

**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 2023 to 30 June 2023

**Statements of Financial Position
As at 30 June 2023**

	Note	Group		Trust	
		30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Non-current assets					
Investment properties	4	964,435	962,179	964,435	962,179
Subsidiary	5	–	–	*	*
Derivative assets	6	5,932	6,647	5,932	6,647
Total non-current assets		970,367	968,826	970,367	968,826
Current assets					
Derivative assets	6	900	1,711	900	1,711
Trade and other receivables		6,080	4,646	6,078	4,646
Cash and cash equivalents		7,627	8,009	7,627	8,009
Total current assets		14,607	14,366	14,605	14,366
Total assets		984,974	983,192	984,972	983,192
Current liabilities					
Trade and other payables		21,667	20,946	21,674	20,955
Lease liabilities		1,774	1,714	1,774	1,714
Total current liabilities		23,441	22,660	23,448	22,669
Non-current liabilities					
Trade and other payables		12,544	11,059	12,544	11,059
Borrowings	7	291,635	288,921	291,635	288,921
Lease liabilities		75,161	74,765	75,161	74,765
Total non-current liabilities		379,340	374,745	379,340	374,745
Total liabilities		402,781	397,405	402,788	397,414
Net assets		582,193	585,787	582,184	585,778
Represented by:					
Unitholders' funds		582,193	585,787	582,184	585,778
Units in issue ('000)	8	1,102,156	1,096,121	1,102,156	1,096,121

* Less than \$1,000

Approval by:

Tan Cheong Hin
Chairman

19 July 2023

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

**Consolidated Statement of Total Return
For the period from 1 January 2023 to 30 June 2023**

	Note	Group	
		1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Gross revenue		55,277	44,850
Property expenses	9	(28,109)	(17,821)
Net property income		27,168	27,029
Finance income		67	28
Finance costs		(6,400)	(7,978)
Finance costs relating to lease liabilities		(1,623)	(1,615)
Net finance costs	10	(7,956)	(9,565)
Manager's fees		(2,243)	(2,183)
Trustee's fees		(180)	(176)
Other trust expenses	11	(870)	(819)
		(3,293)	(3,178)
Net income		15,919	14,286
Net change in fair value of financial derivatives		(1,540)	7,089
Net change in fair value of investment properties		(4,505)	3,300
Total return for the period before tax and distribution		9,874	24,675
Tax expense	12	*	*
Total return for the period after tax and before distribution		9,874	24,675
Earnings per Unit (cents)			
Basic	14	0.90	2.28
Diluted	14	0.90	2.28

* 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 2023 to 30 June 2023**

	Group	
	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Amount available for distribution to Unitholders at beginning of the period	16,128	17,062
Total return for the period after tax and before distribution	9,874	24,675
Non-tax deductible/(chargeable) items:		
Trustee's fees	180	176
Net change in fair value of financial derivatives	1,540	(7,089)
Net change in fair value of investment properties	4,505	(3,300)
Effects of recognising rental income on a straight-line basis over the lease term	102	223
Finance costs relating to lease liabilities	1,623	1,615
Land rent expenses	(2,480)	(2,049)
Other items	2,475	2,896
Net effect of non-tax deductible items	7,945	(7,528)
Income available for distribution to Unitholders for the period	17,819	17,147
Total amount available for distribution to Unitholders for the period	33,947	34,209
Distribution of 1.57 cents per Unit for the period 1 July 2021 to 31 December 2021	–	(16,798)
Distribution of 1.46 cents per Unit for the period 1 July 2022 to 31 December 2022*	(16,003)	–
	(16,003)	(16,798)
Amount available for distribution to Unitholders at end of the period	17,944	17,411
Distribution per Unit (cents)	1.61	1.59

* Distributions were partly paid by Sabana Industrial Real Estate Investment Trust issuing an aggregate of 6,034,803 Units amounting to approximately \$2,534,861 (1 January 2022 to 30 June 2022: 12,192,439 Units amounting to approximately \$5,200,405), 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 2023 to 30 June 2023**

	Group		Trust	
	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Balance at beginning of the period	585,787	555,967	585,778	555,958
Operations				
Total return after tax and before distribution	9,874	24,675	9,874	24,675
	595,661	580,642	595,652	580,633
Unitholders' transactions				
Distributions declared to Unitholders	(16,003)	(16,798)	(16,003)	(16,798)
Unit issued through Distribution Reinvestment Plan	2,535	5,200	2,535	5,200
Equity issue costs pursuant to: Distribution Reinvestment Plan	—	(38)	—	(38)
Net decrease in net assets resulting from Unitholders' transactions	(13,468)	(11,636)	(13,468)	(11,636)
Unitholders' funds at end of the period	582,193	569,006	582,184	568,997

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

**Consolidated Portfolio Statement
As at 30 June 2023**

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 2023 %	31 December 2022 %	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 %	31 December 2022 %
New Tech Park	High-tech industrial	45	32	151 Lorong Chuan, Singapore 556741	79.1	77.1	362,700	362,700	62.3	61.9
8 Commonwealth Lane	High-tech industrial	53	36	8 Commonwealth Lane, Singapore 149555	82.2	82.2	54,700	54,700	9.4	9.3
Frontech Centre	High-tech industrial	99	38	15 Jalan Kilang Barat, Singapore 159357	68.7	65.9	22,700	22,700	3.9	3.9
1 Tuas Avenue 4	High-tech industrial	51.3	24	1 Tuas Avenue 4, Singapore 639382	–	–	9,000	9,000	1.5	1.5
BTC Centre	High-tech industrial	50	33	23 Serangoon North Avenue 5, Singapore 554530	100.0	95.7	42,200	42,200	7.2	7.2
508 Chai Chee Lane	High-tech industrial	59	37	508 Chai Chee Lane, Singapore 469032	99.2	99.2	67,400	67,000	11.6	11.4
33 & 35 Penjuru Lane	Chemical warehouse & logistics	61	26	33 & 35 Penjuru Lane, Singapore 609200/609202	100.0	100.0	42,000	41,600	7.2	7.1
18 Gul Drive	Chemical warehouse & logistics	33	15	18 Gul Drive, Singapore 629468	100.0	100.0	19,000	19,000	3.3	3.2
Penjuru Logistics Hub	Warehouse & logistics	30	9	34 Penjuru Lane, Singapore 609201	98.8	98.8	29,500	29,500	5.1	5.0
Freight Links Express Logisticentre	Warehouse & logistics	60	32	51 Penjuru Road, Singapore 609143	93.1	93.1	30,500	30,500	5.2	5.2
26 Loyang Drive	Warehouse & logistics	48	31	26 Loyang Drive	100.0	100.0	26,400	26,200	4.5	4.5
<i>Balance carried forward</i>							706,100	705,100	121.2	120.2

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

**Consolidated Portfolio Statement
As at 30 June 2023 (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 2023 %	31 December 2022 %	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 %	31 December 2022 %
<i>Balance brought forward</i>							706,100	705,100	121.2	120.2
3A Joo Koon Circle	Warehouse & logistics	60	24	3A Joo Koon Circle, Singapore 629033	96.5	96.5	34,100	33,900	5.9	5.8
2 Toh Tuck Link	Warehouse & logistics	60	34	2 Toh Tuck Link, Singapore 596225	98.0	98.0	30,600	30,500	5.3	5.2
10 Changi South Street 2	Warehouse & logistics	57	28	10 Changi South Street 2, Singapore 486596	100.0	74.5	37,400	37,400	6.4	6.4
123 Genting Lane	General industrial	60	18	123 Genting Lane, Singapore 349574	100.0	84.7	16,700	16,500	2.9	2.8
30 & 32 Tuas Avenue 8	General industrial	60	33	30 & 32 Tuas Avenue 8, 639246/639247	100.0	100.0	28,900	28,900	5.0	4.9
39 Ubi Road 1	General industrial	60	29	39 Ubi Road 1, Singapore 408695	98.8	98.8	18,500	18,200	3.2	3.1
21 Joo Koon Crescent	General industrial	60	31	21 Joo Koon Crescent, Singapore 629026	100.0	100.0	15,200	15,200	2.6	2.6
Investment properties – Fair value							887,500	885,700	152.5	151.0
Investment properties – Right-of-use assets							76,935	76,479	13.2	13.1
Total investment properties							964,435	962,179	165.7	164.1
Other assets and liabilities							(382,242)	(376,392)	(65.7)	(64.1)
Net assets attributable to Unitholders' Funds							582,193	585,787	100.0	100.0

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

**Consolidated Portfolio Statement
As at 30 June 2023 (continued)**

	Carrying values as at	
	30 June 2023 \$'000	31 December 2022 \$'000
As disclosed in the Statements of Financial Position:		
Investment properties – non-current	964,435	962,179

* Includes the period covered by the relevant options to renew

Remaining lease term includes optional lease term.

The carrying amount of the investment properties as at 30 June 2023 were based on independent desktop valuations undertaken by Cushman & Wakefield VHS Pte Ltd. And Savills Valuation And Professional Services (S) Pte Ltd (31 December 2022: Full valuations undertaken by Cushman & Wakefield VHS Pte Ltd. And Savills Valuation And Professional Services (S) 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 2023, 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 currently undergoing asset enhancement initiatives and the other investment properties are leased on master lease agreements.

**Consolidated Statement of Cash Flows
For the period from 1 January 2023 to 30 June 2023**

	Group	
	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Cash flows from operating activities		
Total return for the period after taxation and before distribution	9,874	24,675
Adjustments for:		
Net change in fair value of financial derivatives	1,540	(7,089)
Net change in fair value of investment properties	4,505	(3,300)
Net finance costs	7,956	9,565
	23,875	23,851
Change in trade and other receivables	(1,146)	(818)
Change in trade and other payables	379	2,485
Cash generated from operations	23,108	25,518
Interest on late payment of rent received	67	25
Net cash from operating activities	23,175	25,543
Cash flows from investing activities		
Capital expenditure on investment properties	(3,512)	(1,580)
Interest income received	–	3
Net cash used in investing activities	(3,512)	(1,577)
Cash flows from financing activities		
Proceeds from borrowings	10,000	112,500
Repayment of borrowings	(8,000)	(131,347)
Transaction costs paid	–	(3,583)
Payment of lease liabilities	(858)	(794)
Finance costs relating to lease liabilities	(1,623)	(1,615)
Finance costs paid	(6,096)	(5,620)
Distributions paid	(13,468)	(11,636)
Net cash used in financing activities	(20,045)	(42,095)
Net decrease in cash and cash equivalents	(382)	(18,129)
Cash and cash equivalents at beginning of the period	8,009	25,856
Cash and cash equivalents at end of the period	7,627	7,727

Significant non-cash transactions

6,034,803 Units amounting to approximately \$2,534,861 were issued by the Trust as part payment of distributions in respect of period from 1 July 2022 to 31 December 2022, 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 2023 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 2022, apart from the adoption of the new or amended standards which are effective from 1 January 2023.

2.2 Going concern

As at 30 June 2023, the Group is in a net current liabilities of \$8.8 million (31 December 2022: net current liabilities of \$8.3 million). The Financial Information has been prepared on a going concern basis on the assumption that the Group will be able to meet its funding requirements to enable continuation of its operations for the next twelve months.

As described in Note 18, there is a material uncertainty that may cast significant doubt on the ability of the Group and the Trust to continue as a going concern depending on the outcome of the Extraordinary General Meeting.

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 2023			31 December 2022
	Fair value \$'000	ROU assets \$'000	Total \$'000	Total \$'000
Group and Trust				
Balance at beginning of the period	885,700	76,479	962,179	942,913
Capital expenditure	4,876	–	4,876	3,018
Straight-line adjustments in accordance with FRS 116	(102)	–	(102)	192
Net change in fair value of investment properties	(3,647)	(858)	(4,505)	14,304
Remeasurement of ROU assets	–	1,314	1,314	1,390
Capitalisation of leasing commission	859	–	859	636
Amortisation of leasing commission	(186)	–	(186)	(274)
Balance at end of the period	887,500	76,935	964,435	962,179

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

Security

As at the 30 June 2023, all investment properties of the Group and the Trust are subject to a negative pledge in connection with the borrowing facilities.

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 are carried at fair value based on Level 3 of the fair value hierarchy as inputs are unobservable.

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 2022: 5.50% to 6.25%) 	The estimated fair value of investment properties would increase/(decrease) if:
	<ul style="list-style-type: none"> • Discount rate of 7.25% to 7.50% (31 December 2022: 7.25% to 7.50%) 	<ul style="list-style-type: none"> • the capitalisation rates were lower/(higher);
	<ul style="list-style-type: none"> • Terminal yield rates from 5.75% to 6.25% (31 December 2022: 5.75% to 6.25%) 	<ul style="list-style-type: none"> • the discount rates were lower/(higher);
	<ul style="list-style-type: none"> • Vacancy assumption rates from 1.00% to 9.00% (31 December 2022: 0.00% to 11.00%) 	<ul style="list-style-type: none"> • the terminal yield rates were lower/(higher); • the vacancy assumption rates were lower/(higher); or
	<ul style="list-style-type: none"> • Rental growth rates from 2.50% to 12.10% (31 December 2022: 2.21% to 12.20%) 	<ul style="list-style-type: none"> • 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 2023 \$'000	31 December 2022 \$'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 2023	31 December 2022
Sabana Sukuk Pte. Ltd. (1)	Provision of treasury services	Singapore	100%	100%

(1) Exempted from statutory audit under Companies Act section 201A since 2022.

6 Derivative financial instruments

	Group		Trust	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Non-current assets				
Interest/profit rate swaps at fair value through Statements of Total Return	5,932	6,647	5,932	6,647
Current assets				
Interest/profit rate swaps at fair value through Statements of Total Return	900	1,711	900	1,711
Total derivative financial instruments	6,832	8,358	6,832	8,358
Derivative financial instruments as a percentage of net assets	1.17%	1.43%	1.17%	1.43%

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 \$242.5 million (31 December 2022: \$242.5 million) had been entered into at the reporting date to provide fixed rate funding for terms of 0.5 to 3.5 years (31 December 2022: 1.0 to 4.0 years).

7 Borrowings

	Note	Group		Trust	
		30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Unsecured borrowings					
Unsecured Term Loan Facility	7(a)	293,000	293,000	293,000	293,000
Unsecured Revolving Loan Facility	7(b)	2,000	–	2,000	–
Less: Unamortised capitalised transaction costs		(3,365)	(4,079)	(3,365)	(4,079)
		<u>291,635</u>	<u>288,921</u>	<u>291,635</u>	<u>288,921</u>
Total non-current borrowings ⁽¹⁾		<u>291,635</u>	<u>288,921</u>	<u>291,635</u>	<u>288,921</u>

⁽¹⁾ All the borrowings have a nominal interest rate of Singapore Overnight Rate Average + Margin (31 December 2022: a nominal interest rate of Singapore Overnight Rate Average + Margin)

(a) 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. (On 30 June 2023, the REIT has entered into a new 4-year term and revolving loan facilities of \$100.0 million to refinance this facility)
- (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.

(b) Unsecured Revolving Loan Facility

The outstanding unsecured Revolving Loan Facility consisted of:

- (i) 4-year revolving loan facilities of \$2.0 million maturing in March 2026.

8 Units in issue and to be issued

	Group and Trust	
	30 June 2023 '000	31 December 2022 '000
Units in issue:		
At beginning of the period/year	1,096,121	1,069,950
Units issued:		
- Distribution Reinvestment Plan	6,035	26,171
At end of the period/year	1,102,156	1,096,121

9 Property expenses

Included in property expenses is a net write off of impairment loss of \$47,577 on trade receivables (1 January 2022 to 30 June 2022: net write back of impairment loss of \$225,898) for the period.

10 Net finance cost

	Group	
	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Finance income		
Interest income from fixed deposit	–	3
Interest on late payment of rent	67	25
	67	28
Finance costs:		
Interest expense:		
- Murabahah facilities	–	793
- Term loan facility	7,976	3,205
- Revolving loan facility	429	365
- Lease liabilities	1,623	1,615
Interest/Profit rate swaps	(2,306)	765
Amortisation of transaction costs	301	2,850
Finance expenses	8,023	9,593
Net financing costs	7,956	9,565

11 Other trust expenses

Included in other trust expenses are:

	Group	
	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Audit fees	110	109
Non-audit fees	33	32
Valuation fees	50	50
Professional fees	512	402
Other expenses	165	226
	870	819

12 Tax expense

	Group	
	1 January 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Tax expense		
Current period	*	*
Reconciliation of effective tax rate		
Total return for the period before taxation and distribution	9,874	24,675
Tax calculated using Singapore tax rate of 17% (31 December 2022: 17%)	1,679	4,195
Non-tax deductible items	1,772	(931)
Tax exempt income	(422)	(348)
Tax transparency	(3,029)	(2,916)
	*	*

* Less than \$1,000

13 Contingent liabilities

As at 30 June 2023, the Group has obtained banker's guarantee of \$295,000 (31 December 2022: \$768,000) 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 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Total return for the period after taxation and before distribution	9,874	24,675
Number of Units	'000	'000
Weighted average number of Units	1,099,322	1,076,821

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 2023 to 30 June 2023 \$'000	1 January 2022 to 30 June 2022 \$'000
Manager's fees and reimbursables paid/payable to the Manager	2,243	2,183
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,644	1,349
Trustee fees paid/payable to the Trustee	180	176

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:

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.

17 Financial ratios

	Group	
	30 June 2023 %	31 December 2022 %
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	2.30	1.08
- excluding performance component of Manager's fees	2.30	1.08
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.

18 Extraordinary General Meeting

The Manager refers to its announcements dated 8 June 2023, 22 June 2023, 26 June 2023, 28 June 2023, 30 June 2023, 4 July 2023, 5 July 2023 and 6 July 2023 in relation to the requisition by Quarz Capital ASIA (Singapore) Pte. Ltd. of an extraordinary general meeting of Sabana Industrial REIT (the "Requisition"), and to its announcements dated 7 July 2023, 12 July 2023 and 13 July 2023 on the application filed by ESR Group Limited and e-Shang Infinity Cayman Limited (being an indirect wholly-owned subsidiary of ESR Group Limited) in the General Division of the High Court of the Republic of Singapore, in case no. HC/OA 682/2023. The Requisition is proposing, among others, a resolution that Sabana Real Estate Investment Management Pte. Ltd. ("SREIM") be removed as the manager of Sabana Industrial REIT as soon as practicable should this resolution be passed.

The Manager would like to draw attention to the potential financial implication to Sabana Industrial REIT arising from the Requisition. Should the removal of SREIM as manager of Sabana Industrial REIT be effected, it would trigger the removal of manager clause that constitutes a review event under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans with various lenders. If triggered, this may result in mandatory prepayment by Sabana Industrial REIT of its outstanding loans and interest if no satisfactory agreement is reached with the lenders, within a period of not more than 30 days (or such longer period as the Lenders may agree), following the review event. Unitholders should note that there could therefore be serious consequences for Sabana Industrial REIT and its Unitholders arising from its existing financing arrangements if the Manager is removed.

In this regard, the Manager had written to the relevant lenders to seek a waiver from the above-mentioned review event under Sabana Industrial REIT's existing financing arrangements, in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the lenders have replied that they are unable to grant the relevant waivers at the current juncture.

Total outstanding loans as of 30 June 2023 stood at \$295.0 million. Please refer to page FS15, Note 7 of the Interim Financial Information for details.

Other Information Required by Listing Rule Appendix 7.2

1 (a)(i) Statement of Total Return and Distribution Statement (1H 2023 vs 1H 2022)

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 FS15, Note 7 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 2022.

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 19 April 2023, 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 Industry¹ ("MTI") reported that based on advance estimates, Singapore's economy grew by 0.7% y-o-y in 2Q 2023, faster than the 0.4% growth in the previous quarter. Based on sectoral performance, the manufacturing sector contracted by 7.5 per cent year-on-year in the second quarter of 2023, a deterioration from the 5.3 per cent contraction in the previous quarter. MTI has also maintained Singapore's 2023 Gross Domestic Product ("GDP") forecast at "0.5 to 2.5 per cent", with growth likely to come in at around the mid-point of the range².

In a statement released by the Monetary Authority of Singapore ("MAS") on 14 April 2023³, monetary policy remained unchanged, following a series of tightening moves it began since October 2021 to slow the momentum of inflation. For 2023, overall inflation and core inflation are expected to average 5.5% to 6.5% and 3.5% to 4.5% respectively⁴.

According to JTC, overall occupancy rate for the industrial property market fell to 88.8% in 1Q 2023 a decline of 0.6 percentage points compared to the previous quarter, due to new completions in 1Q 2023 and as new supply continues to exceed new demand. Notwithstanding the drop in occupancy, the all-industrial price and rental index rose by 1.5% and 2.8% respectively as compared to the previous quarter⁵. MTI has also launched its Industrial Government Land Sales programme for the second half of 2023. There will be 5 sites in the Confirmed List and 3 sites in the Reserve List which will provide a total site area of 9.81 hectares of industrial land for tender⁶. Given increased macroeconomic uncertainties and decline in global semiconductor market revenue forecast and demand, local manufacturers are bracing for a contraction of activities. According to Knight Frank⁷, outlook for industrial and logistics will remain stable with cautious price and rental growth of 1% to 3% for most industrial property types in 2023, despite the deteriorating business sentiment. The record volume of a total of \$22.5 billion in fixed asset investment in 2022, particularly for the manufacturing sector should provide an uplift in Singapore's industrial ecosystem.

The prevailing geopolitical risks and persistent inflationary pressures provide a challenging backdrop for the Singapore economy. The Manager will remain vigilant to downside risks in view of the contraction of Singapore's overall factory activity during April to June 2023, based on the Purchasing Manager Index. As Fed officials project additional interest rates hike in the second half of 2023, the Manager has further optimised the REIT's capital structure to mitigate risks from rising interest rates. The Manager is also focused on its tenant management and leasing strategy to protect valuation and net asset value, amid the challenge of declining land tenure of its portfolio properties.

¹ "Singapore's GDP Grew by 0.7 Per Cent in the Second Quarter of 2023". Ministry of Trade and Industry Singapore. 14 July 2023.

² "MTI Maintains 2023 GDP Growth Forecast at "0.5 to 2.5 Per Cent". Ministry of Trade and Industry Singapore. 25 May 2023.

³ "MAS Monetary Policy Statement - April 2023". Monetary Authority of Singapore. 14 April 2023.

⁴ "Consumer Price Developments in May 2023". Monetary Authority of Singapore, Ministry of Trade and Industry Singapore. 23 June 2023.

⁵ "JTC Quarterly Market Report for 1Q 2023". JTC. 27 April 2023.

⁶ "Launch of Second Half 2023 Industrial Government Land Sales programme". Ministry of Trade and Industry Singapore. 23 June 2023.

⁷ "A tough year ahead of manufacturing". Knight Frank. 10 April 2023.

The Manager continues to take measures to enhance and create value for all unitholders in line with the REIT's GROW VALUE phase. The five strategic priorities and target to achieve upsized portfolio valuation of more than \$1 billion between 2025 and 2027 will continue to guide the Manager in delivering long-term sustainable value for all Unitholders.

Requisition of Extraordinary General Meeting

Sabana Industrial REIT refers to its announcements dated 8 June 2023, 22 June 2023, 26 June 2023, 28 June 2023, 30 June 2023, 4 July 2023, 5 July 2023 and 6 July 2023 in relation to the requisition by Quarz Capital ASIA (Singapore) Pte. Ltd. of an extraordinary general meeting of Sabana Industrial REIT (the "Requisition"); and separately to its announcements dated 7 July 2023, 12 July 2023 and 13 July 2023 on the application filed by ESR Group Limited and e-Shang Infinity Cayman Limited (being an indirect wholly-owned subsidiary of ESR Group Limited) in the General Division of the High Court of the Republic of Singapore, in case no. HC/OA 682/2023. The Requisition is proposing, among others, a resolution that Sabana Real Estate Investment Management Pte. Ltd. ("SREIM") be removed as the manager of Sabana Industrial REIT as soon as practicable after the resolution is passed.

The Manager will make further announcements on SGXNet regarding any material developments. Please refer to previous announcements released on the SGXNet and Sabana Industrial REIT's corporate website at <https://sabana.listedcompany.com/newsroom.html>.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2023 to 30 June 2023

Distribution Type	Distribution Rate (cents)
Taxable Income	1.61
Tax Exempt Income	–
Capital	–
Total	1.61

(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 2022 to 30 June 2022

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

(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: 27 July 2023

(e) Date payable : 14 September 2023

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 2023, 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

19 July 2023

Appendix 1

	Group		Trust	
	As at 30/6/2023	As at 31/12/2022	As at 30/6/2023	As at 31/12/2022
Net asset value (“NAV”) and net tangible asset (“NTA”) per unit (S\$) ^(a)	0.53 ^(b)	0.53	0.53 ^(b)	0.53

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,102,156,128 (31 December 2022: 1,096,121,325).
- (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 2023 vs 1H 2022**

<u>Statement of Total Return</u>	Group		
	1H 2023	1H 2022	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	55,277	44,850	23.2
Property expenses	(28,109)	(17,821)	(57.7)
Net property income ^(a)	27,168	27,029	0.5
Finance income ^(b)	67	28	139.3
Finance costs ^(c)	(6,400)	(7,978)	19.8
Finance costs relating to lease liabilities	(1,623)	(1,615)	(0.5)
Net finance costs	(7,956)	(9,565)	16.8
Manager's fees	(2,243)	(2,183)	(2.7)
Trustee's fees	(180)	(176)	(2.3)
Other trust expenses ^(d)	(870)	(819)	(6.2)
Net income	15,919	14,286	11.4
Net change in fair value of financial derivatives ^(e)	(1,540)	7,089	n.m
Net change in fair value of investment properties ^(f)	(4,505)	3,300	n.m
Total (loss)/return for the period before taxation	9,874	24,675	n.m
Tax expense	*	*	–
Total (loss)/return for the period after taxation	9,874	24,675	n.m
Distribution adjustments	7,945	(7,528)	n.m
Total income amount available for distribution to Unitholders for the period ^(g)	17,819	17,147	3.9
Total distribution amount declared to Unitholders for the period ^(h)	17,819	17,147	3.9

n.m denotes “not meaningful”

* Less than S\$1,000

Notes:

- (a) Net property income for 1H 2023 increased by 0.5% mainly due to higher occupancy rates across the portfolio, partially offset by the surge in utilities cost.
- (b) Higher finance income mainly due to higher charges on late payment of rent to the tenants.
- (c) Finance costs decreased by 19.8% mainly due to lower amortisation of upfront fees in 1H 2023 over 1H 2022 and partially offset by the increase in interest expenses.
- (d) Other trust expenses increased by 6.2% mainly due to higher professional fees in 1H 2023 over 1H 2022.
- (e) The net change in fair value of financial derivatives relates to the fair value change of the interest rate swaps recognised.
- (f) The net change in fair value of investment properties 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) Income available for distribution increased by 3.9% mainly due to higher net property income and lower trust expenses.
- (h) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.

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

19 July 2023

Sabana Industrial Real Estate Investment Trust and its subsidiary Review of Interim Financial Information for the six-months ended 30 June 2023

Introduction

We have reviewed the accompanying Interim Financial Information of Sabana Industrial Real Estate Investment Trust (the "Trust") and its subsidiary (the "Group") for the six-months ended 30 June 2023 as set up on pages FS1 to FS19. The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 30 June 2023;
- Consolidated portfolio statement of the Group as at 30 June 2023;
- Consolidated statement of total return of the Group for the six-month period ended 30 June 2023;
- Consolidated distribution statement of the Group for the six-month period ended 30 June 2023;
- Statements of movements in unitholders' funds of the Group and the Trust for the six-month period ended 30 June 2023;
- Consolidated statement of cash flows of the Group for the six-month period ended 30 June 2023; and
- Notes to the above Interim Financial Information.

The Management of Sabana Real Estate Investment Pte. Ltd. (the "Manager" of the Trust), is responsible for the preparation and fair presentation of this Interim Financial Information in accordance with the recommendations 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 this 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 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 does not present fairly, the financial position and portfolio holdings of the Group and the Trust as at 30 June 2023, and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the movements in unitholders' funds of the Trust for the six-months ended 30 June 2023 in all material respects, in accordance with the recommendations of RAP 7 relevant to Interim Financial Information issued by the Institute of Singapore Chartered Accountants.

Emphasis of matter

We draw attention to note 2.2 to the interim financial statements which explains that a material uncertainty exists that may cast significant doubt on the Group's and the Trust's ability to continue as a going concern depending on the outcome of the Extraordinary General Meeting.

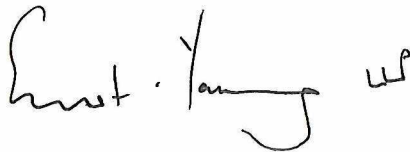
In the event that the Group and the Trust are unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Trust may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements in respect of this.

Our conclusion is not qualified in respect of this matter.

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.

Yours faithfully,



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

19 July 2023