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## SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019

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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 property located at 9 Tai Seng Drive for a sale consideration of S\$99.6 million on 10 January 2019, the portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 18 industrial properties located across Singapore. The properties are:

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

On 28 March 2019, Sabana Shari'ah Compliant REIT obtained a new revolving Murabahah Facility of up to S\$23.0 million ("**New Murabahah Facility**") to be used for general investments and corporate funding purposes. As at reporting date, the New Murabaha Facility is fully undrawn.

Subsequent to the reporting date, on 3 April 2019, the Group fully redeemed the S\$100.0 million 4.25 per cent. Trust Certificates that was issued on 30 October 2014.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiaries ("**Sabana Group**" or "**Group**") for the first quarter ended 31 March 2019 ("**1Q 2019**") and the comparative period ("**1Q 2018**") as set out in this announcement have been extracted from the interim financial information for 1Q 2019 which has 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*".

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

**SUMMARY OF RESULTS FOR SABANA GROUP**

	Group		
	1Q 2019	1Q 2018	Fav / (Unfav)
	S\$'000	S\$'000	%
<b>Gross revenue</b>	<b>18,524</b>	<b>21,003</b>	<b>(11.8)</b>
<b>Net property income</b>	<b>12,653</b>	<b>14,586</b>	<b>(13.3)</b>
<b>Total amount available for distribution</b>	<b>7,898</b>	<b>9,244</b>	<b>(14.6)</b>
- from operations	6,655	9,244	(28.0)
- from capital gains <sup>(a)</sup>	1,243	-	NM
<b>Distribution per unit ("DPU") (cents) <sup>(b)</sup></b>	<b>0.75</b>	<b>0.88</b>	<b>(14.8)</b>
- from operations	0.63	0.88	(28.4)
- from capital gains <sup>(a)</sup>	0.12	-	NM

**Note:**

- (a) Distribution of approximately S\$1.24 million from the capital gains arising from the divestment of properties from prior years and in the current period.
- (b) Please refer to Item 6 on Page 12 for the DPU computation.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

**1 (a)(i) Statement of Total Return and Distribution Statement (1Q 2019 vs 1Q 2018)**

<b>Statement of Total Return</b>	Group		
	1Q 2019	1Q 2018	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	18,524	21,003	(11.8)
Property expenses <sup>(b)</sup>	(5,871)	(6,417)	8.5
<b>Net property income</b>	<b>12,653</b>	<b>14,586</b>	<b>(13.3)</b>
Finance income	183	68	169.1
Finance costs	(4,376)	(3,976)	(10.1)
<b>Net finance costs <sup>(c)</sup></b>	<b>(4,193)</b>	<b>(3,908)</b>	<b>(7.3)</b>
Manager's fees	(1,163)	(953)	(22.0)
Trustee's fees	(93)	(100)	7.0
Donation of non-Shari'ah compliant income <sup>(d)</sup>	(4)	(19)	78.9
Other trust expenses	(374)	(254)	(47.2)
<b>Net income</b>	<b>6,826</b>	<b>9,352</b>	<b>(27.0)</b>
Net change in fair value of financial derivatives <sup>(e)</sup>	(20)	424	(104.7)
Net change in fair value of investment properties <sup>(f)</sup>	(227)	-	NM
Reduction to ROU assets <sup>(g)</sup>	(345)	-	NM
(Loss)/gain on divestment of investment properties <sup>(h)</sup>	(773)	754	(202.5)
<b>Total return for the period before taxation</b>	<b>5,461</b>	<b>10,530</b>	<b>(48.1)</b>
Tax expense <sup>(i)</sup>	*	*	-
<b>Total return for the period after taxation</b>	<b>5,461</b>	<b>10,530</b>	<b>(48.1)</b>

<b>Distribution Statement</b>	Group		
	1Q 2019	1Q 2018	Fav / (Unfav)
	S\$'000	S\$'000	%
<b>Total return for the period after taxation</b>	<b>5,461</b>	<b>10,530</b>	<b>(48.1)</b>
Non-tax deductible/(chargeable) items:			
Amortisation of transaction costs <sup>(j)</sup>	252	460	(45.2)
Trustee's fees	93	100	(7.0)
Donation of non-Shari'ah compliant income	4	19	(78.9)
Net change in fair value of financial derivatives	20	(424)	104.7
Net change in fair value of investment properties	227	-	NM
Reduction to ROU assets	345	-	NM
Loss/(gain) on divestment of investment properties	773	(754)	202.5
Effects of recognising rental income on a straight line basis over the lease term	(227)	188	(220.7)
Finance costs on lease liabilities	842	-	NM
Land rent expenses	(1,187)	-	NM
Other items	52	(875)	105.9
<b>Net effect of non-tax deductible/(chargeable) items</b>	<b>1,194</b>	<b>(1,286)</b>	<b>192.8</b>
<b>Income available for distribution to Unitholders for the period</b>	<b>6,655</b>	<b>9,244</b>	<b>(28.0)</b>
Capital gains	1,243	-	NM
<b>Total amount available for distribution to Unitholders for the period</b>	<b>7,898</b>	<b>9,244</b>	<b>(14.6)</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 and utilities expenses (2018: property tax, land rent and utilities expenses) related to properties not under triple-net master lease agreements;
  - (iv) Marketing and lease administrative expenses;
  - (v) Other reimbursable expenses payable to the Property Manager; and
  - (vi) Writeback of previously impaired losses on trade receivables of approximately S\$796,000 in 1Q 2018, mainly arising from the recovery of trade receivables from the ex-master tenant of 6 Woodlands Loop through auction sales of its seized machinery and equipment. There is no impairment loss or writeback in 1Q 2019.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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

	Group		
	Quarter		Fav / (Unfav)
	1Q 2019	1Q 2018	(Unfav)
	S\$'000	S\$'000	%
<b>Finance income:</b>			
- Finance income from fixed deposits	172	2	NM
- Ta'widh (compensation on late payment of rent)	11	66	(83.3)
	183	68	169.1
<b>Finance costs:</b>			
- Commodity Murabaha Facilities	(1,239)	(995)	(24.5)
- Revolving Murabaha Facilities	(761)	(324)	(134.9)
- Profit rate swaps	97	(91)	206.6
- Trust Certificates	(1,048)	(1,817)	42.3
- Term loan facility	(299)	(244)	(22.5)
- Amortisation of transaction costs	(252)	(460)	45.2
- Brokerage and agent fees	(32)	(45)	28.9
- Lease liabilities <sup>(k)</sup>	(842)	-	NM
	(4,376)	(3,976)	(10.1)
<b>Net finance costs</b>	<b>(4,193)</b>	<b>(3,908)</b>	<b>(7.3)</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 beneficiary:

**1Q 2019**

- Brighthill Evergreen Home

**1Q 2018**

- Singapore Kadayanallur Muslim League.

- (e) Net change in fair value of financial derivatives relates to the change in the fair value of the profit rate swaps based on broker quotes between the last quarter and at the reporting date. These items are non-tax deductible and have no impact on income available for distribution.
- (f) Net change in fair value of the investment properties in 1Q 2019 mainly relates to effects of straight-line rent adjustments for 1Q 2019.

There was no net change in fair value of the investment properties in 1Q 2018.

These items are non-tax deductible and have no impact on income available for distribution

- (g) Reduction to right-of-use ("**ROU**") assets relates to the future land rent payments in investment properties arising from the Group's adoption of FRS 116 Leases ("**FRS 116**") on 1 January 2019. Please refer to Item 5(i) on Page 11 for further details on FRS 116. These items are non-tax deductible and have no impact on income available for distribution.
- (h) Loss on divestment of investment properties in 1Q 2019 relates to the divestment fee payable to the Manager and other professional fees and expenses incurred in the divestment of 9 Tai Seng Drive.
- Gain on divestment of investment properties in 1Q 2018 relates to the gain on divestment of 6 Woodlands Loop after deducting the applicable agent commission and other professional fees and expenses.
- These items are non-tax deductible and have no impact on income available for distribution.
- (i) This pertains to the tax expense of subsidiaries of the Trust.
- (j) This represents the amortisation of upfront fees and legal fees pertaining to the Commodity Murabaha Facilities ("**CMF**"), Murabaha Facilities, Trust Certificates, Term Loan Facility. These items are non-tax deductible and have no impact on income available for distribution.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

- (k) This pertains to the finance cost on the lease liabilities in 1Q 2019 upon the adoption of FRS 116 on 1 January 2019. The lease liabilities relate to the discounted future land rent payments on certain properties of the Group.

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

Statements of Financial Position	Group			Trust		
	31/03/19	31/12/18	Change	31/03/19	31/12/18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Non-current assets</b>						
Investment properties <sup>(a)</sup>	944,726	869,200	8.7	944,726	869,200	8.7
Subsidiaries <sup>(b)</sup>	-	-	-	*	*	-
<b>Total non-current assets</b>	<b>944,726</b>	<b>869,200</b>	<b>8.7</b>	<b>944,726</b>	<b>869,200</b>	<b>8.7</b>
<b>Current assets</b>						
Investment properties held for divestment <sup>(c)</sup>	15,899	110,550	(85.6)	15,899	110,550	(85.6)
Derivative assets <sup>(d)</sup>	201	240	(16.3)	201	240	(16.3)
Trade and other receivables <sup>(e)</sup>	2,703	2,204	22.6	2,702	2,202	22.7
Cash and cash equivalents <sup>(f)</sup>	59,740	7,215	728.0	59,740	7,215	728.0
<b>Total current assets</b>	<b>78,543</b>	<b>120,209</b>	<b>(34.7)</b>	<b>78,542</b>	<b>120,207</b>	<b>(34.7)</b>
<b>Total assets</b>	<b>1,023,269</b>	<b>989,409</b>	<b>3.4</b>	<b>1,023,268</b>	<b>989,407</b>	<b>3.4</b>
<b>Current liabilities</b>						
Trade and other payables <sup>(g)</sup>	13,614	14,354	(5.2)	13,622	14,361	(5.2)
Borrowings <sup>(h)</sup>	219,588	172,767	27.1	219,588	172,767	27.1
Lease liabilities <sup>(i)</sup>	6,276	-	NM	6,276	-	NM
<b>Total current liabilities</b>	<b>239,478</b>	<b>187,121</b>	<b>28.0</b>	<b>239,486</b>	<b>187,128</b>	<b>28.0</b>
<b>Non-current liabilities</b>						
Trade and other payables <sup>(g)</sup>	8,007	8,726	(8.2)	8,007	8,726	(8.2)
Borrowings <sup>(h)</sup>	99,373	188,942	(47.4)	99,373	188,942	(47.4)
Derivative liabilities <sup>(d)</sup>	123	142	(13.4)	123	142	(13.4)
Lease liabilities <sup>(i)</sup>	73,827	-	NM	73,827	-	NM
<b>Total non-current liabilities</b>	<b>181,330</b>	<b>197,810</b>	<b>(8.3)</b>	<b>181,330</b>	<b>197,810</b>	<b>(8.3)</b>
<b>Total liabilities</b>	<b>420,808</b>	<b>384,931</b>	<b>9.3</b>	<b>420,816</b>	<b>384,938</b>	<b>9.3</b>
<b>Net assets</b>	<b>602,461</b>	<b>604,478</b>	<b>(0.3)</b>	<b>602,452</b>	<b>604,469</b>	<b>(0.3)</b>
Represented by:						
<b>Unitholders' funds <sup>(j)</sup></b>	<b>602,461</b>	<b>604,478</b>	<b>(0.3)</b>	<b>602,452</b>	<b>604,469</b>	<b>(0.3)</b>

NM denotes "not meaningful"

\* Less than S\$1,000

**Notes:**

- (a) The increase in investment properties mainly arises from the adoption of FRS 116 on 1 January 2019 for which the Group recognises ROU assets of approximately S\$75.5 million relating to future land rent payments and their corresponding lease liabilities. Please refer to Item 5(i) on Page 11 for further details on FRS 116.
- (b) This relates to the cost of investment in Sabana Sukuk Pte. Ltd. ("SSPL"), a wholly-owned subsidiary of the Trust.
- (c) The decrease is mainly due to the completion on the divestment of 9 Tai Seng Drive on 10 January 2019; partially offset by the increase in ROU assets of approximately S\$5.0 million relating to future land rent payments on investment properties held for divestment arising from the adoption of FRS 116 on 1 January 2019.

As at the reporting date, only 1 Tuas Avenue 4 is (2018: 9 Tai Seng Drive and 1 Tuas Avenue 4 were) held for divestment.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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- (d) The current derivative assets as at the reporting date relate largely to the fair value of the profit rate swaps expiring within 12 months from the reporting date entered into to hedge the profit rate risks on the S\$90.0 million Term CMF B (“**PRS B**”).

The non-current derivative liabilities as at the reporting date relate to the fair value of the profit rate swaps expiring after 12 months from the reporting date entered into to hedge the profit rate risks on the Term Murabahah Facility and the Term Loan Facility.

The movement between the financial derivatives is mainly due to the fair value change of the profit rate swaps recognised between the last quarter and the reporting date.

- (e) This relates to trade receivables, prepayments, deposits, and other receivables. The increase is mainly due to higher outstanding trade receivables from certain tenants.
- (f) 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.

The significant increase in cash and cash equivalent is largely attributable to the remaining proceeds from the divestment of 9 Tai Seng Drive, after repaying the then outstanding revolving credit facilities.

- (g) This relates to trade payables, security deposits, rental received in advance, retention sums and accruals and provisions.

The lower non-current and current trade and other payables from 31 December 2018 are mainly due to:

- (i) Refund of security deposits on expired leases during the period;
- (ii) Settlement of trade payables and accrued operating expenses during the period;
- (iii) Refund of retention sums to vendors; and
- (iv) Reclassification of security deposits from non-current to current for leases that expire within 12 months from the reporting date.

- (h) Current borrowings represent the following at Sabana Group as at the reporting date:

- (i) Amortised cost of the principal amount of S\$90.0 million drawn from the Term CMF B;
- (ii) Amortised cost of the principal amount of S\$30.0 million drawn from the Term CMF C; and
- (iii) Amortised cost of the principal amount of the S\$100.0 million Trust Certificates due 2019 (“**Trust Certificates Series II**”) issued by SSPL.

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

- (i) Amortised cost of the principal amount of S\$30.0 million drawn from the Term Loan Facility; and
- (ii) Amortised cost of the principal amount of S\$70.0 million drawn from the Term Murabahah Facility.

The movements in current and non-current borrowings are mainly due to:

- (i) Repayment of the then outstanding Revolving CMF D of S\$13.0 million and Revolving Murabahah Facility of S\$30.0 million during the period, using the proceeds from the divestment of 9 Tai Seng Drive; and
- (ii) Reclassification of the Term CMF B maturing 12 months from the reporting date from non-current to current.

As at the reporting date, the Group is in net current liabilities position mainly due to the current borrowings.

- (i) This relates to the discounted future land rent payments on certain properties of the Group. These lease liabilities were recognised upon the adoption of FRS 116 on 1 January 2019. Please refer to Item 5(i) on Page 11 for further details on FRS 116.
- (j) Please refer to the Statements of Movements in Unitholders’ Funds under Item (1)(d)(i) on Page 10 for details.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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

	Group		Trust	
	31/03/19	31/12/18	31/03/19	31/12/18
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Secured borrowings</b>				
Amount repayable within one year:				
Revolving CMF <sup>(a)</sup>	-	13,000	-	13,000
Revolving Murabahah Facilities <sup>(b)</sup>	-	30,000	-	30,000
Term CMF <sup>(a)</sup>	120,000	30,000	120,000	30,000
Less: Unamortised capitalised transaction costs	(410)	(167)	(410)	(167)
	<b>119,590</b>	<b>72,833</b>	<b>119,590</b>	<b>72,833</b>
Amount repayable after one year:				
Term CMF <sup>(a)</sup>	-	90,000	-	90,000
Term Murabahah Facility <sup>(b)</sup>	70,000	70,000	70,000	70,000
Term Loan Facility <sup>(c)</sup>	30,000	30,000	30,000	30,000
Less: Unamortised capitalised transaction costs	(627)	(1,058)	(627)	(1,058)
	<b>99,373</b>	<b>188,942</b>	<b>99,373</b>	<b>188,942</b>
<b>Total secured borrowings</b>	<b>218,963</b>	<b>261,775</b>	<b>218,963</b>	<b>261,775</b>
<b>Unsecured borrowings</b>				
Amount repayable within one year:				
Trust Certificates <sup>(d)</sup>	100,000	100,000	-	-
Loan from subsidiaries <sup>(e)</sup>	-	-	100,000	100,000
Less: Unamortised capitalised transaction costs	(2)	(66)	(2)	(66)
	<b>99,998</b>	<b>99,934</b>	<b>99,998</b>	<b>99,934</b>
<b>Total unsecured borrowings</b>	<b>99,998</b>	<b>99,934</b>	<b>99,998</b>	<b>99,934</b>
<b>Total borrowings</b>	<b>318,961</b>	<b>361,709</b>	<b>318,961</b>	<b>361,709</b>

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

Secured borrowings

(a) Commodity Murabaha Facilities

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

- (i) 5-year Term CMF C of S\$30.0 million maturing in November 2019; and
- (ii) 3.5-year Term CMF B of S\$90.0 million maturing in February 2020.

As at the reporting date, the 3.5-year Revolving CMF D of S\$18.0 million maturing in February 2020 was fully undrawn.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2018: 3) investment properties ("**Securitized Properties**"), (or, where title to or lease relating to the Securitized 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 Securitized Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitized Properties.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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(b) Murabahah Facilities

As at the reporting date, the following Murabahah Facility was outstanding:

- (i) 3-year Term Murabahah Facility of S\$70.0 million maturing in March 2021.

As at the reporting date, the 3-year Revolving Murabahah Facility of S\$30.0 million and the Revolving New Murabahah Facility of S\$23.0 million that was granted in March 2019, both maturing in March 2021, were fully undrawn.

The Murabahah Facilities were secured by, *inter alia*:

- (1) A first ranking legal mortgage over 7 (2018: 5) investment properties ("**Murabahah Secured Properties**");
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Murabahah Secured Properties.

(c) Term Loan Facility

As at the reporting date, the Term Loan Facility of S\$30.0 million maturing in December 2021 was outstanding and secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2018: 3) investment properties ("**Term Loan Facility Secured Properties**"); and
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Term Loan Facility Secured Properties.

Unsecured borrowings

(d) Trust Certificates

As at the reporting date, the unsecured S\$100.0 million 4.25 per cent. Trust Certificates Series II issued on 3 October 2014 and due on 3 April 2019 issued under the Group's S\$500.0 million Multicurrency Islamic Trust Certificates Issuance Programme was outstanding.

On 3 April 2019, the Group has successfully redeemed the S\$100.0 million 4.25 per cent. Trust Certificates.

(e) Loan from subsidiaries

As at the reporting date, S\$100.0 million loan, which is equivalent to the principal amount of the Trust Certificates II, granted by SSPL to the Trust, through the proceeds raised from the issuance of the Trust Certificates II at the same repayment terms stated in Item (1)(b)(ii)(d) above, was outstanding.

On 3 April 2019, the Trust has fully repaid the loan from its subsidiary amounting to S\$100.0 million.



**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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

<u>Statement of Cash Flows</u>	Group	
	1Q 2019	1Q 2018
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Total return for the period after taxation and before distribution	5,461	10,530
Adjustments for:		
Net change in fair value of financial derivatives	20	(424)
Net change in fair value of investment properties	227	-
Reduction to ROU assets	345	-
Loss/(gain) on divestment of investment properties	773	(754)
Net finance costs	4,193	3,908
	11,019	13,260
Change in trade and other receivables	(726)	173
Change in trade and other payables	(2,569)	(912)
Cash generated from operations	7,724	12,521
Ta'widh (compensation on late payment of rent) received	11	66
<b>Net cash from operating activities</b>	<b>7,735</b>	<b>12,587</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(372)	(482)
Proceeds from divestment of investment properties	99,600	13,800
Payment for divestment costs	(773)	-
Profit income received	172	2
<b>Net cash from investing activities</b>	<b>98,627</b>	<b>13,320</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	117,000
Repayment of borrowings	(43,000)	(117,500)
Transaction costs paid	-	(814)
Payment of lease liabilities	(345)	-
Finance costs on lease liabilities	(842)	-
Finance costs paid	(2,172)	(3,263)
Distributions paid	(7,478)	(8,741)
<b>Net cash used in financing activities</b>	<b>(53,837)</b>	<b>(13,318)</b>
<b>Net increase in cash and cash equivalents</b>	<b>52,525</b>	<b>12,589</b>
Cash and cash equivalents at beginning of the period	7,215	7,681
<b>Cash and cash equivalents at end of the period</b>	<b>59,740</b>	<b>20,270</b>

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

**1 (d)(i) Statements of Movements in Unitholders' Funds (1Q 2019 vs 1Q 2018)**

<b>Statements of Movements in Unitholders' Funds</b>	Group		Trust	
	1Q 2019	1Q 2018	1Q 2019	1Q 2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at beginning of the period</b>	604,478	571,545	604,469	571,532
<b>Operations</b>				
Total return for the period after taxation	5,461	10,530	5,461	10,529
	<b>609,939</b>	<b>582,075</b>	<b>609,930</b>	<b>582,061</b>
<b>Unitholders' transactions</b>				
Distributions to Unitholders	(7,478)	(8,741)	(7,478)	(8,741)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(7,478)</b>	<b>(8,741)</b>	<b>(7,478)</b>	<b>(8,741)</b>
<b>Unitholders' funds at end of the period</b>	<b>602,461</b>	<b>573,334</b>	<b>602,452</b>	<b>573,320</b>

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

	Group and Trust	
	1Q 2019	1Q 2018
<b>Units in issue:</b>		
<b>Units in issue at beginning and end of the period</b>	<b>1,053,083,530</b>	<b>1,053,083,530</b>

**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**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2018.

**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**

The Group has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 January 2019 as follows:

(i) FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group has adopted FRS 116 with a date of initial application of 1 January 2019, using the modified retrospective approach. The Group has applied the practical expedient to grandfather the definition of a lease on transition which means that all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

The Group has measured the lease liabilities by applying a single discount rate to their portfolio of leases. Furthermore, the Group has applied the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group are expected to use hindsight in determining the lease term. The Group has their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. Lease payments that are increased every year to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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 2019 vs 1Q 2018)**

	Group	
	1Q 2019	1Q 2018
<b><u>Basic and Diluted EPU</u></b>		
Weighted average number of units in issue	1,053,083,530	1,053,083,530
Earnings per unit for the period based on the weighted average number of units in issue (cents) <sup>(a)(b)</sup>	0.52	1.00

**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 were the same as the basic EPU for the Group as there are no EPU dilutive financial instruments.

**Distribution per unit (1Q 2019 vs 1Q 2018)**

	Group and Trust	
	1Q 2019	1Q 2018
Number of units issued at end of period entitled to distribution	1,053,083,530	1,053,083,530
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	0.75	0.88

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

**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 31/03/19	As at 31/12/18	As at 31/03/19	As at 31/12/18
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$) <sup>(a)</sup>	0.57	0.57	0.57	0.57

**Note:**

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,053,083,530 (31 December 2018: 1,053,083,530).

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

**1Q 2019 vs 1Q 2018**

<b>Statement of Total Return</b>	Group		
	1Q 2019	1Q 2018	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue <sup>(a)</sup>	18,524	21,003	(11.8)
Property expenses <sup>(b)</sup>	(5,871)	(6,417)	8.5
<b>Net property income <sup>(b)</sup></b>	<b>12,653</b>	<b>14,586</b>	<b>(13.3)</b>
Finance income	183	68	169.1
Finance costs	(4,376)	(3,976)	(10.1)
<b>Net finance costs <sup>(c)</sup></b>	<b>(4,193)</b>	<b>(3,908)</b>	<b>(7.3)</b>
Manager's fees <sup>(d)</sup>	(1,163)	(953)	(22.0)
Trustee's fees <sup>(e)</sup>	(93)	(100)	7.0
Donation of non-Shari'ah compliant income <sup>(f)</sup>	(4)	(19)	78.9
Other trust expenses <sup>(g)</sup>	(374)	(254)	(47.2)
<b>Net income</b>	<b>6,826</b>	<b>9,352</b>	<b>(27.0)</b>
Net change in fair value of financial derivatives <sup>(h)</sup>	(20)	424	(104.7)
Net change in fair value of investment properties <sup>(i)</sup>	(227)	-	NM
Reduction to ROU assets <sup>(j)</sup>	(345)	-	NM
(Loss)/gain of divestment of investment properties <sup>(k)</sup>	(773)	754	(202.5)
<b>Total return for the period before taxation and distribution</b>	<b>5,461</b>	<b>10,530</b>	<b>(48.1)</b>
Tax expense	*	*	-
<b>Total return for the period before distribution</b>	<b>5,461</b>	<b>10,530</b>	<b>(48.1)</b>
Distribution adjustments <sup>(l)</sup>	1,194	(1,286)	192.8
<b>Income available for distribution to Unitholders for the period</b>	<b>6,655</b>	<b>9,244</b>	<b>(28.0)</b>
Capital gains	1,243	-	NM
<b>Total amount available for distribution to Unitholders for the period <sup>(m)</sup></b>	<b>7,898</b>	<b>9,244</b>	<b>(14.6)</b>

NM denotes "not meaningful"

\*Less than S\$1,000

**Notes:**

- (a) Gross revenue decreased by 11.8% mainly due to:
- (i) Lower contribution from 9 Tai Seng Drive due to its divestment in 1Q 2019;
  - (ii) Absence of one-time recovery of revenue in 1Q 2018 from the ex-master tenant of 6 Woodlands Loop and non-contribution from 6 Woodlands Loop due to its divestment in 1Q 2018;
  - (iii) Lower contribution from 151 Lorong Chuan due to a planned relocation by a significant tenant upon its lease expiry in 1Q 2019;
  - (iv) Lower contribution from 8 Commonwealth Lane and 34 Penjuru Lane due to lower occupancies in 1Q 2019 over 1Q 2018;
  - (v) Lower contribution from 21 Joo Koon Crescent due to expiry of previous master lease in 3Q 2018 and the new master lease only commencing in November 2019; and partially offset by
  - (vi) Higher contribution from 508 Chai Chee Lane and 23 Serangoon North Avenue 5 due to improved occupancies in 1Q 2019 over 1Q 2018.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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- (b) Property expenses decreased by 8.5% mainly due to:
- (i) Lower property expenses from 9 Tai Seng Drive and 6 Woodlands Loop which were divested in 1Q 2019 and 1Q 2018 respectively;
  - (ii) Absence of land rent expense due to the adoption of FRS 116 by the Group on 1 January 2019; partially offset by
  - (iii) Higher utilities expense incurred for multi-tenanted properties in 1Q 2019 over 1Q 2018; and
  - (iv) Absence of writeback of previously impaired losses on trade receivables mainly arising from the recovery of trade receivables from the ex-master tenant of 6 Woodlands Loop through auction sales of its seized machinery and equipment that only occurred in 1Q 2018.

Consequently, in line with the decline in revenue, net property income decreased by 13.3%.

- (c) Net finance costs increased by 7.3% mainly due to:
- (i) Recognition of finance cost on the lease liabilities in 1Q 2019 upon the adoption of FRS 116 on 1 January 2019. The lease liabilities relate to the discounted future land rent payments in respect of certain properties; partially offset by
  - (ii) Lower profit expense arising from lower average outstanding borrowings in 1Q 2019 over 1Q 2018 following the repayment of revolving credit facilities using the net proceeds from the divestment of 9 Tai Seng Drive in 1Q 2019; and
  - (iii) Redemption of the higher cost Trust Certificates Series I in 1Q 2018 using lower cost facilities.

- (d) Manager's fees increased by 22.0% mainly due to:
- (i) Absence of the Manager forgoing 20.0% of its fees for 1Q 2018; and partially offset by
  - (ii) Lower total adjusted assets, after excluding the effects of the ROU assets upon adoption of FRS 116, in 1Q 2019 over 1Q 2018 following the divestment of 9 Tai Seng Drive in 1Q 2019, upon which these fees are based on.

- (e) Trustee's fees decreased by 7.0% mainly due to lower base fees arising from the lower total adjusted assets, after excluding the effects of the ROU assets upon adoption of FRS 116, in 1Q 2019 over 1Q 2018, due to the divestment of 9 Tai Seng Drive in 1Q 2019.

- (f) Donation of non-Shari'ah compliant income decreased by 78.9% mainly due to lower income generated from non-core activities subjected to cleansing in 1Q 2019 over 1Q 2018.

- (g) Other trust expenses increased by 47.2% mainly due to:
- (i) Absence of a one-time writeback of previously accrued non-tax deductible legal, professional and advisory fees in 1Q 2018 relating to the then strategic review exercise incurred in 4Q 2017; and
  - (ii) Higher other non-tax deductible professional fees in 1Q 2019 over 1Q 2018.

- (h) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised between the last quarter and the reporting date.

- (i) The net change in fair value of investment properties in 1Q 2019 mainly relates the effects of straight-line rent adjustments during the period.

- (j) The reduction to ROU assets in 1Q 2019 mainly relates the movement in ROU assets during the period. The ROU assets arose from the Group's adoption of FRS 116 on 1 January 2019.

- (k) The loss on divestment of investment properties in 1Q 2019 relates to the divestment fee payable to the Manager and other professional fees and expenses incurred in the divestment of 9 Tai Seng Drive.

The gain on divestment of investment properties in 1Q 2018 relates to the gain on divestment of 6 Woodlands Loop after deducting the applicable agent commission and other professional fees and expenses.

- (l) Distribution adjustments increased by 192.8% mainly due to:
- (i) Higher non-tax deductible effects of the item stated in (h), (i), (j) and (k);
  - (ii) Higher other non-tax chargeable items in 1Q 2019 vs 1Q 2018; partially offset by
  - (iii) Higher chargeable effects of recognising rental income on a straight line basis over the lease term; and
  - (iv) Lower amortisation of transaction costs of borrowings in 1Q 2019 over 1Q 2018.

- (m) Amount available for distribution decreased by 14.6% mainly due to:
- (i) Lower net property income in 1Q 2019 over 1Q 2018 as stated in (a) and (b) above;
  - (ii) Higher chargeable effects of recognising rental income on a straight line basis over the lease term;
  - (iii) Higher Manager's fee incurred in 1Q 2019 over 1Q 2018; and partially offset by
  - (iv) Capital gain distribution of approximately S\$1.24 million.

**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 24 January 2019, the Manager will continue its focus on executing its growth plan through active asset management and progressing on asset enhancement initiatives ("AEI").

**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**

Based on advance estimates by the Ministry of Trade and Industry ("MTI"), Singapore's GDP grew 1.3% on a year-on-year basis in 1Q 2019, moderating from the 1.9% growth in 4Q 2018<sup>(1)</sup>. Monetary Authority Singapore ("MAS") forecasts Singapore's GDP will grow slightly below the mid-point of the 1.5–3.5% forecast range in 2019<sup>(2)</sup>.

Overall rent reversion for 2019 is likely to remain negative, with JTC Corporation data showing continued oversupply and island-wide vacancy as at 4Q 2018<sup>(3)</sup>. Analysts continue to expect a mellowed market. Colliers International forecasts annual demand to moderate to 9.6 million square feet over 2018-2023 and island-wide industry supply to increase 150% year-on-year in 2019, before tapering off in 2020. It recommends that landlords of ageing properties consider upgrades and enhancements to be ready for Industry 4.0<sup>(4)</sup>.

Amid challenging market conditions, the Manager continues to focus on its growth plan through active asset management and progressing on proposed AEI.

Sources:

- (1) "Singapore's GDP Grew by 1.3 per cent in the first quarter of 2019". Ministry of Trade and Industry. 12 April 2019.
- (2) "MAS Monetary Policy Statement". Monetary of Singapore. 12 April 2019.
- (3) "JTC Quarterly Market Report – Industrial Properties". JTC. 24 January 2019.
- (4) "H2 2018 | Singapore Industrial Market". Colliers International Singapore. 1 March 2019.

**11. Distributions**

**(a) Current financial period**

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the first quarter ended 31 March 2019

Distribution Type: Taxable income / Capital gains

Distribution Rate: Taxable income – 0.63 cents per unit  
Capital gains – 0.12 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.

**Capital Gains**

The distribution is made out of gains arising from divestment of investment properties from prior years and the current period as capital gains. Unitholders receiving distribution out of capital gains are not subject to Singapore income tax.

**(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 2018

Distribution Type: Taxable Income

Distribution Rate: Taxable Income – 0.88 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 2019**

**(d) Books Closure Date: 29 April 2019**



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

Not applicable.

**13. Distribution policy**

The distribution policy is to distribute at least 90.0% of its distributable income to Unitholder on a quarterly basis at the discretion of the Manager, having regards to funding requirements, other capital management considerations and ensuring the overall stability of distributions.

For 1Q 2019, Sabana Shari'ah Compliant REIT will be distributing 100.0% of its distributable income to Unitholders.

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

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

**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 misleading, 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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Yong Kok Hoon  
Director

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Kelvin Tan  
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

20 April 2019

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR FIRST QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019**

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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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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

20 April 2019

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 subsidiary (collectively the "Group") for the quarter ended 31 March 2019. The Interim Financial Information comprise the followings:

- Statements of financial position of the Group and the Trust as at 31 March 2019;
- Consolidated portfolio statement of the Group as at 31 March 2019;
- Consolidated statement of total return of the Group for the quarter ended 31 March 2019;
- Consolidated distribution statement of the Group for the quarter ended 31 March 2019;
- Statements of movements in unitholders' funds of the Group and the Trust for the quarter ended 31 March 2019;
- Consolidated statement of cash flows of the Group for the quarter ended 31 March 2019; and
- Certain explanatory notes to the above Interim 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