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)

Response to SGX-ST's Query regarding the Annual Report 2015

Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**", and the manager of Sabana REIT, the "**Manager**"), refers to the request for clarification from Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on its Annual Report 2015 for the financial year ended 31 December 2015 and wishes to clarify as follows:

SGX-ST's Query

Paragraph 9.3 of the Code of Corporate Governance 2012 (the "Code")

Paragraph 9.3 of the Code states that:

> "*The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.*
>
> *In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).*
>
> *As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.*"

Under Listing Rule 1207(12) of the SGX-ST Listing Manual, the Issuer has to make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation. Accordingly, the SGX-ST has requested for the Issuer to disclose the aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) or otherwise explain the reason(s) for the deviation from the recommendation.

Manager's Response

Sabana REIT only has three key management personnel (who are not directors or the CEO) and the remuneration of each of the three key management personnel has been disclosed in the band of S$250,000 – S$500,000 on page 78 of the Annual Report 2015. In addition, a breakdown in percentage terms of each key management personnel's remuneration has been provided for salary, bonus and other benefits.

The remuneration table for key management personnel is extracted as follows:

Remuneration Bands	Salary %	Bonus %	Other Benefits %	Total %
Key management personnel				
S$250,000 – S$500,000				
Mr Bobby Tay Chiew Sheng	82.7	13.7	3.6	100.0
Mr Aw Wei Been	75.4	21.5	3.1	100.0
Ms Tan Chiew Kian	77.2	22.0	0.8	100.0

The Manager has assessed and decided against the disclosure of the aggregate remuneration paid to the top three key management personnel (who are not directors or the CEO), and believes that the interests of unitholders have not been prejudiced as a result of such non-disclosure. The Manager is of the view that the above disclosures are sufficient as it is not meaningful to provide the aggregate remuneration of the key management personnel, as:

(i) the remuneration for each of the three key management personnel has already been set out in bands of S$250,000 to S$500,000, such that the maximum and minimum range of the aggregate remuneration would be apparent;

(ii) the Manager's remuneration policy has already been set out on page 77 of the Annual Report 2015 and disclosure has been given of the total amount of manager's fees paid to the Manager[1];

(iii) as disclosed on page 78 of the Annual Report 2015, the remuneration of the employees of the Manager are not paid out of the deposited property of Sabana REIT, but remunerated directly by the Manager from the fees that it receives[1]; and

(iv) the key management team is small and to further disclose on a sensitive matter such as remuneration may subject the Manager to risk of staff turnover, which is not in the best interests of unitholders.

For the reasons set out above, the Manager is of the view that the disclosures provided by Sabana REIT are in compliance with the Code and are sufficient for good corporate governance.

1 The Annual Report 2015 has also disclosed at page 94, the aggregate Manager's fees for the financial year ended 31 December 2015 (being S$6,263,000).

ABOUT 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 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 http://www.sabana-reit.com.

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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 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.

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