

**Sabana Shari'ah Compliant Industrial Real Estate
Investment Trust and its subsidiary**

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

Interim Financial Information
For the period from 1 January 2021 to 30 June 2021

**Statements of Financial Position
As at 30 June 2021**

	Note	Group		Trust	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Non-current assets					
Investment properties	3	926,130	904,565	926,130	904,565
Subsidiary	4	–	–	*	*
Total non-current assets		926,130	904,565	926,130	904,565
Current assets					
Investment properties held for divestment	3	13,563	13,794	13,563	13,794
Trade and other receivables		2,263	2,838	2,258	2,836
Cash and cash equivalents		16,940	9,520	16,940	9,520
Total current assets		32,766	26,152	32,761	26,150
Total assets		958,896	930,717	958,891	930,715
Current liabilities					
Trade and other payables		14,756	17,417	14,760	17,424
Borrowings	5	52,464	158,370	52,464	158,370
Derivative liabilities	6	–	201	–	201
Lease liabilities		5,933	6,130	5,933	6,130
Total current liabilities		73,153	182,118	73,157	182,125
Non-current liabilities					
Trade and other payables		9,725	7,539	9,725	7,539
Borrowings	5	251,850	125,649	251,850	125,649
Derivative liabilities	6	2,455	3,535	2,455	3,535
Lease liabilities		71,560	72,129	71,560	72,129
Total non-current liabilities		335,590	208,852	335,590	208,852
Total liabilities		408,743	390,970	408,747	390,977
Net assets		550,153	539,747	550,144	539,738
Represented by:					
Unitholders' funds		550,153	539,747	550,144	539,738
Units in issue ('000)	7	1,053,084	1,053,084	1,053,084	1,053,084

* Less than \$1,000

Approval by:

Tan Cheong Hin
Chairman
22 July 2021

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

*Sabana Shari'ah Compliant Industrial Real Estate Investment Trust
and its subsidiary*

Interim financial information

For the period from 1 January 2021 to 30 June 2021

**Consolidated Statement of Total Return
For the period from 1 January 2021 to 30 June 2021**

		Group	
		1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
Note		\$'000	\$'000
	Gross revenue	39,092	34,263
8	Property expenses	(13,394)	(13,401)
	Net property income	25,698	20,862
	Finance income	15	36
	Finance costs	(5,379)	(5,537)
	Finance costs relating to lease liabilities	(1,635)	(1,669)
9	Net finance costs	(6,999)	(7,170)
	Manager's fees	(2,135)	(2,167)
	Trustee's fees	(170)	(177)
	Donation of non-Shari'ah compliant income	-	(1)
10	Other trust expenses	(29)	(455)
	Net income	16,365	10,892
	Net change in fair value of financial derivatives	1,106	(3,960)
	Net change in fair value of investment properties	17,050	(54,712)
	Total return/(loss) for the period before tax and distribution	34,521	(47,780)
11	Tax expense	*	*
	Total return/(loss) for the period after tax and before distribution	34,521	(47,780)
	Earnings per Unit (cents)		
12	Basic	3.28	(4.54)
12	Diluted	3.28	(4.54)

* Less than \$1,000

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

**Consolidated Distribution Statement
For the period from 1 January 2021 to 30 June 2021**

	Group	
	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Amount available for distribution to Unitholders at beginning of the period	24,259	8,207
Total return/(loss) for the period/year after tax and before distribution	34,521	(47,780)
Non-tax deductible/(chargeable) items:		
Amortisation of transaction costs	668	372
Trustee's fees	170	177
Donation of non-Shari'ah compliant income	–	1
Net change in fair value of financial derivatives	(1,106)	3,960
Net change in fair value of investment properties	(17,050)	54,712
Effects of recognising rental income on a straight-line basis over the lease term	(380)	249
Finance costs relating to lease liabilities	1,635	1,669
Land rent expenses	(2,397)	(2,400)
Other items	(419)	117
Net effect of non-tax deductible items	(18,879)	58,857
Income available for distribution to Unitholders for the period	15,642	11,077
Total amount available for distribution to Unitholders for the period	39,901	19,284
Distribution of 2.29 cents per Unit for the period 1 July 2020 to 31 December 2020	(24,115)	–
Distribution of 0.77 cents per Unit for the period 1 October 2019 to 31 December 2019	–	(8,109)
	(24,115)	(8,109)
Amount available for distribution to Unitholders at end of the period	15,786	11,175
Distribution per Unit (cents)	1.48	0.47

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

*Sabana Shari'ah Compliant Industrial Real Estate Investment Trust
and its subsidiary*

Interim financial information

For the period from 1 January 2021 to 30 June 2021

**Statements of Movements in Unitholders' Funds
For the period from 1 January 2021 to 30 June 2021**

	Group		Trust	
	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Balance at beginning of the period	539,747	595,015	539,738	595,006
Operations				
Total return/(loss) after tax and before distribution	34,521	(47,780)	34,521	(47,780)
	574,268	547,235	574,259	547,226
Unitholders' transactions				
Distributions to Unitholders	(24,115)	(8,109)	(24,115)	(8,109)
Net decrease in net assets resulting from Unitholders' transactions	(24,115)	(8,109)	(24,115)	(8,109)
Unitholders' funds at end of the period	550,153	539,126	550,144	539,117

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

**Consolidated Portfolio Statement
As at 30 June 2021**

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					30 June 2021 %	31 December 2020 %	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 %	31 December 2020 %
New Tech Park	High-tech industrial	45	34	151 Lorong Chuan	82	77	350,000	333,400	63.6	61.8
8 Commonwealth Lane	High-tech industrial	53	38	8 Commonwealth Lane	91	84	55,000	53,500	10.0	9.9
Frontech Centre	High-tech industrial	99	40	15 Jalan Kilang Barat	97	98	21,300	21,300	3.9	3.9
1 Tuas Avenue 4*	High-tech industrial	51.3	26	1 Tuas Avenue 4	–	–	9,000	9,000	1.6	1.7
BTC Centre	High-tech industrial	50	35	23 Serangoon North Avenue 5	86	69	40,100	36,400	7.3	6.7
508 Chai Chee Lane	High-tech industrial	59	39	508 Chai Chee Lane	99	99	65,800	63,800	12.0	11.8
Freight Links Express Logisticpark	Chemical warehouse & logistics	61	28	33 & 35 Penjuru Lane	100	100	40,800	42,700	7.4	7.9
18 Gul Drive	Chemical warehouse & logistics	33	17	18 Gul Drive	100	100	19,200	19,200	3.5	3.6
Penjuru Logistics Hub	Warehouse & logistics	30	11	34 Penjuru Lane	99	86	31,000	33,000	5.6	6.1
Freight Links Express Logisticcentre	Warehouse & logistics	60	34	51 Penjuru Road	73	73	30,100	32,800	5.5	6.1
26 Loyang Drive	Warehouse & logistics	48	33	26 Loyang Drive	100	100	24,700	24,700	4.5	4.6
<i>Balance carried forward</i>							687,000	669,800	124.9	124.1

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

**Consolidated Portfolio Statement
As at 30 June 2021 (continued)**

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate		Carrying amount as at		% of net assets attributable to Unitholders as at		
					30 June 2021 %	as at 31 December 2020 %	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 %	31 December 2020 %	
<i>Balance brought forward</i>								687,000	669,800	124.9	124.1
3A Joo Koon Circle	Warehouse & logistics	60	26	3A Joo Koon Circle	96	56	33,500	33,800	6.1	6.3	
2 Toh Tuck Link	Warehouse & logistics	60	36	2 Toh Tuck Link	98	98	29,600	29,800	5.4	5.5	
10 Changi South Street 2	Warehouse & logistics	57	30	10 Changi South Street 2	70	64	36,400	33,700	6.6	6.2	
Yenom Industrial Building	General industrial	60	20	123 Genting Lane	85	83	16,400	16,400	3.0	3.0	
30 & 32 Tuas Avenue 8	General industrial	60	35	30 & 32 Tuas Avenue 8	–	100	26,600	24,200	4.8	4.5	
39 Ubi Road 1	General industrial	60	31	39 Ubi Road 1	98	67	17,700	17,400	3.2	3.2	
21 Joo Koon Crescent	General industrial	60	33	21 Joo Koon Crescent	100	100	15,000	15,000	2.7	2.8	
Investment properties and investment property held for divestment – Fair value							862,200	840,100	156.7	155.6	
Investment properties and investment property held for divestment – Right-of-use assets							77,493	78,259	14.1	14.5	
Total investment properties and investment property held for divestment							939,693	918,359	170.8	170.1	
Other assets and liabilities							(389,540)	(378,612)	(70.8)	(70.1)	
Net assets attributable to Unitholders' Funds							550,153	539,747	100.0	100.0	

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

**Consolidated Portfolio Statement
As at 30 June 2021 (continued)**

	Carrying values as at	
	30 June	31 December
	2021	2020
	\$'000	\$'000
As disclosed in the Statements of Financial Position:		
Investment properties – non-current	926,130	904,565
Investment property held for the divestment – current (denoted as * in the Consolidated Portfolio Statement)	13,563	13,794
	939,693	918,359

* Includes the period covered by the relevant options to renew

Remaining lease term includes optional lease term.

The carrying amount of the investment properties and investment property held for divestment as at 30 June 2021 were based on independent desktop valuations undertaken by CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd (31 December 2020: Full valuations undertaken by Cushman & Wakefield (S) Pte Ltd and SRE Global Pte Ltd). Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment schemes issued by the Monetary Authority of Singapore.

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

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

**Consolidated Statement of Cash Flows
For the period from 1 January 2021 to 30 June 2021**

	Group	
	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Cash flows from operating activities		
Total return for the period after taxation and before distribution	34,521	(47,780)
Adjustments for:		
Net change in fair value of financial derivatives	(1,106)	3,960
Net change in fair value of investment properties	(17,050)	54,712
Net finance costs	6,999	7,170
	23,364	18,062
Change in trade and other receivables	(245)	(218)
Change in trade and other payables	1,105	2,351
Cash generated from operations	24,224	20,195
Ta'widh (compensation on late payment of rent) received	7	30
Net cash from operating activities	24,231	20,225
Cash flows from investing activities		
Capital expenditure on investment properties	(6,629)	(9,667)
Profit income received	8	6
Net cash from investing activities	(6,621)	(9,661)
Cash flows from financing activities		
Proceeds from borrowings	141,830	10,390
Repayment of borrowings	(120,500)	(2,500)
Transaction costs paid	(1,722)	-
Payment of lease liabilities	(762)	(731)
Finance costs relating to lease liabilities	(1,635)	(1,669)
Finance costs paid	(3,286)	(4,451)
Distributions paid	(24,115)	(8,109)
Net cash used in financing activities	(10,190)	(7,070)
Net increase in cash and cash equivalents	7,420	3,494
Cash and cash equivalents at beginning of the period	9,520	4,099
Cash and cash equivalents at end of the period	16,940	7,593

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

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

The Financial Information of the Group as at and for the period ended 30 June 2021 comprises the Trust and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

The principal activity of the Trust is to invest in income producing real estate used for industrial purposes in Asia, as well as real estate-related assets, in line with Shari'ah investment principles. The principal activities of the subsidiary are set out on Note 4 of the Financial Information.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

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.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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 3 and 14 to the Financial Information.

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

The *Interest Rate Benchmark Reform—Phase 2 (Amendments to FRS109, FRS 39, FRS 107, FRS 104 and FRS 116)* is effective from 1 January 2021, replacing existing benchmark offered rates (IBORs) with alternative rates. The loans and profit rate swaps held by the Group are indexed to SOR/SIBOR which have yet to transition as of 30 June 2021. The Group will assess if the IBORs reform impact to the interest payments and account for leases under FRS 116 due to the change in interest rates will be significant.

2.2 Going concern

As at 30 June 2021, the current liabilities of the Group exceeded the current assets by \$40.4 million (31 December 2020: \$155.9 million) mainly due to the Group's term loan of \$30.0 million ("term loan") and revolving credit facilities of \$22.5 million (31 December 2020: \$150.5 million). The term loan is due for refinancing within the next 12 months from the reporting date. The Manager believes that existing committed facilities of \$61.3 million can be drawn upon to refinance the term loan. Notwithstanding the above, the Financial Information has been prepared on a going concern basis as the Manager believes that the Group will be able to meet its funding requirements to enable continuation of its operations for the next twelve months.

3 Investment properties

Investment properties

	Group and Trust			31 December
	30 June 2021			2020
	Fair value	ROU	Total	Total
	\$'000	assets	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the period	831,100	73,465	904,565	949,241
Capital expenditure	3,907	–	3,907	16,340
Straight-line adjustments in accordance with FRS 116	380	–	380	(178)
Net change in fair value of investment properties	17,812	(714)	17,098	(60,844)
Remeasurement of ROU assets	–	179	179	6
Balance at end of the period	<u>853,199</u>	<u>72,930</u>	<u>926,129</u>	<u>904,565</u>

Investment property held for divestment

	Group and Trust			31 December
	30 June 2021			2020
	Fair value	ROU	Total	Total
	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the period	9,000	4,794	13,794	14,888
Net change in fair value of investment properties	–	(48)	(48)	(1,094)
Remeasurement of ROU assets	–	(183)	(183)	–
Balance at end of the period	<u>9,000</u>	<u>4,563</u>	<u>13,563</u>	<u>13,794</u>

Security

As at the reporting date, investment properties with an aggregate fair value of \$853,200,000 (31 December 2020: \$788,400,000) at the Group and the Trust are pledged as security to secure certain borrowing facilities (see Note 5).

Measurement of fair value

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

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

3 Investment properties (continued)

Measurement of fair value (continued)

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

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

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

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties and investment properties held for divestment	<ul style="list-style-type: none"> • Capitalisation rates from 5.75% to 6.50% (31 December 2020: 5.50% to 6.50%) • Discount rates at 7.25% to 7.75% (31 December 2020: 7.25%) • Terminal yield rates from 6.00% to 6.75% (31 December 2020: 5.75% to 6.75%) • Vacancy assumption rates from 1.00% to 10.00% (31 December 2020: 0.00% to 30.00%) • Rental growth rates from 2.80% to 2.99% (31 December 2020: 0.00% to 2.75%) 	<p>The estimated fair value of investment properties would increase/(decrease) if:</p> <ul style="list-style-type: none"> • the capitalisation rates were lower/(higher); • the discount rates were lower/(higher); • the terminal yield rates were lower/(higher); • the vacancy assumption rates were lower/(higher); or • the rental growth rates were higher/(lower).

3 Investment properties (continued)

Measurement of fair value (continued)

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).

4 Subsidiary

	Trust	
	30 June 2021	31 December 2020
	\$'000	\$'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 2021	31 December 2020
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

⁽¹⁾ Audited by KPMG LLP Singapore

5 Borrowings

	Note	Group		Trust	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		\$'000	\$'000	\$'000	\$'000
Secured borrowings					
Commodity Murabaha Facilities					
- Term	5(a)	120,000	120,000	120,000	120,000
- Revolving	5(a)	18,139	13,345	18,139	13,345
Murabahah Facilities					
- Term	5(b)	122,536	70,000	122,536	70,000
- Revolving	5(b)	-	50,500	-	50,500
Term Loan Facility	5(c)	30,000	30,000	30,000	30,000
Revolving loan facility	5(d)	15,500	1,000	15,500	1,000
Less: Unamortised capitalised transaction costs		(1,861)	(826)	(1,861)	(826)
Total borrowings ⁽¹⁾		<u>304,314</u>	<u>284,019</u>	<u>304,314</u>	<u>284,019</u>

5 Borrowings (continued)

	Note	Group		Trust	
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Current		52,464	158,370	52,464	158,370
Non-current		251,850	125,649	251,850	125,649
		<u>304,314</u>	<u>284,019</u>	<u>304,314</u>	<u>284,019</u>

⁽¹⁾ All the borrowings have a nominal profit rate of SOR + Margin.

(a) Commodity Murabaha Facilities

The Commodity Murabaha Facilities consisted of:

- (i) 3-year Term CMF A of \$30.0 million maturing in November 2022;
- (ii) 3-year Term CMF B of \$70.0 million maturing in November 2022;
- (iii) 4-year Term CMF C of \$20.0 million maturing in November 2023;
- (iv) 3-year Revolving CMF D of \$20.0 million maturing in November 2023;
- (v) 3 year Term CMF E of \$14.0 million maturing in November 2022 (to fund Asset Enhancement Initiative); and
- (vi) 3 year Revolving CMF F of \$7.0 million maturing in November 2022 (to fund Asset Enhancement Initiative).

As at 30 June 2021, a total of \$138.1 million (31 December 2020: \$133.3 million), consisting of \$120.0 million CMF A to C (31 December 2020: \$120.0 million), \$11.1 million of Term CMF E (31 December 2020: \$6.3 million) and \$7.0 million of Revolving CMF F (31 December 2020: \$7.0 million), was drawn on the Commodity Murabaha Facilities.

The CMF are secured by, inter alia:

- A first ranking legal mortgage over 3 (31 December 2020: 3) investment properties with a combined carrying value of \$401.3 million (31 December 2020: \$382.3 million) (collectively, the "Securitised Properties") (or, where title to the Securitised Properties has not been issued, an assignment of building agreement or agreement for lease (as the case may be) coupled with a mortgage in escrow);
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitised Properties; and
- A fixed and floating charge over the other assets of the Trust relating to the Securitised Properties.

5 Borrowings (continued)

(b) Murabahah Facilities

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

The Murabahah Facilities consisted of:

- (i) 3-year Term Murabahah Facility of \$123 million maturing in March 2024; and
- (ii) The Revolving Murabahah Facilities of \$25.9 million maturing in March 2024.

As at 30 June 2021, \$122.5 million of Term Murabahah Facility was drawn (31 December 2020: \$120.5 million was drawn, which was repaid as of 30 June 2021).

(b) Murabahah Facilities (continued)

The Murabahah Facilities are secured by, inter-alia:

- A first ranking legal mortgage over 8 (31 December 2020: 7) investment properties with a combined carrying value of \$316.4 million (31 December 2020: \$267.6 million) (“Murabahah Secured Properties”);
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- A fixed and floating charge over the other assets of the Trust relating to the Murabahah Secured Properties.

(c) Term Loan Facility

The outstanding Term Loan Facility of \$30.0 million maturing in December 2021 is secured by, inter alia:

- A first ranking legal mortgage over 3 (31 December 2020: 3) investment properties with a combined carrying value of \$67.8 million (31 December 2020: \$70.5 million) (“Term Loan Facility Secured Properties”); and
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Term Loan Facility Secured Properties.

(d) Revolving Loan Facility

The facility consisted of:

- (i) 3-year Revolving Loan Facility of \$28.0 million maturing in April 2023; and
- (ii) 3-year Bank Guarantee Facility of \$2.0 million maturing in April 2023.

As at 30 June 2021, \$15.5 million of Revolving Loan Facility (31 December 2020: \$1 million) and \$0.8 million of Bank Guarantee Facility (31 December 2020: NIL) was drawn.

5 Borrowings (continued)

(d) Revolving Loan Facility (continued)

The Facility is secured by, inter alia:

- (1) A first ranking legal mortgage over 3 investment properties with a combined carrying value of \$67.7 million (31 December 2020: \$68.0 million) (“Facility Secured Properties”); and
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Facility Secured Properties.

6 Derivative financial instruments

	Group		Trust	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Current liabilities				
Profit rate swaps at fair value through Statement of Total Return	–	(201)	–	(201)
Non-current liabilities				
Profit rate swaps at fair value through Statement of Total Return	(2,455)	(3,535)	(2,455)	(3,535)
Total derivative financial instruments	(2,455)	(3,736)	(2,455)	(3,736)
Derivative financial instruments as a percentage of net assets	0.45%	0.69%	0.45%	0.69%

The Group uses profit rate swaps to manage its exposure to profit rate movements on its floating rate bearing Term Commodity Murabaha, Term Murabahah and Term Loan Facilities by swapping the profit rates on a proportion of these term loans from floating rates to fixed rates. As at reporting date, the profit rate swap for floating rate bearing Term Loan Facilities has fully matured.

Profit rate swaps with a total notional amount of \$185.0 million (31 December 2020: \$142.5 million) had been entered into at the reporting date to provide fixed rate funding for terms of 2.0 to 3.0 years (31 December 2020: 1.0 to 2.0 years) at a weighted average profit rate of 3.65% (31 December 2020: 3.73%) per annum.

7 Units in issue and to be issued

	Group and Trust	
	30 June 2021 '000	31 December 2020 '000
Units in issue:		
At beginning and end of the period	1,053,084	1,053,084

8 Property expenses

Included in property expenses is a net write back of impairment loss of \$758,116 on trade receivables (31 December 2020: \$1,873,000 of impairment loss) for the period.

9 Net finance cost

	Group	
	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Finance income		
Interest income from fixed deposit	8	6
Ta'widh (compensation on late payment of rent)	7	30
	15	36
Finance costs:		
Interest expense:		
- Commodity Murabaha facilities	1,464	2,115
- Murabahah facilities	1,696	1,899
- Term loan facility	345	478
- Revolving loan facility	189	21
- Lease liabilities	1,635	1,669
Profit rate swaps	940	586
Amortisation of transaction costs	668	372
Brokerage and agent fees	77	66
Finance expenses	7,014	7,206
Net financing costs	6,999	7,170

10 Other trust expenses

Included in other trust expenses are:

	Group	
	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Audit fees	128	121
Non-audit fees	21	26
Valuation fees	50	43
Professional fees	(183)	254
Other expenses	13	11
	29	455

11 Tax expense

	Group	
	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Tax expense		
Current period	*	*
<hr/>		
Reconciliation of effective tax rate		
Total return/(loss) for the period before taxation and distribution	34,521	(47,780)
<hr/>		
Tax calculated using Singapore tax rate of 17% (31 December 2020: 17%)	5,869	(8,123)
Non-tax deductible items	(2,802)	10,371
Tax exempt income	(407)	(366)
Tax transparency	(2,659)	(1,833)
	*	*
<hr/> <hr/>		

* Less than \$1,000

12 Earnings per Unit

Basic and diluted earnings per Unit is based on:

	1 January 2021 to 30 June 2021 \$'000	1 January 2020 to 30 June 2020 \$'000
Total return/(loss) for the period after taxation and before distribution	34,521	(47,779)
<hr/>		
Number of Units	'000	'000
Weighted average number of Units		
- Beginning and end of the period	1,053,084	1,053,084
<hr/> <hr/>		

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.

13 Related parties

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

	Group and Trust	
	1 January 2021 to 30 June 2021 \$'000	1 July 2020 to 31 December 2020 \$'000
Rental income received/receivable from a sponsor and its related companies	–	–
Manager's fees and reimbursables paid/payable to the Manager	2,135	2,167
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,148	1,008
Trustee fees paid/payable to the Trustee	170	177
	–	–

14 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 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 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.

15 Financial ratios

	Group	
	30 June 2021	31 December 2020
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	1.78	1.45
- excluding performance component of Manager's fees	1.78	1.45
Portfolio turnover rate ⁽²⁾	—	—

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

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

16 Subsequent events

On 21 July 2021, the Group entered into a new 3 – 4 years unsecured term and revolving loan facilities with a financial institution of up to \$225 million.

On 22 July 2021, the Manager announced the proposed removal of the Shari'ah compliance requirement of the Trust ("proposed change"). The proposed change is anticipated to be completed on or around 21 October 2021, upon which the Trust would relinquish its Shari'ah compliance designation and status.

On 22 July 2021, the Manager approved a distribution of 1.48 cents per Unit in respect of the period from 1 January 2021 to 30 June 2021 to be paid on 20 September 2021.

Other Information Required by Listing Rule Appendix 7.2

- 1 (a)(i) Statement of Total Return and Distribution Statement (1H 2021 vs 1H 2020)**
- Please refer to page FS2 and FS3 of the Interim Financial Information.
- (b)(i) Statement of Financial position, together with comparatives as at the end of the immediate preceding financial year**
- Please refer to page FS1 of the Interim Financial Information.
- (b)(ii) Aggregate amount of borrowings and debt securities**
- Please refer to page FS13, Note 5 of the Interim Financial Information.
- (c) Statement of Cash Flows**
- Please refer to page FS8 of the Interim Financial Information.
- (d)(i) Statement of Movements in Unitholders' Funds**
- Please refer to page FS4 of the Interim Financial Information.
- (d)(ii) Details of any changes in the Units**
- Please refer to page FS16, Note 7 of the Interim Financial Information.
- (d)(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period**
- Not applicable.
- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**
- The figures have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”.
- 3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**
- Please see attached review report.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2020.

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

Not applicable.

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

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

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

Please refer to Appendix 1.

8. Review of performance of the Group

Please refer to Appendix 2.

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

The Manager has not disclosed any financial forecast to the market. However, as indicated in the previous interim business update dated 23 April 2021, the Manager will continue its focus on executing its growth plan through active asset management and progressing on asset enhancement initiatives.

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

According to the Ministry of Trade and Industry Singapore (“MTI”), the Singapore economy grew by 14.3% y-o-y in 2Q 2021, largely due to the low base in the previous year when GDP fell by 13.3% due to the Circuit Breaker measures implemented from 7 April to 1 June 2020. However, the economy contracted 2.0% quarter-on-quarter, a reversal of the 3.1% expansion in 1Q 2021.¹

¹ “Singapore’s GDP Grew by 14.3 Per Cent in the Second Quarter of 2021”. Ministry of Trade and Industry Singapore. 14 July 2021.

The persistent expansion in the Singapore Purchasing Manager's Index ("PMI") indicates that the industrial sector will be in a state of continued growth throughout 2021, said Knight Frank. Although the considerable supply of new industrial space in the pipeline would likely keep industrial rent growth in check, output expansions in electronics, precision engineering and chemical clusters will continue to drive demand for industrial space with Knight Frank suggesting an improvement in both rents and rental activity in 2Q 2021.²

The recovery of the manufacturing sector is expected to be mixed across locations and buildings, due to COVID-19-related reasons.³ Older industrial buildings will also likely see a decline in demand, due to a preference for modern specifications coming from the rise in e-commerce, food logistics, and medical manufacturing.⁴

While Singapore's economy is expected to recover, the Manager remains cautious as the macroeconomic landscape remains challenging with various unknowns in living with COVID-19, especially with new variants emerging globally.

The removal of the Shari'ah compliance requirement and entry into the Facility Agreement are therefore timely in balancing the navigation of near-term risks with longer-term growth opportunities, with the REIT now able to draw on a wider potential pool of tenant partners and lenders. The Manager remains committed to the key pillars of its Refreshed Strategy including proactive lease and asset management, as well as AEs and rejuvenation of select assets, underpinned by prudent risk and capital management as well as ongoing cost rationalisation. The Manager will also continue to entrench its alignment with Unitholders' interests to deliver long-term sustainable value.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2021 to 30 June 2021

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

(b) Corresponding period of the preceding financial period

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

² "Singapore Research Industrial Q2 2021". Knight Frank. Retrieved on 6 July 2021.

³ "Singapore Industrial Briefing Q1 2021". Savills. 12 May 2021.

⁴ "Singapore 1Q 2021". Edmund Tie. April 2021.

Period of distribution : Distribution for 1 January 2020 to 30 June 2020

Distribution Type	Distribution Rate (cents)
Taxable Income	0.47
Tax Exempt Income	–
Capital	–
Total	0.47

(c) Tax rate : Taxable income

These distributions are made out of Sabana Shari'ah Compliant 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 Shari'ah Compliant REIT.

(d) Book closure date: 30 July 2021

(e) Date payable : 20 September 2021

12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. Distribution policy

The distribution policy is to distribute at least 90.0% of its distributable income to Unitholders on a half-yearly basis at the discretion of the Manager, having regards to funding requirements and other capital management considerations.

14. General mandate for Interested Person Transactions

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of the Trust (the “Manager”) which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 30 June 2021, statement of total return & distribution statements, statement of cash flows and statement of movements in Unitholders’ funds for the half-year ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

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

The Manager of Sabana Shari'ah Compliant 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 Shari'ah Compliant 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 Shari'ah Compliant Real Estate Investment Trust

22 July 2021

*Sabana Shari'ah Compliant Industrial Real Estate Investment Trust
and its subsidiary*

Other information

For the period from 1 January 2021 to 30 June 2021

Appendix 1

	Group		Trust	
	As at 30/6/2021	As at 31/12/2020	As at 30/6/2021	As at 31/12/2020
Net asset value (“NAV”) and net tangible asset (“NTA”) per unit (S\$) ^(a)	0.52 ^(b)	0.51	0.52 ^(b)	0.51

Note:

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

Appendix 2

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

1H 2021 vs 1H 2020

<u>Statement of Total Return</u>	Group		
	1H 2021	1H 2020	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	39,092	34,263	14.1
Property expenses	(13,394)	(13,401)	0.1
Net property income ^(a)	25,698	20,862	23.2
Finance income ^(b)	15	36	(58.3)
Finance costs ^(c)	(5,379)	(5,537)	2.9
Finance costs relating to lease liabilities	(1,635)	(1,669)	2.0
Net finance costs	(6,999)	(7,170)	2.4
Manager's fees	(2,135)	(2,167)	1.5
Trustee's fees	(170)	(177)	4.0
Donation of non-Shari'ah compliant income	-	(1)	n.m
Other trust expenses ^(d)	(29)	(455)	93.6
Net income	16,365	10,892	50.2
Net change in fair value of financial derivatives ^(e)	1,106	(3,960)	n.m
Net change in fair value of investment properties ^(f)	17,050	(54,712)	n.m
Total (loss)/return for the period before taxation	34,521	(47,780)	n.m
Tax expense	*	*	-
Total (loss)/return for the period after taxation	34,521	(47,780)	n.m
Distribution adjustments ^(g)	(18,879)	58,857	n.m
Total income amount available for distribution to Unitholders for the period ^(h)	15,642	11,077	41.2
Total distribution amount declared to Unitholders for the period ⁽ⁱ⁾	15,642	4,985	213.8

n.m denotes "not meaningful"

* Less than S\$1,000

Notes:

- (a) Net property income for 1H 2021 increased by 23.2% mainly due to:
 - (i) Higher contribution from 151 Lorong Chuan, 23 Serangoon North and 10 Changi South due to higher occupancy rates; and
 - (ii) One-time provision of rental waiver on revenue and allowances for impairment loss on trade receivables were made in 1H 2020;
 - (iii) Writeback of prior year impairment loss on trade receivables in 1H 2021; and
 - (iv) Partially offset by lower contribution from 30 & 32 Tuas Avenue and 51 Penjuru Road whose master lease expired in 4Q 2020; and
- (b) Lower finance income mainly due to lower average fixed deposit placement in 1H 2021 over 1H 2020.
- (c) Finance costs decreased by 2.9% mainly due to lower floating rates.
- (d) Other trust expenses decreased by 93.6% mainly due to lower other non-tax deductible professional fees in 1H 2021 over 1H 2020.
- (e) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during 1H 2021 and 1H 2020.
- (f) The net change in fair value of investment properties in 1H 2021 and 1H 2020 mainly relates to the adjustments in ROU assets and the valuation movement based on the independent valuations of the properties undertaken by the Independent Valuers as at the reporting date.
- (g) Distribution adjustments decreased mainly due to higher non-tax deductible effects of the item stated in (f) and (g).
- (h) Amount available for distribution increased by 41.2% mainly due to:
 - (i) higher net property income in 1H 2021 over 1H 2020; and
 - (ii) lower finance cost in 1H 2021 over 1H 2020 as stated in (c) above;
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders.



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

22 July 2021

Dear Sirs

Sabana Shari'ah Compliant Industrial Real Estate Investment Trust Review of Interim Financial Information

Introduction

We have reviewed the accompanying Interim Financial Information of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (the "Trust") and its subsidiary (collectively the "Group") for the half-year ended 30 June 2021 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 30 June 2021;
- Consolidated portfolio statement of the Group as at 30 June 2021;
- Consolidated statement of total return of the Group for the half-year ended 30 June 2021;
- Consolidated distribution statement of the Group for the half-year ended 30 June 2021;
- Statements of movements in unitholders' funds of the Group and the Trust for the half-year ended 30 June 2021;
- Consolidated statement of cash flows of the Group for the half-year ended 30 June 2021; and
- Notes to the above Interim Financial Information.

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



Scope of review

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

Conclusion

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

Restriction of Use

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

Kpmg LLP
KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore