

Sabana Industrial Real Estate Investment Trust
and its subsidiary

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

Interim Financial Information
31 December 2023

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Statement of Financial Position
As at 31 December 2023**

	Note	Group		Trust	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Investment properties	4	979,987	962,179	979,987	962,179
Subsidiary	5	—	—	*	*
Derivative assets	8	1,210	6,647	1,210	6,647
Total non-current assets		981,197	968,826	981,197	968,826
Current assets					
Trade and other receivables	6	7,384	4,646	7,384	4,646
Derivative assets	8	1,445	1,711	1,445	1,711
Cash and cash equivalents		16,065	8,009	16,065	8,009
Total current assets		24,894	14,366	24,894	14,366
Total assets		1,006,091	983,192	1,006,091	983,192
Current liabilities					
Trade and other payables		23,218	20,946	23,226	20,955
Tax payable		556	—	556	—
Borrowings	7	104,541	—	104,541	—
Lease liabilities		1,812	1,714	1,813	1,714
Total current liabilities		130,127	22,660	130,136	22,669
Non-current liabilities					
Trade and other payables		14,322	11,059	14,322	11,059
Borrowings	7	210,829	288,921	210,829	288,921
Lease liabilities		74,275	74,765	74,275	74,765
Total non-current liabilities		299,426	374,745	299,426	374,745
Total liabilities		429,553	397,405	429,562	397,414
Net assets		576,538	585,787	576,529	585,778
Represented by:					
Unitholders' funds		576,538	585,787	576,529	585,778
Units in issue ('000)	9	1,111,788	1,096,121	1,111,788	1,096,121
Net asset value ("NAV") and net tangible asset ("NTA") per unit (S\$)		0.52	0.53	0.52	0.53

* Less than \$1,000

Approval by:

Tan Cheong Hin
Chairman

23 January 2024

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Statement of Total Return
Half year ended and year ended 31 December 2023**

		<-----Group----->			
		1 July 2023 to 31 December 2023	1 July 2022 to 31 December 2022	1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
Note		\$'000	\$'000	\$'000	\$'000
	Gross revenue	56,598	50,057	111,875	94,907
10	Property expenses	(28,792)	(23,803)	(56,901)	(41,624)
	Net property income	27,806	26,254	54,974	53,283
	Finance income	88	57	155	85
	Finance costs	(6,982)	(6,481)	(13,382)	(14,459)
	Finance costs relating to lease liabilities	(1,608)	(1,604)	(3,231)	(3,219)
11	Net finance costs	(8,502)	(8,028)	(16,458)	(17,593)
	Manager's fees	(2,314)	(2,255)	(4,557)	(4,438)
	Trustee's fees	(184)	(179)	(364)	(355)
	Donation	(1)	-	(1)	(5)
12	Other trust expenses	(4,810)	(517)	(5,680)	(1,331)
	Net income	11,995	15,275	27,914	29,561
	Net change in fair value of financial derivatives	(4,184)	1,814	(5,724)	8,903
	Net change in fair value of investment properties	943	11,004	(3,562)	14,304
	Total return for the period/year before tax and distribution	8,754	28,093	18,628	52,768
13	Tax expense	(556)	*	(556)	*
	Total return for the period/year after tax and before distribution	8,198	28,093	18,072	52,768
	Earnings per Unit (cents)				
15	Basic	0.74	2.58	1.64	4.87
15	Diluted	0.74	2.58	1.64	4.87

* Less than \$1,000

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Distribution Statement
Half year ended and year ended 31 December 2023**

	<-----Group----->			
	1 July 2023 to 31 December 2023 \$'000	1 July 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Amount available for distribution to Unitholders at beginning of the period/year	17,944	17,411	16,128	17,062
Total return for the period/year before tax and before distribution	8,754	28,093	18,628	52,768
Non-tax deductible/ (chargeable) items:				
Amortisation of transaction costs	735	717	1,449	3,527
Trustee's fees	184	179	364	355
Net change in fair value of financial derivatives	4,184	(1,814)	5,724	(8,903)
Net change in fair value of investment properties	(943)	(11,004)	3,562	(14,304)
Effects of recognising rental income on a straight-line basis over the lease term	(181)	(415)	(79)	(192)
Finance costs relating to lease liabilities	1,608	1,604	3,231	3,219
Land rent expenses	(2,486)	(2,794)	(4,966)	(4,843)
Other items	4,040	1,357	5,801	1,443
Net effect of non-tax deductible items	7,141	(12,170)	15,086	(19,698)
Income available for distribution to Unitholders for the period/year before tax	15,895	15,923	33,714	33,070
Tax expense	(556)	*	(556)	*
Income available for distribution to Unitholders for the period/year after tax	15,339	15,923	33,158	33,070
Total amount available for distribution to Unitholders for the period/year	33,283	33,334	49,286	50,132

* Less than \$1,000

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated Distribution Statement (cont'd)
Half year ended and year ended 31 December 2023**

	<-----Group----->			
	1 July 2023 to 31 December 2023 \$'000	1 July 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Distribution of 1.57 cents per Unit for the period 1 Jul 2021 to 31 Dec 2021	-	-	-	(16,798)
Distribution of 1.59 cents per Unit for the period 1 Jan 2022 to 30 Jun 2022	-	(17,206)	-	(17,206)
Distribution of 1.46 cents per Unit for the period 1 Jul 2022 to 31 Dec 2022	-	-	(16,003)	-
Distribution of 1.61 cents per Unit for the period 1 Jan 2023 to 30 Jun 2023	(17,744)	-	(17,744)	-
	(17,744)	(17,206)	(33,747)	(34,004)
Amount available for distribution to Unitholders at end of the period/year*	15,539	16,128	15,539	16,128
Amount retained for working capital	3,271	-	3,271	-
Number of Units entitled to distributions ('000) (Note 9)	1,111,788	1,096,121	1,111,788	1,096,121
Distribution per Unit (cents)	1.15	1.46	2.76	3.05

*15,667,005 Units (2022: 26,171,057 Units) amounting to approximately \$6,427,000 (2022: \$11,119,000) were issued by the Trust as part payment of distributions in respect of period from 1 July 2022 to 30 June 2023 (2022: 1 July 2021 to 30 June 2022), pursuant to the Distribution Reinvestment Plan.

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Statement of Movement in Unitholders' Fund
Year ended 31 December 2023**

	Group		Trust	
	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Balance at beginning of the period/year	585,787	555,967	585,778	555,958
Operations				
Total return after tax and before distribution	18,072	52,768	18,072	52,768
Unitholders' transactions				
Distributions declared to Unitholders	(33,748)	(34,004)	(33,748)	(34,004)
Unit issued through Distribution Reinvestment Plan	6,427	11,119	6,427	11,119
Equity issue costs pursuant to: Distribution Reinvestment Plan	–	(63)	–	(63)
Net decrease in net assets resulting from Unitholders' transactions	(27,321)	(22,948)	(27,321)	(22,948)
Unitholders' funds at end of the period/year	576,538	585,787	576,529	585,778

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Consolidated Portfolio Statement

As at 31 December 2023

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					31 December 2023 %	31 December 2022 %	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 %	31 December 2022 %
New Tech Park	High-tech industrial	45	32	151 Lorong Chuan	78	77	362,700	362,700	62.9	61.9
8 Commonwealth Lane	High-tech industrial	53	35	8 Commonwealth Lane	82	82	54,300	54,700	9.4	9.3
Frontech Centre	High-tech industrial	99	37	15 Jalan Kilang Barat	89	66	22,500	22,700	3.9	3.9
1 Tuas Avenue 4*	High-tech industrial	51.3	23	1 Tuas Avenue 4	–	–	21,000	9,000	3.6	1.5
BTC Centre	High-tech industrial	50	33	23 Serangoon North Avenue 5	66	96	42,200	42,200	7.3	7.2
508 Chai Chee Lane	High-tech industrial	59	36	508 Chai Chee Lane	99	99	68,000	67,000	11.8	11.4
33 & 35 Penjuru Lane	Chemical warehouse & logistics	61	25	33 & 35 Penjuru Lane	100	100	42,000	41,600	7.3	7.1
18 Gul Drive	Chemical warehouse & logistics	33	15	18 Gul Drive	100	100	19,000	19,000	3.3	3.2
Penjuru Logistics Hub	Warehouse & logistics	30	9	34 Penjuru Lane	94	99	29,900	29,500	5.2	5.0
Freight Links Express Logisticentre	Warehouse & logistics	60	31	51 Penjuru Road	93	93	31,000	30,500	5.4	5.2
26 Loyang Drive	Warehouse & logistics	48	30	26 Loyang Drive	100	100	26,900	26,200	4.7	4.5
<i>Balance carried forward</i>							719,500	705,100	124.8	120.2

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Consolidated Portfolio Statement (cont'd)

As at 31 December 2023

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location	Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
					31 December 2023 %	31 December 2022 %	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 %	31 December 2022 %
<i>Balance brought forward</i>							719,500	705,100	124.8	120.2
3A Joo Koon Circle	Warehouse & logistics	60	24	3A Joo Koon Circle	96	96	34,400	33,900	6.0	5.8
2 Toh Tuck Link	Warehouse & logistics	60	33	2 Toh Tuck Link	76	98	31,300	30,500	5.4	5.2
10 Changi South Street 2	Warehouse & logistics	57	28	10 Changi South Street 2	100	74	37,900	37,400	6.6	6.4
123 Genting Lane	General industrial	60	18	123 Genting Lane	98	85	17,200	16,500	3.0	2.8
30 & 32 Tuas Avenue 8	General industrial	60	33	30 & 32 Tuas Avenue 8	100	100	28,900	28,900	5.0	4.9
39 Ubi Road 1	General industrial	60	28	39 Ubi Road 1	99	99	19,100	18,200	3.3	3.1
21 Joo Koon Crescent	General industrial	60	30	21 Joo Koon Crescent	100	100	15,600	15,200	2.7	2.6
Investment properties – Fair value							903,900	885,700	156.8	151.0
Investment properties – Right-of-use assets							76,087	76,479	13.2	13.1
Total investment properties							979,987	962,179	170.0	164.1
Other assets and liabilities							(403,449)	(376,392)	(70.0)	(64.1)
Net assets attributable to Unitholders' Funds							576,538	585,787	100.0	100.0

* Includes the period covered by the relevant options to renew

Remaining lease term includes optional lease term.

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Consolidated Portfolio Statement (cont'd)

As at 31 December 2023

	Carrying values as at	
	31 December 2023	31 December 2022
	\$'000	\$'000
As disclosed in the Statements of Financial Position:		
Investment properties – non-current	979,987	962,179

The carrying amount of the investment properties as at 31 December 2023 were based on full independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd. and Savills Valuation And Professional Services (S) Pte Ltd. (31 December 2022: Full independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd. and Savills Valuation And Professional Services (S) Pte Ltd). Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment schemes issued by the Monetary Authority of Singapore.

Investment properties comprise properties used for the purpose of high-tech industrial, chemical warehouse and logistics, warehouse and logistics and general industrial use. Generally, the leases contain an initial non-cancellable period of three to ten years. Subsequent renewals are negotiated with the lessee. As at 31 December 2023, 151 Lorong Chuan, 8 Commonwealth Lane, 123 Genting Lane, 508 Chai Chee Lane, 2 Toh Tuck Link, 23 Serangoon North Avenue 5, 34 Penjuru Lane, 15 Jalan Kilang Barat, 39 Ubi Road 1, 10 Changi South Street 2, 51 Penjuru Road and 3A Joo Koon Circle are leased on individual lease agreements, 1 Tuas Avenue 4 is currently undergoing asset enhancement initiatives and the other investment properties are leased on master lease agreements. (31 December 2022: 151 Lorong Chuan, 8 Commonwealth Lane, 123 Genting Lane, 508 Chai Chee Lane, 2 Toh Tuck Link, 23 Serangoon North Avenue 5, 34 Penjuru Lane, 15 Jalan Kilang Barat, 39 Ubi Road 1, 10 Changi South Street 2, 51 Penjuru Road and 3A Joo Koon Circle are leased on individual lease agreements, 1 Tuas Avenue 4 is vacant and the other investment properties are leased on master lease agreements.)

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Consolidated statement of Cash Flows
For the year ended 31 December 2023**

	Group	
	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Cash flows from operating activities		
Total return for the year before tax and distribution	18,628	52,768
Adjustments for:		
Net change in fair value of financial derivatives	5,724	(8,903)
Net change in fair value of investment properties	3,562	(14,304)
Net finance costs	16,458	17,593
	44,372	47,154
Change in trade and other receivables	(2,182)	(2,512)
Change in trade and other payables	2,139	3,806
	44,329	48,448
Cash generated from operations	155	80
Interest on late payment of rent received		
Net cash from operating activities	44,484	48,528
Cash flows from investing activities		
Capital expenditure on investment properties	(16,700)	(2,680)
Interest income received	–	5
Net cash used in investing activities	(16,700)	(2,675)
Cash flows from financing activities		
Proceeds from borrowings	33,000	120,500
Repayment of borrowings	(8,000)	(141,847)
Transaction costs paid	–	(3,583)
Payment of lease liabilities	(1,736)	(1,624)
Finance costs relating to lease liabilities	(3,231)	(3,219)
Finance costs paid	(12,440)	(10,979)
Distributions paid	(27,321)	(22,948)
Net cash used in financing activities	(19,728)	(63,700)
Net increase/(decrease) in cash and cash equivalents	8,056	(17,847)
Cash and cash equivalents at beginning of the year	8,009	25,856
Cash and cash equivalents at end of the year	16,065	8,009

Significant non-cash transactions

15,667,005 Units (2022: 26,171,057 Units) amounting to approximately \$6,427,000 (2022: \$11,119,000) were issued by the Trust as part payment of distributions in respect of period from 1 July 2022 to 30 June 2023 (2022: 1 July 2021 to 30 June 2022), pursuant to the Distribution Reinvestment Plan.

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information Half year ended and year ended 31 December 2023

1. General

Sabana Industrial Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2010 (as amended by the First Supplemental Deed dated 2 December 2010, the First Amending and Restating Deed dated 24 February 2016, the Second Amending and Restating Deed dated 24 March 2016, the Second Supplemental Deed dated 6 May 2019, the Third Amending and Restating Deed dated 7 April 2020 and the Third Supplemental Deed dated 21 October 2021) (collectively, the “Trust Deed”) between Sabana Real Estate Investment Management Pte. Ltd. (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiary (collectively, the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

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

The Financial Information of the Group as at and for the year ended 31 December 2023 comprises the Trust and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information Half year ended and year ended 31 December 2023

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

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

The Financial Information is presented in Singapore dollars which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial information in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Information are described in Notes 4 and 17 to the Financial Information.

The accounting policies applied by the Group in this Financial Information are the same as those applied by the Group in its audited financial statements for the year ended 31 December 2022, apart from the adoption of the new or amended standards which are effective from 1 January 2023.

2.2 Going concern

As at 31 December 2023, the Group is in a net current liabilities of \$105.2 million (31 December 2022: net current liabilities of \$8.3 million) mainly due to the Group's current borrowings amounting to \$104.5 million that is expiring in October 2024. On June 2023, the Group has executed a new legally binding facility agreement with notional amount of \$100.0 million with the existing bank. The loan is unconditional and could be drawdown to repay the outstanding current borrowings. The Group also has undrawn revolving facilities of \$75.0 million to be tapped upon, of which, these undrawn revolving facilities has a maturity of at least 1 year from the date of this Interim Financial Information.

As described in Note 19, there is a material uncertainty that may cast significant doubt on the ability of the Group and the Trust to continue as a going concern depending on the outcome of the internalisation of the Manager ("Internalisation").

Notwithstanding the above, the Interim Financial Information has been prepared on a going concern basis as the Manager believes that the Group will be able to meet its funding requirements to enable continuation of its operations for the next twelve months.

3. Seasonal operations

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

4. Investment properties

	31 December 2023		
	Fair value \$'000	ROU assets \$'000	Total \$'000
Group and Trust			
Balance at beginning of the year	885,700	76,479	962,179
Capital expenditure	19,409	–	19,409
Straight-line adjustments in accordance with FRS 116	79	–	79
Net change in fair value of investment properties	(1,826)	(1,736)	(3,562)
Remeasurement of ROU assets	–	1,344	1,344
Capitalisation of leasing commission	1,173	–	1,173
Amortisation of leasing commission	(635)	–	(635)
Balance at end of the year	903,900	76,087	979,987

	31 December 2022		
	Fair value \$'000	ROU assets \$'000	Total \$'000
Group and Trust			
Balance at beginning of the year	866,200	76,713	942,913
Capital expenditure	3,018	–	3,018
Straight-line adjustments in accordance with FRS 116	192	–	192
Net change in fair value of investment properties	15,928	(1,624)	14,304
Remeasurement of ROU assets	–	1,390	1,390
Capitalisation of leasing commission	636	–	636
Amortisation of leasing commission	(274)	–	(274)
Balance at end of the year	885,700	76,479	962,179

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

Security

As at 31 December 2023, all investment properties of the Group and the Trust are subject to a negative pledge in connection with the borrowing facilities. (31 December 2022: all investment properties of the Group and the Trust are subject to a negative pledge in connection with the borrowing facilities.)

4. Investment properties (cont'd)

Measurement of fair value

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

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

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

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

4. Investment properties (cont'd)

Measurement of fair value (cont'd)

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	<ul style="list-style-type: none"> • Capitalisation rates from 5.50% to 6.25% (2022: 5.50% to 6.25%) • Discount rates at 7.25% to 7.50% (2022: 7.25% to 7.50%) • Terminal yield rates from 5.75% to 6.25% (2022: 5.75% to 6.25%) • Vacancy assumption rates from 0.00% to 9.70% (2022: 0.00% to 11.00%) • Rental growth rates from 1.95% to 9.96% (2022: 2.21% to 12.20%) • Estimated gross development value of \$31.9 million and related costs of \$18.0 million for a certain property (2022: estimated gross development value of \$30.5 million and related costs of \$21.5 million for a certain property) 	<p>The estimated fair value of investment properties would increase/(decrease) if:</p> <ul style="list-style-type: none"> • the capitalisation rates were lower/(higher); or • the discount rates were lower/(higher); or • the terminal yield rates were lower/(higher); or • the vacancy assumption rates were lower/(higher); or • the rental growth rates were higher/(lower); or • the estimated gross development value were higher/(lower) and related costs were lower/(higher) for a certain property.

The direct comparison method considered transacted prices of comparable properties. The estimated fair value of investment properties would increase/(decrease) when the transacted prices of comparable properties are higher/(lower).

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

5. Subsidiary

	Trust	
	31 December 2023	31 December 2022
	\$'000	\$'000
Equity investments at cost	*	*

* Less than \$1,000

Details of the subsidiary of the Group are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			31 December 2023	31 December 2022
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

⁽¹⁾ Exempted from statutory audit under Companies Act section 201A.

6. Trade and other receivables

	Group		Trust	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables, gross	3,149	1,895	3,149	1,895
Less: Impairment losses on trade receivables	(2,067)	(709)	(2,067)	(709)
Trade receivables, net	1,082	1,186	1,082	1,186
Other receivables	5,647	2,867	5,647	2,867
Deposit	548	534	548	534
Prepayment	7,277	4,587	7,277	4,587
	107	59	107	59
	7,384	4,646	7,384	4,646

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information Half year ended and year ended 31 December 2023

6. Trade and other receivables

Impairment losses

The movements in impairment loss in respect of trade receivables are as follows:

	Group and Trust	
	2023 \$'000	2022 \$'000
At 1 January	709	1,055
Impairment losses recognised during the year	1,387	42
Utilised	(29)	(388)
At 31 December	<u>2,067</u>	<u>709</u>

Trade receivables are individually assessed for impairment. The impairment loss on trade receivables is \$2,067,000. This is mainly made up by one of its tenants, amounting to \$2,042,000. Please refer to the note below on the ongoing litigation against this tenant.

The Manager believes that no impairment loss is necessary in respect of the remaining trade receivables as these amounts mainly arise from tenants who have good payment records and the retention of sufficient security in the form of bankers' guarantees or cash security deposits from tenants.

Ongoing Litigation

The Manager has issued various SGX announcements dated 17 November 2023, 19 December 2023 and 28 December 2023 where the Manager had provided, among others, the following updates to Unitholders in relation to the Originating Claim against one of the tenants:

- On 17 November 2023, the Trustee of the REIT filed an Originating Claim to the Singapore High Court against one of the tenants, being the master lessee for the premises located at 33 & 35 Penjuru Lane Singapore 609200/609202 (the "Premises") seeking for, amongst others, the following orders:
 - (a) Possession of the Premises;
 - (b) The outstanding fixed rent, land rent, property tax and late payment interest; and
 - (c) Costs incurred in connection with enforcing its rights under the lease.
- On 19 December 2023, the Manager updated that the tenant served a Defence and Counterclaim in response to the Originating Claim filed.
- On 28 December 2023, the Manager updated that the Trustee of the REIT filed its Defence to the Counterclaim filed by the tenant.

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

7. Borrowings

Note	Group		Trust	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Unsecured borrowings				
Unsecured Term Loan Facility (a)	100,000	–	100,000	–
Unsecured Revolving Loan Facility (b)	5,000	–	5,000	–
Less: Unamortised capitalised transaction costs	(459)	–	(459)	–
Total current borrowings	104,541	–	104,541	–
Unsecured borrowings				
Unsecured Term Loan Facility (a)	193,000	293,000	193,000	293,000
Unsecured Revolving Loan Facility (b)	20,000	–	20,000	–
Less: Unamortised capitalised transaction costs	(2,171)	(4,079)	(2,171)	(4,079)
Total non-current borrowings	210,829	288,921	210,829	288,921
Total borrowings ⁽¹⁾	315,370	288,921	315,370	288,921

⁽¹⁾ All the borrowings have a nominal interest rate of Singapore Overnight Rate Average + Margin (31 December 2022: a nominal interest rate of Singapore Overnight Rate Average + Margin).

(a) Unsecured Term Loan Facility

The outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024. (On 30 June 2023, the REIT has entered into a new 4-year term and revolving loan facilities of \$100.0 million to refinance this facility)
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.
- (iv) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (v) 5-year term loan facilities of \$50.0 million maturing in March 2027.

(b) Unsecured Revolving Loan Facility

The outstanding unsecured Revolving Loan Facility consisted of:

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

8. Derivative financial instruments

	Group		Trust	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Non-current assets				
Interest/Profit rate swaps at fair value through Statement of Total Return	1,210	6,647	1,210	6,647
Current assets				
Interest/Profit rate swaps at fair value through Statement of Total Return	1,445	1,711	1,445	1,711
Total derivative financial instruments	2,655	8,358	2,655	8,358
Derivative financial instruments as a percentage of net assets	0.46%	1.43%	0.46%	1.43%

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

Interest/Profit rate swaps with a total notional amount of \$242.5 million (31 December 2022: \$242.5 million) had been entered into at the reporting date to provide fixed rate funding for terms of up to 3 years (31 December 2022: up to 4 years).

9. Units in issue and to be issued

	Group and Trust	
	31 December 2023 '000	31 December 2022 '000
Units in issue:		
At beginning of the year	1,096,121	1,069,950
Units issued:		
- Distribution Reinvestment Plan	15,667	26,171
Total issued Units at the end of the year	1,111,788	1,096,121

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

10. Property expenses

Included in property expenses is a net write off of impairment loss of \$1,339,614 on trade receivables for the period (1 July 2022 to 31 December 2022: \$267,565) and \$1,387,191 of impairment loss for the year (1 January 2022 to 31 December 2022: \$41,668).

11. Net finance cost

	<-----Group----->			
	1 July 2023 to 31 December 2023 \$'000	1 July 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Finance income				
Interest income from fixed deposit	–	2	–	5
Interest on late payment of rent	88	55	155	80
	88	57	155	85
Finance costs:				
Interest expense:				
Murabahah facilities	–	–	–	1,065
Term loan facility	8,327	6,866	16,303	10,071
Revolving loan facility	600	365	1,029	730
Lease liabilities	1,608	1,604	3,231	3,219
Interest/Profit rate swaps	(2,711)	(1,502)	(5,017)	(1,009)
Amortisation of transaction costs	766	717	1,067	3,527
Brokerage and agent fees	–	35	–	75
Finance expenses	8,590	8,085	16,613	17,678
Net financing costs	8,502	8,028	16,458	17,593

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

12. Other trust expenses

Included in other trust expenses are:

	<-----Group----->			
	1 July 2023 to 31 December 2023 \$'000	1 July 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Audit fees	111	109	221	218
Non-audit fees	32	48	65	80
Valuation fees	50	50	100	100
Professional fees	(297)	236	215	638
Other expenses ⁽¹⁾	4,914	74	5,079	295
	4,810	517	5,680	1,331

⁽¹⁾ Other expenses comprised of one-off Internalisation expenses incurred and accrued as of 31 December 2023, amounting to \$4,643,000. (1 January 2022 to 31 December 2022: nil).

13. Tax expense

	<-----Group----->			
	1 July 2023 to 31 December 2023 \$'000	1 July 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Tax expense				
Current period/year	556 ⁽¹⁾	*	556 ⁽¹⁾	*
Reconciliation of effective tax rate				
Total return for the period/year before taxation and distribution	8,754	28,093	18,628	52,768
Tax calculated using Singapore tax rate of 17% (31 December 2022: 17%)	1,488	4,776	3,167	8,971
Non-tax chargeable items	-	(2,250)	-	(3,978)
Non-tax deductible items	1,637	656	3,409	1,453
Tax exempt income	(423)	(475)	(844)	(823)
Tax transparency	(2,146)	(2,707)	(5,176)	(5,623)
	556	*	556	*

* Less than \$1,000

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

13. Tax expense (cont'd)

⁽¹⁾ Under the tax transparency treatment, the Trustee is not subject to income tax on the taxable income of the Trust to the extent of the amount distributed provided the Trust distributes at least 90% of the taxable income for the relevant financial year. The taxable income that is not distributed by the Trust for the relevant financial year is subject to income tax at the prevailing rate (currently 17%). The income tax therefore represents the income tax payable on the taxable income for the year ended 31 December 2023 that is not distributed by the Trust, i.e., 10% of the taxable income for the year ended 31 December 2023.

14. Contingent liabilities

As at 31 December 2023, the Group has obtained banker's guarantee of nil (31 December 2022: \$768,000) during the year for deposits required by utilities providers.

15. Earning per unit

Basic and diluted earnings per Unit is based on:

	<-----Group----->			
	1 July 2023 to 31 December 2023 '000	1 July 2022 to 31 December 2022 '000	1 January 2023 to 31 December 2023 '000	1 January 2022 to 31 December 2022 '000
Total return for the period/year after taxation and before distribution	8,198	28,093	18,072	52,768
Number of Units				
Weighted average number of Units	1,107,862	1,090,348	1,103,627	1,083,640
Earnings per unit (cents)	0.74	2.58	1.64	4.87

The diluted earnings per Unit is the same as the basic earnings per Unit for the Group as there are no EPU dilutive financial instruments.

Sabana Industrial Real Estate Investment Trust and its subsidiary

**Notes to the Interim Financial Information
Half year ended and year ended 31 December 2023**

16. Related parties

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

	<-----Group and Trust----->			
	1 July 2023 to 31 December 2023 \$'000	1 July 2022 to 31 December 2022 \$'000	1 January 2023 to 31 December 2023 \$'000	1 January 2022 to 31 December 2022 \$'000
Manager's fees and reimbursables paid/payable to the Manager	2,314	2,255	4,557	4,438
Property/lease management fees and reimbursables paid/payable to the Property Manager	1,675	1,462	3,319	2,811
Trustee fees paid/payable to the Trustee	184	179	364	355

17. Significant areas of estimation uncertainty and critical judgements in applying accounting policies

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

(i) *Derivatives*

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

(ii) *Borrowings*

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

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

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information Half year ended and year ended 31 December 2023

17. Significant areas of estimation uncertainty and critical judgements in applying accounting policies (cont'd)

(iii) *Going Concern*

In assessing the appropriateness of the going concern assumption, management has considered the consequences of various events and conditions (please refer to note 2.2 and 19), and exercised judgement which includes legal and regulatory requirements, conditions and timing for triggering of the loan review event in determining whether they create a material uncertainty that casts significant doubt upon the Group and Trust ability to continue as a going concern.

18. Financial ratios

	Group	
	31 December 2023	31 December 2022
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	1.83	1.08
- excluding performance component of Manager's fees	1.83	1.08

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

19. Extraordinary General Meeting

Since the extraordinary general meeting of Sabana Industrial REIT held on 7 August 2023 where unitholders of Sabana Industrial REIT ("**Unitholders**") had voted to, among others, direct HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Industrial REIT (the "**Trustee**"), to remove Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana Industrial REIT as soon as practicable and to "*effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT*" (the "**Resolutions**"), the Trustee has issued various statements dated 8 August 2023, 29 August 2023, 4 October 2023, 7 November 2023, 6 December 2023, 15 December 2023 and 9 January 2024 (collectively, the "**Trustee Statements**") where the Trustee had provided updates to Unitholders in relation to the implementation of the Resolutions, including the filing of an originating application, by way of HC / OA 19/2024 (the "**Originating Application**"), with the High Court of Singapore under Order 32 of the Rules of Court 2021 of Singapore. The Trustee has stated in its statements that it will provide further updates and engage with Unitholders as and when there are material developments. All updates from the Trustee (including the abovementioned statements) are and will be made available via SGXNet.

Given the inherent uncertainties and the high level of complexity involved in the internalisation process, it is not possible for the Trustee to provide a projection or estimate on the cost of internalisation going forward. Nothing in this Interim Financial Information should be construed as a statement or forecast by the Trustee of the ongoing cost of internalisation.

Sabana Industrial Real Estate Investment Trust and its subsidiary

Notes to the Interim Financial Information Half year ended and year ended 31 December 2023

19. Extraordinary General Meeting (cont'd)

Additionally, the Manager refers to its announcement dated 12 January 2024 ("**12 January Announcement**") in relation to the requisition by certain unitholders of Sabana Industrial REIT requesting the Manager to convene an extraordinary general meeting of Sabana Industrial REIT to consider certain resolutions. As mentioned in the 12 January Announcement, the Manager is considering this requisition notice (including the reasoning for the proposed resolutions set out therein) taking into consideration the Trustee's Statements and the Originating Application. As stated in the 12 January Announcement, as the Trustee has been directed by Unitholders to effect the internalisation exercise, the Manager is also discussing with the Trustee on their next steps and further announcements will be made on SGXNET in due course.

The Manager would like to draw attention to the potential financial implication to Sabana Industrial REIT arising from the implementation of the Resolutions. Once the removal of SREIM as manager of Sabana Industrial REIT has been effected, it would trigger the removal of manager clause that constitutes a review event under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans with various lenders. If triggered, this may result in mandatory prepayment by Sabana Industrial REIT of its outstanding loans and interest if no satisfactory agreement is reached with the lenders, within a period of not more than 30 days (or such longer period as the lenders of Sabana Industrial REIT may agree), following the review event. Unitholders should note that there could therefore be serious consequences for Sabana Industrial REIT and its Unitholders arising from its existing financing arrangements if the Manager is removed.

In this regard, as mentioned in the Interim Financial Information for the period from 1 January 2023 to 30 June 2023 announced on 30 June 2023, the Manager had previously written to the relevant lenders to seek a waiver from the abovementioned review event under Sabana Industrial REIT's existing financing arrangements, in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the lenders had then replied that they were unable to grant the relevant waivers at that juncture.

Other Information Required by Listing Rule Appendix 7.2

1 (a)(i) Statement of Total Return and Distribution Statement (FY 2023 vs FY 2022)

Please refer to page 3, 4 and 5 of the Interim Financial Information.

(b)(i) Statement of Financial position, together with comparatives as at the end of the immediate preceding financial year

Please refer to page 2 of the Interim Financial Information.

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

Please refer to page 18, Note 7 of the Interim Financial Information.

(c) Statement of Cash Flows

Please refer to page 10 of the Interim Financial Information.

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

Please refer to page 6 of the Interim Financial Information.

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

Please refer to page 19, Note 9 of the Interim Financial Information.

(d)(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2022.

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

Not applicable.

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

Please refer to page 3 and 5 of the Interim Financial Information.

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

Please refer to Appendix 1.

8. Review of performance of the Group

Please refer to Appendix 2.

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

The Manager has not disclosed any financial forecast to the market. However, as indicated in the previous interim business update dated 18 October 2023, the Manager will continue its focus on executing its growth plan through active asset management and progressing on asset enhancement initiatives.

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

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s economy grew by 2.8% y-o-y in 4Q 2023, faster than the 1.0% growth in the previous quarter. The manufacturing sector expanded by 3.2% y-o-y in 4Q 2023, a turnaround from the 4.7% contraction in the previous quarter¹. Meanwhile, Singapore’s non-oil domestic exports (“Nodx”) contracted 1.5% in December 2023 mainly due to electronics which declined by 11.7% from a

¹ “Singapore’s GDP Grew by 2.8 Per Cent in the Fourth Quarter of 2023 and by 1.2 Per Cent in 2023”, Ministry of Trade and Industry Singapore, 2 January 2024.

year ago². For the full year 2023, Singapore's Nodx in 2023 is 13.1% lower than a year ago and marks the worst performance since 2001. While Singapore's GDP growth is expected to improve gradually over 2024, the global economic outlook remains uncertain. As a result, domestic recovery could be weaker than expected, according to the Monetary Authority of Singapore³.

According to JTC, the overall occupancy rate for the industrial property market stood at 88.9% in 3Q 2023⁴, a decline of 0.2 percentage points compared to the previous quarter as new supply outpaced new demand. Separately, CBRE research anticipates that new warehouse supply will average 2.3m sq ft per year, which is 34% below the 6-year historical supply. With demand expected to outpace supply over the next few years, this will keep occupancy stable⁵. According to Savills Singapore Real Estate Outlook 2024, logistics space remains in demand, as businesses aim to harden themselves to supply chain disruption, while demand for industrial space will be muted, but rents will be supported by low levels of new supply⁶.

Prime logistics and warehouse are expected to outperform, with full-year rental growth of 4 to 5%⁷. After three consecutive quarters of negative net demand, the business park segment recorded positive net absorption in Q4 2023. Despite this, island-wide vacancy rates increased to 20.7% by the end of 2023 from 17.1% as of end-2022⁸

The REIT's performance in 2024 is expected to be challenging in an environment where interest rates are likely to stay elevated and operating costs are high and taking into consideration the impact of additional costs incurred and to be incurred in connection with the internalisation. Despite these challenges, the Manager will endeavour to steer through the unfavourable business climate and optimise the REIT's performance.

The Manager will continue to target to convert all financing facilities into sustainability-linked or green loans by 2025. Alongside the planned solar panel installations across five additional portfolio properties targeted for completion in 4Q 2024, the REIT is on track with its goal of becoming one of Singapore's first carbon-neutral industrial REITs by 2040.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 July 2023 to 31 December 2023

Distribution Type	Distribution Rate (cents)
Taxable Income	1.15
Tax Exempt Income	–
Capital	–
Total	1.15

² "Singapore's External Trade – December 2023", Enterprise Singapore, 17 January 2024.

³ "MAS Monetary Policy Statement - October 2023". Monetary Authority of Singapore - 13 October 2023.

⁴ "JTC Quarterly Market Report for 3Q 2023", JTC, 26 October 2023.

⁵ "The Evolution of E-commerce and its Impact on Singapore Logistics Real Estate", CBRE Research, 22 November 2023.

⁶ "Asia Pacific real estate outlook 2024: mature market prospects" Savills - 21 December 2023.

⁷ "Marketbeat Singapore Industrial Q4 2023" Cushman and Wakefield - 4 January 2024.

⁸ "Singapore Figures Q4 2023" CBRE Research – 11 January 2023.

(b) Corresponding period of the preceding financial period

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

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

Distribution Type	Distribution Rate (cents)
Taxable Income	1.46
Tax Exempt Income	–
Capital	–
Total	1.46

(c) Tax rate : Taxable income

These distributions are made out of Sabana Industrial REIT taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold the units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of Sabana Industrial REIT.

(d) Book closure date: 31 January 2024

(e) Date payable : 20 March 2024

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

Not applicable.

13. Distribution policy

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

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

Please refer to Appendix 3.

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

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

16. Breakdown of sales as follows:

	Group		
	YTD		Fav / (Unfav)
	31/12/23	31/12/22	
	S\$'000	S\$'000	%
(a) Gross revenue reported for first half year	55,277	44,850	23.2
(b) Total return after tax before distribution for first half year	9,874	24,675	(60.0)
(c) Gross revenue reported for second half year	56,598	50,057	13.1
(d) Total return after tax before distribution for second half year	8,198	28,093	(70.8)

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

	Group	
	YTD	
	31/12/23	31/12/22
	S\$'000	S\$'000
In respect of the half year from:		
1 July 2023 - 31 December 2023 ^(a)	12,786	-
1 January 2023 - 30 June 2023	17,744	-
1 July 2022 - 31 December 2022	-	16,003
1 January 2022 - 30 June 2022	-	17,206
	30,530	33,209

Note:

(a) The distribution for the half year from 1 July 2023 to 31 December 2023 is payable in March 2024.

18. General mandate for Interested Person Transactions

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of the Trust (the “Manager”) which may render the unaudited Interim Financial Information of the Group and Trust (comprising the statement of financial position as at 31 December 2023, statement of total return & distribution statements, statement of cash flows and statement of movements in Unitholders’ funds for the full-year ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

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

The Manager of Sabana Industrial REIT confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

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

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

Tan Cheong Hin
Director

Wong Heng Tew
Director

By Order of the Board
Cho Form Po
Company Secretary
Sabana Real Estate Investment Management Pte. Ltd.
(Company registration number 201005493K)
as Manager of Sabana Industrial Real Estate Investment Trust

23 January 2024

Appendix 1

	Group		Trust	
	As at 31/12/2023	As at 31/12/2022	As at 31/12/2023	As at 31/12/2022
Net asset value (“NAV”) and net tangible asset (“NTA”) per unit (S\$) ^(a)	0.52	0.53	0.52	0.53

Note:

- (a) The number of units used to compute NAV per unit and NTA per unit is 1,111,788,330 (31 December 2022: 1,096,121,325).

Appendix 2

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

2H 2023 vs 2H 2022

<u>Statement of Total Return</u>	Group		
	2H 2023	2H 2022	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	56,598	50,057	13.1
Property expenses	(28,792)	(23,803)	(21.0)
Net property income ^(a)	27,806	26,254	5.9
Finance income ^(b)	88	57	54.4
Finance costs ^(c)	(6,982)	(6,481)	(7.7)
Finance costs relating to lease liabilities	(1,608)	(1,604)	(0.2)
Net finance costs	(8,502)	(8,028)	(5.9)
Manager's fees	(2,314)	(2,255)	(2.6)
Trustee's fees	(184)	(179)	(2.8)
Donation	(1)	–	n.m
Other trust expenses ^(d)	(4,810)	(517)	(830.4)
Net income	11,995	15,275	(21.5)
Net change in fair value of financial derivatives ^(e)	(4,184)	1,814	n.m
Net change in fair value of investment properties ^(f)	943	11,004	n.m
Total return for the period before taxation	8,754	28,093	n.m
Tax expense ^(g)	(556)	*	–
Total return for the period after taxation	8,198	28,093	n.m
Distribution adjustments	7,141	(12,170)	n.m
Total income available for distribution to Unitholders for the period before tax ^(h)	15,895	15,923	(0.2)
Total income available for distribution to Unitholders for the period after tax	15,339	15,923	(3.7)
Total distribution amount declared to Unitholders for the period ⁽ⁱ⁾	12,786	15,923	(19.7)

n.m denotes “not meaningful”

* Less than S\$1,000

Notes:

- (a) Net property income for 2H 2023 increased by 5.9% mainly due to the uplift of positive rental reversions across the portfolio as overall occupancy rate remained stable, partially offset by the surge in utilities cost.
- (b) Higher finance income mainly due to higher charges on late payment of rent to the tenants.
- (c) Finance costs increased by 7.7% mainly due to the increase in interest rates and total borrowings.
- (d) Other trust expenses increased mainly due to a one-off internalisation expenses incurred as of 31 December 2023, amounting to \$4,643,000.
- (e) The net change in fair value of financial derivatives relates to the fair value change of the interest rate swaps recognised.
- (f) The net change in fair value of investment properties mainly relates to the adjustments in ROU assets and the valuation movement based on the independent valuations of the properties undertaken by the Independent Valuers as at the reporting date.
- (g) Under the tax transparency treatment, the Trustee is not subject to income tax on the taxable income of the Trust to the extent of the amount distributed provided the Trust distributes at least 90% of the taxable income for the relevant financial year. The taxable income that is not distributed by the Trust for the relevant financial year is subject to income tax at the prevailing rate (currently 17%). The income tax therefore represents the income tax payable on the taxable income for the year ended 31 December 2023 that is not distributed by the Trust, i.e., 10% of the taxable income for the year ended 31 December 2023.
- (h) Income available for distribution before tax remained consistent year on year.
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For FY 2023, 10% of total income available for distribution retained for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation.

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

FY 2023 vs FY 2022

<u>Statement of Total Return</u>	Group		
	FY 2023	FY 2022	Fav / (Unfav)
	S\$'000	S\$'000	%
Gross revenue	111,875	94,907	17.9
Property expenses	(56,901)	(41,624)	(36.7)
Net property income ^(a)	54,974	53,283	3.2
Finance income ^(b)	155	85	82.4
Finance costs ^(c)	(13,382)	(14,459)	7.4
Finance costs relating to lease liabilities	(3,231)	(3,219)	(0.4)
Net finance costs	(16,458)	(17,593)	6.5
Manager's fees	(4,557)	(4,438)	(2.7)
Trustee's fees	(364)	(355)	(2.5)
Donation	(1)	(5)	80.0
Other trust expenses ^(d)	(5,680)	(1,331)	(326.7)
Net income	27,914	29,561	(5.6)
Net change in fair value of financial derivatives ^(e)	(5,724)	8,903	n.m
Net change in fair value of investment properties ^(f)	(3,562)	14,304	n.m
Total return for the period before taxation	18,628	52,768	n.m
Tax expense ^(g)	(556)	*	–
Total return for the period after taxation	18,072	52,768	n.m
Distribution adjustments	15,086	(19,698)	n.m
Total income available for distribution to Unitholders for the period before tax ^(h)	33,714	33,070	1.9
Total income available for distribution to Unitholders for the period after tax	33,158	33,070	0.3
Total distribution amount declared to Unitholders for the period ⁽ⁱ⁾	30,530	33,070	(7.7)

n.m denotes “not meaningful”

* Less than S\$1,000

Notes:

- (a) Net property income for FY 2023 increased by 3.2% mainly due to the uplift of positive rental reversions across the portfolio as overall occupancy rate remained stable, partially offset by the surge in utilities cost.
- (b) Higher finance income mainly due to higher charges on late payment of rent to the tenants.
- (c) Finance costs decreased by 7.4% mainly due to lower amortization of upfront fees in FY 2023 over FY 2022, and partially offset by the increase in interest rates and total borrowings.
- (d) Other trust expenses increased mainly due to a one-off internalisation expenses incurred as of 31 December 2023, amounting to \$4,643,000.
- (e) The net change in fair value of financial derivatives relates to the fair value change of the interest rate swaps recognised.
- (f) The net change in fair value of investment properties mainly relates to the adjustments in ROU assets and the valuation movement based on the independent valuations of the properties undertaken by the Independent Valuers as at the reporting date.
- (g) Under the tax transparency treatment, the Trustee is not subject to income tax on the taxable income of the Trust to the extent of the amount distributed provided the Trust distributes at least 90% of the taxable income for the relevant financial year. The taxable income that is not distributed by the Trust for the relevant financial year is subject to income tax at the prevailing rate (currently 17%). The income tax therefore represents the income tax payable on the taxable income for the year ended 31 December 2023 that is not distributed by the Trust, i.e., 10% of the taxable income for the year ended 31 December 2023.
- (h) Income available for distribution before tax increased by 1.9% mainly due to higher net property income in FY 2023 over FY 2022.
- (i) The Trust's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For FY 2023, 10% of total income available for distribution retained for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation.

Appendix 3

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

Total gross revenue by property types	Group		
	YTD		Fav /
	31/12/23	31/12/22	(Unfav)
	S\$'000	S\$'000	%
High-tech Industrial	76,835	63,092	21.8
Chemical Warehouse & Logistics	5,575	5,589	(0.3)
Warehouse & Logistics	21,136	19,490	8.4
General Industrial	8,329	6,736	23.6
	111,875	94,907	17.9

Total net property income by property types	Group		
	YTD		Fav /
	31/12/23	31/12/22	(Unfav)
	S\$'000	S\$'000	%
High-tech Industrial	30,415	31,428	(3.2)
Chemical Warehouse & Logistics	3,523	4,187	(15.9)
Warehouse & Logistics	14,772	13,138	12.4
General Industrial	6,264	4,530	38.3
	54,974	53,283	3.2



**Building a better
working world**

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

Dear Sirs:

Sabana Industrial Real Estate Investment Trust and its subsidiary Review of Interim Financial Information

Introduction

We have reviewed the accompanying Interim Financial Information of Sabana Industrial Real Estate Investment Trust (the "Trust") and its subsidiary (the "Group") for the half-year and the year ended 31 December 2023 as set up on pages 1 to 25. The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 31 December 2023;
- Consolidated portfolio statement of the Group as at 31 December 2023;
- Consolidated statement of total return of the Group for the half-year and the year ended 31 December 2023;
- Consolidated distribution statement of the Group for the half-year and the year ended 31 December 2023;
- Statements of movements in unitholders' funds of the Group and the Trust for the year ended 31 December 2023;
- Consolidated statement of cash flows of the Group for the year ended 31 December 2023; and
- Notes to the above Interim Financial Information.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information does not present fairly, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2023, and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the movements in unitholders' funds of the Trust for the half-year and the year ended 31 December 2023 in all material respects, in accordance with the recommendations of RAP 7 relevant to Interim Financial Information issued by the Institute of Singapore Chartered Accountants.

Emphasis of matter

We draw attention to Note 2.2 of the Interim Financial Information which highlights events and conditions relating to the ongoing internalisation exercise which could cause potential financial implication to the Group and Trust, and that current borrowings of the Group amounting to \$104.5 million is expiring in October 2024. Specifically, as stated in Note 19, if the internalisation exercise triggers a review event under existing financing arrangements, it could result in mandatory prepayment of the Group's outstanding loans and interest if no satisfactory agreement is reached with the lenders. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Trust to continue as a going concern.

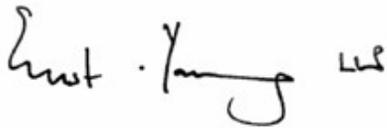
As disclosed in Note 2.2, the ability of the Group and the Trust to continue as a going concern is dependent on the successful refinancing of its loans and obligations or availability of funds on timely basis to enable the Group and the Trust to meet its liabilities as and when they fall due. In the event that the Group and the Trust are unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Trust may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements in respect of this.

Our conclusion is not qualified in respect of this matter.

Restriction of use

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

Yours faithfully,



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
23 January 2024