

**Sabana Industrial Real Estate Investment Trust
and its subsidiary**

**(Constituted in the Republic of Singapore pursuant to a
trust deed dated 29 October 2010 (as amended))**

Interim Financial Information
Year ended 31 December 2021

**Statements of Financial Position
As at 31 December 2021**

	Note	Group		Trust	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Non-current assets					
Investment properties	4	942,913	904,565	942,913	904,565
Subsidiary	5	–	–	*	*
Derivative assets	7	191	–	191	–
Total non-current assets		943,104	904,565	943,104	904,565
Current assets					
Investment properties held for divestment	4	–	13,794	–	13,794
Trade and other receivables		2,688	2,838	2,687	2,836
Cash and cash equivalents		25,856	9,520	25,856	9,520
Total current assets		28,544	26,152	28,543	26,150
Total assets		971,648	930,717	971,647	930,715
Current liabilities					
Trade and other payables		17,953	17,417	17,961	17,424
Borrowings	6	–	158,370	–	158,370
Derivative liabilities	7	–	201	–	201
Lease liabilities		5,915	6,130	5,915	6,130
Total current liabilities		23,868	182,118	23,876	182,125
Non-current liabilities					
Trade and other payables		9,426	7,539	9,426	7,539
Borrowings	6	311,589	125,649	311,589	125,649
Derivative liabilities	7	–	3,535	–	3,535
Lease liabilities		70,798	72,129	70,798	72,129
Total non-current liabilities		391,813	208,852	391,813	208,852
Total liabilities		415,681	390,970	415,689	390,977
Net assets		555,967	539,747	555,958	539,738
Represented by:					
Unitholders' funds		555,967	539,747	555,958	539,738
Units in issue ('000)	8	1,069,950	1,053,084	1,069,950	1,053,084
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$)		0.52	0.51	0.52	0.51

* Less than \$1,000

Approval by:

Tan Cheong Hin
Chairman
20 January 2022

The accompanying notes form an integral part of this interim financial information.

**Consolidated Statement of Total Return
Half-year ended and year ended 31 December 2021**

		-----Group-----			
		1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Note					
	Gross revenue	42,821	37,438	81,913	71,701
	Property expenses	(16,566)	(13,657)	(29,960)	(27,058)
	Net property income	26,255	23,781	51,953	44,643
	Finance income	15	18	30	54
	Finance costs	(6,964)	(4,841)	(12,343)	(10,378)
	Finance costs relating to lease liabilities	(1,620)	(1,654)	(3,255)	(3,323)
	Net finance costs	(8,569)	(6,477)	(15,568)	(13,647)
	Manager's fees	(2,520)	(2,145)	(4,655)	(4,312)
	Trustee's fees	(179)	(171)	(349)	(348)
	Donation of non-Shari'ah compliant income	(5)	-	(5)	(1)
	Other trust expenses	(655)	(3,045)	(684)	(3,500)
	Net income	14,327	11,943	30,692	22,835
	Net change in fair value of financial derivatives	1,021	853	2,127	(3,107)
	Net change in fair value of investment properties	(1,051)	(7,226)	15,999	(61,938)
	Total return/(loss) for the period/year before tax and distribution	14,297	5,570	48,818	(42,210)
	Tax expense	*	*	*	*
	Total return/(loss) for the period/year after tax and before distribution	14,297	5,570	48,818	(42,210)
	Earnings per Unit (cents)				
	Basic	1.35	0.53	4.61	(4.01)
	Diluted	1.35	0.53	4.61	(4.01)

* Less than \$1,000

The accompanying notes form an integral part of this interim financial information.

**Consolidated Distribution Statement
Half-year ended and year ended 31 December 2021**

	<-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Amount available for distribution to Unitholders at beginning of the period/year	15,786	11,175	24,259	8,207
Total return/(loss) for the period/year after tax and before distribution	14,297	5,570	48,818	(42,210)
Non-tax deductible/ (chargeable) items:				
Amortisation of transaction costs	1,912	286	2,580	658
Trustee's fees	179	171	349	348
Donation of non-Shari'ah compliant income	5	-	5	1
Net change in fair value of financial derivatives	(1,021)	(853)	(2,127)	3,107
Net change in fair value of investment properties	1,051	7,226	(15,999)	61,938
Effects of recognising rental income on a straight-line basis over the lease term	(351)	(71)	(731)	178
Finance costs relating to lease liabilities	1,620	1,654	3,255	3,323
Land rent expenses	(2,339)	(2,399)	(4,736)	(4,799)
Other items	1,509	6,449	1,090	6,566
Net effect of non-tax deductible items	2,565	12,463	(16,314)	71,320
Income available for distribution to Unitholders for the period/year	16,862	18,033	32,504	29,110
Capital gains	-	-	-	-
Total amount available for distribution to Unitholders for the period/year	32,648	29,208	56,763	37,317

The accompanying notes form an integral part of this interim financial information.

**Consolidated Distribution Statements (cont'd)
Half-year ended and year ended 31 December 2021**

	-----Group-----			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Distribution of 0.47 cents per Unit for the period 1 January 2020 to 30 June 2020	–	(4,949)	–	(4,949)
Distribution of 0.77 cents per Unit for the period 1 October 2019 to 31 December 2019	–	–	–	(8,109)
Distribution of 2.29 cents per Unit for the period 1 July 2020 to 31 December 2020	–	–	(24,115)	–
Distribution of 1.48 cents per Unit for the period 1 January 2021 to 30 June 2021	(15,586)	–	(15,586)	–
	(15,586)	(4,949)	(39,701)	(13,058)
Amount available for distribution to Unitholders at end of the period/year	17,062	24,259	17,062	24,259
Distribution per Unit (cents)	1.57	2.29	3.05	2.76

The accompanying notes form an integral part of this interim financial information.

**Statements of Movements in Unitholders' Funds
Year ended 31 December 2021**

	Group		Trust	
	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Balance at beginning of the period/year	539,747	595,015	539,738	595,006
Operations				
Total return/(loss) after tax and before distribution	48,818	(42,210)	48,818	(42,210)
	588,565	552,805	588,556	552,796
Unitholders' transactions				
Distributions to Unitholders	(32,598)	(13,058)	(32,598)	(13,058)
Net decrease in net assets resulting from Unitholders' transactions	(32,598)	(13,058)	(32,598)	(13,058)
Unitholders' funds at end of the period/year	555,967	539,747	555,958	539,738

The accompanying notes form an integral part of this interim financial information.

**Consolidated Portfolio Statement
As at 31 December 2021**

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
					%	%	\$'000	\$'000	%	%
New Tech Park	High-tech industrial	45	34	151 Lorong Chuan	81	77	355,000	333,400	63.9	61.8
8 Commonwealth Lane	High-tech industrial	53	37	8 Commonwealth Lane	100	84	55,400	53,500	10.0	9.9
Frontech Centre	High-tech industrial	99	39	15 Jalan Kilang Barat	94	98	21,700	21,300	3.9	3.9
1 Tuas Avenue 4*	High-tech industrial	51.3	25	1 Tuas Avenue 4	–	–	9,000	9,000	1.6	1.7
BTC Centre	High-tech industrial	50	35	23 Serangoon North Avenue 5	85	69	40,500	36,400	7.3	6.7
508 Chai Chee Lane	High-tech industrial	59	38	508 Chai Chee Lane	99	99	66,000	63,800	11.9	11.8
Freight Links Express Logisticpark	Chemical warehouse & logistics	61	27	33 & 35 Penjuru Lane	100	100	40,800	42,700	7.3	7.9
18 Gul Drive	Chemical warehouse & logistics	33	17	18 Gul Drive	100	100	19,000	19,200	3.4	3.6
Penjuru Logistics Hub	Warehouse & logistics	30	11	34 Penjuru Lane	99	86	29,800	33,000	5.4	6.1
Freight Links Express Logisticcentre	Warehouse & logistics	60	33	51 Penjuru Road	93	73	29,100	32,800	5.2	6.1
26 Loyang Drive	Warehouse & logistics	48	32	26 Loyang Drive	100	100	24,500	24,700	4.4	4.6
<i>Balance carried forward</i>							690,800	669,800	124.3	124.1

The accompanying notes form an integral part of this interim financial information.

**Consolidated Portfolio Statement
As at 31 December 2021 (continued)**

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate		Carrying amount as at		% of net assets attributable to Unitholders as at	
					as at	as at	31 December	31 December	31 December	31 December
					2021	2020	2021	2020	2021	2020
					%	%	\$'000	\$'000	%	%
<i>Balance brought forward</i>							690,800	669,800	124.3	124.1
3A Joo Koon Circle	Warehouse & logistics	60	26	3A Joo Koon Circle	96	56	33,500	33,800	6.0	6.3
2 Toh Tuck Link	Warehouse & logistics	60	35	2 Toh Tuck Link	98	98	29,800	29,800	5.4	5.5
10 Changi South Street 2	Warehouse & logistics	57	30	10 Changi South Street 2	80	64	36,700	33,700	6.6	6.2
Yenom Industrial Building	General industrial	60	20	123 Genting Lane	85	83	16,400	16,400	2.9	3.0
30 & 32 Tuas Avenue 8	General industrial	60	35	30 & 32 Tuas Avenue 8	–	100	26,200	24,200	4.7	4.5
39 Ubi Road 1	General industrial	60	30	39 Ubi Road 1	99	67	17,700	17,400	3.2	3.2
21 Joo Koon Crescent	General industrial	60	32	21 Joo Koon Crescent	100	100	15,100	15,000	2.7	2.8
Investment properties and investment property held for divestment – Fair value							866,200	840,100	155.8	155.6
Investment properties and investment property held for divestment – Right-of-use assets							76,713	78,259	13.8	14.5
Total investment properties and investment property held for divestment							942,913	918,359	169.6	170.1
Other assets and liabilities							(386,946)	(378,612)	(69.6)	(70.1)
Net assets attributable to Unitholders' Funds							555,967	539,747	100.0	100.0

The accompanying notes form an integral part of this interim financial information.

**Consolidated Portfolio Statement
As at 31 December 2021 (continued)**

	Carrying values as at	
	31 December	31 December
	2021	2020
	\$'000	\$'000
As disclosed in the Statements of Financial Position:		
Investment properties – non-current	942,913	904,565
Investment property held for the divestment – current (denoted as * in the Consolidated Portfolio Statement)	–	13,794
	942,913	918,359
	942,913	918,359

* Includes the period covered by the relevant options to renew

Remaining lease term includes optional lease term.

The carrying amount of the investment properties and investment property held for divestment as at 31 December 2021 were based on independent valuations undertaken by CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd (31 December 2020: Full valuations undertaken by Cushman & Wakefield (S) Pte Ltd and SRE Global Pte Ltd). Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment schemes issued by the Monetary Authority of Singapore.

Investment properties comprise properties used for the purpose of high-tech industrial, chemical warehouse and logistics, warehouse and logistics and general industrial use. Generally, the leases contain an initial non-cancellable period of three to ten years. Subsequent renewals are negotiated with the lessee. As at 31 December 2021, 151 Lorong Chuan, 8 Commonwealth Lane, 123 Genting Lane, 508 Chai Chee Lane, 2 Toh Tuck Link, 23 Serangoon North Avenue 5, 34 Penjuru Lane, 15 Jalan Kilang Barat, 39 Ubi Road 1, 10 Changi South Street 2, 51 Penjuru Road and 3A Joo Koon Circle are leased on individual lease agreements, 1 Tuas Avenue 4 and 30 & 32 Tuas Avenue 8 are vacant and the other investment properties are leased on master lease agreements. (31 December 2020: 30 & 32 Tuas Avenue 8 was on master lease)

The accompanying notes form an integral part of this interim financial information.

**Consolidated Statement of Cash Flows
For the year ended 31 December 2021**

	Group	
	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Cash flows from operating activities		
Total return for the year after taxation and before distribution	48,818	(42,210)
Adjustments for:		
Net change in fair value of financial derivatives	(2,127)	3,107
Net change in fair value of investment properties	(15,999)	61,938
Net finance costs	15,568	13,647
	<hr/>	<hr/>
	46,260	36,482
Change in trade and other receivables	150	768
Change in trade and other payables	2,423	2,855
Cash generated from operations	48,833	40,105
Ta'widh (compensation on late payment of rent) received	19	31
Net cash from operating activities	<hr/>	<hr/>
	48,852	40,136
 Cash flows from investing activities		
Capital expenditure on investment properties	(9,541)	(14,992)
Interest/Profit income received	11	14
Net cash used in investing activities	<hr/>	<hr/>
	(9,530)	(14,978)
 Cash flows from financing activities		
Proceeds from borrowings	334,830	13,345
Repayment of borrowings	(306,247)	(5,000)
Transaction costs paid	(5,522)	(168)
Payment of lease liabilities	(1,542)	(1,476)
Finance costs relating to lease liabilities	(3,255)	(3,323)
Finance costs paid	(8,652)	(10,057)
Distributions paid	(32,598)	(13,058)
Net cash used in financing activities	<hr/>	<hr/>
	(22,986)	(19,737)
 Net increase in cash and cash equivalents	16,336	5,421
Cash and cash equivalents at beginning of the year	9,520	4,099
Cash and cash equivalents at end of the year	<hr/>	<hr/>
	25,856	9,520

The accompanying notes form an integral part of this interim financial information.

Notes to the Interim Financial Information

These notes form an integral part of the interim financial information (“Financial Information”).

1 General

Sabana Industrial Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2010 (as amended by the First Supplemental Deed dated 2 December 2010, First Amending and Restating Deed dated 24 February 2016, Second Amending and Restating Deed dated 24 March 2016, Third Amending and Restating Deed dated 7 April 2020 and Third Supplemental Deed dated 21 October 2021) (collectively, the “Trust Deed”) between Sabana Real Estate Investment Management Pte. Ltd. (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiary (collectively, the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

The Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 26 November 2010 and was included in the Central Provident Fund (“CPF”) Investment Scheme on 26 November 2010.

The Financial Information of the Group as at and for the year ended 31 December 2021 comprises the Trust and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

The principal activity of the Trust is to invest in income producing real estate used for industrial purposes in Asia, as well as real estate-related assets. The principal activities of the subsidiary are set out on Note 5 of the Financial Information.

The Trust relinquished its Shari’ah compliance designation with effect on 21 October 2021.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Financial Information has been prepared in accordance with provisions of the *Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Unit Trusts”* applicable to interim financial information issued by the Institute of Singapore Chartered Accountants. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The Financial Information does not contain all of the information required for full annual financial statements.

The Financial Information is prepared on a historical cost basis, except for investment properties and financial instruments which are stated at fair value.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The Financial Information is presented in Singapore dollars which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial information in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Information are described in Notes 4 and 17 to the Financial Information.

The accounting policies applied by the Group in this Financial Information are the same as those applied by the Group in its audited financial statements for the year ended 31 December 2020, apart from the adoption of the new or amended standards which are effective from 1 January 2021.

The *Interest Rate Benchmark Reform—Phase 2 (Amendments to FRS109, FRS 39, FRS 107, FRS 104 and FRS 116)* is effective from 1 January 2021, replacing existing benchmark offered rates (IBORs) with alternative rates. Certain loans and interest/profit rate swaps held by the Group are indexed to SOR which have yet to transition as of 31 December 2021. The Group will assess if the IBORs reform impact to the interest payments and account for leases under FRS 116 due to the change in interest rates will be significant.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Investment properties

Investment properties

	Group and Trust 31 December 2021			31 December 2020
	Fair value \$'000	ROU assets \$'000	Total \$'000	Total \$'000
31 December 2021				
Balance at beginning of the year	831,100	73,465	904,565	949,241
Reclassification from investment property held for divestment	9,000	4,794	13,794	-
Capital expenditure	7,475	-	7,475	16,340
Straight-line adjustments in accordance with FRS 116	731	-	731	(178)
Net change in fair value of investment properties	17,541	(1,542)	15,999	(60,844)
Remeasurement of ROU assets	-	(4)	(4)	6
Leasing commission capitalised	353	-	353	-
Balance at end of the year	<u>866,200</u>	<u>76,713</u>	<u>942,913</u>	<u>904,565</u>

Investment property held for divestment

	Group and Trust 31 December 2021			31 December 2020
	Fair value \$'000	ROU assets \$'000	Total \$'000	Total \$'000
31 December 2021				
Balance at beginning of the year	9,000	4,794	13,794	14,888
Reclassification to investment properties	(9,000)	(4,794)	(13,794)	-
Net change in fair value of investment properties	-	-	-	(1,094)
Remeasurement of ROU assets	-	-	-	-
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,794</u>

As at 31 December 2021, the management has assessed based on FRS105 that the property held for divestment to be re-classified to non-current investment property.

Security

As at the reporting date, investment properties with an aggregate fair value of \$316,700,000 (31 December 2020: \$788,400,000) at the Group and the Trust are pledged as security to secure certain borrowing facilities (see Note 6).

4 Investment properties (continued)

Measurement of fair value (continued)

Investment properties are stated at fair value based on valuations performed by an independent professional valuer having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and willing seller in an arm's length transaction wherein the parties had each acted knowledgeably prudently and without compulsion.

In determining the fair value, the valuer has used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at reporting date.

The valuer has considered the capitalisation approach and discounted cash flow and/or direct comparison methods in arriving at the open market value as at the reporting date. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment properties. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return ("Discount Rate") to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a Discount Rate consistent with current market requirements. The direct comparison method considered transacted price of comparable properties.

The Group's investment properties and investment properties held for divestment are carried at fair value based on Level 3 of the fair value hierarchy as inputs are unobservable.

In view of the COVID-19 outbreak, certain investment properties' valuation reports highlighted that in light of the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future, a degree of caution should be exercised when relying upon the valuation as at the reporting date. Given the unknown future impact that COVID-19 might have on the real estate market, values and incomes may change more rapidly and significantly than during standard market conditions. The valuers have also recommended to keep the valuations of the properties under frequent review.

4 Investment properties (continued)

Measurement of fair value (continued)

The following table shows the key unobservable inputs used in the valuation models for investment properties and investment properties held for divestment:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties and investment properties held for divestment	<ul style="list-style-type: none"> • Capitalisation rates from 5.50% to 6.50% (2020 5.50% to 6.50%) • Discount rates at 7.25% to 7.75% (2020: 7.25%) • Terminal yield rates from 5.75% to 6.75% (2020: 5.75% to 6.75%) • Vacancy assumption rates from 1.00% to 10.00% (2020: 0.00% to 30.00%) • Rental growth rates from 1.5% to 3.50% (2020: 0.00% to 2.75%) 	<p>The estimated fair value of investment properties would increase/(decrease) if:</p> <ul style="list-style-type: none"> • the capitalisation rates were lower/(higher); • the discount rates were lower/(higher); • the terminal yield rates were lower/(higher); • the vacancy assumption rates were lower/(higher); or • the rental growth rates were higher/(lower).

The direct comparison method considered transacted prices of comparable properties. The estimated fair value of investment properties would increase/(decrease) when the transacted prices of comparable properties are higher/(lower).

5 Subsidiary

	Trust	
	31 December	31 December
	2021	2020
	\$'000	\$'000
Equity investments at cost	*	*

* Less than \$1,000

5 Subsidiary (continued)

Details of the subsidiary of the Group are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			31 December 2021	31 December 2020
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

⁽¹⁾ Audited by KPMG LLP Singapore

6 Borrowings

	Note	Group		Trust	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Secured borrowings					
Commodity Murabaha Facilities					
- Term	6(a)	–	120,000	–	120,000
- Revolving	6(a)	–	13,345	–	13,345
Murabahah Facilities					
- Term	6(b)	122,536	70,000	122,536	70,000
- Revolving	6(b)	–	50,500	–	50,500
Term Loan Facility	6(c)	–	30,000	–	30,000
Revolving loan facility	6(d)	–	1,000	–	1,000
Less: Unamortised capitalised transaction costs		(1,056)	(826)	(1,056)	(826)
		<u>121,480</u>	<u>284,019</u>	<u>121,480</u>	<u>284,019</u>
Unsecured borrowings					
Unsecured Term Loan Facility					
Less: Unamortised capitalised transaction costs	6(e)	193,000	–	193,000	–
		(2,891)	–	(2,891)	–
		<u>190,109</u>	<u>–</u>	<u>190,109</u>	<u>–</u>
Total borrowings ⁽¹⁾		<u>311,589</u>	<u>284,019</u>	<u>311,589</u>	<u>284,019</u>
Current		–	158,370	–	158,370
Non-current		311,589	125,649	311,589	125,649
		<u>311,589</u>	<u>284,019</u>	<u>311,589</u>	<u>284,019</u>

⁽¹⁾ All the borrowings have a nominal profit/interest rate of SOR + Margin or SORA + Margin

6 Borrowings (continued)

(a) Commodity Murabaha Facilities

In October 2021, the Group completed its refinancing exercise of the Commodity Murabaha Facilities with the new unsecured term loan facilities. (See Note 6(e))

(b) Murabahah Facilities

In March 2021, the Group completed its refinancing exercise of the Murabahah Facilities and obtained additional facilities to be used for general working capital.

The Murabahah Facilities consisted of:

- (i) 3-year Term Murabahah Facility of \$123.0 million maturing in March 2024; and
- (ii) The Revolving Murabahah Facilities of \$25.9 million maturing in March 2024.

As at 31 December 2021, \$122.5 million of Term Murabahah Facility was drawn (31 December 2020: \$120.5 million was drawn).

The Murabahah Facilities are secured by, inter-alia:

- A first ranking legal mortgage over 8 (31 December 2020: 7) investment properties with a combined carrying value of \$316.7 million (31 December 2020: \$267.6 million) (“Murabahah Secured Properties”);
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- A fixed and floating charge over the other assets of the Trust relating to the Murabahah Secured Properties.

(c) Term Loan Facility

In October 2021, the Group completed its refinancing exercise of the outstanding Term Loan Facility of \$30.0 million maturing in December 2021 using the new unsecured term loan facilities. (See Note 6(e))

(d) Revolving Loan Facility

In November 2021, the Group completed its refinancing exercise of the outstanding Revolving Loan Facility of \$28.0 million maturing in April 2023 using the new unsecured term loan facilities. (See Note 6(e))

(e) Unsecured Term Loan Facility

The outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024.
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.

7 Derivative financial instruments

	Group		Trust	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Interest/Profit rate swaps at fair value through Statement of Total Return	191	–	191	–
Current liabilities				
Interest/Profit rate swaps at fair value through Statement of Total Return	–	(201)	–	(201)
Non-current liabilities				
Interest/Profit rate swaps at fair value through Statement of Total Return	–	(3,535)	–	(3,535)
Total derivative financial instruments	191	(3,736)	191	(3,736)
Derivative financial instruments as a percentage of net assets	0.03%	0.69%	0.03%	0.69%

The Group uses interest/profit rate swaps to manage its exposure to interest/profit rate movements on its floating rate bearing Term Murabahah and Unsecured Term Loan Facilities by swapping the interest/profit rates on a proportion of these term loans from floating rates to fixed rates.

Interest/Profit rate swaps with a total notional amount of \$210.0 million (31 December 2020: \$142.5 million) had been entered into at the reporting date to provide fixed rate funding for terms of 2.0 to 3.0 years (31 December 2020: 1.0 to 2.0 years).

A fundamental review and reform of major profit rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar profit rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

Measurement of fair value

The fair values of financial derivatives are based on broker quotes at the reporting date and are categorised within Level 2 of the fair value hierarchy.

8 Units in issue and to be issued

	Group and Trust	
	31 December 2021 '000	31 December 2020 '000
Units in issue:		
At beginning of the year	1,053,084	1,053,084
Units issued:		
- Distribution Reinvestment Plan	16,866	-
Total issued Units at the end of the year	1,069,950	1,053,084

9 Gross revenue

	<-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Property rental income*	33,210	30,049	64,244	58,071
Other operating income	9,611	7,389	17,669	13,630
	42,821	37,438	81,913	71,701

* Includes rental waiver and cash grant top-up given by the Group to eligible tenants.

10 Property expenses

Included in property expenses is a net write back of impairment loss of \$31,667 on trade receivables for the period (1 July 2020 to 31 December 2020: \$881,094) and \$789,782 for the year (1 January 2020 to 31 December 2020: \$1,873,000).

11 Net finance cost

	<-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Finance income				
Interest income from fixed deposit	3	8	11	14
Ta'widh (compensation on late payment of rent)	12	10	19	40
	15	18	30	54

11 Net finance cost (continued)

	<-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Finance costs:				
Interest expense:				
- Commodity Murabaha facilities	918	1,465	2,382	3,580
- Murabahah facilities	1,985	1,483	3,681	3,382
- Term loan facility	1,021	355	1,366	833
- Revolving loan facility	327	68	516	89
- Lease liabilities	1,620	1,654	3,255	3,323
Interest/Profit rate swaps	739	1,113	1,679	1,699
Amortisation of transaction costs	1,912	286	2,580	658
Brokerage and agent fees	62	71	139	137
Finance expenses	8,584	6,495	15,598	13,701
Net financing costs	8,569	6,477	15,568	13,647

12 Other trust expenses

Included in other trust expenses are:

	<-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Audit fees	145	113	273	214
Non-audit fees	21	32	42	69
Valuation fees	50	19	100	62
Professional fees	217	2,684	34	2,687
Other expenses	222	197	235	468
	655	3,045	684	3,500

13 Tax expense

	-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Tax expense				
Current period/year	*	*	*	*
<hr/>				
Reconciliation of effective tax rate				
Total return/(loss) for the period/year before taxation and distribution	14,297	5,570	48,818	(42,210)
<hr/>				
Tax calculated using Singapore tax rate of 17% (31 December 2020: 17%)	2,430	947	8,299	(7,176)
Non-tax deductible items	834	2,531	(1,968)	12,914
Tax exempt income	(398)	(408)	(805)	(786)
Tax transparency	(2,866)	(3,070)	(5,525)	(4,952)
	*	*	*	*
<hr/>				

* Less than \$1,000

14 Contingent liabilities

The Group has obtained banker's guarantee of \$1,079,000 (31 December 2020: nil) during the year for deposits required by utilities retailers.

15 Earnings per Unit

Basic and diluted earnings per Unit is based on:

	-----Group----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Total return/(loss) for the period/year after taxation and before distribution	14,297	5,570	48,818	(42,210)
<hr/>				

15 Earnings per Unit (continued)

	<-----Group----->			
	1 July 2021 to 31 December 2021 '000	1 July 2020 to 31 December 2020 '000	1 January 2021 to 31 December 2021 '000	1 January 2020 to 31 December 2020 '000
Number of Units				
Weighted average number of Units	1,062,525	1,053,084	1,057,843	1,053,084
Earnings per unit (cents)	1.35	0.53	4.61	(4.01)

The diluted earnings per Unit is the same as the basic earnings per Unit for the Group as there are no EPU dilutive financial instruments.

16 Related parties

In the normal course of its business, the Group and the Trust carried out transactions with related parties on terms agreed between the parties. During the financial period/year, in addition to those disclosed elsewhere in the financial information, there were the following significant related party transactions:

	<-----Group and Trust----->			
	1 July 2021 to 31 December 2021 \$'000	1 July 2020 to 31 December 2020 \$'000	1 January 2021 to 31 December 2021 \$'000	1 January 2020 to 31 December 2020 \$'000
Manager's fees and reimbursables paid/payable to the Manager	2,520	2,145	4,655	4,312
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,262	1,080	2,410	2,088
Trustee fees paid/payable to the Trustee	179	171	349	348

17 Significant areas of estimation uncertainty and critical judgements in applying accounting policies

Other than as disclosed elsewhere in this Financial Information, the significant areas of estimation uncertainty and critical judgements in applying the entity's accounting policies are set out below:

(i) *Derivatives*

The fair value of interest/profit rate swaps is based on broker quotes at the reporting date. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest/profit rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of the Group, and counterparties when appropriate.

(ii) *Borrowings*

The fair values of the fixed rate and floating rate borrowings are estimated using the discounted cash flow technique. Future cash flows are based on management's best estimates and the discount rate is based on a market-related rate for a similar instrument at the reporting date.

The carrying amounts of floating rate borrowings which are repriced within 3 months from the reporting date approximate their fair values.

18 Financial ratios

	Group	
	31 December 2021	31 December 2020
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	1.05	1.45
- excluding performance component of Manager's fees	1.00	1.45
Portfolio turnover rate ⁽²⁾	—	—

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, profit expense and income tax expense.

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

Other Information Required by Listing Rule Appendix 7.2

1 (a)(i) Statement of Total Return and Distribution Statement (FY 2021 vs FY 2020)

Please refer to page FS2, FS3 and FS4 of the Interim Financial Information.

(b)(i) Statement of Financial position, together with comparatives as at the end of the immediate preceding financial year

Please refer to page FS1 of the Interim Financial Information.

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

Please refer to page FS15, Note 6 of the Interim Financial Information.

(c) Statement of Cash Flows

Please refer to page FS9 of the Interim Financial Information.

(d)(i) Statement of Movements in Unitholders' Funds

Please refer to page FS5 of the Interim Financial Information.

(d)(ii) Details of any changes in the Units

Please refer to page FS18, Note 8 of the Interim Financial Information.

(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

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 the 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 reporting period compared with the audited financial statements for the year ended 31 December 2020.

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

Please refer to page FS2 and FS4 of the Interim Financial Information.

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

Please refer to Appendix 1.

8. Review of performance of the Group

Please refer to Appendix 2.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Manager has not disclosed any financial forecast to the market. However, as indicated in the previous interim business update dated 21 October 2021, the Manager will continue its focus on executing its growth plan through active asset management and progressing on asset enhancement initiatives.

10. A commentary at the date of the announcement of 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 operating period and the next 12 months

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s Gross Domestic Product (“GDP”) grew by 5.9% y-o-y in Q4 2021, moderating from the 7.1% growth in the previous quarter. The economy grew by 7.2% in 2021, rebounding from a 5.4% contraction in 2020¹. Industrial rents increased by 1.9% y-o-y, and occupancy rates rose by 0.5% y-o-y in 3Q 2021 due to higher demand for storage amid delays in new completions².

Knight Frank noted that some 21.1 million sf of GFA of new industrial space is projected to come on stream across 2022, comprising 42.6% of the total stock set to be completed from Q4 2021 to 2025.³ Though a delay in construction could lead to a supply peak in 2022, occupancy is forecasted to remain elevated, CBRE said.⁴

Meanwhile, Cushman & Wakefield expects to see a slew of redevelopments to meet the needs of quality and higher specifications’ demand. Against this backdrop, it noted that occupancy rates of factory space could come under pressure in 2022 due to substantial upcoming supply in the pipeline. While newer and higher spec developments that are able to better meet evolving end-user requirements would lead growth, older warehouse stock would however likely see stagnant rates.⁵ Amid rising environmental concerns, more investors will also place their ESG agenda at the forefront of investment decision-making efforts, said Edmund Tie.⁶

While Singapore’s economy is gradually recovering, the COVID-19 situation remains fluid with new variants causing much uncertainty. The Manager will continue to keep a close watch on the opportunities in the industry amid prevailing uncertainties and challenges in the macroeconomic landscape. The growth pivot for 2022 and beyond is a continuation of Sabana Industrial REIT’s Refreshed Strategy first launched in 2018. The Manager is now sharpening its focus on Phases 2 and 3 after successfully executing Phases 1 and 2 over the past four years. The five new strategic priorities and set targets as part of the Strategy serve to guide the Manager to ensure that it delivers long-term sustainable value for all Unitholders.

¹ “Singapore’s GDP Grew by 5.9 Per Cent in the Fourth Quarter of 2021 and by 7.2 Per Cent in 2021”. Ministry of Trade and Industry Singapore. 3 January 2022

² “JTC Quarterly Market Report for 3Q 2021”. JTC. Retrieved 7 January 2022.

³ “Singapore Research Industrial Q4 2021”. Knight Frank. 12 January 2022.

⁴ “Singapore Figures Q4 2021”. CBRE. 14 January 2022.

⁵ “Industrial Marketbeat Report”. Cushman & Wakefield. 7 January 2022.

⁶ “Singapore Q4 2021”. Edmund Tie. Retrieved 18 January 2022

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 July 2021 to 31 December 2021

Distribution Type	Distribution Rate (cents)
Taxable Income	1.42
Tax Exempt Income	0.15
Capital	-
Total	1.57

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Period of distribution : Distribution for 1 July 2020 to 31 December 2020

Distribution Type	Distribution Rate (cents)
Taxable Income	2.29
Tax Exempt Income	–
Capital	–
Total	2.29

(c) Tax rate : Taxable income

These distributions are made out of Sabana REIT 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 REIT.

(d) **Book closure date:** 28 January 2022

(e) **Date payable :** 21 March 2022

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 Unitholders on a half-yearly basis at the discretion of the Manager, having regards to funding requirements and other capital management considerations.

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

Please refer to Appendix 3.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Appendix 2 for the review of the actual performance.

16. Breakdown of sales as follows:

	Group		
	YTD		Fav / (Unfav)
	31/12/21	31/12/20	
	S\$'000	S\$'000	%
(a) Gross revenue reported for first half year	39,092	34,263	14.1
(b) Total return after tax before distribution for first half year	34,521	(47,780)	n.m
(c) Gross revenue reported for second half year	42,821	37,438	14.4
(d) Total return after tax before distribution for second half year	14,297	5,570	156.7

17. A breakdown of the total annual distribution for the latest full year and its previous full year:

	Group	
	YTD	
	31/12/21	31/12/20
	S\$'000	S\$'000
In respect of the half year from:		
1 July 2021 - 31 December 2021 ^(a)	16,862	-
1 January 2021 - 30 June 2021	15,586	-
1 July 2020 - 31 December 2020	-	24,115
1 January 2020 - 30 June 2020	-	4,949
	32,448	29,064

Note:

(a) The distribution for the half year from 1 July 2021 to 31 December 2021 is payable by February 2022.

18. General mandate for Interested Person Transactions

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

19. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of the Trust (the “Manager”) which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 31 December 2021, statement of total return & distribution statements, statement of cash flows and statement of movements in Unitholders’ funds for the full-year ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

20. Procured Undertakings By the Board and Executive Officers to Rule 720(1)

The Manager of Sabana REIT confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Sabana Real Estate Investment Management Pte. Ltd. (the "Company"), being the Manager of the Trust, confirms that there is no person occupying a managerial position in the Company, the Trust or any of the Trust's subsidiary, who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of the Trust.

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

Tan Cheong Hin
Director

Wong Heng Tew
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 Real Estate Investment Trust

20 January 2022

Appendix 1

	Group		Trust	
	As at 31/12/2021	As at 31/12/2020	As at 31/12/2021	As at 31/12/2020
Net asset value (“NAV”) and net tangible asset (“NTA”) per unit (S\$) ^(a)	0.52 ^(b)	0.51	0.52 ^(b)	0.51

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,069,950,268 (31 December 2020: 1,053,083,530).
- (b) The increase in NAV and NTA per unit is mainly due to the revaluation of investment properties based on independent valuations of the properties undertaken by independent valuers.

Appendix 2

**Review of the Performance of the Group for the current financial period reported on
2H 2021 vs 2H 2020**

<u>Statement of Total Return</u>	Group		
	2H 2021	2H 2020	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	42,821	37,438	14.4
Property expenses	(16,566)	(13,657)	(21.3)
Net property income ^(a)	26,255	23,781	10.4
Finance income ^(b)	15	18	(16.7)
Finance costs ^(c)	(6,964)	(4,841)	(43.9)
Finance costs relating to lease liabilities	(1,620)	(1,654)	2.1
Net finance costs	(8,569)	(6,477)	(32.3)
Manager's fees ^(d)	(2,520)	(2,145)	(17.5)
Trustee's fees	(179)	(171)	(4.7)
Donation of non-Shari'ah compliant income	(5)	-	n.m
Other trust expenses ^(e)	(655)	(3,045)	78.5
Net income	14,327	11,943	20.0
Net change in fair value of financial derivatives ^(f)	1,021	853	n.m
Net change in fair value of investment properties ^(g)	(1,051)	(7,226)	n.m
Total (loss)/return for the period before taxation	14,297	5,570	156.7
Tax expense	*	*	-
Total (loss)/return for the period after taxation	14,297	5,570	156.7
Distribution adjustments ^(h)	2,565	12,463	n.m
Total income amount available for distribution to Unitholders for the period ⁽ⁱ⁾	16,862	18,033	(6.5)
Total distribution amount declared to Unitholders for the period ^(j)	16,862	24,125	(30.1)

n.m denotes "not meaningful"

* Less than S\$1,000

Notes:

- (a) Net property income for 2H 2021 increased by 10.4% mainly due to:
 - (i) Higher contribution from 151 Lorong Chuan, 23 Serangoon North and 10 Changi South;
 - (ii) One-time provision of rental waiver on revenue and allowances for impairment loss on trade receivables were made in 2H 2020;
 - (iii) Writeback of prior year impairment loss on trade receivables in 2H 2021; and
 - (iv) Partially offset by lower contribution from 30 & 32 Tuas Avenue and 51 Penjuru Road whose master lease expired in 4Q 2020.
- (b) Lower finance income mainly due to lower average fixed deposit placement in 2H 2021 over 2H 2020.
- (c) Finance costs increased by 43.9% mainly due to one-off amortization of upfront fees of the new loan facilities.
- (d) Manager's fees increased by 17.5% mainly due to a one-off performance fees incurred in 2H 2021, which are chargeable when the REIT achieves a 10.0% annual growth in DPU over the previous financial year.
- (e) Other trust expenses decreased by 78.5% mainly due to lower other non-tax deductible professional fees in 2H 2021 over 2H 2020.
- (f) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during 2H 2021 and 2H 2020.
- (g) The net change in fair value of investment properties in 2H 2021 and 2H 2020 mainly relates to the adjustments in ROU assets and the valuation movement based on the independent valuations of the properties undertaken by the Independent Valuers as at the reporting date.
- (h) Distribution adjustments decreased mainly due to higher non-tax deductible effects of the item stated in (e) and (f).
- (i) Amount available for distribution decreased by 6.5% mainly due to:
 - (i) Rollover adjustments from prior years that was added in 2H 2020;
 - (ii) Partially offset by higher net property income in 2H 2021 over 2H 2020; and
 - (iii) lower trust expenses in 2H 2021 over 2H 2020 as stated in (d) above;
- (j) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.

**Review of the Performance of the Group for the current financial period reported on
FY 2021 vs FY 2020**

<u>Statement of Total Return</u>	Group		
	FY 2021	FY 2020	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	81,913	71,701	14.2
Property expenses	(29,960)	(27,058)	(10.7)
Net property income ^(a)	51,953	44,643	16.4
Finance income ^(b)	30	54	(44.4)
Finance costs ^(c)	(12,343)	(10,378)	(18.9)
Finance costs relating to lease liabilities	(3,255)	(3,323)	2.0
Net finance costs	(15,568)	(13,647)	(14.1)
Manager's fees ^(d)	(4,655)	(4,312)	(8.0)
Trustee's fees	(349)	(348)	(0.3)
Donation of non-Shari'ah compliant income	(5)	(1)	n.m
Other trust expenses ^(e)	(684)	(3,500)	80.5
Net income	30,692	22,835	34.4
Net change in fair value of financial derivatives ^(f)	2,127	(3,107)	n.m
Net change in fair value of investment properties ^(g)	15,999	(61,938)	n.m
Total (loss)/return for the period before taxation	48,818	(42,210)	n.m
Tax expense	*	*	–
Total (loss)/return for the period after taxation	48,818	(42,210)	n.m
Distribution adjustments ^(h)	(16,314)	71,320	n.m
Total income amount available for distribution to Unitholders for the period ⁽ⁱ⁾	32,504	29,110	11.7
Total distribution amount declared to Unitholders for the period ⁽ⁱ⁾	32,504	29,110	11.7

n.m denotes "not meaningful"

* Less than S\$1,000

Notes:

- (a) Net property income for FY 2021 increased by 16.4% mainly due to:
 - (v) Higher contribution from 151 Lorong Chuan, 23 Serangoon North, 3A Joo Koon Circle and 10 Changi South;
 - (vi) One-time provision of rental waiver on revenue and allowances for impairment loss on trade receivables were made in FY 2020;
 - (vii) Writeback of prior year impairment loss on trade receivables in FY 2021; and
 - (viii) Partially offset by lower contribution from 30 & 32 Tuas Avenue and 51 Penjuru Road whose master lease expired in 4Q 2020.
- (b) Lower finance income mainly due to lower average fixed deposit placement in FY 2021 over FY 2020.
- (c) Finance costs increased by 18.9% mainly due to one-off amortization of upfront fees of the new loan facilities.
- (d) Manager's fees increased by 8.0% mainly due to a one-off performance fees incurred in FY 2021, which are chargeable when the REIT achieves a 10.0% annual growth in DPU over the previous financial year.
- (e) Other trust expenses decreased by 80.5% mainly due to lower other non-tax deductible professional fees in FY 2021 over FY 2020.
- (f) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during FY 2021 and FY 2020.
- (g) The net change in fair value of investment properties in FY 2021 and FY 2020 mainly relates to the adjustments in ROU assets and the valuation movement based on the independent valuations of the properties undertaken by the Independent Valuers as at the reporting date.
- (h) Distribution adjustments decreased mainly due to higher non-tax deductible effects of the item stated in (e) and (f).
- (i) Amount available for distribution increased by 11.7% mainly due to:
 - (iv) higher net property income in FY 2021 over FY 2020; and
 - (v) lower trust expenses in FY 2021 over FY 2020 as stated in (d) above;
- (j) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.

Appendix 3

Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

Total gross revenue by property types	Group		
	YTD		Fav / (Unfav)
	31/12/21	31/12/20	
	S\$'000	S\$'000	%
High-tech Industrial	52,675	41,961	25.5
Chemical Warehouse & Logistics	6,529	6,817	(4.2)
Warehouse & Logistics	17,928	16,653	7.7
General Industrial	4,781	6,270	(23.7)
	81,913	71,701	14.2

Total net property income by property types	Group		
	YTD		Fav / (Unfav)
	31/12/21	31/12/20	
	S\$'000	S\$'000	%
High-tech Industrial	30,973	23,103	34.1
Chemical Warehouse & Logistics	6,043	6,342	(4.7)
Warehouse & Logistics	11,901	11,263	5.7
General Industrial	3,036	3,935	(22.8)
	51,953	44,643	16.4



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

20 January 2022

Dear Sirs

Sabana Industrial Real Estate Investment Trust Review of Interim Financial Information

Introduction

We have reviewed the accompanying Interim Financial Information of Sabana Industrial Real Estate Investment Trust (the “Trust”) and its subsidiary (collectively the “Group”) for the half-year and the year ended 31 December 2021 as set out on pages FS1 to FS22. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 31 December 2021;
- Consolidated portfolio statement of the Group as at 31 December 2021;
- Consolidated statement of total return of the Group for the half-year and the year ended 31 December 2021;
- Consolidated distribution statement of the Group for the half-year and the year ended 31 December 2021;
- Statements of movements in unitholders’ funds of the Group and the Trust for the year ended 31 December 2021;
- Consolidated statement of cash flows of the Group for the year ended 31 December 2021; and
- 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's 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.

KPMG LLP
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*Public Accountants and
Chartered Accountants*

Singapore