



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 RECALIBRATES STRATEGY TO ENHANCE PERFORMANCE

- **Talks with ESR-REIT have ended**
- **Manager focused on three key initiatives moving forward:**
 - **Rejuvenate portfolio through selective divestments and active asset management**
 - **Renewal of senior leadership**
 - **Enhancing the Board of Directors**

Singapore, 25 November 2017 – 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 provided updates on its Strategic Review that it will explore various options to enhance the performance of Sabana REIT.

An independent Strategic Review Committee ("SRC") formed by the Manager held discussions with various parties locally and from abroad, including asset managers, REITs, developers and private equity funds. Based on the review of the indicative and non-binding proposals received, the Manager entered into exclusive discussions with ESR-REIT.

Talks with ESR-REIT have now ended. However, the Manager remains open to considering proposals from prospective strategic partners which will further strengthen Sabana REIT. At the same time, the Manager and the SRC remain committed to improving the performance of Sabana REIT and addressing unitholders' key concerns now and in the longer term.

As such, it proposes to focus on three key initiatives to improve performance:

1. Rejuvenate portfolio through selective divestments and active asset management

The Manager will review its portfolio and identify suitable assets for divestment such as 6 Woodlands Loop, as announced during third-quarter results for the financial year ending December 31, 2017 ("3Q 2017"). Proceeds from these selective divestments may be returned as capital to unitholders, go towards repaying loans and/or as general working capital.

The Manager has taken steps on strengthening its asset management capabilities, focusing on tenant retention and active marketing activities to improve occupancies. To that end, the Manager has today successfully renewed the expiring Master Leases for three Sponsor-linked properties (51 Penjuru Road, 33 & 35 Penjuru Lane, and 18 Gul Drive) on a one-year term for an aggregate rental of approximately S\$8.84 million, taking into consideration the assessment on fair market rates by Savills Valuation and Professional Services (S) Pte Ltd ("Savills") and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"). The renewal of these Master Leases will provide continuing, predictable and stable cash flow and revenue to Sabana REIT.

2. Renewal of senior leadership

The Board has intensified the search for a new Chief Executive Officer. With the resignation of current CEO and Executive Director Kevin Xayaraj effective on 31 December 2017, the Board will oversee a smooth transition.

3. Enhancing the Board of Directors

As part of its ongoing efforts to enhance the Board, the Manager last month appointed a new Independent, Non-Executive Director, Mr Tan Wee Peng Kelvin. An additional candidate for Independent, Non-Executive Director has also been identified to join as a third independent non-executive director and audit committee member. The Board will seek regulatory approval for this candidate shortly.

Mr Yong Kok Hoon, Chairman and Independent Non-Executive Director of the Manager of Sabana REIT, said, “We understand that stakeholders are concerned, and we want to make clear that we hear and share their concerns, and are absolutely committed to addressing them. Our priority is always to advocate for their interests.

“While we remain open to other proposals, we are also considering decisions that can be taken internally to enhance the performance of the company. We are committed to recalibrating our strategy, and remain determined to provide long-term value for all stakeholders.”

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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 20 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\$1.0 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.