,511           | 15,928           | (15.2)        |
| Borrowings <sup>(h)</sup>                                | 307,715          | 333,796          | (7.8)         | 307,715          | 334,329          | (8.0)         |
| Derivative liabilities <sup>(i)</sup>                    | -                | 206              | (100.0)       | -                | 206              | (100.0)       |
| <b>Total non-current liabilities</b>                     | <b>321,226</b>   | <b>349,930</b>   | <b>(8.2)</b>  | <b>321,226</b>   | <b>350,463</b>   | <b>(8.3)</b>  |
| <b>Total liabilities</b>                                 | <b>466,094</b>   | <b>511,658</b>   | <b>(8.9)</b>  | <b>466,323</b>   | <b>512,182</b>   | <b>(9.0)</b>  |
| <b>Net assets</b>                                        | <b>556,795</b>   | <b>653,741</b>   | <b>(14.8)</b> | <b>556,553</b>   | <b>653,203</b>   | <b>(14.8)</b> |
| Represented by:                                          |                  |                  |               |                  |                  |               |
| <b>Unitholders' funds <sup>(j)</sup></b>                 | <b>556,795</b>   | <b>653,741</b>   | <b>(14.8)</b> | <b>556,553</b>   | <b>653,203</b>   | <b>(14.8)</b> |

NM denotes "not meaningful"

\* Less than S\$1,000

**Notes:**

- (a) The carrying amounts of the investment properties as at 31 December 2016 were based on the independent valuations of the properties undertaken by the independent FY 2016 Valuers.

The decrease in investment properties mainly arises from the lower fair values of the properties appraised as at 31 December 2016 and the reclassification of 218 Pandan Loop to investment properties held for divestment as divestment is planned within the next 12 months from the reporting date.

- (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) Non-current derivative assets as at 31 December 2016 relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the new S\$90.0 million Term CMF B (2020), which was granted in August 2016 to refinance the then S\$90.0 million Term CMF B maturing in November 2016 ("Term CMF B (2016)").

Current derivative assets as at 31 December 2015 relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the Term CMF B (2016), fully expired as at the reporting date.

- (d) This relates to 218 Pandan Loop and the Divestment Properties as at 31 December 2016 and 31 December 2015 respectively, which were classified as investment properties held for divestment in accordance with FRS 105 – *Non-current Assets held for Sale and Discontinued Operations*.

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The decrease mainly arises from the Divestment Properties having been divested as at the reporting date and partially offset by the reclassification of 218 Pandan Loop to investment properties held for divestment.

- (e) This relates to trade receivables, prepayments, deposits, and other receivables.
- (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 trade and other payables from 31 December 2016 is mainly due to refund of cash security deposits to a master tenant that had furnished a banker's guarantee in lieu of the cash security deposit during Current YTD.

- (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\$13.3 million drawn from Revolving CMF D (2020);
  - (ii) Amortised cost of the liability component of the remaining principal amount of S\$42.8 million of Convertible Sukuk issued by STPL;
  - (iii) Amortised cost of the remaining principal amount of S\$42.8 million of STPL's profit bearing loan to the Trust, which was raised from the issuance of the Convertible Sukuk by STPL; and
  - (iv) Amortised cost of the principal amount of S\$75.0 million drawn from Term CMF F.

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 (2020);
- (ii) Amortised cost of the principal amount of the S\$90.0 million Trust Certificates due 2018 ("**Trust Certificates Series I**") and the S\$100.0 million Trust Certificates due 2019 ("**Trust Certificates Series II**") (collectively, the "**Trust Certificates Series**") issued by SSPL; and
- (iii) Amortised cost of the principal amount of S\$190.0 million of SSPL's profit bearing loans to the Trust, which was raised from the issuance of the Trust Certificates Series by SSPL;

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

- (i) The reclassification of Term CMF F and the Convertible Sukuk from non-current to current as they are maturing within 12 months from the reporting date;
- (ii) The refinancing of the then Term CMF B (2016) maturing in November 2016 with the new Term CMF B (2020) maturing in February 2020;
- (iii) Repayment of the then Revolving CMF D maturing in November 2016 and Revolving Murbahahah Facility with the proceeds received from the divestment of the Divestment Properties; and
- (iv) Drawdown of the Revolving CMF D (2020) in Current YTD.

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

- (i) Current derivative liabilities relate to the fair value of the embedded derivatives component of the Convertible Sukuk issued by STPL and the profit rate swaps entered into to hedge the profit rate risk on the S\$75.0 million Term CMF F ("**PRS F**").

The movements in current and non-current derivative liabilities are mainly due to the reclassification of PRS F from non-current to current as it is maturing within 12 months from the reporting date.

- (j) 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          |                |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                   | 31/12/16       | 31/12/15       | 31/12/16       | 31/12/15       |
|                                                   | S\$'000        | S\$'000        | S\$'000        | S\$'000        |
| <b>Secured borrowings</b>                         |                |                |                |                |
| Amount repayable within one year:                 |                |                |                |                |
| Revolving CMF <sup>(a)</sup>                      | 13,300         | 30,000         | 13,300         | 30,000         |
| Revolving Murabahah Facility <sup>(b)</sup>       | -              | 28,000         | -              | 28,000         |
| Term CMF <sup>(a)</sup>                           | 75,000         | 90,000         | 75,000         | 90,000         |
| Less: Unamortised capitalised transaction costs   | (486)          | (712)          | (486)          | (712)          |
|                                                   | <b>87,814</b>  | <b>147,288</b> | <b>87,814</b>  | <b>147,288</b> |
| Amount repayable after one year:                  |                |                |                |                |
| Term CMF <sup>(a)</sup>                           | 120,000        | 105,000        | 120,000        | 105,000        |
| Less: Unamortised capitalised transaction costs   | (1,476)        | (1,900)        | (1,476)        | (1,900)        |
|                                                   | <b>118,524</b> | <b>103,100</b> | <b>118,524</b> | <b>103,100</b> |
| <b>Total secured borrowings</b>                   | <b>206,338</b> | <b>250,388</b> | <b>206,338</b> | <b>250,388</b> |
| <b>Unsecured borrowings</b>                       |                |                |                |                |
| Amount repayable within one year:                 |                |                |                |                |
| Convertible Sukuk - debt component <sup>(c)</sup> | 42,395         | -              | -              | -              |
| Loans from subsidiaries <sup>(e)</sup>            | -              | -              | 42,750         | -              |
| Less: Unamortised capitalised transaction costs   | -              | -              | (124)          | -              |
|                                                   | <b>42,395</b>  | <b>-</b>       | <b>42,626</b>  | <b>-</b>       |
| Amount repayable after one year:                  |                |                |                |                |
| Convertible Sukuk - debt component <sup>(c)</sup> | -              | 41,933         | -              | -              |
| Trust Certificates <sup>(d)</sup>                 | 190,000        | 190,000        | -              | -              |
| Loans from subsidiaries <sup>(e)</sup>            | -              | -              | 190,000        | 232,750        |
| Less: Unamortised capitalised transaction costs   | (809)          | (1,237)        | (809)          | (1,521)        |
|                                                   | <b>189,191</b> | <b>230,696</b> | <b>189,191</b> | <b>231,229</b> |
| <b>Total unsecured borrowings</b>                 | <b>231,586</b> | <b>230,696</b> | <b>231,817</b> | <b>231,229</b> |
| <b>Total borrowings</b>                           | <b>437,924</b> | <b>481,084</b> | <b>438,155</b> | <b>481,617</b> |

**Details of borrowings, debt securities and collaterals**

**Secured borrowings**

**(a) Commodity Murabaha Facilities**

In August 2016, Sabana Group completed the refinancing exercise of the CMF Maturing in November 2016, with the New CMF to increase the weighted average term of existing borrowings and to further unencumber two investment properties.

As at the reporting date, the following Term CMF were outstanding:

- (i) 5-year Term CMF F of S\$75.0 million maturing in August 2017;
- (ii) 5-year Term CMF C of S\$30.0 million maturing in November 2019; and
- (iii) 3.5-year Term CMF B (2020) of S\$90.0 million maturing in February 2020.

As at the reporting date, the 3.5-year Revolving CMF D (2020) maturing in February 2020 has an outstanding amount of S\$13.3 million and an undrawn amount of S\$4.7 million.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 8 (2015: 10) investment properties ("**Securitised Properties**"), (or, where title to or lease relating to the Securitised 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 Securitised Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitised Properties.

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(b) Revolving Murabahah Facility

As at the reporting date, the outstanding 3-year Revolving Murabahah Facility of S\$50.0 million maturing in September 2018 is fully undrawn.

The Revolving Murabahah Facility is secured by, *inter alia*:

- (1) A first ranking legal mortgage over 8 Commonwealth Lane and 34 Penjuru Lane ("**Dual Secured Properties**");
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Dual Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Dual Secured Properties.

Unsecured borrowings

(c) Convertible Sukuk

|                                                                                                                                        | Group         |               |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                        | 31/12/16      | 31/12/15      |
|                                                                                                                                        | S\$'000       | S\$'000       |
| <b>Convertible Sukuk - debt component</b>                                                                                              |               |               |
| Carrying amount of debt component at beginning of the year                                                                             | 41,933        | 70,375        |
| Profit accretion, including amortisation of transaction costs                                                                          | 462           | 660           |
| Extinguishment of debt component arising from the redemption of Convertible Sukuk pursuant to the put option exercised by Sukukholders | -             | (29,102)      |
| <b>Carrying amount of debt component at end of the year</b>                                                                            | <b>42,395</b> | <b>41,933</b> |

The S\$80.0 million 4.5 per cent. Convertible Sukuk issued by STPL on 24 September 2012 and due on 24 September 2017, is unsecured, and convertible by Sukukholders into units of the Trust at any time on or after 9 November 2012 at the initial conversion price of S\$1.1933 per unit. As at the reporting date, the conversion price per unit is S\$1.0131.

(d) Trust Certificates

As at the reporting date, the following unsecured Trust Certificates issued under the Group's S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme were outstanding:

- (i) S\$90.0 million 4.0 per cent. Trust Certificates Series I issued on 19 March 2014 and due on 19 March 2018; and
- (ii) S\$100.0 million 4.25 per cent. Trust Certificates Series II issued on 3 October 2014 and due on 3 April 2019.

(e) Loans from subsidiaries

As at the reporting date, the following loans from subsidiaries were outstanding:

- (i) S\$42.8 million loan, which is equivalent to the principal amount of the Convertible Sukuk outstanding, granted by STPL to the Trust, through the proceeds raised from the issuance of the Convertible Sukuk at the same repayment terms, is unsecured and profit bearing; and
- (ii) S\$190.0 million loans, which are equivalent to the principal amount of the Trust Certificates, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates Series at the same repayment terms stated in Item (1)(b)(ii)(d) above.

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**1 (c) Statement of Cash Flows**

| <b>Statement of Cash Flows</b>                                      | Group          |                 |                  |                         |
|---------------------------------------------------------------------|----------------|-----------------|------------------|-------------------------|
|                                                                     | Quarter        |                 | YTD              |                         |
|                                                                     | 4Q 2016        | 4Q 2015         | 31/12/16         | 31/12/15                |
|                                                                     | S\$'000        | S\$'000         | S\$'000          | S\$'000                 |
| <b>Cash flows from operating activities</b>                         |                |                 |                  |                         |
| Total return for the period after taxation and before distribution  | (31,738)       | (107,613)       | (62,464)         | (73,436)                |
| Adjustments for:                                                    |                |                 |                  |                         |
| Amortisation of intangible assets                                   | -              | -               | -                | 447                     |
| Manager's fees paid/payable in units                                | 1,028          | 1,175           | 4,266            | 5,011                   |
| Net change in fair value of financial derivatives                   | (1,281)        | (124)           | 235              | (2,259)                 |
| Loss on exercise of put option on Convertible Sukuk by Sukukholders | -              | -               | -                | 648                     |
| Net change in fair value of investment properties                   | 40,019         | 116,708         | 90,862           | 116,708                 |
| Loss on divestment of investment properties                         | -              | -               | 558              | -                       |
| Net finance costs                                                   | 5,269          | 5,381           | 20,796           | 21,418                  |
|                                                                     | 13,297         | 15,527          | 54,253           | 68,537                  |
| Change in trade and other receivables                               | (1,411)        | (910)           | (2,235)          | (1,039)                 |
| Change in trade and other payables                                  | (1,906)        | 2,992           | (3,604)          | 2,438                   |
| Cash generated from operating activities                            | 9,980          | 17,609          | 48,414           | 69,936                  |
| Ta'widh (compensation on late payment of rent) received             | 101            | 24              | 263              | 65                      |
| <b>Net cash from operating activities</b>                           | <b>10,081</b>  | <b>17,633</b>   | <b>48,677</b>    | <b>70,001</b>           |
| <b>Cash flows from investing activities</b>                         |                |                 |                  |                         |
| Capital expenditure on investment properties                        | (287)          | (207)           | (1,830)          | (1,455)                 |
| Divestment of investment properties                                 | -              | -               | 54,600           | -                       |
| Profit income received from Islamic financial institutions          | 5              | 11              | 30               | 65                      |
| <b>Net cash (used in)/from investing activities</b>                 | <b>(282)</b>   | <b>(196)</b>    | <b>52,800</b>    | <b>(1,390)</b>          |
| <b>Cash flows from financing activities</b>                         |                |                 |                  |                         |
| Proceeds from borrowings                                            | 13,300         | -               | 115,200          | 29,500                  |
| Repayment of borrowings                                             | (11,900)       | -               | (159,900)        | (29,750)                |
| Transaction costs paid                                              | -              | -               | (1,244)          | (446)                   |
| Issue expenses paid                                                 | -              | -               | -                | (40)                    |
| Finance costs paid                                                  | (1,933)        | (4,513)         | (18,017)         | (19,345)                |
| Distributions paid                                                  | (8,877)        | (12,963)        | (38,748)         | (50,379) <sup>(a)</sup> |
| <b>Net cash used in financing activities</b>                        | <b>(9,410)</b> | <b>(17,476)</b> | <b>(102,709)</b> | <b>(70,460)</b>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         | <b>389</b>     | <b>(39)</b>     | <b>(1,232)</b>   | <b>(1,849)</b>          |
| Cash and cash equivalents at beginning of the year/period           | 8,817          | 10,477          | 10,438           | 12,287                  |
| <b>Cash and cash equivalents at end of the year/period</b>          | <b>9,206</b>   | <b>10,438</b>   | <b>9,206</b>     | <b>10,438</b>           |

**Note:**

- (a) This amount excludes approximately S\$1.6 million (net of withholding tax) distributed by the issuance of 1,811,131 new units in 2Q 2015 in Prior YTD as part payment of distributions for the period from 1 October 2014 to 31 March 2015, pursuant to the DRP. There was no DRP applied for the period from 1 October 2015 to 30 September 2016.

**Proceeds from Rights Issue**

The Manager will make periodic announcements on the utilisation of the proceeds of the Rights Issue to be received via SGXNET as and when such funds are materially utilised. The Manager will provide a status report on the use of the proceeds from the Rights Issue in the annual reports of Sabana REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviations.

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**1 (d)(i) Statements of Movements in Unitholders' Funds (4Q 2016 vs 4Q 2015)**

| <b>Statements of Movements in Unitholders' Funds</b>                       | Group          |                 | Trust          |                 |
|----------------------------------------------------------------------------|----------------|-----------------|----------------|-----------------|
|                                                                            | Quarter        |                 | Quarter        |                 |
|                                                                            | 4Q 2016        | 4Q 2015         | 4Q 2016        | 4Q 2015         |
|                                                                            | S\$'000        | S\$'000         | S\$'000        | S\$'000         |
| <b>Balance at beginning of the period</b>                                  | 596,382        | 773,142         | 596,063        | 772,534         |
| <b>Operations</b>                                                          |                |                 |                |                 |
| Total return for the period after taxation                                 | (31,738)       | (107,613)       | (31,661)       | (107,543)       |
|                                                                            | <b>564,644</b> | <b>665,529</b>  | <b>564,402</b> | <b>664,991</b>  |
| <b>Unitholders' transactions</b>                                           |                |                 |                |                 |
| Issue of new units:                                                        |                |                 |                |                 |
| - Manager's fees payable in units <sup>(a)</sup>                           | 1,028          | 1,175           | 1,028          | 1,175           |
| Distributions to Unitholders                                               | (8,877)        | (12,963)        | (8,877)        | (12,963)        |
| <b>Net decrease in net assets resulting from Unitholders' transactions</b> | <b>(7,849)</b> | <b>(11,788)</b> | <b>(7,849)</b> | <b>(11,788)</b> |
| <b>Unitholders' funds at end of the period</b>                             | <b>556,795</b> | <b>653,741</b>  | <b>556,553</b> | <b>653,203</b>  |

**Note:**

- (a) This represents the value of new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The units are to be issued within 30 days from the quarter end.

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

| <b>Statements of Movements in Unitholders' Funds</b>                       | Group           |                 | Trust           |                 |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                            | YTD             |                 | YTD             |                 |
|                                                                            | 31/12/16        | 31/12/15        | 31/12/16        | 31/12/15        |
|                                                                            | S\$'000         | S\$'000         | S\$'000         | S\$'000         |
| <b>Balance at beginning of the year</b>                                    | 653,741         | 772,585         | 653,203         | 771,800         |
| <b>Operations</b>                                                          |                 |                 |                 |                 |
| Total return for the year after taxation                                   | (62,464)        | (73,436)        | (62,168)        | (73,189)        |
|                                                                            | <b>591,277</b>  | <b>699,149</b>  | <b>591,035</b>  | <b>698,611</b>  |
| <b>Unitholders' transactions</b>                                           |                 |                 |                 |                 |
| Issue of new units:                                                        |                 |                 |                 |                 |
| - Manager's fees paid/payable in units <sup>(a)</sup>                      | 4,266           | 5,011           | 4,266           | 5,011           |
| - DRP <sup>(b)</sup>                                                       | -               | 1,628           | -               | 1,628           |
| Issue expenses pursuant to DRP                                             | -               | (40)            | -               | (40)            |
| Distributions to Unitholders                                               | (38,748)        | (52,007)        | (38,748)        | (52,007)        |
| <b>Net decrease in net assets resulting from Unitholders' transactions</b> | <b>(34,482)</b> | <b>(45,408)</b> | <b>(34,482)</b> | <b>(45,408)</b> |
| <b>Unitholders' funds at end of the year</b>                               | <b>556,795</b>  | <b>653,741</b>  | <b>556,553</b>  | <b>653,203</b>  |

**Notes:**

- (a) This represents the value of new units issued and to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The units that are to be issued, will be issued within 30 days from the quarter end.
- (b) This represents the value of new units issued as part payment of distributions for the period from 1 October 2014 to 31 March 2015 pursuant to the DRP.

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

|                                                                   | Group and Trust      |                    |                      |                    |
|-------------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                                   | Quarter              |                    | YTD                  |                    |
|                                                                   | 4Q 2016              | 4Q 2015            | 31/12/16             | 31/12/15           |
| <b>Units in issue:</b>                                            |                      |                    |                      |                    |
| Units in issue at beginning of the period                         | 737,740,488          | 730,688,829        | 732,381,036          | 724,623,716        |
| Manager's fees paid in units                                      | 2,050,571            | 1,692,207          | 7,410,023            | 5,946,189          |
| DRP <sup>(a)</sup>                                                | -                    | -                  | -                    | 1,811,131          |
| <b>Issued units at end of the period</b>                          | <b>739,791,059</b>   | <b>732,381,036</b> | <b>739,791,059</b>   | <b>732,381,036</b> |
| <b>Units to be issued:</b>                                        |                      |                    |                      |                    |
| Manager's fees payable in units <sup>(b)</sup>                    | 2,580,227            | 1,645,627          | 2,580,227            | 1,645,627          |
| <b>Total issued and to be issued units, excluding Right Units</b> | <b>742,371,286</b>   | <b>734,026,663</b> | <b>742,371,286</b>   | <b>734,026,663</b> |
| Rights Issue <sup>(c)</sup>                                       | 310,712,244          | -                  | 310,712,244          | -                  |
| <b>Total issued and to be issued units, including Right Units</b> | <b>1,053,083,530</b> | <b>734,026,663</b> | <b>1,053,083,530</b> | <b>734,026,663</b> |

**Notes:**

- (a) These are new units issued pursuant to the DRP.
- (b) These are new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The new units are to be issued within 30 days from the quarter end.
- (c) The Rights Units of 310,712,244 units will be credited to the Unitholder's CDP accounts on 26 January 2017. These new Units will, upon allotment and issue, rank pari passu in all respects with the existing Unitholders, including the right to any distribution which may accrue for the period from 1 October 2016 to 31 December 2016 as well as all distributions thereafter.

**Convertible Sukuk**

Sabana Group has the following Convertible Sukuk outstanding as at 31 December 2016:

| Principal Amount Outstanding                                                | Maturity Date     | Conversion Price per unit as at 31 December 2016 |
|-----------------------------------------------------------------------------|-------------------|--------------------------------------------------|
| <b><u>Convertible Sukuk due 2017</u></b><br>S\$42.8 million 4.5% per annum. | 24 September 2017 | S\$1.0131                                        |

Since the date of their issue, an aggregate principal amount of S\$7.5 million of Convertible Sukuk has been converted into 6,285,090 units by converting Sukukholders and an aggregate principal amount of S\$29.7 million has been redeemed and cancelled pursuant to the put option exercised by certain Sukukholders.

Assuming all the outstanding Convertible Sukuk are fully converted based on the current conversion price of S\$1.0131, the number of new units to be issued would be 42,197,216 units, representing 5.7% of the total number of the Trust's units in issue and to be issued of 742,371,286, excluding the Rights Units, as at 31 December 2016.

**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.

**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.

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**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 2015.

**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**

Not applicable.

**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 (4Q 2016 vs 4Q 2015)**

|                                                                                                                       | Group                 |             | Trust                 |             |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------|-------------|-----------------------|-------------|
|                                                                                                                       | Quarter               |             | Quarter               |             |
|                                                                                                                       | 4Q 2016               | 4Q 2015     | 4Q 2016               | 4Q 2015     |
| <b><u>Basic and diluted EPU</u></b>                                                                                   |                       |             |                       |             |
| Weighted average number of units in issue                                                                             | 739,284,173           | 731,994,265 | 739,284,173           | 731,994,265 |
| Basic and diluted EPU for the period based on the weighted average number of units in issue (cents) <sup>(a)(b)</sup> | (4.29) <sup>(c)</sup> | (14.70)     | (4.28) <sup>(c)</sup> | (14.69)     |

**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 the Convertible Sukuk was anti-dilutive at the Group and the Trust level.

**Earnings per unit (Current YTD vs Prior YTD)**

|                                                                                                                     | Group                 |             | Trust                 |             |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|-------------|-----------------------|-------------|
|                                                                                                                     | YTD                   |             | YTD                   |             |
|                                                                                                                     | 31/12/16              | 31/12/15    | 31/12/16              | 31/12/15    |
| <b><u>Basic and diluted EPU</u></b>                                                                                 |                       |             |                       |             |
| Weighted average number of units in issue                                                                           | 736,325,679           | 729,211,600 | 736,325,679           | 729,211,600 |
| Basic and diluted EPU for the year based on the weighted average number of units in issue (cents) <sup>(a)(b)</sup> | (8.48) <sup>(c)</sup> | (10.07)     | (8.44) <sup>(c)</sup> | (10.04)     |

**Notes:**

- (a) The EPU calculation uses the total return for the year after taxation and before distribution, and the weighted average number of units outstanding during the year.
- (b) The diluted EPU calculation uses the total return for the year after taxation and before distribution and the weighted average number of units outstanding during the year, 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 the Convertible Sukuk was anti-dilutive at the Group and the Trust level.

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**Distribution per unit**

|                                                                                                          | Group and Trust     |                            |                                      | Group and Trust        |                            |                                       |
|----------------------------------------------------------------------------------------------------------|---------------------|----------------------------|--------------------------------------|------------------------|----------------------------|---------------------------------------|
|                                                                                                          | Quarter             |                            |                                      | YTD                    |                            |                                       |
|                                                                                                          | 4Q 2016             | 4Q 2015<br>as restated     | 4Q 2015<br>as previously<br>reported | 31/12/16               | 31/12/15<br>as restated    | 31/12/15<br>as previously<br>reported |
| Number of units issued and to be issued at end of the period entitled to distribution <sup>(a)</sup>     | 1,053,083,530       | 840,036,961 <sup>(b)</sup> | 734,026,663                          | 1,053,083,530          | 840,036,961 <sup>(b)</sup> | 734,026,663                           |
| Distribution per unit for the period based on the total number of units entitled to distribution (cents) | 0.88 <sup>(c)</sup> | 1.31 <sup>(b)</sup>        | 1.50                                 | 4.17 <sup>(b)(c)</sup> | 5.99 <sup>(b)</sup>        | 6.85                                  |

**Notes:**

- (a) The computation of DPU is based on the number of units entitled to distribution, comprising:
- (i) The number of units in issue as at 31 December 2016 of 739,791,059 (31 December 2015: 732,381,036);
  - (ii) The units to be issued to the Manager by 31 January 2017 as partial consideration of Manager's fees incurred for 4Q 2016 of 2,580,227 (by 31 January 2016 as partial consideration of Manager's fees incurred for 4Q 2015: 1,645,627); and
  - (iii) 310,712,244 Rights Units (31 December 2015: Nil) to be issued on 25 January 2017 to Unitholders pursuant to the Rights Issue.
- (b) The number of units issued and to be issued at end of the period entitled to distribution and DPU have been restated to reflect the effect of bonus element in the Rights Issue.
- (c) Includes Right Units of 310,712,244 that will rank pari passu in all respects with the existing units issued and issuable as at 31 December 2016, including the right to any distributions which may accrue for the financial period from 1 October 2016 to 31 December 2016 as well as all distributions thereafter.

Excluding the Rights Units and the bonus element, DPU for 4Q 2016 and Current YTD would have been 1.25 cents and 5.01 cents respectively.

**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<br>31/12/16 | As at<br>31/12/15 | As at<br>31/12/16 | As at<br>31/12/15 |
| Net asset value ("NAV") per unit (S\$) <sup>(a)</sup>    | 0.75              | 0.89              | 0.75              | 0.89              |
| Net tangible asset ("NTA") per unit (S\$) <sup>(a)</sup> | 0.75              | 0.89              | 0.75              | 0.89              |

**Note:**

- (a) The number of units used to compute NAV per unit and NTA per unit is 742,371,286 (31 December 2015: 734,026,663), comprising:
- (i) The number of units in issue as at 31 December 2016 of 739,791,059 (31 December 2015: 732,381,036); and
  - (ii) The units to be issued to the Manager by 31 January 2017 as partial consideration of Manager's fees incurred for 4Q 2016 of 2,580,227 (by 31 January 2016 as partial consideration of Manager's fees incurred for 4Q 2015 of 1,645,627).

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

**4Q 2016 vs 4Q 2015**

| <b>Statement of Total Return</b>                                    | <b>Group</b>    |                  |                  |
|---------------------------------------------------------------------|-----------------|------------------|------------------|
|                                                                     | Quarter         |                  | Fav /<br>(Unfav) |
|                                                                     | 4Q 2016         | 4Q 2015          |                  |
|                                                                     | S\$'000         | S\$'000          | %                |
| Gross revenue <sup>(a)</sup>                                        | 22,540          | 24,561           | (8.2)            |
| Property expenses <sup>(b)</sup>                                    | (8,646)         | (8,274)          | (4.5)            |
| <b>Net property income <sup>(b)</sup></b>                           | <b>13,894</b>   | <b>16,287</b>    | <b>(14.7)</b>    |
| Finance income                                                      | 106             | 35               | 202.9            |
| Finance costs                                                       | (5,375)         | (5,416)          | 0.8              |
| <b>Net finance costs</b>                                            | <b>(5,269)</b>  | <b>(5,381)</b>   | <b>2.1</b>       |
| Manager's fees <sup>(c)</sup>                                       | (1,286)         | (1,469)          | 12.5             |
| Trustee's fees <sup>(c)</sup>                                       | (110)           | (130)            | 15.4             |
| Donation of non-Shari'ah compliant income <sup>(d)</sup>            | (31)            | (24)             | (29.2)           |
| Other trust expenses <sup>(e)</sup>                                 | (198)           | (312)            | 36.5             |
| <b>Net income</b>                                                   | <b>7,000</b>    | <b>8,971</b>     | <b>(22.0)</b>    |
| Net change in fair value of financial derivatives <sup>(f)</sup>    | 1,281           | 124              | NM               |
| Net change in fair value of investment properties <sup>(g)</sup>    | (40,019)        | (116,708)        | 65.7             |
| <b>Total return for the period before taxation and distribution</b> | <b>(31,738)</b> | <b>(107,613)</b> | <b>70.5</b>      |
| Tax expense                                                         | *               | *                | -                |
| <b>Total return for the period before distribution</b>              | <b>(31,738)</b> | <b>(107,613)</b> | <b>70.5</b>      |
| Distribution adjustments <sup>(h)</sup>                             | 40,996          | 118,648          | <b>(65.4)</b>    |
| <b>Income available for distribution <sup>(i)</sup></b>             | <b>9,258</b>    | <b>11,035</b>    | <b>(16.1)</b>    |

NM denotes "not meaningful"

\*Less than S\$1,000

**Notes:**

(a) Gross revenue decreased by 8.2% mainly due to:

- (i) Negative rental revisions for certain master leases renewals in 4Q 2015;
- (ii) Lower average occupancy and contribution from 23 Serangoon North Avenue 5, 34 Penjuru Lane and 15 Jalan Kilang Barat which were converted into multi-tenanted lease arrangements and non-renewal of 218 Pandan Loop upon the expiry of their master leases in 4Q 2015;
- (iii) Lower average occupancy and contribution from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016; and
- (iv) Lower contribution from the Divestment Properties which were divested in 1Q 2016.

(b) Property expenses increased by 4.5% mainly due to:

- (i) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 34 Penjuru Lane, 23 Serangoon North Avenue 5 and 15 Jalan Kilang Barat which were converted into multi-tenanted lease arrangements and non-renewal of 218 Pandan Loop's triple-net master lease in 4Q 2015;
- (ii) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016;
- (iii) Higher property tax and land rent expenses from 30 & 32 Tuas Avenue 8, 26 Loyang Drive and 21 Joo Koon Crescent which were converted into non-triple net master lease tenancies in 4Q 2015;
- (iv) Higher net impairment losses on trade receivables in 4Q 2016 over 4Q 2015 largely arising from the master tenant at 1 Tuas Avenue 4 whose arrears were in excess of the security deposit held; and partially offset by
- (v) Lower property expenses from the Divestment Properties which were divested in 1Q 2016.

In line with the higher property expenses and lower gross revenue, net property income decreased by 14.7%.

- (c) Both Manager's and Trustee's fees decreased by 12.5% and 15.4% respectively mainly due to the lower total assets in 4Q 2016 over 4Q 2015, arising from lower valuation of the Properties as at 31 December 2016 and the divestment of the Divestment Properties in 1Q 2016, upon which these fees are based on.
- (d) Donation of non-Shari'ah compliant income increased by 29.2% mainly due to more income generated from non-core activities subjected to cleansing in 4Q 2016 over 4Q 2015.
- (e) Other trust expenses decreased by 36.5% mainly due to lower non-tax deductible professional fees and lower credit rating agency fees incurred in 4Q 2016 over 4Q 2015.



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- (f) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk recognised between the last quarter and the reporting date.
- (g) The variance in net change in fair value of investment properties in 4Q 2016 over 4Q 2015 mainly relates to the lower revaluation loss of the properties based on independent valuations undertaken by the independent valuers as at 31 December 2016 as compared to 31 December 2015.
- (h) Distribution adjustments were 65.4% lower as compared to 4Q 2015 mainly due to the lower non-tax deductible effects on the item stated in (g)
- (i) Distribution income decreased by 16.1% in 4Q 2016 mainly due to:
- (i) Lower net property income as set out in (b) above; partially offset by
  - (ii) Lower non-taxable straight-lining adjustments on rental income for major tenants given rent-free periods in 4Q 2016 over 4Q 2015;
  - (iii) Lower profit expense arising from lower outstanding borrowings; and
  - (iv) Lower manager's fees payable in cash.

**Current YTD vs Prior YTD**

| Statement of Total Return                                                          | Group           |                 |                  |
|------------------------------------------------------------------------------------|-----------------|-----------------|------------------|
|                                                                                    | YTD             |                 | Fav /<br>(Unfav) |
|                                                                                    | 31/12/16        | 31/12/15        |                  |
|                                                                                    | S\$'000         | S\$'000         | %                |
| Gross revenue <sup>(a)</sup>                                                       | 91,807          | 100,824         | (8.9)            |
| Property expenses <sup>(b)</sup>                                                   | (34,865)        | (29,219)        | (19.3)           |
| <b>Net property income <sup>(b)</sup></b>                                          | <b>56,942</b>   | <b>71,605</b>   | <b>(20.5)</b>    |
| Finance income                                                                     | 293             | 130             | 125.4            |
| Finance costs                                                                      | (21,089)        | (21,548)        | 2.1              |
| <b>Net finance costs</b>                                                           | <b>(20,796)</b> | <b>(21,418)</b> | <b>2.9</b>       |
| Amortisation of intangible assets <sup>(c)</sup>                                   | -               | (447)           | 100.0            |
| Manager's fees <sup>(d)</sup>                                                      | (5,333)         | (6,263)         | 14.8             |
| Trustee's fees <sup>(d)</sup>                                                      | (454)           | (544)           | 16.5             |
| Donation of non-Shari'ah compliant income <sup>(e)</sup>                           | (113)           | (63)            | (79.4)           |
| Other trust expenses <sup>(f)</sup>                                                | (1,055)         | (1,209)         | 12.7             |
| Loss on exercise of put option on Convertible Sukuk by Sukukholders <sup>(g)</sup> | -               | (648)           | 100.0            |
| <b>Net income</b>                                                                  | <b>29,191</b>   | <b>41,013</b>   | <b>(28.8)</b>    |
| Net change in fair value of financial derivatives <sup>(h)</sup>                   | (235)           | 2,259           | (110.4)          |
| Net change in fair value of investment properties <sup>(i)</sup>                   | (90,862)        | (116,708)       | 22.1             |
| Loss on divestment of investment properties <sup>(i)</sup>                         | (558)           | -               | NM               |
| <b>Total return for the period before taxation and distribution</b>                | <b>(62,464)</b> | <b>(73,436)</b> | <b>14.9</b>      |
| Tax expense                                                                        | *               | *               | -                |
| <b>Total return for the period before distribution</b>                             | <b>(62,464)</b> | <b>(73,436)</b> | <b>14.9</b>      |
| Distribution adjustments <sup>(k)</sup>                                            | 99,413          | 123,571         | (19.5)           |
| <b>Income available for distribution <sup>(l)</sup></b>                            | <b>36,949</b>   | <b>50,135</b>   | <b>(26.3)</b>    |

NM denotes "not meaningful"

\*Less than S\$1,000

**Notes:**

- (a) Gross revenue decreased by 8.9% mainly due to:
- (i) Negative rental revisions for certain master leases renewals in 4Q 2015;
  - (ii) Lower average portfolio occupancy in Current YTD over Prior YTD largely arising from the conversion of 23 Serangoon North Avenue 5, 34 Penjuru Lane and 15 Jalan Kilang Barat into multi-tenanted lease arrangement and non-renewal of 218 Pandan Loop upon the expiry of their master leases in 4Q 2015;
  - (iii) Lower average occupancy and contribution from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016;
  - (iv) Expiry of rental support at 9 Tai Seng Drive in 2Q 2015; and
  - (v) Lower contribution from the Divestment Properties which were divested in 1Q 2016.
- (b) Property expenses increased by 19.3% mainly due to:
- (i) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 34 Penjuru Lane, 23 Serangoon North Avenue 5 and 15 Jalan Kilang Barat which were converted into multi-tenanted lease arrangements and non-renewal of 218 Pandan Loop's triple-net maser lease in 4Q 2015;

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- (ii) Higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 39 Ubi Road 1 which was converted into multi-tenanted lease arrangements in 4Q 2016;
- (iii) Higher property tax and land rent expenses from 30 & 32 Tuas Avenue 8, 26 Loyang Drive and 21 Joo Koon Crescent which were converted into non-triple net master lease arrangements in 4Q 2015;
- (iv) Higher net impairment losses on trade receivables, largely arising from the master tenant at 1 Tuas Avenue 4 whose arrears were in excess of the security deposit held, in Current YTD over Prior YTD; and partially offset by
- (v) Lower property expenses from the Divestment Properties which were divested in 1Q 2016.

In line with the higher property expenses and lower gross revenue, net property income decreased by 20.5%.

- (c) Amortisation of intangible assets decreased by 100.0% mainly due to the rental support at 9 Tai Seng Drive being fully amortised in 2Q 2015.
- (d) Both Manager's and Trustee's fees decreased by 14.8% and 16.5% respectively mainly due to the lower total assets since 4Q 2015, arising from the revaluation loss on the properties during Current YTD and the divestment of the Divestment Properties in 1Q 2016, upon which these fees are based on.
- (e) Donation of non-Shari'ah compliant income increased by 79.4% mainly due to more income generated from non-core activities subjected to cleansing in Current YTD over Prior YTD.
- (f) Trust expenses decreased by 12.7% mainly due to lower central registry service charges and printing charges arising from the non-application of the DRP since 2Q 2015 and lower non-tax deductible professional fees.
- (g) This represents the one-time loss relating to the redemption and cancellation of aggregate principal amount of S\$29.7 million of Convertible Sukuk pursuant to the put option exercised by certain Sukukholders in 3Q 2015.
- (h) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk recognised during Current YTD.
- (i) The variance in net change in fair value of investment properties in Current YTD over Prior YTD mainly relates to the lower revaluation loss of the properties based on independent valuations undertaken by the independent valuers as at 31 December 2016 as compared to 31 December 2015.
- (j) This relates to the applicable agent commissions, divestment fee payable to the Manager, and other professional fees and expenses incurred in connection with the divestment of the Divestment Properties in Current YTD.
- (k) Distribution adjustments were 19.5% lower in Current YTD mainly due to the lower non-tax deductible effects on the items stated in (h), (i) and (j).
- (l) Distribution income decreased by 26.3% in Current YTD mainly due:
  - (i) Lower net property income as set out in (b) above; partially offset by
  - (ii) Lower profit expense arising from lower outstanding borrowings; and
  - (iii) Lower manager's fees payable in cash.

**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 17 October 2016, the Manager remains committed in its efforts to stay proactive in managing lease expiry profile, be aggressive in its marketing and leasing efforts to increase the Trust' portfolio occupancy and take necessary measures to mitigate potential credit risk, evaluate potential yield-accretive acquisition opportunities, both locally and abroad, as well as asset enhancement initiatives and to divest underperforming or non-core assets to recycle Sabana REIT's capital.

**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**

According to advance estimates released by the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 1.8% in the fourth quarter of 2016 on a y-o-y basis. Based on a quarter-on-quarter seasonally-adjusted basis, overall GDP grew 9.1%, thus making a reversal from the 1.9% decline in the third quarter and averted a technical recession as industrial production increased in November 2016<sup>1</sup>.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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In the latest quarterly survey by the Monetary Authority of Singapore, private sector economists expect growth to be at 1.4% in 2016 amidst a lacklustre global outlook. However, the economy is expected to grow by 1.5% in 2017, which is slightly lower than their forecast in September 2016 of 1.8% growth<sup>2</sup>.

According to the 3Q 2016 industrial property market report by JTC, about 3.0 million sqm of industrial space is estimated to be available till the end of 2017. In comparison with the past three years, this is more than the average annual supply and demand of approximately 1.9 million sqm and 1.2 million sqm respectively which is likely to put further downward pressure on occupancy rates, prices and rentals<sup>3</sup>.

The Group reported a deficit in total return after taxation and before distribution, for 4Q 2016 and for FY 2016, mainly due to revaluation loss on its investment properties against a backdrop of sluggish economic growth and oversupply of industrial space. Consequently, for the quarter, aggregate leverage increased from 41.5% to approximately 43.2%, but is expected to fall by 3.2% to approximately 40.0% upon successful completion of the Rights Issue.

Further to the announcements made between 8 December 2016 to 30 December 2016, gross proceeds from the approximate S\$80.2 million Rights Issue will be partially used to fund the acquisition of 72 Eunos Avenue 7, 107 Eunos Avenue 3 and 47 Changi South Avenue 2. For the proposed acquisition of the 47 Changi South Avenue 2, the Manager will be seeking Unitholders' approval at an extraordinary general meeting of Unitholders to be held before 30 June 2017. The Manager targets to complete all three transactions by 30 June 2017.

Pending deployment of the net proceeds from the Rights Issue to be completed by 26 January 2017, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or used for repayment of short-term borrowings or used for any other purpose on a short-term as the Manager may, in its absolute discretion, deem fit.

Five master leases are to expire in 4Q 2017, three of which are Sponsor related properties. The Sponsor has indicated its commitment to exercise its options to renew the three master leases at prevailing market rents in line with those of similar properties in similar locations.

On the divestment of 218 Pandan Loop announced on 5 December 2016, the Manager targets to complete the transaction by 31 March 2017.

For the Commodity Murabaha Facility and Convertible Sukuk maturing in August 2017 and September 2017 respectively, the Manager has commenced discussions with the lenders and targets to complete the refinancing exercise ahead of their final maturity dates. The Manager will also continue to explore new ways to diversify funding sources and improve the Trust's borrowings maturity profile.

Despite the subdued outlook for the global economy and the Singapore industrial property market, the Manager will continue to stay proactive in managing the lease expiry profile and maintain rigorous marketing and leasing efforts to increase the Trust's portfolio occupancy. The Manager is also very focused on actively managing the Trust's cost and remains committed to enhancing the Trust's portfolio to deliver a stable income stream to the Unitholders.

*Sources:*

- (1) "Singapore's economy grows 1.8% in Q4; 2016 GDP at 1.8%". Channel NewsAsia. 3 January 2017. Web. 3 January 2017.
- (2) "Private economists slash forecasts for Singapore GDP growth to 1.4% for 2016, 1.5% for 2017: MAS survey". The Business Times. 14 December 2016. Web. 14 December 2016.
- (3) "JTC Quarterly Market Report. Industrial Properties. Third Quarter 2016". 3Q 2016. Web. 3Q 2016.

## **11. Distributions**

### **(a) Current financial period**

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the fourth quarter ended 31 December 2016

Distribution Type: Taxable income distribution – 0.88 cents per unit

Par value of units: Not meaningful

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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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.

**(b) Corresponding period of the immediately preceding financial year**

Any distribution declared for the previous corresponding period: Yes

Name of distribution: Distribution for the fourth quarter ended 31 December 2015

Distribution Type: Taxable income distribution – 1.50 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: 28 February 2017**

**(d) Books Closure Date: 3 February 2017**

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

Not applicable.

**13. Distribution policy**

Sabana Shari'ah Compliant REIT's current distribution policy is to distribute 100% of its distributable income to Unitholders. Distributions are usually made on a quarterly basis at the discretion of the Manager.

**14. General mandate relating to interested person transactions**

The Trust has not obtained a general mandate from Unitholders for interested person transactions.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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**Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.**

| Total gross revenue by property types | Group         |                |                  |
|---------------------------------------|---------------|----------------|------------------|
|                                       | YTD           |                | Fav /<br>(Unfav) |
|                                       | 31/12/16      | 31/12/15       |                  |
|                                       | S\$'000       | S\$'000        | %                |
| High-tech Industrial                  | 53,598        | 59,083         | (9.3)            |
| Chemical Warehouse & Logistics        | 6,919         | 8,924          | (22.5)           |
| Warehouse & Logistics                 | 21,553        | 23,323         | (7.6)            |
| General Industrial                    | 9,737         | 9,494          | 2.6              |
|                                       | <b>91,807</b> | <b>100,824</b> | <b>(8.9)</b>     |

| Total net property income by property types | Group         |               |                  |
|---------------------------------------------|---------------|---------------|------------------|
|                                             | YTD           |               | Fav /<br>(Unfav) |
|                                             | 31/12/16      | 31/12/15      |                  |
|                                             | S\$'000       | S\$'000       | %                |
| High-tech Industrial                        | 27,782        | 35,079        | (20.8)           |
| Chemical Warehouse & Logistics              | 6,641         | 8,600         | (22.8)           |
| Warehouse & Logistics                       | 15,503        | 20,376        | (23.9)           |
| General Industrial                          | 7,016         | 7,550         | (7.1)            |
|                                             | <b>56,942</b> | <b>71,605</b> | <b>(20.5)</b>    |

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Section 8 for the review of the actual performance.

17. **Breakdown of sales as follows:-**

|                                                                     | Group    |          |                  |
|---------------------------------------------------------------------|----------|----------|------------------|
|                                                                     | YTD      |          | Fav /<br>(Unfav) |
|                                                                     | 31/12/16 | 31/12/15 |                  |
|                                                                     | S\$'000  | S\$'000  | %                |
| (a) Gross revenue reported for first half year                      | 46,236   | 50,769   | (8.9)            |
| (b) Total return after tax before distribution for first half year  | (37,187) | 22,523   | (265.1)          |
| (c) Gross revenue reported for second half year                     | 45,571   | 50,055   | (9.0)            |
| (d) Total return after tax before distribution for second half year | (25,277) | (95,959) | 73.7             |

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**18. A breakdown of the total annual distribution for the latest full year and its previous full year:-**

|                                                  | Group         |               |
|--------------------------------------------------|---------------|---------------|
|                                                  | YTD           |               |
|                                                  | 31/12/16      | 31/12/15      |
|                                                  | S\$'000       | S\$'000       |
| <b>In respect of the quarter from:</b>           |               |               |
| 1 October 2016 - 31 December 2016 <sup>(a)</sup> | 9,258         | -             |
| 1 July 2016 - 30 September 2016                  | 8,877         | -             |
| 1 April 2016 - 30 June 2016                      | 9,074         | -             |
| 1 January 2016 - 31 March 2016                   | 9,786         | -             |
| 1 October 2015 - 31 December 2015                | -             | 11,011        |
| 1 July 2015 - 30 September 2015                  | -             | 12,963        |
| 1 April 2015 - 30 June 2015                      | -             | 13,151        |
| 1 January 2015 - 31 March 2015                   | -             | 12,971        |
|                                                  | <b>36,995</b> | <b>50,096</b> |

**Note:**

(a) The distribution for the quarter from 1 October 2016 to 31 December 2016 will be paid out by February 2017.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Sabana Real Estate Investment Management Pte. Ltd. (the "Company"), being the Manager of the Trust, confirms that there is no person occupying a managerial position in the Company, the Trust or any of the Trust's subsidiaries, who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of the Trust.

**20. 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).

**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**

Steven Lim Kok Hoong  
Director

Kevin Xayaraj  
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 January 2017

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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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.

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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 January 2017

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 the year ended 31 December 2016. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 31 December 2016;
- Portfolio statement of the Group as at 31 December 2016;
- Statements of total return of the Group and the Trust for the quarter and the year ended 31 December 2016;
- Distribution statements of the Group and the Trust for the quarter and the year ended 31 December 2016;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter and the year ended 31 December 2016;
- Statement of cash flows of the Group for the year ended 31 December 2016; and
- Certain explanatory notes to the above 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 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  
25 January 2017