



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 3 KALLANG WAY 2A, FONG TAT BUILDING, SINGAPORE 347493

Singapore, 18 November 2015 - 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 for the proposed divestment of 3 Kallang Way 2A, Fong Tat Building, Singapore 347493 (the "**Property**") with the existing tenant, Fong Tat Motor Co. Pte. Ltd., for a sale consideration of S\$16.6 million. The sale consideration, which will take the form of cash consideration, was arrived at on a willing-buyer, willing-seller basis and is higher than the desktop valuation of S\$16.2 million performed by independent valuer Knight Frank Pte Ltd as at 26 October 2015. The aforesaid valuation had been commissioned by the Manager of the Trust.

The Property comprises a seven-storey building with a basement car park, located off Aljunied Road in the eastern part of Singapore within Kallang Way Industrial Estate, some six kilometres away from the city centre. It was acquired by the Trust on 26 November 2010 as part of the initial public offering (IPO) portfolio for a consideration of S\$15.0 million under a three-year triple-net, sale and leaseback arrangement and renewed with a master lease for two years commencing 26 November 2013.

The Property has a gross floor area of approximately 83,646 square feet on a land area of approximately 33,533 square feet, representing about 1.8% of the Trust's current portfolio gross floor area. The divestment is pending approval from the relevant authorities and is expected to be completed in 1Q 2016. The current master lease agreement will be extended by three months on the same terms and conditions to facilitate the completion of the divestment.

Pending the reinvestment of the net proceeds into other yield-accretive acquisitions, the funds will be used mainly for the repayment of the Trust's outstanding borrowings. The divestment, which is expected to have minimal impact on the Trust's net asset value, distributable income and aggregate leverage for FY 2015 and FY 2016, is in line with the Manager's strategy to divest non-core assets with limited redevelopment potential to recycle Sabana REIT's capital into higher yielding assets, so as to optimize portfolio returns for Unitholders.

The Manager plans to distribute any divestment gain from the transaction to Unitholders, subject to clarification with the Singapore tax authority on the treatment for the divestment gain, after taking into account all relevant costs and expenses including a divestment fee of 0.5% on the sale consideration (approximately S\$83,000) which is payable to the Manager. Further announcement will be made when the final distributable amount has been determined.

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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.

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