

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

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

Interim Financial Information  
Year ended 31 December 2022

**Statements of Financial Position  
As at 31 December 2022**

	Note	Group		Trust	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<b>Non-current assets</b>					
Investment properties	4	962,179	942,913	962,179	942,913
Subsidiary	5	–	–	*	*
Derivative assets	7	6,647	191	6,647	191
<b>Total non-current assets</b>		<b>968,826</b>	<b>943,104</b>	<b>968,826</b>	<b>943,104</b>
<b>Current assets</b>					
Trade and other receivables		4,646	2,688	4,646	2,687
Derivative assets	7	1,711	–	1,711	–
Cash and cash equivalents		8,009	25,856	8,009	25,856
<b>Total current assets</b>		<b>14,366</b>	<b>28,544</b>	<b>14,366</b>	<b>28,543</b>
<b>Total assets</b>		<b>983,192</b>	<b>971,648</b>	<b>983,192</b>	<b>971,647</b>
<b>Current liabilities</b>					
Trade and other payables		20,946	17,953	20,955	17,961
Lease liabilities		1,714	1,504	1,714	1,504
<b>Total current liabilities</b>		<b>22,660</b>	<b>19,457</b>	<b>22,669</b>	<b>19,465</b>
<b>Non-current liabilities</b>					
Trade and other payables		11,059	9,426	11,059	9,426
Borrowings	6	288,921	311,589	288,921	311,589
Lease liabilities		74,765	75,209	74,765	75,209
<b>Total non-current liabilities</b>		<b>374,745</b>	<b>396,224</b>	<b>374,745</b>	<b>396,224</b>
<b>Total liabilities</b>		<b>397,405</b>	<b>415,681</b>	<b>397,414</b>	<b>415,689</b>
<b>Net assets</b>		<b>585,787</b>	<b>555,967</b>	<b>585,778</b>	<b>555,958</b>
Represented by:					
<b>Unitholders' funds</b>		<b>585,787</b>	<b>555,967</b>	<b>585,778</b>	<b>555,958</b>
<b>Units in issue ('000)</b>	8	<b>1,096,121</b>	<b>1,069,950</b>	<b>1,096,121</b>	<b>1,069,950</b>
<b>Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$)</b>		<b>0.53</b>	<b>0.52</b>	<b>0.53</b>	<b>0.52</b>

\* Less than \$1,000

Approval by:

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**Tan Cheong Hin**  
Chairman

26 January 2023

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

**Consolidated Statement of Total Return  
Half-year ended and year ended 31 December 2022**

		<-----Group----->			
		1 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Note					
	Gross revenue	50,057	42,821	94,907	81,913
9	Property expenses	(23,803)	(16,566)	(41,624)	(29,960)
	<b>Net property income</b>	<b>26,254</b>	<b>26,255</b>	<b>53,283</b>	<b>51,953</b>
	Finance income	57	15	85	30
	Finance costs	(6,481)	(6,964)	(14,459)	(12,343)
	Finance costs relating to lease liabilities	(1,604)	(1,620)	(3,219)	(3,255)
10	<b>Net finance costs</b>	<b>(8,028)</b>	<b>(8,569)</b>	<b>(17,593)</b>	<b>(15,568)</b>
	Manager's fees	(2,255)	(2,520)	(4,438)	(4,655)
	Trustee's fees	(179)	(179)	(355)	(349)
	Donation	-	(5)	(5)	(5)
11	Other trust expenses	(517)	(655)	(1,331)	(684)
	<b>Net income</b>	<b>15,275</b>	<b>14,327</b>	<b>29,561</b>	<b>30,692</b>
	Net change in fair value of financial derivatives	1,814	1,021	8,903	2,127
	Net change in fair value of investment properties	11,004	(1,051)	14,304	15,999
	<b>Total return for the period/year before tax and distribution</b>	<b>28,093</b>	<b>14,297</b>	<b>52,768</b>	<b>48,818</b>
12	Tax expense	*	*	*	*
	<b>Total return for the period/year after tax and before distribution</b>	<b>28,093</b>	<b>14,297</b>	<b>52,768</b>	<b>48,818</b>
	<b>Earnings per Unit (cents)</b>				
14	Basic	2.58	1.35	4.87	4.61
14	Diluted	2.58	1.35	4.87	4.61

\* Less than \$1,000

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

**Consolidated Distribution Statement  
Half-year ended and year ended 31 December 2022**

	-----Group-----			
	<b>1 July 2022 to 31 December 2022 \$'000</b>	<b>1 July 2021 to 31 December 2021 \$'000</b>	<b>1 January 2022 to 31 December 2022 \$'000</b>	<b>1 January 2021 to 31 December 2021 \$'000</b>
<b>Amount available for distribution to Unitholders at beginning of the period/year</b>	17,411	15,786	17,062	24,259
Total return for the period/year after tax and before distribution	28,093	14,297	52,768	48,818
Non-tax deductible/ (chargeable) items:				
Amortisation of transaction costs	717	1,912	3,527	2,580
Trustee's fees	179	179	355	349
Net change in fair value of financial derivatives	(1,814)	(1,021)	(8,903)	(2,127)
Net change in fair value of investment properties	(11,004)	1,051	(14,304)	(15,999)
Effects of recognising rental income on a straight-line basis over the lease term	(415)	(351)	(192)	(731)
Finance costs relating to lease liabilities	1,604	1,620	3,219	3,255
Land rent expenses	(2,794)	(2,339)	(4,843)	(4,736)
Other items	1,357	1,514	1,443	1,095
<b>Net effect of non-tax deductible items</b>	<b>(12,170)</b>	<b>2,565</b>	<b>(19,698)</b>	<b>(16,314)</b>
<b>Income available for distribution to Unitholders for the period/year</b>	<b>15,923</b>	<b>16,862</b>	<b>33,070</b>	<b>32,504</b>
Capital gains	-	-	-	-
<b>Total amount available for distribution to Unitholders for the period/year</b>	<b>33,334</b>	<b>32,648</b>	<b>50,132</b>	<b>56,763</b>

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

**Consolidated Distribution Statements (cont'd)  
Half-year ended and year ended 31 December 2022**

	-----Group----->			
	<b>1 July 2022 to 31 December 2022 \$'000</b>	<b>1 July 2021 to 31 December 2021 \$'000</b>	<b>1 January 2022 to 31 December 2022 \$'000</b>	<b>1 January 2021 to 31 December 2021 \$'000</b>
Distribution of 2.29 cents per Unit for the period 1 July 2020 to 31 December 2020	–	–	–	(24,115)
Distribution of 1.48 cents per Unit for the period 1 January 2021 to 30 June 2021	–	(15,586)	–	(15,586)
Distribution of 1.57 cents per Unit for the period 1 July 2021 to 31 December 2021	–	–	(16,798)	–
Distribution of 1.59 cents per Unit for the period 1 January 2022 to 30 June 2022	(17,206)	–	(17,206)	–
	(17,206)	(15,586)	(34,004)	(39,701)
<b>Amount available for distribution to Unitholders at end of the period/year*</b>	16,128	17,062	16,128	17,062
<b>Number of Units entitled to distributions ('000) (Note 8)</b>	1,096,121	1,069,950	1,096,121	1,069,950
<b>Distribution per Unit (cents)</b>	1.46	1.57	3.05	3.05

\* 26,171,057 Units (2021: 16,866,738 Units) amounting to approximately \$11,119,000 (2021: \$7,133,000) were issued by the Trust as part payment of distributions in respect of period from 1 July 2021 to 30 June 2022 (2021: 1 January 2021 to 30 June 2021), pursuant to the Distribution Reinvestment Plan.

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

**Statements of Movements in Unitholders' Funds  
Year ended 31 December 2022**

	<b>Group</b>		<b>Trust</b>	
	<b>1 January 2022 to 31 December 2022 \$'000</b>	<b>1 January 2021 to 31 December 2021 \$'000</b>	<b>1 January 2022 to 31 December 2022 \$'000</b>	<b>1 January 2021 to 31 December 2021 \$'000</b>
<b>Balance at beginning of the period/year</b>	555,967	539,747	555,958	539,738
<b>Operations</b>				
Total return after tax and before distribution	52,768	48,818	52,768	48,818
<b>Unitholders' transactions</b>				
Distributions declared to Unitholders	(34,004)	(39,701)	(34,004)	(39,701)
Unit issued through Distribution Reinvestment Plan	11,119	7,133	11,119	7,133
Equity issue costs pursuant to: Distribution Reinvestment Plan	(63)	(30)	(63)	(30)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	(22,948)	(32,598)	(22,948)	(32,598)
<b>Unitholders' funds at end of the period/year</b>	585,787	555,967	585,778	555,958

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

**Consolidated Portfolio Statement  
As at 31 December 2022**

**Group**

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					31 December 2022 %	31 December 2021 %	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 %	31 December 2021 %
New Tech Park	High-tech industrial	45	33	151 Lorong Chuan	77	81	362,700	355,000	61.9	63.9
8 Commonwealth Lane	High-tech industrial	53	36	8 Commonwealth Lane	82	100	54,700	55,400	9.3	10.0
Frontech Centre	High-tech industrial	99	38	15 Jalan Kilang Barat	66	94	22,700	21,700	3.9	3.9
1 Tuas Avenue 4*	High-tech industrial	51.3	24	1 Tuas Avenue 4	–	–	9,000	9,000	1.5	1.6
BTC Centre	High-tech industrial	50	34	23 Serangoon North Avenue 5	96	85	42,200	40,500	7.2	7.3
508 Chai Chee Lane	High-tech industrial	59	37	508 Chai Chee Lane	99	99	67,000	66,000	11.4	11.9
33 & 35 Penjuru Lane	Chemical warehouse & logistics	61	26	33 & 35 Penjuru Lane	100	100	41,600	40,800	7.1	7.3
18 Gul Drive	Chemical warehouse & logistics	33	16	18 Gul Drive	100	100	19,000	19,000	3.2	3.4
Penjuru Logistics Hub	Warehouse & logistics	30	10	34 Penjuru Lane	99	99	29,500	29,800	5.0	5.4
Freight Links Express Logisticcentre	Warehouse & logistics	60	32	51 Penjuru Road	93	93	30,500	29,100	5.2	5.2
26 Loyang Drive	Warehouse & logistics	48	31	26 Loyang Drive	100	100	26,200	24,500	4.5	4.4
<i>Balance carried forward</i>							705,100	690,800	120.2	124.3

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

**Consolidated Portfolio Statement  
As at 31 December 2022 (continued)**

**Group**

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					31 December 2022 %	31 December 2021 %	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 %	31 December 2021 %
<i>Balance brought forward</i>							705,100	690,800	120.2	124.3
3A Joo Koon Circle	Warehouse & logistics	60	25	3A Joo Koon Circle	96	96	33,900	33,500	5.8	6.0
2 Toh Tuck Link	Warehouse & logistics	60	34	2 Toh Tuck Link	98	98	30,500	29,800	5.2	5.4
10 Changi South Street 2	Warehouse & logistics	57	29	10 Changi South Street 2	74	80	37,400	36,700	6.4	6.6
123 Genting Lane	General industrial	60	19	123 Genting Lane	85	85	16,500	16,400	2.8	2.9
30 & 32 Tuas Avenue 8	General industrial	60	34	30 & 32 Tuas Avenue 8	100	–	28,900	26,200	4.9	4.7
39 Ubi Road 1	General industrial	60	29	39 Ubi Road 1	99	99	18,200	17,700	3.1	3.2
21 Joo Koon Crescent	General industrial	60	31	21 Joo Koon Crescent	100	100	15,200	15,100	2.6	2.7
<b>Investment properties – Fair value</b>							885,700	866,200	151.0	155.8
Investment properties – Right-of-use assets							76,479	76,713	13.1	13.8
<b>Total investment properties</b>							962,179	942,913	164.1	169.6
Other assets and liabilities							(376,392)	(386,946)	(64.1)	(69.6)
<b>Net assets attributable to Unitholders' Funds</b>							585,787	555,967	100.0	100.0

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



**Consolidated Portfolio Statement  
As at 31 December 2022 (continued)**

	<b>Carrying values as at</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>As disclosed in the Statements of Financial Position:</b>		
Investment properties – non-current	962,179	942,913

- \* Includes the period covered by the relevant options to renew
- # Remaining lease term includes optional lease term.

The carrying amount of the investment properties and investment property held for divestment as at 31 December 2022 were based on independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd. and Savills Valuation And Professional Services (S) Pte Ltd. (31 December 2021: Full valuations undertaken by CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd). Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment schemes issued by the Monetary Authority of Singapore.

Investment properties comprise properties used for the purpose of high-tech industrial, chemical warehouse and logistics, warehouse and logistics and general industrial use. Generally, the leases contain an initial non-cancellable period of three to ten years. Subsequent renewals are negotiated with the lessee. As at 31 December 2022, 151 Lorong Chuan, 8 Commonwealth Lane, 123 Genting Lane, 508 Chai Chee Lane, 2 Toh Tuck Link, 23 Serangoon North Avenue 5, 34 Penjuru Lane, 15 Jalan Kilang Barat, 39 Ubi Road 1, 10 Changi South Street 2, 51 Penjuru Road and 3A Joo Koon Circle are leased on individual lease agreements, 1 Tuas Avenue 4 is vacant and the other investment properties are leased on master lease agreements. (31 December 2021: 151 Lorong Chuan, 8 Commonwealth Lane, 123 Genting Lane, 508 Chai Chee Lane, 2 Toh Tuck Link, 23 Serangoon North Avenue 5, 34 Penjuru Lane, 15 Jalan Kilang Barat, 39 Ubi Road 1, 10 Changi South Street 2, 51 Penjuru Road and 3A Joo Koon Circle are leased on individual lease agreements, 1 Tuas Avenue 4 and 30 & 32 Tuas Avenue 8 are vacant and the other investment properties are leased on master lease agreements)

**Consolidated Statement of Cash Flows  
For the year ended 31 December 2022**

	<b>Group</b>	
	<b>1 January 2022 to 31 December 2022 \$'000</b>	<b>1 January 2021 to 31 December 2021 \$'000</b>
<b>Cash flows from operating activities</b>		
Total return for the year after taxation and before distribution	52,768	48,818
Adjustments for:		
Net change in fair value of financial derivatives	(8,903)	(2,127)
Net change in fair value of investment properties	(14,304)	(15,999)
Net finance costs	17,593	15,568
	47,154	46,260
Change in trade and other receivables	(2,512)	150
Change in trade and other payables	3,806	2,423
Cash generated from operations	48,448	48,833
Interest on late payment of rent received / Ta'widh (compensation on late payment of rent) received	80	19
<b>Net cash from operating activities</b>	48,528	48,852
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(2,680)	(9,541)
Interest/Profit income received	5	11
<b>Net cash used in investing activities</b>	(2,675)	(9,530)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	120,500	334,830
Repayment of borrowings	(141,847)	(306,247)
Transaction costs paid	(3,583)	(5,522)
Payment of lease liabilities	(1,624)	(1,542)
Finance costs relating to lease liabilities	(3,219)	(3,255)
Finance costs paid	(10,979)	(8,652)
Distributions paid	(22,948)	(32,598)
<b>Net cash used in financing activities</b>	(63,700)	(22,986)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(17,847)	16,336
Cash and cash equivalents at beginning of the year	25,856	9,520
<b>Cash and cash equivalents at end of the year</b>	8,009	25,856

Significant non-cash transactions

26,171,057 Units (2021: 16,866,738 Units) amounting to approximately \$11,119,000 (2021: \$7,133,000) were issued by the Trust as part payment of distributions in respect of period from 1 July 2021 to 30 June 2022 (2021: 1 January 2021 to 30 June 2021), pursuant to the Distribution Reinvestment Plan.

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

## **Notes to the Interim Financial Information**

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

### **1 General**

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

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

The Financial Information of the Group as at and for the year ended 31 December 2022 comprises the Trust and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

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

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

### **2 Summary of significant accounting policies**

#### *2.1 Basis of preparation*

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

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

## **2 Summary of significant accounting policies (continued)**

### *2.1 Basis of preparation (continued)*

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 17 to the Financial Information.

The accounting policies applied by the Group in this Financial Information are the same as those applied by the Group in its audited financial statements for the year ended 31 December 2021, apart from the adoption of the new or amended standards which are effective from 1 January 2022.

### *2.2 Going concern*

As at 31 December 2022, the Group is in a net current liabilities of \$8.3 million (31 December 2021: net current asset of \$9.1 million) mainly due to the Group's net repayment of non-current bank loans of \$20.0 million and \$2.5 million of revolving credit facility. Notwithstanding the above, the Interim Financial Information has been prepared on a going concern basis as the Manager believes that the Group will be able to meet its funding requirements to enable continuation of its operations for the next twelve months.

## **3 Seasonal operations**

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

## 4 Investment properties

### *Investment properties*

	<b>31 December 2022</b>			<b>31 December 2021</b>
	<b>Fair value \$'000</b>	<b>ROU assets \$'000</b>	<b>Total \$'000</b>	<b>Total \$'000</b>
<b>Group and Trust</b>				
Balance at beginning of the year	866,200	76,713	942,913	904,565
Reclassification from investment property held for divestment	–	–	–	13,794
Capital expenditure	3,018	–	3,018	7,475
Straight-line adjustments in accordance with FRS 116	192	–	192	731
Net change in fair value of investment properties	15,928	(1,624)	14,304	15,999
Remeasurement of ROU assets	–	1,390	1,390	(4)
Capitalisation of leasing commission	636	–	636	353
Amortisation of leasing commission	(274)	–	(274)	–
Balance at end of the year	<u>885,700</u>	<u>76,479</u>	<u>962,179</u>	<u>942,913</u>

### *Investment property held for divestment*

	<b>31 December 2021 Total \$'000</b>
<b>Group and Trust</b>	
Balance at beginning of the year	13,794
Reclassification to investment properties	<u>(13,794)</u>
Balance at end of the year	<u>–</u>

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

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

### **Security**

As at 31 December 2022, all investment properties of the Group and the trust are subject to a negative pledge in connection with the borrowing facilities.

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

## **4 Investment properties (continued)**

### **Measurement of fair value**

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.

The valuers have considered 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 and investment properties held for divestment are carried at fair value based on Level 3 of the fair value hierarchy as inputs are unobservable.

Certain investment properties' valuation reports highlighted that in light of the heightened macro-economic, geopolitical and supply chain risks as well as continued and escalating COVID-related risks (in some location), global economic uncertainty has surged. While the local property markets have continued to perform and that the liquidity in the market remained strong, the ongoing geopolitical headwinds, economic uncertainty and rising interest rate cost may have impact on the Singapore economy and the property market. Hence, the valuer continues to monitor the situation closely and in due course, it may be appropriate to reflect any potential impact on the value.

## 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"> <li>• Capitalisation rates from 5.50% to 6.25% (2021 5.50% to 6.50%)</li> <li>• Discount rates at 7.25% to 7.50% (2021: 7.25% to 7.75%)</li> <li>• Terminal yield rates from 5.75% to 6.25% (2021: 5.75% to 6.75%)</li> <li>• Vacancy assumption rates from 0.00% to 21.00% (2021: 1.00% to 10.00%)</li> <li>• Rental growth rates from 2.21% to 12.20% (2021: 1.50% to 3.50%)</li> </ul>	<p>The estimated fair value of investment properties would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• the capitalisation rates were lower/(higher);</li> <li>• the discount rates were lower/(higher);</li> <li>• the terminal yield rates were lower/(higher);</li> <li>• the vacancy assumption rates were lower/(higher); or</li> <li>• the rental growth rates were higher/(lower).</li> </ul>

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 development cost to complete for the 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	
	31 December 2022	31 December 2021
	\$'000	\$'000
Equity investments at cost	*	*

\* Less than \$1,000

## 5 Subsidiary (continued)

Details of the subsidiary of the Group are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			31 December 2022	31 December 2021
Sabana Sukuk Pte. Ltd. <sup>(1)</sup>	Provision of treasury services	Singapore	100%	100%

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

## 6 Borrowings

Note	Group		Trust		
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	
<b>Secured borrowings</b>					
Murabahah Facilities					
- Term	6(a)	–	122,536	–	122,536
Less: Unamortised capitalised transaction costs		–	(1,056)	–	(1,056)
<b>Total borrowings</b> <sup>(1)</sup>		–	121,480	–	121,480
<b>Unsecured borrowings</b>					
Unsecured Term Loan Facility					
6(b)	293,000	193,000	293,000	193,000	
Less: Unamortised capitalised transaction costs		(4,079)	(2,891)	(4,079)	(2,891)
	288,921	190,109	288,921	190,109	
<b>Total non-current borrowings</b> <sup>(1)</sup>	288,921	311,589	288,921	311,589	

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



## 6 Borrowings (continued)

### (a) Murabahah Facilities

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

### (b) Unsecured Term Loan Facility

The outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024.
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.
- (iv) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (v) 5-year term loan facilities of \$50.0 million maturing in March 2027.

## 7 Derivative financial instruments

	Group		Trust	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<b>Non-current assets</b>				
Interest/Profit rate swaps at fair value through Statement of Total Return	6,647	191	6,647	191
<b>Current assets</b>				
Interest/Profit rate swaps at fair value through Statement of Total Return	1,711	-	1,711	-
Total derivative financial instruments	8,358	191	8,358	191
Derivative financial instruments as a percentage of net assets	1.43%	0.03%	1.43%	0.03%

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

Interest/Profit rate swaps with a total notional amount of \$242.5 million (31 December 2021: \$210.0 million) had been entered into at the reporting date to provide fixed rate funding for terms of 1.0 to 4.0 years (31 December 2021: 2.0 to 3.0 years).

## 8 Units in issue and to be issued

	<b>Group and Trust</b>	
	<b>31 December 2022 '000</b>	<b>31 December 2021 '000</b>
<b>Units in issue:</b>		
At beginning of the year	1,069,950	1,053,084
<b>Units issued:</b>		
- Distribution Reinvestment Plan	26,171	16,866
Total issued Units at the end of the year	1,096,121	1,069,950

## 9 Property expenses

Included in property expenses is a net write off of impairment loss of \$267,565 on trade receivables for the period (1 July 2021 to 31 December 2021: \$31,667) and \$41,668 of impairment loss for the year (1 January 2021 to 31 December 2021: \$789,782).

## 10 Net finance cost

	<-----Group----->			
	<b>1 July 2022 to 31 December 2022 \$'000</b>	<b>1 July 2021 to 31 December 2021 \$'000</b>	<b>1 January 2022 to 31 December 2022 \$'000</b>	<b>1 January 2021 to 31 December 2021 \$'000</b>
<b>Finance income</b>				
Interest income from fixed deposit	2	3	5	11
Interest on late payment of rent / Ta'widh (compensation on late payment of rent)	55	12	80	19
	57	15	85	30
<b>Finance costs:</b>				
Interest expense:				
Commodity Murabaha facilities	-	918	-	2,382
Murabahah facilities	-	1,985	793	3,681
Term loan facility	6,866	1,021	10,071	1,366
Revolving loan facility	365	327	730	516
Lease liabilities	1,604	1,620	3,219	3,255
Interest/Profit rate swaps	(1,502)	739	(737)	1,679
Amortisation of transaction costs	717	1,912	3,527	2,580
Brokerage and agent fees	35	62	75	139
<b>Finance expenses</b>	8,085	8,584	17,678	15,598
<b>Net financing costs</b>	8,028	8,569	17,593	15,568

## 11 Other trust expenses

Included in other trust expenses are:

	Group			
	1 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Audit fees	109	145	218	212
Non-audit fees	48	21	80	69
Valuation fees	50	50	100	100
Professional fees	236	217	638	43
Other expenses	74	222	295	260
	517	655	1,331	684

## 12 Tax expense

	Group			
	1 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
<b>Tax expense</b>				
Current period/year	*	*	*	*
<b>Reconciliation of effective tax rate</b>				
Total return for the period/year before taxation and distribution	28,093	14,297	52,768	48,818
Tax calculated using Singapore tax rate of 17% (31 December 2021: 17%)	4,776	2,430	8,971	8,299
Non-tax chargeable items	(2,250)	(233)	(3,978)	(3,206)
Non-tax deductible items	656	1,067	1,453	1,238
Tax exempt income	(475)	(398)	(823)	(805)
Tax transparency	(2,707)	(2,866)	(5,623)	(5,526)
	*	*	*	*

\* Less than \$1,000

## 13 Contingent liabilities

As at 31 December 2022, the Group has obtained banker's guarantee of \$768,000 (31 December 2021: \$1,079,000) during the year for deposits required by utilities providers.

## 14 Earnings per Unit

Basic and diluted earnings per Unit is based on:

	Group			
	1 July 2022 to 31 December 2022 '000	1 July 2021 to 31 December 2021 '000	1 January 2022 to 31 December 2022 '000	1 January 2021 to 31 December 2021 '000
Total return for the period/year after taxation and before distribution	28,093	14,297	52,768	48,818
<b>Number of Units</b>				
Weighted average number of Units	1,090,348	1,062,525	1,083,640	1,057,843
Earnings per unit (cents)	2.58	1.35	4.87	4.61

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

	Group and Trust			
	1 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000	1 January 2022 to 31 December 2022 \$'000	1 January 2021 to 31 December 2021 \$'000
Manager's fees and reimbursables paid/payable to the Manager	2,255	2,520	4,438	4,655
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,462	1,262	2,811	2,410
Trustee fees paid/payable to the Trustee	179	179	355	349

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

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

(i) *Derivatives*

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

(ii) *Borrowings*

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

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

## 17 Financial ratios

	<b>Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>%</b>	<b>%</b>
Ratio of expenses to weighted average net assets <sup>(1)</sup>		
- including performance component of Manager's fees	1.08	1.05
- excluding performance component of Manager's fees	1.08	1.00

<sup>(1)</sup> 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.

## **Other Information Required by Listing Rule Appendix 7.2**

- 1 (a)(i) Statement of Total Return and Distribution Statement (FY 2022 vs FY 2021)**
- Please refer to page FS2, FS3 and FS4 of the Interim Financial Information.
- (b)(i) Statement of Financial position, together with comparatives as at the end of the immediate preceding financial year**
- Please refer to page FS1 of the Interim Financial Information.
- (b)(ii) Aggregate amount of borrowings and debt securities**
- Please refer to page FS15, Note 6 of the Interim Financial Information.
- (c) Statement of Cash Flows**
- Please refer to page FS9 of the Interim Financial Information.
- (d)(i) Statement of Movements in Unitholders' Funds**
- Please refer to page FS5 of the Interim Financial Information.
- (d)(ii) Details of any changes in the Units**
- Please refer to page FS17, Note 8 of the Interim Financial Information.
- (d)(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period**
- Not applicable.
- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**
- The figures have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”.
- 3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**
- Please see attached review report.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2021.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”) of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

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

**7. Net asset value per unit and net tangible asset per unit based on units issued at the end of the financial period and immediately preceding financial year**

Please refer to Appendix 1.

**8. Review of performance of the Group**

Please refer to Appendix 2.

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

The Manager has not disclosed any financial forecast to the market. However, as indicated in the previous interim business update dated 19 October 2022, the Manager will continue its focus on executing its growth plan through active asset management and progressing on asset enhancement initiatives.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 2.2% year-on-year (“y-o-y”) in the fourth quarter of 2022, moderating from the 4.2% growth in the previous quarter. For 2022, Singapore’s Gross Domestic Product (“GDP”) grew by 3.8%, slower than the 7.6% growth in 2021. The manufacturing sector contracted by 3.0% y-o-y in the fourth quarter of 2022, a reversal from the 1.4% growth in the previous quarter.

This came on the back of output contractions in the electronics, chemicals, and biomedical manufacturing clusters<sup>1</sup>.

According to data from the Singapore Institute of Purchasing and Materials Management (SIPMM), the Purchasing Managers' Index (PMI) dipped 0.1 point from the previous month to 49.7 in December 2022, the fourth consecutive month of contraction in overall activity<sup>2</sup>.

According to JTC, the overall occupancy rate for the industrial property market stood at 89.4% in 4Q 2022. This was a fall of 0.3 percentage points compared to the previous quarter, as new completions picked up significantly in the 4Q 2022 and new supply has exceeded new demand. Notwithstanding the drop in occupancy, the all-industrial rental index and all-industrial price index for 4Q 2022 rose by 2.1% and 1.7% respectively, as compared to the previous quarter<sup>3</sup>.

MTI has launched 7.16 hectares of industrial land for tender in the Industrial Government Land Sales programme for the first half of 2023, compared to 4.48 hectares and 6.36 hectares offered in the first half and second half of the 2022 programme, respectively<sup>4</sup>.

Based on CBRE research, while the full-year rental growth for prime logistics and warehouse reached 10.2% and 6.6% y-o-y respectively, attributed to occupiers raising inventory levels, this pace is expected to moderate in 2023 due to weakened economic outlook and as occupiers become more cost sensitive<sup>5</sup>. According to Cushman & Wakefield Singapore Market Outlook 2023, warehouse demand could slow in 2023 amid lower e-commerce demand, and an expected easing of supply chain disruptions in 2023 would slow stockpiling demand<sup>6</sup>.

While Singapore's economy gradually recovers, the global economy continues to face steep challenges, namely from the lingering impact of the Ukraine war, an ever-increasing likelihood of a recession, broadening inflation pressures, and the slowdown in China. According to IMF's latest forecasts, global growth is projected to remain unchanged in 2022 at 3.2% and to slow to 2.7% in 2023, with a 25% probability that it could fall below 2%<sup>7</sup>. Furthermore, rising energy prices and interest rates amid an uncertain macroeconomic environment are expected to continue for the coming quarters<sup>8</sup>.

Since early 2022, the Manager has taken proactive measures to reduce overall utility consumption across the portfolio and initiated the process at 508 Chai Chee Lane. It is continuing with its efforts to implement energy and cost-saving measures across the portfolio and at the same time, further optimise the capital structure of REIT.

On a broader level, the Manager continues to see steady demand in the Singapore industrial sector and remains cautiously optimistic in its mid-term outlook. The Manager will stay focused on proactive lease management and enhancing its existing properties to cater to the changing tenant requirements. Sabana Industrial REIT will also continue to manage its costs prudently, optimise its funding sources and seize opportunities to enhance its portfolio resilience, to deliver long-term sustainable value for all Unitholders.

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<sup>1</sup> *MTI - Singapore's GDP Grew by 2.2 Per Cent in the Fourth Quarter of 2022 and by 3.8 Per Cent in 2022 – 3 Jan 2023*

<sup>2</sup> *Singapore Institute of Purchasing and Materials Management (SIPMM) – Singapore PMI summary as of December 2022*

<sup>3</sup> *JTC Quarterly Market Report for 4Q2022" – 26 January 2023*

<sup>4</sup> *"Launch of first half 2023 Industrial Government Land Sales programme". Ministry of Trade and Industry Singapore. 28 December 2022*

<sup>5</sup> *CBRE Research – Q4 2022 – 11 Jan 2023*

<sup>6</sup> *Cushman & Wakefield Research – Singapore Market Outlook 2023*

<sup>7</sup> *IMF – World Economic Outlook, Countering the Cost-of-Living Crisis – Oct 2022*

<sup>8</sup> *JP Morgan – Investment Outlook 2023*



## 11. Distributions

### (a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 July 2022 to 31 December 2022

<b>Distribution Type</b>	<b>Distribution Rate (cents)</b>
Taxable Income	1.46
Tax Exempt Income	–
Capital	–
<b>Total</b>	<b>1.46</b>

### (b) Corresponding period of the preceding financial period

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

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

<b>Distribution Type</b>	<b>Distribution Rate (cents)</b>
Taxable Income	1.42
Tax Exempt Income	0.15
Capital	–
<b>Total</b>	<b>1.57</b>

### (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:** 7 February 2023

(e) **Date payable :** 27 March 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. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.**

Please refer to Appendix 3.

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

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

**16. Breakdown of sales as follows:**

	<b>Group</b>		
	YTD		Fav / (Unfav)
	31/12/22	31/12/21	
	S\$'000	S\$'000	%
(a) Gross revenue reported for first half year	44,850	39,092	14.7
(b) Total return after tax before distribution for first half year	24,675	34,521	(28.5)
(c) Gross revenue reported for second half year	50,057	42,821	16.9
(d) Total return after tax before distribution for second half year	28,093	14,297	96.5

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

	<b>Group</b>	
	YTD	
	31/12/22	31/12/21
	S\$'000	S\$'000
<b>In respect of the half year from:</b>		
1 July 2022 - 31 December 2022 <sup>(a)</sup>	15,894	-
1 January 2022 - 30 June 2022	17,206	-
1 July 2021 - 31 December 2021	-	16,798
1 January 2021 - 30 June 2021	-	15,586
	<b>33,100</b>	<b>32,384</b>

**Note:**

(a) The distribution for the half year from 1 July 2022 to 31 December 2022 is payable in March 2023.

**18. General mandate for Interested Person Transactions**

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of the Trust (the “Manager”) which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 31 December 2022, statement of total return & distribution statements, statement of cash flows and statement of movements in Unitholders’ funds for the full-year ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

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

The Manager of Sabana 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.

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

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

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

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Tan Cheong Hin  
Director

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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

26 January 2023

**Appendix 1**

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

**Note:**

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,096,121,325 (31 December 2021: 1,069,950,268).
- (b) The increase in NAV and NTA per unit is mainly due to the revaluation of investment properties based on independent valuations of the properties undertaken by independent valuers.

**Appendix 2**

**Review of the Performance of the Group for the current financial period reported on**

**2H 2022 vs 2H 2021**

<b><u>Statement of Total Return</u></b>	<b>Group</b>		
	2H 2022	2H 2021	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	50,057	42,821	16.9
Property expenses	(23,803)	(16,566)	(43.7)
<b>Net property income <sup>(a)</sup></b>	<b>26,254</b>	<b>26,255</b>	–
Finance income <sup>(b)</sup>	57	15	280.0
Finance costs <sup>(c)</sup>	(6,481)	(6,964)	6.9
Finance costs relating to lease liabilities	(1,604)	(1,620)	1.0
<b>Net finance costs</b>	<b>(8,028)</b>	<b>(8,569)</b>	<b>6.3</b>
Manager's fees <sup>(d)</sup>	(2,255)	(2,520)	10.5
Trustee's fees	(179)	(179)	–
Donation	–	(5)	–
Other trust expenses <sup>(e)</sup>	(517)	(655)	21.1
<b>Net income</b>	<b>15,275</b>	<b>14,327</b>	<b>6.6</b>
Net change in fair value of financial derivatives <sup>(f)</sup>	1,814	1,021	n.m
Net change in fair value of investment properties <sup>(g)</sup>	11,004	(1,051)	n.m
<b>Total return for the period before taxation</b>	<b>28,093</b>	<b>14,297</b>	<b>n.m</b>
Tax expense	*	*	–
<b>Total return for the period after taxation</b>	<b>28,093</b>	<b>14,297</b>	<b>n.m</b>
Distribution adjustments	(12,170)	2,565	n.m
<b>Total income available for distribution to Unitholders for the period <sup>(h)</sup></b>	<b>15,923</b>	<b>16,862</b>	<b>(5.6)</b>
<b>Total distribution amount declared to Unitholders for the period <sup>(i)</sup></b>	<b>15,923</b>	<b>16,862</b>	<b>(5.6)</b>

n.m denotes “not meaningful”

\* Less than S\$1,000

**Notes:**

- (a) Net property income for 2H 2022 remained consistent with prior period.
- (b) Higher finance income mainly due to higher charges on late payment of rent to the tenants.
- (c) Finance costs decreased by 6.9% mainly due to lower one-off amortisation of upfront fees of the new loan facilities in 2H 2022 over 2H 2021, and partially offset by the increase in interest rates in 2H 2022.
- (d) Manager's fees decreased by 10.5% mainly due to a one-off performance fees incurred in 2H 2021, which are chargeable when the REIT achieves a 10.0% annual growth in DPU over the previous financial year.
- (e) Other trust expenses decreased mainly due to lower professional fees in 2H 2022.
- (f) The net change in fair value of financial derivatives relates to the fair value change of the interest rate swaps recognised.
- (g) 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.
- (h) Income available for distribution decreased by 5.6% mainly due to higher finance costs (excluding amortisation of transaction costs) in 2H 2022 over 2H 2021.
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.

**Review of the Performance of the Group for the current financial period reported on**

**FY 2022 vs FY 2021**

<b><u>Statement of Total Return</u></b>	<b>Group</b>		
	FY 2022	FY 2021	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	94,907	81,913	15.9
Property expenses	(41,624)	(29,960)	(38.9)
<b>Net property income <sup>(a)</sup></b>	<b>53,283</b>	<b>51,953</b>	<b>2.6</b>
Finance income <sup>(b)</sup>	85	30	183.3
Finance costs <sup>(c)</sup>	(14,459)	(12,343)	(17.1)
Finance costs relating to lease liabilities	(3,219)	(3,255)	1.1
<b>Net finance costs</b>	<b>(17,593)</b>	<b>(15,568)</b>	<b>(13.0)</b>
Manager's fees <sup>(d)</sup>	(4,438)	(4,655)	4.7
Trustee's fees	(355)	(349)	(1.7)
Donation	(5)	(5)	–
Other trust expenses <sup>(e)</sup>	(1,331)	(684)	(94.6)
<b>Net income</b>	<b>29,561</b>	<b>30,692</b>	<b>(3.7)</b>
Net change in fair value of financial derivatives <sup>(f)</sup>	8,903	2,127	n.m
Net change in fair value of investment properties <sup>(g)</sup>	14,304	15,999	n.m
<b>Total return for the period before taxation</b>	<b>52,768</b>	<b>48,818</b>	<b>n.m</b>
Tax expense	*	*	–
<b>Total return for the period after taxation</b>	<b>52,768</b>	<b>48,818</b>	<b>n.m</b>
Distribution adjustments	(19,698)	(16,314)	n.m
<b>Total income available for distribution to Unitholders for the period <sup>(h)</sup></b>	<b>33,070</b>	<b>32,504</b>	<b>1.7</b>
<b>Total distribution amount declared to Unitholders for the period <sup>(i)</sup></b>	<b>33,070</b>	<b>32,504</b>	<b>1.7</b>

n.m denotes “not meaningful”

\* Less than S\$1,000



**Notes:**

- (a) Net property income for FY 2022 increased by 2.6% mainly due to higher contribution from 10 Changi South Street 2, 23 Serangoon North Avenue 5, 30 & 32 Tuas Avenue 8, 34 Penjuru Lane, 39 Ubi Road 1, 3A Joo Koon Circle, 508 Chai Chee Lane and 51 Penjuru Road, 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 increased by 17.1% mainly due to the increase in interest expenses and higher amortisation of upfront fees in FY 2022 over FY 2021.
- (d) Manager's fees decreased by 4.7% mainly due to a one-off performance fees incurred in FY 2021, which are chargeable when the REIT achieves a 10.0% annual growth in DPU over the previous financial year.
- (e) Other trust expenses increased by 94.6% mainly due to a one-off reversal of non-tax deductible professional fees in FY 2021.
- (f) The net change in fair value of financial derivatives relates to the fair value change of the interest rate swaps recognised.
- (g) 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.
- (h) Income available for distribution increased by 1.7% mainly due to higher net property income in FY 2022 over FY 2021 and partially offset by higher finance costs (excluding amortisation of transaction costs)
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.

**Appendix 3**

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

<b>Total gross revenue by property types</b>	<b>Group</b>		
	YTD		Fav /
	31/12/22	31/12/21	(Unfav)
	S\$'000	S\$'000	%
High-tech Industrial	63,092	52,675	19.8
Chemical Warehouse & Logistics	5,589	6,529	(14.4)
Warehouse & Logistics	19,490	17,928	8.7
General Industrial	6,736	4,781	40.9
	<b>94,907</b>	<b>81,913</b>	<b>15.9</b>

<b>Total net property income by property types</b>	<b>Group</b>		
	YTD		Fav /
	31/12/22	31/12/21	(Unfav)
	S\$'000	S\$'000	%
High-tech Industrial	31,428	30,973	1.5
Chemical Warehouse & Logistics	4,187	6,043	(30.7)
Warehouse & Logistics	13,138	11,901	10.4
General Industrial	4,530	3,036	49.2
	<b>53,283</b>	<b>51,953</b>	<b>2.6</b>



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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

26 January 2023

Dear Sirs

## **Sabana Industrial Real Estate Investment Trust Review of Interim Financial Information**

### ***Introduction***

We have reviewed the accompanying Interim Financial Information of Sabana Industrial Real Estate Investment Trust (the “Trust”) and its subsidiary (collectively the “Group”) for the half-year and the year ended 31 December 2022 as set out on pages FS1 to FS20. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 31 December 2022;
- Consolidated portfolio statement of the Group as at 31 December 2022;
- Consolidated statement of total return of the Group for the half-year and the year ended 31 December 2022;
- Consolidated distribution statement of the Group for the half-year and the year ended 31 December 2022;
- Statements of movements in unitholders’ funds of the Group and the Trust for the year ended 31 December 2022;
- Consolidated statement of cash flows of the Group for the year ended 31 December 2022; and
- Notes to the above Interim Financial Information.

The management of Sabana Real Estate Investment Management Pte. Ltd. (the “Manager” of the Trust) is responsible for the preparation and presentation of the Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) *7 Reporting Framework for Investment Funds* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on the Interim Financial Information based on our review.



***Scope of review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants.

***Restriction of Use***

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust in meeting the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited's Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its Interim Financial Information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

*KPMG LLP*

**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

Singapore