

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 financial period from 1 January 2024 to 30 June 2024

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Statement of Financial Position
As at 30 June 2024**

	Note	Group		Trust	
		30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Non-current assets					
Investment properties	4	991,427	979,987	991,427	979,987
Subsidiary	5	—	—	*	*
Derivative assets	6	1,579	1,210	1,579	1,210
Total non-current assets		993,006	981,197	993,006	981,197
Current assets					
Trade and other receivables		10,256	7,384	10,256	7,384
Derivative assets	6	657	1,445	657	1,445
Cash and cash equivalents		25,662	16,065	25,662	16,065
Total current assets		36,575	24,894	36,575	24,894
Total assets		1,029,581	1,006,091	1,029,581	1,006,091
Current liabilities					
Trade and other payables		22,238	23,218	22,247	23,227
Tax payable		275	556	275	556
Borrowings	7	5,000	104,541	5,000	104,541
Lease liabilities		1,884	1,812	1,884	1,812
Total current liabilities		29,397	130,127	29,406	130,136
Non-current liabilities					
Trade and other payables		15,493	14,322	15,493	14,322
Borrowings	7	330,019	210,829	330,019	210,829
Lease liabilities		75,043	74,275	75,043	74,275
Total non-current liabilities		420,555	299,426	420,555	299,426
Total liabilities		449,952	429,553	449,961	429,562
Net assets		579,629	576,538	579,620	576,529
Represented by:					
Unitholders' funds		579,629	576,538	579,620	576,529
Units in issue ('000)	8	1,125,055	1,111,788	1,125,055	1,111,788
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$)		0.52	0.52	0.52	0.52

* Less than \$1,000

Approval by:

Tan Cheong Hin
Chairman

23 July 2024

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Statement of Total Return
For the financial period from 1 January 2024 to 30 June 2024**

	Note	Group	
		1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Gross revenue		55,165	55,277
Property expenses	9	(28,000)	(28,109)
Net property income		27,165	27,168
Finance income		74	67
Finance costs		(8,788)	(6,400)
Finance costs relating to lease liabilities		(1,622)	(1,623)
Net finance costs	10	(10,336)	(7,956)
Manager's fees		(2,341)	(2,243)
Trustee's fees		(187)	(180)
Other trust expenses	11	(4,751)	(870)
		(7,279)	(3,293)
Net income		9,550	15,919
Net change in fair value of financial derivatives		(410)	(1,540)
Net change in fair value of investment properties		2,159	(4,505)
Total return for the period before tax and distribution		11,299	9,874
Tax expense	12	(275)	*
Total return for the period after tax and before distribution		11,024	9,874
Earnings per Unit (cents)			
Basic	13	0.98	0.90
Diluted	13	0.98	0.90

* Less than \$1,000

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Distribution Statement
For the financial period from 1 January 2024 to 30 June 2024**

	Group	
	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Amount available for distribution to Unitholders at beginning of the period/year	15,539	16,128
Amount retained for working capital	(2,715)	–
Amount available for distribution to Unitholders at beginning of the period/year after retention	12,824	–
Total return for the period/year before tax and before distribution	11,299	9,874
Non-tax deductible/ (chargeable) items:		
Trustee's fees	187	180
Net change in fair value of financial derivatives	410	1,540
Net change in fair value of investment properties	(2,159)	4,505
Effects of recognising rental income on a straight-line basis over the lease term	706	102
Finance costs relating to lease liabilities	1,622	1,623
Land rent expenses	(2,283)	(2,480)
Other items	6,858	2,475
Net effect of non-tax deductible items	5,341	7,945
Income available for distribution to Unitholders for the period before tax	16,640	17,819
Tax expense	(275)	–
Income available for distribution to Unitholders for the period after tax	16,365	17,819
Total amount available for distribution to Unitholders for the period	29,189	33,947
Distribution of 1.46 cents per Unit for the period 1 July 2022 to 31 December 2022	–	(16,003)
Distribution of 1.15 cents per Unit for the period 1 July 2023 to 31 December 2023*	(12,786)	–
	(12,786)	(16,003)
Income available for distribution to Unitholders at end of the period	16,403	17,944
Amount retained for working capital	(1,554)	–
Distribution per Unit (cents)	1.34	1.61

* Distributions were partly paid by Sabana Industrial Real Estate Investment Trust issuing an aggregate of 13,266,912 Units amounting to approximately \$4,880,000 (1 January 2023 to 30 June 2023: 6,034,803 Units amounting to approximately \$2,535,000), pursuant to the Distribution Reinvestment Plan.

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Statement of Movement in Unitholders' Fund
For the financial period from 1 January 2024 to 30 June 2024**

	Group		Trust	
	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Balance at beginning of the period	576,538	585,787	576,529	585,778
Operations				
Total return after tax and before distribution	11,024	9,874	11,024	9,874
Unitholders' transactions	587,562	595,661	587,553	595,652
Distributions declared to Unitholders	(12,786)	(16,003)	(12,786)	(16,003)
Unit issued through Distribution Reinvestment Plan	4,880	2,535	4,880	2,535
Equity issue costs pursuant to: Distribution Reinvestment Plan	(27)	–	(27)	–
Net decrease in net assets resulting from Unitholders' transactions	(7,933)	(13,468)	(7,933)	(13,468)
Unitholders' funds at end of the period	579,629	582,193	579,620	582,184

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Portfolio Statement
As at 30 June 2024**

Group

Description of property	Type	Leasehold term ⁽¹⁾ (years)	Remaining lease term ⁽²⁾ (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					30 June 2024 %	31 December 2023 %	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 %	31 December 2023 %
New Tech Park	High-tech industrial	45	31	151 Lorong Chuan, Singapore 556741	81	78	362,700	362,700	62.6	62.9
8 Commonwealth Lane	High-tech industrial	53	35	8 Commonwealth Lane, Singapore 149555	82	82	54,300	54,300	9.4	9.4
Frontech Centre	High-tech industrial	99	37	15 Jalan Kilang Barat, Singapore 159357	93	89	22,800	22,500	3.9	3.9
1 Tuas Avenue 4 ⁽³⁾	High-tech industrial	51.3	23	1 Tuas Avenue 4, Singapore 639382	–	–	27,500	21,000	4.7	3.6
BTC Centre	High-tech industrial	50	32	23 Serangoon North Avenue 5, Singapore 554530	66	66	42,900	42,200	7.4	7.3
508 Chai Chee Lane	High-tech industrial	59	36	508 Chai Chee Lane, Singapore 469032	99	99	70,800	68,000	12.2	11.8
33 & 35 Penjuru Lane	Chemical warehouse & logistics	61	25	33 & 35 Penjuru Lane, Singapore 609200/609202	–	100	42,000	42,000	7.2	7.3
18 Gul Drive	Chemical warehouse & logistics	33	14	18 Gul Drive, Singapore 629468	100	100	19,000	19,000	3.3	3.3
Penjuru Logistics Hub	Warehouse & logistics	30	8	34 Penjuru Lane, Singapore 609201	94	94	29,900	29,900	5.2	5.2
Freight Links Express Logisticentre	Warehouse & logistics	60	31	51 Penjuru Road, Singapore 609143	93	93	31,000	31,000	5.3	5.4
26 Loyang Drive	Warehouse & logistics	48	30	26 Loyang Drive	100	100	27,200	26,900	4.7	4.7
<i>Balance carried forward</i>							730,100	719,500	125.9	124.8

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Portfolio Statement (cont'd)
As at 30 June 2024**

Group

Description of property	Type	Leasehold term ⁽¹⁾ (years)	Remaining lease term ⁽²⁾ (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
					%	%	\$'000	\$'000	%	%
<i>Balance brought forward</i>							730,100	719,500	125.9	124.8
3A Joo Koon Circle	Warehouse & logistics	60	23	3A Joo Koon Circle, Singapore 629033	96	96	34,400	34,400	5.9	6.0
2 Toh Tuck Link	Warehouse & logistics	60	33	2 Toh Tuck Link, Singapore 596225	77	76	30,700	31,300	5.3	5.4
10 Changi South Street 2	Warehouse & logistics	57	27	10 Changi South Street 2, Singapore 486596	100	100	39,000	37,900	6.7	6.6
123 Genting Lane	General industrial	60	17	123 Genting Lane, Singapore 349574	100	98	17,400	17,200	3.0	3.0
30 & 32 Tuas Avenue 8	General industrial	60	32	30 & 32 Tuas Avenue 8 639246/639247	–	100	27,600	28,900	4.8	5.0
39 Ubi Road 1	General industrial	60	28	39 Ubi Road 1 Singapore 408695	97	99	19,300	19,100	3.3	3.3
21 Joo Koon Crescent	General industrial	60	30	21 Joo Koon Crescent Singapore 629026	100	100	16,000	15,600	2.8	2.7
Investment properties – Fair value							914,500	903,900	157.7	156.8
Investment properties – Right-of-use assets							76,927	76,087	13.3	13.2
Total investment properties							991,427	979,987	171.0	170.0
Other assets and liabilities							(411,798)	(403,449)	(71.0)	(70.0)
Net assets attributable to Unitholders' Funds							579,629	576,538	100.0	100.0

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Portfolio Statement (cont'd)
As at 30 June 2024**

	Carrying values as at	
	30 June	31 December
	2024	2023
	\$'000	\$'000
As disclosed in the Statements of Financial Position:		
Investment properties – non-current	991,427	979,987

- (1) Includes the period covered by the relevant options to renew.
- (2) Remaining lease term includes optional lease term.
- (3) Currently undergoing asset enhancement initiatives.

The carrying amount of the investment properties as at 30 June 2024 were based on full independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd. and Savills Valuation And Professional Services (S) Pte Ltd. (31 December 2023: Full independent 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.

The independent valuers have appropriate professional qualifications and recent experiences in the locations and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cashflow analysis in arriving at the open market value as at the reporting date. Refer to Note 4 for the key assumptions used to determine the fair value of these investment properties and the net change in fair value of the portfolio. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Consolidated statement of Cash Flows
For the financial period from 1 January 2024 to 30 June 2024

	Group	
	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Cash flows from operating activities		
Total return for the period before tax and distribution	11,299	9,874
Adjustments for:		
Net change in fair value of financial derivatives	410	1,540
Net change in fair value of investment properties	(2,159)	4,505
Net finance costs	10,336	7,956
	<u>19,886</u>	<u>23,875</u>
Change in trade and other receivables	(1,933)	(1,146)
Change in trade and other payables	(6,687)	379
	<u>11,266</u>	<u>23,108</u>
Cash generated from operations	70	67
Interest on late payment of rent received	70	67
Net cash from operating activities	<u>11,336</u>	<u>23,175</u>
Cash flows from investing activities		
Capital expenditure on investment properties	(2,748)	(3,512)
Interest income received	4	–
Net cash used in investing activities	<u>(2,744)</u>	<u>(3,512)</u>
Cash flows from financing activities		
Proceeds from borrowings	215,000	10,000
Repayment of borrowings	(193,000)	(8,000)
Transaction costs paid	(2,949)	–
Payment of lease liabilities	(911)	(858)
Finance costs relating to lease liabilities	(1,622)	(1,623)
Finance costs paid	(7,580)	(6,096)
Distributions paid	(7,933)	(13,468)
Net cash from / (used in) financing activities	<u>1,005</u>	<u>(20,045)</u>
Net increase / (decrease) in cash and cash equivalents	9,597	(382)
Cash and cash equivalents at beginning of the period	16,065	8,009
Cash and cash equivalents at end of the period	<u>25,662</u>	<u>7,627</u>

Significant non-cash transactions

13,266,912 Units amounting to approximately \$4,880,000 were issued by the Trust as part payment of distributions in respect of period from 1 July 2023 to 31 December 2023, pursuant to the Distribution Reinvestment Plan.

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

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, the First Amending and Restating Deed dated 24 February 2016, 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 a dormant private trust from the date of constitution until its acquisition of properties on 26 November 2010. It was formally admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 26 November 2010 and was included in the Central Provident Fund (“CPF”) Investment Scheme on 26 November 2010.

The Financial Information of the Group as at and for the year ended 30 June 2024 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. Material accounting policy information

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 Singapore Financial Reporting Standards (“FRS”).

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

2. Material accounting policy information (cont'd)

2.1 Basis of preparation (cont'd)

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

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 15 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 2023, apart from the adoption of the new or amended standards which are effective from 1 January 2024.

2.2 Going concern

As at 30 June 2024, the Group is in a net current asset of \$7.2 million (31 December 2023: net current liabilities of \$105.2 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 17, 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 internalisation process.

3. Seasonal operations

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

4. Investment properties

	30 June 2024		31 December 2023	
	Fair value \$'000	ROU assets \$'000	Total \$'000	Total \$'000
Group and Trust				
Balance at beginning of the year	903,900	76,087	979,987	962,179
Capital expenditure	8,387	–	8,387	19,409
Straight-line adjustments in accordance with FRS 116	(706)	–	(706)	79
Net change in fair value of investment properties	3,070	(911)	2,159	(3,562)
Remeasurement of ROU assets	–	1,751	1,751	1,344
Capitalisation of leasing commission	82	–	82	1,173
Amortisation of leasing commission	(233)	–	(233)	(635)
Balance at end of the period	914,500	76,927	991,427	979,987

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

Security

As at 30 June 2024, all investment properties of the Group and the Trust are subject to a negative pledge in connection with the borrowing facilities. (31 December 2023: all investment properties of the Group and the Trust are subject to a negative pledge in connection with the borrowing facilities).

Measurement of fair value

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

4. Investment properties (cont'd)

Measurement of fair value (cont'd)

The valuers have considered the capitalisation approach, discounted cash flow and direct comparison methods, in arriving at the open market value as at the reporting date (31 December 2023: the capitalisation approach, discounted cash flow and direct comparison methods, and/or residual method, 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 residual method involves the estimation of the gross development value and development costs to completion to arrive at the market value.

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

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	<ul style="list-style-type: none"> Capitalisation rates from 5.50% to 6.25% (31 December 2023: 5.50% to 6.25%) Discount rates at 7.25% to 7.50% (31 December 2023: 7.25% to 7.50%) Terminal yield rates from 5.75% to 6.25% (31 December 2023: 5.75% to 6.25%) Vacancy assumption rates from 0.00% to 8.00% (31 December 2023: 0.00% to 9.70%) Rental growth rates from 2.00% to 6.70% (31 December 2023: 1.95% to 9.96%) Estimated gross development value of Nil (31 December 2023: \$31.9 million) and related costs of Nil (31 December 2023: \$18.0 million) for a certain property. 	<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); or the discount rates were lower/(higher); or the terminal yield rates were lower/(higher); or the vacancy assumption rates were lower/(higher); or the rental growth rates were higher/(lower); or the estimated gross development value were higher/(lower) and related costs were lower/(higher) for a certain property.

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

4. Investment properties (cont'd)

Measurement of fair value (cont'd)

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).

The residual method considered the gross development value and related costs for a certain investment property. The estimated fair value of the investment property would increase/(decrease) when the gross development value and the development cost to completion are higher/(lower).

5. Subsidiary

	Trust	
	30 June 2024 \$'000	31 December 2023 \$'000
Equity investments at cost	*	*

* Less than \$1,000

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 2024	31 December 2023
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

⁽¹⁾ Audited by EY LLP Singapore.

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
For the financial period from 1 January 2024 to 30 June 2024**

6. Derivative financial instruments

	Group		Trust	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Non-current assets				
Interest rate swaps at fair value through Statement of Total Return	1,579	1,210	1,579	1,210
Current assets				
Interest rate swaps at fair value through Statement of Total Return	657	1,445	657	1,445
Total derivative financial instruments	2,236	2,655	2,236	2,655
Derivative financial instruments as a percentage of net assets	0.39%	0.46%	0.39%	0.46%

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate bearing loan facilities by swapping the interest rates on a proportion of these term loans from floating rates to fixed rates.

Interest rate swaps with a total notional amount of \$172.5 million (31 December 2023: \$242.5 million) had been entered into at the reporting date to provide fixed rate funding for terms of up to 3 years (31 December 2023: up to 3 years).

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

7. Borrowings

	Note	Group		Trust	
		30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Unsecured Term Loan Facility ⁽¹⁾	(a)	–	100,000	–	100,000
Unsecured Revolving Loan Facility ⁽¹⁾	(b)	5,000	5,000	5,000	5,000
Less: Unamortised capitalised transaction costs		–	(459)	–	(459)
Total current borrowings		5,000	104,541	5,000	104,541
Unsecured Term Loan Facility ⁽¹⁾	(a)	175,000	193,000	175,000	193,000
Unsecured Revolving Loan Facility ⁽¹⁾	(b)	60,000	20,000	60,000	20,000
Guaranteed Bond Facility	(c)	100,000	–	100,000	–
Less: Unamortised capitalised transaction costs		(4,981)	(2,171)	(4,981)	(2,171)
Total non-current borrowings		330,019	210,829	330,019	210,829
Total borrowings		335,019	315,370	335,019	315,370

⁽¹⁾ Borrowings have a nominal interest rate of Singapore Overnight Rate Average + Margin (31 December 2023: a nominal interest rate of Singapore Overnight Rate Average + Margin).

(a) Unsecured Term Loan Facility

As of 30 June 2024, the outstanding unsecured Term Loan Facility consisted of:

- (i) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (ii) 5-year term loan facilities of \$50.0 million maturing in March 2027.
- (iii) 4-year term loan facilities of \$75.0 million maturing in May 2028.

As of 31 December 2023, 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.

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

7. Borrowings (cont'd)

(b) Unsecured Revolving Loan Facility

As of 30 June 2024, the outstanding unsecured Revolving Loan Facility consisted of:

- (i) 3-year revolving loan facilities of \$5.0 million maturing in October 2024.
- (ii) 4-year revolving loan facilities of \$8.0 million maturing in October 2025.
- (iii) 4-year revolving loan facilities of \$25.0 million maturing in March 2026.
- (iv) 5-year revolving loan facilities of \$2.0 million maturing in March 2027.
- (v) 4-year revolving loan facilities of \$25.0 million maturing in May 2028.

As of 31 December 2023, the outstanding unsecured Revolving Loan Facility consisted of:

- (i) 3-year revolving loan facilities of \$5.0 million maturing in October 2024.
- (ii) 4-year revolving loan facilities of \$20.0 million maturing in March 2026.

(c) Guaranteed Bond Facility

On 25 June 2024, \$100.0 million guaranteed bonds at a coupon rate of 4.15% due in June 2029 were issued to refinance the existing loan facilities. The guaranteed bonds amounting to \$100.0 million are unconditionally and irrevocably guaranteed by the Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The interests of the bonds are payable half-yearly in arrears. The bonds are listed on the Singapore Exchange Securities Trading Limited.

(d) Unutilised Loan Facilities

As of 30 June 2024, the outstanding unsecured Revolving Loan Facility consisted of:

- (i) 3-year revolving facility of \$20.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$17.0 million maturing in October 2025.
- (iv) 5-year revolving facility of \$23.0 million maturing in March 2027.

As of 31 December 2023, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$20.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.
- (iv) 4-year revolving facility of \$5.0 million maturing in March 2026.
- (v) 5-year revolving facility of \$25.0 million maturing in March 2027.

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
For the financial period from 1 January 2024 to 30 June 2024**

8. Units in issue and to be issued

	Group and Trust	
	30 June 2024	31 December 2023
	'000	'000
Units in issue:		
At beginning of the period/year	1,111,788	1,096,121
Units issued:		
- Distribution Reinvestment Plan	13,267	15,667
Total issued Units at the end of the period/year	1,125,055	1,111,788

9. Property expenses

Included in property expenses is a net write off of impairment loss of \$1,165,411 on trade receivables (1 January 2023 to 30 June 2023: net write back of impairment loss of \$47,577) for the period.

10. Net finance cost

	Group	
	1 January 2024 to 30 June 2024	1 January 2023 to 30 June 2023
	\$'000	\$'000
Finance income		
Interest income from fixed deposit	4	-
Interest on late payment of rent	70	67
	74	67
Finance costs:		
Interest expense:		
Term loan facility	7,736	7,976
Revolving loan facility	1,281	429
Bond facility	68	-
Lease liabilities	1,622	1,623
Interest rate swaps	(1,795)	(2,306)
Amortisation of transaction costs	1,498	301
Finance expenses	10,410	8,023
Net financing costs	10,336	7,956

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

11. Other trust expenses

Included in other trust expenses are:

	Group	
	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Audit fees	130	110
Non-audit fees	24	33
Valuation fees	50	50
Professional fees	189	139
Other expenses ^{(1) (2)}	4,358	538
	4,751	870

(1) Other expenses comprised of expenses incurred and accrued for the period from 1 January 2024 to 30 June 2024, in respect of implementation of the resolutions passed at the extraordinary general meeting of Sabana Industrial REIT held on 7 August 2023 to effect the internalisation, amounting to \$4,281,000. (1 January 2023 to 30 June 2023: \$373,000)

(2) In the application to the High Court of Singapore in HC/OA 19/2024 ("Order 32 Application"), the Court ordered that Quarz's and the ESR Entities' costs of the proceedings be paid out of Sabana Industrial REIT ("REIT"), save that Quarz may only claim 70% of its costs out of the REIT. With respect to HC/AD 37/2024 ("AD 37 Appeal"), the Appellate Division of the High Court has not yet determined whether parties' costs should be paid out of the REIT. The quantum of costs in both the Order 32 Application and AD 37 Appeal remains undetermined at this juncture.

12. Tax expense

	Group	
	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Tax expense		
Current period	275 ⁽¹⁾	*
Reconciliation of effective tax rate		
Total return for the period before taxation and distribution	11,299	9,874
Tax calculated using Singapore tax rate of 17% (31 December 2023: 17%)	1,921	1,679
Non-tax deductible items	1,296	1,772
Tax exempt income	(388)	(422)
Tax transparency	(2,554)	(3,029)
	275	*

* Less than \$1,000

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

12. Tax expense (cont'd)

- (1) Under the tax transparency treatment, the taxable income of the Trust is not subject to income tax to the extent of the amount distributed provided the Trust distributes at least 90% of the taxable income for the relevant financial year. The taxable income that is not distributed by the Trust for the relevant financial year is subject to income tax at the prevailing rate (currently 17%). The income tax, amounting to \$264,000, therefore represents the income tax payable on the taxable income for the half-year ended 30 June 2024 that is not distributed by the Trust. i.e., 10% of the taxable income for the half-year ended 30 June 2024. The remaining income tax, amounting to \$11,000, relates to the income tax payable accounted for the income generated from the solar project, which are taxable under the tax transparency treatment.

13. Earning per unit

Basic and diluted earnings per Unit is based on:

	Group	
	1 January 2024 to 30 June 2024 '000	1 January 2023 to 30 June 2023 '000
Total return for the period after taxation and before distribution	11,024	9,874
Number of Units		
Weighted average number of Units	1,119,296	1,099,322

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.

14. Related parties

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

	Group and Trust	
	1 January 2024 to 30 June 2024 \$'000	1 January 2023 to 30 June 2023 \$'000
Manager's fees and reimbursables paid/payable to the Manager	2,341	2,243
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,666	1,644
Trustee fees paid/payable to the Trustee	187	180

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

15. 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 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 rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of the Group, and counterparties when appropriate.

(ii) *Borrowings*

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

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

(iii) *Going Concern*

In assessing the appropriateness of the going concern assumption, management has considered the consequences of various events and conditions (please refer to note 17), and exercised judgement which includes legal and regulatory requirements, conditions and timing for triggering of the loan review event in determining whether they create a material uncertainty that casts significant doubt upon the Group and Trust ability to continue as a going concern.

16. Financial ratios

	Group	
	30 June 2024	31 December 2023
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	2.54	1.83
- excluding performance component of Manager's fees	2.54	1.83

⁽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, finance costs and income tax expense.

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

17. Extraordinary General Meeting

Since the extraordinary general meeting of Sabana Industrial REIT held on 7 August 2023 where unitholders of Sabana Industrial REIT (“Unitholders”) had voted to, among others, direct HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Industrial REIT (the “Trustee”), to remove Sabana Real Estate Investment Management Pte. Ltd. (“SREIM”) as the manager of Sabana Industrial REIT as soon as practicable and to “effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT” (the “Internalisation Resolutions”), the Trustee has issued various statements to Unitholders (the “Trustee Statements”) where the Trustee has provided updates to Unitholders in relation to the implementation of the Resolutions, including the outcome of the originating application (in HC/OA 19/2024) under Order 32 of the Rules of Court 2021 of Singapore (the “Order 32 Application”) and the ongoing appeal (in AD/CA 37/2024) by ESR in the Appellate Division of the High Court of Singapore. The Trustee has stated in its statements that it will provide further updates and engage with Unitholders as and when there are material developments. All updates from the Trustee (including the Trustee Statements) are and will be made available via SGXNet.

Given the inherent uncertainties involved in the internalisation process, it is not possible for the Trustee to provide a projection or estimate on the cost of internalisation going forward. Nothing in these financial statements should be construed as a statement or forecast by the Trustee of the cost of internalisation.

Since the Audited Financial Statements announced on 25 March 2024, the Manager received, among others, a letter from five Unitholders (the “Requisitionists”) on 6 June 2024 requesting the Manager to convene an extraordinary general meeting of Unitholders to consider certain resolutions (the “Requisition Notice”, and the requisitioned extraordinary general meeting of Unitholders, the “Requisitioned EGM”). The Manager announced on 1 July 2024 its intention to convene the Requisitioned EGM pursuant to the Requisition Notice for the purposes of considering the resolutions proposed in the Requisition Notice (as amended by the Requisitionists’ 28 June 2024 letter) as well as the resolutions proposed by the Trustee pertaining to the Trustee’s proposed trust deed amendments as set out in the Trustee’s 26 June 2024 letter (collectively, the “Resolutions”). The Requisitioned EGM will be held on 6 August 2024 and the Manager has on 15 July 2024 issued the Notice of Extraordinary General Meeting and Unitholders’ circular setting out details of the Requisitioned EGM and the Resolutions and the same have been announced and are available via SGXNet.

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information For the financial period from 1 January 2024 to 30 June 2024

17. Extraordinary General Meeting (cont'd)

The Manager would like to draw attention to the potential financial implication to Sabana Industrial REIT arising from the implementation of the Internalisation Resolutions. Once the removal of SREIM as manager of Sabana Industrial REIT is effected, it would trigger the removal of manager clause that constitutes a review event under Sabana Industrial REIT's existing financing arrangements of unsecured loans with various lenders (the "Unsecured Facility Agreements") and the facility agreement (the "SBLC Facility Agreement") for the issue by the lenders thereunder of an irrevocable standby letter of credit in favour of Credit Guarantee & Investment Facility ("CGIF"), as guarantor for Sabana Industrial REIT's five-year senior unsecured sustainability-linked guaranteed bonds due in 2029 (the "Bonds"). (collectively, the Unsecured Facility Agreements and the SBLC Facility Agreement shall be referred to as the "Existing Facilities"). If triggered, this may result in mandatory prepayment by Sabana Industrial REIT of its outstanding loans and interest under the Existing Facilities 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 of Sabana Industrial REIT may agree), following the review event, and/or the imposition by CGIF of additional conditions as part of its agreement to provide its guarantee for the Bonds. Unitholders should note that there could therefore be serious consequences for Sabana Industrial REIT and its Unitholders arising from its Existing Facilities and/or the Bonds if the Manager is removed.

In this regard, as mentioned in the Interim Financial Information for the period from 1 January 2023 to 30 June 2023 announced on 19 July 2023, the Manager had previously written to the relevant lenders at the material time to seek a waiver from the abovementioned 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 had then replied that they were unable to grant the relevant waivers at that juncture. The Manager and the Trustee will continue to engage with the lenders following the passing of the Resolutions and will update Unitholders as and when there are material developments.

Other Information Required by Listing Rule Appendix 7.2

1 (a)(i) Statement of Total Return and Distribution Statement (1H 2024 vs 1H 2023)

Please refer to page 2 and 3 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 1 of the Interim Financial Information.

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

Please refer to Note 7 of the Interim Financial Information.

(c) Statement of Cash Flows

Please refer to page 9 of the Interim Financial Information.

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

Please refer to page 4 of the Interim Financial Information.

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

Please refer to page 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 2023.

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 2 and 3 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 15 April 2024, 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

Outlook

The Ministry of Trade and Industry (MTI) announced on 12 July 2024 that Singapore's economy grew by 2.9 per cent on a year-on-year basis in the second quarter of 2024, extending the 3.0 per cent growth in the previous quarter¹. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.4 per cent, slightly faster than the 0.3 percent in the first quarter. According to The Monetary Authority of Singapore ("MAS"), both headline and core inflation are projected to average between 2.5% and 3.5%² in 2024.

According to JTC, overall occupancy rate for the industrial property market fell 0.3 percentage points to 88.7% in 1Q 2024 when compared to the previous quarter, driven by a surplus of supply over demand. Occupancy rate of business parks in 1Q 2024 was 78.0%, compared to 78.4% in 4Q 2023³.

According to Knight Frank⁴, the return of growth in the manufacturing sector will underpin stability for the outlook for the industrial and logistics market. Key industrial indicators such as prices, rents and occupancy levels are expected to remain relatively stable across the various industrial property types for the rest of the year. Overall factory rental and price growth for 2024 is expected to grow by 3% to 5%.

With macroeconomic conditions remaining uncertain, global interest rates staying at elevated levels and operating costs remaining a key concern, these factors will put pressure on the REIT's performance.

The Manager will focus on proactive lease and portfolio management and prudent capital management as it navigates through these uncertainties and challenges.

¹ Ministry of Trade and Industry Singapore - Singapore's GDP Grew by 2.9 Per Cent in the Second Quarter of 2024. 12 July 2024.

² "MAS Monetary Policy Statement - April 2024". Monetary Authority of Singapore. 12 April 2024.

³ JTC Quarterly Market Report for 1Q 2024". JTC. 25 April 2024.

⁴ "Singapore Industrial and Logistics Market Update - Q1 2024". Knight Frank. 12 April 2024.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2024 to 30 June 2024

Distribution Type	Distribution Rate (cents)
Taxable Income	1.34
Tax Exempt Income	–
Capital	–
Total	1.34

(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 2023 to 30 June 2023

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

(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:** 31 July 2024

(e) **Date payable :** 29 August 2024

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

23 July 2024

Appendix 1

	Group		Trust	
	As at 30/6/2024	As at 31/12/2023	As at 30/6/2024	As at 31/12/2023
Net asset value (“NAV”) and net tangible asset (“NTA”) per unit (S\$) ^(a)	0.52	0.52	0.52	0.52

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,125,055,242 (31 December 2023: 1,111,788,330).

Appendix 2

**Review of the Performance of the Group for the current financial period reported on
1H 2024 vs 1H 2023**

<u>Statement of Total Return</u>	Group		
	1H 2024	1H 2023	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	55,165	55,277	(0.2)
Property expenses	(28,000)	(28,109)	0.4
Net property income ^(a)	27,165	27,168	–
Finance income ^(b)	74	67	10.4
Finance costs ^(c)	(8,788)	(6,400)	(37.3)
Finance costs relating to lease liabilities	(1,622)	(1,623)	–
Net finance costs	(10,336)	(7,956)	(29.9)
Manager's fees	(2,341)	(2,243)	(4.4)
Trustee's fees	(187)	(180)	(3.9)
Other trust expenses ^(d)	(4,751)	(870)	(446.1)
Net income	9,550	15,919	(40.0)
Net change in fair value of financial derivatives ^(e)	(410)	(1,540)	n.m
Net change in fair value of investment properties ^(f)	(2,159)	(4,505)	n.m
Total return for the period before taxation	11,299	9,874	14.4
Tax expense	(275)	*	–
Total return for the period after taxation	11,024	9,874	11.6
Distribution adjustments	5,341	7,945	n.m
Total income available for distribution to Unitholders for the period before tax ^(g)	16,640	17,819	(6.6)
Total income available for distribution to Unitholders for the period after tax	16,365	17,819	(8.2)
Total distribution amount declared to Unitholders for the period ^(h)	15,076	17,819	(15.4)

n.m denotes “not meaningful”

* Less than S\$1,000

Notes:

- (a) Net property income for 1H 2024 remained consistent year on year.
- (b) Higher finance income mainly due to higher charges on late payment of rent to the tenants.
- (c) Finance costs increased by 37.3% mainly due to the increase in overall interest rates, higher total borrowings and higher amortisation of upfront fees due to the refinancing exercise in 1H 2024.
- (d) Other trust expenses increased mainly due to internalisation expenses incurred in 1H 2024 amounting to \$4,281,000.
- (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 before tax decreased by 6.6% mainly due to higher finance costs.
- (h) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.



**Building a better
working world**

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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

23 July 2024

**Sabana Industrial Real Estate Investment Trust and its subsidiary
Review of Interim Financial Information for the six-months ended 30 June
2024**

Dear Sirs

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 2024 as set up on pages 1 to 22. The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 30 June 2024;
- Consolidated portfolio statement of the Group as at 30 June 2024;
- Consolidated statement of total return of the Group for the six-month period ended 30 June 2024;
- Consolidated distribution statement of the Group for the six-month period ended 30 June 2024;
- Statements of movements in unitholders’ funds of the Group and the Trust for the six-month period ended 30 June 2024;
- Consolidated statement of cash flows of the Group for the six-month period ended 30 June 2024; 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 2024, 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 2024 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 of the interim financial statements which highlights events and conditions relating to the ongoing internalisation exercise which could cause potential financial implication to the Group and Trust. Specifically, as stated in Note 17, if the internalisation exercise triggers a review event under existing financing arrangements of totally unsecured loans with various lenders and under the facility agreement, it could result in mandatory prepayment of the Group's outstanding loans and interest if no satisfactory agreement is reached with the lenders. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Trust to continue as a going concern.

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,

A handwritten signature in dark ink, appearing to read 'Ernst & Young LLP', with a stylized flourish at the end.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

23 July 2024