



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 QUERY

The Board of Directors (the “**Board**”) of Sabana Real Estate Investment Management Pte. Ltd. (the “**Manager**”) refers to the query from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 September 2018 and sets out its responses as follows:

- 1. On page 15 of the 2Q2018 Results, the REIT disclosed that “Negative rental reversions for certain master leases renewed in 4Q 2017”. Please disclose how much did rental reversion rates fall.**

The average negative rental reversion for these master leases was approximately 12.6%.

Please disclose the size of the space of the Negative rental reversions, 1 Tuas Avenue 4 and 6 Woodlands Loop as a percentage of the total space of the REIT’s portfolio.

Property	Percentage of GFA to Portfolio GFA (As at 31 December 2017)
Master leases with negative rental reversion	15.1%
1 Tuas Avenue 4	3.6%
6 Woodlands Loop	1.8%

- 2. The REIT also disclosed “Lower impairment losses on trade receivables in 2Q 2018 over 2Q 2017 on the ex-master tenant of 1 Tuas Avenue 4 as the lease was surrendered in 1Q 2018” and “Lower impairment losses on trade receivables in 2Q 2018 over 2Q 2017 on the ex-master tenant of 6 Woodlands Loop as the master lease was terminated in 4Q 2017” Please provide reasons for the impairment losses of these ex-master tenants.**

For 1 Tuas Avenue 4, the ex-master tenant went into liquidation and the arrears in excess of security deposits were not recoverable, hence the impairment losses in 2Q FY2017.

For 6 Woodlands Loop, the ex-master tenant defaulted on their rental obligations and eventually the master lease was terminated in 4Q FY2017 after several demand letters were issued with no payment from the ex-master tenant. Impairment losses were initially provided on arrears in excess of the security deposits. The losses were subsequently recovered through the auction sales of the seized machinery and equipment in 1Q FY2018.

- 3. On page 16 of the 2Q2018 Results, the REIT disclosed that "Lower contribution from certain multi-tenanted properties due to lower occupancies in 2Q 2018 over 2Q 2017". Please disclose the current occupancy rate.**

The current occupancy rate for multi-tenanted properties as at 18 September 2018 is at 78.8%.

In the meantime, Unitholders are advised to exercise caution when dealing in the units of Sabana REIT. Unitholders are further advised to read this announcement and any subsequent announcements by the Manager carefully.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company registration number 201005493K)

As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Han Yong Lee (Donald)

Chief Executive Officer

18 September 2018

For enquiries, please contact:

Grace Chew

Manager, Investor Relations & Investments

Sabana Real Estate Investment Management Pte. Ltd.

DID: +65 6580 7857

Email: grace.chew@sabana.com.sg

Sabana REIT

Sabana REIT was listed on the SGX-ST 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 19 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 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.