



**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'S MANAGER WAIVES 75% OF ITS 1Q 2017 BASE FEE**

- 75% of base fee for 1Q 2017 waived to cushion the dilutive effect on the DPU due to general mandate not obtained from Unitholders to issue units as either full or partial payment of Manager's fees.
- DPU of 0.88 Singapore cents for 1Q 2017 after base fee waiver of 75%.

**Financial Highlights**

(S\$'000)	1Q 2017	1Q 2016	Variance (%)	1Q 2017	4Q 2016	Variance (%)
Gross revenue	21,978	23,606	(6.9)	21,978	22,540	(2.5)
Net property income ("NPI")	13,335	15,172	(12.1)	13,335	13,894	(4.0)
Income available for distribution	9,318	9,770	(4.6)	9,318	9,258	0.6
Distribution per Unit ("DPU") (cents)	0.88 <sup>1,2</sup>	1.16	(24.1)	0.88 <sup>1,2</sup>	0.88	-
Annualised DPU (cents)	3.57	4.70	(24.0)	3.57	3.50	2.0

**Singapore, 9 May 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 announced a distributable income of approximately S\$9.3 million in 1Q 2017. This translates to DPU of 0.88 cents, based on 1,053,083,530 units issued as at 31 March 2017.

For the quarter ended 31 March 2017, gross revenue and NPI for the quarter decreased by 6.9% and 12.1% respectively due to lower contribution from 200 Pandan Loop and 3 Kallang Way 2A ("2016 Divested Properties") which were divested in 1Q 2016, lower occupancy from the multi-tenanted properties of 23 Serangoon North Avenue 5, 2 Toh Tuck Link, 8 Commonwealth Lane, as well as 39 Ubi Road 1, which was converted into a multi-tenanted property in 4Q 2016.

NPI was affected by higher property expenses due to increased net impairment losses on trade receivables in 1Q 2017 over 1Q 2016 largely arising from the master tenants at 1 Tuas Avenue 4 and 6 Woodlands Loop whose arrears were in excess of the security deposits held. The Trust also incurred higher service, repairs, maintenance, property tax, land rent, utilities and marketing expenses from 39 Ubi Road 1 upon conversion into multi-tenanted lease arrangements in 4Q 2016, partially offset by savings in lower property expenses from the multi-tenanted

<sup>1</sup> Based on 1,053,083,530 units issued as at 31 March 2017.

<sup>2</sup> Following the Annual General Meeting held on 28 April 2017, the ordinary resolution to authorise the Manager to issue units and to make or grant convertible instruments was not passed. The Manager's fees for FY 2017 will be paid 100% in cash. To cushion the impact on DPU for 1Q 2017, the Manager has elected to waive 75% of its fees for 1Q 2017.

and non-triple-net master tenanted properties in 1Q 2017 over 1Q 2016 and from the 2016 Divested Properties which were divested in 1Q 2016.

At Sabana REIT's Annual General Meeting held on 28 April 2017, Unitholders voted against the resolution to authorise the Manager to issue units and to make or grant convertible instruments. As a result, and in the interest of supporting Unitholders to cushion the dilutive effect on the DPU, the Manager has decided to give a one-time reduction of its base fee for 1Q 2017 by 75%. The quarterly DPU would have been approximately 0.89 cents had the Manager continued to receive 80% of its fees in units under the general mandate, and approximately 0.80 cents if the Manager had not forgone any of its fees and received 100% of its fees in cash. In order to fund the working capital required by the Manager, the Manager may from time to time sell the units which the Manager received in the past from Sabana REIT in part payment of the base fee.

### **Property Portfolio Update**

On the divestment of 218 Pandan Loop, the Manager is targeting to legally complete the transaction by the second quarter of 2017. This is in line with the Manager's strategy to divest non-core and underperforming assets. Completion of the divestment of 218 Pandan Loop will contribute to net proceeds of approximately S\$14.5 million.

As at 31 March 2017, multi-tenancy occupancy levels and total portfolio occupancy level were at 80.4% and 87.3% respectively. The weighted average lease term to expiry for master leases stood at 2.6 years and weighted average lease term to expiry for sub-tenancies stood at 2.4 years as at 31 March 2017.

### **Capital Management**

For the quarter ended 31 March 2017, the total outstanding borrowings for Sabana REIT stood at approximately S\$367.8 million, lower than S\$441.1 million as at 31 December 2016. Weighted average all-in cost of borrowings also decreased to 4.0% per annum from 4.2% in the previous quarter.

Following the repayment of borrowings using the Rights Issue proceeds while pending the deployment of the funds for their intended purposes<sup>3</sup>, the Trust's aggregate leverage was lowered from 43.2% to 36.1% during the quarter and is well-within the Manager's target of not more than 40%. As at 31 March 2017, S\$68.0 million of the Trust's revolving credit facilities remained undrawn.

The Manager has also resumed discussions with lenders for the refinancing of the Commodity Murabaha Facility and Convertible Sukuk maturing in August 2017<sup>4</sup> and September 2017 following the conclusion of the Extraordinary General Meeting held on 28 April 2017, and targets to refinance the S\$57.8 million maturing borrowings ahead of their maturity dates. The Manager will also continue to explore new ways to diversify funding sources for the Trust and improve the Trust's borrowings maturity profile.

### **Outlook**

Based on advance estimates released by the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.5% in the first quarter of 2017 on a y-o-y basis, a decrease from the previous quarter. On a quarter-on-

---

<sup>3</sup> SGX announcement on the use of proceeds from the Rights Issue was made on 6 February 2017.

<sup>4</sup> For the Commodity Murabaha Facility due August 2017, S\$75.0 million has already partially prepaid with S\$60.0 million of the Rights proceeds on 6 February 2017 and only S\$15.0 million is currently still outstanding and is due to be refinanced in 2017 together with S\$42.75 million of the Convertible Sukuk due September 2017.

quarter seasonally-adjusted basis, the overall GDP declined by 1.9%, after a strong rebound of 12.3% from the last quarter<sup>5</sup>.

In the latest quarterly survey by the Monetary Authority of Singapore in March 2017, private economists forecasted the economic growth for 2017 to be at 2.3%. This is a significant increase from the 1.5% growth projected in the survey reported in December 2016<sup>6</sup>.

In a 1Q 2017 industrial property market report by JTC, the price and rental indices for the overall industrial property market has dipped by 2.2% and 0.9% respectively on a quarter-on-quarter basis. With more supply coming on-stream in the upcoming quarters, it is forecasted that the prices and rentals of industrial space will continue to soften in tandem with the fall in occupancy rates<sup>7</sup>.

As at 31 March 2017, 36.3% of Sabana REIT's leases by Net Lettable Area ("NLA") will expire in year 2017 (17.3% are Sponsor-related master leases, 5.3% are non-Sponsor-related master leases and 13.7% are leases of multi-tenanted properties). The Manager is already in discussions with all affected tenants on lease renewals. The Sponsor has indicated its commitment to exercise its option to renew the three master leases (17.3% by NLA).

The Manager expects market conditions to remain challenging. With the onset of economic and political uncertainties in the global economy and over-supply of industrial space, overall rentals are likely to continue to face downward pressure. The Manager will continue its rigorous marketing and leasing efforts to diligently manage the near-term fluctuations from the Trust's lease expiry/renewal cycle to improve the occupancy level.

The Strategic Review Process is on-going and as announced on 20 April 2017, the Strategic Review Committee ("SRC") has received non-binding proposals from several parties. The SRC is evaluating these proposals and Sabana REIT has not entered into any binding arrangement. The Manager will make the necessary announcements in accordance with its obligations under the listing rules as and when there are any material developments arising out of the Strategic Review Process.

### **1Q 2017 Non-Shari'ah Compliant Income**

Sabana REIT will be allocating S\$21,250 to Smile Asia, an alliance of charities which has been providing medical assistance to children with facial deformities. The funds will be utilised to support their medical efforts in sending qualified medical professionals, who will provide free surgical treatments to underprivileged children in Asia born with facial deformities like cleft lip and/or cleft palate and do not have access to proper treatment.

### **Distributions to Unitholders**

Unitholders can expect to receive distributions for the period from 1 January 2017 to 31 March 2017 in cash on 14 June 2017. The closure of Sabana REIT's transfer books and register of Unitholders will take place at 5pm on 18 May 2017.

=== END ==

---

<sup>5</sup> "Singapore's GDP Grew by 2.5 Per Cent in the First Quarter of 2017". Ministry of Trade and Industry Singapore. 13 April 2017. Web. 13 April 2017.

<sup>6</sup> "Singapore's GDP growth eases to 2.5% in Q1: Flash data". The Straits Times. 13 April 2017. Web. 13 April 2017.

<sup>7</sup> "JTC Quarterly Market Report. Industrial Properties. First Quarter 2017". 1Q 2017. Web. 1Q 2017.

**For enquiries, please contact:**

Sabana Real Estate Investment Management Pte. Ltd.

Bobby Tay Chiew Sheng  
Chief Strategy Officer & Head of Investor Relations  
DID: +65 6580 7768  
Email: bobby.tay@sabana.com.sg

Cassandra Seet  
Manager, Investor Relations  
DID: +65 6580 7857  
Email: cassandra.seet@sabana.com.sg

**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\$1.0 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](http://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.