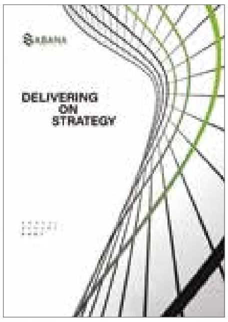
SABANA INDUSTRIAL REIT

DELIVERING ON STRATEGY

ANNUAL REPORT 2021

DELIVERING ON STRATEGY

The improved performance of Sabana Industrial REIT in FY 2021 attests to the effectiveness of our Refreshed Strategy in unlocking value and driving growth. We will continue to focus on executing our strategy with discipline, determination and fortitude so as to build a stronger and more resilient REIT that can deliver sustainable value to stakeholders.



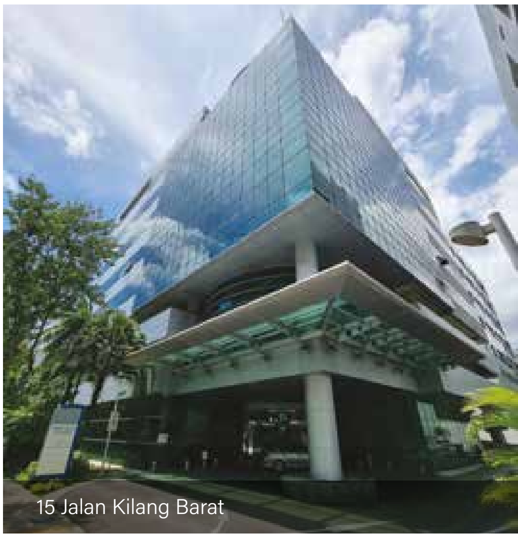
Cover Rationale

The cover design is inspired by the iconic glass façade of New Tech Park, the flagship asset of the REIT's portfolio. The curved lines convey movement and direction, reflecting the REIT Manager's fluidity, agility and adaptability in delivering on its strategy to build the REIT's strength and resilience.

151 Lorong Chuan, New Tech Park

23 Serangoon North Avenue 5

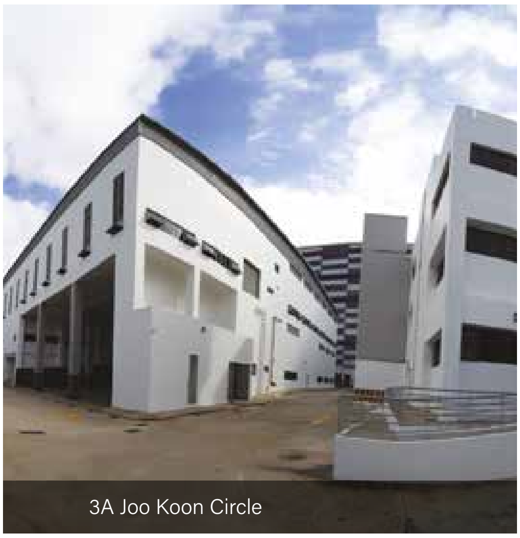
39 Ubi Road 1



15 Jalan Kilang Barat

8 Commonwealth Lane

33 & 35 Penjuru Lane



3A Joo Koon Circle

Contents

[1] The Shari'ah compliance requirements of Sabana Industrial REIT were removed with effect from 21 October 2021.

Corporate **Profile**

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.

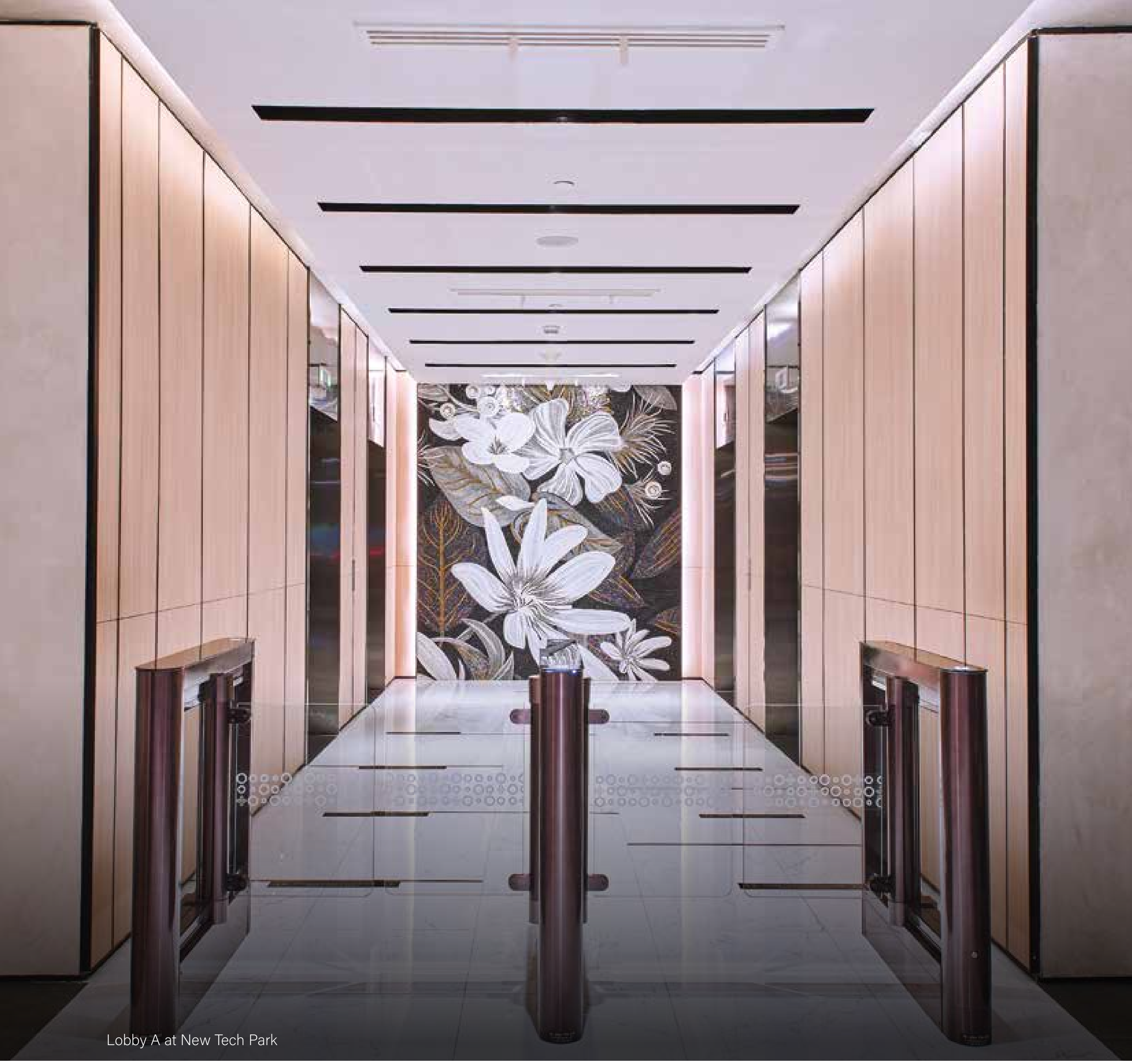
- **PEOPLE**
  We recognise that our people are our greatest assets. By creating and maintaining a conducive working environment, our people will grow professionally and make a positive impact to both the organisation and society.

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**").



Lobby A at New Tech Park

ABOUT SABANA INDUSTRIAL REIT

Sabana Shari'ah Compliant Industrial REIT was listed on the SGX-ST on 26 November 2010. It was established principally to invest in income-producing real estate used for industrial purposes, as well as real estate-related assets, in line with Shari'ah investment principles.

With effect from 21 October 2021, 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) was removed. Following the removal of the Shari'ah compliance requirement, the REIT's revised investment mandate is to principally invest in income-producing real estate used for industrial purposes in Asia, as well as real estate-related assets. The REIT has been renamed as Sabana Industrial Real Estate Investment Trust ("**Sabana Industrial REIT**").

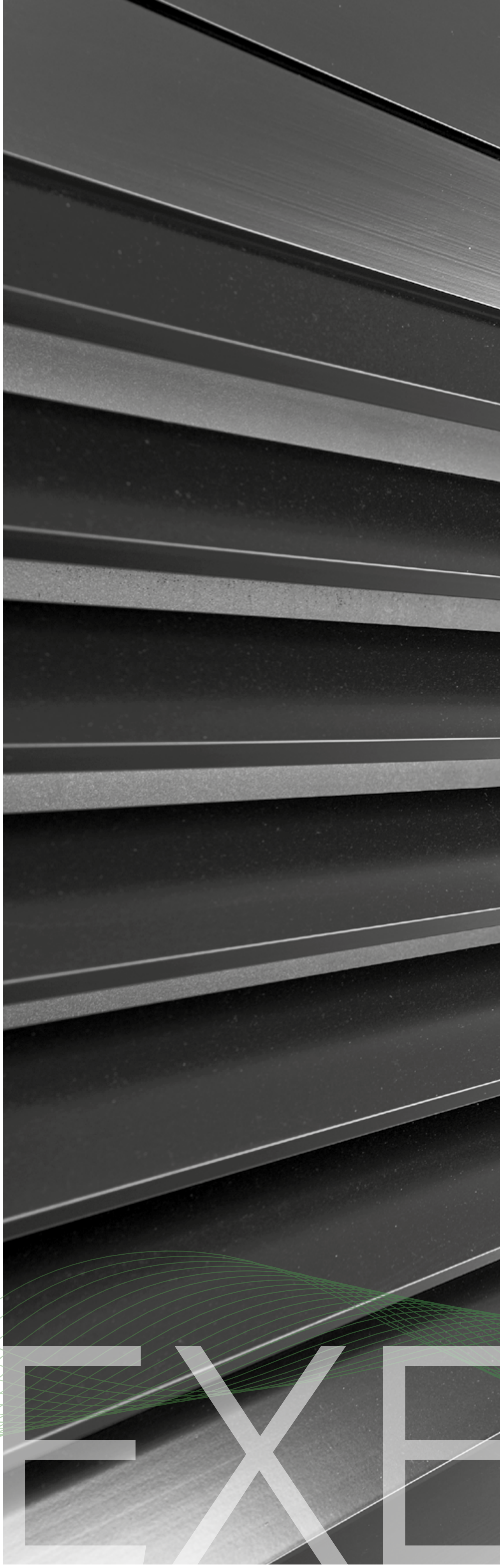
Sabana Industrial REIT has a diversified portfolio of 18 properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. Its total assets amount to more than $0.9 billion.

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.

We adopt a disciplined approach towards executing our strategy while remaining nimble and flexible to seize growth opportunities as they arise, ensuring that we are able to translate our strategy into positive results.

DISCIPLINED EXECUTION



Metal louvered wall with curved features at NTP+ mall


ECUTION

Letter
to Unitholders

Mr Han Yong Lee (Donald)
Chief Executive Officer

Mr Tan Cheong Hin
Chairman of the Board of Directors

Dear Unitholders,

DRIVING A DETERMINED TRANSFORMATION

2021 was a defining year for Sabana Industrial REIT. It has been four years since both of us came onboard the REIT in early 2018 and helped launch its Refreshed Strategy, and we are pleased to report on the significant progress made in the year.

Against a challenging macroeconomic, geopolitical and pandemic backdrop, our commitment to deliver on our strategy and build long-term sustainable growth brought to fruition the momentum of the prior three years. The REIT achieved a solid financial performance for the year, strengthened its capital structure and made major enhancements across the portfolio as we stayed focused on future-proofing our assets.

Besides completing the Asset Enhancement Initiative ("**AEI**") at our crown jewel New Tech Park, including the opening of the NTP+ mall, another major milestone was the removal of Shari'ah compliance requirement for Sabana. Shari'ah compliance has been invaluable, but we needed to accommodate the changing profile of tenants and enhance operational and financial flexibility for our next phase of growth. Consequently, the REIT was renamed on 21 October 2021 as "Sabana Industrial Real Estate Investment Trust". We also obtained up to $225.0 million in unsecured loans to strengthen our balance sheet and resumed the REIT's Distribution Reinvestment Plan ("**DRP**") for the REIT's distributions in 2021 to allow Unitholders to participate in our longer-term growth.

On this firm foundation, we can now focus on growth in the next phase of our journey.

DELIVERING ON STRATEGY

Our confidence that we are now on a growth path stems from the robust results achieved in 2021, which attests to our determination and disciplined approach towards executing and delivering on our Refreshed Strategy. For the financial year ended 31 December 2021 ("**FY 2021**"), our gross revenue increased by 14.2% year-on-year ("**y-o-y**") to $81.9 million and our net property income saw an increase of 16.4% y-o-y to $52.0 million. We were able to distribute $32.5 million to Unitholders, which was 11.7% y-o-y higher than the financial year ended 31 December 2020 ("FY 2020") and amounting to a DPU of 3.05 cents, a 10.5% y-o-y increase from 2.76 cents in FY 2020.

The REIT's net asset value per unit increased to $0.52 as at 31 December 2021 from $0.51 a year ago. Its gearing was 35.0% as at 31 December 2021 compared to 33.5% a year ago. Weighted average debt maturity stood at 2.9 years compared to 1.2 years in FY 2020. All-in borrowing cost was stabilised at 3.1% in FY 2021, unchanged from FY 2020.

Overall occupancy rate as at 31 December 2021 was 85.4%, up from 76.5% as at 31 December 2020 and the highest rate since 2018. The improvement came on the back of the 100% occupancy at NTP+ and higher occupancy rates across our portfolio. A very significant contributing factor was in achieving occupancy rates of 90% and above for 12 of the 18 properties in our portfolio. Our FY 2021 performance across various metrics including gross revenue, occupancy rate and rental reversion were either comparable or had exceeded those in 2018, reflecting the efforts and outcomes of our Refreshed Strategy, despite having fewer portfolio properties compared to 2018 when the Refreshed Strategy was launched. Overall, portfolio valuation as at 31 December 2021 rose to $866.2 million compared to $840.1 million a year ago.

The Manager's focus on attracting tenants in expansionary sectors has led to the continued onboarding of companies from the electronics, healthcare, IT/data centre, and logistics sectors in FY 2021. NTP+ also drew in a new and diverse tenant mix, including a number of players from the F&B and retail sectors – benefitting not only tenants but also the surrounding residential and school communities.

Even against a backdrop of heightened restrictions implemented since May 2021 and continuing into 2022, rental reversion was a positive 10.5% for FY 2021 as compared to a positive 0.9% for FY 2020, and significantly improved from the negative 3.6% in the financial year ended 31 December 2018. The marked improvement in rental reversion was largely attributable to the team's proactive engagement with existing tenants ahead of lease expiries to find the best solutions for their needs.

Letter
to Unitholders

DISCIPLINED EXECUTION OF REFRESHED STRATEGY

When the Manager first launched the Refreshed Strategy in 2018, the initial and most pressing and essential objective of the Manager was to refresh the business and strengthen the REIT from within, and to provide a solid platform for sustainable growth. This was what underpinned our Refreshed Strategy. We went back to basics – divesting matured and non-core assets and making sure that the ones we retained would deliver the highest value for the REIT and for you, our Unitholders. Consequently, we brought the REIT's gearing level down substantially from 38.2% as at 31 December 2017 to as low as 31.1% as at 31 December 2019 on the back of these divestments.

What has not changed through the past four years is that the Manager is always thinking of and looking to serve the best interests of our Unitholders. That remains the guiding motivation behind all of our decisions. We explored and evaluated various options to make the REIT stronger and better, to enhance the long-term interests of our Unitholders.

To better serve our Unitholders, we are committed to communicate better with our Unitholders and seek their feedback on major matters, subject to disclosure regulations. To this end, we have ramped up our engagement with our Unitholders and also with analysts and other members of the financial and investing communities.

PURSUING THE *GROW VALUE* PHASE OF OUR STRATEGY

The discipline and focus on Phases 1 and 2 of our Refreshed Strategy have been instrumental in delivering on our initial commitment to stabilise the business. As our FY 2021 performance indicates, we are now primed for growth. As we undertake Phases 2 and 3 of our strategy, we will be targeting portfolio expansion to more than $1 billion in assets under management in the next three to five years.

In order to deliver on our strategic commitment to *Grow VALUE*, we have set five strategic priorities:

- **V**alue: Building on **V**alue, taking advantage of market opportunities with an eye on macro-economic challenges
- **A**ccretive: Pursuing **A**ccretive Acquisitions and executing Asset Enhancement Initiatives
- **L**everage: Optimising **L**everage and capital structure
- **U**psized Portfolio: **U**psizing portfolio by retaining and attracting expansionary tenants from growth sectors including e-commerce, logistics, healthcare, electronics and technology
- **E**SG: Advancing our **E**nvironmental, Social and Governance goals and investing in our sustainability agenda

Among the key initiatives to achieve our Grow VALUE goal include (i) the activation of Phase 3 AEI maximisation of 2.5 plot ratio (an additional circa 200,000 sq ft of gross floor area) for 151 Lorong Chuan where an Outline Planning Application was submitted in February (ii) the action plan for AEI for 1 Tuas Avenue 4 – which will be the REIT's second major AEI after New Tech Park – for up to approximately 350,000 sq ft in gross floor area; and (iii) pursuing yield accretive acquisitions.

During the year, we welcomed onboard Mr Chan Wai Kheong as an Independent Board Director. Mr Chan has brought great value and insights to our Board with his experience in the financial sector and his perspectives as an investor.

LOOKING AHEAD

We believe that the financial year ending on 31 December 2022 ("**FY 2022**") will be a year in which we will be in a position to focus on quality and expansion, even as we are mindful of the challenges ahead such as the likelihood of successive interest rate rises and the ever-evolving COVID-19 situation.

As a smaller REIT, this means that we must ensure our occupancy is resilient. We will focus more on value enhancement but will retain the agility – as every business must – to respond to changes and accretive opportunities in the marketplace as they arise. We will focus mainly on our home base in Singapore for the near term and improve our existing assets to ensure that they offer the quality that creates loyal and long-term tenant relationships. The Manager has demonstrated the strength of these relationships over the past four years, and we will build upon this moving forward.

As a REIT committed to fulfilling our environmental, social and governance ("**ESG**") goals, we will invest and operate responsibly. On environmental aspects, one of our aims is to reduce utility consumption within our portfolio. This is not only good for our environment, but it will also lead to an overall reduction in operating costs. On that front, we are kick-starting the process by engaging external energy specialists for 508 Chai Chee Lane who are tasked with reducing energy consumption. Furthermore, we have secured a $150 million sustainability-linked loan.

On the governance front, we continue to bolster our framework and approach. We are working hard to improve on our performance against benchmarks such as the Singapore Governance and Transparency Index ("**SGTI**"), refresh some of our internal processes and update key information on our website as part of our sustained engagement with investors.

While we are buoyed by the performance of the REIT in FY 2021, we will continue to practise fiscal prudence while exploring and considering all viable growth options and executing our Refreshed Strategy. We are also committed to ensuring a quality team to best represent the interests of the REIT and Unitholders, having groomed and promoted internal talent who stood out in their responsibilities – including the appointment of our Chief Financial Officer and our Head of Real Estate in FY 2021, and hiring candidates from diverse backgrounds.

ACKNOWLEDGEMENTS

In 2021, we continued to face stern challenges; but we are now optimistic that we can look beyond the unique circumstances of the pandemic and how this affected the way we all live and work. What was remarkable was the continued commitment and resilience of the team at the REIT. Thank you so much to each and every one of our colleagues.

We also would like to express our gratitude to Mr Willy Shee Ping Yah @ Shee Ping Yan and Mr Yeo Wee Kiong who left us after serving as Independent Non-Executive Directors on our Board until April 2021.

We would also like to thank our Trustee, partners, lenders and valued tenants for your support. We are also grateful to our Shari'ah adviser, Five Pillars Pte. Ltd., for their past guidance and advice over the years.

To our Unitholders, we thank you too for your confidence in us and allowing us the continued opportunity to deliver long-term and sustainable value for you. Rest assured that the REIT will continue to strive and search for and explore new opportunities as we focus on growing the REIT together.

Mr Tan Cheong Hin
Chairman of the Board of Directors

Mr Donald Han
Chief Executive Officer

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.

Present principal commitments:

- Sabana Real Estate Investment Management Pte. Ltd.

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.

Mr Wong is currently an Advisory Director with Temasek International Advisors.

He 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.

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

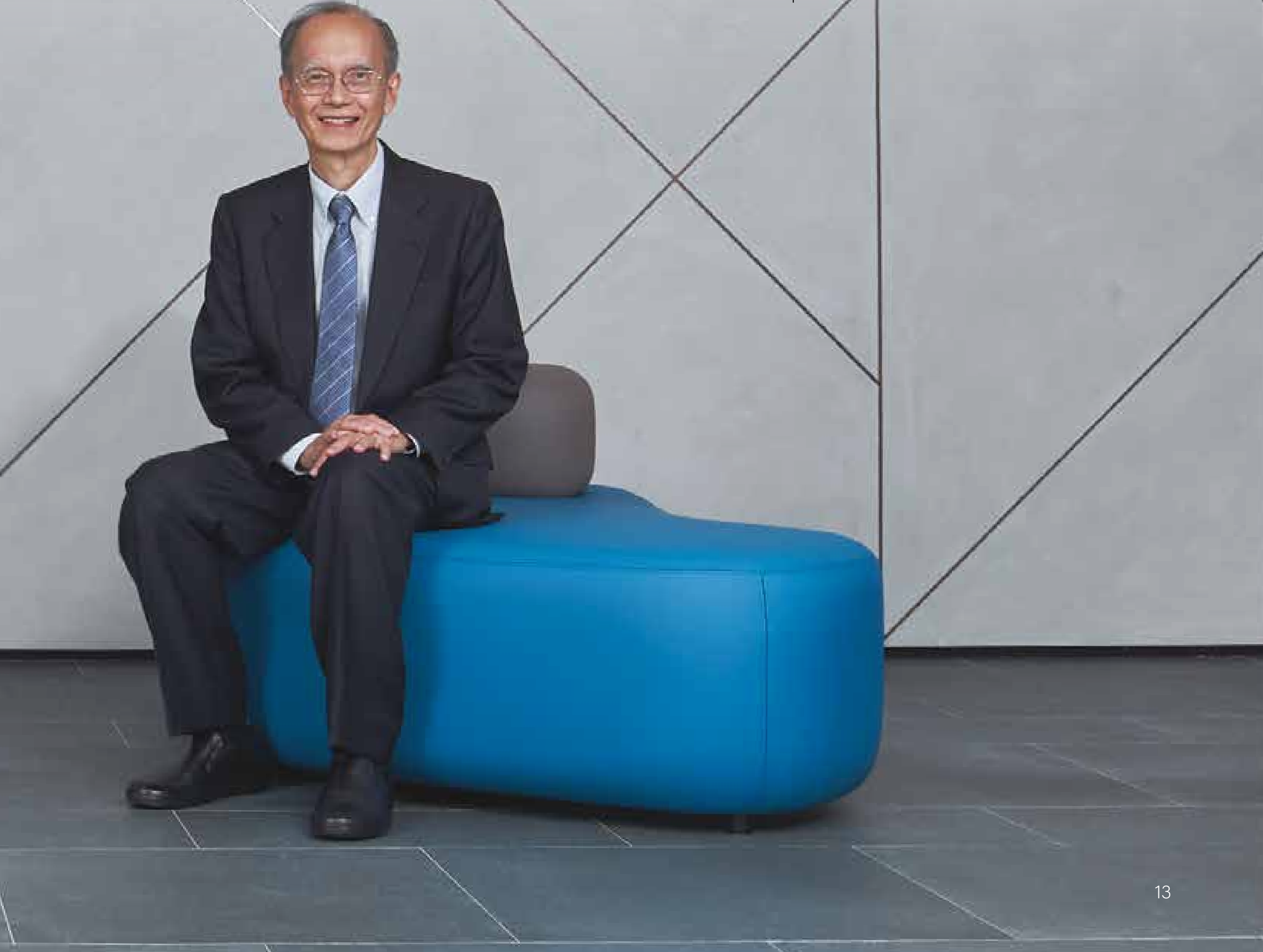
Mr Wong holds a Bachelor of Engineering degree from the University of Singapore and has completed the Programme for Management Development at Harvard Business School.

Present directorships in other listed companies:

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

Present principal commitments:

- Sabana Real Estate Investment Management Pte. Ltd.
- Mercatus Strategic Investment Management LLP
- Mercatus Co-operative Limited



Board of **Directors**

MR CHAN WAI KHEONG

Independent Non-Executive Director

Mr Chan Wai Kheong was appointed as an Independent Non-Executive Director of the Manager on 2 June 2021.

He is a member of the Audit and Risk Committee and the Nominating and Remuneration Committee.

Mr Chan has more than 37 years of management and operational experience in the financial sector. He is currently the Chief Executive Officer of Charlie Chan Capital Partners Pte Ltd which he founded in 2011. Prior to that, he was the Managing Director at Credit Suisse (Singapore) Ltd.

Mr Chan holds a Bachelor of Science (Honours) in Electrical and Electronics Engineering from the University of Nottingham and an MBA from Bayes Business School (London).

Present principal commitments:

- Sabana Real Estate Investment Management Pte. Ltd.
- Charlie Chan Capital Partners Pte. Ltd.

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 in 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 Chesterton's Singapore 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. Prior to his current appointment, Wei Huang served at the Manager as Senior Vice President, Finance, for two years during which he played a major role in successfully converting the majority of the REIT's financing into unsecured facilities. Working closely with the Chief Executive Officer and Board, Wei Huang plays a critical role in delivering on the REIT's Refreshed Strategy 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 member with 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 AEIs. 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 AEI of New Tech Park at 151 Lorong Chuan and spearheaded the leasing efforts of the retail mall, NTP+.

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.

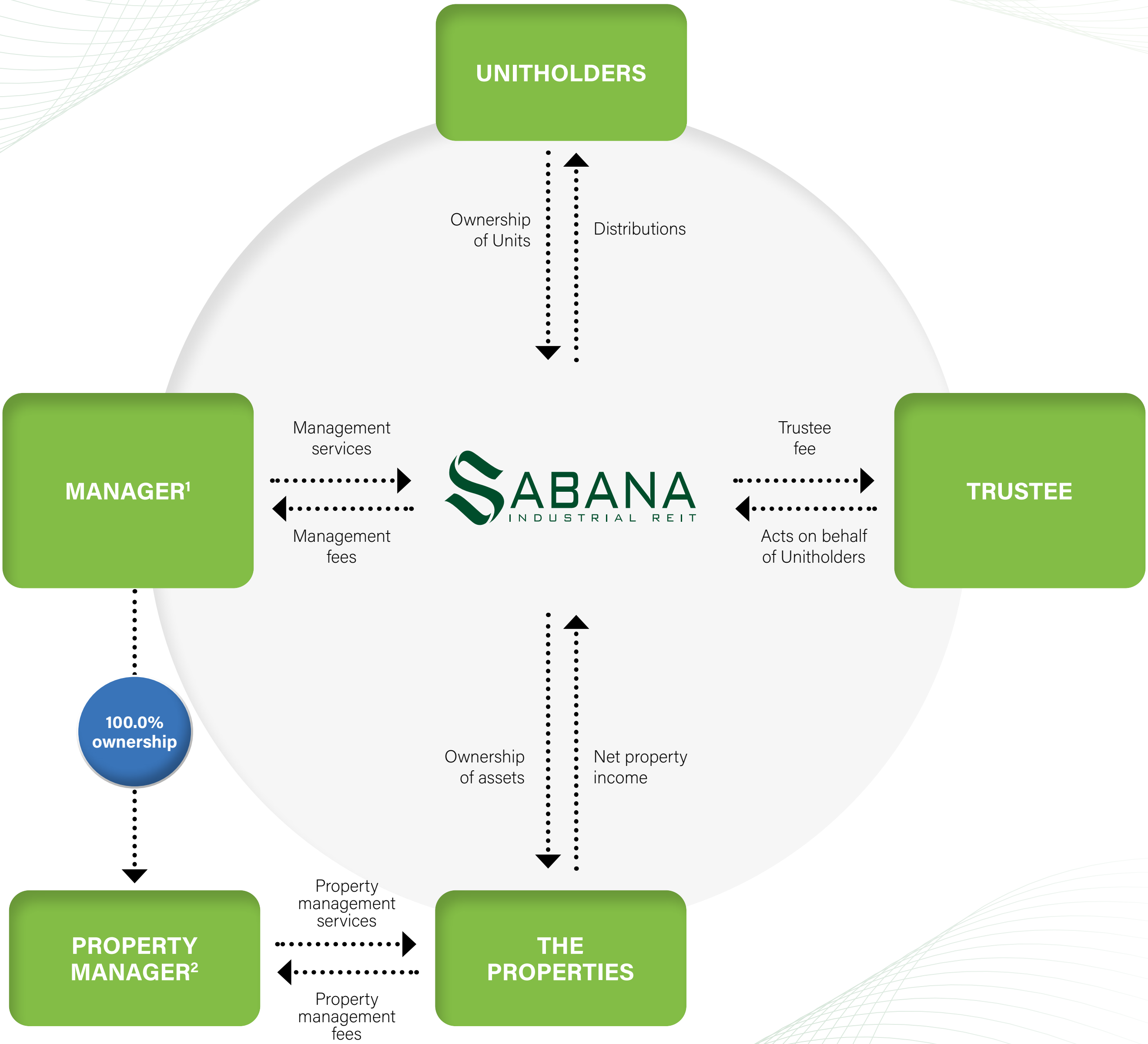
MS LOW HOOI HOON
Investor Relations and Corporate Communications Manager

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 has 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.

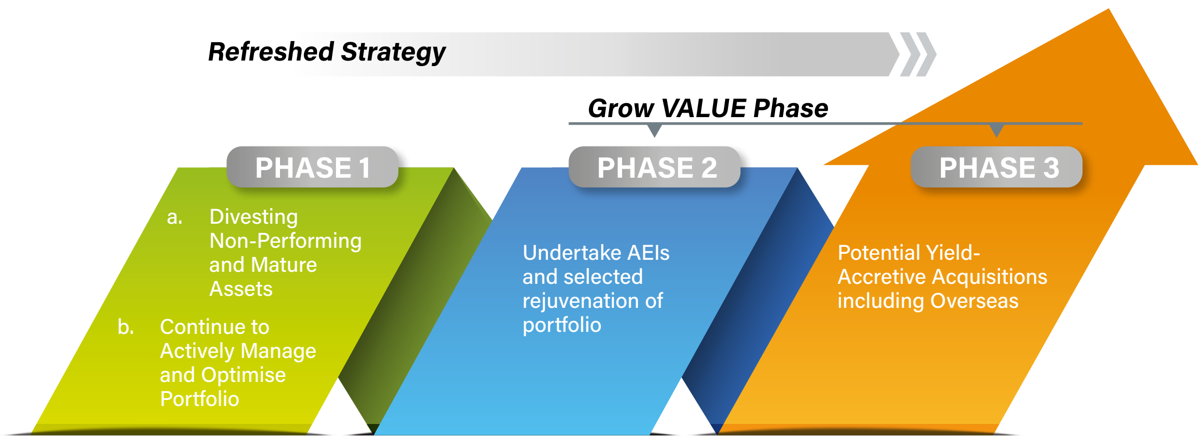
Grow VALUE:
Strategy for 2022 and beyond

Sabana Industrial REIT is embarking on 2022 on a firm foundation, with the Manager having made progress to stabilise and uplift the REIT's performance from 2018 to 2021 with the successful execution of its Refreshed Strategy first put in place in 2018.

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.

In 2022 and beyond, the Manager will further intensify the REIT's work 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 a target portfolio valuation of more than $1 billion in three to five years.

Entering the grow VALUE phase of Refreshed Strategy with five strategic priorities



All underpinned by
- Prudent Capital and Risk Management
- Ongoing Cost Rationalisation

Five strategic VALUE priorities for Phases 2 and 3 of Refreshed Strategy

VALUE — Building on **Value**, taking advantage of market opportunities with an eye on macro-economic challenges

ACCRETIVE — Pursuing **Accretive** acquisitions and executing AEIs

LEVERAGE — Optimising **Leverage** and capital structure

UPSIZED PORTFOLIO — **Upsizing** portfolio by retaining and attracting expansionary tenants from growth sectors including e-commerce, logistics, healthcare, electronics and technology

ESG — Advancing **ESG** in our goals and investing with sustainability agenda

Targeting to achieve upsized portfolio valuation of more than $1 billion in three to five years

Corporate **Information**

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Fax: (65) 6225 4142
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Partner-in-charge: Gerard Toh Wen-Wei
(Appointed since financial year ended 31 December 2021)

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BANKERS
CIMB Bank Berhad (Singapore Branch)

United Overseas Bank Limited

Malayan Banking Berhad (Singapore Branch)

HSBC Amanah Malaysia Berhad

The Hongkong and Shanghai Banking Corporation Limited

STOCK QUOTES
STI – M1GU

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www.sabana-reit.com

THE MANAGER

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Capital markets services licence number:
CMS100169

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BOARD OF DIRECTORS
Mr Tan Cheong Hin
Chairman and Independent Non-Executive Director

Mr Wong Heng Tew
Independent Non-Executive Director

Mr Chan Wai Kheong
Independent Non-Executive Director

AUDIT AND RISK COMMITTEE (“ARC”)
Mr Wong Heng Tew (Chairman)
Mr Tan Cheong Hin (Member)
Mr Chan Wai Kheong (Member)

NOMINATING AND REMUNERATION COMMITTEE (“NRC”)
Mr Tan Cheong Hin (Chairman)
Mr Wong Heng Tew (Member)
Mr Chan Wai Kheong (Member)

COMPANY SECRETARY OF THE MANAGER
Mr Cho Form Po

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Email: dl_ir@sabana.com.sg

UNITHOLDER DEPOSITORY
The Central Depository (Pte) Limited.
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#01-19/20 The Metropolis
Singapore 138588
Phone: (65) 6535 7511
Email: asksgx@sgx.com

Significant
Events 2021

JANUARY

- Announced the appointment of Mr Yeo Wee Kiong as an Independent Non-Executive Director, the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee
- Announced the appointment of Mr Willy Shee Ping Yah @ Shee Ping Yan as an Independent Non-Executive Director and a member of the Nominating and Remuneration Committee
- Released financial results for 2H 2020 and FY 2020, reporting a 2H 2020 DPU of 2.29 cents. The full year DPU for FY 2020 was 2.76 cents

MARCH

- Entered into new financing arrangement with CIMB Bank Berhad, Singapore Branch ("**CIMB**") (as facility and security agent) and CIMB, Malayan Banking Berhad, Singapore Branch and United Overseas Bank Limited (as financiers) for new Commodity Murabahah facilities of up to $148.92 million
- NTP+, a two-storey lifestyle mall at New Tech Park comprising 25 retail and food and beverage units on the ground floor, and a food court on the second level, received its Temporary Occupation Permit
- Announced the resignations of Mr Yeo Wee Kiong and Mr Willy Shee Ping Yah @ Shee Ping Yan as Independent Non-Executive Directors with effect from 26 April 2021

APRIL

- Released 1Q 2021 Interim Business Update, with continued progress on our Refreshed Strategy and proactive leasing efforts, resulting in an improved total portfolio occupancy and positive rental reversion

JUNE

- Announced the appointment of Mr Chan Wai Kheong as Independent Non-Executive Director[1]

JULY

- Announced achievement of 41.2% y-o-y increase in distributable income to $15.6 million and further improved overall portfolio occupancy following asset enhancement initiative and rejuvenation works for selected properties
- Announced the planned removal of the Shari'ah compliance requirement of the REIT and the requirement for the REIT's business to be managed in compliance with Shari'ah investment principles and procedures, with effect from 21 October 2021
- Announced the 1H 2021 Distribution and the application of the REIT's Distribution Reinvestment Plan to the 1H 2021 Distribution to allow Unitholders to participate in longer-term growth of the REIT
- Entered into new facility agreement for unsecured loans of up to $225.0 million with United Overseas Bank Limited (as lender)

OCTOBER

- Released the 3Q 2021 Interim Business Update, reporting that the REIT's overall portfolio occupancy was at the highest level since early 2018 with positive rental reversion for six quarters since the start of 2020. Reported that NTP+ attained 100% occupancy rate
- Renamed from Sabana Shari'ah Compliant Industrial REIT to Sabana Industrial REIT
- Announced the appointment of Mr Lim Wei Huang as Chief Financial Officer (previously Senior Vice President, Finance) and Ms Yap Pui Ling (Jessica) as Head of Real Estate (previously Vice President, Asset Management), with effect from 1 November 2021

NOVEMBER

- Entered into a facility agreement for unsecured term and revolving facilities of up to S$40 million with The Hongkong and Shanghai Banking Corporation Limited (as lender)

[1] The appointment of Mr Chan Wai Kheong as Independent Non-Executive Director is subject to the endorsement of Independent Unitholders at the upcoming Annual General Meeting to be held on 26 April 2022.

A juxtaposition of the ultra-modern trellis structure with the building columns

DETERMINED TRANSFORMATION

Even as challenges remain, we are determined to persevere with transformation as we optimise our portfolio through asset enhancement, asset rejuvenation and proactive leasing management to attract quality tenants in expansionary sectors.

Manager's Review **for FY 2021**

FINANCIAL PERFORMANCE

$ '000	FY 2021	FY 2020	Variance (%)
Gross Revenue	81,913	71,701	14.2
Net Property Income ("NPI")	51,953	44,643	16.4
Total distribution amount declared to Unitholders	32,504	29,110	11.7
Distribution per Unit ("DPU") (cents)	3.05	2.76	10.5

GROSS REVENUE

Gross revenue increased 14.2% y-o-y to $81.9 million as compared to FY 2020, mainly due to higher contribution from 151 Lorong Chuan, 23 Serangoon North Avenue 5, 3A Joo Koon Circle and 10 Changi South Street 2. NPI increased by 16.4% y-o-y to $52.0 million mainly due to higher contributions from abovementioned properties, the absence of one-time provision of rental waiver on revenue and allowances for impairment loss on trade receivables made in FY 2020, and writeback of prior year impairment loss on trade receivables in FY 2021, and such higher contributions from these properties were partially offset by lower contribution from 30 & 32 Tuas Avenue 8 and 51 Penjuru Road whose master leases expired in 4Q 2020.

TOTAL DISTRIBUTION AMOUNT DECLARED TO UNITHOLDERS

Total distribution amount declared to Unitholders increased by 11.7% y-o-y to $32.5 million in FY 2021. The increase was in tandem with the stronger NPI performance of the portfolio in FY 2021.

Accordingly, DPU increased 10.5% y-o-y from 2.76 cents in FY 2020 to 3.05 cents in FY 2021.

Breakdown of Unitholders' DPU for FY 2021 as compared to FY 2020 is as follows:

	1H (cents)	2H (cents)	Total (cents)
2021	1.48	1.57	3.05
2020	0.47	2.29[1]	2.76

	As at 31 December 2021 ($ '000)	As at 31 December 2020 ($ '000)	Variance (%)
Total assets	971,648	930,717	4.4
Total liabilities	415,681	390,970	6.3
Total borrowings	(311,589)	(284,019)	(9.7)
Net assets attributable to Unitholders	555,967	539,747	3.0
Net Asset Value ("NAV") per Unit ($)	0.52	0.51	2.0

As at 31 December 2021, Sabana Industrial REIT's total assets were $971.6 million or 4.4% y-o-y higher compared to $930.7 million as at 31 December 2020. This was primarily attributed to the net revaluation gain of the properties and the capital expenditure on the properties which includes the completed AEI at New Tech Park.

Total liabilities increased by $24.7 million or 6.3% y-o-y to $415.7 million as at 31 December 2021 from $391.0 million as at 31 December 2020. This was primarily attributed to the higher total borrowings in FY 2021 due to the drawdown of loan facilities in relation to the capital expenditure on the properties and AEI at NTP during the year.

NAV per Unit was at $0.52 as at 31 December 2021.

[1] Distribution includes approximately $6.1 million or 0.58 cents withheld from 1H 2020 distribution.

PRUDENT CAPITAL AND RISK MANAGEMENT

The Manager remains well-positioned to service its loans, with an interest coverage ratio of 4.4 times and an aggregate leverage of 35.0% as at 31 December 2021. Weighted all-in cost of borrowings was 3.1%. Notwithstanding the increase in leverage ratio to 35.0% in FY 2021 from 33.5% in FY 2020[2], the FY 2021 leverage ratio is below the aggregate leverage limit of 50.0% as defined in the Property Funds Appendix of the Code on Collective Investment Schemes, and it is not expected to have a significant impact on the risk profile of Sabana Industrial REIT. The Manager maintains its proactive approach in managing capital structure and remains prudent in mitigating funding risks to better safeguard the REIT.

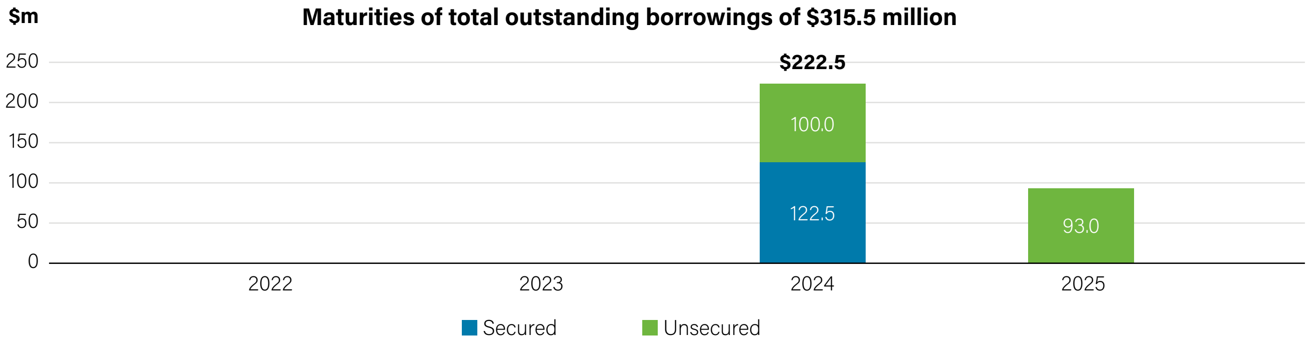
As at 31 December 2021, weighted average tenor of all outstanding facilities amounting to $315.5 million was approximately 2.9 years. Approximately 66.6% of all outstanding borrowings were on fixed borrowing rates and about $549.5 million of Sabana Industrial REIT's investment properties remained unencumbered. The total undrawn facilities stood at approximately $95.9 million with a total cash and cash equivalent balance of $25.8 million as at 31 December 2021.

KEY DEBT FUNDING INDICATORS

	As at 31 December 2021	As at 31 December 2020
Aggregate leverage[3](%)	35.0	33.5
Borrowings ($ million)	315.5	284.8
Proportion of total borrowings on fixed rates (%)	66.6	50.0
Average all-in financing cost (%)	3.1	3.1
Weighted average tenor of borrowings (years)	2.9	1.2
Interest coverage ratio[4] (times)	4.4	4.2
Unencumbered assets[5] ($ million)	549.5	51.7
Undrawn committed facilities available ($ million)	95.9	59.2

DEBT MATURITY PROFILE

(As at 31 December 2021)



(1) Excludes $70.9 million and $25.0 million of undrawn revolving credit facility maturing in 2024 and 2025 respectively

KEY CAPITAL MANAGEMENT ACTIVITIES

In March 2021, Sabana Industrial REIT completed its refinancing exercise of the secured Murabahah Facilities of $120.5 million with new secured Murabahah Term Loan Facility of $122.5 million and Revolving Loan Facility of $25.9 million.

Subsequently in October 2021, the REIT completed its refinancing exercise of the secured Commodity Murabahah Facilities of $161.0 million and secured Term Loan Facility of $30.0 million with new unsecured Term Loan Facility of $175.0 million and Revolving Loan Facility of $50.0 million.

In November 2021, the REIT completed another refinancing exercise of the secured Revolving Loan Facility of $28.0 million with new unsecured Term Loan Facility of $18.0 million and Revolving Loan Facility of $20.0 million.

2 The increase in aggregate leverage ratio is mainly attributed to additional drawdowns on Sabana Industrial REIT's loan facilities to support AEIs, asset rejuvenations and for general working capital requirements, as well as refinancing transactions Sabana Industrial REIT entered into in FY 2021 to convert a majority of secured facilities into unsecured facilities.

3 The total borrowings and deferred payments as a percentage of deposited property in accordance with Appendix 6 to the Code on Collective Investment Schemes.

4 Interest coverage ratio for FY 2021 calculated based on the definition in Appendix 6 to the Code on Collective Investment Schemes (last revised on 1 July 2021). FY 2020 is based on profit coverage ratio, defined as ratio of net property income over profit expense (excluding effects of FRS 116, amortisation of transaction costs, finance costs relating to lease liabilities & other fees).

5 Based on valuations by independent valuers.

Manager's **Review**

OPERATIONS REVIEW

KEY PORTFOLIO STATISTICS

As at 31 December 2021

Number of Properties	Portfolio Valuation ($ million)	Portfolio Occupancy (%)	Total Number of Tenants	Gross Floor Area ("GFA") (sq ft in million)
18	866.2	85.4	152	4.2

Net Lettable Area ("NLA") (sq ft in million)	New and Renewed Leases (sq ft in million)	Rental Reversion (%)	Retention Rate (%)
3.5[6]	1.2	10.5	39.6[7]

	As at 31 December 2020	Variance (%)
Number of Properties	18	-
Portfolio Valuation ($ million)	840.1	3.1
Portfolio Occupancy (%)	76.5	8.9 p.p
Total Number of Tenants	124	22.6
Gross Floor Area ("GFA") (sq ft in million)	4.1	2.4
Net Lettable Area ("NLA") (sq ft in million)	3.3	6.1
New and Renewed Leases (sq ft in million)	1.3	(7.7)
Rental Reversion (%)	0.9	9.6 p.p
Retention Rate (%)	73.6	(34.0) p.p

Variance denotes the difference between the reported figures for FY 2020 and FY 2021

p.p denotes percentage points

Sabana Industrial REIT owns and manages a portfolio of 18 industrial properties in Singapore with an NLA of approximately 3.5 million sq ft. As at 31 December 2021, the portfolio's valuation was $866.2 million, an improvement from $840.1 million a year ago.

The REIT's 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 37.4% of the portfolio by NLA, 63.2% by valuation and 64.3% of the REIT's gross revenue as at 31 December 2021. Warehouse and Logistics is the next largest segment, representing 36.6% of the portfolio by NLA, 21.2% by valuation and 21.9% by gross revenue as at 31 December 2021.

Overall occupancy rate as at 31 December 2021 was 85.4%, up from 76.5% as at 31 December 2020. The improvement came on the back of the 100% occupancy at the new lifestyle mall NTP+ within New Tech Park and higher occupancy rates across the portfolio. Equally significant, 12 out of the 18 properties in the portfolio achieved occupancy rates of 90% and above as at 31 December 2021.

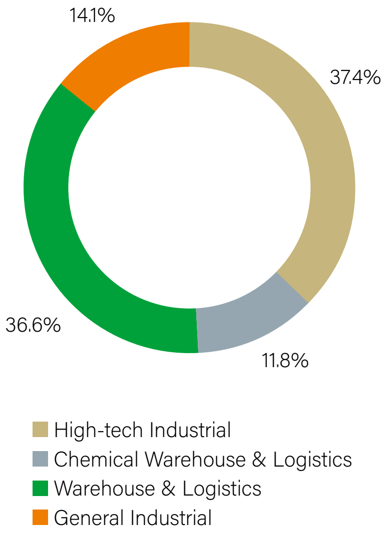
The Manager's focus on attracting tenants in expansionary sectors has led to the continued onboarding of companies from the electronics, healthcare, data centre, and logistics sectors in FY 2021. NTP+ also attracted new, diverse tenant mix including from the F&B and retail sectors. Amid heightened alert restrictions implemented since May 2021, there was an improvement in rental reversion from a positive 0.9% in FY 2020 to 10.5% in FY 2021, as the Manager continues to proactively engage with existing tenants ahead of lease expiries.

6 Increase in NLA was due to reclassification of leasable area for master-leased buildings, namely 21 Joo Koon Crescent, 26 Loyang Drive, 18 Gul Drive, 30 & 32 Tuas Ave 8, 33 & 35 Penjuru Lane and completion of NTP+

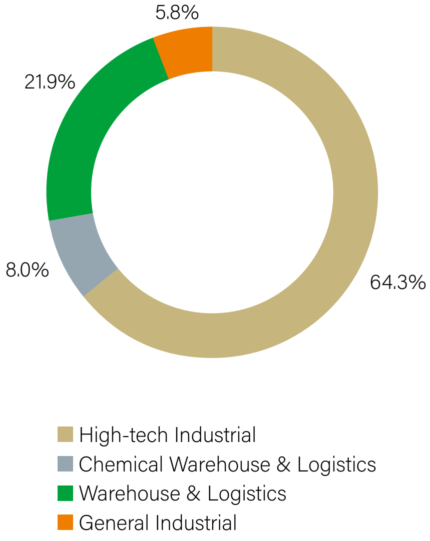
7 Excluding 33 & 35 Penjuru Lane, in respect of which a new replacement master tenant has been secured, the retention rate for FY 2021 would be 72.4%

BREAKDOWN OF ASSET TYPES

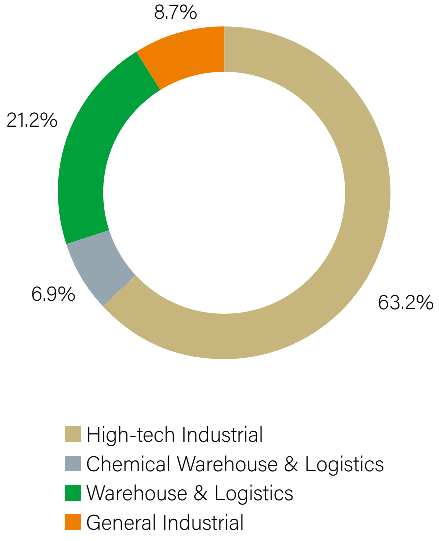
Asset Type by NLA
(As at 31 December 2021)



Asset Type By Gross Revenue
(In FY 2021)



Asset Type By Valuation
(As at 31 December 2021)



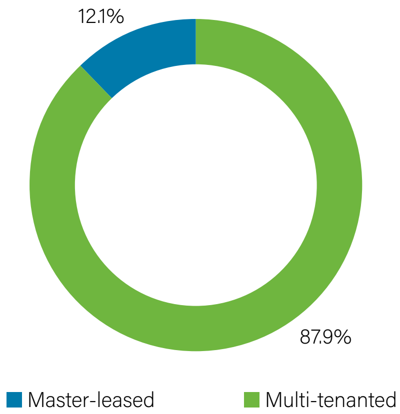
LEASE STRUCTURE AND PROFILE

Sabana Industrial REIT's portfolio comprises a mix of master-leased and multi-tenanted properties, accounting for 12.1% and 87.9% of gross revenue respectively.

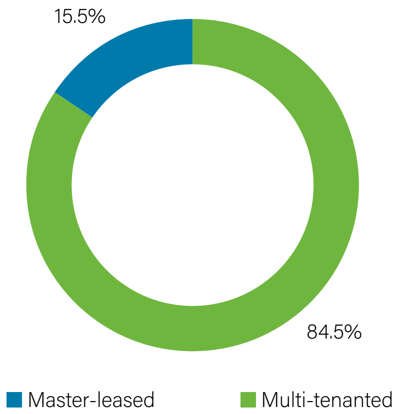
Multi-tenanted properties bring tenant diversification to the REIT while master-leased properties provide longer-term yield stability with their longer leases and in-built rental escalation.

BREAKDOWN OF MASTER-LEASED AND MULTI-TENANTED PROPERTIES

Lease Type by Gross Revenue
(In FY 2021)



Lease Type by Valuation
(As at 31 December 2021)



Manager's **Review**

PORTFOLIO LEASE EXPIRY PROFILE

As part of the Refreshed Strategy, the Manager actively manages and optimises the REIT's portfolio to secure long-term growth. To this end, it is committed to proactive leasing efforts to attract quality tenants in expansionary sectors. It also 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.

During the year, the Manager secured new leases including a new five-year master lease for 33 & 35 Penjuru Lane and new tenants at 151 Lorong Chuan, 34 Penjuru Lane, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 10 Changi South Street 2 and 23 Serangoon North Avenue 5, among others.

Taken together, the Manager secured 89 new and renewed leases totalling approximately 1.2 million sq ft, amounting to approximately one third of the portfolio's NLA at 33.7%. These leases have a weighted average lease expiry ("**WALE**") of 2.6 years and contributed to 17.2% of the year's gross rental income.

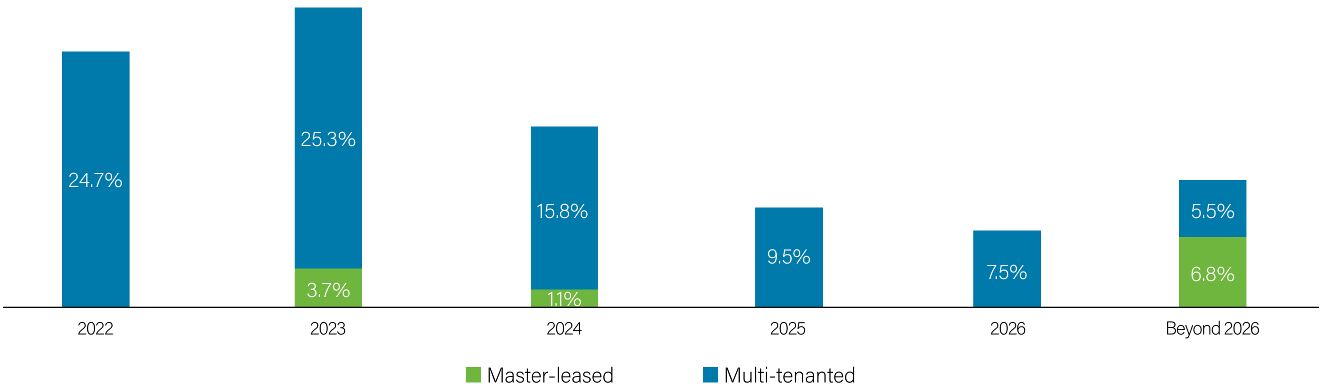
Tenant retention rate for all properties was 39.6% in FY 2021, down from 73.6% in FY 2020. The shortfall was largely attributed to the deliberate effort to refresh the master tenancy at 33 & 35 Penjuru Lane, which was up for renewal, with a new master tenant. All existing master leases have a WALE of 4.7 years as at 31 December 2021 compared to 3.6 years as at 31 December 2020.

Rental reversion for FY 2021 was a positive 10.5%, up from 0.9% in FY 2020 as the Manager continued to proactively engage with prospective tenants amid the challenging backdrop.

Overall, the portfolio has a WALE by gross rental income of about 2.7 years as at 31 December 2021 and the portfolio sits on long underlying land leases, with a weighted average unexpired lease term of 29.4 years by GFA.

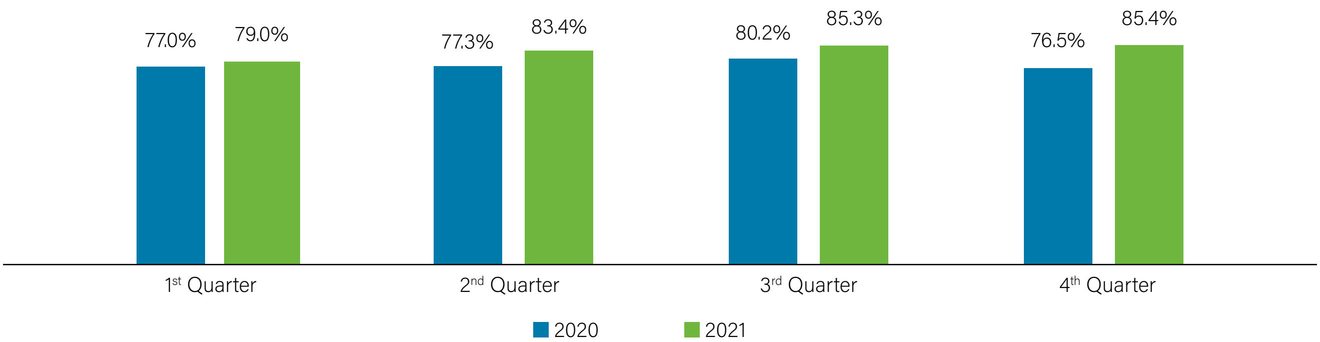
LEASE EXPIRY BY GROSS RENTAL INCOME

(As at 31 December 2021)



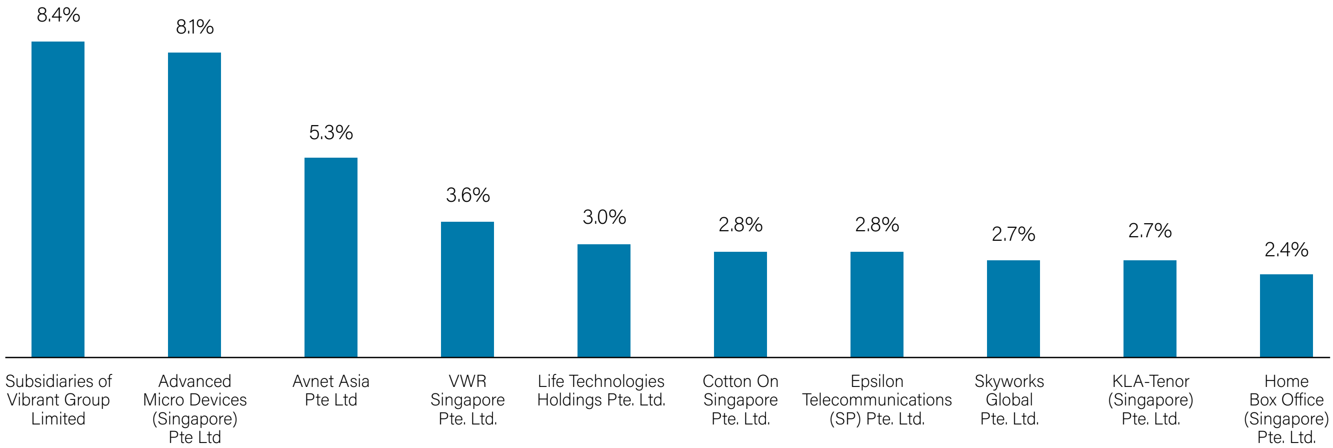
PORTFOLIO OCCUPANCY

As at 31 December 2021, the REIT's portfolio occupancy rate stood at 85.4%, with a total of 152 tenants in 14 diverse trade sectors, led by the expansionary electronics sector. The occupancy is higher than the 76.5% as at 31 December 2020 due to proactive lease management.



TOP 10 TENANTS BY GROSS RENTAL INCOME IN FY 2021

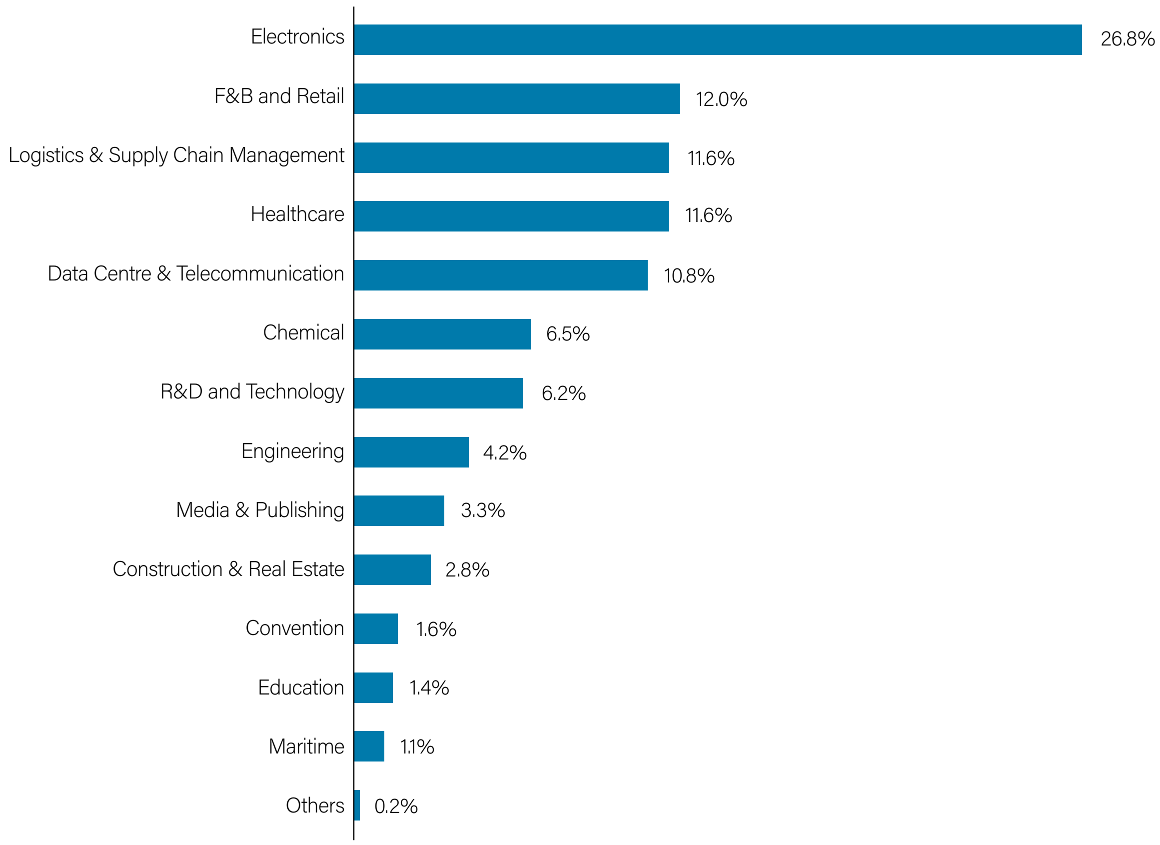
The top 10 tenants of Sabana Industrial REIT accounted for 41.8% of gross rental income in FY 2021, and are spread across diverse industries including logistics, electronics, healthcare, data centre, and telecommunications.



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 2021)



Manager's **Review**

ASSET ENHANCEMENT INITIATIVES

In FY 2021, the Manager achieved a major milestone with the completion of the AEI at New Tech Park. Its commitment towards executing the new retail mall, NTP+, amid the pandemic had paid off with the Temporary Occupation Permit ("**TOP**") received in March 2021. NTP+ mall opened in 2Q 2021 with an occupancy of 96.7% as at end-March 2021 on a new and diverse base of tenant mix from the F&B and retail sectors, before attaining 100% occupancy as at end-September 2021. The rental contributions from the mall, which commenced operations from 2Q 2021, created an uplift for the larger New Tech Park, which is the crown jewel of the REIT's portfolio. Following the AEI, the valuation of New Tech Park increased to $355.0 million as at 31 December 2021, reflecting a 6.5% y-o-y increase and a 16.1% jump from its purchase consideration of $305.9 million in 2010.

As part of its Refreshed Strategy, the Manager will continue to focus on enhancing and rejuvenating its portfolio, including through AEIs, to deliver stable income and unlocking growth organically. To this end, the Manager is targeting to carry out its second major AEI at 1 Tuas Avenue 4 in phases up to approximately 350,000 sq ft in gross floor area. An Expression of Interest exercise for a Build-to-Suit (to lease) was conducted in early 2022.

The upgrading of the ground floor office lobbies at 15 Jalan Kilang Barat (top) and 23 Serangoon North Avenue 5 (bottom) were completed in 4Q 2021 and 1Q 2021 respectively.

The replacement of two cargo lifts at 10 Changi South Street 2 was completed in 4Q 2021

Upgrading and wayfinding works for Lobby B at 8 Commonwealth Lane were completed in 3Q 2021

ANNUAL VALUATION

	As at 31 December 2021 ($ '000)	As at 31 December 2020 ($ '000)
High-tech Industrial		
151 Lorong Chuan	355,000	333,400
8 Commonwealth Lane	55,400	53,500
15 Jalan Kilang Barat	21,700	21,300
1 Tuas Avenue 4	9,000	9,000
23 Serangoon North Avenue 5	40,500	36,400
508 Chai Chee Lane	66,000	63,800
Chemical Warehouses & Logistics		
33 & 35 Penjuru Lane*	40,800	42,700
18 Gul Drive*	19,000	19,200
Warehouse & Logistics		
34 Penjuru Lane*	29,800	33,000
51 Penjuru Road*	29,100	32,800
26 Loyang Drive*	24,500	24,700
3A Joo Koon Circle*	33,500	33,800
2 Toh Tuck Link	29,800	29,800
10 Changi South Street 2	36,700	33,700
General Industrial		
123 Genting Lane	16,400	16,400
30 & 32 Tuas Avenue 8	26,200	24,200
39 Ubi Road 1	17,700	17,400
21 Joo Koon Crescent	15,100	15,000
TOTAL	**866,200**	**840,100**

* Recorded with a diminution in value against their respective valuation as at 31 December 2020 mainly due to shorter remaining land tenure and changes in the market rental rate and rental growth assumptions.

REFURBISHMENT / REJUVENATION WORKS

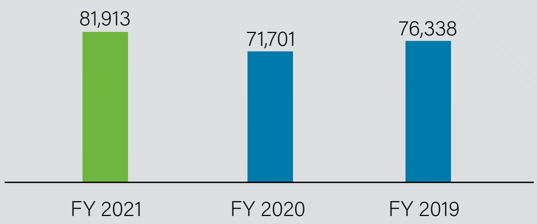
The Manager continued with rejuvenation of selected properties within its portfolio. At New Tech Park, the replacement of all passenger office lifts was completed in 3Q 2021. The phased upgrading of seven ground floor passenger lift lobbies commenced in January 2022 with target completion in 3Q 2022.

Over at 23 Serangoon North Avenue 5, the ground floor office lobby upgrading works were completed in 1Q 2021. At 8 Commonwealth Lane, Phase 2 upgrading and wayfinding works for ground floor office "Lobby B" were completed in 3Q 2021, following the completion of Phase 1 ground floor lift lobby ("**Lobby A**") upgrading in 4Q 2019. At 15 Jalan Kilang Barat, the ground floor office lobby upgrading was completed in 4Q 2021. The two cargo lifts at 10 Changi South Street 2 were replaced in 4Q 2021, following the upgrading of its ground floor office lobby in 4Q 2019.

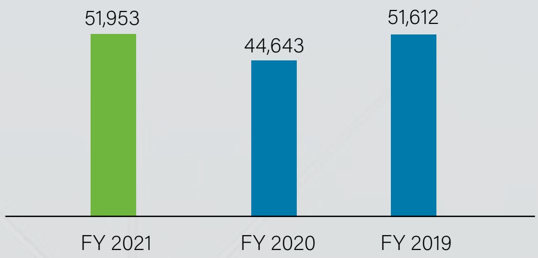
Financial
Highlights

KEY FINANCIAL FIGURES

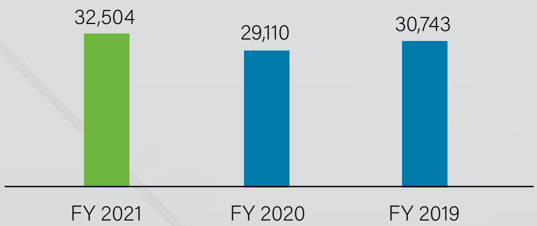
Gross revenue ($'000)



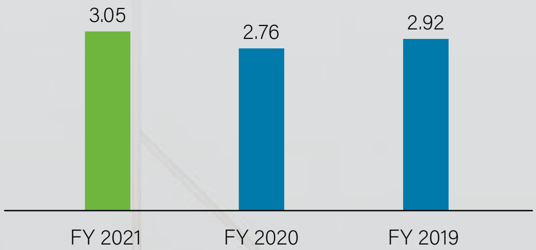
Net property income ($'000)



Total distribution amount declared to Unitholders ($'000)



Distribution per Unit (cents)



SELECTED BALANCE SHEET DATA

$'000	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Total assets	971,648	930,717	971,647
Borrowings, at amortised costs	311,589	284,019	275,184
Net assets attributable to Unitholders	555,967	539,747	595,015
Units in issue ('000)	1,069,950	1,053,084	1,053,084
NAV per unit ($)	0.52	0.51	0.57
Market Capitalisation[1]	476,128	373,845	484,419

BORROWING PROFILE

	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Aggregate leverage[2] (%)	35.0	33.5	31.1
Total borrowings ($ million)	315.5	284.8	276.5
Proportion of total borrowings on fixed rates (%)	66.6	50.0	36.2
Average all-in financing costs (%)	3.1	3.1	3.9
Weighted average tenor of borrowings (years)	2.9	1.2	2.3
Interest coverage ratio[3] (times)	4.4	4.2	4.2
Unencumbered assets[4] ($ million)	549.5	51.7	133.7
Undrawn available committed facilities ($ million)	95.9	59.2	37.5

[1] Based on the closing price and number of issued units in Sabana ("Units") as at the last trading of day of the respective financial year.
[2] The total borrowings and deferred payments as a percentage of deposited property in accordance with Appendix 6 to the Code on Collective Investment Schemes.
[3] Interest coverage ratio for FY 2021 calculated based on the definition in Appendix 6 to the Code on Collective Investment Schemes (last revised on 1 July 2021). FY 2020 and FY 2019 are based on profit coverage ratio, defined as ratio of net property income over profit expense (excluding effects of FRS 116, amortisation of transaction costs, finance costs relating to lease liabilities & other fees).
[4] Based on valuations by independent valuers.

Unit Price **Performance**

TRADING DATA BY YEAR

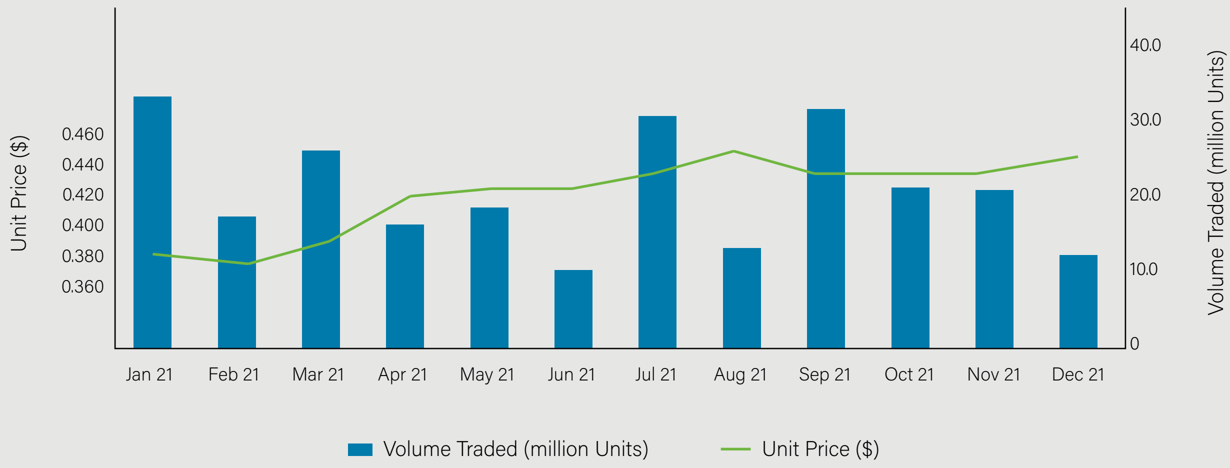
Unit Price ($)	2021	2020	2019
Opening	0.355	0.460	0.390
Last done at year-end	0.445	0.355	0.460
Highest	0.455	0.470	0.485
Lowest	0.350	0.225	0.390
Unit price performance [1] (%)	25.4	(22.8)	17.9
Trading volume (million Units)	247.0	390.0	205.4

RETURN ON INVESTMENT

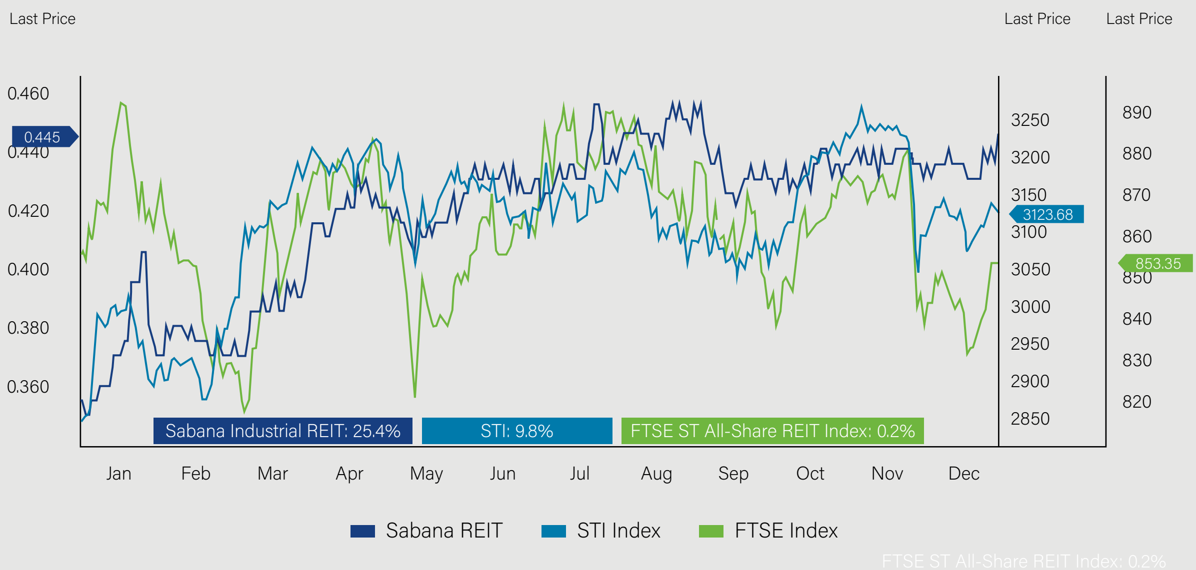
%	2021	2020	2019
Total return [2]	34.0	(16.8)	25.4
Capital appreciation [1]	25.4	(22.8)	17.9
Distribution yield [3]	8.6	6.0	7.5

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 2021



UNIT PRICE PERFORMANCE VS MAJOR INDICES



Source: Bloomberg

Independent
Market Review

1 ECONOMIC OVERVIEW

1.1 Introduction

The following report is prepared by EDMUND TIE to provide a Singapore Industrial Property Market Overview covering private factory and warehouse segments.

1.2 Singapore economy performance in 2021

According to the Ministry of Trade and Industry (MTI), fourth quarter's growth slowed down slightly to 6.1% yoy as compared to third quarter 2021, which expanded by 7.5% yoy. In 2021, Singapore's economy grew by 7.6% in 2021 – a reversion from the 4.1% contraction in 2020. In the quarter, manufacturing sector expanded 15.5% yoy and grew by 13.2% in 2021. Growth in the manufacturing sector was supported by expansion across all clusters. In particular, the precision engineering, electronics and transport engineering clusters experienced the fastest growth.

The construction sector continued to be weighed down by the lack of manpower due to border restrictions, where growth slowed to 2.9% yoy in 4Q 2021. In 2021, the construction sector's growth was elevated to 20.1% due to the low base effect in 2020, where various governmental restrictions had halted construction works.

In 4Q 2021, services producing industries expanded by 4.4% yoy and 5.6% in the year. Information & communications expanded by 11.2% in 4Q 2021 on a yoy basis, with growth of 12.2% for the year.

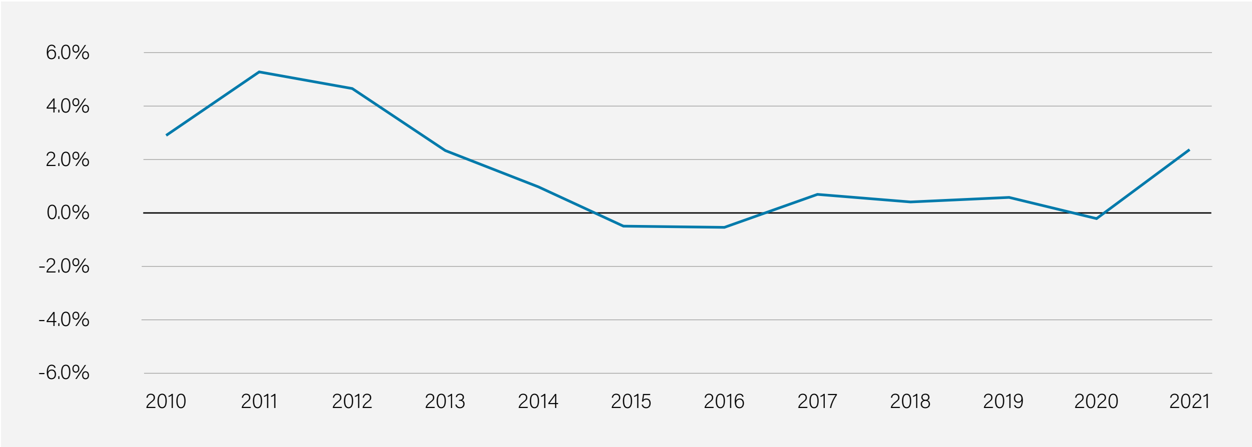
Table 1.1: Singapore's economic performance yoy growth

GDP & Sectoral Growth Rates	2021	2020	
GDP Growth	**7.6**	**-4.1**	▲
Construction	20.1	-38.4	▲
Manufacturing	13.2	7.5	▲
Info & Comm	12.2	8.4	▲
Real Estate	10.7	-13.7	▲
Retail Trade	10.2	-18.5	▲
Finance & Insurance	7.4	6.9	▲
Other Services Industries	5.2	-8.1	▲
Transport & Storage	5.0	-20.1	▲
Professional Services	4.4	-8.0	▲
Wholesale Trade	3.9	-1.7	▲
F&B Services	3.0	-28.6	▲
Accomodation	1.7	-13.9	▲
Admin & Suppt	-3.8	-16.7	▲
Unit: %			

Source: Singstat

The Consumer Price Index (CPI) grew by 2.3% yoy in 2021, a reversion from the -0.2% yoy in 2020 (Figure 1.2). The growth was mainly attributed to higher prices in the transportation category (+8.8% yoy) followed by Food category (+1.4% yoy) and Food Serving Services category (1.4% yoy).

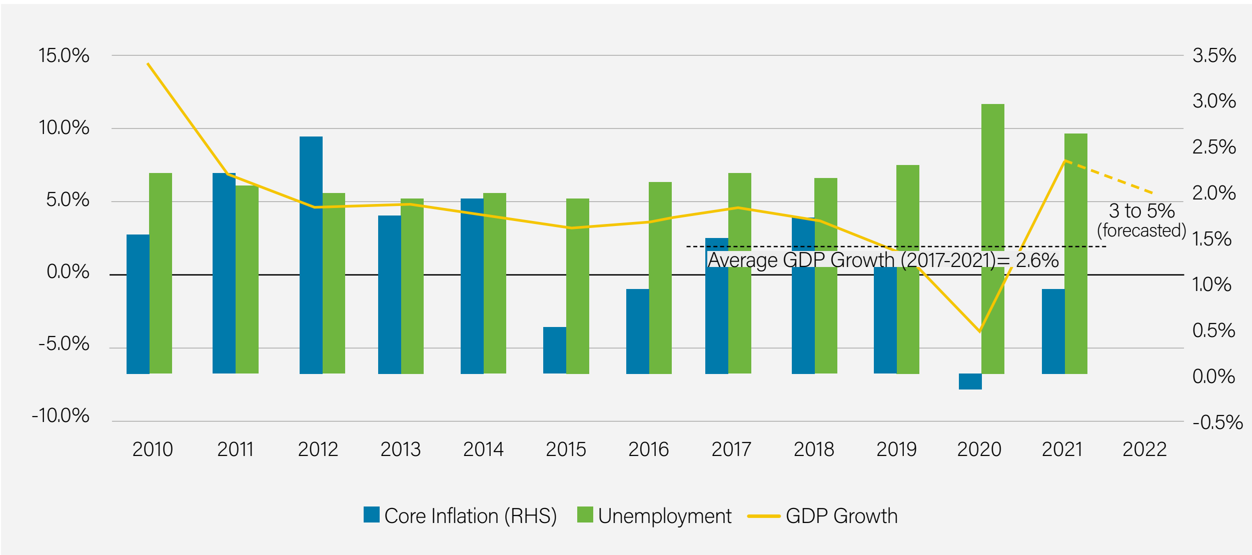
Figure 1.2: Consumer Price Index (CPI) yoy



Source: Singstat

The latest unemployment rate figures released by Ministry of Manpower stood at 2.0%[1] in 4Q 2021, an improvement from 2.5% in 3Q 2021. It is also the lowest since 1Q 2020, signalling a gradual recovery in the job market. With the government pushing out Jobs Transformation maps for various sectors to redesign jobs to better suit the needs of businesses, more employees in the workforce are able to upgrade and match the skills that are required in the job market. With the improving outlook for the economy, the job market is expected to recover gradually, although it may be uneven across the various sectors.

Figure 1.3: Core inflation, unemployment rate and GDP growth



Source: Singstat

[1] Based on advance estimates, Ministry of Manpower

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Manufacturing PMI and NODX

The manufacturing PMI reading inched down 0.1 point to 50.6 in January 2022 from the previous month, marking 19 straight months of expansion. The expansion was due to the slightly slower rates in the key indexes of new orders, new exports, factory output, inventory and employment. Meanwhile, the electronics sector PMI fell by 0.2 points to 50.8, the 18th month of expansion for the electronics sector.

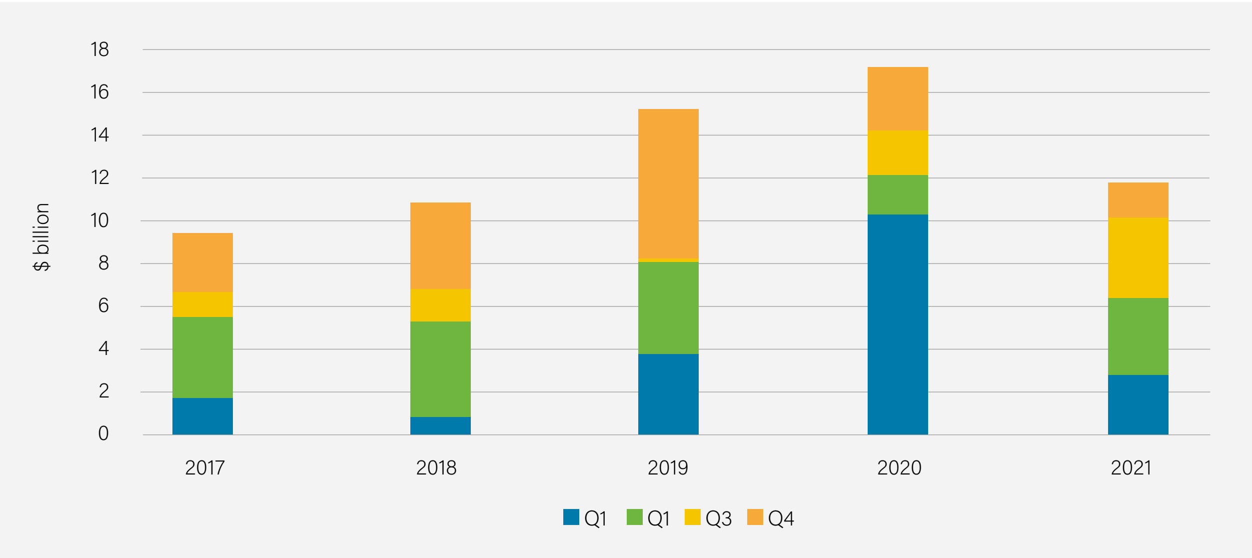
NODX grew by 20.1% yoy (3-month moving average) in December 2021, from the 17.9% (3-month moving average) yoy in November 2021. The growth was mainly due to the non-electronics sector, such as pharmaceuticals (73.2% yoy), specialised machinery (22.5% yoy) and petrochemicals (28.4% yoy).

Index of Industrial Production and Manufacturing Fixed Asset Investments

The Index of Industrial Production, an indicator for manufacturing output, increased by 15.6% yoy in December 2021 on the back of an expansion in the biomedical manufacturing (87.7%), transport engineering (40.8%), precision engineering (16.4%) and general manufacturing (7.7%).

In 2021, Singapore attracted a total of $11.8 billion worth of FAI in 2021, a fall of 31.3% yoy from 2020 (Figure 1.4).
The manufacturing sector remains the key for Singapore's economy, accounting for around 20% of the total GDP, where the electronics cluster and biomedical manufacturing cluster attracted the largest FAI commitments. Overall, project commitments include sectors from Semiconductor, Biotech firms, Agri-food, Chemicals & Materials and Electronics.

Figure 1.4: Fixed Asset Investment (FAI)



Source: Economic Development Board

Table 1.5: Fixed Assets Investments

Industry	FAI (S$ million)
Electronics	4,986
Biomanufacturing	1,769
Research & Development	1,454
Infocommunications & Media	1,337
Chemicals	980
Transport Engineering	367
General Manufacturing Industries	315
Headquarters & Professional Services	280
Engineering & Environmental Services	186
Precision Engineering	69
Logistics	48
Education/Healthcare Services	4
Total	**11,795**

Source: Economic Development Board

1.3 Outlook for 2022

The forecasted growth for Singapore's economy is expected to be between "3.0% and 5.0%" in 2022, a moderation from the 7.6% expansion in 2021. Uneven recovery of the economy is expected, where the manufacturing sector growth could potentially be weighed down by Singapore's largest trading partner, China, this year due to the slowdown of growth. On the other hand, services sector could be better poised for a recovery due to the relaxation of domestic restrictions.

In addition, the impact of the Goods and Services Tax (GST) hike will be delayed. It will be staggered in two stages – to 8 per cent from 1 January 2023 and to 9 per cent from 1 January 2024. As the risk of Omicron Covid variant looms, this could potentially be one of the main risk factors that threatens Singapore's economic growth in 2022. However, with the quickened pace in booster vaccination, reopening of borders and Singapore being in a more prepared position compared than before, we expect the growth trajectory to be sustained.

2 RECENT GOVERNMENT POLICIES / INITIATIVES AND ITS IMPACT

2.1 Covid-19 Support Measures

As announced during Budget 2021, the government launched a series of measures to continue to tackle immediate challenges arising from the COVID-19 pandemic and invest in Singapore's future growth. One of key support measures included an $11 billion COVID-19 Resilience Package (CRP) to provide more targeted support for worst-hit sectors. As part of the CRP, the Jobs Support Scheme (JSS) was also extended to assist companies to retain workers, costing an additional $700 million. In addition, Deputy Prime Minister Heng Swee Keat pledged in his Budget 2021 speech to allocate $24 billion over the next three years to help firms and workers to emerge stronger from the pandemic. To support the hiring of locals and provide training opportunities, a further $5.4 billion was allocated for the second tranche of the SGUnited Jobs and Skills Package, of which $5.2 billion was channelled to the extension of the Jobs Growth Incentive (JGI) scheme.

As Singapore transitioned across the different phases towards COVID-19 resilience, the government introduced varying sets of support measures as outlined in the table below. The key support measures included the enhancement or extension of the JSS as well as JGI Phase 3 and the Rental Support Scheme (RSS) to support businesses. In addition, the COVID-19 Recovery Grant (Temporary) (CRG-T) scheme was introduced to provide one-off support for financially affected lower- to middle-income employees and self-employed persons as well. Lastly, support measures were tapered down at the end of November 2021 as Singapore relaxed restrictions and transitioned into the Transition Phase[2]. Since 2020, over $110 billion worth of support measures were extended by the government to tackle the pandemic.

During the recent Budget 2022, Minister for Finance Lawrence Wong unveiled a $500 million Jobs and Business Support Package, which consists of the Small Business Recovery Grant and further extension of the JGI scheme. The Small Business Recovery Grant provides a one-off cash support to small businesses in sectors that were most affected by COVID-19 Safe Management Measures last year.

[2] The Jobs Support Scheme (JSS) for certain sectors was extended until Dec 19, but at 10 per cent wage support instead of the previous 25 per cent.

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Table 2.1: Timeline of announcement of 2021/2022 support packages

Announcement Date	Details of Package
16 Feb 2021	$11bn COVID-19 Resilience Package (CRP) - extended JSS, SGUnited Jobs and Skills Package and COVID-19 Recovery Grant
28 May 2021	$800mn Support Measures during Phase 2 (Heightened Alert) - enhanced JSS, introduction of COVID-19 Recovery Grant (Temporary) scheme (CRG-T), Rental Support Scheme (RSS)
23 Jul 2021	$1.1bn Support Package during Phase 2 (Heightened Alert) - enhanced JSS, extension of CRG-T, RSS
24 Sep 2021	$650mn Support Package during Stabilisation Phase - enhanced JSS, RSS, Phase 3 of the JGI
20 Oct 2021	$640mn Support Package during extension of Stabilisation Phase - extended JSS, RSS
20 Nov 2021	$90mn Support Package and tapering of support measures during Transition Phase - extended JSS
18 Feb 2022	$500mn Jobs and Business Support Package - Small Business Recovery Grant, Phase 4 of the JGI

The following table summarises the key COVID-19 support measures relevant to the industrial property sector.

Table 2.2: Key COVID-19 Support Measures for the Industrial Property Market

Support Measure	Details
COVID-19 (Temporary Measures) Act 2020	▪ The COVID-19 (Temporary Measures) Act 2020 provides relief for firms in the built environment sector that were affected by Covid. ▪ Part 2 of the Act provides temporary relief for a prescribed period, upon service of a Notification for Relief, from stipulated types of legal and enforcement actions in relation to the inability to perform contractual obligations due to COVID-19. ▪ Part 8B of the Act requires the co-sharing of additional non-manpower qualifying costs between contracting parties due to delays caused by COVID-19. ▪ Part 10A of the Act provides a relief framework to allow contractors to seek a determination from an Assessor to adjust the contract sum to address the increase in foreign manpower salary costs, i.e. salary costs of Work Permit Holders (WPHs), due to COVID-19. ▪ These measures were extended till 31 Dec 2021
Temporary Relief Measures for Property Sector	▪ On 28 Jun 2021, the government announced an extension to the temporary relief measures for property developers affected by disruptions to construction timelines, as border measures were tightened from April and May 2021 because of a resurgence in COVID-19 infections. These are in addition to the temporary relief measures announced on 6 May 2020 and 8 October 2020. ▪ The extension to the temporary relief measures, to be implemented with immediate effect, are: (i) Extension of the Project Completion Period (PCP) by six months for qualifying residential, commercial and industrial development projects; (ii) Extension by six months for the commencement and completion timelines of residential development projects in relation to the remission of the Additional Buyer's Stamp Duty (ABSD) for qualifying housing developers;1 and (iii) Extension of the PCP by six months for residential development projects under the Qualifying Certificate (QC) regime for qualifying foreign housing developers. ▪ The qualifying conditions to be met are as follows: (i) The land was awarded on or before 7 May 2021, or the land was directly alienated or had their lease renewed by SLA on or before 7 May 2021; and (ii) The original timeline for completion of the residential development expired on or after 1 February 2020. ▪ For cases where the land was awarded on or before 1 June 2020, or where the land was directly alienated or had their lease renewed by SLA on or before 1 June 2020, this six-month extension will be in addition to the cumulative 12-month extension that was provided via the temporary relief measures announced on 6 May 2020 and 8 October 2020.

Support Measure	Details
Jobs Growth Incentive (JGI)	▪ The JGI scheme was introduced to provide support to employers to expand local hiring from September 2020 to March 2022 (inclusive), so as to create good and long-term jobs for locals. ▪ The JGI provides up to 12 months of salary support for each non-mature local hire and 18 months of salary support for each mature hire, person with disability or ex-offender hired by employers that managed to increase their local workforce within the qualifying window: (i) Phase 1 of JGI: September 2020 to February 2021 (ii) Phase 2 of JGI: March 2021 to September 2021 (iii) Phase 3 of JGI: October 2021 to March 2022 (iv) Phase 4 of JGI: April 2022 to September 2022 ▪ For Phase 1 local hires, the support was 25% (or 50% for mature local hires aged 40 and above, persons with disabilities (PwDs) or ex-offenders) of the first $5,000 of gross monthly wages paid to all new local hires. ▪ For Phase 2 local hires, the supportable gross monthly wages was increased to the first $6,000 of gross monthly wages for mature local hires aged 40 and above, PwDs or ex-offenders. ▪ For Phase 3 local hires, the support is 15% of the first $5,000 of gross monthly wages for all new local hires and 50% of the first $6,000 of gross monthly wages for mature local hires aged 40 and above, PwDs or ex-offenders. ▪ It was announced during Budget 2022 that the JGI scheme has been further extended to September 2022, with stepped-down rates reflecting the improved labour market conditions. This extension will only cover mature workers aged 40 and above who have not been employed for six months or more, persons with disabilities, and ex-offenders.
Job Support Scheme (JSS)	▪ Introduced during the Unity Buget in February 2020, over $28bn has been disbursed under the JSS support. ▪ The JSS provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. JSS payouts are intended to offset local employees' wages and help protect their jobs.
Small Business Recovery Grant	▪ Introduced during Buget 2022, the Small Business Recovery Grant forms part of the $500mn Jobs and Business Support Package which provides targeted help for workers and businesses in segments of the economy that are facing slower recoveries. ▪ Eligible firms will receive $1,000 for each local employee with mandatory CPF contributions in the period from 1 November 2021 to 31 December 2021, up to a cap of $10,000 per firm.

Source: MOF, MinLaw, MND, IRAS, EDMUND TIE Research

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2.2 Initiatives to Drive Transformation and Future Growth

As part of Singapore's plans to seize new opportunities in a post-Covid-19 landscape, the 23 Industry Transformation Maps (ITMs) will be refreshed over the next five years. Under the ITM 2025, three new thrusts were introduced: incorporating the recommendations of the Emerging Stronger Taskforce, closer integration with research and innovation, and greater focus on jobs and skills[3]. Launched in 2016, the ITMs serve as road maps to drive transformation for 23 industries across six clusters and is overseen by the Future Economy Council (FEC).

Table 2.3: Industry Transformation Maps (ITMs) cover 23 industries across six clusters

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

Source: Ministry of Trade and Industry

In May 2021, the Emerging Stronger Taskforce (EST) proposed five key recommendations to the FEC, which had been accepted and will be incorporated in the ITM 2025. One recommendation was to establish Singapore as a global Sustainability Hub, particularly as a carbon trading and services hub; strengthening our food resilience through AgriTech; and leveraging end-to-end digitalisation to strengthen the traceability and accountability of industry value chains. The EST was established under the FEC in May 2020 to better position the nation in the new normal. Six key shifts[4] arising from Covid-19 and nine investable areas[5] to achieve a more connected and sustainable future were identified.

Singapore's economic transformation efforts will be integrated more closely with the national Research, Innovation and Enterprise (RIE) 2025 plan, in which the government will be investing $25 billion over the next five years to sustain the nation's competitiveness and bolster our status as a tech and innovation hub. As a five-year blueprint, the RIE 2025 plan will focus on four key areas, namely health, sustainability, the digital economy, and manufacturing, which are underpinned by firm support for basic research. It is also outlined by four key domains: human health and potential; manufacturing, trade and connectivity; urban solutions and sustainability; and smart nation and the digital economy[6].

[3] The Straits Times, "Industry Transformation Maps to be refreshed, strengthened over next 5 years: DPM Heng", published on 30 April 2021.
[4] The six key shifts are (i) a changing global order; (ii) accelerating industry consolidation and churn; (iii) reconfiguration of global supply chains; (iv) accelerating digital transformation and innovation; (v) changes in consumer preferences; and (vi) an increased focus on sustainability.
[5] The nine areas are (i) AgriTech, (ii) Built Environment, (iii) EduTech, (iv) MedTech, (v) Robotics, (vi) Smart Commerce, (vii) Supply Chains, (viii) Sustainability, and (ix) Travel and Tourism
[6] The Straits Times, "Record $25 billion for research and innovation over next 5 years to secure Singapore's future", published on 11 December 2020.

As part of the next phase of industry transformation, Deputy Prime Minister Heng Swee Keat announced during his Budget 2021 speech about the launch of the Growth and Transformation Scheme (GTS), starting with the built environment (BE) sector. Under the GTS, a value chain approach is adopted to drive transformation in the BE sector, supporting the formation of strategic alliances among progressive developers, builders and consultants. Each alliance will need to develop a minimum three-year business and transformation plan to outline strategies and initiatives to achieve transformation outcomes[7], and its key performance indicators (KPIs) are based on the industry's ITM goals.

Lastly, to advance the nationwide agenda on sustainable development, the government unveiled the Singapore Green Plan 2030 on 10 February 2021, which outlines Singapore's green targets over the next 10 years. Several of the targets under the plan's "Green Economy" pillar[8] include positioning Singapore as carbon services hub in Asia as well as a leading regional centre for developing new sustainability solutions. To achieve Singapore's new net zero emission ambition by or around mid-century, it was announced during Budget 2022 that the carbon tax will be raised to $25 per tonne in 2024 and 2025, and $45 per tonne in 2026 and 2027, with a view to reaching $50 to $80 per tonne by 2030. To support firms in emissions-intensive and trade-exposed sectors as well as to manage the near-term impact on their competitiveness, the government will put in place a transition framework. Under the proposed framework, the allowances provided to companies will be determined based on efficiency standards and decarbonisation targets, which will help mitigate the impact on business costs while still encouraging decarbonisation.

2.3 Government Land Sales

The MTI has launched its Industrial Government Land Sales (IGLS) programme for the first half of 2022 (1H 2022). There are three sites on the Confirmed List and four sites on the Reserve List, totalling around 809,000 sq ft of NLA.

JTC has scaled back the confirmed sites in view of the significant supply pipeline of industrial properties as well as project delays arising from Covid-19 disruptions to construction activities in 2020-2021. However, to cater to varying business needs, the government has placed more industrial space on the Reserve List for industrialists to trigger in response to market demand. The three plots on the 1H 2022 Confirmed List could generate about 374,000 sq ft of NLA, down 4.5% from the quantum that could be generated from the 2H 2021 list. The four plots on the 1H 2022 Reserved List could generate about 436,000 sq ft of NLA, up by 8.2% from six months prior.

Details of the sites placed under the 1H 2022 and 2H 2021 IGLS Programme are shown in the tables below.

Table 2.4: Projected supply of private industrial space from IGLS Programme 1H 2022

Location	Site ha	Zoning	Tenure years	NLA '000 sq ft	Status
Confirmed List					
Plot 4 Jalan Papan	0.56	B2	20	69	Launch in Feb-22
Plot 10 Tampines North Drive 5	0.50	B2	20	110	Launch in Apr-22
Plot 2 Tanjong Penjuru	0.88	B2	30	194	Launch in Jun-22
	1.94			374	
Reserve List					
Woodlands Industrial Park E7/E8	0.77	B2	30	169	Available, closing in Jun-22
Plot 9 Tampines North Drive 5	0.49	B2	30	108	Available, closing in Jun-22
Plot 5 Jalan Papan	0.56	B2	20	69	Available in Mar-22
Plot 3 Jalan Papan	0.72	B2	20	89	Available in May-22
	2.54			436	
Total	**4.48**			**809**	

Source: JTC
Note: NLA estimated by EDMUND TIE is based on 82% efficiency factor applied to the total industrial GFA

[7] Building and Construction Authority, "Push for Greener Buildings and New Support Scheme to Boost Transformation Efforts through Industry Alliances Unveiled", press release published on 4 March 2021.
[8] Singapore Green Plan 2030's five key pillars are: City in Nature, Sustainable Living, Energy Reset, Green Economy and Resilient Future.

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Table 2.5: Supply of private industrial space from IGLS Programme 2H 2021

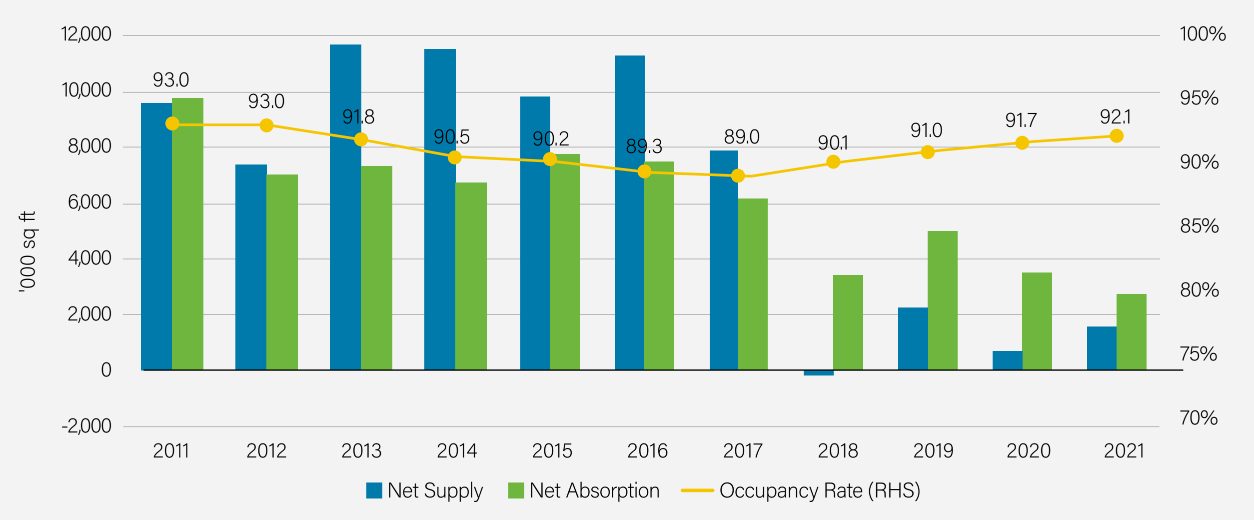
Location	Site ha	Zoning	Tenure years	NLA '000 sq ft	Successful Tender Price ($ mil)	Status
Confirmed List						
Plot 7, Jalan Papan	0.88	B2	20	109	5.6	Awarded on 26 Nov 21
Plot 3, Gambas Way	0.69	B2	30	122	N.A.	Tender closed on 23 Nov 21. Results yet to be announced
11 Tuas Avenue 18	0.40	B2	20	49	N.A.	No award
Plot 8, Jalan Papan	0.90	B2	20	111	N.A.	Tender closed on 22 Feb 22. Results yet to be announced
	2.87			391		
Reserve List						
Woodlands Industrial Park E7/E8	0.77	B2	30	169	N.A.	Available, closing in Jun-22
Plot 9, Tampines North Drive 5	0.49	B2	30	108	N.A.	Available, closing in Jun-22
Plot 9, Jalan Papan	1.01	B2	20	125	N.A.	Tender closed on 11 Jan 22. Results yet to be announced
	2.27			402		
Total	**5.14**			**794**		

Source: JTC
Note: NLA estimated by EDMUND TIE is based on 82% efficiency factor applied to the total industrial GFA

3 PRIVATE FACTORY[9]

3.1 Demand and Supply

Figure 3.1: Net Supply, Net Absorption and Occupancy (Multiple-user and Single-user Private Factory Space)



Source: JTC

[9] Refers to private multiple-user factory and single-user factory, excluding business park.

Stock

The supply trend of private factories over the last 10 years is illustrated in Figure 3.1 above. Amid pandemic-induced construction delays, total factory private stock grew moderately by 0.5% to 332.9 million sq ft in 2021 from 331.4 million sq ft in 2020, as compared to the marginally lower 0.2% growth experienced in 2020.

The largest project completed in 2021 was the 429,236 sq ft NLA single-user factory at 94 Tuas South Avenue 3 developed by Hydrochem. Another major project completed in 2021 was Yen Lee Development's Tuas South Connection (421,023 sq ft NLA), a high-specs industrial building located at Tuas South Link 1.

Demand and Occupancy

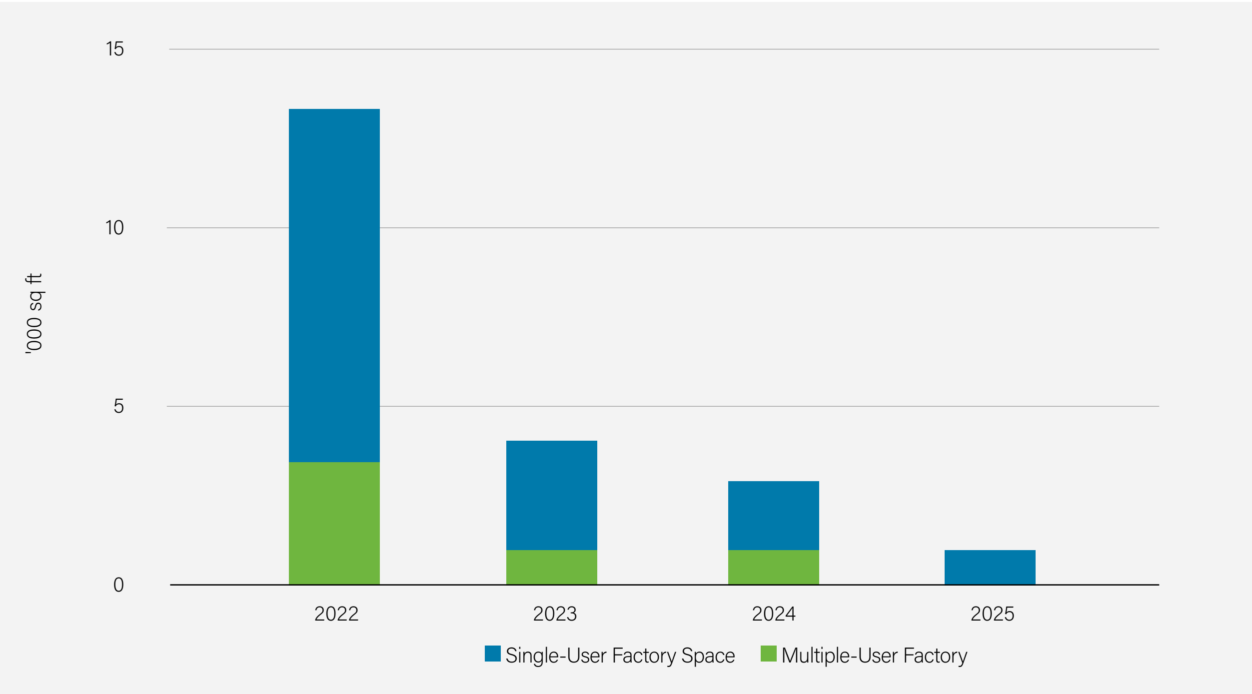
Islandwide demand and occupancy for private factories for the last 10 years is shown in Figure 3.1 above. Net absorption of private factory space declined slightly to 2.7 million sq ft in 2021 from 2.8 million sq ft in 2020, but overall factory demand was still an increase, possibly due to healthy demand of strong manufacturing output. The private factory occupancy rate rose to 92.1% in 2021 from 91.7% in 2020. Occupancy has been buoyed by semiconductor and biomedical activities.

Potential Supply

As at 4Q 2021, private factory supply pipeline from 2022 to 2026 is projected to be around 21.7 million sq ft (NLA), with approximately 62% of the pipeline expected to be completed in 2022.

The most significant pipeline supply of private factory space in 2022 is Solaris @ Tai Seng (929,000 sq ft NLA) developed by SoilBuild, described as a campus-style development comprising 4 towers of 8 to 9 storey high tech business space and lab infrastructure.

Figure 3.2: Private factory supply pipeline from 2022 to 2025



Source: JTC

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Table 3.3: Projected new supply of top 5 major private factory developments

Developer/development	Location	Region	NLA '000 sq ft	Status	Expected Completion
Multiple-user factory developments					
Solaris @Tai Seng	Tai Seng Avenue	North-East	929	Under construction	2022
Mapletree Industrial Trust	Kallang Way	Central	710	Under construction	2022
Polaris @ Woodlands	Woodlands Avenue 12	North	462	Under construction	2023
REVV	Corporation Drive	West	282	Under construction	2022
Tuas Vista	Tuas South Avenue 2	West	274	WP: Apr 2020	2022
Single-user factory developments					
Malkoha	Sunview Way	West	1,512	WP: May 2019	2023
Global Foundries Singapore	Woodlands Industrial Park D Street 2	North	849	Under construction	2023
Hyundai Motor Singapore	Jurong West Avenue 2	Central	767	Under construction	2023
Tee Yih Jia Food Hub	Senoko Road	North	735	Under construction	2022
Google Asia Pacific	Lok Yang Way	West	668	Under construction	2024

Source: JTC, EDMUND TIE Research

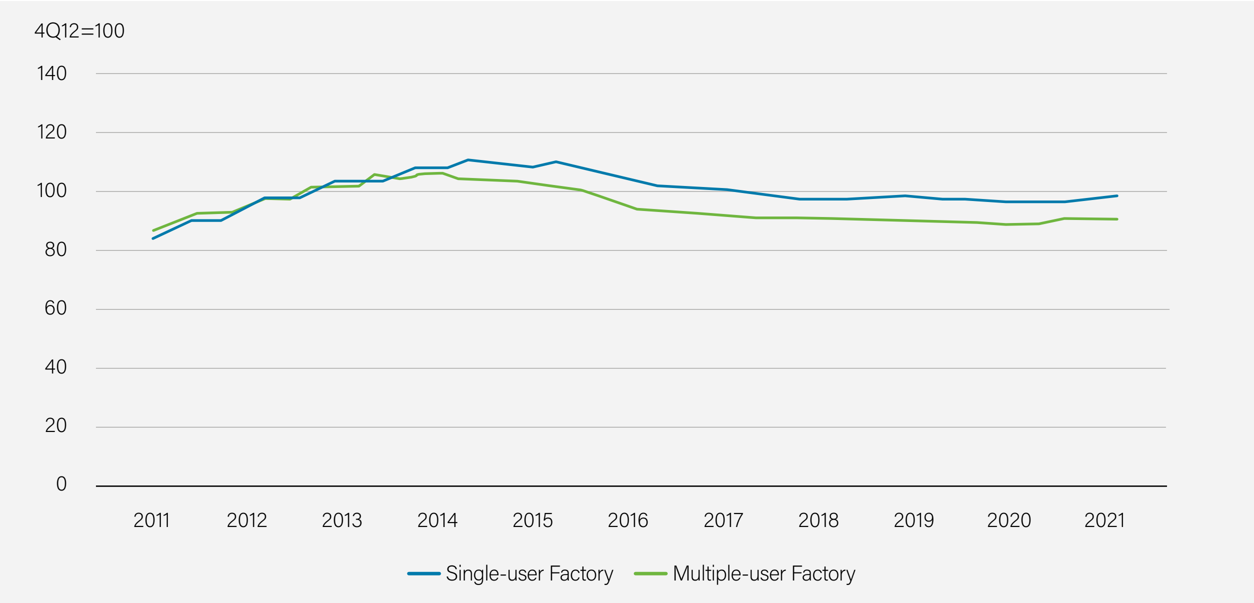
3.2 Rents

As a result of strong demand for factory space in 2021, JTC's rental index for both multiple-user and single-user factory increased by 2.5% and 1.7% between 4Q 2020 to 4Q 2021, respectively. This contrasted with a decrease of 1.8% and 1.4% in multiple-user and single-user factory rental indices in 2020, respectively.

As at 4Q 2021, the 25th percentile, median and 75th percentile monthly rents for multiple-user factory premises stood at S$1.55, S$1.83 and S$2.24 per sq ft per month[10]. For single-user factory space, the 25th percentile, median and 75th percentile monthly rents stood at S$1.20, S$1.50 and S$1.94 per sq ft per month. There had been firm expansion from firms in certain clusters such as pharmaceuticals, electronics and precision engineering in 2021.

[10] The rental data refer to contracted gross rent per month as declared by tenants to IRAS through its e-Stamping system. Contracted gross rent includes the base rent and all charges in connection with the lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). It may or may not include any rent-free period and other incentives.

Figure 3.4: JTC Industrial Rental Index (Multiple-user and Single-user Factory)



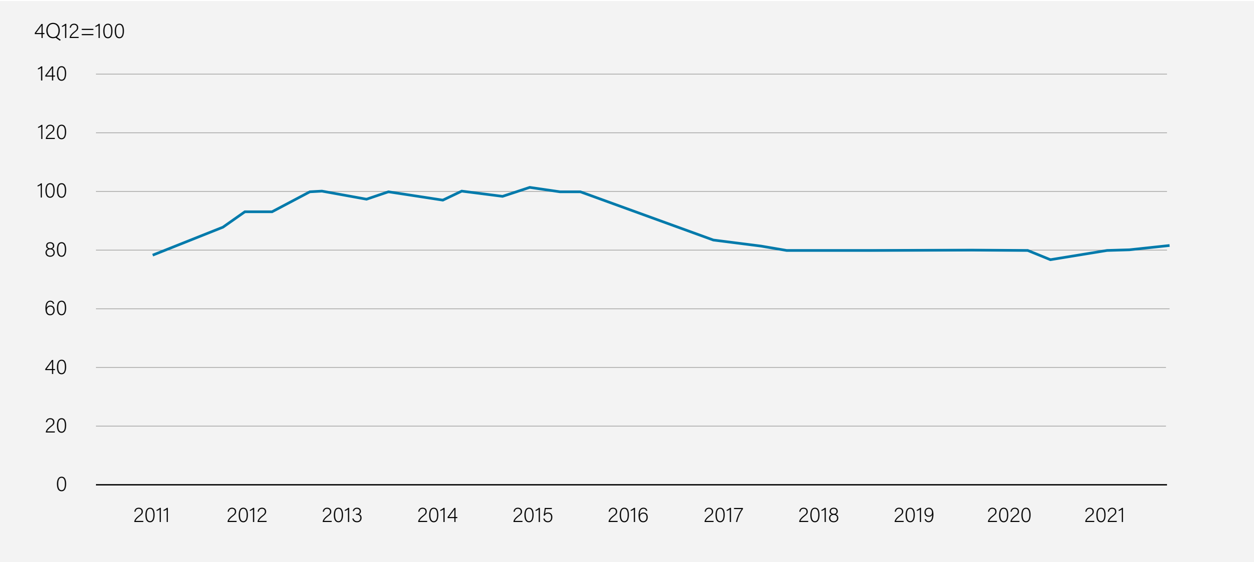
Source: JTC

3.3 Prices

Prices of single-user factory increased by 4.9% between 4Q 2020 to 4Q 2021, based on JTC's price index. In contrast, single-user factory price index posted a decline of 1.9% in 2020. Based on JTC's price index, prices of multi-user factory for 30-year lease (3.1% yoy growth), 60-year lease (5.5% yoy growth) as well as freehold/99-year lease (2.2% yoy growth) have experienced price gains.

According to 4Q 2021 data from JTC, the median price for multiple-user factory space stood at S$461 per sq ft, while the median price for single-user factory space for the same period, stood at S$168 per sq ft.

Figure 3.5: JTC Industrial Price Index (Single-user Factory)



Source: JTC

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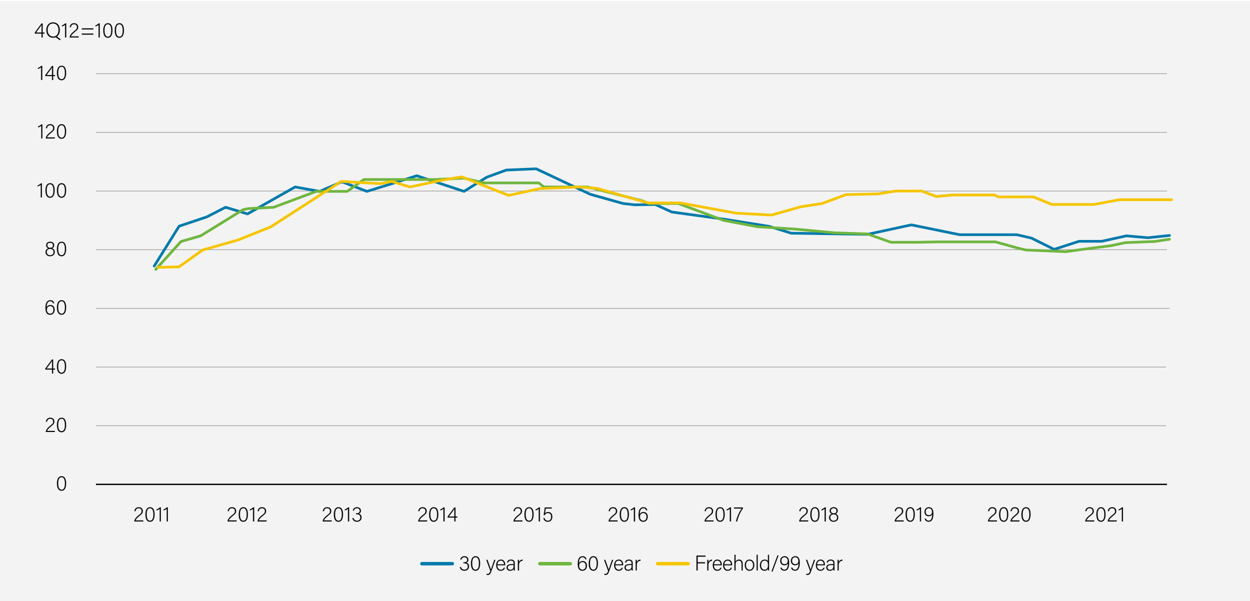
Figure 3.6: JTC Industrial Price Index (Multiple-user Factory)



Source: JTC

3.4 Major Investment Sales

2021 witnessed three mega private factory deals (each valued above $100 million) worth a combined total of $341 million. The largest factory deal by quantum in 2021 was Boustead Industrial Fund's acquisition of a multi-user factory, 351 on Braddell, for $121 million from Boustead Projects.

Table 3.7: Key details of three mega factory deals in 2021

Quarter sold	Development	Property Type	Gross Floor Area (sq ft)	Remaining tenure, yrs	Purchase price $ mn	Purchase price $ psf	Purchaser	Seller
Q1 2021	BreadTalk IHQ	Single-User Factory	248,902	19 + 30	118.0	474 GFA	Lian Beng Group, Apricot Capital, & 32RE Investments	BreadTalk Group Pte Ltd
Q1 2021	Sime Darby Business Centre	Multiple-User Factory	179,189	34	102.0	569 GFA	AIMS APAC REIT	Aster (Alexandra) Pte Ltd
Q4 2021	351 on Braddell	Multiple-User Factory	261,458	26	121.0	463 GFA	Boustead Industrial Fund	Boustead Projects

Source: REALIS, EDMUND TIE Research

3.5 Market Outlook for 2022

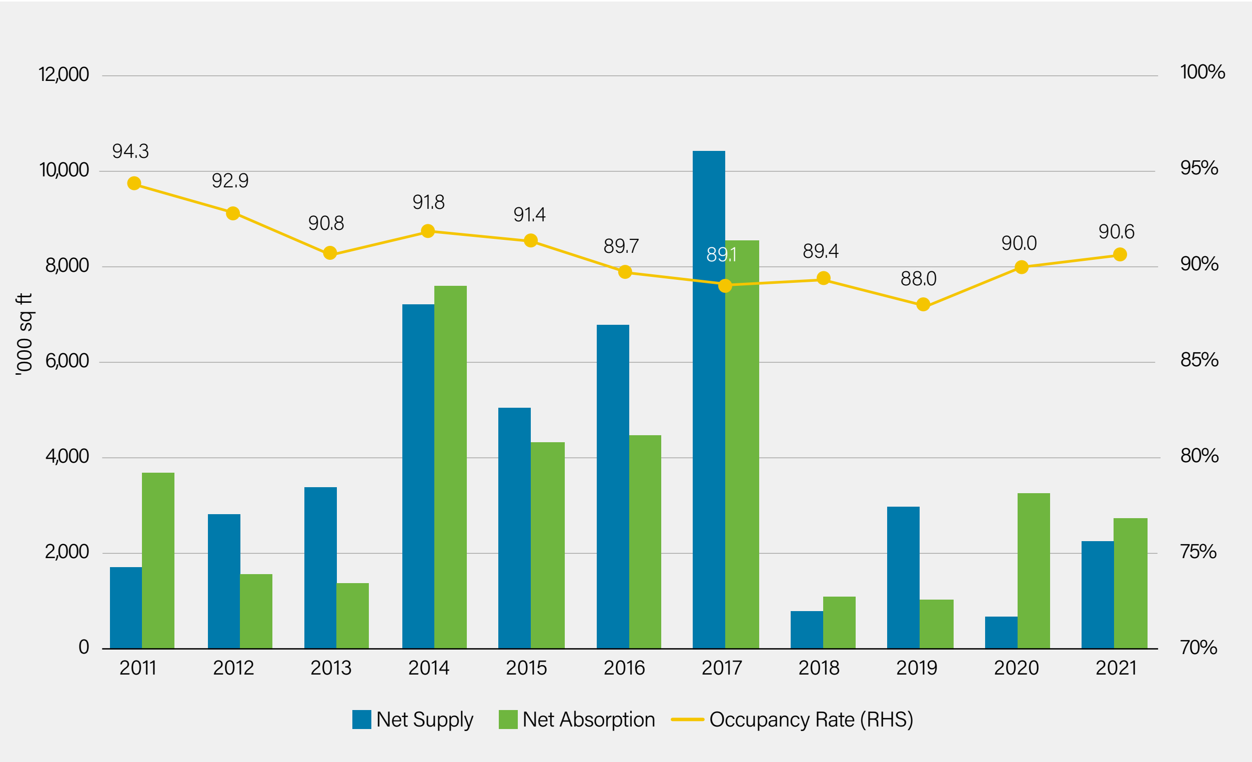
Singapore's manufacturing sector remains one of the key support pillars for the economy. Even as global Covid-19 vaccination rates increase, global growth is expected to soften for 2022. Furthermore, the spread of Omicron infections may prove to be a wildcard going forward. Although the overall manufacturing sector has recorded 19 months of consecutive expansion as at Jan 2022, the pace of expansion has been slower in recent months and persistent supply pressures in 2022 will cap rental growth. On balance, the optimism for the industrial sector is tempered by downside risks.

Going forward, local manufacturers are optimistic that manufacturing growth will continue into the new year, and that the global pandemic is expected to become endemic. However, persistent supply pressures in 2022 will cap any rental growth. Factory rents are thus likely to post a slight increase of 2-3% in 2022.

4 PRIVATE WAREHOUSE

4.1 Demand and Supply

Figure 4.1: Net Supply, Net Absorption and Occupancy (Private Warehouse)



Source: JTC

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Stock

The supply trend of private warehouse over the last 10 years is illustrated in Figure 4.1 above. As at 4Q 2021, the total private warehouse stock expanded at a faster pace by 2.0% to 118.6 million sq ft in 2021 from 116.3 million sq ft in 2020, as compared to 0.8% growth experienced in 2020 despite construction delays.

The largest project completed in 2021 was the 809,991 sq ft (NLA) Cogent Jurong Island Logistics Hub, a chemical logistics and warehousing facility located at 15 Tembusu Crescent developed by S H Cogent Logistics.

Demand and Occupancy

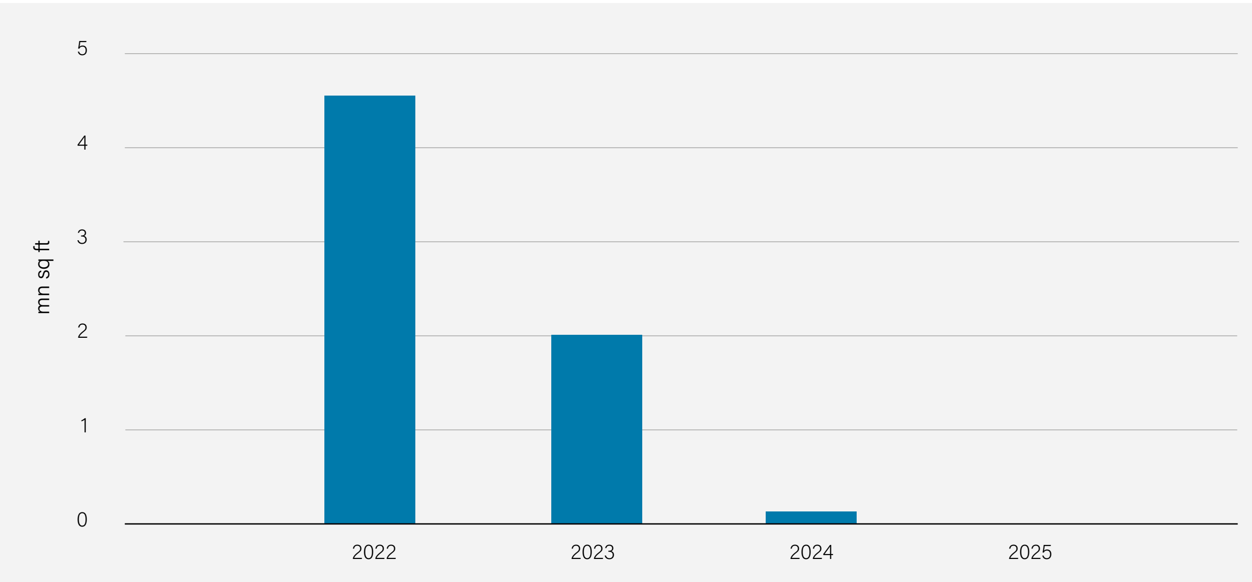
Islandwide demand and occupancy for private warehouse for the last 10 years is shown in Figure 4.1 above. Net absorption of private warehouse space dipped to 2.7 million sq ft in 2021 from 3.2 million sq ft in 2020. The occupancy rate increased marginally from 90.0% in 2020 to 90.6 % in 2021, the highest since 2015. Warehouse demand and occupancy have been boosted by the ongoing movement towards stockpiling, e-commerce and online grocery shopping.

Potential Supply

As at 4Q 2021, private warehouse supply pipeline from 2022 to 2026 is projected to be around 6.6 million sq ft (NLA) with approximately 68% of the pipeline to be completed in 2022.

The most significant pipeline supply of private warehouse space in 2022 is the 1,081,305 sq ft (NLA) warehouse development by Allied Sunview. The development of Logos eHub at Tuas (750,276 sq ft NLA) is a major potential supply in 2023. LOGOS SE Asia is re-developing the Logos E-commerce Hub at Pandan Crescent into a six-storey, ramp-up facility, catering to the growing e-commerce sector and market. Its rare, large warehouse footprint of 200,000 sq ft on each floor can accommodate a wide spectrum of e-commerce usages, from conventional racking systems to high-density storage; from automated sortation systems to last-mile services; complete with amenities such as offices, multi-purpose centres, canteens and ample car and truck holding spaces.

Figure 4.2: Private warehouse supply pipeline from 2022 to 2025



Source: JTC

Table 4.3: Projected new supply of top 5 major private warehouse developments

Developer/development	Location	Region	NLA '000 sq ft	Status	Expected Completion
Warehouses developments					
Allied Sunview	Sunview Road	West	1,081	WP: Mar 2019	2022
Logos eHub	Pandan Crescent	West	750	Under construction	2023
Tuas South Avenue	Tuas South Avenue 14	West	723	Under construction	2023
2PS1	Pioneer Sector 1	West	651	Under construction	2022
Fairprice Group Fresh Food Distribution Centre	Sunview Road	West	644	PP: Jun 2021	2022

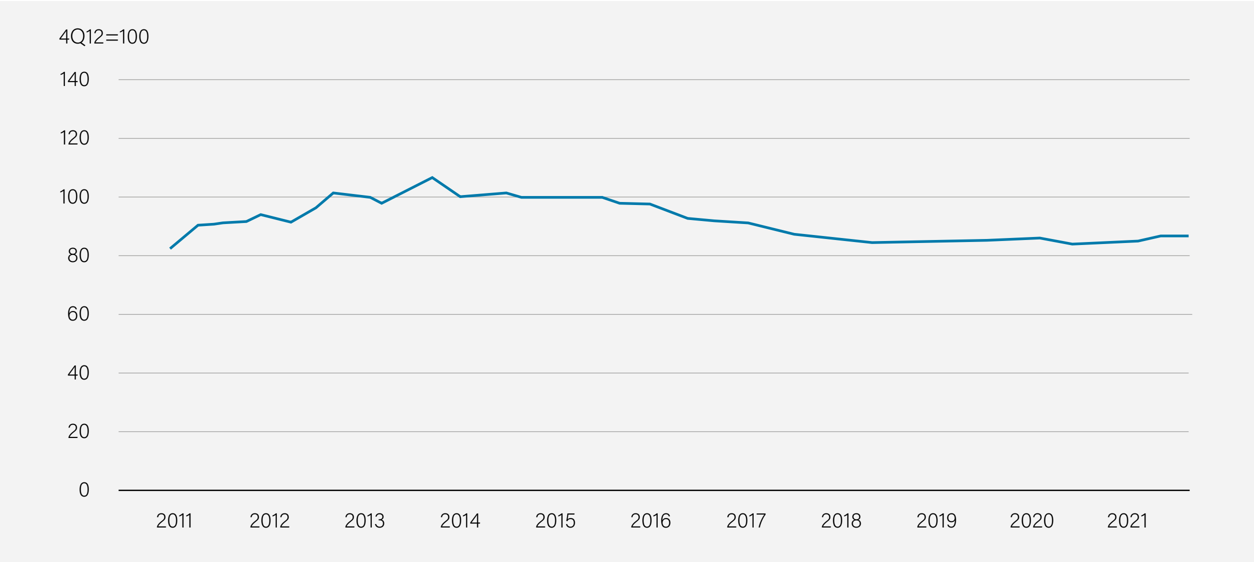
Source: JTC, EDMUND TIE Research

4.2 Rents

JTC's rental index for warehouse increased by 2.7% between 4Q 2020 and 4Q 2021. This contrasted with a decrease of 1.3% warehouse rental index in 2020.

As at 4Q 2021, the 25th percentile, median and 75th percentile monthly rents for warehouse premises stood at S$1.40, S$ 1.74 and S$2.30 per sq ft per month[11]. Median rents for warehouses declined by 4.5% yoy, while 25th percentile rents, a proxy for traditional warehouses, as well as 75th percentile rents, a proxy for modern logistics and distribution centres, remained unchanged. This demonstrated the resilient rental performance of modern logistics and distribution centres during the pandemic, whereas greater stockpiling demand during the pandemic likely underpinned rental performance for the traditional warehouses.

Figure 4.4: JTC Industrial Rental Index (Warehouse)



Source: JTC

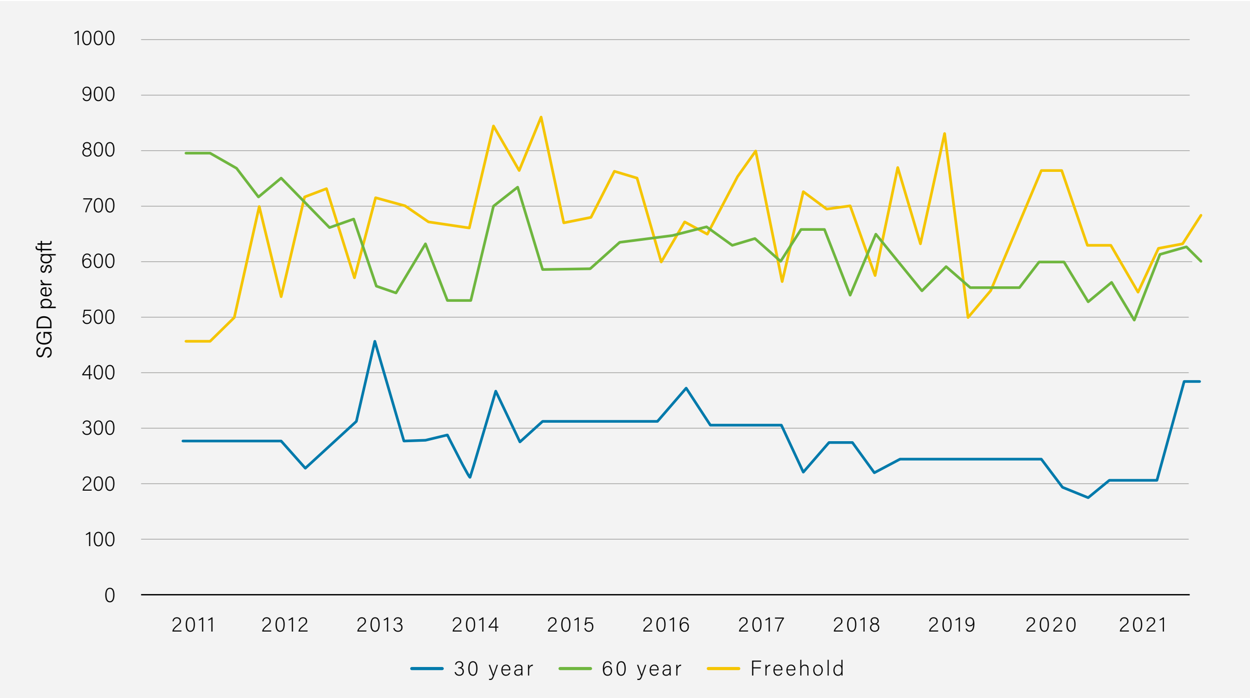
[11] The rental data refer to contracted gross rent per month as declared by tenants to IRAS through its e-Stamping system. Contracted gross rent includes the base rent and all charges in connection with the lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). It may or may not include any rent-free period and other incentives.

Independent Market **Review**

4.3 Prices

JTC has not published the warehouse price index since 4Q2014 due to the limitations posed by thin transactional activity. The median price of warehouses with 30-year lease from JTC stood at S$383 per sq ft as at 4Q 2021, 87.7% higher than the median price of S$204 per sq ft as at 4Q 2020. The median prices of warehouses with 60-year lease posted a significantly smaller 5.5% yoy growth to S$592 per sq ft as at 4Q 2021 from S$561 per sq ft as at 4Q 2020. Lastly, the median prices of freehold warehouses experienced price gain of 11.7% yoy to S$705 per sq ft from S$631 per sq ft as at 4Q 2020.

Figure 4.5: Median Prices of Warehouse



Source: JTC

4.4 Major Investment Sales

The acquisition of Global Trade Logistics Centre by ESR-REIT for $112 million from Montview Investments was the sole mega warehouse deal (valued above $100 million) in 2021.

Table 4.6: Key details of sole mega warehouse deals in 2021

Quarter sold	Development	Property Type	Gross Floor Area (sq ft)	Remaining tenure, yrs	Purchase price $ mn	Purchase price $ psf	Purchaser	Seller
Q2 2021	Global Trade Logistics Centre	Warehouse	524,000	30 + 14	112.0	214 GFA	ESR-REIT	Montview Investments

Source: EDMUND TIE Research

4.5 Market Outlook for 2022

The boisterous growth of e-commerce, aided by the continued proliferation of online ordering and mobile wallet platforms, will support demand for logistics facilities and warehouses. Warehouses with better specifications like high load capacity and large floor plates will see stronger demand. Government policies to aid businesses to adopt digital solutions and increase their online presence should support demand for the sector. Demand will likely increase, and rents could rise by 3-5% on average in 2022.

TERMS OF REFERENCE

EDMUND TIE was appointed by Sabana Industrial REIT on 23 November 2021 to provide an independent market study for Sabana Industrial REIT'S FY 2021 Annual Report. This report includes overview of Singapore's economy, recent government policies and measures affecting the industrial property market as well as Singapore private factory and warehouse market overview.

LIMITING CONDITIONS

These are the general principles upon which our consultancy reports are normally prepared. These limiting conditions apply unless we have specifically mentioned otherwise in the report itself.

Confidentiality

The consultancy report is confidential to the party to whom it is addressed. Edmund Tie & Company (SEA) Pte Ltd or persons involved in the preparation of this report (hereinafter referred to as "we" or "us") disclaims all responsibility and will accept no liability to any other party. Neither the whole nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communications with third parties, without our prior written consent of the form or context in which it will appear.

Court Attendance

We are not required to give testimony or attendance in Court by reason of this report without previous arrangements.

Maximum Liability

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

Source of Information

We have relied on information provided to us by the sources listed, as to details of tenure, planning consents and other relevant matters, as summarised in our report.

Where it is stated in the report that information has been supplied to us in the preparation of this report by the sources listed, this information is believed to be reliable and we will accept no responsibility if this should be otherwise. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

Documentation

We do not normally read leases or documents of title and, where appropriate, we recommend that lawyers' advice on these aspects should be obtained. We assume, unless otherwise informed to the contrary, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature which will have an effect on the value of the interest under consideration.

Tenants

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are evaluated with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under lease and that there are no arrears of rent or undisclosed breaches of covenants.

Outstanding Debts

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowances for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

Site Conditions

We do not carry out site investigations to determine the suitability of ground conditions and the services. Unless we are informed otherwise, our consultancy report is on the basis that these aspects are satisfactory and where development is proposed, no extraordinary expenses or delays will be incurred during the development period.

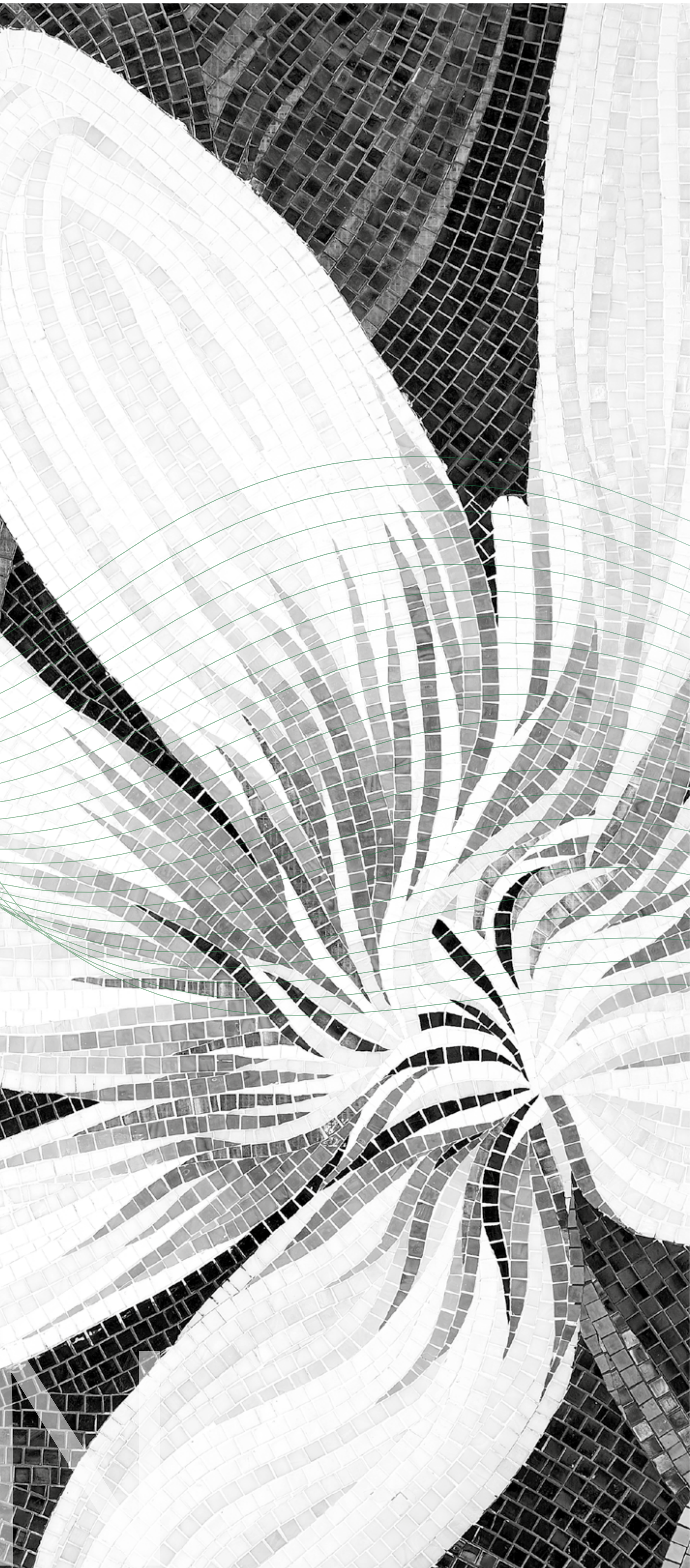
Structural Surveys

Unless expressly instructed, we do not carry out any structural survey, nor do we test the mechanical/electrical or other services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our consultancy report, we are not able to give any assurance that any property is free from defect.

Market Conditions

Utmost care and due diligence have been taken in the preparation of this report. We believe that the contents are accurate and our professional opinion and advice are based on prevailing market conditions as at the date of the report. As market conditions do change, we reserve the right to update our opinion, forecasts and advice based on the latest market conditions.

A mosaic art installation at New Tech Park's Lobby A



We are driven by our commitment and passion to adopt more green initiatives, create quality spaces, build a sustainable future and deliver long-term value to Unitholders.

DRIVEN PASSION

Property **Portfolio**

As at 31 December 2021

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)

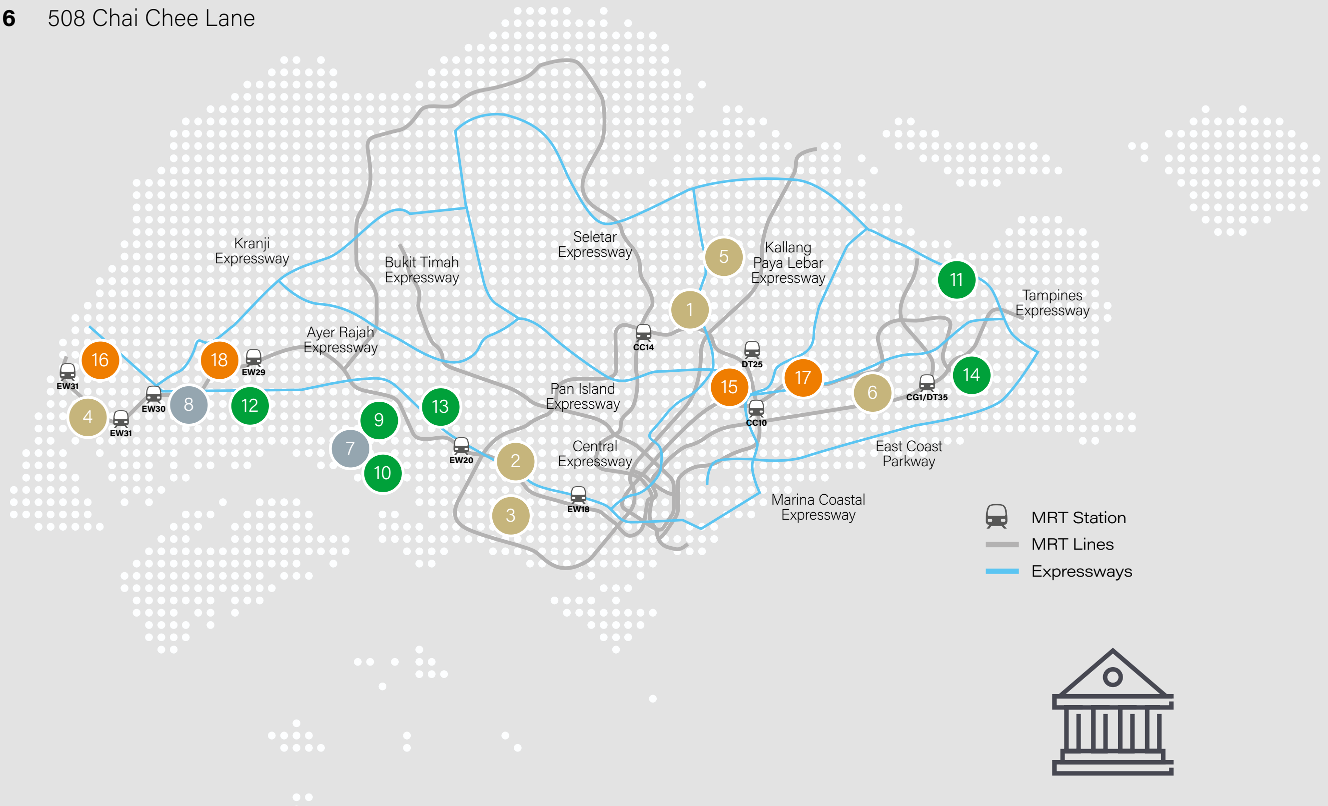
General Industrial

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

85.4%

Property **Portfolio**

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 2021) ($ million)	**355.0**
Gross Rental Income for FY 2021 ($ million)	**22.0**
Occupancy Rate (%)	**81.2**
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 2021) ($ million)	**55.4**
Gross Rental Income for FY 2021 ($ million)	**4.4**
Occupancy Rate (%)	**99.6**
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 Levels Two & Three

Purchase Consideration ($ million)	**34.5**
Latest Valuation (As at 31 December 2021) ($ million)	**21.7**
Gross Rental Income for FY 2021 ($ million)	**1.8**
Occupancy Rate (%)	**94.4**
Land Lease Expiry	**2060** **99 yrs wef** **1 Jan 1962**
GFA (sq ft)	**73,928**

Note: Occupancy rates stated on pages 53 to 59 are as at 31 December 2021

Property **Portfolio**

1 TUAS AVENUE 4, SINGAPORE 639382

A three-storey general industrial building

Purchase Consideration ($ million)	**28.0**
Latest Valuation (As at 31 December 2021) ($ million)	**9.0**
Gross Rental Income for FY 2021 ($ million)	**0.0**
Occupancy Rate (%)	**0.0**
Land Lease Expiry	**2047** **30 + 21 yrs** **4 mths wef** **1 Jan 1996**
GFA (sq ft)	**160,361**

23 SERANGOON NORTH AVENUE 5, BTC CENTRE, SINGAPORE 554530

A five-storey industrial building with a mezzanine level

Purchase Consideration ($ million)	**61.0**
Latest Valuation (As at 31 December 2021) ($ million)	**40.5**
Gross Rental Income for FY 2021 ($ million)	**2.9**
Occupancy Rate (%)	**84.7**
Land Lease Expiry	**2056** **30 + 20 yrs** **15 days wef** **16 Sep 2006**
GFA (sq ft)	**159,384**

508 CHAI CHEE LANE, SINGAPORE 469032

A seven-storey industrial building with two basements

Purchase Consideration ($ million)	**67.2**
Latest Valuation (As at 31 December 2021) ($ million)	**66.0**
Gross Rental Income for FY 2021 ($ million)	**7.0**
Occupancy Rate (%)	**99.2**
Land Lease Expiry	**2060** **30 + 29 yrs wef** **16 Apr 2001**
GFA (sq ft)	**319,718**

33 & 35 PENJURU LANE, FREIGHT LINKS EXPRESS LOGISTICPARK, 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 2021) ($ million)	**40.8**
Gross Rental Income for FY 2021 ($ million)	**3.5**
Occupancy Rate (%)	**100.0**
Land Lease Expiry	**2049** **30 + 31 yrs wef** **16 Feb 1988**
GFA (sq ft)	**286,192**

18 GUL DRIVE, SINGAPORE 629468

A part two-/part four-storey warehouse

Purchase Consideration ($ million)	**34.1**
Latest Valuation (As at 31 December 2021) ($ million)	**19.0**
Gross Rental Income for FY 2021 ($ 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**

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 2021) ($ million)	**29.8**
Gross Rental Income for FY 2021 ($ million)	**4.6**
Occupancy Rate (%)	**98.8**
Land Lease Expiry	**2032** **30 yrs wef** **16 Aug 2002**
GFA (sq ft)	**414,270**

51 PENJURU ROAD, FREIGHT LINKS EXPRESS LOGISTICENTRE, 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 2021) ($ million)	**29.1**
Gross Rental Income for FY 2021 ($ million)	**1.9**
Occupancy Rate (%)	**93.1**
Land Lease Expiry	**2054** **30 + 30 yrs wef** **1 Jan 1995**
GFA (sq ft)	**246,376**

26 LOYANG DRIVE, SINGAPORE 508970

A single-storey warehouse building with mezzanine floors

Purchase Consideration ($ million)	**32.0**
Latest Valuation (As at 31 December 2021) ($ million)	**24.5**
Gross Rental Income for FY 2021 ($ million)	**2.4**
Occupancy Rate (%)	**100.0**
Land Lease Expiry	**2053** **30 + 18 yrs** **1 Jan 2006**
GFA (sq ft)	**149,166**

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 2021) ($ million)	**33.5**
Gross Rental Income for FY 2021 ($ million)	**2.4**
Occupancy Rate (%)	**96.5**
Land Lease Expiry	**2047** **30 + 30 yrs wef** **1 Aug 1987**
GFA (sq ft)	**217,899**

12

13

2 TOH TUCK LINK, 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 2021) ($ million)	**29.8**
Gross Rental Income for FY 2021 ($ million)	**2.5**
Occupancy Rate (%)	**98.0**
Land Lease Expiry	**2056** **30 + 30 yrs wef** **16 Dec 1996**
GFA (sq ft)	**181,705**

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 2021) ($ million)	**36.7**
Gross Rental Income for FY 2021 ($ million)	**2.2**
Occupancy Rate (%)	**79.8**
Land Lease Expiry	**2051** **30 + 27 yrs wef** **1 Oct 1994**
GFA (sq ft)	**238,862**

14

Property **Portfolio**

123 GENTING LANE, YENOM INDUSTRIAL BUILDING, SINGAPORE 349574

An eight-storey industrial building with ancillary offices

Purchase Consideration ($ million)	**24.5**
Latest Valuation (As at 31 December 2021) ($ million)	**16.4**
Gross Rental Income for FY 2021 ($ million)	**1.7**
Occupancy Rate (%)	**84.6**
Land Lease Expiry	**2041 60 yrs wef 1 Sept 1981**
GFA (sq ft)	**158,907**

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 2021) ($ million)	**26.2**
Gross Rental Income for FY 2021 ($ million)	**0.0**
Occupancy Rate (%)	**0.0**
Land Lease Expiry	**2056 30 + 30 yrs wef 1 Sept 1996**
GFA (sq ft)	**158,846**

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 2021) ($ million)	**17.7**
Gross Rental Income for FY 2021 ($ million)	**1.7**
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 2021) ($ million)	**15.1**
Gross Rental Income for FY 2021 ($ million)	**0.8**
Occupancy Rate (%)	**100.0**
Land Lease Expiry	**2054** **30 + 30 yrs wef** **16 Feb 1994**
GFA (sq ft)	**99,575**

Property **Portfolio**

SERVING TENANTS FROM DIVERSE AND GROWING TRADE SECTORS

The property portfolio of Sabana Industrial REIT is diversified across four industrial segments in high-tech industrial, chemical warehouse & logistics, warehouse & logistics and general industrial. We cater to a diverse mix of tenants from growing trade sectors such as electronics, logistics & supply chain management and healthcare, among others.

THERMO FISHER SCIENTIFIC

Thermo Fisher Scientific, the world leader in serving science is supporting the increased demand in Single-Used Technology products such as bioprocess containers (BPC) in the Asia Pacific and Japan region. They have brought their production to Joo Koon Circle in order to remain closer to their customers in the region as the bioprocessing market continues to grow.

SKYWORKS GLOBAL

Skyworks Global Pte Ltd is a subsidiary of US semiconductor solutions giant Skyworks Solutions, Inc. At 508 Chai Chee Lane, Surface Acoustic Wave (SAW) and Bulk Acoustic Wave Filters testing and Tape and Reel are final stages of the operations before shipments. At this location, SAW filter level radio frequency probe testing is performed with multi-site testing solutions, data automation and map generation using state-of-the-art high-speed platforms for Tape and Reel by picking multi-bins units from the 4,6 and 8 inch wafers to the emboss tape under 6S methodology.

NUVASIVE SOUTHEAST ASIA

NuVasive Southeast Asia Pte Ltd, a subsidiary of leading spine technology innovation firm NuVasive, Inc. in the United States, is a tenant at New Tech Park. As an important distribution hub for Southeast Asia markets, NuVasive supplies its products to healthcare institutions in key countries including Singapore and Malaysia. Its innovative products range from surgical access instruments to spinal implants and fixation systems. Its office at New Tech Park also serves as an Experience Centre for surgeon training.

BELDEN SINGAPORE

With its expertise in providing industrial networking, communications and control solutions, Belden Singapore supports the market demand for industrial Internet of Things. Bringing together its comprehensive range of industrial cabling, connectivity and networking devices, the company caters to a range of mission-critical environments and industries including transport, data centres, and oil and gas. At its office at New Tech Park, the company runs proof of concept tests of its network design and configuration for clients before the solutions are implemented on-site.

Investor **Relations**

COMMITMENT TO CLEAR AND EFFECTIVE COMMUNICATION

The Manager of Sabana Industrial REIT is committed to regular investor relations engagement with stakeholders through timely and transparent disclosure of material information and frequent dialogue to help them better understand the REIT's strategic focus and priorities.

In 2021, one key area of focus of the investor communications programme was to help investors, analysts and the media understand how the REIT has been progressing on its Refreshed Strategy and onto its next phase of growth. The Manager also sought to continually enhance best practices and disclosures on the REIT's asset enhancement initiatives, asset rejuvenation works and leasing efforts targeted to attract expansionary tenants, enabling the investment community to deepen its appreciation of the Manager's strategic efforts.

During senior management's interactions with stakeholders through the course of 2021, they shared on the steady progress of the Refreshed Strategy and key milestones achieved. These included the completion of the REIT's new retail mall at New Tech Park called NTP+, the removal of Shari'ah compliance to accommodate the changing profile of tenants and enhance flexibility in positioning for the next phase of growth, and the entry into a Facility Agreement for up to $225.0 million in unsecured loans to refinance existing indebtedness and for general corporate and working capital requirements.

Another aspect underpinning the Refreshed Strategy involves the resumption of the REIT's Distribution Reinvestment Plan by applying it to the REIT's 1H 2021 Distribution and 2H 2021 Distribution, that would enable Unitholders to increase their unitholdings and participate in the REIT's growth.

DEEPENING THE INVESTMENT COMMUNITY'S UNDERSTANDING OF THE REIT

Senior management engaged investors and analysts across several platforms including in-person and virtual meetings, industry webinars, symposiums and conference calls. These sessions with both Singapore-based investors and those based overseas also gave senior management the valuable opportunity to receive feedback about the investors' opinions on the REIT or operating trends of the REIT that would potentially influence the investors' investment decisions.

The Manager continued to cultivate its relationships with the sell-side analyst community during the year. The REIT is currently covered by one equities research firm, while it continued to attract strong participation by several houses in the post-results conference calls. The Manager will continue to foster close ties with the sell-side research to garner their interest.

In addition, senior management also engaged the media community through post-results conference calls and one-on-one media interviews that were published on print and online channels. Among the areas of focus included the contribution from the NTP+ mall to the REIT, the impact of the removal of Shari'ah compliance, and the type of expansionary tenants that the REIT was attracting and growth prospects.

ENGAGING RETAIL INVESTORS REGULARLY ON VARIOUS PLATFORMS

Another important aspect of the Manager's investor outreach is to the retail unitholders. The Manager provides contact details on the REIT's website to enhance accessibility to the Investor Relations team should Unitholders require any updates or seek information clarification. In conjunction with the removal of the Shari'ah compliance, the Manager set up a dedicated email address to assist investors should they have any questions. Unitholders were also able to reach out to the Investor Relations team through telephone calls or email on their queries about the application of the REIT's Distribution Reinvestment Plan to the REIT's 1H 2021 Distribution.

Over the course of the year, the Manager participated in three virtual investor conferences which attracted strong participation by retail investors. These sessions included an investor presentation hosted by Phillip Securities on 11 March 2021, the Singapore REITS Symposium 2021 on 22 May 2021 jointly organised by ShareInvestor and REITAS and the Corporate Connect Webinar on 27 July 2021 organised by Securities Investors Association (Singapore). The REIT's financial performance and operational updates were shared with the attendees at the conferences, and for some sessions, senior management personnel fielded questions from the participants.

For the Annual General Meeting on 27 April 2021, registered unitholders were able to observe the meeting proceedings through a live audio-visual webcast or live audio-only stream. Unitholders were also able to submit their questions that they had relating to the REIT to the Board and management prior to the virtual meeting. The explanations by the Board and management given in relation to the substantial and relevant questions were uploaded onto SGXNet and the corporate website for Unitholders' information ahead of the meeting, enabling Unitholders to have a better understanding of and insights into the REIT's operations.

PROGRESSING TOWARDS STRONGER STAKEHOLDER ENGAGEMENT

As part of the Manager's on-going endeavour towards stronger stakeholder engagement, it published its investor relations policy on the corporate website. The policy outlines the principles and practices that the Manager adopts to enable the Unitholders and the broader investment community to arrive at informed investment decisions with respect to the REIT. The Manager also published its Code of 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 was also updated on the website, providing an additional avenue for employees and stakeholders to raise concerns.

The Investor Relations segment on the corporate website is also regularly updated to ensure the timely dissemination of information, which includes SGXNet announcements, half-yearly financial statements, interim business updates, and materials relating to Annual General Meetings.

FY 2021 INVESTOR RELATIONS CALENDAR	
1st quarter interim business update	23 April 2021
10th Annual General Meeting (FY 2020)	27 April 2021
1H 2021 results announcement	22 July 2021
Distribution Payment Date (1 January 2021 to 30 June 2021)	20 September 2021
3rd quarter interim business update	21 October 2021
2H 2021 and FY 2021 results announcement	20 January 2022
Distribution Payment Date (1 July 2021 to 31 December 2021)	21 March 2022

CEO Donald Han was interviewed by Mr Ven Sreenivasan for ShareInvestor's "CEO Interview Series" on 25 October 2021

Investor **Relations**

INVESTOR AND MEDIA RELATIONS ACTIVITIES IN FY 2021

1st QUARTER

- Analysts and media results briefing for 4Q 2020 and FY 2020 financial results
- Phillip Securities' webinar

2nd QUARTER

- Announced 1Q 2021 interim business update
- Published Sabana Industrial REIT's 2020 Annual and Sustainability Report
- Held 10th AGM
- The Business Times' interview with CEO
- The Edge's interview with CEO
- Singapore REITS Symposium 2021

3rd QUARTER

- Analysts and media results briefing for 1H 2021 financial results
- SGX Research Series: 10 in 10
- The Edge's interview with CEO
- Corporate Connect Webinar

4th QUARTER

- Announced 3Q 2021 interim business update
- ShareInvestor's CEO Interview series
- REITsWeek interview with CEO

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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Analyst Coverage
DBS Group Research

Sustainability Report

Sustainability **Report**

BOARD STATEMENT ON SUSTAINABILITY

The Board of Directors of the Manager (the "**Board**") oversees the governance, management and monitoring of the environmental, social and governance ("**ESG**") topics material to Sabana Industrial REIT, and has considered sustainability issues as part of the REIT's business and strategy. 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.

In FY 2021, notwithstanding the ongoing Coronavirus Disease 2019 ("**COVID-19**") pandemic, the Board remains committed to the REIT's sustainability objectives. In December 2021, the Board started integrating environmental risk considerations into Sabana Industrial REIT's current 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 adopted the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**").

The Board also assessed the materiality of the identified ESG factors and identified two new material ESG areas of interest, namely the management of increasing cybersecurity risks (discussed in this report under the "Our Governance" - "Cybersecurity & Data Privacy" section) and waste management practices (discussed in this report under the "Our Environment" - "Waste Management" section) amid the rising urgency to transition to a circular economy.

The Board is pleased to present Sabana Industrial REIT's FY 2021 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 receiving your feedback on the sustainability journey.

ABOUT THIS REPORT

This Sustainability Report has been prepared in accordance with the sustainability reporting requirements of the SGX-ST Listing Rules 711A and 711B, the Global Reporting Initiative Sustainability Reporting Standards ("**GRI Standards**"): Core option, and the TCFD recommendations. The GRI 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 financial year that commenced on 1 January and ended on 31 December 2021.

The scope of the report covers:

- Sabana Industrial Real Estate Investment Trust ("**Sabana Industrial REIT**");
- Sabana Real Estate Investment Management Pte. Ltd., the manager of 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 of our operations and properties are located in Singapore.

For performance related to energy, greenhouse gas ("**GHG**") emissions, water, and waste, the data disclosed in this Sustainability Report covers 12 multi-tenanted properties over which Sabana Industrial REIT has operational control (FY 2020: 11 multi-tenanted properties)[1]. Employee-related performance data disclosed in this report covers the employees of the Manager and the Property Manager. This 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, which will be accessible via our website. We greatly welcome feedback from our stakeholders as we continuously improve our sustainability performance and reporting.

Feedback on this report and any of the issues covered can be directed to enquiry@sabana.com.sg.

[1] The 12 properties Sabana Industrial REIT had operational control over in FY 2021 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. Environmental performance data for 51 Penjuru Road was newly included for FY 2021 as Sabana Industrial REIT only gained operational control of the property in November 2020, when it was converted from a master- to multi-tenanted property.

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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.

As a real estate owner, we are constantly 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 safeguard 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 management of our sustainability performance. The Sustainability Working Committee ("**SWC**") was appointed by the Board to support its efforts in governing sustainability-related matters.

The SWC is led by the Manager's Chief Executive Officer ("**CEO**"). It is composed of key representatives from the Manager's Asset Management, Property Management, Compliance, Human Resources and Investor Relations teams.

The SWC is responsible for implementing Sabana Industrial REIT's sustainability agenda, identifying our material ESG risks and opportunities, developing corresponding action plans, monitoring and reporting the REIT's ESG performance and setting ESG targets. The SWC reports the REIT's sustainability progress to the Board on a regular basis.

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 on their concerns and 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
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
Tenants	▪ Tenants' satisfaction ▪ Quality of facilities and services ▪ Health and safety	▪ Tenant engagement communications broadcasts ▪ Tenant engagement sessions ▪ Tenant satisfaction survey	▪ Throughout the year ▪ Throughout the year ▪ Annually
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
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
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
Community	▪ Community investments ▪ Impact of business on the environment and society	▪ Corporate Social Responsibility ("**CSR**") activities ▪ Donations to charitable/ non-profit organisations ▪ Promotional events of the retail mall	▪ Throughout the year ▪ Throughout the year ▪ Throughout the year

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.

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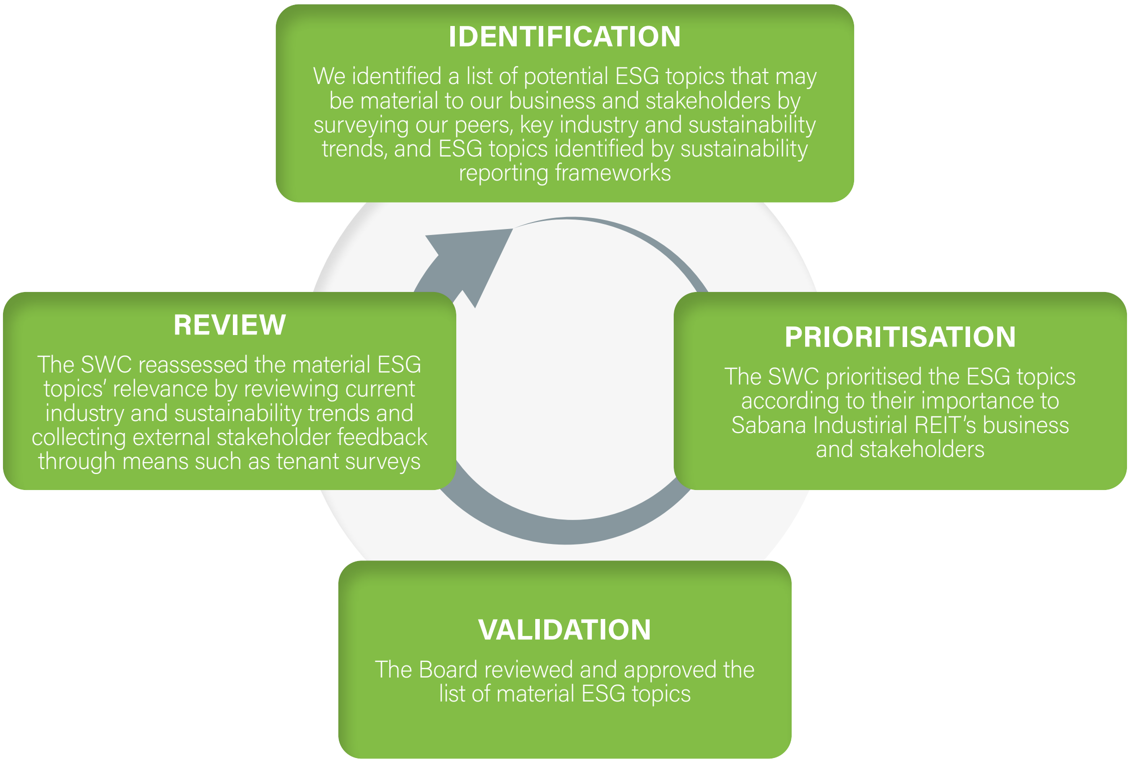
MATERIALITY ASSESSMENT

In FY 2021, the Manager reviewed Sabana Industrial REIT's material ESG topics to determine if they remained material to our business and stakeholders. Our approach to materiality is in line with the GRI Standards for sustainability reporting, and follows a four-step approach, as illustrated below:



The review concluded that the ten material ESG topics that were previously identified in FY2020 remain pertinent to our business operations and stakeholders' interests. We added two new topics "Cybersecurity & data privacy" and "Waste management", given the rising risk of cybersecurity failure and increasing urgency to transition to a circular economy. These ESG topics were approved by the Board. 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 significant impacts for each material ESG topic occur, and how we have caused or contributed to the impacts through our business conduct. Boundaries of the material ESG topics are identified along our value chain, which comprises tenants, vendors and contractors, as well as the local communities we operate in. Each material ESG topic's impact is assessed specifically according to where it occurs in our value chain and how we may be impacted by it.

Material ESG Topics	Materiality to Sabana Industrial REIT	Material ESG Topic Boundaries	Corresponding Topic-specific GRI Standards
Top-tier material ESG topics (with high internal and external relevance)			
▪ **Economic growth**[2]	Maintaining a profitable portfolio is how we create value for all our stakeholders. Hence, it is critical to ensure strong economic performance even amidst the challenges brought about by the COVID-19 pandemic.	The manner in which we conduct business directly impacts our own operations and performance.	▪ GRI 201: Economic Performance 2016
▪ **Good governance**[3] ▪ **Business ethics & anti-corruption** ▪ **Regulatory compliance**	Sound corporate governance is essential for sustaining our business operations and performance. The key to establishing sound corporate governance is upholding a high level of corporate integrity to eliminate fraud and corruption. Equally, this ensures compliance with all applicable laws and regulations where any non-compliance could undermine our licence to operate.		▪ GRI 205: Anti-corruption 2016 ▪ GRI 307: Environmental Compliance 2016 ▪ GRI 417: Marketing and Labelling 2016 ▪ GRI 419: Socioeconomic Compliance 2016
▪ **Cybersecurity & data privacy**	With new working patterns and a greater dependence on technology as a result of COVID-19, we recognise the importance of managing cybersecurity risks well and safeguarding our data.	Our management of cybersecurity risks and protection of our employees' and tenants' data impact our own operations and our stakeholders including our employees and tenants.	▪ GRI 418: Customer Privacy 2016
▪ **Tenant satisfaction**	A high level of tenant satisfaction translates into our success as a REIT and is key in sustaining our financial performance.	Our ability to create a satisfactory engagement experience with our tenants impacts the level of tenant satisfaction.	▪ Not applicable (non-GRI topic)

[2] Please see Letter to Unitholders, pages 8-11, Financial Highlights, page 29, and Financial Statements, pages 121-180 of our FY 2021 Annual Report for more details on our FY 2021 economic and financial performance and key measures taken to remain resilient amidst the COVID-19 pandemic.

[3] Please see Corporate Governance Report, pages 98-120 of our FY 2021 Annual Report for more details on our FY 2021 corporate governance practices.

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Material ESG Topics	Materiality to Sabana Industrial REIT	Material ESG Topic Boundaries	Corresponding Topic-specific GRI Standards
Second-tier material ESG topics (with medium to high internal and external relevance)			
▪ **Fair employment practices & talent retention**	Our employees are our greatest assets. We understand the need to attract, cultivate and retain talent with the right skill pool and experiences for us to deliver value to our stakeholders.	The Manager's employment and workforce management practices directly affect its employees and operations.	▪ GRI 401: Employment 2016 ▪ GRI 404: Training and Education 2016 ▪ GRI 405: Diversity and Equal Opportunity 2016 ▪ GRI 406: Non-discrimination 2016
▪ **Health & safety**	Ensuring health and safety at our properties is important to maintaining the value of our assets. We strive to provide a safe working environment for our employees, vendors and contractors, tenants and guests.	Health and safety issues could occur in our own workplace, at the tenants' workplace and to vendors and contractors working at our properties. For the health and safety of our tenants, we ensure that our properties are well-maintained and that the health and safety equipment are properly located. Additionally, we also award contracts to those who uphold good health and safety practices.	▪ GRI 403: Occupational Health and Safety 2018 ▪ GRI 416: Customer Health and Safety 2016
▪ **Energy efficiency & climate change**	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.	Both our own and our tenants' operations consume energy, emit GHG emissions, use water, and generate waste thereby directly causing environmental impacts.	▪ GRI 302: Energy 2016 ▪ GRI 305: Emissions 2016
▪ **Water management (use and reduction)**			▪ GRI 303: Water and Effluents 2018
▪ **Waste management**			▪ GRI 306: Waste 2020
▪ **Community impact**	Sabana Industrial REIT strives to be a responsible corporate citizen and we understand our interdependence with the communities we operate in. We are committed to building lasting relationships.	The Manager strives to create a positive impact as a company by giving back to the society and engaging and working with local communities. We provided donations and initiated activities for non-profit or charitable organisations. Sabana Industrial REIT also positively impacts the neighbouring communities with the opening of the NTP+ lifestyle mall which provides added convenience to the office tenants, Lorong Chuan residents, and staff and students from nearby schools.	▪ GRI 413: Local Communities 2016

SUSTAINABILITY TARGETS AND PERFORMANCE

Material Factors	Targets for FY 2021 and Beyond	FY 2021 Performance
Business Ethics & Anti-corruption	Zero confirmed incidents of corruption and fraud	Achieved
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
Cybersecurity and Data Privacy	Zero incidents of substantiated complaints received concerning breaches of data privacy and thefts or losses of employee and tenants' data	Achieved
Fair Employment Practices & Talent Retention	Zero validated incidents of discrimination	Achieved
	Ensure employees receive on average 10 hours of training	Achieved
	Deploy fair employment practices by ensuring our hiring processes remain stringent and to offer equal opportunity to all potential candidates	Achieved
Tenant Satisfaction	Achieve at least 70.0% tenant satisfaction level for all properties surveyed	Achieved
Health & Safety	Zero fatalities for our employees and contractors and zero high-consequence work-related injuries for our employees and contractors	Achieved
	Zero incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts during the use of our buildings	Achieved
Climate Change & Energy Efficiency	Maintain or reduce energy intensity of common area and vacant net lettable area under the Manager's or Property Manager's operational control	Not Achieved
Water Management (use and reduction)	Progressively install water-efficient fittings certified under the PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks	Achieved
	Progressively attain PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control	Not achieved
Waste Management	Report accurate waste data for all proprieties under the Property Manager's operational control	Achieved
Community Impact	Complete at least one local community engagement	Achieved

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OUR GOVERNANCE

We are committed to driving sound governance, acknowledging it as an important foundation from which sustainable growth can be cultivated. We accordingly ensure that our business is built upon an ethical culture, legitimacy, effective controls and strong leadership.

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. Annually, all our directors and employees receive communications on our anti-corruption policies and procedures, which include the following:

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.
Procedures on Conflict of Interest	Procedures established by the Manager to prevent and deal with potential conflicts of interest issues.
Procedures on Interested Party/ Person ("**IPT**") Transactions	Procedures 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**").
Employee Handbook	Guidance on matters relating to appropriate behaviours, including how employees should conduct business and maintain all business relationships.
Whistle-blowing Policy	Provision of an independently-monitored, confidential channel for employees, tenants and vendors to report on suspected fraud, corruption, dishonest practices or other similar matters relating to Sabana Industrial REIT or the Manager, without fear of retaliation, discrimination or adverse consequences. The whistle-blowing email is independently tested by the Company Secretary every quarter. The Policy also provides guidelines for independent investigation of any reports and appropriate follow-up action. All whistle-blowing reports will be directed to the Chairman of the ARC.

We will consider communicating our anti-corruption policies to vendors and contractors, and holding anti-corruption training for directors and employees if the need arises in the future.

In FY 2021, similar to the previous year, there were no legal cases regarding corruption and fraud brought against Sabana Industrial REIT, the Manager, the Property Manager, and their employees; and no confirmed incidents of corruption or fraud.

FY 2021 Performance
Target achieved – Maintained zero confirmed incidents of corruption or fraud.

FY 2022 Target
Maintain zero confirmed incidents of corruption and fraud.

REGULATORY COMPLIANCE

We do not tolerate any wilful breaches of applicable laws and regulations. We have established internal policies and processes to minimise regulatory and compliance risk. Our enterprise risk management ("**ERM**") framework defines how risks, including regulatory and compliance risk, should be monitored, managed, mitigated or eliminated. All our employees are required to strictly adhere to policies outlined in the Employee Handbook.

We conduct ongoing screening and reviewing of relevant laws and regulations to ensure that we stay abreast of regulatory changes and developments. Our internal policies and standard operating procedures are also periodically reviewed to ensure that they comply with the latest laws and regulations.

In FY 2021, similar to the previous year, we had zero non-compliance cases with relevant laws and regulations that resulted in significant fines or legal actions.

FY 2021 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, economic areas and marketing communications.

FY 2022 Target
Maintain zero incidents of non-compliance with relevant laws and regulations that result in significant fines or legal actions.

CYBERSECURITY & DATA PRIVACY

As we move toward new working patterns and a greater dependence on technology globally, we recognise the increasing importance of managing cybersecurity risks well and safeguarding our data. We are committed to ensuring that strong cybersecurity systems and processes are in place to protect our networks, systems, computers, programs and data from attacks. Annually, we also provide cybersecurity training to employees. In FY 2021, 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 2021 Performance
Target achieved – Maintained zero incidents of substantiated complaints concerning breaches of data privacy and thefts or losses of employee and tenant data.

FY 2022 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 believe in a merit-based approach in our recruitment and selection process as well as career progression for existing employees, regardless of race, age, and gender. We 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 at 31 December 2021, the Manager and the Property Manager had 36 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 50.0% female and 50.0% male employees, and one out of three of our senior management is female.

In FY 2021, we continued to strengthen the diversity within our governance body and organisation 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 ideas, information and knowledge, we aim to enrich perspectives through this diversity and to help team members enhance their capabilities.

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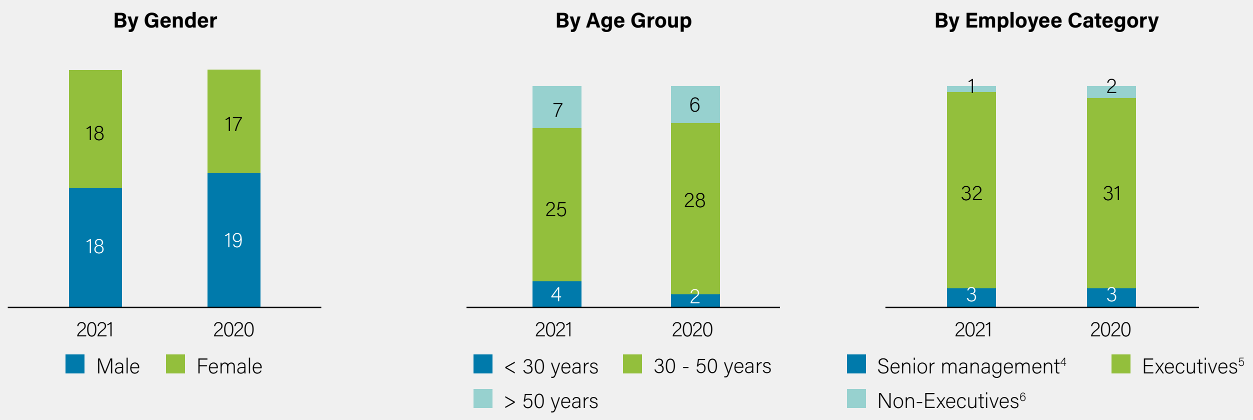
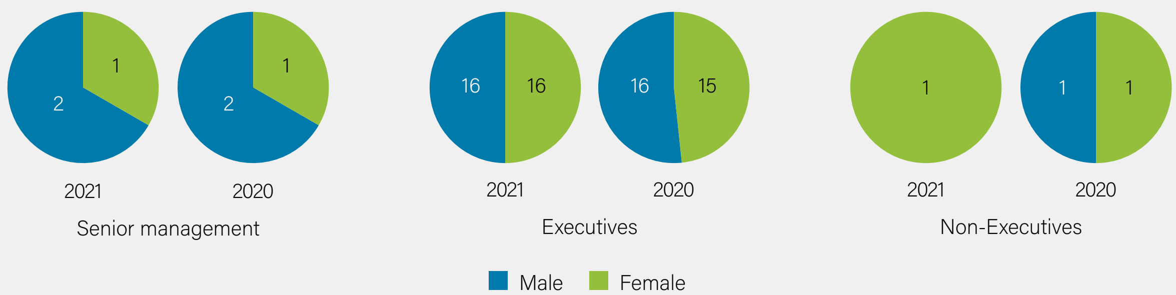
EMPLOYEE PROFILE

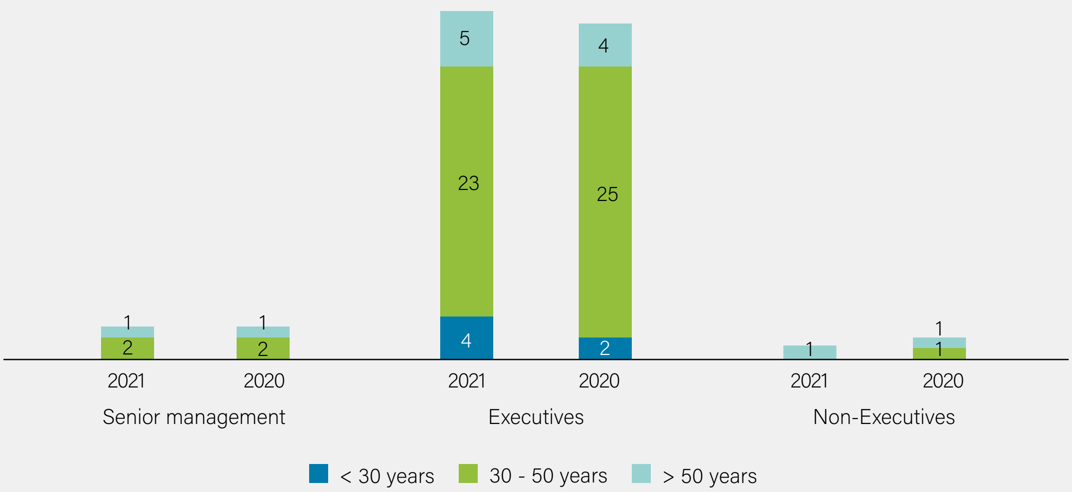


EMPLOYEE DIVERSITY PER EMPLOYEE CATEGORY

By Gender

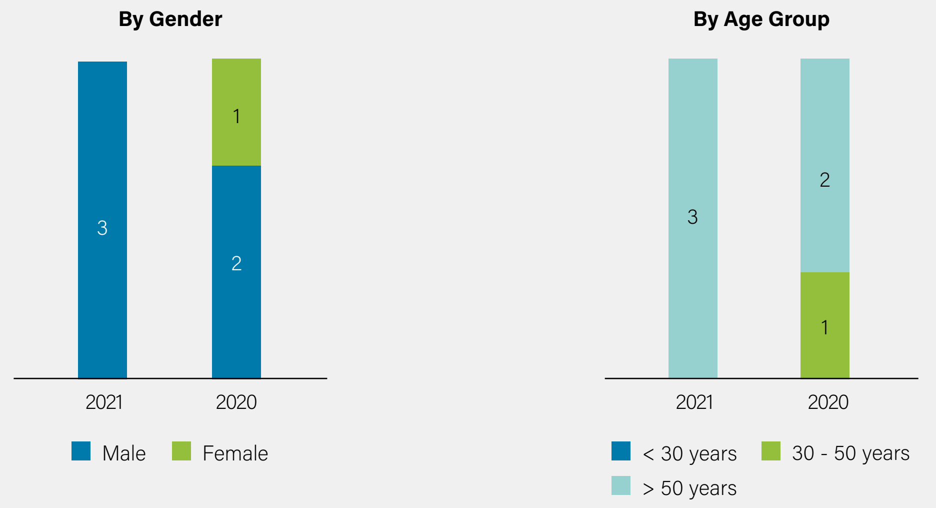


By Age Group



[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 lady.

BOARD DIVERSITY



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.

In FY 2021, similar to the previous year, there were zero validated cases of discrimination, meeting our target set for the year.

FY 2021 Performance
Target achieved – Maintained zero validated incidents of discrimination.

FY 2022 Target
Maintain zero validated incidents of discrimination.

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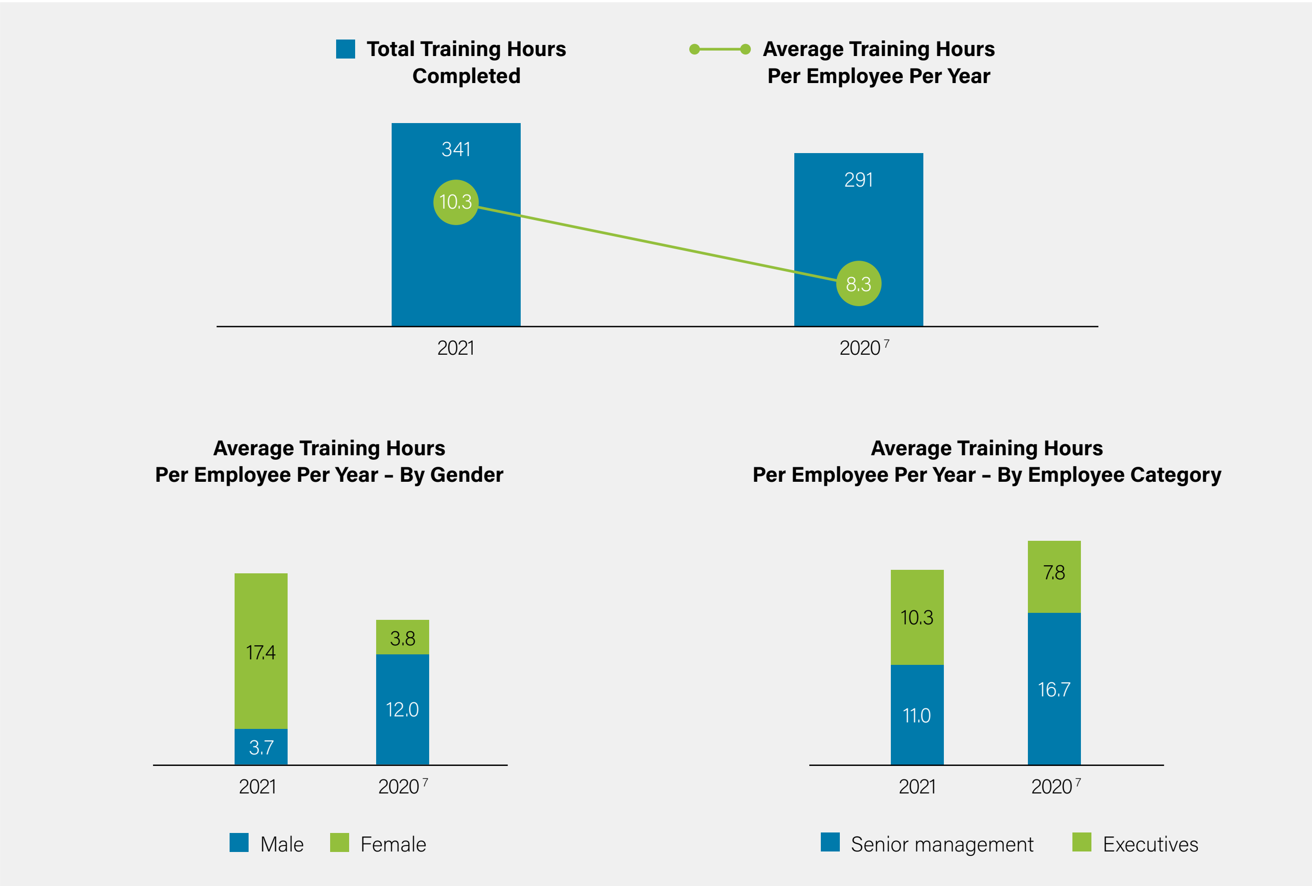
Training and Development

Training and development initiatives are implemented to support our 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 employee can take up to five days of study leave and up to three days of examination leave per calendar year. Employees' training and development needs are also discussed during their annual performance appraisal.

In FY 2021, our employees received an average of 10.3 hours of training, which is an increase of 2.0 training hours received per employee on average from FY 2020. Total training hours and average training hours are reported based on training received by all executives and senior management, excluding those under probation. Training courses attended by our employees in FY 2021 included courses on finance, information technology, real estate and REIT management, workplace health and safety and cybersecurity. One employee also attended a fully sponsored training program on strategic procurement offered by SMU Academy to enhance the knowledge and skillsets needed to perform her duties in the procurement department.



FY 2021 Performance
Target achieved – Each employee received 10.3 training hours on average.

FY 2022 Target
Ensure employees receive on average 10 hours of training.

[7] Figure for FY 2020 has been restated after an internal verification exercise. In FY 2020 and previous financial years, average training hours per employee were calculated based on total number of employees (including non-executives and employees under probation).

Fostering Employee Engagement

Through our annual performance reviews and planning sessions, we actively engage our employees to understand their needs and expectations as well as to monitor their level of satisfaction. In FY 2021, excluding those under probation, 100.0% of our employees completed their annual performance review.

Regular virtual town hall sessions and meetings were also held throughout the year to keep our employees updated on the REIT's activities, plans and developments, and to provide everyone with a first-hand understanding of how each of them contributed to the achievement of the REIT's objectives. During these sessions, the CEO shared with the staff members on the REIT's progress in executing its strategy. This included considerations on the optimisation of the property portfolio; how the Manager was driving operational performance to attain sustained, long-term improvement; and how ESG initiatives could be harnessed in the portfolio buildings to reduce our environmental footprint. Apart from these update sessions, staff members were also kept regularly informed about the REIT's developments and other announcements via emails or other messaging platforms.

Another platform that built employee engagement was our 2021 year-end event to do good in the community. In November 2021, we held a food and voucher donation drive for The Society for the Aged Sick in Hougang. This built camaraderie among the staff as they went beyond their normal work activities to show care and bring joy to the elderly and staff in the nursing home.

Talent Retention

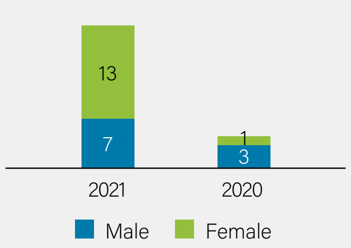
We take a holistic approach to not only attracting but also retaining talent, recognising that welfare and career development are crucial. We regularly monitor metrics such as our hiring and turnover rate to ensure we remain adaptive to the needs of our employees and the industry at large.

In FY 2021, the Manager and the Property Manager hired 18 new employees, translating to a hiring rate of 55.6% (FY 2020: 11.1%), while 19 employees had left, translating to a turnover rate of 52.8% (FY 2020: 11.1%). The higher turnover rate compared to the previous year coincided with the cessation of the proposed merger in December 2020.

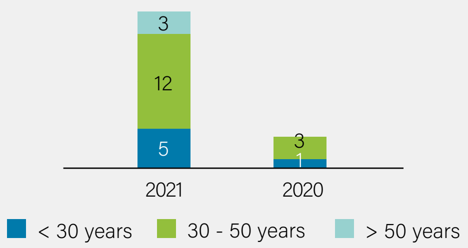
Through 2021, we took deliberate actions to intensify its execution of its Refreshed Strategy and in that process, ensured continuity in the REIT's operations as most positions were filled during notice periods, which allowed for a thorough handover of duties. As part of our commitment to develop and accelerate the growth of our own talent and recognise their contributions, we also proactively prioritised promoting or sourcing candidates from within the organisation to fill open vacancies in the past year.

To further enhance its ability to attract and retain talent, we conducted a salary benchmarking exercise in mid-2021. We also continued to confer the annual CEO Awards for outstanding staff and recognise employees with long service awards, which were given to employees who had been with the Manager or the Property Manager for 5 and 10 years, in recognition of their valuable contributions.

Number of New Employee Hires – By Gender



Number of New Employee Hires – By Age Group



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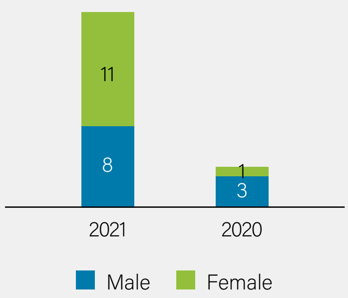
Annual Rate of New Employee Hires – By Gender[8]

Performance Measure	2021	2020
Male	38.9%	15.8%
Female	72.2%	5.9%

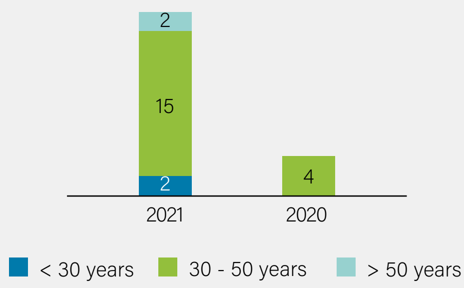
Annual Rate of New Employee Hires – By Age Group[9]

Performance Measure	2021	2020
< 30 years old	125.0%	50.0%
30 – 50 years old	48.0%	10.7%
> 50 years old	42.9%	0.0%
Annual Rate of New Employee Hires[10]	**55.6%**	**11.1%**

Number of Employee Turnover – By Gender



Number of Employee Turnover – By Age Group



Annual Rate of Employee Turnover – By Gender[11]

Performance Measure	2021	2020
Male	44.4%	15.8%
Female	61.1%	5.9%

Annual Rate of Employee Turnover – By Age Group[12]

Performance Measure	2021	2020
< 30 years old	50.0%	0.0%
30 – 50 years old	60.0%	14.3%
> 50 years old	28.6%	0.0%
Annual Rate of Employee Turnover[13]	**52.8%**	**11.1%**

[8] 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
[9] 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
[10] Annual rate of new employee hires = total number of new employee hires / total number of employees as at the last day of financial year
[11] 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
[12] 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
[13] Annual rate of employee turnover = total number of employee turnover / total number of employees as at the last day of financial year

FY 2021 Performance
Target achieved – Deployed fair employment practices by ensuring our hiring processes remain stringent and to offer equal opportunity to all potential candidates.

FY 2022 Target
Continue to deploy fair employment practices by ensuring our hiring processes remain stringent and to offer equal opportunity to all potential candidates.

TENANT SATISFACTION

Tenant satisfaction drives our success as a REIT. We regularly engage our tenants on an ongoing basis through monthly site visits and annual tenant satisfaction surveys. Since FY 2019, our tenant satisfaction survey has focused on three main aspects: building management and maintenance, finance and leasing, and marketing services.

In FY 2021, we surveyed 148 tenants (FY 2020: 104), received 54 responses (FY 2020: 82), and achieved a satisfaction score of 77.0% (FY 2020: 78.0%), thus meeting our target of achieving an average tenant satisfaction score of at least 70.0% across our properties. The sharp decline in survey responses in FY 2021 can largely be attributed to the lack of responses from tenants who were on work-from-home arrangements.

Performance Measure	2021	2020
Percentage of tenants responded	36.5%	79.0%
Average tenant satisfaction scores across our properties	77.0%	78.0%

FY 2021 Performance
Target achieved – Achieved average tenant satisfaction score of 77.0% across our properties.

FY 2022 Target
Achieve at least 70.0% tenant satisfaction level for all properties surveyed.

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 the health and safety of our people and users of our properties, a health and safety management system has been implemented, covering our tenants, visitors, on-site technicians, cleaners, security officers and contractors. Prior to the pandemic, Sabana Industrial REIT held safety meetings each month at the Manager's office to share findings from the monthly safety inspections conducted at our properties. The Property Manager also holds toolbox meetings to ensure that our property-based teams are attentive to potential occupational health and safety issues. Annually, a tabletop meeting is conducted with our tenants to review and discuss the actions that need to be taken in an emergency.

To identify hazards, assess risks and incorporate improvements into our health and safety management system, we conduct monthly safety audits and quarterly safety meetings which involve worker participation and consultation. To better equip staff with knowledge and skills to conduct workplace safety inspections, we also send our staff to attend workplace safety inspection and incident Investigation training.

The Property Manager is a member of Safety and Security Watch Group ("**SSWG**") and participates in Annual Table Top Exercise organised by the Serangoon Neighbourhood Police. The Property Manager also conducts regular fire drills to ensure the emergency response and safety equipment at our properties are in working order and comply with legislative requirements.

Sustainability **Report**

The health and safety of our stakeholders (employees, tenants, vendors and contractors) remains our top priority amidst the COVID-19 pandemic. We adhere to the Singapore government guidelines and advisories and have implemented measures including safe management, safe distancing, temperature-taking across all our properties and offices accordingly. We have increased the frequency and thoroughness of our cleaning and disinfection regime and ensure that sufficient sanitary supplies such as disinfectants and hand sanitisers are provided. In addition, we work closely with our tenants to keep them updated on our pandemic response measures so that they are aware of the necessary actions to take when dealing with suspected or confirmed COVID-19 cases.

Employees

We hold safety briefings for all new staff and provide various health and safety related benefits and implement employee wellness initiatives. Additionally, we put up a health bulletin board at our properties and regularly email our employees information on safety at work and living a healthy lifestyle. Amid the ongoing pandemic, one of our key priorities was to ensure that our employees remained well-supported and motivated in their drive towards their individual goals. To this end, we encouraged employees to go for annual health screenings, and to maintain hygiene levels by washing and sanitising their hands regularly. We also made available programmes targeted at supporting employees' physical and mental wellness. Such programmes included virtual health talks on topics ranging from the prevention of cardiovascular disease through an optimal diet, to the importance of quality sleep and overcoming loneliness and social isolation. 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 2 weeks of paid paternity leave for male employees who have completed three calendar months of service
- Team bonding events*
- Response to COVID-19:
  - A Flu Response Team was set up
  - Implemented staggered hours and Work-from-Home arrangements
  - Kept employees updated on the latest government advisories through email announcements and text messages
  - Interactions with stakeholders such as contractors were conducted through tele-conferencing or with safe distancing measures in place
  - Masks and Antigen Rapid Test ("**ART**") kits were distributed to employees
  - Weekly ART tests for staff returning to workplace

* Any such activity held was implemented in accordance with prevailing safe management measures.

We have continued our strong performance in FY 2021 with a record of zero work-related injuries and ill health for all workers[14] as shown in the table below.

FY 2021 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 2022 Target
Maintain zero fatalities and zero high-consequence work-related injuries for our employees and contractors.

[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.

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

Prior to engaging a new vendor or contractor, we require them to complete an on-boarding 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.

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 2021, similar to the previous year, there were no incidents of non-compliance concerning health and safety impacts during the use of our buildings.

FY 2021 Performance
Target achieved – Zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.

FY 2022 Target
Maintain zero non-compliant incidents concerning health and safety impacts during the use of our buildings.

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.

In December 2020, the MAS issued guidelines on environmental risk management ("**MAS Guidelines**") to enhance financial institutions,' including asset managers,' resilience to and management of environmental risk. We have set out our response to meeting these requirements for FY 2021, aligned with the disclosure recommendations by the Financial Stability Board's TCFD, below.

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	Sabana Industrial REIT's Progress	Sabana Industrial REIT's Response
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	• *Achieved*	• The Board sets the tone on 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 "How to Manage Sustainability"- "Sustainability Governance" section for more information.

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Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	Sabana Industrial REIT's Progress	Sabana Industrial REIT's Response
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 impact on portfolio and portfolio resilience to financial losses	▪ *Achieved*	▪ 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 material. ▪ The Manager has also performed a qualitative assessment of transition and physical risks for all its properties. Please refer to "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 Asset Enhancement Initiatives ("**AEIs**") to improve the efficiency of resource use, or attain green building certification Consider collaborative opportunities with other asset managers to build knowledge and skills	▪ *Achieved*	▪ 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 AEIs 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 asset managers where such opportunities arise. ▪ Please refer to "Our Environment"-"Climate Change" section for more information on how the REIT has identified and assessed its climate-related risks identified, and the mitigating measures it has adopted.

Key Components of TCFD Recommendations	Key Requirements of MAS Guidelines	Sabana Industrial REIT's Progress	Sabana Industrial REIT's Response
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	▪ *In Progress*	▪ 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 "Sustainability Targets and Performance" section for more information on Sabana Industrial REIT's targets and performance. ▪ Moving forward, the REIT is also exploring longer-term targets for the percentage of its portfolio with green building certifications.

CLIMATE CHANGE

In FY 2021, Sabana Industrial REIT conducted our inaugural qualitative environmental risk assessment and scenario analysis exercise to identify and assess the potential impacts of:

- Transition risks[19], under a Net Zero scenario, and a Business-as-usual ("**BAU**") scenario
- Physical risks[20], under a BAU scenario

The Net Zero scenario assumes that 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 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 pathway[21].

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.

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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 half 2030 peak emissions by 2050, with a view to achieving 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 strategy[22]. Currently, the Singapore government has announced plans for 80% of buildings in Singapore to be green by 2030 and drive 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 AEIs 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). ▪ In the midst of implementing AEIs and asset rejuvenations such as motion-sensor LED lighting and electric vehicle charging points. Please refer to page 89 "Enhancing energy- and resource-efficiency" for more information on AEIs 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).

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 (tCO_2e) 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 expenses[23].	▪ 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 on "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$2010/$tCO_2$ in 2050, based on Network for Greening the Financial System ("**NGFS**") REMIND-MAgPIE Net Zero 2050 model. For the BAU scenario, we assumed a carbon price of S$80/$tCO_2e$ in 2030 and 2050.

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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 2020.[24] 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 AEIs.	• 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.	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.	• Has business continuity plan in place to minimise operational disruptions. • Conducts periodic scans of exposure to physical risks of existing properties and takes relevant actions such as enhanced maintenance programme to minimise damage to properties. • Will review and enhance insurance coverage to ensure the properties are adequately insured. • 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	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.		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.		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/

Enhancing Energy- and Resource-Efficiency

As part of our commitment to minimise our environmental impact and manage our climate-related risks and opportunities, we have started adopting water- and energy-efficient technologies across selected properties.

NTP+, the commercial mall extension completed in April 2021, is a green mall with features aligned with Building and Construction Authority's Environmental Sustainability requirements. The project has integrated environmental strategies in various aspects including façade and roof design, energy enhancement, water conservation, and waste and recycling. Recycling bins have also been made available at NTP+ to encourage waste recycling by tenants and shoppers.

Over at the industrial space at 151 Lorong Chuan, water-efficient taps, sanitary equipment, and energy-efficient light-emitting diode ("**LED**") lights have been, and continue to be, progressively installed for our tenants. Major building equipment such as the cooling tower and air handling units were also upgraded for greater water- and energy-efficiency.

As part of our sustainability initiatives, we implemented the recycling of condensate from air-conditioning systems at 508 Chai Chee Lane in 2021. This innovative effort enables water to be recycled back into the cooling tower, resulting in the conservation of water and electricity. The cooling tower was also upgraded in FY 2021 to drive greater efficiency.

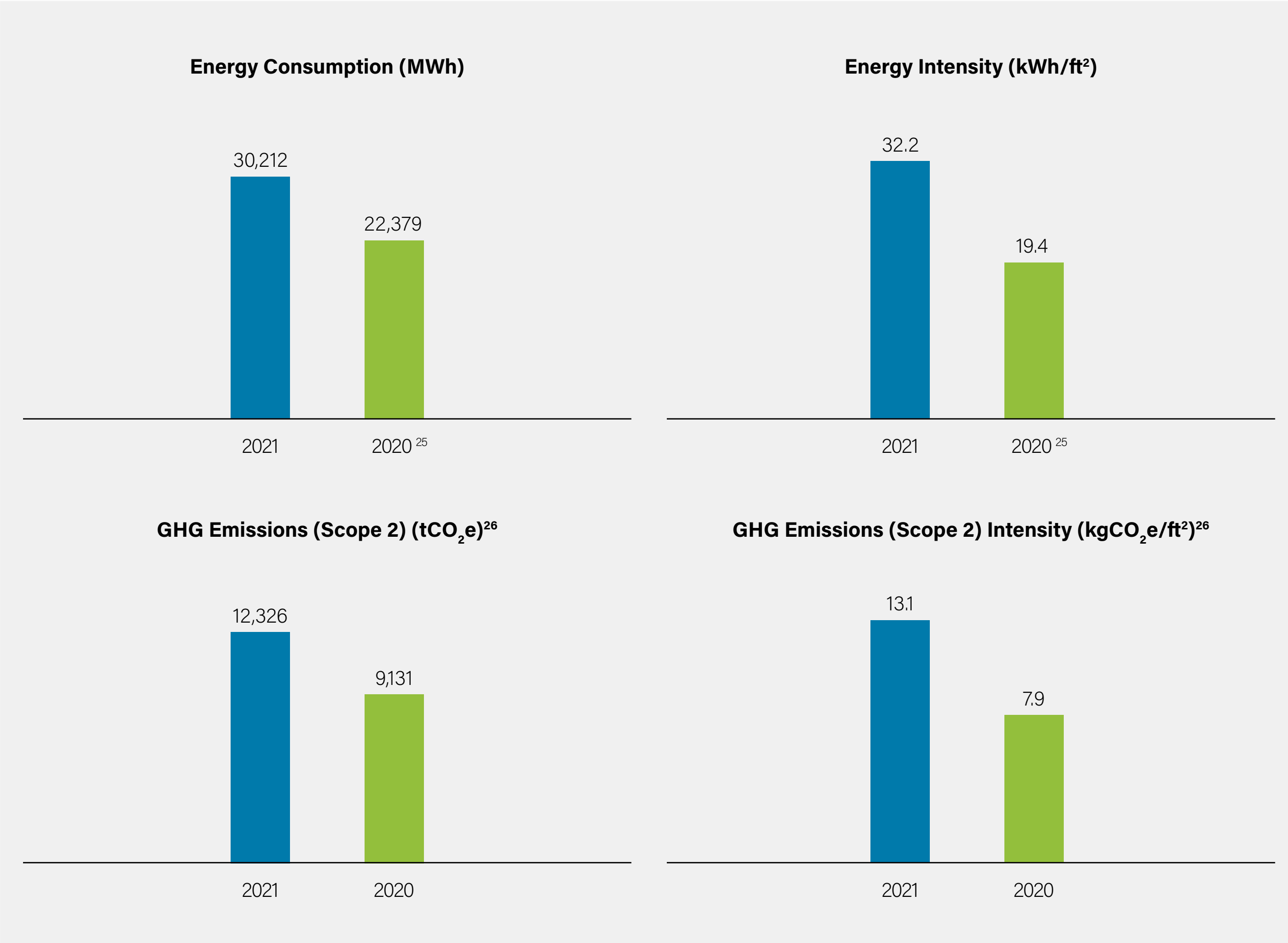
ENERGY EFFICIENCY

Sabana Industrial REIT is committed to managing its energy usage responsibly and efficiently. On a monthly basis, we monitor the energy consumption at our properties to identify and promptly address any abnormalities in energy consumption with our tenants. Energy consumption and GHG emissions relate to electricity consumption of common area (including chillers, corridors, centralised building facilities) and vacant net lettable area at the 12 multi-tenanted properties over which Sabana Industrial REIT has operational control in FY 2021.

In FY 2021, energy consumption which relates to electricity usage, increased by 35.0% from FY 2020 mainly due to the inclusion of one more multi-tenanted property over which Sabana Industrial REIT has operational control and a significant increase in the usage of air-conditioning systems as more workers returned to their workplaces at our properties. Additionally, we recorded an increase in energy intensity of 66.2% during the year. The increase was mainly due to the commencement of operations of the retail mall, NTP+, the higher energy consumption in centralised building facilities to support the operations of our tenants in electronics and semiconductor sectors and the higher portfolio occupancy compared to FY 2020.

In the year, we have installed energy-efficient LED lights and integrated design features to maximise energy efficiency for some of our properties. Going forward, we will continue to explore energy-efficiency measures for more of our properties.

Sustainability **Report**



FY 2021 Performance
Not achieved – Energy intensity of common area and vacant net lettable area of properties increased to 32.2 kWh/ft^2.

FY 2022 Target
Maintain or reduce the energy intensity of common area and vacant net lettable area.

WATER MANAGEMENT (USE AND REDUCTION)

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. To reduce our water-related impacts, which arise mainly from the use of water in our toilets, tenants' pantries and cooling tower, water meter readings are taken on a daily basis and water consumption at our properties is monitored on a monthly basis. This enables us to identify and address abnormal spikes in water consumption with our tenants promptly. We engage our tenants in our water management efforts through our monthly meetings with them. Whenever repair or replacement works are needed, we opt to or recommend tenants to install water-efficient fittings.

[25] Figures for FY 2020 have been restated after an internal verification exercise. In FY 2020 and previous financial years, the intensity measurement was Gross Floor Area, which was defined as sum of floor area for common area and occupied net lettable areas. Vacant net lettable areas were not included in the Gross Floor Area.

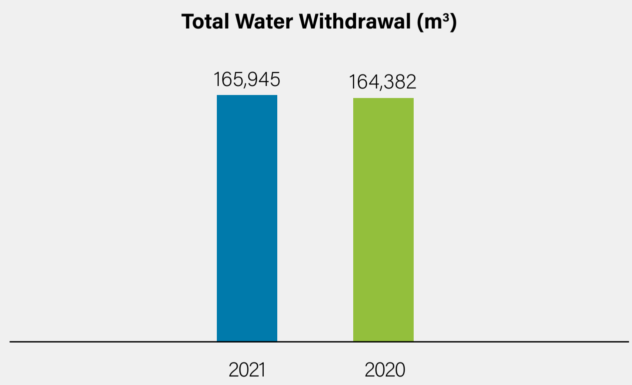
[26] The latest available electricity grid emission factors at the time of report publication are used for computing GHG emissions generated by electricity consumption. The latest emission factor - 2020 average operating margin from Singapore Energy Statistics 2021 was used to calculate GHG emissions for FY 2021 and FY 2020.

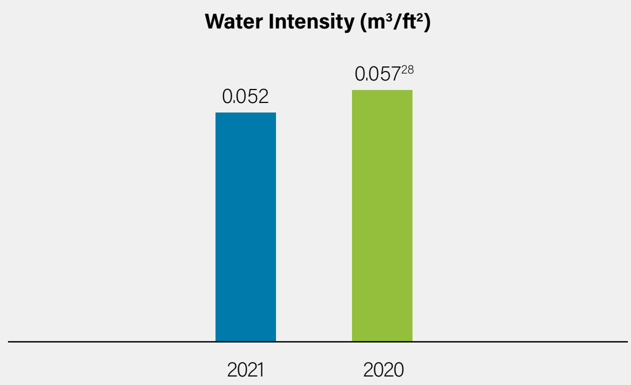
We have embarked on water efficiency initiatives to provide water-efficient properties to our tenants. Our building at 151 Lorong Chuan has been implementing Water Efficiency Management Plans as stipulated by the PUB. Under these plans, we track and monitor water usage to identify areas to further reduce consumption and raise efficiency, and establish an action plan which identifies potential measures to drive water savings, priorities, and implementation timelines.

In FY 2021, we withdrew 165,945 m^3 of freshwater[27] from the PUB water supply. Our total water withdrawal increased marginally by 0.95% compared to FY 2020 despite the inclusion of one more multi-tenanted property over which Sabana Industrial REIT has operational control. Our water intensity decreased by 8.0% during the year as a result of AEIs such as the upgrading of cooling tower and air handling units for greater water efficiency. Furthermore, the property management team monitors water consumption daily and reports the data for further assessment when there are sudden increases of more than 5 m^3.

In line with our target for FY 2021, we have progressively installed water efficient fittings certified under the PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks during the year. However, our plans to attain PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control were delayed due mainly to the COVID-19 restrictions in place in FY 2020 and FY 2021, which disrupted our scheduled replacement of existing plumbing sanitary fittings with water efficient ones. With the ongoing easing of restrictions, we are resuming the progressive conversion to water efficient fittings and adoption of water efficient measures in our operations. Upon completion, we will seek to apply for the Water Efficient Building basic certification.

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





FY 2021 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 not attained during FY 2021.

FY 2022 Target
Progressively install water-efficient fittings certified under the PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks.
Progressively attain PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control.

[27] Based on GRI Standards (2018), freshwater is defined as water with concentration of total dissolved solid equal or below 1000 mg /L.
[28] FY 2020 figure has been restated after an internal verification exercise.

Sustainability **Report**

WASTE MANAGEMENT

We seek to adopt responsible waste management practices, 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 waste[29], which is collected by a third-party contractor and disposed via recycling or incineration.

Additionally at 151 Lorong Chuan, we put up recycling posters around the premises and designated a holding area for cardboard and paper collection to encourage the reduction of waste generated and promote recycling-consciousness and habits among our tenants.

In FY 2021, we started to track and report on our waste-related data. On a monthly basis, waste-related data is provided to the Property Manager by the external waste collection contractor for monitoring. In the year, 825.6 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, 15.7% was recycled, and 84.3% was diverted to waste-to-energy incineration plants.

Separately, our waste management efforts also extend to our horticulture waste. At 151 Lorong Chuan, the overgrowth of the property's surrounding greenery was pruned, collected, recycled and processed into organic fertilizers and compost by our horticulture waste-management vendor and used as soil conditioner.

FY 2021 Performance
Target achieved – Reported on waste data: 825.6 tons of non-hazardous waste generated, of which 15.7% was recycled, and 84.3% was diverted to waste-to-energy incineration plants.

FY 2022 Target
Report accurate waste data for all proprieties under the Property Manager's operational control.

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 Corporate Social Responsibility ("**CSR**") initiatives.

29 General waste generated typically includes paper and carton boxes.

COMMUNITY IMPACT

In FY 2021, despite the challenges of the COVID-19 pandemic, the Manager sought to make a positive impact on four segments of our community, namely, the Indian Muslim community, the elderly, healthcare workers, and the youth. Collectively, we donated about S$19,640 to charitable organisations supporting these four groups. Prior to 21 October 2021, Sabana Industrial REIT was in compliance with Shari'ah investment principles, whereby interest received from our properties' rental charges were donated quarterly to charitable organisations, known as the Ta'widh donation. This Shari'ah compliance requirement had since been removed with effect from 21 October 2021.

Giving to Singapore's Indian Muslim Community

One of the charitable organisations we donated to was the Singapore Kadayanallur Muslim League ("**SKML**"), a non-profit social welfare volunteer organisation which works with national organisations such as Sinda, Yayasan Mendaki, Majlis Ugama Islam Singapura, Jamiyah Singapore, and People's Association Narpani Pearavai, to meet the needs of the Indian Muslim community in Singapore. Some of their activities include conducting social welfare activities for economically challenged families, holding cultural and traditional activities, and conducting adult education for English and Tamil languages. SKML is also an associate member of the National Council of Social Service and is affiliated to the Federation of Indian Muslims and the Tamils Representative Council.

Supporting the Well-Being of the Elderly and Healthcare Workers

To support nursing home elderly residents and healthcare workers, we organised a food and voucher donation drive for the Society of the Aged Sick in November 2021. For this initiative, we distributed elderly-friendly individually packed meals to nursing home residents. Additionally, we donated gift vouchers to the nursing home's staff as a token of appreciation for their hard work and dedication in caring for the seniors.

Contributing to Youth Development Programmes

Recognising the importance of nurturing our youth and developing their leadership qualities, we contributed funds to support The National Youth Achievement Award Council, a non-profit organisation that administrates the National Youth Achievement Award ("**NYAA**"). The NYAA Council provides a platform for youth aged 13 to 30 years old to develop hands-on and leadership skills, through coordinating opportunities to international and national projects and conferences.

FY 2021 Performance
Target achieved – Completed three local community engagement projects in the year.

FY 2022 Target
Complete at least one local community engagement.

Beyond our charitable outreach projects, our recent transformation of 151 Lorong Chuan through the commercial extension of its lifestyle mall NTP+ has created a distinctive destination for the neighbouring communities at Lorong Chuan.

Creating a Vibrant Community

Our new two-storey lifestyle mall, NTP+ at 151 Lorong Chuan, is a prime example of how our business operations can positively impact our community. The mall enables us to provide added convenience to the office tenants, residents in the Lorong Chuan precinct, and staff and students from nearby schools, by reducing the need to commute to access amenities such as grocery store, food and beverage outlets, and enrichment centres. NTP+ is also designed with landscaped decks and lush foliage on the first and second floor, creating additional recreational and breakout spaces within the mall, which can also help to foster greater community bonding. The open public space, greenery, and shared communal areas give tenants and patrons spots for respite and recreation - a highly-valued feature in the post-COVID world.

Engaging the Next Generation of Learners

NTP+ was the choice destination as a project case study for corporate learners from various design-related firms for the mall's innovative lighting design concept. Organised by Ong & Ong (Lighting Studio), the participants were professional practitioners enrolled under the Specialist Diploma of Lighting Design in Temasek Polytechnic. The course aims to bridge designers, lighting specialists and end-users on the educational platform to engage in meaningful dialogues on their subject matters. In line with this objective, the site visit in April 2021 provided the corporate learners first-hand insights and experience of the lighting concept at the commercial mall.

Sustainability **Report**

GRI CONTENT INDEX

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	**Organisational Profile**		
	102-1	Name of the organisation	Corporate Profile, page 4
	102-2	Activities, brands, products, and services	Corporate Profile, page 4
	102-3	Location of headquarters	Sustainability Report, About This Report, page 67
	102-4	Location of operations	Sustainability Report, About This Report, page 67
	102-5	Ownership and legal form	Our Trust Structure, page 16
	102-6	Markets served	Property Portfolio, pages 52-61 Manager's Review, pages 22-28
	102-7	Scale of the organisation	Sustainability Report, Our People and Tenants – Fair Employment Practices & Talent Retention, pages 75-81 Sustainability Report, About This Report, page 67 Property Portfolio, pages 52-61 Financial Highlights, page 29
	102-8	Information on employees and other workers	Sustainability Report, Our People and Tenants – Fair Employment Practices & Talent Retention, pages 75-81
	102-9	Supply chain	Sustainability Report, Our People and Tenants – Health and Safety : Vendors and Contractors, page 83
	102-10	Significant changes to organisation and its supply chain	Significant Events, page 19 Property Portfolio, pages 52-61
	102-11	Precautionary principle or approach	Sustainability Report, Our Environment – Climate Change, pages 85 - 92 Corporate Governance, pages 98-120
	102-12	External initiatives	We currently do not endorse any externally-developed charters, and will consider this in future.
	102-13	Membership of associations	Sustainability Report, How We Manage Sustainability – Stakeholder Engagement, page 69
	Strategy		
	102-14	Statement from senior decision-maker	Sustainability Report, Board Statement on Sustainability, page 66
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	Corporate Profile – Our Vision, Mission and Values, page 4
	Governance		
	102-18	Governance structure	Board and Management Team, pages 12-15 Sustainability Report, How We Manage Sustainability – Sustainability Governance, page 68
	102-22	Composition of the highest governance body and its committees	Board of Directors, pages 12-14
	Stakeholder Engagement		
	102-40	List of stakeholder groups	Sustainability Report, How We Manage Sustainability – Stakeholder Engagement, page 69
	102-41	Collective bargaining agreements	Our employees are not currently covered by collective bargaining agreements
	102-42	Identifying and selecting stakeholders	Sustainability Report, How We Manage Sustainability – Stakeholder Engagement, page 69
	102-43	Approach to stakeholder engagement	Sustainability Report, How We Manage Sustainability – Stakeholder Engagement, page 69
	102-44	Key topics and concerns raised	Sustainability Report, How We Manage Sustainability – Stakeholder Engagement, page 69

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Sustainability Report, About This Report, page 67 Notes to the Financial Statements – General, page 138, Subsidiary, page 154
	102-46	Defining report content and topic Boundaries	Sustainability Report, About This Report, page 67 Sustainability Report, How We Manage Sustainability – Materiality Assessment, page 70
	102-47	List of material topics	Sustainability Report, How We Manage Sustainability – Materiality Assessment, page 70
	102-48	Restatements of information	In FY 2021, there were some restatements made to information given in previous reports due to data corrections or changes in calculation methodology to improve accuracy and clarity. Where such restatements have been made, the changes have been explained, Sustainability Report, Our People and Tenants - Fair Employment Practices & Talent Retention: Training and Development, page 78; Our Environment - Energy Efficiency, page 90; Our Environment - Water Management (Use and Reduction), page 91
	102-49	Changes in reporting	Sustainability Report, How We Manage Sustainability – Materiality Assessment, pages 70-72 Sustainability Report, Our Environment, pages 83-92
	102-50	Reporting period	Sustainability Report, About This Report, page 67
	102-51	Date of most recent report	Annual Report 2020, published 12 April 2021
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Sustainability Report, About This Report, page 67
	102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report, About This Report, page 67
	102-55	GRI content index	Sustainability Report, GRI Content Index, pages 94-97
	102-56	External assurance	We have not sought external assurance and will consider it in the future.
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Sustainability Report, How We Manage Sustainability – Material ESG Topics, pages 71-72
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Grow Value: Strategy for 2022 and beyond, page 17 Manager's Review, pages 22-28
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Highlights, page 29 Financial Contents, pages 121-180 Sustainability Report, Our Society – Community Impact, pages 92-93
Business Ethics and Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Governance – Business Ethics and Anti-Corruption, page 74
	103-3	Evaluation of the management approach	
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	

Sustainability **Report**

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Regulatory Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Governance – Regulatory Compliance, pages 74-75
	103-3	Evaluation of the management approach	
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	
GRI 419: Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	
GRI 418: Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report, Our Governance – Cybersecurity & Data Privacy, page 75
Climate Change & Energy Efficiency			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Environment – Climate Change, pages 85-89 Sustainability Report, Our Environment – Energy Efficiency, pages 89-90
	103-3	Evaluation of the management approach	
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	
	302-3	Energy intensity	
GRI 305: Emissions (2016)	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Water Management (Use and Reduction)			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Environment – Water Management (Use and Reduction), pages 90-91
	103-3	Evaluation of the management approach	
GRI 303: Water and effluents (2018)	303-1	Management approach: Interactions with water as a shared resource	
	303-2	Management approach: Management of water discharge-related impacts	
	303-3	Water withdrawal	
Waste Management			
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	Sustainability Report, Our Environment – Waste Management, page 92
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Fair Employment Practices and Talent Retention			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our People and Tenants – Fair Employment Practices & Talent Retention, pages 75-81
	103-3	Evaluation of the management approach	
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 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our People and Tenants – Health and Safety, pages 81-83
	103-3	Evaluation of the management approach	
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	
Community Impact			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Society – Community Impact, pages 92-93
	103-3	Evaluation of the management approach	
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	

Corporate **Governance**

INTRODUCTION

Sabana Industrial REIT (formerly known as Sabana Shari'ah Compliant 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 Scheme (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; and
- Supervising Sabana Property Management Pte. Ltd., which performs the day-to-day property management functions for the REIT's properties.

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, or by 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.

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.

Corporate **Governance**

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 2021 are as follows:

Name of Director	Board Membership	Audit and Risk Committee ("ARC")	Nominating and Remuneration Committee ("NRC")
Mr Tan Cheong Hin[1]	Chairman, Independent Non-Executive Director	Member	Chairman
Mr Wong Heng Tew[2]	Independent Non-Executive Director	Chairman	Member
Mr Chan Wai Kheong[3]	Independent Non-Executive Director	Member	Member

Notes:

(i) Mr Willy Shee Ping Yah @ Shee Ping Yan is a former Independent Non-Executive Director and a member of the NRC. He joined the Manager on 1 January 2021 and his last day of service with the Manager was 26 April 2021.

(ii) Mr Yeo Wee Kiong is a former Independent Non-Executive Director, the Chairman of the NRC and a member of the ARC. He joined the Manager on 1 January 2021 and his last day of service with the Manager was 26 April 2021.

The profiles of the current Directors are set out on pages 12 to 14 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 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 conflicts of interest situation. Please refer to page 114 for detailed procedures implemented by the Manager on dealing of conflicts of interest.

1 Mr Tan Cheong Hin was redesignated as Chairman of the NRC on 27 April 2021.
2 Mr Wong Heng Tew was appointed as member of the NRC on 27 April 2021.
3 Mr Chan Wai Kheong was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 2 June 2021.

Corporate **Governance**

When a Director becomes aware of any conflict of interest in a particular matter, he is required to disclose his interest to the Board immediately, recuse himself 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.

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 Annual 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 decision by way of resolution in writing or approval of board papers.

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 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 2021 to 31 December 2021 ("**FY 2021**") 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	**5**	**4**	**3**	**1**
Mr Tan Cheong Hin[4]	5/5	4/4	3/3	1
Mr Wong Heng Tew[5]	5/5	4/4	3/3	1
Mr Chan Wai Kheong[6]	2/2	2/2	3/3	N/A
Mr Willy Shee Ping Yah @Shee Ping Yan[7]	3/3	2/2	1/1	N/A
Mr Yeo Wee Kiong[8]	3/3	2/2	1/1	N/A

* Does not include ad-hoc meetings attended by Directors with the Management or external parties.

No Extraordinary General Meetings were held in FY 2021.

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 followed. Every Board and Board Committee meeting is documented for record keeping purposes.

4 Mr Tan Cheong Hin was redesignated as Chairman of the NRC on 27 April 2021.
5 Mr Wong Heng Tew was appointed as member of the NRC on 27 April 2021.
6 Mr Chan Wai Kheong was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 2 June 2021.
7 Mr Willy Shee Ping Yah @ Shee Ping Yan joined the Manager on 1 January 2021 as an Independent Non-Executive Director and a member of the NRC and his last day of service with the Manager was 26 April 2021.
8 Mr Yeo Wee Kiong joined the Manager on 1 January 2021 as an Independent Non-Executive Director, the Chairman of the NRC and a member of the ARC and his last day of service with the Manager was 26 April 2021.

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 appointment of new 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 listed company's Board and Board Committees, as prescribed by the SGX-ST. During FY 2021, the Manager appointed a new Director, Mr Chan Wai Kheong, who has no prior experience as a director of an issuer listed on the SGX-ST. Pursuant to the Manager's onboarding process and Rule 210(5)(a) of the Listing Manual, Mr Chan has since completed all the eight modules of the mandatory training conducted as part of the Singapore Institute of Directors' Listed Entity Director Programme for first-time directors of listed issuers. His training was completed within his first year of appointment.

All Directors are also 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. During FY 2021, the training and development programmes received the Directors included seminars conducted by professionals and business leaders on corporate governance practices.

Corporate **Governance**

Principle 2: Board Composition and Guidance

Board Independence

As at 31 December 2021, all three Directors of the Board are Independent Non-Executive Directors. That is, they have no relationships with the Manager, its related companies, its substantial shareholders[9], 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 2021, all Directors are independent and the Sponsor did not nominate any director to be on the board of the Manager.

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 independence status when considering his appointment to the Board. Thereafter, 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 a considered independent if he 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 a not 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 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 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 2021. Each of the Independent Directors had recused himself from the NRC's deliberations on his independence.

<u>Mr Tan Cheong Hin</u>

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. 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.

[9] 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.

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. 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.

Mr Chan Wai Kheong

At the recommendation of the NRC and upon obtaining the requisite approvals from MAS, Mr Chan Wai Kheong was selected and appointed to join the Manager as an Independent Non-Executive Director on 2 June 2021, having been selected based on his credentials, experience and qualifications and in accordance with the selection process set out in pages 104 to 105 of the Annual Report, given that Mr Chan has more than 37 years of management and operational experience in the financial sector and was last Managing Director at Credit Suisse (Singapore) Ltd prior to founding fund management company Charlie Chan Capital Partners Pte. Ltd. in 2011. Mr Chan 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. As a director, Mr Chan will also be subject to strict fiduciary duty under the SFA and common law to prioritise the interests of the REIT and the Unitholders.

The Board has considered whether Mr Chan had demonstrated independence in character and judgment in the discharge of his duties and responsibilities as a director and concluded that Mr Chan had acted with independent judgment. On the basis of the declaration of independence provided by Mr Chan and the guidance in the 2018 Code, SF(LCB)R and Listing Manual, the Board determined that Mr Chan 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, 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.

The Directors possess deep and broad experience across multiple sectors from banking, accounting and finance to fund management, property and business development including overseas property investment management. They also have the relevant industry knowledge, entrepreneurial and management experience, and are familiar with regulatory requirements and risk management.

The NRC reviews the size and composition of the Board on an annual basis and considers the present Board size and composition as adequate for the current scope and nature of the REIT's operations to facilitate effective decision-making and to serve the needs and plans of the REIT. Each Director has been appointed based on his experience and capability in relevant core competencies, and ability to contribute to the Board. The Board sets qualitative and measurable quantitative targets (where appropriate) for achieving board diversity, and also reviews the Manager's progress towards achieving such targets.

For more information on the Board members' composition and experiences, please refer to the Board of Directors' Profile at pages 12 to 14 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.

Corporate **Governance**

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.

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 2021, 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 Board, its board committees and Directors;
- Reviewing training and professional development programmes for the Board and its Directors;
- 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, experiences 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 boards 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 on page 103. The profiles of the Directors are set out on page 12 to 14 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 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 2021. 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 fulfill his 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 pages 12 to 14 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 2021, each Director did not hold more than four directorships in other listed companies.

Based on the reviews by the NRC, the Board is satisfied that each Director has been able to adequately discharge his 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" 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 Board as a whole include Board composition, Board information, Board process, internal control 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.

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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 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 2021, 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 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 the 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.

In FY 2021, a salary benchmarking exercise was conducted with the assistance of an independent remuneration consultant, Aurex Group. 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.

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. Refer to page 108 of this Annual Report for the disclosure of renumeration 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 improvements 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 2021 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 shares 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.

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 and the key management personnel from 1 January 2021 to 31 December 2021 is disclosed as follows:

Directors	Directors' fees ($'000)
Mr Tan Cheong Hin[10]	146.8
Mr Wong Heng Tew[11]	121.8
Mr Chan Wai Kheong[12]	61.3
Mr Willy Shee Ping Yah @Shee Ping Yan[13]	30.2
Mr Yeo Wee Kiong[14]	36.5

[10] Mr Tan Cheong Hin was redesignated as Chairman of the NRC on 27 April 2021.
[11] Mr Wong Heng Tew was appointed as member of the NRC on 27 April 2021.
[12] Mr Chan Wai Kheong was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 2 June 2021.
[13] Mr Willy Shee Ping Yah @ Shee Ping Yan joined the Manager on 1 January 2021 as an Independent Non-Executive Director and a member of the NRC and his last day of service with the Manager was 26 April 2021.
[14] Mr Yeo Wee Kiong joined the Manager on 1 January 2021 as an Independent Non-Executive Director, the Chairman of the NRC and a member of the ARC and his last day of service with the Manager was 26 April 2021.

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	69.0	28.8	2.2	100.0
$250,000 – $500,000					
Mr Lim Wei Huang	Chief Financial Officer	65.6	27.5	6.9	100.0
Below $250,000					
Ms Yap Pui Ling (Jessica)	Head of Real Estate	66.1	27.5	6.4	100.0

Note: Remuneration was based on amount paid and payable in FY 2021. There were no other key management personnel as at 31 December 2021.

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 179 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 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 Principle 10 "Audit Committee" 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 118 to 120 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 2021, 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 2021.

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 2021 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 assurance received from the CEO and CFO, 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 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 2021. For procedures on the management of conflicts of interest, see page 114 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 2021, 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 and any donations of income derived from non-Shari'ah compliant sources[15] or non-core activities to charities;
- 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; 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.

During FY 2021, 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 2021:

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 124 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 2021. No other significant matter came to the attention of the ARC during the course of the review.

[15] The ARC's responsibility to review donations of income derived from non-Shari'ah compliant sources is no longer applicable after the removal of Shari'ah compliance requirement of the REIT effective from 21 October 2021.

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

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 is adequately resourced and has appropriate standing with Sabana Industrial REIT. 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 Management. The ARC is of the view that the internal auditors are independent, effective and have adequate resources to perform its functions.

Similarly, the ARC makes recommendation 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 2021, 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 were approximately $212,000 and $69,300 respectively for FY 2021. Non-audit service fee was less than 50% of total fees paid to the external auditors.

The ARC, with the concurrence of the Board, has recommended the re-appointment of KPMG LLP as the external auditors. The re-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 26 April 2022.

In appointing the audit firms 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 Meetings

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.

General Meetings

The Manager welcomes active Unitholder participation at the 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.

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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 meeting. 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.

Amidst the COVID-19 situation, the Manager has complied with the health advisory issued by the relevant authorities and held the AGM on 27 April 2021 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**") via electronic means in consideration of the welfare of Unitholders. Pursuant to the COVID-19 Order, the Manager will conduct the upcoming AGM to be held on 26 April 2022 electronically only via audio-visual webcasts and/or audio streams; accepting questions submitted in advance of the meeting and "live" during the meeting, addressing substantial and relevant questions in advance of, or "live" at, the AGM; and voting by appointing the Chairman of the meeting as proxy. When there were no pandemic risks and the COVID-19 Order was not in operation, the REIT's usual practice is that Unitholders may participate and vote at general meetings and appoint proxy(ies) to participate and vote on their behalf if they are unable to attend in person.

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 meetings.

All Directors, including the Chairman of the Board, the respective Chairman of each of the Board Committees, the Management and the external auditors attended the AGM held on 27 April 2021. Please refer to Principle 1 "The Boards' Conduct of Affairs" for further details on the attendance of the Directors.

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.

Distribution Policy

Sabana Industrial REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. In FY 2021, 100% of its distributable income was distributed.

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 conducts regular briefings for the media and analysts which will generally coincide with the release of the REIT's financial results. The investor relations (**"IR"**) team utilises its 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 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 question 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 are set out on pages 62 to 63 of this Annual Report, under "Investor Relations".

ADDITIONAL INFORMAITON

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 announcement of property valuations, half-yearly or annual results to the public and ending on the day of announcement or other specified date;
- trade at any time in possession of price sensitive information;
- communicate price sensitive information to any person as imposed by 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).

Corporate **Governance**

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 2021 are disclosed on page 184 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 is required to disclose his 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 113 to 114 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.

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.

Dealing with Shari'ah Compliance

Shari'ah compliance means adherence to the tenets of Islamic law, which places due consideration upon ethics and social responsibility. Prior to 21 October 2021, the Manager ensured total non-Shari'ah compliant rental income did not exceed 5.0% per annum of the gross revenue of the REIT's portfolio of properties. As part of the Shari'ah compliance requirement, donation of non-compliant income is made to charitable causes (without tax benefits). Effective from 21 October 2021, the REIT has removed its Shari'ah compliance requirement including the requirement for its 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). The total amount of fees incurred for Shari'ah advisory services for FY 2021 is approximately $68,234.

Corporate **Governance**

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 2021.
2. Fee for acquisition of properties (payable to the Manager or its nominee)[16]	**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 payments[17] 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.

[16] Acquisition fees are paid in cash. Where 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.

[17] "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)[18]	**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[19], by the REIT (plus any other payments[19] 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. 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.

[18] Divestment fees are paid in cash. Where 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.

[19] "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 "other payments" do not include stamp duty or other payments to third-party agents and brokers.

Corporate **Governance**

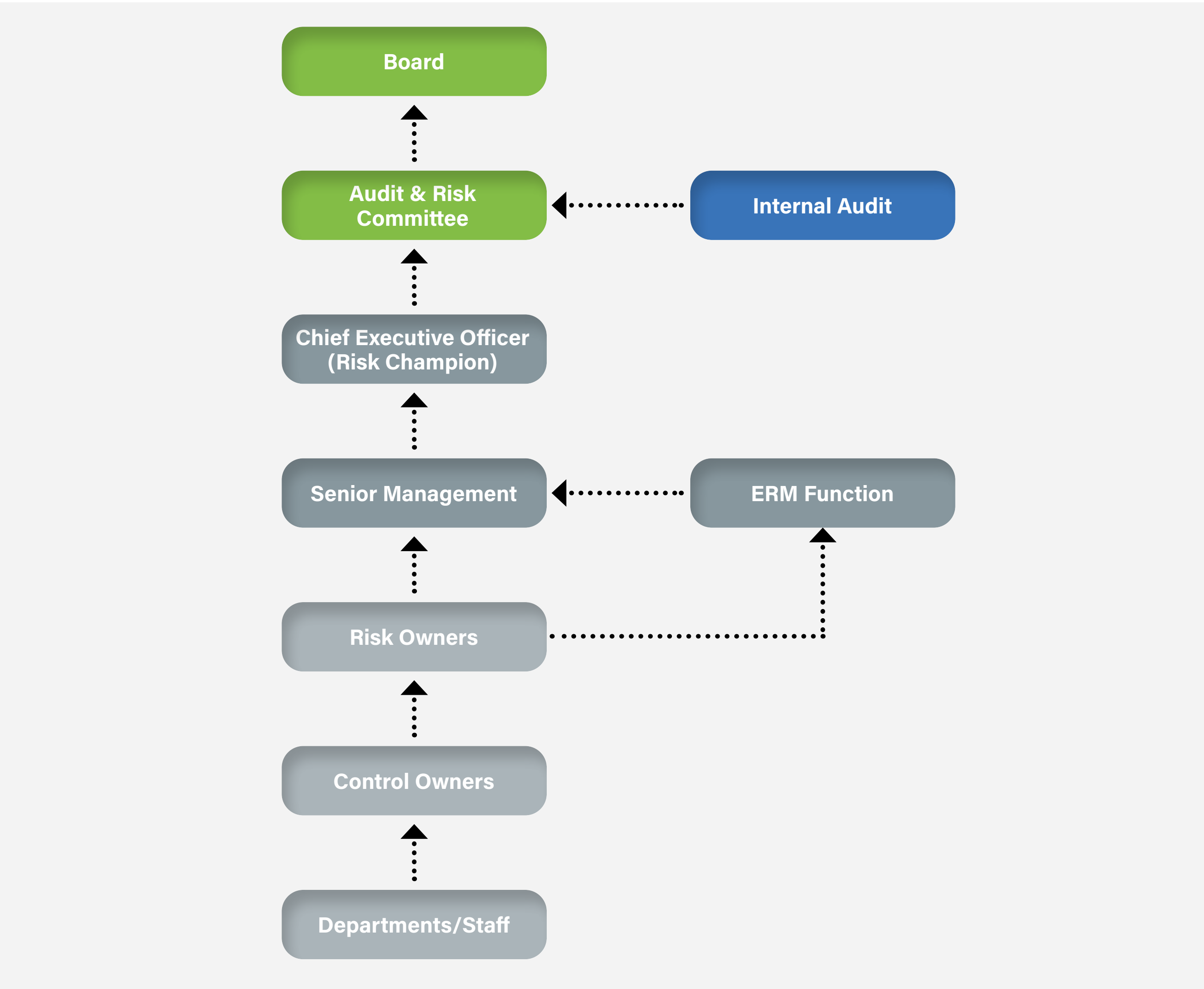
The Property Manager provides property management services to the REIT. In return for its services, the Property Manager should be compensated fairly for its efforts. The fees payable to the Property Manager has been assessed by the Board. The Board believes that the fees payable to the Property Manager 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 process 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 2021

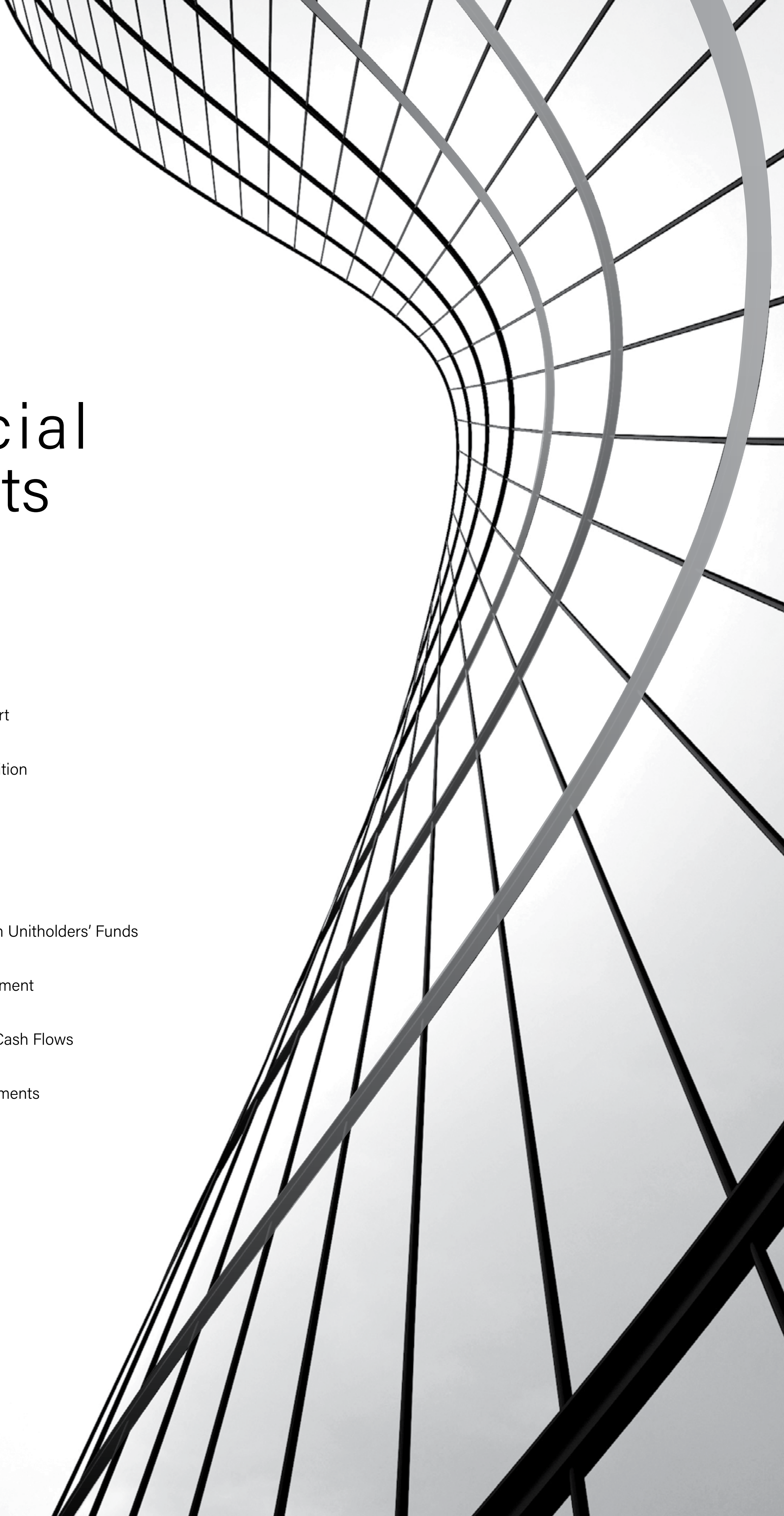
The key risks that were identified in FY 2021 include but are not limited to the following:

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 senior 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 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% imposed by MAS in the Property Funds Appendix for FY 2021. ▪ Perform monthly scenario analysis and stress testing on the REIT’s capex to evaluate if Sabana Industrial REIT has sufficient cashflow.

Corporate **Governance**

Material Risk	Details	Key Mitigating Measures
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 adhere to all stipulated rules and regulations.
Cybersecurity risk	Cybersecurity 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 rate.	▪ 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 to review and discuss tenants' existing lease terms, and wherever possible, re-negotiate the lease terms to better manage the 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.

Financial Contents



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 127 to 180 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
21 March 2022

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 127 to 180 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 2021, 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 2021, 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 Unit Trusts* 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
21 March 2022

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 2021, 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 127 to 180.

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 2021 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 Unit Trusts* ("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 $942.9 million (2020: $918.4 million) as at 31 December 2021, comprises 18 properties (2020: 18 properties, including one property held for divestment) located across Singapore.

The investment properties are stated at fair value. The key assumptions used and estimates applied in determining the valuation of investment properties involve significant judgement, and as a result, the valuation of investment properties is considered as a key audit matter.

Valuation reports obtained from certain external valuers highlighted that given the heightened uncertainty and unknown impact that COVID-19 pandemic might have on the real estate market, less certainty and a higher degree of caution, should be attached to their valuations than would normally be the case. Additionally, due to the unknown future impact of the pandemic, certain external valuers have also recommended to keep the valuation of these properties under frequent review.

Our response

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

We assessed the competence, capability and objectivity of the external valuers engaged by the Group. 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. We also discussed with certain valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

Our findings

The external valuers are members of recognised professional bodies for valuers.

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

INDEPENDENT AUDITORS' REPORT

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.

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
21 March 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Non-current assets					
Investment properties	4	942,913	904,565	942,913	904,565
Subsidiary	5	–	–	*	*
Derivative assets	6	191	–	191	–
		943,104	904,565	943,104	904,565
Current assets					
Investment property held for divestment	4	–	13,794	–	13,794
Trade and other receivables	7	2,688	2,838	2,687	2,836
Cash and cash equivalents	8	25,856	9,520	25,856	9,520
		28,544	26,152	28,543	26,150
Total assets		971,648	930,717	971,647	930,715
Current liabilities					
Trade and other payables	9	17,953	17,417	17,961	17,424
Borrowings	10	–	158,370	–	158,370
Derivative liabilities	6	–	201	–	201
Lease liabilities	23	5,915	6,130	5,915	6,130
Total current liabilities		23,868	182,118	23,876	182,125
Non-current liabilities					
Trade and other payables	9	9,426	7,539	9,426	7,539
Borrowings	10	311,589	125,649	311,589	125,649
Derivative liabilities	6	–	3,535	–	3,535
Lease liabilities	23	70,798	72,129	70,798	72,129
		391,813	208,852	391,813	208,852
Total liabilities		415,681	390,970	415,689	390,977
Net assets		555,967	539,747	555,958	539,738
Represented by:					
Unitholders' funds		555,967	539,747	555,958	539,738
Units issued ('000)	11	1,069,950	1,053,084	1,069,950	1,053,084
Net asset value ("NAV") and net tangible asset ("NTA") per Unit ($)		0.52	0.51	0.52	0.51

* 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 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Gross revenue	13	81,913	71,701	81,913	71,701
Property expenses	14	(29,960)	(27,058)	(29,960)	(27,058)
Net property income		51,953	44,643	51,953	44,643
Finance income		30	54	30	54
Finance costs		(12,343)	(10,378)	(12,338)	(10,373)
Finance costs relating to lease liabilities		(3,255)	(3,323)	(3,255)	(3,323)
Net finance costs	15	(15,568)	(13,647)	(15,563)	(13,642)
Manager's fees		(4,655)	(4,312)	(4,655)	(4,312)
Trustee's fees		(349)	(348)	(349)	(348)
Donation of non-Shari'ah compliant income	16	(5)	(1)	(5)	(1)
Other trust expenses	17	(684)	(3,500)	(689)	(3,505)
		(5,693)	(8,161)	(5,698)	(8,166)
Net income		30,692	22,835	30,692	22,835
Net change in fair value of financial derivatives		2,127	(3,107)	2,127	(3,107)
Net change in fair value of investment properties		15,999	(61,938)	15,999	(61,938)
Total return/(loss) for the year before taxation and distribution		48,818	(42,210)	48,818	(42,210)
Tax expense	18	*	*	–	–
Total return/(loss) for the year after taxation and before distribution		48,818	(42,210)	48,818	(42,210)
Earnings per Unit (cents)					
Basic and diluted	20	4.61	(4.01)	4.61	(4.01)

* Less than $1,000

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

DISTRIBUTION STATEMENTS

For the year ended 31 December 2021

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amount available for distribution to Unitholders at beginning of the year	24,259	8,207	24,259	8,207
Total return/(loss) for the year after taxation and before distribution	48,818	(42,210)	48,818	(42,210)
Non-tax deductible/(chargeable) items:				
Amortisation of transaction costs	2,580	658	2,580	658
Trustee's fees	349	348	349	348
Donation of non-Shari'ah compliant income	5	1	5	1
Net change in fair value of financial derivatives	(2,127)	3,107	(2,127)	3,107
Net change in fair value of investment properties	(15,999)	61,938	(15,999)	61,938
Effects of recognising rental income on a straight-line basis over the lease term	(731)	178	(731)	178
Finance costs relating to lease liabilities	3,255	3,323	3,255	3,323
Land rent expenses	(4,736)	(4,799)	(4,736)	(4,799)
Other items	1,090	6,566	1,090	6,566
Net effect of non-tax deductible items	(16,314)	71,320	(16,314)	71,320
Income available for distribution to Unitholders for the year	32,504	29,110	32,504	29,110
Capital gains distribution	–	–	–	–
Total amount available for distribution to Unitholders for the year	56,763	37,317	56,763	37,317

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

DISTRIBUTION STATEMENTS

For the year ended 31 December 2021

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Distribution of 0.77 cents per Unit for the period 1 October 2019 to 31 December 2019	–	(8,109)	–	(8,109)
Distribution of 0.47 cents per Unit for the period 1 January 2020 to 30 June 2020	–	(4,949)	–	(4,949)
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)	–
	(39,701)	(13,058)	(39,701)	(13,058)
Amount available for distribution to Unitholders at end of the year*	17,062	24,259	17,062	24,259
Number of Units entitled to distributions ('000) (Note 11)	1,069,950	1,053,084	1,069,950	1,053,084
Distribution per Unit (cents)	3.05	2.76	3.05	2.76

* Distributions were partly paid by Sabana Industrial Real Estate Investment Trust issuing an aggregate of 16,866,738 Units amounting to approximately $7,133,000 (2020: Not implemented for the financial year ended 31 December 2020), 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 2021

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Unitholders' funds at beginning of the year	539,747	595,015	539,738	595,006
Operations				
Total return after taxation and before distribution	48,818	(42,210)	48,818	(42,210)
	588,565	552,805	588,556	552,796
Unitholders' transactions				
Distributions to Unitholders	(39,701)	(13,058)	(39,701)	(13,058)
Units issued through Distribution Reinvestment Plan	7,133	–	7,133	–
Equity issue costs pursuant to:				
- Distribution Reinvestment Plan	(30)	–	(30)	–
Net decrease in net assets resulting from Unitholders' transactions	(32,598)	(13,058)	(32,598)	(13,058)
Unitholders' funds at end of the year	555,967	539,747	555,958	539,738

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

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2021

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location
New Tech Park	High-tech industrial	45	34	151 Lorong Chuan, Singapore 556741
8 Commonwealth Lane	High-tech industrial	53	37	8 Commonwealth Lane, Singapore 149555
Frontech Centre	High-tech industrial	99	39	15 Jalan Kilang Barat, Singapore 159357
1 Tuas Avenue 4	High-tech industrial	51.3	25	1 Tuas Avenue 4, Singapore 639382
BTC Centre	High-tech industrial	50	35	23 Serangoon North Avenue 5, Singapore 554530
508 Chai Chee Lane	High-tech industrial	59	38	508 Chai Chee Lane, Singapore 469032
Freight Links Express Logisticpark	Chemical warehouse & logistics	61	27	33 & 35 Penjuru Lane, Singapore 609200/609202
18 Gul Drive	Chemical warehouse & logistics	33	17	18 Gul Drive, Singapore 629468
Penjuru Logistics Hub	Warehouse & logistics	30	11	34 Penjuru Lane, Singapore 609201
Freight Links Express Logisticentre	Warehouse & logistics	60	33	51 Penjuru Road, Singapore 609143
26 Loyang Drive	Warehouse & logistics	48	32	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 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
%	**%**	**$'000**	**$'000**	**%**	**%**
81	77	355,000	333,400	63.9	61.8
100	84	55,400	53,500	10.0	9.9
94	98	21,700	21,300	3.9	3.9
–	–	9,000	9,000*	1.6	1.7
85	69	40,500	36,400	7.3	6.7
99	99	66,000	63,800	11.9	11.8
100	100	40,800	42,700	7.3	7.9
100	100	19,000	19,200	3.4	3.6
99	86	29,800	33,000	5.4	6.1
93	73	29,100	32,800	5.2	6.1
100	100	24,500	24,700	4.4	4.6
		690,800	669,800	124.3	124.1

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

CONSOLIDATED PORTFOLIO STATEMENT
As at 31 December 2021

Group (continued)

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location
Balance brought forward				
3A Joo Koon Circle	Warehouse & logistics	60	26	3A Joo Koon Circle, Singapore 629033
2 Toh Tuck Link	Warehouse & logistics	60	35	2 Toh Tuck Link, Singapore 596225
10 Changi South Street 2	Warehouse & logistics	57	30	10 Changi South Street 2, Singapore 486596
Yenom Industrial Building	General industrial	60	20	123 Genting Lane, Singapore 349574
30 & 32 Tuas Avenue 8	General industrial	60	35	30 & 32 Tuas Avenue 8, Singapore 639246/639247
39 Ubi Road 1	General industrial	60	30	39 Ubi Road 1, Singapore 408695
21 Joo Koon Crescent	General industrial	60	32	21 Joo Koon Crescent, Singapore 629026
Investment properties and investment property held for divestment – Fair value				
Investment properties and investment property held for divestment – Right-of-use assets				
Total investment properties and investment property held for divestment				
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 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
%	**%**	**$'000**	**$'000**	**%**	**%**
		690,800	669,800	124.3	124.1
96	56	33,500	33,800	6.0	6.3
98	98	29,800	29,800	5.4	5.5
80	64	36,700	33,700	6.6	6.2
85	83	16,400	16,400	2.9	3.0
–	100	26,200	24,200	4.7	4.5
99	67	17,700	17,400	3.2	3.2
100	100	15,100	15,000	2.7	2.8
		866,200	840,100	155.8	155.6
		76,713	78,259	13.8	14.5
		942,913	918,359	169.6	170.1
		(386,946)	(378,612)	(69.6)	(70.1)
		555,967	539,747	100.0	100.0

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

CONSOLIDATED PORTFOLIO STATEMENT
As at 31 December 2021

Group (continued)

As disclosed in the Statements of Financial Position:

	Carrying amount as at	
	31 December 2021 $'000	**31 December 2020 $'000**
Investment properties – non-current	942,913	904,565
Investment property held for divestment – current (denoted as * in the Consolidated Portfolio Statement)	–	13,794
	942,913	918,359

* 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 2021 were based on full independent valuations undertaken by CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd (31 December 2020: Cushman & Wakefield (S) Pte Ltd and SRE Global Pte Ltd). Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Total return/(loss) for the year before taxation and distribution		48,818	(42,210)
Adjustments for:			
Net change in fair value of financial derivatives		(2,127)	3,107
Net change in fair value of investment properties		(15,999)	61,938
Net finance costs		15,568	13,647
		46,260	36,482
Change in trade and other receivables		150	768
Change in trade and other payables		2,423	2,855
Cash generated from operations		48,833	40,105
Ta'widh (compensation on late payment of rent) received		19	31
Net cash from operating activities		48,852	40,136
Cash flows from investing activities			
Capital expenditure on investment properties		(9,541)	(14,992)
Interest/Profit income received		11	14
Net cash used in investing activities		(9,530)	(14,978)
Cash flows from financing activities			
Proceeds from borrowings		334,830	13,345
Repayment of borrowings		(306,247)	(5,000)
Transaction costs paid		(5,522)	(168)
Payment of lease liabilities		(1,542)	(1,476)
Finance costs relating to lease liabilities		(3,255)	(3,323)
Finance costs paid		(8,652)	(10,057)
Distributions paid		(32,598)	(13,058)
Net cash used in financing activities		(22,986)	(19,737)
Net increase in cash and cash equivalents		16,336	5,421
Cash and cash equivalents at beginning of the year		9,520	4,099
Cash and cash equivalents at end of the year	8	25,856	9,520

Significant Non-Cash Transaction

16,866,738 Units amounting to approximately $7,133,000 were issued by the Trust as part payment of distributions in respect of period from 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 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 21 March 2022.

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 2021 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 Manger has elected to receive 100.0% of the base fee in cash for both financial years ended 31 December 2021 and 31 December 2020.

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 Unit Trusts* ("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, investment property held for divestment and financial derivatives which are stated at fair value as set out in the accounting policies described in Notes 3.2, 3.3 and 3.5.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 entity'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 are included in the following notes:

- Note 4 – Investment properties and investment property held for divestment
- Note 21 – Fair values and accounting classifications of financial instruments

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 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)*

Other than the amendments relating to the interest rate benchmark reform – Phase 2 Amendments, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening net asset balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If 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, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. 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.

If changes are 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, then 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. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

2 BASIS OF PREPARATION (CONTINUED)

2.4 Changes in accounting policies (continued)

Specific policies applicable from 1 January 2021 for interest rate benchmark reform (continued)

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Investment property held for divestment

Investment properties that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for divestment. Immediately before classification as held for divestment, the assets and liabilities are measured in accordance with applicable FRSs. Thereafter, the assets or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell except for non-current assets that are accounted for in accordance with the fair value model in FRS 40 *Investment Property*.

Fair value changes for non-current assets that are accounted for in accordance with the fair value model in FRS 40 *Investment Property* are recognised in the Statements of Total Return. When a non-current asset held for sale 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.

Non-current assets held for sale comprise investment property held for divestment.

3.4 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

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.

The Group subsequently applies the fair value model to ROU assets. Changes in fair value of ROU assets are recognised in the Statements of Total Return.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (continued)

(ii) As a lessor (continued)

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 3.8).

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

3.5 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.

(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 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:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

(iii) Derecognition (continued)

Financial assets (continued)

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.

(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.

(vi) Derivative financial instruments

The Group holds derivative financial instruments to 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.

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

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. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

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 and investment property held for divestment, 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.

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.

3.7 Issue expenses

Issue expenses relate to expenses incurred in connection with the issue of Units. Such expenses are deducted directly against Unitholders' funds.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 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.

3.10 Finance income and finance cost

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.

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.

3.11 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Tax (continued)

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.

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;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Tax (continued)

- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act 1994 or established by any written law, co-operative societies registered under the Co-operative Societies Act 1979 or trade unions registered under the Trade Unions Act 1940;

- 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 1948; 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 13D (formerly 13CA), 13U (formerly 13X), or 13V (formerly 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 1947 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.

3.12 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.

3.13 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *FRS 117 Insurance Contracts and Amendments to FRS 117 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to FRS 116)*
- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to FRS 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Annual Improvements to FRSs 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to FRS 1 and FRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to FRS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to FRS 12)*

4 INVESTMENT PROPERTIES AND INVESTMENT PROPERTY HELD FOR DIVESTMENT

Investment properties

	Group and Trust 31 December 2021			31 December 2020
	Fair value $'000	**ROU assets $'000**	**Total $'000**	**Total S'000**
31 December 2021				
Balance at beginning of the year	831,100	73,465	904,565	949,241
Reclassification from investment property held for divestment	9,000	4,794	13,794	–
Capital expenditure	7,475	–	7,475	16,340
Straight-line adjustments in accordance with FRS 116	731	–	731	(178)
Net change in fair value of investment properties	17,541	(1,542)	15,999	(60,844)
Remeasurement of ROU assets	–	(4)	(4)	6
Leasing commission capitalised	353	–	353	–
Balance at end of the year	866,200	76,713	942,913	904,565

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For the year ended 31 December 2021

4 INVESTMENT PROPERTIES AND INVESTMENT PROPERTY HELD FOR DIVESTMENT (CONTINUED)

Investment property held for divestment

	Group and Trust 31 December 2021			31 December 2020
	Fair value $'000	**ROU assets $'000**	**Total $'000**	**Total S'000**
31 December 2021				
Balance at beginning of the year	9,000	4,794	13,794	14,888
Reclassification to investment properties	(9,000)	(4,794)	(13,794)	–
Net change in fair value of investment properties	–	–	–	(1,094)
Remeasurement of ROU assets	–	–	–	–
Balance at end of the year	–	–	–	13,794

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 2021, investment properties with an aggregate fair value of $316.7 million (2020: $788.4 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 and investment property held for divestment

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

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

In view of the COVID-19 outbreak, material uncertainty clauses were included in certain properties' valuation reports. The inclusion of a material uncertainty clause does not mean that the valuation cannot be relied upon, rather to ensure transparency of the fact that in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

4 INVESTMENT PROPERTIES AND INVESTMENT PROPERTY HELD FOR DIVESTMENT (CONTINUED)

Measurement of fair value (continued)

Investment properties and investment property held for divestment (continued)

Certain valuation reports highlighted that given the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future, a degree of caution should be exercised when relying upon the valuation as at the reporting date. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, the valuer has also recommended to keep the valuation of the properties under frequent review.

Fair value hierarchy

The table below analyses investment properties and investment property held for divestment 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	
	2021	**2020**
	$'000	**$'000**
Group and Trust		
Investment properties at fair value	866,200	831,100
Add: Carrying amount of lease liabilities	76,713	73,465
Carrying amount of investment properties	942,913	904,565
Investment property held for divestment at fair value	–	9,000
Add: Carrying amount of lease liabilities	–	4,794
Carrying amount of investment property held for divestment	–	13,794

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4 INVESTMENT PROPERTIES AND INVESTMENT PROPERTY HELD FOR DIVESTMENT (CONTINUED)

Fair value hierarchy (continued)

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 and investment property held for divestment	▪ Capitalisation rates from 5.50% to 6.50% (2020: 5.50% to 6.50%) ▪ Discount rate of 7.25% to 7.75% (2020: 7.25%) ▪ Terminal yield rates from 5.75% to 6.75% (2020: 5.75% to 6.75%) ▪ Vacancy assumption rates from 1.00% to 10.00% (2020: 0.00% to 30.00%) ▪ Rental growth rates from 1.50% to 3.50% (2020: 0.00% to 2.75%)	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).

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).

5 SUBSIDIARY

	Trust	
	2021 $'000	2020 $'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	
			2021	2020
Sabana Sukuk Pte. Ltd.[1]	Provision of treasury services	Singapore	100%	100%

(1) Audited by KPMG LLP Singapore

6 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current assets				
Interest/Profit rate swaps at fair value through Statements of Total Return	191	–	191	–
Current liabilities				
Interest/Profit rate swaps at fair value through Statements of Total Return	–	(201)	–	(201)
Non-current liabilities				
Interest/Profit rate swaps at fair value through Statements of Total Return	–	(3,535)	–	(3,535)
Total derivative financial instruments	191	(3,736)	191	(3,736)
Derivative financial instruments as a percentage of net assets	0.03%	0.69%	0.03%	0.69%

The Group uses 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.

Interest/Profit rate swaps with a total notional amount of $210.0 million (31 December 2020: $142.5 million) had been entered into at the reporting date to provide fixed rate funding for terms of 2.0 to 3.0 years (31 December 2020: 1.0 to 2.0 years).

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 2021 and 31 December 2020, 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables, gross	1,240	2,138	1,240	2,138
Less: Impairment losses on trade receivables	(1,055)	(1,871)	(1,055)	(1,871)
Trade receivables, net	185	267	185	267
Other receivables	1,842	1,560	1,842	1,560
Deposit	580	983	580	983
	2,607	2,810	2,607	2,810
Prepayment	81	28	80	26
	2,688	2,838	2,687	2,836

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.

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8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Bank balances	25,856	9,520	25,856	9,520

9 TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Amount due to related parties, trade	1,663	1,325	1,678	1,339
Trade payables	1,573	2,449	1,573	2,449
Security deposits	13,156	10,038	13,156	10,038
Rental received in advance	718	509	718	509
Retention sums	1,162	1,024	1,162	1,024
Finance costs payable to:				
- non-related parties	979	136	979	136
Accrued operating expenses	6,055	6,717	6,055	6,717
Others	2,073	2,758	2,066	2,751
	27,379	24,956	27,387	24,963
Current	17,953	17,417	17,961	17,424
Non-current	9,426	7,539	9,426	7,539
	27,379	24,956	27,387	24,963

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

	Note	Group		Trust	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Secured borrowings					
Commodity Murabaha Facilities					
- Term	10(a)	–	120,000	–	120,000
- Revolving	10(a)	–	13,345	–	13,345
Murabaha Facilities					
- Term	10(b)	122,536	70,000	122,536	70,000
- Revolving	10(b)	–	50,500	–	50,500
Term Loan Facility	10(c)	–	30,000	–	30,000
Revolving Loan Facility	10(d)	–	1,000	–	1,000
Less: Unamortised capitalised transaction costs		(1,056)	(826)	(1,056)	(826)
		121,480	284,019	121,480	284,019

10 BORROWINGS (CONTINUED)

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Unsecured borrowings					
Unsecured Term Loan Facility	10(e)	193,000	–	193,000	–
Less: Unamortised capitalised transaction costs		(2,891)	–	(2,891)	–
		190,109	–	190,109	–
Total borrowings		311,589	284,019	311,589	284,019
Current		–	158,370	–	158,370
Non-current		311,589	125,649	311,589	125,649
		311,589	284,019	311,589	284,019

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					
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
				315,536	311,589
2020					
Term Commodity Murabaha Facility A	SGD	SOR*+Margin	2022	30,000	29,872
Term Commodity Murabaha Facility B	SGD	SOR*+Margin	2022	70,000	69,696
Term Commodity Murabaha Facility C	SGD	SOR*+Margin	2023	20,000	19,811
Revolving Commodity Murabaha Facility D	SGD	SOR*+Margin	2023	–	–
Revolving Commodity Murabaha Facility E	SGD	SOR*+Margin	2022	6,345	6,271
Term Commodity Murabaha Facility F	SGD	SOR*+Margin	2022	7,000	7,000
Term Murabaha Facility	SGD	SOR*+Margin	2021	70,000	69,948
Revolving Murabaha Facilities	SGD	SOR*+Margin	2021	50,500	50,500
Term Loan Facility	SGD	SOR*+Margin	2021	30,000	29,921
Revolving Loan Facility	SGD	SOR*+Margin	2023	1,000	1,000
				284,845	284,019

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10 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

	Currency	Nominal interest/ profit rate %	Year of maturity	Face value $'000	Carrying amount $'000
Trust					
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
				315,536	311,589
2020					
Term Commodity Murabaha Facility A	SGD	SOR*+Margin	2022	30,000	29,872
Term Commodity Murabaha Facility B	SGD	SOR*+Margin	2022	70,000	69,696
Term Commodity Murabaha Facility C	SGD	SOR*+Margin	2023	20,000	19,811
Revolving Commodity Murabaha Facility D	SGD	SOR*+Margin	2023	–	–
Revolving Commodity Murabaha Facility E	SGD	SOR*+Margin	2022	6,345	6,271
Term Commodity Murabaha Facility F	SGD	SOR*+Margin	2022	7,000	7,000
Term Murabaha Facility	SGD	SOR*+Margin	2021	70,000	69,948
Revolving Murabaha Facilities	SGD	SOR*+Margin	2021	50,500	50,500
Term Loan Facility	SGD	SOR*+Margin	2021	30,000	29,921
Revolving Loan Facility	SGD	SOR*+Margin	2023	1,000	1,000
				284,845	284,019

* Singapore Overnight Rate Average/Swap Offer Rate

Secured borrowings

(a) Commodity Murabaha Facilities

In October 2021, the Group completed its refinancing exercise of the Commodity Murabaha Facilities with the new unsecured term loan facilities. (See Note 10(e))

(b) Murabaha Facilities

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

The Murabaha Facilities consisted of:

(i) 3-year Term Murabaha Facility of $123.0 million maturing in March 2024; and

(ii) The Revolving Murabaha Facilities of $25.9 million maturing in March 2024.

As of 31 December 2021, $122.5 million of Term Murabaha Facility and $Nil of Revolving Murabaha Facilities was drawn (31 December 2020: $120.5 million was drawn).

10 BORROWINGS (CONTINUED)

(b) Murabaha Facilities (continued)

The Murabaha Facilities are secured by, inter-alia:

- A first ranking legal mortgage over 8 (31 December 2020: 7) investment properties with a combined carrying value of $316.7 million (31 December 2020: $267.6 million) ("Murabaha Secured Properties");
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabaha Secured Properties; and
- A fixed and floating charge over the other assets of the Trust relating to the Murabaha Secured Properties.

(c) Term Loan Facility

In October 2021, the Group completed its refinancing exercise of the outstanding Term Loan Facility of $30.0 million maturing in December 2021 using the new unsecured term loan facilities. (See Note 10(e))

(d) Revolving Loan Facility

In November 2021, the Group completed its refinancing exercise of the outstanding Revolving Loan Facility of $28.0 million maturing in April 2023 using the new unsecured term loan facilities. (See Note 10(e))

Unsecured borrowings

(e) Unsecured Term Loan Facility

The outstanding unsecured Term Loan Facility consisted of:

(i) 3-year term loan facilities of $100.0 million maturing in October 2024.

(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.

(f) Unutilised Loan Facilities

As of 31 December 2021, in addition to the unutilised Revolving Murabaha Facility mentioned in Note 10(b)(ii), the Group also 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) 4-year revolving facility of $25.0 million maturing in October 2025.

(iii) 3-year revolving facility of $20.0 million maturing in November 2024.

As of 31 December 2020, the Group had access to the following unutilised loan facilities consisting of:

(i) 4-year Revolving Commodity Murabaha Facility of $20.0 million maturing in November 2023.

(ii) Revolving Murabaha Facilities of $2.5 million maturing in March 2021.

(iii) 3-year term Commodity Murabaha Facility of $7.7 million maturing in November 2022.

(iv) 3-year revolving facility of $27.0 million maturing in April 2023.

(v) 3-year bank guarantee facility of $2.0 million maturing in April 2023.

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10 BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group				
	Liabilities			Derivative financial instruments	
	Borrowings $'000	Finance costs payable $'000	Lease liabilities $'000	Interest/ Profit rate swap -liabilities/ (assets) $'000	Total $'000
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

10 BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Group				
	Liabilities			Derivative financial instruments	
	Borrowings $'000	Finance costs payable $'000	Lease liabilities $'000	Profit rate swap - liabilities $'000	Total $'000
Adjusted balance at 1 January 2020	275,184	802	79,729	437	356,152
Changes from financing cash flows					
Proceeds from borrowings	13,345	–	–	–	13,345
Repayment of borrowings	(5,000)	–	–	–	(5,000)
Transactions cost paid	(168)	–	–	–	(168)
Payment of lease liabilities	–	–	(1,476)	–	(1,476)
Finance costs relating to lease liabilities	–	–	(3,323)	–	(3,323)
Finance costs paid	–	(8,550)	–	(1,507)	(10,057)
Total changes from financing cash flows	8,177	(8,550)	(4,799)	(1,507)	(6,679)
Changes in fair value	–	–	–	3,107	3,107
Other changes					
Liability-related					
Amortisation of transaction costs	658	–	–	–	658
Profit expense	–	7,884	–	1,699	9,583
Remeasurement of lease liabilities	–	–	6	–	6
Finance costs relating to lease liabilities	–	–	3,323	–	3,323
Total liability-related other changes	658	7,884	3,329	1,699	13,570
Balance at 31 December 2020	284,019	136	78,259	3,736	366,150

11 UNITS IN ISSUE

	Group and Trust	
	2021 '000	2020 '000
Units in issue:		
At beginning of the year	1,053,084	1,053,084
Units issued:		
- Distribution Reinvestment Plan	16,866	–
At beginning and end of the year	1,069,950	1,053,084

NOTES TO THE FINANCIAL STATEMENTS
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11 UNITS IN ISSUE (CONTINUED)

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.

During 2021, DRP was re-implemented for the financial year ended 31 December 2021. 16,866,738 new Units amounting to approximately $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. (2020: Not implemented for the financial year ended 31 December 2020).

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 35.0% (2020: 33.5%) 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 FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other receivables#	2,607	2,810	2,607	2,810
Cash and cash equivalents	25,856	9,520	25,856	9,520
	28,463	12,330	28,463	12,330

exclude prepayments

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.

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

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 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
	1,240	(1,055)	

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group and Trust			
31 December 2020			
Not past due	63	–	No
Past due 0 - 30 days	417	(213)	No
Past due 31 - 60 days	133	(133)	No
More than 60 days past due	1,525	(1,525)	Yes
	2,138	(1,871)	

Nine tenants (2020: eight tenants) accounted for approximately $1,109,000 (2020: $1,905,000) of the gross trade receivables at 31 December 2021.

Impairment losses

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

	Group and Trust 2021 $'000	Group and Trust 2020 $'000
At 1 January	1,871	–
Impairment losses (reversed)/recognised during the year	(790)	1,873
Utilised	(26)	(2)
At 31 December	1,055	1,871

Trade receivables are individually assessed for impairment. The impairment loss on trade receivables is $1,055,000 (31 December 2020: $1,873,000).

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.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

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					
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)

* Trade and other payables exclude rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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					
2020					
Non-derivative financial liabilities					
Commodity Murabaha Facilities	132,650	(139,616)	(3,043)	(136,573)	–
Murabaha Facilities	120,448	(121,014)	(121,014)	–	–
Term Loan Facility	29,921	(30,627)	(30,627)	–	–
Revolving Loan Facility	1,000	(2,066)	(27)	(2,039)	–
Trade and other payables*	24,447	(24,447)	(16,908)	(7,179)	(360)
Lease liabilities	78,259	(138,723)	(4,796)	(23,981)	(109,946)
	386,725	(456,493)	(176,415)	(169,772)	(110,306)
Derivative financial liabilities					
Profit rate swaps (net-settled)	3,736	(5,396)	(2,067)	(1,829)	(1,500)
Trust					
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)
2020					
Non-derivative financial liabilities					
Commodity Murabaha Facilities	132,650	(139,616)	(3,043)	(136,573)	–
Murabaha Facilities	120,448	(121,014)	(121,014)	–	–
Term Loan Facility	29,921	(30,627)	(30,627)	–	–
Revolving Loan Facility	1,000	(2,066)	(27)	(2,039)	–
Trade and other payables*	24,454	(24,454)	(16,915)	(7,179)	(360)
Lease liabilities	78,259	(138,723)	(4,796)	(23,981)	(109,946)
	386,732	(456,500)	(176,422)	(169,772)	(110,306)
Derivative financial liabilities					
Profit rate swaps (net-settled)	3,736	(5,396)	(2,067)	(1,829)	(1,500)

* Trade and other payables exclude rental received in advance.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.4 Liquidity risk (continued)

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.

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 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 partially 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.

The Manager monitors and manages the transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included secured bank loans indexed to SOR. The Group is still in the process of communication with the counterparties for all SOR indexed exposures and specific changes have yet been agreed.

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. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. The Group is still in the process of communication with the counterparties for all SOR indexed exposures and specific changes have yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Interest/Profit rate risk (continued)

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 31 December 2021. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR	
	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000
Group and Trust		
31 December 2021		
Financial liabilities		
Secured bank loans	121,480	121,480
Derivatives		
Interest rate swaps	122,536	–

As at the reporting date, the Group had entered into interest/profit rate swaps with total contracted notional amounts of $210.0 million (2020: $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 SOR/SORA and fixed rate interest/profit amounts calculated by reference to the contracted notional amounts of the borrowings.

The Group's derivative instruments are governed by contracts based on International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivate counterparties. No derivative instruments have been modified as at 31 December 2021.

Interest/Profit rate profile

As at the reporting date, the interest/profit rate profile of interest/profit-bearing financial instruments was:

	Group Nominal amount		Trust Nominal amount	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Variable rate instruments				
Financial liabilities	(315,536)	(284,845)	(315,536)	(284,845)
Effects of interest/profit rate swaps	210,036	142,500	210,036	142,500
	105,500	(142,345)	105,500	(142,345)

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Interest/Profit rate risk (continued)

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 2020.

	Total return for the year	
	50 bp increase	**50 bp decrease**
	$'000	**$'000**
Group and Trust		
2021		
Financial liabilities	(528)	528
2020		
Financial liabilities	(712)	712

13 GROSS REVENUE

	Group and Trust	
	2021	**2020**
	$'000	**$'000**
Property rental income	64,244	58,071
Other operating income	17,669	13,630
	81,913	71,701

14 PROPERTY EXPENSES

	Group and Trust	
	2021	**2020**
	$'000	**$'000**
Service, repair and maintenance expenses	7,991	6,902
Property and lease management fees	2,410	2,088
Property tax	6,690	6,571
Utilities	13,041	8,298
Impairment loss on trade receivables	(790)	1,873
Others	618	1,326
	29,960	27,058

Property expenses represent the direct operating expenses arising from rental of investment properties.

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15 FINANCE INCOME AND COSTS

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Finance income:				
Interest/Profit income from fixed deposits with Islamic financial institutions	11	14	11	14
Ta'widh (compensation on late payment of rent)	19	40	19	40
	30	54	30	54
Finance costs:				
Commodity Murabaha Facilities	2,382	3,580	2,382	3,580
Murabahah Facilities	3,681	3,382	3,681	3,382
Term Loan Facility	1,366	833	1,366	833
Revolving Loan Facility	516	89	516	89
Interest/Profit rate swaps*	1,679	1,699	1,679	1,699
Amortisation of transaction costs	2,580	658	2,580	658
Brokerage and agent fees	139	137	134	132
	12,343	10,378	12,338	10,373
Finance costs relating to lease liabilities	3,255	3,323	3,255	3,323
	15,598	13,701	15,593	13,696
Net finance costs	15,568	13,647	15,563	13,642

* 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.

16 DONATION OF NON-SHARI'AH COMPLIANT INCOME

During the year till the date of the Group's de-designation of its Shari'ah compliant status, donations that had been approved by the Independent Shari'ah Committee included The Invictus Fund (2020: Bright Hill Evergreen Home and SG Enable Ltd – Mediacorp Enable Fund).

17 OTHER TRUST EXPENSES

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Auditors' remuneration				
- audit fees	212	214	210	212
- non-audit fees	69	69	67	69
Valuation fees	100	62	100	62
Professional fees	43	2,687	36	2,680
Service fees payable to a subsidiary	–	–	18	19
Other expenses	260	468	258	463
	684	3,500	689	3,505

18 TAX EXPENSE

	Group		Trust	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Tax expense				
Current year	*	*	–	–
Reconciliation of effective tax rate				
Total return/(loss) for the year before taxation and distribution	48,818	(42,210)	48,818	(42,210)
Tax using Singapore tax rate of 17% (2020: 17%)	8,299	(7,176)	8,299	(7,176)
Non-tax deductible items	(1,968)	12,910	(1,968)	12,910
Income not subject to tax	(805)	(786)	(805)	(786)
Tax transparency	(5,526)	(4,948)	(5,526)	(4,948)
	*	*	–	–

* Less than $1,000

19 CONTINGENT LIABILITIES

The Group has obtained banker's guarantee of $1,079,000 (31 December 2020: nil) during the year for deposits required by certain utility providers.

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	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Total return/(loss) for the year after taxation and before distribution	48,818	(42,210)	48,818	(42,210)

	Number of Units			
	Group		Trust	
	2021 '000	**2020 '000**	**2021 '000**	**2020 '000**
Weighted average number of Units at beginning of year	1,053,084	1,053,084	1,053,084	1,053,084
Effect of issue of new Units:				
- Distribution Reinvestment Plan	4,759	–	4,759	–
Weighted average number of Units at end of year	1,057,843	1,053,084	1,057,843	1,053,084
Earnings per unit (cents)	4.61	(4.01)	4.61	(4.01)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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.

21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
Group	**Note**	**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**
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)				

		Carrying amount				Fair value			
Group	**Note**	**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**
2020									
Financial assets not measured at fair value									
Trade and other receivables#	7	–	2,810	–	2,810				
Cash and cash equivalents	8	–	9,520	–	9,520				
		–	12,330	–	12,330				
Financial liabilities measured at fair value									
Derivative liabilities	6	(3,736)	–	–	(3,736)	–	(3,736)	–	(3,736)
Financial liabilities not measured at fair value									
Trade and other payables*	9	–	–	(14,409)	(14,409)				
Security deposits	9	–	–	(10,038)	(10,038)	–	–	(9,350)	(9,350)
Borrowings	10	–	–	(284,019)	(284,019)	–	(284,019)	–	(284,019)
		–	–	(308,466)	(308,466)				

exclude prepayments

* exclude security deposits and rental received in advance

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21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

Trust	Note	Carrying amount: Mandatorily at FVTPL - others $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Fair value: Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'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)				

Trust	Note	Carrying amount: Mandatorily at FVTPL - others $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Fair value: Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2020									
Financial assets not measured at fair value									
Trade and other receivables#	7	–	2,810	–	2,810				
Cash and cash equivalents	8	–	9,520	–	9,520				
		–	12,330	–	12,330				
Financial liabilities measured at fair value									
Derivative liabilities	6	(3,736)	–	–	(3,736)	–	(3,736)	–	(3,736)
Financial liabilities not measured at fair value									
Trade and other payables*	9	–	–	(14,416)	(14,416)				
Security deposits	9	–	–	(10,038)	(10,038)	–	–	(9,350)	(9,350)
Borrowings	10	–	–	(284,019)	(284,019)	–	(284,019)	–	(284,019)
		–	–	(308,473)	(308,473)				

exclude prepayments

* exclude security deposits and rental received in advance

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
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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**
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 return 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

22 OPERATING SEGMENTS (CONTINUED)

	Group				
	High-tech industrial $'000	Chemical warehouse & logistics $'000	Warehouse & logistics $'000	General industrial $'000	Total $'000
2020					
Gross revenue	41,961	6,817	16,653	6,270	71,701
Property expenses	(18,858)	(475)	(5,390)	(2,335)	(27,058)
Segment net property income	23,103	6,342	11,263	3,935	44,643
Net change in fair value of investment properties and investment property held for divestment	(9,590)	(9,530)	(35,398)	(7,420)	(61,938)
					(17,295)
Unallocated amounts:					
- Finance income					54
- Finance costs					(10,378)
- Finance costs relating to lease liabilities					(3,323)
- Other expenses					(8,161)
- Net change in fair value of financial derivatives					(3,107)
Total loss for the year before taxation					(42,210)
Assets and liabilities					
Segment assets:					
- Investment properties	520,969	75,834	216,674	91,088	904,565
- Investment property held for divestment	13,794	–	–	–	13,794
- Others	1,303	(174)	(55)	102	1,176
Unallocated assets					11,182
Total assets					930,717
Segment liabilities:					
- Lease liabilities	17,364	13,934	28,874	18,087	78,259
- Others	16,401	206	2,430	1,445	20,482
Unallocated liabilities:					
- Borrowings					284,019
- Others					8,210
Total liabilities					390,970
Other segment information					
Capital expenditure	15,604	–	655	81	16,340

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 2021 and 31 December 2020 related wholly to properties located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

22 OPERATING SEGMENTS (CONTINUED)

Major customer

A major customer group contributed approximately $4.8 million (2020: $6.3 million) of the Group's total revenues from the High-tech industrial (2020: Chemical warehouse and logistics and Warehouse & logistics segments) for the year ended 31 December 2021.

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 2021

	Group and Trust	
	2021	2020
	$'000	$'000
Current	5,915	6,130
Non-current	70,798	72,129
	76,713	78,259

Amounts recognised in Statements of Total Return

	Group and Trust	
	2021	2020
	$'000	$'000
Leases under FRS 116		
Finance costs relating to lease liabilities	3,255	3,323

Amounts recognised in Consolidated Statement of Cash Flows

	Group and Trust	
	2021	2020
	$'000	$'000
Total cash outflow for leases	4,797	4,799

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 2021 amounted to $43.1 million (2020: $44.4 million).

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	
	2021	**2020**
	$'000	**$'000**
Operating leases under FRS 116		
Less than 1 year	60,643	56,069
1 to 2 years	43,267	40,865
2 to 3 years	25,829	31,110
3 to 4 years	17,670	17,534
4 to 5 years	11,073	13,298
More than 5 years	20,566	24,739
Total lease receivables	179,048	183,615

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	
	2021	**2020**
	$'000	**$'000**
Manager's fees and reimbursables paid/payable to the Manager	4,655	4,312
Property/lease management fees and reimbursables paid/payable to the Property Manager	2,410	2,088
Trustee fees paid/payable to the Trustee	349	348

25 FINANCIAL RATIOS

	Group	
	2021	**2020**
	%	**%**
Ratio of expenses to weighted average net assets[1]		
- including performance component of Manager's fees	1.05	1.45
- excluding performance component of Manager's fees	1.00	1.45
Portfolio turnover rate[2]	–	–

(1) The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, 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 2021

26 SUBSEQUENT EVENTS

On 28 February 2022, the Group entered into new unsecured loan facilities which consists of:

- 4-year term loan facility of $50.0 million maturing in March 2026.
- 5-year term loan facility of $50.0 million maturing in March 2027.
- 4-year revolving facility of $25.0 million maturing in March 2026.
- 5-year revolving facility of $25.0 million maturing in March 2027.

As at the date of statement by the Manager, collectively $112.5 million of the above unsecured loan facilities were drawn down.

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 Cayman Limited and its subsidiaries	The Sponsor of Sabana Industrial REIT and its associates.		-
- Manager's fees		4,655	
- Property and lease management fees		2,410	
- Renewal of lease agreement[2]		873	
HSBC Institutional Trust Services (Singapore) Limited and its associates	The Trustee of Sabana Industrial REIT and its associates.		-
- Trustee's fees		349	
- Finance costs (profit payments)		1,313	
- Finance costs (agency commodity fees)		39	

TOTAL OPERATING EXPENSES[3]

Description	S$'000
Total operating expenses[4] (inclusive of interested party expenses paid to the Manager and interested parties)	35,648
Total operating expenses as a percentage of net asset value (as at 31 December 2021)	6.4%

Notes:

(1) There were no transactions conducted under Unitholders' mandate pursuant to Rule 920 during FY 2021.
(2) Refers to the total aggregate rent payable by the Manager for the duration of the renewed lease agreement for #02-03, 151 Lorong Chuan.
(3) For the purpose of complying with paragraph 11.1(l) of the Property Funds Appendix.
(4) 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 Manager's fees, Property and lease management fees and Trustee's fees 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

MR CHAN WAI KHEONG

The following information relates to Mr Chan Wai Kheong, whose appointment as director is subject to the endorsement of the independent unitholders of Sabana Industrial REIT at the AGM of Sabana Industrial REIT to be held on 26 April 2022.

Name of Director	Chan Wai Kheong
Date of Appointment	2 June 2021
Name of person	Chan Wai Kheong
Age	62
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board took into consideration the credentials, experience, and qualifications of Mr Chan Wai Kheong and at the recommendation of the Nominating and Remuneration Committee, approved Mr Chan Wai Kheong's appointment as Independent Non-Executive Director, member of the Audit and Risk Committee and member of the Nominating and Remuneration Committee.
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	MBA, Bayes Business School (London) BSc (Hons) Electrical and Electronics Engineering, University of Nottingham
Working experience and occupation(s) during the past 10 years	2011 to present: Chief Executive Officer, Charlie Chan Capital Partners Pte Ltd Mr Chan has more than 37 years of management and operational experience in the financial sector. He was last Managing Director at Credit Suisse (Singapore) Ltd prior to founding fund management company Charlie Chan Capital Partners Pte Ltd in 2011.
Shareholding interest in the listed issuer and its subsidiaries	As at 21 January 2022, Mr Chan has an aggregate interest in 4,803,520 Units, representing approximately 0.45% of the total number of units in Sabana Industrial REIT, of which Mr Chan holds a direct interest in 4,793,171 Units and a deemed interest in 10,349 Units. Mr Chan's deemed interest in 10,349 Units is held through Oakgrove Pte Ltd, an investment holding entity which is owned by Mr Chan and his wife in the shareholding percentages of 65.28% and 34.72% respectively.
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

ADDITIONAL INFORMATION

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)	Chief Executive Officer, Charlie Chan Capital Partners Pte Ltd (2011 to present)
Any prior experience as a director of an issuer listed on the Exchange?	No
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.	Mr Chan has to-date completed the relevant training on the roles and responsibilities of a director of the manager of a listed REIT as prescribed by the Listing Manual of the Exchange.
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 changed.

FREQUENTLY ASKED QUESTIONS ON SHARI'AH COMPLIANCE

The requirement for Shari'ah compliance of the REIT and for the REIT's business to be managed in accordance with Shari'ah investment principles and procedures (including investing in Shari'ah-compliant real estate and real estate-related assets) (the "**Shari'ah Compliance Requirements**") were removed with effect from 21 October 2021. The REIT's revised investment mandate is to principally invest in income-producing real estate used for industrial purposes in Asia, as well as real estate-related assets.

Our responses to the frequently asked questions on the Shari'ah Compliance Requirements which were applicable in FY 2021 from 1 January 2021 to 20 October 2021 are reproduced below strictly for historical reference only. All references to the REIT below refer to the former Sabana Shari'ah Compliant Industrial REIT.

FREQUENTLY ASKED QUESTIONS

Q: What does being "Shari'ah compliant" mean?

A: Being Shari'ah compliant means complying with Shari'ah investment principles and procedures which are consistent with principles of Islamic law. It also requires general considerations of ethical investing in terms of social responsibility in asset selection and structuring.

Q: What are the differences in the day-to-day operations of the REIT compared to conventional REITs?

A: We have to ensure that the total rental income from tenants and/or sub-tenants engaging in activities prohibited under the Shari'ah guidelines should not exceed 5.0% per annum of the REIT's gross revenue. On an annual basis, our Shari'ah Advisor, Five Pillars Pte. Ltd. conducts audit checks to ensure that the business activities conducted by the tenants are permissible by Shari'ah guidelines. Business activities relating to conventional financial and insurance services, gaming, non-halal production, tobacco-related products, non-permitted entertainment activities and stockbroking in non-compliant securities are considered to be non-permissible. The assessments by the Shari'ah Advisor would then be reported to the Independent Shari'ah Committee which will decide if the REIT is eligible for re-certification as being Shari'ah compliant. In terms of financing, investment and deposit facilities and insurance and risk management solutions, we will also seek Shari'ah compliant options where commercially available.

Q: Does being Shari'ah compliant limit growth opportunities for the REIT?

A: The majority of the properties within the industrial property sector are Shari'ah compliant by nature i.e. they do not house business activities which are non-permissible and thus being Shari'ah compliant does not limit the REIT's growth prospects.

Q: How is the REIT different from other listed Shari'ah compliant REITs?

A: The REIT is the only Singapore listed REIT which has obtained a certification issued by an Independent Shari'ah Committee consisting of respected Islamic scholars from Malaysia and Saudi Arabia. The certificate represents an endorsement of the REIT's compliance with Shari'ah guidelines according to standards generally accepted in GCC region[1], such that the total income should not exceed 5.0% of the REIT's gross revenue. The standards used in the GCC states are typically stricter compared to the other parts of the world, thus making it accessible to even more Shari'ah investors. Any non-Shari'ah income generated by the REIT is given away to charitable causes on a half-yearly basis.

Q: Does the REIT have to comply with prevailing legislation, regulations, accounting standards, guidelines and directives affecting REITs in Singapore or is it only subject to Shari'ah guidelines?

A: The REIT has to and will comply with prevailing legislation, regulation, accounting standards, guidelines and directives affecting REITs in Singapore. The REIT's adherence to Shari'ah investment principles and procedures are in addition to the laws, rules and regulations of any other relevant regulatory or supervisory body or agency applicable to the REIT. Where Shari'ah principles conflict with the laws, rules and regulations applicable to the REIT, such laws, rules and regulations shall prevail.

[1] Cooperation Council for the Arab States of the Gulf.

STATISTICS OF UNITHOLDINGS

As at 4 March 2022

ISSUED AND FULLY PAID UP UNITS

(As at 4 March 2022)

There were 1,069,950,268 Units (voting rights: one vote per Unit) outstanding as at 4 March 2022. There is only one class of Units in Sabana Industrial REIT.

Market capitalisation S$486.8 million based on market closing price of $0.455 on 4 March 2022.

DISTRIBUTION OF UNITHOLDINGS

(As at 4 March 2022)

SIZE OF UNITHOLDINGS	No. of Unitholders	Percentage of Unitholders (%)	No. of Units	Percentage of Units in Issue (%)
1 - 99	237	2.23	11,925	0.00
100 - 1,000	990	9.31	848,689	0.08
1,001 - 10,000	4,464	41.96	23,762,757	2.22
10,001 - 1,000,000	4,904	46.09	262,842,435	24.57
1,000,001 and above	44	0.41	782,484,462	73.13
TOTAL	**10,639**	**100.00**	**1,069,950,268**	**100.00**

TWENTY LARGEST UNITHOLDERS

(As at 4 March 2022)

No.	Name	No. of Units	%
1	RHB Bank Nominees Pte Ltd	206,969,424	19.34
2	Citibank Nominees Singapore Pte Ltd	166,161,839	15.53
3	ABN AMRO Clearing Bank N.V.	90,450,580	8.45
4	DBS Nominees (Private) Limited	70,530,714	6.59
5	Raffles Nominees (Pte.) Limited	61,080,241	5.71
6	HSBC (Singapore) Nominees Pte Ltd	44,120,599	4.12
7	DBSN Services Pte. Ltd.	19,521,259	1.82
8	Phillip Securities Pte Ltd	16,052,810	1.50
9	United Overseas Bank Nominees (Private) Limited	15,346,310	1.43
10	OCBC Nominees Singapore Private Limited	9,098,787	0.85
11	DBS Vickers Securities (Singapore) Pte Ltd	7,736,536	0.72
12	Meren Pte Ltd	7,600,000	0.71
13	OCBC Securities Private Limited	5,987,156	0.56
14	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,468,386	0.51
15	CGS-CIMB Securities (Singapore) Pte. Ltd.	5,100,511	0.48
16	DB Nominees (Singapore) Pte Ltd	3,731,236	0.35
17	Maybank Securities Pte. Ltd.	3,710,044	0.35
18	Agarwal Nitish Nirbhaya	3,402,900	0.32
19	Lee Ai Leng	3,000,000	0.28
20	iFast Financial Pte. Ltd.	2,351,968	0.22
	TOTAL	**747,421,300**	**69.84**

STATISTICS OF UNITHOLDINGS

As at 4 March 2022

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2022)

	Direct interest		Deemed interest	
Directors	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**
Tan Cheong Hin	-	-	-	-
Wong Heng Tew	-	-	-	-
Chan Wai Kheong	4,793,171	0.45	10,349	0.00

Notes:

(1) The percentage interest is based on the total issued Units of 1,069,950,268 as at 21 January 2022.

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders as at 4 March 2022)

	Direct interest		Deemed interest	
Substantial Unitholders	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**
Quarz Capital ASIA (Singapore) Pte. Ltd.	-	-	128,470,964	12.01
e-Shang Infinity Cayman Limited[2]	214,299,143	20.03	-	
e-Shang Jupiter Cayman Limited[3]	-	-	214,299,143	20.03
ESR Cayman Limited[3]	12,524,228	1.17	214,299,143	20.03

Notes:

(1) The percentage interest is based on the total issued Units of 1,069,950,268 as at 4 March 2022.

(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 Cayman 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 4 March 2022, 66.34% 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 2021 is being convened and will be held by way of electronic means on Tuesday, 26 April 2022 at 10.00 a.m. pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

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. As a precautionary measure due to the current COVID-19 situation in Singapore, Unitholders will not be able to attend the AGM in person.

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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