
**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO
31 DECEMBER 2020**

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 \$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 and full year ended 31 December 2020 and their comparative periods as set out in this announcement have been extracted from the interim financial information for the period from 1 January 2020 to 31 December 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*".

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

SUMMARY OF RESULTS FOR SABANA GROUP

	Group					
	Half Year		Fav / (Unfav)	YTD		Fav / (Unfav)
	2H 2020	2H 2019		31/12/20	31/12/19	
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue	37,438	39,609	(5.5)	71,701	76,338	(6.1)
Net property income	23,781	26,919	(11.7)	44,643	51,612	(13.5)
Total amount available for distribution to Unitholders for the period/year	18,033	16,292	10.7	29,110	30,743	(5.3)
- from operations	14,869	16,292	(8.7)	25,946	29,500	(12.0)
- from rollover adjustments from prior years	3,164	-	n.m	3,164	-	n.m
- from capital gains	-	-	-	-	1,243	n.m
Total distribution amount declared to Unitholders for the period/year	24,125 ^(b)	16,292	48.1	29,110	30,743	(5.3)
Amount available for distribution per unit (cents)	1.71	1.55	10.3	2.76	2.92	(5.5)
Distribution amount declared per unit ("DPU") (cents) ^(a)	2.29 ^(b)	1.55	47.7	2.76	2.92	(5.5)

n.m denotes "not meaningful"

Note:

- (a) Please refer to Item 6 on Page 12 for the DPU computation.
- (b) Distribution includes approximately \$6.1 million or 0.58 cents withheld from 1H 2020 distribution.

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1 (a)(i) Statement of Total Return and Distribution Statement Statement (2H 2020 vs 2H 2019 and Current Year to Date ("YTD") vs Prior YTD)

Statements of Total Return	Group					
	Half Year		Fav / (Unfav)	YTD		Fav / (Unfav)
	2H 2020	2H 2019		31/12/20	31/12/19	
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue ^(a)	37,438	39,609	(5.5)	71,701	76,338	(6.1)
Property expenses ^(b)	(13,657)	(12,690)	(7.6)	(27,058)	(24,726)	(9.4)
Net property income	23,781	26,919	(11.7)	44,643	51,612	(13.5)
Finance income	18	25	(28.0)	54	229	(76.4)
Finance costs	(4,841)	(6,037)	19.8	(10,378)	(12,739)	18.5
Finance costs relating to lease liabilities	(1,654)	(1,676)	1.3	(3,323)	(3,358)	1.0
Net finance costs ^(c)	(6,477)	(7,688)	15.8	(13,647)	(15,868)	14.0
Manager's fees	(2,145)	(2,236)	4.1	(4,312)	(4,495)	4.1
Trustee's fees	(171)	(178)	3.9	(348)	(360)	3.3
Donation of non-Shari'ah compliant income ^(d)	-	(1)	n.m	(1)	(5)	80.0
Other trust expenses ^{(f)(i)}	(3,045)	(403)	(655.6)	(3,500)	(1,036)	(237.8)
Net income	11,943	16,413	(27.2)	22,835	29,848	(23.5)
Net change in fair value of financial derivatives ^(e)	853	(237)	459.9	(3,107)	(535)	(480.7)
Net change in fair value of investment properties ^(f)	(7,226)	2,049	(452.7)	(61,938)	(7,885)	(685.5)
Loss on divestment of investment property ^(g)	-	-	-	-	(773)	n.m
Total return/(loss) for the period/year before taxation	5,570	18,225	(69.4)	(42,210)	20,655	(304.4)
Tax expense ^(h)	*	*	-	*	*	-
Total return/(loss) for the period/year after taxation	5,570	18,225	(69.4)	(42,210)	20,655	(304.4)

Distribution Statements	Group					
	Half Year		Fav / (Unfav)	YTD		Fav / (Unfav)
	2H 2020	2H 2019		31/12/20	31/12/19	
	\$'000	\$'000	%	\$'000	\$'000	%
Total return/(loss) for the period/year and after taxation	5,570	18,225	(69.4)	(42,210)	20,655	(304.4)
Non-tax deductible/(chargeable) items:						
Amortisation of transaction costs ⁽ⁱ⁾	286	708	(59.6)	658	1,422	(53.7)
Trustee's fees	171	178	(3.9)	348	360	(3.3)
Donation of non-Shari'ah compliant income	-	1	n.m	1	5	(80.0)
Net change in fair value of financial derivatives	(853)	237	(459.9)	3,107	535	480.7
Net change in fair value of investment properties	7,226	(2,049)	452.7	61,938	7,885	685.5
Loss on divestment of investment property	-	-	-	-	773	n.m
Effects of recognising rental income on a straight line basis over the lease term	(71)	(502)	85.9	178	(1,042)	117.1
Finance costs relating to lease liabilities	1,654	1,676	(1.3)	3,323	3,358	(1.0)
Land rent expenses	(2,399)	(2,388)	(0.5)	(4,799)	(4,764)	(0.7)
Other items ⁽ⁱ⁾	6,449	206	n.m	6,566	313	n.m
Net effect of non-tax deductible/(chargeable) for the period/year	12,463	(1,933)	n.m	71,320	8,845	n.m
Income available for distribution to Unitholders for the period/year	18,033	16,292	10.7	29,110	29,500	(1.3)
Capital gains	-	-	-	-	1,243	n.m
Total amount available for distribution to Unitholders for the period/year	18,033	16,292	10.7	29,110	30,743	(5.3)
Total distribution amount declared to Unitholders for the period/year ^(k)	24,125	16,292	48.1	29,110	30,743	(5.3)

n.m denotes "not meaningful"

* Less than \$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:

	Group					
	Half Year		Fav / (Unfav)	YTD		Fav / (Unfav)
	2H 2020	2H 2019		31/12/20	31/12/19	
	\$'000	\$'000	%	\$'000	\$'000	%
Finance income:						
- Finance income from fixed deposits	8	9	(11.1)	14	196	(92.9)
- Ta'widh (compensation on late payment of rent)	10	16	(37.5)	40	33	21.2
	18	25	(28.0)	54	229	(76.4)
Finance costs:						
- Commodity Murabaha facilities	(1,465)	(2,424)	39.6	(3,580)	(4,955)	27.7
- Murabahah facilities	(1,483)	(2,263)	34.5	(3,382)	(4,175)	19.0
- Term loan facility	(355)	(594)	40.2	(833)	(1,198)	30.5
- Revolving loan facility	(68)	-	n.m	(89)	-	n.m
- Profit rate swaps	(1,113)	18	n.m	(1,699)	227	n.m
- Trust certificates	-	-	-	-	(1,083)	100.0
- Amortisation of transaction costs	(286)	(708)	59.6	(658)	(1,422)	53.7
- Brokerage and agent fees	(71)	(66)	(7.6)	(137)	(133)	(3.0)
	(4,841)	(6,037)	19.8	(10,378)	(12,739)	18.5
Finance costs relating to lease liabilities ⁽ⁱ⁾	(1,654)	(1,676)	1.3	(3,323)	(3,358)	1.0
	(6,495)	(7,713)	15.8	(13,701)	(16,097)	14.9
Net finance costs	(6,477)	(7,688)	15.8	(13,647)	(15,868)	14.0

n.m denotes "not meaningful"

- (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:

Current YTD

- The Invictus Fund (1H 2020)

There was no donation of non-Shariah compliant income for 2H 2020.

Prior YTD

- Brighthill Evergreen Home (1H 2019)
- SG Enable Ltd – Mediacorp Enable Fund (2H 2019)

- (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 2H 2020 and Current YTD mainly relates to the revaluation movement based on the independent valuations of the properties undertaken by the independent valuers Cushman & Wakefield (S) Pte Ltd and SRE Global Pte Ltd ("**2020 Independent Valuers**") as at 31 December 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 31 December 2020, in accordance with FRS 116 Leases ("**FRS 116**").

Net change in fair value of the investment properties in 2H 2019 and Prior YTD mainly relates to the revaluation movements based on the independent valuations of the properties undertaken by the independent valuers Cushman & Wakefield VHS Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd and Suntec Real Estate Consultants Pte Ltd ("**2019 Independent Valuers**") as at 31 December 2019 and the adjustments in ROU assets in relation to the land leases with JTC included in investment properties as at 31 December 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) Other items consist of:

- (i) one-time non-tax deductible legal, professional, advisory fees and provisions amounting to approximately \$2.7 million that relate to the proposed merger of ESR-REIT and Sabana REIT by the way of a trust scheme of arrangement;
- (ii) one-time distributable rollover adjustment amounting to approximately \$3.2 million from tax rulings by IRAS on the non-tax deductibility of certain expenses on vacant properties for prior years; and
- (iii) other trust expenses that are non-tax deductible.

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

- (k) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For 2H 2020, the remaining 55% distributable amount of approximately \$6.1 million (DPU: 0.58 cents) withheld from 1H 2020 distribution will be distributed together with the 2H 2020 distribution.

- (l) This pertains to the finance cost on the lease liabilities relating to 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		
	31/12/20	31/12/19	Change	31/12/20	31/12/19	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets						
Investment properties ^(a)	904,565	949,241	(4.7)	904,565	949,241	(4.7)
Subsidiary ^(b)	-	-	-	*	*	-
Total non-current assets	904,565	949,241	(4.7)	904,565	949,241	(4.7)
Current assets						
Investment property held for divestment ^(a)	13,794	14,888	(7.3)	13,794	14,888	(7.3)
Trade and other receivables ^(c)	2,838	3,419	(17.0)	2,836	3,417	(17.0)
Cash and cash equivalents ^(d)	9,520	4,099	132.3	9,520	4,099	132.3
Total current assets	26,152	22,406	16.7	26,150	22,404	16.7
Total assets	930,717	971,647	(4.2)	930,715	971,645	(4.2)
Current liabilities						
Trade and other payables ^(e)	17,417	14,992	16.2	17,424	14,999	16.2
Borrowings ^(f)	158,370	56,500	180.3	158,370	56,500	180.3
Derivative liabilities ^(g)	201	240	(16.3)	201	240	(16.3)
Lease liabilities ^(h)	6,130	6,278	(2.4)	6,130	6,278	(2.4)
Total current liabilities	182,118	78,010	133.5	182,125	78,017	133.4
Non-current liabilities						
Trade and other payables ^(e)	7,539	6,290	19.9	7,539	6,290	19.9
Borrowings ^(f)	125,649	218,684	(42.5)	125,649	218,684	(42.5)
Derivative liabilities ^(g)	3,535	197	n.m	3,535	197	n.m
Lease liabilities ^(h)	72,129	73,451	(1.8)	72,129	73,451	(1.8)
Total non-current liabilities	208,852	298,622	(30.1)	208,852	298,622	(30.1)
Total liabilities	390,970	376,632	3.8	390,977	376,639	3.8
Net assets	539,747	595,015	(9.3)	539,738	595,006	(9.3)
Represented by:						
Unitholders' funds ⁽ⁱ⁾	539,747	595,015	(9.3)	539,738	595,006	(9.3)

n.m denotes "not meaningful"
* Less than \$1,000

Notes:

- The decrease in investment properties mainly due to the net revaluation loss of the properties amounting to \$61.9 million (including the net movement relating to FRS 116 adjustments) and partially offset by the capital expenditure on the properties of \$16.1 million which includes the ongoing asset enhancement initiatives ("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 decrease is mainly due to higher allowances for impairment loss on trade receivables were made for certain tenants across the portfolio on prudence basis.
- 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 and other payables, security deposits, rental received in advance, retention sums, accruals and provisions. The increase is mainly due to the provisions made relating to costs on AEI at New Tech Park ("NTP") and professional fees relating to the proposed merger of ESR-REIT and Sabana REIT by the way of a trust scheme of arrangement.

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- (f) The movements in current and non-current borrowings are mainly due to:
- (i) drawdown of \$13.5 million of loan facilities in relation to AEI progress at NTP; and
 - (ii) partially offset by net repayment of \$5.0 million of revolving facilities.

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

As at 31 December 2020, the Group's current liabilities exceeded its current assets by \$155.9 million (2019: \$55.6 million) and had \$59.2 million (2019: \$37.5 million) of undrawn committed facilities.

- (g) The derivative financial instruments as at 31 December 2020 relates to profit rate swap contracts with a total notional amount of \$142.5 million (2019: \$100.0 million). As at 31 December 2020, approximately 50.0% (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	
	31/12/20	31/12/19
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year:		
Revolving Loan Facility	1,000	-
Revolving CMF (D)	-	3,500
Revolving CMF (F)	7,000	-
Revolving Murabahah Facility	50,500	53,000
Term Murabahah Facility	70,000	-
Term Loan Facility	30,000	-
Less: Unamortised capitalised transaction costs	(130)	-
	158,370	56,500
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)	6,345	-
Term Murabahah Facility	-	70,000
Term Loan Facility	-	30,000
Less: Unamortised capitalised transaction costs	(696)	(1,316)
	125,649	218,684
Total secured borrowings	284,019	275,184
Total borrowings	284,019	275,184

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 \$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) 4-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 AEI); and
- (vi) 3-year Revolving CMF (F) of \$7.0 million maturing in November 2022 (to fund AEI).

As at 31 December 2020, a total of \$133.3 million, consisting of \$120.0 million Term CMF (A) to (C), \$7.0 million of Revolving CMF (F) and \$6.3 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 ("**Securitised Properties**"), (or, where title to or lease relating 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);
- (2) Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitised Properties; and
- (3) A fixed and floating charge over the other assets of Sabana Shari'ah Compliant REIT relating to the Securitised Properties.

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(b) Murabahah Facilities

The Murabahah Facilities consisted of:

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

As at 31 December 2020, a total of \$120.5 million, consisting of \$70.0 million Term Murabahah and \$50.5 million Revolving Murabahah, was drawn on the Murabahah Facilities.

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

- (1) A first ranking legal mortgage over 7 (2019: 7) investment properties ("**Murahahah 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 \$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 \$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 \$28.0 million maturing in April 2023; and
- (ii) 3-year Bank Guarantee Facility of \$2.0 million maturing in April 2023.

As at 31 December 2020, \$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

Statement of Cash Flows	Group			
	Half Year		YTD	
	2H 2020	2H 2019	31/12/20	31/12/19
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Total return/(loss) for the period/year before taxation and before distribution	5,570	18,225	(42,210)	20,655
Adjustments for:				
Net change in fair value of financial derivatives	(853)	237	3,107	535
Net change in fair value of investment properties	7,226	(2,049)	61,938	7,885
Loss on divestment of investment property	-	-	-	773
Net finance costs	6,477	7,688	13,647	15,868
	18,420	24,101	36,482	45,716
Change in trade and other receivables	986	(391)	768	(1,215)
Change in trade and other payables	504	287	2,855	(5,274)
Cash generated from operations	19,910	23,997	40,105	39,227
Ta'widh (compensation on late payment of rent) received	1	16	31	33
Net cash from operating activities	19,911	24,013	40,136	39,260
Cash flows from investing activities				
Capital expenditure on investment properties	(5,325)	(5,708)	(14,992)	(6,458)
Proceeds from divestment of investment property	-	-	-	99,600
Payment for divestment costs	-	-	-	(773)
Profit income received	8	9	14	196
Net cash (used in)/from investing activities	(5,317)	(5,699)	(14,978)	92,565
Cash flows from financing activities				
Proceeds from borrowings	2,955	125,500	13,345	177,000
Repayment of borrowings	(2,500)	(120,500)	(5,000)	(263,500)
Transaction costs paid	(168)	(1,195)	(168)	(1,447)
Payment of lease liabilities	(2,399)	(2,388)	(4,799)	(4,764)
Finance costs paid	(5,606)	(5,239)	(10,057)	(12,112)
Distributions paid	(4,949)	(14,742)	(13,058)	(30,118)
Net cash used in financing activities	(12,667)	(18,564)	(19,737)	(134,941)
Net increase/(decrease) in cash and cash equivalents	1,927	(250)	5,421	(3,116)
Cash and cash equivalents at beginning of the period/year	7,593	4,349	4,099	7,215
Cash and cash equivalents at end of the period/year	9,520	4,099	9,520	4,099

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

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

Statements of Movements in Unitholders' Funds	Group			
	Half Year		YTD	
	2H 2020	2H 2019	31/12/20	31/12/19
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the period/year	539,126	591,532	595,015	604,478
Operations				
Total return/(loss) for the period after taxation	5,570	18,225	(42,210)	20,655
	544,696	609,757	552,805	625,133
Unitholders' transactions				
Distributions to Unitholders	(4,949)	(14,742)	(13,058)	(30,118)
Net decrease in net assets resulting from Unitholders' transactions	(4,949)	(14,742)	(13,058)	(30,118)
Unitholders' funds at end of the period/year	539,747	595,015	539,747	595,015

Statements of Movements in Unitholders' Funds	Trust			
	Half Year		YTD	
	2H 2020	2H 2019	31/12/20	31/12/19
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the period/year	539,117	591,523	595,006	604,469
Operations				
Total return/(loss) for the period after taxation	5,570	18,225	(42,210)	20,655
	544,687	609,748	552,796	625,124
Unitholders' transactions				
Distributions to Unitholders	(4,949)	(14,742)	(13,058)	(30,118)
Net decrease in net assets resulting from Unitholders' transactions	(4,949)	(14,742)	(13,058)	(30,118)
Unitholders' funds at end of the period/year	539,738	595,006	539,738	595,006

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

	Group and Trust			
	Half Year		YTD	
	2H 2020	2H 2019	31/12/20	31/12/19
Units in issue:				
Units in issue at beginning and end of the period/year	1,053,083,530	1,053,083,530	1,053,083,530	1,053,083,530

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 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 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 and Appendix A for the extracts of Note 2.2 to the Financial Information.

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		YTD	
	2H 2020	2H 2019	31/12/20	31/12/19
<u>Basic and Diluted EPU</u>				
Weighted average number of units in issue	1,053,083,530	1,053,083,530	1,053,083,530	1,053,083,530
Earnings per unit for the period/year based on the weighted average number of units in issue (cents) ^{(a)(b)}	0.53	1.73	(4.01)	1.96

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/year.
- (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		YTD	
	2H 2020	2H 2019	31/12/20	31/12/19
Number of units issued at end of period/year entitled to distribution	1,053,083,530	1,053,083,530	1,053,083,530	1,053,083,530
Distribution per unit declared for the period/year based on the total number of units entitled to distribution (cents)	2.29	1.55	2.76	2.92

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 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 31/12/20	As at 31/12/19	As at 31/12/20	As at 31/12/19
Net asset value ("NAV") and net tangible asset ("NTA") per unit (\$) ^(a)	0.51 ^(b)	0.57	0.51 ^(b)	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

2H 2020 vs 2H 2019

Statement of Total Return	Group		
	2H 2020	2H 2019	Fav / (Unfav)
	\$'000	\$'000	%
Gross revenue	37,438	39,609	(5.5)
Property expenses	(13,657)	(12,690)	(7.6)
Net property income ^(a)	23,781	26,919	(11.7)
Finance income ^(b)	18	25	(28.0)
Finance costs ^(c)	(4,841)	(6,037)	19.8
Finance costs relating to lease liabilities	(1,654)	(1,676)	1.3
Net finance costs	(6,477)	(7,688)	15.8
Manager's fees	(2,145)	(2,236)	4.1
Trustee's fees	(171)	(178)	3.9
Donation of non-Shari'ah compliant income	-	(1)	n.m
Other trust expenses ^(d)	(3,045)	(403)	(655.6)
Net income	11,943	16,413	(27.2)
Net change in fair value of financial derivatives ^(e)	853	(237)	459.9
Net change in fair value of investment properties ^(f)	(7,226)	2,049	(452.7)
Total return for the period before taxation	5,570	18,225	(69.4)
Tax expense	*	*	-
Total return for the period after taxation	5,570	18,225	(69.4)
Distribution adjustments ^(g)	12,463	(1,933)	n.m
Total amount available for distribution to Unitholders for the period ^(h)	18,033	16,292	10.7
Total distribution amount declared to Unitholders for the period ⁽ⁱ⁾	24,125	16,292	48.1

n.m denotes "not meaningful"

*Less than \$1,000

Notes:

- (a) Net property income for 2H 2020 decreased by 11.7% mainly due to:
- (i) lower contribution from 10 Changi South Street 2 due to termination of master lease in 2H 2019;
- (ii) higher allowances for impairment loss on trade receivables were made for certain tenants across the portfolio in 2H 2020.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

- (b) Lower finance income mainly due to lower average fixed deposit placement and lower Ta'widh charged on late payment of rent in 2H 2020 over 2H 2019.
- (c) Finance costs decreased by 19.8% mainly due to lower floating rates and lower average loan balances in 2H 2020 over 2H 2019.
- (d) Higher other trust expenses mainly due to one-time non-tax deductible legal, professional, advisory fees and provisions amounting to approximately \$2.7 million. These fees relate to the proposed merger of ESR-REIT and Sabana REIT by the way of a trust scheme of arrangement.
- (e) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during 2H 2020 and 2H 2019.
- (f) The net change in fair value of investment properties in 2H 2020 and 2H 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.
- (g) Distribution adjustments increased mainly due to:
 - (i) higher non-tax deductible effects of the items stated in (d) and (f) above;
 - (ii) one-time distributable rollover adjustment amounting to approximately \$3.2 million from tax rulings by IRAS on the non-tax deductibility of certain expenses on vacant properties for prior years; and
 - (iii) partially offset by higher chargeable item as stated in (e) above.
- (h) Amount available for distribution increased by 10.7% mainly due to:
 - (i) one-time distributable rollover adjustment from tax rulings by IRAS on the non-tax deductibility of certain expenses on vacant properties for prior years;
 - (ii) lower finance cost in 2H 2020 over 2H 2019 as stated in (c) above; and
 - (iii) partially offset by lower net property income as stated in (a) above.
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For 2H 2020, the remaining 55% distributable amount of approximately \$6.1 million (DPU: 0.58 cents) withheld from 1H 2020 distribution will be distributed together with the 2H 2020 distribution.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

Current YTD vs Prior YTD

Statement of Total Return	Group		
	YTD		Fav / (Unfav)
	31/12/20	31/12/19	
	\$'000	\$'000	%
Gross revenue	71,701	76,338	(6.1)
Property expenses	(27,058)	(24,726)	(9.4)
Net property income ^(a)	44,643	51,612	(13.5)
Finance income ^(b)	54	229	(76.4)
Finance costs ^(c)	(10,378)	(12,739)	18.5
Finance costs relating to lease liabilities	(3,323)	(3,358)	1.0
Net finance costs	(13,647)	(15,868)	14.0
Manager's fees	(4,312)	(4,495)	4.1
Trustee's fees	(348)	(360)	3.3
Donation of non-Shari'ah compliant income ^(d)	(1)	(5)	80.0
Other trust expenses ^(e)	(3,500)	(1,036)	(237.8)
Net income	22,835	29,848	(23.5)
Net change in fair value of financial derivatives ^(f)	(3,107)	(535)	(480.7)
Net change in fair value of investment properties ^(g)	(61,938)	(7,885)	(685.5)
Loss on divestment of investment property ^(h)	-	(773)	n.m
Total (loss)/return for the year before taxation	(42,210)	20,655	(304.4)
Tax expense	*	*	-
Total (loss)/return for the year after taxation	(42,210)	20,655	(304.4)
Distribution adjustments ⁽ⁱ⁾	71,320	8,845	n.m
Income available for distribution to Unitholders for the year	29,110	29,500	(1.3)
Capital gains	-	1,243	n.m
Total amount available for distribution to Unitholders for the year ^(j)	29,110	30,743	(5.3)
Total distribution amount declared to Unitholders for the year	29,110	30,743	(5.3)

n.m denotes "not meaningful"
*Less than \$1,000

Notes:

- (a) Net property income decreased by 13.5% 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 lower occupancies at certain properties in Current YTD; and
 - (iii) higher allowances for impairment loss on trade receivables were made for certain tenants across the portfolio in Current YTD.
- (b) Lower finance income mainly due to lower average fixed deposit placement in Current YTD over Prior YTD.
- (c) Finance costs decreased by 18.5% mainly due to lower profit expense after the repayment of \$100.0 million Trust Certificates Series II in April 2019 and lower floating rates in Current YTD over Prior YTD.
- (d) Lower donation of non-Shari'ah compliant income mainly due to lower income generated from non-core activities subjected to cleansing in Current YTD over Prior YTD.
- (e) Higher other trust expenses mainly due to one-time non-tax deductible legal, professional, advisory fees and provisions amounting to approximately \$2.7 million. These fees relate to the proposed merger of ESR-REIT and Sabana REIT by the way of a trust scheme of arrangement.
- (f) The net change in fair value of financial derivatives relates to the fair value change of the profit rate swaps recognised during Current YTD and Prior YTD.
- (g) The net change in fair value of investment properties in Current YTD and Prior YTD 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.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

- (h) The loss on divestment of investment property relates to additional transaction related costs incurred in the divestment of 9 Tai Seng Drive in Prior YTD.
- (i) Distribution adjustments increased mainly due to:
 - (i) higher non-tax deductible effects of the items stated in (e), (f) and (g) above; and
 - (ii) one-time distributable rollover adjustment amounting to approximately \$3.2 million from tax rulings by IRAS on the non-tax deductibility of certain expenses on vacant properties for prior years.
- (j) Amount available for distribution decreased by 5.3% mainly due to:
 - (i) lower net property income in Current YTD over Prior YTD;
 - (ii) absence of a one-time capital gains distribution of approximately \$1.24 million in 1H 2019;
 - (iii) partially offset by lower finance cost in Current YTD over Prior YTD as stated in (c) above; and
 - (iv) one-time distributable rollover adjustment from tax rulings by IRAS on the non-tax deductibility of certain expenses on vacant properties for prior years.

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 half year results announcement dated 16 July 2020, the Manager will continue its focus on executing its growth plan through active asset management and progressing on 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 3.8% y-o-y and grew by 2.1% on a quarter-on-quarter (“q-o-q”) seasonally-adjusted basis in 4Q 2020. The Singapore economy contracted by 5.8% for the whole of 2020.⁽¹⁾ In 2021, Singapore’s GDP growth is expected to be at a positive 4.0% to 6.0%, said MTI.⁽²⁾

Rental reversion for industrial properties is likely to remain negative for the year. Industrial rents fell by 1.6% y-o-y, but occupancy rates increased by 0.3% y-o-y as at 3Q 2020 due to higher demand for storage amid delays in new completions.⁽³⁾ While the sector is expected to brighten gradually as the global manufacturing outlook improves, recovery is expected to be different across various industrial sectors, with those located close to transportation nodes with efficient floor plates having greater advantage in attracting tenants.⁽⁴⁾

According to Savills, activity in the leasing market will come from more businesses seeking to consolidate and reduce space as part of their cost-saving plans. Even though further delays in projected completions are expected, overall occupancy levels are likely to remain depressed in the near term. As such, industrial prices and rents will continue to be negatively impacted by Small & Medium Sized Enterprises as the pandemic has hit them hardest.⁽⁵⁾

While the macroeconomic landscape still remains challenging, the Manager will continue all efforts to remain resilient, with positive catalysts including the launch of NTP+ by 1Q 2021. It will remain focused on executing its Refreshed Strategy through proactive lease and asset management, as well as AEI and rejuvenation of select assets, underpinned by continued fiscal prudence. Overall, Sabana REIT continues to explore all viable options for growth to create sustainable value for Unitholders.

Sources:

- (1) “Singapore’s GDP Contracted by 3.8 Per Cent in the Fourth Quarter of 2020”. Ministry of Trade and Industry Singapore. 4 January 2021.
- (2) “MTI Forecasts GDP Growth of “-6.5 to -6.0 Per Cent” in 2020 and “+4.0 to +6.0 Per Cent” in 2021”. Ministry of Trade and Industry Singapore. 23 November 2020
- (3) Quarterly Market Report Industrial Properties Third Quarter 2020” JTC. 22 October 2020
- (4) “Singapore 3Q 2020.”. Edmund Tie. October 2020.
- (5) “Singapore Industrial Briefing Q1 2020” Savills. 11 November 2020.

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO
31 DECEMBER 2020**

11. Distributions

(a) Current financial period

Any distribution declared for the current period: Yes

Name of distribution: Distribution for the half year ended 31 December 2020

Distribution Type: Taxable income

Distribution Rate: Taxable income – 2.29 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 31 December 2019

Distribution Type: Taxable Income

Distribution Rate: Taxable Income – 1.55 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.

(c) Date Payable: 26 February 2021

(d) Books Closure Date: 1 February 2021

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO
31 DECEMBER 2020**

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. 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.

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Total gross revenue by property types	Group		
	YTD		Fav / (Unfav)
	31/12/20	31/12/19	(Unfav)
	\$'000	\$'000	%
High-tech Industrial	41,961	40,872	2.7
Chemical Warehouse & Logistics	6,817	6,598	3.3
Warehouse & Logistics	16,653	22,167	(24.9)
General Industrial	6,270	6,701	(6.4)
	71,701	76,338	(6.1)

Total net property income by property types	Group		
	YTD		Fav / (Unfav)
	31/12/20	31/12/19	(Unfav)
	\$'000	\$'000	%
High-tech Industrial	23,103	22,925	0.8
Chemical Warehouse & Logistics	6,342	6,389	(0.7)
Warehouse & Logistics	11,263	17,864	(37.0)
General Industrial	3,935	4,434	(11.3)
	44,643	51,612	(13.5)

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

Please refer to Section 8 for the review of the actual performance.

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

	Group		
	YTD		Fav / (Unfav)
	31/12/20	31/12/19	(Unfav)
	\$'000	\$'000	%
(a) Gross revenue reported for first half year	34,263	36,729	(6.7)
(b) Total return after tax before distribution for first half year	(47,780)	2,430	n.m
(c) Gross revenue reported for second half year	37,438	39,609	(5.5)
(d) Total return after tax before distribution for second half year	5,570	18,225	(69.4)

n.m denotes "not meaningful"

SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

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

	Group	
	YTD	
	31/12/20	31/12/19
	\$'000	\$'000
In respect of the half year/quarter from:		
1 July 2020 – 31 December 2020 ^(a)	24,125	-
1 January 2020 – 30 June 2020	4,949	-
1 October 2019 - 31 December 2019	-	8,109
1 July 2019 - 30 September 2019	-	8,214
1 April 2019 - 30 June 2019	-	6,528
1 January 2019 - 31 March 2019	-	7,898
	29,074	30,749

Note:

(a) The distribution for the half year from 1 July 2020 to 31 December 2020 is payable by February 2021.

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

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

**On behalf of the Board of Directors of
Sabana Real Estate Investment Management Pte. Ltd.
(Company registration number 201005493K)
as Manager of Sabana 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 January 2021

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

22 January 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 and the year ended 31 December 2020. The Interim Financial Information comprise the following:

- Statements of financial position of the Group and the Trust as at 31 December 2020;
- Consolidated portfolio statement of the Group as at 31 December 2020;
- Consolidated statements of total return of the Group for the half-year and the year ended 31 December 2020;
- Consolidated distribution statements of the Group for the half-year and the year ended 31 December 2020;
- Statements of movements in unitholders' funds of the Group and the Trust for the year ended 31 December 2020;
- Consolidated statement of cash flows of the Group for the year ended 31 December 2020; 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.

Emphasis on matter

We draw attention to Note 2.2 to the Interim Financial Information. As at 31 December 2020, the current liabilities of the Group exceeded the current assets by \$155.9 million mainly as a result of the Group's borrowings of \$150.5 million which are due for refinancing within the next 12 months from the reporting date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Restriction of Use

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

KPMG LLP

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore

**SABANA SHARI'AH COMPLIANT REIT FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR HALF YEAR FROM 1 JULY 2020 TO 31 DECEMBER 2020 AND FULL YEAR FROM 1 JANUARY 2020 TO
31 DECEMBER 2020**

APPENDIX A

Extracts of Note 2.2 to the Financial Information.

2.2 *Going concern*

As at 31 December 2020, the current liabilities of the Group exceeded the current assets by \$155.9 million mainly as a result of the Group's borrowings of \$150.5 million which are due for refinancing within the next 12 months from the reporting date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to operate as a going concern. 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 and refinancing needs to enable the Group to continue its operations for the next twelve months.

As at the date of this Financial Information, the Group had obtained draft term sheets from various financial institutions to refinance or for new loan to repay the Group's current borrowings which are due for refinancing within the next 12 months from the reporting date. The Manager is confident that the execution of the loan documentation with the financial institutions will be completed by early March 2021.

The validity of the going concern assumption on which this Financial Information has been prepared depends on the favourable outcome of the refinancing of the current borrowings. If the Group is unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts currently stated in the Statement of Financial Position of the Group. In addition, the Group may have to provide for further liabilities which may arise, and to classify the non-current assets as current assets. The accompanying Financial Information do not include the effect of any of these adjustments.