

**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
For the period from 1 January 2022 to 30 June 2022

**Statements of Financial Position
As at 30 June 2022**

	Note	Group		Trust	
		30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Non-current assets					
Investment properties	4	948,181	942,913	948,181	942,913
Subsidiary	5	–	–	*	*
Derivative assets	7	6,259	191	6,259	191
Total non-current assets		954,440	943,104	954,440	943,104
Current assets					
Trade and other receivables		3,743	2,688	3,742	2,687
Cash and cash equivalents		7,727	25,856	7,727	25,856
Total current assets		11,470	28,544	11,469	28,543
Total assets		965,910	971,648	965,909	971,647
Current liabilities					
Trade and other payables		18,189	17,953	18,197	17,961
Lease liabilities		1,647	1,504	1,647	1,504
Total current liabilities		19,836	19,457	19,844	19,465
Non-current liabilities					
Trade and other payables		11,529	9,426	11,529	9,426
Borrowings	6	290,705	311,589	290,705	311,589
Lease liabilities		74,834	75,209	74,834	75,209
Total non-current liabilities		377,068	396,224	377,068	396,224
Total liabilities		396,904	415,681	396,912	415,689
Net assets		569,006	555,967	568,997	555,958
Represented by:					
Unitholders' funds		569,006	555,967	568,997	555,958
Units in issue ('000)	8	1,082,143	1,069,950	1,082,143	1,069,950

* Less than \$1,000

Approval by:

Tan Cheong Hin
Chairman

20 July 2022

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

**Consolidated Statement of Total Return
For the period from 1 January 2022 to 30 June 2022**

		Group	
		1 January 2022 to 30 June 2022	1 January 2021 to 30 June 2021
Note		\$'000	\$'000
	Gross revenue	44,850	39,092
	Property expenses	(17,821)	(13,394)
	Net property income	27,029	25,698
	Finance income	28	15
	Finance costs	(7,978)	(5,379)
	Finance costs relating to lease liabilities	(1,615)	(1,635)
	Net finance costs	(9,565)	(6,999)
	Manager's fees	(2,183)	(2,135)
	Trustee's fees	(176)	(170)
	Other trust expenses	(819)	(29)
		<u>(3,178)</u>	<u>(2,334)</u>
	Net income	14,286	16,365
	Net change in fair value of financial derivatives	7,089	1,106
	Net change in fair value of investment properties	3,300	17,050
	Total return for the period before tax and distribution	24,675	34,521
	Tax expense	*	*
	Total return for the period after tax and before distribution	24,675	34,521
	Earnings per Unit (cents)		
	Basic	2.28	3.28
	Diluted	2.28	3.28

* Less than \$1,000

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

**Consolidated Distribution Statement
For the period from 1 January 2022 to 30 June 2022**

	Group	
	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Amount available for distribution to Unitholders at beginning of the period	17,062	24,259
Total return for the period after tax and before distribution	24,675	34,521
Non-tax deductible/(chargeable) items:		
Amortisation of transaction costs	2,810	668
Trustee's fees	176	170
Net change in fair value of financial derivatives	(7,089)	(1,106)
Net change in fair value of investment properties	(3,300)	(17,050)
Effects of recognising rental income on a straight-line basis over the lease term	223	(380)
Finance costs relating to lease liabilities	1,615	1,635
Land rent expenses	(2,049)	(2,397)
Other items	86	(419)
Net effect of non-tax deductible items	(7,528)	(18,879)
Income available for distribution to Unitholders for the period	17,147	15,642
Total amount available for distribution to Unitholders for the period	34,209	39,901
Distribution of 1.57 cents per Unit for the period 1 July 2021 to 31 December 2021*	(16,798)	–
Distribution of 2.29 cents per Unit for the period 1 July 2020 to 31 December 2020	–	(24,115)
	(16,798)	(24,115)
Amount available for distribution to Unitholders at end of the period	17,411	15,786
Distribution per Unit (cents)	1.59	1.48

* Distributions were partly paid by Sabana Industrial Real Estate Investment Trust issuing an aggregate of 12,192,439 Units amounting to approximately \$5,200,405 (1 January 2021 to 30 June 2021: Not implemented), pursuant to the Distribution Reinvestment Plan.

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

**Statements of Movements in Unitholders' Funds
For the period from 1 January 2022 to 30 June 2022**

	Group		Trust	
	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Balance at beginning of the period	555,967	539,747	555,958	539,738
Operations				
Total return after tax and before distribution	24,675	34,521	24,675	34,521
	580,642	574,268	580,633	574,259
Unitholders' transactions				
Distributions declared to Unitholders	(16,798)	(24,115)	(16,798)	(24,115)
Unit issued through Distribution Reinvestment Plan	5,200	–	5,200	–
Equity issue costs pursuant to: Distribution Reinvestment Plan	(38)	–	(38)	–
Net decrease in net assets resulting from Unitholders' transactions	(11,636)	(24,115)	(11,636)	(24,115)
Unitholders' funds at end of the period	569,006	550,153	568,997	550,144

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

**Consolidated Portfolio Statement
As at 30 June 2022**

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	
					30 June 2022 %	31 December 2021 %	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 %	31 December 2021 %
New Tech Park	High-tech industrial	45	33	151 Lorong Chuan	77	81	359,000	355,000	63.1	63.9
8 Commonwealth Lane	High-tech industrial	53	37	8 Commonwealth Lane	86	100	54,300	55,400	9.5	10.0
Frontech Centre	High-tech industrial	99	39	15 Jalan Kilang Barat	89	94	21,900	21,700	3.8	3.9
1 Tuas Avenue 4	High-tech industrial	51.3	25	1 Tuas Avenue 4	–	–	9,000	9,000	1.6	1.6
BTC Centre	High-tech industrial	50	34	23 Serangoon North Avenue 5	89	85	40,600	40,500	7.1	7.3
508 Chai Chee Lane	High-tech industrial	59	38	508 Chai Chee Lane	99	99	65,000	66,000	11.4	11.9
Freight Links Express Logisticpark	Chemical warehouse & logistics	61	27	33 & 35 Penjuru Lane	100	100	41,300	40,800	7.3	7.3
18 Gul Drive	Chemical warehouse & logistics	33	16	18 Gul Drive	100	100	19,000	19,000	3.3	3.4
Penjuru Logistics Hub	Warehouse & logistics	30	10	34 Penjuru Lane	99	99	29,500	29,800	5.2	5.4
Freight Links Express Logisticcentre	Warehouse & logistics	60	33	51 Penjuru Road	93	93	29,100	29,100	5.1	5.2
26 Loyang Drive	Warehouse & logistics	48	32	26 Loyang Drive	100	100	25,700	24,500	4.5	4.4
<i>Balance carried forward</i>							694,400	690,800	122.0	124.3

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

**Consolidated Portfolio Statement
As at 30 June 2022 (continued)**

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	
					30 June 2022 %	31 December 2021 %	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 %	31 December 2021 %
<i>Balance brought forward</i>							694,400	690,800	122.0	124.3
3A Joo Koon Circle	Warehouse & logistics	60	25	3A Joo Koon Circle	96	96	33,500	33,500	5.9	6.0
2 Toh Tuck Link	Warehouse & logistics	60	35	2 Toh Tuck Link	98	98	29,400	29,800	5.2	5.4
10 Changi South Street 2	Warehouse & logistics	57	29	10 Changi South Street 2	73	80	36,700	36,700	6.4	6.6
Yenom Industrial Building	General industrial	60	19	123 Genting Lane	84	85	16,100	16,400	2.8	2.9
30 & 32 Tuas Avenue 8	General industrial	60	34	30 & 32 Tuas Avenue 8	100	–	28,900	26,200	5.1	4.7
39 Ubi Road 1	General industrial	60	30	39 Ubi Road 1	99	99	17,600	17,700	3.1	3.2
21 Joo Koon Crescent	General industrial	60	32	21 Joo Koon Crescent	100	100	15,100	15,100	2.7	2.7
Investment properties – Fair value							871,700	866,200	153.2	155.8
Investment properties – Right-of-use assets							76,481	76,713	13.4	13.8
Total investment properties							948,181	942,913	166.6	169.6
Other assets and liabilities							(379,175)	(386,946)	(66.6)	(69.6)
Net assets attributable to Unitholders' Funds							569,006	555,967	100.0	100.0

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

**Consolidated Portfolio Statement
As at 30 June 2022 (continued)**

	Carrying values as at	
	30 June 2022 \$'000	31 December 2021 \$'000
As disclosed in the Statements of Financial Position:		
Investment properties – non-current	948,181	942,913

* 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 30 June 2022 were based on independent desktop valuations undertaken by CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd (31 December 2021: Full valuations undertaken by CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants 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 30 June 2022, 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 is vacant and the other investment properties are leased on master lease agreements.

**Consolidated Statement of Cash Flows
For the period from 1 January 2022 to 30 June 2022**

	Group	
	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Cash flows from operating activities		
Total return for the period after taxation and before distribution	24,675	34,521
Adjustments for:		
Net change in fair value of financial derivatives	(7,089)	(1,106)
Net change in fair value of investment properties	(3,300)	(17,050)
Net finance costs	9,565	6,999
	23,851	23,364
Change in trade and other receivables	(818)	(245)
Change in trade and other payables	2,485	1,105
Cash generated from operations	25,518	24,224
Interest on late payment of rent received / Ta'widh (compensation on late payment of rent) received	25	7
Net cash from operating activities	25,543	24,231
Cash flows from investing activities		
Capital expenditure on investment properties	(1,580)	(6,629)
Interest/Profit income received	3	8
Net cash used in investing activities	(1,577)	(6,621)
Cash flows from financing activities		
Proceeds from borrowings	112,500	141,830
Repayment of borrowings	(131,347)	(120,500)
Transaction costs paid	(3,583)	(1,722)
Payment of lease liabilities	(794)	(762)
Finance costs relating to lease liabilities	(1,615)	(1,635)
Finance costs paid	(5,620)	(3,286)
Distributions paid	(11,636)	(24,115)
Net cash used in financing activities	(42,095)	(10,190)
Net (decrease)/increase in cash and cash equivalents	(18,129)	7,420
Cash and cash equivalents at beginning of the period	25,856	9,520
Cash and cash equivalents at end of the period	7,727	16,940

Significant non-cash transactions

12,192,439 Units amounting to approximately \$5,200,405 were issued by the Trust as part payment of distributions in respect of period from 1 July 2021 to 31 December 2021, pursuant to the Distribution Reinvestment Plan.

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 and First Amending and Restating Deed dated 24 February 2016 and the Second Amending and Restating Deed dated 24 March 2016, the Second Supplemental Deed dated 6 May 2019, the Third Amending and Restating Deed dated 7 April 2020 and the 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 period ended 30 June 2022 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 Investment Funds”* 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 Financial Reporting Standards in Singapore (“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 16 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 2021, apart from the adoption of the new or amended standards which are effective from 1 January 2022.

2.2 Going concern

As at 30 June 2022, the Group is in a net current liabilities of \$8.4 million (31 December 2021: net current asset of \$9.1 million) mainly due to the Group's net repayment of non-current bank loans of \$20.0 million. Notwithstanding the above, the Financial Information has been prepared on a going concern basis as the Manager believes that the Group will be able to meet its funding requirements to enable continuation of its operations for the next twelve months.

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

	30 June 2022			31 December 2021
	Fair value \$'000	ROU assets \$'000	Total \$'000	Total \$'000
Group and Trust				
Balance at beginning of the period	866,200	76,713	942,913	904,565
Reclassification from investment property held for divestment	–	–	–	13,794
Capital expenditure	1,643	–	1,643	7,475
Straight-line adjustments in accordance with FRS 116	(223)	–	(223)	731
Net change in fair value of investment properties	4,094	(794)	3,300	15,999
Remeasurement of ROU assets	–	562	562	(4)
Capitalisation of leasing commission	92	–	92	353
Amortisation of leasing commission	(106)	–	(106)	–
Balance at end of the period	871,700	76,481	948,181	942,913

Investment property held for divestment

	31 December 2021
	Total \$'000
Group and Trust	
Balance at 1 January 2021	13,794
Reclassification to investment properties	(13,794)
Balance at 31 December 2021	–

As at 31 December 2021, the Manager had re-classified the investment property held for divestment to non-current investment property. The Manager having considered the current market conditions intended to hold the investment property and execute asset enhancement initiatives to generate future rental income.

Details of the investment properties are shown in the Consolidated Portfolio Statement.

Security

As at the 30 June 2022, no investment properties of the Group and the Trust are pledged as security to secure any borrowing facilities.

As at 31 December 2021, investment properties with an aggregate fair value of \$316.7 million at the Group and the Trust were pledged as security to secure certain borrowing facilities (see Note 6).

4 Investment properties (continued)

Measurement of fair value

Investment properties are stated at fair value based on desktop 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 desktop valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The desktop valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial period may differ from current estimates, which may result in valuations that may be materially different from the desktop 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 and recent geopolitical events in Ukraine, certain investment properties' desktop valuation reports highlighted the heightened potential for greater volatility in property markets over the short to medium term, and a degree of caution should be exercised when relying upon the desktop valuation as at the reporting date.

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 6.25% (31 December 2021: 5.50% to 6.50%) • Discount rate of 7.25% to 7.75% (31 December 2021: 7.25% to 7.75%) • Terminal yield rates from 5.75% to 6.50% (31 December 2021: 5.75% to 6.75%) • Vacancy assumption rates from 1.00% to 10.00% (31 December 2021: 1.00% to 10.00%) • Rental growth rates from 1.50% to 3.50% (31 December 2021: 1.50% to 3.50%) 	<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	
	30 June 2022 \$'000	31 December 2021 \$'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	
			30 June 2022	31 December 2021
Sabana Sukuk Pte. Ltd. (1)	Provision of treasury services	Singapore	100%	100%

(1) Audited by KPMG LLP Singapore in 2021. Exempted from statutory audit under Companies Act section 201A in 2022.

6 Borrowings

	Note	Group		Trust	
		30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Secured borrowings					
Murabaha Facilities					
- Term	6(a)	–	122,536	–	122,536
Less: Unamortised capitalised transaction costs		–	(1,056)	–	(1,056)
Total borrowings (1)		–	121,480	–	121,480
Unsecured borrowings					
Unsecured Term Loan Facility	6(b)	293,000	193,000	293,000	193,000
Unsecured Revolving Loan Facility	6(c)	2,500	–	2,500	–
Less: Unamortised capitalised transaction costs		(4,795)	(2,891)	(4,795)	(2,891)
		290,705	190,109	290,705	190,109
Total non-current borrowings (1)		290,705	311,589	290,705	311,589

(1) All the borrowings have a nominal interest rate of Singapore Overnight Rate Average + Margin (31 December 2021: a nominal interest rate of Swap Offer Rate/ Singapore Overnight Rate Average + Margin)

(a) Murabahah Facilities

In March 2022, the Group completed its refinancing exercise of the Facilities with the new unsecured term loan and revolving facilities. (See Note 6(b) and 6(c))

6 Borrowings (continued)

(b) 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.
- (iv) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (v) 5-year term loan facilities of \$50.0 million maturing in March 2027.

(c) Unsecured Revolving Loan Facility

The outstanding unsecured Revolving Loan Facility consisted of:

- (i) 4-year revolving loan facilities of \$2.5 million maturing in March 2026.

7 Derivative financial instruments

	Group		Trust	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Non-current assets				
Interest/profit rate swaps at fair value through Statements of Total Return	6,259	191	6,259	191
Total derivative financial instruments	6,259	191	6,259	191
Derivative financial instruments as a percentage of net assets	1.10%	0.03%	1.10%	0.03%

The Group uses interest/profit rate swaps to manage its exposure to interest/profit rate movements on its floating rate bearing 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 \$222.5 million (31 December 2021: \$210.0 million) had been entered into at the reporting date to provide fixed rate funding for terms of 1.5 to 3.5 years (31 December 2021: 2.0 to 3.0 years).

8 Units in issue and to be issued

	Group and Trust	
	30 June 2022 '000	31 December 2021 '000
Units in issue:		
At beginning of the period/year	1,069,950	1,053,084
Units issued:		
- Distribution Reinvestment Plan	12,193	16,866
At end of the period/year	1,082,143	1,069,950

9 Property expenses

Included in property expenses is a net write back of impairment loss of \$225,898 on trade receivables (1 January 2021 to 30 June 2021: \$758,116 write back of impairment loss) for the period.

10 Net finance cost

	Group	
	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Finance income		
Interest income from fixed deposit	3	8
Interest on late payment of rent / Ta'widh (compensation on late payment of rent)	25	7
	28	15
Finance costs:		
Interest expense:		
- Commodity Murabaha facilities	–	1,464
- Murabahah facilities	793	1,696
- Term loan facility	3,205	345
- Revolving loan facility	365	189
- Lease liabilities	1,615	1,635
Interest/Profit rate swaps	765	940
Amortisation of transaction costs	2,810	668
Brokerage and agent fees	40	77
Finance expenses	9,593	7,014
Net financing costs	9,565	6,999

11 Other trust expenses

Included in other trust expenses are:

	Group	
	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Audit fees	109	106
Non-audit fees	32	30
Valuation fees	50	50
Professional fees	402	(259)
Other expenses	226	102
	819	29
	819	29

12 Tax expense

	Group	
	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Tax expense		
Current period	*	*
	*	*
Reconciliation of effective tax rate		
Total return for the period before taxation and distribution	24,675	34,521
	24,675	34,521
Tax calculated using Singapore tax rate of 17% (31 December 2021: 17%)	4,195	5,869
Non-tax deductible items	(931)	(2,802)
Tax exempt income	(348)	(407)
Tax transparency	(2,916)	(2,659)
	*	*
	*	*

* Less than \$1,000

13 Contingent liabilities

As at 30 June 2022, the Group has obtained banker's guarantee of \$1,553,000 (31 December 2021: 1,079,000) during the period for deposits required by certain utility providers.

14 Earnings per Unit

Basic and diluted earnings per Unit is based on:

	1 January 2022 to 30 June 2022 \$'000	1 January 2021 to 30 June 2021 \$'000
Total return for the period after taxation and before distribution	24,675	34,521
Number of Units	'000	'000
Weighted average number of Units	1,076,821	1,053,084

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.

15 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, in addition to those disclosed elsewhere in the financial information, there were the following significant related party transactions:

	Group and Trust	
	1 January 2022 to 30 June 2022 \$'000	1 July 2021 to 31 December 2021 \$'000
Manager's fees and reimbursables paid/payable to the Manager	2,183	2,520
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,349	1,463
Trustee fees paid/payable to the Trustee	176	180

16 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.

16 Significant areas of estimation uncertainty and critical judgements in applying accounting policies (continued)

(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.

17 Financial ratios

	Group	
	30 June 2022	31 December 2021
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	2.30	1.05
- excluding performance component of Manager's fees	2.30	1.00
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 (1H 2022 vs 1H 2021)

Please refer to page FS2 and FS3 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 FS14, Note 6 of the Interim Financial Information.

(c) Statement of Cash Flows

Please refer to page FS8 of the Interim Financial Information.

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

Please refer to page FS4 of the Interim Financial Information.

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

Please refer to page FS16, 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 2021.

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 FS3 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 April 2022, 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

Singapore’s Ministry of Trade and Industry (“MTI”) reported that based on advance estimates, Singapore’s economy grew by 4.8% y-o-y in 2Q 2022, extending the 4.0% growth in the previous quarter¹. MTI also maintained Singapore’s Gross Domestic Product (“GDP”) forecast at “3.0 to 5.0 per cent” for 2022, with growth likely to come in at the lower half of the forecast range².

¹ “Singapore's GDP Grew by 4.8 Per Cent in the Second Quarter of 2022”. Ministry of Trade and Industry Singapore. 14 July 2022.

² “MTI Maintains 2022 GDP Growth Forecast at “3.0 to 5.0 Per Cent”. Ministry of Trade and Industry Singapore. 25 May 2022.

The Monetary Authority of Singapore (“MAS”) announced on 14 July 2022 that it will take a further calibrated step to tighten monetary policy, which should help slow the momentum of inflation and ensure medium-term price stability³. MAS will re-centre the mid-point of the exchange rate policy band up to its prevailing level and there will be no change to the slope and width of the band. Overall inflation forecast is now expected to come in at 5.0% to 6.0%, higher than the earlier forecast range of 4.5% to 5.5%.

According to JTC, overall occupancy rate for the industrial property market fell to 89.8% in 1Q 2022⁴, a drop of 0.4 percentage points compared to the previous quarter, due to new completions picking up significantly, and an increase in supply exceeding new demand. Notwithstanding the drop in occupancy, the all-industrial rental index rose 1.0% compared to the previous quarter. The all-industrial price index also increased by 2.1% as compared to the first quarter.

As for the Singapore industrial property segment, MTI has launched 6.36 hectares of industrial land for tender in the Industrial Government Land Sales programme for the second half of 2022⁵, compared to 4.48 hectares offered in the first half 2022 programme.

Cushman & Wakefield expects healthy demand for high-tech, prime logistics and warehouse properties amid ongoing expansion from the biomedical, technology, manufacturing and logistics sectors, fuelled by the exponential growth in e-commerce and business digitalisation. However, it cautioned that ample supply of factory space coming onstream this year could add downward pressure on occupancy rates⁶.

While Singapore’s economy continues to expand, the rising inflationary pressures led mainly by high energy prices, rising interest rates and the prevailing uncertainties in the external environment could dampen outlook. Sabana Industrial REIT continues to see expansionary demand in the Singapore industrial sector and remains cautiously optimistic in its mid-term outlook. The Manager will stay focused on proactive lease management to attract expansionary tenants, create value by enhancing asset potential and pursue yield-accretive acquisitions to expand portfolio growth, in order to deliver long-term sustainable value for all Unitholders.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2022 to 30 June 2022

Distribution Type	Distribution Rate (cents)
Taxable Income	1.45
Tax Exempt Income	0.14
Capital	–
Total	1.59

³ “MAS Monetary Policy Statement - July 2022”. Monetary Authority of Singapore. 14 July 2022.

⁴ “JTC Quarterly Market Report for 1Q 2022”. JTC. 28 April 2022 (to be updated).

⁵ “Launch of Second Half 2022 Industrial Government Land Sales programme”. Ministry of Trade and Industry Singapore. 30 June 2022.

⁶ “Industrial Marketbeat Report”. Cushman & Wakefield. 5 April 2022.

(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 January 2021 to 30 June 2021

Distribution Type	Distribution Rate (cents)
Taxable Income	1.48
Tax Exempt Income	–
Capital	–
Total	1.48

(c) Tax rate : Taxable income

These distributions are made out of Sabana Industrial 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 Industrial REIT.

(d) Book closure date: 29 July 2022

(e) Date payable : 16 September 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. General mandate for Interested Person Transactions

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

15. 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 30 June 2021, statement of total return & distribution statements, statement of cash flows and statement of movements in Unitholders’ funds for the half-year ended on that date), together with their accompanying notes, 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 Industrial 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.

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

20 July 2022

Appendix 1

	Group		Trust	
	As at 30/6/2022	As at 31/12/2021	As at 30/6/2022	As at 31/12/2021
Net asset value (“NAV”) and net tangible asset (“NTA”) per unit (S\$) ^(a)	0.53 ^(b)	0.52	0.53 ^(b)	0.52

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,082,142,707 (31 December 2021: 1,069,950,268).
- (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
1H 2022 vs 1H 2021**

<u>Statement of Total Return</u>	Group		
	1H 2022	1H 2021	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	44,850	39,092	14.7
Property expenses	(17,821)	(13,394)	(33.1)
Net property income ^(a)	27,029	25,698	5.2
Finance income ^(b)	28	15	86.7
Finance costs ^(c)	(7,978)	(5,379)	(48.3)
Finance costs relating to lease liabilities	(1,615)	(1,635)	1.2
Net finance costs	(9,565)	(6,999)	(36.7)
Manager's fees	(2,183)	(2,135)	(2.2)
Trustee's fees	(176)	(170)	(3.5)
Other trust expenses ^(d)	(819)	(29)	n.m
Net income	14,286	16,365	(12.7)
Net change in fair value of financial derivatives ^(e)	7,089	1,106	n.m
Net change in fair value of investment properties ^(f)	3,300	17,050	n.m
Total (loss)/return for the period before taxation	24,675	34,521	n.m
Tax expense	*	*	–
Total (loss)/return for the period after taxation	24,675	34,521	n.m
Distribution adjustments ^(g)	(7,528)	(18,879)	n.m
Total income amount available for distribution to Unitholders for the period ^(h)	17,147	15,642	9.6
Total distribution amount declared to Unitholders for the period ⁽ⁱ⁾	17,147	15,642	9.6

n.m denotes “not meaningful”

* Less than S\$1,000

Notes:

- (a) Net property income for 1H 2022 increased by 5.2% mainly due to:
 - (i) Higher contribution from 151 Lorong Chuan, 23 Serangoon North Avenue 5, 8 Commonwealth Lane and 51 Penjuru Road due to higher occupancy rates; and
 - (ii) Partially offset by lower contribution from 33 & 35 Penjuru Lane whose master lease expired in 4Q 2021.
- (b) Higher finance income mainly due to higher charges on late payment of rent to the tenants.
- (c) Finance costs increased by 48.3% mainly due to expensing of upfront fees in connection with the new loan facilities; and the expensing of the remaining unamortised transaction costs in connection with the repaid facilities in 1H 2022.
- (d) Other trust expenses increased mainly due to one-off reversal of non-tax deductible professional fees in 1H 2021.
- (e) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during 1H 2022 and 1H 2021.
- (f) The net change in fair value of investment properties in 1H 2022 and 1H 2021 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.
- (g) Distribution adjustments increased mainly due to lower non-tax deductible effects of the item stated in (e) and (f).
- (h) Amount available for distribution increased by 9.6% mainly due to:
 - (i) higher net property income in 1H 2022 over 1H 2021; and
 - (ii) higher distribution adjustments as stated in (g) above.
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.



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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 July 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 ended 30 June 2022 as set out on pages FS1 to FS19. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 30 June 2022;
- Consolidated portfolio statement of the Group as at 30 June 2022;
- Consolidated statement of total return of the Group for the half-year ended 30 June 2022;
- Consolidated distribution statement of the Group for the half-year ended 30 June 2022;
- Statements of movements in unitholders’ funds of the Group and the Trust for the half-year ended 30 June 2022;
- Consolidated statement of cash flows of the Group for the half-year ended 30 June 2022; 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 Investment Funds* 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
KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore