



SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

RESPONSE TO SGX QUERY

The Board of Directors (the “Board”) of Sabana Real Estate Investment Management Pte Ltd (the “Manager”) refers to the query from Singapore Exchange Securities Trading Limited (“SGX-ST”) on 22 February 2019 and sets out its responses as follows:

- On page 4 of the REIT’s full year FY2018 results, the REIT disclosed that “The net change in fair value of the investment properties in 4Q 2018 mainly relates to the revaluation movements based on the sales consideration of 9 Tai Seng Drive and the independent valuations of the other properties undertaken by the independent valuers”. As the net change in fair value of the investment properties in 4Q 2018 is significant, please provide a breakdown and quantify the fair value change attributable to each property and explain the material items.**

Please refer to Appendix A herein. The material items are explained in the table below.

Property	2018 Desktop Valuation As at 30 June 18	2018 Full Valuation As at 31 December 18	Variance (%)	Remarks
21 Joo Koon Crescent Singapore 629026	S\$17,900,000	S\$13,500,000	-24.58%	Due to negative rental reversion of new master lease compared to the previous master lease and the new master lease will commence on 1 November 2019.
9 Tai Seng Drive Geo-Tele Centre Singapore 535227	S\$39,600,000	S\$99,600,000	151.52%	The fair value of 9 Tai Seng Drive as at the reporting date is based on its sales consideration as the regulatory approvals for the divestment has been obtained in December 2018 and the divestment was subsequently legally completed on 10 January 2019. This was last disclosed on page 7 of the REIT’s full year FY2018 results.

- 2. On page 5 of the REIT's full year results, the REIT disclosed that Manager's fees amounted to S\$4.6 million. Please elaborate on the reason for an increase of 23.5% in Manager's fees when net property income decreased by 1.1%.**

Manager's fees were higher by 23.5% in FY 2018 due to less manager's fees being waived off in FY 2018. In FY 2018, the Manager waived off 20.0% of its fees for 1Q 2018 amounting to approximately S\$238,000 as compared to 75.0% of its fees for 1Q 2017 and 25.0% of its fees for 2Q 2017 amounting to approximately S\$944,000 and S\$310,000 respectively.

Had there been no waivers in FY 2018 and FY 2017, manager's fees would have been approximately S\$4,806,000 and S\$4,954,000 respectively, representing a decrease of 3.0% instead.

- 3. On page 9 of the REIT's full year results, the REIT disclosed total secured borrowings amounting to S\$261.7 million, an increase of \$85.6 million from 31 December 2017. Please provide the reason for the \$85.6 million in secured borrowings and disclose the use of proceeds.**

After taking into account the net proceeds from the divestment of 6 Woodlands Loop, working capital requirements of the REIT and refinancing of the Revolving Murabahah Facility due in 2018, additional secured borrowings comprising of approximately net amount of \$13.0 million Revolving Commodity Murabaha Facility, additional S\$2.6 million of Revolving Murabahah Facility and S\$70.0 million Term Murabahah Facility (total: S\$85.6 million) were drawn to pay down and replace the unsecured borrowings of S\$90.0 million maturing in March 2018.

APPENDIX A

No	Property	2018 Desktop Valuation As at 30 June 18 [a]	2018 Full Valuation As at 31 December 18 [b]	Variance (%)
1	151 Lorong Chuan New Tech Park Singapore 556741	S\$308,600,000	S\$308,600,000	0.00%
2	15 Jalan Kilang Barat Frontech Centre Singapore 159357	S\$23,000,000	S\$23,000,000	0.00%
3	23 Serangoon North Avenue 5 BTH Centre Singapore 554530	S\$36,900,000	S\$35,700,000	-3.25%
4	33 & 35 Penjuru Lane Freight Links Express Logisticpark Singapore 609200/609202	S\$51,400,000	S\$51,200,000	-0.39%
5	18 Gul Drive Singapore 629468	S\$20,300,000	S\$20,000,000	-1.48%
6	34 Penjuru Lane Penjuru Logistics Hub Singapore 609201	S\$38,300,000	S\$38,000,000	-0.78%
7	26 Loyang Drive Singapore 508970	S\$24,700,000	S\$24,500,000	-0.81%
8	8 Commonwealth Lane Singapore 149555	S\$55,000,000	S\$56,100,000	2.00%
9	508 Chai Chee Lane Singapore 469032	S\$56,800,000	S\$56,800,000	0.00%
10	51 Penjuru Road Freight Links Express Logisticcentre Singapore 609143	S\$41,900,000	S\$40,700,000	-2.86%
11	3A Joo Koon Circle Singapore 629033	S\$38,600,000	S\$38,600,000	0.00%
12	2 Toh Tuck Link Singapore 596225	S\$31,000,000	S\$31,700,000	2.26%
13	10 Changi South Street 2 Singapore 486596	S\$63,900,000	S\$63,900,000	0.00%

14	123 Genting Lane Yenom Industrial Building Singapore 349574	S\$17,900,000	S\$18,100,000	1.12%
15	30 & 32 Tuas Avenue 8 Singapore 639246/639247	S\$28,200,000	S\$27,000,000	-4.26%
16	39 Ubi Road 1 Singapore 408695	S\$22,000,000	S\$21,800,000	-0.91%
17	21 Joo Koon Crescent Singapore 629026	S\$17,900,000	S\$13,500,000	-24.58%
18	1 Tuas Avenue 4 Singapore 639382 (as a vacant industrial land with GPR 2.5)	S\$11,000,000 ⁽¹⁾	S\$10,950,000	-0.45%
19	9 Tai Seng Drive Geo-Tele Centre Singapore 535227	S\$39,600,000	S\$99,600,000	151.52%
TOTAL		S\$927,000,000	S\$979,750,000	5.69%

Note:

(1) Desktop valuation of 1 Tuas Avenue 4 is based on average of two valuations conducted in September 2018. Knight Frank's value was S\$11.1mil and Suntec's value was S\$10.9mil.

<u>Reconciliation to the net change in fair value of investment properties</u>	
	Amount (S\$'000)
Full Valuation as at 31 December 18	979,750
Less: Desktop valuation as at 30 June 18	(927,000)
Net change in fair value of investment properties	52,750
Less: Capital expenditure	(1,332)
Less: Straight line adjustments in accordance with FRS17	(460)
Total net change in fair value of investment properties - 4Q 2018	50,958

In the meantime, Unitholders are advised to exercise caution when dealing in the units of Sabana REIT. Unitholders are further advised to read this announcement and any subsequent announcements by the Manager carefully.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company registration number 201005493K)

As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Han Yong Lee (Donald)

Chief Executive Officer

26 February 2019

For enquiries, please contact:

Grace Chew

Manager, Investor Relations & Investments

Sabana Real Estate Investment Management Pte. Ltd.

DID: +65 6580 7857

Email: grace.chew@sabana.com.sg

Sabana REIT

Sabana REIT was listed on the SGX-ST on 26 November 2010. It was established principally to invest in income-producing real estate used for industrial purposes, as well as real estate-related assets, in line with Shari'ah investment principles. Sabana REIT currently has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. Its total assets amount to S\$1.0 billion.

Sabana REIT is listed in several indices within the SGX S-REIT Index, Morgan Stanley Capital International, Inc (MSCI) Index and FTSE index. Sabana REIT is one of the constituents of the FTSE ST Singapore Shariah Index.

Sabana REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended). Sabana REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana REIT, please visit www.sabana-reit.com.

Important Notice

The value of units in Sabana REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders of Sabana REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.