

Contents

4	Letter to Unitholders
8	Board of Directors
12	Significant Events 2023
42	Property Portfolio
53	Sustainability Report



Cover Rationale

FY 2023 was a milestone year for the progress of Sabana Industrial REIT's long-term sustainability journey, with the maiden installations of solar panels at selected assets. Our cover page features solar panels in the foreground, with selected portfolio assets on the horizon.

3	Corporate Profile	21	Financial Highlights	117	Financial Contents
9	Management Team	22	Unit Price Performance	174	Additional Information
10	Our Trust Structure	24	Independent Market Review	175	Statistics of Unitholdings
11	Corporate Information	50	Investor Relations	177	Notification of Notice of AGM and Proxy Form
14	Manager's Review for FY 2023	90	Corporate Governance Report		

Vision

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

Mission

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

Core Values

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

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

Corporate Profile

ABOUT SABANA INDUSTRIAL REIT

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

Sabana Industrial REIT has a diversified portfolio of 18 properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. Its total assets amount to more than \$1.0 billion as at 31 December 2023.

Sabana Industrial REIT is a constituent of the SGX S-REIT Index and MSCI Singapore Micro Cap 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**").

At an Extraordinary General Meeting held on 7 August 2023 ("**2023 EGM**"), Unitholders passed a Resolution for the Manager to be removed as soon as practicable, and the Manager is now an interim manager.

The background is a dark, textured mosaic. It features a large, stylized plant with several long, pointed leaves radiating from a central point. The leaves are rendered in shades of light blue and grey, contrasting with the darker background. The mosaic is composed of small, square tiles, with some tiles in the plant's center being slightly larger or more prominent. The overall effect is a complex, layered visual texture.

Letter to Unitholders



“
Our strategic decision
to focus on extracting
value from existing
portfolio properties
has allowed the REIT
to turn in another
year of commendable
operational and
financial performance.”

Dear Unitholders,

The year 2023 presented significant macro-economic challenges to businesses which have had to navigate elevated interest rates while at the same time grappling with global inflationary pressures and high energy prices that continue to dampen business sentiments. In this difficult operating scenario, in June 2023, Sabana Industrial REIT received a requisition notice to convene an extraordinary general meeting to effect the internalisation of the management function of the REIT. The resolutions set out were ultimately approved at an Extraordinary General Meeting held in August 2023 ("**2023 EGM**") which has added an additional layer of complexity and uncertainty for the REIT and its operations.

Yet, undeterred by the circumstances, the Manager has continued to persevere with unwavering commitment. Through concerted efforts from its management team and its board of directors, we are proud to report resilient performance in the very challenging year. Our strategic decision to focus on extracting value from existing portfolio properties has allowed the REIT to turn in another year of commendable operational and financial performance.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2023 ("**FY 2023**"), the REIT delivered record high gross revenue of \$111.9 million, which was 17.9% higher year-on-year ("**y-o-y**"). Net property income ("**NPI**") in FY 2023 increased by 3.2% y-o-y to \$55.0 million, the highest since 2016 despite a smaller number of 18 portfolio properties compared to 21 properties in 2016. Revenue and NPI were propelled by positive double-digit rental reversion in FY 2023, marking the third consecutive year that the REIT had recorded such rental reversion achievement. Portfolio occupancy remained stable at 91.2% as at 31 December 2023 compared to a year ago.

In FY 2023, the Manager took a pre-emptive move in recognising a one-off impairment loss of \$2.0 million in view of the ongoing claim against a tenant at 33 & 35 Penjuru Lane. Excluding this tenant, the REIT attained overall healthy rental collectability of 99.8% as of 31 December 2023. Despite the impairment in accounts receivable, total income available for distribution in FY 2023 was 1.9% higher y-o-y at \$33.7 million. Total income available for distribution per unit remained stable and consistent with FY 2022's, at 3.05 cents.

Letter to Unitholders

However, the total distribution amount declared in FY 2023 was 7.7% lower y-o-y to \$30.5 million, after 10% of the total income available for distribution was retained for prudent capital management in view of the additional costs incurred and to be incurred in connection with the internalisation. Consequently, the REIT declared a DPU of 2.76 cents for FY 2023.

Across our portfolio properties, we managed to achieve a commendable positive rental reversion of 16.6% in FY 2023, following consecutive positive rental reversions of 10.5% and 12.9% in FY 2021 and FY 2022 respectively. This would not have been possible without the proactive leasing endeavours undertaken by the leasing team and we extend our sincere appreciation for their efforts.

We are heartened to share that the portfolio valuation increased 2.1% y-o-y to \$903.9 million despite the high interest rate environment and declining land lease tenure. The valuation uplift can be attributed to the successful execution of our asset enhancement initiatives ("**AEI**"), rejuvenation efforts and higher signing rents for both new and renewed leases across the portfolio. As at 31 December 2023, the net asset value per unit was 0.52 cents. In 2018, we made the strategic decision to focus on enhancing existing properties to achieve organic growth for the REIT. We have persisted with this approach since, and it has yielded positive results.

During the Annual General Meeting ("**AGM**") convened in April 2023, Unitholders did not approve the resolution authorising the Manager to issue new units and to make or grant convertible instruments. Such mandates are typically instituted to provide issuers with the flexibility to access the equity market and raise capital as needed. While this has effectively reduced the avenues for fund raising that the REIT required in a tough business environment, it has not deterred us from doing what is necessary. Instead, we intensified our efforts on adopting prudent and effective capital management measures amid the internalisation process.

Aggregate leverage remained healthy at 34.3% with a weighted average debt maturity at 2.9 years. During the year under review, the Manager secured a \$100.0 million sustainability-linked facility and consequently has no refinancing requirements until 4Q 2025. As at 31 December 2023, 76.3% of the REIT's total borrowings were hedged to fixed rates, with an average fixed debt expiry of one year. The REIT remained well positioned to service its loans, with a healthy interest coverage ratio of 3.5 times, with a debt headroom of \$145.7 million.

At this point, we want to convey our sincere gratitude to our banking partners for their support and goodwill during the ongoing internalisation process. This underscores the positive relationships that the management team and board have diligently nurtured over many years.

ONGOING INTERNALISATION OF THE REIT MANAGEMENT FUNCTION

The Manager had previously extensively emphasised the risks associated with pursuing the internalisation of the REIT management function, noting that it is unprecedented for REITs in Singapore. The Trustee has said that the process of internalisation is expected to take at least 12 months and potentially significantly longer.

Nonetheless, we respect the decision taken by our Unitholders during the 2023 EGM to effect the internalisation of the management function of the REIT. Since then, our primary focus has been to stabilise the operations of the REIT in our current capacity as interim Manager, including managing the significant staff turnover. Throughout 2023, a significant amount of the Manager's time and resources was directed towards addressing the requisition notice and the subsequent uncertainties related to the pending internalisation, including managing high staff attrition in this period. In the face of these challenges, the management team stood firm in delivering returns to Unitholders and managing the REIT with a view to maintaining its stability.

FUTURE-PROOFING OUR PORTFOLIO

We remain committed to sustainability and are cognisant of the environmental impact that may arise from our operations. Our existing partnership with Keppel Energy-as-a-Service ("**Keppel EaaS**") will see the installation of photovoltaic solar panels at nine of our properties, which will collectively have an installed capacity of 7.1 MWp and potentially generate more than 8,400 MWh per year. Equivalent to powering approximately 2,500 3-room HDB flats for a year¹, this is a key initiative that aligns with our commitment to be one of Singapore's first carbon neutral industrial REITs by 2040. Almost two-thirds of the REIT's existing financing are sustainability-linked and the Manager continues to target to convert all financing facilities into sustainability-linked or green loans by 2025.

The current AEI at 1 Tuas Avenue 4 is progressing smoothly, and is approximately 76% completed as at 31 December 2023. The project is anticipated to achieve Temporary Occupation

The resilience of our portfolio properties which has enabled us to navigate uncertainties over the past few years, serves as a strong testament to the consistent hard work contributed by the Manager.

Permit by the first half of 2024. This property is well positioned to capture ongoing demand from logistics tenants, as businesses continue to strengthen their supply chain resilience. Without compromising quality, the estimated development cost of \$18.0 million is also lower than the initially projected cost of \$20.0 million, due to disciplined project execution amid a challenging and escalating cost environment.

Ongoing revitalisation initiatives at New Tech Park have led to the successful onboarding of new tenants, representing some of the world's largest players in their respective industries, throughout the year. We continue to explore ways to further enhance the property, which includes upgrading the electricity capacity to accommodate new tenants from expansionary trade sectors. We are in discussions with multi-governmental and statutory boards on the existing plan to increase gross floor area for New Tech Park Phase 3 AEI. NTP+, our retail mall at New Tech Park has played a crucial role in offering diverse food and beverage and lifestyle choices for New Tech Park employees and nearby residents. Collectively, these efforts will transform New Tech Park into a key employment hub in the vicinity.

IMPROVED CORPORATE GOVERNANCE

Since 2018, the REIT has made substantial progress in terms of our corporate governance and delivered strong total unitholder returns. For the second year running, Sabana Industrial REIT was awarded the "Highest Returns to Shareholders Over Three Years" award for the REITS sector with market capitalisation of under \$1.0 billion².

In 2023, Sabana Industrial REIT was ranked 30th of 43 Singapore-listed REITs and Business Trusts in the Singapore

Governance and Transparency Index in 2023, with an overall achievement score of 84.2. This ranking marks a notable improvement of nine positions and 48.3 points compared to the results in 2017.

The resilience of our portfolio properties which has enabled us to navigate uncertainties over the past few years, serves as a strong testament to the consistent hard work contributed by the Manager.

DEEPEST APPRECIATION

While uncertainties remain, we are reassured by our committed Board of Directors and a dedicated Management team. We wish to express our heartfelt gratitude to our staff for having persevered with tireless and ceaseless efforts and giving their best throughout these unprecedented challenging times. Their commitment and fortitude have been the strong pillars that had helped to drive operational and financial achievements.

We would also like to thank all our business partners that have supported us throughout this journey. Last but not least, to our Unitholders, thank you for your support.

Mr Tan Cheong Hin

Chairman of the Board of Directors

Mr Han Yong Lee (Donald)

Chief Executive Officer

² Data according to The Edge Singapore, 13 November 2023, over the period of 31 March 2020 to 31 March 2023; audited by Ernst and Young LLP

Board of Directors

MR TAN CHEONG HIN

Chairman and Independent Non-Executive Director

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

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

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

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

Board committees served on:

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

Present principal commitments:

- Nil

MR WONG HENG TEW

Independent Non-Executive Director

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

He is currently an Advisory Director with Temasek International Advisors.

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

He holds directorships in local and overseas companies such as Astrea V and ASEAN Bintulu Fertilizer. Mr Wong graduated with a Bachelor of Engineering degree from the University of Singapore and has completed the Programme for Management Development at Harvard Business School.

Board committees served on:

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

Present principal commitments:

- Advisory Director, Temasek International Advisors
- Astrea V Pte. Ltd.

MS LEE KIA JONG ELAINE (MRS ELAINE LIM)

Non-Independent Non-Executive Director

Mrs Elaine Lim was appointed as an Independent Non-Executive Director on 6 July 2022 and redesignated¹ Non-Independent Non-Executive Director on 25 April 2023. She is also a member of the Audit and Risk Committee and the Nominating and Remuneration Committee.

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

She continues to be active on the corporate governance front, serving as Honorary Advisor to the Securities Investors Association Singapore (SIAS) and co-chairing/serving on judging panels for two of its Investors' Choice Awards.

With a strong track record in capital market transactions, stakeholder relations, crisis management and financial restructuring, she had served on diverse boards across the public sector, non-profit organisations and SGX-listed companies, including Singapore Land Authority, Singapore Institute of Directors, the Diversity Action Committee, National Youth Council, National Council of Social Service, Community Chest of Singapore, Singapore Dance Theatre, SATA, M1 Limited, Chemical Industries (FE) Limited and HSR Global Limited. She is currently also an independent non-executive director of SGX-listed Combine Will International Holdings Limited.

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

Board committees served on:

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

Present directorships in other listed companies:

- Combine Will International Holdings Limited

Present principal commitments:

- Nil

¹ Please refer to footnote 1 of the "Corporate Governance Report" of this Annual Report.

Management Team

MR DONALD HAN

Chief Executive Officer

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

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

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

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

MR LIM WEI HUANG

Chief Financial Officer

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

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

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

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

MS JESSICA YAP

Head of Real Estate

Ms Jessica Yap was appointed Head of Real Estate on 1 November 2021. She oversees asset management, leasing and property management of the entire portfolio of assets of the REIT. In assisting the CEO to deliver on the REIT's strategic plans, Jessica manages the operational and asset performance of the REIT including rejuvenation projects and AEs. 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+. Currently, she is co-leading the project management team for the AEI of 1 Tuas Avenue 4.

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

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

MS LOW HOOI HOON

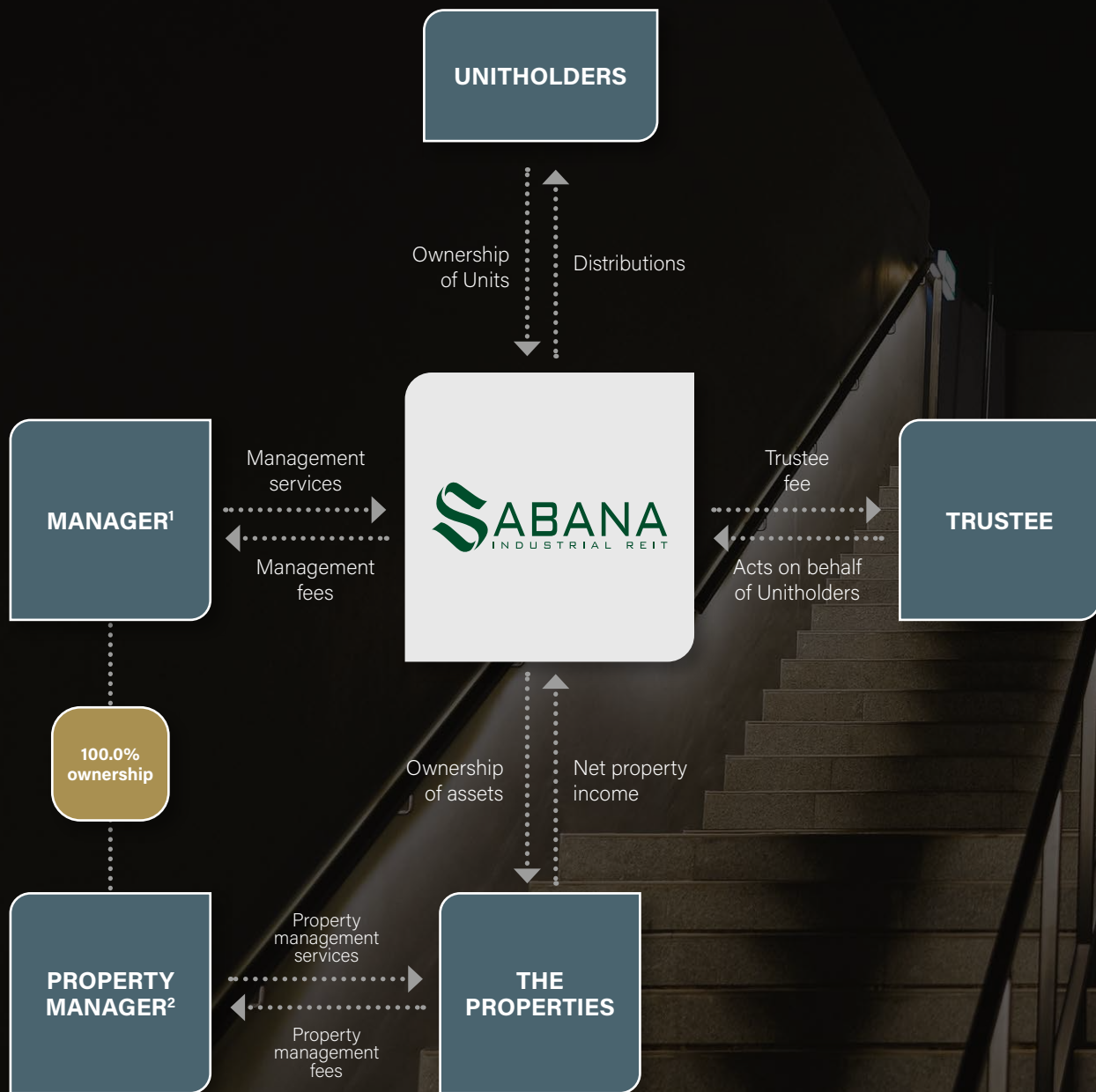
Investor Relations and Corporate Communications Manager

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

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

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

Our Trust Structure



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

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

Corporate Information

SABANA INDUSTRIAL REIT

REGISTERED ADDRESS

HSBC Institutional Trust Services (Singapore) Limited

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

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited

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

EXTERNAL AUDITORS

Ernst & Young LLP

One Raffles Quay
North Tower Level 18
Singapore 048583
Phone: (65) 6535 7777
Fax: (65) 6532 7662
www.ey.com/en_sg

Partner-in-charge: Nelson Chen
(Appointed since financial year ended 31 December 2023)

INTERNAL AUDITORS

BDO Advisory Pte. Ltd.

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Phone: (65) 6828 9118
Fax: (65) 6828 9111
www.bdo.com.sg

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Phone: (65) 6536 5355
Fax: (65) 6536 1360
www.boardroomlimited.com

BANKERS

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

STOCK QUOTES

STI – M1GU

WEBSITE

www.sabana-reit.com.sg

THE MANAGER

REGISTERED ADDRESS

Sabana Real Estate Investment Management Pte. Ltd.

Company registration number:

201005493K

Capital markets services licence number:

CMS100169

151 Lorong Chuan
#02-03 New Tech Park
Singapore 556741
Phone: (65) 6580 7750
Fax: (65) 6280 4700
www.sabana-reit.com.sg

THE PROPERTY MANAGER

REGISTERED ADDRESS

Sabana Property Management Pte. Ltd.

Company registration number:

201016988Z

151 Lorong Chuan
#02-03 New Tech Park
Singapore 556741
Phone: (65) 6580 7750
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www.sabana-reit.com.sg

BOARD OF DIRECTORS

Mr Tan Cheong Hin

Chairman and Independent Non-Executive Director

Mr Wong Heng Tew

Independent Non-Executive Director

Mrs Elaine Lim

Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE ("ARC")

Mr Wong Heng Tew (Chairman)

Mr Tan Cheong Hin (Member)

Mrs Elaine Lim (Member)

NOMINATING AND REMUNERATION COMMITTEE ("NRC")

Mr Tan Cheong Hin (Chairman)

Mr Wong Heng Tew (Member)

Mrs Elaine Lim (Member)

COMPANY SECRETARY OF THE MANAGER

Mr Cho Form Po

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
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UNITHOLDERS' ENQUIRIES

Investor Relations
Phone: (65) 6580 7857
Email: dl_ir@sabana.com.sg

UNITHOLDER DEPOSITORY

The Central Depository (Pte) Limited.

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

Significant Events 2023

JANUARY

- Announced the receipt of a voluntary conditional cash partial offer by Volare Group AG for 10.0% of the issued units in Sabana Industrial REIT, other than those already owned, controlled or agreed to be acquired by Volare Group AG or any party acting in concert with it (the "**Partial Offer**")
- Released financial results for 2H 2022 and FY 2022, reporting a 2H 2022 DPU of 1.46 cents. The full year DPU for FY 2022 was 3.05 cents. Announced the application of the REIT's Distribution Reinvestment Plan ("**DRP**") to the 2H 2022 Distribution

MARCH

- Announced that the Partial Offer had become unconditional as to acceptances and was declared unconditional in all respects on 8 March 2023
- Announced the close of the Partial Offer
- Announced partnership with Keppel EaaS, a wholly-owned subsidiary of Keppel Infrastructure, to jointly execute decarbonisation solutions including the installation of electric vehicle charging stations at New Tech Park and the installation of photovoltaic solar panels across four of the REIT's properties at 10 Changi South Street 2, 34 Penjuru Lane, 3A Joo Koon Circle and 1 Tuas Avenue 4 ("**1TA4**")

APRIL

- Obtained provisional permission from the Urban Redevelopment Authority for additions and alterations works to 1TA4 which allows for the commencement of asset enhancement initiative works at 1TA4
- Released 1Q 2023 Interim Business Update, reporting on the strong leasing momentum of the REIT and a new high in portfolio occupancy since 1Q 2021
- Announced the redesignation of Mrs Elaine Lim from an Independent Non-Executive Director to Non-Independent Non-Executive Director upon the conclusion of the AGM on 25 April 2023

JUNE

- Announced the receipt of a letter (the "**Requisition Notice**") from Quarz Capital ASIA (Singapore) Pte. Ltd. ("**Quarz**") on 7 June 2023 requesting the Manager to convene an extraordinary general meeting ("**EGM**") of Sabana Industrial REIT (the "**Requisition**")
- Released announcement setting out certain clarifications and responses to the Requisition Notice
- Entered into a facility agreement in respect of unsecured sustainability-linked term and revolving facilities of up to S\$100 million (as borrower) with United Overseas Bank Limited (as lender), comprising (a) a S\$75 million four-year term loan facility and (b) a S\$25 million four-year revolving credit facility

JULY

- Conducted the Sabana Industrial REIT Investor Day 2023 in a hybrid format
- Announced the commencement of legal proceedings by ESR Group Limited and e-Shang Infinity Cayman Limited (being an indirect wholly-owned subsidiary of ESR Group Limited) against the Manager in relation to the Requisition in the General Division of the High Court of the Republic of Singapore (the "**High Court**"), in case no. HC/OA 682/2023 (the "**Originating Application**"), seeking, among others, orders that the Requisition was invalid and/or ineffectual and that the Manager be restrained from convening the EGM pursuant to the Requisition
- Announced the dismissal of the Originating Application by the High Court
- Released financial results for 1H 2023, highlighting an increase in distributable income backed by strong operational performance

AUGUST

- Conducted the SIAS-Sabana Industrial REIT Dialogue with Unitholders on the resolutions to be tabled at the requisitioned EGM
- Conducted the EGM pursuant to the Requisition, during which all resolutions were passed at the EGM by Unitholders

OCTOBER

- Released 3Q 2023 Interim Business Update, reporting continued high portfolio occupancy and positive double-digit rental reversion for 3Q 2023

NOVEMBER

- Recognised by The Edge Singapore Billion Dollar Club 2023 for the 'Highest Returns to Shareholders over three (3) years' in the REITs sector for the Centurion Club awards¹ for the second year running

DECEMBER

- Announced the second phase of the REIT's partnership with Keppel EaaS for the installation of photovoltaic solar panels across five of the REIT's properties at 2 Toh Tuck Link, 8 Commonwealth Lane, 23 Serangoon North Avenue 5, 39 Ubi Road 1 and 51 Penjurong Road

Improvement in Corporate Governance Ranking

Singapore Governance and Transparency Index ("SGTI")

Ranked 30th of 43 Singapore-listed REITs and Business Trusts in the SGTI in 2023, with an overall achievement score of 84.2. The 2023 ranking reflects a marked improvement of five positions and 9.8 points compared to Sabana Industrial REIT's performance in 2022

¹ The Centurion Club includes REITs with a market capitalisation of under \$1 billion.

Manager's Review for FY 2023

FINANCIAL PERFORMANCE

\$ '000	FY 2023	FY 2022	Variance %
Gross Revenue	111,875	94,907	17.9
Net Property Income ("NPI")	54,974	53,283	3.2
Total income available for distribution to Unitholders before retention	33,714	33,070	1.9
Income available for distribution per unit ("DPU") (cents)	3.05	3.05	-
Total distribution amount declared to Unitholders	30,530	33,070	(7.7)
Distribution amount declared per unit ("DPU") (cents)	2.76	3.05	(9.5)

GROSS REVENUE

Gross revenue increased 17.9% year-on-year ("y-o-y") to \$111.9 million as compared to FY 2022, benefiting from positive rental reversions and stable occupancy rates across the portfolio. NPI increased by 3.2% y-o-y to \$55.0 million mainly due to the improvement in gross revenue and partially offset by the surge in utilities cost.

TOTAL INCOME AVAILABLE FOR DISTRIBUTION TO UNITHOLDERS

Total income available for distribution to Unitholders increased by 1.9% y-o-y to \$33.7 million in FY 2023, mainly due to higher NPI recorded and partially offset by the surge in finance costs.

Accordingly, income available for distribution per unit remained stable at 3.05 cents in FY 2023.

Breakdown of income available for distribution per unit for FY 2023 and FY 2022 are as follows:

	1H (cents)	2H (cents)	Total (cents)
2023	1.61	1.44	3.05
2022	1.59	1.46	3.05

TOTAL DISTRIBUTION AMOUNT DECLARED TO UNITHOLDERS

Total distribution amount declared to Unitholders dropped by 7.7% y-o-y to \$30.5 million in FY 2023, mainly due to the retention of 10% of the total income available for distribution, which was deployed to fund costs incurred in connection with the internalisation.

Accordingly, the declared DPU was 2.76 cents in FY 2023, down 9.5% y-o-y from 3.05 cents in FY 2022. This comprised the payout of 1H 2023 DPU of 1.61 cents and 2H 2023 DPU of 1.15 cents.

	As at 31 December 2023 (\$ '000)	As at 31 December 2022 (\$ '000)	Variance (%)
Total assets	1,006,091	983,192	2.3
Total liabilities	429,553	397,405	8.1
Total borrowings	315,370	288,921	9.2
Net assets attributable to Unitholders	576,538	585,787	(1.6)
Net Asset Value ("NAV") per Unit (\$)	0.52	0.53	(1.9)

As at 31 December 2023, Sabana Industrial REIT's total assets were \$1.01 billion or 2.3% y-o-y higher compared to \$983.2 million as at 31 December 2022. This was primarily attributed to the net revaluation gain of the properties and the capital expenditure on the properties.

Total liabilities increased by \$32.1 million or 8.1% compared to \$397.4 million as at 31 December 2022. This was primarily attributed to the increase in total borrowings mainly due to the capital expenditure incurred for asset enhancement initiatives carried out at 1 Tuas Avenue 4 and rejuvenation works at New Tech Park, 508 Chai Chee Lane, 123 Genting Lane, 39 Ubi Road 1 and 15 Jalan Kilang Barat during the year.

NAV per Unit was at \$0.52 as at 31 December 2023.

PRUDENT CAPITAL AND RISK MANAGEMENT

The REIT remains well-positioned to service its loans, with an interest coverage ratio of 3.5 times and an aggregate leverage of 34.3% as at 31 December 2023. Average all-in financing cost was 3.89%. The leverage ratio of 34.3% as at 31 December 2023 is below the aggregate leverage limit of 45.0% as defined in Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”).

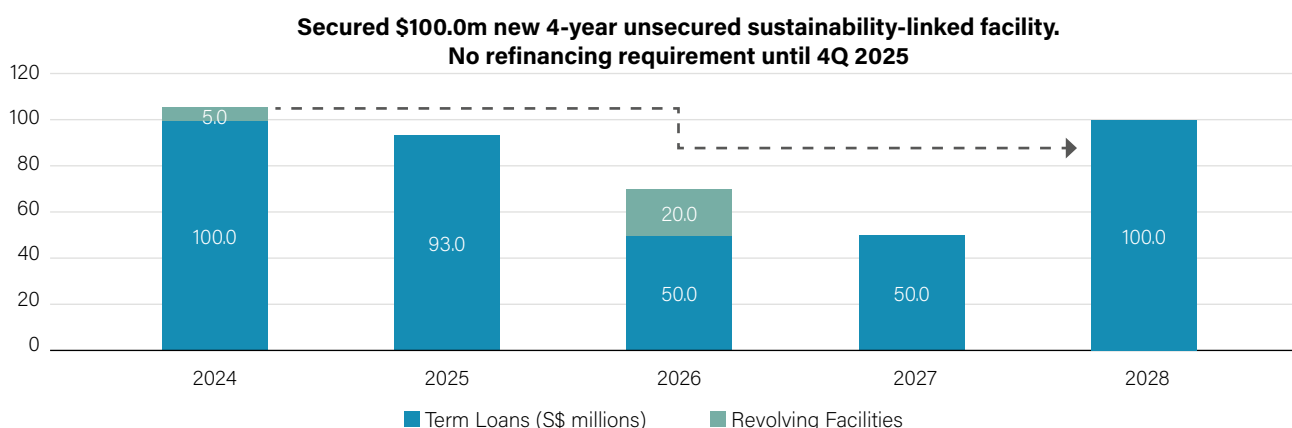
As at 31 December 2023, the weighted average tenor of borrowings amounting to \$318.0 million was approximately 2.9 years. Approximately 76.3% of all outstanding borrowings were on fixed borrowing rates and 100% of Sabana Industrial REIT’s investment properties remained unencumbered. The total undrawn facilities stood at approximately \$95.0 million with a total cash and cash equivalent balance of \$16.1 million as at 31 December 2023.

KEY DEBT FUNDING INDICATORS

	As at 31 December 2023 (\$ '000)	As at 31 December 2022 (\$ '000)
Aggregate leverage ¹ (%)	34.3	32.4
Borrowings	318,000	293,000
Proportion of total borrowings on fixed rates (%)	76.3	82.8
Average all-in financing cost (%)	3.89	3.86
Weighted average tenor of borrowings (years)	2.9	2.8
Interest coverage ratio ² (“ICR”) / Adjusted ICR ² (times)	3.5	3.8
Unencumbered assets ³ (\$ million)	903,900	885,700
Undrawn committed facilities available	95,000	120,000

DEBT MATURITY PROFILE

(As at 31 December 2023)



KEY CAPITAL MANAGEMENT ACTIVITIES

In June 2023, Sabana Industrial REIT entered into a facility agreement in respect of unsecured sustainability-linked term and revolving facilities of up to \$100.0 million, which will be utilised to, among others, refinance existing indebtedness due in October 2024.

As at 31 December 2023, the debt maturity profile remained well-spread out at weighted average tenor of borrowings of 2.9 years.

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

² Interest coverage ratio and adjusted interest coverage ratio for FY 2023 calculated based on the definition in the Property Funds Appendix.

³ Based on valuations by independent valuers.

Manager's Review for FY 2023

OPERATIONS REVIEW

KEY PORTFOLIO STATISTICS

As at 31 December 2023



Number of Properties

18



Portfolio Valuation (\$ million)

903.9



Portfolio Occupancy (%)⁴

91.2



Total Number of Tenants

174



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

4.2



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

3.5



New and Renewed Leases (sq ft in million)

0.96



Rental Reversion (%)

16.6



Retention Rate (%)

65.6

	As at 31 December 2023	As at 31 December 2022	Variance (%)/percentage point
Number of Properties	18	18	-
Portfolio Valuation (\$ million)	903.9	885.7	2.1
Portfolio Occupancy (%) ⁴	91.2	91.2	-
Total Number of Tenants	174	158	10.1
Gross Floor Area ("GFA") (sq ft in million)	4.2	4.2	-
Net Lettable Area ("NLA") (sq ft in million)	3.5	3.5	-
New and Renewed Leases (sq ft in million)	0.96	1.0	(4.0)
Rental Reversion (%)	16.6	12.9	3.7
Retention Rate (%)	65.6	68.1	(2.5)

Sabana Industrial REIT owns and manages a portfolio of 18 industrial properties in Singapore with a NLA of approximately 3.5 million square feet ("**sq ft**"). As at 31 December 2023, the portfolio's valuation was \$903.9 million, an improvement from the \$885.7 million a year ago.

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

The High-tech Industrial segment remains the largest asset type in the portfolio, accounting for 37.5% of the portfolio by NLA, 63.1% by valuation and 68.7% of the REIT's gross revenue

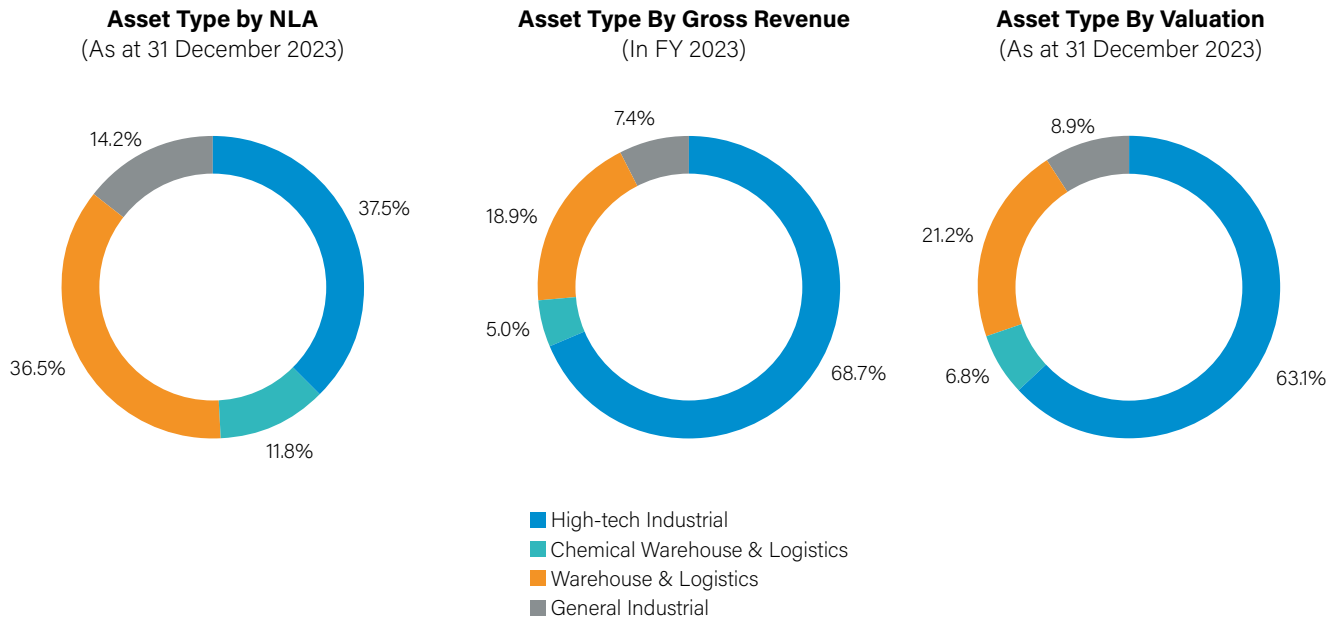
as at 31 December 2023. Warehouse and Logistics is the next largest segment, representing 36.5% of the portfolio by NLA, 21.2% by valuation and 18.9% by gross revenue as at 31 December 2023.

Portfolio occupancy rate as at 31 December 2023 was 91.2%, mirroring the rate as at 31 December 2022.

The Manager's focus on attracting tenants in expansionary sectors has led to a higher proportion of tenants from Electronics and Logistics & Supply Chain Management in FY 2023.

The REIT, which has over the three years consistently achieved sustained positive rental reversions, obtained positive rental reversion of 16.6% in FY 2023 as compared to a positive 12.9% for FY 2022.

BREAKDOWN OF ASSET TYPES

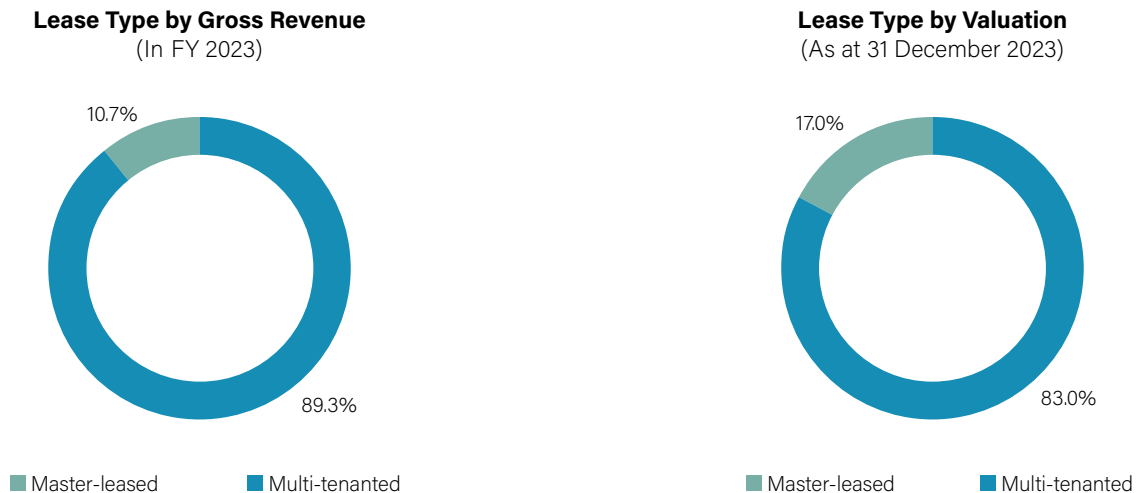


LEASE STRUCTURE AND PROFILE

Sabana Industrial REIT's portfolio comprises a mix of master leased and multi-tenanted properties, accounting for 10.7% and 89.3% of the REIT's gross revenue for FY 2023 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



Manager's Review for FY 2023

PORTFOLIO LEASE EXPIRY PROFILE

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

During the year, the Manager secured new tenants at New Tech Park, 10 Changi South Street 2, 15 Jalan Kilang Barat, 34 Penjuru Lane, 123 Genting Lane, 51 Penjuru Road and 39 Ubi Road 1, amongst others.

The Manager secured 80 new and renewed leases totalling 0.96 million sq ft, amounting to approximately 26.9% of the

portfolio's NLA. These leases have a weighted average lease expiry ("**WALE**") of 3.25 years and contributed to 11.1% of FY 2023's gross rental income.

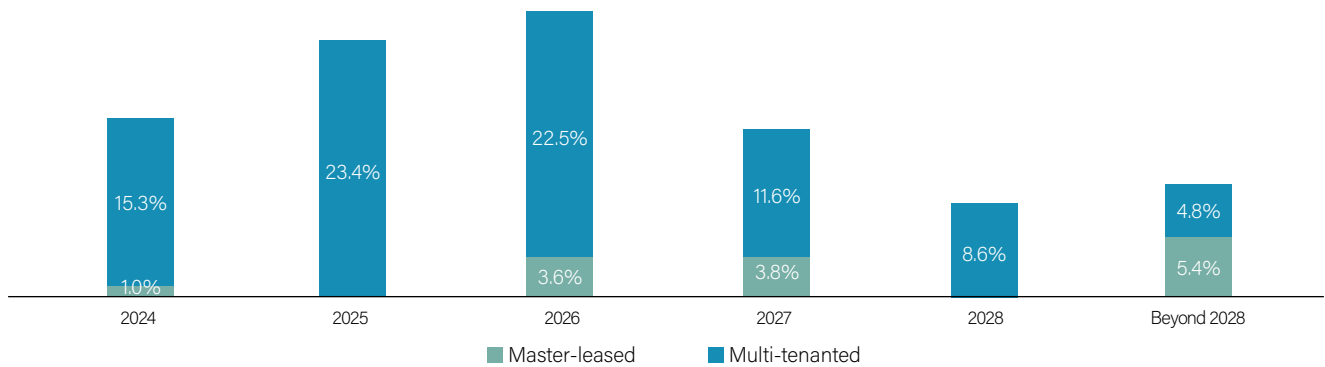
Tenant retention rate for all properties was 65.6% in FY 2023, down from 68.1% in FY 2022. All existing master leases have a WALE of 5.1 years as at 31 December 2023 compared to 6.0 years as at 31 December 2022.

Rental reversion for FY 2023 was a positive 16.6%, up from 12.9% in FY 2022, supported by the Manager's proactive lease management.

Overall, the portfolio has a WALE by gross rental income of 3.0 years as at 31 December 2023 and the portfolio sits on long underlying land leases, with a weighted average unexpired lease term of 27.4 years by GFA.

LEASE EXPIRY BY GROSS RENTAL INCOME

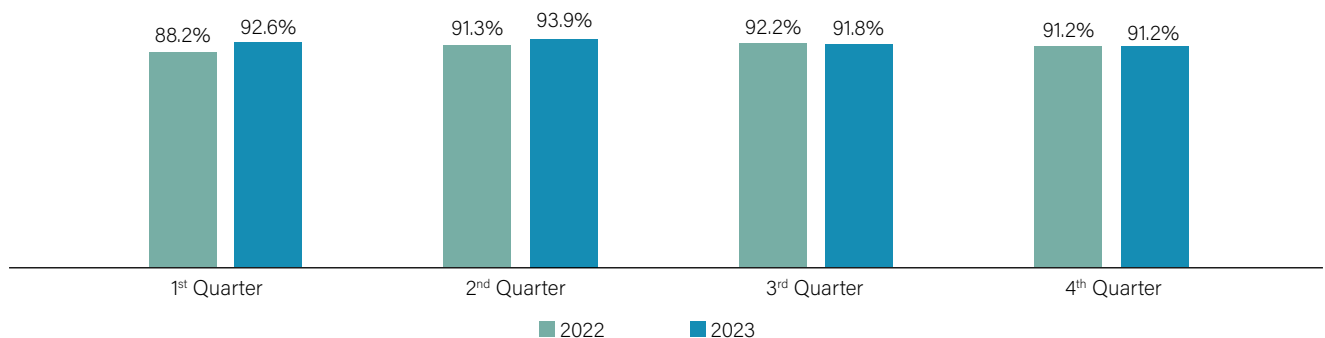
(As at 31 December 2023)



PORTFOLIO OCCUPANCY*

As at 31 December 2023, the REIT's portfolio occupancy rate stood at 91.2%, with a total of 174 tenants in 14 diverse trade sectors, led by the Electronics and Logistics & Supply Chain Management trade sectors.

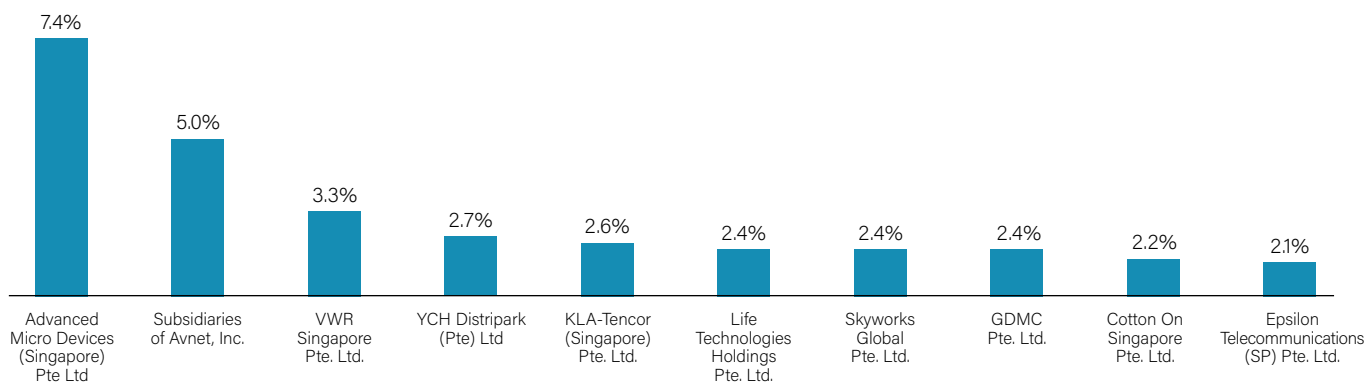
The occupancy remains unchanged compared to the previous corresponding year-end, 31 December 2022.



* Portfolio occupancy including 1 Tuas Avenue 4 for the respective quarters in FY 2022 and FY 2023 would have been as follows: 1Q 2022: 85.2%, 2Q 2022: 88.2%, 3Q 2022: 89.1%, 4Q 2022: 88.1%, 1Q 2023: 89.5%, 2Q 2023: 90.7%, 3Q 2023: 88.7%, 4Q 2023: 88.1%

TOP 10 TENANTS BY GROSS RENTAL INCOME* IN FY 2023

Sabana Industrial REIT has strengthened its tenant mix in FY 2023, which included a higher proportion of tenants from trade sectors such as Electronics and Logistics & Supply Chain Management. The REIT's tenant base is well-diversified, with 174 tenants across 14 sectors. The top 10 tenants of Sabana Industrial REIT accounted for 32.5% of gross rental income in FY 2023.



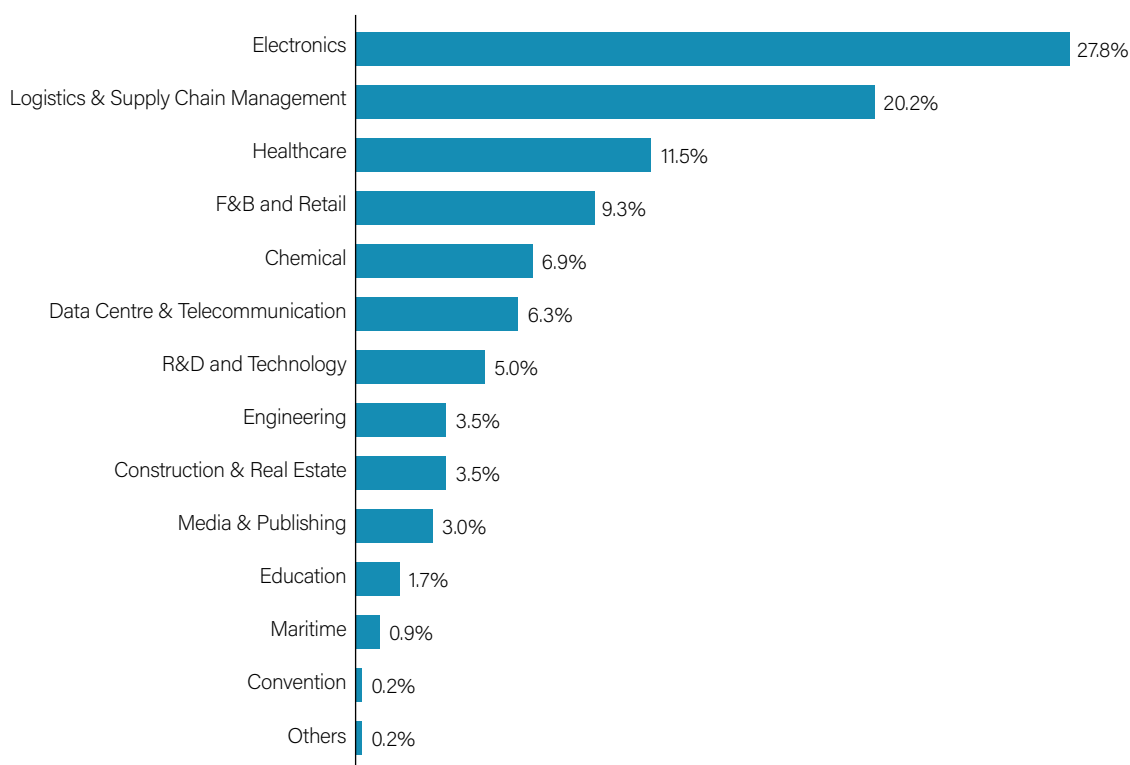
* Please note that this chart excludes Kleio One-Solution Pte Ltd ("Kleio") even though Kleio accounted for 4.2% of total gross rental income of Sabana Industrial REIT in FY2023 and would accordingly otherwise have been ranked as the 3rd highest tenant by gross rental income (i.e. immediately after Advanced Micro Devices (Singapore) Pte Ltd and Subsidiaries of Avnet, Inc.). However, as at 31 December 2023, an impairment of approximately \$2.0 million has been recorded in respect of the rent receivable from Kleio for FY2023. The data in the chart is therefore derived after the deduction of relevant impairment provisions for Kleio as at 31 December 2023 in accordance with the recognition and measurement principles of Singapore Financial Reporting Standards.

TRADE SECTOR ANALYSIS

Sabana Industrial REIT's tenants come from a diverse base of trade sectors, led by the Electronics and Logistics & Supply Chain Management trade sectors.

Trade Sectors by Gross Rental Income

(As at 31 December 2023)



Manager's Review for FY 2023

ASSET ENHANCEMENT INITIATIVES AND REJUVENATION WORKS

After obtaining the provisional permission from the Urban Redevelopment Authority, the ground-breaking for the 1 Tuas Avenue 4 additions and alterations works took place in April 2023, earmarking the project commencement. 1 Tuas Avenue 4 is designed to comprise an approximate 156,000 sq ft warehouse, production and ancillary office on an ambient basis. The development will include a verdant green drop-off canopy that will seamlessly integrate with the surrounding public greeneries. The property will have ample loading bays with dock levellers and a 25-metre voluminous ceiling height space ideal for an automated storage and retrieval system. The project is targeted to obtain its Temporary Occupation Permit by 1H 2024. In line with the REIT's commitment to sustainability, the 1 Tuas Avenue 4 property will incorporate solar panels that will potentially generate more than 1,000 megawatt-hours of energy per year. It will target to attain a Green Mark 2021 Super Low Energy certification post-completion.

During the year, rejuvenation works were carried out at selected portfolio properties including New Tech Park, 508 Chai Chee Lane, 123 Genting Lane, 39 Ubi Road 1 and 15



Fish & Co opened at NTP+ mall in 2023



The upgrading of the air-conditioning chillers at 508 Chai Chee Lane was completed in September 2023

Jalan Kilang Barat. A power upgrade exercise took place at New Tech Park in December 2023 to increase the high-tech industrial building's contracted capacity to support tenant usage. At 508 Chai Chee Lane, the upgrading to high-efficiency air-conditioning chillers, the installation of new chilled and condenser water pumps, and new energy management system to monitor the chiller plant were completed in September 2023, in accordance with planned schedule. The upgrading of restrooms and the replacement with water-efficient fittings were carried out in phases at selected portfolio properties including New Tech Park, 39 Ubi Road 1 and 15 Jalan Kilang Barat, among others. In line with the REIT's sustainability commitment, common area lighting was replaced with LED across the properties under the property manager's control. The proposed Phase 3 AEI of New Tech Park remains in progress, with the architect appointed for the project and discussion with multi-governmental agencies and statutory boards for the proposed intensification project ongoing.

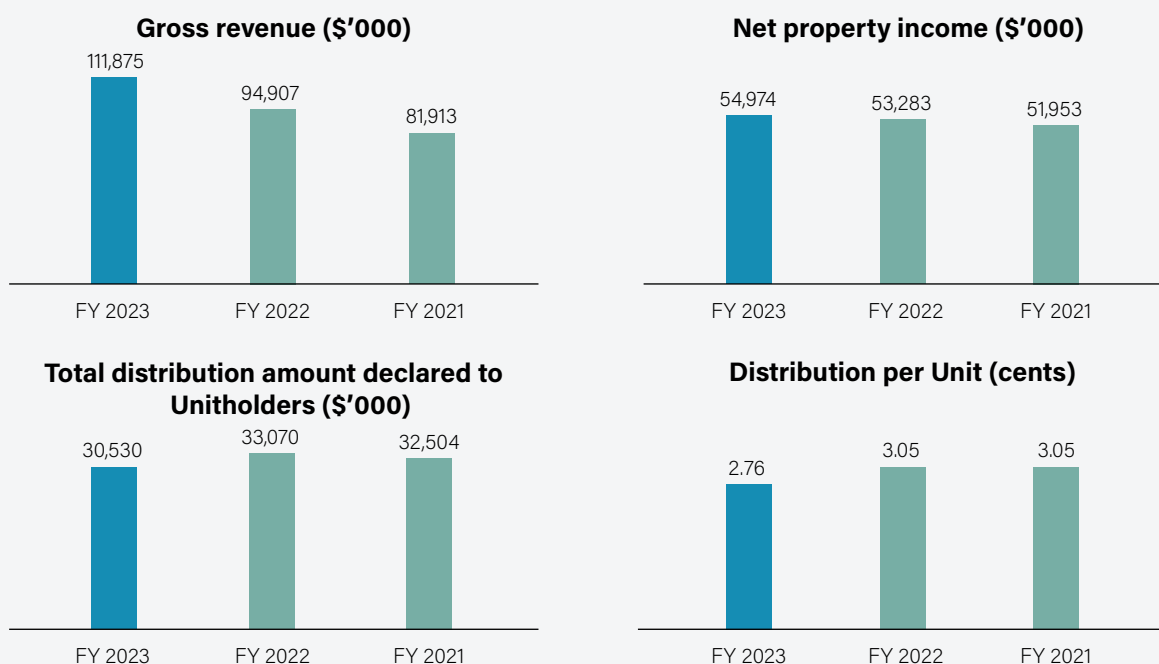
ANNUAL VALUATION

	As at 31 December 2023 (\$ '000)	As at 31 December 2022 (\$ '000)
High-tech Industrial		
151 Lorong Chuan	362,700	362,700
8 Commonwealth Lane*	54,300	54,700
15 Jalan Kilang Barat*	22,500	22,700
1 Tuas Avenue 4	21,000	9,000
23 Serangoon North Avenue 5	42,200	42,200
508 Chai Chee Lane	68,000	67,000
Chemical Warehouses & Logistics		
33 & 35 Penjuru Lane	42,000	41,600
18 Gul Drive	19,000	19,000
Warehouse & Logistics		
34 Penjuru Lane	29,900	29,500
51 Penjuru Road	31,000	30,500
26 Loyang Drive	26,900	26,200
3A Joo Koon Circle	34,400	33,900
2 Toh Tuck Link	31,300	30,500
10 Changi South Street 2	37,900	37,400
General Industrial		
123 Genting Lane	17,200	16,500
30 & 32 Tuas Avenue 8	28,900	28,900
39 Ubi Road 1	19,100	18,200
21 Joo Koon Crescent	15,600	15,200
TOTAL	903,900	885,700

* Recorded with a diminution in value against their respective valuation as at 31 December 2022 mainly due to lower market rent assumptions.

Financial Highlights

KEY FINANCIAL FIGURES



SELECTED BALANCE SHEET DATA

\$'000	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021
Total assets	1,006,091	983,192	971,648
Borrowings, at amortised costs	315,370	288,921	311,589
Net assets attributable to Unitholders	576,538	585,787	555,967
Units in issue ('000)	1,111,788	1,096,121	1,069,950
NAV per unit (\$)	0.52	0.53	0.52
Market Capitalisation ¹	450,274	476,813	476,128

BORROWING PROFILE

\$'000	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021
Aggregate leverage ² (%)	34.3	32.4	35.0
Total borrowings	318,000	293,000	315,500
Proportion of total borrowings on fixed rates (%)	76.3	82.8	66.6
Average all-in financing costs (%)	3.9	3.9	3.1
Weighted average tenor of borrowings (years)	2.9	2.8	2.9
Interest coverage ratio ³ ("ICR")/Adjusted ICR ³ (times)	3.5	3.8	4.4
Unencumbered assets ⁴	903,900	885,700	549,500
Undrawn available committed facilities	95,000	120,000	95,900

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

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

³ Interest coverage ratio and adjusted interest coverage ratio for FY 2023 calculated based on definition in the Property Funds Appendix.

⁴ Based on valuations by independent valuers.

Unit Price Performance

TRADING DATA BY YEAR

Unit Price (\$)	2023	2022	2021
Opening	0.435	0.445	0.355
Last done at year-end	0.405	0.435	0.445
Highest	0.490	0.470	0.455
Lowest	0.375	0.390	0.350
Unit price performance ¹ (%)	(6.9)	(2.2)	25.4
Trading volume (million Units)	198.1	176.4	247.0

RETURN ON INVESTMENT

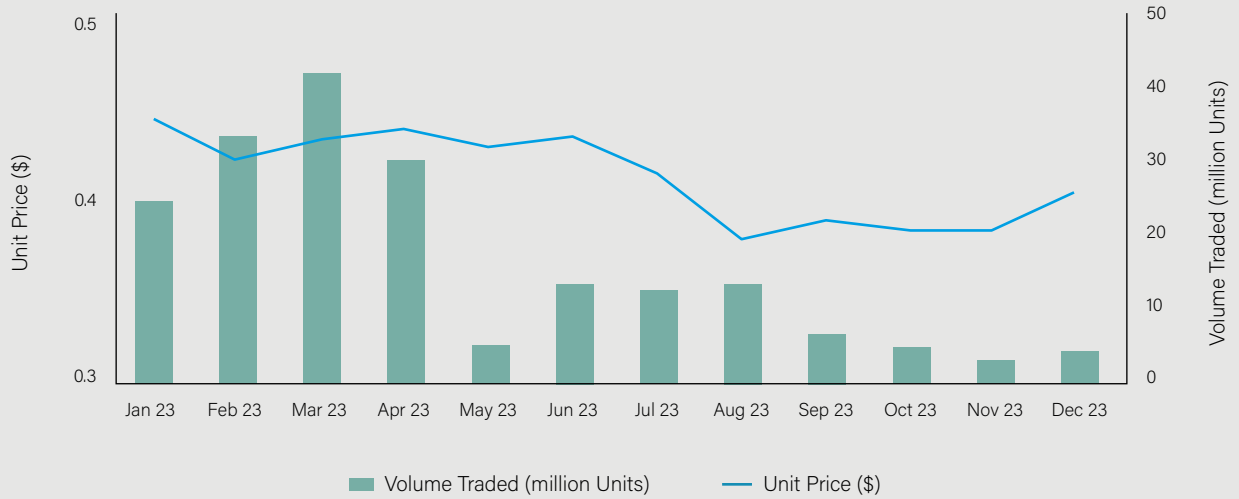
%	2023	2022	2021
Total return ²	(0.6)	4.7	34.0
Capital appreciation ¹	(6.9)	(2.2)	25.4
Distribution yield ³	6.3	6.9	8.6

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

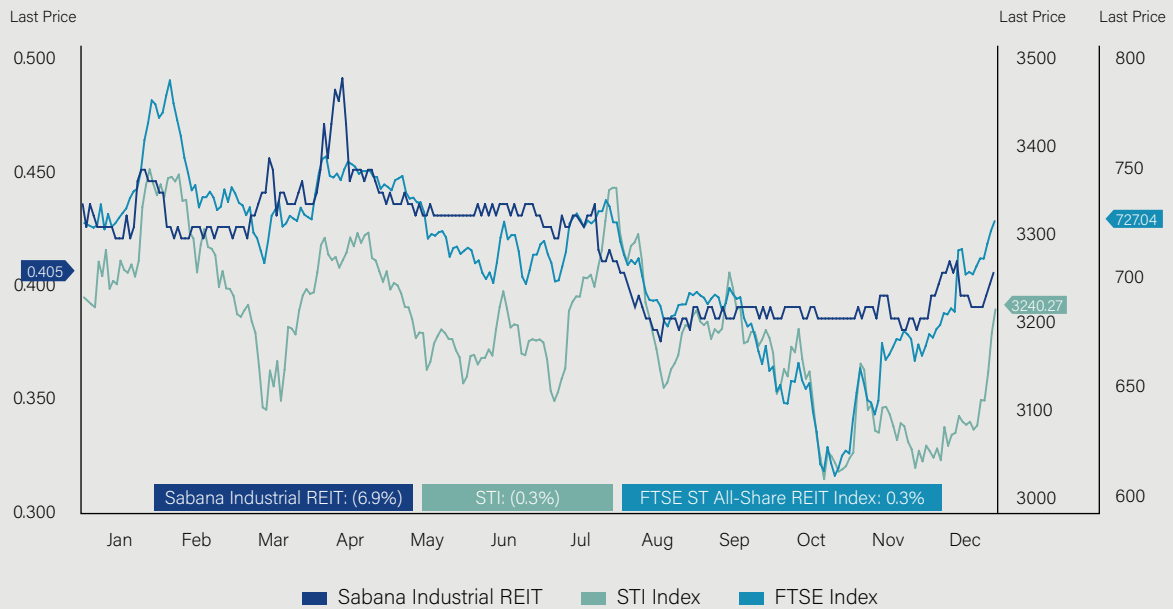
² Sum of distributions and capital appreciation for the period over the opening Unit price of the period.

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

MONTHLY TRADING PERFORMANCE IN 2023



UNIT PRICE PERFORMANCE VS MAJOR INDICES



Source: Bloomberg

Independent Market Review

By Knight Frank Singapore

1 OVERVIEW OF THE SINGAPORE ECONOMY

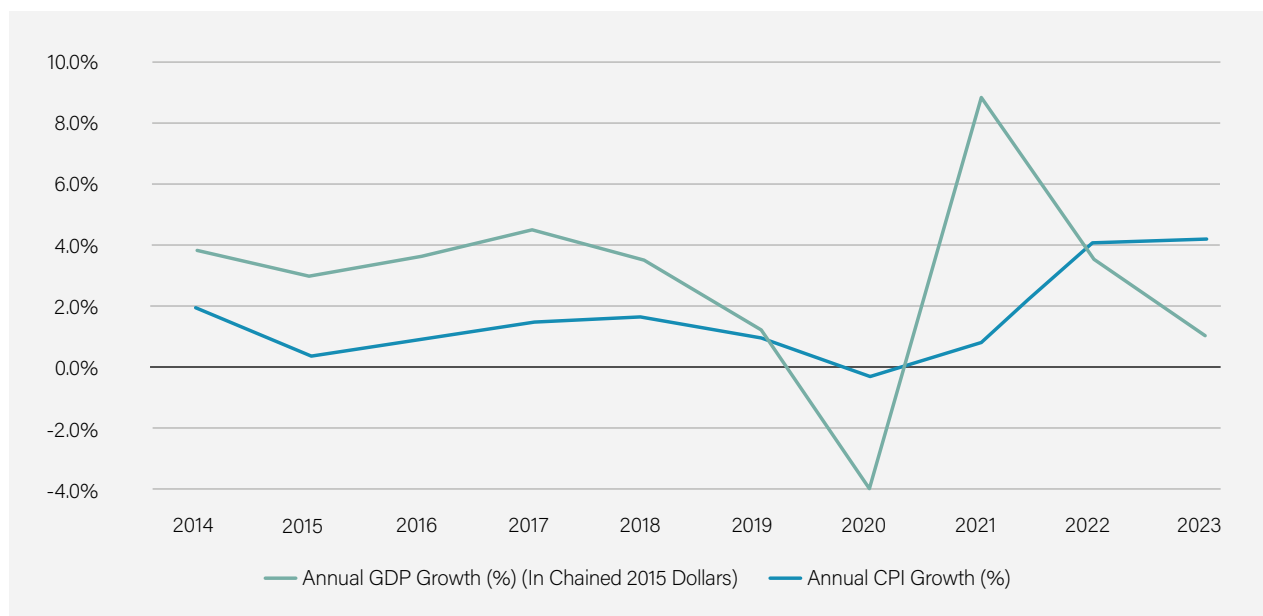
1.1 Singapore's Economic Performance

According to the Ministry of Trade and Industry (MTI), Singapore's Gross Domestic Product (GDP) grew 1.1% in 2023, with growth led by the services producing industries which expanded 2.3%. Within the services producing industries, Accommodation recorded the highest growth at 12.1%, backed by the strong recovery in the aviation, retail and tourism sectors post pandemic. Information & Communications and Real Estate also performed well, recording a growth of 5.7% and 4.9% respectively.

However, the goods producing industries contracted 2.9% in 2023, weighed down by the declining performance of the manufacturing sector which recorded a 4.3% contraction for the whole year. The weak performance was due to the declining year-on-year performance in the first three quarters of the year, only for growth to turn positive in the last quarter as manufacturing activities picked up, clocking a 1.4% y-o-y increment in Q4 2023. The construction sector fared better, recording a 5.2% growth during the year, supported by a strong pipeline of public and private projects, making up for the delays that occurred during the pandemic.

According to the Monetary Authority of Singapore (MAS), Singapore's core inflation, which excludes private road transport and accommodation costs, rose to 4.2% in 2023, similar to the 4.1% a year ago. Core inflation was elevated throughout the year because of disruptions in the pricing of commodities and surges in energy costs. Nevertheless, core inflation eased from the peak of 5.5% y-o-y in January 2023 to 3.3% y-o-y in December 2023, slowing for both final and intermediate goods and services.

Exhibit 1-1: Annual GDP Growth and Inflation Rate, 2014 to 2023

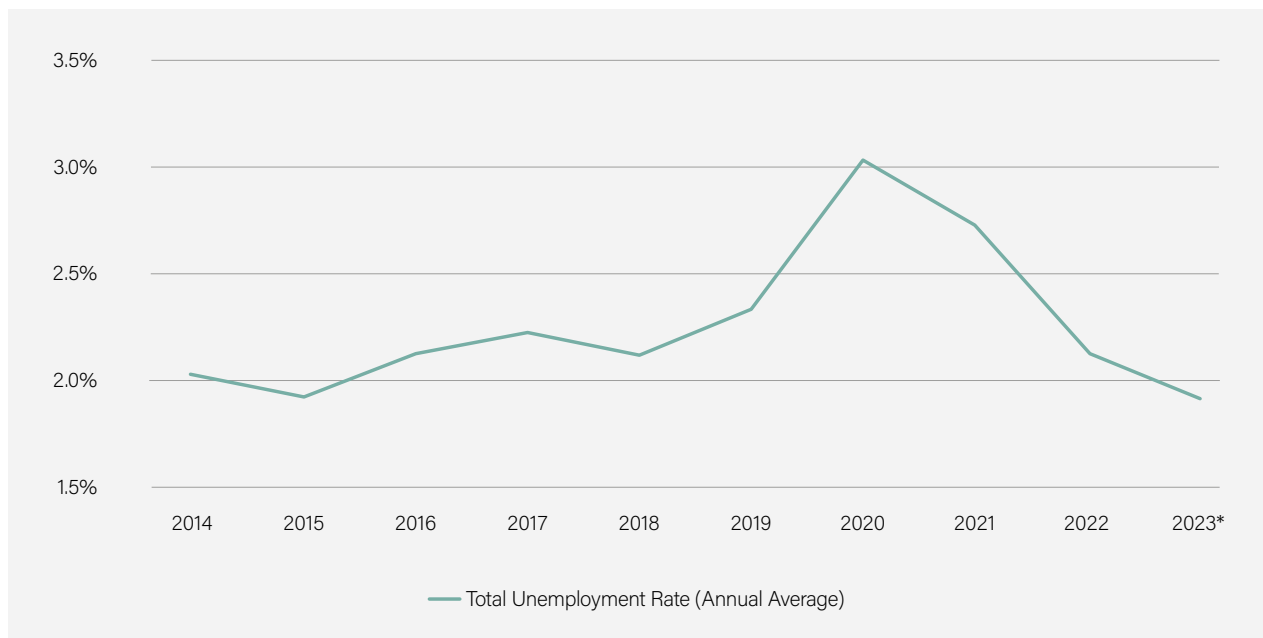


Source: MTI, Singstat, MAS, Knight Frank Research

1.2 Unemployment

The total annual average unemployment rate in Singapore ranged between 1.9% and 3.0% in the 10 years from 2014. However, the pandemic led to disruptions in the hospitality and retail sectors that caused the unemployment rate to increase from 2.3% in 2019, peaking at 3.0% in 2020, before subsequently easing slightly to 2.7% by 2021. It was only after the lifting of restrictions coupled with re-employment initiatives set up by the government, that the unemployment rate shrank to 1.9% in 2023*.

Exhibit 1-2: Total Unemployment Rate, 2014 to 2023*, Annual Average



Source: MOM, Singstat, Knight Frank Research

* Figures are preliminary based on MOM released on 31 January 2024

1.3 Manufacturing Output

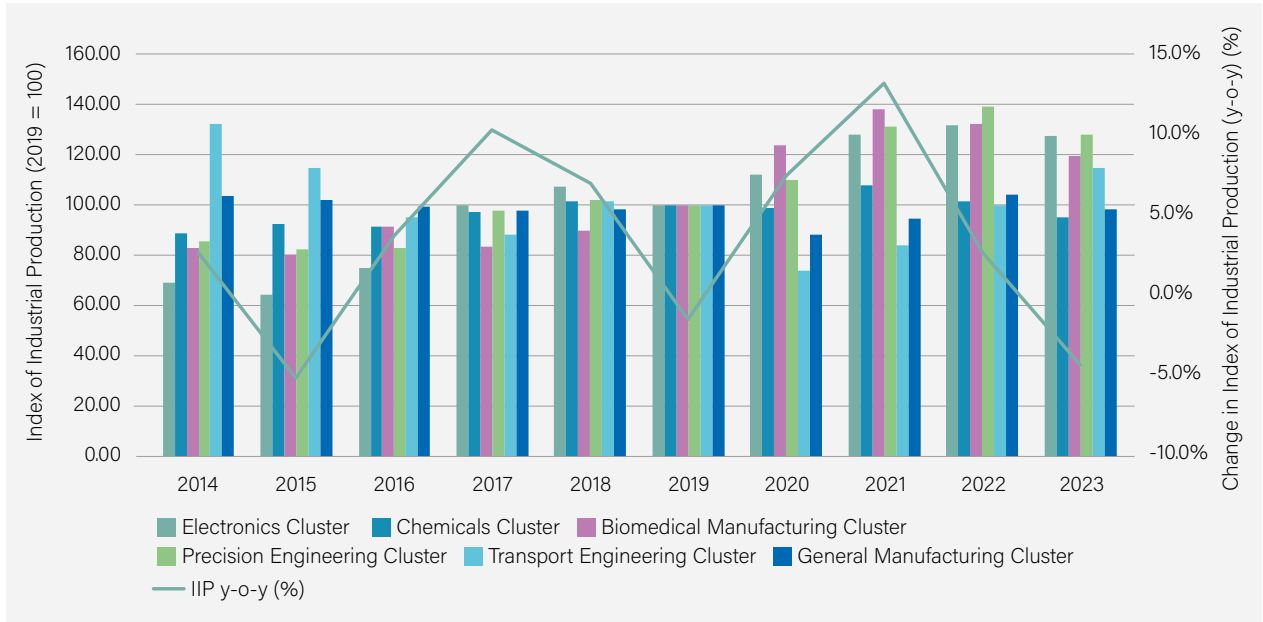
In 2023, most industrial clusters contracted with the Index of Industrial Production (IIP) decreasing 4.3%. The Transport Engineering cluster was the only cluster to record an expansion for the whole year. This was due to the return in demand for aircraft engine repair, as well as marine and offshore engineering works, as international flight routes and transport vessel movements were reestablished when more countries reopened borders from 2022. Other manufacturing clusters declined, with the Biomedical Manufacturing cluster registering the largest decrease of 9.6% in 2023, largely attributed to the weakened global demand that prevailed throughout the year.

The Electronics cluster registered growth in the last quarter of 2023 after contractions in the first three quarters. Electronics manufacturing was affected by global economic headwinds, weakening export demand coupled with rising material costs throughout most of the year.

According to Singapore Economic Development Board (EDB), business sentiment in the manufacturing sectors was cautiously optimistic despite the inflationary pressure, escalating geopolitical tensions, and economic slowdown from the second half of 2023, as most firms expect some recovery in export demand in 2024.

Independent Market Review

Exhibit 1-3 Singapore Index of Industrial Production, 2014 to 2023

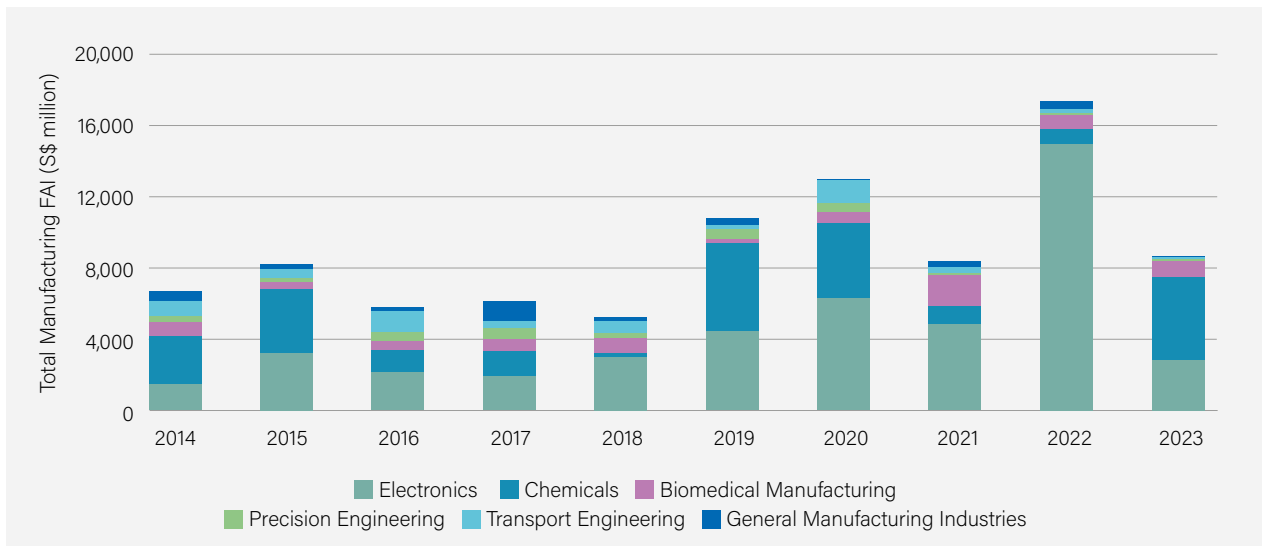


Source: Singstat, Knight Frank Research

1.4 Fixed Asset Investments

Singapore secured a record S\$22.5 billion in fixed asset investments (FAI) in 2022, but this fell by 43.7% to S\$12.7 billion in 2023, as globally mobile manufacturers grew cautious in their expansion plans. Unlike the previous year when majority of the manufacturing FAI was in the Electronics sector, the Chemicals sector received the most investment, surging more than five times the previous year to a total of S\$4.5 billion in 2023. FAI in the Electronics and Biomedical Manufacturing accounted for approximately 35.2% and 10.3% of the total manufacturing FAI in 2023, reflecting S\$3.1 billion and S\$0.9 billion respectively. The Precision Engineering, Transport Engineering and General Manufacturing industries accounted for 1.7%, 0.5% and 0.6% of the total manufacturing FAI in 2023, corresponding to S\$146.5 million, S\$44.3 million and \$48.9 million respectively.

Exhibit 1-4 Total Manufacturing FAI by Industry Cluster, 2014 to 2023



Source: EDB, Singstat, Knight Frank Research

The following table breaks down the contributions of the respective industry clusters to the total manufacturing FAI in 2023:

Exhibit 1-5: Total FAI in 2023

Industry Cluster	Investment Commitments (S\$ Mil)	Changes from 2022	Market Share
Electronics	3,060.4	-79.6%	35.2%
Chemicals	4,502.8	422.2%	51.7%
Biomedical Manufacturing	898.5	6.5%	10.3%
Precision Engineering	146.50	114.5%	1.7%
Transport Engineering	44.3	-73.4%	0.5%
General Manufacturing Industries	48.9	-88.8%	0.6%
Total Manufacturing FAI	8,701.4	-49.9%	100.0%

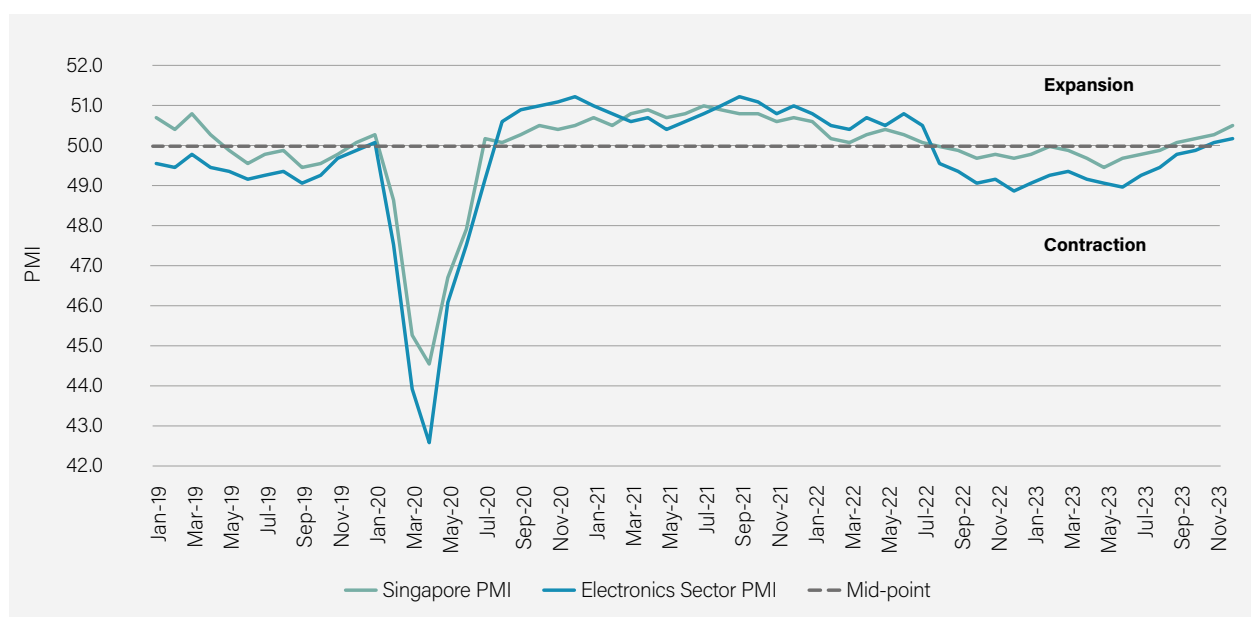
Source: EDB, Singstat, Knight Frank Research

1.5 Manufacturing Sector

The manufacturing sector was in contractionary mode for most of 2023 due to poor export demand that led to a fall in output, until nascent signs of tentative improvements were observed towards the end of the year. According to the Singapore Institute of Purchasing and Materials Management (SIPMM), the Purchasing Managers Index (PMI) was under 50 for much of the year (with recordings below 50 representing contraction, and 50 and above representing expansion), only to return to modest expansion from September onwards.

The Electronics Sector PMI was under 50.0 in the first 10 months of the year, moving above 50.0 from November 2023.

Exhibit 1-6: Purchasing Managers' Index, January 2019 to December 2023



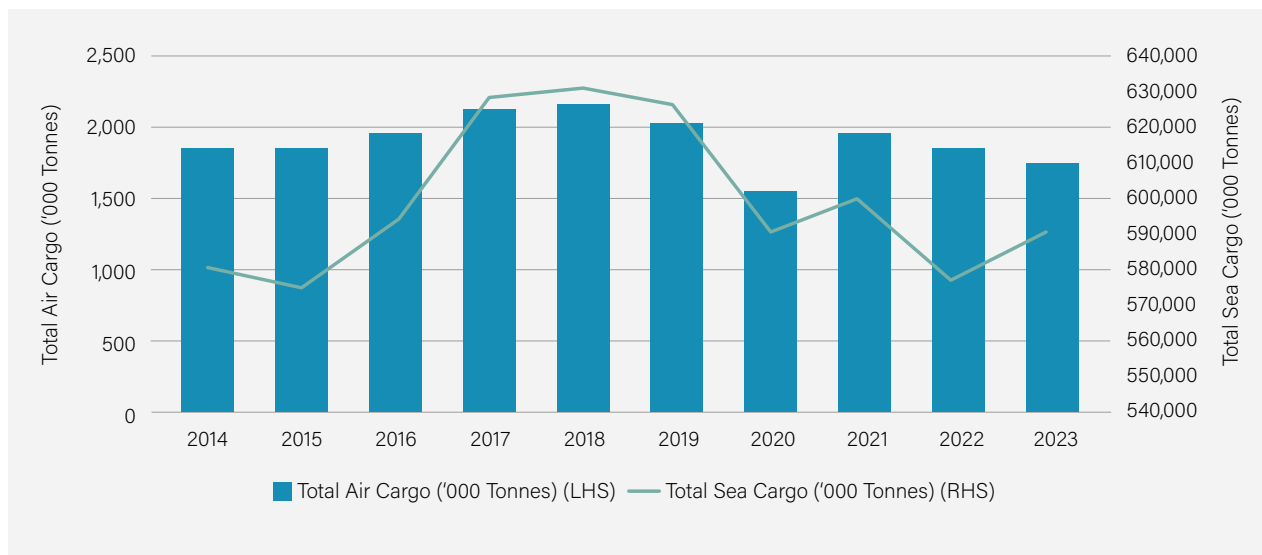
Source: SIPMM, Knight Frank

Independent Market Review

1.6 Logistics Sector

The total volume of sea cargo recorded in 2023 was 591.7 million tonnes (Exhibit 1-7), a 2.3% increase from the 578.2 million tonnes in 2022. There was a total of 1.7 million tonnes of air cargo in 2023, a 6.1% fall from the 1.9 million tonnes recorded in 2022 (Exhibit 1-7).

Exhibit 1-7 Total Air and Sea Cargo Handled in Singapore, 2014 to 2023



Source: Singstat, Knight Frank Research

1.7 Economic Outlook 2024

Overall, the sluggish economic growth in 2023 is likely to spill over into the first half of 2024, before growth momentum recovers in the second half as demand for goods rebalances and inventory normalises. MTI expects growth of the Singapore economy to expand between 1.0% and 3.0% in 2024. Accordingly, the International Monetary Fund (IMF) projects Singapore's GDP in 2024 at 2.1%, while Oxford Economics forecasts a 2.0% increment. With cautiously improving supply chains, sticky inflation is likely to ease with MAS projecting core inflation to range between 2.5% and 3.5% in 2024, reflecting a more moderate increase for the year.

The manufacturing sector expanded 7.5% in 2020, the year of the COVID-19 outbreak, strengthening to 13.3% in 2021 on the back of electronics production and exports even though the global health crisis was then far from resolved and vaccinations had yet to build herd immunity in many societies around the world. The manufacturing sector in Singapore was one of the main contributors to GDP that brought Singapore out of the pandemic-led recession of 2020.

However, in the aftermath, the manufacturing sector was impacted by declining global demand, inflationary costs, and supply chain disruptions as a result of geo-political conflicts and escalating interest rates in a difficult 2023. Even though manufacturing output and contribution to GDP contracted in 2023, industrial real estate indicators of occupancy levels, prices and rents generally remained stable for most industrial property types, from time to time even recording marginal gains.

While not out of the woods yet, 2024 promises to be more hopeful for manufacturing, with early signals that the worst might have passed. The outlook for 2024 is less fraught with uncertainty, and a rebalancing of global demand for goods in tandem with the normalisation of inventory levels might lead to growth prospects in manufacturing and trade, particularly in the electronics and precision engineering clusters.

2 SINGAPORE GOVERNMENT POLICIES AFFECTING INDUSTRIAL PROPERTY MARKET

2.1 Singapore Economy 2030

Introduced in 2022, the Singapore Economy 2030 vision charts the economic direction with the four pillars of Manufacturing 2030, Trade 2030, Enterprise 2030 and Services 2030. The government aims to build on existing initiatives and enhance current programmes to help businesses achieve better growth prospects and secure new growth opportunities in sustainability. This will be done by strengthening innovation and digital capabilities.

Manufacturing 2030 and Trade 2030 will specifically strengthen Singapore's position as a high-value manufacturing and trading hub that undergirds demand for space in the industrial real estate market.

2.2 Budget 2023

Budget 2023 focused on building greater resilience in the face of external disruptions. The Singapore government set aside \$1 billion to provide customised support for promising local companies under the Singapore Global Enterprises initiative, with an additional \$150 million via the SME (small and medium-sized enterprise) Co-Investment Fund to invest in promising SMEs.

The Enterprise Innovation Scheme was introduced to support the innovation activities of businesses via enhanced tax deductions/allowances. Supporting the skillsets of workers, integrated training and job place initiatives in the pilot Jobs-Skills Integrators was introduced in the Precision Engineering and Wholesale Trade sectors, bringing key players to develop industry-relevant training and facilitate job matching.

2.3 Refreshed Industry Transformation Maps (ITMs)

The refreshed Industry Transformation Maps (ITMs) that were unveiled in October 2022 has already begun to show results, with the addition of 4,400 new manufacturing jobs in the first six months of 2023, despite activity in the manufacturing sector being constrained by poor global demand and declining export volumes.

With the refreshed ITMs, the Singapore government aims to increase the manufacturing sector's contribution from the current S\$130 billion to S\$160 billion by 2030.

2.4 Other Initiatives

Supporting Sustainability Capabilities of Enterprises

MTI and Enterprise Singapore (EnterpriseSG) will provide more support for businesses and workers to decarbonise by expanding the Enterprise Sustainability Programme that was launched in 2021. The new initiatives include digital solutions, courses, and partner programmes to help SMEs conduct carbon management, workshops, and a playbook to support SMEs in sustainability reporting. New thematic and sectoral sustainability playbooks to explain key concepts and outline practical steps that SMEs can take to become more sustainable, a one-stop website for SMEs to have access to information and resources, and an enhanced Enterprise Development Grant (EDG) for sustainability projects. This grant allows participating financial institutions to share up to 70% of the risk when financing such projects.

With Singapore's sustainability goals, businesses in the manufacturing sector would require pivoting to green initiatives as the regulatory environment increasingly requires industrialists to reduce, reuse and recycle, as well as move towards the manufacture of goods and components that aligns with global and domestic demand for environmentally friendly goods and components.

Talent Initiatives to increase Supply Chain Management (SCM) workforce

The Singapore Economic Development Board (EDB), SkillsFuture Singapore (SSG) and Workforce Singapore (WSG) launched new continuing education, training, and skills development initiatives to develop and grow the pool of SCM professionals in Singapore in July 2023. This includes a pilot Supply Chain Masterclass that began in Q3 2023, an Industry Practice Master programme by the Singapore Management University (SMU) Academy, a Graduate Diploma in Logistics and Supply Chain Management by the Singapore University of Social Sciences (SUSS), SkillsFuture Career Transition Programme (SCTP) in Digital Supply Chain by the Singapore Institute of Technology (SIT), a revamped work-study diploma (WSDip) in Logistics and Supply Chain Management by the Institute of Technical Education (ITE), and a Career Conversion Programme (CCP) for supply chain and logistics professionals and coordinators.

Independent Market Review

Johnson & Johnson Innovation collaboration with EDB to transform Singapore's life science innovation ecosystem

In September 2023, Johnson & Johnson International (Singapore) Pte Ltd announced a collaboration with EDB to support early-stage companies with a base in Singapore to accelerate nascent discoveries into innovative medicines, medical technologies, and healthcare solutions.

Johnson & Johnson Innovation – JLABS' services and innovation resources will also collaborate with local incubators and other partners to stimulate employment and commercialisation opportunities for early-stage companies.

3 INDUSTRIAL GOVERNMENT LAND SALES (IGLS) PROGRAMME OVERVIEW

In the first half of 2023, the government launched four industrial sites on the Confirmed List and three on the Reserve List, with a total site area of 7.16 ha as part of the Industrial Government Land Sales (IGLS) programme. This was later increased in the second half of the year to five sites on the Confirmed List and three sites on the Reserve List, with a total site area of 9.81 ha. During the course of 2023, five sites were awarded with a total combined site area of 5.32 ha translating to 1.3 million sf of gross floor area (GFA).

For the first six months of 2024, a total of nine sites adding up to 13.75 ha of site area will be launched in the IGLS programme. This can potentially add about 3.3 million sf (GFA) of industrial space and is 51.3% higher than the eight sites and combined 9.81 ha (GFA of 2.1 million sf) of industrial site area listed for H2 2023. There are five sites in the Confirmed List (8.29 ha) and four sites in the Reserve List (5.46 ha), generating an estimated 2.1 million sf and 1.1 million sf of potential industrial space respectively.

All sites launched for the H1 2024 IGLS programme have the 'Business 2' zoning, which is specifically for heavy industrial use. Of all the sites launched, there are seven sites in the West region (8.8 ha), one site in the East region (0.5 ha), and one in the Central region (4.45 ha). The land tenures for these sites vary from 20 to 30 years, apart from a site at Kallang Way in the Confirmed List with a land tenure of 32 years.

Exhibit 3-1: Industrial Government Land Sales (IGLS) Programme for H1 2024

Location	Planning Region	Site Area (ha)	Zoning	Gross Plot Ratio (GPR)	Maximum Gross Floor Area (GFA) (sf)	Tenure (years)	Estimated Available Date
Confirmed List of Industrial Sites							
Plot 8 Jalan Papan	West	0.90	B2	1.4	135,414	20	Available
Plot 10 Tampines North Drive 5	East	0.50	B2	2.5	135,025	30	February 2024
Penjuru Lane	West	0.34	B2	2.5	91,493	20	April 2024
Penjuru Road	West	2.10	B2	2.5	565,105	30	May 2024
Kallang Way	Central	4.45	B2	2.5	1,197,484	32	June 2024
Reserve List of Industrial Sites							
Tuas Road	West	2.18	B2	1.4	328,137	30	Available
Plot 3 Jalan Papan	West	0.72	B2	1.4	108,491	20	Available
Lok Yang Way	West	1.86	B2	2.5	500,521	30	March 2024
Tukang Innovation Drive	West	0.70	B2	2.5	188,368	20	June 2024

Source: MTI, Knight Frank Research

4 SINGAPORE PRIVATE FACTORY MARKET OVERVIEW

4.1 Supply, Demand, Occupancy

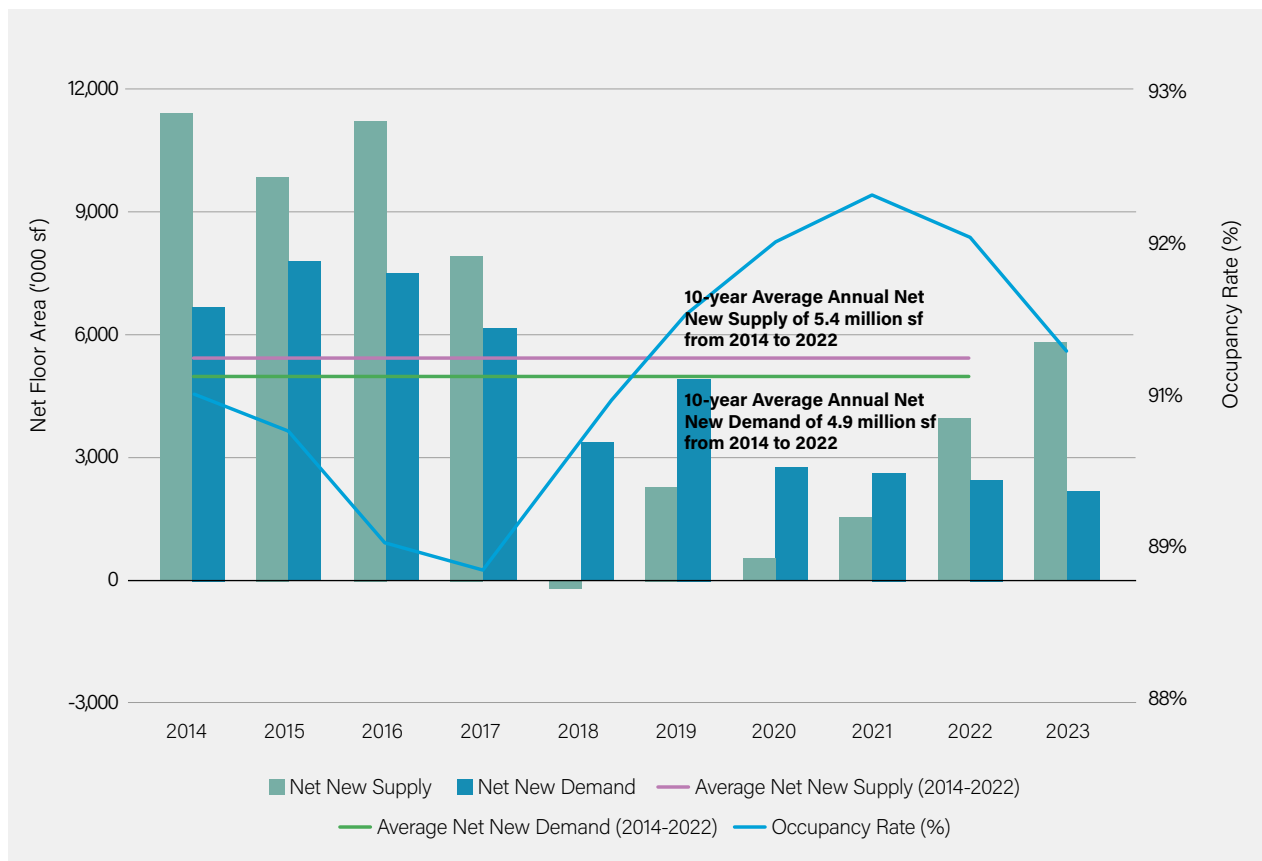
According to JTC, Singapore has a total factory stock of 417.6 million sf as at Q4 2023, an annual increase of 1.6% from 411.0 million sf as at Q4 2022. Private factory stock stood at 342.6 million sf, making up 82.0% of the total factory stock islandwide with public factory stock at 75.0 million sf, contributing to the remaining 18.0%. Out of the private factory stock, single-user factories that are mostly purpose built constituted 68.6%, while multiple-user factory spaces made up the remaining 31.4%.

With the full resumption of construction activity, substantial private factory supply that was delayed by the COVID-19 pandemic completed in 2023. Net new supply of private factory space totalled 5.7 million sf in 2023, the highest amount of space completed since 2017. The addition of multiple-user factory spaces was 3.4 million sf, contributing a larger proportion of new factories compared to new single-user factory supply at around 2.3 million sf.

Similarly, demand for private factory spaces was steady as manufacturing sentiment turned more positive from the second half of 2023, with the transport engineering cluster leading manufacturing activity as international travel resumed and supply chains normalised. Net new demand for private factory spaces stood at 2.2 million sf in 2023. Most of the demand came from private multiple-user factory spaces that totalled 2.3 million sf, as private single-user factory spaces recorded a negative take-up of 121,533 sf.

Despite the increase in demand for private factory space, overall occupancy fell to 90.9% at end-2023, a 0.9 percentage point (pp) decrease from 91.8% as at end-2022. This was attributed to the substantial increase in new private factory space in 2023.

Exhibit 4-1: Net New Supply, Net New Demand and Average Occupancy of Private Factory Space



Source: JTC J-Space, Knight Frank Research

Independent Market Review

Exhibit 4-2: Selected Major Private Factory Completions in 2023

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sf)
Q1 2023				
Tai Seng Exchange	1,3 5,7 Tai Seng Avenue	North-East	SB (Ipark) Investment Pte Ltd	1,132,900
Multiple-user Factory	161,163,165 Kallang Way	Central	Mapletree Industrial Trust	865,633
Paradise Group IHQ	107 Defu Lane 10	North-East	Paradise Group Holdings Pte Ltd	104,302
Q2 2023				
Single-user Factory	10 Sunview Drive	West	Amazon Asia-Pacific Resource Pte Ltd	221,413
Single-user Factory	5 Pioneer Sector Lane	West	OKH Holdings Pte Ltd	137,670
The Pulse	8 Aljunied Avenue 3	Central	Exeo Global Pte Ltd	115,712
Foodfab@Mandai	7 Mandai Estate	North	Mandai 7 JV Pte Ltd	103,011
Q3 2023				
Single-user Factory	60 Woodlands Industrial Park D Street 2	North	Global Foundries Singapore Pte Ltd	1,325,897
Single-User Factory	20 Tampines Industrial Avenue 3	East	Silicon Box Pte Ltd	786,733
Ascent @ Gambas	6 Gambas Way	North	SB (Gambas) Investment Pte Ltd	321,625
HMGICS	2 Bulim Link	West	Hyundai Motor Singapore Pte Ltd	936,136
Q4 2023				
Polaris @ Woodlands	101 Woodlands Avenue 12	North	Soon Hock Investment Group Pte Ltd	563,383
Single-User Factory	50 Tuas Crescent	West	Green Earth Tank Hub Pte Ltd	94,184

Source: JTC J-Space, Knight Frank Research

4.2 Potential Supply

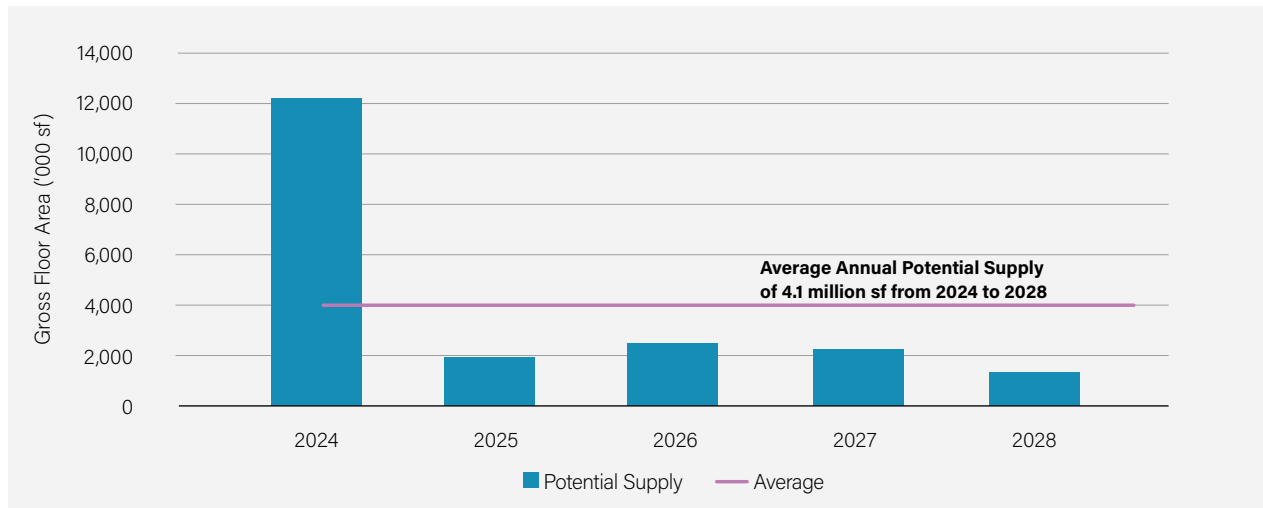
As at end-2023, new private factory space of 20.7 million sf GFA is expected to be completed progressively between 2024 and 2028, with 71.1% (14.7 million sf) being single-user factory space and 28.9% (6.0 million sf) consisting of multiple-user factory space. By the end of 2024, about 12.2 million sf of new private factory space is expected to be ready.

Exhibit 4-3: Upcoming Major Private Factory Developments in 2024

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sf)
Single-User Factory Developments				
Single-User Factory	Lok Yang Way	West	Google Asia Pacific Pte Ltd	568,119
Greenphyto Innovation Centre	Tukang Innovation Drive	West	Greenphyto Pte Ltd	195,257
Single-User Factory	Jalan Papan	West	Kok Tong Transport and Engineering Works	149,941
Single-User Factory	Woodlands Industrial Park E2	North	Whye Wah Development & Construction Pte Ltd	132,934
Multiple-User Factory Developments				
One KA @ Macpherson	Kampong Ampat	Central	Woodlands Smartisan Pte Ltd	197,733
Multiple-User Factory	Lorong Ampas	Central	JVA Whampoa Pte Ltd	92,247
Multiple-User Factory	Aljunied Road	Central	Asia Headquarters Pte Ltd	15,069

Source: JTC J-Space, Knight Frank Research

Exhibit 4-4: Potential Supply of Private Factory Space



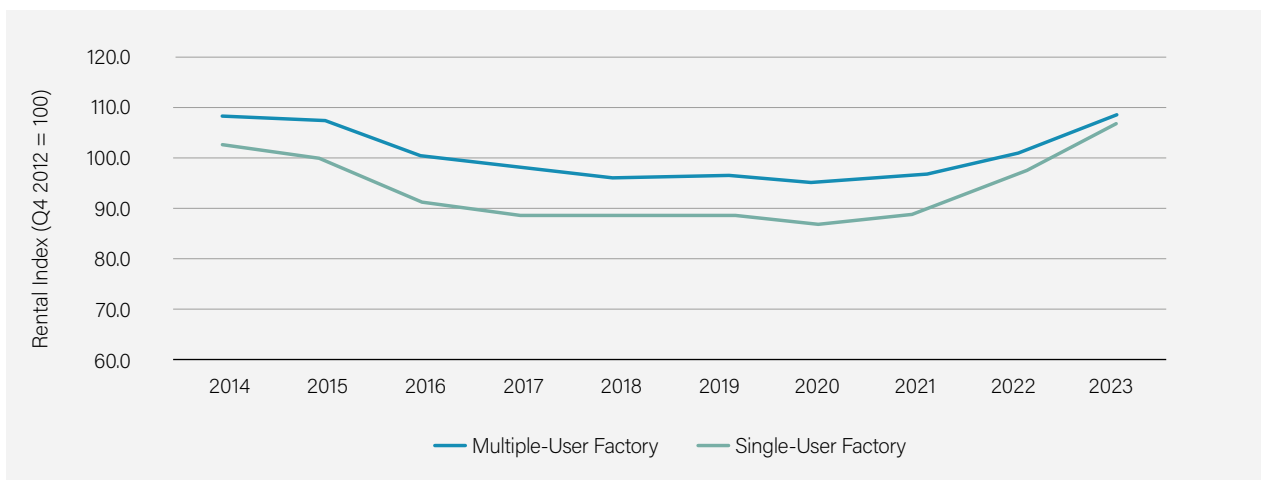
Source: JTC J-Space, Knight Frank Research

Independent Market Review

4.3 Rents

In 2023, the JTC rental index for both multiple and single-user factory types increased 10.7% y-o-y and 7.0% y-o-y respectively. Based on data from J-Space, rents in the 25th percentile, median and 75th percentile for private multiple-user factory types also grew in 2023 to S\$1.90, S\$2.32 and S\$2.83 psf per month respectively. However, the 25th percentile, median and 75th percentile rents for single-user factory space showed marginal decline to S\$1.45, S\$1.75 and S\$2.20 psf per month respectively.

Exhibit 4-5: JTC Rental Indices of Factory Space by Types



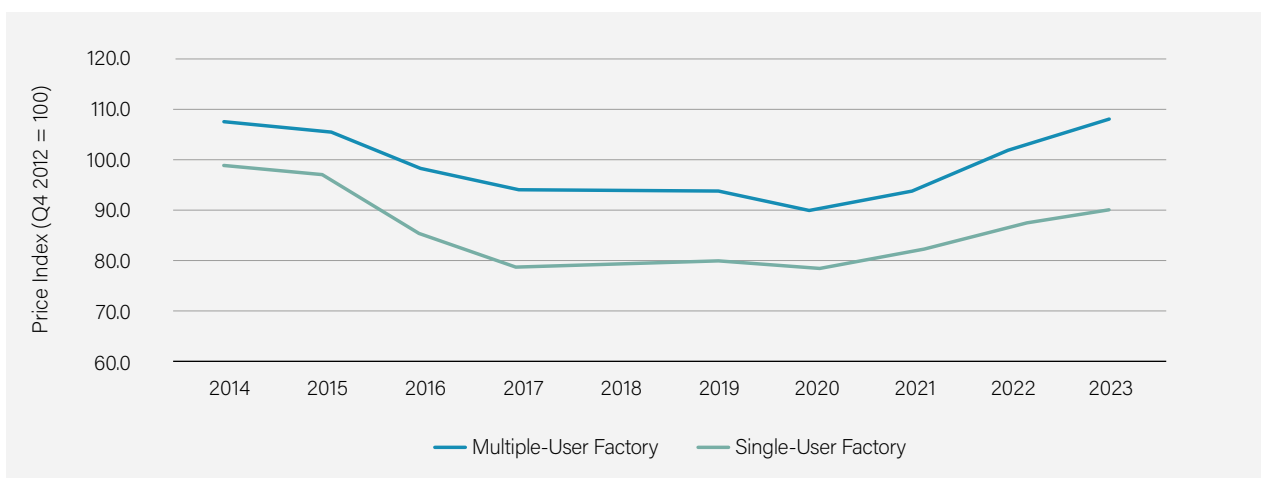
Source: JTC J-Space, Knight Frank Research

Note: JTC rental indices are based on the last quarter of each respective year (e.g. Q4 2023).

4.4 Prices

The JTC price indices for both multiple-user and single-user factories also increased annually in 2023 by 6.3% and 3.8% respectively. Median prices for multiple-user and single-user factory units were S\$475 psf and S\$192 psf respectively in Q4 2023.

Exhibit 4-6: JTC Price Indices of Factory Space by Types



Source: JTC J-Space, Knight Frank Research

Note: JTC price indices are based on the last quarter of each respective year (e.g. Q4 2023).

4.5 Major Investment Sales

Total investment sales of private factories (excluding GLS sites) amounted to S\$1.3 billion in 2023, 34.8% more than the S\$948.6 million in 2022. The sale of the Jardine C&C Regional HQ to M&G Real Estate for S\$142.0 million was the largest factory deal. Other noteworthy sale transactions were the sale of the Mercedes-Benz Centre to M&G Real Estate for S\$131.0 million, and the sale of J'Forte Building to Boustead Industrial Fund under a sale and leaseback agreement for S\$98.8 million.

Exhibit 4-7: Selected Major Private Factory Investment Sales in 2023

Name of Development	Location	Sale Price (S\$ mil)	Estimated Gross Floor Area (sf)	Unit Price (S\$ psf)	Tenure	Date of Sale
Single-User Factory Developments						
Mercedes-Benz Centre	301 Alexandra Road	131.0	N.A.	N.A.	99 years from 01/07/1948	Q1
J'Forte Building	26 Tai Seng Street	98.8	193,009*	512*	30+30 years from 09/06/2007	Q1
Tuas Vista	2 Tuas South Avenue 2	53.0	217,355*	244*	60 years from 04/01/1999	Q3
N.A.	209 Pandan Gardens	46.0	356,803*	129*	30+30 years from 01/03/1978	Q1
Reebonz Building	5 Tampines North Drive 5	39.0	215,255*	181*	30 years from 01/12/2014	Q3
Multiple-User Factory Developments						
Jardine C&C Regional HQ	239,241 Alexandra Road	142.0	201,057*	706*	99 years from 19/03/1956	Q1
Sime Darby Business Centre	315 Alexandra Road	68.0	179,190*	380*	99 years from 02/03/1956	Q3
GS Building	16, 18, 20 Lorong Ampas	67.0	92,193*	727*	Freehold	Q1
Kimly Building	3 New Industrial Road #01-01 etc	61.0	N.A.	N.A.	Freehold	Q3
Cheng Meng Building	3 Kallang Pudding Road	40.0	N.A.	N.A.	Freehold	Q3
KA Place	159 Kampong Ampat	35.4	109,394*	324*	99 years from 01/06/1959	Q2

Source: Various sources, Knight Frank Research

Notes:

To be considered as private investment sales under Knight Frank Research definition, it must fulfil either one of the following pre-requisite:-

- Investment transactions should comprise an entire building or property with a total worth of S\$10 million and above; OR
- Any bulk sales within a development which amounts to S\$10 million or more

* Refers to the estimated maximum permissible GFA and corresponding reported price psf ppr

4.6 Outlook

Notwithstanding that the manufacturing sector recorded contraction in 2023, as well as thinning export volumes, factory indicators were healthy with occupancy levels steady, and price and rental indices registering moderate growth. The manufacturing outlook in 2024 has cautiously turned more positive in view of the tentative return of global demand, especially for electronics. This comes on the back of an end to interest rate hikes, with an expectation that rates will be cut in 2024. With an expected return to growth in the business cycle, the outlook for 2024 is more sanguine than it was for 2023. However, the new supply of private factory space is also expected to increase substantially, with an estimated 12.2 million sf of private factory space envisaged to be completed in 2024.

Independent Market Review

The cautious optimism hangs in the balance as economic uncertainty lingers with continued geo-political tensions and the risk of an escalation of military conflict in the Middle East, as well as the attacks on commercial shipping in the Gulf of Aden. Given the combination of the above factors, Knight Frank expects factory prices and rents to grow moderately between 3% and 5% for the whole of 2024, barring any unforeseen external factors that might unhinge the delicate return to growth in Singapore's manufacturing sector.

5 SINGAPORE PRIVATE WAREHOUSE MARKET OVERVIEW

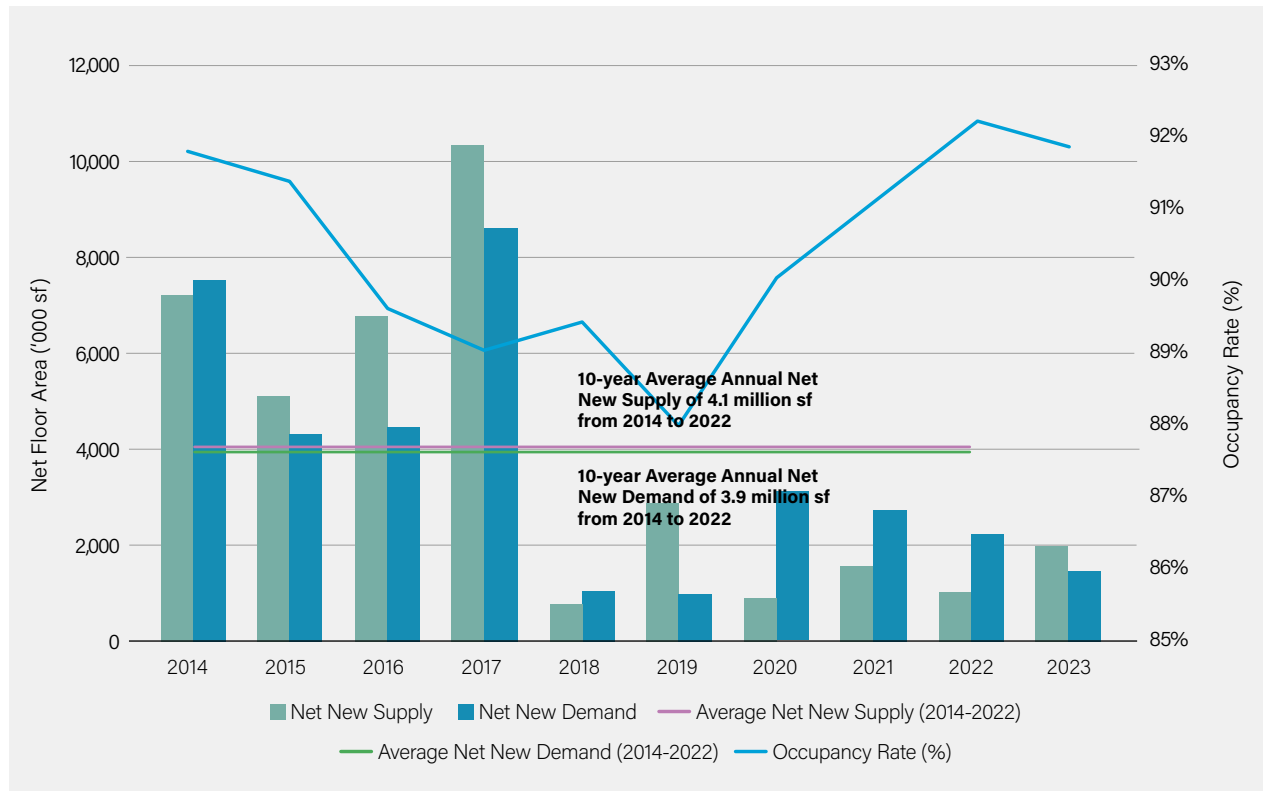
5.1 Supply, Demand, Occupancy

According to JTC, the total private warehouse stock in Singapore was 121.0 million sf in 2023, comprising 96.7% out of the 125.0 million sf of total warehouse stock islandwide. Public warehouse stock was 4.2 million sf, making up the remaining 3.3%.

Net new demand for private warehouse space totalled 1.4 million sf as at end-2023, a decrease of 34.6% from 2.2 million sf in 2022. At the same time, net new supply of private warehouse space grew 98.5% to 2.0 million sf in 2023 from 1.0 million sf in 2022, as much needed supply caught up with demand. Occupancy rates eased by a marginal 0.3 pp y-o-y to 91.9% by end-2023, characterising healthy demand for private warehouse space as occupancy rates remained above 90.0%.

In 2023, demand for logistics and warehouse space continued to be supported by demand from third-party logistics ("3PLs") entities and end-users that included companies in the e-commerce sector and those in need of temperature-controlled facilities. Additionally, electronics and precision engineering firms also stored excess inventory of completed and uncompleted goods due to the fall in global demand and exports from Singapore, especially in the first half of 2023. Retail companies new to Singapore also used these storage spaces as new stores, both online and physical shops were set up in an environment where the retail market was recovering from the aftereffects of social restrictions and border controls of the pandemic.

Exhibit 5-1: Net New Supply, Net New Demand and Average Occupancy of Private Warehouse Space



Source: JTC J-Space, Knight Frank Research

Exhibit 5-2: Selected Major Private Warehouse Completions in 2023

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sf)
Q1 2023				
2PS1	2 Pioneer Sector 1	West	Soilbuild Business Park REIT	757,025
Paradise Group IHQ	107 Defu Lane 10	North-East	Paradise Group Holdings Pte Ltd	104,302
Q2 2023				
Fairprice Group Fresh Food Distribution Centre	7 Sunview Road	West	NTUC Fairprice Co-Operative Ltd	752,720
The Pulse	8 Aljunied Avenue 3	East	Exeo Global Pte Ltd	115,712
Q3 2023				
Single-User Industrial Development	20 Tampines Industrial Avenue 3	East	Silicon Box Pte Ltd	786,733

Source: JTC J-Space, Knight Frank Research

5.2 Potential Supply

As at end-2023, a total of 9.7 million sf GFA of warehouse space is expected to be completed between 2024 to 2027. Of which, 99.2% (9.6 million sf) comprise private stock with the remaining 0.8% (75,000 sf) from the public sector. In 2024, about 4.2 million sf of private warehouse space is expected to be ready. The bulk of the warehouse potential supply will be completed in the two years of 2024 and 2025 and includes the 156,139-sf 1 Tuas Avenue 4 which is expected to be completed in H1 2024.

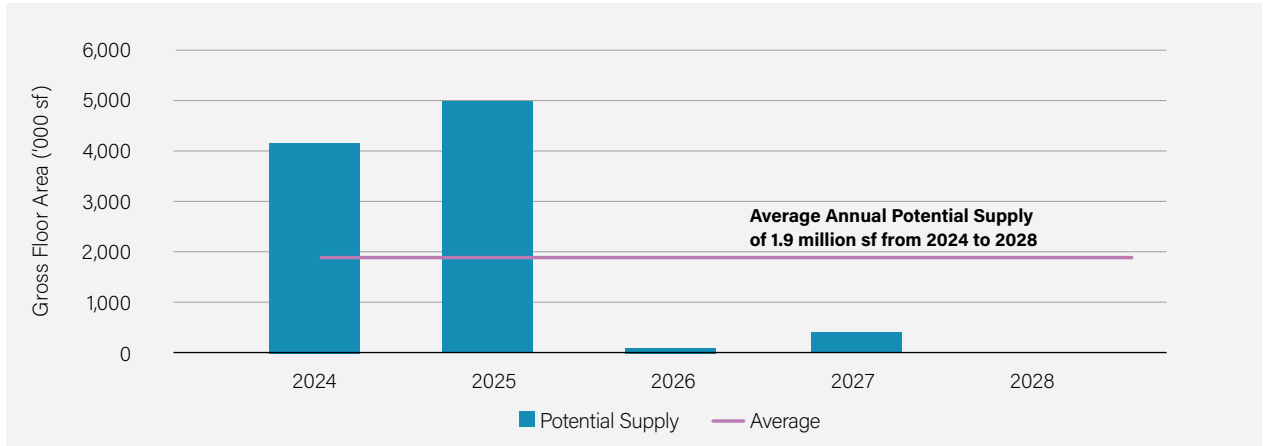
Exhibit 5-3: Upcoming Major Warehouse Developments in 2024

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sf)
Warehouse Development	Senoko Loop	North	Tiong Nam Logistics (S) Pte Ltd	268,452
Warehouse Development	Tuas Avenue 4	West	Sabana REIT	156,139
Single-User Industrial Development	Tuas Avenue 13	West	Peck Tiong Choon Pte Ltd	110,653

Source: JTC J-Space, Knight Frank Research

Independent Market Review

Exhibit 5-4: Potential Supply of Private Warehouse Space

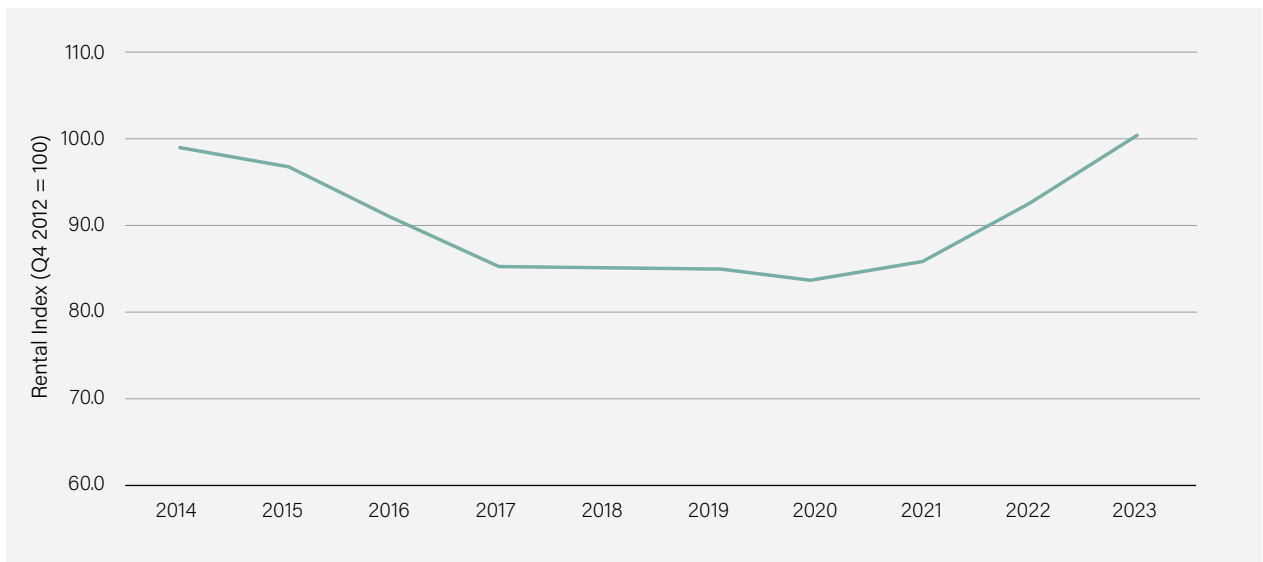


Source: JTC J-Space, Knight Frank Research

5.3 Rents

The JTC warehouse rental index increased 8.5% y-o-y in 2023. Demand for warehouse space was resilient through the year in order to mitigate supply chain disruptions as well as from e-commerce and product inventory as retailers set up shops in Singapore. The 25th percentile, median and 75th percentile rents were S\$1.66, S\$2.10 and S\$2.70 psf per month respectively, having grown in steady increments in 2023.

Exhibit 5-5: JTC Rental Index of Warehouse Space



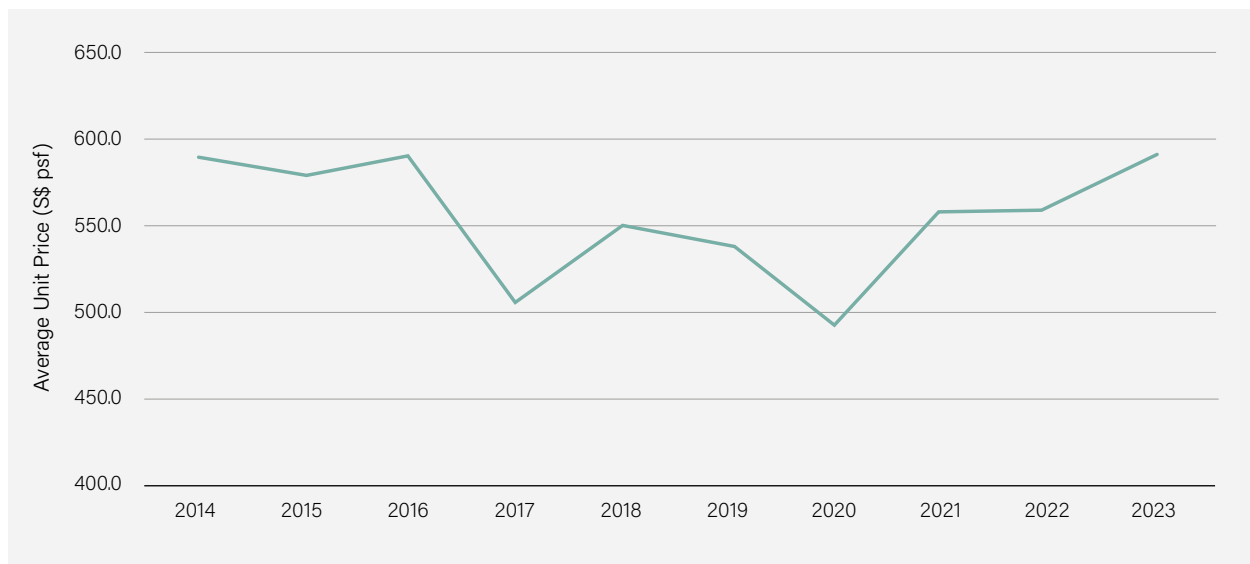
Source: JTC J-Space, Knight Frank Research

Note: JTC rental indices are based on the last quarter of each respective year (e.g. Q4 2023).

5.4 Prices

Due to the limited transaction activity of private warehouse spaces, no price index updates have been released by JTC since Q4 2014. The average unit price of private strata-titled warehouse spaces for the whole of 2023 was S\$589 psf, based on 103 caveats, reflecting a 5.3% increase from the average of S\$559 psf in 2022 when 107 caveats were recorded.

Exhibit 5-6: Average Unit Price of Private Warehouse Space



Source: JTC J-Space, Knight Frank Research
 Note: Based on strata area

5.5 Investment Sales

Investment sales of private warehouse space (excluding GLS sites) in 2023 totalled S\$452.9 million, 6.0% more than the S\$427.3 million recorded in 2022. Much of the activity was recorded in the second quarter of the year, contributing 75.1% of the year's total volume. Notable transactions include Jurong Districentre and a warehouse at 6 Chin Bee Avenue, changing hands for S\$95.0 million and S\$93.0 million respectively.

Exhibit 5-7: Selected Major Private Warehouse Investment Sales in 2023

Name of Development	Location	Sale Price (S\$ mil)	Land Area (sf)	Unit Price (S\$ psf)	Tenure	Date of Sale
Jurong Districentre	3 Pioneer Sector 3	95.0	511,841*	186*	30+30 years from 16/12/1990	Q2
N.A.	6 Chin Bee Avenue	93.0	129,747*	717*	27.73+30 years from 22/01/1986	Q2
N.A.	9 Pioneer View	58.5	157,459	372*	30 years from 01/06/2016	Q4
N.A.	30 Toh Guan Road	57.8	132,807*	435*	30+30 years from 16/08/1995	Q2
EAC Building	4 Clementi Loop	37.6	200,460*	188*	30 years from 01/10/1993	Q2
TVS SCS Logistics Centre	21 Changi North Way	30.1	123,115*	245*	30 years from 01/06/2010	Q2

Source: Various sources, Knight Frank Research

Notes:

To be considered as private investment sales under Knight Frank Research definition, it must fulfil either one of the following pre-requisite:-

- Investment transactions comprise an entire building or property with a transaction value of S\$10 million and above; OR
- Any bulk sales within a development amounting to S\$10 million or more

* Land area and corresponding price per land area

Independent Market Review

5.6 Outlook

Although occupancy levels for quality logistics space remain firm, there was some relief during the year 2023 with about 2.2 million sf of new warehouse space. With manufacturers slowly but increasingly being able to clear stored inventory from existing spaces, the tight supply conditions were in the process of being alleviated towards the end of the year.

Looking ahead, around 4.2 million sf of new warehouse space is forecasted to be completed in 2024, much higher than the average of 1.9 million sf in the upcoming five years, and twice the 2.2 million sf of net new supply in 2023. The continued normalisation of global supply chains expected in 2024 has been affected by shipping companies avoiding passage through the Suez Canal and the Gulf of Aden due to attacks on commercial shipping by militants. This is likely to contribute to higher levels of inventory holding essentials, supporting demand for storage space.

The provision of new quality warehousing space is essential for Singapore's post-pandemic drivers of industrial storage space. The global semi-conductor and bio-technology manufacturers that had committed capital investments and set up new or expanded facilities in Singapore would require space for the storage of material and processed components once these new facilities commence operations. In addition, the critical importance of stockpiling necessities in an increasingly uncertain geo-political climate will also underpin demand for quality warehouse spaces.

Combined with a recovering retail sector with new entrants in the market importing a greater variety of products, demand for quality logistics space will continue to be supported in 2024, providing the moderate upward momentum for warehouse prices and rents to grow by just over 5% in the year ahead, notwithstanding the new supply.

6 SINGAPORE PRIVATE BUSINESS PARK MARKET BRIEF

There was a total of 26.5 million sf of business park space at Q4 2023, with private stock comprising an 84.8% majority at 22.5 million sf. The overall occupancy rate for business parks decreased 4.1 pp to 78.4% in Q4 2023 from 82.5% in Q4 2022, the fifth consecutive quarter of decline. At the same time, the rental index for this property type increased 0.3% q-o-q and 3.4% y-o-y in the final quarter of 2023.

Demand for business park spaces has weakened. Qualifying office occupiers choose to renew leases instead of incurring capital expenditure to relocate to decentralised business parks, notwithstanding the savings in occupational costs. Existing business park tenants have also been cost consciously reducing their footprints, requiring less space with the adoption of hybrid work arrangements. Business park spaces that have immediate connectivity to MRT stations and are centrally located typically commanded higher rents, but rents for older business parks located in the east or west of Singapore likely plateaued in 2023.

High-value-add industries will undergird demand for business park space in 2024, even though existing occupiers are likely to continue reducing space requirements when possible. Centrally located business parks are expected to witness moderate rental growth at the higher end of a 1% to 3% range in 2024. However, rents for older stock in less central areas may plateau at the lower end of the forecast range.

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Property Portfolio

Our properties are diversified into four industrial segments across Singapore. Most of our buildings enjoy strong connectivity, being in close proximity to expressways, commercial nodes and public transportation nodes including MRT stations and bus stops.

91.2%

PORTFOLIO OCCUPANCY



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)



Property Portfolio

HIGH-TECH INDUSTRIAL



1

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 2023) (\$ million)	362.7
Gross Rental Income for FY 2023 (\$ million)	23.4
Occupancy Rate (%)	78.3
Land Lease Expiry	2055 45 yrs wef 26 Nov 2010
GFA (sq ft)	866,140

8 COMMONWEALTH LANE, SINGAPORE 149555

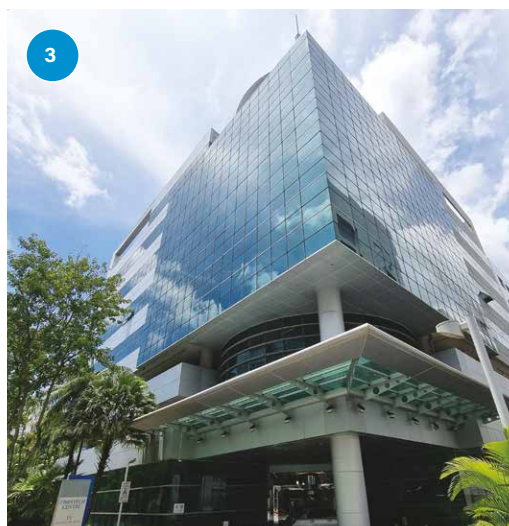
A four-storey industrial building with a six-storey annex

Purchase Consideration (\$ million)	70.3
Latest Valuation (As at 31 December 2023) (\$ million)	54.3
Gross Rental Income for FY 2023 (\$ million)	4.1
Occupancy Rate (%)	82.2
Land Lease Expiry	2059 30 + 23 yrs wef 1 Feb 2006
GFA (sq ft)	161,815



2

3



15 JALAN KILANG BARAT, FRONTECH CENTRE, SINGAPORE 159357

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

Purchase Consideration (\$ million)	34.5
Latest Valuation (As at 31 December 2023) (\$ million)	22.5
Gross Rental Income for FY 2023 (\$ million)	1.5
Occupancy Rate (%)	88.8
Land Lease Expiry	2060 99 yrs wef 1 Jan 1962
GFA (sq ft)	73,928

Property Portfolio

HIGH-TECH INDUSTRIAL

4



Artist's impression

1 TUAS AVENUE 4, SINGAPORE 639382

The Property is currently undergoing AEI into a warehouse and production facility, and is expected to be completed in 1H FY2024.

Purchase Consideration (\$ million)	28.0
Latest Valuation (As at 31 December 2023) (\$ million)	21.0
Gross Rental Income for FY 2023 (\$ million)	Under AEI
Occupancy Rate (%)	Under AEI
Land Lease Expiry	2047 30 + 21 yrs 4 mths wef 1 Jan 1996
GFA (sq ft)	155,949*

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 2023) (\$ million)	42.2
Gross Rental Income for FY 2023 (\$ million)	3.6
Occupancy Rate (%)	66.4
Land Lease Expiry	2056 30 + 20 yrs 15 days wef 16 Sep 2006
GFA (sq ft)	159,384

5



6




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 2023) (\$ million)	68.0
Gross Rental Income for FY 2023 (\$ million)	7.3
Occupancy Rate (%)	99.2
Land Lease Expiry	2060 30 + 29 yrs wef 16 Apr 2001
GFA (sq ft)	319,718

CHEMICAL WAREHOUSE & LOGISTICS



7

33 & 35 PENJURU LANE, SINGAPORE 609200/609202

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

Purchase Consideration (\$ million)	78.9
Latest Valuation (As at 31 December 2023) (\$ million)	42.0
Gross Rental Income for FY 2023 (\$ million)	2.5
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 2023) (\$ million)	19.0
Gross Rental Income for FY 2023 (\$ 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



8

Property Portfolio

WAREHOUSE & LOGISTICS



9

34 PENJURU LANE, PENJURU LOGISTICS HUB SINGAPORE 609201


A five-storey warehouse with ancillary offices

Purchase Consideration (\$ million)	60.0
Latest Valuation (As at 31 December 2023) (\$ million)	29.9
Gross Rental Income for FY 2023 (\$ million)	5.1
Occupancy Rate (%)	94.0
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 2023) (\$ million)	31.0
Gross Rental Income for FY 2023 (\$ million)	2.8
Occupancy Rate (%)	93.1
Land Lease Expiry	2054 30 + 30 yrs wef 1 Jan 1995
GFA (sq ft)	246,376



10



11

26 LOYANG DRIVE, SINGAPORE 508970

A single-storey warehouse building with mezzanine floors

Purchase Consideration (\$ million)	32.0
Latest Valuation (As at 31 December 2023) (\$ million)	26.9
Gross Rental Income for FY 2023 (\$ million)	2.5
Occupancy Rate (%)	100.0
Land Lease Expiry	2053 30 + 18 yrs wef 1 Jan 2006
GFA (sq ft)	149,166

WAREHOUSE & LOGISTICS



12

3A JOO KOON CIRCLE, SINGAPORE 629033

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

Purchase Consideration (\$ million)	40.3
Latest Valuation (As at 31 December 2023) (\$ million)	34.4
Gross Rental Income for FY 2023 (\$ million)	3.0
Occupancy Rate (%)	96.5
Land Lease Expiry	2047 30 + 30 yrs wef 1 Aug 1987
GFA (sq ft)	217,899

2 TOH TUCK LINK, TOH TUCK LOGISPARK SINGAPORE 596225

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

Purchase Consideration (\$ million)	40.1
Latest Valuation (As at 31 December 2023) (\$ million)	31.3
Gross Rental Income for FY 2023 (\$ million)	2.4
Occupancy Rate (%)	75.9
Land Lease Expiry	2056 30 + 30 yrs wef 16 Dec 1996
GFA (sq ft)	181,705



13

14



10 CHANGI SOUTH STREET 2, SINGAPORE 486596

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

Purchase Consideration (\$ million)	54.2
Latest Valuation (As at 31 December 2023) (\$ million)	37.9
Gross Rental Income for FY 2023 (\$ million)	3.3
Occupancy Rate (%)	100.0
Land Lease Expiry	2051 30 + 27 yrs wef 1 Oct 1994
GFA (sq ft)	238,862

Property Portfolio

GENERAL INDUSTRIAL



15

123 GENTING LANE, SINGAPORE 349574

An eight-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	24.5
Latest Valuation (As at 31 December 2023) (\$ million)	17.2
Gross Rental Income for FY 2023 (\$ million)	2.0
Occupancy Rate (%)	98.0
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 2023) (\$ million)	28.9
Gross Rental Income for FY 2023 (\$ million)	2.2
Occupancy Rate (%)	100.0
Land Lease Expiry	2056 30 + 30 yrs wef 1 Sept 1996
GFA (sq ft)	158,846



16

GENERAL INDUSTRIAL



17

**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 2023) (\$ million)	19.1
Gross Rental Income for FY 2023 (\$ million)	1.9
Occupancy Rate (%)	98.8
Land Lease Expiry	2051 30 + 30 yrs wef 1 Jan 1992
GFA (sq ft)	135,513

**21 JOO KOON CRESCENT,
SINGAPORE 629026**

A three-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	20.3
Latest Valuation (As at 31 December 2023) (\$ million)	15.6
Gross Rental Income for FY 2023 (\$ million)	0.6
Occupancy Rate (%)	100.0
Land Lease Expiry	2054 30 + 30 yrs wef 16 Feb 1994
GFA (sq ft)	99,575



18

Investor Relations

COMMITMENT TO EFFECTIVE AND OPEN COMMUNICATION

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

Volare Group AG (the "**Offeror**") announced a voluntary conditional cash partial offer for 10.0% of the issued units in Sabana Industrial REIT (the "**Offeree**"), other than those already owned, controlled or agreed to be acquired by the Offeror or any party acting in concert with it. The Board of the Manager issued the Offeree circular in February 2023 to provide Unitholders with relevant information pertaining to Sabana Industrial REIT and to set out the recommendation of the Independent Directors with regard to the Partial Offer.

In June 2023, the Manager received a letter (the "**Requisition Notice**") from Quarz Capital ASIA (Singapore) Pte. Ltd. requesting the Manager to convene an extraordinary general meeting of Sabana Industrial REIT (the "**2023 Requisitioned EGM**"). More information on this Requisition Notice can be obtained from our announcement titled "Receipt of Requisition Notice" uploaded on SGXNet on 8 June 2023. With the proposed internalisation of the REIT management function being unprecedented in the history of Singapore-listed REITs, the Manager engaged investors, analysts and the media to correct some of the inaccuracies and misleading claims made in the Requisition Notice, provide clarity on the REIT's performance and the corresponding consequences of Unitholders' vote on the 2023 Requisitioned EGM resolutions.

During the period leading up to the 2023 Requisitioned EGM, the Manager convened numerous meetings with both internal and external stakeholders. The Manager invited Unitholders to Sabana Industrial REIT's Investor Day on 5 July 2023 and the SIAS-Sabana Industrial REIT Dialogue on 1 August 2023 to discuss the resolutions to be tabled at the 2023 Requisitioned EGM.



Unitholders at Sabana Industrial REIT's Investor Day on 5 July 2023



The SIAS-Sabana Industrial REIT Dialogue with Unitholders was held on 1 August 2023 to discuss resolutions to be tabled at the 2023 Requisitioned EGM on 7 August 2023

In addition, the Manager uploaded a total of 53 SGXNet announcements from the receipt of the Requisition Notice on 7 June 2023 to the date of the 2023 Requisitioned EGM on 7 August 2023. These announcements include the Manager's responses to the Requisitioned EGM, among others.

With the growing consideration of environmental, social and governance ("**ESG**") as one of the key investment focus areas for investors, the Manager provided timely updates on its sustainability agenda, projects and progress. On this front, the Manager communicated that it inked new partnership agreements with Keppel EaaS to implement sustainability solutions and initiatives across its selected portfolio properties during the year. On the financing front, the Manager secured a \$100.0 million sustainability-linked facility as additional support for the REIT's focus on ESG.

Aside from ESG matters, the Manager kept stakeholders informed of the REIT's performance through the 1Q and 3Q interim business updates and half-yearly announcements. Senior management also reached out to substantial stakeholders throughout the year.

ENGAGING THE INVESTMENT COMMUNITY AND MEDIA

To maintain its engagements with Unitholders and investors, senior management connected with them across several platforms, including in-person and virtual meetings, industry symposiums and conference calls. These sessions with Singapore and overseas investors also served as platforms for senior management to receive feedback from the investors and understand their views. The Manager continued to cultivate relationships with sell-side analysts and brokerages through virtual webinars.

Senior management also engaged the media community via post-results conference calls. The interim business updates and half-yearly announcements received coverages on print and online channels.

CONNECTING CLOSELY WITH RETAIL INVESTORS

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

Over the course of the year, the Manager proactively organised as well as participated in several engagement events which attracted strong participation by retail investors. These included the REIT's hybrid Investor Day on 5 July 2023 organised by the Manager and the SIAS-Sabana Industrial REIT Dialogue with Unitholders on 1 August 2023 facilitated by the Securities Investors Association of Singapore ("**SIAS**").

The Manager also participated in the Singapore REITS Symposium 2023 on 21 May 2023, an event that was jointly organised by ShareInvestor and REITAS. Webinars for trading representatives were also regularly held, including with representatives of CGS-CIMB Securities on 6 April and 31 July, Smartkarma on 11 April and Phillip Securities on 19 April and 28 July. Senior management shared on the REIT's financial performance and operational updates at these events and fielded questions from the participants.



CEO Donald Han at REITS Symposium 2023

For the Annual General Meeting ("**AGM**") on 25 April 2023, registered Unitholders attended physically at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741. At the AGM, the CEO gave a presentation to Unitholders to update them on the REIT's operational and financial performance. Unitholders were also able to submit their relevant and substantial questions that they had relating to the REIT to the Chairman of the AGM in advance of the AGM. The responses given by the Board and management were uploaded onto SGXNet and the corporate website for Unitholders' information.

The REIT's website serves as the primary source of information and REIT data for Unitholders. All material announcements are made available on the REIT's website immediately after the information is posted on the SGXNet to ensure timely dissemination of information. The Manager provides contact

details on the REIT's website to enhance accessibility to the Investor Relations team should Unitholders require any updates or clarifications.

POLICIES AND PRACTICES

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

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

For the second successive year, The Edge Singapore Billion Dollar Club ("**BDC**") recognised Sabana Industrial REIT as the top performer in total shareholder returns in the REITS sector for the Centurion Club 2023. The BDC showcases excellence in companies listed on the Singapore Exchange. Sabana Industrial REIT had outperformed other REITs with a market capitalisation of under \$1 billion in total shareholder returns to investors for the three years from 31 March 2020 to 31 March 2023, based on BDC metrics.

IMPROVEMENT IN CORPORATE GOVERNANCE RANKINGS

The REIT was ranked 30th place in the Singapore Governance and Transparency Index in 2023, with an overall achievement score of 84.2. This represents a marked improvement by five positions and 9.8 points over the REIT's performance in 2022.

FY 2023 INVESTOR RELATIONS CALENDAR

1st quarter interim business update	19 April 2023
12th Annual General Meeting (in respect of FY 2022)	25 April 2023
1H 2023 results announcement	19 July 2023
Distribution Payment Date (1 January 2023 to 30 June 2023)	14 September 2023
3rd quarter interim business update	18 October 2023
2H 2023 and FY 2023 results announcement	23 January 2024
Distribution Payment Date (1 July 2023 to 31 December 2023)	20 March 2024

Investor Relations

INVESTOR AND MEDIA RELATIONS ACTIVITIES IN FY 2023

1st QUARTER

- Analysts and media results briefing for 2H 2022 and FY 2022 financial results

2nd QUARTER

- Announced 1Q 2023 interim business update
- Published Sabana Industrial REIT's 2022 Annual Report and Sustainability Report
- Held 12th Annual General Meeting
- CGS-CIMB Securities Webinar
- Phillip Securities Corporate Webinar
- Smartkarma Corporate Webinar

3rd QUARTER

- Analysts and media results briefing for 1H 2023 financial results
- SIAS – Sabana Industrial REIT Dialogue with Unitholders
- Phillip Securities Corporate Webinar
- CGS-CIMB Securities Webinar
- Held the 2023 Requisitioned EGM on 7 August 2023

4th QUARTER

- Announced 3Q 2023 interim business update
- Special issue of The Edge Singapore BDC with Sabana Industrial REIT named as top performer in total shareholder returns in the REITS sector for the Centurion Club 2023

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

Phone: (65) 6580 7750
Fax: (65) 6280 4700
Email: enquiry@sabana.com.sg
Website: www.sabana-reit.com.sg

Analyst Coverage

DBS Group Research



Sustainability Report

54
Board Statement on Sustainability

55
About this Report

56
How We Manage Sustainability

60
Sustainability Targets and Performance

62
Our Governance

64
Our People and Tenants

72
Our Environment

84
Our Society

86
GRI Content Index

Sustainability Report

BOARD STATEMENT ON SUSTAINABILITY

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

Management regularly updates the Directors on the ESG initiatives, plans, projects, and progress through the scheduled and/or ad-hoc Board and Audit and Risk Committee (“**ARC**”) meetings. Consistent with the REIT’s ESG commitment to improving energy and water efficiency, the Manager continued with its efforts in implementing our green initiatives and ensuring progress of prior-committed project plans. During the year, the Manager completed the installation of high-efficiency air-conditioner chillers at 508 Chai Chee Lane, with the objective of improving energy consumption efficiency. The installation of solar photovoltaic panels was completed at 3A Joo Koon Circle, 34 Penjuru Lane and 10 Changi South Street 2 as at 31 December 2023.

The installation of solar photovoltaic panels at the REIT’s second major Asset Enhancement Initiative (“**AEI**”) at 1 Tuas Avenue 4, which was approximately 76% completed as at 31 December 2023, will begin after the project receives Temporary Occupation Permit in 1H 2024. The 1 Tuas Avenue 4 project is a testament to the REIT’s commitment to reducing the REIT’s carbon footprint through the planned additions and alterations of the existing structure instead of redevelopment. Upon its completion, the property will target to obtain Green Mark 2021 Super Low Energy certification.

The Manager has considered environmental risk with Guidelines on Environmental Risk Management for Asset Managers issued by the Monetary Authority of Singapore (“**MAS**”), and the disclosure of impacts are made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

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

The Board is pleased to present Sabana Industrial REIT’s FY 2023 sustainability report (“**Sustainability Report**”) as it continues to incorporate good practices for ethics and social responsibility into the REIT’s business and investment decisions to enhance its ESG performance. The Board looks forward to sharing with you our progress and welcoming your feedback. Please direct your feedback to enquiry@sabana.com.sg.

ABOUT THIS REPORT

This Sustainability Report has been prepared in accordance with the sustainability reporting requirements of the SGX-ST Listing Rules 710A, 711A and 711B, the Global Reporting Initiative Sustainability Reporting Standards ("**GRI**") and the TCFD recommendations. GRI is globally recognised and commonly used as a sustainability reporting standard.

This Sustainability Report presents detailed information on our sustainable development targets, performance and management for the financial year that commenced on 1 January 2023 and ended on 31 December 2023.

The scope of the report covers:

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

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

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

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

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

¹ The 12 properties Sabana Industrial REIT had operational control over in FY 2023 are: 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 34 Penjuru Lane, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 39 Ubi Road 1, and 51 Penjuru Road. While the Manager also has operational control over 1 Tuas Avenue 4, the building is currently under AEI and non-tenanted. The remaining five properties are master-tenanted, of which the Manager is working alongside these tenants to achieve mutual environmental and carbon footprint goals. Detailed information regarding the property portfolio is set out on pages 43 to 49 of this Annual Report.

Sustainability Report

HOW WE MANAGE SUSTAINABILITY

SUSTAINABILITY APPROACH

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

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

Our Governance

- Economic growth
- Good governance
- Business ethics & anti-corruption
- Regulatory compliance
- Cyber-security and data privacy



Our People and Tenants

- Fair employment practices & talent retention
- Tenant satisfaction
- Health & safety

Our Environment

- Energy efficiency & climate change
- Water management (use and reduction)
- Waste management

Our Society

- Community impact

SUSTAINABILITY GOVERNANCE

The Board determines the direction of Sabana Industrial REIT's sustainability agenda and oversees the process to identify and manage the REIT's impact on the economy, environment, and people. The Board monitors the REIT's sustainability initiatives and their integration into the REIT's business and strategy. The SWC was appointed by the ARC and/or Board to support its efforts in governing sustainability-related matters. The Directors will review and approve matters relating to sustainability, including the Material ESG topics during the quarterly and/or ad-hoc ARC meetings. Please refer to the Material ESG Topics set out on page 59 to 60.







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

The Manager embarked on the Global Real Estate Sustainability Benchmark ("**GRESB**") for assessment in 2023. GRESB is an independent organisation providing validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence, industry engagement and decision-making. GRESB is steadily becoming an industry standard for ESG assessment and the REIT is committed to improving its ESG standards across the board. By participating in the assessment, the REIT is able to benchmark itself against industry peers and leaders. ESG data submitted to GRESB has been key in providing actionable insight into the REIT's ESG performance. One such example is the REIT's Environmental Policy which was formally adopted in 2023.

STAKEHOLDER ENGAGEMENT

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

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

Key Stakeholders	Key Issues of Concern	Engagement Methods	Engagement Frequency	Purpose
Investment Community (including Unitholders, Fund Managers, Buy and Sell-side Analysts, as well as Media) 	<ul style="list-style-type: none"> Financial performance Interim business updates Key developments and outlook Corporate governance 	<ul style="list-style-type: none"> 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 Video-conference investor meetings Investor conferences 	<ul style="list-style-type: none"> Half-yearly Throughout the year Annually Bi-annually Throughout the year Throughout the year Throughout the year 	<ul style="list-style-type: none"> Enhance understanding of the REIT and its strategy Provide updates on operational and financial performance Expand investor base
Tenants 	<ul style="list-style-type: none"> Tenants' satisfaction Quality of facilities and services Health and safety 	<ul style="list-style-type: none"> Tenant satisfaction survey Tenant engagement sessions Tenant engagement communications broadcasts 	<ul style="list-style-type: none"> Annually Throughout the year Throughout the year 	<ul style="list-style-type: none"> Maintain open communication with tenants to better serve their needs Build positive relationships with tenants and enhance their experience Provide and maintain a healthy and safe environment for the well-being of tenants
Employees 	<ul style="list-style-type: none"> Career development Health and safety Equal opportunity and inclusion 	<ul style="list-style-type: none"> Performance appraisal Training and development programmes Team meetings Team bonding activities Employee satisfaction survey 	<ul style="list-style-type: none"> Annually Throughout the year Throughout the year Throughout the year Once per year 	<ul style="list-style-type: none"> Support the REIT's growth and performance by attracting talents, retaining employees and equipping them with the appropriate skills Provide and maintain a healthy and safe environment for the well-being of employees
Business Partners (including suppliers/ service providers) 	<ul style="list-style-type: none"> Health and safety Business performance 	<ul style="list-style-type: none"> Video-conferencing meetings Ad-hoc site visits 	<ul style="list-style-type: none"> Throughout the year Throughout the year 	<ul style="list-style-type: none"> Support the REIT's operational needs and requirements Ensure a healthy and safe environment to prevent accidents and injuries Engage business partners in the adoption of ESG principles and practices
Government and Regulatory Bodies 	<ul style="list-style-type: none"> Regulatory compliance Good governance 	<ul style="list-style-type: none"> Video-conferencing meetings Site inspections Submissions of surveys and regulatory returns 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year 	<ul style="list-style-type: none"> Ensure compliance with legal and regulatory requirements
Community 	<ul style="list-style-type: none"> Community investments Impact of business on the environment and society 	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") activities Donations to charitable/ not-for-profit organisations Promotional events of the retail mall 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year 	<ul style="list-style-type: none"> Create positive impact by supporting initiatives that contribute to the good of the community

In addition to engaging our stakeholders, we also participate in professional associations. The Manager is a member of the REIT Association of Singapore ("REITAS") and the Singapore Business Federation to contribute to the development of our industry. Our Directors are also members of the Singapore Institute of Directors. Apart from professional associations, we also engage independent organisations such as the Securities Investors Association (Singapore) ("SIAS"), which is an association for minority shareholders. We work with and support SIAS closely in recognition of the importance of investor and public engagement, including co-hosting a SIAS-Sabana Industrial REIT - Dialogue with Unitholders in August 2023.

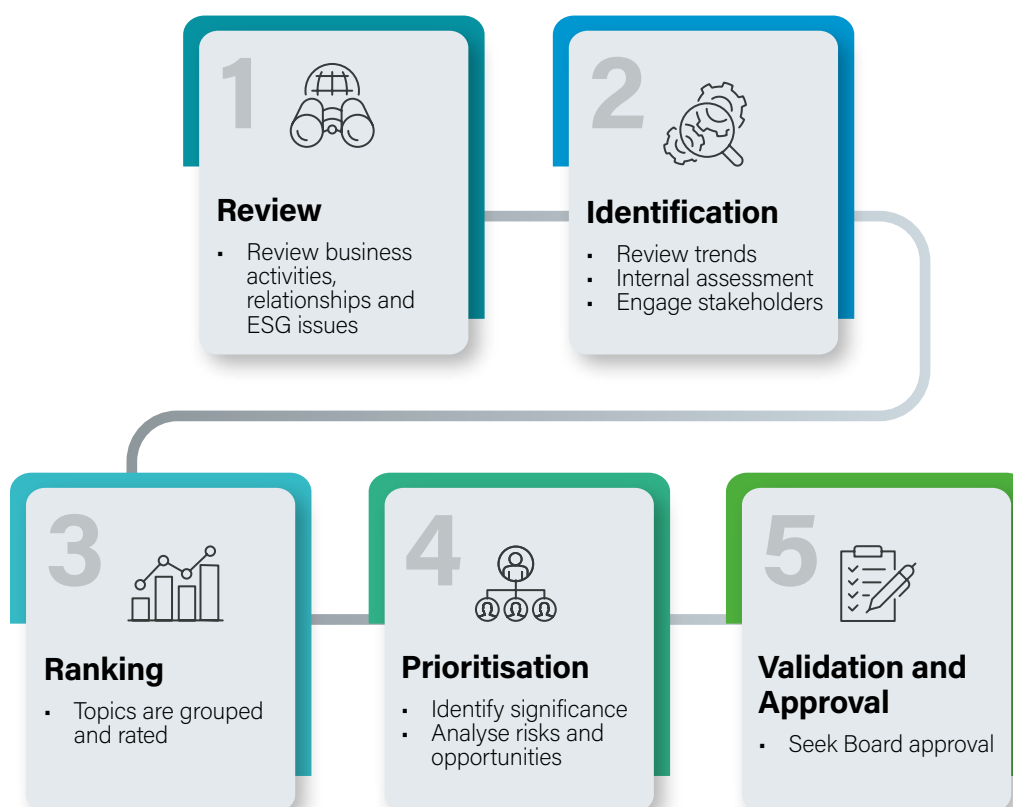
Sustainability Report

MATERIALITY ASSESSMENT

In FY 2023, the Manager conducted an impact assessment as part of a refresh of our materiality assessment, in consultation with our external sustainability consultant, to identify the impact of our business activities and relationships on our environment, our people (including human rights), governance and the wider economy, in line with GRI Standards “Principle of Materiality” for sustainability reporting.

Materiality assessment process

Step 1: Reviewing the business	Step 2: Identification	Step 3: Ranking	Step 4: Prioritisation	Step 5: Validation and approval
We will consider a review of our business activities and relationships as well as ESG issues relevant to the real estate industry to understand our positive and negative impacts on our environment, our people (including human rights), governance and the wider economy, in consultation with our external sustainability consultant.	In identifying the material ESG factors relevant for our business, we will consider to factor in the stakeholders' feedback on the sustainability issues (where relevant), in consultation with our external sustainability consultant.	We will then assess the significance of each impact by considering its severity, including the potential for remediation of negative impacts and the likelihood of occurrence, in consultation with our external sustainability consultant.	After assessing the significance of the identified ESG impacts, the ESG topics are prioritised according to the most significant impact for reporting. The material topics will be shortlisted for reporting, in consultation with our external sustainability consultant.	The shortlisted material topics, initiatives and targets will then be reviewed and approved by the ARC/ Board and/or CEO, as recommended by and in consultation with our external sustainability consultant.



MATERIAL ESG TOPICS

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

Material Topics	How Sabana Industrial REIT manages its material topics
<ul style="list-style-type: none"> ▪ Economic growth² 	<p>Economic growth is pivotal for the REITs in Singapore as it directly influences the demand and value of properties. Creating value for the properties will in turn generate value for our stakeholders. A thriving economy correlates with increased job opportunities, rising incomes, and a growing population, all of which contribute to a heightened demand of our industrial spaces. Additionally, economic growth often leads to urban development and infrastructure projects, further enhancing the overall appeal of our REIT. The Manager is executing an AEI and making improvements on some of our assets, coupled with capital and risk management and integrating sustainability considerations into the REIT's strategy. Through these initiatives, the Manager aims to deliver long-term value to our stakeholders.</p>
<ul style="list-style-type: none"> ▪ Good governance³ ▪ Business ethics & anti-corruption ▪ Regulatory compliance 	<p>Sound corporate governance is essential for sustaining the REIT's operations and performance, safeguarding the interests of stakeholders, and ensuring the REIT's long-term success. The lack of internal controls and non-compliance with regulations can result in financial and reputational loss, and undermine our license to operate. In eliminating fraud and corruption and the risk of non-compliance, the Manager has established a robust corporate governance framework and put in place policies and practices to maintain the highest standards of integrity and accountability.</p>
<ul style="list-style-type: none"> ▪ Cyber-security & data privacy 	<p>Transactions in the real estate industry involves managing confidential data, including financial, property records and personal data. Having a robust cyber-security system would protect these data from unauthorised access and safeguard the interests of tenants and stakeholders. A data breach would lead to severe consequences, including financial losses, reputational damage, and potential legal ramifications. The Manager recognises the importance of managing cyber-security risks well and safeguarding our data. The Manager, in consultation with its outsourced IT vendor, takes steps to protect stakeholders' personal data and critical information with industry standards and policies.</p>
<ul style="list-style-type: none"> ▪ Tenant satisfaction 	<p>The level of tenant satisfaction will demonstrate the Manager's attitude towards quality of property management and customer service. It will directly influence occupancy rates, lease renewals and overall financial performance. The Manager recognises that a high level of tenant satisfaction translates into our success as a REIT and is key to sustaining our financial performance. Ensuring fair and equitable treatment of tenants and providing accessible facilities contribute to tenant satisfaction. The Manager is committed to maintaining close communications and delivering high-quality service to tenants to support their needs.</p>
<ul style="list-style-type: none"> ▪ Fair employment practices & talent retention 	<p>Having a diverse and inclusive workforce of the Manager will allow for better adaptability and innovation. The ability to adapt to dynamic market trends and innovate in business strategies can provide a competitive edge for the REIT. Fair employment practices contribute to the development of a talent pipeline. Succession planning becomes more relevant in identifying and nurturing talented individuals within the organisation. Respecting human rights within the workplace contributes to a positive work environment. The Manager is committed to offering fair employment, and understands the need to attract, cultivate and retain talent with the right skill pool and experiences to drive the long-term sustainability of the REIT.</p>
<ul style="list-style-type: none"> ▪ Health & safety 	<p>Ensuring the health and safety of employees, tenants, vendors and contractors, and visitors of the REIT's properties contributes to a positive and healthy work environment. This will enhance overall well-being, job satisfaction and productivity among the workforces. We strive to provide a healthy and safe environment for the physical and mental well-being of these stakeholders.</p>

² Please see Letter to Unitholders, pages 5 to 7, Financial Highlights, page 21, and Financial Statements, pages 117 to 173 of this Annual Report for more details on the Manager's initiatives in delivering value to stakeholders.

³ Please see Corporate Governance Report, pages 90 to 116 of our FY 2023 Annual Report for more details on our FY 2023 corporate governance practices.

Sustainability Report

Material Topics	How Sabana Industrial REIT manages its material topics
<ul style="list-style-type: none"> ▪ Energy efficiency & climate change 	<p>Climate change can pose risks to our assets, such as increased exposure to extreme weather events. Proactive measures to enhance the energy efficiency and resilience of properties can protect the long-term value of assets and reduce vulnerability to climate-related risks. As a limited natural resource in Singapore, water management is essential and the Manager has implemented water management initiatives to play a role in contributing to water conservation efforts in the country.</p> <p>Waste generation is concerning issue in Singapore and by adhering to responsible waste disposal practices, it helps the REIT meet environmental regulations and fosters a positive public image. As a landlord, we are mindful of the long-lasting impact that our assets may 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.</p>
<ul style="list-style-type: none"> ▪ Water management (use and reduction) 	
<ul style="list-style-type: none"> ▪ Waste management 	
<ul style="list-style-type: none"> ▪ Community impact 	<p>We are dedicated to creating a positive community impact by giving back to societies. By driving positive changes in society through various social initiatives, we aim to contribute towards a better and more sustainable future for those that we reach out to.</p>

SUSTAINABILITY TARGETS AND PERFORMANCE

Material Factors	Targets for FY 2023	FY 2023 Performance	Targets for FY 2024
Business ethics & anti-corruption	Zero confirmed incidents of corruption and fraud	Achieved	Zero confirmed incidents of corruption and fraud
Regulatory compliance	Zero incidents of non-compliance that resulted in significant fines or legal actions regarding: <ul style="list-style-type: none"> ▪ Environmental laws and regulations ▪ Laws and regulations in social and economic areas ▪ Marketing communications 	Achieved	Zero incidents of non-compliance that resulted in significant fines or legal actions regarding <ul style="list-style-type: none"> ▪ Environmental laws and regulations ▪ Laws and regulations in social and economic areas ▪ Marketing communications
Cyber-security and data privacy	Zero incidents of substantiated complaints received concerning breaches of data privacy and thefts or losses of employee and tenants' data	Achieved	Zero incidents of substantiated complaints received concerning breaches of data privacy and thefts or losses of employee and tenants' data
Fair employment practices & talent retention	Zero validated incidents of discrimination	Achieved	Zero validated incidents of discrimination
	Ensure employees receive on average 10 hours of training	Not achieved	Ensure employees receive on average 10 hours of training
	Deploy fair employment practices by ensuring our hiring processes remain stringent and offer equal opportunity to all potential candidates	Achieved	Deploy fair employment practices by ensuring our hiring processes remain stringent and offer equal opportunity to all potential candidates
Tenant satisfaction	Achieve at least a 70.0% tenant satisfaction level for all properties surveyed	Not achieved	Achieve at least a 70.0% tenant satisfaction level for all properties surveyed

Material Factors	Targets for FY 2023	FY 2023 Performance	Targets for FY 2024
Health & safety	Zero fatalities for our employees and contractors and zero high consequence work-related injuries for our employees and contractors	Achieved	Zero fatalities for our employees and contractors and zero high consequence work-related injuries for our employees and contractors
	Zero incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts during the use of our buildings	Achieved	Zero incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts during the use of our buildings
Energy efficiency & climate change	Reduction of 2% year-on-year for the energy intensity of common area and vacant net lettable area of properties.	Achieved	Reduction of 2% year-on-year for the energy intensity of common area and vacant net lettable area of properties.
Water management	Reduction of 2% year-on-year for water intensity	Not achieved	Reduction of 2% year-on-year for water intensity
	Progressively attain PUB Water Efficient Building basic certification for at least 50% of the properties under the Property Manager's operational control	Not achieved <u>Note</u> Two properties received PUB certification, and six properties are pending PUB certification	Progressively attain PUB Water Efficient Building basic certification for all the properties under the Property Manager's operational control
Waste management	Encourage recycling by installing recycling bins on at least 50% of the properties under the Property Manager's operational control	Achieved	Encourage recycling by installing recycling bins for all the properties under the Property Manager's operational control
Community impact	Complete at least two local community engagements	Achieved	Complete at least two local community engagements

Sustainability Report

OUR GOVERNANCE

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

Sabana Industrial REIT achieved significant progress in corporate governance as reflected by the improvement made in its performance on the Singapore Governance and Transparency Index ("**SGTI**") in 2023, with an overall achievement scoring 84.2 (2022: 74.4) and a ranking in the 30th place (2022: 35th place). The SGTI, which assesses companies on, among other criteria, their corporate governance disclosure and practices, timeliness of announcements, accessibility, and transparency, is a widely-watched index for Singapore-listed companies.

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

BUSINESS ETHICS & ANTI-CORRUPTION

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

Policies and Procedures	Guidance
Code of Best Practices on Securities Transactions	<p>Guidance on how the Directors and employees of the Manager should trade the Units that they hold. Please refer to the Corporate Governance Section for more details.</p> <p>The policy is not publicly available and is for internal use only.</p>
Procedures on Conflict of Interest	<p>Procedures established by the Manager to prevent and deal with potential conflicts of interest issues. Please refer to the Corporate Governance Section for more details.</p> <p>Policy source: Conflicts of Interest ("COI") Policy and Investor Relations Policy are available on Sabana Industrial REIT's corporate website</p>
Procedures on Interested Party/ Person ("IPT") Transactions	<p>Procedures were established to ensure that all IPTs will be undertaken on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. All IPTs are subjected to regular periodic reviews by the Audit and Risk Committee ("ARC").</p> <p>Policy Source: IPT Policy is available on Sabana Industrial REIT's corporate website.</p>
Employee Handbook	<p>Guidance on matters relating to appropriate behaviours for employees, including how employees should conduct business and maintain all business relationships.</p> <p>The REIT recognises salient human rights issues and sets out its support and guidance through the employee handbook. The handbook provides guidance on health and safe working conditions, fairness, equality and non-discrimination regardless of gender, ethnicity, religion or age, and operating in a responsible manner and in adherence to legal requirements and local laws.</p> <p>The handbook is not publicly available and is for internal use only.</p>

Policies and Procedures	Guidance
Whistle-blowing Policy	<p>Provision of independently-monitored, confidential channels i.e. email and mail, for employees, tenants, and vendors to report any suspected wrongdoing or dangers at work (e.g. fraud, corruption, dishonest practices, or other similar matters relating to Sabana Industrial REIT or the Manager) without fear of reprisal, discrimination, or adverse consequences.</p> <p>The Policy also provides guidelines for an independent investigation of any reports and appropriate follow-up action. All whistle-blowing reports will be directed to the Chairman of the ARC who will take the appropriate follow-up actions.</p> <p>The Whistle-blowing Policy is available on Sabana Industrial REIT's corporate website.</p>
Customer On-Boarding and Anti-Money Laundering Policy	<p>Assists the Manager in understanding its obligations relating to anti-money laundering under Singapore law, as well as the policy established by the Manager when conducting its business and exercising due diligence when dealing with customers.</p> <p>The policy is not publicly available and is for internal use only</p>
Sabana Board Diversity Policy	<p>The Board Diversity Policy sets out the principles adopted by the Board and the approaches taken to maintain diversity in the appointment and composition of the Board.</p> <p>The board diversity statement is found under "Corporate Governance: Principle 2" and also available on Sabana Industrial REIT's corporate website.</p>
Human Rights Policy	<p>The policy reflects the Manager's commitment to uphold and protect the human rights of its employees working in the organisation. The Human Rights Policy is guided by international human rights principles as set out by the United Nations and Part 4 (Fundamental Liberties) of the Constitution of The Republic of Singapore.</p>
Anti-Corruption Policy	<p>Sets out the responsibilities of employees in observing and upholding the Board's zero-tolerance approach towards corruption, bribery, and extortion. The policy also seeks to provide guidance and information to employees on how to address, resolve, avoid, and prevent potential instances of corruption, bribery, and extortion in the course of their work.</p>
Fraud Policy	<p>The purpose of Fraud Policy is to:</p> <ol style="list-style-type: none"> 1. Educate employees on the potential risks of fraud; 2. Raise awareness and help employees identify any irregularity or suspected irregularity; and 3. Detail the responsibilities of employees in preventing, detecting, investigating and reporting fraud.
Cyber-Security Policy	<p>Establishes clear guidelines and best practices for ensuring the security and confidentiality of data and information related to the REIT, its investors, and its clients.</p>

In FY 2023, no claims for breaches of laws and regulations concerning the environment, bribery, fraud or corruption were brought against Sabana Industrial REIT. In addition, no such legal cases and claims were brought against Sabana Industrial REIT, the Manager, the Property Manager, and their employees.

FY 2023 Performance
Target achieved – Maintained zero confirmed incidents of corruption or fraud
FY 2024 Target
Maintain zero confirmed incidents of corruption and fraud

Sustainability Report

REGULATORY COMPLIANCE

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

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

FY 2023 Performance

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

FY 2024 Target

Maintain zero incidents of non-compliance that result in significant fines or legal actions regarding laws and regulations in the environmental, social, and economic areas and marketing communications

CYBER-SECURITY & DATA PRIVACY

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

We are committed to ensuring that strong cyber-security systems and processes are in place to protect our networks, systems, computers, programmes, and data from attacks. Annually, we also provide Personal Data Protection Act (“**PDPA**”) training to employees. In FY 2023, 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 2023 Performance

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

FY 2024 Target

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

OUR PEOPLE AND TENANTS

FAIR EMPLOYMENT PRACTICES & TALENT RETENTION

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

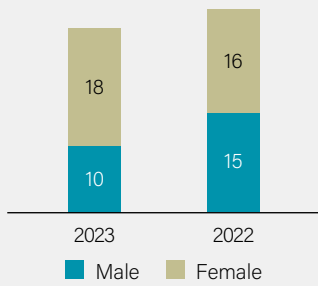
Diversity and Equal Opportunity

As of 31 December 2023, the Manager and the Property Manager had 28 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 64.3% female and 35.7% male employees, and one out of three of our senior management is female.

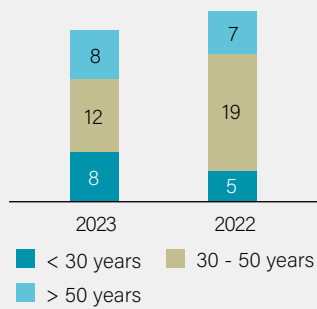
In FY 2023, we continued to strengthen our diversity by broadening our recruitment methods - via encouraging employee referrals, building stronger relationships with local universities, and using social media platforms to widen our recruitment reach. Through our cohesive culture of collaborating across teams and regular sharing of ideas, information, and knowledge, we aim to enrich perspectives and help employees enhance their capabilities.

EMPLOYEE PROFILE

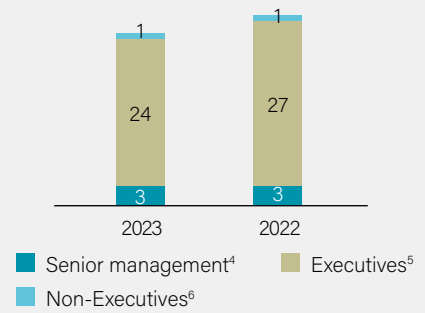
By Gender



By Age Group

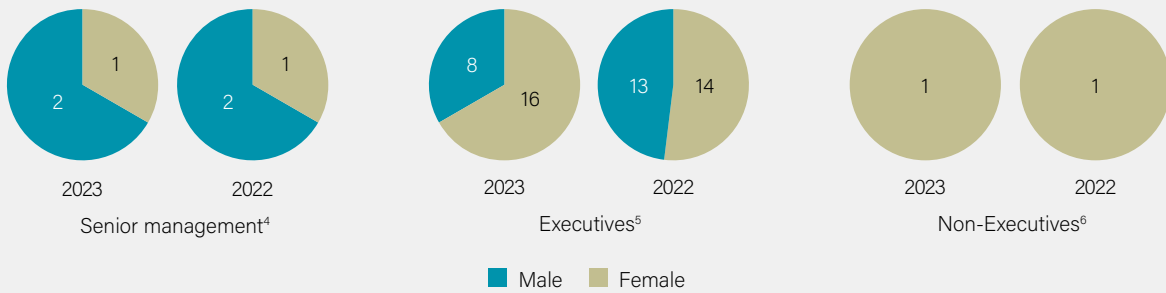


By Employee Category

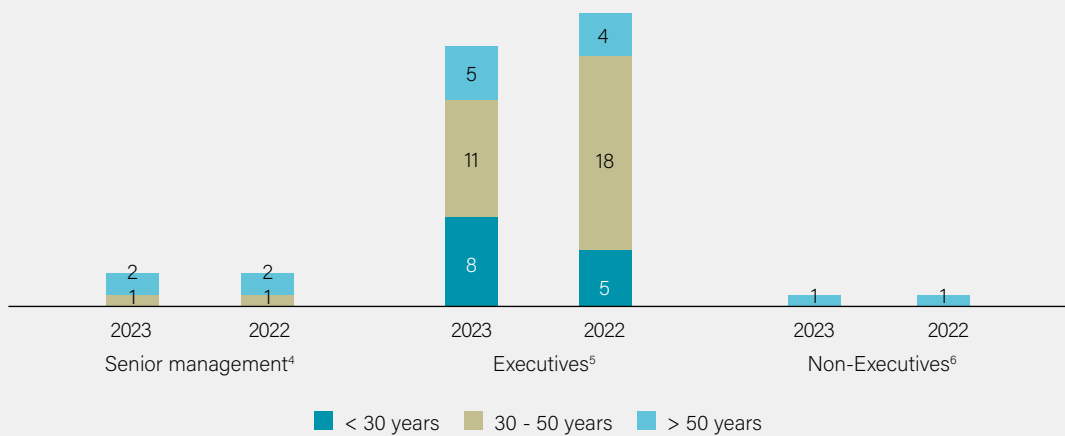


EMPLOYEE DIVERSITY PER EMPLOYEE CATEGORY

By Gender



By Age Group



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

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

⁶ Non-executives comprise one pantry staff.

Sustainability Report



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

Our HR policies

- Recruitment Policy
- Employee Records Policy
- Salary Policy and Performance Review Policy
- Payroll Policy
- Training and Development Policy
- Cessation of Employment Policy

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

Similar to FY 2022, there were zero validated cases of discrimination in FY 2023, hence meeting our target set for the year.

FY 2023 Performance

Target achieved – Maintained zero validated incidents of discrimination.

FY 2024 Target

Maintain zero validated incidents of discrimination.

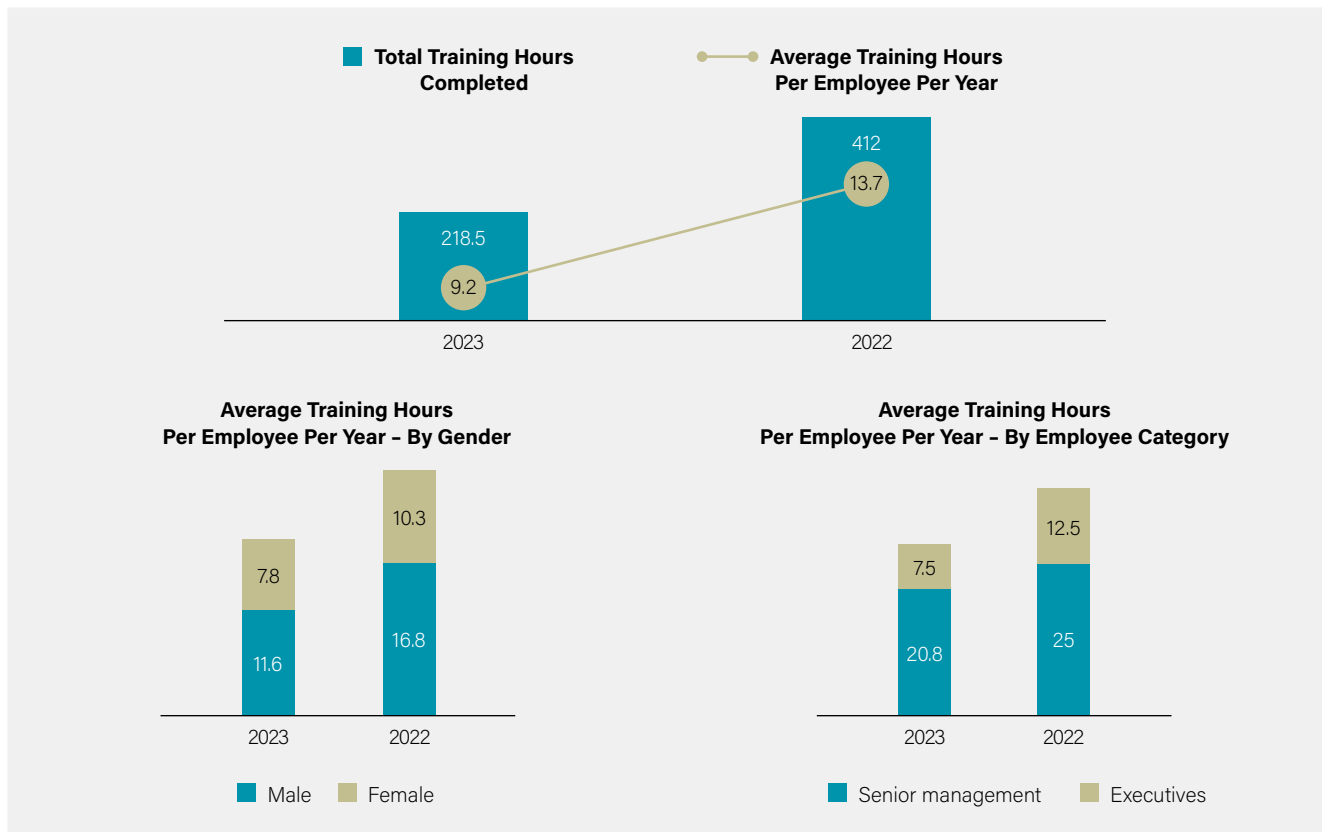
Training and Development

We believe in the holistic development of employees. We implement training and development initiatives to support employees in pursuing continuous education and job-specific training to reach their full potential. These initiatives entail educational assistance for formal qualifications and professional development through short courses. Each year, we aim to ensure that employees receive an average of 10 hours of training courses.

In 2023, our employees attended training courses through the regular "lunch and learn" sessions on safety, urban planning, solar deployment, PDPA, anti-money laundering, business continuity plan, and the rules and ethics training by REITAS.

In addition to regular short courses, employees are given five days of study leave and three days of examination leave per year. To keep pace with the changing job and technology landscape, the Manager continues to invest in and enhance its learning and development offerings to all employees to nurture their capabilities and leadership excellence.

With the average training hours in 2023 having fallen short of the target of 10 hours mainly due to manpower resources, the Manager will step up on the training and development sessions in 2024 to enable employees to acquire knowledge and skills that will help them advance in their careers.



FY 2023 Performance

Target not achieved – Each employee received 9.2 training hours on average

FY 2024 Target

Ensure employees receive on average 10 hours of training

Sustainability Report

Fostering Employee Engagement

Through our annual performance reviews and planning sessions, we actively engage employees to understand their needs and expectations and monitor their satisfaction levels. In FY 2023, excluding those under probation, 100% of employees completed their annual performance review.

Town hall sessions and regular meetings were also held throughout the year to keep employees updated on the REIT's activities, plans and developments, and strengthen employee engagement. Apart from these update sessions, regular "lunch and learn" sessions were held to give employees the opportunity to interact across departments and at the same time, learn a new skill or gain some useful general knowledge.

In 2023, we introduced an Employee Satisfaction Survey to provide our staff a communication channel to give actionable feedback to senior management and human resources. The survey covers topics such as physical and mental health, safety, and opportunities at the workplace.

Talent Retention

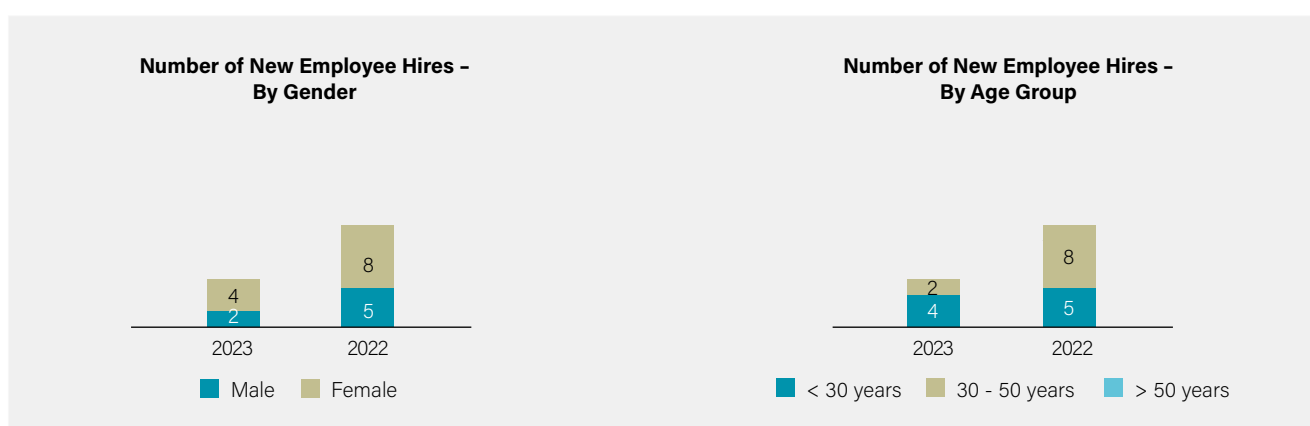
We take a holistic approach to attracting and retaining talent. To this end, we recognise the importance of employee welfare and career development. We regularly monitor metrics such as our hiring and turnover rate to ensure we remain adaptive to the needs of employees and the industry at large.

As at 31 December 2023, the Manager and the Property Manager have a total headcount of 28 employees. The hiring rate for FY 2023 was 28.1% (FY 2022: 41.9%), while the turnover rate was 42.9% (FY 2022: 61.3%).

With the passing of resolutions tabled at the Extraordinary General Meeting on 7 August 2023 to internalise the REIT management function, this gave rise to unprecedented uncertainties. As the interim manager of the REIT, our focus has since primarily been on motivating our staff, pursuing staff retention measures, and taking steps to ensure continuity in the REIT's operations.

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

As for employees with outstanding performance, they were recognised for their contributions and conferred with the annual CEO Awards.

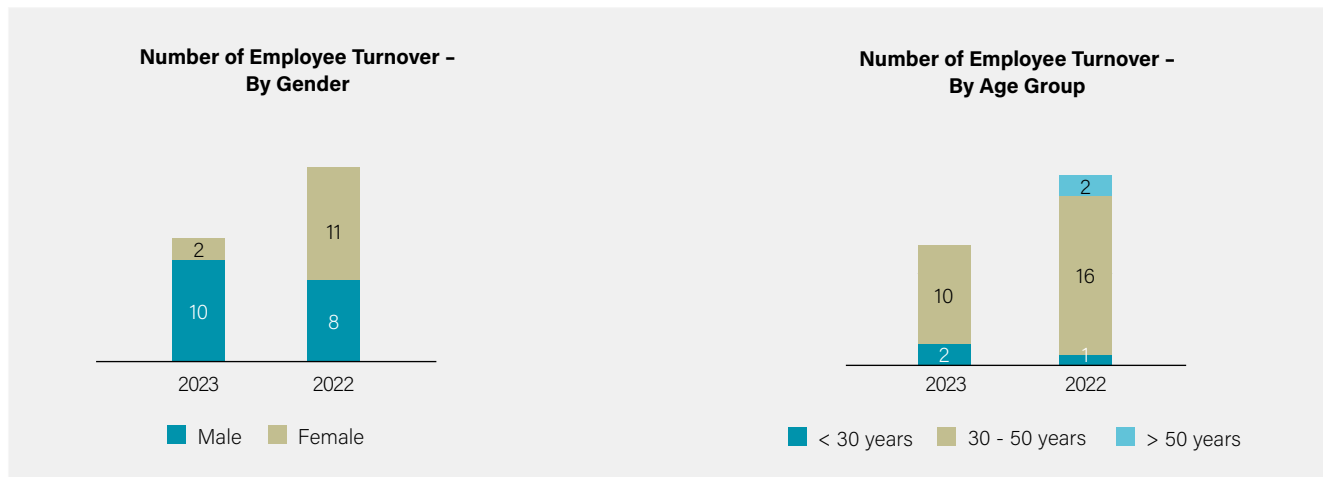


Annual Rate of New Employee Hires - By Gender⁷

Performance Measure	2023	2022
Male	40.0%	33.3%
Female	27.8%	50.0%

Annual Rate of New Employee Hires - By Age Group⁸

Performance Measure	2023	2022
< 30 years old	50.0%	100%
30 - 50 years old	18.2%	42.1%
> 50 years old	n/a	n/a
Annual Rate of New Employee Hires⁹	32.1%	41.9%



Annual Rate of Employee Turnover - By Gender¹⁰

Performance Measure	2023	2022
Male	50.0%	53.3%
Female	11.1%	68.8%

Annual Rate of Employee Turnover - By Age Group¹¹

Performance Measure	2023	2022
< 30 years old	25.0%	20.0%
30 - 50 years old	38.5%	84.2%
> 50 years old	0%	28.6%
Annual Rate of Employee Turnover¹²	42.9%	61.3%

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

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

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

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

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

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

Sustainability Report

FY 2023 Performance

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

FY 2024 Target

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

TENANT SATISFACTION

Tenant satisfaction is one of the key drivers of our success as a REIT. We regularly engage our tenants on an ongoing basis through site visits and annual tenant satisfaction surveys to understand tenants' expectations and needs, and continuously improve the standards of our properties. In 2023, we conducted a tenant satisfaction survey exercise which involved sending the survey forms directly to the tenants' top management. To encourage frank and honest responses by the tenants, the tenants' responses are directed to the Manager's senior management. The survey focused on three main aspects: building management and maintenance, finance and leasing, and marketing services.

In FY 2023, we surveyed 174 tenants (FY 2022: 158), received 24 responses (FY 2022: 42), and achieved a satisfaction score of 68.5% (FY 2022: 72.6%). We have not met our target of achieving an average tenant satisfaction score of at least 70.0% across our properties. The decline in tenant satisfaction and response rate may be attributed to the change in the way tenant feedback has been handled since 2022, which aims to establish a better feedback engagement between management, tenants and the various departments within the Manager. In this regard, our survey emails reach the senior management members of our tenants directly, who in turn are more likely to respond to the surveys when there is negative and relevant feedback to raise. For FY 2024, the Manager's senior management will engage the tenants directly to address the pertinent issues raised in their feedback survey. Additionally, since 2020, majority of our properties have undergone asset enhancements and asset rejuvenation exercises, especially in main lobbies and improving tenants' occupational experiences. Tenant satisfaction is an important component of our sustainability and we will continue to take tenants' feedback seriously and implement the appropriate responses.

Performance Measure	2023	2022
Percentage of tenants who responded	13.8%	25.6%
Average tenant satisfaction score across our properties ¹³	68.5%	72.6%

FY 2023 Performance

Target not achieved – Achieved average tenant satisfaction score of 68.5% across our properties.

FY 2024 Target

Achieve at least a 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, the Property Manager conducts regular inspections at our properties and meets tenants to discuss any safety incidents.

To ensure the health and safety of our people and users of our properties, the Property Manager carries out health and safety management practices involving our tenants, on-site technicians, and a majority of contract workers who are not directly employed by Sabana Industrial REIT. The Property Manager also briefs property-based teams so that they are attentive to potential safety issues. The Property Manager also meet tenants to review and discuss the actions that need to be taken in an emergency. Evacuation drills are also conducted to ensure that our relevant stakeholders can respond to emergency situations. The Property Manager is a member of the Safety and Security Watch Group.

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

Employees

We hold safety briefings for all new onboarding staff and provide various health and safety-related benefits.

The table below shows more initiatives aimed at protecting and enhancing our employees' welfare:

- Personal accident, hospitalisation and surgical group term life insurance plans
- Workmen's Injury Compensation Insurance Policy
- Travel insurance plans for business travel
- Annual health screenings
- 16 weeks of paid maternity leave for female employees and two weeks of paid paternity leave for male employees who have completed three calendar months of service
- Team bonding events*

* These include birthday celebrations, lunch & learn sessions, and the CEO's Awards.

We have continued our strong performance in FY 2023 with a record of zero work-related injuries and ill health for all workers¹⁴ as shown in the table below.

FY 2023 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 2024 Target
Maintain zero fatalities and zero high-consequence work-related injuries for our employees and contractors.

Tenants

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

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

In support of Health Promotion Board's initiative to promote healthy lifestyle, we are in partnership with Healthy 365 programme to encourage our tenants to participate in the weekly group fitness sessions at New Tech Park.

Vendors and Contractors

As our vendors and contractors are stakeholders within our supply chain, they perform an important role in creating positive health and safety culture. We are committed to working closely, building, and maintaining strong partnerships with them to adhere to health and safety standards. Based on the business nature of our REIT which is wholly based in Singapore, our third-party suppliers include building equipment suppliers, mechanical and engineering service providers, architects, contractors, cleaners, and security guards, among others. All of our key vendors and contractors which our REIT engaged in 2023 are based in Singapore.

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

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

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

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

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

Sustainability Report

In consideration of our health and safety impacts on our supply chain, we adopt intensive sourcing practices and work together with our vendors and contractors to minimise any risk along the value chain. We are considering carrying out an onboarding risk assessment prior to engaging a new vendor or contractor.

All contractors are also required to apply for a PTW which includes a risk assessment of their respective work scope and schedule of work. 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 2023, similar to the previous year, there were no incidents of non-compliance concerning health and safety impacts during the use of our buildings.

FY 2023 Performance
Target achieved – Zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts during the use of our buildings

FY 2024 Target
Maintain zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts during the use of our buildings

OUR ENVIRONMENT

We are aware of the importance of our role in ensuring long-term environmental sustainability in our business and operations. As such, our approach to sustainability encompasses broader considerations for environmental responsibility across our portfolio of properties and business operations. We continue to leverage various environmental strategies, mitigation and adaptation measures as part of our ESG commitment, and contribution towards a greener future.

As part of this, we are aligned to the TCFD Framework, as well as the MAS guidelines on Environment Risk Management for Asset Managers ("**MAS Guidelines**"). We have refreshed our TCFD disclosures from the previous year, in consultation with our external sustainability consultant, and the following provides a summary update of Sabana Industrial REIT's progress and response to the various components of the TCFD recommendations. As we continue to take a phased approach, and we seek to continuously improve our disclosures over time.

TCFD Recommended Disclosure	Key Requirements of MAS Guidelines	Details of Sabana Industrial REIT's Response
Governance		
a) Describe the organisation's governance around climate-related risks and opportunities	Governance and Strategy Board and senior management to be involved in identifying environmental risks and opportunities, evaluating their impact on the Manager's strategies, business plans and products, and ensuring the appropriate management of risks and opportunities	The Board assumes overall responsibility over risk management and climate-related risks and opportunities. The Board is responsible for ensuring transparency and visibility of Sabana Industrial REIT's risk management practices, and is supported by the SWC which assists the ARC/ Board and CEO in governing, monitoring and reporting sustainability issues. Please refer to "Sustainability Governance" section for more information on pages 62 to 64 of this Annual report. Progress against the climate-related targets is monitored by the ARC/ Board and/or CEO on an annual basis through KPIs (refer to section on Metrics and Targets on pages 60 to 61 for details).
b) Describe management's role in assessing and managing climate-related risks and opportunities		The Manager, in consultation with our external sustainability consultant, has considered managing environmental risk. To this end, the SWC, which is led by the Manager's CEO, and comprises key representatives from various departments, implements the REIT's sustainability agenda, reviews and evaluates internal controls, and performance annually and ensures that all requirements for sustainability compliance are met before reporting to the ARC/ Board and/or CEO on a regular basis.

TCFD Recommended Disclosure	Key Requirements of MAS Guidelines	Details of Sabana Industrial REIT's Response
Strategy		
<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p>Governance and Strategy To consider integrating environmental risk into overall investment risk management framework to identify, address and monitor the risks</p> <p>Research and Portfolio Construction In assessing environmental risk, to consider both transition and physical risks on an individual asset and/or portfolio level</p> <p>To embed relevant environmental risk considerations in this process and evaluate the potential impact of relevant environmental risk on return potential</p> <p>Portfolio Risk Management Where environmental risk is material, develop capabilities in scenario analysis to evaluate the impact on the portfolio and portfolio resilience to financial losses.</p>	<p>The Manager, in consultation with our external sustainability consultant, has performed a second assessment of the REIT's climate-related risks and opportunities. In this scenario analysis, a refresh of the previous year's key physical and transitional risks was made. The short, medium and long-term horizons considered for the scenario analysis were also updated, in accordance with the time frame when various physical and transition risks are likely to take place.</p> <p>The scenario analysis considers two scenarios, the 1.5°C Scenario (RCP¹⁹ 2.6) and >3°C Scenario (RCP 8.5), and a baseline year of 2021 has been adopted for the analysis, as recommended by our external sustainability consultant.</p> <p>A non-exhaustive list of key physical risks, transition risks and opportunities are listed as follows: Transition risks:</p> <ul style="list-style-type: none"> • Increase in carbon pricing • Enhanced emissions reporting obligation • Increased stakeholder expectations • Enhanced requirement on environmental sustainability of buildings • Changing customer behaviour <p>Physical risks:</p> <ul style="list-style-type: none"> • Rising mean temperature and increased heatwaves • Increased flash flood risk <p>Opportunities:</p> <ul style="list-style-type: none"> • Development or expansion of low emissions goods • Investment in energy efficient technology • Investment in renewable energy <p>Following that, we aim to assess and analyse the extent of our business exposure to the key risks and opportunities identified and potentially quantify the possible scale of financial impacts over time.</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>		<p>Taking climate-related risks and opportunities into account will be embedded in the organisation's decision-making. The Manager, in consultation with our external sustainability consultant, has also carried out a prioritisation of the above climate-related risks and opportunities as part of climate risk assessment, and has determined that the potential risks are relevant and significant for the Group and its operations.</p> <p>The potential impact of these risks on each of the business units are outlined in the Climate Change section below.</p> <p>Financial planning will also be considered when determining potential costs to be incurred in mitigating climate risks such as costs for upgrading the buildings with solar panels and incorporating energy-efficient designs and features to existing properties.</p>
<p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>		<p>The Manager, in consultation with our external sustainability consultant, has conducted a qualitative scenario analysis to determine its resilience against climate risks in the short (2030), medium (2040), and long term (2050).</p> <p>Overall, the REIT's assets are not particularly vulnerable to physical risks in the short term, but would be more affected by transition risks. For instance, increases in carbon pricing, enhanced product regulations and changing customer behaviour risk increasing operating costs and reducing demand for the REIT's assets.</p> <p>These transition risks would have a larger impact on the business in the medium to long-term as lower-emission substitutes become cost competitive and carbon prices rise.</p> <p>In addition, physical risks such as rising temperatures and flooding would begin to place a significant risk to business operations. The severity of these risks is likely to be higher in higher warming scenarios due to more intense climate-related events. As such, the Manager will look into quantifying these risks, to get a better idea of its impact on business. Steps will be taken to explore strategic moves that may help transform the business and mitigate or adapt to these risks.</p>

¹⁹ Representative Concentration Pathway ("RCP") 8.5 is a greenhouse gas concentration trajectory by the Intergovernmental Panel on Climate Change ("IPCC") that assumes that emissions continue to rise throughout the 21st century.

Sustainability Report

TCFD Recommended Disclosure	Key Requirements of MAS Guidelines	Details of Sabana Industrial REIT's Response
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Portfolio Risk Management In consultation with our external sustainability consultant to assess, monitor and manage environmental risk	The Manager is proactive in identifying AELs to improve the energy performance of its properties where feasible. For asset-related reporting and monitoring of risks, the Manager, in consultation with its external sustainability consultant, will adopt a risk assessment in which risks driven by climate change or environmental influences such as flash floods will be covered.
b) Describe the organisation's processes for managing climate-related risks.	Stewardship Consider implementing AELs to improve the efficiency of resource use, or attain green building certification Consider collaborative opportunities with other asset managers to build knowledge and skills	Short-term risks will be addressed by management, who will take steps to mitigate potential damage. Medium and long-term risks will be discussed with the ARC/ Board and/or CEO when shaping the direction of the REIT's strategy with reference to industry standards and expectations to ensure that they are relevant to local and global sustainability trends and developments. Proposals and recommendations on sustainability related policies and practices will be made to the ARC/ Board and/ or CEO where relevant. In consultation with our external sustainability consultant, the Manager will consider recommendations, and will review other possible mitigation and adaptation plans. The aim is to build sound resilience of Sabana Industrial REIT's portfolio against climate-related risks and opportunities. Such resilience will future-proof the REIT's real estate portfolio to guard against climate change risks, avoid premature obsolescence, and maximise its capacity to adopt available opportunities.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		Our Directors and management attended training courses/ seminars conducted by professionals and business leaders on sustainability during FY 2023. These courses covered climate-related risks and emerging climate risks.
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.	Disclosure Will make regular and meaningful disclosure of environmental risks and exposure, with clear metrics and targets	The Manager will make annual disclosures on its environmental risks and performance in its Sustainability Report. Key metrics and targets across various parts of business relating to its commitment towards a low carbon and circular economy have been set, including energy consumption and intensity, Scope 2 GHG emissions and intensity, and water withdrawal and intensity metrics.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		We are disclosing our environmental performance of our Scope 2 carbon emissions. As Scope 1 emissions are not material in our operations, they are not being disclosed at this moment.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		By creating a decarbonisation roadmap with viable Scope 1, 2 and 3 strategies to support the journey, the REIT aims to achieve its emissions reduction targets. The REIT continues to explore longer-term targets for its portfolio with green building certifications.

CLIMATE CHANGE

In FY 2023, the Manager refreshed the qualitative environmental risk assessment and scenario analysis exercise of the REIT, in consultation with our external sustainability consultant, to identify and assess the potential impacts of physical and transition risks, as well as climate-related opportunities.

The table below summarises the scope of the scenario analysis:

Parameters	Scope	
Country	Singapore	
Baseline year	2021	
Timeframe	Short-term: up to 2030 Medium-term: up to 2040 Long-term: up to 2050	
Scenarios explored	1.5°C warming Network for Greening the Financial System (NGFS) Net-Zero by 2050 ¹ , International Energy Agency Net Zero Emissions ("IEA NZE") 2050 ² & Intergovernmental Panel on Climate Change ("IPCC") RCP 2.6 ³ scenario) > 3°C warming (NGFS Current Policies, IEA STEPS ⁴ & IPCC RCP 8.5 scenario)	
Key identified risks and opportunities	<u>Transition risks and opportunities</u> Carbon pricing Changing customer expectations Low carbon economy transition policies and regulations Reputational risks Technology shifts	<u>Physical risks</u> Flash floods Heatwaves (rising mean temperatures)

¹ NGFS scenarios are outlined here: <https://www.ngfs.net/ngfs-scenarios-portal/>

² Details of the IEA Net Zero Emissions scenario can be found here: <https://www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze>

³ For details of the various IPCC scenarios, refer to Table 2.1 here: https://ar5-syr.ipcc.ch/topic_futurechanges.php

⁴ Details of the IEA STEPS scenario can be found here: <https://www.iea.org/reports/global-energy-and-climate-model/stated-policies-scenario-steps>

The 1.5 °C warming scenario assumes that climate policies and actions will be introduced and will be adopted early on and will become gradually more stringent. In this scenario, according to the NGFS, the physical risks are relatively subdued but the transition risks are expected to be relatively higher. Physical risks in this scenario are relatively subdued as policies and measures will be introduced to mitigate and will adapt to the intensifying climate change. As policies and measures will be introduced early, transition risks are expected to be relatively higher.

The >3 °C scenario assumes that climate policies will be implemented in some jurisdictions, but overall global efforts are insufficient to halt significant global warming. In this case, physical risks are expected to be high whereas transition risks are expected to be lower. Physical risks are expected to be high as policies and measures are uneven and insufficient to mitigate and adapt to the intensifying climate risks such as increased in frequency of extreme weather patterns. On the other hand, as there are staggered efforts on the policy front, transition risks are expected to be lower.

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

- Short-term: Within the next 6 to 10 years (by 2030)
- Medium-term: Within the next 10 to 20 years (by 2040)
- Long-term: Within the next 20 to 30 years (by 2050)

Sustainability Report

Our short-term time horizon will be aligned with our capital planning and investment time horizons of the next 6 to 10 years, and has been updated from previous year's horizon of up to 2025, given that 2025 is shorter than the planning horizon of 6 to 10 years and may be too close to make meaningful change. Given that our portfolio fully comprises industrial buildings in Singapore, our medium- and long-term time horizons are aligned with Singapore's enhanced nationally determined contribution under the Paris Agreement to peak emissions by 2030 and halve 2030 peak emissions by 2050, to achieve net zero emissions as soon as viable in the second half of the century from 2050. Our mitigating measures through our strategy, portfolio construction and risk management in response to the results of the assessment are detailed in the tables below.

Transition Risks

Risk	Description	Key Mitigating Measures	Risk Rating					
			Short term (2030)		Medium term (2040)		Long term (2050)	
			1.5°C	>3°C	1.5°C	>3°C	1.5°C	>3°C
Increase in carbon pricing	The Singapore government currently imposes a carbon tax of S\$25/ton of direct Scope 1 carbon emissions (tCO ₂ e) for large emitters, which will go up to S\$45/ton in 2026 and 2027, before reaching S\$50/ton to S\$80/ton by 2030. The increase in carbon pricing may lead to increased energy, fuel and waste disposal costs, resulting in increasing operating expenses.	<ul style="list-style-type: none"> Will conduct reviews to identify energy, water, and resource efficiency opportunities, and to improve emissions intensity of portfolio Will closely monitor the margin of the properties to identify opportunities for the reduction of operating expenses via improving energy and water efficiency along with other cost management measures. 	● Medium	● Low	● High	● Medium	● High	● Medium
Enhanced emissions reporting obligations	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, including the recently issued climate disclosure by ACRA and SGX	<ul style="list-style-type: none"> Implemented the MAS Guidelines and refreshed qualitative disclosures in accordance with TCFD recommendations, in consultation with our external sustainability consultant. Will conduct periodic scans of exposure for regulatory developments. Monitor environmental metrics as listed on "Sustainability Targets and Performance" section. 	● Medium	● Low	● Medium	● Low	● Medium	● Low
Increased stakeholder expectations	As expectations on business climate change mitigation increase due to stricter regulatory requirements, there may be reputational loss should Sabana Industrial REIT be perceived to not assume climate action, leading to a loss in investor trust and potentially loss in tenants arising from negative press	<ul style="list-style-type: none"> In the midst of implementing AElS and asset rejuvenations such as solar panel installations. Please refer to page 80 "Minimising Environmental Impact" for more information on AElS and asset rejuvenations that have been implemented or are in progress. 	● High	● Low	● High	● Medium	● High	● Medium

Risk	Description	Key Mitigating Measures	Risk Rating					
			Short term (2030)		Medium term (2040)		Long term (2050)	
			1.5°C	>3°C	1.5°C	>3°C	1.5°C	>3°C
Enhanced requirement on environmental sustainability of buildings	Buildings account for over 20% of emissions in Singapore and are an important component of Singapore's climate change mitigation strategy. 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 AEs and the attainment of green building certifications.	<ul style="list-style-type: none"> To consider investment due diligence to include considerations on previous breaches of environmental laws and regulations, physical risk exposure, environmental performance and management system of the target investment. Will conduct periodic scans of exposure for regulatory developments (e.g. carbon pricing, environmental building standards and resource efficiency requirements). 	● Medium	● Low	● High	● Medium	● High	● Medium
Changing customer behaviour	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 AEs.	<ul style="list-style-type: none"> Conduct annual tenant survey and collect tenants' feedback on an on-going basis, to understand tenants' environmental commitments and expectations, and to identify collaboration opportunities. 	● Medium	● Low	● High	● Medium	● High	● Medium

Physical Risks










Risk	Description	Key Mitigating Measures	Risk Rating					
			Short term (2030)		Medium term (2040)		Long term (2050)	
			1.5°C	>3°C	1.5°C	>3°C	1.5°C	>3°C
Rising mean temperatures and increased risk of heatwaves	Increased average temperatures could cause overheating in buildings. This could lead to increased capital expenditure and operating costs from having to install and run additional air conditioning systems.	<ul style="list-style-type: none"> Will review business continuity plan to minimise operational disruptions. Will conduct periodic scans of exposure to physical risks of existing properties and take relevant actions such as enhanced maintenance programme to minimise damage to properties. 	● Low	● Medium	● Medium	● High	● Medium	● High
Increased flash flood risk	Increased flood events could lead to operational disruptions, increased insurance premiums, and increased costs from damage to property.	<ul style="list-style-type: none"> Will review and will enhance insurance coverage to ensure the properties are adequately insured. Will consider the inclusion of environmental risk considerations in the investment due diligence. Will regularly monitor updates by government statutory boards such as the Public Utilities Board ("PUB"). 	● Low	● Medium	● Medium	● High	● Medium	● High

Legend for risks:




- Relatively more significant
- Moderate risk
- Relatively less significant

Sustainability Report

Climate-related Opportunities

Opportunity	Description	Key Measures Undertaken	Opportunity Rating		
			Short term (2030)	Medium term (2040)	Long term (2050)
Development or expansion of low emissions goods and services	Based on the changing customer expectations, there is scope for Sabana Industrial REIT to explore diversifying or expanding its range of properties and assets	Partnership with Keppel Energy-as-a- Service (“ Keppel EaaS ”) to jointly execute decarbonisation solutions, including: <ul style="list-style-type: none"> Installation of solar panels at selected portfolio properties – Phase 1 includes the installation at four properties which will have an installed capacity of 4.7 Megawatt peak and are able to collectively produce over 5,700 Megawatt hours per year; Phase 2 includes five properties with total installed capacity of 2.4 Megawatt peak which will generate more than 2,700 Megawatt hours per year. 	 Medium	 High	 High
Investment in energy efficient technology	The adoption of energy efficient technology is an area of improvement that Sabana Industrial REIT can and has been capitalising on, by introducing measures to lower its energy and water consumption, retrofits to ensure building equipment is energy efficient	<ul style="list-style-type: none"> EV charging stations – installation of four EV charging stations at New Tech Park completed in May 2023 Upgrading of building equipment, comprising upgrading of air-conditioning chillers and installing of new chilled and condenser water pumps completed at end-2023 LED lamps – replacement of all common area lighting to LED across selected multi-tenanted properties over which the Manager has operational control 	 High	 High	 High
Investment in renewable energy	While investment in renewable energy sources with lower-emissions may incur some upfront capital costs, there can be substantial savings in the future, and Sabana Industrial REIT can tap on these, especially as greater adoption of renewable energy and more mature energy import policies are in Singapore, lowering overall costs of renewable energy.	<ul style="list-style-type: none"> EV charging stations – installation of four EV charging stations at New Tech Park completed in May 2023 Upgrading of building equipment, comprising upgrading of air-conditioning chillers and installing of new chilled and condenser water pumps completed at end-2023 LED lamps – replacement of all common area lighting to LED across selected multi-tenanted properties over which the Manager has operational control 	 Medium	 Medium	 Medium

Legend for opportunities:

-  High opportunity: likely opportunity to leverage; management to discuss possible actions to take and report to ARC
-  Medium opportunity: possible opportunity to leverage in the future; management to kept aware of developments
-  Low opportunity: considerable resources will have to be allocated to leverage the opportunity; management to monitor developments for future viability

Subject	Methodology, assumptions and limitation
Macroeconomic impacts	Macroeconomic effects of climate change such as changes to consumer demand pattern and industry costs are not considered in this study, given the high uncertainty of the magnitude and timing of these effects.
Legal, reputational risks and contingent liabilities	These types of risks are mostly intangible and challenging to quantify with reasonable confidence at this point of time.
Scenario analysis	<p>A scenario analysis describes a path of development leading to a particular outcome. As per the TCFD, scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments.</p> <p>As per the TCFD, scenarios are hypothetical constructs, not forecasts, predictions or sensitivity analyses. A key feature of scenarios is that they should challenge conventional wisdom about the future. In a world of uncertainty, scenarios are intended to explore alternatives that may significantly alter the basis for “business-as-usual” assumptions.</p> <p>Key features of a scenario analysis:</p> <ul style="list-style-type: none"> • Parameters or assumptions, such as carbon price, energy demand and mix, technology, policy etc. • Analytical choices, such as the scenarios used, timing, quantitative or qualitative, scope of applications, data set and model etc. • Business impacts such as costs, revenues, assets, responses, business interruption due to physical impacts etc. <p>Sources and literature used:</p> <p>The sources used as inputs in the scenario analysis include but are not limited to following recognised sources:</p> <ul style="list-style-type: none"> • The NGFS & Climate Impact Explorer • The IEA World Energy Outlook • The IPCC AR6 Report • The World Bank Climate Change Knowledge Portal • Other country specific sources and academic studies
Data	<ol style="list-style-type: none"> 1. The area of climate scenario analysis including the associated modelling is still evolving. Therefore, it is important that the uncertainties and limitations associated with climate scenario analysis are understood to ensure that the results are interpreted and used appropriately. 2. The data used for scenario analysis such as company-level emissions, business activity and transition plans, as well as government intervention measures, are subject to limited availability or reporting inconsistencies. Hence all use of these sources is subject to interpretation relating to their associated climate-related impacts.
Methodology	<ol style="list-style-type: none"> 1. To account for the long-term build-up of climate impacts, climate scenario analysis extends to a time horizon of 30 years, which is much longer than in traditional stress tests, as well as a typical business planning horizon. This introduces a higher degree of complexity and uncertainty from potential changes in the pace of technology advancement, geopolitical and demographic shifts and occurrence of climate tipping points. In addition, credit rating and natural catastrophe models are calibrated to forecast over the short term and not over the decades-long time horizon required for climate scenario analysis.

Sustainability Report

Subject	Methodology, assumptions and limitation
Granularity	<ol style="list-style-type: none"> 1. Bottom-up firm level analysis requires granular data such as absolute emissions or intensity for various scope of a firm's activities, which currently varies in terms of availability, granularity, and accuracy. With the focus on climate risk scenario analysis by the industry and regulators, it is expected that continuous effort will be invested to address such limitations over the next couple of years. 2. The climate scenarios and parameters from international think tanks and research bodies are often calibrated at levels of granularity which may not fully reflect local market dynamics and constraints.

Minimising Environmental Impact

As part of Singapore's revised 2030 Nationally Determined Contribution to reduce its carbon emissions target for 2030 to 60 million tonnes of carbon dioxide²⁰ (CO₂), Management has committed to minimise our environmental impact and focus on the efficient use of natural resources. We are implementing energy-conserving technologies and water-efficiency efforts across our properties while ensuring the resilience of our overall growth strategy.

Renewable energy is a key energy-conservation effort. In March 2023, the REIT announced its partnership with Keppel EaaS to install Solar PVs across four of the REIT's properties at 10 Changi South Street 2, 34 Penjuru Lane, 3A Joo Koon Circle and 1 Tuas Avenue 4. In December 2023, the REIT announced its plans to further expand its solar power generation capacity, with the installation of Solar PVs at five properties. They include 2 Toh Tuck Link, 8 Commonwealth Lane, 23 Serangoon North Avenue 5, 39 Ubi Road 1 and 51 Penjuru Road.

Additionally, to improve building energy consumption efficiency, we re-lamped existing light fixtures in common areas of selected portfolio properties with LEDs. We completed the LED re-lamping at a total of 11 properties as at 31 December 2023.

In line with our ESG commitment, which includes improving energy and water efficiency across our portfolio, we introduced Electric Vehicle ("EV") charging stations at New Tech Park in May 2023.

At 508 Chai Chee Lane, chillers and condenser water pumps were upgraded to continuously maximise water efficiency, taking into consideration that it is a resource-intensive property.

We completed the installation of water-efficient fittings certified under PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks during the year at six of our properties in 2023. Two of these buildings attained the PUB Water Efficient Building basis certification.

With these ongoing projects, the Management is on-track with its strategy that is aligned with Singapore's 2030 emission targets²¹.



Electric vehicle charging stations at New Tech Park

²⁰ https://www.ema.gov.sg/cmsmedia/Publications_and_Statistics/Publications/Energy-2050-Committee-Report.pdf

²¹ https://www.ema.gov.sg/cmsmedia/Publications_and_Statistics/Publications/Energy-2050-Committee-Report.pdf

ENERGY EFFICIENCY

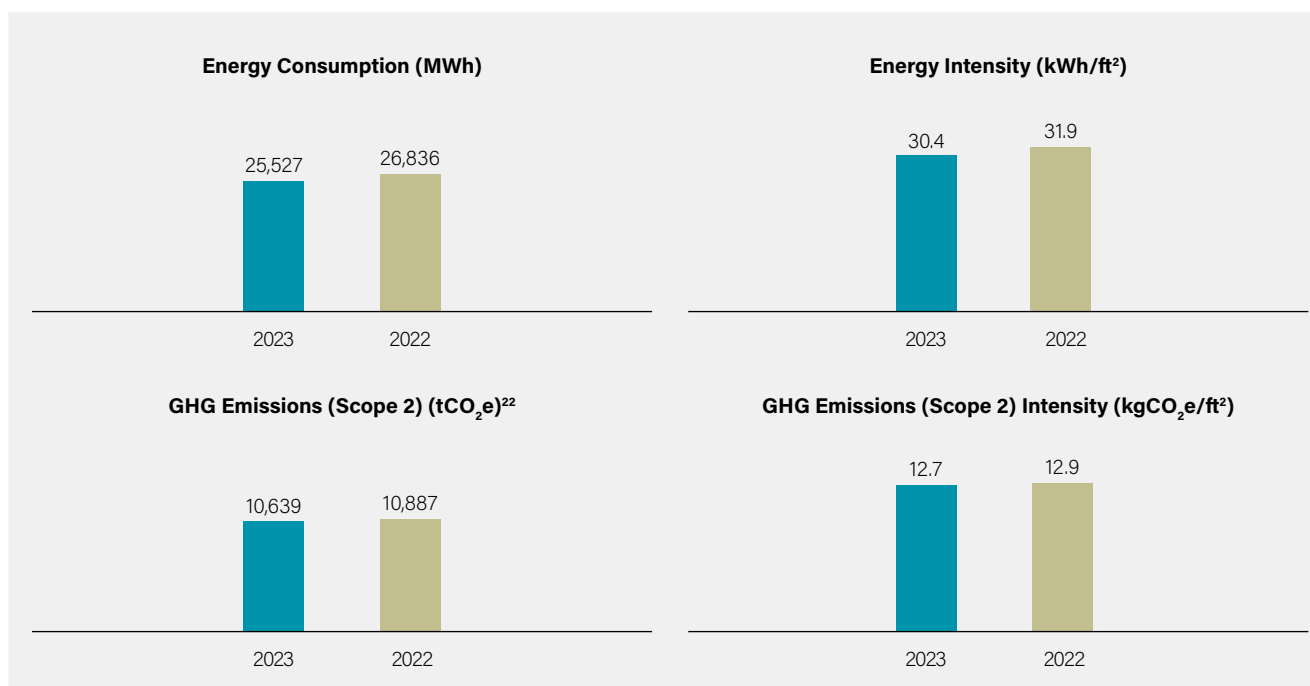
Sabana Industrial REIT is committed to managing its energy usage responsibly and efficiently. As the landlord, it is our responsibility to do our best to ensure tenants minimise water and energy wastage. We encourage our tenants to exercise energy-saving practices via our emails. Our communication to tenants includes tips on energy conservation such as utilising appliances with more “ticks” and turning off main switches when not in use.

We monitor the energy consumption at our properties to identify and will address any sudden spikes in energy consumption. Sabana Industrial REIT has operational control over 12 multi-tenanted properties in FY 2023. We closely monitor the energy consumption at these properties.

We have put in place cost-saving initiatives aimed at reducing electricity consumption, such as a low-emissivity glazed façade, intelligent lighting control system, LED motion sensor lights, and sleep mode for escalators and gearless lifts for some of our properties.

In FY 2023, despite the increase in occupancy, energy consumption which relates to electricity usage by the landlord decreased by about 5% to 25,527 MWh from 26,836 MWh in FY 2022 mainly due to the adjustment in common area air-conditioning setpoint to 25 degrees Celsius. The operating hours for air-conditioning were also adjusted to cater to building office hours. Common area lighting was also re-lamped in phases to LED fittings. The energy intensity of common area and vacant net lettable area of the properties decreased to 30.4 kWh/ft² in FY 2023 reflecting the sustained efforts of the Manager in introducing building energy consumption efficiency initiatives across selected properties. The Manager will continue to implement energy conservation measures to reduce energy consumption, including installing solar panels on selected building rooftops, as well as upgrade existing M&E equipment at selected aged portfolio properties to more efficient equipment.

Our initiatives are aligned with the Singapore Government's Green Plan 2030.



FY 2023 Performance

Target achieved – Energy intensity of common area and vacant net lettable area of properties decreased to 30.4 kWh/ft²

FY 2024 Target

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

²² 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 - 2022 average operating margin- from Singapore Energy Statistics 2022 was used to calculate GHG emissions for FY 2023.

Sustainability Report

WATER MANAGEMENT

Water demand in Singapore is expected to double by 2060, with the non-domestic sector contributing to 70% of that demand²³. To encourage water conservation, PUB has implemented the Water Efficient Building ("WEB") (Basic) Certification Programme to encourage businesses, industries, schools, and buildings to adopt water-efficient measures in their premises and processes. Sabana Industrial REIT is supporting these plans with its projects aimed at water conservation and recycling.

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

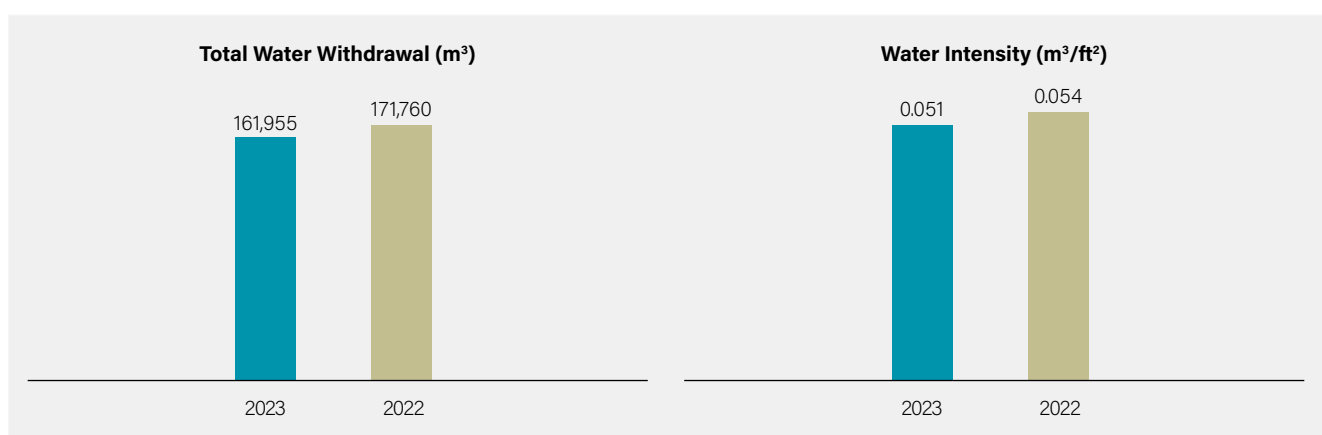
To this end, our property management team monitors water consumption and will report the data for further assessment when there are sudden increases in the buildings. Whenever repair or replacement works are needed, we opt for or recommend tenants to install water-efficient fittings.

Email broadcasts are also made to tenants to encourage water saving efforts. Across our properties, we put up posters to remind tenants to check that taps are entirely turned off and utilise half flushes when a full one is not required. These reminders keep water conservation at the top of mind whenever water fixtures are being utilised.

In FY 2023, Sabana Industrial REIT worked towards its target to achieve PUB Water Efficient Building basic certification for selected properties. These properties include 10 Changi South Street 2, 23 Serangoon North Avenue 5, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 2 Toh Tuck Lane, 34 Penjurong Lane, 51 Penjurong Road and 39 Ubi Road 1. As at 31 December 2023, two of these buildings attained the certification.

In FY 2023, we withdrew 161,955 m³ of freshwater²⁴ from the PUB water supply. Our total water withdrawal decreased by about 6% compared to FY 2022 despite a higher occupancy rate and an increase in tenants' operations. Consequently, our water intensity remained approximately unchanged at 0.05 m³/ft² in FY 2023. The Manager will continue to implement initiatives to minimise water wastage and improve water efficiency. We will also continue with our efforts to raise awareness of good water management practices amongst our tenants and employees.

FY 2023 Performance
Target not achieved - Water intensity remained approximately unchanged at 0.05 m ³ /ft ²
Target not achieved - PUB Water Efficient Building basic certification attained for two of the 12 properties under the Manager's or Property Manager's operational control



²³ <https://www.pub.gov.sg/watersupply/singaporewaterstory>

²⁴ Based on GRI Standards (2018), freshwater is defined as water with a concentration of total dissolved solid equal to or below 1000 mg /L

FY 2024 Target

Reduction of 2% year-on-year for water intensity

Progressively attain PUB Water Efficient Building basic certification for all the properties under the Property Manager's operational control

WASTE MANAGEMENT

In the Singapore 2030 Green Plan, the waste to landfill per capita per day is targeted to decrease by 20% by 2026²⁵.

To do our part, the Property Manager is committed to managing our waste stream. We actively promote the reduction of waste and recycling practices with our tenants, in support of Singapore's efforts to become a zero-waste, resource-efficient nation. Waste generated from our operations typically comprises non-hazardous food and general waste²⁶, which is collected by a third-party contractor and disposed of via recycling or incineration.

Building on our earlier waste management initiatives with the provision of recycling bins at 151 Lorong Chuan, we installed recycling bins in another five properties under the Manager's control. Including last year's recycling bins at 151 Lorong Chuan, we have met our target of installing recycling bins on at least 50% of the properties under the Manager's operational control. 10 Changi South Street 2, 15 Jalan Kilang Barat, 508 Chai Chee Lane, 8 Commonwealth Lane and 23 Serangoon North Avenue 5 are the properties installed with recycling bins in 2023.

In addition, we have put in place an e-waste collection point at 151 Lorong Chuan since December 2022 to collect electrical or electronic equipment from our tenants and shoppers.

In FY 2023, 715.1 tons of non-hazardous food and general waste was generated from 12 multi-tenanted properties which Sabana Industrial REIT has operational control. Of this, 7.3% were recycled, and 92.7% were diverted to waste-to-energy incineration plants.

FY 2023 Performance

Target achieved – Installed recycling bins on at least 50% of the properties under the Property Manager's operational control

FY 2024 Target

Encourage recycling by installing recycling bins for all the properties under the Property Manager's operational control.

²⁵ <https://www.greenplan.gov.sg/targets>

²⁶ General waste generated typically includes paper and carton boxes

Sustainability Report

OUR SOCIETY

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

COMMUNITY IMPACT

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

Last year, the Manager focused our CSR efforts on the children and youth in our community. After some excellent feedback and response to our approach, we decided to adopt a similar approach in 2023. We scaled up our partnership with Children's Wishing Well and sought to brighten the festive season for 100 kids under their care. Children's Wishing Well is a charity organisation in Singapore focused on the holistic education of children and youth from disadvantaged backgrounds. Their children come from low-income families, and their parents may be ill, incarcerated, or absent from their lives.

We set up a notice board tagged with the wishes of 100 children from Children's Wishing Well at New Tech Park in October 2023. NTP+ mall patrons and New Tech Park office tenants were encouraged to sponsor the gifts requested by the children. This initiative was met with very enthusiastic participation by our shoppers and tenants. We delivered the presents to the children in December, adding a special touch to the children's end-of-year celebration.





Appreciation lunch with essential workers at New Tech Park



One of the winning entries submitted by a youth participant, Anna Seng, for the "New Tech Park of the Future" art competition

Furthermore, we sponsored a thank-you meal for our essential workers at New Tech Park, to appreciate the efforts of our security guards, technicians, gardeners and cleaners working hard to keep our property clean, healthy and safe.

Nurturing the passion for creativity and the arts

New Tech Park, with its commercial lifestyle mall NTP+, has an iconic architecture previously nominated for architectural achievements in Singapore and globally. Building on our photography contest held in 2022 to encourage our community to unveil the aesthetics of New Tech Park, we partnered our NTP+ mall art school tenant Tree Art in 2023 to run a drawing contest for children and youth. The objective was to encourage participants to express their creativity and imagination by producing artworks depicting "New Tech Park of the Future".

FY 2023 Performance

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

FY 2024 Target

Complete at least two local community engagements

Sustainability Report

GRI CONTENT INDEX

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI Standards Disclosure			
GRI 2: General Disclosures 2021	Organisation and its reporting process		
	2-1	Organisation details	Corporate Profile, page 3
	2-2	Entities included in the organisation's sustainability reporting	Sustainability Report, About This Report, page 56 Notes to the Financial Statements - General, page 142, Subsidiary, page 158
	2-3	Reporting period, frequency and contact point	Sustainability Report, About This Report, page 56
	2-4	Restatements of information	Not applicable as there are no restatements of information for FY2022.
	2-5	External assurance	Not applicable. We have not sought external assurance for this report but will consider it in the future.
	Activities and Workers		
	2-6	Activities, value chain and other business relationships	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 57
	2-7	Employees	Sustainability Report, Our People and Tenants - Diversity and Equal Opportunity, page 65
	2-8	Workers who are not employees	Not applicable.
	Governance		
	2-9	Governance structure and composition	Sustainability Governance, page 56 Corporate Governance Report: pages 90-116
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report: Pages 91-93
	2-11	Chair of the highest governance body	Board of Directors, page 8 Our Trust Structure, page 10
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability report: page 56
	2-13	Delegation of responsibility for managing impacts	Sustainability report: page 56
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Report: page 56
	2-15	Conflicts of interest	Sustainability Report: page 62 Corporate Governance Report: pages 109
	2-16	Communication of critical concerns	Sustainability Report: pages 56-57
	2-17	The collective knowledge of the highest governance body	Sustainability Report: page 67 Corporate Governance page 93
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance: Principles 4 and 5 pages 96-98
2-19	Remuneration policies	Corporate Governance: Principles 6 to 8, pages 98-100	
2-20	The process to determine the remuneration	Corporate Governance: Principles 6 to 8, pages 98-100 GRI 2-20(a)(ii) and GRI 2-20(b) are not applicable.	
2-21	Annual total compensation ratio	Confidentiality constraints. The REIT does not disclose this information as the company is bound by confidentiality.	

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI Standards Disclosure			
Strategy, Policy and Practices			
	2-22	Statement on sustainable development strategy	Sustainability Report, Board Statement on Sustainability, page 54
	2-23	Policy commitments	Sustainability Report, page 62-63 Governance, page 104
	2-24	Embedding policy commitment	Sustainability Report pages 62-63
	2-25	Processes to remediate negative impacts	Corporate Governance: Employee code of conduct, pages 62 Whistle-blowing policy, page 104 Sustainability: Stakeholder engagement, pages 57 Governance, pages 112-113
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance, Employee code of conduct, pages 62 Corporate Governance: Whistle-blowing policy, pages 104 Sustainability Report, Stakeholder engagement, pages 57 Governance, pages 112-113
	2-27	Compliance with laws and regulations	Sustainability Report, Our Governance - Regulatory Compliance, pages 62-64
	2-28	Membership associations	REITAS, Financial Industry Disputes Resolution Centre ("FIDReC") and SBF
Stakeholder Engagement			
	2-29	Approach to stakeholder engagement	Sustainability Report, page 57 Our Vision, Mission and Values, page 2
	2-30	Collective bargaining agreements	Not applicable as there is no collective bargaining agreement in FY 2023.
Disclosure of Material Topics			
GRI 3: Material Topics 2021	3-1	The process to determine material topics	Sustainability Report pages 58-60
	3-2	List of material topics	
Economic Performance and Customer Experience			
GRI 3: Material Topics 2021	3-3	Management of material topics	Financial Highlights, page 21 Financial Contents, page 117
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Sustainability Report, Our Society – Community Impact page 84 - 85
Resource Efficiency			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report pages 58-60
Water Management (Use and Reduction)			
GRI 303: Water and effluents (2018)	303-3	Water withdrawal	Sustainability Report, Our Environment - Water Management (Use and Reduction), pages 82-83

Sustainability Report

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Waste			
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	Sustainability Report, Our Environment – Waste Management, page 83
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
Energy			
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	Sustainability Report, Our Environment – Energy Efficiency, pages 81
	302-3	Energy intensity	
Climate Change Mitigation, Adaptation and Resilience Building			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Environment – Climate Change, pages 75 -80
GRI 305: Emissions (2016)	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Fair Employment Practices and Talent Retention			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our People and Tenants – Fair Employment Practices, pages 62-74
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	

GRI Standards 2021	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our People and Tenants – Health and Safety, pages 70-72
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	
Business Ethics and Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Governance – Business Ethics and Anti-Corruption, page 62-63
GRI 205: Anticorruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Regulatory Compliance			
GRI 3: Material Topics 2021	3-3	3-3 Management of material topics	Sustainability Report, Our Governance – Regulatory Compliance, page 64
GRI 417: Marketing and Labelling (2016)	417-3	Incidents of non-compliance concerning marketing communications	
Customer Privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Governance – Cyber-security & Data Privacy, page 64
GRI 418: Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Community Impact			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report, Our Society – Community Impact, page 84-85
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	

Corporate Governance

INTRODUCTION

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

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

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

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

The Manager was appointed in accordance with the terms of the trust deed entered into between the Manager and the Trustee constituting Sabana Industrial REIT dated 29 October 2010 (as amended, varied or supplemented from time to time), (collectively the "**Trust Deed**"). The Trust Deed also outlines certain circumstances under which the Manager can be removed, including by notice given in writing by the Trustee upon the occurrence of certain events, such as where a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed decide on such removal. At the 2023 EGM, Unitholders had voted to, among others, direct the Trustee to remove the Manager as the manager of Sabana Industrial REIT as soon as practicable and to "effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT" (the "**2023 EGM Resolutions**"), and the Manager is now an interim manager pending the implementation of the internalisation of the REIT management function by the Trustee.

As Manager, we are staffed by a well-qualified and dedicated team with proven track record, skills and competencies in managing the operational matters of the REIT. We are firmly committed to upholding high standards of corporate governance, which are essential to sustaining the REIT's business and performance. This report describes our corporate governance framework and practices in compliance with the principles and guidelines of the Code of Corporate Governance 2018 (the "**2018 Code**").

We have complied with the principles and guidelines as set out in the 2018 Code where applicable. Where there are any deviations from the provisions of the 2018 Code, explanations will be provided within this report.

BOARD MATTERS

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

The Board of Directors (the "**Board**") and Board Committee members of the Manager as at 31 December 2023 are as follows:

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

The profiles of the current Directors are set out in the "Board of Directors' Profile" section on page 8 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, the Board Committees and the Management. The DOA, which covers but is not limited to acquisitions, divestments, operating and capital expenditures, is clearly communicated to the Management in writing. It also sets out the type of transactions and matters reserved for the Board's approval, such as annual budgets, fund-raising activities, investment and divestment proposals, income distribution and other returns to Unitholders and operational matters beyond the scope of the defined Management approval limits.

As fiduciaries, the Directors firmly believe that commitment to good corporate governance is essential to the sustainability of the REIT's performance. The Directors are collectively and individually obliged at all times to act honestly and objectively in the best interests of Sabana Industrial REIT and its Unitholders. Consistent with this principle, the Board has adopted a comprehensive policy on Directors' Conflicts of Interest that sets out the guiding principles for Directors when faced with a potential conflict of interest situation. Please refer to page 109 for detailed procedures implemented by the Manager in dealing with conflicts of interest.

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

¹ Mrs Elaine Lim was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 25 April 2023 as her status as Independent Non-Executive Director was not endorsed by independent unitholders at the 2023 AGM (as defined herein).

Corporate Governance

Board Committees

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

Meetings of the Board and Board Committees

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

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

The number of Board meetings, Board Committee meetings and general meetings held during the year from 1 January 2023 to 31 December 2023 ("**FY 2023**") and the attendance of the Directors at such meetings are summarised as follows:

	Board Meetings	ARC Meetings	NRC Meetings	Annual General Meeting	Extraordinary General Meeting
Number of Meetings Held	9	4	1	1	1
Mr Tan Cheong Hin	9/9	4/4	1/1	1	1
Mr Wong Heng Tew	9/9	4/4	1/1	1	1
Mrs Elaine Lim	9/9	4/4	1/1	1	1

For the Annual General Meeting held on 25 April 2023 ("**2023 AGM**") and the 2023 EGM, all the Directors attended in-person.

In addition to the above scheduled meetings, the Board and Management held almost daily ad-hoc meetings and discussions, often at short notice and outside of working hours, as part of the preparation for the internalisation EGM requisitioned on 7 June 2023 and held on 7 August 2023. In view of the tight timeline prescribed for the requisitioned EGM under the regulations, some of the meetings and discussions had to be held at short notice and outside of working hours. Apart from the meetings and discussions for the preparation of the requisitioned EGM (including the EGM Circular), the Board and Management also met to discuss the Offeree Circular had meetings and discussions in relation to the Voluntary Conditional Cash Partial Offer² (including the Offeree Circular). For FY 2023, a total of 33 ad-hoc meetings took place.

In the lead up to the requisitioned EGM, the Board and Senior Management hosted an Investor Day on 5 July 2023 and a SIAS-Sabana Industrial REIT Dialogue on 1 August 2023 to provide responses and clarifications to the Requisition Notice on 7 June 2023. These events included question and answer sessions for Unitholders to connect with the Board and Senior Management.

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

² Please refer to the Significant Events 2023 section and Investor Relations section of this Annual Report for more information on the Voluntary Conditional Cash Partial Offer.

Access to Information, Management and Professionals

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

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

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

Directors' Development

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

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

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

Rule 720(7) of the Listing Manual requires all directors of an issuer to undergo training on sustainability matters as prescribed by the SGX-ST and that if the NRC is of the view that training is not required because the director has expertise in sustainability matters, the basis of its assessment must be disclosed in Sabana Industrial REIT's annual report. During FY 2023, our Directors attended seminars conducted by professionals and business leaders on sustainability, risk and governance, and industry trends and developments.

Principle 2: Board Composition and Guidance

Board Independence

As at 31 December 2023, two of the three Directors, namely Mr Tan Cheong Hin and Mr Wong Heng Tew, are Independent Non-Executive Directors. As Mrs Elaine Lim's status as an Independent Non-Executive Director was not endorsed by Unitholders at the Annual General Meeting, she was accordingly redesignated as a Non-Independent Non-Executive Director on 25 April 2023. Notwithstanding this, all three Directors do not have any relationship with the Manager, its related companies, its substantial shareholders³ 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.

³ A "substantial shareholder" of a company is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the SFA.

Corporate Governance

None of the Directors have served on the Board for nine years or longer. In FY 2023, 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 Directors meet regularly without the presence of the Management to review the performance of the Management.

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

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

As part of the annual assessment process, the Manager requires annual declarations of independence from the Directors. The NRC reviews the Directors' self-declaration and assesses whether there is any relationship or factor disclosed by the Director or any other non-disclosed relationship or factor that may influence the Director's ability to act independently. The paragraphs below set out the outcome of the NRC's assessment in FY 2023. Each of the Independent Directors had recused himself or herself from the NRC's deliberations on his or her independence.

Mr Tan Cheong Hin

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

Mr Wong Heng Tew

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

Mrs Elaine Lim

At the recommendation of the NRC and upon obtaining the requisite approvals from MAS, Mrs Elaine Lim was appointed to join the Manager as an Independent Non-Executive Director on 6 July 2022, having been selected based on her credentials, experience, and qualifications. She was redesignated as Non-Independent Non-Executive Director on 25 April 2023 as her status as an Independent Non-Executive Director was not endorsed by independent unitholders. Notwithstanding her redesignation, Mrs Lim does not fall within the scope of any of the circumstances identified in the 2018 Code, SF(LCB)R and Listing Manual and does not have any other relevant relationships which may affect her independent judgment. As a Director, she is also subject to strict fiduciary duty under common law and the SFA to prioritise the interests of the REIT and the Unitholders. The Board has considered whether Mrs Lim had demonstrated independence in character and judgment in the discharge of his duties and responsibilities as a director and concluded that she had acted with independent judgment, notwithstanding her redesignation.

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

Board Diversity

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

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

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

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

The current Board comprises individuals who are professionals with relevant industry knowledge and backgrounds. As of 31 December 2023, all three targets had been achieved and the NRC will continue to assess and commit towards maintaining an effective and diverse Board in accordance with its Board Diversity policy. Together, the Board as a group provides an appropriate balance and diversity of skills with the expertise, experience, perspectives, skills, talents, knowledge, and backgrounds, business or professional experience, age and gender (one out of three Directors is a female Director). Their varied backgrounds enable Management to benefit from their diverse expertise and experience to further the interests of Sabana Industrial REIT and its Unitholders.

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

For more information on the Board members' composition and experiences, please refer to the "Board of Directors' Profile" section on page 8 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

The NRC is chaired by an Independent Non-Executive Director and comprises all of the Directors of the Board, with two of the Directors being Independent Non-Executive Directors and the remaining Director being a Non-Independent Non-Executive Director. The NRC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference.

The roles and responsibilities of the NRC include:

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

Process for Selection, Appointment and Re-appointment of Directors

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

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

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

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

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

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

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

There were no alternate directors appointed in FY 2023. In keeping with the principle that a Director must be able to commit time to the affairs of the Manager, the Board will generally not approve the appointment of alternate directors.

Review of Directors' Ability to Commit Time

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

The Board is of the view that the limit on the number of listed company directorships that an individual Director may hold should be considered on a case-by-case basis, but as a general rule, each Director should hold no more than seven listed company board appointments. As at 31 December 2023, each Director did not hold more than two directorships in other listed companies. Additionally, the NRC will also assess whether a Director with other non-listed board representations and/or involvement in non-profit organisations is able to and has been adequately carrying out his or her duties as a Director of the Manager.

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

Review of Directors' Independence

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

Principle 5: Board Performance

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

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

Board and Board Committee Evaluation

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

Corporate Governance

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

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

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

Individual Directors Evaluation

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

For FY 2023, the outcomes of the evaluations were satisfactory and the Directors as a whole received affirmative ratings across all evaluation criteria.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

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

The remuneration policy comprises the following distinct objectives:

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

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

A salary benchmarking exercise is conducted at regular intervals with the assistance of an independent remuneration consultant. An independent remuneration consultant, Mercer Singapore, was appointed in respect of FY 2023. The benchmarking report

covers both Directors and key management personnel, and is used as a guide and reference in determining their remuneration respectively. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors. The previous salary benchmarking exercise was conducted in FY 2021.

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 key management personnel, who are evaluated against clear and measurable key performance indicators ("KPIs") approved by the NRC and Board, and aligned with the strategic goals of the REIT. Please refer to page 100 of this Annual Report for the disclosure of remuneration for key management personnel.

This structure aims to motivate 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 key management personnel, aligned with the Manager's conduct of business so as to achieve 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 formal annual performance reviews of key management personnel to reinforce identified strengths, focus on areas of improvement and draw up staff development plans. Based on the performance review, the NRC and the Board are of the opinion that all the KPIs used to determine the remuneration of key management personnel have either been met or exceeded. The NRC and the Board are of the view that the remuneration is in keeping with the performance of the REIT in FY 2023 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

Non-Executive Directors, Independent and Non-Independent, are each 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 is paid entirely in cash only. No Director or executive officers are paid in kind, in the form of Units or interests in the Manager's controlling shareholder or its related entities. Their remuneration is also not linked (directly or indirectly) to the performance of any other entity, other than the REIT.

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

Disclosure of Remuneration of Directors and Key Management Personnel

The remuneration of the Directors and employees of the Manager are paid directly by the REIT Manager, out of the fees that the REIT Manager receives from the REIT. In this regard, the Manager's report on the remuneration paid and payable to each individual Director, CEO and the key management personnel from 1 January 2023 to 31 December 2023 is as follows:

Directors	Directors' fees (\$'000)
Mr Tan Cheong Hin	180.0
Mr Wong Heng Tew	155.0
Mrs Elaine Lim	135.0

Corporate Governance

The Directors' base and committee fees has been unchanged since 2021. For 2023, the fees paid to each of the Directors included a "one-off" sum payment of \$30,000. This "one-off" payment, which was approved by the Nominating and Remuneration Committee, was in consideration of the Directors' significantly higher time commitments, responsibilities and meeting frequencies to attend to various matters in 2023 that were over and beyond business as usual. These matters include the Voluntary Conditional Cash Partial Offer for 10.0% of the issued units in the REIT as announced in January 2023, the EGM requisition notice announced in June 2023, the requisitioned EGM held in August 2023, the EGM requisition notice announced in December 2023 and the internalisation processes that have been ongoing following the requisitioned EGM in August 2023.

Remuneration Bands of Key Management Personnel	Designation	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
\$500,000 - \$750,000					
Mr Han Yong Lee (Donald)	Chief Executive Officer	62.4	35.0	2.6	100.0
\$250,000 - \$500,000					
Mr Lim Wei Huang	Chief Financial Officer	62.0	34.8	3.2	100.0
Ms Yap Pui Ling (Jessica)	Head of Real Estate	65.4	30.9	3.7	100.0

Note: Remuneration was based on amount paid and payable in FY 2023. There were no other key management personnel as at 31 December 2023

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 quantum of remuneration paid will be highly commercially 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 174 of this Annual Report.

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

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

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

Risk Management Framework and Internal Control System

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

More information on the Manager's ERM Framework including the principal risks identified can be found in the ERM section on page 113 to 115 of this Annual Report.

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

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

During FY 2023, 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 2023.

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

Board's Comment on Internal Controls and Risk Management

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

- the financial records have been properly maintained, and the financial statements for FY 2023 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.

The Board is satisfied that the ERM Framework established by the Manager and maintained by the Management, work performed by the internal and external auditors, as well as the written assurances received from the CEO and CFO that potential conflicts of interest (if any) have been effectively managed. The Board, with the concurrence of the ARC, is of the view that taking into account the foregoing as well as the nature, scale and complexity of the Manager's operations, the REIT's internal controls (including financial, operational, compliance, information technology controls and controls to manage conflicts of interest) and risk management systems are adequate and effective. All conflicts of interest have been effectively managed as at 31 December 2023. For procedures on the management of conflicts of interest, see page 109 of this Annual Report.

Corporate Governance

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

The ARC is chaired by an Independent Non-Executive Director and comprises all three Directors of the Board, with the majority being Independent Non-Executive Directors. 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.

The roles and responsibilities of the ARC include:

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

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, Ernst & Young LLP (a) within a period of two years commencing from the date of their ceasing to be partners of Ernst & Young LLP; or (b) who have any financial interest in Ernst & Young LLP.

The ARC holds at least four scheduled meetings in a year and met four times in FY 2023, excluding ad-hoc informal meetings that were convened from time to time. At these scheduled meetings during FY 2023, the CEO and the CFO were in attendance. During FY 2023, 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 2023:

Key Audit Matter How this issue was addressed by the ARC

Valuation of investment properties	<p>The external valuations were conducted by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.</p> <p>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.</p> <p>The ARC evaluated the valuers' objectivity and competency as well as considered the methodology which the valuers applied to the valuation model in assessing the valuation of investment properties. 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.</p> <p>The valuation of investment properties was an area of focus for the external auditors. Please refer to page 120 of this Annual Report for the key audit matter as reported by the external auditors in the audit report for FY 2023.</p> <p>No other significant matter came to the attention of the ARC during the course of the review.</p>
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Emphasis of Matter

In relation to Sabana Industrial REIT's audited financial statements for FY 2023, Ernst & Young LLP included an emphasis of matter in its independent auditors' report in respect of a material uncertainty that may cast significant doubt on the Group's⁴ and Sabana Industrial REIT's ability to continue as a going concern depending on the outcome of the internalisation exercise⁵. The above-mentioned material uncertainty arises because of the potential financial implication to Sabana Industrial REIT arising from the implementation of the 2023 EGM Resolutions which could affect Sabana Industrial REIT's ability to remain as a going concern.

Under Sabana Industrial REIT's existing financing arrangements with various lenders, once the removal of SREIM as manager of Sabana Industrial REIT has been effected, it would trigger the removal of manager clause that constitutes a review event. This may result in a mandatory prepayment by Sabana Industrial REIT of its outstanding loans and interest if no satisfactory agreement is reached with the lenders, within a period of not more than 30 days (or such longer period as the lenders may agree), following the review event. Unitholders should note that this could result in serious consequences for Sabana Industrial REIT and its Unitholders.

The Manager had announced⁶ on 19 July 2023 that it had previously written to the relevant lenders to seek a waiver from the abovementioned review event under Sabana Industrial REIT's existing financing arrangements, in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the lenders had then replied that they were unable to grant the relevant waivers at that juncture.

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 employee of the Manager to attend its meetings.

⁴ "Group" means Sabana Industrial REIT and its subsidiary, collectively.

⁵ During the 2023 EGM, Unitholders had voted to, among others, direct the Trustee to remove Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana Industrial REIT as soon as practicable and to "effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT". For more information on the progress of the internalisation exercise, Unitholders may refer to the Trustee's statements released on SGXNet for updates on the status of the internalisation exercise.

⁶ Source: "Announcement Pursuant to Rule 704(5) of the Listing Manual, 19 July 2023", SGXNet and Sabana Industrial REIT website

Corporate Governance

Internal and External Audit

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

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

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

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

For FY 2023, the ARC has reviewed the internal audit function and is of the view that the internal audit function is independent, effective and has adequate resources.

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

A change of external auditors was made at the 2023 AGM with the appointment of Ernst & Young LLP as external auditors commencing financial year ending 31 December 2023.

For FY 2023, the ARC has conducted a review of all non-audit services provided by the external auditors to REIT and its subsidiaries and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The amount paid and payable to external auditors for audit and non-audit services fees (in relation to tax advisory services and certain agreed upon procedures) were approximately \$220,000 and \$41,000 respectively for FY 2023, amounting to an aggregate amount of \$261,000. The ratio of non-audit service fee to annual audit fee was 18.6%.

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

Whistle-blowing Policy

The Manager has established procedures to provide employees of the Manager as well as 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 the ARC, who is an Independent non-Executive Director, without fear of retaliation, discrimination or adverse consequences. This policy has been updated and published on the REIT's website at <http://sabana.listedcompany.com/whistleblowing.html>.

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

UNITHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meeting

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

General Meetings

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

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

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

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

2023 AGM

In 2023, the Manager held the AGM on 25 April 2023 in a wholly physical format. The arrangements for the conduct of the 2023 AGM included attendance by Unitholders at the physical location (Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741), submission of questions to the Chairman of the 2023 AGM in advance of the 2023 AGM, as well as voting at the 2023 AGM by Unitholders or their duly appointed proxy(ies).

For the substantial and relevant questions submitted in advance of the 2023 AGM, responses were posted on SGXNet at least 72 hours prior to the closing date and time for the lodgment of the proxy forms. All substantial and relevant questions received for the 2023 AGM were addressed by the Board and Management. The Board and Management also conducted a Question and Answer session at the 2023 AGM. The questions and answers during the 2023 AGM were recorded as part of the 2023 AGM minutes and posted on SGXNet within a month of the conduct of the 2023 AGM.

All the Directors were physically present at the 2023 AGM, as set out under Principle 1 on page 92 of this Annual Report. The Management and the external auditors were also present at the 2023 AGM to address queries from the meeting attendees.

At the 2023 AGM, the CEO gave a presentation to Unitholders to update them on the REIT's operational and financial performance.

The presentation materials were made available on SGXNet and the REIT's website.

Corporate Governance

2023 EGM

The Manager convened and held a requisitioned EGM on 7 August 2023 in a wholly physical format. The arrangements for the conduct of the 2023 EGM included attendance by Unitholders of the EGM at the physical location (Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741), submission of questions to the Chairman of the 2023 EGM in advance of or at the 2023 EGM, and voting at the 2023 EGM by Unitholders or their duly appointed proxy(ies) to attend, speak and vote on their behalf at the 2023 EGM.

For the substantial and relevant questions submitted in advance of the 2023 EGM, responses were posted on SGXNet at least 72 hours prior to the closing date and time for the lodgment of the proxy forms. All substantial and relevant questions received for the 2023 EGM were addressed by the Board and Management. The Board and Management also conducted a Question and Answer session at the 2023 EGM. The questions and answers during the 2023 EGM were recorded as part of the 2023 EGM minutes and posted on SGXNet within a month of the conduct of the 2023 EGM.

All the Directors were physically present at the 2023 EGM, in accordance with Principle 1 as set out in page 92 of this Annual Report. The Management and the external auditors were also present at the 2023 EGM to address queries from the meeting attendees.

At the 2023 EGM, the CEO presented on the resolutions of the 2023 EGM, key risks arising from the resolutions, the REIT's performance and the Directors' recommendations.

The presentation materials were made available on SGXNet and the REIT's website.

Distribution Policy

Sabana Industrial REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. In FY 2023, 10% of distributable income was retained for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation. The distributions are paid on a semi-annual basis. For FY 2023, the REIT made two distributions to Unitholders.

Principle 12: Communication with Shareholders

Principle 13: Stakeholders Interests

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

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

In FY 2023, the REIT announced its half-year and full-year financial statements, within the relevant periods, as well as first quarter and third quarter interim business updates in accordance with Rule 705 of the Listing Manual. The announcements were posted on SGXNet. The Manager also participated in Singapore REITs Symposium 2023 and five webinars hosted by retail brokers to engage with retail investors and trading representatives. The Manager also had several engagements with the media, analysts and other stakeholders during the year through a mix of in-person and virtual meetings. The Manager held a hybrid Investor Day and an in-person SIAS-Sabana Industrial REIT Dialogue with Unitholders in the run-up to the EGM on 7 August 2023.

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

The Manager has a dedicated IR team which regularly communicates with the Unitholders and attends to their queries and concerns. The Manager has adopted an Investor Relations Policy, which is available on the REIT’s corporate website (<http://www.sabana-reit.com.sg>) 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 has also put in place processes to update and discuss with the Board the views and feedback of key Unitholders with whom the key management personnel engages.

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

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

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

ADDITIONAL INFORMATION

Dealing in Securities

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

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

Corporate Governance

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

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

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

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

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

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

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

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

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

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

Details of all IPTs (equal to or exceeding \$100,000 each in value) entered into by Sabana Industrial REIT in FY 2023 are disclosed on page 174 of this Annual Report.

Dealing with Conflicts of Interest

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

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

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

- The Board members who decide on the issue will all be Independent Directors;
- The Manager does not share any information relating to the REIT's business strategy or operations with the Sponsor;
- The Manager is dedicated to obtain, taking into consideration prevailing market considerations, competitive rental terms from existing and new tenants for the REIT's properties. All leasing rates, terms and property marketing information should be determined solely based on prevailing market conditions, common market practices and commercial considerations. In the event of dealing with conflicting or common tenants with ESR-REIT, the Manager should maintain the above consistent practice when pursuing all leasing opportunities;
- The Manager will ensure that the REIT does not transact (i.e. acquire or divest properties) with ESR-REIT; and
- For any potential transaction with the Sponsor or its related entities (excluding transactions with ESR-REIT), the Manager's IPT procedures as disclosed on page 108 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.

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
<p>1. Management fee (payable to the Manager or its nominee)</p>	<p>Base Fee A fee not exceeding the rate of 0.5% per annum of the value of the Deposited Property.</p> <p>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).</p> <p>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).</p> <p>The Manager received 100.0% of the Base Fee in cash for FY 2023. No Performance Fees were payable to the Manager in FY 2023.</p>
<p>2. Fee for acquisition of properties (payable to the Manager or its nominee)⁷</p>	<p>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:</p> <ul style="list-style-type: none"> • in relation to an acquisition (whether directly or indirectly through one or more SPVs of any real estate, the acquisition price of any real estate purchased by the REIT, plus any other payments⁸ in addition to the acquisition price made by the REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of the REIT's interest); • in relation to an acquisition (whether directly or indirectly through one or more SPVs of the REIT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by the REIT, plus any additional payments made by the REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of the REIT's interest); or • the acquisition price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

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

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

Fees payable by the REIT	Amount payable
3. Fee for divestment of properties (payable to the Manager or its nominee) ⁹	<p>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):</p> <ul style="list-style-type: none"> • the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (plus any other payments¹⁰ in addition to the sale price received by the REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of the REIT's interest); • the underlying value of any real estate related assets which is taken into account when computing the sale price for such real estate-related assets, sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (pro-rated if applicable to the proportion of the REIT's interest); or • the sale price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

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

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

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

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

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

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

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

Corporate Governance

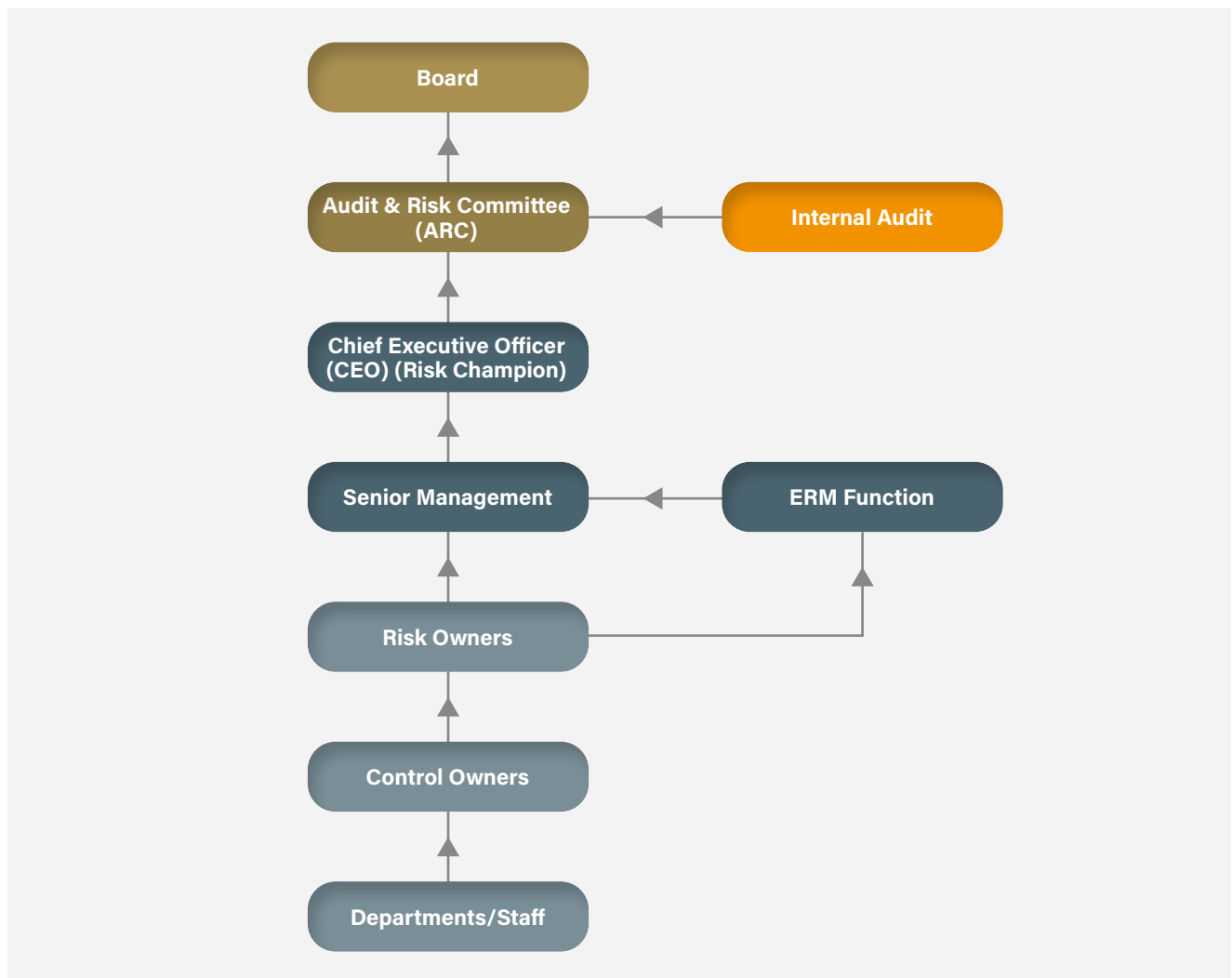
The Property Manager provides property management services to the REIT. In return for its services, the Property Manager should be compensated fairly for its efforts. The fees payable to the Property Manager has been assessed by the Board. The Board believes that the fees payable to the Property Manager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

ENTERPRISE RISK MANAGEMENT

Risk Governance Structure

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

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



ERM Process

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

Key risks in FY 2023 and following the passing of the 2023 EGM Resolutions

Following the results of the requisitioned 2023 EGM held on 7 August 2023, the Trustee has proceeded with identifying and appointing professional advisers to advise it on the implementation of the 2023 EGM Resolutions, and has issued various statements including those issued on 8 August 2023, 29 August 2023, 4 October 2023, 7 November 2023, 6 December 2023, 15 December 2023, 9 January 2024, 23 January 2024, 30 January 2024, 20 February 2024 and 29 February 2024 where the Trustee had provided updates to Unitholders in relation to the implementation of the Resolutions, including the filing of an originating application, by way of HC / OA 19/2024, with the High Court of Singapore under Order 32 of the Rules of Court 2021 of Singapore.

The Trustee has stated in its statements that it will provide further updates and engage with Unitholders as and when there are material developments. The Trustee will cause all material updates from the Trustee (including the abovementioned statements) to be made available via SGXNet as soon as practicable.

There will be uncertainty for the REIT while the internalisation process is still pending completion.

Against this backdrop of uncertainty as highlighted in the preceding paragraphs, the current manager will continue to manage the REIT on a business as usual ("**BAU**") basis during this interim period.

The key BAU risks that were identified in FY 2023 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.	<ul style="list-style-type: none">Put in place Business Continuity Plans ("BCPs") for loss of physical access or loss of IT to ensure continued operation of essential business functions.Establish a Crisis Management Team consisting of management personnel for quick mobilisation in the event of a crisis to deliberate on the severity or damage of the incident and coordinate the organisation's responses to mitigate the impacts arising from the crisis.Implemented safe management measures, per government advisories, across all its properties to prevent the spread of infectious diseases within the premises. The safe management measures were communicated to all tenants and visitors, and were strictly enforced within the premises.

Corporate Governance

Material Risk	Details	Key Mitigating Measures
Liquidity/Funding Risk	Inability to secure funding in capital markets to meet financial obligations, operational requirements, investments and/or capital expenditures.	<ul style="list-style-type: none"> • Ongoing monitoring of cashflow and liquidity positions, and gearing ratio to ensure an adequate level of cash for operational requirements. • Raise funds based on the strategic initiative plans (outlining Sabana Industrial REIT's business and growth objectives, business projections) as well as taking into consideration Sabana Industrial REIT's current gearing and the aggregate leverage limit prescribed by the Property Funds Appendix. The aggregate leverage limit is 45% (save that it may exceed the limit up to a maximum of 50% only if the REIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. The REIT's aggregate leverage was 34.3% and interest coverage ratio was 3.5 times as at 31 December 2023. • Perform monthly scenario analysis and stress testing on the REIT's capex to evaluate if Sabana Industrial REIT has sufficient cashflow.
Compliance risk	Non-compliance with industry regulations, breach of laws and regulations in local and foreign jurisdiction.	<ul style="list-style-type: none"> • Proactively identify any changes or shifts in regulations that will affect operations or compliance procedures. In addition, the compliance team receives regular circulars on regulations and guidelines from MAS. • Regularly consult the regulatory bodies and work closely with the auditors, legal counsels, the Company Secretary, senior management and the ARC to ensure adherence to all stipulated rules and regulations.
Cyber-security risk	Cyber-security breaches to IT infrastructure and/or systems that may compromise operations and data privacy regulations.	<ul style="list-style-type: none"> • 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.

Material Risk	Details	Key Mitigating Measures
Operational Risk	Failure to provide adequate maintenance and/ or enhancement for Sabana Industrial REIT's assets to maximise their values and increase occupancy rates.	<ul style="list-style-type: none"> • Establish master maintenance schedule across all properties for all major equipment or systems to ensure adequate preventive maintenance is carried out timely. • Conduct meetings which are attended by senior management, Leasing and Property Management team, alongside with representatives from various functions within the company, to review and discuss tenants' existing lease terms, and wherever possible, re-negotiate the lease terms to better manage Sabana Industrial REIT's performance obligations. • Establish an evaluation process to identify asset enhancement or rejuvenation opportunities for Sabana Industrial REIT's properties, taking into consideration feedback from tenants, property vacancy, demand for usage, etc.
Credit Risk	Financial loss resulting from the failure of a customer or a counterparty to fulfil its financial and contractual obligations, as and when they fall due.	<ul style="list-style-type: none"> • Credit evaluations are performed by the Manager prior to the entry into the lease agreements with the prospective tenants. • On an ongoing basis, the finance and asset management teams monitor the amounts owed by tenants. • Credit risk is further mitigated by security deposits, in the form of cash or bankers' guarantees issued by financial institutions.
Investment Risk	Potential occurrence of financial losses relative to the expected return on investment due to ineffective investment strategy and poor execution.	<ul style="list-style-type: none"> • All investment activities focus on enhancing returns to Unitholders and long-term value creation for Sabana Industrial REIT. • All investment proposals are evaluated against a comprehensive set of investment criteria, which includes factors such as the location, macro-economic condition, quality of tenants, building condition and age, environmental impact, investment return, long-term sustainability and growth potential. Thorough due diligence is carried out to mitigate potential investment risks. • All investment proposals are subject to detailed scrutiny and approval by the Board.

Corporate Governance

ADDITIONAL INFORMATION

Cyber Security Policy

The Manager has put in place a cyber security policy which sets out guidelines and procedures to ensure the security and confidentiality of data and information, and to minimise the risk of cyber security threats. Employees are required to take all necessary steps to protect the confidentiality, integrity, and availability of Manager's data and information systems. The Manager performs ongoing monitoring of existing and new threat intelligence to stay up-to-date on the latest cyber security risks and trends. The Manager also works with its IT vendor to conduct regular testing of processes and review of the IT system to identify any potential points of failure and to ascertain that the system's level of resilience continues to meet business requirements and safeguards are in place to prevent failure.

Anti-Corruption Policy

The Manager recognises that bribery and corruption are criminal offences that have the potential to harm the REIT's reputation, relationships with tenants and business partners, and financial standing. Accordingly, the Manager has established standards to which the Manager expects its employees to adhere to. The anti-corruption policy sets out the responsibilities of employees in observing and upholding the Board's zero-tolerance approach towards corruption, bribery, and extortion. The policy also provides guidance and information to employees on how to address, resolve, avoid, and prevent potential instances of corruption, bribery, and extortion in the course of their work. The Manager requires and expects the full commitment of its employees to uphold the highest ethical standards and comply with all applicable laws, rules, and regulations.

Fraud Policy

Employees have a key role to play in the prevention, detection, and reporting of fraud. As such, the Manager values the integrity of its employees and expects all employees to remain vigilant at all times. To this end, the Manager's fraud policy is established to raise awareness amongst all employees and any other parties with a business relationship with the Manager to help them detect, prevent and report fraudulent activities or suspected fraud. All reported cases of fraud will be investigated.

Environmental Policy

The Manager is committed to providing sustainable industrial spaces that are environmentally responsible. As part of this commitment to advance Environmental, Social and Governance in its goals and investing with sustainability agenda, the Manager has put in place an Environmental Policy, which sets out its principles and approach to creating greener spaces. Some of these principles include adopting energy reduction initiatives, harnessing renewable energy, conserving water and reducing waste. In ensuring effective implementation of these principles, the Manager has established environmental sustainability goals and targets that align with these principles and report on its environmental sustainability performance regularly.

Human Rights Policy

The Manager is committed to upholding and protecting the human rights of its employees and ensuring that human rights are observed and respected in its workplaces. Beyond adherence to legal requirements and local laws, the Manager has in place guidelines on workplace health and safety, fairness, equality and non-discrimination regardless of gender, ethnicity, religion or age as well as guidelines on operating in a responsible manner.



Financial Contents

118

Report of the Trustee

119

Statement by the Manager

120

Independent Auditors' Report

123

Statements of Financial Position

124

Statements of Total Return

125

Distribution Statements

127

Statements of Movements in
Unitholders' Funds

128

Consolidated Portfolio Statement

133

Consolidated Statement of Cash Flows

134

Notes to the Financial Statements

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 123 to 173 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
15 March 2024

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 123 to 173 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 2023, 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 2023, the total return, distributable income and movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

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

Tan Cheong Hin
Chairman

Singapore
15 March 2024

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 2023, 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 material accounting policy information, as set out on pages 123 to 173.

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 2023 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.5 of the financial statements which highlights events and conditions relating to the ongoing internalisation exercise which could cause potential financial implication to the Group and Trust, and that current borrowings of the Group amounting to \$104.5 million is expiring in October 2024. Specifically, as stated in Note 26, if the internalisation exercise triggers a review event under existing financing arrangements, it could result in mandatory prepayment of the Group's outstanding loans and interest if no satisfactory agreement is reached with the lenders. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Trust to continue as a going concern.

As disclosed in Note 2.5, the ability of the Group and the Trust to continue as a going concern is dependent on the successful refinancing of its loans and obligations or availability of funds on timely basis to enable the Group and the Trust to meet its liabilities as and when they fall due. In the event that the Group and the Trust are unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Trust may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements in respect of this.

Our opinion is not modified in respect of this matter.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditors' Report

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2023, the carrying amount of investment properties was S\$980.0 million (2022: S\$962.2 million) which accounted for 97.4% (2022: 97.9%) of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of assumptions and estimates made by the external appraisers engaged by the Manager.

As disclosed in Note 4, valuations of investment properties are sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. The extent of estimation uncertainty and judgement is further impacted by the volatility in the relevant market and economic conditions. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external appraisers, the determination of the scope of work of the appraisers, and a review of the valuation reports issued by the external appraisers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate valuation specialists to assist us in assessing the reasonableness of the valuation model and the reasonableness of the significant assumptions and estimates by reference to historical rates and market data. Our procedures also included checking the reliability of property related data used by the external appraisers, assessing the appropriateness of the valuation techniques and basis for the significant assumptions and estimates used, including key valuation adjustments made by the external appraisers in response to the changes in market and economic conditions. We assessed the overall reasonableness of the movements in fair value of the investment properties. We also assessed the adequacy of disclosures relating to investment properties in the consolidated financial statements.

Other matter

The financial statements of Sabana Industrial Real Estate Investment Trust and its subsidiary for the year ended 31 December 2022 were audited by another independent auditor who expressed an unmodified opinion on those statements on 17 March 2023.

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. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's 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.

Independent Auditors' Report

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

Auditors' responsibilities for the audit of the financial statements

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

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 Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Statements of Financial Position

As at 31 December 2023

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current assets					
Investment properties	4	979,987	962,179	979,987	962,179
Subsidiary	5	–	–	*	*
Derivative assets	6	1,210	6,647	1,210	6,647
		<u>981,197</u>	<u>968,826</u>	<u>981,197</u>	<u>968,826</u>
Current assets					
Derivative assets	6	1,445	1,711	1,445	1,711
Trade and other receivables	7	7,384	4,646	7,384	4,646
Cash and cash equivalents	8	16,065	8,009	16,065	8,009
		<u>24,894</u>	<u>14,366</u>	<u>24,894</u>	<u>14,366</u>
Total assets		<u>1,006,091</u>	<u>983,192</u>	<u>1,006,091</u>	<u>983,192</u>
Current liabilities					
Trade and other payables	9	23,218	20,946	23,227	20,955
Tax payable		556	–	556	*
Borrowings		104,541	–	104,541	*
Lease liabilities	22	1,812	1,714	1,812	1,714
Total current liabilities		<u>130,127</u>	<u>22,660</u>	<u>130,136</u>	<u>22,669</u>
Non-current liabilities					
Trade and other payables	9	14,322	11,059	14,322	11,059
Borrowings	10	210,829	288,921	210,829	288,921
Lease liabilities	22	74,275	74,765	74,275	74,765
Total non-current liabilities		<u>299,426</u>	<u>374,745</u>	<u>299,426</u>	<u>374,745</u>
Total liabilities		<u>429,553</u>	<u>397,405</u>	<u>429,562</u>	<u>397,414</u>
Net assets		<u>576,538</u>	<u>585,787</u>	<u>576,529</u>	<u>585,778</u>
Represented by:					
Unitholders' funds		<u>576,538</u>	<u>585,787</u>	<u>576,529</u>	<u>585,778</u>
Units issued ('000)	11	<u>1,111,788</u>	<u>1,096,121</u>	<u>1,111,788</u>	<u>1,096,121</u>
Net asset value ("NAV") per Unit (\$)		<u>0.52</u>	<u>0.53</u>	<u>0.52</u>	<u>0.53</u>

* 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 2023

	Note	Group		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Gross revenue	13	111,875	94,907	111,875	94,907
Property expenses	14	(56,901)	(41,624)	(56,901)	(41,624)
Net property income		54,974	53,283	54,974	53,283
Finance income		155	85	155	85
Finance costs		(13,382)	(14,459)	(13,382)	(14,458)
Finance costs relating to lease liabilities		(3,231)	(3,219)	(3,231)	(3,219)
Net finance costs	15	(16,458)	(17,593)	(16,458)	(17,592)
Manager's fees		(4,557)	(4,438)	(4,557)	(4,438)
Trustee's fees		(364)	(355)	(364)	(355)
Donation		(1)	(5)	(1)	(5)
Other trust expenses	16	(5,680)	(1,331)	(5,680)	(1,332)
Net income		(10,602)	(6,129)	(10,602)	(6,130)
		27,914	29,561	27,914	29,561
Net change in fair value of financial derivatives		(5,724)	8,903	(5,724)	8,903
Net change in fair value of investment properties		(3,562)	14,304	(3,562)	14,304
Total return for the year before taxation and distribution		18,628	52,768	18,628	52,768
Tax expense	17	(556)	*	(556)	-
Total return for the year after taxation and before distribution		18,072	52,768	18,072	52,768
Earnings per Unit (cents)					
Basic and diluted	19	1.64	4.87	1.64	4.87

* Less than \$1,000

Distribution Statements

For the year ended 31 December 2023

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Amount available for distribution to Unitholders at beginning of the year	16,128	17,062	16,128	17,062
Total return for the year after taxation and before distribution	18,628	52,768	18,628	52,768
Non-tax deductible/(chargeable) items:				
Amortisation of transaction costs	1,449	3,527	1,449	3,527
Trustee's fees	364	355	364	355
Donation	1	5	1	5
Net change in fair value of financial derivatives	5,724	(8,903)	5,724	(8,903)
Net change in fair value of investment properties	3,562	(14,304)	3,562	(14,304)
Effects of recognising rental income on a straight-line basis over the lease term	(79)	(192)	(79)	(192)
Finance costs relating to lease liabilities	3,231	3,219	3,231	3,219
Land rent paid on investment properties	(4,966)	(4,843)	(4,966)	(4,843)
Other items	5,800	1,438	5,800	1,438
Net effect of non-tax deductible items	15,086	(19,698)	15,086	(19,698)
Income available for distribution to Unitholders for the year before tax	33,714	33,070	33,714	33,070
Tax expense	(556)	*	(556)	-
Income available for distribution to Unitholders for the year after tax	33,158	33,070	33,158	33,070
Total amount available for distribution to Unitholders for the year	49,286	50,132	49,286	50,132

* Less than \$1,000

Distribution Statements

For the year ended 31 December 2023

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Distribution of 1.57 cents per Unit for the period 1 July 2021 to 31 December 2021	-	(16,798)	-	(16,798)
Distribution of 1.59 cents per Unit for the period 1 January 2023 to 30 June 2023	-	(17,206)	-	(17,206)
Distribution of 1.46 cents per Unit for the period 1 July 2022 to 31 December 2022	(16,003)	-	(16,003)	-
Distribution of 1.61 cents per Unit for the period 1 January 2023 to 30 June 2023	(17,744)	-	(17,744)	-
	(33,747)	(34,004)	(33,747)	(34,004)
Amount available for distribution to Unitholders at end of the year*	15,539	16,128	15,539	16,128
Amount retained for working capital	3,271	-	3,271	-
Number of Units entitled to distributions ('000) (Note 11)	1,111,788	1,096,121	1,111,788	1,096,121
Distribution per Unit (cents)	2.76	3.05	2.76	3.05

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

Statements of Movements in Unitholders' Funds

For the year ended 31 December 2023

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Unitholders' funds at beginning of the year	585,787	555,967	585,778	555,958
Operations				
Total return after taxation and before distribution	18,072	52,768	18,072	52,768
	603,859	608,735	603,850	608,726
Unitholders' transactions				
Distributions to Unitholders	(33,748)	(34,004)	(33,748)	(34,004)
Units issued through Distribution Reinvestment Plan	6,427	11,119	6,427	11,119
Equity issue costs pursuant to: Distribution Reinvestment Plan	-	(63)	-	(63)
Net decrease in net assets resulting from Unitholders' transactions	(27,321)	(22,948)	(27,321)	(22,948)
Unitholders' funds at end of the year	576,538	585,787	576,529	585,778

Consolidated Portfolio Statement

As at 31 December 2023

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location
New Tech Park	High-tech industrial	45	32	151 Lorong Chuan, Singapore 556741
8 Commonwealth Lane	High-tech industrial	53	35	8 Commonwealth Lane, Singapore 149555
Frontech Centre	High-tech industrial	99	37	15 Jalan Kilang Barat, Singapore 159357
1 Tuas Avenue 4	High-tech industrial	51.3	23	1 Tuas Avenue 4, Singapore 639382
BTC Centre	High-tech industrial	50	33	23 Serangoon North Avenue 5, Singapore 554530
508 Chai Chee Lane	High-tech industrial	59	36	508 Chai Chee Lane, Singapore 469032
33 & 35 Penjuru Lane	Chemical warehouse & logistics	61	25	33 & 35 Penjuru Lane, Singapore 609200/609202
18 Gul Drive	Chemical warehouse & logistics	33	15	18 Gul Drive, Singapore 629468
Penjuru Logistics Hub	Warehouse & logistics	30	9	34 Penjuru Lane, Singapore 609201
Freight Links Express Logisticentre	Warehouse & logistics	60	31	51 Penjuru Road, Singapore 609143
26 Loyang Drive	Warehouse & logistics	48	30	26 Loyang Drive, Singapore 508970

Balance carried forward

Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
%	%	\$'000	\$'000	%	%
78	77	362,700	362,700	62.9	61.9
82	82	54,300	54,700	9.4	9.3
89	66	22,500	22,700	3.9	3.9
-	-	21,000	9,000	3.6	1.5
66	96	42,200	42,200	7.3	7.2
99	99	68,000	67,000	11.8	11.4
100	100	42,000	41,600	7.3	7.1
100	100	19,000	19,000	3.3	3.2
94	99	29,900	29,500	5.2	5.0
93	93	31,000	30,500	5.4	5.2
100	100	26,900	26,200	4.7	4.5
		719,500	705,100	124.8	120.2

Consolidated Portfolio Statement

As at 31 December 2023

Group (continued)

Description of property	Type	Leasehold term* (years)	Remaining lease term # (years)	Location
Balance brought forward				
3A Joo Koon Circle	Warehouse & logistics	60	24	3A Joo Koon Circle, Singapore 629033
2 Toh Tuck Link	Warehouse & logistics	60	33	2 Toh Tuck Link, Singapore 596225
10 Changi South Street 2	Warehouse & logistics	57	28	10 Changi South Street 2, Singapore 486596
123 Genting Lane	General industrial	60	18	123 Genting Lane, Singapore 349574
30 & 32 Tuas Avenue 8	General industrial	60	33	30 & 32 Tuas Avenue 8, Singapore 639246/639247
39 Ubi Road 1	General industrial	60	28	39 Ubi Road 1, Singapore 408695
21 Joo Koon Crescent	General industrial	60	30	21 Joo Koon Crescent, Singapore 629026

Investment properties - Fair value

Investment properties - Right-of-use assets

Total investment properties

Other assets and liabilities

Net assets attributable to Unitholders' Funds

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

Remaining lease term includes optional lease term.

Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
%	%	\$'000	\$'000	%	%
		719,500	705,100	124.8	120.2
96	96	34,400	33,900	6.0	5.8
76	98	31,300	30,500	5.4	5.2
100	74	37,900	37,400	6.6	6.4
98	85	17,200	16,500	3.0	2.8
100	100	28,900	28,900	5.0	4.9
99	99	19,100	18,200	3.3	3.1
100	100	15,600	15,200	2.7	2.6
		903,900	885,700	156.8	151.0
		76,087	76,479	13.2	13.1
		979,987	962,179	170.0	164.1
		(403,449)	(376,392)	(70.0)	(64.1)
		576,538	585,787	100.0	100.0

Consolidated Portfolio Statement

As at 31 December 2023

Group (continued)

As disclosed in the Statements of Financial Position:

	Carrying amount as at	
	31 December 2023	31 December 2022
	\$'000	\$'000
Investment properties – non-current	979,987	962,179

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

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

Significant non-cash transactions

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

Notes to the Financial Statements

For the year ended 31 December 2023

1. GENERAL

Sabana Industrial Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2010 (as amended by the First Supplemental Deed dated 2 December 2010, the First Amending and Restating Deed dated 24 February 2016, the Second Amending and Restating Deed dated 24 March 2016, the Second Supplemental Deed dated 6 May 2019, the Third Amending and Restating Deed dated 7 April 2020 and the Third Supplemental Deed dated 21 October 2021) (collectively, the "Trust Deed") between 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 2023 comprise the Trust and its subsidiary (together referred to as the "Group" and individually as "Group entities").

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

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

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

1.1 Property Manager's fees

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

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

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

1.2 Manager's fees

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

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

The Manager has elected to receive 100.0% of the base fee in cash for both financial years ended 31 December 2023 and 31 December 2022.

Notes to the Financial Statements

For the year ended 31 December 2023

1. GENERAL (CONTINUED)

1.3 Trustee's fees

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

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

1.4 Acquisition fees

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

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

1.5 Divestment fees

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the investment properties and financial derivatives which are stated at fair value as set out in the accounting policies described in Notes 3.2 and 3.4.

Notes to the Financial Statements

For the year ended 31 December 2023

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.

Information about significant areas of estimation uncertainty and critical judgements that have a significant risk of resulting in a material adjustment within the next financial year is included in the following note:

- Note 2.5 – Going concern
- Note 4 – Investment properties
- Note 6 – Derivative financial instruments
- Note 10 – Borrowings

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 2023:

- *Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to FRS 8: Definition of Accounting Estimates*
- *Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2.5 Going concern

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

As described in Note 26, there is a material uncertainty that may cast significant doubt on the ability of the Group and the Trust to continue as a going concern depending on the outcome of the internalisation of the Manager ("Internalisation").

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

In assessing the appropriateness of the going concern assumption, management has considered the consequences of various events and conditions (please refer to note 26), and exercised judgement which includes legal and regulatory requirements, conditions and timing for triggering of the loan review event in determining whether they create a material uncertainty that casts significant doubt upon the Group and Trust ability to continue as a going concern.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

For ROU assets that meet the definition of investment property, the Group applies the fair value model in FRS 40 Investment Property to these assets with any change therein being recognised in the Statements of Total Return and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depends on an index or a rate, initially measured using index or rate as at the commencement date

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue' (see Note 3.7).

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, the Group classifies financial assets as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest income on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Manager's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest income

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest 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 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 income criterion if the prepayment amount substantially represents unpaid amounts of principal and interest 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 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 rate method. The amortised cost is reduced by impairment losses. Interest 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 rate method. Interest expense and foreign exchange gains and losses are recognised in the Statements of Total Return.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Financial instruments (continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its Statements of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statements of Total Return.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Financial instruments (continued)

(vi) Derivative financial instruments

The Group holds derivative financial instruments to economically hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the Statements of Total Return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statements of Total Return.

3.5 Impairment

(i) Non-derivative financial assets

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

Lease receivables are disclosed as part of trade and other receivables.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses are recognised in the Statements of Total Return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Issue expenses

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

3.7 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases from investment properties is recognised in the Statements of Total Return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of total rental to be received.

3.8 Expenses

(i) Property expenses

Included in property expenses are property management fee and lease management fee under the Property Management Agreement, which are based on the applicable formula stipulated in Note 1.1, reimbursable expenses payable to the Property Manager and other property expenses in relation to the investment properties.

Property expenses are recognised as and when incurred and recorded on an accrual basis.

(ii) Manager's fees

Manager's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.2.

(iii) Trustee's fees

Trustee's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.3.

3.9 Finance income and finance costs

Finance income comprises interest income. Finance costs comprise interest expense on borrowings, amortisation of transaction costs, interest from lease liabilities and agent fees.

Finance income or costs is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- (i) the gross carrying amount of the financial asset; or
- (ii) the amortised cost of the financial liability.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Finance income and finance costs (continued)

In calculating interest income and expense, the effective interest 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 income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest 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 rate method.

3.10 Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in the Statements of Total Return except to the extent that it relates to a business combination, or items recognised directly in Unitholders' funds.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiary to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Trust and its subsidiary. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.10 Tax (continued)

The Inland Revenue Authority of Singapore ("IRAS") had issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee is not subject to tax on the taxable income of the Trust, which includes profit distributions from liquid Islamic debt securities such as Sukuk that the Trust may invest in, provided that at least 90.0% of the taxable income of the Trust is distributed within the year in which the income is derived (the "tax transparency treatment"). Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of the Trust, except:

- (i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a partnership) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Foreign Non-Individual Unitholders and Qualifying Foreign Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10.0% for distributions made up to 31 March 2025, unless concession is extended.

A Qualifying Unitholder is a Unitholder who is:

- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap. 37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); and
- a real estate investment trust exchange-traded fund ("REIT ETFs") which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the Units are not obtained from that operation in Singapore.

A Qualifying Foreign Funds is one that qualifies for tax exemption under section 13D, 13U, or 13V 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.

Notes to the Financial Statements

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.10 Tax (continued)

The above tax transparency ruling does not apply to gains or profits from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134 of Singapore and collected from the Trustee. Where the gains are capital gains, they are not subject to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

3.11 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's senior management 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 senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.13 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 25.

4. INVESTMENT PROPERTIES

Investment properties

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

Notes to the Financial Statements

For the year ended 31 December 2023

4. INVESTMENT PROPERTIES (CONTINUED)

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

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

Security

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

Measurement of fair value

Investment properties

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

4. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

The table below analyses investment properties carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the investment properties.

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

5. SUBSIDIARY

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

* Less than \$1,000

Details of the subsidiary of the Group are as follows:

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

⁽¹⁾ Exempted from statutory audit under Companies Act section 201A in 2022. Audited by EY LLP Singapore in 2023.

6. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

6. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

The exposures of the Group and the Trust to credit risk and impairment losses related to trade and other receivables, excluding prepayments, are disclosed in Note 12.

8. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Bank balances	16,065	8,009	16,065	8,009

Notes to the Financial Statements

For the year ended 31 December 2023

9. TRADE AND OTHER PAYABLES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Amount due to related parties, trade	1,565	2,704	1,580	2,721
Trade payables	6,213	2,888	6,213	2,888
Security deposits	17,588	15,730	17,588	15,730
Rental received in advance	224	455	225	455
Retention sums	939	202	939	202
Finance costs payable to:				
- non-related parties	1,282	1,386	1,282	1,386
Accrued operating expenses	4,774	6,301	4,774	6,301
Others	4,955	2,339	4,948	2,331
	37,540	32,005	37,549	32,014
Current	23,218	20,946	23,227	20,955
Non-current	14,322	11,059	14,322	11,059
	37,540	32,005	37,549	32,014

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

10. BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group					
2023					
Unsecured Term Loan Facility	SGD	SORA*+Margin	2024	100,000	99,541
Unsecured Revolving Loan Facility	SGD	SORA*+Margin	2024	5,000	5,000
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	75,000	74,421
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	18,000	17,928
Unsecured Term Loan Facility	SGD	SORA*+Margin	2026	50,000	49,297
Unsecured Revolving Loan Facility	SGD	SORA*+Margin	2026	20,000	20,000
Unsecured Term Loan Facility	SGD	SORA*+Margin	2027	50,000	49,183
				<u>318,000</u>	<u>315,370</u>
2022					
Unsecured Term Loan Facility	SGD	SORA*+Margin	2024	100,000	98,985
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	75,000	74,112
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	18,000	17,891
Unsecured Term Loan Facility	SGD	SORA*+Margin	2026	50,000	48,992
Unsecured Term Loan Facility	SGD	SORA*+Margin	2027	50,000	48,941
				<u>293,000</u>	<u>288,921</u>
Trust					
2023					
Unsecured Term Loan Facility	SGD	SORA*+Margin	2024	100,000	99,541
Unsecured Revolving Loan Facility	SGD	SORA*+Margin	2024	5,000	5,000
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	75,000	74,421
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	18,000	17,928
Unsecured Term Loan Facility	SGD	SORA*+Margin	2026	50,000	49,297
Unsecured Revolving Loan Facility	SGD	SORA*+Margin	2026	20,000	20,000
Unsecured Term Loan Facility	SGD	SORA*+Margin	2027	50,000	49,183
				<u>318,000</u>	<u>315,370</u>
2022					
Unsecured Term Loan Facility	SGD	SORA*+Margin	2024	100,000	98,985
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	75,000	74,112
Unsecured Term Loan Facility	SGD	SORA*+Margin	2025	18,000	17,891
Unsecured Term Loan Facility	SGD	SORA*+Margin	2026	50,000	48,992
Unsecured Term Loan Facility	SGD	SORA*+Margin	2027	50,000	48,941
				<u>293,000</u>	<u>288,921</u>

* Singapore Overnight Rate Average/Swap Offer Rate

Notes to the Financial Statements

For the year ended 31 December 2023

10. BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

(a) Unsecured Term Loan Facility

As of 31 December 2023, the outstanding unsecured Term Loan Facility consisted of:

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

As of 31 December 2022, the outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024.
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.
- (iv) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (v) 5-year term loan facilities of \$50.0 million maturing in March 2027.

(b) Unsecured Revolving Loan Facility

As of 31 December 2023, the outstanding unsecured Term Loan Facility consisted of:

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

(c) Unutilised Loan Facilities

As of 31 December 2023, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$20.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.
- (iv) 4-year revolving facility of \$5.0 million maturing in March 2026.
- (v) 5-year revolving facility of \$25.0 million maturing in March 2027.

As of 31 December 2022, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$25.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.
- (iv) 4-year revolving facility of \$25.0 million maturing in March 2026.
- (v) 5-year revolving facility of \$25.0 million maturing in March 2027.

Notes to the Financial Statements

For the year ended 31 December 2023

10. BORROWINGS (CONTINUED)

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

	Group				
	Liabilities		Derivative financial instruments		Total \$'000
	Borrowings \$'000	Finance costs payable \$'000	Lease liabilities \$'000	Interest rate swap - assets \$'000	
Balance at 1 January 2023	288,921	1,386	76,479	(8,358)	
Changes from financing cash flows					
Proceeds from borrowings	33,000	-	-	-	33,000
Repayment of borrowings	(8,000)	-	-	-	(8,000)
Payment of lease liabilities	-	-	(1,736)	-	(1,736)
Finance costs relating to lease liabilities	-	-	(3,231)	-	(3,231)
Finance costs paid	-	(17,436)	-	4,996	(12,440)
Total changes from financing cash flows	25,000	(17,436)	(4,967)	4,996	7,593
Changes in fair value	-	-	-	5,724	5,724
Other changes					
Liability-related					
Amortisation of transaction costs	1,449	-	-	-	1,449
Interest expense	-	17,332	-	(5,017)	12,315
Remeasurement of lease liabilities	-	-	1,344	-	1,344
Finance costs relating to lease liabilities	-	-	3,231	-	3,231
Total liability-related other changes	1,449	17,332	4,575	(5,017)	18,339
Balance at 31 December 2023	315,370	1,282	76,087	(2,655)	390,084
Balance at 1 January 2022	311,589	979	76,713	(191)	389,090
Changes from financing cash flows					
Proceeds from borrowings	120,500	-	-	-	120,500
Repayment of borrowings	(143,036)	-	-	1,189	(141,847)
Transactions cost paid	(3,659)	76	-	-	(3,583)
Payment of lease liabilities	-	-	(1,624)	-	(1,624)
Finance costs relating to lease liabilities	-	-	(3,219)	-	(3,219)
Finance costs paid	-	(11,535)	-	556	(10,979)
Total changes from financing cash flows	(26,195)	(11,459)	(4,843)	1,745	(40,752)
Changes in fair value	-	-	-	(8,903)	(8,903)
Other changes					
Liability-related					
Amortisation of transaction costs	3,527	-	-	-	3,527
Interest expense	-	11,866	-	(1,009)	10,857
Remeasurement of lease liabilities	-	-	1,390	-	1,390
Finance costs relating to lease liabilities	-	-	3,219	-	3,219
Total liability-related other changes	3,527	11,866	4,609	(1,009)	18,993
Balance at 31 December 2022	288,921	1,386	76,479	(8,358)	358,428

Notes to the Financial Statements

For the year ended 31 December 2023

11. UNITS IN ISSUE

	Group and Trust	
	2023	2022
	'000	'000
Units in issue:		
At beginning of the year	1,096,121	1,069,950
Units issued:		
– Distribution Reinvestment Plan	15,667	26,171
At end of the year	<u>1,111,788</u>	<u>1,096,121</u>

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

On 1 April 2014, the Trust introduced the distribution reinvestment plan ("DRP") whereby the Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

15,667,005 new Units (2022: 26,171,057 new Units) amounting to approximately \$6,427,000 at issue prices of \$0.4200 per Unit and \$0.4041 per Unit (2022: \$11,119,000 at issue prices of \$0.4265 per Unit and \$0.4234 per Unit) in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash.

Notes to the Financial Statements

For the year ended 31 December 2023

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 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 34.3% (2022: 32.4%) which was in compliance with the Aggregate Leverage limit of 50.0%. There were no changes in the Group's approach to capital management during the financial year.

12.2 Risk management framework

The Group is exposed to market risk (including interest 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade and other receivables [#]	7,277	4,587	7,277	4,587
Cash and cash equivalents	16,065	8,009	16,065	8,009
	<u>23,342</u>	<u>12,596</u>	<u>23,342</u>	<u>12,596</u>

[#] 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.

Notes to the Financial Statements

For the year ended 31 December 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

The Manager establishes an allowance account for impairment that represents its estimate of incurred losses in respect of financial assets. The main component of this allowance is estimated losses that relate to specific tenants or counterparties. The allowance account is used to provide for impairment losses. Subsequently, when the Manager is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

The Group has provided impairment losses for all trade receivables that are not expected to be collectible in excess of the security deposits.

The ageing of gross trade receivables at the reporting date was:

	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group and Trust			
31 December 2023			
Not past due	146	–	No
Past due 0 - 30 days	649	5	No
Past due 31 - 60 days	366	74	No
More than 60 days past due	1,988	1,988	Yes
	<u>3,149</u>	<u>2,067</u>	
31 December 2022			
Not past due	248	(2)	No
Past due 0 - 30 days	647	(87)	No
Past due 31 - 60 days	492	(121)	No
More than 60 days past due	508	(499)	Yes
	<u>1,895</u>	<u>(709)</u>	

Ten tenants (2022: Ten tenants) accounted for approximately \$3,095,000 (2022: \$1,843,000) of the gross trade receivables at 31 December 2023.

Impairment losses

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

Impairment losses (continued)

Ongoing Litigation

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

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

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.

Notes to the Financial Statements

For the year ended 31 December 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.4 Liquidity risk (continued)

The following are the contractual undiscounted cash flows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Less than 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Group					
2023					
Non-derivative financial liabilities					
Unsecured Loan Facilities	315,370	(350,913)	(122,185)	(228,728)	-
Trade and other payables*	37,316	(37,316)	(22,994)	(12,170)	(2,152)
Lease liabilities	76,087	(128,939)	(4,974)	(24,868)	(99,097)
	<u>428,773</u>	<u>(517,168)</u>	<u>(150,153)</u>	<u>(265,766)</u>	<u>(101,249)</u>
2022					
Non-derivative financial liabilities					
Unsecured Loan Facilities	288,921	(335,136)	(15,132)	(320,004)	-
Trade and other payables*	31,550	(31,550)	(20,491)	(8,860)	(2,199)
Lease liabilities	76,479	(131,552)	(4,893)	(24,465)	(102,194)
	<u>396,950</u>	<u>(498,238)</u>	<u>(40,516)</u>	<u>(353,329)</u>	<u>(104,393)</u>
Trust					
2023					
Non-derivative financial liabilities					
Unsecured Loan Facilities	315,370	(350,913)	(122,185)	(228,728)	-
Trade and other payables*	37,324	(37,324)	(23,002)	(12,170)	(2,152)
Lease liabilities	76,087	(128,939)	(4,974)	(24,868)	(99,097)
	<u>428,781</u>	<u>(517,176)</u>	<u>(150,161)</u>	<u>(265,766)</u>	<u>(101,249)</u>
2022					
Non-derivative financial liabilities					
Unsecured Loan Facilities	288,921	(335,136)	(15,132)	(320,004)	-
Trade and other payables*	31,559	(31,559)	(20,500)	(8,860)	(2,199)
Lease liabilities	76,479	(131,552)	(4,893)	(24,465)	(102,194)
	<u>396,959</u>	<u>(498,247)</u>	<u>(40,525)</u>	<u>(353,329)</u>	<u>(104,393)</u>

* Trade and other payables exclude rental received in advance.

Notes to the Financial Statements

For the year ended 31 December 2023

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.

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 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 rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Group adopts a policy of ensuring that majority of its exposures to changes in interest rates on borrowings is on a fixed-rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

Derivatives

The Group holds interest rate swaps to manage its exposure to interest rate movements on its floating rate bearing Unsecured Loan Facilities by swapping the interest rates on a proportion of these loan facilities from floating rates to fixed rates. The interest rate swaps have floating legs that are indexed to SORA as at 31 December 2023. At 31 December 2023, all interest rate swaps have floating legs that are indexed to SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Interest rate profile

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

	Group		Trust	
	Nominal amount		Nominal amount	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments				
Financial liabilities	(318,000)	(293,000)	(318,000)	(293,000)
Effects of interest rate swaps	242,500	242,500	242,500	242,500
	<u>(75,500)</u>	<u>(50,500)</u>	<u>(75,500)</u>	<u>(50,500)</u>

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 rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect the Statements of Total Return.

Notes to the Financial Statements

For the year ended 31 December 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest 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.

	Total return for the year	
	50 bp increase	50 bp decrease
	\$'000	\$'000
Group and Trust		
2023		
Financial liabilities	(378)	378
2022		
Financial liabilities	(253)	253

13. GROSS REVENUE

	Group and Trust	
	2023	2022
	\$'000	\$'000
Property rental income	70,713	64,670
Other operating income	41,162	30,237
	<u>111,875</u>	<u>94,907</u>

14. PROPERTY EXPENSES

	Group and Trust	
	2023	2022
	\$'000	\$'000
Service, repair and maintenance expenses	7,240	7,426
Property and lease management fees	3,319	2,812
Property tax	7,987	6,523
Utilities	35,832	23,959
Impairment loss on trade receivables	1,387	42
Others	1,136	862
	<u>56,901</u>	<u>41,624</u>

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

Notes to the Financial Statements

For the year ended 31 December 2023

15. FINANCE INCOME AND COSTS

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Finance income:				
Interest income from fixed deposits	-	5	-	5
Interest on late payment of rent	155	80	155	80
	<u>155</u>	<u>85</u>	<u>155</u>	<u>85</u>
Finance costs:				
Murabahah Facilities	-	1,065	-	1,065
Term Loan Facility	16,303	10,071	16,303	10,071
Revolving Loan Facility	1,029	730	1,029	730
Interest rate swaps*	(5,017)	(1,009)	(5,017)	(1,009)
Amortisation of transaction costs	1,067	3,527	1,067	3,527
Brokerage and agent fees	-	75	-	74
	<u>13,382</u>	<u>14,459</u>	<u>13,382</u>	<u>14,458</u>
Finance costs relating to lease liabilities	<u>3,231</u>	<u>3,219</u>	<u>3,231</u>	<u>3,219</u>
	<u>16,613</u>	<u>17,678</u>	<u>16,613</u>	<u>17,677</u>
Net finance costs	<u>16,458</u>	<u>17,593</u>	<u>16,458</u>	<u>17,592</u>

* Except for the finance costs arising from interest rate swaps, all other finance income and cost items represent the interest income and expenses in respect of financial assets and liabilities not carried at fair value through the Statements of Total Return.

16. OTHER TRUST EXPENSES

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Auditors' remuneration				
- audit fees	221	215	221	215
- non-audit fees	65	80	62	78
Valuation fees	100	100	100	100
Professional fees	215	638	208	630
Service fees payable to a subsidiary	-	-	10	13
Other expenses ⁽¹⁾	5,079	298	5,079	296
	<u>5,680</u>	<u>1,331</u>	<u>5,680</u>	<u>1,332</u>

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

Notes to the Financial Statements

For the year ended 31 December 2023

17. TAX EXPENSE

	Group		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Tax expense				
Current year	556 ⁽¹⁾	*	556 ⁽¹⁾	-
Reconciliation of effective tax rate				
Total return for the year before taxation and distribution	18,628	52,768	18,628	52,768
Tax using Singapore tax rate of 17% (2022: 17%)	3,167	8,971	3,167	8,971
Non-tax chargeable items	-	(3,978)	-	(3,978)
Non-tax deductible items	3,409	1,453	3,409	1,453
Income not subject to tax	(844)	(823)	(844)	(823)
Tax transparency	(5,176)	(5,623)	(5,176)	(5,623)
	556	*	556	-

* Less than \$1,000

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

18. CONTINGENT LIABILITIES

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

19. 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Total return for the year after taxation and before distribution	18,072	52,768	18,072	52,768
Units in issue at beginning of year	1,096,121	1,069,950	1,096,121	1,069,950
Effect of issue of new Units: Distribution Reinvestment Plan	7,506	13,690	7,506	13,690
Weighted average number of Units at end of year	1,103,627	1,083,640	1,103,627	1,083,640
Earnings per unit (cents)	1.64	4.87	1.64	4.87

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 2023

20. 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.

Group	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2023								
Financial assets not measured at fair value								
Trade and other receivables [#]	7	-	7,277	7,277				
Cash and cash equivalents	8	-	16,065	16,065				
		-	23,342	23,342				
Financial assets measured at fair value								
Derivative assets	6	2,655	-	2,655	-	2,655	-	2,655
Financial liabilities not measured at fair value								
Trade and other payables [*]	9	-	(19,728)	(19,728)				
Security deposits	9	-	(17,588)	(17,588)	-	-	(17,588)	(17,588)
Borrowings	10	-	(315,370)	(315,370)	-	(315,370)	-	(315,370)
		-	(352,686)	(352,686)				

[#] exclude prepayments

^{*} exclude security deposits and rental received in advance

Notes to the Financial Statements

For the year ended 31 December 2023

20. FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

Group	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022								
Financial assets not measured at fair value								
Trade and other receivables [#]	7	-	4,587	4,587				
Cash and cash equivalents	8	-	8,009	8,009				
		-	12,596	12,596				
Financial assets measured at fair value								
Derivative assets	6	8,358	-	8,358	-	8,358	-	8,358
Financial liabilities not measured at fair value								
Trade and other payables [#]	9	-	(15,820)	(15,820)				
Security deposits	9	-	(15,730)	(15,730)	-	-	(15,730)	(15,730)
Borrowings	10	-	(288,921)	(288,921)	-	(288,921)	-	(288,921)
		-	(320,471)	(320,471)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

Trust	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2023								
Financial assets not measured at fair value								
Trade and other receivables [#]	7	-	7,277	7,277				
Cash and cash equivalents	8	-	16,065	16,065				
		-	23,342	23,342				
Financial assets measured at fair value								
Derivative assets	6	2,655	-	2,655	-	2,655	-	2,655
Financial liabilities not measured at fair value								
Trade and other payables [#]	9	-	(19,736)	(19,736)				
Security deposits	9	-	(17,588)	(17,588)	-	-	(17,588)	(17,588)
Borrowings	10	-	(315,370)	(315,370)	-	(315,370)	-	(315,370)
		-	(352,694)	(352,694)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

Notes to the Financial Statements

For the year ended 31 December 2023

20. FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

Trust	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022								
Financial assets not measured at fair value								
Trade and other receivables [#]	7	-	4,587	4,587				
Cash and cash equivalents	8	-	8,009	8,009				
		-	12,596	12,596				
Financial assets measured at fair value								
Derivative assets	6	8,358	-	8,358	-	8,358	-	8,358
Financial liabilities not measured at fair value								
Trade and other payables*	9	-	(15,829)	(15,829)				
Security deposits	9	-	(15,730)	(15,730)	-	-	(15,730)	(15,730)
Borrowings	10	-	(288,921)	(288,921)	-	(288,921)	-	(288,921)
		-	(320,480)	(320,480)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

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 rate swaps	The fair value of interest 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 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-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.

Notes to the Financial Statements

For the year ended 31 December 2023

21. 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 senior management.

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.

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
2023					
Gross revenue	76,835	5,575	21,136	8,329	111,875
Property expenses	(46,420)	(2,052)	(6,364)	(2,065)	(56,901)
Segment net property income	<u>30,415</u>	<u>3,523</u>	<u>14,772</u>	<u>6,264</u>	<u>54,974</u>
Net change in fair value of investment properties	(4,991)	498	851	80	(3,562)
Unallocated amounts:					
- Finance income					155
- Finance costs					(13,382)
- Finance costs relating to lease liabilities					(3,231)
- Other expenses					(10,602)
- Net change in fair value of financial derivatives					(5,724)
Total profit for the year before taxation					<u>18,628</u>
Assets and liabilities					
Segment assets:					
- Investment properties	587,913	74,380	218,993	98,701	979,987
- Others	171	2,772	79	187	3,209
Unallocated assets					22,895
Total assets					<u>1,006,091</u>
Segment liabilities:					
- Lease liabilities	17,213	13,380	27,593	17,901	76,087
- Others	21,956	835	5,610	2,705	31,106
Unallocated liabilities:					
- Borrowings					315,370
- Others					6,990
Total liabilities					<u>429,553</u>
Other segment information					
Capital expenditure	17,830	(154)	1,159	574	<u>19,409</u>

Notes to the Financial Statements

For the year ended 31 December 2023

21. OPERATING SEGMENTS (CONTINUED)

Geographical segments

	← Group →				Total \$'000
	High-tech industrial \$'000	Chemical warehouse & logistics \$'000	Warehouse & logistics \$'000	General industrial \$'000	
2022					
Gross revenue	63,092	5,589	19,490	6,736	94,907
Property expenses	(31,663)	(1,403)	(6,352)	(2,206)	(41,624)
Segment net property income	31,429	4,186	13,138	4,530	53,283
Net change in fair value of investment properties	9,349	182	3,217	1,556	14,304
Unallocated amounts:					
- Finance income					85
- Finance costs					(14,459)
- Finance costs relating to lease liabilities					(3,219)
- Other expenses					(6,129)
- Net change in fair value of financial derivatives					8,903
Total profit for the year before taxation					52,768
Assets and liabilities					
Segment assets:					
- Investment properties	575,445	73,967	215,949	96,818	962,179
- Others	345	1,232	82	102	1,761
Unallocated assets					19,252
Total assets					983,192
Segment liabilities:					
- Lease liabilities	17,145	13,367	27,949	18,018	76,479
- Others	19,559	993	3,365	2,766	26,683
Unallocated liabilities:					
- Borrowings					288,921
- Others					5,322
Total liabilities					397,405
Other segment information					
Capital expenditure	1,689	228	747	354	3,018

Segment information in respect of the Group's geographical segments is not presented as the Group's activities for the years ended 31 December 2023 and 31 December 2022 related wholly to properties located in Singapore.

Major customer

A major customer group contributed approximately \$5.1 million (2022: \$5.0 million) of the Group's total revenues from the High-tech industrial (2022: High-tech industrial) for the year ended 31 December 2023.

Notes to the Financial Statements

For the year ended 31 December 2023

22. 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.

Lease liabilities included in the Statements of Financial Position at 31 December 2023

	Group and Trust	
	2023	2022
	\$'000	\$'000
Current	1,812	1,714
Non-current	74,275	74,765
	<u>76,087</u>	<u>76,479</u>

Amounts recognised in Statements of Total Return

	Group and Trust	
	2023	2022
	\$'000	\$'000
Leases under FRS 116		
Finance costs relating to lease liabilities	<u>3,231</u>	<u>3,219</u>

Amounts recognised in Consolidated Statement of Cash Flows

	Group and Trust	
	2023	2022
	\$'000	\$'000
Total cash outflow for leases	<u>4,967</u>	<u>4,843</u>

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 2023 amounted to \$38.9 million (2022: \$38.2 million).

Leases as lessor

As a lessor, the Group leases out their investment properties under operating lease agreements. Note 3.3(ii) sets out information about the operating leases of investment property.

Notes to the Financial Statements

For the year ended 31 December 2023

22. LEASES (CONTINUED)

Leases as lessor (continued)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023	2022
	\$'000	\$'000
Operating leases under FRS 116		
Less than 1 year	68,886	61,552
1 to 2 years	56,970	44,410
2 to 3 years	37,384	32,977
3 to 4 years	21,226	19,627
4 to 5 years	13,150	11,352
More than 5 years	19,734	29,113
Total lease receivables	217,350	199,031

23. 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	
	2023	2022
	\$'000	\$'000
Manager's fees and reimbursables paid/payable to the Manager	4,557	4,438
Property/lease management fees and reimbursables paid/payable to the Property Manager	3,319	2,811
Trustee fees paid/payable to the Trustee	364	355

24. FINANCIAL RATIOS

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

25. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 1: Non-current Liabilities with Covenants	1 January 2024

The Group expects that the adoption of the standards above will have no significant impact on the financial statements in the year of initial application.

26. EXTRAORDINARY GENERAL MEETING

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

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

Since the last Interim Financial Information announced on 23 January 2024, the extraordinary general meeting of unitholders of Sabana Industrial REIT requisitioned by certain Unitholders was held on 8 March 2024 (the "8 March 2024 EGM"). Following the 8 March 2024 EGM, the Manager is also discussing with the Trustee on their next steps and further announcements will be made on SGXNET in due course.

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

Notes to the Financial Statements

For the year ended 31 December 2023

26. EXTRAORDINARY GENERAL MEETING (CONTINUED)

In this regard, as mentioned in the Interim Financial Information for the period from 1 January 2023 to 30 June 2023 announced on 19 July 2023, the Manager had previously written to the relevant lenders to seek a waiver from the abovementioned review event under Sabana Industrial REIT's existing financing arrangements, in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the lenders had then replied that they were unable to grant the relevant waivers at that juncture.

27. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 15 March 2024.

Additional Information

INTERESTED PARTY TRANSACTIONS

Interested person transactions (for the purposes of the Listing Manual of the SGX-ST) and interested party transactions (for the purposes of the Property Funds Appendix) (collectively "Related Party Transactions") during the financial year are as follows.

Name of Interested Person	Nature of Relationship	Aggregate value of all Related Party Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920 ⁽¹⁾ of the Listing Manual) S\$'000	Aggregate value of all Related Party Transactions conducted under Unitholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) S\$'000
ESR Group Limited and its subsidiaries – Manager's fees – Property and lease management fees	The Sponsor of Sabana Industrial REIT and its associates.	4,557 3,319	– –
HSBC Institutional Trust Services (Singapore) Limited and its associates – Trustee's fees – Finance costs	The Trustee of Sabana Industrial REIT and its associates.	364 5,793	– –

TOTAL OPERATING EXPENSES ⁽²⁾

Description	S\$'000
Total operating expenses ⁽³⁾ (inclusive of interested party expenses paid to the Manager and interested parties)	67,503
Total operating expenses as a percentage of net asset value (as at 31 December 2023)	11.7%

Notes:

- (1) There were no transactions conducted under Unitholders' mandate pursuant to Rule 920 during FY 2023.
- (2) For the purpose of complying with paragraph 11.1(l) of the Property Funds Appendix.
- (3) Total operating expenses include property expenses and other trust expenses but do not include finance costs

Save as disclosed above, there were no other Related Party Transactions (excluding transactions of less than S\$100,000 each) entered into during the financial year under review.

The fees, charges and rents payable by Sabana Industrial REIT under the Trust Deed, the Property Management Agreement and the Individual Property Management Agreements entered into with the Sponsor and its subsidiaries (collectively, the "**Exempted Agreements**"), each of which constitutes a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units at the initial public offering of Sabana Industrial REIT on the SGX-ST on 26 November 2010 and are therefore not subject to Rules 905 and 906 of the Listing Manual for the period stated in the agreement to the extent that (in relation to the Trust Deed, the Property Management Agreement and the Individual Property Management Agreements) there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Sabana Industrial REIT. Any renewal of the Property Management Agreement and the Individual Property Management Agreements will be subject to Rules 905 and 906 of the Listing Manual.

Statistics Of Unitholdings

At 8 March 2024

ISSUED AND FULLY PAID UP UNITS

(As at 8 March 2024)

There were 1,111,788,330 Units (voting rights: one vote per Unit) outstanding as at 8 March 2024. There is only one class of Units in Sabana Industrial REIT.

Market capitalisation S\$400.2 million based on market closing price of \$0.36 on 8 March 2024.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	223	2.22	11,457	0.00
100 - 1,000	1,024	10.18	810,898	0.07
1,001 - 10,000	4,257	42.32	21,691,045	1.95
10,001 - 1,000,000	4,521	44.95	237,527,806	21.37
1,000,001 AND ABOVE	33	0.33	851,747,124	76.61
TOTAL	10,058	100.00	1,111,788,330	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	265,009,296	23.84
2	RHB BANK NOMINEES PTE LTD	221,983,366	19.97
3	ABN AMRO CLEARING BANK N.V.	99,880,097	8.98
4	DBS NOMINEES (PRIVATE) LIMITED	51,848,245	4.66
5	HSBC (SINGAPORE) NOMINEES PTE LTD	49,368,012	4.44
6	RAFFLES NOMINEES (PTE.) LIMITED	49,096,621	4.42
7	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	28,611,092	2.57
8	PHILLIP SECURITIES PTE LTD	9,744,790	0.88
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,665,295	0.87
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	8,921,802	0.80
11	MEREN PTE LTD	7,600,000	0.68
12	OCBC SECURITIES PRIVATE LIMITED	5,279,432	0.47
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,632,011	0.42
14	MAYBANK SECURITIES PTE. LTD.	4,124,203	0.37
15	UOB KAY HIAN PRIVATE LIMITED	3,888,233	0.35
16	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	3,634,221	0.33
17	NG PAU LING SIMON	3,186,084	0.29
18	IFAST FINANCIAL PTE. LTD.	3,094,530	0.28
19	LEE AI LENG	3,000,000	0.27
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,273,702	0.20
TOTAL		834,841,032	75.09

Statistics Of Unitholdings

8 March 2024

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2024)

Directors	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Tan Cheong Hin	-	-	-	-
Wong Heng Tew	-	-	-	-
Elaine Lim	-	-	-	-

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,111,788,330 as at 8 March 2024

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholdings as at 8 March 2024)

Substantial Unitholders	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Quarz Capital ASIA (Singapore) Pte. Ltd.	-	-	154,450,145	13.89
Volare Group AG	176,466,646	15.87	-	-
e-Shang Infinity Cayman Limited ⁽²⁾	221,983,366	19.97	-	-
e-Shang Jupiter Cayman Limited ⁽³⁾	-	-	221,983,366	19.97
ESR Group Limited ⁽³⁾	12,973,315	1.17	221,983,366	19.97

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,111,788,330 as at 8 March 2024.

⁽²⁾ e-Shang Infinity Cayman Limited, a company established in the Cayman Islands, is a wholly-owned subsidiary of e-Shang Jupiter Cayman Limited ("ES Jupiter"), a company established in the Cayman Islands.

⁽³⁾ ES Jupiter, a company established in the Cayman Islands, is a 100% owned subsidiary of ESR Group Limited ("ESR"), a company established in the Cayman Islands.

Free Float

Under Rule 723 of the Listing Manual, a listed issuer must ensure that at least 10.00% of its listed securities are at all times held by the public.

Based on information available to the Manager as at 8 March 2024, 49.08% 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 2023 will be physically held on Tuesday, 23 April 2024 at 10.30 a.m.

In addition to printed copies of the Notice of AGM that will be sent by post to unitholders of Sabana Industrial REIT ("**Unitholders**"), the Notice of AGM will also be sent to Unitholders by electronic means via publication on Sabana Industrial REIT's website at <http://www.sabana-reit.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

The Notice of AGM and Proxy Form can be downloaded electronically on our corporate website at <http://sabana.listedcompany.com/aggm-egm.html> or by scanning the QR code below:



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