



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 9 TAI SENG DRIVE, GEO-TELE CENTRE, SINGAPORE 535227

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 9 Tai Seng Drive, Geo-Tele Centre, Singapore 535227 (the "**Property**") with Perpetual (Asia) Limited in its capacity as trustee of ADC Singapore Trust (the "**Purchaser**") for the sum of S\$99.6 million (the "**Sale Consideration**") (the "**Divestment**").

2. INFORMATION ON THE PROPERTY

The Property comprises a six-storey industrial building with an authorized business use as Carrier Hotel/Data Centre, located within the Tai Seng Industrial Estate, along Hougang Avenue 3 in the north-eastern part of Singapore. The Property has a gross floor area of approximately 218,905 square feet with a remaining land tenure of approximately 37 years.

The Property has an open market value of S\$39.6 million based on the latest available property valuation report in respect of the Property dated 30 June 2018 (the "**Property Valuation Report**"). The Property Valuation Report had been commissioned by the Manager of the Trust and was prepared by an independent valuer, Edmund Tie & Company (SEA) Pte Ltd, using the capitalisation approach and discounted cash flow analysis method.

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 represents an excess of S\$60.0 million over the book value of the Property.

The Purchaser has on this day, arranged for the payment of a cash deposit of S\$10.0 million, equivalent to 10.0% of the Sale Consideration, 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 by early first quarter of 2019.

The total cost of the Divestment is estimated to be approximately S\$1.5 million, comprising divestment fee to the manager of 0.5% on the Sale Consideration (approximately \$0.5 million), legal and other divestment-related expenses incurred or to be incurred in connection with the Divestment.

4. CONDITIONS PRECEDENT AND OTHER MATERIAL CONDITIONS

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

- a) The Purchaser obtaining the confirmation from JTC Corporation (“**JTC**”) that conditions under the JTC lease are complied with;
- b) The Trustee obtaining the approval from JTC and any other relevant authorities to the Acquisition; and
- c) 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/ matured assets and to recycle Sabana REIT’s capital so as to optimise portfolio returns for Unitholders. The property’s current plot ratio of 2.5 has been fully utilised.
- b) Pending the redeployment of the proceeds for asset enhancement initiatives, acquisitions or redevelopment projects, the proceeds will be used to repay outstanding borrowings, reduce aggregate leverage ratio and borrowing costs.

6. PRO FORMA FINANCIAL EFFECTS OF THE DIVESTMENT

For the financial year ending 31 December 2017

The pro-forma financial effects of the Divestment presented below, which are strictly for illustrative purposes, were prepared based on the audited financial statements of Sabana REIT for the financial year ended 31 December 2017 (“**FY 2017**”), based on the following assumptions:

- a) Taking into account of the Sale Consideration of S\$99.6 million and the expected cost of the Divestment of approximately S\$1.5 million, the net proceeds from the Divestment will be approximately S\$98.1 million;
- b) Sabana REIT had completed the Divestment on 1 January 2017 and used approximately S\$98.1 million of the net proceeds from the Divestment to repay outstanding borrowings on 1 January 2017, in respect of its distribution per unit (“**DPU**”); and

- c) Sabana REIT had completed the Divestment on 31 December 2017 and used approximately S\$98.1 million of the net proceeds from the Divestment to repay outstanding borrowings on 31 December 2017, in respect of its net tangible assets (“NTA”),

Description	Audited FY 2017	Pro forma FY 2017 after Divestment
DPU (Singapore cents)	3.31	3.49
NTA per unit (S\$)	0.54	0.60
Aggregate leverage ratio	38.2%	29.3%

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 25 September 2018
Rule 1006 (a): Net asset value of the asset to be disposed of compared with Sabana REIT’s net asset value	6.97% ¹
Rule 1006 (b): Net profits attributable to the asset disposed of compared to Sabana REIT’s net profits	3.41% ²
Rule 1006 (c): Sale consideration in respect of the Property compared to the market capitalisation of Sabana REIT	23.07% 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 latest announced consolidated accounts for the financial period ended 30 June 2018 as announced on 25 July 2018.

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 latest announced consolidated accounts for the financial period ended 30 June 2018 as announced on 25 July 2018.

³ *The market capitalisation of Sabana REIT is calculated as at the close of business day on 25 September 2018.*

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.*

Pursuant to Rule 1014(3) of the Listing Manual, in the case of real estate investment trusts (“REIT”) and property trusts, a disposal of properties is considered to be in its ordinary course of business, provided that the relative figures computed on the bases set out in Rule 1006 do not exceed 50% based on the aggregate value of all disposals in the last twelve months. In the event any of the relative figures calculated under Rule 1006 on an aggregated basis is 50% or more, the REIT/property trust must seek unitholders’ approval. Notwithstanding that the disposal of property may be considered in the ordinary course of business, the REIT/property trust will have to comply with Rule 1010 of the Listing Manual.

As each of the relative figures for the Divestment computed under Rule 1006 of the Listing Manual does not exceed 50% based on the aggregate value of all disposals in the last twelve months, the Divestment is a transaction that is in the ordinary course of business of the Trust that does not require unitholders’ approval but will have to comply with Rule 1010 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 Property 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

Han Yong Lee (Donald)
Chief Executive Officer
26 September 2018

For enquiries, please contact:

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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 19 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 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.