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)

SABANA REIT GENERATES 1.23 CENTS DPU FOR 2Q 2016

Financial Highlights

(S$'000)	2Q 2016	2Q 2015	Variance (%)	2Q 2016	1Q 2016	Variance (%)
Gross revenue	22,630	25,405	(10.9)	22,630	23,606	(4.1)
Net property income ("NPI")	13,965	18,437	(24.3)	13,965	15,172	(8.0)
Income available for distribution	9,063	13,156	(31.1)	9,063	9,770	(7.2)
Distribution per Unit ("DPU") (cents)	1.23[1]	1.80	(31.7)	1.23[1]	1.33	(7.5)
Annualised DPU (cents)	4.95	7.22	(31.4)	4.95	5.35	(7.5)
Annualised distribution yield[1]	9.1%	13.2%	(31.1)	9.1%	9.8%	(7.1)

Singapore, 22 July 2016 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "Trust"), today announced a distributable income of approximately S$9.1 million in 2Q 2016.

For the quarter ended 30 June 2016, NPI lowered by 24.3% in comparison to the quarter ended 30 June 2015. The Trust's net performance was under pressure due to Sabana REIT undertaking the obligations for all property expenses following the conversion of certain master leases into multi-tenanted buildings and from triple-net into non-triple net arrangements in 4Q 2015 amidst a softening rental market. The higher impairment loss on trade receivables in 2Q 2016 over 1Q 2016 due to a master tenant whose arrears were in excess of the security deposit at the reporting date also contributed to the increase in property expenses for 2Q 2016 but are however partially offset by lower property expenses from the divestment of two properties in 1Q 2016.

In the second quarter of 2016, Sabana REIT registered a gross revenue of S$22.6 million, which is 10.9% lower as compared to 2Q 2015's gross revenue of S$25.4 million. Gross revenue in 2Q 2016 was impacted due to the negative rental revisions for certain master leases renewal and non-renewal of 218 Pandan Loop in 4Q 2015, expiry of rental support at 9 Tai Seng Drive in 2Q 2015 and non-contribution of the two properties which were divested in 1Q 2016. Distributable income and distribution yield in 2Q 2016 also fell by 7.2% and 7.1% respectively on a quarter-on-quarter basis.

Based on approximately 737.7 million units issued and to be issued as at 30 June 2016, Unitholders will receive a DPU of 1.23 cents for 2Q 2016. This is slightly lower than 1.33 cents received in 1Q 2016.

[1] Based on the last traded price of S$0.545 per Unit as at 22 July 2016.

Property Portfolio Update

As at 30 June 2016, the portfolio occupancy level stood at 88.8% while the weighted average lease term to expiry for master leases and weighted average lease term to expiry for sub-tenancies is at 2.8 years[2] and 29.9 months respectively.

Chief Executive Officer and Executive Director, Kevin Xayaraj said, "The current market conditions are challenging. However, we are constantly proactively engaging with potential tenants to expand the tenant mix and improve the Trust's portfolio occupancy. We will also continue our rigorous marketing and leasing efforts to diligently manage the near-term fluctuations from Sabana REIT's lease expiry/renewal cycle to boost the occupancy levels."

Proactive Capital Management Approach

Following the successful legal completion of the divestment of 200 Pandan Loop and 3 Kallang Way 2A in 1Q 2016, the net proceeds from both divestments were utilised to reduce the total borrowings to S$435.8 million as at 30 June 2016.

As at 30 June 2016, all-in cost of borrowings was 4.1% as compared to 4.2% as at 31 March 2016. Unencumbered assets totalled S$303.6 million.

Outlook

Based on advanced estimates by the Ministry of Trade and Industry, the Singapore economy grew by 2.2% on a year-on-year basis in 2Q 2016, marginally higher than the 2.1% growth in the last quarter. The economy also expanded by 0.8% on a quarter-on-quarter seasonally-adjusted annualised basis, faster than the 0.2% growth in the preceding quarter[3].

In a survey conducted by the Monetary Authority of Singapore, Singapore's economic growth is expected to reach 1.8% this year, which is slightly lower than the 1.9% that was earlier forecasted in March 2016. Private sector economists are forecasting growth to remain weak in the second half of the year due to a lacklustre external environment[4].

In view of the uncertainties following the "Brexit" vote in June 2016 which will weigh on the global economy, the Manager expects market conditions to continue to remain challenging. Amid sluggish rental markets and relatively high upcoming supply, performance of industrial REITs is expected to come further under pressure[5].

The Group reported a deficit in total return after taxation and before distribution for 2Q 2016 and for first half of the year, mainly due to a 4.6% revaluation loss on its investment properties, against a backdrop of sluggish rental markets and oversupply of industrial space. Consequently, aggregate leverage increased from 39.6% as at 31 March 2016 to approximately 41.2%.

On the capital management front, the Manager is in the midst of refinancing the S$138.0 million Commodity Murabaha Facilities maturing in November 2016 and targets to complete the refinancing exercise by 3Q 2016. The Manager will also continue to explore new ways to diversify funding sources, to improve the Trust borrowings maturity profile and to strengthen the Trust's capital structure.

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[2] Weighted by gross revenue (master leases of 11 properties).

[3] "Singapore's GDP Grew by 2.2 Per Cent in the Second Quarter of 2016". Ministry of Trade and Industry Singapore. 14 July 2016. Web. 14 July 2016.

[4] "Analysts expect Singapore's economy to grow 1.8% in 2016: MAS survey". Channel NewsAsia. 15 June 2016. Web. 15 June 2016.

[5] "Further boost to S-Reits expected over long-drawn post-Brexit process: Religare". The Business Times. 4 July 2016. Web. 4 July 2016.

Further to the announcement made on 6 April 2016, the Manager has commenced rental negotiations with the Sponsor for the renewal of the three of the master leases that are due to expire in 4Q 2016. The remaining property (39 Ubi Road 1) will likely be converted into a multi-tenanted property when the current master lease expires in 4Q 2016.

Even though the Manager anticipates challenging times ahead, it will continue to evaluate potential yield-accretive acquisition opportunities both locally and abroad, as well as development projects and asset enhancement initiatives for income diversification and growth. The Manager will also continue its rigorous marketing and leasing efforts to diligently manage the near-term fluctuations from the Trust's lease expiry/renewal cycle to boost the occupancy level.

2Q 2016 Non-Shari'ah Compliant Income

Sabana REIT will be allocating $15,384 to Operation Hope Foundation, a charity that delivers programme for the poor in developing countries with high-benefit-to-cost ratio. The funds will be utilised for two of their on-going projects. The first project is their Nepal Earthquake Rebuilding Project which involves the building of rice bag houses for the villagers in the Dhading District, Nepal. The second project is a bursaries sponsorship programme for youth training at their skills training centres in Cambodia. This programme aims to help rural youths acquire the necessary skills required to find a job.

Distributions to Unitholders

Unitholders can expect to receive distributions for the period from 1 April 2016 to 30 June 2016 in cash on 30 August 2016. The closure of Sabana REIT's transfer books and register of Unitholders will take place at 5pm on 1 August 2016.

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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 21 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$1.1 billion.

Sabana REIT is listed in several indices within the SGX S-REIT Index, Morgan Stanley Capital International, Inc (MSCI) Index, the Global Property Research (GPR) index, FTSE index and S&P Dow Jones Indices.

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.

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