
SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018

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 property located at 6 Woodlands Loop for a sale consideration of S\$13.8 million on 29 March 2018, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 19 quality industrial 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 Logistcentre, Singapore 609143
10. 26 Loyang Drive, Singapore 508970
11. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
12. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
13. 3A Joo Koon Circle, Singapore 629033
14. 2 Toh Tuck Link, Singapore 596225
15. 21 Joo Koon Crescent, Singapore 629026
16. 39 Ubi Road 1, Singapore 408695
17. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
18. 508 Chai Chee Lane, Singapore 469032
19. 10 Changi South Street 2, Singapore 486596

In March 2018, the three-year term and revolving Murabahah Facilities of up to S\$100.0 million, established on 28 December 2017, were drawn down in full to refinance the then outstanding Trust Certificates due in March 2018 ("**Trust Certificates Series I**") and Revolving Murabahah Facility due in September 2018. Consequently, the Trust has no more refinancing requirements for the rest of 2018.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the first quarter ended 31 March 2018 ("**1Q 2018**") and the comparative period ("**1Q 2017**") as set out in this announcement have been extracted from the interim financial information for 1Q 2018 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

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SUMMARY OF RESULTS FOR SABANA GROUP

	Group		
	1Q 2018	1Q 2017	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	21,003	21,978	(4.4)
Net property income	14,586	13,335	9.4
Amount available for distribution	9,244	9,318	(0.8)
Distribution per unit ("DPU") (cents) ^{(a)(b)}	0.88	0.88	-
Annualised DPU (cents)	3.57	3.57	-

Notes:

- (a) Please refer to Item 6 on Page 11 for the DPU computation.
- (b) The ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed at the Annual General Meeting held on 28 April 2017 ("**2017 AGM**"). Without the general mandate to issue new units, the Manager is not able to continue to receive 80.0% of its base fee in units and has to receive its fees fully in cash from 1Q 2017 onwards.

Such payment mode would reduce the amount available for distribution and hence DPU. To cushion the impact on DPU, the Manager has elected to forgo 20.0% (2017: 75.0%) of its fees, equivalent to approximately S\$238,000 (2017: S\$944,000) for 1Q 2018.

The DPU for 1Q 2018 of 0.88 cents (2017: 0.88 cents) would have instead been approximately 0.86 cents (2017: 0.80 cents) had the Manager not forgone any of its fees.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018

1 (a)(i) Statements of Total Return and Distribution Statements (1Q 2018 vs 1Q 2017)

Statements of Total Return	Group			Trust		
	1Q 2018	1Q 2017	Fav / (Unfav)	1Q 2018	1Q 2017	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	21,003	21,978	(4.4)	21,003	21,978	(4.4)
Property expenses ^(b)	(6,417)	(8,643)	25.8	(6,417)	(8,643)	25.8
Net property income	14,586	13,335	9.4	14,586	13,335	9.4
Finance income	68	135	(49.6)	68	135	(49.6)
Finance costs	(3,976)	(5,283)	24.7	(3,974)	(5,202)	23.6
Net finance costs ^(c)	(3,908)	(5,148)	24.1	(3,906)	(5,067)	22.9
Manager's fees ^(d)	(953)	(315)	(202.5)	(953)	(315)	(202.5)
Trustee's fees	(100)	(109)	8.3	(100)	(109)	8.3
Donation of non-Shari'ah compliant income ^(e)	(19)	(21)	9.5	(19)	(21)	9.5
Other trust expenses	(254)	(318)	20.1	(257)	(323)	20.4
Net income	9,352	7,424	26.0	9,351	7,500	24.7
Net change in fair value of financial derivatives ^(f)	424	(67)	732.8	424	(67)	732.8
Gain on divestment of investment properties ^(g)	754	-	NM	754	-	NM
Total return for the period before taxation	10,530	7,357	43.1	10,529	7,433	41.7
Tax expense ^(h)	*	*	-	-	-	-
Total return for the period after taxation	10,530	7,357	43.1	10,529	7,433	41.7

Distribution Statements	Group			Trust		
	1Q 2018	1Q 2017	Fav / (Unfav)	1Q 2018	1Q 2017	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after taxation	10,530	7,357	43.1	10,529	7,433	41.7
Non-tax deductible/(chargeable) items:						
Amortisation of transaction costs ⁽ⁱ⁾	460	763	(39.7)	460	686	(32.9)
Break fees on termination of profit rate swaps ⁽ⁱ⁾	-	656	(100.0)	-	656	(100.0)
Trustee's fees	100	109	(8.3)	100	109	(8.3)
Donation of non-Shari'ah compliant income	19	21	(9.5)	19	21	(9.5)
Net change in fair value of financial derivatives	(424)	67	(732.8)	(424)	67	(732.8)
Gain on divestment of investment properties	(754)	-	NM	(754)	-	NM
Effects of recognising rental income on a straight line basis over the lease term	188	257	(26.8)	188	257	(26.8)
Other items	(875)	88	NM	(874)	89	NM
Net effect of non-tax (chargeable)/deductible items	(1,286)	1,961	(165.6)	(1,285)	1,885	(168.2)
Amount available for distribution to Unitholders for the period	9,244	9,318	(0.8)	9,244	9,318	(0.8)

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) Writeback of previously impaired losses on trade receivables of approximately S\$796,000, mainly arising from the recovery of trade receivables from the ex-master tenant of 6 Woodlands Loop through auction sales of its seized machinery and equipment (2017: Impairment losses on trade receivables of approximately S\$1,234,000 mainly provided for the outstanding balances of the respective master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop 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		
	1Q 2018	1Q 2017	Fav / (Unfav)	1Q 2018	1Q 2017	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
- Profit income from fixed deposits with Islamic financial institutions	2	9	(77.8)	2	9	(77.8)
- Ta'widh (compensation on late payment of rent)	66	126	(47.6)	66	126	(47.6)
	68	135	(49.6)	68	135	(49.6)
Finance costs:						
- Commodity Murabaha Facilities	(995)	(1,264)	21.3	(995)	(1,264)	21.3
- Murabahah Facilities	(324)	(73)	(343.8)	(324)	(73)	(343.8)
- Profit rate swaps	(91)	(73)	(24.7)	(91)	(73)	(24.7)
- Convertible Sukuk	-	(474)	100.0	-	-	-
- Trust Certificates	(1,817)	(1,936)	6.1	-	-	-
- Term Loan Facility	(244)	-	NM	(244)	-	NM
- Loans from subsidiaries	-	-	-	(1,817)	(2,410)	24.6
- Amortisation of transaction costs	(460)	(763)	39.7	(460)	(686)	32.9
- Break fees on termination of profit rate swaps	-	(656)	100.0	-	(656)	100.0
- Brokerage and agent fees	(45)	(44)	(2.3)	(43)	(40)	(7.5)
	(3,976)	(5,283)	24.7	(3,974)	(5,202)	23.6
Net finance costs	(3,908)	(5,148)	24.1	(3,906)	(5,067)	22.9

NM denotes "not meaningful"

(d) The ordinary resolution to authorise the Manager to issue units and make or grant convertible instruments was not passed at the 2017 AGM. As such, the Manager has to receive its fees fully in cash for 1Q 2017 onwards.

For 1Q 2018, the Manager has elected to forgo 20.0% (2017: 75.0%) of its fees.

(e) 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:

1Q 2018

- Singapore Kadayanallur Muslim League.

1Q 2017

- The Smile Mission Ltd.

(f) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps based on broker quotes between the last quarter and at the reporting date. These items are non-tax deductible and have no impact on amount available for distribution.

(g) This relates to the gain on divestment of 6 Woodlands Loop after deducting the applicable agent commissions and other professional fees and expenses.

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

(i) This represents the amortisation of upfront fees and legal fees pertaining to the Commodity Murabaha Facilities ("CMF"), Murabahah Facilities, Convertible Sukuk, Trust Certificates and loans from subsidiaries. These items are non-tax deductible and have no impact on amount available for distribution.

(j) This represents the break fees on termination of the profit rate swap ("PRSF") used to hedge the then Term CMF F of which S\$60.0 million was prepaid in March 2017, ahead of its maturity date in August 2017. The break fees incurred on the termination of PRSF are non-tax deductible and have no impact on amount available for distribution.

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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		
	31/03/18	31/12/17	Change	31/03/18	31/12/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets						
Investment properties	942,882	942,400	0.1	942,882	942,400	0.1
Subsidiaries ^(a)	-	-	-	*	*	-
Derivative assets ^(b)	159	-	NM	159	-	NM
Total non-current assets	943,041	942,400	0.1	943,041	942,400	0.1
Current assets						
Investment properties held for divestment ^(c)	-	12,900	(100.0)	-	12,900	(100.0)
Trade and other receivables ^(d)	2,955	3,128	(5.5)	2,952	3,125	(5.5)
Cash and cash equivalents ^(e)	20,270	7,681	163.9	20,270	7,681	163.9
Total current assets	23,225	23,709	(2.0)	23,222	23,706	(2.0)
Total assets	966,266	966,109	0.0	966,263	966,106	0.0
Current liabilities						
Trade and other payables ^(f)	19,290	18,105	6.5	19,301	18,115	6.5
Borrowings ^(g)	47,000	117,456	(60.0)	47,000	117,456	(60.0)
Total current liabilities	66,290	135,561	(51.1)	66,301	135,571	(51.1)
Non-current liabilities						
Trade and other payables ^(f)	8,690	10,388	(16.3)	8,690	10,388	(16.3)
Borrowings ^(g)	317,952	248,350	28.0	317,952	248,350	28.0
Derivative liabilities ^(b)	-	265	(100.0)	-	265	(100.0)
Total non-current liabilities	326,642	259,003	26.1	326,642	259,003	26.1
Total liabilities	392,932	394,564	(0.4)	392,943	394,574	(0.4)
Net assets	573,334	571,545	0.3	573,320	571,532	0.3
Represented by:						
Unitholders' funds ^(h)	573,334	571,545	0.3	573,320	571,532	0.3

NM denotes "not meaningful"

* Less than S\$1,000

Notes:

(a) 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.

(b) Both the non-current derivative assets as at the reporting date and the non-current derivative liabilities as at 31 December 2017 relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the S\$90.0 million Term CMF B ("**PRS B**").

The movement between them is mainly due to the 1Q 2018 change in the fair value of the PRS B, classified under non-current derivative assets as at the reporting date.

(c) The decrease is mainly due to the divestment of 6 Woodlands Loop, classified as investment properties held for divestment as at 31 December 2017, on 29 March 2018.

(d) This relates to trade receivables, prepayments, deposits, and other receivables.

(e) This relates to bank balances and Shari'ah compliant deposits held with Islamic financial institutions.

The increase in cash and cash equivalents is mainly due to the proceeds received from the divestment of 6 Woodlands Loop on 29 March 2018. Subsequent to the reporting date, the proceeds were fully utilised to repay outstanding revolving credit facilities.

Please refer to the Statement of Cash Flows under Item 1(c) on Page 9 for further details in the movement of cash and cash equivalents.

(f) This relates to trade payables, security deposits, rental received in advance, retention sums and accruals and provisions.

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The movements in non-current and current trade and other payables from 31 December 2017 are mainly due to:

- (i) Reclassification of security deposits on leases expiring within 12 months from the reporting date from non-current to current;
- (ii) Collection of GST levied on the divestment price of 6 Woodlands Loop, payable to IRAS within 2 months from the reporting date; and
- (iii) Refund of non-current cash security deposits to tenants who have provided banker's guarantees in lieu of cash furnished previously for security deposits.

(g) 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\$30.0 million Revolving Murabahah Facility; and
- (ii) Amortised cost of the principal amount of S\$17.0 million Revolving CMF D

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;
- (ii) Amortised cost of the principal amount of S\$30.0 million drawn from the Term Loan Facility;
- (iii) Amortised cost of the principal amount of S\$70.0 million drawn from the Term Murabahah Facility;
- (iv) Amortised cost of the principal amount of the S\$100.0 million Trust Certificates due 2019 ("**Trust Certificates Series II**") issued by SSPL; and
- (v) Amortised cost of the principal amount of S\$100.0 million of SSPL's profit bearing loan to the Trust, which was raised from the issuance of the Trust Certificates Series II by SSPL.

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

- (i) Repayment of S\$90.0 million Trust Certificates Series I and S\$27.5 million Revolving Murabahah Facility maturing in 2018 (collectively, the "**Maturing 2018 Borrowings**"); and
- (ii) Draw down of the S\$70.0 million Term Murabahah Facility, S\$30.0 million Revolving Murabahah Facility and S\$17.0 million Revolving CMF D to repay the Maturing 2018 Borrowings.

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

(h) Please refer to the Statements of Movements in Unitholders' Funds under Item (1)(d)(i) on Page 10 for details.

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1 (b)(ii) Aggregate amount of borrowings and debt securities

	Group		Trust	
	31/03/18	31/12/17	31/03/18	31/12/17
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable within one year:				
Revolving CMF ^(a)	17,000	-	17,000	-
Revolving Murabahah Facility ^(b)	30,000	27,500	30,000	27,500
	47,000	27,500	47,000	27,500
Amount repayable after one year:				
Term CMF ^(a)	120,000	120,000	120,000	120,000
Term Murabahah Facility ^(b)	70,000	-	70,000	-
Term Loan Facility ^(c)	30,000	30,000	30,000	30,000
Less: Unamortised capitalised transaction costs	(1,790)	(1,330)	(1,790)	(1,330)
	218,210	148,670	218,210	148,670
Total secured borrowings	265,210	176,170	265,210	176,170
Unsecured borrowings				
Amount repayable within one year:				
Trust Certificates ^(d)	-	90,000	-	-
Loans from subsidiaries ^(e)	-	-	-	90,000
Less: Unamortised capitalised transaction costs	-	(44)	-	(44)
	-	89,956	-	89,956
Trust Certificates ^(d)	100,000	100,000	-	-
Loans from subsidiaries ^(e)	-	-	100,000	100,000
Less: Unamortised capitalised transaction costs	(258)	(320)	(258)	(320)
	99,742	99,680	99,742	99,680
Total unsecured borrowings	99,742	189,636	99,742	189,636
Total borrowings	364,952	365,806	364,952	365,806

Details of borrowings, debt securities and collaterals

Secured borrowings

(a) Commodity Murabaha Facilities

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

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

As at the reporting date, the 3.5-year Revolving CMF D maturing in February 2020 has an outstanding amount of S\$17.0 million and an undrawn amount of S\$1.0 million.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2017: 3) investment properties ("**Securitized Properties**"), (or, where title to or lease relating to the Securitized 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 Securitized Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitized Properties.

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(b) Murabahah Facilities

As at the reporting date, the 3-year S\$70.0 million Term Murabahah Facility and S\$30.0 million Revolving Murabahah Facility, both maturing in March 2021, were outstanding and secured by, *inter alia*:

The Murabahah Facilities are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 5 (2017: 5) investment properties ("**Murabahah Secured Properties**");
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Murabahah Secured Properties.

(c) Term Loan Facility

As at the reporting date, the Term Loan Facility of S\$30.0 million maturing in December 2021 was outstanding and secured by, *inter alia*:

- (1) A first ranking legal mortgage over 2 (2017: 2) investment properties ("**Term Loan Facility Secured Properties**"); and
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Term Loan Facility Secured Properties.

Unsecured borrowings

(d) Trust Certificates

As at the reporting date, the unsecured S\$100.0 million 4.25 per cent. Trust Certificates Series II issued on 3 October 2014 and due on 3 April 2019 issued under the Group's S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme was outstanding.

(e) Loans from subsidiaries

As at the reporting date, S\$100.0 million loan, which is equivalent to the principal amount of the Trust Certificates II, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates II at the same repayment terms stated in Item (1)(b)(ii)(d) above, was outstanding.

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1 (c) Statement of Cash Flows

Statement of Cash Flows	Group	
	1Q 2018	1Q 2017
	S\$'000	S\$'000
Cash flows from operating activities		
Total return for the period after taxation and before distribution	10,530	7,357
Adjustments for:		
Net change in fair value of financial derivatives	(424)	67
Gain on divestment of investment properties	(754)	-
Net finance costs	3,908	5,148
	13,260	12,572
Change in trade and other receivables	173	94
Change in trade and other payables	(912)	(1,138)
Cash generated from operating activities	12,521	11,528
Ta'widh (compensation on late payment of rent) received	66	126
Net cash from operating activities	12,587	11,654
Cash flows from investing activities		
Capital expenditure on investment properties	(482)	(304)
Divestment of investment properties	13,800	-
Profit income received from Islamic financial institutions	2	9
Net cash from/(used in) investing activities	13,320	(295)
Cash flows from financing activities		
Proceeds from Rights Issue ^(a)	-	80,164
Issue costs paid in relation to Rights Issue	-	(3,221)
Break fees on termination of profit rate swaps	-	(656)
Proceeds from borrowings	117,000	-
Repayment of borrowings	(117,500)	(73,300)
Transaction costs paid	(814)	-
Finance costs paid	(3,263)	(6,756)
Distributions paid	(8,741)	(9,267)
Net cash used in financing activities	(13,318)	(13,036)
Net increase/(decrease) in cash and cash equivalents	12,589	(1,677)
Cash and cash equivalents at beginning of the period	7,681	9,206
Cash and cash equivalents at end of the period	20,270	7,529

Note:

- (a) On 25 January 2017, the Trust issued new 310,712,244 units pursuant to the rights issue at an issue price of S\$0.258 to raise gross proceeds of approximately S\$80.2 million ("**Rights Issue**").

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1 (d)(i) Statements of Movements in Unitholders' Funds (1Q 2018 vs 1Q 2017)

Statements of Movements in Unitholders' Funds	Group		Trust	
	1Q 2018	1Q 2017	1Q 2018	1Q 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the period	571,545	556,795	571,532	556,553
Operations				
Total return for the period after taxation	10,530	7,357	10,529	7,433
	582,075	564,152	582,061	563,986
Unitholders' transactions				
Issue of new units:				
- Proceeds from Rights Issue ^(a)	-	80,164	-	80,164
Issue costs paid in relation to the Rights Issue	-	(3,221)	-	(3,221)
Distributions to Unitholders	(8,741)	(9,267)	(8,741)	(9,267)
Net decrease/(increase) in net assets resulting from Unitholders' transactions	(8,741)	67,676	(8,741)	67,676
Unitholders' funds at end of the period	573,334	631,828	573,320	631,662

Note:

- (a) On 25 January 2017, the Trust issued new 310,712,244 units pursuant to the rights issue at an issue price of S\$0.258 to raise gross proceeds of approximately S\$80.2 million.

1 (d)(ii) Details of any changes in the units

	Group and Trust	
	1Q 2018	1Q 2017
Units in issue:		
Units in issue at beginning of the period	1,053,083,530	739,791,059
Manager's fees paid in units	-	2,580,227
Rights Issue ^(a)	-	310,712,244
Issued units at end of the period	1,053,083,530	1,053,083,530

Note:

- (a) On 25 January 2017, the Trust issued new 310,712,244 units pursuant to the Rights Issue at an issue price of S\$0.258 to raise gross proceeds of approximately S\$80.2 million.

1 (d)(iii) 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.

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 2017, except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised standards did not have any effect on the financial performance or position of the Group.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018

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

Please refer to item 4 above.

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 (1Q 2018 vs 1Q 2017)

	Group		Trust	
	Quarter		Quarter	
	1Q 2018	1Q 2017	1Q 2018	1Q 2017
Basic and Diluted EPU				
Weighted average number of units in issue	1,053,083,530	969,481,533	1,053,083,530	969,481,533
Earnings per unit for the period based on the weighted average number of units in issue (cents) ^{(a)(b)(c)}	1.00	0.76	1.00	0.77

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 there are no EPU dilutive financial instruments (2017: as the Convertible Sukuk was anti-dilutive at the Group and the Trust level).

Distribution per unit

	Group and Trust	
	1Q 2018	1Q 2017
Number of units issued at end of period entitled to distribution	1,053,083,530	1,053,083,530
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	0.88	0.88

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 31/03/18	As at 31/12/17	As at 31/03/18	As at 31/12/17
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$) ^(a)	0.54	0.54	0.54	0.54

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,053,083,530 (31 December 2017: 1,053,083,530).

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018**

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

1Q 2018 vs 1Q 2017

Statement of Total Return	Group		
	1Q 2018	1Q 2017	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue ^(a)	21,003	21,978	(4.4)
Property expenses ^(b)	(6,417)	(8,643)	25.8
Net property income ^(b)	14,586	13,335	9.4
Finance income	68	135	(49.6)
Finance costs	(3,976)	(5,283)	24.7
Net finance costs ^(c)	(3,908)	(5,148)	24.1
Manager's fees ^(d)	(953)	(315)	(202.5)
Trustee's fees ^(e)	(100)	(109)	8.3
Donation of non-Shari'ah compliant income ^(f)	(19)	(21)	9.5
Other trust expenses ^(g)	(254)	(318)	20.1
Net income	9,352	7,424	26.0
Net change in fair value of financial derivatives ^(h)	424	(67)	732.8
Gain on divestment of investment properties ⁽ⁱ⁾	754	-	NM
Total return for the period before taxation and distribution	10,530	7,357	43.1
Tax expense	*	*	-
Total return for the period before distribution	10,530	7,357	43.1
Distribution adjustments ^(j)	(1,286)	1,961	(165.6)
Amount available for distribution	9,244	9,318	(0.8)

*Less than S\$1,000

Notes:

(a) Gross revenue decreased by 4.4% mainly due to:

- (i) Lower contribution from certain multi-tenanted properties due to lower occupancies;
- (ii) Negative rental reversions for certain master leases renewed in 4Q 2017;
- (iii) Non-recognition of revenue from the property located at 1 Tuas Avenue 4 as the master tenant had surrendered its lease in 1Q 2018 and collections are no longer probable; partially offset by
- (iv) Recovery of revenue in 1Q 2018 from the ex-master tenant of 6 Woodlands Loop that was previously de-recognised;
- (v) Higher contribution from 10 Changi South Street 2 due to the commencement of a supplementary lease with the master tenant in 4Q 2017; and
- (vi) Higher contribution from 39 Ubi Road 1 due to improved occupancy in 1Q 2018 over 1Q 2017.

(b) Property expenses decreased by 25.8% mainly due to:

- (i) Net reversal of impairment losses upon recovery of trade receivables mainly from the ex-master tenant of 6 Woodlands Loop in 1Q 2018 that was previously impaired;
- (ii) Lower impairment losses on trade receivables in 1Q 2018 on the master tenant of 1 Tuas Avenue 4, largely arising from the effects of non-recognition of revenue from the master tenant of 1 Tuas Avenue 4 from 3Q 2017 onwards; and
- (iii) Lower property expenses from 218 Pandan Loop which was divested in 3Q 2017.

Consequently, net property income increased by 9.4%.

(c) Net finance costs decreased by 24.1% mainly due to:

- (i) Lower profit expense arising from lower average outstanding borrowings in 1Q 2018 over 1Q 2017 following the repayment of the then outstanding Term CMF F using the net proceeds from the Rights Issue and the divestment of 218 Pandan Loop;
- (ii) Redemption of the higher cost Convertible Sukuk in 3Q 2017 and Trust Certificates Series I in 1Q 2018 using lower cost facilities; and
- (iii) One-time break fees on the termination of PRS F in 1Q 2017, which are non-tax deductible and have no impact on amount available for distribution.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018**

- (d) For 1Q 2018, the Manager has elected to forgo 20.0% (2017: 75.0%) of its fees.
- (e) Trustee's fees decreased by 8.3% mainly due to the lower total assets in 1Q 2018 over 1Q 2017, arising from lower valuation of the properties as at 31 December 2017 and the divestment of the 218 Pandan Loop in 3Q 2017, upon which these fees are based on.
- (f) Donation of non-Shari'ah compliant income decreased by 9.5% mainly due to lower income generated from non-core activities subjected to cleansing in 1Q 2018 over 1Q 2017.
- (g) Other trust expenses decreased by 20.1% mainly due to writeback of over accrued non-tax deductible legal, professional and advisory fees relating to the strategic review upon cost finalization in 1Q 2018.
- (h) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised between the last quarter and the reporting date.
- (i) This relates to the gain on divestment of 6 Woodlands Loop in 1Q 2018, after deducting the applicable agent commissions and other professional fees and expenses. There was no divestment of properties in 1Q 2017.
- (j) Distribution adjustments decreased by 165.6% in 1Q 2018 mainly due to:
 - (i) Higher non-taxable effects of the item stated in (h) and (i) above;
 - (ii) Absence of the one-time non-tax deductible break fees on termination of PRS F in 1Q 2017;
 - (iii) Higher other non-taxable items in 1Q 2018 over 1Q 2017; and
 - (iv) Lower amortisation of transaction costs of borrowings in 1Q 2018 over 1Q 2017.

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 25 January 2018, the Manager will continue its focus on rejuvenating its portfolio through active management, selective divestments and driving operational efficiencies.

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

Based on advance estimates by the Ministry of Trade and Industry (MTI), Singapore's GDP grew by 4.3% on a year-on-year basis in 1Q 2018, up from 3.6% in the previous quarter¹. The Monetary Authority of Singapore expects growth of 1.5-3.5% in 2018 but has cautioned about the impact on global trade should the US-China trade dispute escalate².

Overall rent reversions for 2018 are likely to remain negative, with JTC data showing continued oversupply and island-wide vacancy of 11.1%³. More JTC sales will be launched over the coming months despite lacklustre interest for two recent land parcels in Tuas.

Knight Frank said landlords of older properties may need to offer competitive rental rates or asset enhancement initiatives to keep up with changing market needs⁴. Colliers International, on the other hand, forecasted stronger leasing demand on manufacturing and export growth as well as an easing supply pipeline, which should stabilise rents in 2018⁵.

Amid challenging market conditions, the Manager will focus on rejuvenating its portfolio through active asset management, selective divestments and driving operational efficiencies. It has renewed one of the six master leases due to expire this year, the bulk of which are expiring at the end of this year, and is proactively managing the remaining five leases. It will maximise outreach to real estate agents to boost occupancy, as well as review and identify asset(s) that no longer aligns with the refreshed strategy for strategic divestments, and recycle any potential capital into higher-yielding assets.

Sources:

- (1) "Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018". Ministry of Trade and Industry. 13 April 2018. Web. 13 April 2018.
- (2) "MAS Monetary Policy Statement". Monetary Authority of Singapore. 13 April 2018. Web. 13 April 2018.
- (3) "JTC Quarterly Market Report. Industrial Properties. Fourth Quarter 2017". 4Q2017. Web. 4Q2017.
- (4) "Research Commentary – For Independent Review Of The Singapore Industrial Property Market". Knight Frank Pte Ltd Consultancy & Research. 29 March 2018.
- (5) "Colliers Outlook: Singapore 2018 Market Outlook". Colliers International Singapore. 27 February 2018.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018**

11. Distributions

(a) Current financial period

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the first quarter ended 31 March 2018

Distribution Type: Taxable income distribution – 0.88 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.

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the previous corresponding period: Yes

Name of distribution: Distribution for the first quarter ended 31 March 2017

Distribution Type: Taxable income distribution – 0.88 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: 25 May 2018

(d) Books Closure Date: 2 May 2018

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

Not applicable.

13. Distribution policy

For 1Q 2018, Sabana Shari'ah Compliant REIT will be distributing 100.0% of its distributable income to Unitholders. Going forward, the distribution policy is to distribute at least 90.0% of its distributable income to Unitholder on a quarterly basis at the discretion of the Manager, having regards to funding requirements, other capital management considerations and ensuring the overall stability of distributions.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR FIRST QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018**

14. General mandate relating to interested person transactions

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

15. Negative Confirmation By The Board Pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Sabana Shari'ah Compliant REIT which may render these unaudited interim financial results to be false or misleading, in any material aspect.

16. 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**

Yong Kok Hoon
Director

Kelvin Tan
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

23 April 2018

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

23 April 2018

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 ended 31 March 2018. The financial statements comprise the following:

- Statements of financial position of the Group and the Trust as at 31 March 2018;
- Portfolio statement of the Group as at 31 March 2018;
- Statements of total return of the Group and the Trust for the quarter ended 31 March 2018;
- Distribution statements of the Group and the Trust for the quarter ended 31 March 2018;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter ended 31 March 2018;
- Statement of cash flows of the Group for the quarter ended 31 March 2018; and
- Certain explanatory notes to the above Interim 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's 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

A handwritten signature in blue ink that reads 'KPMG LLP'.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore