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## SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016

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### INTRODUCTION

Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana Shari'ah Compliant REIT**" or "**Trust**") is a real estate investment trust constituted on 29 October 2010 (as amended) under the laws of Singapore by the Trust Deed entered between Sabana Real Estate Investment Management Pte. Ltd. as the manager (the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited as the trustee (the "**Trustee**") of Sabana Shari'ah Compliant REIT.

Following the divestment of the properties at 200 Pandan Loop and 3 Kallang Way 2A (the "**Divestment Properties**") for sale considerations of S\$38.0 million and S\$16.6 million on 14 March 2016 and 30 March 2016 respectively, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 21 quality industrial properties (the "**Properties**") strategically located across Singapore. The Properties are:

1. 151 Lorong Chuan, New Tech Park, Singapore 556741
2. 8 Commonwealth Lane, Singapore 149555
3. 9 Tai Seng Drive, Geo-Tele Centre, Singapore 535227
4. 15 Jalan Kilang Barat, Frontech Centre, Singapore 159357
5. 33 & 35 Penjuru Lane, Freight Links Express Logisticpark, Singapore 609200/609202
6. 18 Gul Drive, Singapore 629468
7. 1 Tuas Avenue 4, Singapore 639382
8. 34 Penjuru Lane, Penjuru Logistics Hub, Singapore 609201
9. 51 Penjuru Road, Freight Links Express Logisticcentre, Singapore 609143
10. 26 Loyang Drive, Singapore 508970
11. 218 Pandan Loop, Singapore 128408
12. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
13. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
14. 3A Joo Koon Circle, Singapore 629033
15. 2 Toh Tuck Link, Singapore 596225
16. 21 Joo Koon Crescent, Singapore 629026
17. 39 Ubi Road 1, Singapore 408695
18. 6 Woodlands Loop, Singapore 738346
19. 23 Serangoon North Avenue 5, BTH Centre, Singapore 554530
20. 508 Chai Chee Lane, Singapore 469032
21. 10 Changi South Street 2, Singapore 486596

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the first quarter ended 31 March 2016 ("**1Q 2016**") and the comparative period ("**1Q 2015**") as set out in this announcement have been extracted from the interim financial information for 1Q 2016 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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**SUMMARY OF RESULTS FOR SABANA GROUP**

	Group		
	1Q 2016	1Q 2015	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	23,606	25,364	(6.9)
Net property income	15,172	18,587	(18.4)
Income available for distribution	9,770	12,973	(24.7)
Distribution per unit ("DPU") (cents) <sup>(a)</sup>	1.33	1.78	(25.3)
Annualised DPU (cents)	5.35	7.22	(25.9)

**Note:**

- (a) Please refer to Item 6 on Page 12 for the DPU computation.

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**1 (a)(i) Statements of Total Return and Distribution Statements (1Q 2016 vs 1Q 2015)**

<u>Statements of Total Return</u>	Group			Trust		
	1Q 2016	1Q 2015	Fav / (Unfav)	1Q 2016	1Q 2015	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	23,606	25,364	(6.9)	23,606	25,364	(6.9)
Property expenses <sup>(b)</sup>	(8,434)	(6,777)	(24.5)	(8,434)	(6,777)	(24.5)
<b>Net property income</b>	<b>15,172</b>	<b>18,587</b>	<b>(18.4)</b>	<b>15,172</b>	<b>18,587</b>	<b>(18.4)</b>
Finance income	58	31	87.1	58	31	87.1
Finance costs	(5,327)	(5,261)	(1.3)	(5,251)	(5,142)	(2.1)
<b>Net finance costs <sup>(c)</sup></b>	<b>(5,269)</b>	<b>(5,230)</b>	<b>(0.7)</b>	<b>(5,193)</b>	<b>(5,111)</b>	<b>(1.6)</b>
Amortisation of intangible assets	-	(262)	100.0	-	(262)	100.0
Manager's fees	(1,397)	(1,580)	11.6	(1,397)	(1,580)	11.6
Trustee's fees	(120)	(144)	16.7	(120)	(144)	16.7
Donation of non-Shari'ah compliant income <sup>(d)</sup>	(43)	(11)	(290.9)	(43)	(11)	(290.9)
Other trust expenses	(349)	(424)	17.7	(353)	(428)	17.5
<b>Net income</b>	<b>7,994</b>	<b>10,936</b>	<b>(26.9)</b>	<b>8,066</b>	<b>11,051</b>	<b>(27.0)</b>
Net change in fair value of financial derivatives <sup>(e)</sup>	(793)	1,143	(169.4)	(794)	1,195	(166.4)
Loss on divestment of investment properties <sup>(f)</sup>	(558)	-	NM	(558)	-	NM
<b>Total return for the period before taxation</b>	<b>6,643</b>	<b>12,079</b>	<b>(45.0)</b>	<b>6,714</b>	<b>12,246</b>	<b>(45.2)</b>
Tax expense <sup>(g)</sup>	*	*	-	-	-	-
<b>Total return for the period after taxation</b>	<b>6,643</b>	<b>12,079</b>	<b>(45.0)</b>	<b>6,714</b>	<b>12,246</b>	<b>(45.2)</b>

<u>Distribution Statements</u>	Group			Trust		
	1Q 2016	1Q 2015	Fav / (Unfav)	1Q 2016	1Q 2015	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return for the period after taxation</b>	<b>6,643</b>	<b>12,079</b>	<b>(45.0)</b>	<b>6,714</b>	<b>12,246</b>	<b>(45.2)</b>
Non-tax deductible/(chargeable) items:						
Manager's fees paid/payable in units	1,118	1,264	(11.6)	1,118	1,264	(11.6)
Amortisation of intangible assets	-	262	(100.0)	-	262	(100.0)
Amortisation of transaction costs <sup>(h)</sup>	556	561	(0.9)	482	445	8.3
Trustee's fees	120	144	(16.7)	120	144	(16.7)
Donation of non-Shari'ah compliant income	43	11	290.9	43	11	290.9
Net change in fair value of financial derivatives	793	(1,143)	169.4	794	(1,195)	166.4
Loss on divestment of investment properties	558	-	NM	558	-	NM
Effects of recognising rental income on a straight line basis over the lease term	(216)	(284)	23.9	(216)	(284)	23.9
Other items	155	79	96.2	157	80	96.3
<b>Net effect of non-tax deductible items</b>	<b>3,127</b>	<b>894</b>	<b>249.8</b>	<b>3,056</b>	<b>727</b>	<b>320.4</b>
<b>Income available for distribution to Unitholders for the period</b>	<b>9,770</b>	<b>12,973</b>	<b>(24.7)</b>	<b>9,770</b>	<b>12,973</b>	<b>(24.7)</b>

NM denotes "not meaningful"

\* Less than S\$1,000

**Notes:**

- (a) Gross revenue comprises rental and other operating income from the Properties.
- (b) Property expenses comprise:
- (i) Service, repairs, maintenance and insurances;
  - (ii) Property and lease management fees;
  - (iii) Applicable property tax, land rent and utilities expenses related to properties not under triple-net master lease agreements;
  - (iv) Marketing and lease administrative expenses; and
  - (v) Other reimbursable expenses payable to the Property Manager.

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(c) Included in net finance costs are the following:

	Group			Trust		
	1Q 2016	1Q 2015	Fav / (Unfav)	1Q 2016	1Q 2015	Fav / (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Finance income:</b>						
- Profit income from fixed deposits with Islamic financial institutions	15	20	(25.0)	15	20	(25.0)
- Ta'widh (compensation on late payment of rent)	43	11	290.9	43	11	290.9
	58	31	87.1	58	31	87.1
<b>Finance costs:</b>						
- Commodity Murabaha Facilities	(2,056)	(1,635)	(25.7)	(2,056)	(1,635)	(25.7)
- Revolving Murabahah Facility	(298)	-	NM	(298)	-	NM
- Profit rate swaps	64	(281)	122.8	64	(281)	122.8
- Convertible Sukuk	(480)	(804)	40.3	-	-	-
- Trust Certificates	(1,957)	(1,936)	(1.1)	-	-	-
- Loans from subsidiaries	-	-	-	(2,437)	(2,740)	11.1
- Amortisation of transaction costs	(556)	(561)	0.9	(482)	(445)	(8.3)
- Brokerage and agent fees	(44)	(44)	-	(42)	(41)	(2.4)
	(5,327)	(5,261)	(1.3)	(5,251)	(5,142)	(2.1)
<b>Net finance costs</b>	<b>(5,269)</b>	<b>(5,230)</b>	<b>(0.7)</b>	<b>(5,193)</b>	<b>(5,111)</b>	<b>(1.6)</b>

NM denotes "not meaningful"

(d) This relates to the net income which was subjected to the cleansing process and was approved by the Independent Shari'ah Committee to be and donated to the following beneficiaries:

**1Q 2016**

- Lien Aid.

**1Q 2015**

- Singapore Red Cross for the Cyclone Pam 2015 Relief Fund.

(e) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk based on broker quotes and option pricing models between the last quarter and at the reporting date.

(f) This relates to the applicable agent commissions, divestment fee payable to the Manager, and other professional fees and expenses incurred in connection with the divestment of the Divestment Properties. This item is non-tax deductible and have no impact on income available for distribution.

(g) This pertains to the tax expense of subsidiaries of the Trust.

(h) This represents the amortisation of upfront fees and legal fees pertaining to the Commodity Murabaha Facilities ("**CMF**"), Revolving Commodity Murabahah Facility ("**Revolving Murabahah Facility**"), Convertible Sukuk, Trust Certificates and loans from subsidiaries. These items are non-tax deductible and have no impact on income available for distribution.

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**1 (b)(i) Statements of financial position, together with comparatives as at the end of the immediate preceding financial year**

<b>Statements of Financial Position</b>	Group			Trust		
	31/03/16	31/12/15	Change	31/03/16	31/12/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Non-current assets</b>						
Investment properties	1,090,706	1,090,200	0.0	1,090,706	1,090,200	0.0
Subsidiaries <sup>(a)</sup>	-	-	-	*	*	-
<b>Total non-current assets</b>	<b>1,090,706</b>	<b>1,090,200</b>	<b>0.0</b>	<b>1,090,706</b>	<b>1,090,200</b>	<b>0.0</b>
<b>Current assets</b>						
Investment properties held for divestment <sup>(b)</sup>	-	54,600	(100.0)	-	54,600	(100.0)
Derivative assets <sup>(c)</sup>	181	403	(55.1)	181	403	(55.1)
Trade and other receivables <sup>(d)</sup>	10,302	9,758	5.6	10,296	9,750	5.6
Cash and cash equivalents <sup>(e)</sup>	22,876	10,438	119.2	22,871	10,432	119.2
<b>Total current assets</b>	<b>33,359</b>	<b>75,199</b>	<b>(55.6)</b>	<b>33,348</b>	<b>75,185</b>	<b>(55.6)</b>
<b>Total assets</b>	<b>1,124,065</b>	<b>1,165,399</b>	<b>(3.5)</b>	<b>1,124,054</b>	<b>1,165,385</b>	<b>(3.5)</b>
<b>Current liabilities</b>						
Trade and other payables <sup>(f)</sup>	16,971	14,438	17.5	16,969	14,431	17.6
Borrowings <sup>(g)</sup>	105,909	147,288	(28.1)	105,909	147,288	(28.1)
Derivative liabilities <sup>(h)</sup>	1	2	(50.0)	-	-	-
<b>Total current liabilities</b>	<b>122,881</b>	<b>161,728</b>	<b>(24.0)</b>	<b>122,878</b>	<b>161,719</b>	<b>(24.0)</b>
<b>Non-current liabilities</b>						
Trade and other payables <sup>(f)</sup>	15,684	15,928	(1.5)	15,684	15,928	(1.5)
Borrowings <sup>(g)</sup>	334,231	333,796	0.1	334,690	334,329	0.1
Derivative liabilities <sup>(h)</sup>	778	206	277.7	778	206	277.7
<b>Total non-current liabilities</b>	<b>350,693</b>	<b>349,930</b>	<b>0.2</b>	<b>351,152</b>	<b>350,463</b>	<b>0.2</b>
<b>Total liabilities</b>	<b>473,574</b>	<b>511,658</b>	<b>(7.4)</b>	<b>474,030</b>	<b>512,182</b>	<b>(7.4)</b>
<b>Net assets</b>	<b>650,491</b>	<b>653,741</b>	<b>(0.5)</b>	<b>650,024</b>	<b>653,203</b>	<b>(0.5)</b>
Represented by:						
<b>Unitholders' funds <sup>(i)</sup></b>	<b>650,491</b>	<b>653,741</b>	<b>(0.5)</b>	<b>650,024</b>	<b>653,203</b>	<b>(0.5)</b>

\* Less than S\$1,000

**Notes:**

- This relates to the cost of investments in Sabana Treasury Pte. Ltd. ("**STPL**") and Sabana Sukuk Pte. Ltd. ("**SSPL**"), wholly-owned subsidiaries of the Trust.
- This relates to the Divestment Properties as at 31 December 2015, which were classified as investment properties held for divestment in accordance with FRS 105 – *Non-current Assets held for Sale and Discontinued Operations*. As at the reporting date, the Divestment Properties have been divested.
- Derivative assets relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the S\$90.0 million Term CMF B.
- This relates to trade receivables, prepayments, deposits, and other receivables.
- This relates to bank balances and Shari'ah compliant deposits held with Islamic financial institutions. Please refer to the Statement of Cash Flows under Item 1(c) on Page 9 for further details in the movement of cash and cash equivalents.
- This relates to trade payables, security deposits, rental received in advance, retention sums and accruals and provisions.

The higher current trade and other payables from 31 December 2015 is mainly due to the goods and services tax collected in connection with the divestment of the Divestment Properties which is payable to IRAS after 1Q 2016.

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- (g) Current borrowings represent the following at Sabana Group and the Trust as at the reporting date:
- (i) Amortised cost of the principal amount of S\$8.0 million drawn from Revolving CMF D;
  - (ii) Amortised cost of the principal amount of S\$8.5 million drawn from Revolving Murabahah Facility;  
and
  - (iii) Amortised cost of the principal amount of S\$90.0 million drawn from Term CMF B.

Non-current borrowings represent the following at Sabana Group and the Trust as at the reporting date:

- (i) Amortised cost of the principal amount of S\$105.0 million drawn from Term CMF C and Term CMF F;
- (ii) Amortised cost of the principal amount of the S\$90.0 million Trust Certificates due 2018 ("**Trust Certificates Series I**") and the S\$100.0 million Trust Certificates due 2019 ("**Trust Certificates Series II**") (collectively, the "**Trust Certificates Series**") issued by SSPL;
- (iii) Amortised cost of the principal amount of S\$190.0 million of SSPL's profit bearing loans to the Trust, which was raised from the issuance of the Trust Certificates Series by SSPL;
- (iv) Amortised cost of the liability component of the remaining principal amount of S\$42.8 million of Convertible Sukuk issued by STPL; and
- (v) Amortised cost of the remaining principal amount of S\$42.8 million of STPL's profit bearing loan to the Trust, which was raised from the issuance of the Convertible Sukuk by STPL.

As at the reporting date, both the Group and the Trust are in net current liabilities position mainly due to the current borrowings.

- (h) Current derivative liabilities relate to the fair value of the embedded derivatives component of the Convertible Sukuk issued by STPL.

Non-current derivative liabilities relate to the fair value of the profit rate swap entered into to hedge the profit rate risk on the S\$75.0 million Term CMF F.

The movements in current and non-current derivative liabilities are mainly due to the change in fair value of the embedded derivatives component of the Convertible Sukuk and the profit rate swap used for hedging Term CMF F respectively.

- (i) Please refer to the Statements of Movements in Unitholders' Funds under Item (1)(d)(i) on Page 10 for details.

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**1 (b)(ii) Aggregate amount of borrowings and debt securities**

	Group		Trust	
	31/03/16	31/12/15	31/03/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Secured borrowings</b>				
Amount repayable within one year:				
Revolving CMF D <sup>(a)</sup>	8,000	30,000	8,000	30,000
Revolving Murabahah Facility <sup>(b)</sup>	8,500	28,000	8,500	28,000
Term CMF B <sup>(a)</sup>	90,000	90,000	90,000	90,000
Less: Unamortised capitalised transaction costs	(591)	(712)	(591)	(712)
	<b>105,909</b>	<b>147,288</b>	<b>105,909</b>	<b>147,288</b>
Amount repayable after one year:				
Term CMF (C and F) <sup>(a)</sup>	105,000	105,000	105,000	105,000
Less: Unamortised capitalised transaction costs	(1,682)	(1,900)	(1,682)	(1,900)
	<b>103,318</b>	<b>103,100</b>	<b>103,318</b>	<b>103,100</b>
<b>Total secured borrowings</b>	<b>209,227</b>	<b>250,388</b>	<b>209,227</b>	<b>250,388</b>
<b>Unsecured borrowings</b>				
Amount repayable after one year:				
Convertible Sukuk - debt component <sup>(c)</sup>	42,046	41,933	-	-
Trust Certificates <sup>(d)</sup>	190,000	190,000	-	-
Loans from subsidiaries <sup>(e)</sup>	-	-	232,750	232,750
Less: Unamortised capitalised transaction costs	(1,133)	(1,237)	(1,378)	(1,521)
	<b>230,913</b>	<b>230,696</b>	<b>231,372</b>	<b>231,229</b>
<b>Total unsecured borrowings</b>	<b>230,913</b>	<b>230,696</b>	<b>231,372</b>	<b>231,229</b>
<b>Total borrowings</b>	<b>440,140</b>	<b>481,084</b>	<b>440,599</b>	<b>481,617</b>

**Details of borrowings, debt securities and collaterals**

**Secured borrowings**

(a) Commodity Murabaha Facilities

As at the reporting date, the following CMF were outstanding:

- (i) 2-year Term CMF B of S\$90.0 million maturing in November 2016;
- (ii) 3-year Revolving CMF D of S\$8.0 million maturing in November 2016;
- (iii) 5-year Term CMF F of S\$75.0 million maturing in August 2017; and
- (iv) 5-year Term CMF C of S\$30.0 million maturing in November 2019.

As at the reporting date, the Revolving CMF D has an undrawn amount of S\$40.0 million.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 10 investment properties ("**Securitised Properties**"), (or, where title to or lease relating to the Securitised Properties has not been issued, an assignment of building agreement or agreement for lease (as the case may be) coupled with a mortgage in escrow);
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitised Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitised Properties.

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(b) Revolving Murabahah Facility

As at the reporting date, the outstanding 3-year Revolving Murabahah Facility maturing in September 2018, has an outstanding amount of \$8.5 million and an undrawn amount of S\$41.5 million.

The Revolving Murabahah Facility is secured by, *inter alia*:

- (1) A first ranking legal mortgage over 8 Commonwealth Lane and 34 Penjuru Lane (“**Dual Secured Properties**”);
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Dual Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Dual Secured Properties.

Unsecured borrowings

(c) Convertible Sukuk

	Group	
	31/03/16	31/12/15
	S\$'000	S\$'000
<b>Convertible Sukuk - debt component</b>		
Carrying amount of debt component at beginning of the period	41,933	70,375
Profit accretion, including amortisation of transaction costs	113	660
Extinguishment of debt component arising from the redemption of Convertible Sukuk pursuant to the put option exercised by Sukukholders	-	(29,102)
<b>Carrying amount of debt component at end of the period</b>	<b>42,046</b>	<b>41,933</b>

The S\$80.0 million 4.5 per cent. Convertible Sukuk issued by STPL on 24 September 2012 and due on 24 September 2017, is unsecured, and convertible by Sukukholders into units of the Trust at any time on or after 9 November 2012 at the initial conversion price of S\$1.1933 per unit. As at the reporting date, the conversion price per unit is S\$1.0431.

(d) Trust Certificates

As at the reporting date, the following unsecured Trust Certificates issued under the Group's S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme were outstanding:

- (i) S\$90.0 million 4.0 per cent. Trust Certificates Series I issued on 19 March 2014 and due on 19 March 2018; and
- (ii) S\$100.0 million 4.25 per cent. Trust Certificates Series II issued on 3 October 2014 and due on 3 April 2019.

(e) Loans from subsidiaries

As at the reporting date, the following loans from subsidiaries were outstanding:

- (i) S\$42.8 million loan, which is equivalent to the principal amount of the Convertible Sukuk outstanding, granted by STPL to the Trust, through the proceeds raised from the issuance of the Convertible Sukuk at the same repayment terms, is unsecured and profit bearing; and
- (ii) S\$190.0 million loans which are equivalent to the principal amount of the Trust Certificates, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates Series at the same repayment terms stated in Item (1)(b)(ii)(d) above.



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**1 (c) Statement of Cash Flows**

<b>Statement of Cash Flows</b>	Group	
	1Q 2016	1Q 2015
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Total return for the period after taxation and before distribution	6,643	12,079
Adjustments for:		
Amortisation of intangible assets	-	262
Manager's fees paid/payable in units	1,118	1,264
Net change in fair value of financial derivatives	793	(1,143)
Loss on divestment of investment properties	558	-
Net finance costs	5,269	5,230
	14,381	17,692
Change in trade and other receivables	(544)	147
Change in trade and other payables	2,169	(628)
Cash generated from operating activities	16,006	17,211
Ta'widh (compensation on late payment of rent) received	43	11
<b>Net cash from operating activities</b>	<b>16,049</b>	<b>17,222</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(506)	(210)
Divestment of investment properties	54,600	-
Profit income received from Islamic financial institutions	15	20
<b>Net cash from/(used in) investing activities</b>	<b>54,109</b>	<b>(190)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(41,500)	-
Issue expenses paid	-	(21)
Finance costs paid	(5,209)	(5,315)
Distributions paid	(11,011)	(11,724) <sup>(a)</sup>
<b>Net cash used in financing activities</b>	<b>(57,720)</b>	<b>(17,060)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,438</b>	<b>(28)</b>
Cash and cash equivalents at beginning of the period	10,438	12,287
<b>Cash and cash equivalents at end of the period</b>	<b>22,876</b>	<b>12,259</b>

**Note:**

- (a) This amount excludes approximately S\$1.2 million (net of withholding tax) distributed by the issuance of 1,318,239 new units in 1Q 2015 as part payment of distributions for the period from 1 October 2014 to 31 December 2014, pursuant to the Distribution Reinvestment Plan ("DRP"). There was no DRP applied for the period from 1 October 2015 to 31 December 2015.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016**

**1 (d)(i) Statements of Movements in Unitholders' Funds (1Q 2016 vs 1Q 2015)**

<b>Statements of Movements in Unitholders' Funds</b>	Group		Trust	
	1Q 2016	1Q 2015	1Q 2016	1Q 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at beginning of the period</b>	653,741	772,585	653,203	771,800
<b>Operations</b>				
Total return for the period after taxation	6,643	12,079	6,714	12,246
	<b>660,384</b>	<b>784,664</b>	<b>659,977</b>	<b>784,046</b>
<b>Unitholders' transactions</b>				
Issue of new units:				
- Manager's fees payable in units <sup>(a)</sup>	1,118	1,264	1,118	1,264
- DRP <sup>(b)</sup>	-	1,198	-	1,198
Issue expenses	-	(21)	-	(21)
Distributions to Unitholders	(11,011)	(12,922)	(11,011)	(12,922)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(9,893)</b>	<b>(10,481)</b>	<b>(9,893)</b>	<b>(10,481)</b>
<b>Unitholders' funds at end of the period</b>	<b>650,491</b>	<b>774,183</b>	<b>650,024</b>	<b>773,565</b>

**Notes:**

- (a) This represents the value of new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The units are to be issued within 30 days from the quarter end.
- (b) This represents the value of new units issued as part payment of distributions for the period from 1 October 2014 to 31 December 2014, pursuant to the DRP.

**1 (d)(ii) Details of any changes in the units**

	Group and Trust	
	1Q 2016	1Q 2015
<b>Units in issue:</b>		
Units in issue at beginning of the period	732,381,036	724,623,716
Manager's fees paid in units	1,645,627	1,358,855
DRP <sup>(a)</sup>	-	1,318,239
<b>Issued units at the end of the period</b>	<b>734,026,663</b>	<b>727,300,810</b>
<b>Units to be issued:</b>		
Manager's fees payable in units <sup>(b)</sup>	1,767,466	1,401,544
<b>Total issued and to be issued units</b>	<b>735,794,129</b>	<b>728,702,354</b>

**Notes:**

- (a) These are new units issued pursuant to the DRP.
- (b) These are new units to be issued to the Manager as partial consideration of the Manager's fees incurred for the period. The new units are to be issued within 30 days from the quarter end.

**Convertible Sukuk**

Sabana Group has the following Convertible Sukuk outstanding as at 31 March 2016:

<b>Principal Amount Outstanding</b>	<b>Maturity Date</b>	<b>Conversion Price per unit as at 31 March 2016</b>
<b><u>Convertible Sukuk due 2017</u></b> S\$42.8 million 4.5% per annum.	24 September 2017	S\$1.0431

Since the date of their issue, an aggregate principal amount of S\$7.5 million of Convertible Sukuk has been converted into 6,285,090 units by converting Sukukholders and an aggregate principal amount of S\$29.7 million has been redeemed and cancelled pursuant to the put option exercised by certain Sukukholders.

Assuming all the outstanding Convertible Sukuk are fully converted based on the current conversion price of S\$1.0431, the number of new units to be issued would be 40,983,607 units, representing 5.6% of the total number of the Trust's units in issue and to be issued of 735,794,129 units as at 31 March 2016.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016**

**1 (d)(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

**3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Please see attached review report.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared with the audited financial statements for the year ended 31 December 2015.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Earnings per unit ("EPU") and Distribution per unit ("DPU") of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

**Earnings per unit (1Q 2016 vs 1Q 2015)**

	Group		Trust	
	1Q 2016	1Q 2015	1Q 2016	1Q 2015
<b><u>Basic EPU</u></b>				
Weighted average number of units in issue	733,539,739	726,058,743	733,539,739	726,058,743
Earnings per unit for the period based on the weighted average number of units in issue (cents) <sup>(a)</sup>	0.91	1.66	0.92	1.69
<b><u>Diluted EPU</u></b>				
Weighted average number of units in issue (diluted)	774,523,346	792,142,054	774,523,346	792,142,054
Earnings per unit for the period based on the weighted average number of units in issue (diluted) (cents) <sup>(b)</sup>	0.91 <sup>(c)</sup>	1.66	0.92 <sup>(c)</sup>	1.66

**Notes:**

- (a) The EPU calculation uses the total return for the period after taxation and before distribution, and the weighted average number of units outstanding during the period.
- (b) The diluted EPU calculation uses the total return for the period after taxation and before distribution and the weighted average number of units outstanding during the period, adjusted for the effects of all dilutive potential units arising from the assumed conversion of the Convertible Sukuk to units.
- (c) The diluted EPU were the same as the basic EPU for the Group and Trust as the Convertible Sukuk was anti-dilutive at the Group and the Trust level.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016**

**Distribution per unit**

	Group and Trust	
	1Q 2016	1Q 2015
Number of units issued and to be issued at end of the period entitled to distribution <sup>(a)</sup>	735,794,129	728,702,354
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	1.33	1.78

**Note:**

- (a) The computation of DPU is based on the number of units entitled to distribution, comprising:
- (i) The number of units in issue as at 31 March 2016 of 734,026,663 (31 March 2015: 727,300,810); and
  - (ii) The units to be issued to the Manager by 30 April 2016 as partial consideration of Manager's fees incurred for 1Q 2016 of 1,767,466 (by 30 April 2015 as partial consideration of Manager's fees incurred for 1Q 2015: 1,401,544).

**7. Net asset value per unit and net tangible asset per unit based on units issued at the end of the financial period and immediately preceding financial year**

	Group		Trust	
	As at 31/03/16	As at 31/12/15	As at 31/03/16	As at 31/12/15
Net asset value ("NAV") per unit (S\$) <sup>(a)</sup>	0.88	0.89	0.88	0.89
Net tangible asset ("NTA") per unit (S\$) <sup>(a)</sup>	0.88	0.89	0.88	0.89

**Note:**

- (a) The number of units used to compute NAV per unit and NTA per unit is 735,794,129 (31 December 2015: 734,026,663), comprising:
- (i) The number of units in issue as at 31 March 2016 of 734,026,663 (31 December 2015: 732,381,036); and
  - (ii) The units to be issued to the Manager by 30 April 2016 as partial consideration of Manager's fees incurred for 1Q 2016 of 1,767,466 (by 31 January 2016 as partial consideration of Manager's fees incurred for 4Q 2015 of 1,645,627).

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016**

**8. Review of the performance of the Group for the current financial period reported on**

**1Q 2016 vs 1Q 2015**

<b>Statement of Total Return</b>	<b>Group</b>		
	1Q 2016	1Q 2015	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	23,606	25,364	(6.9)
Property expenses	(8,434)	(6,777)	(24.5)
<b>Net property income <sup>(a)</sup></b>	<b>15,172</b>	<b>18,587</b>	<b>(18.4)</b>
Finance income	58	31	87.1
Finance costs	(5,327)	(5,261)	(1.3)
<b>Net finance costs</b>	<b>(5,269)</b>	<b>(5,230)</b>	<b>(0.7)</b>
Amortisation of intangible assets <sup>(b)</sup>	-	(262)	100.0
Manager's fees <sup>(c)</sup>	(1,397)	(1,580)	11.6
Trustee's fees <sup>(c)</sup>	(120)	(144)	16.7
Donation of non-Shari'ah compliant income <sup>(d)</sup>	(43)	(11)	(290.9)
Other trust expenses <sup>(e)</sup>	(349)	(424)	17.7
<b>Net income</b>	<b>7,994</b>	<b>10,936</b>	<b>(26.9)</b>
Net change in fair value of financial derivatives <sup>(f)</sup>	(793)	1,143	(169.4)
Loss on divestment of investment properties <sup>(g)</sup>	(558)	-	NM
<b>Total return for the period before taxation and distribution</b>	<b>6,643</b>	<b>12,079</b>	<b>(45.0)</b>
Tax expense	*	*	-
<b>Total return for the period before distribution</b>	<b>6,643</b>	<b>12,079</b>	<b>(45.0)</b>
Distribution adjustments <sup>(h)</sup>	3,127	894	249.8
<b>Income available for distribution <sup>(i)</sup></b>	<b>9,770</b>	<b>12,973</b>	<b>(24.7)</b>

NM denotes "not meaningful"

\*Less than S\$1,000

**Notes:**

- (a) Net property income decreased by 18.4% mainly due to the full quarter impact of:
- (i) Lower gross revenue arising from negative rental revisions for certain master leases renewals and non-renewal of 218 Pandan Loop in 4Q 2015;
  - (ii) Higher property expenses arising from higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 34 Penjuru Lane, 23 Serangoon North Avenue 5 and 15 Jalan Kilang Barat which were converted into multi-tenanted lease arrangements in 4Q 2015; and
  - (iii) Higher property tax and land rent expenses from 30 & 32 Tuas Avenue 8, 26 Loyang Drive and 21 Joo Koon Crescent which were converted into non-triple net master lease tenancies in 4Q 2015.
- (b) Amortisation of intangible assets decreased by 100.0% mainly due to the rental support at 9 Tai Seng Drive being fully amortised in 2Q 2015.
- (c) Both Manager's and Trustee's fees decreased by 11.6% and 16.7% respectively mainly due to the lower total assets in 1Q 2016 over 1Q 2015, arising mainly from the revaluation loss on the properties as at 31 December 2015 and the divestment of the Divestment Properties in 1Q 2016, upon which these fees are based on.
- (d) The increase in donation of non-Shari'ah compliant income by 290.9% is mainly due to more income generated from non-core activities subjected to cleansing in 1Q 2016 over 1Q 2015.
- (e) Other trust expenses were 17.7% lower as compared to 1Q 2015 mainly due to lower central registry service charges and printing charges arising from the non-application of the DRP in 1Q 2016.
- (f) The lower net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps and the embedded derivatives component of the Convertible Sukuk recognised between the last quarter and at the reporting date.
- (g) This relates to the applicable agent commissions, divestment fee payable to the Manager, and other professional fees and expenses incurred in connection with the divestment of the Divestment Properties in 1Q 2016.
- (h) Distribution adjustments were 249.8% higher as compared to 1Q 2015 mainly due to the higher non-tax deductible effects on the items stated in (f) and (g) and partially offset by the lower non-tax deductible effect on lower amortisation of intangible assets.

- (i) Distribution income decreased by 24.7% in 1Q 2016 over 1Q 2015 mainly due to the lower net property income as set out in (a) above.

**9. Variance between forecast and the actual results**

The Manager has not disclosed any financial forecast to the market. However as indicated in the previous quarter's announcement dated 25 January 2016, the Manager remains committed in its efforts to improve the portfolio occupancy, implement productivity and cost control measures, prudently manage Sabana REIT's capital structure, evaluate potential yield-accretive acquisition opportunities both locally and abroad, as well as development projects and asset enhancement initiatives, to grow the Trust's portfolio.

**10. Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

According to the Ministry of Trade and Industry ("MTI"), amidst the sharp fall in oil prices and global financial market volatility, the economic prospects for Singapore have softened since the start of the year 2016.<sup>1</sup> MTI maintains its GDP growth forecast at 1.0% to 3.0% this year. The Singapore economy grew by 2.0% in 2015.

Meanwhile, a quarterly survey by the Monetary Authority of Singapore in March 2016 has also shown that private sector economists are projecting an economic growth of 1.9% this year, down from an earlier forecast of 2.2%.<sup>2</sup>

With a surge in supply, industrial property prices in Singapore fell at their steepest pace in over two years in 4Q 2015 and analysts are pointing to further weakness ahead.<sup>3</sup>

The Manager expects market conditions to remain challenging. With the softening of the global economic climate, heightening interest rates and over-supply of industrial space in Singapore, overall rentals for industrial space are likely to remain under downward pressure.

The Group's 1Q 2016 financial performance reflects the full impact of the negative rental reversions for some of the master leases renewed and the non-renewal of one master lease, higher vacancies and higher operating expenses arising from the conversion of three more properties into multi-tenanted buildings, as well as the higher property tax and land rent expenses due to the conversion of certain master leases from triple-net into non-triple net tenancies, in 4Q 2015.

With the successful legal completion of the divestment of the two non-core and underperforming assets, namely 3 Kallang Way 2A and 200 Pandan Loop in 1Q 2016, estimated net proceeds of S\$53.0 million will be used to pare down part of the S\$138.0 million Commodity Murabaha Facilities due for refinancing in November 2016, to lower the Group's borrowing costs. Consequently, aggregate leverage will drop from 41.7% as at 31 December 2015 to approximately 39.0% in April 2016. The impact of the divestments on 1Q 2016 DPU was minimal. The Manager is in advanced stage of negotiations with the lenders on the refinancing of the maturing Commodity Murabaha Facilities and targets to complete the refinancing exercise by 3Q 2016.

Out of the four master leases that are due to expire in 4Q 2016, the master lessees (Sponsor-related companies) for three of the master leases have indicated interest to continue their operations in the three properties (33 & 35 Penjuru Lane, 18 Gul Drive and 51 Penjuru Road) via five successive options to renew for one year term each, subject to the parties agreeing on the rental rate for each renewal term. The remaining property (39 Ubi Road 1) will likely be converted into a multi-tenanted property.

The Manager will continue to evaluate potential yield-accretive acquisition opportunities, both locally and abroad, as well as development projects and asset enhancement initiatives to grow the Trust's portfolio. On the capital management front, the Manager will carry on exploring new ways to diversify funding sources and improve the Trust's borrowings maturity profile.

*Sources:*

- (1) "Singapore economy grew 2% in 2015, slowest since 2009; 2016 growth forecast maintained at 1-3%". The Straits Times. 24 February 2016. Web. 24 February 2016.  
(2) "Economists cut 2016 Singapore growth forecast for 2016 to 1.9%: MAS survey". Reuters 16 March 2016. Web. 16 March 2016.  
(3) "Singapore industrial property prices drop on oversupply, manufacturing slowdown". CNBC. 8 April 2016. Web. 8 April 2016.

**11. Distributions**

**(a) Current financial period**

Any distribution declared for the current period: Yes

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016**

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Name of distribution: Distribution for the first quarter ended 31 March 2016

Distribution Type: Taxable income distribution – 1.33 cents per unit

Par value of units: Not meaningful

Tax rate: **Taxable Income**

These distributions are made out of Sabana Shari'ah Compliant REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold the units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of Sabana Shari'ah Compliant REIT.

**(b) Corresponding period of the immediately preceding financial year**

Any distribution declared for the previous corresponding period: Yes

Name of distribution: Distribution for the first quarter ended 31 March 2015

Distribution Type: Taxable income distribution – 1.78 cents per unit

Par value of units: Not meaningful

Tax rate: **Taxable Income**

These distributions are made out of Sabana Shari'ah Compliant REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold the units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of Sabana Shari'ah Compliant REIT.

**(c) Date Payable: 30 May 2016**

**(d) Books Closure Date: 26 April 2016**

**12. If no distribution has been declared/ (recommended), a statement to that effect**

Not applicable.

**13. Distribution policy**

Sabana Shari'ah Compliant REIT's current distribution policy is to distribute 100% of its distributable income to Unitholders. Distributions are usually made on a quarterly basis at the discretion of the Manager.

**14. General mandate relating to interested person transactions**

The Trust has not obtained a general mandate from Unitholders for interested person transactions.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2016 TO 31 MARCH 2016**

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**15. Negative Confirmation By The Board Pursuant to Rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Sabana Shari'ah Compliant REIT which may render these unaudited interim financial results to be false or leading, in any material aspect.

**16. Procured Undertakings By The Board and Executive Officers to Rule 720(1)**

The Manager of Sabana Shari'ah Compliant REIT has procured undertakings from all its directors and executive officers under Rule 720(1).

**On behalf of the Board of Directors of  
Sabana Real Estate Investment Management Pte. Ltd.  
(Company registration number 201005493K)  
as Manager of Sabana Shari'ah Compliant Real Estate Investment Trust**

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Steven Lim Kok Hoong  
Director

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Kevin Xayaraj  
Director

By Order of the Board  
Cho Form Po  
Company Secretary  
Sabana Real Estate Investment Management Pte. Ltd.  
(Company registration number 201005493K)  
as Manager of Sabana Shari'ah Compliant Real Estate Investment Trust

18 April 2016

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

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**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

The Board of Directors  
Sabana Real Estate Investment Management Pte. Ltd.  
(in its capacity as Manager of Sabana Shari'ah  
Compliant Industrial Real Estate Investment Trust)  
151 Lorong Chuan  
#02-03 New Tech Park  
Singapore 556741

18 April 2016

Dear Sirs

## **Sabana Shari'ah Compliant Industrial Real Estate Investment Trust Review of Interim Financial Information**

### ***Introduction***

We have reviewed the accompanying Interim Financial Information of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively the "Group") for the quarter ended 31 March 2016. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 31 March 2016;
- Portfolio statement of the Group as at 31 March 2016;
- Statements of total return of the Group and the Trust for the quarter ended 31 March 2016;
- Distribution statements of the Group and the Trust for the quarter ended 31 March 2016;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter ended 31 March 2016;
- Statement of cash flows of the Group for the quarter ended 31 March 2016; and
- Certain explanatory notes to the above financial information.

The management of Sabana Real Estate Investment Management Pte. Ltd. (the "Manager" of the Trust) is responsible for the preparation and presentation of the Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice ("RAP") *7 Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on the Interim Financial Information based on our review.



***Scope of review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants.

***Restriction of Use***

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust in meeting the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its Interim Financial Information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

Yours faithfully

*KPMG LLP*

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

Singapore  
18 April 2016