



GROWING OUR VALUE

ANNUAL REPORT 2022



Cover Rationale

Our cover features three of our portfolio assets that are rendered in an achromatic colour scheme to exude confidence and unity. The bold visual orientation of the buildings creates a soaring image of how the REIT is seeking greater heights. Taken together, the cover depicts the strength of the REIT, and the focus and commitment of the Manager to grow value.



GROWING OUR VALUE

In the GROW VALUE phase of our Refreshed Strategy, we are on track to growing our portfolio value and delivering resilient performance anchored on robust governance and sustainable practices. We are committed to proactive lease management, strengthening our portfolio through asset enhancement initiatives and adopting prudent capital management measures. With an unwavering commitment to implementing sustainable practices, we have and will continue to integrate green initiatives in our operations, minimise our environmental footprint and grow greater value in a sustainable manner.



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CORPORATE PROFILE

ABOUT SABANA INDUSTRIAL REIT

Sabana Industrial Real Estate Investment Trust ("**Sabana Industrial REIT**") invests primarily in income producing real estate used for industrial purposes in Asia, as well as real estate-related assets. It was listed on Singapore Exchange Securities Trading Limited ("**SGX ST**") on 26 November 2010. It was renamed Sabana Industrial REIT with effect from 21 October 2021 following the removal of the requirement for Shari'ah compliance and for the REIT's business to be managed in compliance with Shari'ah investment principles and procedures (including investing in Shari'ah compliant real estate and real estate-related assets).

Sabana Industrial REIT has a diversified portfolio of 18 properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical

warehouse and logistics, as well as general industrial sectors. Its total assets amount to more than \$0.9 billion as at 31 December 2022.

Sabana Industrial REIT is a constituent of the SGX S-REIT Index, MSCI Singapore Micro Cap Index, and FTSE ST Singapore Shariah Index.

Sabana Industrial REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana Industrial REIT) in accordance with the terms of the trust deed constituting the REIT dated 29 October 2010 (as amended, varied or supplemented from time to time), (the "**Trust Deed**"). The REIT was constituted on 29 October 2010 under the laws of Singapore and in accordance with the terms of the Trust Deed.





Vision

To be a prominent industrial real estate investment trust with an outstanding portfolio of assets in Singapore and beyond.

Mission

To seek yield-accretive initiatives to strengthen and grow the REIT's portfolio and to satisfy our Unitholders by delivering attractive distribution per Unit ("DPU").

Core Values

We are guided by our core values. They define our culture and shape our personality and decision-making process.

- **UNITHOLDERS' INTERESTS FIRST**
We strive to build a portfolio of quality assets for our Unitholders.
- **FOCUS ON VALUE CREATION**
We promise to create value for Unitholders by creating success factors and direction for the future.
- **INTEGRITY**
We are committed to the values of responsibility, transparency and professionalism.
- **FAIRNESS AND EQUALITY**
We ensure that our business activities are consistent with the principles of fairness, partnerships and equality.
- **PEOPLE**
We recognise that our people are our greatest assets. By creating and maintaining a conducive working environment, our people will grow professionally and make a positive impact to both the organisation and society.



01

Building a Robust Governance Framework

At the heart of our value proposition is a robust governance framework that ensures accountability, transparency, fairness and responsibility in all our decisions and business practices.



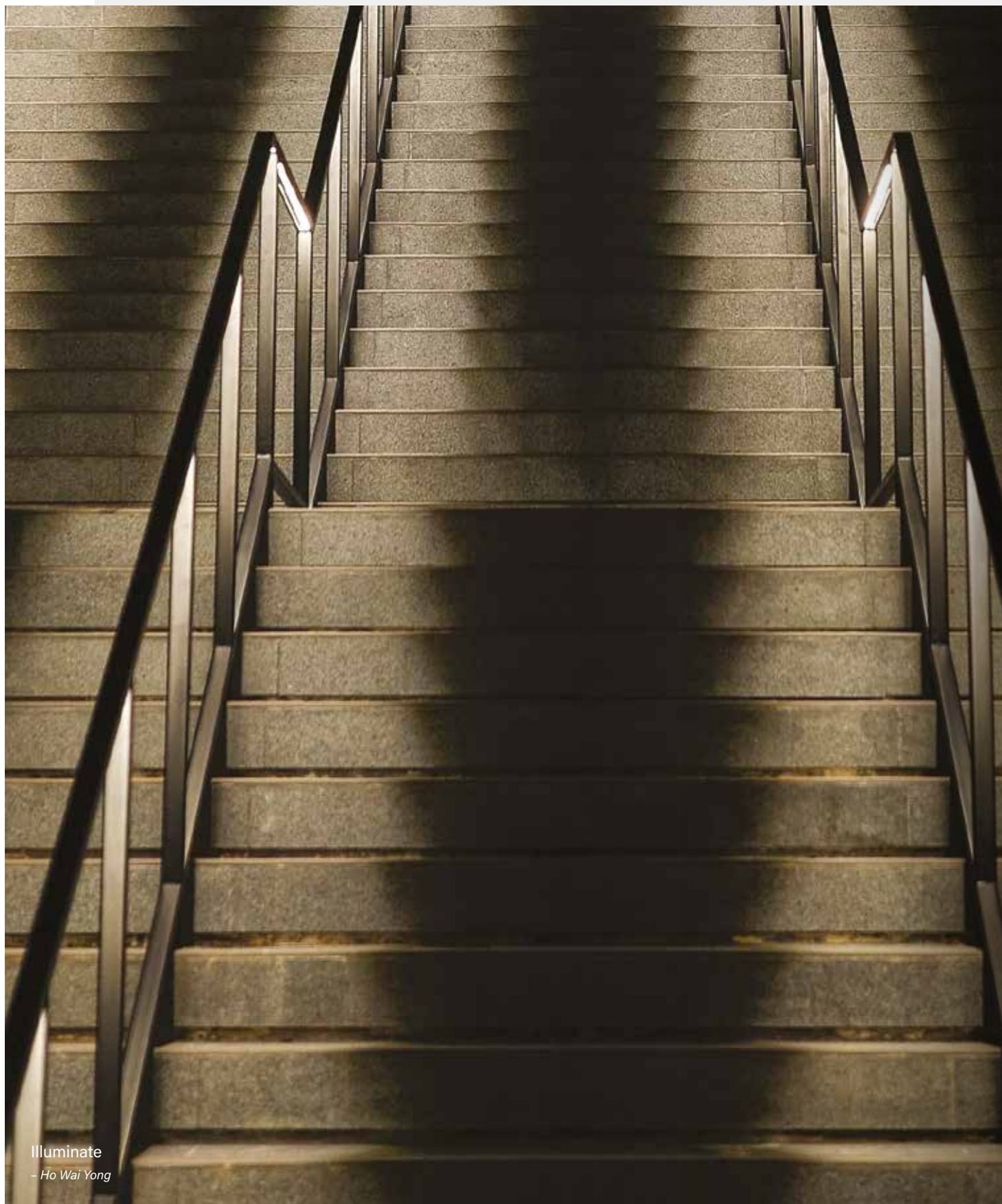
151 Lorong Chuan, New Tech Park





Shelter at the Gardens

– Jennifer Koh



Illuminate
- Ho Wai Yong

DELIVERING

02



23 Serangoon North Avenue 5

We will build up our portfolio value through strategic asset enhancement initiatives and proactive lease efforts, while prudently managing our capital resources to enhance our ability to deliver resilient performance.

Delivering Resilient Performance

03

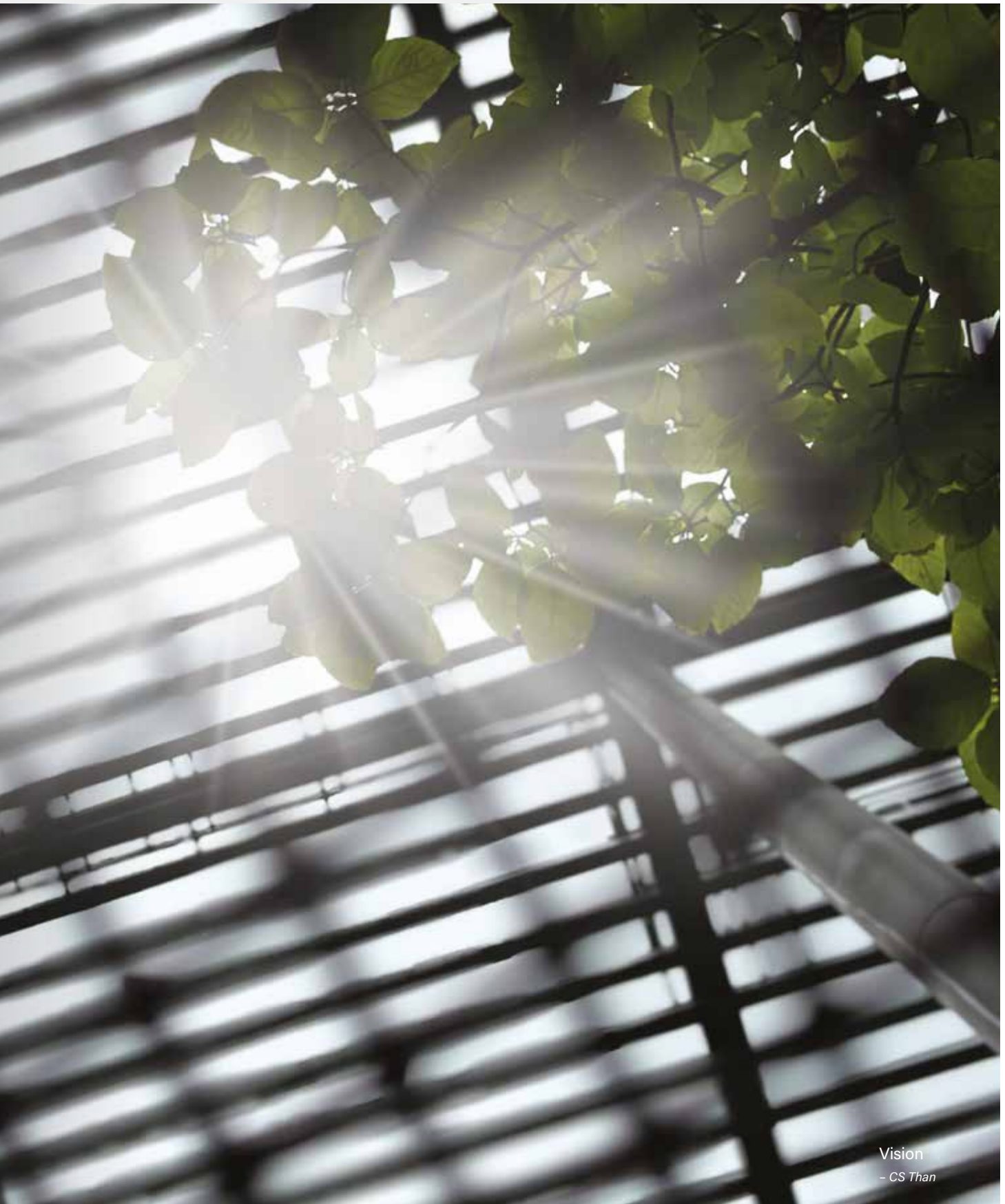
Cultivating Sustainable Best Practices



508 Chai Chee Lane

With a vision of the future, we are cultivating sustainable best practices, including integrating green initiatives in our portfolio, reducing our environmental footprint and creating environmentally-friendly spaces.

CULTIVATING



Vision
- CS Than

LETTER TO UNITHOLDERS



MR TAN CHEONG HIN
Chairman of the Board of Directors

MR HAN YONG LEE (DONALD)
Chief Executive Officer

Dear Unitholders,

GROWING VALUE

The environment in the past year has been difficult for businesses. Globally, interest rates experienced the largest and most sustained increases in years while global energy prices escalated to new highs. Despite this climate of uncertainties, we stayed the course and delivered on our commitment to deliver value to our Unitholders.

Early in 2022, we articulated our further intensification of the REIT's work progress under Phase 2 of the REIT's Refreshed Strategy, and our move into Phase 3 to GROW VALUE for Unitholders. A year on, we are pleased to report that our emphasis on GROW VALUE has started to bear fruit notwithstanding the challenging backdrop of 2022¹.

The objective of GROW VALUE is to enhance the REIT's portfolio value to more than \$1 billion between 2025 and 2027. As at 31 December 2022, our portfolio valuation had grown by 2.3% year-on-year ("y-o-y") to \$885.7 million.

This improvement in valuation is the fruit of our efforts over the past few years. We carried out major asset enhancement initiatives ("AEIs") like the NTP+ mall and also rejuvenated selected portfolio assets, while achieving positive rental reversion across our portfolio – all of which were strategies we steadfastly pursued even when business confidence remained weak and economic conditions were challenging.

DELIVERING RESILIENT PERFORMANCE

Against the backdrop of geopolitical tensions, rising interest rates and inflationary energy prices, our prudent and disciplined approach taken on the GROW VALUE phase enabled us to achieve positive results.

For the financial year ended 31 December 2022 ("FY 2022"), the REIT saw continued strong momentum in gross revenue, increasing by 15.9% y-o-y to \$94.9 million. Net property income ("NPI") improved 2.6% y-o-y to \$53.3 million, impacted by global energy inflation.

The REIT has also undertaken proactive steps to ensure prudent and effective capital management. Aggregate leverage remained healthy at 32.4% with a debt headroom of \$156.1 million to support the REIT's future growth.

The total amount available for distribution to Unitholders for FY 2022 was \$33.1 million, which was 1.7% higher than the financial year ended 31 December 2021 ("FY 2021"). Notwithstanding the impact from higher utility costs and interest rates, FY 2022 DPU remained consistent at 3.05 cents compared to the FY 2021 DPU, reflecting the resilient performance of the REIT's portfolio.

The success of our AEIs and rejuvenation efforts is seen in the portfolio occupancy uplift to 91.2%², compared with JTC's industrial average of 89.4% for 4Q 2022³. Notably, the REIT also consistently achieved among the highest rental reversions within the Singapore industrial REIT sector, with positive, double-digit rental reversion of 12.9% in FY 2022 (FY 2021: 10.5%), supported by our proactive lease and portfolio management. During the year, we achieved higher signing rents for both new and renewed leases and secured a new master lease tenant within the expansionary healthcare sector at 30 & 32 Tuas Avenue 8.

As at 31 December 2022, net asset value per unit rose to 0.53 cents from 0.52 cents a year ago.

The REIT has also undertaken proactive steps to ensure prudent and effective capital management. Aggregate leverage remained healthy at 32.4% with a debt headroom of \$156.1 million to support the REIT's future growth. There are no refinancing requirements due till 4Q 2024, and the debt

¹ Please refer to the "Letter to Unitholders" in page 10 of Annual Report 2021.

² Excluding 1 Tuas Avenue 4, which is currently undergoing AEI.

³ "JTC Quarterly Market Report for 4Q2022" JTC – 26 January 2023.

LETTER TO UNITHOLDERS

maturity profile remains well-spread out, with weighted average debt maturity at 2.8 years. A high proportion of approximately 82.8% of the REIT's total borrowings is hedged to fixed rates to mitigate rising interest rates, with an average fixed debt maturity of 2.0 years. Whilst weighted average all-in cost of borrowing increased to 3.86%, the REIT remained well-positioned to service its loans, with a healthy interest coverage ratio of 3.8 times as at 31 December 2022.

STRENGTHENING OUR PORTFOLIO

In an environment of high energy prices, we have identified and began to implement energy-efficient measures in some of the REIT's high specification buildings with high energy consumption to mitigate the impact of elevated energy costs.

As a start, we have initiated energy-saving initiatives at 508 Chai Chee Lane following an energy audit of the building in early 2022. We are currently implementing energy efficiency initiatives at the building, including upgrading to high-efficient air-conditioner chiller and installing new chilled and condenser water pumps. When these are effectively implemented, we will progressively roll out similar initiatives to New Tech Park.

In our continued drive to push ourselves beyond the boundaries to create fresh value propositions for the market, the REIT has carried out asset rejuvenation of seven properties since 2019, the latest being 39 Ubi Road 1.

As the buildings' value proposition improves with asset enhancement works such as new passenger lift lobbies and amenities, we differentiated ourselves from the competition in meeting the evolving needs and preferences of existing tenants, as well as attracting new and expansionary tenants. Equally significantly, we have also been improving on our tenant trade sector diversification. For instance, at New Tech Park, we have seen an increased number of tenants which are multinational companies ("MNCs") in the electronics and semiconductor sectors, as Singapore continues to attract new investments from MNCs in the electronics sector⁴.

PRIORITISING AEIs TO GROW VALUE

Meanwhile, we have obtained JTC's consent for additions and alterations ("**A&A**") works for 1 Tuas Avenue 4 in early 2023, to transform it via AEI into a modern warehouse-cum-production facility. A&A works, instead of demolishing the structure, will enable us to complete the works faster⁵ and allow us to preserve the existing structure which is more in line

with our commitment to sustainability⁶. The project is awaiting full planning approval from other regulatory authorities, in order for contractors to commence work. We are targeting for Temporary Occupational Permit to be obtained by 1H 2024. Based on the existing plans, 1 Tuas Avenue 4 will incorporate solar panels and a verdant green drop-off canopy and will seamlessly integrate with the surrounding public greeneries. The objective is for 1 Tuas Avenue 4 to attain a minimum Green Mark Super Low Energy certification upon its completion.

Another key pillar of our GROW VALUE phase is the Phase 3 AEI plans for New Tech Park involving gross floor intensification, which we hope to unveil in the next few months. The planning process has taken longer than usual as there are multi-governmental and statutory boards to liaise and consult with, all of whom are supportive and working together with us to ensure New Tech Park remains as a key employment hub for the Lorong Chuan area. To this end, we are engaging award-winning architect Ong & Ong to envision another iconic design similar to that of the NTP+ mall, which in 2022, was shortlisted for a couple of architectural design awards in Singapore and overseas.

REMAINING STEADFAST ON OUR TARGET

Overall, the outlook for the industrial property sector industry remains mixed. Demand for warehouses continues to be a bright spot based on current leasing enquiries and the positive response we are seeing. However, the pace of rental growth for warehouses is expected to moderate in 2023 due to weakened economic outlook and as occupiers become more cost-sensitive⁷.

As a whole, we remain steadfast on our target to achieve an upsized portfolio valuation of more than \$1 billion between 2025 and 2027 as we progress with the GROW VALUE phase.

ANCHORED ON ROBUST GOVERNANCE

We continue to believe that sound corporate governance is key to the long-term sustainability of our business. We place high emphasis on improving our governance and are committed to staying accountable to all our stakeholders.

We are encouraged by the significant improvement made by the REIT in the Governance Index for Trusts ("**GIFT**") 2022 report. Our overall GIFT score improved to 71.5 points in 2022 from 54 points a year ago. Our 17.5-point improvement was the largest among all trusts in the study. Our ranking

⁴ Source: EDB Year 2022 in Review - EDB attracted S\$22.5 billion in Fixed Asset Investment commitments in 2022 amidst a challenging business environment. 9 February 2023.

⁵ The current structure has 'above average' specifications and retaining the current structure of approximately 156,000 sq ft will enable us to complete the A&A in 12 to 14 months as compared to a complete redevelopment, which typically takes 24 to 30 months.

⁶ As redevelopment will require huge resources and adversely impact the environment, preserving the existing structure of 1 Tuas Avenue 4 is a testament to the REIT's commitment to sustainability.

⁷ "At the Crossroads", CBRE Research Q4 2022 - 11 January 2023

We continue to believe that sound corporate governance is key to the long-term sustainability of our business. We place high emphasis on improving our governance and are committed to staying accountable to all our stakeholders.

improved from 38th to 14th position, which was an improvement of 24 positions. Additionally, we also achieved progress in the Singapore Governance and Transparency Index ("**SGTI**") ranking with a score of 74.4 points in 2022 from 61.1 points a year ago, reflecting an improvement of 13.3 points. Our ranking rose from 43rd to 35th position, an improvement of eight positions.

Our REIT was also recognised as among the top five best performers within the S-REIT sector, with highest total returns among industrial REITs in 2022⁸. It was also the top performer in total unitholder returns for REITs under \$1 billion market cap⁹. This is a strong testament to the hard work put in by the Manager.

DOING WELL, DOING GOOD

We will continue the journey of Doing Well and Doing Good and adopt a holistic approach through corporate social responsibility efforts to contribute purposefully to the well-being of society and communities. During the year, we supported children from disadvantaged backgrounds and inspired students to pursue their passion for creativity and the arts through photography. Going forward, we will continue to look to strengthen the holistic management of our contributions to worthwhile causes.

As for our tenants, green initiatives will be a key element of our ongoing efforts in uplifting their overall experience. We will also continue to engage our tenants to support their sustainability goals and explore opportunities where they can leverage the REIT for their next phases of growth.

ACKNOWLEDGEMENTS

While the way ahead remains challenging, we are confident that our focus and drive, together with sound corporate governance, will keep us on course.

We extend our appreciation to Mr Charlie Chan for his service on our Board and welcome onboard Mrs Elaine Lim as Independent Non-Executive Director. Elaine brings with her a strong background in corporate governance, stakeholder engagement and capital markets transactions. Together, we will press on to overcome the challenges and deliver on the strategy to grow the REIT's portfolio.

We would like to extend our appreciation to our Trustee, partners, lenders, valued tenants and employees for your unwavering support. To our Unitholders, we would also like to extend our special appreciation to all of you for your support.

With the continued support of our stakeholders, we look forward to steering the REIT towards greater heights and growing its value.

Mr Tan Cheong Hin

Chairman of the Board of Directors

Mr Han Yong Lee (Donald)

Chief Executive Officer

⁸ Data according to SGX Research, 9 January 2023.

⁹ Data according to The Edge Singapore, 14 November 2022, over the period of March 2019 to March 2022.

BOARD OF DIRECTORS

MR TAN CHEONG HIN

Chairman and Independent Non-Executive Director

Mr Tan Cheong Hin was appointed as the Independent Non-Executive Director on 25 January 2018, and as the Chairman of the Board of Directors on 1 November 2019.

He is also a member of the Audit and Risk Committee and the Chairman of the Nominating and Remuneration Committee. Mr Tan has more than 30 years of experience in various roles across finance, asset management and property sectors. His past positions include Director (Europe) of Mapletree Investments, where he set up and headed its London office, and Chief Investment Officer of Cityspring Infrastructure Trust.

He has also held various senior investment and business development roles across different industries, including at Temasek Holdings, The Islamic Bank of Asia and Raffles Medical Group.

Mr Tan holds a Bachelor in Business Administration (First Class Honours) and a Master of Science (Management) from the National University of Singapore. He was a CFA charterholder and has also attended INSEAD's Advanced Management Programme.

Board committees served on:

- Chairman of the Nominating and Remuneration Committee
- Member of the Audit and Risk Committee

Present principal commitments:

- Nil

MR WONG HENG TEW

Independent Non-Executive Director

Mr Wong Heng Tew was appointed as an Independent Non-Executive Director of the Manager on 27 August 2019. He is also the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committee.

He is currently an Advisory Director with Temasek International Advisors.

Mr Wong joined Temasek Holdings in 1980 and over the next 28 years of his career, his responsibilities included investments (direct, funds, listed and private equity), divestments, mergers and acquisitions, restructuring of companies, and corporate governance. He retired from Temasek in 2008 as Managing Director (Investments) and Temasek's Chief Representative in Vietnam.



He holds directorships in local and overseas companies such as Astrea IV, Astrea V, Mercatus Co-operative and ASEAN Bintulu Fertilizer.

Mr Wong graduated with a Bachelor of Engineering degree from the University of Singapore and has completed the Programme for Management Development at Harvard Business School.

Board committees served on:

- Chairman of the Audit and Risk Committee
- Member of the Nominating and Remuneration Committee

Present directorships in other listed companies:

- Astrea IV Pte. Ltd.
- Astrea V Pte. Ltd.

Present principal commitments:

- Mercatus Co-operative Limited (Director)
- ASEAN Bintulu Fertilizer (Director)

**MR WONG HENG TEW**

*Independent
Non-Executive Director*

MR TAN CHEONG HIN

*Chairman and Independent
Non-Executive Director*

MRS ELAINE LIM

*Independent
Non-Executive Director*

MS LEE KIA JONG ELAINE (MRS ELAINE LIM)

Independent Non-Executive Director

Mrs Elaine Lim was appointed as an Independent Non-Executive Director on 6 July 2022. She is also a member of the Audit and Risk Committee and the Nominating and Remuneration Committee.

An advocate for corporate governance, Mrs Lim had provided thought-leadership and training to advance good corporate governance practices. She served as a member of the review panels for the corporate governance e-guide first produced by the Singapore Institute of Directors and a board appointment guide for charities published by the Council for Board Diversity.

She has a strong track record in capital markets transactions, stakeholder relations, crisis management and financial restructuring. She has had experience serving on diverse boards across the public sector, non-profit organisations and SGX-listed companies, including Singapore Land Authority, Singapore Institute of Directors, the Diversity

Action Committee, National Youth Council, National Council of Social Service, Community Chest of Singapore, Singapore Dance Theatre, SATA, M1 Limited, Chemical Industries (FE) Limited and HSR Global Limited. She is currently also an independent non-executive director of SGX-listed Combine Will International Holdings Limited.

Mrs Lim is a graduate of the University of Chicago Booth Graduate School of Business and Fellow of the Singapore Institute of Directors.

Board committees served on:

- Member of the Audit and Risk Committee
- Member of the Nominating and Remuneration Committee

Present directorships in other listed companies:

- Combine Will International Holdings Limited

Present principal commitments:

- Nil

MANAGEMENT TEAM

MR DONALD HAN

Chief Executive Officer

Mr Donald Han was appointed as Chief Executive Officer on 25 January 2018. A real estate veteran, Donald is an accomplished and respected consultant across most sectors of the property market, including industrial, having spent more than 30 years in various senior management and advisory positions. His experience ranges from residential agency to collective en bloc, office investment sales to retail leasing, regional hospitality and hotel disposition to international project marketing.

Donald started his career at Richard Ellis Pte. Ltd., where he built experience in industrial property and investment sales. He set up Cushman & Wakefield Singapore Pte Ltd ("**C&W**") and was appointed Managing Director of the Singapore office in 1997. He was subsequently promoted to C&W's Asia Pacific Capital Markets Managing Director in 2008.

Donald left C&W whilst at the helm as Vice Chairman of C&W Singapore and an advisory Asia Pacific Board member with a team of over 100 personnel under him. He eventually acquired a stake in U.K.-owned Chestertons Singapore's operations in 2013, leading a team of over 100 personnel.

Donald holds a Bachelor of Science in Estate Management from the National University of Singapore and is a member of the Singapore Institute of Surveyors and Valuers.

MR LIM WEI HUANG

Chief Financial Officer

Mr Lim Wei Huang was appointed Chief Financial Officer on 1 November 2021. He oversees all finance functions including accounting, taxation, treasury, capital management and financial reporting of the REIT and its subsidiaries and the Manager. Working closely with the Chief Executive Officer and Board, Wei Huang plays a critical role in delivering on the REIT's strategic plans and strengthening the REIT's balance sheet.

Wei Huang has more than a decade's experience across finance, audit, accounting, corporate finance and treasury functions. Prior to joining the Manager, Mr Lim was with ESR Singapore as Regional Controller, overseeing the real estate fund manager and asset manager financials across offices in Singapore, Japan, India and Australia. He was also actively involved in merger and acquisition activities and new markets.

Wei Huang was an Audit Assistant Manager with PwC Singapore primarily responsible for auditing Singapore and MNC companies across various industries.

Wei Huang holds a Bachelor in Accountancy from University of Malaya and is a Fellow member of the Association of Chartered Certified Accountants and Chartered Accountant with the Institute of Singapore Chartered Accountants.

MS JESSICA YAP

Head of Real Estate

Ms Jessica Yap was appointed Head of Real Estate on 1 November 2021. She oversees asset management, leasing and property management of the entire portfolio of assets of the REIT. In assisting the CEO to deliver on the REIT's strategic plans, Jessica manages the operational and asset performance of the REIT including rejuvenation projects and AELs. Prior to her current appointment, Jessica served at the Manager as Vice President, Asset Management, for over three years. During that period, she led the leasing team and oversaw the AEL of New Tech Park at 151 Lorong Chuan and spearheaded the leasing efforts of the retail mall, NTP+. Currently, she is co-leading the project management team for the AEL of 1 Tuas Avenue 4.

Jessica is an established real estate professional with over 20 years of experience in industrial and commercial real estate leasing and investment sales, both for Singapore and international properties. Prior to joining the Manager, Jessica held several senior management positions including Director of Business Development and Investment at Soilbuild Group, where she led the Group's overseas development initiative. She also served in various property consultancy firms and was Director of Investment Sales and Leasing at U.K.-based Chestertons and Director of Leasing and Capital Markets at U.S.-based Cushman and Wakefield.

Jessica holds a Bachelor of Science in Estate Management (Honours) from the National University of Singapore. She started her real estate career with Edmund Tie and Company in 1995, with a focus on commercial leasing and project marketing.

MR KENNETH QUEK

Head of Property Management

Mr Kenneth Quek was appointed Head of Property Management on 1 April 2022. He directly supports the Head of Real Estate, in overseeing the property management of the entire portfolio of the REIT. Since his appointment, Kenneth has embarked on several energy saving initiatives. He has been with the Manager since 2018.

Beginning his career in the industry as an Engineer in an M&E consultant firm, Kenneth chose to anchor himself in the real estate career path by moving to Jones Lang Lasalle Property and Asset Management ("JLL") in 2011. During his tenure at JLL, he managed grade-A commercial offices and high-tech industrial properties. He is an experienced property management professional with over 10 years of experience.

Kenneth holds a Bachelor of Science in Facilities Management from Heriot-Watt University. He is also a certified Fire Safety Manager and Green Mark Accredited Professional (Facilities Management).

MS LOW HOOI HOON

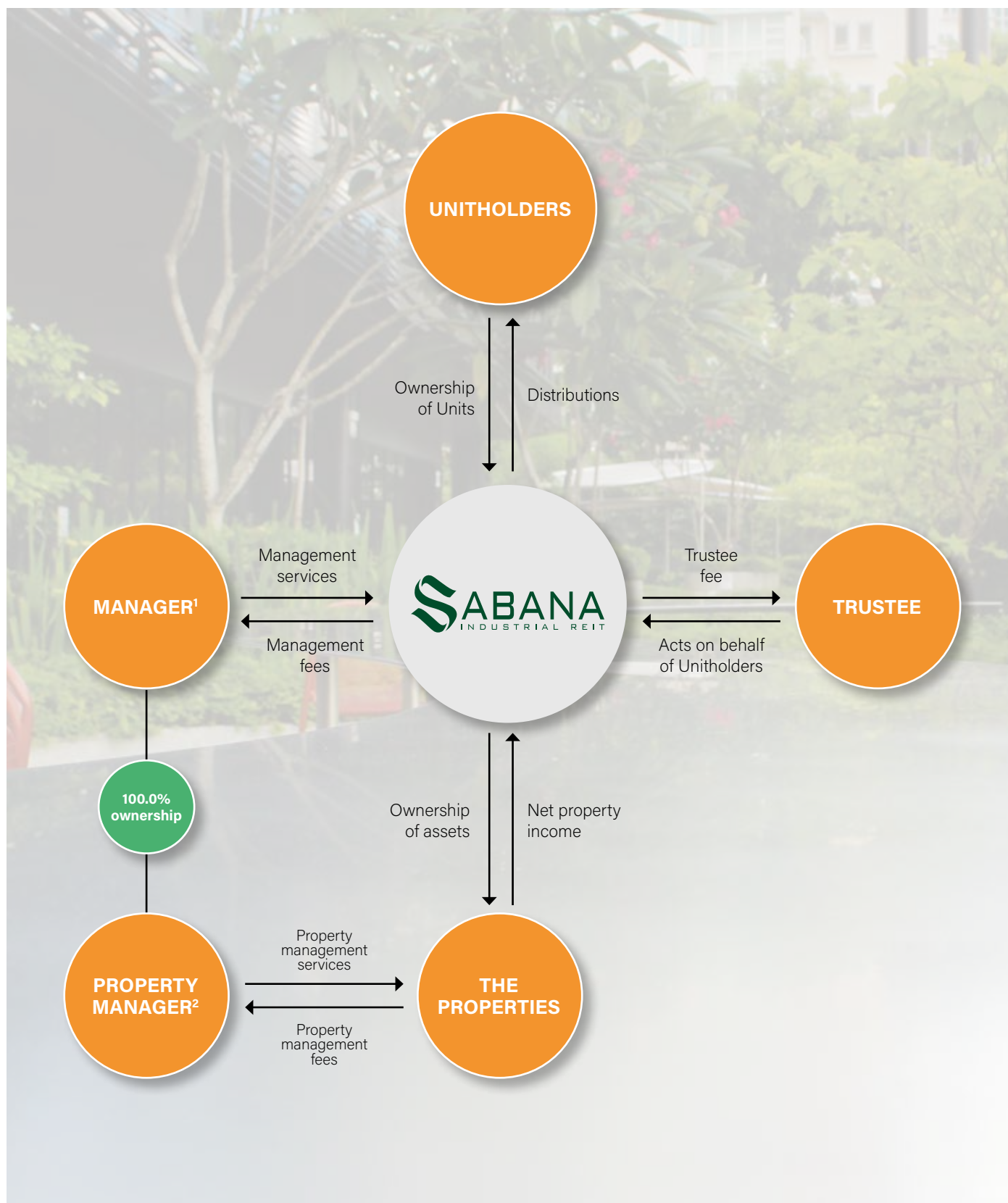
Investor Relations and Corporate Communications Manager

Ms Low Hooi Hoon joined the Manager in April 2021 where she facilitates and supports communications with investors, analysts, unitholders and tenants. She has more than 20 years of experience in investor relations, corporate communications, financial writing, media and equity research.

Prior to her current appointment, Hooi Hoon served at or worked with public relations and investor relations agencies, private enterprises and government-linked firms across a broad spectrum of sectors. She specialises in corporate and financial practice, handling a variety of responsibilities including developing and implementing communications plans and building sustained engagement with stakeholders.

She graduated from the National University of Singapore with a Bachelor of Business Administration (Honours).

OUR TRUST STRUCTURE



¹ The Manager is wholly-owned by Sabana Investment Partners Pte. Ltd. ("SIP"). SIP is effectively wholly-owned by Perpetual Asia (Limited), acting in its capacity as trustee of Blackwood Trust.

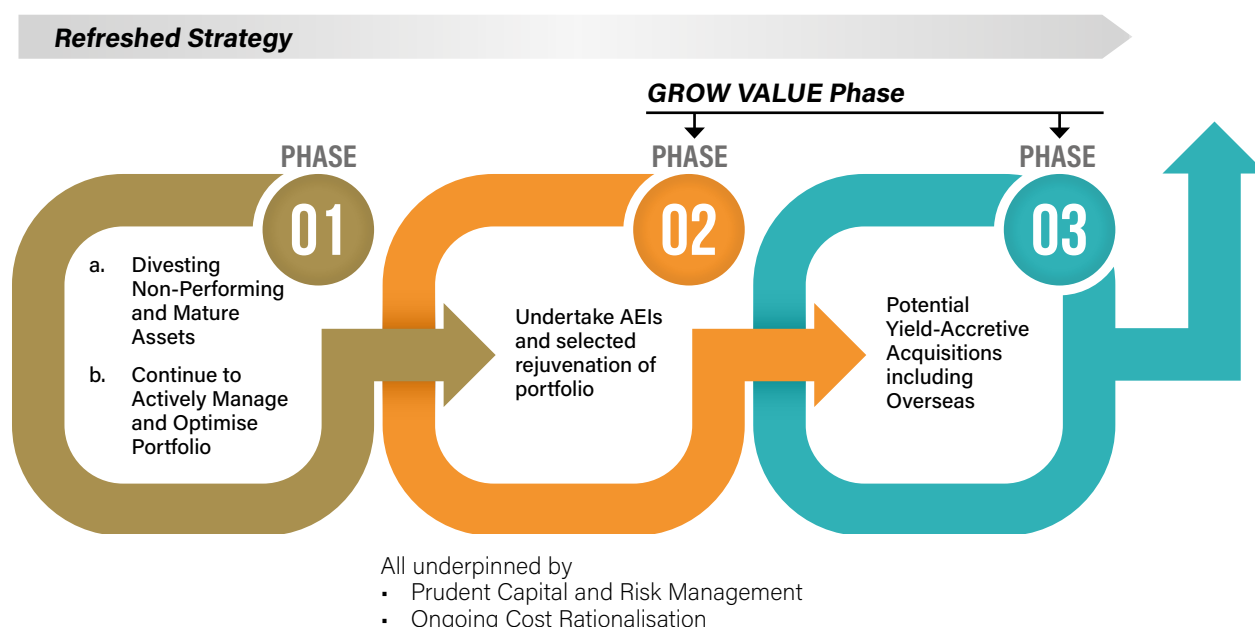
² The Property Manager, Sabana Property Management Pte. Ltd. is 100.0% owned by SIP, indirectly through the Manager.

STRATEGIC DIRECTION: GROW VALUE

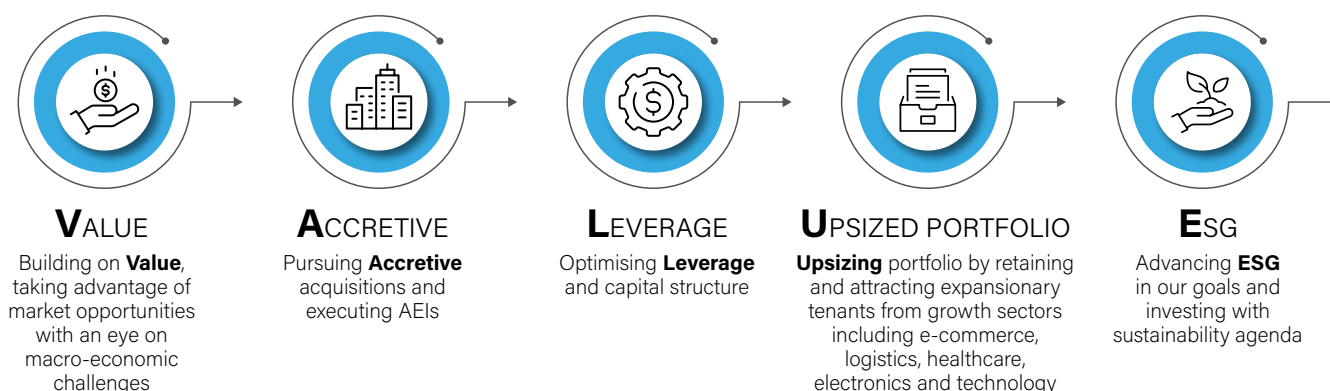
Sabana Industrial REIT is in the GROW VALUE phase of its Refreshed Strategy to build a resilient portfolio and deliver long-term and sustainable Unitholder value. Its Refreshed Strategy is set out in three phases: Phase 1 involves divesting non-performing and mature assets, while continuing to actively manage and optimise the REIT's portfolio. Phase 2 relates to AEIs and rejuvenation of selected assets. Phase 3

sets the stage for yield-accretive acquisitions in Singapore and overseas. The Manager's current focus is to further intensify the REIT's progress under Phase 2 and move into Phase 3 to GROW VALUE for Unitholders. The Manager will be guided by five strategic priorities to achieve an upsized portfolio valuation of more than \$1 billion between 2025 and 2027.

On the GROW VALUE phase of Refreshed Strategy with five strategic priorities



Five Strategic VALUE Priorities for Phases 2 and 3 of Refreshed Strategy



Targeting to achieve upsized portfolio valuation of more than \$1 billion between 2025 and 2027

CORPORATE INFORMATION

SABANA INDUSTRIAL REIT

REGISTERED ADDRESS

HSBC Institutional Trust Services (Singapore) Limited

10 Marina Boulevard
#48-01 Marina Bay Financial Centre Tower 2
Singapore 018983

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited

10 Marina Boulevard
#45-01 Marina Bay Financial Centre Tower 2
Singapore 018983
Phone: (65) 6658 6667

EXTERNAL AUDITORS

KPMG LLP

Public Accountants and Chartered Accountants
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961
Phone: (65) 6213 3388
Fax: (65) 6225 4142
www.kpmg.com.sg

Partner-in-charge: Gerard Toh Wen-Wei
(Appointed since financial year ended 31 December 2021)

INTERNAL AUDITORS

BDO Advisory Pte. Ltd.

600 North Bridge Road
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Phone: (65) 6828 9118
Fax: (65) 6828 9111
www.bdo.com.sg

UNIT REGISTRAR

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1 Harbourfront Avenue
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BANKERS

Bank of Communications Co., Ltd (Singapore Branch)
Chang Hwa Commercial Bank Ltd (Singapore Branch)
CIMB Bank Berhad (Singapore Branch)
First Commercial Bank Ltd (Singapore Branch)
Hua Nan Commercial Bank Ltd (Singapore Branch)
Malayan Banking Berhad (Singapore Branch)
Taishin International Bank Co., Ltd (Singapore Branch)
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

STOCK QUOTES

STI – M1GU

WEBSITE

www.sabana-reit.com

THE MANAGER

REGISTERED ADDRESS

Sabana Real Estate Investment Management Pte. Ltd.

Company registration number:

201005493K

Capital markets services licence number:

CMS100169

151 Lorong Chuan
#02-03 New Tech Park
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THE PROPERTY MANAGER

REGISTERED ADDRESS

Sabana Property Management Pte. Ltd.

Company registration number:

201016988Z

151 Lorong Chuan
#02-03 New Tech Park
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Phone: (65) 6580 7750
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www.sabana-reit.com

BOARD OF DIRECTORS

Mr Tan Cheong Hin

Chairman and Independent Non-Executive Director

Mr Wong Heng Tew

Independent Non-Executive Director

Mrs Elaine Lim

Independent Non-Executive Director

AUDIT AND RISK COMMITTEE ("ARC")

Mr Wong Heng Tew (Chairman)

Mr Tan Cheong Hin (Member)

Mrs Elaine Lim (Member)

NOMINATING AND REMUNERATION COMMITTEE ("NRC")

Mr Tan Cheong Hin (Chairman)

Mr Wong Heng Tew (Member)

Mrs Elaine Lim (Member)

COMPANY SECRETARY OF THE MANAGER

Mr Cho Form Po

Boardroom Corporate & Advisory Services Pte. Ltd.

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UNITHOLDERS' ENQUIRIES

Investor Relations

Phone: (65) 6580 7857

Email: dl_ir@sabana.com.sg

UNITHOLDER DEPOSITORY

The Central Depository (Pte) Limited.

9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Phone: (65) 6535 7511
Email: asksgx@sgx.com

SIGNIFICANT EVENTS 2022

JANUARY

- Released financial results for 2H 2021 and FY 2021, reporting a 2H 2021 DPU of 1.57 cents. The full year DPU for FY 2021 was 3.05 cents. Announced the application of the REIT's Distribution Reinvestment Plan ("DRP") to the 2H 2021 Distribution
- Announced the REIT's focus on the GROW VALUE phase of its Refreshed Strategy with five strategic priorities

FEBRUARY

- Entered into Sabana Industrial REIT's first sustainability-linked loan of \$150.0 million from The Hongkong and Shanghai Banking Corporation Limited (as lender). Under the terms of the facility, the interest rate on the loan is pegged to pre-determined annual energy and water intensity targets for the REIT across its multi-tenanted portfolio

APRIL

- Conducted the SIAS-Sabana Industrial REIT Virtual Dialogue Session, a platform for the Manager to share with Unitholders on the REIT's FY 2021 performance, growth plans and resolutions for AGM
- Released 1Q 2022 Interim Business Update, reporting that the REIT achieved positive rental reversion and steady portfolio occupancy. Announced the kickstarting of the AEI at 1 Tuas Avenue 4 and longer-term Phase 3 maximisation of plot ratio AEI at New Tech Park
- Announced the cessation of Mr Chan Wai Kheong as Independent Non-Executive Director upon the conclusion of the AGM on 26 April 2022

JULY

- Announced the appointment of Mrs Elaine Lim as Independent Non-Executive Director¹
- Announced achievement of 9.6% year-on-year increase in 1H 2022 total amount available for distribution to \$171 million and further improvement of overall portfolio occupancy to the highest level since 3Q 2017. 1H 2022 DPU was up 7.4% year-on-year to 1.59 cents. Announced the application of the REIT's DRP to the 1H 2022 Distribution

OCTOBER

- Released 3Q 2022 Interim Business Update, reporting further improvement in portfolio occupancy and positive double-digit rental reversion for 3Q 2022

¹ As announced on 6 July 2022, the appointment of Mrs Elaine Lim as Independent Non-Executive Director is subject to the endorsement of independent Unitholders of Sabana Industrial REIT by an ordinary resolution at or before its annual general meeting. The resolution for the endorsement will be tabled at Sabana Industrial REIT's annual general meeting to be held on 25 April 2023. If the resolution is carried, Mrs Elaine Lim will continue to serve on the Board as Independent Non-Executive Director. If the resolution for the endorsement is not carried, Mrs Elaine Lim will serve on the Board as Non-Independent Non-Executive Director.



IMPROVEMENT IN CORPORATE GOVERNANCE RANKINGS

Sabana Industrial REIT made progress in its corporate governance rankings in 2022.

Singapore Governance and Transparency Index ("SGTI")

Ranked 35th of 44 Singapore-listed REITS and Business Trusts in the SGTI in 2022. The 2022 ranking (overall SGTI score of 74.4 in 2022) reflects an improvement of eight positions compared to Sabana Industrial REIT's ranking at 43rd place in 2021 (overall SGTI score of 61.1 in 2021)

Among the top five REITS and Business Trusts with the most year-on-year improvements in overall SGTI scores

Governance Index for Trusts ("GIFT")

Ranked 14th of 43 Singapore-listed REITS, Business Trusts, and Stapled Trusts. The 2022 ranking (overall GIFT score of 71.5 in 2022) reflects an upward improvement of 24 positions compared to Sabana Industrial REIT's ranking at 38th place in 2021 (overall GIFT score of 54.0 in 2021)

Biggest year-on-year improvement in ranking among Singapore-listed REITS, Business Trusts, and Stapled Trusts with a 17.5 point improvement in GIFT score

MANAGER'S REVIEW FOR FY 2022

FINANCIAL PERFORMANCE

\$ '000	FY 2022	FY 2021	Variance %
Gross Revenue	94,907	81,913	15.9
Net Property Income ("NPI")	53,283	51,953	2.6
Total distribution amount declared to Unitholders	33,070	32,504	1.7
Distribution per Unit ("DPU") (cents)	3.05	3.05	-

GROSS REVENUE

Gross revenue increased 15.9% year-on-year ("y-o-y") to \$94.9 million as compared to FY 2021, mainly due to higher contributions from 151 Lorong Chuan ("**New Tech Park**"), 30 & 32 Tuas Avenue 8, 508 Chai Chee Lane, 23 Serangoon North Avenue 5, 10 Changi South Street 2, 51 Penjuru Road, 34 Penjuru Lane and 39 Ubi Road 1. NPI increased by 2.6% y-o-y to \$53.3 million mainly due to higher contributions from properties as stated above, and partially offset by the surge in utilities cost.

TOTAL DISTRIBUTION AMOUNT DECLARED TO UNITHOLDERS

Total distribution amount declared to Unitholders increased by 1.7% y-o-y to \$33.1 million in FY 2022, mainly due to higher NPI and partially offset by higher finance costs.

Accordingly, DPU remained consistent at 3.05 cents in both FY 2022 and FY 2021.

Breakdown of Unitholders' DPU for FY 2022 as compared to FY 2021 is as follows:

	1H (cents)	2H (cents)	Total (cents)
2022	1.59	1.46	3.05
2021	1.48	1.57	3.05

	As at 31 December 2022 (\$ '000)	As at 31 December 2021 (\$ '000)	Variance (%)
Total assets	983,192	971,648	1.2
Total liabilities	397,405	415,681	(4.4)
Total borrowings	288,921	311,589	(7.3)
Net assets attributable to Unitholders	585,787	555,967	5.4
Net Asset Value ("NAV") per Unit (\$)	0.53	0.52	1.9

As at 31 December 2022, Sabana Industrial REIT's total assets were \$983.2 million or 1.2% y-o-y higher compared to \$971.6 million as at 31 December 2021. This was primarily attributed to the net revaluation gain of the properties and the capital expenditure on the properties.

Total liabilities decreased by \$18.3 million or 4.4% compared to \$415.7 million as at 31 December 2021. This was primarily attributed to the decrease in total borrowings mainly due to the repayment of loan facilities using the cash flow generated from operations and Sabana Industrial REIT's distribution reinvestment plan during the year.

NAV per Unit was at \$0.53 as at 31 December 2022.

PRUDENT CAPITAL AND RISK MANAGEMENT

The Manager remains well-positioned to service its loans, with an interest coverage ratio of 3.8 times and an aggregate leverage of 32.4% as at 31 December 2022. Average all-in financing cost was 3.86%. The FY 2022 leverage ratio is below the aggregate leverage limit of 45.0% as defined in Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”).

As at 31 December 2022, the weighted average tenor of borrowings amounting to \$293.0 million was approximately 2.8 years. Approximately 82.8% of all outstanding borrowings were on fixed borrowing rates and 100% of Sabana Industrial REIT’s investment properties remained unencumbered. The total undrawn facilities stood at approximately \$120.0 million with a total cash and cash equivalent balance of \$8.0 million as at 31 December 2022.

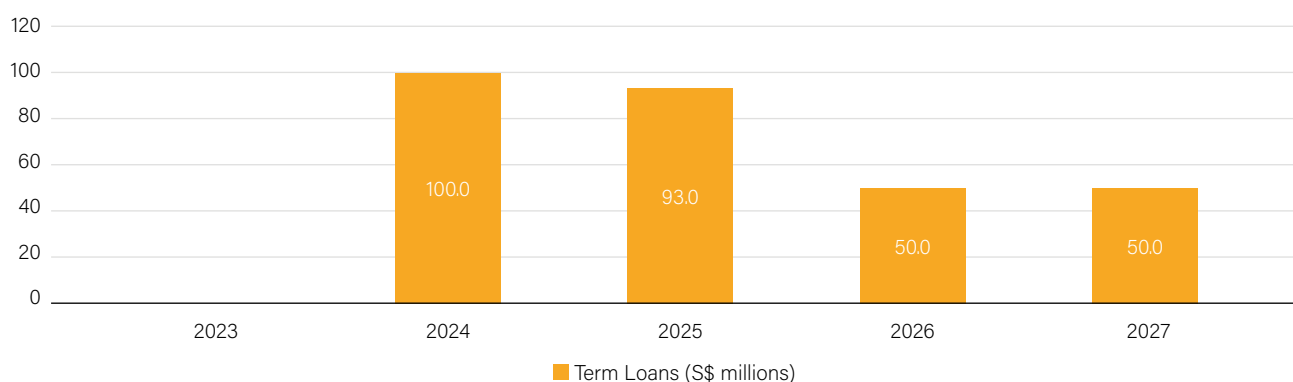
KEY DEBT FUNDING INDICATORS

	As at 31 December 2022 (\$'000)	As at 31 December 2021 (\$'000)
Aggregate leverage ¹ (%)	32.4	35.0
Borrowings	293,000	315,500
Proportion of total borrowings on fixed rates (%)	82.8	66.6
Average all-in financing cost (%)	3.86	3.14
Weighted average tenor of borrowings (years)	2.8	2.9
Interest coverage ratio ² (“ICR”) / Adjusted ICR ² (times)	3.8	4.4
Unencumbered assets ³	885,700	549,500
Undrawn committed facilities available	120,000	95,900

DEBT MATURITY PROFILE

(As at 31 December 2022)

Maturities of total outstanding borrowings of \$293.0 million



KEY CAPITAL MANAGEMENT ACTIVITIES

In March 2022, Sabana Industrial REIT completed its refinancing exercise of the secured Murabahah Facilities of \$148.4 million with a new unsecured Sustainability-Linked Loan, comprising a Term Loan Facility of \$100.0 million and a Revolving Loan Facility of \$50.0 million.

As at 31 December 2022, the debt maturity profile remains well-spread out with the next refinancing requirement due in October 2024.

¹ Ratio of total borrowings & deferred payment to deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

² Interest coverage ratio and adjusted interest coverage ratio for FY 2022 calculated based on the definition in the Property Funds Appendix.

³ Based on valuations by independent valuers.

MANAGER'S REVIEW FOR FY 2022

OPERATIONS REVIEW

KEY PORTFOLIO STATISTICS

As at 31 December 2022



Number of Properties

18



Portfolio Valuation (\$ million)

885.7



Portfolio Occupancy (%)⁴

91.2



Total Number of Tenants

158



Gross Floor Area ("GFA") (sq ft in million)

4.2



Net Lettable Area ("NLA") (sq ft in million)

3.5



New and Renewed Leases (sq ft in million)

1.0



Rental Reversion (%)

12.9



Retention Rate (%)

68.1

	As at 31 December 2022	As at 31 December 2021	Variance (%)/percentage point
Number of Properties	18	18	-
Portfolio Valuation (\$ million)	885.7	866.2	2.3
Portfolio Occupancy (%) ⁴	91.2	88.4	2.8
Total Number of Tenants	158	152	3.9
Gross Floor Area ("GFA") (sq ft in million)	4.2	4.2	-
Net Lettable Area ("NLA") (sq ft in million)	3.5	3.5	-
New and Renewed Leases (sq ft in million)	1.0	1.2	(16.7)
Rental Reversion (%)	12.9	10.5	2.4
Retention Rate (%)	68.1	39.6 ⁵	28.5

Sabana Industrial REIT owns and manages a portfolio of 18 industrial properties in Singapore with a NLA of approximately 3.5 million sq ft. As at 31 December 2022, the portfolio's valuation was \$885.7 million, an improvement from the \$866.2 million a year ago.

Its portfolio is well-diversified and caters to a diverse mix of tenants. Assets are segmented into four major types, namely: High-tech Industrial, Chemical Warehouse & Logistics, Warehouse & Logistics and General Industrial. They are located near various strategic infrastructure including seaports and the airport, in locations with easy accessibility to major transportation nodes.

The High-tech Industrial segment remains the largest asset type in the portfolio, accounting for 37.5% of the portfolio by NLA, 63.1% by valuation and 56.5% of the REIT's gross

revenue as at 31 December 2022. Warehouse and Logistics is the next largest, representing 36.6% of the portfolio by NLA, 21.2% by valuation and 26.3% by gross revenue as at 31 December 2022.

Portfolio occupancy rate as at 31 December 2022 was 91.2%, up from 88.4% as at 31 December 2021.

The Manager's focus on attracting tenants in expansionary sectors has led to a higher proportion of tenants from electronics, logistics, F&B, retail and healthcare in FY 2022.

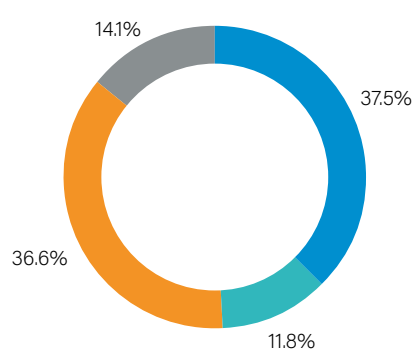
The REIT, which had in the past consistently achieved among the highest rental reversions within the Singapore industrial REIT sector, obtained positive rental reversion of 12.9% in FY 2022 as compared to a positive 10.5% for FY 2021.

⁴ Excluding 1 Tuas Avenue 4, which is undergoing AEI and has an occupancy rate of 0.0%

⁵ Excluding 33 & 35 Penjuru Lane, in respect of which a new replacement master tenant has been secured, the retention rate for FY 2021 would be 72.4%

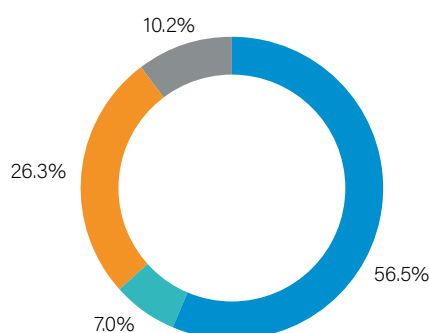
BREAKDOWN OF ASSET TYPES

Asset Type by NLA
(As at 31 December 2022)



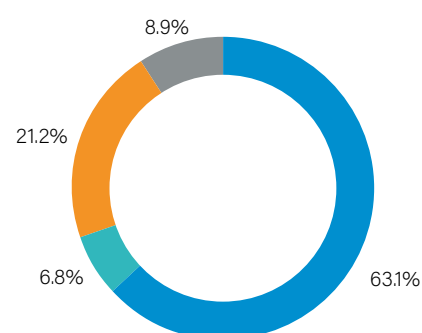
■ High-tech Industrial
■ Chemical Warehouse & Logistics
■ Warehouse & Logistics
■ General Industrial

Asset Type By Gross Revenue
(In FY 2022)



■ High-tech Industrial
■ Chemical Warehouse & Logistics
■ Warehouse & Logistics
■ General Industrial

Asset Type By Valuation
(As at 31 December 2022)



■ High-tech Industrial
■ Chemical Warehouse & Logistics
■ Warehouse & Logistics
■ General Industrial

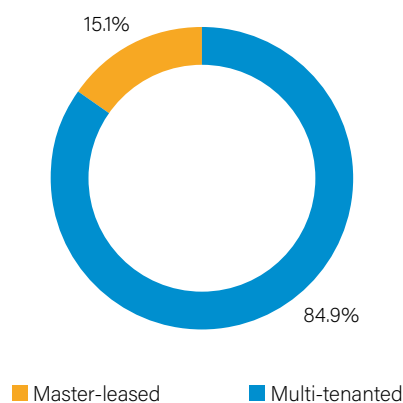
LEASE STRUCTURE AND PROFILE

Sabana Industrial REIT's portfolio comprises a mix of master-leased and multi-tenanted properties, accounting for 15.1% and 84.9% of gross revenue respectively.

Multi-tenanted properties bring tenant diversification to the REIT while master-leased properties provide longer-term yield stability with their longer leases and in-built rental escalation.

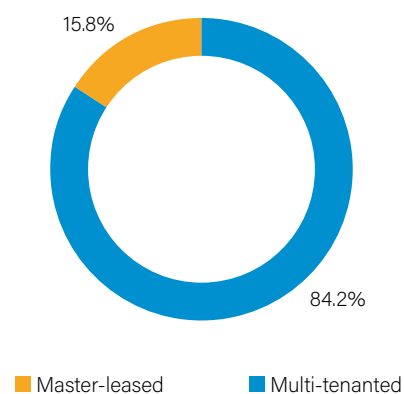
BREAKDOWN OF MASTER-LEASED AND MULTI-TENANTED PROPERTIES

Lease Type by Gross Revenue
(In FY 2022)



■ Master-leased ■ Multi-tenanted

Lease Type by Valuation
(As at 31 December 2022)



■ Master-leased ■ Multi-tenanted

MANAGER'S REVIEW FOR FY 2022

PORTFOLIO LEASE EXPIRY PROFILE

The Manager's focused strategy on proactive leasing to drive occupancy and tenant diversification has continued to contribute to the resilience of the REIT's portfolio. The Manager engages with existing tenants to negotiate well ahead of lease expiries. It also maintains strong relationships with industrial property agents who serve as business partners to market the REIT's properties.

Notably during the year, the Manager secured a 10-year master lease with a new tenant from the expansionary healthcare sector at 30 & 32 Tuas Avenue 8. This master lease further strengthens the REIT's long-term income stability and enhances Sabana Industrial REIT's trade sector diversification.

During the year, the Manager secured new tenants at New Tech Park, 10 Changi South Street 2, 23 Serangoon North Avenue 5, 8 Commonwealth Lane, 123 Genting Lane, 51 Penjuru Road and 39 Ubi Road 1, amongst others.

The Manager secured 61 new and renewed leases totalling 1.03 million sq ft, amounting to approximately 29.2% of the portfolio's NLA. These leases have a weighted average lease expiry ("WALE") of 3.83 years and contributed to 10.8% of FY 2022's gross rental income.

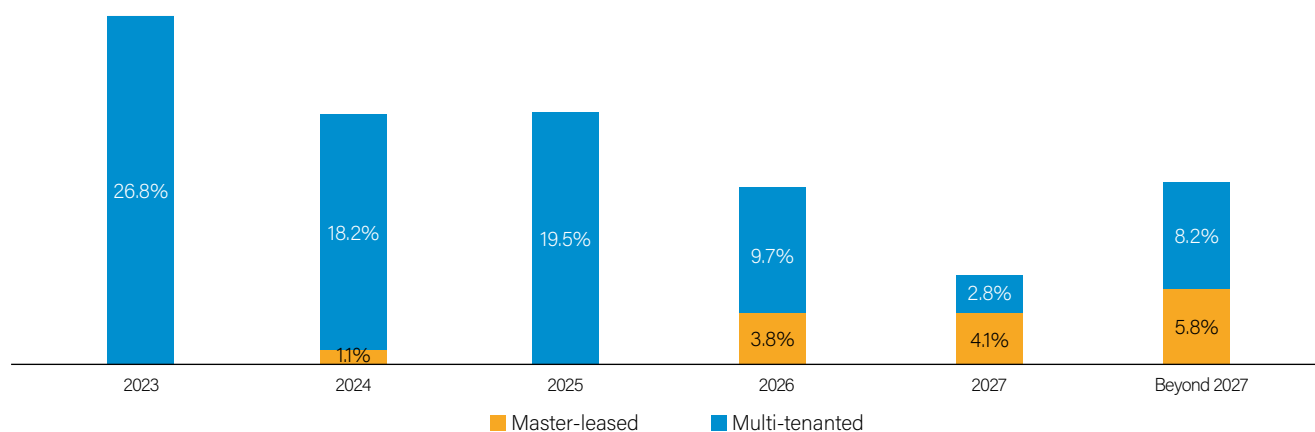
Tenant retention rate for all properties was 68.1% in FY 2022, up from 39.6% in FY 2021. All existing master leases have a WALE of 6.0 years as at 31 December 2022 compared to 4.7 years as at 31 December 2021.

Rental reversion for FY 2022 was a positive 12.9%, up from 10.5% in FY 2021, supported by the Manager's proactive lease management.

Overall, the portfolio has a WALE by gross rental income of 3.0 years as at 31 December 2022 and the portfolio sits on long underlying land leases, with a weighted average unexpired lease term of 28.4 years by GFA.

LEASE EXPIRY BY GROSS RENTAL INCOME

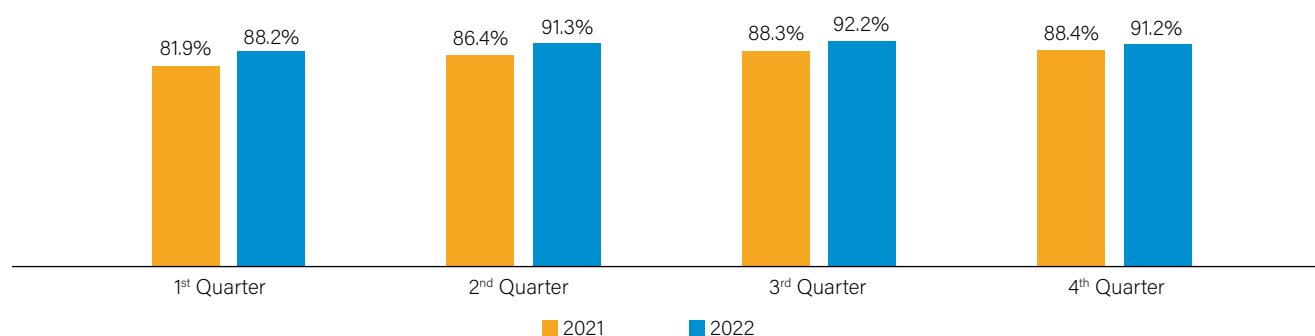
(As at 31 December 2022)



PORTFOLIO OCCUPANCY*

As at 31 December 2022, the REIT's portfolio occupancy rate stood at 91.2%, with a total of 158 tenants in 14 diverse

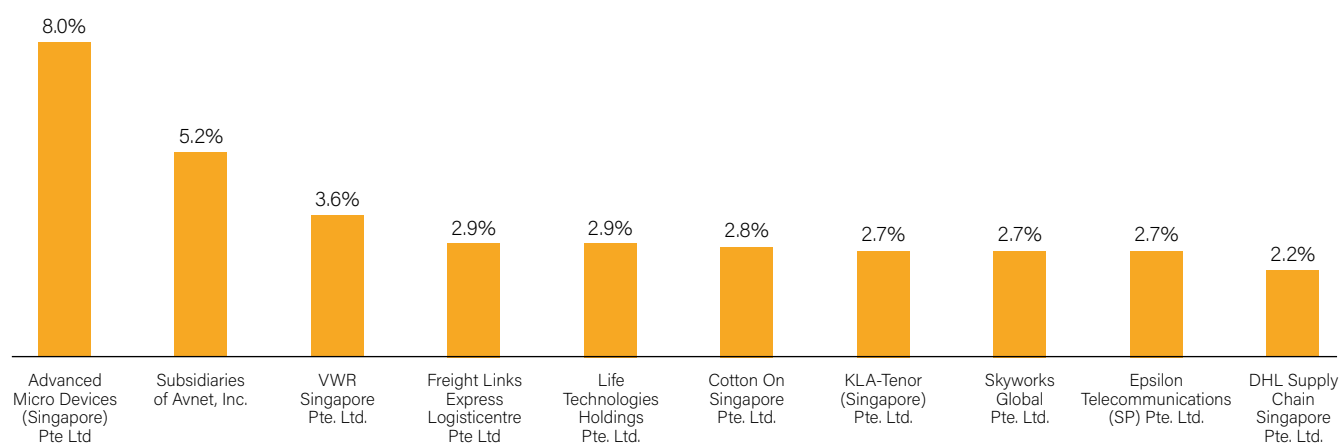
trade sectors, led by the expansionary electronics sector. The occupancy is higher than the 88.4% as at the previous corresponding year-end, 31 December 2021.



* Portfolio occupancy including 1 Tuas Avenue 4 for the respective quarters in FY 2021 and FY 2022 would have been as follows: 1Q 2021: 79.0%, 2Q 2021: 83.4%, 3Q 2021: 85.3%, 4Q 2021: 85.4%, 1Q 2022: 85.2%, 2Q 2022: 88.2%, 3Q 2022: 89.1%, 4Q 2022: 88.1%

TOP 10 TENANTS BY GROSS RENTAL INCOME IN FY 2022

Sabana Industrial REIT has strengthened its tenant mix in FY 2022, which included a higher proportion of tenants from trade sectors such as electronics, logistics, F&B, retail and healthcare. The REIT's tenant base is well-diversified, with 158 tenants across 14 sectors. The top 10 tenants of Sabana Industrial REIT accounted for 35.6% of gross rental income in FY 2022.

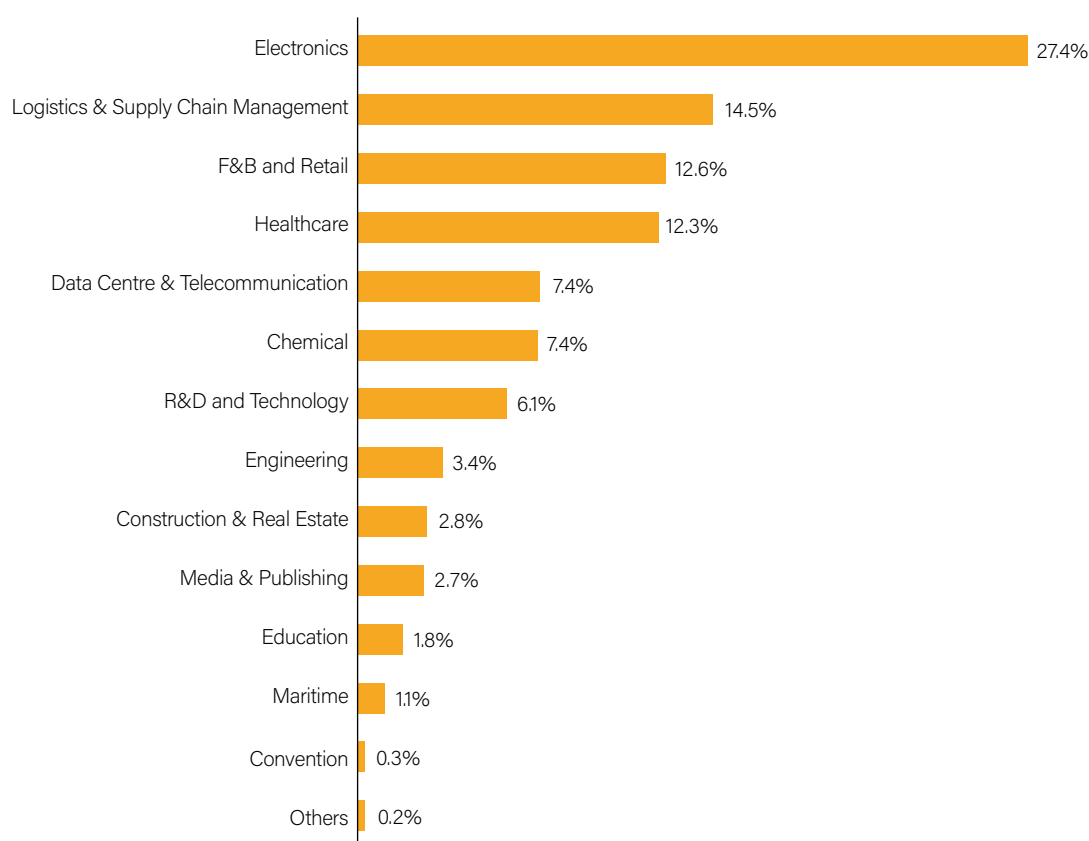


TRADE SECTOR ANALYSIS

Sabana Industrial REIT's tenants come from a diverse base of trade sectors, led by the expansionary electronics sector.

Trade Sectors by Gross Rental Income

(As at 31 December 2022)



MANAGER'S REVIEW FOR FY 2022

ASSET ENHANCEMENT INITIATIVES AND REJUVENATION WORKS

Following the success of the AEI completion in 2021 at New Tech Park, the Manager earmarked its second major AEI at 1 Tuas Avenue 4 in early 2022. 1 Tuas Avenue 4 will undergo major addition and alteration ("A&A") works instead of a complete redevelopment as part of the REIT's sustainability commitment to reduce carbon footprint. The A&A works also require a relatively shorter project timeline and will allow for maximum use of the existing building structure. The new facility will incorporate green features including solar panels and a verdant green drop-off canopy. The building target to obtain a minimum Green Mark Super Low Energy certification upon its expected completion in 1H 2024. Concurrently, the Manager is in discussions with several prospective tenants to lease either on a multi-tenanted or master lease basis.



Modernisation of cargo lifts at 2 Toh Tuck Link was completed in 2022



Installation of high-efficiency airconditioner chillers at 508 Chai Chee Lane



Improved wayfinding lobby signages at New Tech Park



Upgraded passenger lift lobbies at New Tech Park



The new passenger lift lobby at 39 Ubi Road 1

During the year, rejuvenation works continued at New Tech Park, including a complete upgrading of the passenger lift lobbies. The carpark, which covers approximately 100,000 sq ft of gross floor area, was re-lamped with LED lights. The toilets went through phased refurbishment with new, water-efficient fittings installed during the year and the refurbishment will continue in 2023. Electric vehicle charging stations will also be installed at New Tech Park. The Phase 3 AEI of New Tech Park remains underway, with the Manager in discussion with multi-government agencies for the proposed gross floor intensification plan.

At 508 Chai Chee Lane, the energy audit was kick-started in early 2022 to improve the building energy consumption efficiency. Since then, works being carried out include the upgrading of airconditioner chillers to high-efficiency versions, installation of new chilled and condenser water pumps and a new energy management system to monitor the chiller plant.

In 2022, 2 Toh Tuck Link and 39 Ubi Road 1 went through a refresh of their external facades. Additionally, the cargo lifts at 2 Toh Tuck Link were modernised. The passenger lift lobby rejuvenation at 39 Ubi Road 1 has been awarded and targeted to be completed by end 1Q 2023. The installation of new water-efficient fittings was carried out at 10 Changi South Street 2, and the exercise was completed at end-2022.

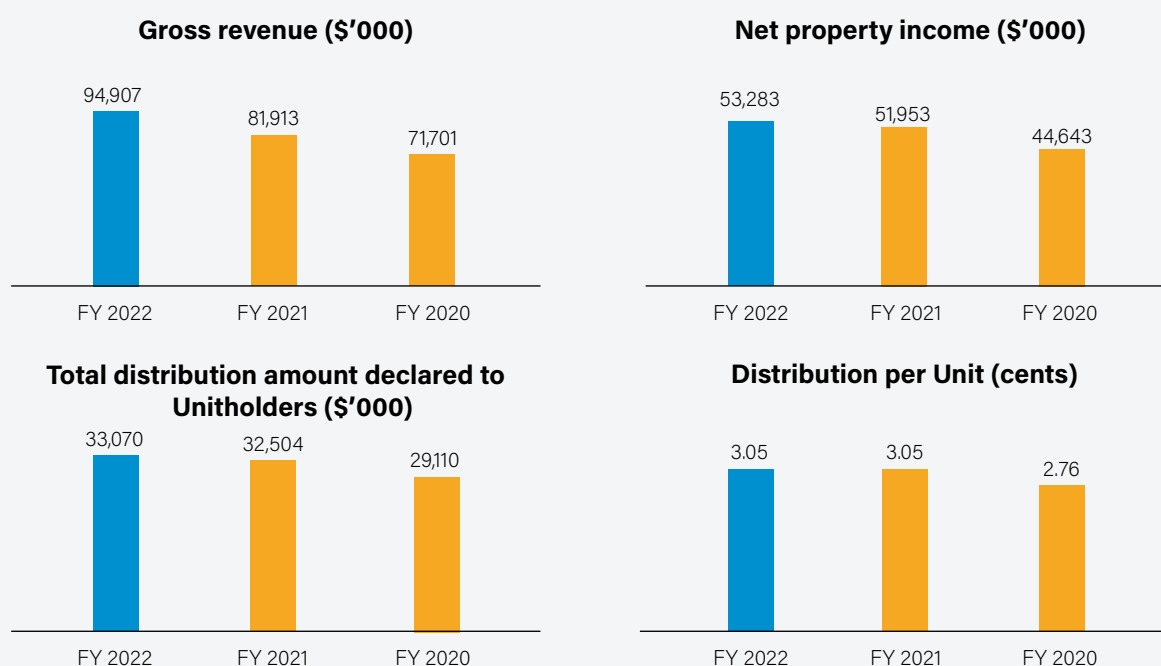
ANNUAL VALUATION

	As at 31 December 2022 (\$ '000)	As at 31 December 2021 (\$ '000)
High-tech Industrial		
151 Lorong Chuan	362,700	355,000
8 Commonwealth Lane*	54,700	55,400
15 Jalan Kilang Barat	22,700	21,700
1 Tuas Avenue 4	9,000	9,000
23 Serangoon North Avenue 5	42,200	40,500
508 Chai Chee Lane	67,000	66,000
Chemical Warehouses & Logistics		
33 & 35 Penjuru Lane	41,600	40,800
18 Gul Drive	19,000	19,000
Warehouse & Logistics		
34 Penjuru Lane*	29,500	29,800
51 Penjuru Road	30,500	29,100
26 Loyang Drive	26,200	24,500
3A Joo Koon Circle	33,900	33,500
2 Toh Tuck Link	30,500	29,800
10 Changi South Street 2	37,400	36,700
General Industrial		
123 Genting Lane	16,500	16,400
30 & 32 Tuas Avenue 8	28,900	26,200
39 Ubi Road 1	18,200	17,700
21 Joo Koon Crescent	15,200	15,100
TOTAL	885,700	866,200

* Recorded with a diminution in value against their respective valuation as at 31 December 2021 mainly due to shorter remaining land tenure

FINANCIAL HIGHLIGHTS

KEY FINANCIAL FIGURES



SELECTED BALANCE SHEET DATA

\$'000	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Total assets	983,192	971,648	930,717
Borrowings, at amortised costs	288,921	311,589	284,019
Net assets attributable to Unitholders	585,787	555,967	539,747
Units in issue ('000)	1,096,121	1,069,950	1,053,084
NAV per unit (\$)	0.53	0.52	0.51
Market Capitalisation ¹	476,813	476,128	373,845

BORROWING PROFILE

\$'000	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Aggregate leverage ² (%)	32.4	35.0	33.5
Total borrowings	293,000	315,500	284,800
Proportion of total borrowings on fixed rates (%)	82.8	66.6	50.0
Average all-in financing costs (%)	3.9	3.1	3.1
Weighted average tenor of borrowings (years)	2.8	2.9	1.2
Interest coverage ratio ³ ("ICR")/Adjusted ICR ³ (times)	3.8	4.4	4.2
Unencumbered assets ⁴	885,700	549,500	51,700
Undrawn available committed facilities	120,000	95,900	59,200

¹ Based on the closing price and number of issued to units in Sabana ("Units") as at the last trading of day of the respective financial year. Source: Bloomberg

² Ratio of total borrowings & deferred payment deposited property as defined in the Property Funds Appendix.

³ Interest coverage ratio and adjusted interest coverage ratio for FY 2022 calculated based on definition in the Property Funds Appendix.

⁴ Based on valuations by independent valuers.

UNIT PRICE PERFORMANCE

TRADING DATA BY YEAR

Unit Price (\$)	2022	2021	2020
Opening	0.445	0.355	0.460
Last done at year-end	0.435	0.445	0.355
Highest	0.470	0.455	0.470
Lowest	0.390	0.350	0.225
Unit price performance ¹ (%)	(2.2)	25.4	(22.8)
Trading volume (million Units)	176.4	247.0	390.0

RETURN ON INVESTMENT

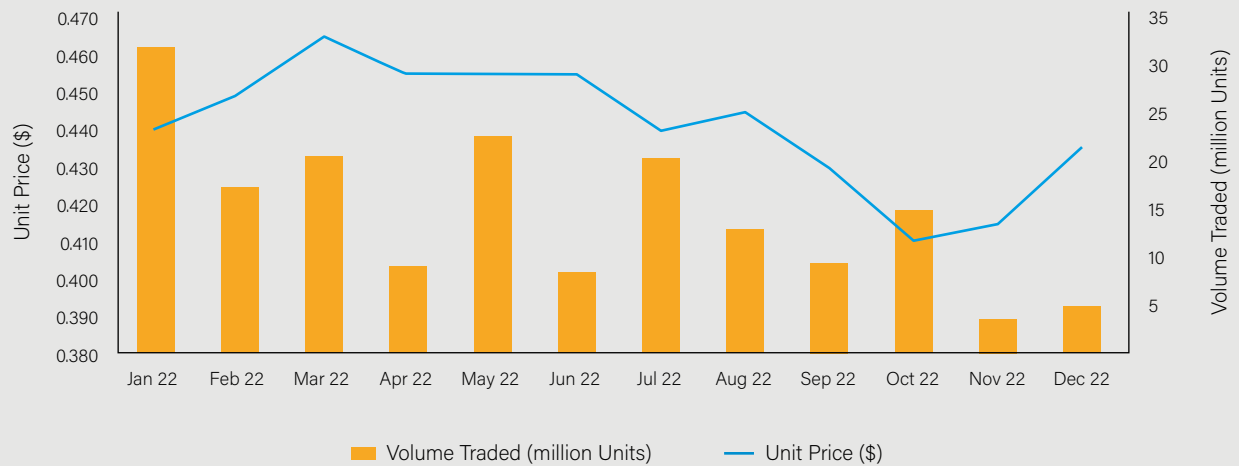
%	2022	2021	2020
Total return ²	4.7	34.0	(16.8)
Capital appreciation ¹	(2.2)	25.4	(22.8)
Distribution yield ³	6.9	8.6	6.0

¹ Difference between the last done Unit price at year-end and the opening Unit price of the period.

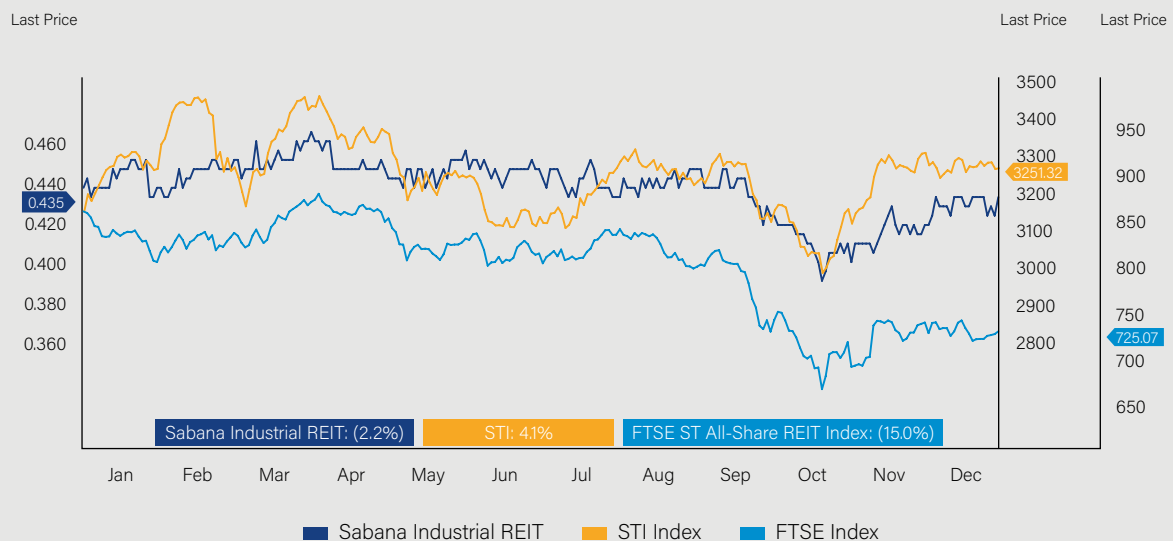
² Sum of distributions and capital appreciation for the period over the opening Unit price of the period.

³ Based on total distributions declared for the period and opening Unit price of the period.

MONTHLY TRADING PERFORMANCE IN 2022



UNIT PRICE PERFORMANCE VS MAJOR INDICES



Source: Bloomberg

INDEPENDENT MARKET REVIEW

By Jones Lang LaSalle (JLL)

1 SINGAPORE MACROECONOMIC OVERVIEW

1.1 Review of 2022 Economic Performance

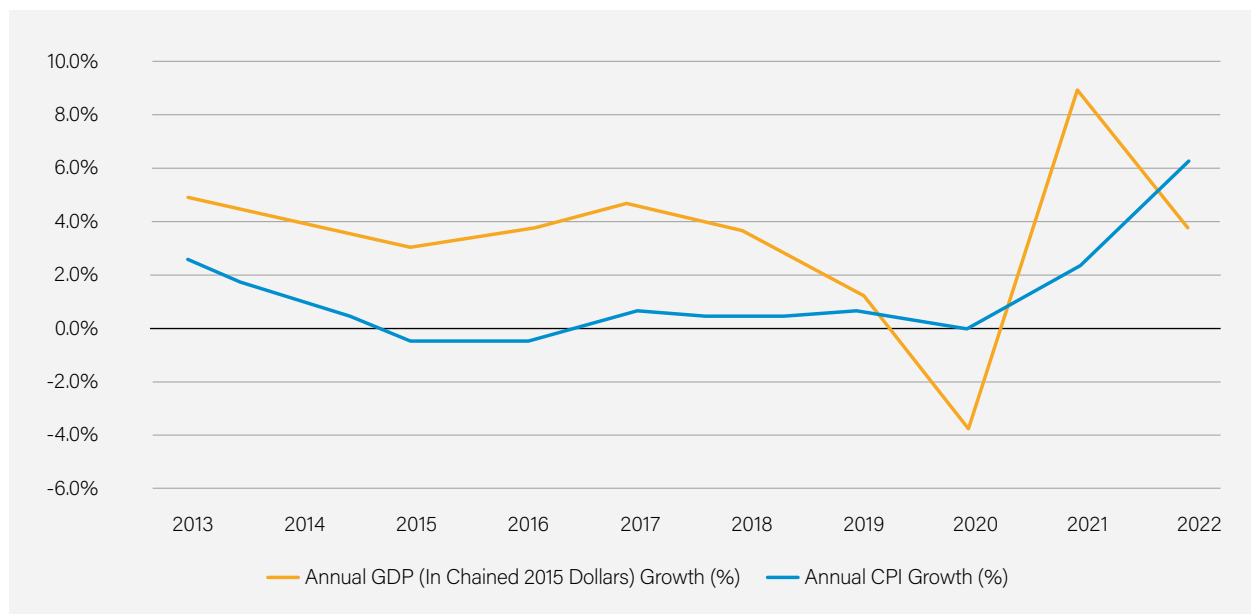
Data released by the Ministry of Trade and Industry (MTI) on 13 February 2023 showed Singapore's Gross Domestic Product ("GDP") expanded at a slower pace of 3.6% year-on-year ("y-o-y") in 2022, compared to the 8.9% y-o-y recorded in 2021, albeit slightly better than MTI's official growth forecast (as of 23 November 2022) of around 3.5% for 2022.

The slower GDP growth came on the back of a significant moderation in manufacturing output expansion from 13.3% y-o-y in 2021, to 2.5% y-o-y in 2022. This followed a weaker 2H 2022 performance which saw manufacturing output growth slowing to 1.1% y-o-y in 3Q 2022 and contracting by 2.6% y-o-y in 4Q 2022, ending nine consecutive prior quarters of expansion.

Likewise, growth in construction output slowed from 20.5% y-o-y in 2021 – which was due to the low base in 2020 – to 6.7% y-o-y in 2022, while the services producing industries saw growth slowing from 7.6% y-o-y in 2021, to 4.8% y-o-y in 2022.

Meanwhile, inflationary pressure intensified in 2022, with the Consumer Price Index ("CPI")-All Items rising at a faster pace of 6.1% y-o-y, compared to 2.3% y-o-y in 2021. Except for the communication category which saw prices fall 1.2% y-o-y in 2022, all other categories recorded higher prices led by the transport (+16.4% y-o-y), food (+5.3% y-o-y) and housing & utilities (+5.2% y-o-y) categories.

Figure 1. Annual Gross Domestic Product Growth and Inflation Rate (2013 to 2022)



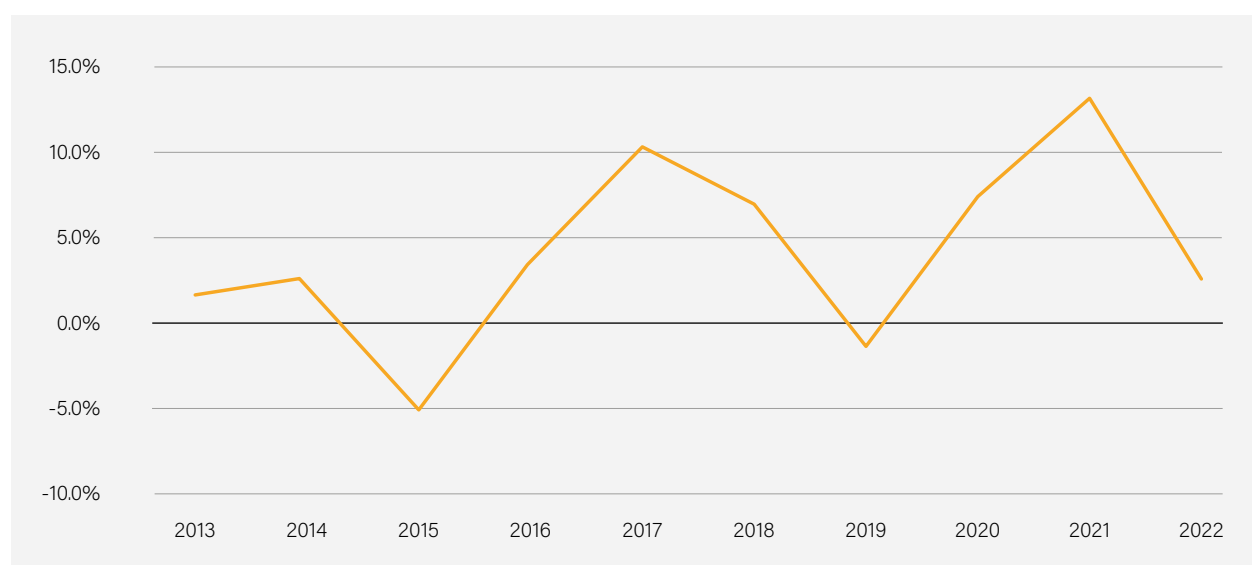
Source: MTI, Singapore Department of Statistics ("SDOS"), JLL Research

1.2 Index of Industrial Production and Manufacturing Fixed Asset Investments

Based on data released by the Singapore Economic Development Board ("EDB") on 26 January 2023, Singapore's Index of Industrial Production expanded at a slower pace of 2.5% y-o-y in 2022, compared to 13.3% y-o-y in 2021. This came on the back of the 5.5% and 5.0% y-o-y output contractions in the chemicals and biomedical manufacturing clusters, a sharp contrast to their 9.2% and 11.3% y-o-y expansions in 2021, respectively.

In addition, the electronics and precision engineering clusters recorded slower annual growth of 2.6% and 6.3% in 2022, compared to 14.5% and 19.1% in 2021, respectively. These more than offset the stronger 18.8% and 10.1% y-o-y growth recorded by the transport engineering and general manufacturing clusters in 2022, compared to their respective y-o-y growth of 13.8% and 6.8% in 2021.

Figure 2. Change in Index of Industrial Production (Base Year 2019 = 100) (2013 to 2022)



Source: EDB, SDOS, JLL Research

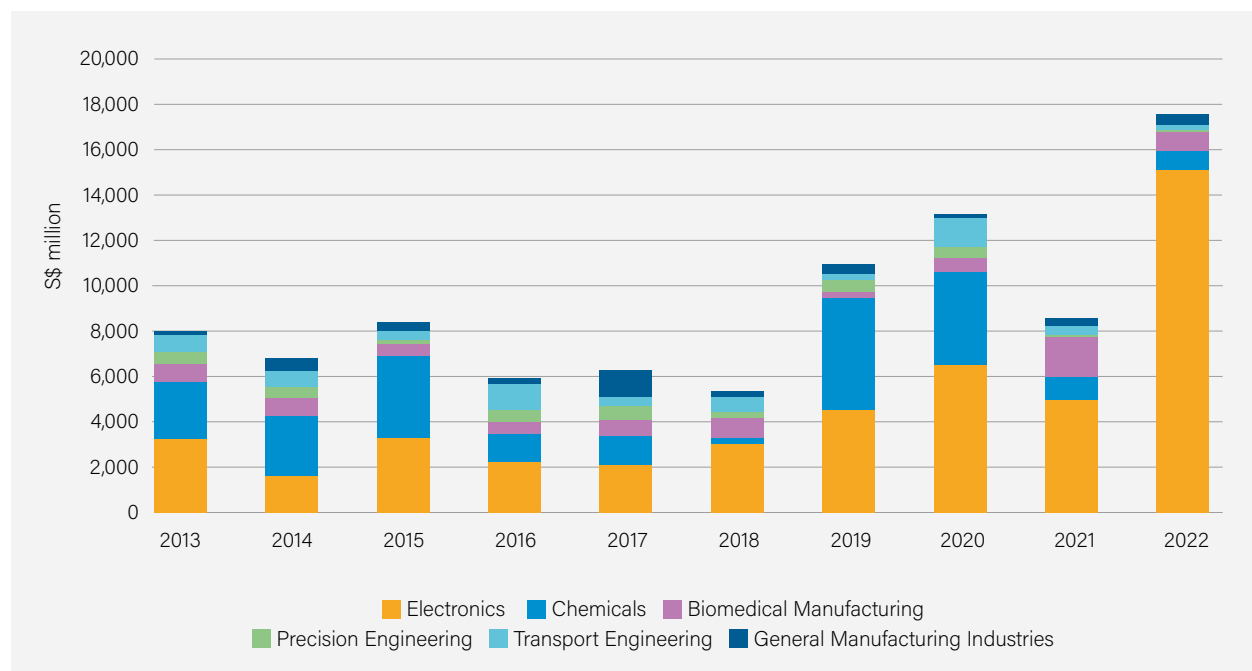
In terms of total manufacturing fixed asset investments ("FAI"), latest statistics released by the EDB on 9 February 2023 showed Singapore attracted a record S\$17.4 billion worth of total manufacturing FAI in 2022, more than double the S\$8.5 billion worth of total manufacturing FAI recorded in 2021.

The electronics cluster, which posted an impressive 200.7% y-o-y jump, accounted for more than four-fifths of manufacturing FAI commitments in 2022. This was attributed to the huge inflow of large manufacturing projects in 1H 2022, although the EDB do not expect to attract a similar level of FAI in 2023 given the global headwinds, heightened global competition for investments, and the sharp slowdown in demand that the semiconductor industry is experiencing.

The remaining five industry clusters contributed to the balance of the total manufacturing FAI in 2022. Among them, the general manufacturing industries cluster posted a 38.7% y-o-y increase, while y-o-y declines were seen across the transport engineering (-54.7%), biomedical manufacturing (-52.3%), chemicals (-12.0%) and precision engineering (-0.9%) clusters.

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Figure 3. Total Manufacturing Fixed Asset Investments



Source: EDB, SDOS, JLL Research

The following table shows the contributions of the respective industry clusters to total manufacturing FAI in 2022:

Figure 4. Total Manufacturing Fixed Asset Investments in 2022

Industry Cluster	Investment Commitments (S\$ Million)	Change (y-o-y)	Market Share
Electronics	14,994.4	200.7%	86.3%
Chemicals	862.2	-12.0%	5.0%
Biomedical Manufacturing	843.6	-52.3%	4.9%
Precision Engineering	68.3	-0.9%	0.4%
Transport Engineering	166.4	-54.7%	0.9%
General Manufacturing Industries	436.7	38.7%	2.5%
Total Manufacturing FAI	17,371.6	104.7%	100.0%

Source: EDB, SDOS, JLL Research

1.3 Economic Outlook for 2023

According to the MTI's latest official forecast released on 13 February 2023, Singapore's economic growth momentum is projected to slow further to 0.5% to 2.5% in 2023. Although the outlook of the regional economies has improved as China's growth is projected to pick-up pace alongside the faster-than-expected easing of its COVID-19 restrictions, downside risks remain, including the rising interest rates and geopolitical tensions. While the growth outlook for the aviation- and tourism-related sectors of the Singapore economy has improved, the growth outlook for other outward-orientated sectors such as the semiconductors segment remains weak.

Likewise, Oxford Economics¹ is expecting the Singapore economy to expand at a slower pace in 2023. The economist is also expecting manufacturing output to contract in 2023, given the growing external headwinds. EDB's business expectations survey of the manufacturing sector for 1H 2023 released on 31 January 2023 also reflected the downbeat sentiment among most manufacturers due to slowing demand for their manufactured goods, continued supply chain issues and operational cost challenges.

Specifically, firms in the chemicals, precision engineering, general manufacturing, biomedical manufacturing, and electronics clusters which were downbeat on their business outlook in 1H 2023, outweighed those which were upbeat. The exception was the transport engineering cluster where more firms were optimistic on their 1H 2023 business outlook. This was mainly due to the aerospace segment, which expects higher demand for aircraft maintenance, repair and overhaul (MRO) jobs on the back of further growth in cross-border air travel. Firms in the marine and offshore engineering segment were also optimistic due to the continued pick-up in global oil and gas activities, as well as more ship-repairing jobs and offshore conversion projects.

Meanwhile, cost pressures are expected to stay elevated. According to the Monetary Authority of Singapore ("MAS")'s latest Monetary Policy Statement released on 14 October 2022, the MAS Core Inflation should come in at 3.5% to 4.5% on average over the year, and CPI-All Items inflation at 5.5% to 6.5% in 2023, after considering all factors including the increase in Singapore's Goods and Services Tax ("GST") from 7% to 8% with effect from 1 January 2023.

2 RECENT GOVERNMENT POLICIES AND MEASURES AFFECTING THE INDUSTRIAL PROPERTY MARKET

The following sections cover an update on key government initiatives and policies affecting the industrial property market including initiatives to drive transformation and future growth, as well as the Industrial Government Land Sales ("IGLS") programme for 1H 2023.

2.1 Singapore Economy 2030 Vision

To strengthen Singapore's economic resilience and competitiveness in the face of global challenges, the Government unveiled its Singapore Economy 2030 vision in March 2022. This will be anchored by four key pillars, as summarised in the following table.

Figure 5. Four Pillars of the Singapore Economy 2030 Vision

Pillar	Summary
Manufacturing 2030	- To position Singapore as a global business, innovation and talent hub for advanced manufacturing - To grow the value-add of the manufacturing sector by 50% between 2020 and 2030
Trade 2030	- Increase Singapore's trading volumes and widen Singapore's trading activities and markets - From 2020 to 2030, grow Singapore's export from about S\$800 billion to at least S\$1 trillion, and double offshore trade from US\$1 trillion to US\$2 trillion
Enterprise 2030	- To evolve a vibrant ecosystem of Singapore enterprises that are innovative, globally competitive and future ready - These enterprises will, in turn, create good jobs and meaningful careers for Singaporeans
Services 2030	- Sustainability: The Green Economy Strategy to support businesses and workers to green Singapore's industry, tap on green growth opportunities, and prepare for the green economy - Digitalisation: To support enterprises to digitalise and strengthen capabilities to capture new opportunities in the digital economy

Source: MTI, JLL Research

Specifically, the Manufacturing 2030 and Trade 2030 pillars will reinforce Singapore's positioning as a leading advanced manufacturing and trading hub, and potentially generate new space requirements for the industrial property market.

¹ Source: Oxford Economics, "Country Economic Forecast – Singapore", dated 17 January 2023

INDEPENDENT MARKET REVIEW

2.2 Update on the Industry Transformation Map (ITM) Programme

In April 2021, the Government announced that the 23 Industry Transformation Maps ("ITMs") introduced in 2016 will be refreshed as part of a new plan over the next five years.

Figure 6. The 23 ITMs in 2016 and Grouped Under Six Industry Clusters

Cluster	Industries
Manufacturing	- Precision Engineering - Electronics - Marine & Offshore - Aerospace - Energy & Chemicals
Built Environment	- Construction - Real Estate - Environmental Services - Security
Trade & Connectivity	- Air Transport - Sea Transport - Land Transport - Logistics - Wholesale Trade
Essential Domestic Services	- Healthcare - Education
Modern Services	- Professional Services - ICT and Media - Financial Services
Lifestyle	- Food Services - Food Manufacturing - Retail - Hotels

Source: MTI

ITM 2025 will be strengthened by the following three new thrusts to further support businesses and the workforce:

- Incorporating the recommendations of the Emerging Stronger Taskforce launched in May 2020 to chart Singapore's post-pandemic recovery
- Closer integration with research and innovation
- Greater focus on jobs and skills

Specifically, the refreshed ITMs for five sectors from the Advanced Manufacturing and Trade cluster comprising Electronics, Precision Engineering, Energy and Chemicals, Aerospace and Logistics, were unveiled in October 2022², to drive Singapore towards its Manufacturing 2030 goal of growing the value-add of the manufacturing sector by 50% between 2020 and 2030.

Meanwhile, the updated ITMs for Food Services and Food Manufacturing could lead to new business requirements arising from food innovations and consumer lifestyle changes including Ready-to-Eat meals, demand for food delivery services and alternative proteins. The refreshed Retail ITM which encourages the continued transformation and growth of the sector could see more retailers embarking on omni-retailing strategies and adopt e-commerce to increase or diversify their revenue streams.

Overall, these updated ITMs – more details of which are provided in the following table – could transform business operating models, generate new business ideas and yield new industrial space requirements.

² Source: EDB's press release "New Growth Strategies to Drive Advanced Manufacturing Across Five Sectors in Singapore" on 18 October 2022

Figure 7. Refreshed ITMs 2025 Relevant to Industrial Property Sector

Cluster	Industries	Strategies
Manufacturing (updated 18 Oct 2022)	▪ Precision Engineering – To enable the industry to capitalise on digital manufacturing technologies and platforms to innovate and deliver competitive products and services for global markets.	1. Partnering with enterprises to digitalise and go global 2. Growing enterprise revenue for precision engineering firms 3. Creating good jobs for Singaporeans in growth sectors
	▪ Electronics industry – To ride on the global growth momentum and cement Singapore's position as a key manufacturing and R&D hub for higher value-added electronic components.	1. Anchoring R&D and manufacturing capabilities 2. Strengthening the local talent pipeline 3. Transforming Electronics manufacturing to a low-carbon footprint sector 4. Trade associations and chambers as a key partner
	▪ Aerospace – To cement Singapore's position as a global node for aerospace manufacturing and MRO activities, with leadership in engine MRO.	1. Singapore as a global node for aerospace manufacturing and MRO, with leadership in engine MRO 2. Driving transformation through technology 3. Helping Small and Medium-Sized Enterprises ("SMEs") fly high on the global stage 4. Investing in talent 5. Gearing up for sustainability and Advanced Air Mobility 6. Emerging stronger through tripartism and partnerships with Industry Associations
	▪ Energy & Chemicals – To help the sector decarbonise, while seizing opportunities arising from the green economy and the continued demand for chemicals across Asia.	1. Shift to high-value chemicals and specialty chemicals 2. Spearhead energy transition to capture green growth opportunities 3. Equip Singaporeans for exciting new jobs 4. Growing innovation capabilities with private and public sectors
Trade & Connectivity	▪ Logistics (updated 18 Oct 2022) – To position Singapore as a world-class logistics hub in Asia with a focus on transforming the industry through productivity and innovation and strengthening Singapore's role as a critical node in global supply chains.	1. Attract new investments and transform warehouse operations 2. Create quality jobs; focus on job redesign 3. Digitalise the sector to drive productivity initiatives 4. Support companies' internationalisation efforts

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Cluster	Industries	Strategies
Lifestyle	▪ Food Services (updated 19 May 2022) – To catalyse innovation to create new revenue streams among enterprises and encourage ready and able food companies to capture new growth opportunities domestically and globally.	1. Catalyse innovation to drive new revenue streams 2. Grow homegrown regional brands and supporting internationalisation 3. Groom digital champions and strengthening competencies of enterprises 4. Step up job transformation and creating quality roles for locals
	▪ Food Manufacturing (updated 14 Dec 2022) – To establish Singapore as a trusted food and nutrition leader, and the preferred launchpad into Asia for quality brands.	1. Groom local champions through internationalisation and innovation 2. Elevate Singapore's attractiveness as a regional food hub 3. Build resilient and sustainable companies 4. Step up workforce transformation and create quality jobs for locals
	▪ Retail (updated 7 Oct 2022) – To strengthen Singapore as a global lifestyle and retail hub through internationalisation, anchored with new experiential concepts and innovative products	1. Build global Singapore brands and provide access to international B2C e-marketplaces via working with e-commerce platforms 2. Rejuvenate retail by catalysing new experiential concepts and innovations 3. Strengthen Singapore's position as a vibrant lifestyle hub for global brands 4. Step up jobs and skills transformation and creating quality roles for locals

Source: EDB, MTI, Enterprise Singapore, JLL Research

2.3 Revised Buyer's Stamp Duty for Non-Residential Properties

As announced during Budget 2023 held on 14 February 2023, the Government raised the Buyer's Stamp Duty ("BSD") for higher value non-residential properties. As shown in the following table, a new marginal BSD rate of 4% will apply to the portion of the property value above S\$1 million and up to S\$1.5 million; and 5% will apply to the portion of the property value above S\$1.5 million.

This is expected to raise the total acquisition cost, especially for higher value industrial properties. Hence, for big ticket deals, the changes in BSD would encourage alternative deal structuring that involves lower acquisition costs.

Figure 8. Revised Buyer's Stamp Duty for Non-Residential Properties

Property Value	Marginal BSD Rate	
	On or before 14 February 2023	On or after 15 February 2023
First S\$180,000	1%	1%
Next S\$180,000	2%	2%
Next S\$640,000	3%	3%
Next S\$500,000	3%	4%
In excess of S\$1,500,000	3%	5%

Source: Ministry of Finance

2.4 Industrial Government Land Sales (“IGLS”) Programme

The Government continued to ramp up the potential supply (in terms of gross floor area or “GFA”) of industrial space via its bi-annual industrial land supply programme, likely after considering the eighth consecutive quarter of increase in the overall industrial property rent and price indices, and sustained manufacturing output growth in 3Q 2022.

Specifically, the 1H 2023 IGLS Programme offered seven parcels with combined site area of 7.16 ha, which could yield approximately 1.44 million sq ft (GFA) of industrial space. This is 6.6% higher than the 1.35 million sq ft (GFA) which could be generated from the seven plots with total land area of 6.36 ha offered in the 2H 2022 IGLS Programme. It is also the largest industrial land supply from the bi-annual IGLS Programme since 2H 2019, where 2.14 million sq ft (GFA) could be yielded from 10 parcels with combined site area of 10.05 ha.

The four parcels on the 1H 2023 Confirmed List³ with a total land area of 3.94 ha, could generate an estimated 0.96 million sq ft (GFA) of industrial space, almost double the 0.49 million sq ft (GFA) from the four sites on the 2H 2022 Confirmed List. For the three plots placed on the 1H 2023 Reserve List⁴ with a total land area of 3.22 ha, these could generate 0.49 million sq ft (GFA), down from the 0.86 million sq ft (GFA) in 2H 2022.

The following table shows the details of the sites placed on the 1H 2023 IGLS Programme.

Figure 9. Industrial Government Land Sales (IGLS) Programme for 1H 2023

Location	Planning Region	Site Area (ha)	Zoning	Gross Plot Ratio	Maximum Gross Floor Area (sq ft)	Tenure (years)	Estimated Available Date
Confirmed List of Industrial Sites							
Plot 7 Tampines North Drive 4	East	2.03	B2*	2.5	546,422	30	Available for application
Plot 8 Jalan Papan	West	0.86	B2	1.4	129,597	20	Feb 2023
Plot 10 Tampines North Drive 5	East	0.50	B2	2.5	134,549	30	Mar 2023
Woodlands Avenue 8	North	0.55	B2	2.5	148,004	30	Apr 2023
Reserve List of Industrial Sites							
Plot 3 Jalan Papan	West	0.72	B2	1.4	108,491	20	Available for application
11 Tuas Avenue 18	West	0.40	B2	1.4	60,278	20	May 2023
Tuas Road	West	2.10	B2	1.4	316,459	30	Jun 2023

* Business 2 (“B2”): These are areas used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority.

Source: MTI, JLL Research (as of 2 February 2023)

³ Under the Confirmed List, the Government will release a site for sale by tender at a pre-determined date, without the need for the site to be triggered for sale.

⁴ Under the Reserve List, the Government will only release a site for sale if an interested party submits an application for the site to be put up for tender with an offer of a minimum purchase price acceptable to the Government. The successful applicant must undertake to submit a bid for the site in the ensuing tender at or above the minimum price offered in the application.

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3 SINGAPORE PRIVATE FACTORY MARKET OVERVIEW

3.1 Existing Supply, Demand and Occupancy

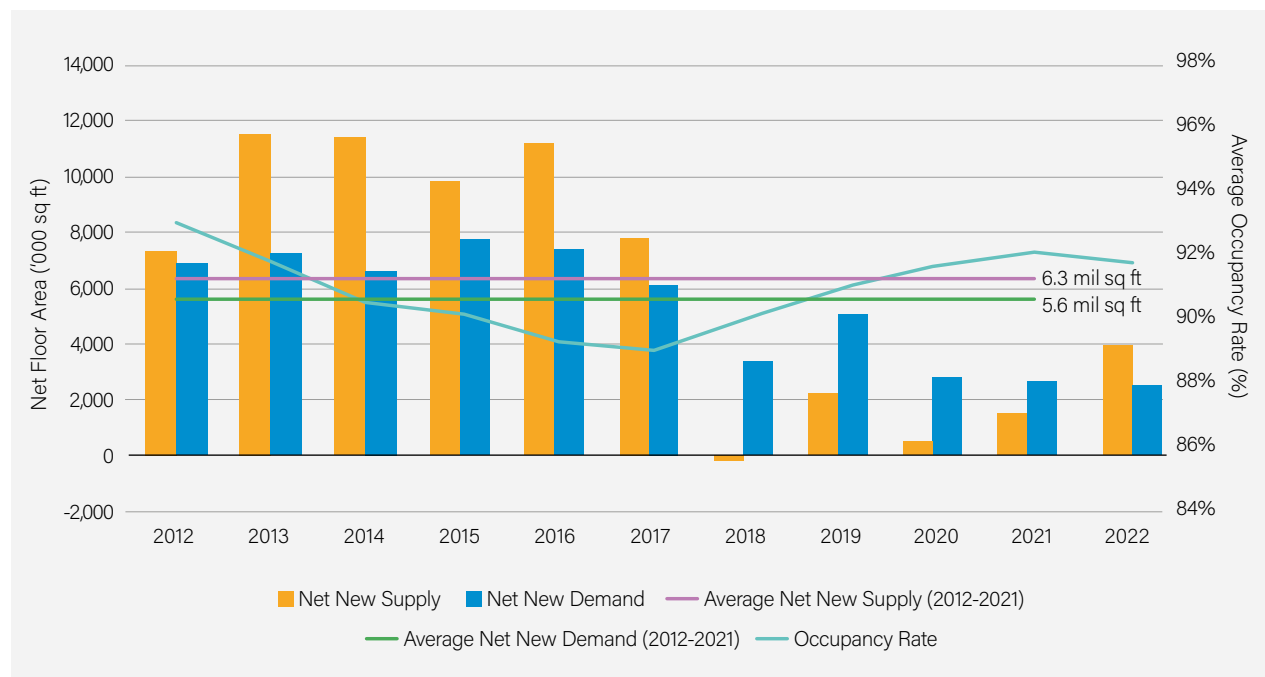
As of 4Q 2022, Singapore's total completed private factory stock (excluding business park space) stood at 336.8 million sq ft, accounting for 82.0% of the total islandwide factory stock of 411.0 million sq ft, while the public sector contributed the remaining 18.0% (i.e. 74.2 million sq ft). Single-user factory premises, intended mostly for self-use, made up about 69.1% of the completed private factory stock, while multiple-user factory space accounted for the balance 30.9%.

Following Singapore's successful transition to endemic COVID-19 and resumption of most construction activities, the completions of previously delayed projects led to the jump in net space additions from 1.5 million sq ft in 2021, to 3.9 million sq ft in 2022 - its highest quantum in five years. This was contributed mainly by the surge in net space additions of single-user factory space from around 0.3 million sq ft in 2021, to 2.5 million sq ft in 2022. Over the same period, net space additions of multiple-user factory space rose from 1.2 million sq ft in 2021, to 1.4 million sq ft in 2022.

Meanwhile, demand for private factory space continued to stem from companies in growth industries, including pharmaceutical, life sciences, precision engineering, electronics, semiconductor and food, in 2022. While the multiple-user factory segment saw a jump in net space absorption from 2.1 million sq ft in 2021 to 2.7 million sq ft in 2022, net absorption for single-user factory space which expanded by 0.6 million sq ft in 2021, contracted by about 0.2 million sq ft in 2022. Consequently, the total private factory net space absorption fell from 2.7 million sq ft in 2021 to 2.5 million sq ft in 2022.

Overall, as net space addition surpassed net space absorption in 2022, the average private factory occupancy rate eased from 92.1% as of end-2021, to 91.8% as of end-2022. While the private single-user factory segment recorded a lower occupancy rate of 91.2% as of end-2022, compared to 92.3% as of end-2021, the multiple-user factory segment saw an improvement in its average occupancy rate from 91.7% as of end-2021, to 93.0% as of end-2022.

Figure 10. Net New Supply, Net New Demand and Average Occupancy of Private Factory* Space



* Refers to private single-user and multiple-user factory space, excluding business parks.
Source: JTC, JLL Research

Figure 11. Examples of Major* Private Factory Completions in 2022

Name of Development	Location	Planning Region	Name of Developer	Approximate Gross Floor Area (sq ft)
Single-User Factory Developments				
Single-user industrial development (factory component)	11 Bulim Walk	West	Shimano Singapore Pte Ltd	383,949
Single-user factory	31 Woodlands Industrial Park E9	North	Microsoft Operations Pte Ltd	350,150
Additions/alterations to existing factory	1 North Coast Drive	North	Micron Semiconductor Asia Operations Pte Ltd	899,971
Single-user factory	30B Quality Road	West	Neo Garden Catering Pte Ltd	305,372
Single-user industrial development (factory component)	38 Banyan Avenue	West	Arkema Pte Ltd	192,243
Additions/alterations to existing factory	1 Tuas South Lane	West	Neste Singapore Pte Ltd	361,667
STT Defu 3	71 Defu Lane 10	Northeast	STT Defu 3 Pte Ltd	156,615
Single-user industrial development (factory component)	2 Tuas Link 3	West	F&N Foods Pte Ltd	240,035
Tee Yih Jia Food Hub (factory component)	5 Senoko Road	North	Tee Yih Jia Food Manufacturing Pte Ltd	896,203
Single-user industrial development (factory component)	23 Chin Bee Avenue	West	OJJ Foods Pte Ltd	179,111
Single-user factory	10 Punggol Barat Lane	Northeast	HL-Sunway JV Pte Ltd	703,099
Single-user factory (Phase 1)	60 Woodlands Industrial Park D Street 2	North	Global Foundries Singapore Pte Ltd	733,560
Multiple-User Factory Developments				
REVV West Enterprise Hub	1 Corporation Drive	West	SB (Yung Ho) Investment Pte. Ltd.	344,445
UBIX	25 Ubi Road 4	Central	CapitaLand Ascendas REIT	184,063
AirTrunk SGP1 (Phase 2)	22 Loyang Drive	East	AirTrunk Singapore Holding Pte Ltd	239,282
CT FoodChain	200 Pandan Loop	West	CT@Pandan Pte Ltd	185,677
Multiple-user factory	165 Kallang Way	Central	Mapletree Industrial Trust	213,987
INSPLACE	24 New Industrial Road	Northeast	SLB-Oxley (NIR) Pte Ltd	155,861

* Refers to developments with approximate gross floor area of at least 150,000 sq ft.
Source: JTC, JLL Research

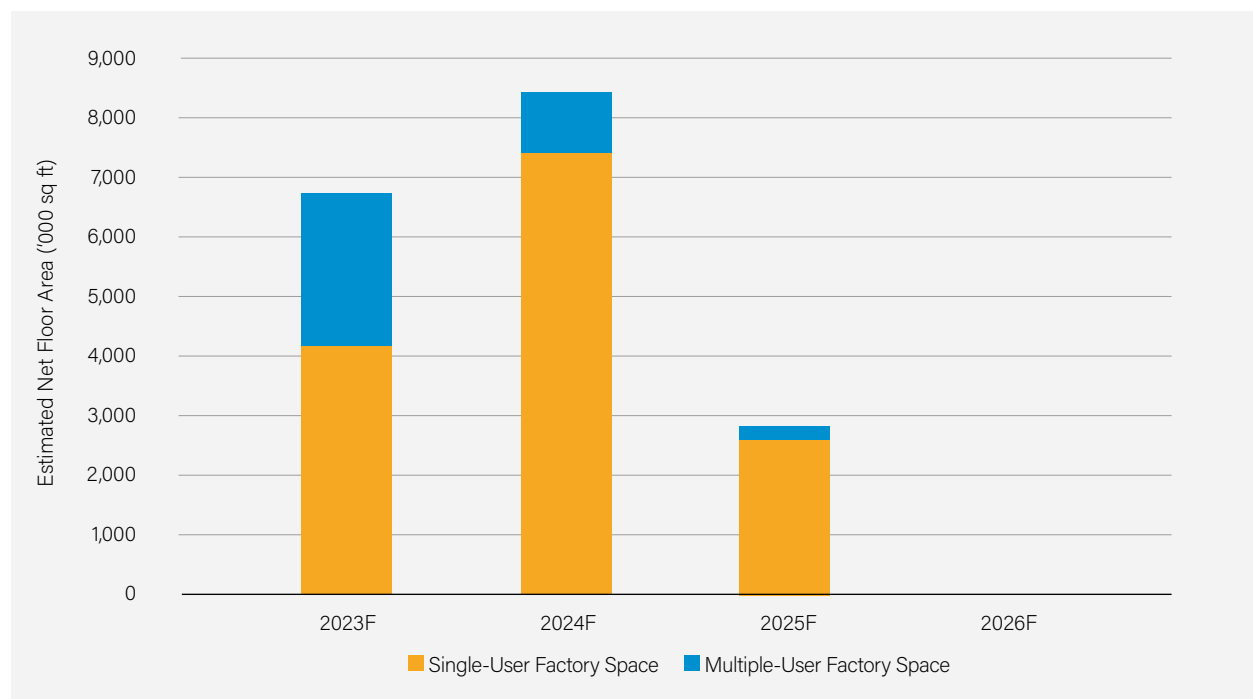
INDEPENDENT MARKET REVIEW

3.2 Potential Supply

Based on JLL's research and JTC's list of projects under development as of 4Q 2022, an estimated 18.0 million sq ft⁵ (net floor area) of new private factory space (excluding business park space) will be completing from 2023 to 2025. Without accounting for withdrawals and change of use, this will raise the overall private factory stock as of end-2022, to 354.8 million sq ft by end-2025. At the time of writing, there were no expected new private factory completions in 2026.

Private single-user factory premises constituted the majority 78.7% of the total pipeline supply, while private multiple-user factory premises accounted for the balance 21.3%.

Figure 12. Potential Supply of Private Factory* Space (2023 to 2026)



* Refers to private single-user and multiple-user factory space, excluding business parks.
Source: JTC, JLL Research (as of 4Q 2022)

⁵ Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated gross floor area, as well as the status of planned projects.

Figure 13. Examples of Major* Upcoming Private Factory Developments in 2023

Name of Development	Location	Planning Region	Name of Developer	Approximate Gross Floor Area (sq ft)
Single-User Factory Developments				
Hyundai Motor Group Innovation Centre	Jurong West Avenue 2	West	Hyundai Motor Singapore Pte Ltd	935,491
Additions/alterations to existing factory	31 Tuas South Avenue 6	West	Pfizer Asia Manufacturing Pte Ltd	429,157
Additions/alterations to existing factory (factory component) (Phase 2)	457 Jalan Ahmad Ibrahim	West	Wilmar Distribution Pte. Ltd.	309,462
Single-user factory (Phase 2)	60 Woodlands Industrial Park D Street 2	North	Global Foundries Singapore Pte Ltd	592,338
Single-user industrial development (factory component)	Pioneer View	West	Eat JUST Asia Pte Ltd	187,830
Single-user factory (former Media Centre)	82 Genting Lane	Central	Memphis 1 Pte Ltd	476,626
Amazon's data centre	Sunview Drive	West	Amazon Asia-Pacific Resource Pte Ltd	222,705
Multiple-User Factory Developments				
Multiple-user factory	161 & 163 Kallang Way	Central	Mapletree Industrial Trust	651,647
Solaris@Tai Seng	1, 3, 5, 7 Tai Seng Avenue	Northeast	SB (Ipark) Investment Pte Ltd	1,132,902
Polaris@Woodlands	101 Woodlands Avenue 12	North	Soon Hock Investment Group Pte Ltd	563,383
Ascent@Gambas	6 Gambas Way	North	SB (Gambas) Investment Pte Ltd	321,841
Additions/alterations to existing factory	Ang Mo Kio Avenue 5	Northeast	7000 AMK LLP	265,761

* Refers to developments with approximate gross floor area of at least 150,000 sq ft.

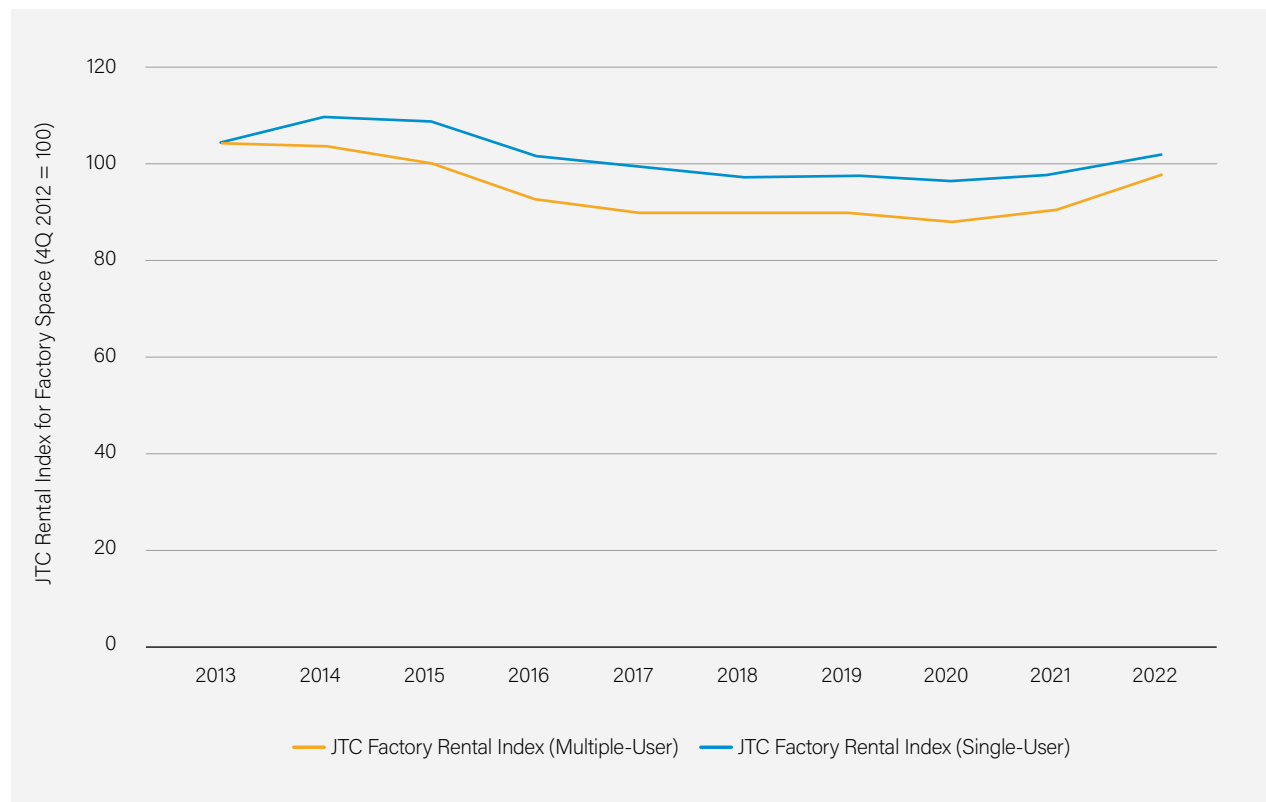
Source: JTC, JLL Research (as of 4Q 2022)

INDEPENDENT MARKET REVIEW

3.3 Rents

JTC's rental indices for both single-user and multiple-user factory premises, which are based on transactions of private factory developments, posted stronger y-o-y gains of 4.1% and 8.3% in 2022, compared to 1.7% and 2.5% in 2021, respectively. This came on the back of healthy occupancy levels of above 90% for both segments. Based on data from J-Space, the 25th percentile, median and 75th percentile monthly rents for single-user factory space leased in 4Q 2022 stood at S\$1.25, S\$1.60 and S\$2.19 per sq ft per month, respectively. For multiple-user factory premises, the 25th percentile rent stood at S\$1.72 per sq ft per month, while the median and 75th percentile rent stood at S\$2.04 and S\$2.50 per sq ft per month, respectively.

Figure 14. JTC Rental Indices for Factory* Space (2013 to 2022)



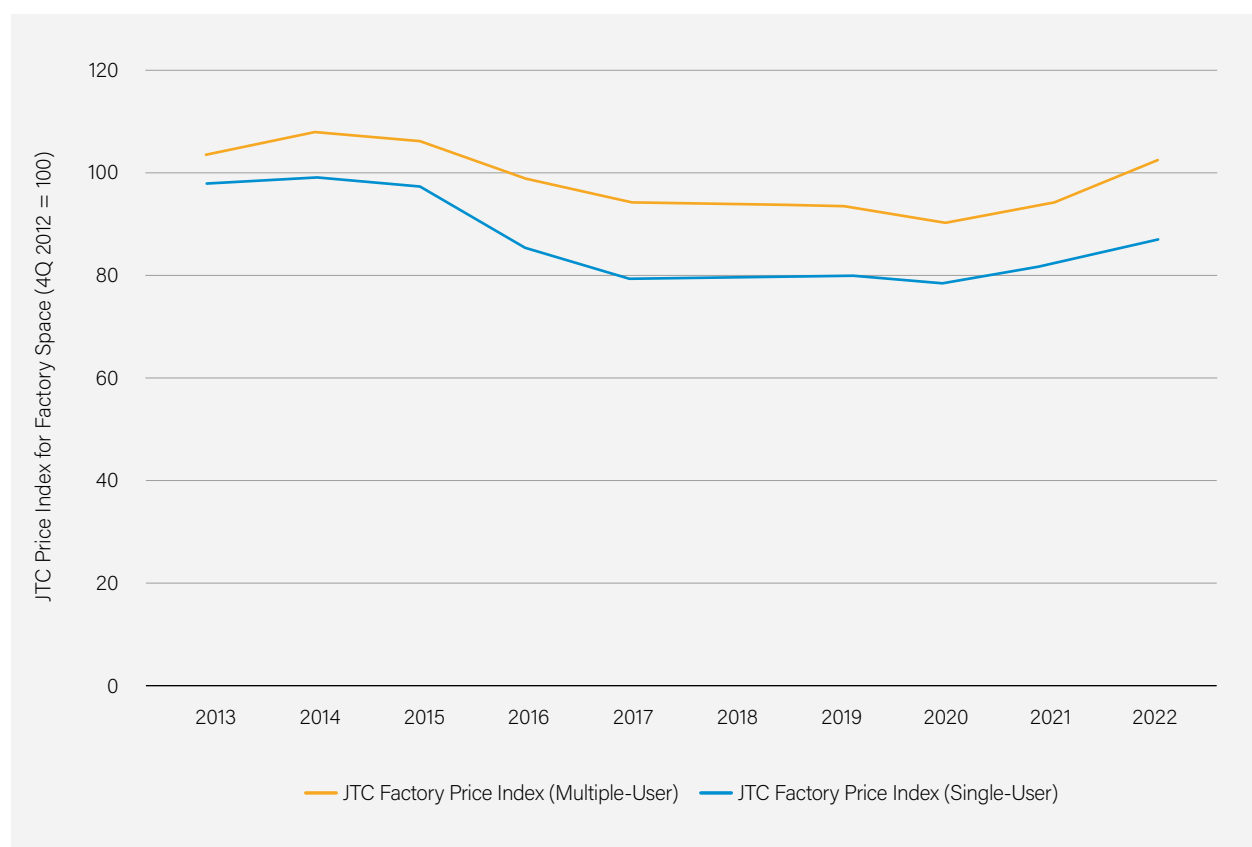
* JTC's rental indices are based on transactions of private factory developments.
Source: JTC, JLL Research

3.4 Prices

JTC's price indices for both single-user and multiple-user factory premises rose at a faster pace of 5.7% and 8.7% in 2022, compared to 4.9% and 4.1% in 2021, respectively. This came on the back of more transaction activity. Based on data downloaded from J-Space on 3 February 2023, the total number of caveats lodged for single- and multiple-user factories rose from 1,816 in 2021 to 1,864 in 2022.

As of 4Q 2022, the median price for single-user factory space stood at S\$154 per sq ft on land area, while the median price for multiple-user factory space stood at S\$390 per sq ft on strata area. These are based on 4Q 2022 transactions data obtained from J-Space.

Figure 15. JTC Price Indices for Factory Space (2013 to 2022)



Source: JTC, JLL Research

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3.5 Major Investment Sales

Based on information collated by JLL Research as of 3 February 2023, an estimated S\$1.2 billion worth of private factory investment deals (excluding development sites) worth at least S\$5 million each changed hands in 2022. This was less than the S\$2.1 billion captured in 2021.

The sale and leaseback of Philips APAC Center by Philips Electronics Singapore to CapitaLand Ascendas REIT for S\$104.8 million was the largest factory deal in 2022. Other major factory transactions in the year included Fragrance Group's S\$90.0 million sale of Victory Centre to an entity linked to LaSalle Investment Management, and Apple South Asia Pte Ltd's acquisition of UE BizHub Central from United Engineers Developments Pte Ltd (part of Yanlord Land Group) for S\$55.0 million.

The following table shows examples of major private factory investment sales in 2022, which were based on available market information/transaction records.

Figure 16. Examples of Major* Private Factory Transactions in 2022

Quarter Sold	Name of Development	Location	Sale Price (\$ mil)	Approximate Gross Floor Area (sq ft)	\$ per sq ft	Tenure
1Q	UE BizHub Central	12 Ang Mo Kio Street 64	\$55.0	388,000	\$142	53 Yrs From 01/02/1991
2Q	Nasaco Tech Centre	49 Changi South Avenue 2	\$30.8	117,978 (land area)	\$261	30+30 Yrs From 16/02/1998
2Q	Victory Centre	110 Lorong 23 Geylang	\$90.0	170,000	\$529	60 Yrs From 29/06/2012
2Q	Food Empire Building (100% interest in Food Empire Real Estate Pte Ltd)	31 Harrison Road	\$49.3	51,766	\$951	Freehold
2Q	N.A.	55 Gul Road	\$35.0	802,912	\$44	16.17 Yrs From 01/07/2014
3Q	Philips APAC Center	622 Lorong 1 Toa Payoh	\$104.8	408,759	\$256	60+13 Yrs From 01/06/1970
3Q	N.A.	2 Jalan Kilang Barat	\$35.3	82,656	\$427	99 Yrs From 01/07/1963
4Q	Sindo Industrial Estate	95 Tagore Lane	\$24.0	13,685 (land area)	\$1,754	Freehold
4Q	Delta House	2 Alexandra Road #03-01	\$23.5	23,562 (strata area)	\$997	Freehold
4Q	N.A.	12 Tai Seng Link	\$35.0	116,680	\$300	30 Yrs From 9/10/2012

* Refers to transactions worth at least S\$20 million each.

N.A. denotes "Not Available".

Source: JTC, REALIS, RCA, JLL Research (as of 3 February 2023)

3.6 Market Outlook for 2023

The downcast macroeconomic outlook including a foreseen contraction in manufacturing output growth, lingering geopolitical risks and elevated interest rates are expected to weigh on business confidence and growth, thereby moderating occupier demand for factory premises in 2023.

On the other hand, new private factory supply is expected to surge, with some 6.7 million sq ft anticipated to be completed in 2023. Single-user factory developments intended mostly for self-use accounted for around three-fifths of 2023's pipeline supply, and multiple-user factory developments contributed the remaining two-fifths.

Taking cognisance of the above, we expect total net space absorption of private factory space to lag the surge in total net space additions in 2023, which would weigh on the islandwide average private factory occupancy rate. Against this backdrop, factory rents and prices could record slower growth in 2023.

4 SINGAPORE PRIVATE WAREHOUSE MARKET OVERVIEW

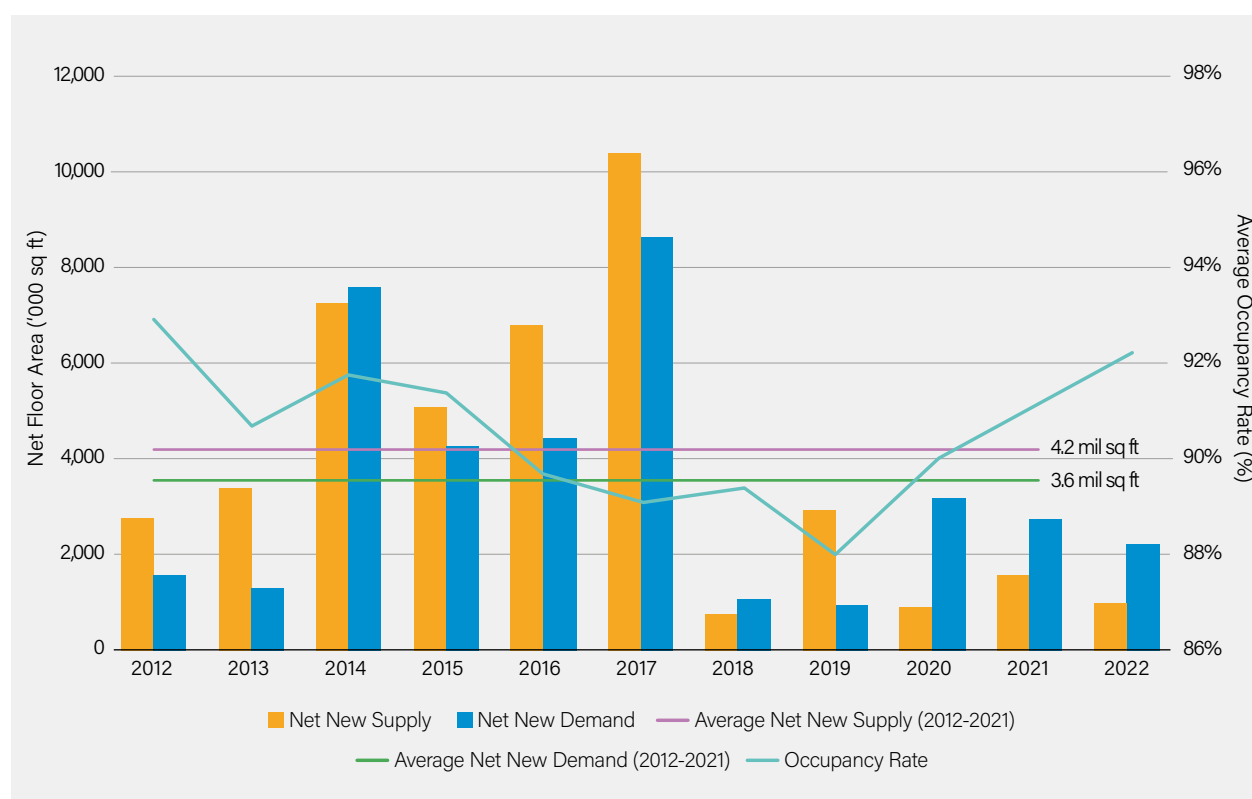
4.1 Existing Supply, Demand and Occupancy

Singapore's total completed private warehouse stock stood at 118.9 million sq ft as of 4Q 2022, accounting for 96.8% of the total islandwide warehouse stock of 122.8 million sq ft. The balance 3.9 million sq ft (i.e. 3.2%) were public warehouse space. Geographically, the majority (i.e. 64.3%) of the completed private warehouse stock as of 4Q 2022 was located in the West planning region, followed by the East (16.3%), Central (11.0%), North (4.9%) and North-East (3.5%) planning regions.

Demand for logistics/warehouse space remained healthy in 2022, underpinned by third-party logistics ("3PLs") players and end-users from a broad base of industries with expansion needs, firms in the e-commerce business and those requiring temperature-controlled premises. There were also requirements from new-to-Singapore companies and those with an office presence, looking to set up regional distribution centres.

Total net space absorption of 2.2 million sq ft exceeded net space addition of 1.0 million sq ft in 2022, albeit lower than the 2.7 million sq ft and 1.5 million sq ft recorded in 2021, respectively. Consequently, the islandwide average occupancy rate for private logistics/warehouse space climbed from 91.1% as of end-2021, to 92.2% as of end-2022. This is the highest occupancy rate in 10 years.

Figure 17. Net New Supply, Net New Demand and Average Occupancy of Private Warehouse Space



Source: JTC, JLL Research

INDEPENDENT MARKET REVIEW

Figure 18. Examples of Major* Private Warehouse Completions in 2022

Name of Development	Location	Planning Region	Name of Developer	Approximate Gross Floor Area (sq ft)
LOGOS Penjuru Logistics Centre	2 Tanjong Penjuru Crescent	West	2TPC Pte Ltd (LOGOS & CSC Holdings)	364,466
LOGOS Tuas Logistics Hub (Phase 1-Part 2 & 3 and Phase 2)	20 Tuas South Avenue 14	West	Tuas South Avenue Pte Ltd	1,054,971
Tee Yih Jia Food Hub (warehouse component)	5 Senoko Road	North	Tee Yih Jia Food Manufacturing Pte Ltd	180,188
Star International	21 Sungei Kadut Street 2	North	Star Furniture Pte Ltd	205,052

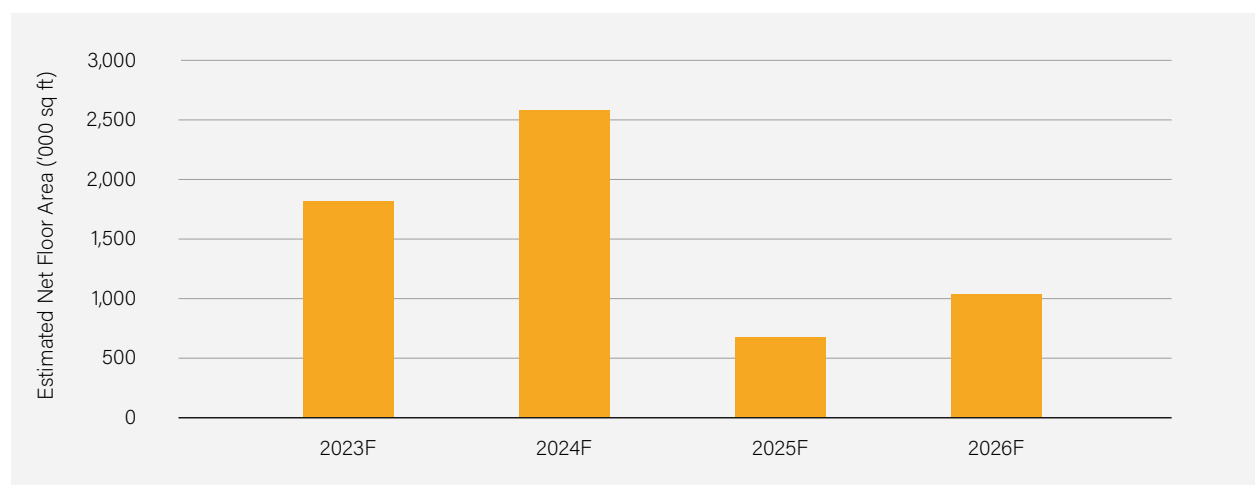
* Refers to developments with approximate gross floor area of at least 150,000 sq ft
Source: JTC, JLL Research

4.2 Potential Supply

Based on JTC's list of pipeline projects as of 4Q 2022 and JLL's research, there are an estimated 6.1 million sq ft⁶ (net floor area) of private logistics/warehouse space completing from 2023 to 2026. Of this, the majority 55.2% are estimated to be single-user logistics/warehouse premises intended mainly for self-use, and the remaining 44.8% are estimated to be multiple-user logistics/warehouse space. Geographically, an estimated 93.0% of the upcoming supply will be in the West planning region, followed by the North (3.9%) and East (2.1%) planning regions. The balance will be situated in the Central and North-East planning regions.

Without considering stock withdrawals and change of use, this will increase the islandwide stock of private logistics/warehouse space as of end-2022 by 5.2%, to about 125 million sq ft by end-2026.

Figure 19. Potential Supply of Private Warehouse Space (2023 to 2026)



Source: JTC, JLL Research (as of 4Q 2022)

⁶ Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated gross floor area, as well as the status of planned projects.

Figure 20. Examples of Major* Upcoming Private Warehouse Developments in 2023

Name of Development	Location	Planning Region	Name of Developer	Approximate Gross Floor Area (sq ft)
Fairprice Group Fresh Food Distribution Centre (Phase 2)	7 Sunview Road	West	NTUC Fairprice Co-operative Ltd	657,998
2PS1	2 Pioneer Sector 1	West	Soilbuild Business Space REIT	757,026
Warehouse development	12 Penjuru Lane	West	ACW Holdings Pte Ltd	487,282
Soon Bee Huat Building	32 Penjuru Lane	West	Soon Bee Huat Trading Pte Ltd	261,778

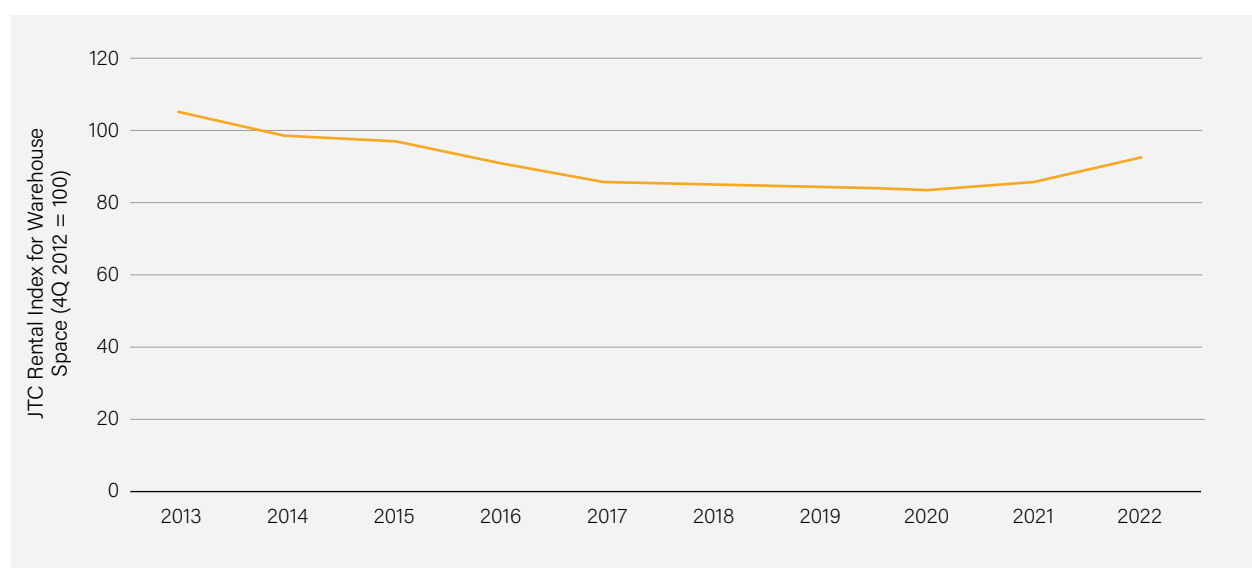
* Refers to developments with approximate gross floor area of at least 150,000 sq ft.
Source: JTC, JLL Research (as of 4Q 2022)

4.3 Rents

JTC's warehouse rental index, which is based on transactions of private warehouses, grew by 7.9% in 2022, accelerating from the 2.7% growth in 2021. The fastest annual rent growth recorded in 10 years was driven by healthy demand but limited space availability for quality premises.

According to data from J-Space, the islandwide 25th percentile, median and 75th percentile warehouse rents of leasing transactions in 4Q 2022 stood at S\$1.56, S\$1.98 and S\$2.50 per sq ft per month, respectively.

The median rent for warehouse space in the East planning region stood at S\$1.85 per sq ft per month, while the median warehouse rent in the West planning region stood at S\$1.50 per sq ft per month, based on leasing transactions in 4Q 2022.

Figure 21. JTC Rental Index for Warehouse Space (2013 to 2022)

* JTC's rental indices are based on transactions of private warehouse developments.
Source: JTC, JLL Research

INDEPENDENT MARKET REVIEW

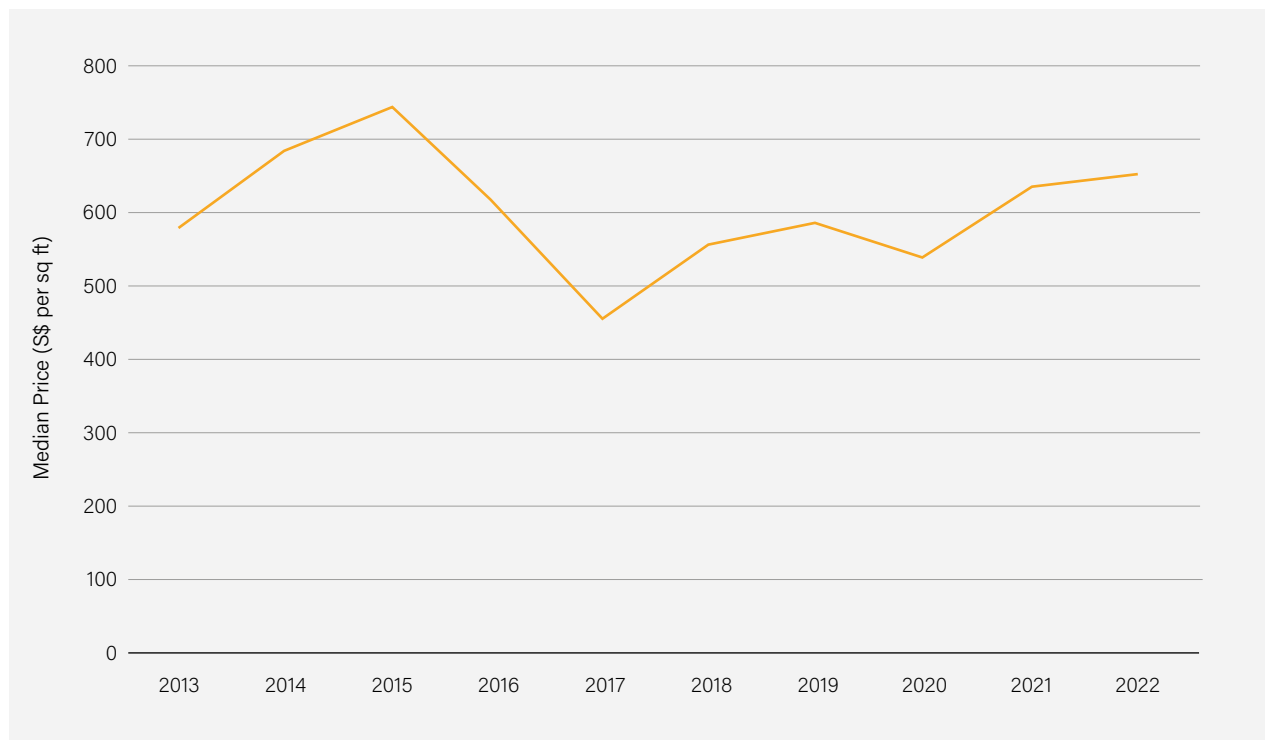
4.4 Prices

JTC has not published the warehouse price index since 4Q 2014 due to the limitations posed by thin transactional activity.

Based on strata-titled warehouse transactions downloaded from JTC's J-Space on 3 February 2023, the median price (based on strata area) stood at S\$654 per sq ft in 4Q 2022. This is 3.3% higher than the median price of S\$633 per sq ft for strata-titled warehouse transactions in 4Q 2021.

However, the limitations of median prices derived from a small number of transactional records in a non-homogeneous market for trend analysis should be noted, with J-Space capturing 112 and 105 caveats involving strata-titled warehouse transactions in 2021 and 2022, respectively.

Figure 22. Median Prices* of Warehouse Space (2013 to 2022)



* Based on strata area
Source: JTC, JLL Research

4.5 Major Investment Sales

Based on information collated by JLL Research as of 3 February 2023, an estimated S\$0.4 billion worth of private warehouses (excluding development sites) of at least S\$5 million each were transacted in 2022. This was lower than the S\$0.5 billion amassed in 2021.

Notable deals in 2022 included the sale of the 100% interest in the holding entity of 1 Buroh Lane – a five-storey ramp-up facility with chiller, freezer, airconditioned and ambient storage space as well as ancillary office space – for S\$191.9 million and Far East Organization's S\$120.6 million sale of Enterprise Logistics Centre, a two-storey ramp-up warehouse with mezzanine office space, to a Singapore unit of Hong Kong-based Intex Development Company Limited.

Examples of major private warehouse investment sales in 2022 based on available market information/transaction records, are tabulated in the following table.

Figure 23. Examples of Major* Private Warehouse Transactions in 2022

Quarter Sold	Name of Development	Location	Sale Price (\$ mil)	Approximate Gross Floor Area (sq ft)	\$ per sq ft	Tenure
3Q	Pandan Logistics Hub	49 Pandan Road	\$43.5	329,117	\$132	30+30 Yrs From 01/10/1979
3Q	N.A. (100% interest in A3 SG ETA PTE.LTD.)	1 Buroh Lane	\$191.9	645,522	\$297	30 Yrs From 21/02/2013
4Q	Enterprise Logistics Centre	2 Tuas View Place	\$120.6	327,437 (NLA)	\$368	60 Yrs From 20/11/1995
4Q	N.A.	3 Changi South Lane	\$22.0	121,794	\$181	30+30 Yrs From 01/10/1998

* Refers to transactions worth at least S\$20 million each.

N.A. denotes "Not Available".

Source: JTC, REALIS, RCA, JLL Research (as of 3 February 2023)

4.6 Market Outlook for 2023

We expect the geopolitical tensions, inflationary pressures and uncertainties over the global supply chain situation to contribute to elevated levels of inventory holding including for essential items (e.g., food), and underpin demand for logistics/warehouse space in the near-term. However, the dimmer macroeconomic outlook as well as the expected weakness in manufacturing output and exports, could lead to some cautiousness among occupiers.

On the other hand, the availability of quality logistics/warehouse premises for lease is expected to stay tight. This is in view that the majority two-thirds of the estimated 1.8 million sq ft of new logistics/warehouse completing in 2023 is expected to be from single-user developments intended mostly for self-use. In addition, recently completed or upcoming multi-tenanted logistics/warehouse developments in 2023 were either fully committed or more than 85% taken.

Hence, demand for quality logistics/warehouse space is likely to outstrip supply. This should support rent growth in 2023, albeit at a slower pace as occupier resistance towards further rent hikes is anticipated given the downcast macroeconomic outlook. Amid the slower rent growth and high interest rates, price growth is also expected to moderate in 2023.

INDEPENDENT MARKET REVIEW

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PROPERTY PORTFOLIO

As at 31 December 2022



Our properties are diversified into four industrial segments across Singapore. Most of our buildings are in close proximity to expressways, MRT stations and other modes of public transport.



High-Tech Industrial

- 1** 151 Lorong Chuan
Lorong Chuan (CC14)
- 2** 8 Commonwealth Lane
Commonwealth (EW20)
- 3** 15 Jalan Kilang Barat
Redhill (EW18)
- 4** 1 Tuas Avenue 4
Tuas Crescent (EW31)
- 5** 23 Serangoon North Avenue 5
- 6** 508 Chai Chee Lane



Chemical Warehouse & Logistics

- 7** 33 & 35 Penjuru Lane
- 8** 18 Gul Drive
Gul Circle (EW30)



Warehouse & Logistics

- 9** 34 Penjuru Lane
- 10** 51 Penjuru Road
- 11** 26 Loyang Drive
- 12** 3A Joo Koon Circle
Joo Koon (EW29)
- 13** 2 Toh Tuck Link
- 14** 10 Changi South Street 2
Expo (CG1/DT35)



General Industrial

- 15** 123 Genting Lane
Mattar (DT25)
- 16** 30 & 32 Tuas Avenue 8
Tuas Crescent (EW31)
- 17** 39 Ubi Road 1
MacPherson (DT26/CC10)
- 18** 21 Joo Koon Crescent
Joo Koon (EW29)

PORTFOLIO OCCUPANCY 91.2%

PROPERTY PORTFOLIO

HIGH-TECH INDUSTRIAL



151 LORONG CHUAN, NEW TECH PARK, SINGAPORE 556741

A six-storey industrial building with a two-storey commercial extension, known as NTP+ mall

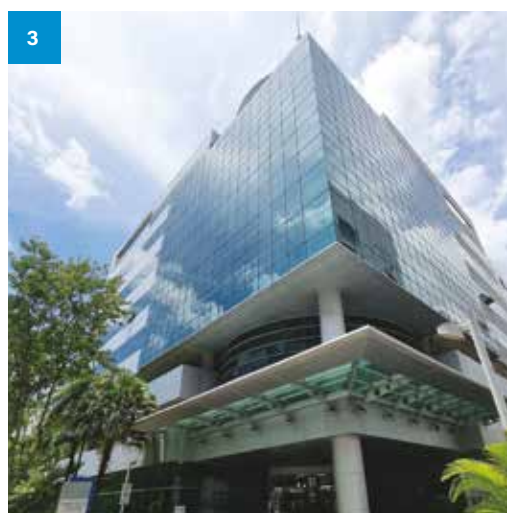
Purchase Consideration (\$ million)	305.9
Latest Valuation (As at 31 December 2022) (\$ million)	362.7
Gross Rental Income for FY 2022 (\$ million)	22.3
Occupancy Rate (%)	77.1
Land Lease Expiry	2055 45 yrs wef 26 Nov 2010
GFA (sq ft)	866,140



8 COMMONWEALTH LANE, SINGAPORE 149555

A four-storey industrial building with a six-storey annex

Purchase Consideration (\$ million)	70.3
Latest Valuation (As at 31 December 2022) (\$ million)	54.7
Gross Rental Income for FY 2022 (\$ million)	4.4
Occupancy Rate (%)	82.2
Land Lease Expiry	2059 30 + 23 yrs wef 1 Feb 2006
GFA (sq ft)	161,815



15 JALAN KILANG BARAT, FRONTech CENTRE, SINGAPORE 159357

An eight-storey industrial building with a multi-storey carpark at Level Two & Three

Purchase Consideration (\$ million)	34.5
Latest Valuation (As at 31 December 2022) (\$ million)	22.7
Gross Rental Income for FY 2022 (\$ million)	1.8
Occupancy Rate (%)	65.9
Land Lease Expiry	2060 99 yrs wef 1 Jan 1962
GFA (sq ft)	73,928

Note: Occupancy rates stated on pages 57 to 63 are as at 31 December 2022

PROPERTY PORTFOLIO

HIGH-TECH INDUSTRIAL

4  Artist's impression	1 TUAS AVENUE 4, SINGAPORE 639382 The Property is currently undergoing AEI into a warehouse and production facility, and is expected to be completed in 1H FY2024. <table> <tr> <td>Purchase Consideration (\$ million)</td><td>28.0</td></tr> <tr> <td>Latest Valuation (As at 31 December 2022) (\$ million)</td><td>9.0</td></tr> <tr> <td>Gross Rental Income for FY 2022 (\$ million)</td><td>Under AEI</td></tr> <tr> <td>Occupancy Rate (%)</td><td>Under AEI</td></tr> <tr> <td>Land Lease Expiry</td><td>2047 30 + 21 yrs 4 mths wef 1 Jan 1996</td></tr> <tr> <td>GFA (sq ft)</td><td>160,361</td></tr> </table>	Purchase Consideration (\$ million)	28.0	Latest Valuation (As at 31 December 2022) (\$ million)	9.0	Gross Rental Income for FY 2022 (\$ million)	Under AEI	Occupancy Rate (%)	Under AEI	Land Lease Expiry	2047 30 + 21 yrs 4 mths wef 1 Jan 1996	GFA (sq ft)	160,361
Purchase Consideration (\$ million)	28.0												
Latest Valuation (As at 31 December 2022) (\$ million)	9.0												
Gross Rental Income for FY 2022 (\$ million)	Under AEI												
Occupancy Rate (%)	Under AEI												
Land Lease Expiry	2047 30 + 21 yrs 4 mths wef 1 Jan 1996												
GFA (sq ft)	160,361												
5 	23 SERANGOON NORTH AVENUE 5, BTC CENTRE, SINGAPORE 554530 A five-storey industrial building with a mezzanine level <table> <tr> <td>Purchase Consideration (\$ million)</td><td>61.0</td></tr> <tr> <td>Latest Valuation (As at 31 December 2022) (\$ million)</td><td>42.2</td></tr> <tr> <td>Gross Rental Income for FY 2022 (\$ million)</td><td>3.5</td></tr> <tr> <td>Occupancy Rate (%)</td><td>95.7</td></tr> <tr> <td>Land Lease Expiry</td><td>2056 30 + 20 yrs 15 days wef 16 Sep 2006</td></tr> <tr> <td>GFA (sq ft)</td><td>159,384</td></tr> </table>	Purchase Consideration (\$ million)	61.0	Latest Valuation (As at 31 December 2022) (\$ million)	42.2	Gross Rental Income for FY 2022 (\$ million)	3.5	Occupancy Rate (%)	95.7	Land Lease Expiry	2056 30 + 20 yrs 15 days wef 16 Sep 2006	GFA (sq ft)	159,384
Purchase Consideration (\$ million)	61.0												
Latest Valuation (As at 31 December 2022) (\$ million)	42.2												
Gross Rental Income for FY 2022 (\$ million)	3.5												
Occupancy Rate (%)	95.7												
Land Lease Expiry	2056 30 + 20 yrs 15 days wef 16 Sep 2006												
GFA (sq ft)	159,384												
6 	508 CHAI CHEE LANE, SINGAPORE 469032 A seven-storey industrial building with two basements <table> <tr> <td>Purchase Consideration (\$ million)</td><td>67.2</td></tr> <tr> <td>Latest Valuation (As at 31 December 2022) (\$ million)</td><td>67.0</td></tr> <tr> <td>Gross Rental Income for FY 2022 (\$ million)</td><td>7.1</td></tr> <tr> <td>Occupancy Rate (%)</td><td>99.2</td></tr> <tr> <td>Land Lease Expiry</td><td>2060 30 + 29 yrs wef 16 Apr 2001</td></tr> <tr> <td>GFA (sq ft)</td><td>319,718</td></tr> </table>	Purchase Consideration (\$ million)	67.2	Latest Valuation (As at 31 December 2022) (\$ million)	67.0	Gross Rental Income for FY 2022 (\$ million)	7.1	Occupancy Rate (%)	99.2	Land Lease Expiry	2060 30 + 29 yrs wef 16 Apr 2001	GFA (sq ft)	319,718
Purchase Consideration (\$ million)	67.2												
Latest Valuation (As at 31 December 2022) (\$ million)	67.0												
Gross Rental Income for FY 2022 (\$ million)	7.1												
Occupancy Rate (%)	99.2												
Land Lease Expiry	2060 30 + 29 yrs wef 16 Apr 2001												
GFA (sq ft)	319,718												

CHEMICAL WAREHOUSE & LOGISTICS



7

33 & 35 PENJURU LANE, SINGAPORE 609200/609202

Comprising three buildings, including a single storey warehouse with mezzanine floor, a four-storey warehouse and a part single-storey/part three-storey warehouse with a basement

Purchase Consideration (\$ million)	78.9
Latest Valuation (As at 31 December 2022) (\$ million)	41.6
Gross Rental Income for FY 2022 (\$ million)	2.4
Occupancy Rate (%)	100.0
Land Lease Expiry	2049 30 + 31 yrs wef 16 Feb 1988
GFA (sq ft)	286,192



8

18 GUL DRIVE, SINGAPORE 629468

A part two-/part four-storey warehouse

Purchase Consideration (\$ million)	34.1
Latest Valuation (As at 31 December 2022) (\$ million)	19.0
Gross Rental Income for FY 2022 (\$ million)	2.3
Occupancy Rate (%)	100.0
Land Lease Expiry	2038 13 yrs 10 mths 12 days + 20 yrs wef 1 Nov 2004
GFA (sq ft)	132,878

PROPERTY PORTFOLIO

WAREHOUSE & LOGISTICS



9

34 PENJURU LANE, PENJURU LOGISTICS HUB SINGAPORE 609201

A five-storey warehouse with ancillary offices

Purchase Consideration (\$ million)	60.0
Latest Valuation (As at 31 December 2022) (\$ million)	29.5
Gross Rental Income for FY 2022 (\$ million)	4.7
Occupancy Rate (%)	98.8
Land Lease Expiry	2032 30 yrs wef 16 Aug 2002
GFA (sq ft)	414,270



10

51 PENJURU ROAD, FREIGHT LINKS EXPRESS LOGISTIC CENTRE, SINGAPORE 609143

A part single/part three-/part four-storey warehouse building with mezzanine floor

Purchase Consideration (\$ million)	42.5
Latest Valuation (As at 31 December 2022) (\$ million)	30.5
Gross Rental Income for FY 2022 (\$ million)	2.2
Occupancy Rate (%)	93.1
Land Lease Expiry	2054 30 + 30 yrs wef 1 Jan 1995
GFA (sq ft)	246,376



11

26 LOYANG DRIVE, SINGAPORE 508970

A single-storey warehouse building with mezzanine floors

Purchase Consideration (\$ million)	32.0
Latest Valuation (As at 31 December 2022) (\$ million)	26.2
Gross Rental Income for FY 2022 (\$ million)	2.4
Occupancy Rate (%)	100.0
Land Lease Expiry	2053 30 + 18 yrs 1 Jan 2006
GFA (sq ft)	149,166

WAREHOUSE & LOGISTICS



12

3A JOO KOON CIRCLE, SINGAPORE 629033

A two-storey warehouse building with mezzanine floor and a part three-/part four-storey factory building

Purchase Consideration (\$ million)	40.3
Latest Valuation (As at 31 December 2022) (\$ million)	33.9
Gross Rental Income for FY 2022 (\$ million)	2.7
Occupancy Rate (%)	96.5
Land Lease Expiry	2047 30 + 30 yrs wef 1 Aug 1987
GFA (sq ft)	217,899

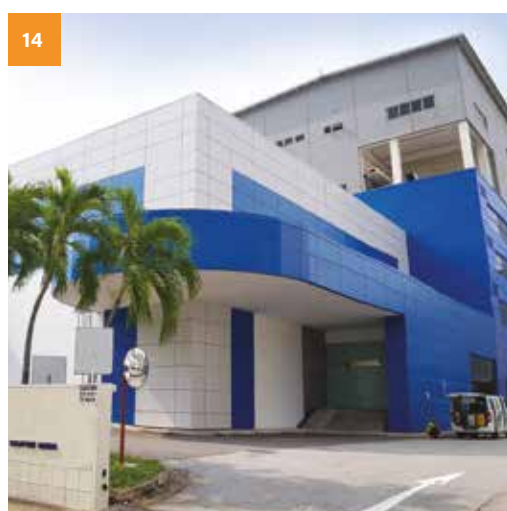


13

2 TOH TUCK LINK, TOH TUCK LOGISPARK SINGAPORE 596225

A part four-/part six-storey warehouse building with a basement carpark

Purchase Consideration (\$ million)	40.1
Latest Valuation (As at 31 December 2022) (\$ million)	30.5
Gross Rental Income for FY 2022 (\$ million)	2.5
Occupancy Rate (%)	98.0
Land Lease Expiry	2056 30 + 30 yrs wef 16 Dec 1996
GFA (sq ft)	181,705



14

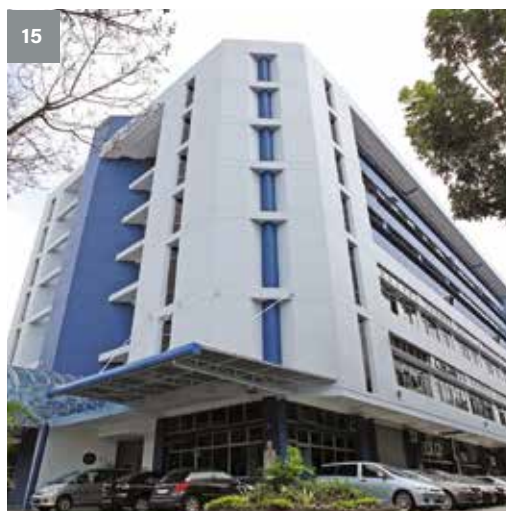
10 CHANGI SOUTH STREET 2, SINGAPORE 486596

A part single/part six-storey warehouse building with ancillary offices and a five-storey annex

Purchase Consideration (\$ million)	54.2
Latest Valuation (As at 31 December 2022) (\$ million)	37.4
Gross Rental Income for FY 2022 (\$ million)	2.5
Occupancy Rate (%)	74.5
Land Lease Expiry	2051 30 + 27 yrs wef 1 Oct 1994
GFA (sq ft)	238,862

PROPERTY PORTFOLIO

GENERAL INDUSTRIAL



15

123 GENTING LANE, SINGAPORE 349574

An eight-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	24.5
Latest Valuation (As at 31 December 2022) (\$ million)	16.5
Gross Rental Income for FY 2022 (\$ million)	1.8
Occupancy Rate (%)	84.7
Land Lease Expiry	2041 60 yrs wef 1 Sept 1981
GFA (sq ft)	158,907



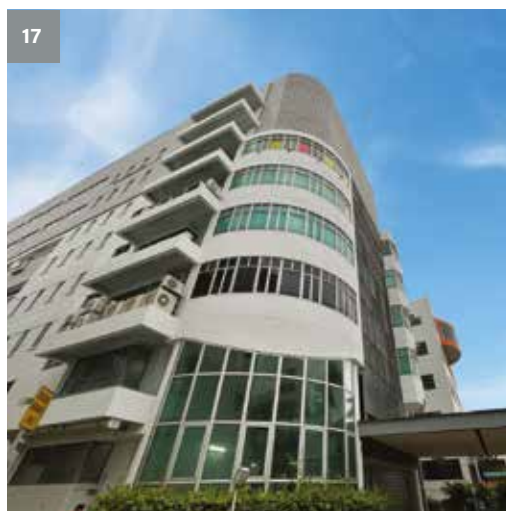
16

30 & 32 TUAS AVENUE 8, SINGAPORE 639246/639247

Comprising two original "E8" JTC standard factories with an adjoining four-storey factory with ancillary offices

Purchase Consideration (\$ million)	24.0
Latest Valuation (As at 31 December 2022) (\$ million)	28.9
Gross Rental Income for FY 2022 (\$ million)	1.3
Occupancy Rate (%)	100.0
Land Lease Expiry	2056 30 + 30 yrs wef 1 Sept 1996
GFA (sq ft)	158,846

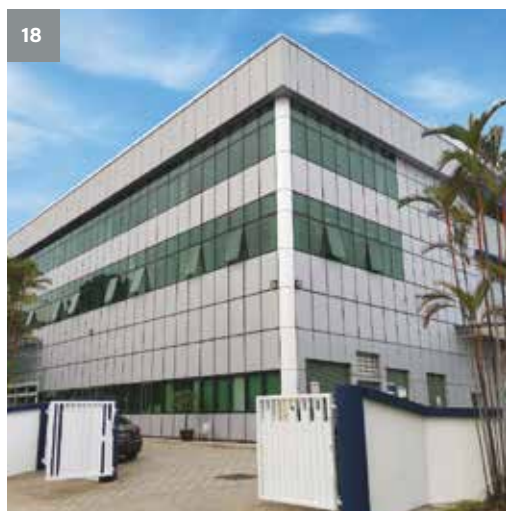
GENERAL INDUSTRIAL



39 UBI ROAD 1, SINGAPORE 408695

An eight-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	32.0
Latest Valuation (As at 31 December 2022) (\$ million)	18.2
Gross Rental Income for FY 2022 (\$ million)	1.9
Occupancy Rate (%)	98.8
Land Lease Expiry	2051 30 + 30 yrs wef 1 Jan 1992
GFA (sq ft)	135,513



21 JOO KOON CRESCENT, SINGAPORE 629026

A three-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	20.3
Latest Valuation (As at 31 December 2022) (\$ million)	15.2
Gross Rental Income for FY 2022 (\$ million)	0.6
Occupancy Rate (%)	100.0
Land Lease Expiry	2054 30 + 30 yrs wef 16 Feb 1994
GFA (sq ft)	99,575

INVESTOR RELATIONS

COMMITMENT TO EFFECTIVE AND OPEN COMMUNICATION

The Manager of Sabana Industrial REIT proactively engages Unitholders and the investment community. Through timely, accurate and transparent disclosure of information and frequent dialogue, the Manager seeks to help stakeholders better understand the REIT's performance, strategic focus, and priorities.

The Manager continued to actively connect with investors, analysts, and the media to update them on the REIT through the course of 2022. A key focus was how the REIT has been progressing on the GROW VALUE phase of its Refreshed Strategy. This phase relates to the REIT's focus on asset enhancement initiatives ("**AEIs**") and the rejuvenation of selected assets with an eye on future accretive acquisitions.

Apart from keeping stakeholders informed through the interim business updates in the first and third quarters of 2022 and half-yearly announcements, senior management also reached out to substantial stakeholders. Some of the key topics of communication with such stakeholders included how the REIT had kick-started the AEI at 1 Tuas Avenue 4 and activated the Phase 3 AEI at New Tech Park involving gross floor intensification. Stakeholders were also updated on the progress of the various asset rejuvenation works carried out in 2022, as part of the Manager's broader strategy to enhance the attractiveness of its portfolio assets.

With the growing consideration of environmental, social and governance ("**ESG**") factors as part of the key investment criteria for investors, the Manager engaged with Unitholders and investors to communicate its sustainability agenda, projects, and progress.

On this front, the Manager shared that it commenced energy audit for buildings in Sabana Industrial REIT's portfolio with high power consumption, starting with 508 Chai Chee Lane. The Manager also engaged consultants to review its entire portfolio to identify sustainable options such as the deployment of solar energy and electric vehicle charging stations. To finance its sustainability efforts, the Manager secured a \$150 million sustainability-linked loan as additional support for the REIT's focus on ESG.

With rising interest rates particularly from March 2022, the Manager communicated through its interim business update on 19 October 2022 about how this impacted the REIT's average all-in financing cost. The Manager also explained that the impact was mitigated by the fact that a majority of its borrowings was on fixed rates in FY 2022. To provide further clarity, the Manager also disclosed how the change in interest rates was expected to impact Sabana Industrial REIT's distribution and DPU.

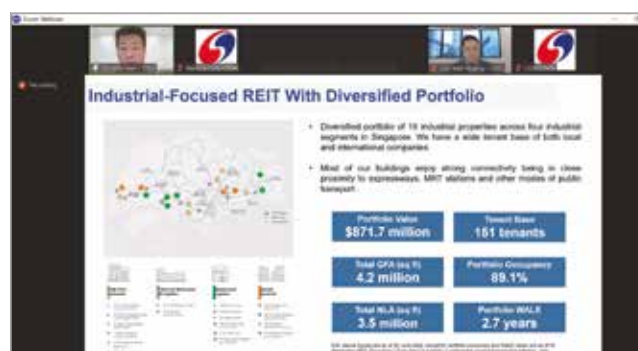
MAINTAINING STRONG LINKS WITH INVESTMENT COMMUNITY AND MEDIA

Senior management of Sabana Industrial REIT also maintained the REIT's engagement with Unitholders and prospective investors by connecting with them across several platforms, including in-person and virtual meetings, industry webinars, symposiums and conference calls.

Such sessions with Singapore and overseas investors also served as platforms for senior management to receive feedback from the investors and understand their views.



Phillip Securities conducted a webinar for Sabana in March 2022



Management spoke at a webinar for trading representatives of CGS-CIMB in November 2022



CEO Donald Han at REITS Symposium

The Manager also actively maintained its relationships with sell-side analysts in 2022. Senior management met with DBS Group Research, Phillip Securities, SAC Capital, RHB Banking Group and CGS-CIMB Securities (Singapore) through in-person discussions. The post-results virtual meetings also attracted the participation of several houses. The Manager will continue to foster close ties with the sell-side research analysts to garner their interest.

In addition, senior management also engaged the media through post-results conference calls and one-on-one media interviews that were published on print and online channels.

CONNECTING CLOSELY WITH RETAIL INVESTORS

Retail Unitholders form an important component of the Manager's investor outreach programme.

Over the course of the year, the Manager participated in several engagement events which attracted strong participation by retail investors. These sessions included webinars for trading representatives of Phillip Securities on 29 March 2022 and 8 December 2022 respectively, a "live" webinar for Unitholders organised by the Securities Investors Association of Singapore ("SIAS") on 14 April 2022 and the Singapore REITS Symposium 2022 on 21 May 2022 jointly organised by ShareInvestor and REITAS. A webinar for trading representatives of CGS-CIMB Securities was also held on 10 November 2022. Senior management shared the REIT's financial performance and operational updates at these events and answered questions from the participants.

For the Annual General Meeting ("2022 AGM") on 26 April 2022, registered Unitholders were able to observe the meeting proceedings through a "live" audio-visual webcast or "live" audio-only stream. At the 2022 AGM, the CEO gave a presentation to Unitholders to update them on the REIT's operational and financial performance. Unitholders were also able to submit relevant and substantial questions that they had relating to the REIT to the Chairman of the 2022 AGM in advance of the 2022 AGM and during the "live" chat session at the 2022 AGM. The responses given by the Board and

management were uploaded onto SGXNet and the corporate website for Unitholders' information.

The REIT's website serves as the primary source of information and data regarding the REIT for Unitholders. All material announcements are made available on the REIT's website immediately after the information is posted on the SGXNet to ensure timely dissemination of information. The Manager provides contact details on the REIT's website to enhance accessibility to the Investor Relations team should Unitholders require any information, updates, or clarification.

POLICIES AND PRACTICES

As part of the Manager's on-going endeavour towards stronger stakeholder engagement, it has published its investor relations policy on the website. The policy outlines the principles and practices that the Manager adopts to improve the quality of information provided to the Unitholders and the broader investment community and thus assist them to arrive at informed investment decisions with respect to the REIT. The Manager also published its Code on Conduct on the REIT's website to inform stakeholders about the principles of conduct that guide the Manager's employees in carrying out their duties and responsibilities to the highest standards of honesty and integrity. The whistle-blowing policy is also set out on the website to provide information on the additional avenue for employees and stakeholders to raise any concerns.

RECOGNISED AS TOP PERFORMER IN TOTAL UNITHOLDER RETURNS IN THE REITS SECTOR

The Edge Singapore Billion Dollar Club ("BDC") recognised Sabana Industrial REIT as the top performer in total unitholder returns in the REITs sector for the Centurion Club 2022. Based on metrics from BDC, which showcases excellence in companies listed on the Singapore Exchange, Sabana Industrial REIT had outperformed other REITS with a market capitalisation of under \$1 billion in total unitholder returns to investors for the three years from 31 March 2019 to 31 March 2022.

FY 2022 INVESTOR RELATIONS CALENDAR

1st quarter interim business update	21 April 2022
11th Annual General Meeting (in respect of FY 2021)	26 April 2022
1H 2022 results announcement	20 July 2022
Distribution Payment Date (1 January 2022 to 30 June 2022)	15 September 2022
3rd quarter interim business update	19 October 2022
2H 2022 and FY 2022 results announcement	30 January 2023
Distribution Payment Date (1 July 2022 to 31 December 2022)	27 March 2023

INVESTOR RELATIONS

INVESTOR AND MEDIA RELATIONS ACTIVITIES IN FY 2022

1st

QUARTER

- Analysts and media results briefing for 2H 2021 and FY 2021 financial results
- Phillip Securities webinar

2nd

QUARTER

- Announced 1Q 2022 interim business update
- Published Sabana Industrial REIT's 2021 Annual Report and Sustainability Report
- SIAS – Sabana Industrial REIT Dialogue Session
- Held 11th Annual General Meeting
- The Edge Singapore's interview with CEO
- The Business Times' interview with CEO
- Singapore REITS Symposium 2022

3rd

QUARTER

- Analysts and media results briefing for 1H 2022 financial results
- The Edge Singapore's interview with CEO
- The Straits Times' coverage of NTP+ mall

4th

QUARTER

- Announced 3Q 2022 interim business update
- Special issue of The Edge Singapore BDC with Sabana Industrial REIT named as top performer in total unitholder returns in the REITs sector for the Centurion Club 2022.
- CGS-CIMB Securities webinar
- Phillip Securities webinar



UNITHOLDER ENQUIRIES

It is the Manager's utmost priority to maintain consistent engagement and build trust with its stakeholders.

The Investor Relations team is readily contactable via phone and email, and any queries or concerns pertaining to Sabana Industrial REIT will be addressed as promptly as applicable. If you would like to find out more about Sabana Industrial REIT, please contact:

Sabana Real Estate Investment Management Pte. Ltd.

151 Lorong Chuan
#02-03 New Tech Park
Singapore 556741

Investor Relations

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Website: www.sabana-reit.com

Analyst Coverage

DBS Group Research

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SUSTAINABILITY REPORT

BOARD STATEMENT ON SUSTAINABILITY

The Board of Directors of Sabana Real Estate Investment Management Pte. Ltd., the manager of Sabana Industrial REIT (the "**Manager**", and the Board of Directors of the Manager, the "**Board**") has considered sustainability issues in Sabana Industrial Real Estate Investment Trust's ("**Sabana Industrial REIT**") business and strategy, determined the material environmental, social and governance ("**ESG**") factors and overseen the management and monitoring of the material ESG factors. Globally and in Singapore, there has been a growing consciousness of the importance of ESG performance and its impact on business resilience and long-term success. Accordingly, sustainability continues to be at the core of the REIT's organisational strategy.

Amid the convergence of high energy prices, significant risks in the global economy and weakened Singapore market outlook in 2022, the Board remains committed to advancing the ESG agenda and sustainability objectives of the REIT. The focus on ESG is one of the five key strategic VALUE priorities of the REIT for the GROW VALUE phase of the REIT's Refreshed Strategy (disclosed on page 21 of this Annual Report) in growing value for Unitholders. These five strategic priorities guide the Manager in achieving a target portfolio valuation of more than \$1 billion between 2025 and 2027.

The Directors are regularly updated by the Management on the ESG initiatives, plans, projects, and progress through the scheduled and/or ad-hoc Board and Audit and Risk Committee ("**ARC**") meetings. Consistent with the REIT's ESG commitment to improving energy and water efficiency, plans are underway for the roll-out of sustainability projects across selected properties. These include the project to improve the energy consumption efficiency of the portfolio property at 508 Chai Chee Lane which began in FY 2022 and the planned installation of solar panels at selected portfolio properties. Additionally, the REIT's second major Asset Enhancement Initiative ("**AEI**") currently ongoing at 1 Tuas Avenue 4 is a testament to the REIT's commitment to reducing the REIT's carbon footprint through the planned additions and alterations of the existing structure instead of redevelopment. Upon its completion, the property will target to obtain a minimum Green Mark Super Low Energy certification. Collectively, all these efforts are directed towards improving our buildings' operational efficiency over the medium term.

The Manager has integrated environmental risk considerations into the REIT's enterprise risk management framework in line with the Guidelines on Environmental Risk Management for Asset Managers issued by the Monetary Authority of Singapore ("**MAS**"), and the disclosure of impacts are made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**").

The Board has the collective knowledge and skills in overseeing the management and monitoring of the material ESG factors and ESG considerations in its operations. The Board is well supported by the Sustainability Working Committee ("**SWC**"), which assists the Board and the Manager in the implementation of the REIT's sustainability agenda. The SWC comprises key representatives from the Manager's Asset Management, Property Management, Compliance, Human Resources, and Investor Relations teams. The involvement and support of the SWC enables the Board to provide continuous strategic oversight of management and monitoring of the REIT's sustainability performance.

The Board is pleased to present Sabana Industrial REIT's FY 2022 sustainability report ("**Sustainability Report**") as it continues to incorporate good practices for ethics and social responsibility into the REIT's business and investment decisions to enhance its ESG performance. The Board looks forward to sharing with you our progress and welcoming your feedback. Please direct your feedback to enquiry@sabana.com.sg.

ABOUT THIS REPORT

This Sustainability Report has been prepared in accordance with the sustainability reporting requirements of the SGX-ST Listing Rules 710A, 711A and 711B, the Global Reporting Initiative Sustainability Reporting Standards ("**GRI Universal Standards**") and the TCFD recommendations. The GRI Universal Standards have been chosen as they are among the most commonly used and globally recognised sustainability reporting frameworks.

This Sustainability Report presents detailed information on our sustainable development targets, performance and management for the financial year that commenced on 1 January 2022 and ended on 31 December 2022.

The scope of the report covers:

- Sabana Industrial REIT;
- the Manager;
- Sabana Property Management Pte. Ltd., the property manager of Sabana Industrial REIT (the "**Property Manager**"); and Sabana Industrial REIT's entire property portfolio.

The headquarters and all our operations and properties are located in Singapore.

For performance related to energy, greenhouse gas ("**GHG**") emissions, water, and waste, the performance data disclosed covers 12 multi-tenanted properties in this Sustainability Report over which Sabana Industrial REIT has operational control¹. Employee-related performance data disclosed in this report covers the employees of the Manager and the Property Manager, and references to "our employees" are to be construed accordingly to refer to employees of the Manager and/or the Property Manager.

This Sustainability Report should be read together with the financial performance and governance information detailed in the other sections of this Annual Report for a more comprehensive picture of our business.

We will continue to publish our Sustainability Report annually in accordance with the requirements of the SGX-ST Listing Rules. We greatly welcome feedback from our stakeholders as we seek to continuously improve our sustainability performance and reporting.

¹ The 12 properties Sabana Industrial REIT had operational control over in FY 2022 are: 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 34 Penjuru Lane, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 39 Ubi Road 1, and 51 Penjuru Road. While the Manager also has operational control over 1 Tuas Avenue 4, the building is currently under AEI and non-tenanted. The remaining five properties are master-tenanted, of which the Manager is working alongside these tenants to achieve mutual environmental and carbon footprint goals. Detailed information regarding the property portfolio is set out on pages 57 to 63 of this Annual Report.

SUSTAINABILITY REPORT

HOW WE MANAGE SUSTAINABILITY

SUSTAINABILITY APPROACH

Our approach to sustainability is built upon our considerations for ethics and social responsibility in our investment and business decisions, as well as our commitment to our key stakeholders. Sustainability is a strategic priority for generating real value for our stakeholders, through solid governance and sound management of identified material ESG topics.

The Manager is mindful of the long-lasting impact that our assets can have on the environment. We aim to improve the environmental sustainability of our assets to enhance our operational performance and reduce our environmental footprint.



SUSTAINABILITY GOVERNANCE

The Board determines the direction of Sabana Industrial REIT's sustainability agenda and oversees the process to identify and manage the REIT's impact on the economy, environment, and people. The Board monitors the REIT's sustainability initiatives and their integration into the REIT's business and strategy. The SWC was appointed by the Board to support its efforts in governing sustainability-related matters. The Directors will review and approve matters relating to sustainability, including the Material ESG topics during the quarterly and/or ad-hoc ARC meetings. Please refer to the Material ESG Topics set out on page 73.

The SWC is led by the Manager's CEO, who approves material ESG matters and reporting, which includes the REIT's sustainability progress, performance, and targets. The SWC is responsible for implementing the REIT's sustainability agenda, identifying our material ESG risks and opportunities through key stakeholders' engagement, developing corresponding action plans, monitoring, and reporting the REIT's ESG performance and setting ESG targets. The SWC manages the outcome of the impact and reports the REIT's sustainability progress as well as ESG potential and actual concerns to the Directors during the quarterly and/or ad-hoc ARC meetings.

STAKEHOLDER ENGAGEMENT

We are committed to understanding and safeguarding our stakeholders' interests. To do so, we maintain transparent and effective two-way communication with our stakeholders to address their concerns and meet their expectations.

A summary of how we interact and communicate with our stakeholders is outlined below:

Key Stakeholders	Key Issues of Concern	Engagement Methods	Engagement Frequency	Purpose
Investment Community (including Unitholders, Fund Managers, Buy and Sell-side Analysts, as well as Media) 	- Financial performance - Interim business updates - Key developments and outlook - Corporate governance	- Financial results briefings with analysts and the media - SGXNet announcements - Annual General Meetings ("AGMs") - Asset valuation reports - Updates and announcements via our corporate website and SGXNet - Investor conferences - Video-conference investor meetings	- Half-yearly - Throughout the year - Annually - Bi-annually - Throughout the year - Throughout the year - Throughout the year	- Enhance understanding of the REIT and its strategy - Provide updates on operational and financial performance - Expand investor base
Tenants 	- Tenants' satisfaction - Quality of facilities and services - Health and safety	- Tenant satisfaction survey - Tenant engagement sessions - Tenant engagement communications broadcasts	- Annually - Throughout the year - Throughout the year	- Maintain open communication with tenants to better serve their needs - Build positive relationships with tenants and enhance their experience - Provide and maintain a healthy and safe environment for the well-being of tenants
Employees 	- Career development - Health and safety - Equal opportunity and inclusion	- Performance appraisal - Training and development programmes - Team meetings - Team bonding activities	- Annually - Throughout the year - Throughout the year - Throughout the year	- Support the REIT's growth and performance by attracting talents, retaining employees and equipping them with the appropriate skills - Provide and maintain a healthy and safe environment for the wellbeing of employees
Business Partners (including suppliers/ service providers) 	- Health and safety - Business performance	- On-boarding risk assessment for contractors - Video-conferencing meetings - Ad-hoc site visits	- Throughout the year - Throughout the year - Throughout the year	- Support the REIT's operational needs and requirements - Ensure a healthy and safe environment to prevent accidents and injuries - Engage business partners in the adoption of ESG principles and practices
Government and Regulatory Bodies 	- Regulatory compliance - Good governance	- Video-conferencing meetings - Site inspections - Submissions of surveys and regulatory returns	- Throughout the year - Throughout the year - Throughout the year	Ensure compliance with legal and regulatory requirements
Community 	- Community investments - Impact of business on the environment and society	- Corporate Social Responsibility ("CSR") activities - Donations to charitable/ not-for-profit organisations - Promotional events of the retail mall	- Throughout the year - Throughout the year - Throughout the year	Create positive impact by supporting initiatives that contribute to the good of the community

In addition to engaging our stakeholders, we also participate in professional associations. The Manager is a member of the REIT Association of Singapore and the Singapore Business Federation to contribute to the development of our industry. Our Directors and CEO are also members of the Singapore Institute of Directors. Apart from professional associations, we also engage independent organisations such as the Securities Investors Association (Singapore) ("SIAS"), which is an association for minority shareholders. We work with and support SIAS closely in recognition of the importance of investor and public engagement, including co-hosting a pre-AGM 2022 webinar and supporting the SIAS Investors' Choice Awards 2022 event. The Manager also received the support of SIAS for the appointment of its new Independent Non-Executive Director.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

In FY 2022, the Manager regularly reviewed Sabana Industrial REIT's material ESG topics to determine if they were deemed material and relevant to the REIT's business and stakeholders. Our approach to materiality is in line with the GRI Standards 'Principle of Materiality' for sustainability reporting, and follows the approach as set out below:

Step 1: Identification

An initial exercise involving the review of current industry and sustainability trends to understand the organisation's context was conducted internally as a preliminary assessment to identify a list of potential and actual impacts of ESG issues on economic, environmental, and people that are commonly associated within the sector and location in which we operate, as well as across our business operations and activities. In identifying the material ESG factors, the exercise took into account feedback received during engagements with relevant stakeholders and experts, which gathered their concerns, needs and insights.

Step 2: Rating

The list of potential and actual impacts of the ESG issues is grouped into ESG topics and rated based on their significance.

Step 3: Prioritisation

After assessing the significance of the identified ESG impacts, the ESG topics are prioritised according to the most significant impact for reporting. Insights were gathered through interviews conducted with both internal and external stakeholders. Stakeholder feedback from staff, tenants, consultants, and suppliers were then integrated into this process to address the risks and opportunities.

Step 4: Validation and Approval

The Board reviewed and approved the list of material ESG topics, initiatives, and targets.



The material ESG topics identified by the review and approved by the Board are set out in the "Material ESG Topics" section below. We will continue to review and evaluate our material ESG topics annually.

MATERIAL ESG TOPICS

The table below describes each of our material ESG topics, where there are significant impacts resulting from each material ESG topic, and how we have caused or contributed to the impacts through our business conduct. The material ESG topics are identified through engagement with our internal and external stakeholders. Each material ESG topic impact is assessed specifically according to the impact where it occurs in our value chain and how we may be impacted.

Material Topics	Materiality to Sabana Industrial REIT
▪ Economic growth²	The Manager recognises the importance of generating economic value in order to create economic growth for stakeholders. Through its proactive strategy of AEs and rejuvenation of selected assets, underpinned by prudent capital and risk management and ongoing cost rationalisation, the Manager aims to maintain a profitable portfolio and deliver long-term and sustainable value to stakeholders.
▪ Good governance³ ▪ Business ethics & anti-corruption ▪ Regulatory compliance	Sound corporate governance is essential for sustaining the REIT's operations and performance, safeguarding the interests of stakeholders, and ensuring the REIT's long-term success. The lack of internal controls and non-compliance with regulations can result in financial and reputational loss, and undermine our license to operate. In eliminating fraud and corruption and the risk of non-compliance, the Manager has established a robust corporate governance framework and put in place policies and practices to maintain the highest standards of integrity and accountability.
▪ Cyber-security & data privacy	Many workplaces are advancing their digital transformation with cloud-based tools and solutions, which results in a greater reliance on technology. The Manager recognises the importance of managing cyber-security risks well and safeguarding our data. The Manager takes steps to protect stakeholders' personal data and critical information with industry standards, policies, and standard operating procedures.
▪ Tenant satisfaction	The quality of property management and customer service impact tenant satisfaction. The Manager recognises that a high level of tenant satisfaction translates into our success as a REIT and is key to sustaining our financial performance. The Manager is committed to maintaining close communications and delivering high-quality service to tenants to support their needs.
▪ Fair employment practices & talent retention	A highly engaged and dedicated workforce of the Manager forms the bedrock of the REIT's long-term growth and success. The Manager is committed to offering fair employment, and understands the need to attract, cultivate and retain talent with the right skill pool and experiences to drive the long-term sustainability of the REIT.
▪ Health & safety	Ensuring the health and safety of employees, vendors and contractors, tenants, and visitors of the REIT's properties is a priority for the Manager. We strive to provide a healthy and safe working environment for their physical and mental wellbeing.
▪ Energy efficiency & climate change ▪ Water management (use and reduction) ▪ Waste management	As a real estate owner, we are mindful of the long-lasting impact that our assets could have on the environment. We aim to improve the environmental sustainability of our assets to strengthen our operational performance as well as reduce our environmental footprint.
▪ Community impact	We are dedicated to creating a positive impact by giving back to the community. We look to drive a positive change in society through various social initiatives, and contribute towards a better and sustainable future for all.

² Please see Letter to Unitholders, pages 12 to 15, Financial Highlights, page 31, and Financial Statements, pages 125-181 of this Annual Report for more details on our FY 2022 economic and financial performance and key measures taken.

³ Please see Corporate Governance Report, pages 102-124 of our FY 2022 Annual Report for more details on our FY 2022 corporate governance practices.

SUSTAINABILITY REPORT

SUSTAINABILITY TARGETS AND PERFORMANCE

Material Factors	Targets for FY 2022	FY 2022 Performance	Targets for FY 2023
Business ethics & anti-corruption	Zero confirmed incidents of corruption and fraud	Achieved	Zero confirmed incidents of corruption and fraud
Regulatory compliance	Zero incidents of non-compliance that resulted in significant fines or legal actions regarding: - Environmental laws and regulations - Laws and regulations in social and economic areas - Marketing communications	Achieved	Zero incidents of non-compliance that resulted in significant fines or legal actions regarding - Environmental laws and regulations - Laws and regulations in social and economic areas - Marketing communications
Cyber-security and data privacy	Zero incidents of substantiated complaints received concerning breaches of data privacy and thefts or losses of employee and tenants' data	Achieved	Zero incidents of substantiated complaints received concerning breaches of data privacy and thefts or losses of employee and tenants' data
Fair employment practices & talent retention	Zero validated incidents of discrimination	Achieved	Zero validated incidents of discrimination
	Ensure employees receive on average 10 hours of training		Ensure employees receive on average 13.7 hours of training
	Deploy fair employment practices by ensuring our hiring processes remain stringent and offer equal opportunity to all potential candidates		Deploy fair employment practices by ensuring our hiring processes remain stringent and offer equal opportunity to all potential candidates
Tenant satisfaction	Achieve at least a 70.0% tenant satisfaction level for all properties surveyed	Achieved	Achieve at least a 70.0% tenant satisfaction level for all properties surveyed
Health & safety	Zero fatalities for our employees and contractors and zero high consequence work-related injuries for our employees and contractors	Achieved	Zero fatalities for our employees and contractors and zero high consequence work-related injuries for our employees and contractors
	Zero incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts during the use of our buildings	Achieved	Zero incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts during the use of our buildings

Material Factors	Targets for FY 2022	FY 2022 Performance	Targets for FY 2023
Energy efficiency & climate change	Maintain or reduce the energy intensity of the common area and vacant net lettable area under the Manager's or Property Manager's operational control	Achieved	Reduction of 2% year-on-year for the energy intensity of common area and vacant net lettable area of properties.
Water management	Progressively install water-efficient fittings certified under PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks	Achieved	Reduction of 2% year-on-year for water intensity
	Progressively attain PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control	Not achieved (please refer to page 94 of this Sustainability Report for more details)	Progressively attain PUB Water Efficient Building basic certification for at least 50% of the properties under the Property Manager's operational control
Waste management	Report accurate waste data for all properties under the Property Manager's operational control	Achieved	Encourage recycling by installing recycling bins on at least 50% of the properties under the Property Manager's operational control
Community impact	Complete at least one local community engagement	Achieved	Complete at least two local community engagements

SUSTAINABILITY REPORT

OUR GOVERNANCE

We are committed to driving sound governance, acknowledging it as an important foundation from which sustainable growth can be cultivated. Accordingly, we ensure that our business is built upon an ethical culture, legitimacy, effective controls, and strong leadership by establishing robust internal controls, risk management and policies that are aligned with the REIT's core values of putting Unitholders' interest first, focusing on value creation, integrity, fairness and equality, and people.

Sabana Industrial REIT achieved significant progress in corporate governance as reflected by the improvement made in its performance on the Singapore Governance and Transparency Index ("**SGTI**") in 2022, with an overall achievement scoring 74.4 (2021: 61.1) and a ranking in the 35th place (2021: 43rd place). The SGTI, which assesses companies on, among other criteria, their corporate governance disclosure and practices, timeliness of announcements, accessibility, and transparency, is a widely-watched index for Singapore-listed companies. In addition, the Governance Index for Trusts 2022, which is another widely-watched corporate governance index, also saw Sabana Industrial REIT making a major leap to the 14th place (2021: 38th), with an overall score of 71.5 (2021: 54.0).

The internal audit function, which we have outsourced to international auditing firm BDO LLP ("**BDO**"), conducts independent review of the adequacy and effectiveness of the Manager's existing controls, risk management and corporate governance. BDO, which reports to the ARC, has also reviewed our sustainability reporting process in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

BUSINESS ETHICS & ANTI-CORRUPTION

We adopt a zero-tolerance stance on fraud, corruption and other unethical behaviour and are committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements, as well as any legislation that is relevant to our business. All the directors are also required to provide a Fit and Proper Criteria Declaration during onboarding and on an ongoing basis. All new and existing directors and employees undergo communications mandatory training on our anti-corruption training, policies and procedures, as set out below. These policies and procedures, which are approved within the organisation by the Board and/or CEO, are reviewed and updated on a regular basis.

Policies and Procedures	Guidance
Code of Best Practices on Securities Transactions	Guidance on how the Directors and employees of the Manager should trade the Units (shares, bonds, or commodities) that they hold. Please refer to the Corporate Governance Section for more details The policy is not publicly available and is for internal use only.
Procedures on Conflict of Interest	Procedures established by the Manager to prevent and deal with potential conflicts of interest issues. Please refer to the Corporate Governance Section for more details. Policy source: Conflicts of Interest (COI) Policy and Investor Relations Policy are available on Sabana Industrial REIT's corporate website.
Procedures on Interested Party/ Person ("IPT") Transactions	Procedures were established to ensure that all IPTs will be undertaken on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. All IPTs are subjected to regular periodic reviews by the Audit and Risk Committee ("ARC"). Policy Source: IPT Policy is available on Sabana Industrial REIT's corporate website.

Policies and Procedures	Guidance
Employee Handbook	Guidance on matters relating to appropriate behaviours for employees, including how employees should conduct business and maintain all business relationships. The REIT recognises salient human rights issues and sets out its support and guidance through the employee handbook. The handbook provides guidance on health and safe working conditions, fairness, equality and non-discrimination regardless of gender, ethnicity, religion or age, and operating in a responsible manner and in adherence to legal requirements and local laws. The handbook is not publicly available and is for internal use only. The REIT does not have a standalone human rights policy.
Whistle-blowing Policy	Provision of independently-monitored, confidential channels i.e. email and mail, for employees, tenants, and vendors to report any suspected-wrongdoing or dangers at work (e.g. fraud, corruption, dishonest practices, or other similar matters relating to Sabana Industrial REIT or the Manager) without fear of reprisal, discrimination, or adverse consequences. The Policy also provides guidelines for an independent investigation of any reports and appropriate follow-up action. All whistle-blowing reports will be directed to the Chairman of the ARC who will take the appropriate follow-up actions. The Whistle-blowing Policy is available on Sabana Industrial REIT's corporate website.
Customer On-Boarding and Anti-Money Laundering Policy	Assists the Manager in understanding its obligations relating to anti-money laundering under Singapore law, as well as the policy established by the Manager when conducting its business and exercising due diligence when dealing with customers. The policy is not publicly available and is for internal use only.
Sabana Board Diversity Policy	The Board Diversity Policy sets out the principles adopted by the Board and the approaches taken to maintain diversity in the appointment and composition of the Board. The board diversity statement is found under "Corporate Governance: Principle 2" and also available on Sabana Industrial REIT's corporate website.

In FY 2022, no claims for breaches of laws and regulations concerning the environment, bribery, fraud or corruption were brought against Sabana Industrial REIT. In addition, no such legal cases and claims were brought against Sabana Industrial REIT, the Manager, the Property Manager, and their employees.

FY 2022 Performance
Target achieved – Maintained zero confirmed incidents of corruption or fraud.
FY 2023 Target
Maintain zero confirmed incidents of corruption and fraud.

SUSTAINABILITY REPORT

REGULATORY COMPLIANCE

We do not tolerate any willful breaches of applicable laws and regulations. Our aim is to minimise breaches of laws and regulations by taking progressive measures and collaborating with stakeholders across our value chain. We have also established internal policies and processes to minimise regulatory and compliance risks. Our enterprise risk management ("ERM") framework defines how risks, including regulatory and compliance risks, should be monitored, managed, mitigated or eliminated. All employees are required to strictly adhere to policies outlined in the Employee Handbook.

We ensure that we stay abreast of changes to relevant laws and regulations. Our internal policies and standard operating procedures are periodically reviewed to ensure that they comply with the latest applicable laws and regulations.

FY 2022 Performance

Target achieved – Maintained zero incidents of non-compliance that resulted in significant fines or legal actions regarding laws and regulations in the environmental, social, and economic areas and marketing communications.

FY 2023 Target

Maintain zero incidents of non-compliance with relevant laws and regulations that result in significant fines or legal actions.

CYBER-SECURITY & DATA PRIVACY

As we move towards a cloud-based environment and a greater dependence on technology, we recognise the increasing importance of managing cyber-security risks well and safeguarding our data.

We are committed to ensuring that strong cyber-security systems and processes are in place to protect our networks, systems, computers, programmes, and data from attacks. Annually, we also provide cyber-security training to employees. In FY 2022, we received no substantiated complaints from regulatory bodies and external parties concerning breaches of data privacy. We also recorded zero cases of leaks, thefts, or losses of employee and tenant data.

FY 2022 Performance

Target achieved – Maintained zero incidents of substantiated complaints concerning breaches of data privacy and thefts or losses of employee and tenant data.

FY 2023 Target

Maintain zero incidents of substantiated complaints concerning breaches of data privacy and thefts or losses of employee and tenant data.

OUR PEOPLE AND TENANTS

FAIR EMPLOYMENT PRACTICES & TALENT RETENTION

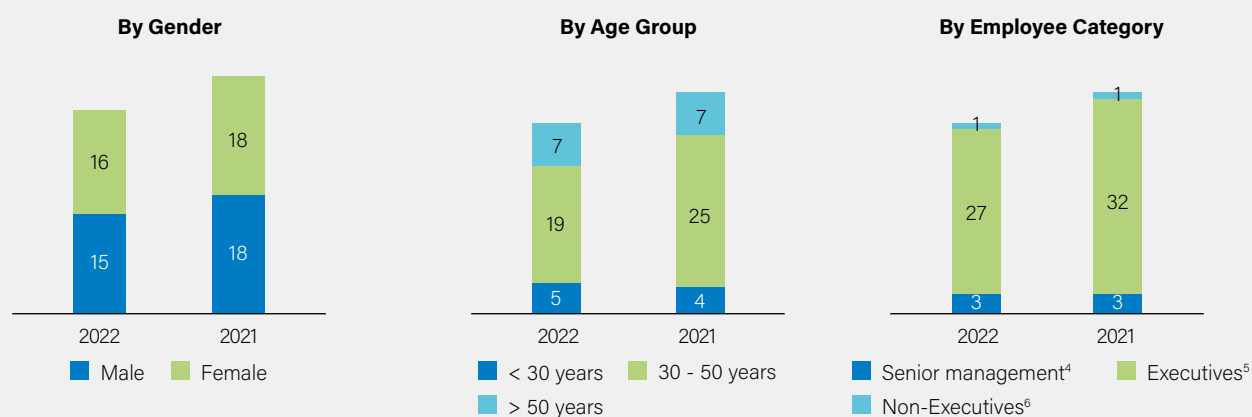
We value our people as their abilities and efforts contribute towards the performance of the REIT. We do not condone any form of discrimination and we believe in a merit-based approach in our recruitment and selection process as well as equal opportunities for career progression for existing employees, regardless of race, age, and gender. An annual performance review is conducted for all employees to assess their performance and to learn their professional development needs. We encourage leadership and on-the-job training, including having employees lead different internal committees. We also encourage diversity in our workplace as it promotes innovative thinking and brings together different perspectives to best serve the interests of the REIT.

Diversity and Equal Opportunity

As of 31 December 2022, the Manager and the Property Manager had 31 employees. Our entire workforce is made up of full-time, permanent employees that are based in Singapore. Our leadership ensures our workforce is gender-balanced, by creating a culture that embraces gender equality and diversity. Our current gender ratio is 51.6% female and 48.4% male employees, and one out of three of our senior management is female.

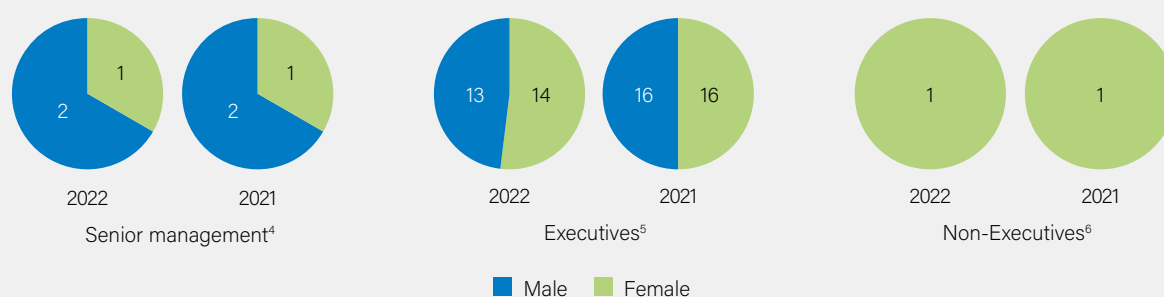
In FY 2022, we continued to strengthen our diversity by broadening our recruitment methods - via encouraging employee referrals, building stronger relationships with local universities, and using social media platforms to widen our recruitment reach. Through our cohesive culture of collaborating across teams and regular sharing of ideas, information, and knowledge, we aim to enrich perspectives and help employees enhance their capabilities.

EMPLOYEE PROFILE

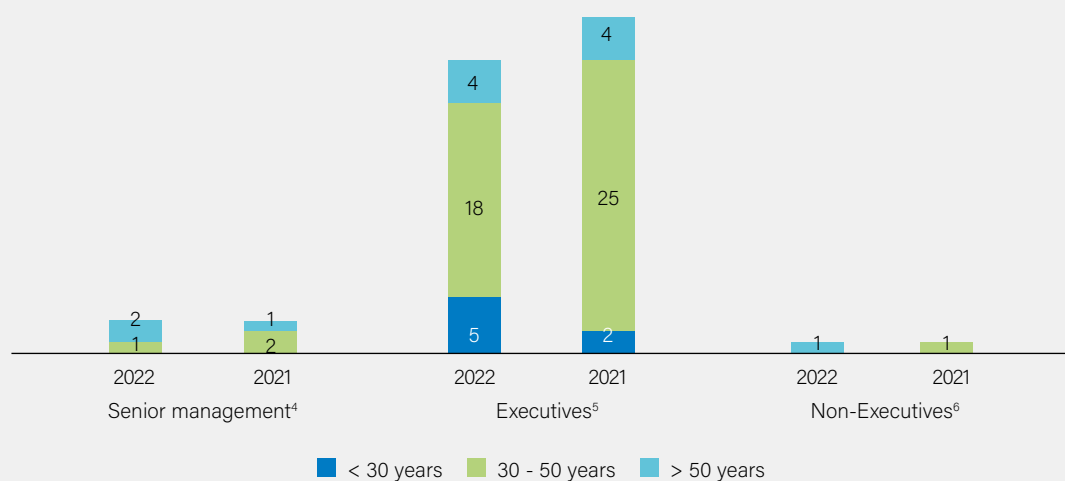


EMPLOYEE DIVERSITY PER EMPLOYEE CATEGORY

By Gender



By Age Group

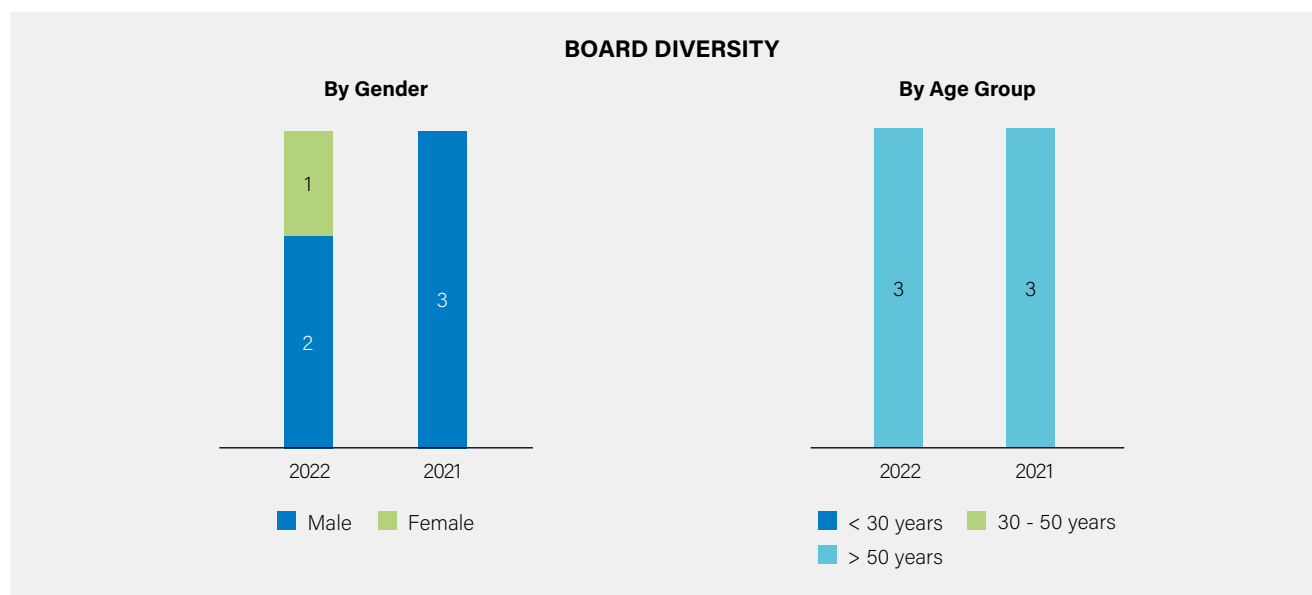


⁴ Senior management comprises the Manager's Chief Executive Officer, Chief Financial Officer, and Head of Real Estate.

⁵ Executives comprise all other staff at the Manager and Property Manager.

⁶ Non-executives comprise one pantry staff.

SUSTAINABILITY REPORT



The Manager's HR department has established company-wide policies to ensure fair employment practices are upheld and that our workforce is managed effectively and fairly. Our hiring processes remain stringent and we offer equal opportunity to all potential candidates.

Our HR policies

- Recruitment Policy
- Employee Records Policy
- Salary Policy and Performance Review Policy
- Payroll Policy
- Training and Development Policy
- Cessation of Employment Policy
- Policy on Employee Insurance and Workmen Compensation

Employees with concerns regarding workplace discrimination are encouraged to bring these issues to the attention of their supervisors or utilise the whistle-blowing channel available without the fear of reprisal. Engaging in any discriminatory behaviour is subject to disciplinary action.

Similar to FY 2021, there were zero validated cases of discrimination in FY 2022, hence meeting our target set for the year.

FY 2022 Performance

Target achieved – Maintained zero validated incidents of discrimination.

FY 2023 Target

Maintain zero validated incidents of discrimination.

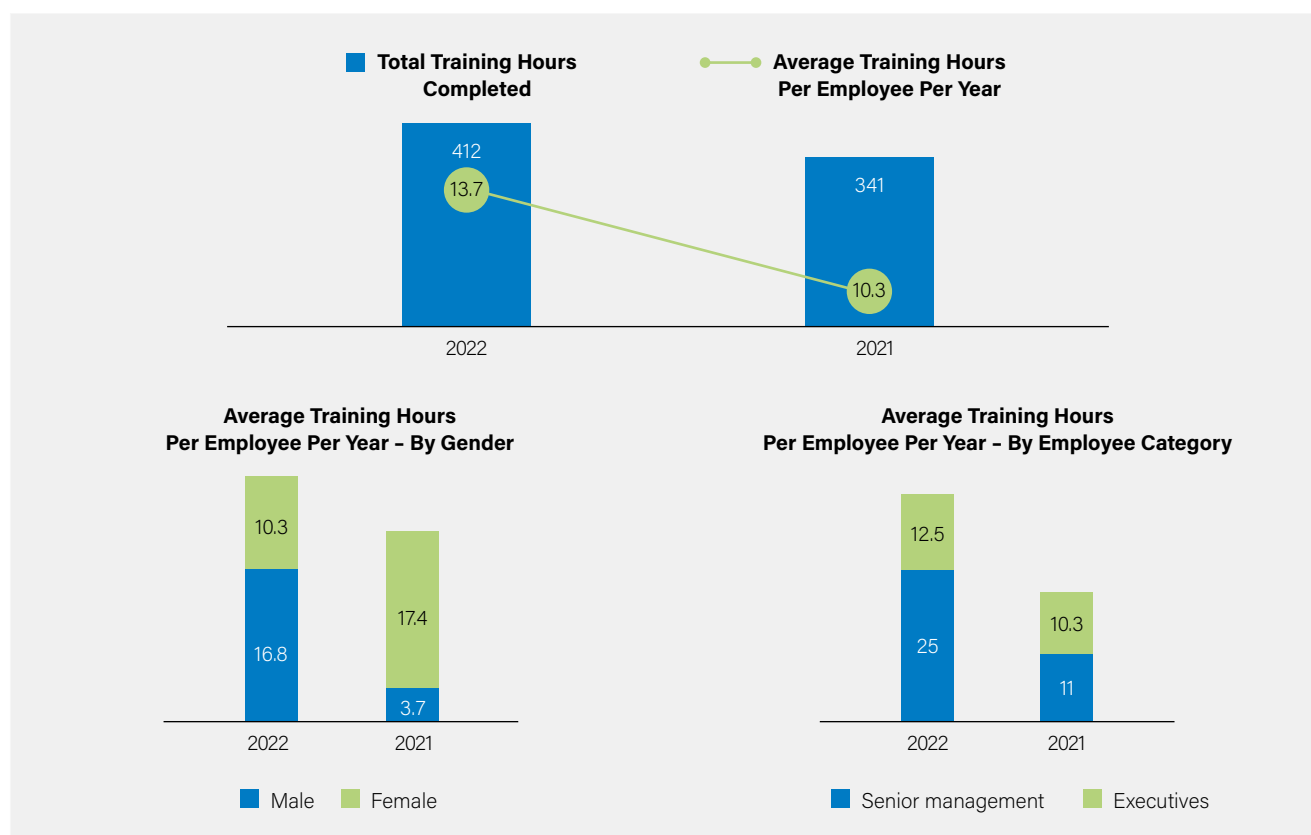
Training and Development

We believe in the holistic development of employees. We implement training and development initiatives to support employees in pursuing continuous education and job-specific training to reach their full potential. These initiatives entail educational assistance for formal qualifications and professional development through short courses. Each year, we aim to ensure that employees receive an average of 10 hours of training courses. During the year, employees attended training courses relating to compliance, capital markets, sustainability, corporate governance, and property tax, as well as the REITAS annual conference and ethics training.

Through our regular “lunch and learn” sessions in FY 2022, employees took turns to lead and share on topics such as property tax, fire safety, elderly caregiving, and visual presentation techniques. In addition to regular short courses, employees are given five days of study leave and three days of examination leave per year. To keep pace with the changing job and technology landscape, the Manager continues to invest in and enhance its learning and development offerings to all employees to nurture their capabilities and leadership excellence.



Regular “lunch and learn” sessions for employees were conducted in FY 2022



FY 2022 Performance

Target achieved – Each employee received 13.7 training hours on average.

FY 2023 Target

Ensure employees receive on average 10 hours of training.

SUSTAINABILITY REPORT

Fostering Employee Engagement

Through our annual performance reviews and planning sessions, we actively engage employees to understand their needs and expectations and monitor their satisfaction levels. In FY 2022, excluding those under probation, 100% of employees completed their annual performance review.

Regular hybrid town hall sessions and meetings were also held throughout the year to keep employees updated on the REIT's activities, plans and developments, and strengthen employee engagement. During these sessions, CEO Donald Han shared the REIT's performance and progress in executing its strategy. Apart from these update sessions, monthly "lunch and learn" sessions were held to give employees the opportunity to interact across departments and at the same time, learn a new skill or gain some useful general knowledge.

Talent Retention

We take a holistic approach to attracting and retaining talent. To this end, we recognise the importance of employee welfare and career development. We regularly monitor metrics such as our hiring and turnover rate to ensure we remain adaptive to the needs of employees and the industry at large.

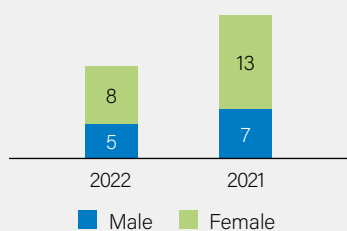
In FY 2022, the Manager and the Property Manager have a total headcount of 31 employees. The hiring rate for FY 2022 was 41.9% (FY 2021: 55.6%), while the turnover rate was 61.3% (FY 2021: 52.8%). The higher turnover rate as compared to the previous year is attributable mainly to the re-opening of the economy and the tight labour market.

As the Manager embarked on the GROW VALUE phase of its Refreshed Strategy in 2022, it took steps to ensure continuity in the REIT's operations. As part of the Manager's commitment to develop and accelerate the growth of our talent and recognise employees' contributions, we prioritised promoting or sourcing candidates from within the organisation to fill open vacancies in the past year. Most positions affected by employee turnover were filled during notice periods, which allowed for a thorough handover of duties.

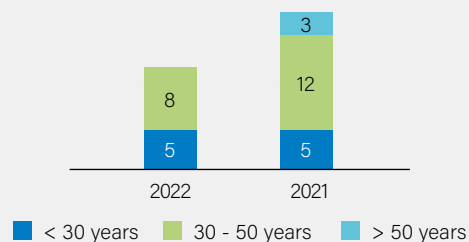
Employee engagement through regular learning and sharing sessions were conducted to support employees' personal growth, while weekly and monthly meetings with senior management provided regular feedback and advice channels between all levels in the organisation.

As for employees with outstanding performance, they were recognised for their contributions and conferred with the annual CEO Awards, which in 2022 included a new category of Environmental Award. This new award is given out to staff who make a large, positive impact on the environment by taking actions to mitigate energy consumption and water wastage. A case study was presented by the staff during a "lunch and learn" session.

**Number of New Employee Hires -
By Gender**



**Number of New Employee Hires -
By Age Group**

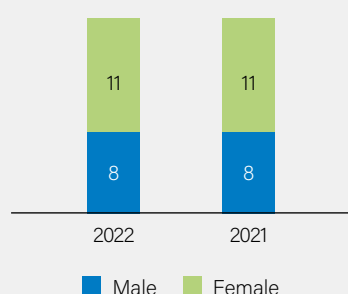
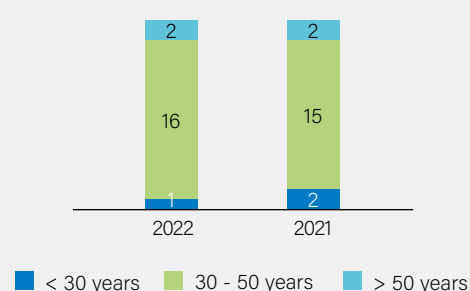


Annual Rate of New Employee Hires - By Gender⁷

Performance Measure	2022	2021
Male	33.3%	38.9%
Female	50.0%	72.2%

Annual Rate of New Employee Hires - By Age Group⁸

Performance Measure	2022	2021
< 30 years old	100%	125.0%
30 - 50 years old	42.1%	48.0%
> 50 years old	n/a	42.9%
Annual Rate of New Employee Hires⁹	41.9%	55.6%

Number of Employee Turnover - By Gender**Number of Employee Turnover - By Age Group****Annual Rate of Employee Turnover - By Gender¹⁰**

Performance Measure	2022	2021
Male	53.3%	44.4%
Female	68.8%	61.1%

Annual Rate of Employee Turnover - By Age Group¹¹

Performance Measure	2022	2021
< 30 years old	20.0%	50.0%
30 - 50 years old	84.2%	60.0%
> 50 years old	28.6%	28.6%
Annual Rate of Employee Turnover¹²	61.3%	52.8%

⁷ Annual rate of new employee hires by gender= total number of male or female new employee hires/ total number of male or female employees as at the last day of financial year.

⁸ Annual rate of new employee hires by age group= total number of new employee hires of an age group/ total number of employees of an age group as at the last day of financial year.

⁹ Annual rate of new employee hires= total number of new employee hires/ total number of employees as at the last day of financial year.

¹⁰ Annual rate of employee turnover by gender= total number of male or female employee turnover/ total number of male or female employees as at the last day of financial year.

¹¹ Annual rate of employee turnover by age group= total number of employee turnover of an age group/ total number of employees of an age group as at the last day of financial year.

¹² Annual rate of employee turnover= total number of employee turnover/ total number of employees as at the last day of financial year.

SUSTAINABILITY REPORT

FY 2022 Performance

Target achieved – Deployed fair employment practices by ensuring our hiring processes remain stringent and offering equal opportunity to all potential candidates.

FY 2023 Target

Continue to deploy fair employment practices by ensuring our hiring processes remain stringent and offer equal opportunity to all potential candidates.

TENANT SATISFACTION

Tenant satisfaction is one of the key drivers of our success as a REIT. We regularly engage our tenants on an ongoing basis through monthly site visits and annual tenant satisfaction surveys to understand tenants' expectations and needs, and continuously improve the standards of our properties. In 2022, we conducted a tenant satisfaction survey exercise which involved sending the survey forms via email by the CEO's office (comprising CEO, CFO and HRE) directly to tenants' top management, to encourage frank and honest responses. The survey focused on three main aspects: building management and maintenance, finance and leasing, and marketing services.

In FY 2022, we surveyed 158 tenants (FY 2021: 148), received 42 responses (FY 2021: 54), and achieved a satisfaction score of 72.6% (FY 2021: 77.0%). We met our target of achieving an average tenant satisfaction score of at least 70.0% across our properties. The decline in survey responses in FY 2022 is largely attributed to the shorter response period given to the tenants who were surveyed.

Performance Measure	2022	2021
Percentage of tenants who responded	25.6%	36.5%
Average tenant satisfaction score across our properties ¹³	72.6%	77.0%

FY 2022 Performance

Target achieved – Achieved average tenant satisfaction score of 72.6% across our properties.

FY 2023 Target

Achieve at least a 70.0% tenant satisfaction level for all properties surveyed, with a longer survey response period.

HEALTH & SAFETY

We are committed to maintaining a safe working environment across all our properties. To better manage and address health and safety issues throughout our value chain, we have an established Safety Committee. The Safety Committee conducts regular inspections at all our properties and meets quarterly to discuss any safety incidents and findings from safety audits conducted, as well as on an ad-hoc basis if the need arises.

To ensure compliance with fire safety and other safety regulations, the Property Manager conducts safety meetings each month at the Manager's office to share findings from the monthly safety inspections conducted at our properties. To ensure the health and safety of our people and users of our properties, the Property Manager carries out health and safety management practices involving our tenants, on-site technicians, and a majority of contract workers who are not directly employed by Sabana Industrial REIT. The Property Manager also holds toolbox meetings to ensure that our property-based teams are attentive to potential occupational health and safety issues. Annually, the Property Manager also conducts a meeting with tenants to review and discuss the actions that need to be taken in an emergency. Evacuation drills are also conducted regularly to ensure that our relevant stakeholders can respond to emergency situations. The Property Manager is a member of the Safety and Security Watch Group and participates in the Annual Table Top Exercise organised by the Serangoon Neighbourhood Police.

To identify hazards, assess risks and improve our health and safety management practices, we conduct monthly safety audits and quarterly safety meetings which involve worker participation and consultation. To better equip staff with the knowledge and skills to conduct workplace safety inspections, our property managers undergo workplace safety and risk management training.

¹³ Tenants were asked to score their satisfaction with the landlord from 1 (least satisfied) to 4 (most satisfied). Scores are given to three main categories; finance, property management and leasing.

Employees

We hold safety briefings for all new onboarding staff and provide various health and safety-related benefits. This year, we engaged external professionals to give talks on mental wellness.

While the pandemic measures have been rolled back, we ensure that we stay vigilant toward potential outbreaks in the office. To this end, we encouraged employees to attend annual health screenings and maintain hygiene levels by washing and sanitising their hands regularly. During periods of heightened alert, weekly Antigen Rapid Tests (“**ART**”) were required by all staff members before entering the office. We also recommended programmes to staff members, targeting our employees’ physical and mental wellness. The table below shows more initiatives aimed at protecting and enhancing our employees’ welfare:

- Personal accident, hospitalisation and surgical group term life insurance plans
- Workmen’s Injury Compensation Insurance Policy
- Travel insurance plans for business travel
- Annual health screenings
- 16 weeks of paid maternity leave for female employees and two weeks of paid paternity leave for male employees who have completed three calendar months of service
- Team bonding events*
- Masks and ART kits were distributed to employees
- Weekly ART tests for staff returning to the workplace

* These include birthday celebrations, lunch & learn sessions, and the Annual Dinner cum CEO’s Awards.

We have continued our strong performance in FY 2022 with a record of zero work-related injuries and ill health for all workers¹⁴ as shown in the table below.

FY 2022 Performance
Target achieved – Zero fatalities as a result of work-related injury and ill health ¹⁵
Target achieved – Zero high-consequence work-related injuries ¹⁶ (excluding fatalities)
Zero recordable work-related injuries ¹⁷ and zero cases of recordable work-related ill health ¹⁸

FY 2023 Target
Maintain zero fatalities and zero high-consequence work-related injuries for our employees and contractors.

Tenants

While we work to maintain the safety features of our properties, we expect our tenants to also comply with relevant health and safety laws and regulations in their operations. We have accordingly included clauses on compliance with health and safety laws and regulations within our tenancy agreements.

Furthermore, to monitor construction activities that may potentially cause health and safety issues, all tenants are required to apply for a Permit-to-Work (“**PTW**”) before conducting any fit-out or reinstatement works at the properties.

Vendors and Contractors

As our vendors and contractors are stakeholders within our supply chain, they perform an important role in creating positive environmental and social impact. We are committed to working closely, building, and maintaining strong partnerships with them to adhere to environmental, health and safety standards. Based on the business nature of our REIT which is wholly based in Singapore, our third-party suppliers include building equipment suppliers, mechanical and engineering service providers, architects, contractors, cleaners, and security guards, among others. All of our key vendors and contractors which our REIT engaged in 2022 are based in Singapore.

¹⁴ The above relates to all employees of the Manager and of the Property Manager as well as vendors and contractors engaged by Sabana Industrial REIT.

¹⁵ Work-related injury or ill-health is defined as negative impacts on health arising from exposure to hazards at work.

¹⁶ High-consequence workplace injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

¹⁷ Recordable work-related injury is a workplace or work-related traffic injury that results in at least 24 hours of hospitalisation or three days of Medical Certificate leave due to a single work-related accident (whether consecutive or not), as per reported to the Ministry of Manpower (“MOM”) in Singapore.

¹⁸ Recordable work-related ill health relates to occupational diseases reported to the MOM in Singapore.

SUSTAINABILITY REPORT

In consideration of our environmental and social impacts on our supply chain, we adopt intensive sourcing practices and work together with our vendors and contractors to minimise any risk along the value chain. Prior to engaging a new vendor or contractor, we require them to complete an onboarding risk assessment to ensure that they have proper health and safety processes in place.

All contractors are also required to apply for a PTW which includes a risk assessment of their respective work scope and schedule of work. Additionally, vendors and contractors must meet the minimum standard of bizSAFE Level 3. An incident flow chart is in place to guide our stakeholders on the reporting process of work-related hazards or incidents. During on-site briefings, we inform every vendor of the risks involved and the option to halt any works that could cause injury or illness. In FY 2022, similar to the previous year, there were no incidents of non-compliance concerning health and safety impacts during the use of our buildings.

FY 2022 Performance

Target achieved – Zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.

FY 2023 Target

Maintain zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.

OUR ENVIRONMENT

We understand the interdependence of our assets with the environment and the ecosystem services they provide. Striving for long-term environmental sustainability is not only the right thing to do but is imperative for the success of our business. Our approach to sustainability is built upon our considerations for environmental responsibility across our properties and our operational activities. Across the REIT, we are deploying more holistic environmental strategies as part of our continued ESG commitment and to contribute towards a cleaner and greener environment.

We have aligned to the TCFD framework and MAS guidelines on Environmental Risk Management for Asset Managers ("**MAS Guidelines**") in FY 2022. We have provided a summary below of Sabana Industrial REIT's response and actions to meet each component of the TCFD framework and the MAS Guidelines. Our progress below is based on the expectation on early adopters of TCFD recommendations. We are taking a phased approach towards full compliance with TCFD recommendations and aim to have more progressive targets in subsequent years.

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	Sabana Industrial REIT's Approach
Governance a) Describe the board's oversight of climate related risks and opportunities. b) Describe management's role in assessing and managing climate related risks and opportunities.	Governance and Strategy Board and senior management to be involved in identifying environmental risks and opportunities, evaluating their impact on the Manager's strategies, business plans and products, and ensuring the appropriate management of risks and opportunities	The Board sets the tone for the Manager's environmental risk management approach and approves the framework and policies to assess and manage environmental risk. Additionally, both the Board and senior management evaluate the impact of climate risks and opportunities when reviewing and guiding Sabana Industrial REIT's strategy, performance objectives, risk management policies, annual budgets, and business plans (including major capital expenditures, acquisitions, and divestitures). Please refer to the "Sustainability Governance" section for more information on pages 76 to 78 of this Annual Report.

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	Sabana Industrial REIT's Approach
Strategy a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Governance and Strategy Integrate environmental risk into overall investment risk management framework to identify, address and monitor the risks Research and Portfolio Construction In assessing environmental risk, to consider both transition and physical risks on an individual asset and/or portfolio level To embed relevant environmental risk considerations in this process and evaluate the potential impact of relevant environmental risk on return potential Portfolio Risk Management Where environmental risk is material, develop capabilities in scenario analysis to evaluate the impact on the portfolio and portfolio resilience to financial losses	- The Manager has integrated environmental risk into its investment risk management framework and introduced policies to ensure that environmental risk considerations are taken into account during research and portfolio construction, and are monitored and appropriately managed where the risk is material. - The Manager has also performed a qualitative assessment of transition and physical risks for all its properties. Please refer to the "Our Environment - Climate Change" section for more information on the climate risks identified, and their assessed impact under different scenarios.
Risk Management a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Portfolio Risk Management Put in place policies and processes to assess, monitor and manage environmental risk Stewardship Consider implementing AEs to improve the efficiency of resource use, or attain green building certification Consider collaborative opportunities with other asset managers to build knowledge and skills	- The Manager adopted a set of Environmental Risk Management guidelines supplementing its existing enterprise risk management framework to outline the responsibilities, policies, and processes in assessing, monitoring and managing environmental risk. - The Manager is also proactive in identifying AEs to improve the energy performance of its properties, where feasible. - Additionally, the Manager recognises the importance of building knowledge and skills in the area of environmental and climate risk and will consider collaborating with other stakeholders such as energy, water or waste consultants when opportunities arise. - Please refer to the "Our Environment -Climate Change" section on pages 88 to 91 of this Annual Report for more information on how the REIT has identified and assessed its climate-related risks identified, and the mitigating measures it has adopted.

SUSTAINABILITY REPORT

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	Sabana Industrial REIT's Approach
Metrics and Targets a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Disclosure Make regular and meaningful disclosure of environmental risks and exposure, with clear metrics and targets	- The Manager has made annual disclosures on its environmental risks and performance through its sustainability reports since FY2017. - Climate-related and environmental metrics used currently include energy consumption and intensity, Scope 2 GHG emissions and intensity, and water withdrawal and intensity. Scope 1 GHG emissions are not material in our operations and are thus currently not disclosed. Please refer to the "Sustainability Targets and Performance" section of pages 74 to 75 of this Annual Report for more information on Sabana Industrial REIT's targets and performance. - Moving forward, the REIT is also exploring to incorporate more green features across our assets, including targeting to obtain a minimum Green Mark Super Low Energy certification for 1 Tuas Avenue 4 upon its completion.

CLIMATE CHANGE

In FY2022, Sabana Industrial REIT conducted our inaugural qualitative environmental risk assessment and scenario analysis exercise to identify and assess the potential impacts of:

- Transition risks¹⁹, under a Net Zero scenario, and a Business-as-usual ("**BAU**") scenario
- Physical risks²⁰, under a BAU scenario

The Net Zero scenario assumes that the global mean temperature increase from pre-industrial levels would be 1.5°C or less by 2100, with higher transition risks arising from the regulatory, market, and technological changes in a lower-carbon and more environmentally-sustainable economy. We have assumed that physical risks would be insignificant in a Net Zero scenario.

The BAU scenario assumes that the global mean temperature increase would be more than 4°C by 2100, with higher physical risks arising from changes in the physical environment and climate. The physical risk exposure of our assets was determined using data from the CMIP5 and CMIP6 climate models for the RCP 8.5 pathway²¹.

The identified transition and physical risks were assessed for the following time horizons:

- Short-term: Within the next 5 years (by 2025)
- Medium-term: Within the next 6 to 10 years (by 2030)
- Long-term: Within the next 30 to 40 years (by 2050)

¹⁹ Transition risks arise from the process of shifts towards a low-carbon economy, and can include regulatory changes, disruptive technological developments, and shifts in consumer and investor preferences.

²⁰ Physical risks arise from the impact of weather events and long-term or widespread environmental changes, and can include increased severity of extreme weather events such as floods, and rising mean temperatures, sea levels, and weather patterns.

²¹ The Coupled Model Intercomparison Project ("**CMIP**") phases 5 and 6 provide climate modelling datasets produced under the World Climate Research Programme ("**WCRP**"), which have been used to inform the Intergovernmental Panel on Climate Change ("**IPCC**") Fifth and Sixth Assessment Reports. Representative Concentration Pathway ("**RCP**") 8.5 is a greenhouse gas concentration trajectory by the IPCC that assumes that emissions continue to rise throughout the 21st century.

Our short- and medium-term time horizons are aligned with our capital planning and investment time horizons of 5 to 10 years or more. Given that our portfolio fully comprises industrial buildings in Singapore, our medium- and long-term time horizons are aligned with Singapore's enhanced nationally determined contribution under the Paris Agreement to peak emissions by 2030 and halve 2030 peak emissions by 2050, to achieve net zero emissions as soon as viable in the second half of the century from 2050.

Our mitigating measures through our strategy, portfolio construction and risk management policies and processes in response to the results of the assessment are detailed in the tables below.

Transition Risk

Risk	Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Policy and Legal More stringent green requirements for buildings	Buildings account for over 20% of emissions in Singapore and are an important component of Singapore's climate change mitigation strategy²² Currently, the Singapore government has announced plans for 80% of buildings in Singapore to be green by 2030 and drive the adoption of super low energy buildings in the private sector from 2030 under the Singapore Green Building Masterplan. More stringent green requirements for buildings may lead to increased costs for AELs and the attainment of green building certifications.	- Has put in place investment due diligence checks to include considerations on previous breaches of environmental laws and regulations, physical risk exposure, environmental performance and management system of the target investment. - Conducts periodic scans of exposure for regulatory developments (e.g. carbon pricing, environmental building standards and resource efficiency requirements) while implementing AELs and asset rejuvenations such as installation of motion-sensor LED lighting, water saving sanitary fittings, solar photovoltaic systems and electric vehicle charging points. Please refer to the "Minimising Environmental Impact" section on page 92 of this Annual Report for more information on AELs and asset rejuvenations that have been implemented. - Aims to increase the percentage of its portfolio with green building certifications through investment activities.	 Low	 High	 Medium	 High	 Medium

²² As reported by the Singapore Green Building Council (<https://www.sgbc.sg/about-green-building/sgbmp>).

SUSTAINABILITY REPORT

Risk	Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Policy and Legal Increased pricing of greenhouse gas (GHG) emissions	The Singapore government currently imposes a carbon tax of S\$5/ton of direct Scope 1 carbon emissions (tCO₂e) for large emitters, which will go up to S\$25/ton in 2024 and 2025 and S\$45/ton in 2026 and 2027, before reaching S\$50/ton to S\$80/ton by 2030. For small emitters such as Sabana Industrial REIT which are not directly affected by the carbon tax, the increase in carbon pricing will likely lead to increased energy, fuel and waste disposal costs, resulting in increases in operating expenses²³	- Closely monitors the net property income margin of all properties to identify opportunities for the reduction of operating expenses via improving energy and water efficiency along with other cost management measures. - Conducts regular audits to identify energy, water, and resource efficiency opportunities, and to improve emissions intensity of portfolio.	● Low	● High	● Low	● High	● Low
Policy and Legal Increased climate risk and environmental reporting obligations, including loan covenants	As regulators and investors continue to push for greater transparency from businesses, compliance costs to meet reporting obligations are likely to increase. Currently, MAS expects asset managers to make climate-related disclosures aligned with TCFD recommendations. The Singapore Exchange has also proposed for compulsory TCFD-aligned climate-related disclosures, as well as other environmental disclosures for energy consumption, water and waste, to be mandated for listed companies' sustainability reports.	- Has implemented the MAS Guidelines and made qualitative disclosures in accordance with TCFD recommendations. - Conducts periodic scans of exposure for regulatory developments. - Monitors environmental metrics as listed in the "Sustainability Targets and Performance" section.	● Low	● Medium	● Low	● Medium	● Low

²³ For the Net Zero scenario, we assumed a carbon price of 106 US\$2010/tCO₂ in 2030 and 603 US\$2010/tCO₂ in 2050, based on Network for Greening the Financial System ("NGFS") REMIND-MAGPI E Net Zero 2050 model. For the BAU scenario, we assumed a carbon price of S\$80/tCO₂e in 2030 and 2050.

Risk	Description	Key Mitigating Measures	Risk Rating				
			Short 2025	Medium 2030		Long 2050	
				Net Zero	BAU	Net Zero	BAU
Policy and Legal Exposure to litigation	In recent years, there has been a rise in activist-led climate-related litigation against companies and their directors, with a near two-fold increase in climate related lawsuits in Asia from 2018 to 2020²⁴. Such lawsuits are liabilities that would require time and resources, and potentially result in diminished investor and tenant confidence.	- Regularly communicates with stakeholders including investors and tenants to understand their expectations and address their concerns regarding environmental issues. - Conducts regular media scans to monitor climate litigation events.	● Low	● Medium	● Low	● Medium	● Low
Market Risk Changing tenant expectations	As more companies are committing to ambitious environmental targets, there could be a shift in tenant demand toward more sustainable buildings. To remain competitive, Sabana Industrial REIT would need to incur increased costs for AELs.	Conducts annual tenant survey and collects tenants' feedback on an on-going basis, to understand tenants' environmental commitments and expectations, and to identify collaboration opportunities and as landlord, to support their sustainability goals through the spaces that we provide tenants.	● Medium	● Medium	● Medium	● Medium	● Medium

Physical Risk

Risk	Description	Key Mitigating Measures	Risk Rating		
			Short 2025	Medium 2030	Long 2050
				BAU	BAU
Acute Increased frequency of flood events	Increased flood events could lead to operational disruptions, increased insurance premiums, and increased costs from damage to property.	Have a business continuity plan in place to minimise operational disruptions.	● Low	● High	● High
Chronic Increase in average temperature	Increased average temperatures could cause overheating in buildings. This could lead to increased capital expenditure and operating costs to install and run additional air conditioning systems.	- Conducts periodic scans of exposure to physical risks of existing properties and takes relevant actions such as enhanced maintenance programmes to minimise damage to properties. - Will review and enhance insurance coverage to ensure the properties are adequately insured.	● Low	● High	● High
Chronic Increased wind speeds and water stress	Increasing wind speeds and water stress could lead to increased costs from property damage and operational disruptions due to water scarcity issues.	- Has included environmental risk considerations in the investment due diligence process. - Regularly monitors updates by government statutory boards such as the Public Utilities Board ("PUB")	● Low	● Medium	● Medium

²⁴ Fernandez, H. A. (2021, March 1). Climate legal cases in Asia have risen by 185% since 2018. Eco-Business. Retrieved March 3, 2022, from <https://www.eco-business.com/news/climate-legal-cases-in-asia-have-risen-by-185-since-2018/>

SUSTAINABILITY REPORT

Minimising Environmental Impact

As part of Singapore's revised 2030 Nationally Determined Contribution to reduce its carbon emissions target for 2030 to 60 million tonnes of carbon dioxide²⁵ (CO₂), Management has committed to minimise our environmental impact and focus on the efficient use of natural resources. We are implementing energy-conserving technologies and water-efficiency efforts across our properties while ensuring the resilience of our overall growth strategy.

At 151 Lorong Chuan, the existing lighting at the level 1 car park, which is approximately 100,000 sq ft in gross floor area, was replaced with energy-saving LEDs in 4Q 2022. Replacement of energy-saving LEDs in common areas for six buildings is in progress. Similar exercises will be rolled out across other multi-tenanted buildings over which the REIT has operational control.

Planning for installing electric vehicle ("EV") charging stations at 151 Lorong Chuan to support EV adoption is also well underway, with targeted completion in 1H 2023. The charging stations will be open to tenants and the public.

We also plan to utilise the roof areas of selected properties by installing solar panels to supplement our energy consumption.

Consistent with our ESG commitment, which includes improving energy and water efficiency across our portfolio, work on 508 Chai Chee Lane to improve the building's consumption efficiency has begun in FY 2022. The focus is to upgrade the building's chiller plant to reduce power and water consumption and improve system reliability. The scope includes the replacement of chiller systems and pumping systems, integration with air handling units, re-design of monitoring and control system and upgrade of the energy management system to monitor and maintain targeted system performance. Its completion target is in 2H 2023. Upon completion in 2H 2023, the energy consumption efficiency of the building is expected to increase by approximately 30%. This is in addition to our water recycling efforts at the property, which have reduced water consumption by 2 cubic metres per day.

We are enhancing our existing properties to cater to changing market and tenant requirements. 1 Tuas Avenue 4 is undergoing major addition and alteration ("A&A") works and is a testament to our broader commitment to reducing our carbon footprint through the planned A&A works on the existing structure. The new facility will incorporate green features including solar panels and a verdant green drop-off canopy and will seamlessly integrate with the surrounding public greeneries. The objective is for the facility to target to obtain a minimum Green Mark Super Low Energy certification upon its expected completion in 1H 2024.

With these ongoing projects, the Management is on-track with its strategy that is aligned with Singapore's 2030 emission targets²⁵.



Artist's impression of the new 1 Tuas Avenue 4 which will target to obtain a minimum Green Mark Super Low Energy certification upon completion

²⁵ https://www.ema.gov.sg/cmsmedia/Publications_and_Statistics/Publications/Energy-2050-Committee-Report.pdf

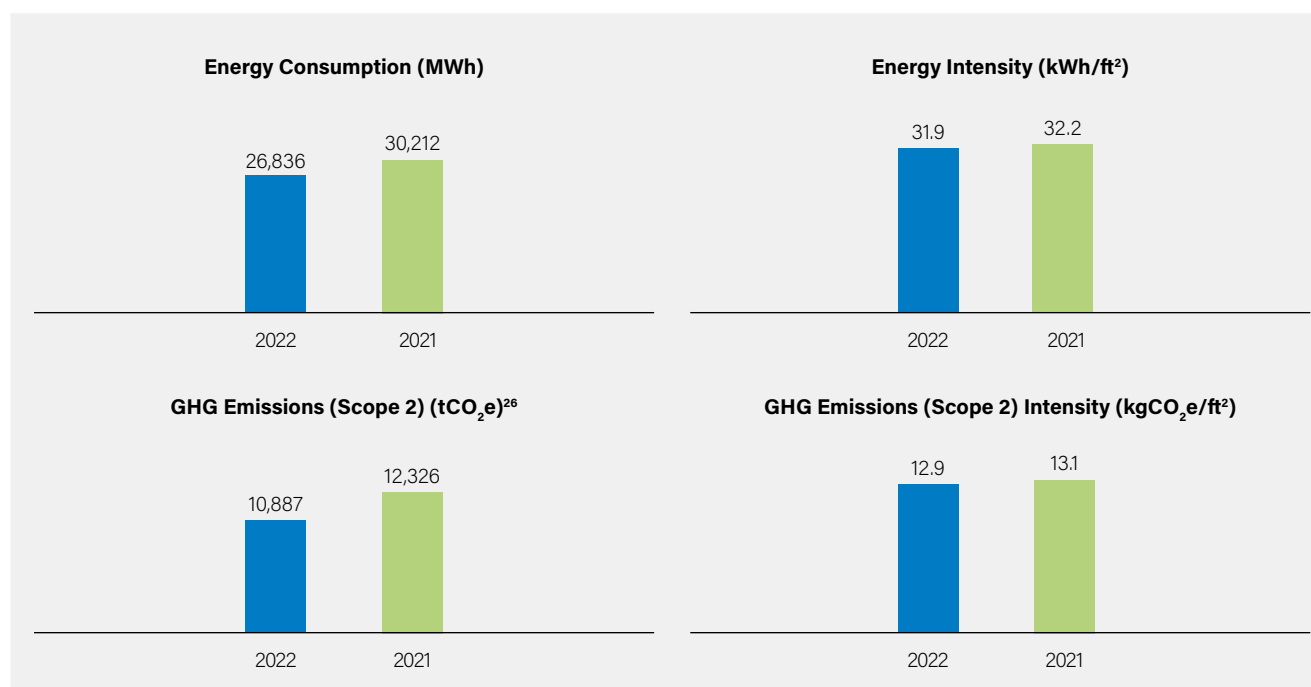
ENERGY EFFICIENCY

Sabana Industrial REIT is committed to managing its energy usage responsibly and efficiently. As the landlord, it is our responsibility to do our best to ensure tenants minimise water and energy wastage. In this regard, we strengthened our initiatives such as allowing for air conditioning along common areas of our multi-tenanted buildings only during office hours. We also encouraged energy-saving practices to our tenants through our newsletters. Our communication to tenants includes tips on energy conservation such as utilising appliances with more “ticks” and turning off main switches when not in use.

Every month, we monitor the energy consumption at our properties to identify and promptly address any abnormalities. Sabana Industrial REIT has operational control over 12 multi-tenanted properties in FY 2022. We closely monitor the energy consumption and GHG emissions of common areas (including chillers, corridors, and centralised building facilities) and the vacant net lettable area at these properties.

We have put in place cost-saving initiatives aimed at reducing electricity consumption, such as a low-emissivity glazed façade, intelligent lighting control system, LED motion sensor lights, and sleep mode for escalators and gearless lifts for some of our properties. These initiatives are aligned with the net zero carbon roadmap detailing asset-level strategies as part of Singapore Government’s Green Plan 2030. Going forward, we will continue to explore energy-efficiency measures for more of our properties.

In FY 2022, despite the increase in occupancy, energy consumption which relates to electricity usage by the landlord decreased by 11.1% to 26,836 MWh from 30,212 MWh in FY 2021 mainly due to the adjustment in common area air-conditioning setpoint to 25 degrees Celsius. The operating hours for air-conditioning were also adjusted to cater to building office hours. Common area lighting was also re-lamped in phases to LED fittings. This led to a decrease in energy intensity of 0.9% during the year.



FY 2022 Performance

Achieved – Energy intensity of common area and vacant net lettable area of properties decreased to 31.9 kWh/ft².

FY 2023 Target

Reduction of 2% year-on-year for the energy intensity of common area and vacant net lettable area of properties.

²⁶ The latest available electricity grid emission factors at the time of report publication are used for computing GHG emissions generated by electricity consumption. The latest emission factor - 2021 average operating margin- from Singapore Energy Statistics 2021 was used to calculate GHG emissions for FY 2022.

SUSTAINABILITY REPORT

WATER MANAGEMENT

Water demand in Singapore is expected to double by 2060, with the non-domestic sector contributing to 70% of that demand²⁷. To encourage water conservation, PUB has implemented the Water Efficient Building (WEB) (Basic) Certification Programme to encourage businesses, industries, schools, and buildings to adopt water-efficient measures in their premises and processes. Sabana Industrial REIT is supporting these plans with its projects aimed at water conservation and recycling.

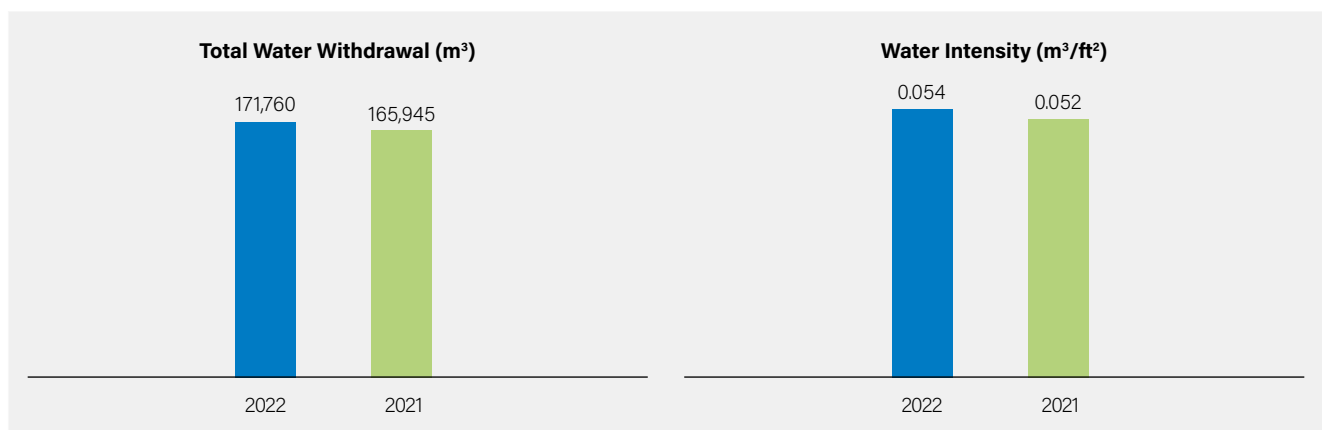
Water withdrawal relates to total water withdrawal from municipal water supplies at the 12 multi-tenanted properties over which Sabana Industrial REIT has operational control. Our tenants are the main consumers of water at our industrial properties. To reduce our water-related impacts, the Property Manager actively monitors water consumption and implements water-saving measures such as usage of sensors, retrofitting of fixtures, installing of cooling tower, regular water meter readings and collaborating with our tenants on techniques to reduce water consumption. We identify and address abnormal spikes in water consumption with our tenants.

To this end, our property management team monitors water consumption daily and reports the data for further assessment when there are sudden increases of more than 10m³ per building. We also collaborate with our tenants on water management techniques and efforts through monthly meetings with them. Whenever repair or replacement works are needed, we opt for or recommend tenants to install water-efficient fittings. Across our properties, we put up posters to remind tenants to check that taps are entirely switched off and utilise half flushes when a full one is not required. These reminders keep water conservation at the top of mind whenever water fixtures are being utilised.

In FY 2022, Sabana Industrial REIT worked towards its target to achieve PUB Water Efficient Building basic certification for selected properties. Our properties at 10 Changi South Street 2 and 23 Serangoon North Avenue 5 have been installed with new toilet water fittings, flush systems and timed taps. The certification process for these two properties was in progress as at 31 December 2022.

In FY 2022, we withdrew 171,760 m³ of freshwater²⁸ from the PUB water supply. Our total water withdrawal increased by 3.5% compared to FY 2021 due to a higher occupancy rate and an increase in tenants' operations. Consequently, our water intensity increased by 3.5% in FY 2022 as well.

We also intend to enhance our efforts to raise awareness of good water management practices amongst our tenants and employees and will continue to explore water efficiency improvements at our properties.



²⁷ <https://www.pub.gov.sg/watersupply/singaporewaterstory>

²⁸ Based on GRI Standards (2018), freshwater is defined as water with a concentration of total dissolved solid equal to or below 1000 mg /L.

FY 2022 Performance
Target achieved – Progressively installed water-efficient fittings certified under the PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks.
Target not achieved - New PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control was not attained during FY 2022.

FY 2023 Targets
Reduction of 2% year-on-year for water intensity.
Progressively attain PUB Water Efficient Building basic certification for at least 50% of the properties under the Property Manager's operational control.

WASTE MANAGEMENT

In Singapore's 2030 Green Plan, the waste to landfill per capita per day is targeted to decrease by 20% by 2026²⁹.

To do our part, the Property Manager is committed to managing our waste stream. We actively promote the reduction of waste and recycling practices with our tenants, in support of Singapore's efforts to become a zero-waste, resource efficient nation. Waste generated from our operations typically comprises non-hazardous food and general waste³⁰, which is collected by a third-party contractor and disposed off via recycling or incineration.

Building on our earlier waste management initiatives such as the provision of recycling bins at 151 Lorong Chuan, we installed e-waste bins in 2022 to encourage the proper disposal of obsolete electronics, and whenever possible, recycling of the electronics. Our efforts serve to conserve natural resources and minimise environmental impact.

In FY2022, 653.8 tons of non-hazardous food and general waste was generated from 12 multi-tenanted properties over which Sabana Industrial REIT has operational control. Of this, 4.5% were recycled, and 95.5% were diverted to waste-to-energy incineration plants.

FY 2022 Performance
Target achieved – Reported on waste data: 653.8 tons of non-hazardous waste generated, of which 4.5% was recycled, and 95.5% was diverted to waste-to-energy incineration plants.

FY 2023 Target
Encourage recycling by installing recycling bins on at least 50% of the properties under the Property Manager's operational control.

²⁹ <https://www.greenplan.gov.sg/targets>

³⁰ General waste generated typically includes paper and carton boxes

SUSTAINABILITY REPORT

OUR SOCIETY

We believe that being a responsible corporate citizen and building a lasting relationship with our communities is critical to the long-term viability of our business. Annually, we seek to contribute purposefully to the well-being of society and communities through various CSR initiatives.

COMMUNITY IMPACT

As the Manager of 18 properties, we are cognizant that our assets and operations have direct and indirect impacts on the communities in which we operate. To this end, we take a holistic approach to our CSR efforts that are aimed at encouraging and uplifting our communities.

This year, the Manager focused our CSR efforts on the children and youth in our community. Our partnership with Children's Wishing Well sought to brighten the festive season for 59 kids under their care. Children's Wishing Well is the only charity organisation in Singapore focused on the holistic education of children and youth from disadvantaged backgrounds. Their children come from low-income families, and their parents may be ill, incarcerated, or absent from their lives.

We set up a notice board tagged with the wishes of 59 children from Children's Wishing Well at New Tech Park in October. NTP+ mall patrons and New Tech Park office tenants were encouraged to sponsor the gifts requested by the children. This initiative was met with very enthusiastic participation by our shoppers and tenants. We delivered the presents to the children in December, adding a special touch to the children's Christmas experience.



CEO Donald Han with the children from Children's Wishing Well



NTP+ mall is designed with outdoor community spaces



To celebrate New Tech Park's eye-catching architecture, we held the inaugural photography contest for the community to take part



Nurturing the passion for creativity and the arts

New Tech Park, with its commercial lifestyle mall NTP+ completed in March 2021, was shortlisted for architectural achievements in Singapore and globally. In Singapore, it was nominated for the Singapore Institute of Architects (SIA) Architectural Design Awards 2022 (Special Categories). NTP+ mall, which is designed with an outdoor community landscape space on its second deck, was also mentioned in Singapore Landscape Architecture Awards (SLAA). Globally, it was shortlisted for the World Architecture Festival (WAF) 2022 Awards under the "New & Old" completed building category. To celebrate New Tech Park's unique and eye-catching architecture, we challenged our community to snap their best pictures of the mall's facade and interior. We dedicated a special category for students aged 12 to 18 only, to inspire and nurture the passion for creativity and the arts among the students. While this was open to all Singapore full-time students, we coordinated our efforts with visual arts students from a neighbouring school to join in the contest.

Taken together, our CSR efforts in FY 2022 contributed towards uplifting the less-privileged, nurturing the next generation of youths and helping in ways that we can.

FY 2022 Performance

Target achieved – Completed two local community engagement projects in the year.

FY 2023 Target

Complete at least two local community engagement projects.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI Standards Disclosure			
GRI 2: General Disclosures 2021	Organisation and its reporting process		
	2-1	Organisation details	Corporate Profile, page 4
	2-2	Entities included in the organisation's sustainability reporting	Sustainability Report, About This Report, page 69 Notes to the Financial Statements - General, page 142, Subsidiary, page 158
	2-3	Reporting period, frequency and contact point	Sustainability Report, About This Report, page 69
	2-4	Restatements of information	Not applicable as there are no restatements of information for FY2021.
	2-5	External assurance	Not applicable. We have not sought external assurance for this report but will consider it in the future.
	Activities and Workers		
	2-6	Activities, value chain and other business relationships	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 71
	2-7	Employees	Sustainability Report, Our People and Tenants - Fair Employment Practices & Talent Retention, pages 78-84
	2-8	Workers who are not employees	Information is unavailable. Numbers are not captured for the purpose of data monitoring for this Sustainability Report.
	Governance		
	2-9	Governance structure and composition	Sustainability Governance, page 70 Corporate Governance Report: pages 102-124
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report: pages 108-110
	2-11	Chair of the highest governance body	Board of Directors, pages 16-17 Our Trust Structure, page 20
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability report: page 70
	2-13	Delegation of responsibility for managing impacts	Sustainability report: page 70
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Report: pages 70, & 103
	2-15	Conflicts of interest	Sustainability Report: page 76 Corporate Governance Report: pages 103
	2-16	Communication of critical concerns	Sustainability Report: pages 70-72
	2-17	The collective knowledge of the highest governance body	Sustainability Report: page 81 Corporate Governance: page 105
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance: Principles 4 and 5, pages 109-110
	2-19	Remuneration policies	Corporate Governance: Principles 6 to 8, pages 110-112
	2-20	The process to determine the remuneration	Corporate Governance: Principles 6 to 8, pages 110-112 GRI 2-20(a)(ii) and GRI 2-20(b) are not applicable.
	2-21	Annual total compensation ratio	Confidentiality constraints. The REIT does not disclose this information as the company is bound by confidentiality.

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI Standards Disclosure			
GRI 2: General Disclosures 2021	Strategy, Policy and Practices		
	2-22	Statement on sustainable development strategy	Sustainability Report, Board Statement on Sustainability, page 68
	2-23	Policy commitments	Sustainability Report, page 76-77 Stakeholder engagement, page 71 Governance, page 122
	2-24	Embedding policy commitment	Sustainability Report pages 76-71
	2-25	Processes to remediate negative impacts	Corporate Governance: Employee code of conduct, pages 102-103; Whistle-blowing policy, page 115 Sustainability: Stakeholder engagement, pages 71-72; Governance, pages 123-124
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance, Employee code of conduct, pages 102-103; Corporate Governance: Whistle-blowing policy, pages 114-115; Sustainability Report, Stakeholder engagement, pages 71-72; Governance, pages 122-123
	2-27	Compliance with laws and regulations	Sustainability Report, Our Governance - Regulatory Compliance, pages 76-80
	2-28	Membership associations	REITAS, Financial Industry Disputes Resolution Centre (FIDReC) and SBF
	Stakeholder Engagement		
	2-29	Approach to stakeholder engagement	Sustainability Report, page 71 Our Vision, Mission and Values, page 5
	2-30	Collective bargaining agreements	Not applicable as there is no collective bargaining agreement in FY2022.
Disclosure of Material Topics			
GRI 3: Material Topics 2021	3-1	The process to determine material topics	Sustainability Report, pages 72-73
	3-2	List of material topics	
Economic Performance and Customer Experience			
GRI 3: Material Topics 2021	3-3	Management of material topics	Strategic Direction: Grow Value, page 21 Financial Highlights, page 31
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Contents, page 125 Sustainability Report, Our Society – Community Impact page 96
Resource Efficiency			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report pages 72-73
Water Management (Use and Reduction)			
GRI 303: Water and effluents (2018)	303-3	Water withdrawal	Sustainability Report, Our Environment - Water Management (Use and Reduction), pages 94-95
Waste			
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	Sustainability Report, Our Environment – Waste Management, page 95
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	

SUSTAINABILITY REPORT

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Energy			
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	Sustainability Report, Our Environment – Energy Efficiency, pages 92-93
	302-3	Energy intensity	
Climate Change Mitigation, Adaptation and Resilience Building			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Environment – Climate Change, pages 88-93
GRI 305: Emissions (2016)	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Fair Employment Practices and Talent Retention			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our People and Tenants – Fair Employment Practices, pages 78-84
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	
GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	
Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our People and Tenants – Health and Safety, pages 84-85
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI 416: Customer Health and Safety (2016)	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Business Ethics and Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Governance – Business Ethics and Anti-Corruption, page 76-78
GRI 205: Anti-corruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Regulatory Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Governance – Regulatory Compliance, page 78
GRI 307: Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	
GRI 417: Marketing and Labelling (2016)	417-3	Incidents of non-compliance concerning marketing communications	
Customer Privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Governance – Cyber-security & Data Privacy, pages 78 and 124
GRI 418: Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Community Impact			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Society – Community Impact, page 96
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	

CORPORATE GOVERNANCE

INTRODUCTION

Sabana Industrial REIT, listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), is managed by Sabana Real Estate Investment Management Pte. Ltd. (the "**Manager**").

As Manager, our main responsibility is to manage the assets and liabilities of the REIT for the benefit of the Unitholders. To this end, our main functions and responsibilities include:

- Setting the strategic direction of the REIT;
- Giving recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of the REIT (the "**Trustee**") on the acquisition, divestment and enhancement of the assets of the REIT in accordance with its stated investment strategy;
- Ensuring adequate and effective risk management, internal controls and compliance with applicable laws and regulations, including the Listing Manual of SGX-ST (the "**Listing Manual**"), the Code on Collective Investment Schemes (the "**CIS Code**") issued by the Monetary Authority of Singapore ("**MAS**") (including Appendix 6 of the CIS Code (the "**Property Funds Appendix**")), the Securities and Futures Act 2001 of Singapore (the "**SFA**"), written directions, notices and other guidelines that MAS may issue from time to time;
- Managing finance functions relating to the REIT, including financial and tax reporting, capital management, treasury and budget management;
- Attending to all regular communications with Unitholders;
- Supervising Sabana Property Management Pte. Ltd., which performs the day-to-day property management functions for the REIT's properties; and
- Considering sustainability issues in key impact areas and integrating these considerations into the management of the REIT and future plans. The sustainability efforts of the Manager and the REIT are set out in the Sustainability Report section of this Annual Report.

The Manager is licensed under the SFA to carry out REIT management activities and holds a Capital Markets Services ("**CMS**") Licence issued by MAS.

The Manager was appointed in accordance with the terms of the trust deed entered into between the Manager and the Trustee constituting Sabana Industrial REIT dated 29 October 2010 (as amended, varied or supplemented from time to time), (collectively the "**Trust Deed**"). The Trust Deed also outlines certain circumstances under which the Manager can be removed, including by notice given in writing by the Trustee upon the occurrence of certain events, such as where a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed decides on such removal.

As Manager, we are staffed by a well-qualified and dedicated team with a proven track record, skills and competencies in managing the operational matters of the REIT.

We are firmly committed to upholding high standards of corporate governance, which are essential to sustaining the REIT's business and performance. This report describes our corporate governance framework and practices in compliance with the principles and guidelines of the Code of Corporate Governance 2018 (the "**2018 Code**"). We have complied with the principles and guidelines as set out in the 2018 Code where applicable. Where there are any deviations from the provisions of the 2018 Code, explanations will be provided within this report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs Board and Board Committee Composition

The Board of Directors (the "**Board**") and Board Committee members of the Manager as at 31 December 2022 are as follows:

Name of Director	Board Membership	Audit and Risk Committee ("ARC")	Nominating and Remuneration Committee ("NRC")
Mr Tan Cheong Hin	Chairman, Independent Non-Executive Director	Member	Chairman
Mr Wong Heng Tew	Independent Non-Executive Director	Chairman	Member
Ms Lee Kia Jong Elaine ("Mrs Elaine Lim") ¹	Independent Non-Executive Director	Member	Member

The profiles of the current Directors are set out in the "Board of Directors' Profile" section on pages 16 to 17 of this Annual Report.

Board's Duties and Responsibilities

The Board's primary responsibilities are to provide leadership, set the strategic direction and ensure that the necessary resources are in place for the Manager to meet its objectives. It also sets the values and standards for the Manager and the REIT (including ethical standards of conduct) to ensure that obligations to its stakeholders are understood and met, with the ultimate aim of safeguarding and enhancing Unitholders' value. The Board sets the tone and culture across the organisation by adhering to the Code of Conduct that it has adopted. The Code of Conduct describes the Manager's mission, vision as well as core values. It also describes how employees should conduct business and maintain all business relationships.

The Board provides oversight and assumes overall responsibility for the corporate governance of the Manager. It works closely with the management of the Manager (the "**Management**") to establish goals for the Management, ensure necessary resources are in place, engage in constructive debate and challenge the Management on its assumptions and proposals, and monitor the achievement of set goals. The Board has established an oversight framework for the Manager and the REIT, including a system of internal controls which enables risks to be assessed and managed.

To optimise operational efficiency, the Board has an approved framework of delegated authorisations in its Delegation of Authority ("**DOA**"). This sets out the level of authorisation and the respective approval limits for a range of transactions by the Board, Board Committees and the Management. The DOA, which covers but is not limited to acquisitions, divestments, operating and capital expenditures, is clearly communicated to the Management in writing. It also sets out the type of transactions and matters reserved for the Board's approval, such as annual budgets, fund-raising activities, investment and divestment proposals, income distribution and other returns to Unitholders and operational matters above the defined Board approval limits.

As fiduciaries, the Directors firmly believe that commitment to good corporate governance is essential to the sustainability of the REIT's performance. The Directors are collectively and individually obliged at all times to act honestly and objectively in the best interests of Sabana Industrial REIT and its Unitholders. Consistent with this principle, the Board has adopted a comprehensive policy on Directors' Conflicts of Interest that sets out the guiding principles for Directors when faced with a potential conflict of interest situation. Please refer to page 119 for detailed procedures implemented by the Manager in dealing with conflicts of interest.

When a Director becomes aware of any conflict of interest in a particular matter, he or she is required to disclose his or her interest to the Board immediately, recuse himself or herself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions.

¹ Mrs Elaine Lim was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022. The appointment of Mrs Elaine Lim as Independent Director is subject to the endorsement of the independent Unitholders of the REIT by an ordinary resolution at or before its AGM (as defined herein).

CORPORATE GOVERNANCE

Board Committees

In order for the Board to effectively discharge its functions, the Board delegates specific areas of responsibilities to its Board Committees, namely, the NRC and ARC. Each Board Committee is governed by its terms of reference which have been carefully considered and approved by the Board. The decisions and significant matters discussed at the Board Committee meetings are reported to the Board on a periodic basis. Please refer to Principle 4 "Board Membership" and Principle 10 "Audit Committee" of this report for the terms of reference for NRC and ARC respectively.

Meetings of the Board and Board Committees

The Board meets at least once every quarter to discuss and review the quarterly operational and financial performance of the REIT including any significant acquisitions and disposals, funding strategy and hedging activities, and to approve the release of half-yearly and full year financial results on SGXNet. The Constitution of the Manager provides for Directors' participation in meetings by way of telephone or video-conferencing or other methods of simultaneous communication by electronic or telegraphic means. In addition to the quarterly meetings, ad-hoc Board and Board Committee discussions are convened whenever warranted by particular circumstances that require the Board's and Board Committee's attention, or any other matter requiring approval. On an ongoing basis, the Board and the Management communicate regularly and frequently to discuss and update each other on matters and development relating to the REIT. The Board and Board Committees may also make decisions by way of resolution in writing or approval of board papers. These board papers contain detailed explanatory information, research, facts, analysis, and recommendations on the proposals sought by the Management.

Board and Board Committee meetings for each year are scheduled in advance to facilitate Directors' individual arrangements in respect of ongoing commitments. Prior to each meeting, materials on matters to be discussed with detailed explanatory information and other relevant materials are circulated in advance, so that such matters may be considered thoroughly and fully, prior to the making of any decision. Explanatory information may also be in the form of briefings to the Directors or formal presentations by the Management in attendance at the meetings or by external professionals. All agendas for Board meetings and Board Committee meetings are reviewed and approved by the Chairman and chairmen of respective Board Committees to ensure that all relevant topics are covered in the meetings.

The number of Board meetings, Board Committee meetings and general meetings held during the year from 1 January 2022 to 31 December 2022 ("**FY 2022**") and the attendance of the Directors at such meetings are summarised as follows:

	Board Meetings	ARC Meetings	NRC Meetings	Annual General Meeting
Number of Meetings Held	8	5	3	1
Mr Tan Cheong Hin	8/8	5/5	3/3	1
Mr Wong Heng Tew	8/8	5/5	3/3	0
Mrs Elaine Lim ²	4/4	3/3	1/1	N/A
Mr Chan Wai Kheong ³	3/3	2/2	2/2	1

In addition to the above scheduled meetings, the Board held a total of five ad-hoc discussions as required by business imperatives with the Management during the year.

For the Annual General Meeting ("**AGM**"), all the Directors attended in-person except Mr Wong Heng Tew who had to attend to a family bereavement.

The Company Secretary (or representative) attends Board and Board Committee meetings and ensures that all Board procedures and the requirements of the Companies Act 1967 of Singapore (the "**Companies Act**"), the SFA and their respective subsidiary legislations and the Listing Manual are complied with. Every Board and Board Committee meeting is documented for record keeping purposes.

² Mrs Elaine Lim was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022.

³ Mr Chan Wai Kheong ceased to be an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 26 April 2022.

Access to Information, Management and Professionals

The Management provides the Board with complete, adequate and timely information prior to Board meetings and on an ongoing basis. The Management also provides any additional information as requested by the Directors in a timely manner to make informed decisions. Generally, meeting materials and supporting documents are sent to Directors at least one week in advance of each meeting for Directors to be adequately prepared for each meeting.

Board members have separate and independent access to all functions within the Manager, as well as the Company Secretary at all times for any information they may require. There is active interaction between the Directors and the Management during and outside of the Board and Board Committee meetings. The Company Secretary's responsibilities include advising the Board on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a matter for the Board to decide.

Directors, whether individually or collectively as the Board, are entitled to seek and obtain independent professional advice in the furtherance of their duties where necessary.

Directors' Development

All newly appointed Directors undergo an induction orientation programme which provides information relating to Sabana Industrial REIT's business, strategic directions, responsibilities of key personnel, financial and governance practices and key policies and procedures. Property tours to the REIT's key and strategic properties are also conducted for newly appointed Directors to familiarise them with the portfolio. The Manager issues formal letters upon the appointment of the Directors, setting out their relevant duties and obligations to acquaint them with their responsibilities as Directors of the Manager.

The Manager arranges training sessions for Directors who have no prior experience as a director of an issuer listed on the SGX-ST. These sessions cover areas such as regulatory and statutory requirements under the Companies Act, the SFA and their respective subsidiary legislations and the Listing Manual, duties, responsibilities and liabilities of a director, and roles and functions of a listed issuer's Board and Board Committees, as prescribed by the SGX-ST. During FY 2022, the Manager appointed a new Director, Mrs Elaine Lim, who has prior experience as a director of issuers listed on the SGX-ST.

All Directors are regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the Manager or the REIT. The Manager encourages and arranges for its Directors to attend training courses, so as to stay abreast of changes to the financial, legal and regulatory requirements and the business environment. The Directors may also, at any time, request for further explanations, briefings, or informal discussions on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards, as well as any aspect of the REIT's or the Manager's operations or business issues. The costs of arranging and funding the training of the Directors are borne by the Manager.

Rule 720(7) of the Listing Manual requires all directors of an issuer to undergo training on sustainability matters as prescribed by the SGX-ST and that if the NRC is of the view that training is not required because the director has expertise in sustainability matters, the basis of its assessment must be disclosed in Sabana Industrial REIT's annual report. During FY 2022, all Directors have attended sustainability training courses that were approved by the SGX-ST. Other training and development programmes received by the Directors included seminars conducted by professionals and business leaders on the financial services industry developments, corporate governance practices and environmental, social and governance developments.

Principle 2: Board Composition and Guidance

Board Independence

All three Directors of the Board are Independent Non-Executive Directors as at 31 December 2022. That is, they have no relationships with the Manager, its related companies, its substantial shareholders⁴, or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to act in the best interest of the REIT, and they are able to exercise objective judgment on corporate affairs independently from the Management and the Manager's substantial shareholders. None of the Directors have served on the Board for nine years or longer. In FY 2022, the Sponsor did not nominate any director to be on the board of the Manager.

⁴ A "substantial shareholder" of a company is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the SFA.

CORPORATE GOVERNANCE

The independence of the Board provides a key element in ensuring that appropriate checks and balances are exercised. The Independent Non-Executive Directors meet regularly without the presence of the Management to review the performance of the Management.

The NRC is tasked by the Board to assess the independence of each director and make a recommendation to the Board on his or her independence status when considering his or her appointment to the Board. Thereafter, the NRC assesses each Director's independence at least once a year, or as and when necessary, taking into consideration independence requirements set out in the Listing Manual, 2018 Code as well as Regulation 13E(b) of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SF(LCB)R**"). A Director is considered independent if he or she is independent in conduct, character, and judgment and:

- (i) is independent from the Management of the Manager and the REIT;
- (ii) is not a substantial shareholder of the Manager and is not a substantial Unitholder of the REIT;
- (iii) does not have any management or business relationships with the Manager and its related companies as well as the REIT and its subsidiaries;
- (iv) is independent from every substantial shareholder of the Manager and every substantial Unitholder of the REIT;
- (v) is not employed and has not been employed by the Manager or a substantial Unitholder of the REIT or their related corporations in the current or any of the past three financial years;
- (vi) does not have any immediate family member who is employed or has been employed by the Manager or their related corporations in the current or any of the past three financial years; and
- (vii) has not served on the Board for more than nine years from the date of his or her first appointment.

As part of the annual assessment process, the Manager requires annual declarations of independence from the Directors. The NRC reviews the Directors' self-declaration and assesses whether there is any relationship or factor disclosed by the Director or any other non-disclosed relationship or factor that may influence the Director's ability to act independently. The paragraphs below set out the outcome of the NRC's assessment in FY 2022. Each of the Independent Directors had recused himself or herself from the NRC's deliberations on his or her independence.

Mr Tan Cheong Hin

Mr Tan Cheong Hin is not faced with any of the circumstances identified in the 2018 Code, SF(LCB)R and Listing Manual and does not have any other relevant relationships, which may affect his independent judgment. The Board has considered whether Mr Tan had demonstrated independence in character and judgment in the discharge of his duties and responsibilities as a Director and concluded that Mr Tan had acted with independent judgment. As a Director, Mr Tan will also be subject to strict fiduciary duty under the SFA and common law to prioritise the interests of the REIT and the Unitholders. On the basis of the declaration of independence provided by Mr Tan and the guidance in the 2018 Code, SF(LCB)R and Listing Manual, the Board determined that Mr Tan is considered to be independent for the financial year under review under the SF(LCB)R.

Mr Wong Heng Tew

Mr Wong Heng Tew is not faced with any of the circumstances identified in the 2018 Code, SF(LCB)R and Listing Manual and does not have any other relevant relationships, which may affect his independent judgment. The Board has considered whether Mr Wong had demonstrated independence in character and judgment in the discharge of his duties and responsibilities as a director and concluded that Mr Wong had acted with independent judgment. As a Director, Mr Wong will also be subject to strict fiduciary duty under the SFA and common law to prioritise the interests of the REIT and the Unitholders. On the basis of the declaration of independence provided by Mr Wong and the guidance in the 2018 Code, SF(LCB)R and Listing Manual, the Board determined that Mr Wong is considered to be independent for the financial year under review under the SF(LCB)R.

Mrs Elaine Lim

At the recommendation of the NRC and upon obtaining the requisite approvals from MAS, Mrs Elaine Lim was appointed to join the Manager as an Independent Non-Executive Director on 6 July 2022, having been selected based on her credentials, experience, and qualifications and in accordance with the selection process set out in page 108 of the Annual Report. Mrs Elaine Lim is a strong advocate for best practices in corporate governance, providing thought-leadership and training through the Singapore Institute of Directors, to companies and directors to help achieve board excellence. Specifically, she served as a member of the review panel for a corporate governance e-guide first produced by Singapore Institute of Directors and a board appointment guide for charities published by the Council for Board Diversity. Mrs Elaine Lim also possesses a track record in capital markets transactions, stakeholder relations, crisis management and financial restructuring. Her track record, experience and knowledge complement the existing skills and experience of the Board and provide balance and diversity to the Board.

Mrs Elaine Lim is not faced with any of the circumstances identified in the 2018 Code, SF(LCB)R and Listing Manual and does not have any other relevant relationships, which may affect her independent judgment. The Board has considered whether Mrs Elaine Lim had demonstrated independence in character and judgment in the discharge of her duties and responsibilities as a director and concluded that Mrs Elaine Lim had acted with independent judgment. As a Director, Mrs Elaine Lim will also be subject to strict fiduciary duty under the SFA and common law to prioritise the interests of the REIT and the Unitholders. On the basis of the declaration of independence provided by Mrs Elaine Lim and the guidance in the 2018 Code, SF(LCB)R and Listing Manual, the Board determined that Mrs Elaine Lim is considered to be independent for the financial year under review under the SF(LCB)R.

Overall, the Board is satisfied that there is a strong and independent element on the Board.

Board Diversity

The Board sees diversity as an essential element in achieving its strategic objectives of driving long-term, sustainable value and safeguarding stakeholder interests. It believes that embracing diversity allows for Directors to benefit from different perspectives and foster a healthy exchange of ideas, thereby ensuring effective, robust decision making and underpinning strong governance of the Manager and the REIT's operations.

The Board fully endorses diversity and has adopted a Board Diversity Policy. The policy guides the Board in ensuring a diverse balance and mix of expertise, experience, perspectives, skills, talents, knowledge, and backgrounds, with due consideration to diversity factors. These include, but are not limited to, diversity in terms of business or professional experience, age and gender and other relevant personal attributes that each candidate can bring to the overall Board composition.

In accordance with Rule 710A of the Listing Manual, the Board sets qualitative and measurable quantitative targets (where appropriate) for achieving board diversity, and reviews its progress towards achieving such targets. These targets are:

- (i) majority of the Board members to be independent
- (ii) to include at least one female Board member
- (iii) Board members to possess experience in finance, real estate, investment, corporate governance, legal, stakeholder engagement, and business development including overseas property investment management.

The current Board comprises individuals who are professionals with relevant industry knowledge and backgrounds. As of 31 December 2022, all three targets have been achieved and the NRC will continue to assess and commit towards maintaining an effective and diverse Board in accordance with its Board Diversity policy. Together, the Board as a group provides an appropriate balance and diversity of skills with the expertise, experience, perspectives, skills, talents, knowledge, and backgrounds, business or professional experience, age and gender (one out of three Directors is a female Director). Their varied backgrounds enable Management to benefit from their diverse expertise and experience to further the interests of Sabana Industrial REIT and its Unitholders.

Taking into account the diversity of the Board and the individual experience of the Board members, the NRC is of the view that the Board has an appropriate level of diversity of thought and background in its composition that enhances the breadth of views and perspectives that aid robust and constructive discussions. This enables the Board to make decisions in the best interests of Sabana Industrial REIT and its Unitholders.

For more information on the Board members' composition and experiences, please refer to the "Board of Directors' Profile" section on pages 16 to 17 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

The division of responsibilities and functions between the Chairman and the CEO has been demarcated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman, Mr Tan Cheong Hin, and the CEO, Mr Han Yong Lee (Donald), are not related to each other, nor is there any business relationship between them.

The Chairman leads the Board to ensure its effectiveness by promoting a culture of openness and debate at the Board meetings on key issues pertinent to the business and operations of the REIT and the Manager. He encourages effective contribution from all Directors and facilitates constructive relations with the Board and between the Board and the Management. He ensures the Directors receive complete, adequate and timely information and promotes effective communication with Unitholders on the performance of the REIT. He also spearheads the Manager's drive to achieve and maintain high standards of corporate governance.

CORPORATE GOVERNANCE

The CEO has full executive responsibilities over the business direction and operational decisions in managing the REIT. He is responsible for the day-to-day management of the REIT's business and accountable to the Board for the execution of the Board's adopted strategies and policies.

Principle 4: Board Membership

NRC and its Roles and Responsibilities

As at 31 December 2022, the NRC comprised all of the Directors of the Board, with each of the Directors being an Independent Non-Executive Director. The NRC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference.

The roles and responsibilities of the NRC include:

- Reviewing succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- Developing a process and criteria for evaluation of the performance of the Board, its board committees and Directors;
- Reviewing training and professional development programmes for the Board and its Directors. The NRC has noted that all Directors must undergo training on sustainability matters as prescribed by the SGX-ST, and that if the NRC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed in Sabana Industrial REIT's annual reports;
- Appointing and re-appointing Directors;
- Reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel, which should be aligned with the long-term interests and risk policies of the Manager; and
- Reviewing and recommending to the Board the specific remuneration packages for each Director as well as each key management personnel, covering all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

Process for Selection, Appointment and Re-appointment of Directors

The NRC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board and the Board Committees. It also leads the process for the search, identification, evaluation and selection of suitable candidates for new directorships.

The criteria used to identify and evaluate potential new directors are based on the consideration of composition and progressive renewal of the Board and each director's background, experience and knowledge in business and general management, and expertise relevant to the REIT's businesses. The NRC also considers the director's principal commitment, contribution and performance (e.g. attendance, preparedness, participation and candour), number of board representations (and any conflicts of interest), including but not limited to, if applicable, as an Independent Director.

The composition of the Board is determined using the following principles:

- (i) The Chairman should be an Independent Non-Executive Director;
- (ii) To comply with regulatory requirements, at least half of the Board currently comprises Independent Directors; and
- (iii) The Board should be of an appropriate size and have a mix of experience in business, finance, legal and management skills, knowledge, experience, and other aspects of diversity critical to the REIT's business. Each Director should bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NRC is of the view that the collection of skills, experience and diversity of the Board meets the needs of the Manager and the REIT, which is in line with the Board Diversity Policy disclosed under Principle 2 in this report. The profiles of the Directors are set out in the "Board of Directors' Profile" section of this Annual Report.

In addition, the NRC conducts its search for possible candidates via networking contacts and recommendations. It also taps professional head-hunters from time to time to assist with the identification and shortlisting of candidates. In evaluating prospective candidates for the Board, the NRC will interview the candidate and conduct due diligence background checks such as references, bankruptcy checks and past misconducts to ensure the fitness and propriety of the individual. After all these internal processes are completed, the Manager will file a notification to the MAS for appropriate approval.

Board succession planning is considered during the annual review of the Board composition, re-appointment of Directors as well as when a Director gives notice of his or her intention to retire or resign. Appointments and re-appointments of Directors are also in accordance with the Constitution of the Manager, the SF(LCB)R and the Listing Manual. The Board seeks to refresh its membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance.

There were no alternate directors appointed in FY 2022. In keeping with the principle that a Director must be able to commit time to the affairs of the Manager, the Board will generally not approve the appointment of alternate directors.

Review of Directors' Ability to Commit Time

Directors are required to devote sufficient time and attention to adequately perform their roles, duties and responsibilities and attend to the affairs of the Manager and the REIT. The NRC reviews each Director's competing time commitments including employment and other board memberships to determine whether the Director has and can suitably fulfil his or her duties as a Director of the Manager on an annual basis and as and when there is a change to a Director's principal commitments. The principal commitments of each Director are listed in the "Board of Directors' Profile" section of this Annual Report.

The Board is of the view that the limit on the number of listed company directorships that an individual Director may hold should be considered on a case-by-case basis, but as a general rule, each Director should hold no more than seven listed company board appointments. As at 31 December 2022, each Director did not hold more than two directorships in other listed companies. Additionally, the NRC will also assess whether a Director with other non-listed board representations and/or involvement in non-profit organisations is able to and has been adequately carrying out his or her duties as a Director of the Manager.

Based on the reviews by the NRC, the Board is satisfied that each Director has been able to adequately discharge his or her duties and contribute to the overall effectiveness of the Board.

Review of Directors' Independence

The NRC determines annually, and as and when circumstances require, whether a Director is independent. Please refer to Principle 2 "Board Composition and Guidance – Board Independence" and Principle 5 "Board Performance" of this report for further information.

Principle 5: Board Performance

The Manager recognises that a strong Board that provides effective guidance and directions to the Management is critical for the success of the REIT.

To this end, the NRC carries out an internal annual process to assess the effectiveness of the Board as a whole and the Board Committees and the contribution by each individual Director and the Chairman to the effectiveness of the Board. The assessment is based on a range of performance criteria as approved by the Board. As part of the review process, the individual Directors are required to complete performance evaluation forms for their role as a Board member and Board Committee member (as relevant). The evaluation results are consolidated and reported to the Chairman of NRC and Board. Where necessary, action plans are identified and implemented with the objectives to enhance the effectiveness of the Board, the Board Committees and individual Directors in the discharge of their roles and responsibilities.

Board and Board Committee Evaluation

The evaluation criteria for the Board as a whole include Board composition, Board information, Board process, internal controls and risk management, Board accountability, communication and standards of conduct, with a clear division of responsibilities and duties between the Board and the CEO.

For Board Committees, the general evaluation criteria include memberships and appointments, meetings, training and resources, standards of conduct, and communication with Unitholders.

Specifically for the ARC, the evaluation criteria focus on financial reporting, internal controls and risk management systems, internal audit process, external audit process, whistle-blowing, and the ARC's relationship with the Board. The ARC is also responsible for overseeing the REIT's sustainability efforts, determining the material environment, social and governance factors and taking them into consideration in determining the REIT's strategic priorities.

For the NRC, the evaluation criteria include the process of selecting and appointing new Directors, board diversity, nomination of Directors for re-election, independence of Directors, Board performance evaluation and succession planning, among others.

CORPORATE GOVERNANCE

Individual Directors Evaluation

The NRC also determines, among other things, the independence of Directors and whether Directors, including those who hold multiple board representations or have other competing principal commitments, are able to and have been adequately carrying out his or her duties as Board and Board Committee members. It also evaluates areas such as the individual Directors' attendance and participation of meetings, and their contribution to these meetings as well as strategic thinking and risk management.

For FY 2022, the outcomes of the evaluations were satisfactory and the Directors as a whole received affirmative ratings across all evaluation criteria. The NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

The NRC, which currently comprises entirely Independent Non-Executive Directors, serves the crucial role of ensuring that a formal and transparent procedure is established for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and key management personnel.

The remuneration policy comprises the following distinct objectives:

- to ensure that the procedure for determining remuneration for Directors and executive officers is formal and transparent;
- to ensure that the level of remuneration is sufficient to attract and retain Directors and that the remuneration packages are competitive in attracting and retaining employees;
- to ensure that no Director is involved in deciding on his or her own remuneration;
- to ensure that remuneration is commensurate with employees' duties, responsibilities and length of service;
- to build sustainable value-creation to align with long-term Unitholder interest;
- to reward employees for achieving performance targets; and
- to enhance retention of key talents to build strong organisational capabilities.

The NRC determines remuneration packages, termination terms and service terms of individual Directors and key management personnel in accordance with the aforementioned policies and to ensure that they are fair. The NRC takes into consideration the compensation benchmarks within the industry as appropriate, as well as the performance of the REIT and that of the individual key management personnel. This is to ensure that the level and mix of remuneration for the Manager remain competitive and aligned with Unitholders' interests in order to support the long-term success of the REIT. The NRC also considers how to build up depth in management strength and development of key management personnel to ensure sustainability, continual development of talent and renewal of strong and competent leadership in the interests of the REIT, as well as succession planning of key management personnel.

A salary benchmarking exercise is conducted on a regular basis with the assistance of an independent remuneration consultant. The benchmarking report covers both Directors and key management personnel, and is used as a guide and reference in determining the remuneration packages respectively. The consultant is not related to the Manager, its controlling shareholder or any of its Directors. The previous exercise was conducted in FY 2021 and no independent remuneration consultant was appointed in respect of FY 2022.

Performance-based Remuneration for Key Management Personnel

Key management personnel's remuneration comprises three components, namely annual fixed salary, bonus and other benefits (i.e. leave encashment, mobile and transport allowances). The bonus component aims to encourage individual performance and consists of annual wage supplement and performance bonus. The variable components of key management personnel's remuneration are directly linked to the REIT's financial and non-financial performance as well as individual performance of the key management personnel, who is evaluated against clear and measurable key performance indicators ("KPI") approved by the NRC and Board that are aligned with the strategic goals of the REIT. Please refer to page 112 of this Annual Report for the disclosure of remuneration for key management personnel.

This structure aims to motivate the key management personnel to work towards achieving the strategic goals of the REIT. It also promotes a culture of meritocracy and inculcates positive long-term behaviour amongst the key management personnel, aligning the way which the Manager conducts its business so as to attain stronger performance and greater efficiency. This process allows the Manager to retain outstanding performers and attract good candidates to execute the REIT's strategic priorities and business plans.

The Manager carries out a formal annual performance review of the key management personnel to reinforce identified strengths as well as focus on areas of improvement and draw up staff development plans. Based on the performance review, the NRC and the Board are of the opinion that all the KPIs used to determine the remuneration of key management personnel have either been met or exceeded. The NRC and the Board are of the view that the remuneration is in keeping with the performance of the REIT in FY 2022 and also facilitated the alignment of interests of key management personnel with those of Unitholders. The compensation structure is also aligned with the risk management policies of the REIT.

Remuneration for Non-Executive Directors

Independent Non-Executive Directors are paid a fixed fee based on the level of responsibilities at the Board level, and where applicable, additional responsibilities given in other committees set up by the Board. The chairmen of the Board, ARC and NRC are paid higher fees compared with members of the Board in view of the greater responsibilities carried by those appointments.

There are currently no option schemes or other long-term incentive schemes for Directors and employees. There are no employees who are substantial shareholders of the Manager, substantial Unitholders of the REIT, or immediate family members of any Director or the CEO or any substantial shareholder of the Manager or substantial Unitholder of the REIT. In addition, the remuneration of Directors and executive officers are paid entirely in cash only. No Director or executive officers are paid in the form of Units or interests in the Manager's controlling shareholder or its related entities and their remuneration is also not linked (directly or indirectly) to the performance of any entity other than the REIT.

Specifically for the ARC, the evaluation criteria focus on financial reporting, internal controls and risk management systems, internal audit process, external audit process, whistle-blowing, and the ARC's relationship with the Board.

For the NRC, the evaluation criteria include the process of selecting and appointing new Directors, board diversity, nomination of Directors for re-election, independence of Directors, board performance evaluation and succession planning, among others.

Individual Directors Evaluation

The NRC also determines, among other things, the independence of Directors and whether Directors, including those who hold multiple board representations or have other competing principal commitments, are able to and have been adequately carrying out his or her duties as Board and Board Committee members. It also evaluates areas such as the individual Directors' attendance and participation of meetings, and their contribution to these meetings as well as strategic thinking and risk management.

For FY 2022, the outcomes of the evaluations were satisfactory and the Directors as a whole received affirmative ratings across all evaluation criteria. The NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary.

Disclosure of Remuneration of Directors and Key Management Personnel

The remuneration of the Directors and employees of the Manager are paid directly by the Manager from the fees it receives. In this regard, the Manager's report on the remuneration paid and payable to each individual Director, CEO and the key management personnel from 1 January 2022 to 31 December 2022 is disclosed as follows:

Directors	Directors' fees (\$'000)
Mr Tan Cheong Hin	150.0
Mr Wong Heng Tew	125.0
Mrs Elaine Lim ⁵	51.5
Mr Chan Wai Kheong ⁶	59.3

⁵ Mrs Elaine Lim was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022.

⁶ Mr Chan Wai Kheong ceased to be an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 26 April 2022.

CORPORATE GOVERNANCE

Remuneration Bands of Key Management Personnel	Designation	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
\$500,000 - \$750,000					
Mr Han Yong Lee (Donald)	Chief Executive Officer	66.6	30.5	2.9	100.0
\$250,000 - \$500,000					
Mr Lim Wei Huang	Chief Financial Officer	66.0	30.3	3.7	100.0
Ms Yap Pui Ling (Jessica)	Head of Real Estate	65.7	30.1	4.2	100.0

Note: Remuneration was based on amount paid and payable in FY 2022. There were no other key management personnel as at 31 December 2022.

Pursuant to the 2018 Code and the "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" issued by the MAS (Notice No: SFA4-N14), managers of real estate investment trusts, being holders of a Capital Markets Services Licence, are required, on a "comply or explain" basis, to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five key management personnel (who are not directors or the CEO), on a named basis, in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.

The Manager has decided (a) to disclose the CEO's remuneration in bands of \$250,000 (instead of the actual quantum) and (b) not to disclose the aggregate remuneration of all of the abovenamed key management personnel (excluding the CEO) for the following reasons:

- the key management team is small and to provide further disclosure on the actual amount of remuneration paid will be highly sensitive and may subject the Manager to risk of staff turnover, which is not in the best interests of Unitholders; and
- the remuneration of the key management personnel (including the CEO) is paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out on page 182 of this Annual Report.

The Board believes the Unitholders and the REIT will not be prejudiced as a result of such non-disclosure. The Board is also of the view that despite the partial deviation from Provision 8.1 of the 2018 Code, the Manager has been transparent on remuneration matters in line with the intent of Principle 8 of the 2018 Code, as information on the Manager's remuneration policies, level and mix of remuneration, procedure for setting remuneration and the relationships between remuneration, performance and value creation has been disclosed in detail in the preceding paragraphs.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls. The Board approves and determines the REIT's risk appetite, which is the nature and extent of material risks that the REIT is willing to take to achieve its strategic objectives and value creation.

The Board, through the ARC, reviews the adequacy of the Manager's risk management framework and ensures that a robust system of risk management and internal controls is in place to safeguard the interests of its Unitholders.

The ARC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference. The main duties of the ARC include reviewing and monitoring the effectiveness of the Manager's internal controls relating to financial, operational, compliance and risk management processes, at least annually. Please refer to Principle 10 "Audit Committee" of this report for further information on the ARC's roles and responsibilities.

Risk Management Framework and Internal Control System

Having a sound, robust and effective risk management is an integral part of the REIT's strategy. To this end, the Manager adopts an Enterprise Risk Management ("ERM") Framework which sets out the structure and process for managing risks in an integrated, systematic and consistent manner. The Manager reviews and updates its ERM Framework periodically to adapt to the changes in business climate. Through a structured risk identification process and the use of a risk register, the key financial, operational, compliance and information technology risks identified by the Management are documented and presented against the response strategies and control measures put in place to mitigate those risks. To enhance risk mitigation, the ERM framework is integrated with the internal auditor's annual work plan.

More information on the Manager's ERM Framework including the principal risks identified can be found in the ERM section on pages 122 to 124 of this Annual Report.

The Board, the ARC and the Management work closely together to review the adequacy and effectiveness of risk management and internal controls systems at least once a year. They take into account the best practices and guidance in the Listing Manual and Risk Governance Guidance for Listed Boards set by the Corporate Governance Council.

The internal auditors conduct internal control reviews based on the internal audit plan (in relation to salient aspects of the Manager's internal control systems, including asset management, investment management, property management, procurement and payments, human resources, interested party transactions) approved by the ARC. The internal auditors report their findings and recommendations to the Management who would respond on the actions to be taken. The internal auditors submit internal audit reports at least twice yearly to the ARC.

During FY 2022, the internal auditors conducted agreed-upon audit procedures on the adequacy and effectiveness of the measures for identifying and managing conflicts of interest. There were no material weaknesses of the internal control and risk management system identified during FY 2022.

Over and above the internal control reviews, the Manager has adopted, among others, its Whistle-blowing Policy and Code of Best Practices on Securities Transactions, demonstrating the Manager's commitment in operating its business within a framework that fosters strong ethical and legal standards.

Board's Comment on Internal Controls and Risk Management

The Board has received assurance from the CEO and CFO of the Manager, that:

- the financial records have been properly maintained, that the financial statements for FY 2022 give a true and fair view of the REIT's operations and finances; and
- the Manager's risk management and internal control systems are adequate and effective to address the risks including financial, operational, compliance and information technology risks that the Manager considers relevant and material to the REIT's operations.

Based on the internal controls in place (including the procedures for managing conflicts of interest), the ERM Framework established and maintained by the Management, work performed by the internal and external auditors, and the written assurances received from the CEO and CFO that potential conflicts of interest (if any) have been effectively managed, the Board, with the concurrence of the ARC, is of the view that taking into account the nature, scale and complexity of the Manager's operations, the REIT's internal controls (including financial, operational, compliance, information technology controls, controls to manage conflicts of interest), and risk management systems were adequate and effective and all conflicts of interest have been effectively managed as at 31 December 2022. For procedures on the management of conflicts of interest, see page 119 of this Annual Report.

In this regard, the Board notes that the system of internal controls and risk management provides a reasonable but not absolute assurance that the REIT will not be severely affected by any event that could be reasonably foreseen. Neither can any system of internal controls and risk management provide absolute assurance against the occurrence of material errors, poor judgment, human error, losses, fraud or other irregularities. There were no material weaknesses identified by the Board or the ARC in relation to the internal controls or risk management systems of the REIT.

Principle 10: Audit Committee

ARC and its Roles and Responsibilities

As at 31 December 2022, the ARC comprises all of the Directors of the Board, with each of the Directors being an Independent Non-Executive Director. The Board is of the view that all the members of the ARC are suitably qualified with recent and relevant finance and accounting backgrounds to assist the Board in the areas of internal controls, financial and accounting matters, compliance and risk management. The ARC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference.

CORPORATE GOVERNANCE

The roles and responsibilities of the ARC include:

- Reviewing and recommending to the Board for approval, the half-yearly and full-year financial results and related SGX announcements;
- Reviewing Interested Person/Party Transactions;
- Reviewing the assurances from the CEO and CFO on the financial records and financial statements;
- Reviewing and approving the internal and external audit plans to ensure the adequacy of the audit scope;
- Reviewing the independence, adequacy and effectiveness of the external audit and the internal audit function;
- Reviewing and evaluating with internal and external auditors, the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls, and risk management policies and framework;
- Reviewing the internal and external audit reports and monitoring the timely and proper implementation of any corrective or improvement measures;
- Reviewing the nature and extent of non-audit services, including their remuneration and terms of engagement, performed by the external auditors;
- Reviewing the independence and objectivity of the external auditors, and recommending to the Board on their appointment, re-appointment and removal;
- Overseeing the REIT's sustainability efforts, determining the material environment, social and governance factors and taking them into consideration in determining the REIT's strategic priorities; and
- Reviewing whistle-blowing arrangements put in place by the Management.

The separation of the roles of the Chairman of the Board and the Chairman of the ARC ensures greater independence of the ARC in the discharge of its duties. The ARC does not comprise former partners of the REIT's incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) who have any financial interest in KPMG LLP.

The ARC holds at least four scheduled meetings in a year and met five times in FY 2022, inclusive of ad-hoc meetings. At these scheduled meetings during FY 2022, the CEO and CFO were in attendance. During FY 2022, the ARC reviewed the half-yearly and full-year financial results for recommendation to the Board for approval and release of financial statements. The ARC received regular updates and discussed with external auditors and the Management on changes to accounting standards and issues which may have a direct impact on financial statements. The ARC also reviewed, among other matters, the following key audit matter identified by the external auditor for FY 2022:

Key Audit Matter	How this issue was addressed by the ARC
Valuation of investment properties	The external valuations are conducted by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. As required by the CIS Code, the independent valuer should not value the same property for more than two consecutive financial years. The Management applies a rigorous process every two years to select valuers based on their independence, track record, professional and relevant expertise in the respective cluster of properties. The ARC considered the methodology applied to the valuation model in assessing the valuation of investment properties conducted by these valuers, and also evaluated the valuers' objectivity and competency. The ARC reviewed the reasonableness of the projected cash flows, the key assumptions used (including market rental growth, price per square foot, terminal yield, capitalisation and discount rates) and the procedures taken where rates were outside the expected range in the valuation model, taking into consideration comparability and market factors. The valuation of investment properties was an area of focus for the external auditors. Please refer to page 126 of this Annual Report for the key audit matter as reported by the external auditors in the audit report for the financial year ended 31 December 2022. No other significant matter came to the attention of the ARC during the course of the review.

The ARC meets with internal and external auditors without the presence of the Management at least once a year. The ARC has full access to and co-operation by the Management and full discretion to invite any Director or employee of the Manager to attend its meetings.

Internal and External Audit

The ARC decides on the appointment, termination and remuneration of the head of the internal audit function. Additionally, the ARC ensures that the internal audit function is adequately resourced and able to well-support the requirements of the Manager. The internal audit function of the Manager is outsourced to BDO Advisory Pte. Ltd. The internal auditors are guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, and report directly to the ARC on audit matters. The internal audit function has unfettered access to all the REIT's documents, records, properties, and personnel, including the ARC, and has appropriate standing within the REIT and the Manager.

The ARC, through the assistance of internal and external auditors, reviews, and reports to the Board on the adequacy and effectiveness of the Manager's internal system of controls, including financial, operational, compliance and information technology controls put in place by the Management as part of the framework.

The ARC also reviews and approves the internal auditor's plans to ensure that the scope of audit was sufficient for purposes of reviewing the significant internal controls of the REIT and the Manager.

The audit findings and recommendations are communicated by the internal auditor to the ARC. Any significant issues would be discussed at the ARC meetings.

For FY 2022, the ARC has reviewed the internal audit function and is of the view that the internal audit function is independent, effective and has adequate resources.

Similarly, the ARC makes recommendations to the Board on the appointment or re-appointment of the external auditors, taking into consideration the scope, results of the audit, as well as the cost effectiveness, independence, and objectivity of the external auditors.

For FY 2022, the ARC has conducted a review of all non-audit services provided by the external auditors to REIT and its subsidiaries and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The amount paid and payable to external auditors for audit and non-audit services fees (in relation to tax advisory services, including a one-off tax advisory service relating to GST status) were approximately \$214,950 and \$79,900 respectively for FY 2022, amounting to an aggregate amount of \$294,850. The ratio of non-audit service fee to annual audit fee was 37.2%.

The ARC, with the concurrence of the Board, has recommended the proposed appointment of Ernst & Young LLP as the external auditors with effect from FY2023. The proposed appointment of the external auditors will be subject to approval by way of an ordinary resolution of Unitholders at the Annual General Meeting ("AGM"), to be held on 25 April 2023.

In appointing the audit firm for the REIT and its subsidiaries, the Board is satisfied that the REIT has complied with the requirements of Rules 712 and 715 of the Listing Manual.

Whistle-blowing Policy

The Manager has established procedures to provide employees of the Manager and the tenants and vendors of the REIT with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to the REIT or the Manager and its employees and Directors, directly to the Chairman of ARC, which comprises three Independent Directors, without fear of retaliation, discrimination or adverse consequences. This policy has been updated and published on the REIT's website at <http://sabana.listedcompany.com/whistleblowing.html>.

The aim of the whistle-blowing policy is to encourage the reporting of such matters in good faith, with the confidence that the identities of those making such reports will be kept confidential and they would be treated fairly, and to the extent possible, be protected from reprisal. The ARC is responsible for the oversight and monitoring of the investigation of whistle-blowing reports made in good faith. Independent, thorough investigations and appropriate follow-up actions will be taken.

UNITHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meeting

The Manager is committed to treating all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights under the Trust Deed and the relevant laws and regulations.

CORPORATE GOVERNANCE

General Meetings

The Manager welcomes active Unitholder participation at general meetings. It believes that AGMs and extraordinary general meetings ("**EGMs**") serve as an opportune forum for Unitholders to meet the Board and senior management and to communicate their views.

Prior to each general meeting, Unitholders are provided with timely information of general meetings through notices sent to them and also published on SGXNet, newspapers, and Sabana Industrial REIT's website, in accordance with the requisite notice period, to enable Unitholders to participate effectively and vote at such meetings. Printed copies of the Annual Report are made available to Unitholders upon request and electronic copies of the Annual Report can be downloaded from the REIT's website. Separate resolutions are proposed for substantially separate issues at the meetings and detailed information is provided on each resolution to enable Unitholders to exercise their votes on an informed basis. At each AGM, the CEO provides Unitholders an update on the REIT's performance and progress over the past year.

The Manager has implemented the system of voting by poll at its AGMs or EGMs. Results of each resolution put to vote at the AGM or EGM are processed by independent scrutineers and the results are announced with details of percentages in favour and against, in a timely manner after the meeting via SGXNet. The minutes of the AGM and/or EGM recording the substantial and relevant comments made and questions raised by Unitholders, and responses from the Board and the Management, are published within one month after the AGM or EGM (as the case may be).

Provision 11.4 of the 2018 Code requires an issuer's constitutive documents to allow for abstentia voting at general meetings of Unitholders. Sabana Industrial REIT's Trust Deed currently does not permit Unitholders to vote at general meetings in absentia (such as via mail, email or fax). The Manager is of the view that despite the deviation from Provision 11.4 of the 2018 Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting the REIT even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. The Manager will consider implementing relevant amendments to the Trust Deed to allow for abstentia voting after careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

AGM 2022

Amidst the COVID-19 situation, the Manager has complied with the health advisory issued by the relevant authorities and held the AGM on 26 April 2022 ("**AGM 2022**") via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders 2020 ("**COVID-19 Order**") and in accordance with the Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation.

The alternative arrangements put in place for the conduct of AGM 2022 included attendance by Unitholders via "live" audio-visual webcast or "live" audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM and "live" at the AGM, and voting by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM. For the substantial and relevant questions submitted in advance of the AGM, the responses were posted on SGXNet at least 72 hours prior to the closing date and time for the lodgment of the proxy forms. All substantial and relevant questions received for the AGM were addressed by the Board and Management. As there were questions submitted to the Board and Management after the cut-off time for the submission of questions by Unitholders, the Board and Management addressed these questions at the AGM. The general meeting also provided for "live" chat to enable questions to be raised, and responded to. The questions and answers were recorded as part of the AGM minutes and posted on SGXNet within a month of the conduct of the AGM.

All the Directors, except Mr Wong Heng Tew who had to attend to a family bereavement, were present at the AGM in-person, as set out under Principle 1 on page 104 of this Annual Report. The Management and the external auditors were also present at AGM to address queries from the meeting attendees.

At the AGM, the CEO gave a presentation to Unitholders to update them on the REIT's operational and financial performance. The presentation materials were made available on SGXNet and the REIT's website.

AGM 2023

For AGM 2023, the Manager will hold the upcoming meeting on 25 April 2023 in a wholly physical format (subject to compliance with any applicable regulatory requirements) at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741. The arrangements for the conduct of AGM 2023 will include attendance by Unitholders of the AGM at the physical location, submission of questions to the Chairman of the AGM in advance of or at the AGM, and voting at the AGM by Unitholders or their duly appointed proxy(ies) to attend, speak and vote on their behalf at the AGM. Details of the arrangements are set out in a separate announcement on the SGXNet on 27 March 2023.

Distribution Policy

Sabana Industrial REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. In FY 2022, 100.0% of its distributable income was distributed. The distributions are paid on a semi-annual basis. For FY 2022, the REIT made two distributions to Unitholders.

Principle 12: Communication with Shareholders

Principle 13: Stakeholders Interests

The Manager is committed to providing timely, clear, consistent and comprehensive information to Unitholders on the REIT's strategy and business operations. It releases timely and full disclosure of all material information relating to the REIT by way of public releases or announcements through the SGX-ST via SGXNet and on its website at <http://www.sabana-reit.com>.

The Manager notifies investors of the dates of release of its financial results and interim business updates in advance. These notifications are done via SGXNet announcements. The Manager also conducts briefings for the media and analysts on the REIT's half year and full year financial results.

In FY 2022, the REIT announced its half-year and full-year financial statements, within the relevant periods, as well as first quarter and third quarter interim business updates in accordance with Rule 705 of the Listing Manual. The announcements were posted on SGXNet. The Manager also conducted at least 25 engagements with the media, analysts and other stakeholders during the year.

The investor relations ("IR") team utilises the REIT's website as a means of providing information to the Unitholders and the broader investment community. News releases, investor presentations and financial results are available on the website immediately after they have been released to the market.

The Manager has a dedicated IR team which regularly communicates with the Unitholders and attends to their queries and concerns. The Manager has adopted an Investor Relations Policy, which is available on the REIT's corporate website (<http://www.sabana-reit.com>) that outlines the principles and practices for the Manager in engaging the REIT's Unitholders and the broader investment community. These guidelines ensure effective communication to investors to enable them to arrive at informed investment decisions with respect to the REIT. The Manager also has put in place processes to update and discuss with the Board on views and feedback of key Unitholders with whom the key management personnel engages.

The REIT's website (<http://www.sabana-reit.com>) contains pertinent information such as its structure, strategy and portfolio. All announcements, including media releases, are uploaded on SGXNet and updated on the website as soon as practicable after their release.

The Investor Relations section of the website contains various investor-focused information and publications including circulars and annual reports, sustainability reports, financial information and financial results. The REIT's trading unit price is also made available on the website on a 10-minute delay basis. Contact details of the IR team are available on the website to allow Unitholders and other stakeholders to ask questions and receive responses in a timely manner. For investor and media enquiries, Unitholders and the media can reach out to the IR team by the email address which is provided on the corporate website, or they can fill up a contact form and request to be reached. Depending on the nature of the inquiry, the IR will typically respond to the inquirer within a week. To provide timely access to information, Unitholders are able to sign up for an email alert service, and be updated whenever there are any announcements.

More information on how the Manager communicates with Unitholders and other stakeholders is set out in the "Investor Relations" section of this Annual Report.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

Dealing in Securities

The Manager's Code of Best Practices on Securities Transactions encourages Directors and employees to hold Units but forbids them to:

- trade during the blackout period, which commences one month before the public announcement of the REIT's annual results, half-yearly results and (where applicable) property valuations, and ending on the day of announcement of the relevant results or as the case may be, property valuations or other specified dates;
- trade at any time in possession of price sensitive information;
- communicate price sensitive information to any person in contravention of applicable laws such as insider trading laws;
- trade in Units on short-term considerations.

Directors are also required to disclose their dealings in Units to the Manager within two business days after such acquisition or occurrence. Announcements of such interest notifications will be made via SGXNet.

In addition, the Manager will comply with any relevant disclosure requirements under the SFA. The Manager has also undertaken that it will not deal in the Units during the period commencing one month before the public announcement of the REIT's annual results, half-yearly results and (where applicable) property valuations, and ending on the date of announcement of the relevant results, or the case may be, property valuations.

Review Procedures for Interested Person/Party Transactions ("IPTs")

The Manager has established procedures to ensure that all IPTs should be undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. Thus, the interests of the REIT and the Unitholders will not be prejudiced.

The Manager demonstrates to its ARC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager; or obtaining two or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The following IPTs are subjected to regular periodic reviews by the ARC:

- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding \$100,000 in value but below 3.0% of the value of the REIT's net tangible assets will be subject to review by the ARC at regular intervals;
- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the REIT's net tangible assets will be subject to review and prior approval of the ARC and immediately announced on SGX-ST. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of the REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transactions from independent advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

For IPTs entered into or to be entered into by the Trustee, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interests of the REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into an IPT. If the Trustee is to sign any IPT contract, the Trustee will review the contract to ensure that it complies with the requirements relating to IPTs as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

The Manager maintains a register to record all IPTs entered into by the REIT and incorporates into its internal audit plan a review of the IPTs. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The ARC periodically reviews all IPTs to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and/or the Listing Manual. The review includes the examination of the nature of the transactions and the supporting documents or such other data deemed necessary by the ARC.

Details of all IPTs (equal to or exceeding \$100,000 each in value) entered into by Sabana Industrial REIT in FY 2022 are disclosed on 182 of this Annual Report.

Dealing with Conflicts of Interest

The following procedures are established by the Manager to deal with potential conflicts of interest issues:

- The Manager is dedicated to Sabana Industrial REIT and will not manage other REITs which invest in similar properties as Sabana Industrial REIT;
- All executive officers will be working exclusively for the Manager and will not hold executive positions in other firms;
- All resolutions in writing of the Directors in relation to matters concerning the REIT must be approved by a majority of the Directors who do not hold an interest, including at least two Independent Directors;
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interest will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors and must exclude the nominee Directors of the Sponsor and/or its subsidiaries;
- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a related party of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors shall have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a related party of the Manager and the Trustee may take any action it deems necessary to protect the rights of Unitholders and/or which is in the interest of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party;
- If a member of the ARC or Board has an interest in a transaction, he or she is required to disclose his or her interest to the Board immediately, abstain from participating in the review and approval process in relation to that transaction.

In respect of issues involving potential conflicts of interests with the Sponsor and its related entities, the following additional procedures have been established:

- The Board members who decide on the issue will all be Independent Directors;
- The Manager does not share any information relating to the REIT's business strategy or operations with the Sponsor;
- The Manager is dedicated to obtain, taking into consideration prevailing market considerations, competitive rental terms from existing and new tenants for the REIT's properties. All leasing rates, terms and property marketing information should be determined solely based on prevailing market conditions, common market practices and commercial considerations. In the event of dealing with conflicting or common tenants with ESR-REIT, the Manager should maintain the above consistent practice when pursuing all leasing opportunities;
- The Manager will ensure that the REIT does not transact (i.e. acquire or divest properties) with ESR-REIT; and
- For any potential transaction with the Sponsor or its related entities (excluding transactions with ESR-REIT), the Manager's IPT procedures as disclosed on pages 118 to 119 of this Annual Report shall apply.

On an annual basis, an independent internal auditor will be appointed at the Manager's own expense to conduct a review on the adequacy and effectiveness of the measures for managing potential conflicts of interests arising from transactions involving the REIT. In addition, the Manager will disclose in the REIT's annual report that written assurances have been given by the Board, CEO and CFO that potential conflicts of interest have been effectively managed.

CORPORATE GOVERNANCE

Material Contracts

There are no material contracts entered into by Sabana Industrial REIT or any of its subsidiaries that involve the interests of the CEO, any Director or any controlling Unitholder, except as disclosed in this Annual Report.

Fees Payable to the Manager

The Manager is entitled under Clauses 15.1 and 15.2 of the Trust Deed to the following fees:

Fees payable by the REIT	Amount payable
1. Management fee (payable to the Manager or its nominee)	Base Fee A fee not exceeding the rate of 0.5% per annum of the value of the Deposited Property. Performance Fee 0.5% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Net Property Income of the REIT or its relevant Special Purpose Vehicles ("SPVs") in each financial year, payable on a yearly basis, provided Sabana Industrial REIT achieves at least 10.0% annual growth in Distribution per Unit ("DPU") over the previous financial year (calculated after accounting for the performance fee (if any) for that financial year and after adjusting, at the discretion of the Manager, for any new Units arising from the conversion or exercise of any instruments convertible into Units which are outstanding at the time of calculation, and any rights or bonus issue, consolidation, subdivision or buy-back of Units). The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Manager received 100.0% of the Base Fee in cash for FY 2022.
2. Fee for acquisition of properties (payable to the Manager or its nominee) ⁷	Acquisition Fee 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price of real estate of real estate-related assets acquired: - in relation to an acquisition (whether directly or indirectly through one or more SPVs of any real estate, the acquisition price of any real estate purchased by the REIT, plus any other payments⁸ in addition to the acquisition price made by the REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of the REIT's interest); - in relation to an acquisition (whether directly or indirectly through one or more SPVs of the REIT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by the REIT, plus any additional payments made by the REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of the REIT's interest); or - the acquisition price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

⁷ Acquisition fees are paid in cash. Whereby properties are acquired from interested parties, acquisition fees will be paid in units issued by Sabana Industrial REIT at the prevailing market price and will be held for one year from the date of issuance.

⁸ "Other payments" refers to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third-party agents and brokers.

Fees payable by the REIT	Amount payable
3. Fee for divestment of properties (payable to the Manager or its nominee) ⁹	Divestment Fee 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double counting): - the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (plus any other payments¹⁰ in addition to the sale price received by the REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of the REIT's interest); - the underlying value of any real estate related assets which is taken into account when computing the sale price for such real estate-related assets, sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (pro-rated if applicable to the proportion of the REIT's interest); or - the sale price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

The Manager is responsible for managing the assets and liabilities of the REIT for the benefit of its Unitholders. Accordingly, the Manager should be compensated fairly for its efforts in the overall management of the REIT's various affairs. The Base Fee payable to the Manager has been assessed by the Board and the Board believes that the Base Fee is reasonable and in-line with market rates.

The Board is of the view that the Performance Fee will incentivise the Manager to seek growth opportunities and encourage the Manager to act in the interests of Unitholders to enhance the DPU. An increase of the DPU by 10.0% year-on-year is challenging and the Performance Fee will incentivise the Manager to take a holistic and balanced approach towards assuming sensible risks to grow the REIT over the long-term and not encourage the Manager from taking excessive short-term risks. In addition, the Performance Fee payable to the Manager has been assessed by the Board and the Board believes that the REIT's Performance Fee is reasonable and in-line with market practices.

The Acquisition Fee and Divestment Fee are necessary to incentivise the Manager to source for inorganic growth and to realise mature assets that no longer suit the portfolio. The Manager has to undertake additional scope of work over and above the overall management of the REIT when undertaking acquisition or divestment opportunities and should be compensated fairly to reflect the effort expended and the costs incurred in such transactions. Accordingly, the Board has considered and is of the view that the Acquisition Fee and Divestment Fee are reasonable and in-line with market rates to ensure that the Manager acts in the interests of the REIT and Unitholders.

The Property Manager, as a wholly-owned subsidiary of the Manager, is entitled under the master Property Management Agreement to the following fees:

Payable by the REIT	Amount payable
1. Property management fee (payable to the Property Manager)	Property Management Fee 2.0% per annum of gross revenue of each property under the management of the Property Manager.
2. Lease management fee (payable to the Property Manager)	Lease Management Fee 1.0% per annum of gross revenue of each property under the management of the Property Manager.

⁹ Divestment fees are paid in cash. Whereby properties are sold to interested parties, divestment fees will be paid in units issued by Sabana Industrial REIT at the prevailing market price and will be held for one year from the date of issuance.

¹⁰ "Other payments" refers to additional payments to REIT or its SPVs for the sale of the asset, for example, where the REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but do not include stamp duty or other payments to third-party agents and brokers.

CORPORATE GOVERNANCE

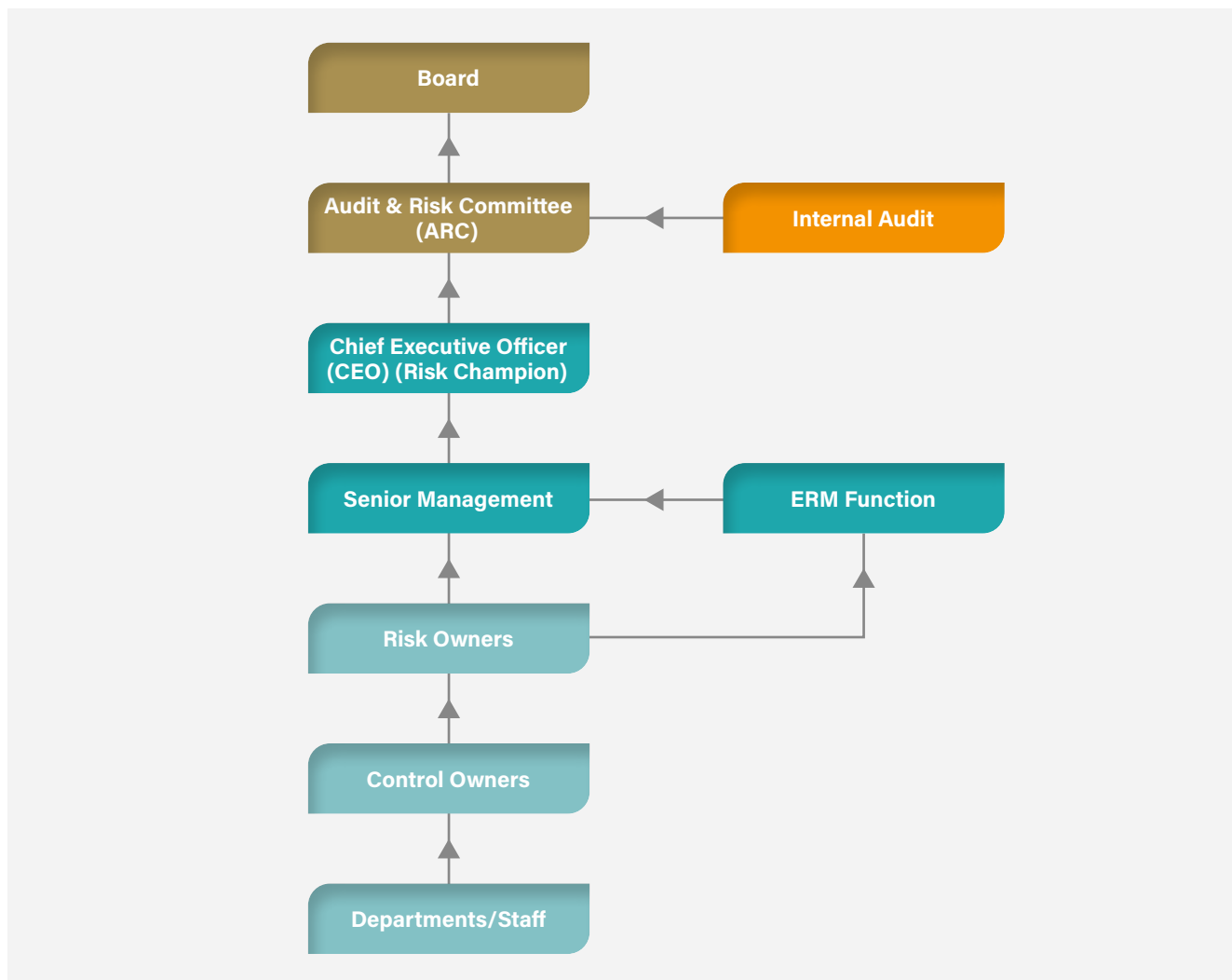
The Property Manager provides property management services to the REIT. In return for its services, the Property Manager should be compensated fairly for its efforts. The fees payable to the Property Manager has been assessed by the Board. The Board believes that the fees payable to the Property Manager are reasonable and in-line with market rates. In addition, the Property Management Fee and the Lease Management Fee have been structured so that the Property Manager is incentivised to improve the performance of the properties.

ENTERPRISE RISK MANAGEMENT

Risk Governance Structure

The Board carries the overall responsibility and accountability for Sabana Industrial REIT's risk governance, risk policies, adequacy and effectiveness of risk management and internal controls. The Board oversees and sets the tone at the top with regard to risk culture, ensuring that all Board members support the ARC's endeavours in ERM by being kept apprised and aware of the ERM activities and practices carried out by the REIT.

The Board is assisted by the ARC in fulfilling its oversight responsibility over ERM activities and practices by ensuring the Management has established an adequate and effective ERM Framework and process aligned to good practices. The Management, led by the CEO, is responsible for developing, implementing and monitoring risk management activities across the REIT's day-to-day operations.



ERM Process

The ERM Framework is a four-stage framework that involves risk identification, assessment, management, and monitoring and reporting. In the first stage, key risks are identified through engagement with relevant external and internal stakeholder groups. Next, these key risks are assessed for their potential resultant impact on the REIT. Studies are subsequently taken to evaluate if existing controls or mitigating measures in place are sufficient to manage the risks or whether additional action plans should be taken to manage the risks to an acceptable level. In the fourth stage, quarterly risk reporting is made to the ARC and Board on the internal controls and ERM activities for their deliberation and decision making.

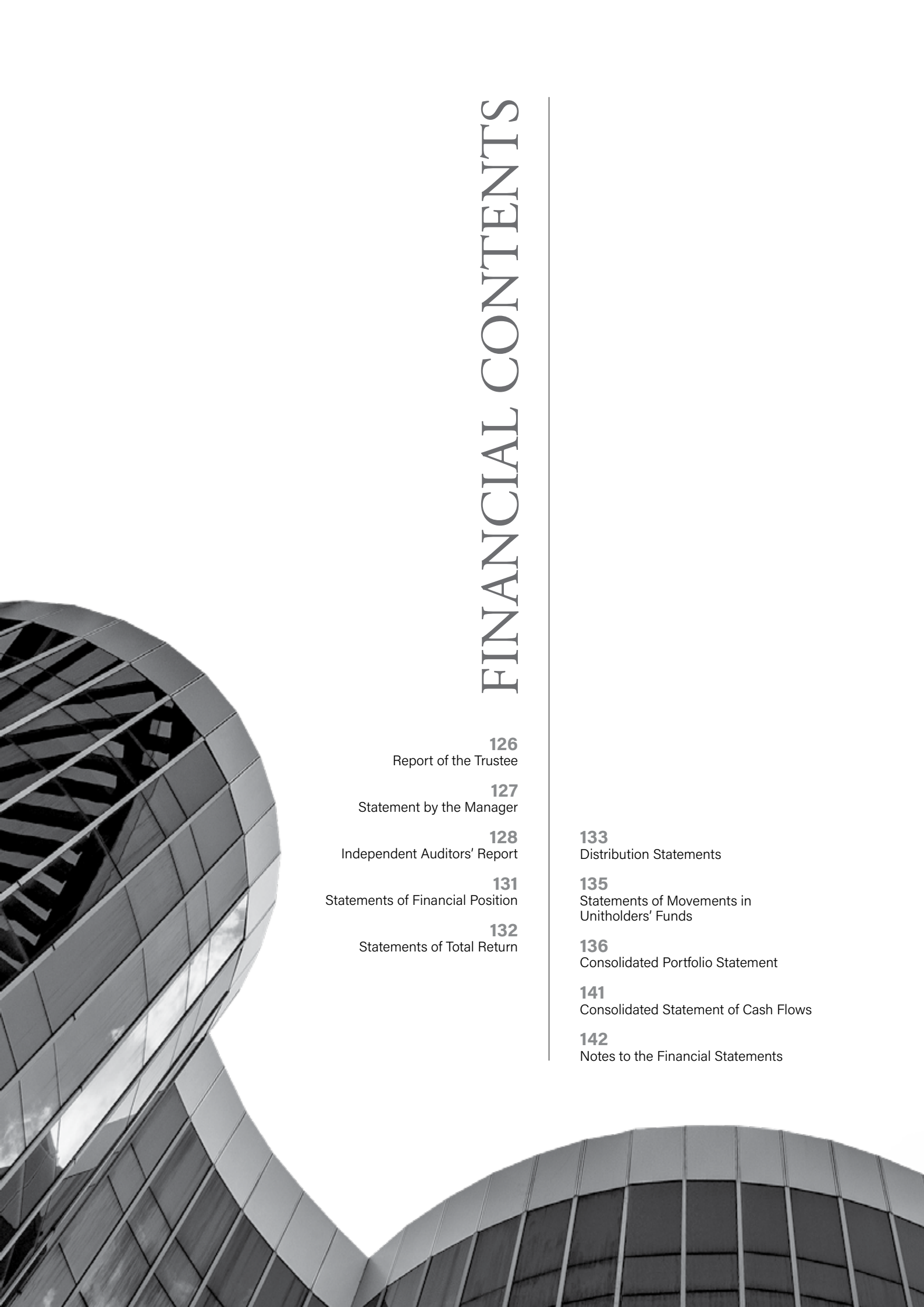
Key Risks in FY 2022

The key risks that were identified in FY 2022 include but are not limited to the following:

Material Risk	Details	Key Mitigating Measures
Adverse External Events Risk	Occurrence of natural and/or man-made adverse events such as the Covid-19 pandemic affecting Sabana Industrial REIT's assets and operations.	- Put in place Business Continuity Plans ("BCPs") for loss of physical access or loss of IT to ensure continued operation of essential business functions. - Establish a Crisis Management Team consisting of management personnel for quick mobilisation in the event of a crisis to deliberate on the severity or damage of the incident and coordinate the organisation's responses to mitigate the impacts arising from the crisis. - Implemented safe management measures, per government advisories, across all its properties to prevent the spread of infectious diseases within the premises. The safe management measures are communicated to all tenants and visitors, and are strictly enforced within the premises.
Liquidity/Funding Risk	Inability to secure funding in capital markets to meet financial obligations, operational requirements, investments and/or capital expenditures.	- Ongoing monitoring of cashflow and liquidity positions, and gearing ratio to ensure an adequate level of cash for operational requirements. - Raise funds based on the strategic initiative plans (outlining Sabana Industrial REIT's business and growth objectives, business projections) as well as taking into consideration Sabana Industrial REIT's current gearing and the aggregate leverage limit of 50% in accordance with the Property Funds Appendix for FY 2022. After 1 Jan 2022, the aggregate leverage limit is 45% (save that it may exceed the limit up to a max of 50% only if the REIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. The REIT's aggregate leverage was 32.4% and interest coverage ratio was 3.8 times as at 31 December 2022. - Perform monthly scenario analysis and stress testing on the REIT's capex to evaluate if Sabana Industrial REIT has sufficient cashflow.
Compliance risk	Non-compliance with industry regulations, breach of laws and regulations in local and foreign jurisdiction.	- Proactively identify any changes or shifts in regulations that will affect operations or compliance procedures. In addition, the compliance team receives regular circulars on regulations and guidelines from MAS. - Regularly consult the regulatory bodies and work closely with the auditors, legal counsels, the Company Secretary, senior management and the ARC to ensure adherence to all stipulated rules and regulations.

CORPORATE GOVERNANCE

Material Risk	Details	Key Mitigating Measures
Cyber-security risk	Cyber-security breaches to IT infrastructure and/or systems that may compromise operations and data privacy regulations.	- Perform ongoing monitoring of existing and new threat intelligence, evaluate the Manager's IT system and infrastructure and implement additional measures to minimise vulnerabilities where applicable. - Conduct IT awareness training for all staff. - Conduct Vulnerability Assessment regularly to determine level of resilience and effectiveness of the current IT security measures.
Operational Risk	Failure to provide adequate maintenance and/ or enhancement for Sabana Industrial REIT's assets to maximise their values and increase occupancy rates.	- Establish master maintenance schedule across all properties for all major equipment or systems to ensure adequate preventive maintenance is carried out timely. - Conduct weekly meetings which are attended by senior management, Head of Property Management, alongside with representatives from various functions within the company, to review and discuss tenants' existing lease terms, and wherever possible, re-negotiate the lease terms to better manage Sabana Industrial REIT's performance obligations. - Establish an evaluation process to identify asset enhancement or rejuvenation opportunities for Sabana Industrial REIT's properties, taking into consideration feedback from tenants, property vacancy, demand for usage, etc.
Credit Risk	Financial loss resulting from the failure of a customer or a counterparty to fulfil its financial and contractual obligations, as and when they fall due.	- Credit evaluations are performed by the Manager prior to the entry into the lease agreements with the prospective tenants. - On an ongoing basis, the finance and asset management teams monitor the amounts owed by tenants. - Credit risk is further mitigated by security deposits, in the form of cash or bankers' guarantees issued by financial institutions.
Investment Risk	Potential occurrence of financial losses relative to the expected return on investment due to ineffective investment strategy and poor execution.	- All investment activities focus on enhancing returns to Unitholders and long-term value creation for Sabana Industrial REIT. - All investment proposals are evaluated against a comprehensive set of investment criteria, which includes factors such as the location, macro-economic condition, quality of tenants, building condition and age, environmental impact, investment return, long-term sustainability and growth potential. Thorough due diligence is carried out to mitigate potential investment risks. - All investment proposals are subject to detailed scrutiny and approval by the Board.



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REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Sabana Industrial Real Estate Investment Trust (the "Trust") and its subsidiary (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Sabana Real Estate Investment Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in 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 the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 131 to 181 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited**

Authorised signatory

Singapore
17 March 2023

STATEMENT BY THE MANAGER

In the opinion of the directors of Sabana Real Estate Investment Management Pte. Ltd. (the "Manager"), the accompanying financial statements of Sabana Industrial Real Estate Investment Trust (the "Trust") and its subsidiary (the "Group") set out on pages 131 to 181 comprising the Consolidated Statement of Financial Position and Consolidated Portfolio Statement of the Group and the Statement of Financial Position of the Trust as at 31 December 2022, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds and Consolidated Statement of Cash Flows of the Group and the Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust and portfolio holdings of the Group as at 31 December 2022, the total return, distributable income and movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

**For and on behalf of the Manager,
Sabana Real Estate Investment Management Pte. Ltd.**

Tan Cheong Hin
Chairman

Singapore
17 March 2023

INDEPENDENT AUDITORS' REPORT

To the Unitholders
Sabana Industrial Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a 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))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sabana Industrial Real Estate Investment Trust (the "Trust") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group, and the statement of financial position of the Trust as at 31 December 2022, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 131 to 181.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and the financial position of the Trust as at 31 December 2022 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties (Refer to Note 4 to the financial statements)

Risk

The Group's property portfolio with a carrying amount of \$962.2 million (2021: \$942.9 million) as at 31 December 2022, comprises 18 properties (2021: 18 properties) located across Singapore.

The investment properties are stated at fair value. The valuation of investment properties requires significant judgement in deciding on the assumptions to be used. These valuations are highly sensitive to the key assumptions made, which may be subject to estimation uncertainties, and as a result, the valuation of investment properties is considered as a key audit matter.

INDEPENDENT AUDITORS' REPORT

Our response

The fair value of investment properties are based on independent external valuations.

We evaluated the competence, capability and objectivity of the independent external valuers ("valuers") engaged by the Group and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity. We also held discussions with the valuers and the Manager to understand the valuation methods and key assumptions used, where appropriate.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. We tested the integrity of inputs of the future cash flows used in the valuation to support leases and other documents. We benchmarked the capitalisation, discount and terminal yield rates to available industry data, taking into consideration comparability and market factors; as well as benchmarking them against other market comparables where applicable.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out the work.

The valuation methodologies adopted are consistent with market practices and the key assumptions and inputs are consistent with those adopted on comparable properties.

Other information

Sabana Real Estate Investment Management Pte. Ltd., the manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report, other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Gerard Toh Wen-Wei.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

17 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Trust	
	Note	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Investment properties	4	962,179	942,913	962,179	942,913
Subsidiary	5	–	–	*	*
Derivative assets	6	6,647	191	6,647	191
		968,826	943,104	968,826	943,104
Current assets					
Derivative assets	6	1,711	–	1,711	–
Trade and other receivables	7	4,646	2,688	4,646	2,687
Cash and cash equivalents	8	8,009	25,856	8,009	25,856
		14,366	28,544	14,366	28,543
Total assets		983,192	971,648	983,192	971,647
Current liabilities					
Trade and other payables	9	20,946	17,953	20,955	17,961
Lease liabilities	23	1,714	1,504	1,714	1,504
Total current liabilities		22,660	19,457	22,669	19,465
Non-current liabilities					
Trade and other payables	9	11,059	9,426	11,059	9,426
Borrowings	10	288,921	311,589	288,921	311,589
Lease liabilities	23	74,765	75,209	74,765	75,209
Total non-current liabilities		374,745	396,224	374,745	396,224
Total liabilities		397,405	415,681	397,414	415,689
Net assets		585,787	555,967	585,778	555,958
Represented by:					
Unitholders' funds		585,787	555,967	585,778	555,958
Units issued ('000)	11	1,096,121	1,069,950	1,096,121	1,069,950
Net asset value ("NAV") per Unit (\$)		0.53	0.52	0.53	0.52

* Less than \$1,000

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

For the year ended 31 December 2022

		Group		Trust	
	Note	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gross revenue	13	94,907	81,913	94,907	81,913
Property expenses	14	(41,624)	(29,960)	(41,624)	(29,960)
Net property income		53,283	51,953	53,283	51,953
Finance income		85	30	85	30
Finance costs		(14,459)	(12,343)	(14,458)	(12,338)
Finance costs relating to lease liabilities		(3,219)	(3,255)	(3,219)	(3,255)
Net finance costs	15	(17,593)	(15,568)	(17,592)	(15,563)
Manager's fees		(4,438)	(4,655)	(4,438)	(4,655)
Trustee's fees		(355)	(349)	(355)	(349)
Donation	16	(5)	(5)	(5)	(5)
Other trust expenses	17	(1,331)	(684)	(1,332)	(689)
		(6,129)	(5,693)	(6,130)	(5,698)
Net income		29,561	30,692	29,561	30,692
Net change in fair value of financial derivatives		8,903	2,127	8,903	2,127
Net change in fair value of investment properties		14,304	15,999	14,304	15,999
Total return for the year before taxation and distribution		52,768	48,818	52,768	48,818
Tax expense	18	*	*	–	–
Total return for the year after taxation and before distribution		52,768	48,818	52,768	48,818
Earnings per Unit (cents)					
Basic and diluted	20	4.87	4.61	4.87	4.61

* Less than \$1,000

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

For the year ended 31 December 2022

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Amount available for distribution to Unitholders at beginning of the year	17,062	24,259	17,062	24,259
Total return for the year after taxation and before distribution	52,768	48,818	52,768	48,818
Non-tax deductible/ (chargeable) items:				
Amortisation of transaction costs	3,527	2,580	3,527	2,580
Trustee's fees	355	349	355	349
Donation	5	5	5	5
Net change in fair value of financial derivatives	(8,903)	(2,127)	(8,903)	(2,127)
Net change in fair value of investment properties	(14,304)	(15,999)	(14,304)	(15,999)
Effects of recognising rental income on a straight-line basis over the lease term	(192)	(731)	(192)	(731)
Finance costs relating to lease liabilities	3,219	3,255	3,219	3,255
Land rent paid on investment properties	(4,843)	(4,736)	(4,843)	(4,736)
Other items	1,438	1,090	1,438	1,090
Net effect of non-tax deductible items	(19,698)	(16,314)	(19,698)	(16,314)
Income available for distribution to Unitholders for the year	33,070	32,504	33,070	32,504
Total amount available for distribution to Unitholders for the year	50,132	56,763	50,132	56,763

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

For the year ended 31 December 2022

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Distribution of 2.29 cents per Unit for the period 1 July 2020 to 31 December 2020	–	(24,115)	–	(24,115)
Distribution of 1.48 cents per Unit for the period 1 January 2021 to 30 June 2021	–	(15,586)	–	(15,586)
Distribution of 1.57 cents per Unit for the period 1 July 2021 to 31 December 2021	(16,798)	–	(16,798)	–
Distribution of 1.59 cents per Unit for the period 1 January 2022 to 30 June 2022	(17,206)	–	(17,206)	–
	(34,004)	(39,701)	(34,004)	(39,701)
Amount available for distribution to Unitholders at end of the year*	16,128	17,062	16,128	17,062
Number of Units entitled to distributions ('000) (Note 11)	1,096,121	1,069,950	1,096,121	1,069,950
Distribution per Unit (cents)	3.05	3.05	3.05	3.05

* Distributions were partly paid by Sabana Industrial Real Estate Investment Trust issuing an aggregate of 26,171,057 Units (2021: 16,866,738 Units) amounting to approximately \$11,119,000 (2021: \$7,133,000), pursuant to the Distribution Reinvestment Plan.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 31 December 2022

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Unitholders' funds at beginning of the year	555,967	539,747	555,958	539,738
Operations				
Total return after taxation and before distribution	52,768	48,818	52,768	48,818
	608,735	588,565	608,726	588,556
Unitholders' transactions				
Distributions to Unitholders	(34,004)	(39,701)	(34,004)	(39,701)
Units issued through Distribution Reinvestment Plan	11,119	7,133	11,119	7,133
Equity issue costs pursuant to:				
– Distribution Reinvestment Plan	(63)	(30)	(63)	(30)
Net decrease in net assets resulting from Unitholders' transactions	(22,948)	(32,598)	(22,948)	(32,598)
Unitholders' funds at end of the year	585,787	555,967	585,778	555,958

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2022

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location
New Tech Park	High-tech industrial	45	33	151 Lorong Chuan, Singapore 556741
8 Commonwealth Lane	High-tech industrial	53	36	8 Commonwealth Lane, Singapore 149555
Frontech Centre	High-tech industrial	99	38	15 Jalan Kilang Barat, Singapore 159357
1 Tuas Avenue 4	High-tech industrial	51.3	24	1 Tuas Avenue 4, Singapore 639382
BTC Centre	High-tech industrial	50	34	23 Serangoon North Avenue 5, Singapore 554530
508 Chai Chee Lane	High-tech industrial	59	37	508 Chai Chee Lane, Singapore 469032
33 & 35 Penjuru Lane	Chemical warehouse & logistics	61	26	33 & 35 Penjuru Lane, Singapore 609200/609202
18 Gul Drive	Chemical warehouse & logistics	33	16	18 Gul Drive, Singapore 629468
Penjuru Logistics Hub	Warehouse & logistics	30	10	34 Penjuru Lane, Singapore 609201
Freight Links Express Logisticcentre	Warehouse & logistics	60	32	51 Penjuru Road, Singapore 609143
26 Loyang Drive	Warehouse & logistics	48	31	26 Loyang Drive, Singapore 508970

Balance carried forward

The accompanying notes form an integral part of these financial statements.

Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
%	%	\$'000	\$'000	%	%
77	81	362,700	355,000	61.9	63.9
82	100	54,700	55,400	9.3	10.0
66	94	22,700	21,700	3.9	3.9
–	–	9,000	9,000	1.5	1.6
96	85	42,200	40,500	7.2	7.3
99	99	67,000	66,000	11.4	11.9
100	100	41,600	40,800	7.1	7.3
100	100	19,000	19,000	3.2	3.4
99	99	29,500	29,800	5.0	5.4
93	93	30,500	29,100	5.2	5.2
100	100	26,200	24,500	4.5	4.4
		705,100	690,800	120.2	124.3

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2022

Group (continued)

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location
<i>Balance brought forward</i>				
3A Joo Koon Circle	Warehouse & logistics	60	25	3A Joo Koon Circle, Singapore 629033
2 Toh Tuck Link	Warehouse & logistics	60	34	2 Toh Tuck Link, Singapore 596225
10 Changi South Street 2	Warehouse & logistics	57	29	10 Changi South Street 2, Singapore 486596
123 Genting Lane	General industrial	60	19	123 Genting Lane, Singapore 349574
30 & 32 Tuas Avenue 8	General industrial	60	34	30 & 32 Tuas Avenue 8, Singapore 639246/639247
39 Ubi Road 1	General industrial	60	29	39 Ubi Road 1, Singapore 408695
21 Joo Koon Crescent	General industrial	60	31	21 Joo Koon Crescent, Singapore 629026

Investment properties – Fair value

Investment properties – Right-of-use assets

Total investment properties

Other assets and liabilities

Net assets attributable to Unitholders' Funds

The accompanying notes form an integral part of these financial statements.

Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
%	%	\$'000	\$'000	%	%
		705,100	690,800	120.2	124.3
96	96	33,900	33,500	5.8	6.0
98	98	30,500	29,800	5.2	5.4
74	80	37,400	36,700	6.4	6.6
85	85	16,500	16,400	2.8	2.9
100	–	28,900	26,200	4.9	4.7
99	99	18,200	17,700	3.1	3.2
100	100	15,200	15,100	2.6	2.7
		885,700	866,200	151.0	155.8
		76,479	76,713	13.1	13.8
		962,179	942,913	164.1	169.6
		(376,392)	(386,946)	(64.1)	(69.6)
		585,787	555,967	100.0	100.0

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2022

Group (continued)

As disclosed in the Statements of Financial Position:

	Carrying amount as at	
	31 December 2022	31 December 2021
	\$'000	\$'000
Investment properties – non-current	962,179	942,913

* Includes the period covered by the relevant options to renew.

Remaining lease term includes optional lease term.

All properties under the Consolidated Portfolio Statement are leasehold.

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

The independent valuers have appropriate professional qualifications and recent experiences in the locations and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cashflow analysis in arriving at the open market value as at the reporting date. Refer to Note 4 for the key assumptions used to determine the fair value of these investment properties and the net change in fair value of the portfolio. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

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

Significant non-cash transactions

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

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 17 March 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 the Manager and 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 the 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 statements of the Group as at and for the year ended 31 December 2022 comprise 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 statements.

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

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

1.1 Property Manager's fees

The Property Manager is entitled under the Property Management Agreement to the following management fees on each property of the Group located in Singapore under its management:

- a property management fee of 2.0% per annum of gross revenue of each property; and
- a lease management fee of 1.0% per annum of gross revenue of each property.

The property management fee and the lease management fee are payable to the Property Manager in the form of cash.

1.2 Manager's fees

Pursuant to the Trust Deed, the Manager is entitled to the following manager's fees:

- a base fee not exceeding the rate of 0.5% per annum of the value of the gross assets of the Group ("Deposited Property"); and
- a performance fee equal to 0.5% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Group's Net Property Income in the relevant financial year, provided that the Group achieves an annual growth in distribution per Unit ("DPU") of at least 10.0% over the previous financial year (calculated after accounting for the performance fee (if any) for that financial year and after adjusting, at the discretion of the Manager, for any new Units arising from the conversion or exercise of any instruments convertible into Units which are outstanding at the time of calculation, and any rights or bonus issue, consolidation, subdivision or buy-back of Units).

The Manager has elected to receive 100.0% of the base fee in cash for both financial years ended 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL (CONTINUED)

1.3 Trustee's fees

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property (subject to a minimum of \$25,000 per month), excluding out-of-pocket expenses and goods and services tax ("GST").

The actual fee payable will be determined between the Manager and the Trustee from time to time.

1.4 Acquisition fees

Pursuant to the Trust Deed, the Manager is entitled to acquisition fees of 1.0% (or such lower percentage as may be determined by the Manager), of each of the following:

- the acquisition price of any real estate purchased, whether directly or indirectly through one or more Special Purpose Vehicles ("SPVs") by the Trust;
- the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any holding directly or indirectly the real estate, purchased whether directly or indirectly through one or more SPVs, by the Trust; and
- the acquisition price of any investment purchased by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities in any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured directly or indirectly by the rental income from real estate.

1.5 Divestment fees

Pursuant to the Trust Deed, the Manager is entitled to divestment fees of 0.5% (or such lower percentage as may be determined by the Manager) of each of the following:

- the sale price of real estate sold or divested, whether directly or indirectly through one or more SPVs by the Trust;
- the underlying value of any real estate which is taken into account when computing the sale price for the equity interests of any holding directly or indirectly the real estate, divested whether directly or indirectly through one or more SPVs, by the Trust; and
- the sale price of any investment sold by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities in any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured directly or indirectly by the rental income from real estate.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS"). The related changes to significant accounting policies are described in Note 2.4.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the investment properties and financial derivatives which are stated at fair value as set out in the accounting policies described in Notes 3.2 and 3.4.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2 BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

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.

The Manager is of the opinion that there are no critical judgement in applying the Group's accounting policies.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following note:

- Note 4 – Investment properties

2.4 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- *Amendment to FRS 116: COVID-19-Related Rent Concessions beyond 30 June 2021*
- *Amendments to FRS 103: Reference to the Conceptual Framework*
- *Amendments to FRS 16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to FRSs 2018-2020*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Trust's Statement of Financial Position at cost less accumulated impairment losses.

3.2 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost at initial recognition and subsequently at fair value with any changes therein recognised in the Statements of Total Return.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under Appendix 6 of the CIS Code issued by the MAS ("Property Funds Appendix").

Fair value changes are recognised in the Statements of Total Return. When an investment property is disposed of, the resulting gain or loss is recognised in the Statements of Total Return as the difference between net disposal proceeds and the carrying amount of the property.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis described above. For taxation purpose, the Group may claim capital allowances on assets that qualify as plant and machinery under the Singapore Income Tax Act.

3.3 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

For ROU assets that meet the definition of investment property, the Group applies the fair value model in FRS 40 *Investment Property* to these assets with any change therein being recognised in the Statements of Total Return and adjusted for certain remeasurement of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (continued)

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depends on an index or a rate, initially measured using index or rate as at the commencement date

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue' (see Note 3.7).

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, the Group classifies financial assets as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest/profit income on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Manager's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest/profit income

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest/Profit income' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest/profit income, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest/profit income criterion if the prepayment amount substantially represents unpaid amounts of principal and interest/profit income on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest/profit expense (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest/profit rate method. The amortised cost is reduced by impairment losses. Interest/Profit income, foreign exchange gains and losses and impairment are recognised in the Statements of Total Return. Any gain or loss on derecognition is recognised in the Statements of Total Return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. They are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest/profit rate method. Interest/Profit expense and foreign exchange gains and losses are recognised in the Statements of Total Return.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its Statements of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statements of Total Return.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(vi) Derivative financial instruments

The Group holds derivative financial instruments to economically hedge its interest/profit rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the Statements of Total Return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statements of Total Return.

3.5 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and lease receivables.

Lease receivables are disclosed as part of trade and other receivables.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest/profit rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses are recognised in the Statements of Total Return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Issue expenses

Issue expenses relate to expenses incurred in connection with the issue of Units. Such expenses are deducted directly against Unitholders' funds.

3.7 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases from investment properties is recognised in the Statements of Total Return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of total rental to be received.

3.8 Expenses

(i) Property expenses

Included in property expenses are property management fee and lease management fee under the Property Management Agreement, which are based on the applicable formula stipulated in Note 1.1, reimbursable expenses payable to the Property Manager and other property expenses in relation to the investment properties.

Property expenses are recognised as and when incurred and recorded on an accrual basis.

(ii) Manager's fees

Manager's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.2.

(iii) Trustee's fees

Trustee's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.3.

3.9 Finance income and finance costs

Finance income comprises interest/profit income. Finance costs comprise interest/profit expense on borrowings, amortisation of transaction costs, interest from lease liabilities and agent fees.

Finance income or costs is recognised using the effective interest/profit rate method.

The 'effective interest/profit rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- (i) the gross carrying amount of the financial asset; or
- (ii) the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Finance income and finance costs (continued)

In calculating interest/profit income and expense, the effective interest/profit rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest/profit income is calculated by applying the effective interest/profit rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest/profit income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in Statements of Total Return using the effective interest/profit rate method.

3.10 Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in the Statements of Total Return except to the extent that it relates to a business combination, or items recognised directly in Unitholders' funds.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiary to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Trust and its subsidiary. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Tax (continued)

The Inland Revenue Authority of Singapore ("IRAS") had issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee is not subject to tax on the taxable income of the Trust, which includes profit distributions from liquid Islamic debt securities such as Sukuk that the Trust may invest in, provided that at least 90.0% of the taxable income of the Trust is distributed within the year in which the income is derived (the "tax transparency treatment"). Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of the Trust, except:

- (i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a partnership) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Foreign Non-Individual Unitholders and Qualifying Foreign Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10.0% for distributions made up to 31 March 2025, unless concession is extended.

A Qualifying Unitholder is a Unitholder who is:

- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap. 37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); and
- a real estate investment trust exchange-traded fund ("REIT ETFs") which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the Units are not obtained from that operation in Singapore.

A Qualifying Foreign Funds is one that qualifies for tax exemption under section 13CA, 13X, or 13Y of the Income Tax Act, is not a resident of Singapore for income tax purposes and:

- (a) does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- (b) carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains or profits from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134 of Singapore and collected from the Trustee. Where the gains are capital gains, they are not subject to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Manager's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.13 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 26.

4 INVESTMENT PROPERTIES

Investment properties

	Group and Trust	
	31 December 2022	31 December 2021
	Total	Total
	\$'000	\$'000
Balance at beginning of the year	942,913	904,565
Reclassification from investment property held for divestment	–	13,794
Capital expenditure	3,018	7,475
Straight-line adjustments in accordance with FRS 116	192	731
Net change in fair value of investment properties	14,304	15,999
Remeasurement of ROU assets	1,390	(4)
Capitalisation of leasing commission	636	432
Amortisation of leasing commission	(274)	(79)
Balance at end of the year	962,179	942,913

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONTINUED)

Investment property held for divestment

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

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

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

Security

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

As at 31 December 2021, investment properties with an aggregate fair value of \$316.7 million at the Group and the Trust are pledged as security to secure certain borrowing facilities (see Note 10).

Measurement of fair value

Investment properties

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

In determining the fair value, the valuer has used valuation techniques which involve certain estimates. In relying on the 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 valuer has considered the capitalisation approach, discounted cash flow, 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 prices of comparable properties. The residual method considered the gross development value and related costs.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONTINUED)

Measurement of fair value (continued)

Investment properties (continued)

As at 31 December 2022, certain investment properties' valuation reports highlighted that in light of the heightened macro-economic, geopolitical and supply chain risks as well as continued and escalating COVID-related risks (in some location), global economic uncertainty has surged. While the local property markets have continued to perform and that the liquidity in the market remained strong, the ongoing geo-political headwinds, economic uncertainty and rising interest rate cost may have impact on the Singapore economy and the property market. Hence, the valuer continues to monitor the situation closely and in due course, it may be appropriate to reflect any potential impact on the value.

Fair value hierarchy

The table below analyses investment properties carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the investment properties.

	Level 3	
	2022	2021
	\$'000	\$'000
Group and Trust		
Investment properties at fair value	885,700	866,200
Add: Carrying amount of lease liabilities	76,479	76,713
Carrying amount of investment properties	962,179	942,913

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	- Capitalisation rates from 5.50% to 6.25% (2021: 5.50% to 6.50%) - Discount rate of 7.25% to 7.50% (2021: 7.25% to 7.75%) - Terminal yield rates from 5.75% to 6.25% (2021: 5.75% to 6.75%) - Vacancy assumption rates from 0.00% to 21.00% (2021: 1.00% to 10.00%) - Rental growth rates from 2.21% to 12.20% (2021: 1.50% to 3.50%) - Estimated gross development value of \$30.5 million and related costs of \$21.5 million for a certain property (2021: Not applicable)	The estimated fair value of investment properties would increase/(decrease) if: - 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

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

The residual method considered the gross development value and related costs for a certain investment property. The estimated fair value of the investment property would increase/(decrease) when the gross development value are higher/(lower) and when the related costs are lower/(higher).

5 SUBSIDIARY

	Trust	
	2022	2021
	\$'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	
			2022	2021
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

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

6 DERIVATIVE FINANCIAL INSTRUMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Derivatives Swaps and Dealers Association ("ISDA") Master Netting Agreements. The ISDA does not meet the criteria for offsetting in the Statements of Financial Position. This is because it creates a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2022 and 31 December 2021, the Group's derivative assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangement.

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables, gross	1,895	1,240	1,895	1,240
Less: Impairment losses on trade receivables	(709)	(1,055)	(709)	(1,055)
Trade receivables, net	1,186	185	1,186	185
Other receivables	2,867	1,842	2,867	1,842
Deposit	534	580	534	580
	4,587	2,607	4,587	2,607
Prepayment	59	81	59	80
	4,646	2,688	4,646	2,687

The exposures of the Group and the Trust to credit risk and impairment losses related to trade and other receivables, excluding prepayments, are disclosed in Note 12.

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Bank balances	8,009	25,856	8,009	25,856

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9 TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Amount due to related parties, trade	2,704	1,663	2,721	1,678
Trade payables	2,888	1,573	2,888	1,573
Security deposits	15,730	13,156	15,730	13,156
Rental received in advance	455	718	455	718
Retention sums	202	1,162	202	1,162
Finance costs payable to:				
– non-related parties	1,386	979	1,386	979
Accrued operating expenses	6,301	6,055	6,301	6,055
Others	2,339	2,073	2,331	2,066
	<u>32,005</u>	<u>27,379</u>	<u>32,014</u>	<u>27,387</u>
Current	20,946	17,953	20,955	17,961
Non-current	11,059	9,426	11,059	9,426
	<u>32,005</u>	<u>27,379</u>	<u>32,014</u>	<u>27,387</u>

Outstanding balances with related parties are unsecured.

The exposures of the Group and Trust to liquidity risk related to trade and other payables are disclosed in Note 12.

10 BORROWINGS

		Group		Trust	
	Note	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Secured borrowings					
Murabaha Facilities					
– Term	10(a)	–	122,536	–	122,536
Less: Unamortised capitalised transaction costs		–	(1,056)	–	(1,056)
		–	121,480	–	121,480
Unsecured borrowings					
Unsecured Term Loan Facility	10(b)	293,000	193,000	293,000	193,000
Less: Unamortised capitalised transaction costs		(4,079)	(2,891)	(4,079)	(2,891)
		288,921	190,109	288,921	190,109
Total non-current borrowings⁽¹⁾		288,921	311,589	288,921	311,589

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest/ profit rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group					
2022					
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,985
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	74,112
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,891
Unsecured Term Loan Facility D	SGD	SORA*+Margin	2026	50,000	48,992
Unsecured Term Loan Facility E	SGD	SORA*+Margin	2027	50,000	48,941
				<u>293,000</u>	<u>288,921</u>
2021					
Term Murabaha Facility A	SGD	SOR*+Margin	2024	122,536	121,480
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,442
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	73,811
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,856
				<u>315,536</u>	<u>311,589</u>
Trust					
2022					
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,985
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	74,112
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,891
Unsecured Term Loan Facility D	SGD	SORA*+Margin	2026	50,000	48,992
Unsecured Term Loan Facility E	SGD	SORA*+Margin	2027	50,000	48,941
				<u>293,000</u>	<u>288,921</u>
2021					
Term Murabaha Facility A	SGD	SOR*+Margin	2024	122,536	121,480
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,442
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	73,811
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,856
				<u>315,536</u>	<u>311,589</u>

* Singapore Overnight Rate Average/Swap Offer Rate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

(a) Murabahah Facilities

In March 2022, the Group completed its refinancing exercise of the Facilities with the new unsecured term loan and revolving facilities. (See Note 10(b))

(b) Unsecured Term Loan Facility

As of 31 December 2022, the outstanding unsecured Term Loan Facility consisted of:

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

As of 31 December 2021, the outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024.
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.

(c) Unutilised Loan Facilities

As of 31 December 2022, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$25.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.
- (iv) 4-year revolving facility of \$25.0 million maturing in March 2026.
- (v) 5-year revolving facility of \$25.0 million maturing in March 2027.

As of 31 December 2021, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$25.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group				Total \$'000
	Liabilities		Derivative financial instruments		
	Borrowings \$'000	Finance costs payable \$'000	Lease liabilities \$'000	Interest/Profit rate swap -liabilities/ (assets) \$'000	
Balance at 1 January 2022	311,589	979	76,713	(191)	389,090
Changes from financing cash flows					
Proceeds from borrowings	120,500	–	–	–	120,500
Repayment of borrowings	(143,036)	–	–	1,189	(141,847)
Transactions cost paid	(3,659)	76	–	–	(3,583)
Payment of lease liabilities	–	–	(1,624)	–	(1,624)
Finance costs relating to lease liabilities	–	–	(3,219)	–	(3,219)
Finance costs paid	–	(11,535)	–	556	(10,979)
Total changes from financing cash flows	(26,195)	(11,459)	(4,843)	1,745	(40,752)
Changes in fair value	–	–	–	(8,903)	(8,903)
Other changes					
Liability-related					
Amortisation of transaction costs	3,527	–	–	–	3,527
Interest/Profit expense	–	11,866	–	(1,009)	10,857
Remeasurement of lease liabilities	–	–	1,390	–	1,390
Finance costs relating to lease liabilities	–	–	3,219	–	3,219
Total liability-related other changes	3,527	11,866	4,609	(1,009)	18,993
Balance at 31 December 2022	288,921	1,386	76,479	(8,358)	358,428
Balance at 1 January 2021	284,019	136	78,259	3,736	366,150
Changes from financing cash flows					
Proceeds from borrowings	334,830	–	–	–	334,830
Repayment of borrowings	(304,318)	–	–	(1,929)	(306,247)
Transactions cost paid	(5,522)	–	–	–	(5,522)
Payment of lease liabilities	–	–	(1,542)	–	(1,542)
Finance costs relating to lease liabilities	–	–	(3,255)	–	(3,255)
Finance costs paid	–	(7,102)	–	(1,550)	(8,652)
Total changes from financing cash flows	24,990	(7,102)	(4,797)	(3,479)	9,612
Changes in fair value	–	–	–	(2,127)	(2,127)
Other changes					
Liability-related					
Amortisation of transaction costs	2,580	–	–	–	2,580
Interest/Profit expense	–	7,945	–	1,679	9,624
Remeasurement of lease liabilities	–	–	(4)	–	(4)
Finance costs relating to lease liabilities	–	–	3,255	–	3,255
Total liability-related other changes	2,580	7,945	3,251	1,679	15,455
Balance at 31 December 2021	311,589	979	76,713	(191)	389,090

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11 UNITS IN ISSUE

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

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

On 1 April 2014, the Trust introduced the distribution reinvestment plan ("DRP") whereby the Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

26,171,057 new Units (2021: 16,866,738 new Units) amounting to approximately \$11,119,000 at issue prices of \$0.4265 per Unit and \$0.4234 per Unit (2021: \$7,133,000 at issue price of \$0.4229 per Unit) in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT

12.1 Capital management

The Group reviews its capital management policy regularly so as to optimise the Group's funding structure. The Group also monitors its exposures to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures. The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder's value. In order to maintain or achieve an optimal capital structure, the Group will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and asset enhancements, and utilise interest/profit rate and currency hedging strategies where appropriate. The Manager reviews this policy on a continuous basis.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 50.0% of its Deposited Property. As at the reporting date, the Aggregate Leverage of the Group was 32.4% (2021: 35.0%) which was in compliance with the Aggregate Leverage limit of 50.0%. There were no changes in the Group's approach to capital management during the financial year.

12.2 Risk management framework

The Group is exposed to market risk (including interest/profit rate risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management is integral to the whole business of the Group. The Manager has implemented a system of controls in place to create an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The Manager also monitors the Group's risk management process closely to ensure an appropriate balance between control and business objectives is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's strategic direction.

The Audit Committee of the Manager assists the Board in overseeing how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's exposure to those risks. The Audit Committee is assisted in its oversight role by an internal audit function which is outsourced to an independent professional firm ("Internal Audit"). Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

12.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group, to settle its financial and contractual obligations, as and when they fall due.

The carrying amount of financial assets represents the Group and the Trust's maximum exposure to credit risk before taking into account any security deposit held. The maximum exposure to credit risk at the reporting date was:

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade and other receivables [#]	4,587	2,607	4,587	2,607
Cash and cash equivalents	8,009	25,856	8,009	25,856
	12,596	28,463	12,596	28,463

[#] exclude prepayments

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

The Manager has an established process to evaluate the creditworthiness of its tenants and prospective tenants and monitors amounts receivable on an on-going basis to minimise potential credit risk. Credit evaluations are performed by the Property Manager and the Manager before lease agreements are entered into with tenants. Security in the form of bankers' guarantees, insurance bonds or cash security deposits are obtained prior to the commencement of the lease.

The Manager establishes an allowance account for impairment that represents its estimate of incurred losses in respect of financial assets. The main component of this allowance is estimated losses that relate to specific tenants or counterparties. The allowance account is used to provide for impairment losses. Subsequently, when the Manager is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

The Group has provided impairment losses for all trade receivables that are not expected to be collectible in excess of the security deposits.

The ageing of gross trade receivables at the reporting date was:

	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group and Trust			
31 December 2022			
Not past due	248	(2)	No
Past due 0 - 30 days	647	(87)	No
Past due 31 - 60 days	492	(121)	No
More than 60 days past due	508	(499)	Yes
	<u>1,895</u>	<u>(709)</u>	
31 December 2021			
Not past due	55	(1)	No
Past due 0 - 30 days	205	(99)	No
Past due 31 - 60 days	124	(105)	No
More than 60 days past due	856	(850)	Yes
	<u>1,240</u>	<u>(1,055)</u>	

Ten tenants (2021: nine tenants) accounted for approximately \$1,843,000 (2021: \$1,109,000) of the gross trade receivables at 31 December 2022.

Impairment losses

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

	Group and Trust	
	2022 \$'000	2021 \$'000
At 1 January	1,055	1,871
Impairment losses (recovered)/recognised during the year	42	(790)
Utilised	(388)	(26)
At 31 December	<u>709</u>	<u>1,055</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

Trade receivables are individually assessed for impairment. The impairment loss on trade receivables is \$709,000 (31 December 2021: \$1,055,000).

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.

Other receivables and deposits

Other receivables are individually assessed for impairment. These amounts mainly arise from utilities bill recharged to the tenants. The amount of the allowance on these balances is insignificant.

Impairment on deposits has been measured on the 12-month expected loss basis and reflects the short maturity and low credit risks of the exposure. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

12.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the Group has committed and undrawn secured revolving credit facilities from various financial institutions to meet its operating expenses and its liabilities when due. The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual undiscounted cash flows of financial liabilities, including estimated interest/profit payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Group					
2022					
Non-derivative financial liabilities					
Unsecured Term Loan Facilities	288,922	(335,136)	(15,132)	(320,004)	–
Trade and other payables*	31,550	(31,550)	(20,491)	(8,860)	(2,199)
Lease liabilities	76,479	(131,552)	(4,893)	(24,465)	(102,194)
	396,951	(498,238)	(40,516)	(353,329)	(104,393)

* Trade and other payables exclude rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.4 Liquidity risk (continued)

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Group					
2021					
Non-derivative financial liabilities					
Murabaha Facilities	121,480	(131,277)	(3,963)	(127,314)	-
Unsecured Term Loan Facilities	190,109	(207,648)	(4,399)	(203,249)	-
Trade and other payables*	26,661	(26,661)	(17,235)	(8,970)	(456)
Lease liabilities	76,713	(134,032)	(4,800)	(24,000)	(105,232)
	414,963	(499,618)	(30,397)	(363,533)	(105,688)
Trust					
2022					
Non-derivative financial liabilities					
Unsecured Term Loan Facilities	288,922	(335,136)	(15,132)	(320,004)	-
Trade and other payables*	31,559	(31,559)	(20,500)	(8,860)	(2,199)
Lease liabilities	76,479	(131,552)	(4,893)	(24,465)	(102,194)
	396,960	(498,247)	(40,525)	(353,329)	(104,393)
2021					
Non-derivative financial liabilities					
Murabaha Facilities	121,480	(131,277)	(3,963)	(127,314)	-
Unsecured Term Loan Facilities	190,109	(207,648)	(4,399)	(203,249)	-
Trade and other payables*	26,669	(26,669)	(17,243)	(8,970)	(456)
Lease liabilities	76,713	(134,032)	(4,800)	(24,000)	(105,232)
	414,971	(499,626)	(30,405)	(363,533)	(105,688)

* Trade and other payables exclude rental received in advance.

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. For derivative financial instruments, the cash inflows/(outflows) represent the contractual undiscounted cash flows relating to these instruments. The amounts are compiled on a net basis for derivatives that are net-settled.

It is not expected that the cash flows included in the maturity analysis of the Group and the Trust could occur significantly earlier, or at significantly different amounts.

12.5 Market risk

Market risk is the risk that changes in market prices, such as interest/profit rates, foreign exchange rates and equity prices will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group does not have any exposure to foreign exchange rates and equity price risks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Interest/Profit rate risk

The Group's exposure to changes in interest/profit rates relates primarily to interest/profit-bearing financial liabilities. Interest/Profit rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest/profit expense could be affected by adverse movements in interest/profit rates. The Group adopts a policy of ensuring that majority of its exposures to changes in interest/profit rates on borrowings is on a fixed-rate basis. This is achieved by entering into interest/profit rate swaps and fixed rate borrowings.

A fundamental reform of major interest/profit rate benchmarks is being undertaken globally, including replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's main IBOR exposure at 31 December 2021 was substantially indexed to SOR. In Singapore, the Steering Committee for SOR transition to SORA (SC-STs) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has recommended the discontinuation of SOR and a shift towards the use of Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR is by the end of June 2023 and December 2024 respectively.

At 31 December 2022, the Group has no IBOR exposure indexed to SOR.

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans indexed to SOR. The Group has settled its non-derivative financial liabilities indexed to SOR and entered into new non-derivative financial liabilities indexed to SORA during the year ended 31 December 2022.

Derivatives

The Group holds interest/profit rate swaps to manage its exposure to interest/profit rate movements on its floating rate bearing Term Murabaha and Unsecured Term Loan Facilities by swapping the interest/profit rates on a proportion of these term loans from floating rates to fixed rates. The interest rate swaps have floating legs that are indexed to SOR as at 31 December 2021. At 31 December 2022, all interest rate swaps have floating legs that are indexed to SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

31 December 2021	\$'000	\$'000
Financial liabilities		
Secured bank loans	121,480	121,480
Derivatives		
Interest rate swaps	122,536	122,536

There are no unreformed contracts as at 31 December 2022.

As at the reporting date, the Group had entered into interest/profit rate swaps with total contracted notional amounts of \$242.5 million (2021: \$142.5 million) whereby the Group had agreed with counterparties to exchange, at specified intervals, the difference between the floating rate pegged to the Singapore dollar SORA and fixed rate interest/profit amounts calculated by reference to the contracted notional amounts of the borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest/Profit rate profile

As at the reporting date, the interest/profit rate profile of interest/profit-bearing financial instruments was:

	Group		Trust	
	Nominal amount		Nominal amount	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments				
Financial liabilities	(293,000)	(315,536)	(293,000)	(315,536)
Effects of interest/profit rate swaps	242,500	210,036	242,500	210,036
	(50,500)	(105,500)	(50,500)	(105,500)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through Statements of Total Return and the Group does not designate interest/profit rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest/profit rates at the reporting date would not affect the Statements of Total Return.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest/profit rate at the reporting date would (decrease)/increase total return for the year by the amounts shown below. The analysis assumes that all variables remain constant. The analysis is performed on the same basis for 2021.

	Total return for the year	
	50 bp increase	50 bp decrease
	\$'000	\$'000
Group and Trust		
2022		
Financial liabilities	(253)	253
2021		
Financial liabilities	(528)	528

13 GROSS REVENUE

	Group and Trust	
	2022	2021
	\$'000	\$'000
Property rental income	64,670	64,244
Other operating income	30,237	17,669
	94,907	81,913

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

14 PROPERTY EXPENSES

	Group and Trust	
	2022	2021
	\$'000	\$'000
Service, repair and maintenance expenses	7,426	7,991
Property and lease management fees	2,812	2,410
Property tax	6,523	6,690
Utilities	23,959	13,041
Impairment loss/(recovery of impairment loss) on trade receivables	42	(790)
Others	862	618
	41,624	29,960

Property expenses represent the direct operating expenses arising from rental of investment properties.

15 FINANCE INCOME AND COSTS

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Finance income:				
Interest/Profit income from fixed deposits with Islamic financial institutions	5	11	5	11
Interest on late payment of rent received/Ta'widh (compensation on late payment of rent) received	80	19	80	19
	85	30	85	30
Finance costs:				
Commodity Murabaha Facilities	–	2,382	–	2,382
Murabahah Facilities	1,065	3,681	1,065	3,681
Term Loan Facility	10,071	1,366	10,071	1,366
Revolving Loan Facility	730	516	730	516
Interest/Profit rate swaps*	(1,009)	1,679	(1,009)	1,679
Amortisation of transaction costs	3,527	2,580	3,527	2,580
Brokerage and agent fees	75	139	74	134
	14,459	12,343	14,458	12,338
Finance costs relating to lease liabilities	3,219	3,255	3,219	3,255
	17,678	15,598	17,677	15,593
Net finance costs	17,593	15,568	17,592	15,563

* Except for the finance costs arising from interest/profit rate swaps, all other finance income and cost items represent the interest/profit income and expenses in respect of financial assets and liabilities not carried at fair value through the Statements of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16 DONATION

During the year, donations have been made to Society for the Aged Sick (2021: Donations made to The Invictus Fund were approved by the Independent Shari'ah Committee).

17 OTHER TRUST EXPENSES

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration				
– audit fees	215	212	215	210
– non-audit fees	80	69	78	67
Valuation fees	100	100	100	100
Professional fees	638	43	630	36
Service fees payable to a subsidiary	–	–	13	18
Other expenses	298	260	296	258
	<u>1,331</u>	<u>684</u>	<u>1,332</u>	<u>689</u>

18 TAX EXPENSE

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Tax expense				
Current year	*	*	–	–
Reconciliation of effective tax rate				
Total return for the year before taxation and distribution	<u>52,768</u>	<u>48,818</u>	<u>52,768</u>	<u>48,818</u>
Tax using Singapore tax rate of 17% (2021: 17%)	8,971	8,299	8,971	8,299
Non-tax chargeable items	(3,978)	(3,206)	(3,978)	(3,206)
Non-tax deductible items	1,453	1,238	1,453	1,238
Income not subject to tax	(823)	(805)	(823)	(805)
Tax transparency	<u>(5,623)</u>	<u>(5,526)</u>	<u>(5,623)</u>	<u>(5,526)</u>
	<u>*</u>	<u>*</u>	<u>–</u>	<u>–</u>

* Less than \$1,000

19 CONTINGENT LIABILITIES

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20 EARNINGS PER UNIT

Basic and diluted earnings per Unit

The calculation of basic earnings per Unit is based on the total return for the year and weighted average number of Units during the year.

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Total return for the year after taxation and before distribution	52,768	48,818	52,768	48,818
Units in issue at beginning of year	1,069,950	1,053,084	1,069,950	1,053,084
Effect of issue of new Units:				
– Distribution Reinvestment Plan	13,690	4,759	13,690	4,759
Weighted average number of Units at end of year	1,083,640	1,057,843	1,083,640	1,057,843
Earnings per unit (cents)	4.87	4.61	4.87	4.61

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

21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values of non-financial assets and liabilities are disclosed in the relevant notes specific to that non-financial asset or liability.

Fair values of financial instruments are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair values of a financial instrument fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfer between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

Group	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL - others	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022									
Financial assets not measured at fair value									
Trade and other receivables*	7	-	4,587	-	4,587				
Cash and cash equivalents	8	-	8,009	-	8,009				
		-	12,596	-	12,596				
Financial assets measured at fair value									
Derivative assets	6	8,358	-	-	8,358	-	8,358	-	8,358
Financial liabilities not measured at fair value									
Trade and other payables*	9	-	-	(15,820)	(15,820)				
Security deposits	9	-	-	(15,730)	(15,730)	-	-	(15,730)	(15,730)
Borrowings	10	-	-	(288,921)	(288,921)	-	(288,921)	-	(288,921)
		-	-	(320,471)	(320,471)				
2021									
Financial assets not measured at fair value									
Trade and other receivables*	7	-	2,607	-	2,607				
Cash and cash equivalents	8	-	25,856	-	25,856				
		-	28,463	-	28,463				
Financial assets measured at fair value									
Derivative assets	6	191	-	-	191	-	191	-	191
Financial liabilities not measured at fair value									
Trade and other payables*	9	-	-	(13,505)	(13,505)				
Security deposits	9	-	-	(13,156)	(13,156)	-	-	(13,156)	(13,156)
Borrowings	10	-	-	(311,589)	(311,589)	-	(311,589)	-	(311,589)
		-	-	(338,250)	(338,250)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

Trust	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022									
Financial assets not measured at fair value									
Trade and other receivables*	7	–	4,587	–	4,587				
Cash and cash equivalents	8	–	8,009	–	8,009				
		–	12,596	–	12,596				
Financial assets measured at fair value									
Derivative assets	6	8,358	–	–	8,358	–	8,358	–	8,358
Financial liabilities not measured at fair value									
Trade and other payables*	9	–	–	(15,829)	(15,829)				
Security deposits	9	–	–	(15,730)	(15,730)	–	–	(15,730)	(15,730)
Borrowings	10	–	–	(288,921)	(288,921)	–	(288,921)	–	(288,921)
		–	–	(320,480)	(320,480)				

Trust	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL - others	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021									
Financial assets not measured at fair value									
Trade and other receivables*	7	–	2,607	–	2,607				
Cash and cash equivalents	8	–	25,856	–	25,856				
		–	28,463	–	28,463				
Financial assets measured at fair value									
Derivative assets	6	191	–	–	191	–	191	–	191
Financial liabilities not measured at fair value									
Trade and other payables*	9	–	–	(13,513)	(13,513)				
Security deposits	9	–	–	(13,156)	(13,156)	–	–	(13,156)	(13,156)
Borrowings	10	–	–	(311,589)	(311,589)	–	(311,589)	–	(311,589)
		–	–	(338,258)	(338,258)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values

The following shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Group and Trust

Type	Valuation technique	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Interest/Profit rate swaps	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.	Not applicable	Not applicable

Financial instruments not measured at fair value

Borrowings

The carrying amounts of interest/profit-bearing borrowings which are repriced within 3 months from the reporting date approximate their fair values.

Lease liabilities

The carrying amounts of lease liabilities uses discounted cash flows model to consider the present value of expected payment, discounted using an incremental borrowing rate.

22 OPERATING SEGMENTS

The operating segment information is based on the Group's internal reporting structure for the purpose of allocating resources and assessing performance by the Manager's CEO (the chief operating decision maker).

Segment gross revenue comprises mainly income generated from tenants. Segment net property income represents the income earned by each segment after allocating property expenses.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash and cash equivalents, other receivables, borrowings and other payables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 OPERATING SEGMENTS (CONTINUED)

The Group has four reportable segments whose information are presented in the tables below:

	← Group →				
	High-tech industrial \$'000	Chemical warehouse & logistics \$'000	Warehouse & logistics \$'000	General industrial \$'000	Total \$'000
2022					
Gross revenue	63,092	5,589	19,490	6,736	94,907
Property expenses	(31,663)	(1,403)	(6,352)	(2,206)	(41,624)
Segment net property income	31,429	4,186	13,138	4,530	53,283
Net change in fair value of investment properties	9,349	182	3,217	1,556	14,304
Unallocated amounts:					
– Finance income					85
– Finance costs					(14,459)
– Finance costs relating to lease liabilities					(3,219)
– Other expenses					(6,129)
– Net change in fair value of financial derivatives					8,903
Total loss for the year before taxation					52,768
Assets and liabilities					
Segment assets:					
– Investment properties	575,445	73,967	215,949	96,818	962,179
– Others	345	1,232	82	102	1,761
Unallocated assets					19,252
Total assets					983,192
Segment liabilities:					
– Lease liabilities	17,145	13,367	27,949	18,018	76,479
– Others	19,559	993	3,365	2,766	26,683
Unallocated liabilities:					
– Borrowings					288,921
– Others					5,322
Total liabilities					397,405
Other segment information					
Capital expenditure	1,689	228	747	354	3,018

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 OPERATING SEGMENTS (CONTINUED)

	← Group →				
	High-tech industrial \$'000	Chemical warehouse & logistics \$'000	Warehouse & logistics \$'000	General industrial \$'000	Total \$'000
2021					
Gross revenue	52,675	6,529	17,928	4,781	81,913
Property expenses	(21,702)	(486)	(6,027)	(1,745)	(29,960)
Segment net property income	30,973	6,043	11,901	3,036	51,953
Net change in fair value of investment properties	23,020	(2,748)	(5,981)	1,708	15,999
					67,952
Unallocated amounts:					
– Finance income					30
– Finance costs					(12,343)
– Finance costs relating to lease liabilities					(3,255)
– Other expenses					(5,693)
– Net change in fair value of financial derivatives					2,127
Total loss for the year before taxation					48,818
Assets and liabilities					
Segment assets:					
– Investment properties	564,628	73,433	211,629	93,223	942,913
– Others	332	–	63	13	408
Unallocated assets					28,327
Total assets					971,648
Segment liabilities:					
– Lease liabilities	17,029	13,633	28,229	17,822	76,713
– Others	17,842	656	3,662	1,606	23,766
Unallocated liabilities:					
– Borrowings					311,589
– Others					3,613
Total liabilities					415,681
Other segment information					
Capital expenditure	6,607	–	756	112	7,475

Geographical segments

Segment information in respect of the Group's geographical segments is not presented as the Group's activities for the years ended 31 December 2022 and 31 December 2021 related wholly to properties located in Singapore.

Major customer

A major customer group contributed approximately \$5.0 million (2021: \$4.8 million) of the Group's total revenues from the High-tech industrial (2021: High-tech industrial) for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23 LEASES

Leases as lessee

As a lessee, the Group pays land rent to JTC on an annual basis for certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreements limit any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. Previously, these leases were classified as operating leases under FRS 17.

Lease liabilities included in the Statements of Financial Position at 31 December 2022

	Group and Trust	
	2022	2021
	\$'000	\$'000
Current	1,714	1,504
Non-current	74,765	75,209
	76,479	76,713

Amounts recognised in Statements of Total Return

	Group and Trust	
	2022	2021
	\$'000	\$'000
Leases under FRS 116		
Finance costs relating to lease liabilities	3,219	3,255

Amounts recognised in Consolidated Statement of Cash Flows

	Group and Trust	
	2022	2021
	\$'000	\$'000
Total cash outflow for leases	4,843	4,797

Extension options

Some land leases contain extension options exercisable by the Group at the expiry of the lease term. The Group assessed that it is reasonably certain to exercise the extension options and have included the optional land lease term in the measurement of lease liabilities. Lease liabilities arising from the optional land lease term included in lease liabilities as at 31 December 2022 amounted to \$38.2 million (2021: \$43.1 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23 LEASES (CONTINUED)

Leases as lessor

As a lessor, the Group leases out their investment properties under operating lease agreements. Note 3.4(ii) sets out information about the operating leases of investment property.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2022	2021
	\$'000	\$'000
Operating leases under FRS 116		
Less than 1 year	61,552	60,643
1 to 2 years	44,410	43,267
2 to 3 years	32,977	25,829
3 to 4 years	19,627	17,670
4 to 5 years	11,352	11,073
More than 5 years	29,113	20,566
Total lease receivables	199,031	179,048

24 RELATED PARTIES

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

	Group and Trust	
	2022	2021
	\$'000	\$'000
Manager's fees and reimbursables paid/payable to the Manager	4,438	4,655
Property/lease management fees and reimbursables paid/payable to the Property Manager	2,811	2,410
Trustee fees paid/payable to the Trustee	355	349

25 FINANCIAL RATIOS

	Group	
	2022	2021
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
– including performance component of Manager's fees	1.08	1.05
– excluding performance component of Manager's fees	1.08	1.00
Portfolio turnover rate ⁽²⁾	–	–

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

26 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

(i) Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

There will be no impact on Group on adoption of the amendments.

(ii) Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current*

The amendments, as issued in 2020 and amended in 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2024. The amendments specify that covenants with which an entity must comply after the reporting date do not affect a liability's classification at that date. Instead, amounts and information on non-current liabilities subject to such conditions are disclosed separately in the financial statements. The amendments also clarify how an entity classifies a liability that can be settled in its own shares. The Group is still in the process of assessing the impact of the amendments.

(iii) Others

The following amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- FRS 117 *Insurance Contracts* and Amendments to FRS 117: *Insurance Contracts*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 8: *Definition of Accounting Estimates*

ADDITIONAL INFORMATION

INTERESTED PARTY TRANSACTIONS

Interested person transactions (for the purposes of the Listing Manual of the SGX-ST) and interested party transactions (for the purposes of the Property Funds Appendix) (collectively "Related Party Transactions") during the financial year are as follows.

Name of Interested Person	Nature of Relationship	Aggregate value of all Related Party Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920 ⁽¹⁾ of the Listing Manual) S\$'000	Aggregate value of all Related Party Transactions conducted under Unitholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) S\$'000
ESR Group Limited and its subsidiaries – Manager's fees – Property and lease management fees	The Sponsor of Sabana Industrial REIT and its associates.	4,438 2,812	-
HSBC Institutional Trust Services (Singapore) Limited and its associates – Trustee's fees – Finance costs (profit payments)	The Trustee of Sabana Industrial REIT and its associates.	355 4,001	-

TOTAL OPERATING EXPENSES ⁽²⁾

Description	S\$'000
Total operating expenses ⁽³⁾ (inclusive of interested party expenses paid to the Manager and interested parties)	47,738
Total operating expenses as a percentage of net asset value (as at 31 December 2022)	8.1%

Notes:

(1) There were no transactions conducted under Unitholders' mandate pursuant to Rule 920 during FY 2022.

(2) For the purpose of complying with paragraph 11.1(l) of the Property Funds Appendix.

(3) Total operating expenses include property expenses and other trust expenses but do not include finance costs

Save as disclosed above, there were no other Related Party Transactions (excluding transactions of less than S\$100,000 each) entered into during the financial year under review.

The fees, charges and rents payable by Sabana Industrial REIT under the Trust Deed, the Property Management Agreement and the Individual Property Management Agreements entered into with the Sponsor and its subsidiaries (collectively, the "**Exempted Agreements**"), each of which constitutes a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units at the initial public offering of Sabana Industrial REIT on the SGX-ST on 26 November 2010 and are therefore not subject to Rules 905 and 906 of the Listing Manual for the period stated in the agreement to the extent that (in relation to the Trust Deed, the Property Management Agreement and the Individual Property Management Agreements) there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Sabana Industrial REIT. Any renewal of the Property Management Agreement and the Individual Property Management Agreements will be subject to Rules 905 and 906 of the Listing Manual.

ADDITIONAL INFORMATION

MS LEE KIA JONG ELAINE (MRS ELAINE LIM)

The following information relates to Mrs Elaine Lim, who was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022. The appointment of Mrs Elaine Lim as Independent Director is subject to the endorsement of the independent Unitholders of the REIT by an ordinary resolution at the AGM of Sabana Industrial REIT to be held on 25 April 2023.

Name of Director	Mrs Elaine Lim
Date of Appointment	6 July 2022
Name of person	Lee Kia Jong Elaine
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The NRC had reached out to their business networks and independent organisations such as the Securities Investors Association (Singapore) ("SIAS") to source for and identify potential candidates over an intensive two-month recruitment process. The NRC evaluated potential new directors based on the candidates' background, experience and knowledge in business and general management and expertise relevant to Sabana Industrial REIT. The evaluation criteria also included consideration of the composition and progressive renewal of the Board, Board diversity and independence of the candidates. Following the shortlisting of Mrs Elaine Lim, the NRC conducted an in-depth interview and discussions with her to assess her suitability and ensure that she was fully aware of the commitments required as a Board member. The NRC, whose members are not prior acquainted with Mrs Elaine Lim, also carried out a thorough and professional candidature evaluation, including due diligence background checks to ensure her fitness and propriety. To this end, Mrs Elaine Lim was determined by the NRC to be suitable, with her strong track record in thought leadership and training to advance corporate governance practices, extensive experience in capital market transactions and her work experience with a large number of corporate entities and non-profit organisations. Specifically, she served as member of the review panel for a corporate governance e-guide first produced by SID and a board appointment guide for charities published by the Council for Board Diversity. Her track record allows her to complement the existing experience of the Board and bring corporate governance best practices to Sabana Industrial REIT. Additionally, Mrs Elaine Lim's appointment was supported by SIAS, an association for minority shareholders. Having considered the credentials, experience and qualifications of Mrs Elaine Lim and at the recommendation of the NRC, the Board approved Mrs Elaine Lim's appointment as Independent Non-Executive Director, member of the Audit and Risk Committee and member of the NRC. The appointment of Mrs Elaine Lim as Independent Director is subject to endorsement of the independent unitholders of Sabana Industrial REIT by an ordinary resolution at or before its annual general meeting. If the resolution is carried, Mrs Elaine Lim will continue to serve on the Board as Independent Non-Executive Director. If the resolution for the endorsement is not carried, Mrs Elaine Lim will serve on the Board as Non-Independent Non-Executive Director.

ADDITIONAL INFORMATION

Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	- Independent Non-Executive Director - Member of the Audit and Risk Committee - Member of the Nominating and Remuneration Committee
Professional qualifications	Master of Business Administration, University of Chicago Booth School of Business Fellow, Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	19 January 2015 to 31 December 2018: Director, Stamford Corporate Services 19 February 2014 to 31 December 2014: Chairman, Citigate Dewe Rogerson i.MAGE 15 November 1988 to 18 February 2014: Managing Director, Citigate Dewe Rogerson i.MAGE
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes
Other Principal Commitments including Directorships Present and past (for the last 5 years)	2016 to 2020: Independent Non-executive Director, Chemical Industries (Far East) Limited 2015 to 2019: Independent Non-executive Director, M1 Limited 2022 to Present: Independent Non-executive Director, Combine Will International Holdings Limited
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.
Information required under items (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST	The responses under items (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST issued previously for appointment as a new Director ie "No" remain unchanged.

STATISTICS OF UNITHOLDINGS

As at 8 March 2023

ISSUED AND FULLY PAID UP UNITS

(As at 8 March 2023)

There were 1,096,121,325 Units (voting rights: one vote per Unit) outstanding as at 8 March 2023. There is only one class of Units in Sabana Industrial REIT.

Market capitalisation S\$460.4 million based on market closing price of \$0.42 on 8 March 2023.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	248	2.36	12,272	0.00
100 - 1,000	974	9.28	817,368	0.07
1,001 - 10,000	4,343	41.40	22,870,894	2.09
10,001 - 1,000,000	4,879	46.51	256,301,091	23.38
1,000,001 AND ABOVE	47	0.45	816,119,700	74.46
TOTAL	10,491	100.00	1,096,121,325	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	RHB BANK NOMINEES PTE LTD	206,969,424	18.88
2	CITIBANK NOMINEES SINGAPORE PTE LTD	172,649,226	15.75
3	ABN AMRO CLEARING BANK N.V.	102,129,118	9.32
4	DBS NOMINEES (PRIVATE) LIMITED	61,058,430	5.57
5	RAFFLES NOMINEES (PTE.) LIMITED	57,398,849	5.24
6	HSBC (SINGAPORE) NOMINEES PTE LTD	46,735,305	4.26
7	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	31,476,798	2.87
8	PHILLIP SECURITIES PTE LTD	16,309,100	1.49
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	14,422,434	1.32
10	DBSN SERVICES PTE. LTD.	12,301,377	1.12
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	9,587,809	0.87
12	MEREN PTE LTD	7,600,000	0.69
13	OCBC SECURITIES PRIVATE LIMITED	6,249,587	0.57
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,161,523	0.47
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,050,894	0.46
16	MAYBANK SECURITIES PTE. LTD.	4,530,338	0.41
17	UOB KAY HIAN PRIVATE LIMITED	4,120,143	0.38
18	DB NOMINEES (SINGAPORE) PTE LTD	3,841,769	0.35
19	IFAST FINANCIAL PTE. LTD.	3,593,157	0.33
20	AGARWAL NITISH NIRBHAYA	3,528,165	0.32
TOTAL		774,713,446	70.67

STATISTICS OF UNITHOLDINGS

As at 8 March 2023

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2023)

Directors	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Tan Cheong Hin	-	-	-	-
Wong Heng Tew	-	-	-	-
Elaine Lim	-	-	-	-

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,096,121,325 as at 21 January 2023

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholdings as at 8 March 2023)

Substantial Unitholders	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Quarz Capital ASIA (Singapore) Pte. Ltd.	-	-	153,456,911	14.00
Volare Group AG	59,493,226	5.43	-	-
e-Shang Infinity Cayman Limited ⁽²⁾	214,299,143	19.55	-	-
e-Shang Jupiter Cayman Limited ⁽³⁾	-	-	214,299,143	19.55
ESR Group Limited ⁽³⁾	12,524,228	1.14	214,299,143	19.55

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,096,121,325 as at 8 March 2023.

⁽²⁾ e-Shang Infinity Cayman Limited, a company established in the Cayman Islands, is a wholly-owned subsidiary of e-Shang Jupiter Cayman Limited ("ES Jupiter"), a company established in the Cayman Islands.

⁽³⁾ ES Jupiter, a company established in the Cayman Islands, is a 100% owned subsidiary of ESR Group Limited ("ESR"), a company established in the Cayman Islands.

Free Float

Under Rule 723 of the Listing Manual, a listed issuer must ensure that at least 10.00% of its listed securities are at all times held by the public.

Based on information available to the Manager as at 8 March 2023, 59.86% of the Units in Sabana Industrial REIT are held in the hands of public. Accordingly, Rule 723 of the Listing Manual has been complied with.

NOTIFICATION OF NOTICE OF AGM AND PROXY FORM

The Annual General Meeting ("**AGM**") for the financial year ended 31 December 2022 will be physically held on Tuesday, 25 April 2023 at 10.00 a.m.

In addition to printed copies of the Notice of AGM that will be sent by post to unitholders of Sabana Industrial REIT ("**Unitholders**"), the Notice of AGM will also be sent to Unitholders by electronic means via publication on Sabana Industrial REIT's website at <http://www.sabana-reit.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

The Notice of AGM and Proxy Form can be downloaded electronically on our corporate website at <http://sabana.listedcompany.com/agm-egm.html> or by scanning the QR code below:



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