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## SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020

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### INTRODUCTION

Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana Shari'ah Compliant REIT**" or "**Trust**") is a real estate investment trust constituted on 29 October 2010 (as amended) under the laws of Singapore by the Trust Deed entered between Sabana Real Estate Investment Management Pte. Ltd. as the manager (the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited as the trustee (the "**Trustee**") of Sabana Shari'ah Compliant REIT.

The portfolio of Sabana Shari'ah Compliant REIT as at the reporting date comprises 18 industrial properties located across Singapore. The properties are:

1. 151 Lorong Chuan, New Tech Park, Singapore 556741
2. 8 Commonwealth Lane, Singapore 149555
3. 15 Jalan Kilang Barat, Frontech Centre, Singapore 159357
4. 33 & 35 Penjuru Lane, Freight Links Express Logisticpark, Singapore 609200/609202
5. 18 Gul Drive, Singapore 629468
6. 1 Tuas Avenue 4, Singapore 639382
7. 34 Penjuru Lane, Penjuru Logistics Hub, Singapore 609201
8. 51 Penjuru Road, Freight Links Express Logisticcentre, Singapore 609143
9. 26 Loyang Drive, Singapore 508970
10. 123 Genting Lane, Yenom Industrial Building, Singapore 349574
11. 30 & 32 Tuas Avenue 8, Singapore 639246/639247
12. 3A Joo Koon Circle, Singapore 629033
13. 2 Toh Tuck Link, Singapore 596225
14. 21 Joo Koon Crescent, Singapore 629026
15. 39 Ubi Road 1, Singapore 408695
16. 23 Serangoon North Avenue 5, BTC Centre, Singapore 554530
17. 508 Chai Chee Lane, Singapore 469032
18. 10 Changi South Street 2, Singapore 486596

In April 2020, Sabana Shari'ah Compliant REIT obtained a new secured 3-year term S\$30.0 million facility to be used for general working capital, capital expenditures and other asset enhancement initiatives.

The financial information of Sabana Shari'ah Compliant REIT and its subsidiary ("**Sabana Group**" or "**Group**") for the half year ended 30 June 2020 ("**1H 2020**") and the comparative period ("**1H 2019**") as set out in this announcement have been extracted from the interim financial information for the period from 1 January 2020 to 30 June 2020 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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**SUMMARY OF RESULTS FOR SABANA GROUP**

|   | Group                |                       |                  |
|---|----------------------|-----------------------|------------------|
|   | Half Year            |                       | Fav /<br>(Unfav) |
|   | 1H 2020              | 1H 2019               |                  |
|   | S\$'000              | S\$'000               | %                |
| Gross revenue   | 34,263               | 36,729                | (6.7)            |
| Net property income   | 20,862               | 24,693                | (15.5)           |
| Total amount available for distribution to Unitholders for the period | 11,077               | 14,451 <sup>(b)</sup> | (23.3)           |
| Total distribution amount declared to Unitholders for the period      | 4,985 <sup>(c)</sup> | 14,451 <sup>(b)</sup> | (65.5)           |
| Amount available for distribution per unit (cents)                    | 1.05                 | 1.37 <sup>(b)</sup>   | (23.4)           |
| Distribution per unit ("DPU") (cents) <sup>(a)</sup>                  | 0.47 <sup>(c)</sup>  | 1.37 <sup>(b)</sup>   | (65.7)           |

**Note:**

- (a) Please refer to Item 6 on Page 12 for the DPU computation.
- (b) Distribution includes approximately S\$1.24 million or 0.12 cents of capital gains arising from the divestment of properties.
- (c) In view of the still-evolving COVID-19 situation, the Manager made the decision to temporarily retain 55.0% of its 1H 2020 distributable income to conserve capital, which will be paid out at a later date.

Had this amount been included, DPU would be 1.05 cents.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
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**1 (a)(i) Statement of Total Return and Distribution Statement (1H 2020 vs 1H 2019)**

| <b>Statements of Total Return</b>                                | <b>Group</b>    |                |               |
|--|-----------------|----------------|---------------|
|  | Half Year       |                | Fav /         |
|  | 1H 2020         | 1H 2019        | (Unfav)       |
|  | S\$'000         | S\$'000        | %             |
| Gross revenue <sup>(a)</sup>                                     | 34,263          | 36,729         | (6.7)         |
| Property expenses <sup>(b)</sup>                                 | (13,401)        | (12,036)       | (11.3)        |
| <b>Net property income</b>                                       | <b>20,862</b>   | <b>24,693</b>  | <b>(15.5)</b> |
| Finance income   | 36              | 204            | (82.4)        |
| Finance costs  | (5,537)         | (6,702)        | 17.4          |
| Finance costs relating to lease liabilities                      | (1,669)         | (1,682)        | 0.8           |
| <b>Net finance costs <sup>(c)</sup></b>                          | <b>(7,170)</b>  | <b>(8,180)</b> | <b>12.3</b>   |
| Manager's fees   | (2,167)         | (2,259)        | 4.1           |
| Trustee's fees   | (177)           | (182)          | 2.7           |
| Donation of non-Shari'ah compliant income <sup>(d)</sup>         | (1)             | (4)            | 75.0          |
| Other trust expenses   | (455)           | (633)          | 28.1          |
| <b>Net income</b>  | <b>10,892</b>   | <b>13,435</b>  | <b>(18.9)</b> |
| Net change in fair value of financial derivatives <sup>(e)</sup> | (3,960)         | (298)          | n.m           |
| Net change in fair value of investment properties <sup>(f)</sup> | (54,712)        | (9,934)        | (450.8)       |
| Loss on divestment of investment property <sup>(g)</sup>         | -               | (773)          | n.m           |
| <b>Total (loss)/return for the period before taxation</b>        | <b>(47,780)</b> | <b>2,430</b>   | <b>n.m</b>    |
| Tax expense <sup>(h)</sup>                                       | *               | *              | -             |
| <b>Total (loss)/return for the period after taxation</b>         | <b>(47,780)</b> | <b>2,430</b>   | <b>n.m</b>    |

| <b>Distribution Statements</b>   | <b>Group</b>    |               |               |
|--|-----------------|---------------|---------------|
|  | Half Year       |               | Fav /         |
|  | 1H 2020         | 1H 2019       | (Unfav)       |
|  | S\$'000         | S\$'000       | %             |
| <b>Total (loss)/return for the period after taxation</b>                               | <b>(47,780)</b> | <b>2,430</b>  | <b>n.m</b>    |
| Non-tax deductible/(chargeable) items:   |                 |               |               |
| Amortisation of transaction costs <sup>(i)</sup>                                       | 372             | 714           | (47.9)        |
| Trustee's fees   | 177             | 182           | (2.7)         |
| Donation of non-Shari'ah compliant income  | 1               | 4             | (75.0)        |
| Net change in fair value of financial derivatives                                      | 3,960           | 298           | n.m           |
| Net change in fair value of investment properties                                      | 54,712          | 9,934         | 450.8         |
| Loss on divestment of investment property  | -               | 773           | n.m           |
| Effects of recognising rental income on a straight line basis over the lease term      | 249             | (540)         | 146.1         |
| Finance costs relating to lease liabilities  | 1,669           | 1,682         | (0.8)         |
| Land rent expenses   | (2,400)         | (2,376)       | (1.0)         |
| Other items  | 117             | 107           | 9.3           |
| <b>Net effect of non-tax deductible for the period</b>                                 | <b>58,857</b>   | <b>10,778</b> | <b>446.1</b>  |
| <b>Income available for distribution to Unitholders for the period</b>                 | <b>11,077</b>   | <b>13,208</b> | <b>(16.1)</b> |
| Capital gains  | -               | 1,243         | n.m           |
| <b>Total amount available for distribution to Unitholders for the period</b>           | <b>11,077</b>   | <b>14,451</b> | <b>(23.3)</b> |
| <b>Total distribution amount declared to Unitholders for the period <sup>(i)</sup></b> | <b>4,985</b>    | <b>14,451</b> | <b>(65.5)</b> |

n.m denotes "not meaningful"

\* Less than S\$1,000

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**Notes:**

- (a) Gross revenue comprises rental and other operating income from the properties.
- (b) Property expenses comprise:
- (i) service, repairs, maintenance and insurances;
  - (ii) property and lease management fees;
  - (iii) applicable property tax and utilities expenses;
  - (iv) marketing and lease administrative expenses;
  - (v) other reimbursable expenses payable to the Property Manager; and
  - (vi) allowance for impairment losses on trade receivables.
- (c) Included in net finance costs are the following:

|   | <b>Group</b>   |                |               |
|---|----------------|----------------|---------------|
|   | Half Year      |                | Fav /         |
|   | 1H 2020        | 1H 2019        | (Unfav)       |
|   | S\$'000        | S\$'000        | %             |
| <b>Finance income:</b>  |                |                |               |
| - Finance income from fixed deposits                              | 6              | 187            | (96.8)        |
| - Ta'widh (compensation on late payment of rent)                  | 30             | 17             | 76.5          |
|   | <b>36</b>      | <b>204</b>     | <b>(82.4)</b> |
| <b>Finance costs:</b>   |                |                |               |
| - Commodity Murabaha facilities                                   | (2,115)        | (2,531)        | 16.4          |
| - Murabahah facilities  | (1,899)        | (1,912)        | 0.7           |
| - Term loan facility  | (478)          | (604)          | 20.9          |
| - Revolving loan facility   | (21)           | -              | n.m           |
| - Profit rate swaps   | (586)          | 209            | (380.4)       |
| - Trust certificates  | -              | (1,083)        | n.m           |
| - Amortisation of transaction costs                               | (372)          | (714)          | 47.9          |
| - Brokerage and agent fees  | (66)           | (67)           | 1.5           |
|   | <b>(5,537)</b> | <b>(6,702)</b> | <b>17.4</b>   |
| <b>Finance costs relating to lease liabilities <sup>(k)</sup></b> | <b>(1,669)</b> | <b>(1,682)</b> | <b>0.8</b>    |
|   | <b>(7,206)</b> | <b>(8,384)</b> | <b>14.1</b>   |
|   |                |                |               |
| <b>Net finance costs</b>  | <b>(7,170)</b> | <b>(8,180)</b> | <b>12.3</b>   |

n.m denotes "not meaningful"

\* Less than S\$1,000

- (d) This relates to the net income which was subjected to the cleansing process and was approved by the Independent Shari'ah Committee to be and donated to the following beneficiary:

**1H 2020**

- The Invictus Fund

**1H 2019**

- Brighthill Evergreen Home

- (e) Net change in fair value of financial derivatives mainly relates to the change in the fair value of the profit rate swaps based on broker quotes recognised between the current and last reporting date. These items are non-tax deductible and have no impact on income available for distribution.

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- (f) Net change in fair value of the investment properties in 1H 2020 mainly relates to the revaluation movement based on the independent valuations of the properties undertaken by the independent valuers Cushman & Wakefield (S) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd and SRE Global Pte Ltd ("**1H 2020 Independent Valuers**") as at 30 June 2020 and the adjustments in right-of-use ("**ROU**") assets in relation to the land leases with Jurong Town Council ("**JTC**") included in investment properties as at 30 June 2020, in accordance with FRS 116 Leases ("**FRS 116**").

Net change in fair value of the investment properties in 1H 2019 mainly relates to the revaluation movements based on the independent valuations of the properties undertaken by the independent valuers Knight Frank Pt Ltd, Edmund Tie & Company (SEA) Pte Ltd and Suntec Real Estate Consultants Pte Ltd ("**2019 Independent Valuers**") as at 30 June 2019 and the adjustments in ROU assets in relation to the land leases with JTC included in investment properties as at 30 June 2019, in accordance with FRS 116.

These items are non-tax deductible and have no impact on income available for distribution.

- (g) Loss on divestment of investment property in 1H 2019 relates to additional transaction related costs incurred in the divestment of 9 Tai Seng Drive.

These items are non-tax deductible and have no impact on income available for distribution.

- (h) This pertains to the tax expense of subsidiary of the Trust.

- (i) This represents the amortisation of upfront fees and legal fees pertaining to the Commodity Murabaha facilities, Murabahah facilities, Trust certificates, Term loan facility and Revolving loan facility. These items are non-tax deductible and have no impact on income available for distribution.

- (j) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. In view of the still-evolving COVID-19 situation, the Manager made the decision to temporarily retain 55.0% of its 1H 2020 distributable income to conserve capital, which will be paid out at a later date.

- (k) This pertains to the finance cost on the lease liabilities in upon the adoption of FRS 116.

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**1 (b)(i) Statements of financial position, together with comparatives as at the end of the immediate preceding financial year**

| Statements of Financial Position                         | Group          |                |               | Trust          |                |               |
|--|----------------|----------------|---------------|----------------|----------------|---------------|
|  | 30/06/20       | 31/12/19       | Change        | 30/06/20       | 31/12/19       | Change        |
|  | S\$'000        | S\$'000        | %             | S\$'000        | S\$'000        | %             |
| <b>Non-current assets</b>                                |                |                |               |                |                |               |
| Investment properties <sup>(a)</sup>                     | 902,669        | 949,241        | (4.9)         | 902,669        | 949,241        | (4.9)         |
| Subsidiary <sup>(b)</sup>                                | -              | -              | -             | *              | *              | -             |
| <b>Total non-current assets</b>                          | <b>902,669</b> | <b>949,241</b> | <b>(4.9)</b>  | <b>902,669</b> | <b>949,241</b> | <b>(4.9)</b>  |
| <b>Current assets</b>                                    |                |                |               |                |                |               |
| Investment properties held for divestment <sup>(a)</sup> | 13,342         | 14,888         | (10.4)        | 13,342         | 14,888         | (10.4)        |
| Trade and other receivables <sup>(c)</sup>               | 3,845          | 3,419          | 12.5          | 3,842          | 3,417          | 12.4          |
| Cash and cash equivalents <sup>(d)</sup>                 | 7,593          | 4,099          | 85.2          | 7,593          | 4,099          | 85.2          |
| <b>Total current assets</b>                              | <b>24,780</b>  | <b>22,406</b>  | <b>10.6</b>   | <b>24,777</b>  | <b>22,404</b>  | <b>10.6</b>   |
| <b>Total assets</b>                                      | <b>927,449</b> | <b>971,647</b> | <b>(4.5)</b>  | <b>927,446</b> | <b>971,645</b> | <b>(4.5)</b>  |
| <b>Current liabilities</b>                               |                |                |               |                |                |               |
| Trade and other payables <sup>(e)</sup>                  | 14,775         | 14,992         | (1.4)         | 14,782         | 14,999         | (1.4)         |
| Borrowings <sup>(f)</sup>                                | 130,844        | 56,500         | 131.6         | 130,844        | 56,500         | 131.6         |
| Derivative liabilities <sup>(g)</sup>                    | 686            | 240            | 185.8         | 686            | 240            | 185.8         |
| Lease liabilities <sup>(h)</sup>                         | 6,149          | 6,278          | (2.1)         | 6,149          | 6,278          | (2.1)         |
| <b>Total current liabilities</b>                         | <b>152,454</b> | <b>78,010</b>  | <b>95.4</b>   | <b>152,461</b> | <b>78,017</b>  | <b>95.4</b>   |
| <b>Non-current liabilities</b>                           |                |                |               |                |                |               |
| Trade and other payables <sup>(e)</sup>                  | 6,549          | 6,290          | 4.1           | 6,548          | 6,290          | 4.1           |
| Borrowings <sup>(f)</sup>                                | 152,414        | 218,684        | (30.3)        | 152,414        | 218,684        | (30.3)        |
| Derivative liabilities <sup>(g)</sup>                    | 3,944          | 197            | n.m           | 3,944          | 197            | n.m           |
| Lease liabilities <sup>(h)</sup>                         | 72,962         | 73,451         | (0.7)         | 72,962         | 73,451         | (0.7)         |
| <b>Total non-current liabilities</b>                     | <b>235,869</b> | <b>298,622</b> | <b>(21.0)</b> | <b>235,868</b> | <b>298,622</b> | <b>(21.0)</b> |
| <b>Total liabilities</b>                                 | <b>388,323</b> | <b>376,632</b> | <b>3.1</b>    | <b>388,329</b> | <b>376,639</b> | <b>3.1</b>    |
| <b>Net assets</b>  | <b>539,126</b> | <b>595,015</b> | <b>(9.4)</b>  | <b>539,117</b> | <b>595,006</b> | <b>(9.4)</b>  |
| Represented by:  |                |                |               |                |                |               |
| <b>Unitholders' funds <sup>(i)</sup></b>                 | <b>539,126</b> | <b>595,015</b> | <b>(9.4)</b>  | <b>539,117</b> | <b>595,006</b> | <b>(9.4)</b>  |

n.m denotes "not meaningful"

\* Less than S\$1,000

**Notes:**

- The decrease in investment properties mainly due to the net revaluation loss of the properties amounting to S\$54.7 million (including the net movement relating to FRS 116 adjustments) and partially offset by the capital expenditure on the properties of S\$6.6 million which includes the ongoing AEI.
- This relates to the cost of investment in Sabana Sukuk Pte. Ltd. ("SSPL"), a wholly-owned subsidiary of the Trust.
- This relates to trade receivables, prepayments, deposits, and other receivables. The increase is mainly due to higher outstanding trade receivables from certain tenants.
- This relates to bank balances held with financial institutions. Please refer to the Statement of Cash Flows under Item 1(c) on Page 10 for further details in the movement of cash and cash equivalents.
- This relates to trade payables, security deposits, rental received in advance, retention sums, accruals and provisions.

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- (f) The movements in current and non-current borrowings are mainly due to:
- (i) net repayment of S\$2.5 million of revolving facilities during 1H 2020; and
  - (ii) drawdown of S\$10.4 million of loan facilities in relation to AEI progress at NTP.

Please refer to the Item 1(b)(ii) on Page 8 for further details on borrowings.

As at 30 June 2020, the Group's current liabilities exceeded its current assets by S\$127.7 million (2019: S\$55.6 million) and had S\$59.6 million (2019: S\$37.5 million) of undrawn committed facilities.

- (g) The derivative financial instruments as at 30 June 2020 relates to profit rate swap contracts with a total notional amount of S\$200.0 million (2019: S\$100.0 million). As at 30 June 2020, approximately 70.3% (2019: 36.2%) of the Group's borrowings were hedged with profit rate swap. The changes in fair value were mainly due to the revaluation of the profit rate swap contracts in accordance with FRS 109.
- (h) This relates to the discounted future land rent payments on certain properties of the Group. These lease liabilities were recognised based on FRS 116.
- (i) Please refer to the Statements of Movements in Unitholders' Funds under Item (1)(d)(i) on Page 11 for details.

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

|   | Group          |                |
|---|----------------|----------------|
|   | 30/06/20       | 31/12/19       |
|   | S\$'000        | S\$'000        |
| <b>Secured borrowings</b>                       |                |                |
| Amount repayable within one year:               |                |                |
| Revolving Loan Facility                         | 1,000          | -              |
| Revolving CMF (D)                               | -              | 3,500          |
| Revolving CMF (F)                               | 7,000          | -              |
| Revolving Murabahah Facility                    | 53,000         | 53,000         |
| Term Murabahah Facility                         | 70,000         | -              |
| Less: Unamortised capitalised transaction costs | (156)          | -              |
|   | <b>130,844</b> | <b>56,500</b>  |
| Amount repayable after one year:                |                |                |
| Term CMF (A)                                    | 30,000         | 30,000         |
| Term CMF (B)                                    | 70,000         | 70,000         |
| Term CMF (C)                                    | 20,000         | 20,000         |
| Term CMF (E)                                    | 3,390          | -              |
| Term Murabahah Facility                         | -              | 70,000         |
| Term Loan Facility                              | 30,000         | 30,000         |
| Less: Unamortised capitalised transaction costs | (976)          | (1,316)        |
|   | <b>152,414</b> | <b>218,684</b> |
| <b>Total secured borrowings</b>                 | <b>283,258</b> | <b>275,184</b> |
| <b>Total borrowings</b>                         | <b>283,258</b> | <b>275,184</b> |

**Details of borrowings, debt securities and collaterals**

**Secured borrowings**

(a) Commodity Murabaha Facilities

The Commodity Murabaha Facilities consisted of:

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

As at 30 June 2020, a total of S\$130.4 million, consisting of S\$120.0 million Term CMF (A) to (C), S\$7 million of Revolving CMF (D) and S\$3.4 million of Term CMF (E), was drawn on the Commodity Murabaha Facilities.

The CMF are secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2019: 3) investment properties ("**Securitized Properties**"), (or, where title to or lease relating to the Securitized 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);
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitized Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitized Properties.



(b) Murabahah Facilities

The Murabahah Facilities consisted of:

- (i) 3-year Term Murabahah Facility of S\$70.0 million maturing in March 2021; and
- (ii) The Revolving Murabahah Facilities of S\$53.0 million maturing in March 2021.

The facilities were fully drawn down as at 30 June 2020.

The Murabahah Facilities were secured by, *inter alia*:

- (1) A first ranking legal mortgage over 7 (2019: 7) investment properties ("**Murabahah Secured Properties**");
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Murabahah Secured Properties.

(c) Term Loan Facility

As at the reporting date, the Term Loan Facility of S\$30.0 million maturing in December 2021 was outstanding and secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 (2019: 3) investment properties ("**Term Loan Facility Secured Properties**"); and
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Term Loan Facility Secured Properties.

(d) Revolving Loan Facility

In April 2020, the Group had obtained a new secured 3-year term S\$30.0 million facility to be used for general working capital, capital expenditures and other asset enhancement initiatives.

The Facility consisted of:

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

As at 30 June 2020, S\$1.0 million of Revolving Loan Facility was drawn.

The Facility is secured by, *inter alia*:

- (1) A first ranking legal mortgage over 3 investment properties ("**Facility Secured Properties**"); and
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Facility Secured Properties.

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**1 (c) Statement of Cash Flows**

| <b>Statement of Cash Flows</b>   | Group          |                  |
|--|----------------|------------------|
|  | Half Year      |                  |
|  | 1H 2020        | 1H 2019          |
|  | S\$'000        | S\$'000          |
| <b>Cash flows from operating activities</b>                                |                |                  |
| Total (loss)/return for the period before taxation and before distribution | (47,780)       | 2,430            |
| Adjustments for:   |                |                  |
| Net change in fair value of financial derivatives                          | 3,960          | 298              |
| Net change in fair value of investment properties                          | 54,712         | 9,934            |
| Loss on divestment of investment property                                  | -              | 773              |
| Net finance costs  | 7,170          | 8,180            |
|  | 18,062         | 21,615           |
| Change in trade and other receivables                                      | (218)          | (824)            |
| Change in trade and other payables   | 2,351          | (5,561)          |
| Cash generated from operations   | 20,195         | 15,230           |
| Ta'widh (compensation on late payment of rent) received                    | 30             | 17               |
| <b>Net cash from operating activities</b>                                  | <b>20,225</b>  | <b>15,247</b>    |
| <b>Cash flows from investing activities</b>                                |                |                  |
| Capital expenditure on investment properties                               | (9,667)        | (750)            |
| Proceeds from divestment of investment property                            | -              | 99,600           |
| Payment for divestment costs   | -              | (773)            |
| Profit income received   | 6              | 187              |
| <b>Net cash (used in)/from investing activities</b>                        | <b>(9,661)</b> | <b>98,264</b>    |
| <b>Cash flows from financing activities</b>                                |                |                  |
| Proceeds from borrowings   | 10,390         | 51,500           |
| Repayment of borrowings  | (2,500)        | (143,000)        |
| Transaction costs paid   | -              | (252)            |
| Payment of lease liabilities   | (2,400)        | (2,376)          |
| Finance costs paid   | (4,451)        | (6,873)          |
| Distributions paid   | (8,109)        | (15,376)         |
| <b>Net cash used in financing activities</b>                               | <b>(7,070)</b> | <b>(116,377)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                | <b>3,494</b>   | <b>(2,866)</b>   |
| Cash and cash equivalents at beginning of the period                       | 4,099          | 7,215            |
| <b>Cash and cash equivalents at end of the period</b>                      | <b>7,593</b>   | <b>4,349</b>     |

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**1 (d)(i) Statements of Movements in Unitholders' Funds**

|  | Group          |                 |
|--|----------------|-----------------|
|  | Half Year      |                 |
|  | 1H 2020        | 1H 2019         |
|  | S\$'000        | S\$'000         |
| <b>Statements of Movements in Unitholders' Funds</b>                       |                |                 |
| Balance at beginning of the period   | 595,015        | 604,478         |
| <b>Operations</b>  |                |                 |
| Total (loss)/return for the period after taxation                          | (47,780)       | 2,430           |
|  | <b>547,235</b> | <b>606,908</b>  |
| <b>Unitholders' transactions</b>   |                |                 |
| Distributions to Unitholders   | (8,109)        | (15,376)        |
| <b>Net decrease in net assets resulting from Unitholders' transactions</b> | <b>(8,109)</b> | <b>(15,376)</b> |
| <b>Unitholders' funds at end of the period</b>                             | <b>539,126</b> | <b>591,532</b>  |

|  | Trust          |                 |
|--|----------------|-----------------|
|  | Half Year      |                 |
|  | 1H 2020        | 1H 2019         |
|  | S\$'000        | S\$'000         |
| <b>Statements of Movements in Unitholders' Funds</b>                       |                |                 |
| Balance at beginning of the period   | 595,006        | 604,469         |
| <b>Operations</b>  |                |                 |
| Total (loss)/return for the period after taxation                          | (47,780)       | 2,430           |
|  | <b>547,226</b> | <b>606,899</b>  |
| <b>Unitholders' transactions</b>   |                |                 |
| Distributions to Unitholders   | (8,109)        | (15,376)        |
| <b>Net decrease in net assets resulting from Unitholders' transactions</b> | <b>(8,109)</b> | <b>(15,376)</b> |
| <b>Unitholders' funds at end of the period</b>                             | <b>539,117</b> | <b>591,523</b>  |

**1 (d)(ii) Details of any changes in the units**

|  | Group and Trust      |                      |
|--|----------------------|----------------------|
|  | Half Year            |                      |
|  | 1H 2020              | 1H 2019              |
| <b>Units in issue:</b>                                   |                      |                      |
| <b>Units in issue at beginning and end of the period</b> | <b>1,053,083,530</b> | <b>1,053,083,530</b> |

**1 (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 reported on**

Not applicable.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**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 our 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 2019.

**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**

**Earnings per unit**

|   | Group         |               |
|---|---------------|---------------|
|   | Half Year     |               |
|   | 1H 2020       | 1H 2019       |
| <b>Basic and Diluted EPU</b>  |               |               |
| Weighted average number of units in issue   | 1,053,083,530 | 1,053,083,530 |
| Earnings per unit for the period based on the weighted average number of units in issue (cents) <sup>(a)(b)</sup> | (4.54)        | 0.23          |

**Notes:**

- (a) The EPU calculation uses the total loss/return for the period after taxation and before distribution, and the weighted average number of units outstanding during the period.
- (b) The diluted EPU were the same as the basic EPU for the Group as there are no EPU dilutive financial instruments.

**Distribution per unit**

|   | Group and Trust |               |
|---|-----------------|---------------|
|   | Half Year       |               |
|   | 1H 2020         | 1H 2019       |
| Number of units issued at end of period entitled to Distribution  | 1,053,083,530   | 1,053,083,530 |
| Distribution per unit declared for the period based on the total number of units entitled to distribution (cents) | 0.47            | 1.37          |

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**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**

|  | Group               |                   | Trust               |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | As at<br>30/06/20   | As at<br>31/12/19 | As at<br>30/06/20   | As at<br>31/12/19 |
| Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$) <sup>(a)</sup> | 0.51 <sup>(b)</sup> | 0.57              | 0.51 <sup>(b)</sup> | 0.57              |

**Note:**

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,053,083,530 (31 December 2019: 1,053,083,530).
- (b) The decrease 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.

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

**1H 2020 vs 1H 2019**

| <b>Statement of Total Return</b>  | Group           |                |                  |
|---|-----------------|----------------|------------------|
|   | 1H 2020         | 1H 2019        | Fav /<br>(Unfav) |
|   | S\$'000         | S\$'000        | %                |
| Gross revenue   | 34,263          | 36,729         | (6.7)            |
| Property expenses   | (13,401)        | (12,036)       | (11.3)           |
| <b>Net property income <sup>(a)</sup></b>   | <b>20,862</b>   | <b>24,693</b>  | <b>(15.5)</b>    |
| Finance income <sup>(b)</sup>   | 36              | 204            | (82.4)           |
| Finance costs <sup>(c)</sup>  | (5,537)         | (6,702)        | 17.4             |
| Finance costs relating to lease liabilities   | (1,669)         | (1,682)        | 0.8              |
| <b>Net finance costs</b>  | <b>(7,170)</b>  | <b>(8,180)</b> | <b>12.3</b>      |
| Manager's fees  | (2,167)         | (2,259)        | 4.1              |
| Trustee's fees  | (177)           | (182)          | 2.7              |
| Donation of non-Shari'ah compliant income <sup>(d)</sup>                                    | (1)             | (4)            | 75.0             |
| Other trust expenses <sup>(e)</sup>   | (455)           | (633)          | 28.1             |
| <b>Net income</b>   | <b>10,892</b>   | <b>13,435</b>  | <b>(18.9)</b>    |
| Net change in fair value of financial derivatives <sup>(f)</sup>                            | (3,960)         | (298)          | n.m              |
| Net change in fair value of investment properties <sup>(g)</sup>                            | (54,712)        | (9,934)        | (450.8)          |
| Loss on divestment of investment property <sup>(h)</sup>                                    | -               | (773)          | n.m              |
| <b>Total (loss)/return for the period before taxation</b>                                   | <b>(47,780)</b> | <b>2,430</b>   | <b>n.m</b>       |
| Tax expense   | *               | *              | -                |
| <b>Total (loss)/return for the period after taxation</b>                                    | <b>(47,780)</b> | <b>2,430</b>   | <b>n.m</b>       |
| Distribution adjustments <sup>(i)</sup>   | 58,857          | 10,778         | 446.1            |
| <b>Income available for distribution to Unitholders for the period</b>                      | <b>11,077</b>   | <b>13,208</b>  | <b>(16.1)</b>    |
| Capital gains   | -               | 1,243          | n.m              |
| <b>Total amount available for distribution to Unitholders for the period <sup>(j)</sup></b> | <b>11,077</b>   | <b>14,451</b>  | <b>(23.3)</b>    |
| <b>Total distribution amount declared to Unitholders for the period <sup>(k)</sup></b>      | <b>4,985</b>    | <b>14,451</b>  | <b>(65.5)</b>    |

n.m denotes "not meaningful"

\*Less than S\$1,000

**Notes:**

- (a) Net property income for 1H 2020 decreased by 15.5% mainly due to:
- (i) lower contribution from 10 Changi South Street 2 due to termination of master lease in 2H 2019;
  - (ii) lower contribution from 3A Joo Koon Circle whose master lease expired in 4Q 2019 and certain properties due to lower average occupancies in 4Q 2019; and
  - (iii) one-time provision of rental waiver on revenue and allowances for impairment loss on trade receivables were made for certain tenants across the portfolio on prudence basis.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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- (b) Lower finance income mainly due to lower average fixed deposit placement in 1H 2020 over 1H 2019.
- (c) Finance costs decreased by 17.4% mainly due to lower profit expense after the repayment of S\$100.0 million Trust Certificates Series II in April 2019.
- (d) Lower donation of non-Shari'ah compliant income mainly due to lower income generated from non-core activities subjected to cleansing in 1H 2020 over 1H 2019.
- (e) Other trust expenses decreased by 28.1% mainly due to lower other non-tax deductible professional fees in 1H 2020 over 1H 2019.
- (f) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during 1H 2020 and 1H 2019.
- (g) The net change in fair value of investment properties in 1H 2020 and 1H 2019 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) The loss on divestment of investment property relates to additional transaction related costs incurred in the divestment of 9 Tai Seng Drive in 1H 2019.
- (i) Distribution adjustments increased mainly due to higher non-tax deductible effects of the item stated in (f) and (g).
- (j) Amount available for distribution decreased by 23.3% mainly due to:
  - (i) lower net property income in 1H 2020 over 1H 2019;
  - (ii) absence of a one-time capital gains distribution of approximately S\$1.24 million in 1H 2019; and
  - (iii) partially offset by lower finance cost in 1H 2020 over 1H 2019 as stated in (c) above.
- (k) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. In view of the still-evolving COVID-19 situation, the Manager made the decision to temporarily retain 55.0% of its 1H 2020 distributable income to conserve capital, which will be paid out at a later date.

**9. Variance between forecast and the actual results**

The Manager has not disclosed any financial forecast to the market. However, as indicated in the previous quarter's announcement dated 23 January 2020, the Manager will continue its focus on executing its growth plan through active asset management and progressing on asset enhancement initiatives ("AEI").

**10. Commentary on 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 reporting period and the next 12 months**

The Ministry of Trade and Industry ("MTI") Singapore's latest advance estimates showed that Singapore's economy contracted 12.6% y-o-y and 41.2% quarter-on-quarter ("q-o-q") in 2Q 2020 due to "Circuit Breaker" measures<sup>(1)</sup>. Earlier last month, a survey by the Monetary Authority of Singapore ("MAS") showed that Singapore's Gross Domestic Product ("GDP") is expected to contract by 5.8% this year in response to the fallout from COVID-19, a sharp reversal from the 0.6% growth expected in the previous survey<sup>(2)</sup>.

Rental reversion for industrial properties is likely to remain negative for the year, with JTC Corporation data showing continued oversupply and substantial island-wide vacancy. Industrial rents remained flat and occupancy rates decreased by 0.1% y-o-y as at 1Q 2020<sup>(3)</sup>. Given the heightened macroeconomic uncertainties, JLL said that logistics or warehouse rents could face downward pressure in 2020, while yields could compress in a low-interest rate environment<sup>(4)</sup>.

Still, market watchers see some pockets of opportunities amid the challenges. Savills expects the Singapore industrial and warehousing markets to hold the greatest fundamental potential for a recovery after 2020<sup>(5)</sup>. There could be increased demand from certain sectors such as pharmaceutical and medical technology, food and grocery delivery from central kitchen, warehousing and logistics for food and basic necessities, manufacturers of hygiene goods, as well as e-commerce products that facilitate online learning and workplace conferencing, said Knight Frank<sup>(6)</sup>.

Against this difficult backdrop, Sabana REIT expects to face pressure on its earnings for the rest of the year. The Manager will remain focused on executing its Refreshed Strategy through proactive lease and asset management and AEs, while navigating the near-term challenges through the four key thrusts of supporting its tenants, continued prudent capital management, commitment to safety excellence and ensuring business resilience and continuity.

Sources:

- (1) "Singapore's GDP Contracted by 12.6 Per Cent in the Second Quarter of 2020". Ministry of Trade and Industry Singapore. 14 July 2020.
- (2) "Economic Policy Group survey of professional forecasters June 2020". Monetary Authority of Singapore. 15 June 2020.
- (3) "Quarterly Market Report Industrial Properties First Quarter 2020". JTC. 23 April 2020.
- (4) "Property Market Monitor, Singapore,.". JLL. 15 April 2020.
- (5) "Singapore Industrial Briefing Q1 2020" Savills. 12 May 2020.
- (6) "Singapore Research: Industrial Q1 2020". Knight Frank. Retrieved 6 July 2020.

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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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**11. Distributions**

**(a) Current financial period**

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the half year ended 30 June 2020

Distribution Type: Taxable income

Distribution Rate: Taxable income – 0.47 cents per unit

Par value of units: Not meaningful

Tax rate: **Taxable Income**

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

**(b) Corresponding period of the immediately preceding financial year**

Any distribution declared for the previous corresponding period: Yes

Name of distribution: Distribution for the half year ended 30 June 2019

Distribution Type: Taxable Income / Capital gains

Distribution Rate: Taxable Income – 1.25 cents per unit  
Capital gains – 0.12 cents per unit

Par value of units: Not meaningful

Tax rate: **Taxable Income**

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

**Capital gains**

The distribution is made out of gains arising from divestment of investment properties from prior years as capital gains. Unitholders receiving distribution out of capital gains are not subject to Singapore income tax.

**(c) Date Payable: 28 August 2020**

**(d) Books Closure Date: 24 July 2020**



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**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR HALF YEAR FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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**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 relating to interested person transactions**

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

**15. Negative Confirmation By The Board Pursuant to Rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Sabana Shari'ah Compliant REIT which may render these unaudited interim financial results 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**

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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 Shari'ah Compliant Real Estate Investment Trust

16 July 2020

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

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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

15 July 2020

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 six-month period ended 30 June 2020. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 30 June 2020;
- Consolidated portfolio statement of the Group as at 30 June 2020;
- Consolidated statement of total return of the Group for the six-month period ended 30 June 2020;
- Consolidated distribution statement of the Group for the six-month period ended 30 June 2020;
- Statements of movements in unitholders' funds of the Group and the Trust for the six-month period ended 30 June 2020;
- Consolidated statement of cash flows of the Group for the six-month period ended 30 June 2020; and
- Certain explanatory 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