



SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

PROPOSED DIVESTMENT OF 200 PANDAN LOOP, PANTECH 21, SINGAPORE 128388

1. INTRODUCTION

Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**" or the "**Trust**"), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana REIT (the "**Trustee**"), has on this day, entered into a conditional sale and purchase agreement ("**SPA**") for the proposed divestment of 200 Pandan Loop, Pantech 21, Singapore 128388 (the "**Property**") with BS Pantech Pte. Ltd. (the "**Purchaser**") for the sum of S\$38.0 million (the "**Sale Consideration**") (the "**Divestment**").

2. INFORMATION ON THE PROPERTY

The Property comprises an eight-storey building with a basement car park, located along Pandan Loop in the south-western part of Singapore within close proximity to residential estates. The Property has a gross floor area of approximately 180,186 square feet, representing about 3.9% of the Trust's current portfolio gross floor area. The Property currently delivers a net property income ("**NPI**") yield of approximately 1.5% per annum, based on its book value of S\$44.9 million as at 31 December 2014. As at the date of this Announcement, the occupancy rate is about 52.6%.

3. DETAILS OF THE DIVESTMENT

The Sale Consideration, which will be satisfied in cash, was arrived at on a willing-buyer, willing-seller basis and is higher than the latest appraised value of S\$36.8 million, performed by independent valuer Knight Frank Pte Ltd as at 23 November 2015, using the capitalisation approach and discounted cash flow analysis method. The aforesaid valuation of the Property on the existing use basis had been commissioned by the Manager of the Trust.

The Purchaser has on this day, arranged for the payment of a cash deposit of S\$4.066 million, equivalent to 10.0% of the Sale Consideration with the goods and services tax ("**GST**") thereon, which is to be paid into an escrow account in compliance with the Conveyancing and Law of Property (Conveyancing) Rules 2011, maintained by the Trustee's solicitors for the purpose of the Divestment. The balance of the Sale Consideration with the GST thereon will be paid in cash on completion of the Divestment, which is expected to take place in the first quarter of 2016.

The total cost of the Divestment is estimated to be approximately S\$432,000, comprising agent commission fee of 1.0% on the Sale Consideration, professional and other fees and

expenses incurred or to be incurred in connection with the Divestment. Loss on revaluation of the Property, representing the deficit of the Sale Consideration over its book value, is estimated to be S\$6.9 million.

The Manager will be waiving the divestment fee of 0.5% on the Sale Consideration (approximately S\$190,000) which it is entitled to under the Trust Deed.

4. CONDITIONS PRECEDENT

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

- a) the Trustee obtaining the consent of the President of the Republic of Singapore to the sale pursuant to the terms of State Lease Number 16067, on terms satisfactory to the Trustee; and
- b) there being no acquisition or notice of intended acquisition of the Property or any part of it by any relevant authority.

5. RATIONALE FOR THE TRANSACTION

- a) The Divestment is in line with the Manager's strategy to divest under-performing assets with lower net property income yield, lower occupancy rate and limited redevelopment potential, and to recycle Sabana REIT's capital so as to optimize portfolio returns for Unitholders.
- b) Pending the redeployment of the proceeds from the Divestment for other higher yielding acquisitions, asset enhancement initiatives or redevelopment projects, the proceeds will be used to repay outstanding borrowings, reduce aggregate leverage ratio and borrowing costs.

6. FINANCIAL EFFECTS

The Property, which was originally acquired for S\$41.5 million by the Trust as part of the initial public offering ("IPO") portfolio on 26 November 2010, has generated approximately S\$7.7 million in distributable income, up to the third quarter of 2015.

Taking into account the Sale Consideration, and after deduction of the initial acquisition costs, capital expenditures incurred and/or committed to-date and estimated divestment-related expenses, amounting to approximately S\$1.4 million, net returns will be close to S\$2.8 million, representing more than 6.7% returns for Unitholders.

The outstanding borrowings expected to be repaid using the proceeds of the Divestment have a profit margin of approximately 3.7% per annum, which is higher than the Property's existing NPI yield, resulting in a net increase to the Trust's distributable income.

Assuming:

- a) Sabana REIT had completed the Divestment on 1 January 2014 and used approximately S\$37.0 million of the proceeds from the Divestment to repay outstanding borrowings on 1 January 2014, in respect of its distribution per unit (“DPU”); and
- b) Sabana REIT had completed the Divestment on 31 December 2014 and used approximately S\$37.0 million of the proceeds from the Divestment to repay outstanding borrowings on 31 December 2014, in respect of its net tangible assets (“NTA”),

the pro-forma financial effects based on the accounts for the financial year ended 31 December 2014 (“FY 2014”), which are strictly for illustrative purposes only, are as follows:

Description	Audited FY 2014	Pro forma FY 2014 after Divestment
DPU (Singapore cents)	7.33	7.47
NTA per unit (S\$)	1.06	1.05
Aggregate leverage ratio	38.0%	36.4%

7. DISCLOSURE REQUIREMENTS

The relative figures for the Divestment computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Listing Manual”) are set out below:

SGX Rule	As at the latest practicable date of 18 December 2015
Rule 1006 (a): Net asset value of the asset to be disposed of compared with Sabana REIT’s net asset value	3.5% ¹
Rule 1006 (b): Net profits attributable to the asset disposed of compared to Sabana REIT’s net profits	1.1% ²
Rule 1006 (c): Sale consideration in respect of the Property compared to the market capitalisation of Sabana REIT	7.3% ³
Rule 1006 (d): Number of equity securities issued as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁴
Rule 1006 (e): Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable ⁵

Notes:

¹ Based on net tangible asset value, which is a proxy to net asset value for real estate investment trusts. The net tangible asset value of Sabana REIT is based on its last audited financial statements for the financial year ended 31 December 2014.

² Based on net property income, which is a proxy to net profits for real estate investment trusts. The net property income of Sabana REIT is based on its last audited financial statements for the financial year ended 31 December 2014.

³ The market capitalisation of Sabana REIT is calculated as at the close of business day on 18 December 2015.

⁴ Not applicable because the Divestment pertains to a disposal of an asset and there are no equity securities to be issued pursuant to the Divestment.

⁵ Not applicable because the Divestment does not pertain to mineral, oil or gas assets, and neither Sabana REIT nor the Trustee is a mineral, oil and gas company.

As the relative figure computed under Rule 1006 (c) of the Listing Manual exceeds 5% but is less than 20%, the Divestment is a discloseable transaction under Chapter 10 of the Listing Manual.

8. INTEREST OF DIRECTORS AND CONTROLLING UNITHOLDERS

Based on the information available to the Manager, none of the directors of the Manager has any interest, direct or indirect, in the Divestment. As at the date of this Announcement, Sabana REIT does not have any controlling Unitholders.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company registration number 201005493K)

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

Kevin Xayaraj

Chief Executive Officer and Executive Director

21 December 2015

Sabana REIT

Sabana REIT was listed on Singapore Exchange Securities Trading Limited on 26 November 2010. It was established principally to invest in income-producing real estate used for industrial purposes, as well as real estate-related assets, in line with Shari'ah investment principles. Sabana REIT currently has a diversified portfolio of 23 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 approximately S\$1.3 billion.

Sabana REIT is listed in several indices within the Morgan Stanley Capital International, Inc (MSCI) Index, the Global Property Research (GPR) index, FTSE index and S&P Dow Jones Indices. Sabana REIT is assigned a 'BBB-' long-term corporate credit rating by Standard & Poor's Ratings Services.

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

This announcement is for information only and does not constitute an offer, invitation or solicitation of securities in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

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.

This announcement is not an offer or sale of any Units in the United States. No Units have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act.