

Single Submission Form

Common Document for Submission to Regulatory,
Listing, and Registration Authorities, and Market
Institutions for the Issuance of Bonds and Notes under the
ASEAN+3 Multi-Currency Bond Issuance Framework
(AMBIF)

ASEAN+3 Bond Market Forum (ABMF) Initiative

Version 54, 5 April 2023 (adjusted)

Prepared by
ABMF Sub-Forum 1
The AMBIF Documentation Recommendation Board (ABRD)
and
Related authorities in the region

Important Explanations

For related parties:

- This Single Submission Form (SSF) is designed to facilitate an ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) bond and note issuance application to regulatory, listing, and registration authorities in each participating market. As such, this Form is prepared for the benefit of issuer(s) aiming to issue bonds and notes to professional investors in ASEAN+3.
- This Form contains a common set of information to be submitted when applying for AMBIF bond and note issuance for each participating market; however, this does not impact the ability of the regulatory, listing, and registration authorities to request additional information, if deemed necessary, for review and approval.
- This Form is a standard submission document (template) for AMBIF bond and note issuance(s) that is readily available for the markets defined in this SSF's Chapter I, Section 3: Targeted Professional Investor Markets in ASEAN+3 Economies. As of the end of December 2020, the professional bond markets of Cambodia; Hong Kong, China; Japan; Malaysia; the Philippines; Singapore; and Thailand comprised the Targeted Professional Investor Markets in ASEAN+3.
- This Form is basically recognized by most of the regulatory, listing, and registration authorities in each participating market; however, this does not exclude the possibility of using another form or document when applying for an AMBIF bond or note issuance where the relevant authorities so admit or require.

For issuers who would like to submit this Form:

- The SSF can be used either as disclosure for bonds and notes issued under a program or shelf-registration, or for a discrete stand-alone AMBIF bond or note issuance.
- When used in conjunction with a note issuance program, this Form may be used separately for issuance approval of the program in a first instance, and individual drawdowns under the program in every instance thereafter. Please choose the type of submission accordingly.
- All the necessary disclosure information as specified by regulatory, listing, and registration authorities should be submitted together with this Form, as may be required by the applicable regulations and guidelines of the relevant jurisdictions. This means that such information may not be provided only by way of referring to a particular filing place or website.
- In order to facilitate a shorter time to market for the issuer, this Form may be submitted to all relevant regulatory authorities and market institutions at the same time.
- Before the submission of this Form, the AMBIF Implementation Guidelines for each participating markets should be referred to accordingly.

About terminology in this Form:

- The term “notes” is used in the SSF to describe debt instruments to be issued in a general manner to professional investors in participating ASEAN+3 markets. The other terms below correspond to the expressions commonly used in the context of bond and note issuance in international debt capital markets and are typically familiar to regular issuers, professional investors, and their service providers.
- For the purpose of the SSF, notes is meant to include various forms of debt instruments—such as bills, notes, and bonds—without any prejudice toward any of the definitions of individual terms as may exist in current practices, laws, and regulations of participating ASEAN+3 markets.
- The term “note issuance program” is intended to describe a program under which multiple issuances of notes are intended with a maximum outstanding amount and common disclosure of the issuer information. The term “note issuance program” is also meant to cover any equivalent debt instrument issuance forms, including but not limited to medium-term note programs and debt issuance programs commonly used in mature debt capital markets.

Introduction to AMBIF and AMBIF Elements

- AMBIF is a policy initiative under the Asian Bond Markets Initiative (ABMI) to help facilitate intra-regional transactions through standardized bond and note issuance and investment processes. By doing so, it will facilitate the process of recycling savings within the region in a practical and efficient

manner. This can be expected to contribute to the region's economic growth and stability.

- An AMBIF Market is defined as a professional bond market or market segment for AMBIF bond and note issuance; an AMBIF Market may be constituted as a result of professional investor concepts (e.g., Qualified Buyer), professional market concepts (e.g., Private Placement to Accredited Investors), or because of exemptions from public offering regulations (e.g., Excluded Offers, Targeted Offers to Qualified Investors and similar regimes).
- AMBIF Investors are investors eligible for buying and trading bonds or notes issued under AMBIF.

The AMBIF Elements (AMBIF Core Components) are described below.

AMBIF Elements (AMBIF Core Components)	Brief Description
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information based on an ADRB recommendation needs to be included. ①
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.
Scope of Issuer	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market ②

ADRB = AMBIF Documentation Recommendation Board; AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; CSD = central securities depository.

① For more on ADRB, please refer to AMBIF SSF Frequently Asked Questions No. 38 and 39.

② The following are characteristics of AMBIF Investors:

- Investors targeted under AMBIF are professional investors in ASEAN+3, as they may currently be defined in accordance with applicable laws and regulations in each jurisdiction or market practice.
- There is no intention to normalize professional investor concepts across markets at this stage, since it is the ASEAN+3 Bond Market Forum's (ABMF) policy to avoid changes to existing legislation as a result of defining and implementing AMBIF.
- Professional investors may also include foreign institutional investors if they are so defined in the laws and regulations as professional, or if market practice already shows evidence of foreign institutional investment activities.

Source: ABMF SF1.

Single Submission Form

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I. General Information for Single Submission Form

Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) to be submitted by Issuer(s) to Regulatory, Listing, and Registration Authorities, and Market Institutions for Regulatory Process(es) as applicable:

Date of Submission: 21 June 2024


Issuer's Name: HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust)

Issuer's Address: 10 Marina Boulevard
#48-01 Marina Bay Financial Centre Tower 2
Singapore 018983

Issuer's Representative's Signature: 

Issuer's Representative's Name: ANG Kai Wai

ANG Kai Wai
Authorised Signatory


CHEWE Shook Mun Valerie
Authorised Signatory

Issuer's Representative's Title and Status: Authorised Signatories

1. Authorities and market institutions applied to for an approval and profile listing or registration in each market

Targeted Market	Regulatory, Listing, or Registration Authority, and Market Institution		Purpose of Submission	Tick
Cambodia	1-1.	Securities and Exchange Regulator of Cambodia (SERC)	Approval	
	1-2.	National Bank of Cambodia (NBC)	Approval	
	1-3.	Cambodia Securities Exchange (CSX)	Submission for Listing	
People's Republic of China (CIBM)	2-C1.	People's Bank of China (PBOC)	Approval	
	2-C2.	National Association of Financial Market Institutional Investors (NAFMII)	Submission for Registration	
People's Republic of China (Exchange)	2-E1.	Shanghai Stock Exchange (SSE)	Submission for Examination for Issuance and Review for Listing/Enrolment	
		Shenzhen Stock Exchange (SZSE)		
	2-E2.	Shanghai Stock Exchange (SSE)	Submission for Listing/Enrolment	
		Shenzhen Stock Exchange (SZSE)		
	2-E3.	Securities Association of China (SAC)	Submission for Post-Issuance Reporting	

Hong Kong, China	3-1.	Hong Kong Exchanges and Clearing Limited (HKEx)	Submission for Listing	
	3-2.	Hong Kong Monetary Authority (HKMA)—Central Moneymarkets Unit (CMU)	Approval	
Indonesia	4-1.	Indonesian Financial Services Agency (OJK)	Approval	
	4-2.	PT Kustodian Sentral Efek Indonesia (KSEI)	Approval	
Japan	5.	Tokyo Stock Exchange (TSE)—TOKYO PRO-BOND Market	Submission for Listing	
Republic of Korea	6-1.	Korea Exchange (KRX)	Submission for Listing	
	6-2.	Korea Financial Investment Association (KOFIA)	Submission for Registration	
Lao People's Democratic Republic	7-1.	Securities and Exchange Commission Office (SCC)	Approval	
	7-2.	Bank of Lao PDR	Approval	
Malaysia	8-1.	Securities Commission Malaysia	Lodgement of Documents and Information under the Lodge and Launch Framework	
	8-2.	Bank Negara Malaysia (BNM)	Request for Approval (for Purposes of Foreign Exchange Administration)	
Philippines	10-1.	Securities and Exchange Commission of the Philippines (PH SEC)	Submission of Notice of Exemption	
	10-2.	Bangko Sentral ng Pilipinas (BSP)	Request for Approval	
	10-3.	Philippine Dealing & Exchange Corp. (PDEx)	Enrolment for Listing cum Trading	
	10-4.	Philippine Depository & Trust Corp. (PDTC)	Approval	

Singapore	11-1.	Singapore Exchange Securities Trading Limited (SGX)	Submission of Application for Listing	✓
	11-2.	Central Depository Pte Ltd.(CDP)	Approval	✓
Thailand	12-1.	The Securities and Exchange Commission, Thailand (Thai SEC)	Filing for Approval	
	12-2.	Public Debt Management Office (PDMO) of the Ministry of Finance	Request for Approval	
	12-3.	Thai Bond Market Association (ThaiBMA)	Submission for Registration	
	12-4.	Bank of Thailand (BoT) <i>(only if issuer is a financial institution and the use of proceeds is for capital requirements)</i>	Request for Approval	
	12-5.	Thailand Securities Depository (TSD)	Approval	
Viet Nam	13-1.	Ministry of Finance (MOF)	Notification	
	13-2.	State Bank of Vietnam (SBV)	Approval	
	13-3.	Hanoi Stock Exchange (HNX)	Submission of Application for Profile Listing	

2. Issuer's Domicile:

Issuer's Domicile (Home Jurisdiction)	No.*	Resident in
	1	(in respect of Sabana Industrial Real Estate Investment Trust) Singapore

* Enumeration in case of multiple issuer domiciles

3. Issuer's Parent Company's Jurisdiction:

Issuer's Parent Company's Jurisdiction	N/A
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4. Type of Submission:

		Tick
Type-P	Note Issuance Program:	
Type-S	Shelf-Registration: <i>(regulatory system of collective registration of the total amount of the note issuances that can be executed within a certain period of time)</i>	
Type-A	Stand-Alone Issuance:	✓
Type-D	Drawdown Issuance from the Note Issuance Program or Shelf-Registration:	

5. Distinction of the Form:

		Tick
N.	New:	✓
R.	Renewal (details are described below):	
A.	Amendment (details are described below):	

6. Targeted Professional Investor Markets in ASEAN+3:

		Tick	
No.	Targeted Professional Investor Market*		
1.	Cambodia: Targeted Offers to Qualified Investors		
2-1.	People's Republic of China: Inter-Bank Bond Market (CIBM)		
	<ul style="list-style-type: none"> Targeted Placements (PP) of Debt Financing Instruments to Specified Institutional Investors* (*: Institutional Investors who are designated by the issuer and the lead underwriter) 		
	<ul style="list-style-type: none"> Targeted Placements (PP) of Debt Financing Instruments to Specialized Institutional Investors** (**: Institutional Investors selected by NAFMII; a list of 120 institutions, to be reviewed periodically) 		
2-2.	People's Republic of China: Exchange Bond Market		
	<ul style="list-style-type: none"> Offering to Qualified Investors 	Qualified Investors	
		Qualified Institutional Investors	
	<ul style="list-style-type: none"> Non-public placement to Qualified Investors (Private Placement) 		
3.	Hong Kong, China: Professional Investors Only Market		
4.	Indonesia: (Offering to Professional Investor) Non-Public Offering (Private Placement)		
5.	Japan: TOKYO PRO-BOND Market (Professional Investor Market)		
6.	Republic of Korea: QIB Market		
7.	(Lao People's Democratic Republic: PP Market)		
8.	Malaysia: Excluded Offers – Sophisticated Investors Market		
9.			
10.	Philippines: Qualified Buyers' Market		
11.	Singapore: Wholesale Market (Institutional Investors Market)	✓	
12.	Thailand: PP-II Regime		

13.	Viet Nam: PP (Institutional Investors) Market	
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AI = Accredited Investors, PP = Private Placement, PP-II = Private Placement to Institutional Investors.

* Markets that were not yet active at end-April 2019 are in parentheses. Those markets that had defined professional bond markets suitable for AMBIF at end-April 2019 are in **boldface type**.

7. Denominated Currency of the Notes:

No.	Denominated Currency of the Notes (ISO 4217 Code)	Tick
1.	KHR (Cambodia) USD (Cambodia)	
2.	CNY CNH: (HKMA-CMU settled) CNH: (other than HKMA-CMU settled:)	
3.	HKD	
4.	IDR	
5.	JPY	
6.	KRW	
7.	LAK	
8.	MYR	
10.	PHP	
11.	SGD	✓
12.	THB	
13.	VND	
14.	USD	

8. Clearing and Settlement:

No.	Denominated Currency of the Notes	Name of Central Depository	Name of Depository System	Distinction of DVP, Non-DVP, or N.A.
1	SGD	The Central Depository (Pte) Limited	The Central Depository (Pte) Limited	Non-DVP

9. Place of Disclosure:

No.	Name of the Place of Disclosure
1	<p>Singapore Exchange Securities Trading Limited (the “SGX-ST”)</p> <p>The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in the Information Memorandum as attached hereto in Section VI (“Information Memorandum”).</p> <p>Approval in-principle from, admission to the Official List of, or listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, Sabana Real Estate Investment Management Pte. Ltd. (as manager of</p>

	Sabana Industrial REIT) (the “ Sabana REIT Manager ”), Sabana Industrial Real Estate Investment Trust (“ Sabana Industrial REIT ”), the Guarantor (as defined herein), their respective subsidiaries or associated companies (if any) or the Bonds.
Detailed explanation of the profile listing or registration, if necessary: N/A	

10. Other Important Matters:

No.	Jurisdiction (Market)	Important Matter
1.	Cambodia	
2-1.	People’s Republic of China - CIBM	
2-2.	People’s Republic of China – Exchange Market	
3.	Hong Kong, China	See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.
4.	Indonesia	
5.	Japan	
6.	Republic of Korea	
7.	Lao People’s Democratic Republic	
8.	Malaysia	
10.	Philippines	
11.	Singapore	See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.
12.	Thailand	

13.	Viet Nam	
14.	Other (if any)	The United States, the European Economic Area and the United Kingdom. See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.

II. Issuer Information

(If two or more issuers intend to jointly establish a note issuance program, describe information for each of the issuers.)

Method of describing Issuer Information* <i>(An issuer can choose one method of describing as set forth below.)</i>		Tick
A.	Fully describe Issuer Information	✓
B.	Specify the documents and places where AMBIF Investors are able to access the documents and designate them as Documents Incorporated by Reference	
C.	A combination of A and B above	

* An issuer can also choose not to designate Financial Information of the issuer as Documents Incorporated by Reference provided the issuer discloses its financial information in English in the Home Jurisdiction. For example, in case the issuer has continuously disclosed English annual reports that contain consolidated financial statements with independent auditor reports, the issuer may state such facts below and describe how AMBIF Investors can access such annual reports (e.g., via a website).

1. Information on the Issuer:

1.	Name of Issuer:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust)
2.	Name and Title of Representative:	Trustee & Fiduciary Services Team
3.	Address (Registered or Business Address):	10 Marina Boulevard #48-01 Marina Bay Financial Centre Tower 2 Singapore 018983
4.	Liaison Contact Person:	Lim Wei Huang (Chief Financial Officer, Sabana Real Estate Investment Management Pte. Ltd.)
5.	Telephone and e-Mail:	65807764 Wei Huang.lim@sabana.com.sg
6.	Business Registration No. (if any):	194900022R
7.	Date and Place of Incorporation:	24 February 1949 Singapore
8.	Authorized and Paid-up Capital:	S\$5,150,000
9.	Trends of Key Financial Data:	See Sabana Industrial REIT's audited financial statements set forth in the Information Memorandum.
10.	Description of Business: <i>(nature of business of the issuer in the domestic economy, if any)</i>	See "Description of the Group" set forth in the Information Memorandum.
11.	Risk Factors: <i>(including risks related to the issuer's business, operations, and regulatory environment)</i>	See "Risk Factors" set forth in the Information Memorandum.
12.	Board of Directors:	See "Description of the Group – 7. The REIT Manager" set forth in the Information Memorandum.
13.	Controlling Shareholders or, in the Case of a Public	See Sabana Industrial REIT's audited financial statements set forth in the Information Memorandum.

	Company, Names of Major Shareholders:	
14.	Status of Affiliates:	N/A
15.	Website for Disclosure (if any):	Information about the Bonds will be disclosed on the website of SGX-ST.

2. Financial Information on the Issuer:

1.	Consolidated Financial Statements: (i) Consolidated Balance Sheet (ii) Consolidated Income Statement and Consolidated Comprehensive Income Statement, or Statement of Consolidated Income and Comprehensive Income (iii) Consolidated Statement of Changes in Shareholders' Equity (iv) Consolidated Cash Flow Statement (v) Independent Auditor's Report (vi) Accompanied Notes	(i) The audited consolidated financial statements of Sabana Industrial REIT as at and for the year ended 31 December 2022 which have been audited by KPMG LLP, and (ii) the audited consolidated financial statements of Sabana Industrial REIT as at and for the year ended 31 December 2023 which have been audited by Ernst & Young LLP, are attached to the Information Memorandum.
2.	Other Matters	
	● Subsequent Events:	See "Description of the Group" set forth in the Information Memorandum.
	● Litigations:	See "Description of the Group – 2. Ongoing Internalisation Process" set forth in the Information Memorandum. See "Description of the Group – 6. Portfolio Statistics and Details – 33 & 35 Penjuru Lane" set forth in the Information Memorandum.

* For (i), (ii), and (iii) only

3. Information on the Guarantor or Provider of other Credit Enhancement (if any):

1.	Name:	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("CGIF" or the "Guarantor")
2.	Address:	Asian Development Bank Building 6 ADB Avenue, Mandaluyong City 1550 Metro Manila, Philippines
3.	Description of Business:	See "Information on the Guarantor" set forth in the Information Memorandum.
4.	Guaranty or Support Agreement Details:	See "Description of the CGIF Guarantee" set forth in the Information Memorandum.

4. Financial Information on the Guarantor or Provider of Credit Enhancement:

CGIF's financial statements are prepared and presented in accordance with International Financial Reporting Standards and audited by Deloitte & Touche LLP. The audited financial statements (including the Independent Auditors' Report) of CGIF for the year ended 31 December 2023 is included in the Information Memorandum.

III. Information on the Program or the Shelf-Registration

(Except for Item No. 14 below, the component information for Program and Shelf-Registration is exactly the same.)

1.	Issuer:	N/A
2-1.	Guarantor (if any):	N/A
2-2.	Provider of Credit Enhancement (if any):	N/A
3.	Description of the Program or Shelf-Registration: <i>(Ref. I. 1. Type of Submission [Type-P] or [Type-S])</i>	N/A
4.	Credit Rating(s) for the Program or Shelf-Registration:	N/A
5.	Scheduled Issuance Period: <i>(DD/MM/YY) – (DD/MM/YY)</i>	N/A
6.	Arranger(s) of the Program or Shelf-Registration:	N/A
7.	Dealers and/or Underwriters or Equivalent: <i>(for example, Principal Adviser [MY] or Financial Adviser [TH])</i>	N/A
8.	Bond Trustee or Equivalent (if any): <i>(Bond Administrator, Commissioned Company or Person, or Bondholder Representative)</i>	N/A
9.	Fiscal Agent:	N/A
10.	Paying Agents:	N/A
11.	Registrar and Transfer Agent:	N/A
12-1.	Other Agent ()::	N/A
12-2.	Other Agent ()::	N/A
13-1.	Legal Adviser(s) to the Issuer(s):	N/A
13-2.	Legal Adviser(s) to the Dealer(s):	N/A
14-P.	Maximum Outstanding Amount under the Program:*	N/A
14-S.	Total Amount of the Notes Issuances under Shelf-Registration:*	N/A

15.	Method of Distribution: <i>(Subject to applicable selling restrictions. For instance, notes may be distributed [only to professional investors] on a syndicated or non-syndicated basis.)</i>	N/A	
16.	Issuance in Series: <i>(Describe if notes will be issued in a series and, if so, the salient points of it and tranches within the series.)</i>	N/A	
17.	Forms of Notes: <i>(book-entry)</i> <i>(bearer)</i> <i>(registered)</i>	N/A	
18.	Currencies: <i>(Describe currencies in which notes under the program may be denominated.)</i>	N/A	
19.	Status of the Notes: * <i>(subordinated)</i> <i>(preferred)</i> <i>(unsubordinated)</i>	N/A	
20.	Type of Notes: <i>(fixed-rate notes)</i> <i>(floating-rate notes)</i> <i>(zero-coupon notes)</i>	1.	N/A
		2.	N/A
		3.	N/A
21.	Listing, Registration, or Filing Place(s): <i>(See I.-6.Place of Disclosure.)</i>	N/A	
22.	Use of Proceeds:	N/A	
23.	Governing Law(s) and Jurisdiction(s) of the Notes: **	N/A	
24.	Taxation and Tax Status: <i>(Prospective purchasers of the notes are advised to consult their own tax advisors on taxation in ASEAN+3 or taxation as may be applicable in other relevant countries or economies.)</i>	N/A	
25.	Selling Restrictions at Issuance: <i>(Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)</i>		
	1.	N/A	
	2.	N/A	

	Selling Restrictions Thereafter: <i>(Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3)</i>	
	1.	N/A
	2.	N/A

26.	Outstanding Debt from Previous Issues of Bonds and Notes : <i>(for example, in case of THB-denominated bonds and notes)</i>	N/A
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** Under the current prescriptions for AMBIF, subordinated notes, index-linked notes, dual currency notes, and other structured notes are not considered by ABMF for inclusion as AMBIF issuances.*

*** Governing law and jurisdiction, with respect to the Terms and Conditions of the Notes, will be those agreed among the contract parties, subject to applicable laws and regulations.*

IV. Information on the Notes

1. Summary of the Terms and Conditions of the Notes or Final Terms of Individual Issuance of **Bonds/Notes**:

(This section may be used for describing the information of individual issuance of bonds/notes for Type-D submissions.)

1.	Issuer(s):	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust)
2.	2-1.Guarantor (if any):	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank
	2-2.Provider of Support Agreement (if any):	N/A
3.	Name of the Notes:	S\$100,000,000 4.15 per cent. Sustainability-Linked Guaranteed Bonds Due 2029 (the “ Bonds ”)
4.	Aggregate Amount of the Notes (Issue Amount):	S\$100,000,000
5.	Form of Notes:	The Bonds are issued in registered form.
6.	Status of the Notes:	See Condition 3(a) of “Terms and Conditions of the Bonds” set forth in the Information Memorandum.
7.	Denomination of the Notes: <i>(i) minimum tradable amount</i> <i>(ii) multiple tradable amount</i>	The Bonds are denominated in Singapore dollars, with a denomination of S\$250,000 each.
8.	Issue Price:	100%
9.	Offer Price:	100%
10.	Date of Issue:	25 June 2024
11.	Date of Maturities: <i>(timing of amortization plan (if any))</i>	Maturity Date: 25 June 2029
		See Condition 6 of “Terms and Conditions of the Bonds” set forth in the Information Memorandum.
12.	Early Redemption: <i>(with call option, with put option, with call and put exercise dates (if any))</i>	The terms of the Bonds contain early redemption provisions. See Conditions 6(b), 6(c) and 6(d) of “Terms and Conditions of the Bonds” set forth in the Information Memorandum.
13.	Type of Notes: <i>(fixed-rate notes)</i> <i>(floating-rate notes)</i> <i>(zero-coupon notes)</i>	The Bonds will bear interest at a fixed rate.
14.	Interest or Coupon Rate:	See Conditions 5(a) and 5(b) of “The Terms and Conditions of the Bonds” set forth in the Information Memorandum.
15.	Interest or Coupon Payment Method: <i>(record date rule, interest payment frequency, interest calculation frequency, first interest payment date, and timing)</i>	See Condition 5(e) of “The Terms and Conditions of the Bonds” set forth in the Information Memorandum.

	<i>of interest payment)</i>	
16.	Negative Pledge:	The terms of the Bonds contain a negative pledge provision. See Condition 4 of “The Terms and Conditions of the Bonds” set forth in the Information Memorandum.
17.	Cross Default:	The terms of the Bonds contain a cross-acceleration provision. See Condition 10(a)(iv) of “The Terms and Conditions of the Bonds” set forth in the Information Memorandum.
18.	Governing Law and Jurisdiction*:	<p>The Bonds (including the Terms and Conditions of the Bonds), the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, Singapore law.</p> <p>The CGIF Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.</p> <p>See Condition 17(a) of “The Terms and Conditions of the Bonds” set forth in the Information Memorandum.</p>
19.	Special Withholding Tax Applied to Financial Institutions including FATCA (if any):	N/A

** Governing law and jurisdiction, with respect to the Terms and Conditions of the Notes, will be those agreed among the contract parties, subject to applicable laws and regulations.*

2. Other Information of the Notes:

1.	Dealers and/or Underwriters or Equivalent: <i>(for example, Principal Advisor [MY] or Financial Advisor [TH])</i>	CIMB Bank Berhad, Singapore Branch, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
2.	Trustee or Equivalent (if any): <i>(Bond Administrator, Commissioned Company or Person, Bondholders Representative)</i>	The Bank of New York Mellon, Singapore Branch
3.	Fiscal Agent:	N/A
4.	Paying Agents:	The Bank of New York Mellon, Singapore Branch
5.	Registrar and Transfer Agent:	The Bank of New York Mellon, Singapore Branch
6-1.	Other Agent: ()::	N/A
6-2.	Other Agent: ()::	N/A
6-3.	Other Agent: ()::	N/A

7.	Listing, Registration, or Filing Place(s) of the Notes: <i>(See I.-6.Place of Disclosure.)</i>	The Bonds are expected to be listed on the SGX-ST.		
8.	Settlement Place(s) of each Denominated Currency Notes: <i>(See I.-5.Clearing and Settlement.)</i>	1.	Singapore dollars	The Central Depository (Pte) Limited
9.	Use of Proceeds:			
	1.	Amount of Proceeds from Sale of Notes:	See "Use of Proceeds" set forth in the Information Memorandum.	
	2.	Use of Proceeds [and Timing of Disbursement]: <i>(may include rationale or justification)</i>	See "Use of Proceeds" set forth in the Information Memorandum.	
10.	Risk Factors relating to the Notes:	See "Risk Factors" set forth in the Information Memorandum.		
11.	Selling Restrictions at Issuance: <i>(Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)</i>			
	1.	See "Subscription and Sale – Selling Restrictions" set forth in the Information Memorandum.		
	2.			
	Selling Restrictions Thereafter: <i>(Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)</i>			
	1.	See "Subscription and Sale – Selling Restrictions" set forth in the Information Memorandum.		
	2.			
12.	Credit Rating for the Notes:	The Bonds are expected to be rated AA by S&P. A credit rating is not a recommendation to purchase, hold or sell the Bonds as such credit rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the credit rating(s) will remain in effect for any given period or that the credit rating(s) will not be revised by the credit rating agencies in the future if, in their judgement, circumstances so warrant. See "Risk Factors – Risks Relating to the Bonds – Credit ratings may not reflect all risks and the credit ratings assigned to the Bonds may be lowered or withdrawn in the future" set forth in the Information Memorandum.		

13-1.	Legal Adviser(s) to the Issuer(s):	Legal advisers to the Issuer: Dentons Rodyk & Davidson LLP Legal advisers to the Sabana REIT Manager: Shook Lin & Bok LLP
13-2.	Legal Adviser(s) to the Dealer(s):	Legal advisers to the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners and the Joint Sustainability-Linked Framework Structuring Advisors: Allen & Gledhill LLP
13-3.	Legal Adviser(s) to the Guarantor:	Legal advisers to the Guarantor as to English law: Freshfields Bruckhaus Deringer Legal advisers to the Guarantor as to Singapore law: TSMP Law Corporation
14.	Method of Distribution: <i>(Subject to applicable selling restrictions. For example, notes may be distributed [only to professional investors] on a syndicated or non-syndicated basis, and also in case of THB-denominated bonds and notes.)</i>	Subject to selling restrictions on a syndicated basis.
15.	Outstanding Debt from Previous Issues of Bonds and Notes : <i>(for example, in case of THB-denominated bonds and notes)</i>	N/A
16.	Cross Currency Swap Information: <i>(for example, in case of issuance by nonresident, including intermediaries, if possible, and currencies, as and where necessary)</i>	N/A
17.	Timing of Bond Issuance: <i>[for example, in case of Baht Bond issued by non-Thai resident [Public Debt Management Office authorized period]]</i>	25 June 2024
18.	Other: <i>("final terms" for drawdown)</i>	N/A

V. Terms and Conditions of the Notes

(This section is used for describing in detail the Terms and Conditions of the Notes for Program, Shelf-Registration, and Stand-Alone Notes.)

VI. Attachments

(if any)

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing.

The following disclaimer applies to the attached information memorandum received by e-mail or otherwise received as a result of electronic communication. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust ("**Sabana Industrial REIT**") (the "**Issuer**"), Sabana Real Estate Investment Management Pte. Ltd. (as manager of Sabana Industrial REIT) (the "**REIT Manager**"), CIMB Bank Berhad, Singapore Branch ("**CIMB**") or The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("**HSBC**" and, together with CIMB, the "**Joint Lead Managers**") as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or (ii) located within the United States. The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to the Issuer, the REIT Manager and each of the Joint Lead Managers (1) that you are not located in the United States or a U.S. person, as defined in Regulation S under the Securities Act, nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent that you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either (i) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") pursuant to Section 274 of the SFA or (ii) an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, and (B) to the extent that you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Section 274 or 275 of the SFA and agree to be bound by the limitations and restrictions described therein. Any reference to the "**SFA**" is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the REIT Manager, Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (the "**Guarantor**"), the Joint Lead Managers, the Trustee (as defined in the information memorandum) and the Agents (as defined in the information memorandum) or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the subscription for or purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission or in the attached information memorandum constitutes an offer or an invitation by or on behalf of the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe for or purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS ELECTRONIC COMMUNICATION AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Sabana Industrial Real Estate Investment Trust

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

HSBC Institutional Trust Services (Singapore) Limited

(in its capacity as trustee of Sabana Industrial Real Estate Investment Trust)

(UEN/Company Registration No. 194900022R)

S\$ 100,000,000 4.15 per cent. Sustainability-Linked Guaranteed Bonds Due 2029

unconditionally and irrevocably guaranteed by



Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank

Issue price: 100 per cent.

The S\$100,000,000 in aggregate principal amount of 4.15 per cent. Sustainability-Linked Guaranteed Bonds due 2029 (the “**Bonds**”) to be issued by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**”)) (the “**Issuer**” or the “**REIT Trustee**”) will mature on 25 June 2029 (the “**Maturity Date**”). The payment obligations of the Issuer under the Bonds and the Trust Deed (as defined in the terms and conditions of the Bonds (the “**Conditions**”)) will be unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (“**CGIF**” or the “**Guarantor**”), and such guarantee, the “**CGIF Guarantee**”) to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee.

The Bonds will bear interest on their outstanding principal amount from time to time (as determined in accordance with the Conditions). The Bonds will bear interest from (and including) 25 June 2024 at the rate of 4.15 per cent. per annum (“**Rate of Interest**”), payable semi-annually in arrear on 25 June and 25 December in each year (each, an “**Interest Payment Date**”), commencing on 25 December 2024. Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Issuer will redeem the Bonds on the Maturity Date.

Following the occurrence of a Step-Up Event (as defined in the Conditions), the Rate of Interest shall be increased to the Step-Up Rate of Interest (as defined in the Conditions) commencing from the eighth Interest Payment Date. An increase in the Rate of Interest may occur no more than once in respect of the Bonds.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future. The payment obligations of the Issuer under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

In addition, at any time following the occurrence of a CGIF Acceleration (as defined in the Conditions), the Guarantor may at its discretion, on giving not less than seven nor more than 15 days’ notice to the Issuer, the Trustee and the Issuing and Paying Agent (both as defined in the Conditions), require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so, the Guarantor may, give notice to the Bondholders, the Trustee and the Issuing and Paying Agent in accordance with the Conditions (which notice shall be irrevocable).

For a description of certain restrictions on offers, sales and resales of the Bonds and the CGIF Guarantee and the distribution of this Information Memorandum, see the section entitled “**Subscription and Sale**”.

The Bonds are expected to be rated AA by S&P Global Ratings, a division of S&P Global Inc. (“**S&P**”). A credit rating is not a recommendation to buy, sell or hold Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

Investing in the Bonds involves risks. For a description of certain risks to be considered in connection with an investment in the Bonds, see the section entitled “Risk Factors**” beginning on page 10.**

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”) under the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore. Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The Bonds will be issued in registered form and in the denomination of S\$250,000 each. The Bonds will initially be represented by a global certificate in registered form (the “**Global Certificate**”), which will be deposited with The Central Depository (Pte) Limited (the “**CDP**”) on or about 25 June 2024 (the “**Issue Date**”). The transfer of Bonds will be effected in accordance with the rules and procedures for the time being of CDP.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Information Memorandum. Approval in-principle from, admission to the Official List of, or listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, Sabana Real Estate Investment Management Pte. Ltd. (as manager of Sabana Industrial REIT) (the “**REIT Manager**”), Sabana Industrial REIT, the Guarantor, their respective subsidiaries or associated companies (if any) or the Bonds. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded on the SGX-ST in a minimum board lot size of S\$250,000. There is currently no market for the Bonds.

The Bonds and the CGIF Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction. The Bonds may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account of benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers, sales and transfers of the Bonds and distribution of this Information Memorandum, see the section entitled “**Subscription and Sale**”.

Sole Global Coordinator



Joint Lead Managers, Joint Bookrunners and Joint Sustainability-Linked Framework Structuring Advisors



IMPORTANT NOTICE

The Issuer accepts responsibility for the information relating to HSBC Institutional Trust Services (Singapore) Limited (“**HSBCIT**”) contained in this Information Memorandum. The Issuer, having made all due and careful enquiries, confirms that (i) this Information Memorandum contains all information in respect of HSBCIT which is material in the context of the issue and offering of the Bonds, (ii) all the information in this Information Memorandum in respect of HSBCIT is true and accurate in all material respects, and (iii) there are no other facts in respect of HSBCIT the omission of which would, in the context of the issue and offering of the Bonds, make any such information misleading in any material respect.

The REIT Manager accepts responsibility for the information contained in this Information Memorandum (other than the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor and any information in respect of HSBCIT). The REIT Manager, having made all due and careful enquiries, confirms that (i) this Information Memorandum (other than the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor and any information in respect of HSBCIT) contains all information which is material in the context of the issue and offering of the Bonds, (ii) all the information in this Information Memorandum (other than the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor and any information in respect of HSBCIT) is true and accurate in all material respects, (iii) the opinions, expectations (if any) and intentions expressed in this Information Memorandum (other than the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor and any information in respect of HSBCIT) have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum, and are fairly, reasonably and honestly held by the REIT Manager, and (iv) there are no other facts (other than in respect of the Guarantor or in respect of HSBCIT) the omission of which would, in the context of the issue and offering of the Bonds, make any such information or expressions of opinion, expectation (if any) or intention misleading in any material respect.

The Guarantor confirms that as of its date of issue, the information contained in the section entitled “**Information on the Guarantor**” of this Information Memorandum and any other information in respect of the Guarantor in this Information Memorandum is true and accurate in all material respects and is not misleading in any material respect and the section entitled “**Information on the Guarantor**” of this Information Memorandum and any other information in respect of the Guarantor in this Information Memorandum does not omit to state any material fact necessary to make such information in respect of the Guarantor (in the context of the giving of the CGIF Guarantee) not misleading in any material respect. All reasonable enquiries have been made by the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Information Memorandum has been prepared by the Issuer, the REIT Manager and the Guarantor solely for use in connection with the offer and sale of the Bonds outside the United States. The Issuer, CIMB Bank Berhad, Singapore Branch and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (each a “**Joint Lead Manager**” and collectively, the “**Joint Lead Managers**”) reserve the right to reject any offer to purchase the Bonds, in whole or in part, for any reason.

The distribution of this Information Memorandum and the offering, sale or delivery of the Bonds in certain jurisdictions may be prohibited or restricted by law. Persons who distribute, publish or acquire this Information Memorandum or any such other document or information (or any part thereof) are required by the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee and the Agents to inform themselves about and to observe any such prohibitions or restrictions and all applicable laws, orders, rules and regulations. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Information Memorandum or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and the distribution of this Information Memorandum, see the section entitled “**Subscription and Sale**”.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue and offering of the Bonds may be used for the purpose of, and does not constitute or form part of an offer of, or a solicitation or an invitation by or on behalf of, the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Information Memorandum.

No person has been authorised to give any information or to make any representation concerning the Issuer, Sabana Industrial REIT, the Guarantor, the Bonds or the CGIF Guarantee other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither the delivery of this Information Memorandum (or any part thereof), nor the issue, offering, purchase or sale of the Bonds shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the financial position, prospects, results of operations or general affairs of the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor or any of their respective subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

Information in respect of the Guarantor contained in this Information Memorandum has been provided by the Guarantor and has not been verified by the Issuer or the REIT Manager, and the Issuer and the REIT Manager do not take any responsibility, express or implied, for any information contained in the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor in this Information Memorandum. The Issuer and the REIT Manager have not taken any steps to verify the accuracy of any of the information contained in the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor in this Information Memorandum, and no representation or warranty, express or implied, is made by the Issuer or the REIT Manager as to the accuracy or completeness of the information contained in that section.

Information in respect of the Issuer and the REIT Manager contained in this Information Memorandum has been provided by the Issuer and the REIT Manager, and has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, express or implied, for any information contained in this Information Memorandum, other than the information contained in the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor in this Information Memorandum. In addition, none of the Guarantor, its management nor its employees has taken any steps to verify the accuracy of any of the information included in this Information Memorandum (other than the information contained in the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor) and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Information Memorandum other than the section entitled “**Information on the Guarantor**” and any other information in respect of the Guarantor.

None of the Joint Lead Managers, the Trustee, any of the Agents or any of their respective affiliates has separately verified the information contained in this Information Memorandum. Further, the Joint Lead Managers, the Trustee and the Agents make no representation or warranty, express or implied, as to the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor or their respective subsidiaries or associated companies (if any), or as to the accuracy, reliability or completeness of the information contained in this Information Memorandum or any other information supplied in connection with the Bonds (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provision of the SFA) and/or in the documents which are referred to, and form part of, this Information Memorandum. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective subsidiaries, associated companies (if any), officers, representatives, directors, employees, agents or advisers is making any representation, warranty or undertaking, express or implied, as to the merits of the Bonds or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor or their respective subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective subsidiaries, associated companies (if any), officers, representatives, directors, employees, agents or advisers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Bonds. Each potential investor in the Bonds shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor or their respective subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor or their respective subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Joint Lead Managers, the Trustee, the Agents or any of its officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase, subscription or acquisition of any of the Bonds by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents accepts any responsibility for the contents of this Information Memorandum, or for any other statement, made or purported to be made by any of the Joint Lead Managers, the Trustee or the Agents or on their behalf in connection with the Issuer, the REIT Manager, the Guarantor or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

This Information Memorandum and any other documents or materials in relation to the issue, offering, purchase, subscription or sale of the Bonds have been prepared solely for the purpose of the initial sale by the Joint Lead Managers of the Bonds. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are institutional investors (as defined in Section 4A of the SFA) or accredited investors (as defined in Section 4A of the SFA) and may not be relied upon by any person other than persons to whom the Bonds are sold or with whom they are placed by the Joint Lead Managers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof (including copies thereof) in any manner whatsoever.

The distribution of this Information Memorandum and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. The Bonds and the CGIF Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Bonds may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S). For a description of certain restrictions on offers and sales of Bonds and on distribution of this Information Memorandum, see “**Subscription and Sale**”.

Any purchase, subscription or acquisition of the Bonds is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined in “**Subscription and Sale**”) and the issue of the Bonds by the Issuer pursuant to the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase, subscription or acquisition of the Bonds or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents) lapse and cease to have any effect if (for any other reason whatsoever) the Bonds are not issued by the Issuer pursuant to the Subscription Agreement.

Any person(s) who is invited to purchase or subscribe for the Bonds or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Bonds or distribute or cause to be distributed any document or other material in connection therewith, including this Information Memorandum, in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

No person should construe the contents of this Information Memorandum as legal, business, financial or tax advice. It is recommended that persons proposing to subscribe for or purchase any of the Bonds consult their own legal, financial, tax and other advisers before purchasing, subscribing for or acquiring the Bonds. Prospective investors of the Bonds are also recommended to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Bonds.

Sabana Industrial REIT does not have a separate legal personality and accordingly, in this Information Memorandum, all representations, warranties, undertakings and other obligations and liabilities expressed or otherwise contemplated to be given, assumed, discharged, or performed by Sabana Industrial REIT, and all rights, powers and duties of Sabana Industrial REIT, shall be construed and take effect as representations and warranties given, as undertakings and other obligations, liabilities assumed or to be discharged and performed by, and rights, powers and duties of, the REIT Trustee, in accordance with the REIT Trust Deed (as defined herein).

PRIIPS REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, “**EUWA**”); or (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (c) not a qualified investor as defined in Article 2 of the Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT - Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including the Joint Lead Managers, may be “capital market intermediaries” (together, the “**CMI**s”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “**OC**s”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks or any CMI (including its group companies) for orders they place (other than in relation to Bonds subscribed by such private banks or any CMI (including its group companies) as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Bonds distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be notified to prospective investors. If a prospective investor is an asset management arm affiliated with either Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with either Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should so indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, Sabana Industrial REIT and/or the Group (including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, Sabana Industrial REIT and/or the Group, expected growth in the Issuer, Sabana Industrial REIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, Sabana Industrial REIT and/or the Group to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements included in this Information Memorandum. In addition, even if the financial condition, results of operations and cash flows, performance, achievements and prospects of Sabana Industrial REIT are consistent with such statements, those results or developments may not be indicative of results or prospects in subsequent periods. Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, many of which are beyond the control of the Issuer and the REIT Manager, including:

- changes in general political, social and economic conditions;
- changes in the tax and regulatory regimes;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions;
- other factors beyond the control of the Issuer and/or Sabana Industrial REIT; and
- those other risks identified in the “**Risk Factors**” section of this Information Memorandum.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, Sabana Industrial REIT and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such forward-looking statements. None of the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents represents nor warrants that the actual future results, performance or achievements of the Issuer, Sabana Industrial REIT or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Bonds by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the business, financial condition, prospects, results of operations or general affairs of the Issuer, any of the subsidiaries or associated companies (if any) of the Issuer or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, Sabana Industrial REIT, the REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee and the Agents disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statement contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum, or to reflect any change in events, conditions or circumstances on which such statements are based.

Accordingly, prospective investors are cautioned to not place undue reliance on such forward-looking statements and to carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which Sabana Industrial REIT operates.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Information Memorandum contains the audited consolidated financial statements of Sabana Industrial REIT as at and for the years ended 31 December 2021 and 31 December 2022, which have been audited by KPMG LLP, and the audited consolidated financial statements of Sabana Industrial REIT as at and for the year ended 31 December 2023, which have been audited by Ernst & Young LLP (collectively, “**Sabana Industrial REIT’s Audited Financial Statements**”). Sabana Industrial REIT’s Audited Financial Statements are prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“**RAP 7**”) issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (the “**CIS Code**”) issued by the Monetary Authority of Singapore (the “**MAS**”) and the provisions of the REIT Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards (“**FRS**”). FRS differs in certain respects from generally accepted accounting principles in other countries, including International Financial Reporting Standards (“**IFRS**”), which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between FRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein.

This Information Memorandum also contains the audited financial statements of the Guarantor as at and for the year ended 31 December 2023 (the “**Guarantor’s Audited Financial Statements**”). The Guarantor’s Audited Financial Statements were prepared in accordance with IFRS and have been audited by Deloitte & Touche LLP (“**Deloitte**”).

In making an investment decision, investors must rely upon their own independent examination of the Issuer, the REIT Manager, Sabana Industrial REIT and the Guarantor, the terms of this offering and the recent financial information of Sabana Industrial REIT and the Guarantor.

In this Information Memorandum, unless otherwise specified or the context otherwise requires, all references to “Singapore” are references to the Republic of Singapore and all references to the “U.S.” and “United States” are references to the United States of America. All references to the “Government” herein are references to the government of the Republic of Singapore. References herein to “Singapore dollars” and “S\$” are to the lawful currency of Singapore and all references to “U.S. dollars” and “US\$” are to the lawful currency of the United States of America.

In this Information Memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

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SUMMARY OF THE OFFERING

*The following is a general summary of the offering of the Bonds and the CGIF Guarantee. This summary is partly derived from and should be read in conjunction with the full text of the terms and conditions of the Bonds (the “**Conditions**”), the Trust Deed (the “**Trust Deed**”) and the Agency Agreement (the “**Agency Agreement**”) relating to the Bonds and the CGIF Guarantee. The Conditions, the Trust Deed, the Agency Agreement and the CGIF Guarantee will prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.*

Issuer: HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust).

Guarantor: Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank.

Joint Lead Managers, Joint Bookrunners and Joint Sustainability-Linked Framework Structuring Advisors: CIMB Bank Berhad, Singapore Branch, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.

Description: S\$100,000,000 4.15 per cent. Sustainability-Linked Guaranteed Bonds Due 2029.

Guarantee of the Bonds: The payment obligations of the Issuer under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee.

Issue: The Bonds are proposed to be issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (“**AMBIF**”).

AMBIF is a policy initiative under the Asian Bond Markets Initiative (“**ABMI**”) that seeks to facilitate intra-regional bond and note issuances by streamlining market practices, documentation and disclosure information requirements common among ASEAN+3 (as defined herein) domestic bond markets. Through the AMBIF, issuers are able to expand into ASEAN+3 markets outside their country of domicile, and investors are able to actively participate in the region’s various investment opportunities.

Since ABMI established the ASEAN+3 Bond Market Forum in 2010, 21 entities have issued debt under the AMBIF format in 6 different jurisdictions. The Bonds serve as the benchmark for issuers that may seek to tap ASEAN+3 markets in the future as a means of diversifying funding and expanding regional capital markets presence.

Issue Date: 25 June 2024.

Issue Price: 100 per cent. of the principal amount of the Bonds.

Form and Denomination: The Bonds will be issued in registered form in the specified denomination of S\$250,000.

Use of Proceeds:	The net proceeds from the issue of the Bonds will be used by the Issuer for capital expenditures, encompassing the acquisition of new property(ies) and/or asset enhancement initiatives for existing properties owned by the Group, and for the refinancing of existing term loans (including loans made by the Joint Lead Managers). See the section entitled “ <i>Use of Proceeds</i> ”.
Redemption:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Bonds will be redeemed on the Maturity Date.
Interest:	The Bonds will bear interest on their outstanding principal amount from time to time from (and including) the Issue Date at the rate of 4.15 per cent. per annum, payable semi-annually in arrear. Upon the occurrence of a Step-Up Event, the Rate of Interest shall be increased to the Step-Up Rate of Interest commencing from the eighth Interest Payment Date. An increase in the Rate of Interest may occur no more than once in respect of the Bonds.
Step-Up Event:	At the date of issue of the Verification Report, the failure by the Issuer to fulfil the Sustainability Performance Target.
Step-Up Rate of Interest:	4.45 per cent. per annum.
Sustainability Performance Target:	To achieve at least a 24 per cent. reduction in Absolute Scope 2 GHG Emission from the Baseline (calculated on the same basis as the Issuer’s scope of calculation of the Baseline) by the financial year ending on the SPT Observation Date as calculated in good faith by the Issuer and notified in writing to the Guarantor, the Trustee, the Agents and the Bondholders in accordance with Condition 15 (<i>Notices</i>) of the Bonds. Such percentage reduction is subject to verification by the External Verifier as set out in the Verification Report.

In this Information Memorandum:

“**Absolute Scope 2 GHG Emission**” means, in respect of any financial year of Sabana Industrial REIT, the absolute amount of the product of (i) the annual energy consumption of all Relevant Properties from non-renewable power sources and (ii) the applicable electricity grid emission factors for that financial year, expressed in tonnes of carbon dioxide equivalent;

“**Baseline**” means the Absolute Scope 2 GHG Emission for the financial year ended 31 December 2023, being (subject to any recalculation pursuant to Condition 5(b)(iii) (*Recalculation Event*)) 10,578 tonnes of carbon dioxide equivalent;

“**Property Manager**” means Sabana Property Management Pte. Ltd. or any replacement property manager managing the properties of the Issuer;

“**Relevant Properties**” means the multi-tenanted properties of the Issuer which are under the operational control of the Property Manager (excluding, for the avoidance of doubt, any property which is subject to a master lease agreement); and

“**SPT Observation Date**” means 31 December 2027.

Interest Payment Dates: 25 June and 25 December in each year, commencing on 25 December 2024.

Maturity Date: 25 June 2029.

Status of the Bonds: The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

Status of the CGIF Guarantee: The payment obligations of the Issuer under the Bonds and the Trust Deed will be unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee.

Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

The CGIF Guarantee does not cover any relevant amounts of principal or accrued but unpaid interest that become payable by the Issuer on the exercise by it of an early redemption option, including as a result of the Issuer's redemption for tax reasons (see Condition 6(b) (*Redemption for Taxation Reasons*) of the Bonds). In order to mitigate any risk of the Issuer not paying the relevant amount of principal and/or accrued but unpaid interest arising out of or in connection with the Issuer exercising any of its rights of early redemption, the Issuer, in exercising its rights for redemption for tax reasons, is required to, not less than one Business Day prior to the publication of any notice of redemption in relation to redemption for tax reasons under Condition 6(b) (*Redemption for Taxation Reasons*) of the Bonds, transfer to a Singapore dollar account maintained by the Issuing and Paying Agent for the benefit of the Bondholders an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

The recourse of the Bondholders against CGIF in respect of the CGIF Guarantee is limited solely to the CGIF Assets and neither the Trustee nor any Bondholder has recourse to any assets of the Asian Development Bank or any other contributors to CGIF. Any obligation under the CGIF Guarantee of CGIF does not constitute an obligation of the Asian Development Bank or any other contributors to CGIF.

For further information on the terms of the CGIF Guarantee, see the section entitled "***Description of the CGIF Guarantee***" and **Appendix A: Form of CGIF Guarantee**.

Negative Pledge: The terms of the Bonds contain a negative pledge provision as further described in Condition 4 (*Negative Pledge*) of the Bonds.

Redemption for tax reasons:	The Bonds may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders, the Guarantor, the Trustee and the Issuing and Paying Agent in accordance with Condition 15 (<i>Notices</i>) (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, in the event of certain tax changes if, immediately before giving such notice, the Issuer satisfies certain conditions as described in Condition 6(b) (<i>Redemption for Taxation Reasons</i>) of the Bonds.
Mandatory redemption upon termination of Sabana Industrial REIT:	In the event that Sabana Industrial REIT is or is to be terminated in accordance with the provisions of the REIT Trust Deed (as defined in the Trust Deed) (a " Mandatory Redemption Event "), the Issuer shall redeem all (and not some only) of the Bonds at their principal together with interest accrued but unpaid to the date fixed for redemption on the Interest Payment Date immediately following such Mandatory Redemption Event or (in the case of the last Interest Payment Date) the Maturity Date (the " Mandatory Redemption Date ").
Redemption in the event of a CGIF Acceleration:	At any time following the occurrence of a CGIF Acceleration, the Guarantor may at its discretion, on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Issuing and Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Issuing and Paying Agent in accordance with Condition 15 (<i>Notices</i>) (which notice shall be irrevocable).
Events of Default:	The terms of the Bonds contain certain events of default as further described in Condition 10 (<i>Events of Default</i>) of the Bonds.
Clearing System:	The Bonds will be represented by a Global Certificate, which will be registered in the name of the Depository, and deposited on the Issue Date with the Depository. The transfer of Bonds will be effected in accordance with the rules and procedures for the time being of the Depository. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the Depository. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
ISIN Code:	To be obtained.
Common Code:	To be obtained.

Taxation:	All payments in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore (in the case of the Issuer), the Philippines (in the case of the Guarantor) or any political subdivision thereof or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or (in the case of a withholding or deduction required to be made by the Guarantor) the Guarantor shall pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except in the circumstances specified in Condition 8 (<i>Taxation</i>) of the Bonds.
Selling Restrictions:	For a description of the selling restrictions on offer, sale and delivery of the Bonds, see “ <i>Subscription and Sale</i> ”.
Listing and Trading Of the Bonds:	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Information Memorandum. Approval in-principle from, admission to the Official List of, or listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the REIT Manager, Sabana Industrial REIT, the Guarantor, their respective subsidiaries or associated companies (if any) or the Bonds. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded on the SGX-ST in a minimum board lot size of S\$250,000.
Rating:	The Bonds are expected to be rated AA by S&P. A credit rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, suspension or withdrawal at any time by the assigning credit rating organisation. No guarantee is made that such credit rating(s) will not be adversely revised or withdrawn either before or after delivery of the Bonds. See the section entitled “ <i>Risk Factors – Risk Relating to the Bonds</i> ”.
Trustee:	The Bank of New York Mellon, Singapore Branch (the “ Trustee ”).
Issuing and Paying Agent, Registrar and Transfer Agent:	The Bank of New York Mellon, Singapore Branch (the “ Agents ”).
Governing Law:	<p>The Bonds will be governed by, and construed in accordance with, the laws of Singapore and any disputes arising under the Bonds are subject to arbitration under the Arbitration Rules of the Singapore International Arbitration Centre (the “SIAC Arbitration Rules”).</p> <p>The CGIF Guarantee and any non-contractual obligations arising out of or in connection therewith will be governed by, and will be construed in accordance with, English law and any disputes arising thereunder are subject to arbitration under the SIAC Arbitration Rules.</p>

DESCRIPTION OF THE SUSTAINABLE AND SUSTAINABILITY-LINKED FINANCE FRAMEWORK

(A) Rationale for establishing a Sustainable and Sustainability-Linked Finance Framework

As the manager of Sabana Industrial REIT, the REIT Manager's approach to sustainability is built upon its considerations for ethics and social responsibility in its investment and business decisions, as well as its commitment to key stakeholders. Sustainability is a strategic priority for generating real value for its stakeholders, through solid governance and sound management of identified material environmental, social and governance (“**ESG**”) topics.

The REIT Manager is mindful of the long-lasting impact that Sabana Industrial REIT's assets can have on the environment. It aims to improve the environmental sustainability of the assets to safeguard operational performance and reduce environmental footprint.

For a more sustainable future, the REIT Manager believes it is important to integrate sustainability across the financing tools of the company. With the intention to undertake sustainability-linked transactions and sustainable finance instruments (“**SFIs**”), the REIT Manager has established the Sustainable and Sustainability-Linked Finance Framework (the “**Framework**”). SFIs may include the following financial instruments:

- Sustainability-Linked Bonds/Sukuk
- Sustainability-Linked Loans/Financing

This Framework allows Sabana Industrial REIT to issue financing instruments under two sub-frameworks:

1. **Sustainable Finance Framework** – where the use of proceeds is exclusively used to fund projects under the eligible Green Category.

SFIs may include the following financial instruments:

- Green Bonds/ Sukuk
- Green Loans/ Financing

2. **Sustainability-Linked Finance Framework** – where the proceeds can be used for Sabana Industrial REIT's general corporate purpose while at the same time increasing the sustainability performance of the overall business.

The SFIs issued under the Framework will be aligned with standards issued by the International Capital Markets Association (“**ICMA**”), Asia Pacific Loan Market Association (“**APLMA**”), Loan Market Association (“**LMA**”), Loan Syndications and Trading Association (“**LSTA**”) and ASEAN Capital Market Forum (“**ACMF**”)

- Green Bond Principles (“**GBP**”) 2021
- Sustainability-Linked Bond Principles (“**SLBP**”) 2023
- ASEAN Green Bond Standards 2018
- ASEAN Sustainability-Linked Bond Standards (“**ASLBS**”) 2022
- Green Loan Principles (“**GLP**”) 2023
- Sustainability-Linked Loan Principles (“**SLLP**”) 2023

(B) Sustainability-Linked Finance Framework

The Framework consists of the following five components:

1. Selection of key performance indicators (“KPIs”)
2. Calibration of sustainability performance targets (“SPTs”)
3. Financial Characteristics
4. Reporting
5. Verification

The Framework will be aligned with SLBP 2023, SLLP 2023 and ASLBS 2022 and maintained by the board of directors of the REIT Manager. This entails regular reviews and updates, and alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to the best practices in the market. The board of directors of the REIT Manager will also review the Framework in the event of material changes in the perimeter, methodology and KPIs and/or SPTs’ calibration.

(C) Selection of Key Performance Indicator (KPI)

For this issue of Bonds, the Issuer has selected Key Performance Indicator (“KPI”) 1 which is to reduce the Absolute Scope 2 GHG Emission. KPI 1 is considered material and ambitious, is aligned with SLBP 2023, SLLP 2023 and ASLBS 2022, and has been selected based on considerations for material ESG topics that are relevant, core and material to Sabana Industrial REIT’s business of managing real estate investments.

KPI rationale: As part of Singapore’s revised 2030 Nationally Determined Contribution to reduce its carbon emissions target for 2030 to 60 million tonnes of carbon dioxide (CO₂), the REIT Manager is committed to minimise its environmental impact and focus on the efficient use of natural resources.

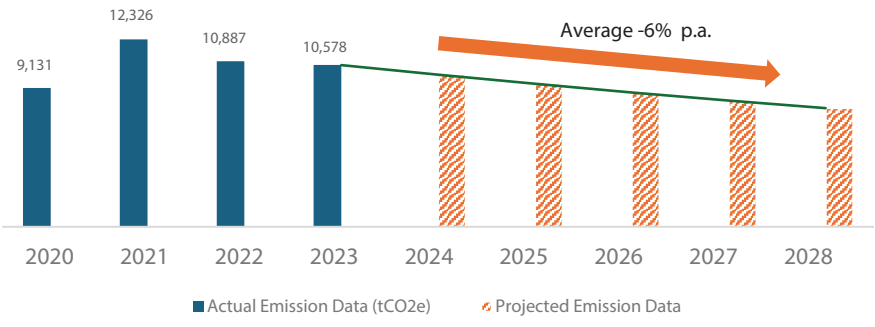
KPI scope of coverage: KPI 1 is applicable to all properties under the Property Manager’s operational control¹.

KPI	Calculation Methodology
Absolute Scope 2 GHG Emission	Annual energy consumption from non-renewable power source x electricity grid emission factors ² (tCO ₂ e)

¹ The 12 properties the Property Manager 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 Property Manager also has operational control over 1 Tuas Avenue 4, the building is currently under AEI and non-tenanted.

² 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.

(D) Calibration of Sustainability Performance Target (SPT)

Sustainability Performance Target (SPT)	Baseline
<p>SPT 1: 30% absolute reduction of scope 2 GHG emission by 2028 from 2023 baseline</p>  <p>The chart displays actual emission data (solid blue bars) for 2020-2023 and projected emission data (hatched orange bars) for 2024-2028. A green line connects the 2023 actual emission of 10,578 tCO2e to the 2028 projected emission, with an orange arrow indicating an average annual reduction of 6% per annum (p.a.).</p> <p>Actual Emission Data (tCO2e): 2020: 9,131; 2021: 12,326; 2022: 10,887; 2023: 10,578</p> <p>Projected Emission Data (tCO2e): 2024-2028 (Average -6% p.a.)</p> <p>To achieve KPI 1, Sabana Industrial REIT has announced a partnership with Keppel Energy-as-a-Service (“Keppel EaaS”) to jointly execute decarbonisation solutions, including:</p> <ul style="list-style-type: none"> • Installation of solar panels at selected Relevant Properties is key to reducing scope 2 GHG emissions – 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. • EV charging stations – installation of four EV charging stations at New Tech Park completed in May 2023. <p>Other initiatives that Sabana Industrial REIT has taken include:</p> <ul style="list-style-type: none"> • Upgrading of building equipment at 508 Chai Chee Lane, 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. 	<p>FY23: 10,578</p>

(E) Sustainability-Linked Financial Instrument Characteristic

The proceeds from SFI issued under the Framework, will be used for general corporate purpose.

Failure to meet the SPTs will result in financial instrument characteristics adjustments in one or more of the following forms:

1. Coupon/ margin adjustment
2. Premium payment at maturity
3. Rebate, and/or adjustment in pricing of SFI will be specified in the relevant documentation of the specific instrument

Depending on Sabana Industrial REIT’s performance against the applicable SPTs during the performance period for certain SFIs, the SPTs included may be broken down to annual SPTs, while maintaining that the impact will be meaningful and commensurate.

For any bonds/sukuk issued under the Framework, the characteristics of the SFI will be impacted depending on the achievement or failure of the SPTs indicated in the previous section of the Framework. The observation dates will be detailed for each financing in the relevant documentation of the specific transaction under the Framework.

Sabana Industrial REIT will appoint an external verifier to verify the SPT, and will notify relevant stakeholders of the satisfactory performance of the SPT.

(F) Reporting

The progress of each KPI and the achievement against its SPTs will continue to be included in Sabana Industrial REIT's publicly available Sustainability Performance Report on an annual basis. The achievements of the SPT will be verified by a qualified external party and included in the annual Sustainability Performance Report published on Sabana Industrial REIT's website. The Sustainability Performance Report will form the basis for evaluating the impact on the respective SFIs issued/obtained under the Framework.

(G) Verification

Annually, or at any time necessary for assessing the performance against the SPTs, Sabana Industrial REIT will seek independent external verification on the performance level against the SPT for the selected KPI by a qualified external provider of such independent verification services. The output of the verification process will be made publicly available on Sabana Industrial REIT's website.

(H) External Review

Pre-issuance: Second Party Opinion

The Framework has been reviewed by DNV Business Assurance Singapore Pte. Ltd., who has issued a second party opinion (the "**Second Party Opinion**"). The Framework and Second Party Opinion will be published on Sabana Industrial REIT's website.

Post-issuance: Verification

Sabana Industrial REIT intends to obtain, on an annual basis, starting one year after issuance and up to full allocation, a limited assurance report of the allocation of the SFIs, provided by an external auditor.

(I) Amendment to the Framework

Sabana Industrial REIT will review the Framework including its alignment to the updated GBP, GLP, SLBP, SLLP by ICMA, APLMA, LMA and LSTA and ASEAN Sustainability-Linked Bond Standards, ASEAN Green Bond Standards by ACMF, from time to time with the aim of adhering to best practice in the market.

Sabana Industrial REIT will also review the Framework if there is a material change in³:

- Sabana Industrial REIT's business; or
- the methodology for calculating any KPI(s) or SPT(s) or the calibration of any KPI(s) or SPT(s), and

any such review may result in the Framework being updated and amended. The updates, if not minor in nature, will be subject to prior approval of the Sustainability Committee of Sabana Industrial REIT. Any future updated version of the Framework will either maintain or improve the current levels of transparency and reporting disclosures as set out in the Framework. Any updated Framework will be published on Sabana Industrial REIT's official website and will replace the Framework.

³ Sabana Industrial REIT will adopt to the latest ISSB reporting standard applicable to Singapore issuers, any further enhancement of policy/ guidance and sustainability related reporting should be referred to the latest sustainability report published on the company's website without triggering an amendment to the Framework.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors should carefully consider all the information set forth in this Information Memorandum including the investment considerations and risk factors set out below.

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Bonds. Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

*The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, results of operation, financial condition, revenues, profitability, liquidity, capital resources, performance and/or prospects of the Issuer, Sabana Industrial REIT or the Group or the properties owned by the Group or any decision to purchase, subscribe for, own, hold or dispose of the Bonds. Additional risks and uncertainties which the Issuer is currently unaware of or currently deems immaterial may also impair its, Sabana Industrial REIT's and/or the Group's business, assets, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, results of operation, financial condition, revenues, profitability, liquidity, capital resources, performance and/or prospects of the Issuer, Sabana Industrial REIT and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Bonds may be adversely affected. Further, the market price of the Bonds could decline, and investors may lose all or part of their investments in the Bonds. Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Bonds but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Bonds for their particular circumstances. This Information Memorandum also includes forward-looking statements based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's control, and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. See the section entitled "**Forward-Looking Statements**".*

Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular subheading may also apply to one or more other sub-headings.

RISKS RELATING TO SABANA INDUSTRIAL REIT'S OPERATIONS

Risks relating to the proposed internalisation of the REIT management function

Uncertainties surrounding the proposed internalisation of the REIT management function, being the first for the Singapore REIT sector, could adversely affect the business, financial condition and results of operations of Sabana Industrial REIT.

On 7 August 2023, an EGM was convened where Unitholders voted to direct the REIT Trustee to (1) remove the REIT Manager as the manager of Sabana Industrial REIT as soon as practicable, and (2) effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the REIT Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT.

While the REIT Trustee continues to take steps to effect the implementation of the internalisation process, various uncertainties remain surrounding the internalisation including but not limited to the procedure of implementing the internalisation (such as whether the 75% approval threshold can be met in the event that an EGM of Unitholders is convened to consider amendments to the REIT Trust Deed that are necessary to implement internalisation), the lack of track record of the new internalised manager which has been established as a new wholly-owned entity and the unprecedented nature of the internalisation of the REIT management function which will be the first for the Singapore REIT sector. The REIT Manager has advised that Unitholders refer to the REIT Trustee's statements published on SGXNet in respect of its progress on the internalisation process and the various uncertainties. There is no certainty or assurance that the internalisation process will be successfully implemented.

Even if the internalisation process is successfully implemented, there is no assurance that the internalised manager of Sabana Industrial REIT will be able to manage and/or implement the investment strategy of the REIT successfully given that the internalised manager will lack experience and track record in managing Sabana Industrial REIT under an internalised management model. Consequently, this may have a material adverse effect on the business, performance, financial condition and results of operations of Sabana Industrial REIT. Further, there is no assurance that the internalised manager of Sabana Industrial REIT will continue with the existing strategy or plans which have been put in place for Sabana Industrial REIT or that it will not formulate a different strategy which may or may not have an adverse effect on the business, financial condition or results of operations of Sabana Industrial REIT. (See “**Risk Factors - The REIT Manager may change Sabana Industrial REIT’s investment objectives without having to obtain Unitholders’ approval**”.)

The internalisation process has incurred and will continue to incur additional costs and resources of Sabana Industrial REIT and this may be substantial.

To date, costs and expenses have been incurred in connection with the internalisation process, and additional costs and expenses will continue to be incurred, all of which will be borne by Sabana Industrial REIT. As at 31 December 2023, more than S\$4.6 million has been incurred, including S\$1.37 million in expenses in connection with and up to the EGM on 7 August 2023, and another S\$3.27 million in expenses as of 31 December 2023 since the EGM on 7 August 2023. Between 1 January 2024 and 31 March 2024, an additional amount of approximately S\$0.47 million (on an unaudited basis) was incurred in connection with and up to the EGM on 8 March 2024, and another S\$2.13 million (on an unaudited basis) was incurred in connection with the implementation of the internalisation process, mainly on fees incurred for legal advisers, financial analysis, tax analysis, change management and project management. The REIT Manager has also retained 10% of distributable income in FY2023, in view of further costs to be incurred during internalisation, and may continue with further retention in the future. Given the inherent uncertainties in connection with the internalisation process, it is not possible to provide a projection or estimate on the cost of internalisation going forward and there is no assurance that such costs and resources will not be substantial. As all such costs and expenses are or will be borne by Sabana Industrial REIT, additional costs arising from the internalisation may reduce the amount of cash available for fulfilling Sabana Industrial REIT’s obligations under its other borrowings and liabilities, including Sabana Industrial REIT’s payment obligations under the Bonds.

The internalisation is also a lengthy process and, according to the REIT Trustee’s statement on 21 July 2023, may take at least 12 months and potentially significantly longer. Time and resources spent on the internalisation may be diverted away from day-to-day operations, management, maintenance and/or enhancement of Sabana Industrial REIT’s assets, and consequently, this may have a material adverse effect on the business, performance, financial condition and results of operations of Sabana Industrial REIT. Further, any prolonged ongoing uncertainty may also hinder the execution of the business and growth strategies of Sabana Industrial REIT.

As the events relating to the proposed internalisation continue to unfold, there is no assurance that any new circumstances or developments which occur will not jeopardise and/or complicate the internalisation process thereby causing further delays and increased costs to be incurred by Sabana Industrial REIT, and this may in turn have a material adverse effect on the financial condition, business and/or results of operations of Sabana Industrial REIT.

The removal of the REIT Manager will trigger a review event in Sabana Industrial REIT’s existing financing arrangements and will have implications under the Bond documents and this could affect Sabana Industrial REIT’s operations and ability to continue as a going concern.

As at the Latest Practicable Date, Sabana Industrial REIT has in place various unsecured term loan facilities. As at 31 March 2024, Sabana Industrial REIT’s borrowings stood at S\$333.0 million (the total undrawn facilities stood at approximately S\$80.0 million) and an Aggregate Leverage of 35.6%.

Such borrowings are subject to covenants, representations and warranties in favour of the lenders, relating to, among other things, Sabana Industrial REIT, the REIT Manager, the REIT Trustee and its properties. Pertinently, the removal of the REIT Manager as manager of Sabana Industrial REIT pursuant to the internalisation of the REIT management function will trigger a review event under Sabana Industrial REIT’s existing financing arrangements. In the absence of a waiver or such other dispensation from the lenders of such financing arrangements, this may necessitate a renegotiation of the terms of existing

borrowings. As at the Latest Practicable Date, no agreement has been reached with the existing lenders in respect of the potential review event or renegotiation of the terms of the existing borrowings. While the REIT Manager had previously written to the relevant lenders to seek a waiver from the above-mentioned review event under Sabana Industrial REIT's existing financing arrangements, the lenders had indicated that they were unable to grant the relevant waivers at that juncture. As at the Latest Practicable Date, no waivers have been granted by any of the lenders. There can be no assurance that any renegotiation attempt will be successful or any waiver of the terms of such existing financing arrangements will be granted. Failure to reach a satisfactory agreement with Sabana Industrial REIT's lenders on the amendments to the terms of Sabana Industrial REIT's existing borrowings following a review event may result in an acceleration and mandatory prepayment in respect of Sabana Industrial REIT's outstanding loans and interest and consequently, this may have a material adverse effect on the business, performance, financial condition and results of operations of Sabana Industrial REIT. Ernst & Young LLP ("**EY**") has included an emphasis of matter in its independent auditor's report dated 15 March 2024 in relation to Sabana Industrial REIT's audited financial statements for FY2023 highlighting that these factors indicate the existence of material uncertainty which may cast significant doubt on the ability of Sabana Industrial REIT to "continue as a going concern", depending on the outcome of the internalisation of the REIT Manager.

In addition, it is an event of default under the Bonds if the REIT Manager resigns or is removed pursuant to the terms of the REIT Trust Deed and no replacement or substitute manager of Sabana Industrial REIT is appointed in accordance with the terms of the REIT Trust Deed or any relevant order(s) passed by a court of law in Singapore concerning the manager of Sabana Industrial REIT. Upon the occurrence of an event of default under the Bonds, CGIF may at its discretion require the Issuer to redeem the Bonds in whole (but not in part) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption. However, under the terms of the Trust Deed, the Trustee has agreed with CGIF that it shall not take steps to declare any Bond to be or become immediately due and payable except in limited circumstances. Unless the prior written consent of CGIF is obtained, these circumstances are strictly limited to the failure by CGIF to make payment of a Guaranteed Amount in accordance with the CGIF Guarantee such that a Non-Payment Event has occurred and is continuing (a "**Guaranteed Party Acceleration**"). Accordingly, apart from a Guaranteed Party Acceleration, the Trustee is not permitted under the Conditions to take steps to declare any Bond to be or become immediately due and payable without the prior written consent of CGIF even if an event of default under the Bonds has occurred and is continuing.

It is also an event of default under the Reimbursement and Indemnity Agreement if there is a Change of Control⁴ in a manner or to an extent which would result in a material adverse effect (as defined in the Reimbursement and Indemnity Agreement) and the Guarantor has not provided its consent to such Change of Control within the stipulated review period. In the event of an event of default under the Reimbursement and Indemnity Agreement, the Guarantor may, among others, specify additional undertakings with which it requires the Issuer to comply, enforce any of the security interests granted by the Issuer in favour of the Guarantor, require the Issuer to pay an increased guarantee fee, or require the Issuer to provide or procure the provision in favour of the Guarantor of additional credit support in the form of guarantees, standby letters of credit, security, additional cash or other forms of collateral acceptable to Guarantor, subject to the terms of the Reimbursement and Indemnity Agreement.

Additionally, it is a review event under the SBLC Facility Agreement if (i) ESR Cayman Limited ceases to hold, whether directly or indirectly, at least 50.1 per cent. of the issued share capital of the REIT Manager, (ii) the REIT Manager ceases to be the manager of Sabana Industrial REIT and/or (iii) Sabana Property Management Pte. Ltd. ceases to be the property manager of Sabana Industrial REIT, in each case, without the prior consent in writing of the Lenders (as defined in the SBLC Facility Agreement) (such consent not to be unreasonably withheld or delayed) ("**Review Event**"). If a Review Event occurs, the Issuer may be unable to utilise the SBLC Facility Agreement and if Sabana Industrial REIT and the Lenders fail to agree on any amendments to the terms arising from the Review Event within a period of not more than 30 days (or such longer period as the Lenders may agree) beginning from the earlier of (a) the occurrence of the Review Event and (b) the date on which the Lenders receive the notification from the Issuer regarding the occurrence of the Review Event (the "**Review Period**"), the total commitments under the SBLC Facility Agreement may be cancelled and become due and payable within seven Business Days (as defined in the SBLC Facility Agreement) of the end of the Review Period.

⁴ "**Change of Control**" (as defined in the Reimbursement and Indemnity Agreement) means (i) ESR Group Limited ceases to hold, whether directly or indirectly, at least 50.1 per cent. of the issued share capital of the REIT Manager; or (ii) the REIT Manager ceases to be manager of Sabana Industrial REIT.

If existing borrowings are renegotiated and the lenders amend the terms of the existing borrowings to require, amongst others, the provision of security (given the uncertainties involved in the internalisation process including the identity and track record of the new internalised manager), and/or new loans are entered on a secured basis, in the event that Sabana Industrial REIT defaults under such secured debt facilities, the lenders may declare a default and initiate enforcement proceedings in respect of any of the Portfolio Properties which have been provided as security. There is also no assurance that the lenders will be able to realise the original purchase price or the current market value of Sabana Industrial REIT's properties if they are divested pursuant to an enforcement action in the future. If the REIT Manager wishes to dispose of any of the Portfolio Properties, it would (for so long as the Portfolio Properties are mortgaged) require approval of the lenders. The need for such approval may restrict Sabana Industrial REIT's ability to freely dispose of the Portfolio Properties as there is no assurance that the approval would be obtained in time or at all.

Additionally, as the Bonds are unsecured obligations and therefore rank below any such secured facilities mentioned in the aforementioned paragraph, upon enforcement, there can be no assurance that the residual value of the assets of Sabana Industrial REIT, after meeting all the claims of secured creditors, will be sufficient to discharge all of Sabana Industrial REIT's obligations owed under the Bonds.

Under the Trust Deed, the Issuer is not prohibited from making amendments to the REIT Trust Deed relating to Sabana Industrial REIT's borrowing powers for the purpose of funding the operations of any internal manager or property manager of Sabana Industrial REIT appointed in connection with the internalisation or relating to Sabana Industrial REIT's principal business activities in connection with the internalisation of the REIT management function of Sabana Industrial REIT as contemplated in the Issuer's statements to the Unitholders released via SGXNET on the internalisation from time to time, including those dated 9 January 2024 and/or 9 April 2024, and no Bondholder consent will need to be sought for such amendments.

Under the Trust Deed, so long as any of the Bonds remain outstanding, the Issuer covenants in favour of the Trustee that it will not, without the prior approval of the Bondholders by way of an Extraordinary Resolution, alter any provision in: (i) its constitutive documents relating to its borrowing powers or principal activities in any manner which may adversely affect the performance of its obligations under the Bond Documents (as defined in the Trust Deed) or any interests of the Trustee or the Bondholders under the Bond Documents, or (ii) the REIT Trust Deed relating to its borrowing powers or principal business activities (if any) provided always that the parties to the Trust Deed agree that the foregoing restrictions under paragraph (ii) shall not apply to any amendments to the REIT Trust Deed: (a) relating to Sabana Industrial REIT's principal business activities in connection with the internalisation of the REIT management function of Sabana Industrial REIT as contemplated in the Issuer's statements to the Unitholders released via SGXNET on the internalisation from time to time, including those dated 9 January 2024 and/or 9 April 2024 or (b) relating to Sabana Industrial REIT's borrowing powers for the purpose of funding the operations of any internal manager or property manager of Sabana Industrial REIT appointed in connection with the internalisation of the REIT management function of Sabana Industrial REIT ("**Internalisation Amendments**").

Accordingly, in the event that the Issuer makes any Internalisation Amendment, Bondholders' prior approval by way of an Extraordinary Resolution need not be sought and there can be no assurance that such changes to the REIT Trust Deed will not affect the interest of Bondholders.

There is no assurance that the internalised management model will be as cost-efficient as the existing external management model.

The proposed internalised management model is untested in the Singapore REIT market, and may expose Sabana Industrial REIT to unforeseen commercial risks and uncertainties. For instance, it is unclear how the transition from the current external advisory and management model to an internalised management structure will affect the operational costs of Sabana Industrial REIT, or whether such transition will have an impact on future financing terms offered by lenders based on the perceived commercial viability of the internalised REIT management structure. This may have a potential material adverse effect on the business, performance, financial condition and results of operations of Sabana Industrial REIT.

The newly-incorporated internalised manager lacks an established operating history.

Following the passing of Resolution 1 at the First 2024 EGM, the REIT Trustee had, in accordance with this resolution, written to ESR Group Limited and its relevant related entities (collectively “**ESR**”), to seek ESR’s views on, amongst others, whether ESR would be willing to consider and discuss any potential acquisition of the REIT Manager (fully functioning with the necessary licences, personnel, assets and an undertaking from ESR to fully support the internalisation) for a maximum all-in purchase price of not more than S\$10,000,000. As at 8 April 2024, being one month after the passing of Resolution 1⁵, the REIT Trustee did not receive a response from ESR in respect of the above. Accordingly, the REIT Trustee had ceased its engagement with ESR on any potential acquisition and resumed workstreams to incorporate and resource a new entity to act as the new internalised manager. Such newly-incorporated internalised manager which has since been established by the REIT Trustee does not have any operating history nor prior track record by which its past performance may be judged. This will make it more difficult to assess the likely future performance of Sabana Industrial REIT, and there can be no assurance that the internalised manager will be able to comply with all its obligations, or that it will successfully conduct day-to-day operations, implement Sabana Industrial REIT’s investment strategy, or expand Sabana Industrial REIT’s portfolio at the same level of effectiveness as the existing REIT Manager. This may have a potential material adverse effect on the business, performance, financial condition and results of operations of Sabana Industrial REIT.

The establishment of the Internalisation Committee may create further uncertainty on the implementation of the internalisation.

As directed by the passing of Resolution 3⁶ at the First 2024 EGM, a committee (the “**Internalisation Committee**”) was established by the REIT Trustee on 21 March 2024. The Internalisation Committee, in their capacity as the authorised representative of all Unitholders, shall be consulted by the REIT Trustee and supervise the implementation of internalisation. There can be no certainty as to the impact that the establishment of the Internalisation Committee may have on the REIT Trustee’s implementation of the internalisation.

Sabana Industrial REIT may be subject to legal disputes arising from the internalisation process and its surrounding uncertainties.

Uncertainties surrounding the implementation of the proposed internalisation of the REIT management function may also heighten the risk of Sabana Industrial REIT being subject to legal disputes. For example, the REIT Trustee had noted that certain Unitholders take a contrary position to the REIT Trustee’s views that, among other things, amendments to the REIT Trust Deed are required to implement the internalisation and such amendments should be subject to Unitholders’ approval by way of an extraordinary resolution.

In connection with such differing views, the REIT Trustee filed an originating application on 9 January 2024 under Order 32 of the Rules of Court 2021 of Singapore, as amended by the REIT Trustee on 22 April 2024 (the “**Order 32 Application**”), with the Singapore High Court, with the view to getting clarification on, among other things, whether amendments to the REIT Trust Deed are required to effect an internalised management structure, whether the REIT Trustee is at liberty to convene an EGM of Unitholders to consider these amendments, and whether the REIT Manager and its shareholders and related parties can vote on any resolution to amend the REIT Trust Deed (the “**Voting Issue**”). The Singapore High Court has since provided its decision on the Order 32 Application⁷ on various matters put before it, including that certain amendments to the REIT Trust Deed are required to implement the internalisation and that the REIT Trustee may convene an EGM to approve amendments to the REIT

⁵ Resolution 1: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be put on notice that unitholders reject: (1) any proposal to acquire the existing REIT Manager (fully functioning REIT Manager with the necessary licenses, personnel, assets and an undertaking from the direct and indirect owners to fully support internalisation) directly or indirectly for a maximum all-in offer price exceeding S\$10,000,000 and any such transaction post one month of this resolution, and (2) any proposal to acquire any assets (including the employment contracts) of the existing Manager at any price.

⁶ Resolution 3: That the REIT Trustee be directed, within two weeks of this resolution, to form an Internalisation Committee consisting of Mr. Imran Chng Pia Ser, Mr. Lim Hock Chuan, Mr. Havard Chi Cher Pan, Mr. Low Chin Yee, Mr. Jan Frederic Moermann and Mr. Saha Anshuman Manabendranath. The Internalisation Committee, in their capacity as the authorised representative of all unitholders, shall be consulted by the REIT Trustee and supervise the implementation of internalisation.

⁷ HC/OA 19/2024 was heard in the High Court of Singapore on 21 and 23 May 2024. Please refer to the REIT Trustee’s statement on 24 May 2024 for more details.

Trust Deed. The Court also stated that the shareholders and related parties of the REIT Manager, being (a) ESR Group Limited, (b) e-Shang Infinity Cayman Limited and (c) e-Shang Jupiter Cayman Limited (collectively, the “**ESR Entities**”) are prohibited from voting on the amendments to the REIT Trust Deed. However, it is unclear how the outcome of the Order 32 Application interplays with other views expressed by regulators on a similar subject matter. In respect of the Voting Issue, the Singapore Exchange Regulation has taken the differing view that should an EGM be necessary to consider the proposed REIT Trust Deed amendments, there is no requirement under the SGX-ST Listing Manual for the Sponsor and its related parties to be disenfranchised from voting on the proposed amendments, provided that the amendments are not proposed to benefit the interest of any specific Unitholder, and is to effect the internalisation. The MAS has also responded that the Voting Issue relates to Rule 748(5) of the SGX-ST Listing Manual and noted that the Singapore Exchange Regulation has given its views on the same. Furthermore, while the REIT Manager had on 3 June 2024 announced that the EGM proposed in the 2nd Requisitioned Resolutions⁸ (which pertain to the subject matters of the Order 32 Application) shall not proceed, entirely new and different resolutions have been proposed in the Requisitionists’ letters of 29 May 2024 and 6 June 2024 which the REIT Manager is considering. Accordingly, there can be no assurance that there will not be similar or other requisitioned resolutions put forth by Unitholders in the future. Please see the section entitled “**Description of the Group – 2. Ongoing Internalisation Process**” for key developments in this regard.

Any Unitholder who is not satisfied with the outcome of any such legal proceeding could take action against Sabana Industrial REIT, for example, disputing the findings of the court under the Order 32 Application. In particular, the ESR Entities have on 27 May 2024 filed a notice of appeal against the High Court’s finding under the Order 32 Application that the ESR Entities are prohibited from voting on the amendments to the Trust Deed (the “**ESR Appeal**”). The ESR Appeal, further EGMs which may be requisitioned by the Unitholders and/or any action which may be taken by Unitholders, the REIT Manager, the REIT Trustee and/or any other person in connection with the Order 32 Application (including any action to restrain the calling of an EGM to consider proposed amendments to the REIT Trust Deed), may result in potential delays and uncertainty to the progress of the internalisation.

Such legal proceedings, actions, claims or disputes (whether against or initiated by Sabana Industrial REIT) will result in delay and additional costs in the implementation of the internalisation, as well as divert time and other resources from the business and day-to-day operations of Sabana Industrial REIT.

Sabana Industrial REIT may be subject to further uncertainties if no resolution is reached on the path forward in relation to the internalisation exercise.

It is worth noting that although the ordinary resolution (which required approval from more than 50% of Unitholders present and voting) to effect the internalisation of the REIT management function was passed at the 2023 EGM, the High Court has ruled pursuant to the Order 32 Application that amendments to clause 16.4 of the REIT Trust Deed are required to effect an internalised management structure. The High Court had also ruled that the Trustee is at liberty to convene an extraordinary general meeting of Unitholders to consider amendments to the REIT Trust Deed. If an extraordinary general meeting of Unitholders is convened to consider amendments to the REIT Trust Deed, such amendments must be approved by 75% or more of Unitholders present and voting. In the event that any such extraordinary resolution in respect of amendments to clause 16.4 of the REIT Trust Deed fails to be passed, it is unclear how the earlier resolution approving the internalisation can be implemented and a potential standstill may ensue.

Further, in any such event where the resolutions passed at the 2023 EGM cannot be implemented and no resolution can be reached on the path forward for Sabana Industrial REIT in relation to the internalisation exercise, there can also be no assurance that Sabana Industrial REIT will not be terminated or liquidated.

⁸ On 25 March 2024, the REIT Manager received a requisition notice from certain Unitholders to convene an EGM to table certain resolutions, followed by another letter on 18 April 2024 from the requisitionists requesting to withdraw and/or modify some of the resolutions proposed in the earlier requisition notice. The requisitioned resolutions direct the REIT Trustee to, among others, not amend the REIT Trust Deed in connection with the implementation of the internalisation. For full details on and updates to the requisition resolutions, please refer to the announcements and the REIT Trustee’s statements published on SGXNet.

Risks relating to Sabana Industrial REIT's business operations

Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of Sabana Industrial REIT.

Several uncertainties in global market conditions could adversely affect the business and prospects of Sabana Industrial REIT. This includes, among others, factors such as:

- (i) the outbreak of the novel strain of coronavirus ("**COVID-19**") which was first reported in December 2019 and triggered a global economic downturn. Although the global economy has started trending towards recovering from the COVID-19 pandemic, any future pandemic, outbreaks of infectious diseases or any other serious health concerns including the resurgence of COVID-19 may have a material adverse impact on the global economy and financial markets;
- (ii) the Russia-Ukraine War, which was launched by Russia on 24 February 2022 through a large-scale military action against Ukraine. This has caused a significant humanitarian crisis in Ukraine and broader Europe which has also negatively impacted global commodity and financial markets, leading to material increases in the prices of energy, oil, gas, certain agriculture inputs and other raw materials. This has also led to heightened inflationary pressures. The effect of Russia's military action on global commodity and financial markets remains uncertain and its effects could precipitate in a recession in parts of the global economy. Furthermore, a persisting or escalating conflict could lead to further increases in the cost of living and prices of energy and raw material input;
- (iii) high inflation rates and high interest rates experienced in the United States (the "**US**") and many other economies. There was a swift increase in the interest rate environment in 2022 in light of inflationary pressures and hawkish monetary policy. In particular, in each of June, July, September and November 2022, the US Federal Reserve adopted a 0.75-percentage point rate rise which was its largest interest rate increase at the time in nearly 30 years. In each of February, March, May and July 2023, the US Federal Reserve raised interest rates by a more moderate 0.25-percentage points, and has since maintained this interest rate environment, with a cautious outlook for the foreseeable future. Other central banks have also implemented significant rate increases in recent times. As there remain concerns that persistent inflation and interest rate hikes will further depress the economy, the outlook for the US and other countries remains uncertain;
- (iv) deteriorating US-China relationship have caused concerns as to the outlook of the economy of the US and the People's Republic of China ("**PRC**");
- (v) the PRC government has implemented various measures to guide the allocation of resource, including government control over capital investments and change in tax regulations. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth that may cause decreased economic activity, which may in turn have a negative effect on the financial condition and results of operation of Sabana Industrial REIT's tenants with exposure to the China market, consequently leading to a reduction in demand for Sabana Industrial REIT's services from such tenants and/or potentially increasing the likelihood of default on their existing tenancy agreements;
- (vi) geopolitical risks in the Middle East have emerged from time to time, such as the recent outbreak of conflict between Israel and Iran and the Israel-Hamas armed conflict in Gaza which, in each case, may result in heightened tension and eruption of conflicts in the Middle East, which could result in the imposition of trade and economic sanctions and disruption in global trade. This could in turn undermine the stability of global economies and increase uncertainty in the global economic outlook. Additionally, the US-Iran negotiations on reviving a nuclear agreement have not been successful thus far. Upside risk to oil prices may result if oil shipments from the Persian Gulf are disrupted; and
- (vii) volatility and liquidity disruptions in the global credit markets, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries; recent bank runs, insolvencies or failures of a few banks across the US and Europe, have caused further uncertainty in the global market, raised concerns on potential liquidity risks in the global banking system and led to potential deterioration in market liquidity.

Sabana Industrial REIT is directly and through its tenants connected to the global financial system and dependent on exchange rates, financial asset prices and liquidity flows. Geopolitical uncertainties may impact financial markets and trade and accordingly, Sabana Industrial REIT's tenants. Hence, Sabana Industrial REIT might continue to face unpredictable moves of policy makers in the context of large economic and global geopolitical uncertainties which impact inflation and economic growth. Consequently, such events could adversely affect Sabana Industrial REIT insofar as they result in:

- (i) a negative impact on the ability of (a) tenants to pay their rents and/or (b) (in the case of a Portfolio Property which has a master lease) sub-tenants to pay their rents to the Master Lessees in a timely manner or continuing their sub-tenancy agreements, which may in turn affect the Master Lessees' ability to pay their rents pursuant to the master lease agreements, thus reducing Sabana Industrial REIT's cashflows;
- (ii) an increase in counterparty risk;
- (iii) an increased likelihood that one or more of (a) Sabana Industrial REIT's banking syndicate, (b) banks providing bankers' guarantees for Sabana Industrial REIT's rental deposits, or (c) Sabana Industrial REIT's insurers may be unable to honour their commitments to Sabana Industrial REIT;
- (iv) a drop in demand for leased space;
- (v) downward revaluation of Sabana Industrial REIT's Portfolio Properties; and/or
- (vi) a reduction in access to debt capital markets to raise new capital and/or re-financing.

Economic conditions including, without limitation, changes in interest rates and inflation, changes in gross domestic product, economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital could adversely affect the business, financial condition, performance and prospects of Sabana Industrial REIT.

The outbreak of communicable diseases or any other serious public health concerns could adversely impact Sabana Industrial REIT's financial condition, business and results of operations.

The outbreak of communicable diseases and other serious public health concerns, including epidemics and pandemics, could have a negative impact on the Singapore economy or regional economies, and could thereby adversely impact Sabana Industrial REIT's business, financial condition and results of operations. Such outbreaks include, but are not limited to, COVID-19, Ebola, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, Influenza A (H1N1), or the Zika virus.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of any pandemic or any other serious public health concern in Singapore or in the jurisdictions in which the Group operates in or relies on may result in a global economic crisis or recession, which may in turn adversely impact the Group's financial condition, business or results of operations.

In particular, the outbreak of COVID-19 resulted in disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces, which triggered a global economic downturn and contraction and caused volatility in international markets in 2020 and 2021. While many countries including Singapore have transitioned from a pandemic into an endemic state of COVID-19, uncertainty as to the duration and development of the COVID-19 pandemic remains due to the possible emergence of new COVID-19 variants or mutant strains of the virus and the resurgence or occurrence of subsequent waves of outbreak of COVID-19. The re-imposition of tight border control and disruptions and restrictions on movement and economic activities may occur should variants of COVID-19 evolve, leading to prolonged production and supply-chain disruptions, and delay the restoration of business confidence. While the successful development and administration of COVID-19 vaccines worldwide has brought the pandemic under control, there is no assurance that the vaccines will remain effective against new COVID-19 variants, the development and administration of new COVID-19 vaccines will be effective in containing new or existing COVID-19 variants, or that countries will not resume their COVID-19 pandemic and restrictive measures to contain new outbreaks.

As the future development of the COVID-19 pandemic or any future outbreak of infectious disease is fluid, evolving and unpredictable, it is difficult to predict how long such conditions will exist and the extent to which Sabana Industrial REIT's business, financial condition, results of operations and prospects may be affected by such conditions.

Sabana Industrial REIT may face risks associated with debt financing arrangements, and the debt facilities and debt covenants could affect Sabana Industrial REIT's operations.

As at the Latest Practicable Date, Sabana Industrial REIT has in place various unsecured term loan facilities. As at 31 March 2024, Sabana Industrial REIT's borrowings stood at S\$333.0 million (the total undrawn facilities stood at approximately S\$80.0 million) and an Aggregate Leverage of 35.6%.

Sabana Industrial REIT is accordingly subject to risks associated with debt financing, including the risk that its cashflows will be insufficient to meet the required payments of principal and financing cost under such financings.

Sabana Industrial REIT's distribution policy is to distribute at least 90.0 per cent. of its distributable income to Unitholders. As a result of this distribution policy, Sabana Industrial REIT may not be able to meet all of its obligations to repay any future borrowings through its cashflows from operations. If there is insufficient cashflow to repay all or any part of its debts when they mature, Sabana Industrial REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. In the event that additional debt is taken up by Sabana Industrial REIT, there is no assurance that new financing will be available on acceptable terms or at all.

If prevailing financing costs or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher financing costs, the cost relating to such refinanced indebtedness would increase, thereby adversely affecting Sabana Industrial REIT's cashflows and the amount of funds available to fulfil its payment obligations under the Bonds.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with internal funds or proceeds of other capital transactions, such as new equity capital, Sabana Industrial REIT will not be able to repay all maturing debt and will be in a default situation.

As at 31 March 2024, 100.0% of Sabana Industrial REIT's properties are unencumbered. However, Sabana Industrial REIT may, in the future, mortgage or be required to mortgage any number of its Portfolio Properties to secure payment of its bank borrowings. If Sabana Industrial REIT is unable to meet interest or principal payments in respect of such borrowings, such secured Portfolio Properties may be foreclosed by the lender or the lender may require a force sale of such properties, which may be at prices significantly lower than the prevailing market values of such properties. This may result in a loss of income to Sabana Industrial REIT, which may result in an adverse effect on its business, financial condition and results of operations.

Sabana Industrial REIT is dependent on its significant tenants and any breach by the significant tenants of their obligations under the lease or the loss of such significant tenants may have an adverse effect on the business, financial condition and results of operations of Sabana Industrial REIT.

The top 10 tenants of Sabana Industrial REIT accounted for 32.5%⁹ of gross rental income in FY2023. Many factors, including the financial condition of the tenants, the ability of such significant tenants to compete with their industry competitors, or material losses suffered by such tenants in excess of insurance proceeds, may cause Sabana Industrial REIT's tenants to experience a downturn in their businesses or otherwise experience a lack of liquidity, which may weaken their financial condition and result in them failing to make timely rental payments or defaulting under their leases. If any tenant defaults or fails to make timely rental payments, Sabana Industrial REIT may experience delays in enforcing its rights as landlord, may not succeed in recovering rent at all, and may incur substantial costs in protecting its investment.

⁹ In view of the legal proceedings relating to 33 & 35 Penjuru Lane, this figure excludes the tenant of 33 & 35 Penjuru Lane, 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. See "**Business Description – 6. Portfolio Statistics and Details – 33 & 35 Penjuru Lane**" for more information regarding the Portfolio Property and the legal proceedings.

For instance, in 2023, Sabana Industrial REIT experienced significant delays in enforcing its rights as landlord, as the previous tenant of 33 & 35 Penjuru Lane, Kleio One-Solution Pte Ltd. (“**Kleio**”), defaulted on its rental payments. No rental has been collected from Kleio since May 2023, resulting in Sabana Industrial REIT suffering substantial loss of rental. Pursuant to orders granted by the Singapore High Court, Kleio has since delivered possession of the premises to the REIT Trustee and all third party goods have since been removed from the premises. While the REIT Trustee is pursuing the necessary legal proceedings to claim approximately S\$4 million from Kleio (being the sum outstanding from May 2023 to March 2024), as well as losses which Sabana Industrial REIT suffered as a result of Kleio’s non-repayment and pre-termination due to the breach of the lease agreement, there can be no assurance that Sabana Industrial REIT will be able to successfully claim the full amount of such losses. Although the REIT Manager is actively remarketing the property and is anticipating rental offers, the property is currently vacant and this has caused Sabana Industrial REIT’s portfolio occupancy rate to fall from 91.3% to 83.0%. There can also be no assurance that any rental offers will be on equivalent terms as, or more favourable in terms of rent and/or lease conditions than, the current leases. Excluding this tenant, Sabana Industrial REIT attained overall healthy rental collectability of 99.8%¹⁰ as of 31 December 2023. (See “**Description of the Group – 6. Portfolio Statistics and Details – 33 & 35 Penjuru Lane**”.)

Multi-tenanted properties accounted for 89.3% of gross revenue in FY2023, and 89.0% in 1Q2024 exposing the performance value of each of those properties to the ability of those tenants to continue their obligations under the respective tenancy documents.

In addition, Sabana Industrial REIT’s financial condition, results of operations and capital growth may be adversely affected by the decision by one or more of such significant tenants to not renew its lease or terminate its lease before it expires. These significant tenants may terminate their leases by giving only a short notice or may terminate without cause. If a key customer or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

Therefore, the loss of key tenants or a significant number of tenants in any one of the Portfolio Properties or future acquisitions of Sabana Industrial REIT could result in periods of vacancy, which could adversely affect the revenue and financial condition of the relevant Portfolio Property.

The amount Sabana Industrial REIT may borrow is limited, which may affect the operations of Sabana Industrial REIT.

Under the Property Funds Appendix, the Aggregate Leverage of Sabana Industrial REIT should not exceed 45.0% of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units), and Sabana Industrial REIT’s Aggregate Leverage may exceed this limit (up to a maximum of 50.0%) only if it has a minimum adjusted interest coverage ratio¹¹ of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

Sabana Industrial REIT’s Aggregate Leverage was 34.3% as at 31 December 2023, and 35.6% as at 31 March 2024. Additionally, as at the Latest Practicable Date, the weighted average fixed debt expiry of Sabana Industrial REIT’s debt is 1.2 years. This duration is relatively short, potentially exposing Sabana Industrial REIT to the volatility of interest rates due to the prevailing high interest rate environment. Sabana Industrial REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that Sabana Industrial REIT decides to incur additional borrowings in the future, Sabana Industrial REIT may be unable to obtain such additional borrowings if to do so would breach the prescribed borrowing limits. In addition, should there be a substantial decline in the value of the Deposited Property which causes Sabana Industrial REIT’s Aggregate Leverage limit to be exceeded, Sabana Industrial REIT will not be able to make further borrowings.

¹⁰ Excluding rent receivables from a master lease tenant at 33 & 35 Penjuru Lane, which is currently under legal proceedings to claim all the rental outstanding, as well as losses Sabana Industrial REIT suffered as a result of non-repayment and pre-termination due to the breach of the lease agreement.

¹¹ “**Adjusted interest coverage ratio**” means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

Adverse business consequences of this limitation on future borrowings include:

- (i) an inability to fund capital expenditure requirements, refurbishments, renovation and improvements, AEI and development works in relation to Sabana Industrial REIT's existing property portfolio or in relation to Sabana Industrial REIT's acquisitions to expand its portfolio;
- (ii) an inability to fund working capital requirements which may further constrain Sabana Industrial REIT's operational flexibility; and
- (iii) cashflow shortages (including with respect to Sabana Industrial REIT's ability to fulfil its payment obligations under the Bonds) which Sabana Industrial REIT might otherwise be able to resolve by borrowing funds.

The Portfolio Properties held by Sabana Industrial REIT may be revalued downwards.

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions. General property prices, including those of industrial properties, are subject to the volatilities of the property market and there can be no assurance that Sabana Industrial REIT will not be required to make downward revaluation of the Portfolio Properties held by it in the future. Any fall in gross revenue or net property income earned may result in a downward revaluation of the Portfolio Properties held by Sabana Industrial REIT. A downward revaluation may also affect the Aggregate Leverage of Sabana Industrial REIT affecting its ability to refinance or secure additional borrowings and trigger 'technical' defaults under certain loan covenants of existing borrowings.

In addition, Sabana Industrial REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statement of total return. The changes in fair value may have an adverse effect on Sabana Industrial REIT's financial results in the financial years where there is a significant decrease in the valuation of Sabana Industrial REIT's investment properties which will result in revaluation losses that will be charged to its statement of total return.

Sabana Industrial REIT is required to distribute at least 90.0 per cent. of its Taxable Income and may face liquidity constraints.

Sabana Industrial REIT will distribute at least 90.0 per cent. of its Taxable Income. The REIT Manager and the REIT Trustee are required by the Tax Ruling to distribute at least 90.0 per cent. of Sabana Industrial REIT's Taxable Income. If Sabana Industrial REIT's Taxable Income is greater than its cashflows from operations, it may have to borrow to meet ongoing cash flow requirements in order to distribute at least 90.0 per cent. of its Taxable Income since it may not have any reserves to draw on. Sabana Industrial REIT's ability to borrow is, however, limited by the requirements under the Property Funds Appendix. Failure to make distributions would put Sabana Industrial REIT in breach of the terms of the Tax Ruling and as a consequence, Sabana Industrial REIT would be liable to pay income tax.

Sabana Industrial REIT relies on information technology in its operations, and any material failure, inadequacy, interruption or security failure of that technology could adversely and materially affect the business and operations of Sabana Industrial REIT.

Sabana Industrial REIT relies on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of its business processes, including financial transactions and maintenance of records, which may include personally identifiable information of tenants and lease data. Sabana Industrial REIT relies on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Although Sabana Industrial REIT has implemented procedures to mitigate technology risk and will continue to take steps to protect the security of the data maintained in its information systems, it is possible that such security measures will not be able to prevent the systems' improper functioning, or the improper disclosure of personally identifiable information such as in the event of cyberattacks, phishing and malicious software such as ransomware. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions,

shutdowns or unauthorised disclosure of confidential information. Any failure to maintain proper function, security and availability of Sabana Industrial REIT's information systems could interrupt its operations, damage its reputation, subject Sabana Industrial REIT to liability claims or regulatory penalties, and could materially and adversely affect it.

The REIT Manager has no experience in acquiring property outside of Singapore.

The geographical scope of Sabana Industrial REIT's investment objective extends to Asia, which is defined to mean Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, People's Republic of China, Hong Kong Special Administration Region, Taiwan, Republic of Korea, Democratic People's Republic of Korea, Japan, India and Democratic Socialist Republic of Sri Lanka. However, the REIT Manager has no experience in acquiring property outside of Singapore. This lack of experience may impede the ability of the REIT Manager to acquire assets outside Singapore within the geographical scope of Sabana Industrial REIT's investment objective.

In addition, Sabana Industrial REIT's external growth strategy and its asset selection process may not be successful and may not provide positive returns. Acquisitions may cause disruptions to Sabana Industrial REIT's operations and divert management's attention away from day-to-day operations.

If the REIT Manager's CMS Licence is cancelled or the authorisation of Sabana Industrial REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of Sabana Industrial REIT will be adversely affected.

The CMS Licence issued to the REIT Manager is subject to conditions and may be cancelled by the MAS. If the CMS Licence of the REIT Manager is cancelled by the MAS, the operations of Sabana Industrial REIT will be adversely affected, as the REIT Manager would no longer be able to act as the manager of Sabana Industrial REIT.

In the event that the authorisation of Sabana Industrial REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

The REIT Manager may not be able to successfully implement its investment strategy for Sabana Industrial REIT.

There is no assurance that the REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand Sabana Industrial REIT's portfolio at any specified rate or to any specified zone. The REIT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

Sabana Industrial REIT faces active competition in acquiring suitable properties and its ability to make new property acquisitions under its acquisition growth strategy may be adversely affected by such competition.

Even if Sabana Industrial REIT were able to successfully acquire property or investments, there is no assurance that Sabana Industrial REIT will achieve its intended return on such acquisitions or investments, particularly when there is an elevated interest rate environment.

Potential vendors may view the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase, negatively. They may also view the internalisation process and its lack of certainty negatively, and prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, commercial property development companies and private investment funds. There is no assurance that Sabana Industrial REIT will be able to compete effectively against such entities.

Payment of management fees in cash by Sabana Industrial REIT to the REIT Manager may have an adverse effect on the cashflows of Sabana Industrial REIT and its ability to fulfil its payment obligations under the Bonds.

The REIT Manager is entitled to management fees which shall be paid in the form of cash and/or Units (as the REIT Manager may elect prior to each such payment) out of the Deposited Property and in such proportion as may be determined by the REIT Manager. The REIT Manager had elected to receive 100.0% of the base fee in cash for FY2022, FY2021 and FY2023.

If Sabana Industrial REIT is required to pay a large amount of management fees in cash, its cashflows, financial condition and results of operations as well as its ability to fulfil its payment obligations under the Bonds may be adversely affected.

The REIT Manager's strategy to initiate asset enhancement on some of the Portfolio Properties or future properties from time to time may not materialise.

The REIT Manager may from time to time initiate asset enhancement on some of the Portfolio Properties or future properties which Sabana Industrial REIT may acquire. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, that they will achieve their desired results or will not incur significant costs.

(See "Risk Factors – Risks relating to Sabana Industrial REIT's Portfolio Properties - A portion of New Tech Park at 151 Lorong Chuan has been designated as a railway protection and safety zone, and certain activities may not be carried out in such zone unless the prior approval of the Land Transport Authority of Singapore is obtained").

Sabana Industrial REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations. The management personnel of the internalised manager have yet to be finalised.

Sabana Industrial REIT's performance depends, in part, upon the continued service and performance of the executive officers of the REIT Manager. In light of the internalisation process, the REIT Manager experienced high staff attrition since the internalisation process began in 2023. As at 15 April 2024, the total resignation rate for the REIT Manager since the start of the internalisation process has reached 47.6%. Although the REIT Manager is proactively hiring to fill the vacancies, not all vacancies have been filled. There is no assurance that the REIT Manager will be able to fill all such vacancies or that the REIT Manager can continue to effectively manage operations in spite of the high staff attrition rate and the vacancies. Additionally, there is no assurance that key personnel will not leave the employment of the REIT Manager.

As at the Latest Practicable Date, the internalised manager's management personnel and board of directors have yet to be finalised. While the REIT Trustee had previously identified a shortlist of qualified candidates for the proposed management team and directors for the internalised manager and continues to progress such workstream, the successful establishment of personnel for the internalised manager is still subject to the ultimate availability of suitable and qualified candidates and the relevant regulatory approvals to be obtained in connection with the internalised manager's application for a CMS Licence. Perceived uncertainties as to how the internalisation will be concluded, including publicly expressed contrary views by various parties, could lead to difficulties in securing the proposed employment and appointment of suitable candidates for the new internalised manager.

The loss of any key personnel from the REIT Manager, the higher than usual staff attrition rate and/or the uncertainty surrounding the management personnel of the internalised manager could have a material adverse effect on Sabana Industrial REIT's financial condition and results of operations, as well as on the operational continuity and handover timelines of the REIT management function from the REIT Manager to the internalised manager as part of the internalisation process.

Sabana Industrial REIT may engage in hedging transactions, which can limit gains and increase exposure to losses.

Sabana Industrial REIT may enter into hedging transactions to protect itself from the effects of financing cost and currency exchange fluctuations on floating rate debt and also to protect its portfolio from financing cost and prepayment fluctuations and has, in this connection, put in place a profit rate hedging arrangement which involves Sabana Industrial REIT entering into interest rate swaps and fixed rate borrowings to ensure that majority of its exposures to changes in interest rates on borrowings is on a fixed-rate basis. As Sabana Industrial REIT's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities, such risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. Hedging transactions may include entering into financing cost hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements. Hedging activities may not have the desired beneficial impact on the operations or financial condition of Sabana Industrial REIT.

Hedging against the fluctuations in financing cost could fail to protect Sabana Industrial REIT or adversely affect Sabana Industrial REIT due to the following reasons, among others:

- (i) the available financing cost hedging may not correspond directly with the financing cost risk for which protection is sought;
- (ii) the party owing money in the hedging transaction may default on its obligations to pay;
- (iii) the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs Sabana Industrial REIT's ability to sell or assign its side of the hedging transaction; and
- (iv) the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments would reduce the NAV of Sabana Industrial REIT.

Hedging involves risks and transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile financing costs. These costs will also limit the amount of cash available for fulfilling Sabana Industrial REIT's payment obligations under the Bonds.

The REIT Manager may change Sabana Industrial REIT's investment objectives without having to obtain Unitholders' approval.

Sabana Industrial REIT's investment objectives will be determined by the REIT Manager. There is no guarantee that the REIT Manager will not change Sabana Industrial REIT's investment objectives, and there is no requirement for the REIT Manager to obtain Unitholders' approval in such a situation.

The REIT Trust Deed grants the REIT Manager wide powers of investing in other types of assets, including any real estate, real estate-related assets, as well as listed and unlisted securities in Singapore and other jurisdictions. There may be uncertainty as to the direction and investment objectives of the internalised manager (which may consist of new management personnel), and the extent to which they may differ from the previous investment objectives of the REIT Manager during its appointment as an external manager. There are risks and uncertainties with respect to the selection of investments, the investments themselves, and the methods of implementing Sabana Industrial REIT's investment objectives. There is no assurance that any such change will not adversely affect Sabana Industrial REIT's operations and financial condition.

There may be potential conflicts of interest among Sabana Industrial REIT, the REIT Manager and the Sponsor.

The REIT Manager is 100.0 per cent. owned by Sabana Investment Partners Pte. Ltd. ("SIP").

SIP is a company incorporated in Singapore, which is effectively wholly-owned by Perpetual Asia (Limited), acting in its capacity as trustee of Blackwood Trust. The sole beneficiary of Blackwood Trust is InfinitySub Pte. Ltd. (being an indirect wholly-owned subsidiary of the Sponsor).

The Sponsor, their subsidiaries, related entities and/or associates are engaged in, and/or may engage in, among others, investment in, and the development, management and operation of industrial properties. REIT Manager has taken steps to mitigate any potential risk of conflict of interest by not sharing any information relating to the Sabana Industrial REIT's business strategy or operations with the Sponsor, ensuring that Sabana Industrial REIT does not transact (i.e. acquire or divest properties) with the Sponsor's ESR-LOGOS REIT, and determining leasing rates, terms and property marketing information solely based on prevailing market conditions, common market practices and commercial considerations, in the event of dealing with conflicting or common tenants. However, there can be no assurance that the Sponsor will not compete with the Portfolio Properties and cause downward pressure on rental rates, or will not compete with Sabana Industrial REIT for common tenants. Additionally, the Sponsor may, in the future, sponsor, manage or invest in other REITs or other vehicles which may also compete directly with Sabana Industrial REIT. This could lead to lower occupancy rates and/or lower revenue for the properties owned by Sabana Industrial REIT, and this may in turn have a material adverse effect on the business, results of operations and financial condition of Sabana Industrial REIT.

Sabana Industrial REIT may not be able to control or exercise any influence over entities in which it has minority interests.

Sabana Industrial REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that Sabana Industrial REIT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to Sabana Industrial REIT. Such entities may develop objectives which are different from those of Sabana Industrial REIT and may not be able to make any distribution. The management of such entities may make decisions which could adversely affect the operations of Sabana Industrial REIT and its ability to fulfil its payment obligations under the Bonds.

Sabana Industrial REIT may be involved in legal and other proceedings from time to time.

Sabana Industrial REIT may be involved in disputes from time to time with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of its properties. These disputes may lead to legal and/or other proceedings, and may cause Sabana Industrial REIT to suffer additional costs and delays, and adversely affect its results of operations. For example, in 2023, Sabana Industrial REIT was involved in a tenant dispute in relation to a defaulting Master Lessee which led to legal proceedings and the incurrence of additional costs and significant delays. See "***Risk Factors – Risks relating to Sabana Industrial REIT's Operations – Sabana Industrial REIT is dependent on its significant tenants and any breach by the significant tenants of their obligations under the lease or the loss of such significant tenants may have an adverse effect on the business, financial condition and results of operations of Sabana Industrial REIT***" and "***Description of the Group – 6. Portfolio Statistics and Details – 33 & 35 Penjuru Lane***" for more information regarding the Portfolio Property and the legal proceedings.

While the above legal proceedings were resolved in favour of Sabana Industrial REIT, there is no assurance that future proceedings (if any) will not be resolved in favour of other parties against Sabana Industrial REIT. Sabana Industrial REIT's financial condition and results of operations may be affected if legal proceedings are not resolved in its favour. In addition, Sabana Industrial REIT may have disagreements with governmental or regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects. Should any of the above circumstances develop into actual events, the business, results of operations and financial condition of Sabana Industrial REIT may be materially and adversely affected, which may in turn affect its ability to fulfil its payment obligations under the Bonds.

The laws, regulations, guidelines and accounting standards in Singapore and any other jurisdictions in which Sabana Industrial REIT may operate are subject to change.

Sabana Industrial REIT may be affected by the introduction of new or revised legislation, regulations, accounting standards or recommended accounting practice. Accounting standards in Singapore are subject to change. The financial statements of Sabana Industrial REIT may be affected by the introduction of such new or revised accounting standards or recommended accounting practice. The extent and timing

of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities. The REIT Manager has not quantified the effects of these proposed changes and there can be no assurance that any changes will not have a significant impact on the preparation of Sabana Industrial REIT's financial statements or its financial condition and results of operations.

The level of taxation in Singapore is also subject to such changes in laws and regulations and such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. In particular, Sabana Industrial REIT currently enjoys certain tax concessions and stamp duty remissions under the Income Tax Act 1947 of Singapore. Any such exemptions, concessions and/or remissions may be subject to review by the Singapore Government and there is no assurance the Singapore Government will continue to grant such exemptions, concessions and/or remissions. Any removal or modification of any or all of such exemptions, concessions and/or remissions may result in increased tax costs to Sabana Industrial REIT and accordingly have an adverse impact on its financial condition and results of operation.

There is no assurance that any of the above changes will not:

- (i) have a significant impact on the presentation of Sabana Industrial REIT's financial statements;
- (ii) have a significant impact on Sabana Industrial REIT's results of operations;
- (iii) have an adverse effect on the ability of the REIT Manager to carry out Sabana Industrial REIT's investment strategy; or
- (iv) have an adverse effect on the operations and financial condition of Sabana Industrial REIT.

Regulatory issues and changes in law may have an adverse impact on Sabana Industrial REIT's business.

Sabana Industrial REIT is subject to the usual business risk that there may be changes in laws or the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs generally and/or Sabana Industrial REIT specifically that could result in a reduction of its income or increase in its costs. For example, there could be changes in tenancy laws that limit its recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be recovered from its tenants, or changes in environmental laws that require significant capital expenditure.

More particularly in respect of Singapore, Sabana Industrial REIT, the REIT Manager and the REIT Trustee are regulated by various legislation, regulations, guidelines or directions of relevant authorities, such as MAS. In addition, certain tax concessions, exemptions or waivers are currently extended to REITs. Revisions of the CIS Code and/or the Property Funds Appendix, terminations of tax concessions, or introductions of new legislation, regulations, guidelines or directions by MAS, IRAS or any other relevant authorities that affect REITs generally may adversely affect Sabana Industrial REIT's financial condition and results of operations. Some properties in Sabana Industrial REIT's portfolio are leased from the relevant authorities, such as JTC in Singapore. These authorities set out certain legislation, regulations, guidelines or directions governing operations of these properties, such as anchor tenant requirements, subletting policy, land rent payment scheme, etc. Introductions of new or revised legislation, regulations, guidelines or directions by these relevant authorities that affect these properties may adversely affect Sabana Industrial REIT's financial condition and results of operations. Sabana Industrial REIT has no control over such regulation and developments, and cannot provide any assurance that such regulation and developments will not have a material adverse effect on its business, financial condition, performance and prospects.

RISKS RELATING TO SABANA INDUSTRIAL REIT'S PORTFOLIO PROPERTIES

The appraisals of the Portfolio Properties may be inherently subjective as they are based on various assumptions and the price at which Sabana Industrial REIT is able to sell a Portfolio Property in the future may be different from the initial acquisition value and/or the market value of the Portfolio Property.

The consideration paid by Sabana Industrial REIT for the Portfolio Properties was based on the appraised values of the Portfolio Properties based on the discounted cash flow method, direct comparison method and capitalisation of income approach. The discounted cash flow method forecasts

the investment return for each Portfolio Property over a 10-year period, and adopts certain assumptions relating to market conditions, tenancy and cash flow profiles. The direct comparison method takes into cognisance transactions of comparable properties, prevailing market conditions and underlying economic factors. Similarly, in relation to the capitalisation of income method, certain adjustments are made to derive the net rental income, which is then capitalised at an appropriate market rate of return.

There can be no assurance that the assumptions relied on for the valuations are accurate measures of the market, and the values of the Portfolio Properties may be evaluated inaccurately. The independent valuers of the respective Portfolio Properties may have included a subjective determination of certain factors relating to the Portfolio Properties such as their relative market positions, financial and competitive strengths and physical condition and, accordingly, the valuation of the Portfolio Properties may be subjective.

The appraised value of any of the Portfolio Properties does not guarantee a sale price at that value at present or in the future. The price at which Sabana Industrial REIT may sell a Portfolio Property may be lower than its purchase price.

Sabana Industrial REIT is currently reliant on New Tech Park at 151 Lorong Chuan for a substantial portion of its gross revenue.

New Tech Park at 151 Lorong Chuan forms 40.1% of Sabana Industrial REIT's portfolio by property value¹² and contributed approximately 39.6% of the total gross revenue of the Portfolio Properties for FY2023. Any circumstance which adversely affects the operations or business of New Tech Park at 151 Lorong Chuan or its competitiveness, such as physical damage to the building due to fire or other causes,

may adversely affect the ability of Sabana Industrial REIT to collect the full or any rental income on the affected space. This may adversely affect the financial condition and results of operations of Sabana Industrial REIT.

Amenities, transportation infrastructure and public transport services near the Portfolio Properties may be closed, relocated, terminated, delayed or uncompleted which may in turn adversely impact the demand for the Portfolio Properties.

There is no assurance that amenities, transportation infrastructure and public transport services near the Portfolio Properties will not be closed, relocated, terminated, delayed or uncompleted. If such an event were to occur, it will adversely impact the accessibility and attractiveness of the Portfolio Properties, and consequently Sabana Industrial REIT's financial condition and results of operations.

Renovation or redevelopment works or physical damage to the Portfolio Properties may disrupt the operations of the Portfolio Properties and collection of rental income or otherwise may result in adverse impact on the financial condition of Sabana Industrial REIT. The capital expenditure required may also exceed the current estimates of the REIT Manager and Sabana Industrial REIT may not be able to secure funding.

The quality and design of the Portfolio Properties have a direct influence over the demand for space in, and the rental rates of, the Portfolio Properties. The Portfolio Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop due to structural defects or over any parts of the buildings, or because of new planning laws or regulations. The costs of maintaining industrial properties and the risks of unforeseen maintenance or repair requirements tend to increase over time as the buildings age. The business and operations of the Portfolio Properties may suffer some disruption and it may not be possible to collect the full rate of, or, as the case may be, any rental income on space affected by such renovation or redevelopment works.

Such renovation or redevelopment works also require capital expenditure, and Sabana Industrial REIT may not be able to fund capital expenditure solely from cashflows from its operating activities or obtain additional equity or debt financing on favourable terms or at all. If Sabana Industrial REIT is not able to obtain financing to fund such renovation or redevelopment works, the marketability or the attractiveness of the Portfolio Properties to new or existing tenants may be affected.

¹² Valuation as at 31 December 2023.

In addition, physical damage to the Portfolio Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Portfolio Properties and, together with the foregoing, may impose unbudgeted costs on Sabana Industrial REIT, and result in an adverse impact on the financial condition and results of operations of Sabana Industrial REIT and its ability to fulfil its payment obligations under the Bonds.

Sabana Industrial REIT's Portfolio Properties might be adversely affected if the REIT Manager, the Property Manager and/or the Master Lessees do not provide adequate management and maintenance.

Should the REIT Manager, the Property Manager and/or the Master Lessees (if applicable) fail to provide adequate management and maintenance, the value of Sabana Industrial REIT's Portfolio Properties might be adversely affected and this may result in a loss of tenants or, as the case may be, sub-tenants which in turn affects the Master Lessees' ability to pay their rents pursuant to the master lease agreements, and which will adversely affect Sabana Industrial REIT's ability to fulfil its payment obligations under the Bonds.

Sabana Industrial REIT may suffer material losses in excess of insurance proceeds, or Sabana Industrial REIT and/or the Master Lessees may not put in place or maintain adequate insurance in relation to the Portfolio Properties and its potential liabilities to third parties.

Sabana Industrial REIT maintains insurance policies covering the Portfolio Properties in line with general business practices in the real estate industry in Singapore, with policy specifications and insured limits which Sabana Industrial REIT believes are adequate. Risks insured against include industrial special risk which covers buildings from physical loss, damage and destruction and consequential loss arising from business interruption, terrorism and public liability. The properties owned by Sabana Industrial REIT may suffer physical damage caused by fire, natural disaster or other causes, and Sabana Industrial REIT may suffer public liability claims and loss of rent from the inability to use such properties, resulting in losses which may not be fully compensated by insurance proceeds.

In addition, certain types of risks (such as war, terrorist acts and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of claimable insured limits occur, Sabana Industrial REIT could be required to pay compensation and/or lose capital invested in the affected Portfolio Property as well as anticipated future revenue from that Portfolio Property. Sabana Industrial REIT will also be liable for any debt or other financial obligation related to that Portfolio Property. No assurance can be given that material losses in excess of insurance proceeds will not occur. Additionally, there can be no assurance that the particular risks which are currently insurable will continue to be insurable on an economically feasible basis.

In addition, should Sabana Industrial REIT or the Master Lessees (if applicable) fail to put in place or maintain adequate insurance in relation to the Portfolio Properties and their potential liabilities to third parties, Sabana Industrial REIT may be exposed to various liabilities and losses to the extent that such assets and liabilities are not adequately insured.

The Portfolio Properties are subject to environmental regulations and could incur significant costs or liability related to environmental issues.

Sabana Industrial REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, Sabana Industrial REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate issues relating to contamination, air pollution, noise pollution or dangerous goods may expose Sabana Industrial REIT to liability or materially adversely affect its ability to sell or let out the real property or to borrow using the real property as collateral.

Accordingly, if the Portfolio Properties are affected by contamination or other environmental effects not previously identified and/or rectified, Sabana Industrial REIT faces a number of risks including:

- (i) the risk of prosecution by environmental authorities;
- (ii) the requirement for unbudgeted additional expenditure to remedy such issues; and
- (iii) the adverse impact on the financial position of the tenants or, as the case may be, sub-tenants arising from the above, affecting their ability to trade and to meet their tenancy obligations and (in the case of sub-tenants) this may affect the Master Lessees' ability to pay their rents pursuant to the master lease agreements.

A portion of New Tech Park at 151 Lorong Chuan has been designated as a railway protection and safety zone, and certain activities may not be carried out in such a zone unless the prior approval of the Land Transport Authority of Singapore is obtained.

New Tech Park at 151 Lorong Chuan is affected by Gazette No. 173 dated January 2003 and a portion of the Portfolio Property amounting to 19.8 per cent. of the total land area has been designated as a railway protection and safety zone, such that Sabana Industrial REIT would be required to obtain the prior approval of the Land Transport Authority of Singapore before carrying out restricted activities within the railway protection and safety zone.

Such restricted activities include the movement or operation of any crane, piling equipment, excavator or any other mechanical equipment or vehicle, the storing or placing of any goods, materials or substances, and the erection of sheds, shelters, tents, scaffolding, maintenance towers, hoardings or other similar temporary structures. While the REIT Manager does not expect the portion of the Portfolio Property designated as a railway protection and safety zone to have an impact on the rental rates of the Portfolio Property, such designation may affect the ability of Sabana Industrial REIT to carry out asset enhancement or other development or rectification works on the Portfolio Property. In particular, if the REIT Manager intends to carry out any restricted activity within the railway protection and safety zone, there is no guarantee that the Land Transport Authority of Singapore would grant its permission.

(See "***Risk Factors – Risks Relating to Sabana Industrial REIT's Operations – The REIT Manager's strategy to initiate asset enhancement on some of the Portfolio Properties or future properties from time to time may not materialise***").

The due diligence exercise on buildings and equipment prior to their acquisition may not have identified all material defects, breaches of laws and regulations and other deficiencies.

Sabana Industrial REIT believes that reasonable due diligence investigations with respect to the Portfolio Properties have been, and with respect to future acquisitions will be, conducted prior to their acquisitions. However, there is no assurance that the experts' reports that Sabana Industrial REIT relied upon or will rely upon as part of its due diligence investigations of the Portfolio Properties will not be subject to inaccuracies, and that the Portfolio Properties or other future properties of Sabana Industrial REIT will not have deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the properties which may require additional capital expenditure, special repair or maintenance expenses). This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. Such defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on Sabana Industrial REIT's earnings and cashflows.

Notwithstanding the due diligence investigations which have been and will be carried out on the Portfolio Properties and other future properties of Sabana Industrial REIT, some of these properties may still be in breach of laws and regulations or fail to comply with certain regulatory requirements. Sabana Industrial REIT may incur financial or other obligations in relation to such breaches or non-compliance.

The representations, warranties and indemnities granted in favour of Sabana Industrial REIT by the vendors of the Portfolio Properties are subject to limitations as to their scope and as to the amount and timing of claims which can be made. There is no assurance that Sabana Industrial REIT would be entitled to be reimbursed under such representations, warranties and indemnities for any losses or liabilities suffered or incurred by it as a result of its acquisition of the Portfolio Properties.

The Master Lessees of the Portfolio Properties may not have properly notified the REIT Manager and JTC of all its sub-tenancies.

Most of the Portfolio Properties were purchased by Sabana Industrial REIT on a sale-and-leaseback arrangement. The Master Lessees of some of the respective Portfolio Properties have sub-tenanted and may sub-tenant out parts of the Portfolio Properties to third parties. JTC has imposed certain restrictions on subletting and resale, including the requirement for JTC's consent before such properties can be resold, demised or assigned. In addition, the sublet customers must meet certain subletting requirements set out by JTC before such property or any part thereof can be sublet. For example, under the JTC subletting policy to third-party providers, JTC requires at least 70% of the gross floor area to be occupied by approved anchor tenant(s) with a minimum requirement of 1,000 sqm per anchor tenant.

There is no guarantee that the sub-tenancies in respect of these Portfolio Properties have been approved by or notified to, as the case may be, the REIT Manager or JTC under the relevant JTC lease by the Master Lessees. Any breach of JTC leases or non-compliance with JTC sub-letting policies could result in significant financial loss and adversely affect Sabana Industrial REIT's financial condition and results of operations. This may in turn affect Sabana Industrial REIT's ability to fulfil its payment obligations under the Bonds.

Sabana Industrial REIT may not be able to extend the terms of the underlying leases of certain of the Portfolio Properties which contain options to renew.

The underlying JTC leases of certain of the Portfolio Properties contain a covenant by JTC to grant a further term following the expiry of the current lease term subject to the satisfaction of certain conditions, such as there being no breach of any terms and conditions of the underlying JTC leases and that certain fixed investment criteria in respect of the Portfolio Properties are fulfilled. There is no assurance that such conditions for extension will be satisfied or that any breach by Sabana Industrial REIT's tenants while in occupation of the premises will be rectified in time or at all. If Sabana Industrial REIT for whatever reason is not able to extend the lease term of the underlying JTC leases of any of these Portfolio Properties, Sabana Industrial REIT will have to surrender such Portfolio Property to JTC upon expiry of the original lease term. The value of the Portfolio Properties may be substantially reduced upon such surrender. Any potential income expected after the extension of the lease term will not be realised. In addition, Sabana Industrial REIT may be required to incur substantial amounts of money to reinstate the Portfolio Property to a state and condition acceptable to JTC, including the demolition of any existing building and/or reinstatements thereof on the Portfolio Property. This may have an adverse effect on the net income of Sabana Industrial REIT, which may in turn affect the financial condition and results of operations of Sabana Industrial REIT.

There is no assurance that the Master Leases will not be terminated and all the Master Leases are for remaining terms ranging from less than a year to over eight years, thus exposing the Portfolio Properties to significant rates of lease expiries within such time periods.

Under the current master lease agreements, the Master Leases may not be terminated at the option of the Master Lessee, save in the case of unforeseen circumstances such as the destruction of the building. However, there can be no assurance that future master lease agreements will not contain termination clauses which give the Master Lessee an option to terminate the master lease by giving the requisite notice. In addition, there is no assurance that the Master Lessees will exercise any option to renew their leases upon the expiry of the initial term of the Master Lease. If the Master Leases are terminated or are not renewed, Sabana Industrial REIT may not be able to find a suitable purchaser or a suitable replacement master lessee, as a result of which Sabana Industrial REIT may lose a significant source of revenue. In any event, it may not be possible to replace the Master Lessees immediately upon the expiry of the Master Leases and this may lead to temporary vacancy. The failure to renew the master lease agreements, or the termination of any of these master lease agreements, may have a material adverse effect on Sabana Industrial REIT's gross revenue and its ability to fulfil its payment obligations under the Bonds.

All the Master Leases have remaining terms ranging from less than a year to over eight years. As a result, all Master Leases will expire over the period from 2024 to 2032. This exposes Sabana Industrial REIT to certain risks, including the risk that vacancies following the non-renewal of leases may lead to reduced occupancy rates or renewal at reduced rental rates, which will in turn reduce Sabana Industrial REIT's gross revenue.

The Portfolio Properties may be subject to rights of first offer and/or rights of first refusal.

As at the Latest Practicable Date, there are two master lease agreements with a right of first offer and/or a right of first refusal clause.

One of which is the master lease agreement relating to 21 Joo Koon Circle, which contains a right of first refusal provision but which has been voided due to lapse of time.

The other is the master lease agreement relating to 30 & 32 Tuas Avenue 8. The Master Lessee of 30 & 32 Tuas Avenue 8 has a right of first offer (after three years from the commencement of the Master Lease) and a right of first refusal over such Portfolio Property. If Sabana Industrial REIT intends to sell such Portfolio Property in the future, it would have to first offer such Portfolio Property to its Master Lessee. In addition, the Master Lessee has the right to match an offer that is made by a potential third-party purchaser. This right of first offer and right of first refusal may discourage potential purchasers of the Portfolio Property from making bids to acquire such Portfolio Property and may also affect the marketability of such Portfolio Property should Sabana Industrial REIT choose to divest such Portfolio Property in the future.

The Portfolio Properties may face increased competition from other properties.

The Portfolio Properties are located in areas with existing properties and new properties may be developed which may compete with the Portfolio Properties. As the income from, and market value of, the Portfolio Properties are dependent on the ability of the Portfolio Properties to compete against other properties, Sabana Industrial REIT's cashflows and the amount of funds available to fulfil its payment obligations under the Bonds could be adversely affected if competing properties are more successful in attracting and retaining tenants, or if similar properties in their vicinity are substantially upgraded and refurbished.

The President of the Republic of Singapore may, as lessor, re-enter the Portfolio Properties if there is a breach of the terms and conditions of the State lease.

Each Portfolio Property held under a registered State lease issued by the President of the Republic of Singapore as lessor is subject to terms and conditions commonly found in State leases in Singapore, including the President of the Republic of Singapore's right as lessor to re-enter the Portfolio Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the relevant State lease.

Compliance with the terms of such leases may restrict the REIT Manager's ability to respond to changing real estate market conditions, re-let a Portfolio Property to different tenants or perform asset enhancements. In addition, any current or future breaches of its such leases may require rectification. These restrictions may have an adverse effect on Sabana Industrial REIT's financial condition and results of operations.

16 of the 18 Portfolio Properties are held by Sabana Industrial REIT on land leases from JTC, and these leases contain certain provisions that may have an adverse effect on financial condition and results of operations of Sabana Industrial REIT.

The Portfolio Properties which are held on land leases from JTC are subject to a provision that requires Sabana Industrial REIT to surrender free of cost to the Singapore Government portions of the respective Portfolio Properties that may be required in the future for certain public uses, such as roads, drainage and other public improvements. There have been previous instances in which lessees of land from JTC have been required to surrender portions of their land to the Singapore Government for roads, without compensation, pursuant to similar provisions in the relevant land leases. If Sabana Industrial REIT is required to surrender a portion of any Portfolio Property to the Singapore Government, the gross revenue and value of such Portfolio Property may be adversely affected.

In addition, Portfolio Properties which are held on leases from JTC are subject to terms and conditions ordinarily found in building agreements or agreements for leases entered into with, or leases granted by, JTC, such as provisions requiring the lessee:

- (i) to pay a yearly rent to JTC;
- (ii) not to use or permit the Portfolio Property to be used otherwise than for such purposes as approved by JTC; and
- (iii) not to demise, assign, mortgage, let, sublet or underlet or grant a licence or part with or share the possession or occupation of the whole or part of the Portfolio Property without first obtaining JTC's prior written consent.

Compliance with the terms of such leases may restrict Sabana Industrial REIT's ability to respond to changing real estate market conditions, re-let a Portfolio Property to different tenants or perform asset enhancements. In addition, any current or future breaches of its land leases may require rectification.

In addition, properties held under leases from JTC are heavily regulated and subject to frequent introduction of new regulations by JTC and land allocation policies, including further measures by JTC to facilitate overall industrial land use planning and development needs in Singapore.

Such restrictions and regulations may have an adverse effect on Sabana Industrial REIT's financial condition and results of operations.

JTC has announced that all new leases from JTC as well as transfers of JTC properties by owners should give JTC the right to buy the relevant property should the owner decide to sell the property in the future.

In order to facilitate overall land use planning and development needs in Singapore, JTC has announced that new leases from JTC as well as transfers/assignments and lease renewals of JTC properties by owners should give JTC the right to buy the relevant property should the owner decide to sell the property in the future (excluding sale-and-leaseback transactions and mortgagee sales). JTC has imposed such right to buy on the REIT Trustee as a condition for the transfer of 8 Commonwealth Lane, 1 Tuas Avenue 4, 508 Chai Chee Lane, 30 & 32 Tuas Avenue 8, 33 & 35 Penjuru Lane, 123 Genting Lane, 18 Gul Drive, 34 Penjuru Lane, 26 Loyang Drive, 51 Penjuru Road, 10 Changi South Street 2, 3A Joo Koon Circle, 2 Toh Tuck Link, 21 Joo Koon Crescent, and 23 Serangoon North Avenue 5 to the REIT Trustee. According to the announcement, the reason behind this policy is that land in Singapore is scarce and the constant rejuvenation of land use is essential to optimise land use in Singapore. This policy may have an impact on Sabana Industrial REIT's ability to acquire properties under JTC leases or dispose of the properties that it owns in Singapore which are held under JTC leases.

RISKS RELATING TO INVESTING IN REAL ESTATE

Sabana Industrial REIT is exposed to economic and real estate market conditions (including increased competition in the real estate market or industrial properties market).

The Portfolio Properties are located in Singapore. As a result, Sabana Industrial REIT's gross revenue and results of operations depend on the performance of the Singapore economy. A decline in Singapore's economy could result in reduced demand for industrial space, adversely affecting Sabana Industrial REIT's results of operations and future growth. The performance of Sabana Industrial REIT may also be adversely affected by a number of local real estate market conditions, such as the competitiveness of competing industrial properties, an oversupply of industrial properties or a reduction in demand for industrial properties. In this regard, JTC has indicated that based on approved plans as at end December 2023, the supply of industrial properties in Singapore is expected to ramp up over the next few years, with about 2.0 million sqm of new industrial space expected to be completed in 2024, and a further 1.1 million sqm expected to be completed in 2025 and 2026. The increase in the supply of industrial space may result in an oversupply and result in increased competition and a decline in rental rates for Sabana Industrial REIT's Portfolio Properties.

In addition, while the Portfolio Properties are located in Singapore, Sabana Industrial REIT's future acquisitions may be located elsewhere in Asia, which exposes Sabana Industrial REIT to economic and real estate market conditions and changes in fiscal policies in such countries particularly as it does not have any experience acquiring properties outside of Singapore.

Sabana Industrial REIT may be adversely affected by the illiquidity of real estate investments.

Sabana Industrial REIT's investment strategy involves a higher level of risk, as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid. Such illiquidity may affect Sabana Industrial REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. Sabana Industrial REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Sabana Industrial REIT may face difficulties in securing timely and commercially favourable financing in future asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on Sabana Industrial REIT's financial condition and results of operations, with a consequential adverse effect on Sabana Industrial REIT's ability to fulfil its payment obligations under the Bonds.

Sabana Industrial REIT's Portfolio Properties or any part of them may be acquired compulsorily.

The Land Acquisition Act 1966 of Singapore gives the Singapore Government the power to acquire any land in Singapore:

- (i) for any public purpose;
- (ii) where the acquisition is of public benefit or of public utility or in the public interest; or
- (iii) for any residential, commercial or industrial purposes.

In the event that any of Sabana Industrial REIT's Portfolio Properties are acquired compulsorily, the compensation to be awarded would be based on, among other factors:

- (i) the market value of the Portfolio Property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette); or
- (ii) the market value of the Portfolio Property as at the date of publication in the Government Gazette of the declaration of intention to acquire.

In the event that the compensation paid in respect of the acquired Portfolio Property is less than its market value or no compensation is paid at all, such compulsory acquisitions would have an adverse effect on the revenue of Sabana Industrial REIT and the value of the Portfolio Properties.

Further, Sabana Industrial REIT may, in the future, acquire properties that are located in other countries. The laws of these countries may also provide for a right by the governments of these countries to compulsorily acquire any land or property with no compensation to the owner or with compensation which is below market value. Such compulsory acquisitions would have an adverse effect on the revenue of Sabana Industrial REIT and the value of such properties.

Sabana Industrial REIT's ability to fulfil its payment obligations under the Bonds may be adversely affected by increases in direct expenses and other operating expenses.

Sabana Industrial REIT's ability to fulfil its payment obligations under the Bonds may be adversely affected by increases in direct expenses (save for such expenses which Sabana Industrial REIT is not responsible for pursuant to the triple net lease arrangements and/or the master lease agreements) without a corresponding increase in revenue.

Factors which could lead to an increase in expenses include the following:

- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies, laws or regulations;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, Sabana Industrial REIT's Portfolio Properties which need to be rectified;
- expenses incurred for building improvement and remediation works in response to prevailing industry standards, evolving building codes and Environmental, Social and Governance guidelines and initiatives;
- increase in insurance premium; and
- increase in cost of utilities.

The cost of acquisition of new properties may rise due to the increase in Buyer's Stamp Duty.

Sabana Industrial REIT may acquire new properties in the future. As announced in 2023, the Government raised the Buyer's Stamp Duty ("BSD") for higher value non-residential properties. A new marginal BSD rate of 4% now applies to the portion of the property value above S\$1 million and up to S\$1.5 million; and 5% applies to the portion of the property value above S\$1.5 million. This is expected to raise the total acquisition cost, especially for higher value industrial properties which Sabana Industrial REIT may acquire, which may in turn adversely affect Sabana Industrial REIT's financial condition and results of operations.

The net income earned from, and the value of, Sabana Industrial REIT's Portfolio Properties may be adversely affected by a number of factors.

The net income earned from, and the value of, Sabana Industrial REIT's Portfolio Properties, and consequently Sabana Industrial REIT's financial condition and results of operations, may be adversely affected by a number of factors, including:

- the Property Manager's ability to collect rent from the tenants or the Master Lessees on a timely basis or at all;
- the amount and extent to which Sabana Industrial REIT is required to grant rental rebates to the tenants or the Master Lessees due to market pressure;
- defects affecting Sabana Industrial REIT's Portfolio Properties which could affect the operations of lessees, tenants and/or sub-tenants resulting in the inability of such lessees, tenants and/or sub-tenants to make timely payments of rent or at all and which in the instance of a Portfolio Property which is master leased, affect the Master Lessees' ability to pay their rents pursuant to the master lease agreements;
- the amount and extent to which Sabana Industrial REIT grants waiver of penalty on late payment of rent to the tenants or the Master Lessees;

- the tenants or the Master Lessees seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the lease, or which could hinder or delay the re-letting of the space in question or the sale of the relevant Portfolio Property;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for industrial space, changes in market rental rates and operating expenses for Sabana Industrial REIT's Portfolio Properties);
- vacancies following the expiry or termination of leases that lead to reduced occupancy rates;
- new and renewed tenancies that are agreed being less favourable than those under current tenancies;
- the REIT Manager's ability to provide adequate management and maintenance, or to purchase or put in place adequate insurance;
- competition for users from other industrial properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges or the introduction of further restrictions due to property cooling measures. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the Portfolio Properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
- acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, natural disasters and other events beyond the control of Sabana Industrial REIT or the REIT Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. Sabana Industrial REIT's business and income available to fulfil its payment obligations under the Bonds may be adversely affected should such events occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Portfolio Properties and hence Sabana Industrial REIT's income available to fulfil its payment obligations under the Bonds.

RISKS RELATING TO THE BONDS

Unless otherwise defined herein, terms capitalised in this section "***Risks Relating to the Bonds***" shall have the same meanings given to them in the section entitled "***Terms and Conditions of the Bonds***". All references to a "**Condition**" are to a condition under the Bonds and all references to a "**Clause**" are to a clause in the Trust Deed.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The Bonds may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics.

Although the Bonds will be issued as sustainability-linked securities, where the Step-Up Rate of Interest (as defined in Condition 22 (*Definitions*) of the Bonds) will be payable by the Issuer if the Sustainability Performance Target is not met (as further set out in Condition 5(b)(i) (*Step-Up Rate of Interest*) of the Bonds), the Bonds may not satisfy, whether in whole or in part, an investor's expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply with, or any future legal, quasi legal or other standards for investment in assets with sustainability characteristics. In particular, the Bonds are not being marketed as "green bonds", "social bonds" or "sustainability bonds" as the proceeds from the issue of the Bonds will be used for general corporate purposes, including repayment of outstanding borrowings and capital expenditures. The Issuer does not commit to (i) allocate the proceeds specifically to projects or business activities meeting sustainability criteria or (ii) be subject to any other limitations or requirements that may be associated with green bonds, social bonds or sustainability bonds in any particular market.

In addition, the Step-Up Rate of Interest in respect of the Bonds depends on the definition of the Sustainability Performance Target (as defined in Condition 22 (*Definitions*) of the Bonds), that may be inconsistent with investor requirements or expectations or other definitions relevant to renewable energy and/or greenhouse gas emissions. Prospective investors in the Bonds should carefully consider the information contained in this Information Memorandum and must determine for themselves the relevance of such information for the purpose of any investment in the Bonds, together with any other investigation such investor deems necessary.

Under Condition 5(b)(i) (*Step-Up Rate of Interest*) of the Bonds, the Issuer will need to fulfil the Sustainability Performance Target as at the date of issue of the Verification Report (as defined in Condition 22 (*Definitions*) of the Bonds).

If the Issuer fails to fulfil the Sustainability Performance Target as at the date of issue of the Verification Report, this will constitute a Step-Up Event as further described in Condition 5(b)(i) (*Step-Up Rate of Interest*) of the Bonds. Following the occurrence of a Step-Up Event, the Issuer will be obliged to pay the Step-Up Rate of Interest on the Bonds commencing from the eighth Interest Payment Date (as defined in the Conditions).

Nevertheless, investors should be aware that neither such a Step-Up Event, nor such increase to the Step-Up Rate of Interest, will constitute an event of default under the Bonds, nor will the Issuer be required to repurchase or redeem any Bonds in such circumstances by reason only of such failure to meet the Sustainability Performance Target or, as the case may be, the occurrence of such Step-Up Event.

Although the Issuer intends to report periodically on performance against the Sustainability Performance Target, failure of such reporting would not in and of itself be a breach of obligations under the Bonds, nor would the Issuer be obliged to repurchase or redeem the Bonds.

There is no restriction on the use of proceeds of the issue of the Bonds.

Investors should note that the proceeds arising from the Bonds are not used exclusively for any green or sustainable project, and can be used to finance any of the purposes set out in the section entitled “**Use of Proceeds**”, including to refinance the existing borrowings of the Issuer.

The net proceeds of the Bonds will not be allocated specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with “Green”, “Social”, “Sustainable”, “Sustainability-linked”, “Transition” or equivalently labelled bonds.

There is currently no market consensus on what precise attributes are required for a particular project, activity or performance target to be defined as “Green”, “Social”, “Sustainable”, “Sustainability-linked” or “Transition”, and therefore no assurance is or can be given to investors by the Issuer, the REIT Manager, the Guarantor, the Joint Lead Managers or the External Verifier (as defined in the Conditions) that the Bonds will meet any or all investor expectations regarding environmental or social performance, the Bonds or the Sustainability Performance Target qualifying as “Green”, “Social”, “Sustainable”, “Sustainability-linked” or “Transition” or that any adverse environmental, social and/or other impacts will not occur in connection with the Issuer striving to achieve the Sustainability Performance Target or the use of the net proceeds from the offering of Bonds.

Risks associated with third-party opinions and reports issued in connection with the Bonds.

The Issuer’s website, any information on or accessible through the Issuer’s website, the information in the Sustainability-Linked Finance Framework, any past or future Verification Report or any other such opinions and reports are not incorporated by reference in nor form part of this Information Memorandum and should not be relied upon in connection with making any investment decision with respect to the Bonds. The second party opinion, any agreed-upon-procedures certificate and any further assurance statement or second party opinion that may be issued (collectively the “**Assurance Reports**”) may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds. The Assurance Reports are not a recommendation to buy, sell or hold securities and are only current as of the date that they were initially issued. The Assurance Reports are for information purposes only and neither the Issuer, the REIT Manager, the Group, the Joint Lead Managers nor the person issuing the Assurance Reports accepts any form of liability for the substance of such Assurance Reports and/or any liability for loss arising from the use of such Assurance Reports and/or the information provided therein.

The Issuer’s Sustainability Performance Target has been tailored to its business, operations and capabilities, and it does not easily lend itself to benchmarking against similar sustainability performance targets, and the related performance, of other issuers.

Failure to meet the Sustainability Performance Target or any similar sustainability performance targets would result in increased interest payments and could expose the Issuer to reputational risks.

There can be no assurance from the Issuer, the REIT Manager or the Joint Lead Managers as to the extent to which the Issuer will be successful in meeting the Sustainability Performance Target, or that any future investments it makes in furtherance of meeting the Sustainability Performance Target or other similar sustainable performance targets will, whether in whole or in part, meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations, or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. The Joint Lead Managers have not undertaken, nor are responsible for, any assessment of the Sustainability Performance Target or monitoring the ability of the Issuer to meet the Sustainability Performance Target.

If the Issuer fails to fulfil the Sustainability Performance Target as at the date of issue of the Verification Report, this will not only result in increased interest payments under the Bonds as further elaborated in Condition 5(b)(i) (*Step-Up Rate of Interest*) of the Bonds, but could also harm the Issuer’s reputation, the consequences of which could, in each case, have a material adverse effect on the Issuer, Sabana Industrial REIT and their respective business prospects, financial condition or results of operations.

The Issuer has the ability and autonomy to calculate its Key Performance Indicators (“KPIs”).

The Issuer calculates its KPI as described under the section entitled “***Description of the Sustainable and Sustainability-Linked Finance Framework – (C) Selection of Key Performance Indicator (KPI)***”.

Though subject to review/assurance by an External Verifier, these evaluations are made internally, i.e. by the Issuer itself, based on broadly accepted standards and reported externally. The standards and guidelines on which such KPIs are based may change over time. Accordingly, investors should be aware that there is no assurance that the way in which the Issuer calculates its KPIs will not change over time.

The Sustainability Performance Target and/or the Baseline may change during the life of the Bonds.

Under Condition 5(b)(iii) (*Recalculation Event*) of the Bonds, the Sustainability Performance Target and/or the Baseline may be recalculated in good faith by the Issuer in the event of any Recalculation Event. Any such recalculation may increase the amount of Absolute Scope 2 GHG Emission comprising the Sustainability Performance Target or the Baseline, and, therefore, increase the total volume of Absolute Scope 2 GHG Emission that may be produced by the Issuer while still being able to satisfy the Sustainability Performance Target and avoid the occurrence of a Step-Up Event. Any such recalculation shall be notified by the Issuer to the Guarantor, the Trustee, the Agents and the Bondholders in accordance with Condition 15 (*Notices*) of the Bonds. Any such recalculation may impact, positively or negatively, the ability of the Issuer to satisfy the Sustainability Performance Target, which could in turn adversely affect the market price of the Bonds.

There is no existing trading market for the Bonds and an active trading market may not develop.

The Bonds are a new issue of securities for which there is currently no existing trading market. Although approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST, there is no guarantee that the Issuer will be able to obtain or maintain such listing or that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds, or the price at which Bondholders will be able to sell their Bonds. Neither Joint Lead Manager is obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of such Joint Lead Manager. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Bonds. If an active trading market for the Bonds does not develop or is not maintained, the market price and liquidity of the Bonds may be adversely affected. Even if an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price at which the Bonds are issued. Investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Even if there is a secondary market, there can be no assurance that any secondary market activities will be continuous or regular.

Future trading prices of the Bonds will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- Sabana Industrial REIT’s results of operations and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in Sabana Industrial REIT’s industry and competition; and
- general market, financial and economic conditions.

The Trustee’s ability to accelerate the Bonds is limited pursuant to the terms of the Trust Deed.

Under the terms of the Trust Deed, the Trustee has agreed with CGIF that it shall not take steps to declare any Bond to be or become immediately due and payable except in limited circumstances.

Unless the prior written consent of CGIF is obtained, these circumstances are strictly limited to the failure by CGIF to make payment of a Guaranteed Amount in accordance with the CGIF Guarantee such that a Non-Payment Event has occurred and is continuing (a “**Guaranteed Party Acceleration**”).

In particular, potential investors should be aware that apart from a Guaranteed Party Acceleration, the Trustee is not permitted under the Conditions to take steps to declare any Bond to be or become immediately due and payable if an Event of Default has occurred and is continuing without the prior written consent of CGIF. If the Trustee takes such acceleration step in contravention of the aforementioned provision, the Guarantor shall not be required to pay any amounts in respect of such acceleration step.

In certain circumstances, including, without limitation, the giving of a Guaranteed Party Acceleration Notice to the Guarantor pursuant to Clause 3.3 (*Acceleration*) of the Trust Deed and taking enforcement steps pursuant to Condition 10(d) (*Events of Default*) of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the Conditions or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

The market value of the Bonds may be subject to fluctuation.

Trading prices of the Bonds may be influenced by numerous factors, including (i) the market for similar securities, (ii) the respective operating results and/or financial condition of the Issuer, Sabana Industrial REIT, the Group and/or their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any), and (iii) political, economic, financial and any other factors that can affect the capital markets, the industry and the Issuer, Sabana Industrial REIT, the Group, their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, Sabana Industrial REIT, the Group, their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any) operate or have business dealings could have a material adverse effect on the business, financial performance and financial condition of the Issuer, Sabana Industrial REIT, the Group, their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any) and the market value of the Bonds. As a result, the market price of the Bonds may be above or below the Issue Price. Any such developments may also result in large and sudden changes in the market price of the Bonds, and there can be no assurance that these developments will not occur in the future.

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Bonds.

An investment in the Bonds is subject to interest rate risk.

Bondholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Bonds are securities which, subject to the Conditions, pay a fixed interest amount and upon redemption of the Bonds, pay a fixed redemption amount. Such securities may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds. The market value of the Bonds may be similarly affected which may result in a capital loss for Bondholders. Conversely, when interest rates fall, the prices of the Bonds and the prices at which the Bonds trade may rise. Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

An investment in the Bonds is subject to inflation risk.

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders may have an anticipated real rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual real returns.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Bondholders are bound by decisions of defined majorities in respect of any modification and waivers.

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Bondholders may be adverse to the interests of the individual Bondholders.

Also, Condition 12(b) (*Modification and waiver*) of the Bonds provides that the Trustee may, with the consent of CGIF but without the consent of the Bondholders, agree (but shall not be obliged to agree) (i) to any modification of the Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) if such modification will not be materially prejudicial to the interests of Bondholders; and (ii) to any modification of the Bonds, the Conditions, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or which is necessary to comply with mandatory provisions of law.

In addition, the Trustee may, with the consent of CGIF but without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Conditions, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if the interests of the Bondholders will not be materially prejudiced thereby, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 10 (*Events of Default*) of the Bonds.

Credit ratings may not reflect all risks and the credit ratings assigned to the Bonds may be lowered or withdrawn in the future.

Credit ratings may not reflect all risks and any downgrade in credit ratings may affect the market price of the Bonds.

The Bonds are expected to be rated AA by S&P. The credit ratings address the Issuer's and the Guarantor's ability to perform their obligations under the Bonds and credit risks in determining the likelihood that payments will be made when due under the Bonds. A credit rating is not a recommendation to buy, sell or hold the Bonds, and may be subject to revision, suspension or withdrawal at any time. Further, the credit ratings may not reflect the potential impact of all risks that may affect the value of the Bonds including those relating to the structure of the Bonds or the CGIF Guarantee, market conditions and the factors discussed in this section. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant credit rating agency if in its judgment circumstances in the future so warrant. None of the Issuer, the REIT Manager and the Guarantor has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Bonds will be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the Depository.

The Bonds will be represented by the Global Certificate. The Global Certificate will be deposited with or registered in the name of the Depository. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates.

The Depository will maintain records of their accountholders in relation to the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Depository.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the Depository, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the Depository. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Depository to receive payments under the Bonds. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Depository to appoint appropriate proxies.

The performance of contractual obligations by the Issuer is dependent on other parties.

The ability of the Issuer to make payments in respect of the Bonds may depend upon the due performance by the other parties to the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee and/or any of the Agents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Bonds, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Bondholders.

Bondholders are exposed to financial risks.

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer, Sabana Industrial REIT and/or the Group. In the event that the Issuer, Sabana Industrial REIT and/or the Group suffers a deterioration in its or their financial condition (such as a serious decline in net operating cash flows), there is no assurance that the Issuer will have sufficient cash flow to meet payments under the Bonds. Under such circumstances, the ability of the Issuer to meet payment expectations under the Trust Deed and the Bonds may be adversely affected. The Issuer may be unable to make interest payments, where applicable, or principal repayments under the Bonds should the Issuer, Sabana Industrial REIT and/or the Group suffer serious decline in net operating cash flows.

Exchange rate risks and exchange controls may result in Bondholders receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Bonds in Singapore dollars. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Singapore dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of Singapore dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Singapore dollars would decrease (i) the Investor's Currency equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Bondholders may be subject to Singapore taxation.

The Bonds are intended to be "qualifying debt securities" defined under the Income Tax Act 1947 of Singapore ("**ITA**"), subject to the fulfilment of certain conditions described in the section entitled "**Singapore Taxation**". However, there is no assurance that such Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition of the Bonds. See the section entitled "**Singapore Taxation**" for certain Singapore tax consequences.

The Issuer may be unable to pay interest or redeem the Bonds.

On certain dates, including at maturity of the Bonds, if the Issuer has or will become obliged to pay certain taxes or in the event of a CGIF Acceleration, the Issuer may, and at maturity, will, be required to pay interest on, and/or redeem, all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash on hand (whether due to a serious decline in net operating cash flows or otherwise)

and may not be able to arrange financing to make such payment or redeem the Bonds in time, or on acceptable terms, or at all. The Issuer's ability to make interest payments or redeem the Bonds in such event may also be dependent on the receipt by the Trustee of the relevant Guaranteed Amounts (as defined herein) from the Guarantor and may be limited by the terms of other debt instruments. Failure by the Issuer to pay interest on the Bonds or to pay any amount of principal in respect of the Bonds on the scheduled redemption at maturity or on an early redemption would constitute an Event of Default, which may also constitute a default under the terms of other indebtedness of the Group.

Enforceability of Arbitral Awards.

The Trust Deed, the Agency Agreement and the Bonds are governed by Singapore law whilst the CGIF Guarantee is governed by English law and the parties have agreed that any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Conditions (which includes Condition 17(b) (*Governing Law, Arbitration and Jurisdiction - Arbitration*) of the Bonds), the Bonds, the Trust Deed, the Agency Agreement and the CGIF Guarantee are subject to arbitration in Singapore under the SIAC Arbitration Rules.

CGIF is established by the Association of Southeast Asian Nations members, China, Japan, Korea (the "CGIF Member Countries") and the Asian Development Bank as a key component of the Asian Bond Markets Initiative. A substantial part of CGIF's assets is located outside of Singapore. Therefore, even though the Trustee may obtain an arbitral award in Singapore against CGIF in arbitration proceedings (an "Award") and the Award may be enforced in Singapore in the same manner as a judgment or order to the same effect, CGIF may not have sufficient assets in Singapore to satisfy the Award.

In this regard, pursuant to Article 2.2 of CGIF's Articles of Agreement, CGIF may only undertake its functions within the CGIF Member Countries and all CGIF Member Countries are parties to the New York Convention. Accordingly, any arbitral award obtained in a state which is party to the New York Convention should be recognised and enforceable in all CGIF Member Countries provided the conditions for enforcement set out in the New York Convention are met and certain conditions and requirements under the applicable laws of the relevant jurisdictions relating to such enforcement are complied with.

The Bonds are not secured.

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future. Accordingly, on a winding-up or insolvency of the Issuer, the Bondholders will not have recourse to any specific assets of the Issuer or its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Bonds owed to the Bondholders. There can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Bonds, to discharge all outstanding payment and other obligations under the Bonds owed to the Bondholders.

Application of Singapore insolvency and related laws to the Issuer and/or Sabana Industrial REIT may result in a material adverse effect on the Bondholders.

There can be no assurance that the Issuer and/or Sabana Industrial REIT will not become bankrupt, unable to pay its debt or insolvent or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, it is unclear whether certain provisions of Singapore insolvency and related laws applicable to companies can be applied to real estate investment trusts and business trusts. Application of these laws may have a material adverse effect on the Bondholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Bondholders.

Where the Issuer or Sabana Industrial REIT is insolvent or close to insolvent and the Issuer and/or Sabana Industrial REIT (as the case may be) undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer and/or Sabana Industrial REIT (as the case may be). It may also be possible that if a company related to the Issuer and/or Sabana Industrial REIT (as the case may be) proposes a creditor scheme of arrangement and obtains an order for a

moratorium, the Issuer and/or Sabana Industrial REIT (as the case may be) may also seek a moratorium even if the Issuer and/or Sabana Industrial REIT (as the case may be) is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer and/or Sabana Industrial REIT (as the case may be), the need to obtain court permission and (in the case of judicial management) the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Bondholders may be made subject to a binding scheme of arrangement where the majority in number (or such number as the court may order) representing at least 75% in value of creditors and the court approve such scheme. In respect of such schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing at least 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenario, Bondholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the "IRD Act") was passed in the Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, a debenture. However, it may apply to other related contracts that are not found to be directly connected to the Bonds.

Enforcing Bondholders' rights under the Bonds or the CGIF Guarantee across multiple jurisdictions may be difficult.

The Bonds will be issued by the Issuer, which is incorporated under Singapore law, and guaranteed by the CGIF, which is a trust fund established under public international law. The CGIF Guarantee is governed by English law. In the event of a bankruptcy, insolvency or similar event, different proceedings could be initiated in Singapore and elsewhere. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and may result in greater uncertainty and delay regarding the enforcement of the rights of Bondholders.

Bondholders' rights under the CGIF Guarantee will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Bondholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings.

Furthermore, the bankruptcy, insolvency, administrative and other laws of Singapore may be materially different from, or be in conflict with, each other and those with which Bondholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether the laws of any particular jurisdiction should apply, adversely affect Bondholders, and their ability to enforce their rights under the CGIF Guarantee in the relevant jurisdiction or limit any amounts that Bondholders may receive.

Enforcement against the REIT Trustee is subject to limitations.

The Bonds are issued by the REIT Trustee and not Sabana Industrial REIT, as the latter is not a legal entity. Bondholders should note that under the terms of the Bonds, Bondholders shall only have recourse in respect of the Bonds to the assets of Sabana Industrial REIT over which the REIT Trustee, in its capacity as trustee of Sabana Industrial REIT, has recourse, and shall not extend to any personal assets of HSBC Institutional Trust Services (Singapore) Limited nor any other assets held by HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of any other trust. Furthermore, Bondholders do not have direct access to the assets of Sabana Industrial REIT but may only have recourse to such assets through the REIT Trustee and if necessary seek to subrogate the REIT Trustee's right of indemnity out of the assets of Sabana Industrial REIT. Accordingly, any claim of the Bondholders to such assets is

derivative in nature. A Bondholder's right of subrogation could be limited by the REIT Trustee's right of indemnity under the REIT Trust Deed. Bondholders should also note that such right of indemnity of the REIT Trustee may be limited or lost by virtue of fraud, gross negligence, wilful default of the REIT Trustee or breach of the REIT Trust Deed by the REIT Trustee.

In this regard, the Trust Deed, the Agency Agreement and the Bonds (the "**Relevant Documents**") provide that any liability of or indemnity given by the REIT Trustee under the Relevant Documents is limited to the assets of Sabana Industrial REIT over which HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of Sabana Industrial REIT has recourse and shall not extend to any personal assets of HSBC Institutional Trust Services (Singapore) Limited, or any assets held by HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of any other trust. They also provide that the foregoing shall not restrict or prejudice the rights or remedies of any of the other parties to the Relevant Documents under law or equity in connection with any gross negligence, wilful default, fraud or breach of the REIT Trust Deed by the REIT Trustee.

RISKS RELATING TO THE GUARANTOR AND THE CGIF GUARANTEE

Other than the principal amount, scheduled interest and certain other amounts, not all amounts due in respect of the Bonds are guaranteed by CGIF.

Pursuant to the terms of the CGIF Guarantee, CGIF shall unconditionally and irrevocably guarantee to the Trustee, on behalf of the Bondholders, the full and punctual payment of each Guaranteed Amount. For the purposes of the CGIF Guarantee, "**Guaranteed Amount**" means:

- any Principal Amount and any Scheduled Interest (each as defined in the CGIF Guarantee) which is overdue and unpaid (whether in whole or in part) by the Issuer under the Conditions and the Trust Deed;
- any Additional Accrued Interest (as defined in the CGIF Guarantee); and
- any Trustee Expenses (as defined in the CGIF Guarantee).

A Guaranteed Amount does not include any increased costs, tax-related indemnity (but for the avoidance of doubt includes any additional amounts required to be paid to the Bondholders due to a tax deduction and the operation of Condition 8 (*Taxation*) of the Bonds and includes any additional amounts required to be paid to the Trustee or the Agents due to (i) a tax deduction or withholding and/or the operation of Clause 5.1 (Stamp Duties) of the Trust Deed or Clause 17.3 (Taxes and Duties) of the Agency Agreement, provided that the Guaranteed Amount will only include the original amount which would have been due from the Issuer if no tax withholding or deduction were required), default interest, fees or any other amounts other than any Principal Amount, any Scheduled Interest, any Additional Accrued Interest and any Trustee Expenses payable by the Issuer to the Trustee or any Bondholders.

The obligations of the Guarantor under the CGIF Guarantee are secondary obligations only.

The CGIF Guarantee is governed by English law. Under English law generally, the liability of a guarantor (in this case, the Guarantor) is ancillary, or secondary, to that of the principal debtor (in this case, the Issuer), in the sense that the principal debtor remains primarily liable to creditors (in this case, the Trustee, on behalf of itself and the Bondholders) and the guarantor's liability depends upon the continued existence and validity of the principal debtor's liability. The Guarantor's liability under the CGIF Guarantee is therefore co-extensive with that of the Issuer. Consequently, and in the absence of agreement to the contrary, a guarantor's liability will normally be extinguished if the principal debtor's obligation is void or unenforceable, has not yet arisen or has been released, or if a defence or right of set-off is available to the principal debtor.

Accordingly, English law guarantees in debt capital markets transactions customarily include provisions:

- aimed at protecting creditors by preserving a guarantor's liability in circumstances where it would otherwise be discharged, for example, in the event of any unenforceability, illegality or invalidity of any obligation of any person under any of the bond documents (such as a trust deed, agency agreement or guarantee) or any other document or security ("**Protective Provisions**"); and

- to the effect that the guarantor shall be liable as if it were the principal debtor and not merely a surety, and an indemnity, to provide that the guarantor will be liable as a primary obligor in the event that the original guaranteed obligations were to be set aside for any reason (“**Co-Principal Debtor Provisions**”).

Potential investors should therefore be aware that while the CGIF Guarantee does provide for certain customary Protective Provisions whereby the Guarantor’s liability is preserved (and shall remain in force) notwithstanding any act, omission, event or thing of any kind which, but for the Protective Provisions, would reduce, release or prejudice any of the Guarantor’s obligations, neither the CGIF Guarantee nor the Trust Deed contains any Co-Principal Debtor Provisions. See “**Appendix A: Form of CGIF Guarantee**”.

Accordingly, in the event that the Issuer’s obligations under the Bonds, the Trust Deed and/or the Agency Agreement (i.e., the primary obligations which are the subject of the CGIF Guarantee) cease to exist in circumstances that are not contemplated by the Protective Provisions, the Trustee may not be able to make a claim under the CGIF Guarantee for any Guaranteed Amount in the event of a failure by the Issuer to meet its obligations under the Bonds (including, without limitation, a Missed Payment Event).

CGIF has the right to require the Issuer to redeem the Bonds following a CGIF Acceleration.

Prospective investors should be aware that the Bonds may be redeemed in certain circumstances at the election of CGIF. At any time following the occurrence of a CGIF Acceleration, CGIF may at its discretion, on giving not less than seven (7) nor more than fifteen (15) days’ notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so CGIF may, give notice to the Bondholders, the Trustee and the Principal Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable).

A “**CGIF Acceleration**” occurs if:

- an Issuer Event of Default (as defined in the Conditions) has occurred; or
- a Missed Payment Event or a Mandatory Redemption Missed Payment Event (each as defined in the Conditions) has occurred and is continuing and irrespective of whether or not CGIF has already paid any Guaranteed Amounts in respect of such Missed Payment Event or, as the case may be, Mandatory Redemption Missed Payment Event; or
- any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of CGIF as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be; and

CGIF has delivered a CGIF Acceleration Notice (substantially in the form of Schedule 5 to the Trust Deed (*Form of CGIF Acceleration Notice*)) to the Trustee in accordance with the Trust Deed.

The CGIF Acceleration Notice will, among other things, contain a written confirmation that CGIF will pay all unpaid Guaranteed Amounts.

Obligations of CGIF do not constitute an obligation of the Asian Development Bank.

The obligations of CGIF under the CGIF Guarantee do not constitute an obligation of the Asian Development Bank or any other contributors to CGIF. Bondholders recourse to CGIF under the CGIF Guarantee and any Bond Document (as defined in the Trust Deed) is therefore limited solely to the assets of CGIF, which are all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF (as defined in the Conditions) and available from time to time to meet the liabilities of CGIF (“**CGIF Assets**”) and Bondholders have no recourse to any assets of the Asian Development Bank or any other contributors to CGIF. For the avoidance of doubt, CGIF Assets do not include any assets of the Asian Development Bank or any other contributors to CGIF. Notwithstanding any other provisions under the CGIF Guarantee or any Bond Document (as defined in the Trust Deed), neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Trustee in connection with the operation of CGIF or under the CGIF Guarantee or any Bond Document (as defined in the Trust Deed) or any other Guarantee Document (as defined in the CGIF Guarantee). Neither Bondholders nor the Trustee on the Bondholders’ behalf may bring any actions against the Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents in connection with the CGIF Guarantee.

DEFINITIONS

The following definitions have, where appropriate, been used in this subsection entitled “**RISK FACTORS – RISKS RELATING TO SABANA INDUSTRIAL REIT’S OPERATIONS**”:

“ AEI ”	:	Asset enhancement initiatives.
“ Aggregate Leverage ”	:	As defined in the Property Funds Appendix.
“ CIS Code ”	:	Code on Collective Investment Schemes issued by MAS, as amended or modified from time to time.
“ CMS Licence ”	:	Capital market services licence.
“ Deposited Property ”	:	All the assets of Sabana Industrial REIT, including all the properties and all the authorised investments of Sabana Industrial REIT for the time being held or deemed to be held upon the trusts under the REIT Trust Deed.
“ Extraordinary Resolution ”	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the REIT Trust Deed.
“ EGM ”	:	Extraordinary General Meeting
“ FY ”	:	Financial year ended or ending 31 December.
“ JTC ”	:	Jurong Town Corporation.
“ Latest Practicable Date ”	:	31 March 2024.
“ Listing Manual ”	:	The Listing manual of the SGX-ST.
“ MAS ”	:	Monetary Authority of Singapore.

“Master Leases” and each, a “Master Lease”	:	The master leases between the REIT Trustee and VWR Singapore Pte. Ltd. (in relation to 18 Gul Drive), Avnet Asia Pte Ltd (in relation to 26 Loyang Drive), GDMC Pte. Ltd. (in relation to 30 & 32 Tuas Avenue 8) and Deluge Corporation Pte. Ltd. (in relation to 21 Joo Koon Crescent).
“Master Lessees” and each, a “Master Lessee”	:	The master lessees of the Portfolio Properties.
“NAV”	:	Net asset value.
“Ordinary Resolution”	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the REIT Trust Deed.
“Portfolio Properties” and each, a “Portfolio Property”	:	The properties comprising New Tech Park at 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 1 Tuas Avenue 4, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 33 & 35 Penjuru Lane, 18 Gul Drive, 34 Penjuru Lane, 51 Penjuru Road, 26 Loyang Drive, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 30 & 32 Tuas Avenue 8, 39 Ubi Road 1 and 21 Joo Koon Crescent.
“Property Funds Appendix”	:	Appendix 6 of the CIS Code.
“Property Manager”	:	Sabana Property Management Pte. Ltd., as property manager of Sabana Industrial REIT.
“REIT”	:	Real estate investment trust.
“S\$” and “cents”	:	Singapore dollars and cents respectively.
“Sabana Industrial REIT”	:	Sabana Industrial Real Estate Investment Trust, a real estate investment trust established in Singapore and constituted by the REIT Trust Deed.
“REIT Manager”	:	Sabana Real Estate Investment Management Pte. Ltd., in its capacity as manager of Sabana Industrial REIT.
“REIT Trust Deed”	:	The deed of trust dated 29 October 2010 constituting Sabana Industrial REIT, as amended and/or restated 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, and as further amended, supplemented and/or varied from time to time.
“REIT Trustee”	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Industrial REIT.
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.

“Singapore”	:	Republic of Singapore.
“Singapore Government”	:	The government of the Republic of Singapore.
“Sponsor”	:	ESR Group Limited.
“sqm”	:	Square metre.
“Unitholders”	:	The unitholders of Sabana Industrial REIT.
“United States” or “US”	:	United States of America.
“1Q2024”	:	The first quarter ended 31 March 2024.
“%”	:	Per cent.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Bonds. All references to a “Condition” are to a condition in the Terms and Conditions of the Bonds.

The S\$100,000,000 in aggregate principal amount of 4.15 per cent. sustainability-linked guaranteed bonds due 2029 (the “**Bonds**”) of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**”)) (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed (as amended, restated, replaced or supplemented from time to time, the “**Trust Deed**”) dated 25 June 2024 between (1) the Issuer, as issuer, (2) Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, as guarantor (“**CGIF**” or the “**Guarantor**”) and (3) The Bank of New York Mellon, Singapore Branch, as trustee for the holders of the Bonds (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons which are for the time being the trustee or trustees appointed under the Trust Deed), and are the subject of a guarantee agreement dated on or about 25 June 2024 (as amended, restated, replaced or supplemented from time to time, the “**CGIF Guarantee**”) between the Guarantor and the Trustee.

Certain provisions of these terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the CGIF Guarantee and the Trust Deed, which includes the form of the Bonds in definitive form, and which also includes provisions which are not summarised herein. The Bonds are issued with the benefit of a deed of covenant (the “**Deed of Covenant**”) dated 25 June 2024 executed by the Issuer relating thereto. Payments in respect of the Bonds will be made pursuant to an agency agreement (the “**Agency Agreement**”) dated 25 June 2024 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”, which expression shall include such other issuing and paying agent as may be appointed by the Issuer from time to time under the Agency Agreement), registrar (in such capacity, the “**Registrar**”, which expression shall include such other registrar as may be appointed by the Issuer from time to time under the Agency Agreement) and transfer agent (in such capacity, the “**Transfer Agent**”, which expression shall include such other transfer agent as may be appointed by the Issuer from time to time under the Agency Agreement) and (4) the Trustee.

Copies of the Trust Deed, the CGIF Guarantee, the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours at the principal office of the Trustee (presently at One Temasek Avenue, #02-01, Millenia Tower, Singapore 039192) and at the specified offices of the Issuing and Paying Agent for the time being and the other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Issuing and Paying Agent), the Registrar and any Transfer Agents. “**Agents**” means the Issuing and Paying Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the CGIF Guarantee and the Deed of Covenant and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in the Conditions will have the meanings given to them in the Trust Deed.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Bonds are issued in registered form in the specified denomination of S\$250,000.
- (ii) The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall be numbered serially and represent the entire holding of Bonds by the same holder (as defined below).

(b) **Title**

- (i) Title to the Bonds shall pass by transfer and registration in the register that is to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notation of ownership, trust or any other interest in it, any writing on the Certificate relating to it (other than the endorsed form of transfer) or any notice of the theft, loss or forgery of such Certificate and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Bonds is represented by the Global Certificate (as defined in the Trust Deed) and the Global Certificate is registered in the name of the Depository (as defined in the Trust Deed), each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Bonds (in which regard any certificate or other document issued by the Depository as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee, the Paying Agents, the Transfer Agent and the Registrar as the holder of such principal amount of such Bonds standing to the credit of its securities account for all purposes (including, but without limitation, for the purpose of giving notices under Condition 15) other than with respect to the payment of principal, premium, interest, redemption, purchase and/or any other amounts which accrue or are otherwise payable by the Issuer through the Depository in respect of such Bonds, for which purpose the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Trustee, the Paying Agents, the Registrar and the Transfer Agent as the holder of such principal amount of such Bonds in accordance with and subject to the terms of the Global Certificate (and the expressions “**Bondholder**”, “**holder of Bonds**” and “**holder**” and related expressions shall be construed accordingly). Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.
- (iv) In these Conditions, “**Bondholder**” or “**holder of any Bond**” or “**holder**” means the person in whose name a Bond is for the time being registered in the Register (or, in the case of joint holders, the first named thereof).

2. Transfers of Bonds

(a) **Transfer of Registered Bonds**

Subject to Conditions 2(c) and 2(d) below, one or more Bonds may be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. No transfer of title to any Bond will be valid or effective unless and until entered on the Register. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, each Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request.

(b) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s) for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, a gazetted public holiday, or a day on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfers or Exercise Free of Charge**

Transfers of Bonds and Certificates on registration, transfer or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the Bondholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Bondholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(d) **Closed Periods**

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal or interest in respect of the Bonds, (ii) after any such Bond has been called for redemption, or (iii) during the period of seven days ending on (and including) any Record Date (as defined below).

(e) **Regulations concerning transfers and registration**

All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The Issuer, with the prior written approval of the Registrar, each Transfer Agent and the Trustee, may, without the consent of the Bondholders, modify the regulations concerning the transfer of Bonds. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder who requests in writing a copy of such regulations.

3. Status and Guarantee

(a) **Status:** The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

(b) **Guarantee of the Bonds:** The payment obligations of the Issuer under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

The CGIF Guarantee does not cover any relevant amounts of principal or accrued but unpaid interest that become payable by the Issuer on the exercise by it of an early redemption option, including as a result of the Issuer's redemption for tax reasons (Condition 6(b)). In order to mitigate any risk of the Issuer not paying the relevant amount of principal and/or accrued but unpaid interest arising out of or in connection with the Issuer exercising any of its rights of early redemption, the Issuer, in exercising its rights for redemption for tax reasons, is required to, not less than one Business Day prior to the publication of any notice of redemption in relation to redemption for tax reasons under Condition 6(b), transfer to a Singapore Dollar account maintained by the Issuing and Paying Agent for the benefit of the Bondholders an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

(c) **Limitation on the Guarantor's Liabilities**

- (i) The recourse of the Bondholders against CGIF in respect of the CGIF Guarantee is limited solely to the CGIF Assets. By its holding of a Bond each Bondholder will be deemed to acknowledge and accept that it, and the Trustee on its behalf, only has recourse to the CGIF Assets and neither the Trustee nor any Bondholder has recourse to any assets of the Asian Development Bank or any other contributors to the Guarantor and any obligation under the CGIF Guarantee shall not constitute an obligation of the Asian Development Bank or any other contributors to the Guarantor.
- (ii) By its holding of a Bond each Bondholder will be deemed to further acknowledge and accept that neither the Asian Development Bank nor any other contributors to the Guarantor or the officers, employees or agents of the Asian Development Bank or any contributor to the Guarantor shall be subject to any personal liability whatsoever to any third party, including each Bondholder, in connection with the operation of the Guarantor or under the CGIF Guarantee and they may not bring any action against the Asian Development Bank, as the trustee of the Guarantor or as contributor to the Guarantor, or against any other contributors to the Guarantor or any of their respective officers, employees or agents.

4. Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Bonds remains outstanding (as defined in Trust Deed), it will not, and will procure that none of the Principal Subsidiaries (as defined in Condition 22) of Sabana Industrial REIT will, create or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**"), upon, or with respect to, any of its present or future business, undertaking, assets or revenues, to secure any Capital Market Indebtedness (as defined in Condition 22) or to secure any guarantee or indemnity in respect of any Capital Market Indebtedness, unless at the same time or prior thereto the Bonds are accorded (i) the same Security Interest as is created or subsisting to secure any such Capital Market Indebtedness, guarantee or indemnity or (ii) such other Security Interest or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

5. Interest

(a) **Rate of Interest and Accrual**

The Bonds bear interest on their outstanding principal amount from time to time (as determined in accordance with Condition 6) from (and including) 25 June 2024 (the "**Issue Date**") at the rate of 4.15 per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrear on 25 June and 25 December, in each year, commencing on 25 December 2024 (each, an "**Interest Payment Date**"), subject as provided in Condition 6. Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called, an "**Interest Period**".

For so long as any of the Bonds is represented by the Global Certificate and the Global Certificate is held by the Depository, the interest payable on such Bonds will be determined based on the aggregate holdings of Bonds of each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Bonds.

(b) **Sustainability-Linked Rate of Interest**

(i) *Step-Up Rate of Interest*

(A) On or before the Step-Up Event Notification Date, the Issuer shall provide written notice to the Guarantor, the Trustee, the Agents and the Bondholders in accordance with Condition 15 that a Step-Up Event has or has not occurred.

(B) Following the occurrence of a Step-Up Event (if any), the Rate of Interest shall be increased to the Step-Up Rate of Interest commencing from the eighth Interest Payment Date. An increase in the Rate of Interest may occur no more than once in respect of the Bonds.

(ii) *No decrease in Step-Up Rate of Interest:* If the Issuer fulfils the Sustainability Performance Target following an increase to the Step-Up Rate of Interest provided for in Condition 5(b)(i) after the SPT Observation Date, there will be no decrease to the Rate of Interest and the Step-Up Rate of Interest shall remain unchanged.

(iii) *Recalculation Event:* In the event of any Recalculation Event, the Sustainability Performance Target and/or the Baseline may be recalculated in good faith by the Issuer to reflect such change, provided that the External Verifier has confirmed that the proposed revision is consistent with the initial level of ambition of the Sustainability Performance Target taking into account the Recalculation Event. Each Bondholder accepts and agrees not to be consulted in respect of such changes. Any such change and the resulting recalculation to the Sustainability Performance Target will be promptly notified by the Issuer to the Guarantor, the Trustee, the Agents and the Bondholders in accordance with Condition 15. Any other changes to the Sustainability Performance Target will be made only with the prior approval of the Bondholders.

(iv) *Notifications Final:* All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition will (in the absence of negligence, default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents, the Trustee and all Bondholders.

(c) **Reporting**

(i) So long as any Bond remains outstanding, the Issuer shall publish or procure to be published in Sabana Industrial REIT's annual sustainability report or on Sabana Industrial REIT's website, a report, section or document (such report, section or other document, a "**Sustainability Performance Report**"), disclosing its performance against the Sustainability Performance Target (and as far as possible the calculation methodologies) for that financial year (commencing with the financial year ending 31 December 2024) until the SPT Observation Date.

(ii) Each Sustainability Performance Report referred to in (i) above shall include or be accompanied by an independent verification report issued by the External Verifier. The Sustainability Performance Report and such independent verification report in respect of each financial year shall be published by no later than the last day of April of the immediately following financial year.

(d) **Default Interest**

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which case it will continue to bear interest at such rate aforesaid per annum (both before and after an arbitral decision, judgment or other order of a court of competent jurisdiction) until whichever is the earlier of (i) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Issuing and Paying Agent or the Trustee (as the case may be) has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(e) **Calculations**

The amount of interest payable in respect of each Bond for any Interest Period shall be calculated by applying the Rate of Interest or the Step-Up Rate of Interest (as the case may be) to the then outstanding principal amount of such Bond (as determined in accordance with Condition 6) and the actual number of days elapsed in such Interest Period and then dividing the product thereof by 365 and rounding the resulting figure to the nearest cent. If interest is required to be calculated for any period other than an Interest Period, it shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

6. Redemption and Purchase

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds at their principal amount on the Maturity Date.

(b) **Redemption for Taxation Reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders, the Guarantor, the Trustee and the Issuing and Paying Agent in accordance with Condition 15 (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if:

- (i) immediately before giving such notice, the Issuer notifies the Trustee that:
 - (A) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8, or increase the payment of such Additional Amounts, as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncement promulgated thereunder of the Relevant Taxing Jurisdiction or any change in the application or official interpretation of such laws, regulations, rulings or administrative pronouncement (including but not limited to a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 June 2024 and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (B) the Guarantor has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 or the CGIF Guarantee, as the case may be, or increase the payment of such Additional Amounts, as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncement promulgated thereunder of the Republic of the Philippines (the "**Philippines**") or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or administrative pronouncement (including but not limited to a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 June 2024 and such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that in any event, no such notice of redemption shall be given earlier than 180 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Bonds were then due;

- (ii) not less than five Business Days prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver or procure that there is delivered to the Trustee and the Guarantor:
 - (A) an Officer's Certificate of the Issuer stating that the circumstances referred to in paragraphs (b)(i)(A) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by an authorised officer of the Guarantor stating that the circumstances referred to in paragraphs (b)(i)(B) above prevail and setting out details of such circumstances; and
 - (B) an opinion from independent legal or tax advisers of recognised standing to the effect that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay such Additional Amounts or increase the payment of such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and rely upon (without further enquiry) any such Officer's Certificate and/or opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to any Bondholder or any person for so accepting and relying on such certificate or opinion; and

- (iii) not less than one Business Day prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall irrevocably transfer to a Singapore Dollar account of the Issuing and Paying Agent an amount in Singapore Dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

If the Issuer fails to comply with any of the requirements of the foregoing provisions of this Condition 6(b) any notice of redemption purported to be delivered pursuant to this Condition 6(b) shall be void and of no effect, but this shall not affect, release or otherwise discharge any of the Issuer's or the Guarantor's other obligations under these Conditions, the Trust Deed or the CGIF Guarantee.

Upon the expiry of any such notice as is referred to in this Condition 6(b) and satisfaction of the other requirements specified in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b) and the Issuing and Paying Agent shall apply all moneys delivered to it pursuant to Condition 6(b)(iii) above in redemption of the Bonds in accordance with these Conditions, the Agency Agreement and the Trust Deed.

(c) **Redemption in the event of a CGIF Acceleration**

- (i) At any time following the occurrence of a CGIF Acceleration, the Guarantor may at its discretion, on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Issuing and Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so, the Guarantor may, give notice to the Bondholders, the Trustee and the Issuing and Paying Agent in accordance with Condition 15 (which notice shall be irrevocable).

- (ii) For the purposes of this Condition 6(c), a “**CGIF Acceleration**” occurs if:
 - (A) an Issuer Event of Default occurs; or
 - (B) a Missed Payment Event or a Mandatory Redemption Missed Payment Event has occurred and is continuing and irrespective of whether or not the Guarantor has already paid any Guaranteed Amounts in respect of such Missed Payment Event or, as the case may be, Mandatory Redemption Missed Payment Event; or
 - (C) any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of the Guarantor as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be,

and the Guarantor has delivered a CGIF Acceleration Notice to the Trustee in accordance with the Trust Deed.

- (iii) In this Condition 6(c), a “**CGIF Acceleration Notice**” shall mean a written notice delivered by the Guarantor to the Trustee pursuant to, and substantially in the form set out in, the Trust Deed.
- (iv) The Trustee shall be entitled to accept and rely upon (without further enquiry) a CGIF Acceleration Notice as sufficient evidence of the Guarantor’s agreement to pay all outstanding Guaranteed Amounts, and such CGIF Acceleration Notice shall be conclusive and binding on the Bondholders.
- (v) Upon the relevant date fixed for redemption specified in any CGIF Acceleration Notice and notified to the Bondholders, the Trustee and the Issuing and Paying Agent in accordance with Condition 15, the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(c) and the Guarantor shall be bound to pay all Guaranteed Amounts outstanding as set out in the CGIF Acceleration Notice.

(d) **Mandatory Redemption upon Termination of Sabana Industrial REIT**

In the event that Sabana Industrial REIT is or is to be terminated in accordance with the provisions of the REIT Trust Deed (as defined in the Trust Deed) (a “**Mandatory Redemption Event**”), the Issuer shall redeem all (and not some only) of the Bonds at their principal together with interest accrued but unpaid to the date fixed for redemption on the Interest Payment Date immediately following such Mandatory Redemption Event or (in the case of the last Interest Payment Date) the Maturity Date (the “**Mandatory Redemption Date**”).

The Issuer shall forthwith notify the Guarantor, the Trustee, the Issuing and Paying Agent and the Bondholders in accordance with Condition 15 of the termination of Sabana Industrial REIT and the applicable Mandatory Redemption Date.

(e) **Purchases**

The Issuer and/or any of the related corporations of Sabana Industrial REIT may at any time purchase Bonds at any price in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Bonds so purchased by the Issuer and/or any of the related corporations of Sabana Industrial REIT, while held by or on behalf of the Issuer and/or any of the related corporations of Sabana Industrial REIT, shall not (unless and until ceasing to be so held) entitle the holder to vote at any meetings of the Bondholders and shall not (unless and until ceasing to be so held) be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 11 and 12.

Bonds so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of Sabana Industrial REIT may be surrendered by the purchaser to, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant related corporation be held or resold.

The Guarantor shall not at any time purchase Bonds at any price in the open market or otherwise.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(f) **Cancellation**

All Bonds purchased by or on behalf of the Issuer and/or any of the related corporations of Sabana Industrial REIT may be surrendered for cancellation by surrendering the Certificate representing such Bonds to the Registrar and, in each case, if so surrendered, shall, together with all Bonds redeemed by the Issuer, be cancelled forthwith. Any Bonds or Certificates so surrendered for cancellation may not be reissued or resold.

(g) **No Other Redemption**

The Issuer and the Guarantor shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) to (d) above.

7. Payments

(a) **Principal and Interest**

(i) Payments of principal in respect of the Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(a)(ii).

(ii) Interest on the Bonds shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Bond shall be made by transfer to an account (details of which appear on the Register) maintained by the holder in Singapore Dollars with a bank in the principal financial centre for Singapore Dollars.

(b) **Payments subject to law etc.**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Registrar and the Transfer Agent and to appoint additional or other paying agents, registrars or transfer agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Registrar in relation to the Bonds and (iii) a Transfer Agent in relation to the Bonds.

Notice of any such change in appointment or any change of any specified office will be promptly given to the Bondholders in accordance with Condition 15.

The Issuer, the Guarantor, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Trustee may (but is not obliged to) agree without the consent of any Bondholder to any modification to the provisions of the Agency Agreement which is of a formal, minor or technical nature, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Trustee, may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Guarantor, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Trustee, materially and adversely affect the interests of the holders of the Bonds. Any such modification shall be binding on the Bondholders, and unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification to be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 15.

(d) **Delay in Payment**

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a business day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) **Non-business days**

If any date for payment in respect of any Bond is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means any day (other than a Sunday or a Saturday or a gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign currencies) in Singapore and Manila and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

So long as the Global Certificate is held on behalf of the Depository, the record date for purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Bond shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository).

8. **Taxation**

All payments in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore (in the case of the Issuer), the Philippines (in the case of the Guarantor) or political subdivision thereof or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or (in the case of a withholding or deduction required to be made by the Guarantor) the Guarantor shall pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Bond presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond or, as the case may be, payments made by the Guarantor by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

As used in these Conditions, “**Relevant Date**” in respect of any Bond means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders in accordance with Condition 15 that, upon further presentation of the Bond (or relative Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Bonds and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under these Conditions.

If the Issuer or the Guarantor, as the case may be, becomes subject at any time to any taxing jurisdiction other than Singapore (in the case of the Issuer) or the Philippines (in the case of the Guarantor), references in these Conditions to Singapore or the Philippines shall be construed as references to Singapore or the Philippines (as the case may be) and/or such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction.

9. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

- (a) If any of the following events occurs and is continuing (each, an “**Event of Default**”), then the Trustee shall comply with the limitations on acceleration as set out in Conditions 10(b) to (d) below to the extent applicable:
 - (i) *Non-payment*: the Issuer or the Guarantor fails to pay any amount of principal in respect of the Bonds or fails to pay any amount of interest in respect of the Bonds, in each case within 30 calendar days after the due date for payment thereof;
 - (ii) *Breach of other obligations*: the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (i)) under any of the Bond Documents (as defined in the Trust Deed) or any of the Bonds and, if that default is capable of remedy, it is not remedied within 30 days after the date on which the notice is given by the Trustee to the Issuer requiring the same to be remedied;
 - (iii) *Breach of representations and warranties*: any representation or warranty by the Issuer in any of the Bond Documents or any of the Bonds or in any document delivered under any of the Bond Documents or any of the Bonds is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the event or circumstance resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days after the date on which the notice is given by the Trustee to the Issuer requiring the same to be remedied;

- (iv) *Cross-default of Issuer or Principal Subsidiary:*
- (A) any other indebtedness of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as the case may be, within any originally applicable grace period in any agreement relating to that indebtedness; or
 - (B) the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries fails to pay when due or expressed to be due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided however that no Event of Default will occur under this paragraph (iv) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (iv) has/have occurred equals or exceeds the lower of (1) S\$15,000,000 or (2) an amount equal to five per cent. of the Total Borrowings of the Group based on the most recent audited consolidated accounts of the Group delivered to the Trustee under the Trust Deed or, in each case, its equivalent in other currency or currencies;

- (v) *Insolvency:* the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any material part which it will otherwise be unable to pay when due), applies for a moratorium in respect of or affecting all or any part of its indebtedness, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed, effected, declared or otherwise (by operation of law) arises in respect of or affecting all or any material part of (or of a particular type of) the indebtedness or property of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries;
- (vi) *Security enforceable:*
- (A) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries and is not discharged or stayed within 30 days; or
 - (B) any security on or over the whole or a material part of the assets of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries becomes enforceable;
- (vii) *Winding-up:* any step is taken by any person for the winding-up, amalgamation, reconstruction, reorganisation, merger, consolidation or termination of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries (except for an amalgamation, reconstruction, reorganisation, merger or consolidation where such event is either (i) not likely to have a material adverse effect on the Issuer or (ii) on terms approved before such event by the Bondholders by way of Extraordinary Resolution) or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer (in each case, including any provisional, interim or temporary officer or appointee) of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries or over all or any material part of the assets of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries; or

- (viii) *Cessation of business*: the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business;
- (ix) *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries;
- (x) *Lack of consent*: any consent required for any of the purposes stated in Clause 15.6 of the Trust Deed is not obtained, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (xi) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bond Documents or any of the Bonds;
- (xii) *Contestation (Bond Documents)*: any of the Bond Documents to which it is a party or any of the Bonds ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (xiii) *Contestation (Guarantee)*: the CGIF Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (xiv) *Litigation*: any litigation, arbitration or administrative proceeding is current or pending against the Issuer, Sabana Industrial REIT or any of the Principal Subsidiaries (other than those of a frivolous or vexatious nature or those contested in good faith and in each case, which are discharged within 30 days of its commencement) (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the payment or other material obligations of the Issuer under any of the Bond Documents or any of the Bonds or (ii) which has or is reasonably likely to have a material adverse effect on the Issuer;
- (xv) *REIT Trustee*: (i) (1) the REIT Trustee (as defined in Condition 22) resigns or is removed as trustee of Sabana Industrial REIT pursuant to the terms of the REIT Trust Deed, (2) an order is made for the winding-up of the REIT Trustee, a receiver, judicial manager, administrator, agent or similar officer of the REIT Trustee is appointed, and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of the REIT Trustee which prevents or restricts the ability of the Issuer to perform its obligations under any of the Bond Documents to which it is a party or any of the Bonds and (ii) the replacement or substitute trustee of Sabana Industrial REIT is not appointed in accordance with the terms of the REIT Trust Deed;
- (xvi) *REIT Manager*: (i) Sabana Real Estate Investment Management Pte. Ltd. resigns or is removed as manager of Sabana Industrial REIT pursuant to the terms of the REIT Trust Deed and (ii) the replacement or substitute manager of Sabana Industrial REIT is not appointed in accordance with the terms of either the REIT Trust Deed or any relevant order(s) passed by a court of law in Singapore concerning the manager of Sabana Industrial REIT;
- (xvii) *Issuer indemnity*: the Issuer loses its right to be indemnified out of the assets of Sabana Industrial REIT in respect of any liability, claim, demand or action under or in connection with any of the Bond Documents or the Bonds;
- (xviii) *Analogous event*: any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (v), (vi), (vii), (viii) or (ix); or

- (xix) *Declared company*: the Issuer or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part 9 of the Companies Act 1967 of Singapore.
- (b) Subject to Clause 2.1 of the CGIF Guarantee, Clause 3.2 and Clause 3.3 of the Trust Deed, if a Missed Payment Event has occurred and is continuing, the Guarantor shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party or to its order within 30 calendar days of such Missed Payment Event.
- (c) The Trustee shall not take an Acceleration Step unless the Guarantor has failed to make payment of a Guaranteed Amount such that a Non-Payment Event has occurred and is continuing or with the prior written consent of the Guarantor (such Acceleration Step, a **“Guaranteed Party Acceleration”**). Pursuant to the Trust Deed, neither the Trustee nor any Bondholders shall be entitled to take an Acceleration Step against the Issuer or the Guarantor unless a Non-Payment Event has occurred and is continuing or with the prior written consent of the Guarantor and, in the event that an Acceleration Step is taken in contravention of such provision, the Guarantor shall not be required to pay any amounts in respect of such Acceleration Step.
- (d) Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts are not paid by the Issuer in accordance with these Conditions or, as the case may be, CGIF in accordance with the CGIF Guarantee, in each case, following such Guaranteed Party Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds, or if so directed to do so by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases) deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with the CGIF Guarantee.
- (e) The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Default or an Event of Default has occurred or to monitor the occurrence of any Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

11. Enforcement of Rights

Subject to the terms of the Trust Deed and Condition 10(c), the Trustee may at any time after an Event of Default has occurred or after the Bonds have become immediately due and payable, at its discretion and without further notice, institute such actions, steps and proceedings as it thinks fit to recover any amounts due in respect of the Bonds which are unpaid or to enforce any of its rights under the Trust Deed in respect of the Bonds, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Bondholders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable time and such failure or neglect is continuing.

12. Meeting of Bondholders and Modifications

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Trust Deed or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer, the Guarantor or by the Trustee and shall be convened by the Trustee upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds subject to the Trustee being indemnified and/or provided with security and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; **provided, however, that** certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Bonds, (ii) to reduce the amount of principal or interest payable on any date in respect of the Bonds, (iii) to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, (iv) to change the currency of payments under the Bonds, (v) sanctioning, or directing the Trustee to concur in, the amendment of the terms of the CGIF Guarantee, (vi) to change the quorum requirements relating to meetings or (vii) to change the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed and who hold not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification and waiver:** The Trustee may, with the consent of the Guarantor but without the consent of the Bondholders, agree (but shall not be obliged to agree) (i) to any modification of these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) if such modification will not be materially prejudicial to the interests of Bondholders and (ii) to any modification of the Bonds, these Conditions, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or which is necessary to comply with mandatory provisions of law. In addition, the Trustee may with the consent of the Guarantor but without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, these Conditions, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if the interests of the Bondholders will not be materially prejudiced thereby, **provided that** the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 10.

Any such authorisation, waiver or modification shall be binding on the Bondholders and if the Trustee so requires, any such authorisation, waiver or modification shall be notified to the Bondholders in accordance with Condition 15 by the Issuer as soon as reasonably practicable thereafter.

- (c) **Directions from Bondholders:** Notwithstanding anything to the contrary in the Bonds, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms in the Bonds, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and seek clarification of any such directions and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications, or in the event the instructions sought are not provided by Bondholders.
- (d) **Certificates and Reports:** The Trustee may accept and shall be entitled to rely without further investigation or enquiry and without liability to Bondholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall not be responsible or liable to the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, opinion or certificate or advice.
- (e) **Interests of Bondholders as a class:** In the exercise of its functions, rights, powers and discretions under these Conditions, the Trust Deed and the CGIF Guarantee, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual Bondholders as a result of any circumstances particular to individual holders of Bonds, including but not limited to such Bondholders being connected in any way with a particular territory or taxing jurisdiction.

13. Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations at the specified office of the Registrar, or at the specified office of such other Issuing and Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Bondholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificate) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will **be issued**.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of Sabana Industrial REIT without accounting to the Bondholders for any profit resulting from such transactions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, Sabana Industrial REIT and the Guarantor and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15. Notices

Notices to the Bondholders shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a gazetted public holiday) after the date of mailing. Notwithstanding the foregoing, notices to Bondholders will be valid if published in a leading English language newspaper of general circulation in Singapore (or, if the holders can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In the case where the units in Sabana Industrial REIT are listed on the SGX-ST or where the Bonds are listed on the SGX-ST, notice to the holders of such Bonds shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Bondholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

Until such time as any Certificates are issued, there may, so long as the Global Certificate representing the Bond is held in its entirety on behalf of the Depository, be substituted for such publication in such newspapers or announcement on SGX-ST the delivery of the relevant notice to (subject to the agreement of the Depository) the Depository for communication by it to the Bondholders, except that if the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be given or published in accordance with the previous paragraph of this Condition. Any such notice shall be deemed to have been given to the Bondholders on (in the case of an announcement made on the SGX-ST) the date of the announcement, and (in the case of delivery of notice to the Depository) the seventh day after the day on which the said notice was given to the Depository.

Notices to be given by any Bondholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Bond or Bonds, with the Registrar. Whilst the Bonds are represented by a Global Certificate, such notice may be given by any Bondholder to the Registrar through the Depository in such manner as the Registrar and the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Bondholders are known to the Issuer, notices to such Bondholders may be given individually by recorded delivery mail to such addresses appearing in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register) and will be deemed to have been given two days from the date of despatch to the Bondholders.

16. Acknowledgement by Parties

- (a) Notwithstanding any provision to the contrary in these Conditions, the Bondholders and parties to the Trust Deed, the Agency Agreement and the CGIF Guarantee agree and acknowledge that HSBC Institutional Trust Services (Singapore) Limited (“**HSBCIT**”) has entered into the Trust Deed and the Bonds solely in its capacity as trustee of Sabana Industrial REIT and not in its personal capacity and all references to the “Issuer” in the Trust Deed and the Bonds shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed and the Bonds, HSBCIT has assumed all obligations under the Trust Deed and the Bonds solely in its capacity as trustee of Sabana Industrial REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by the Issuer under the Trust Deed and the Bonds is given by HSBCIT in its capacity as trustee of Sabana Industrial REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed and the Bonds is limited to the assets of Sabana Industrial REIT over which HSBCIT in its capacity as trustee of Sabana Industrial REIT has recourse and shall not extend to any personal assets of HSBCIT or any assets held by HSBCIT in its capacity as trustee of any other trust. Any obligation, matter, act, action or thing required to be done, performed, or undertaken or any covenant, undertaking, representation or warranty given or to be given by the Issuer under the Trust Deed and the Bonds shall only be in connection with the matters relating to Sabana Industrial REIT and shall not extend to the

obligations of HSBCIT in respect of any other trust or real estate investment trust of which it is a trustee. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee and the Bondholders under law or equity in connection with any gross negligence, wilful default, fraud or breach of the REIT Trust Deed of the Issuer.

- (b) Notwithstanding any provision to the contrary in these Conditions, the Bondholders and parties to the Trust Deed, the Agency Agreement and the CGIF Guarantee hereby acknowledge and agree that the obligations of the Issuer under the Trust Deed and the Bonds will be solely the corporate obligations of the Issuer and that the Bondholders and parties to the Trust Deed, the Agency Agreement and the CGIF Guarantee shall not have any recourse against the shareholders, directors, officers or employees of HSBCIT for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed and the Bonds. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee and the Bondholders under law or equity in connection with any gross negligence, wilful default, fraud or breach of the REIT Trust Deed of the Issuer.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed and the Bonds shall be brought against HSBCIT in its capacity as trustee of Sabana Industrial REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee and the Bondholders under law or equity in connection with any gross negligence, wilful default, fraud or breach of the REIT Trust Deed of the Issuer.
- (d) The provisions of this Condition 16 shall survive the termination or rescission of the Trust Deed and the redemption of the Bonds and shall apply, *mutatis mutandis*, to any notice, certificate or other document which the Issuer issues under or pursuant to the Trust Deed and the Bonds as if expressly set out therein.

17. Governing Law, Arbitration and Jurisdiction

(a) Governing law

- (i) The Bonds (including these Conditions), the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, Singapore law.
- (ii) The CGIF Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

(b) Arbitration

- (i) This Condition 17(b) shall be governed by Singapore law.
- (ii) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with these Conditions (which includes this Condition 17(b)), the Bonds, the Trust Deed, the Agency Agreement and the CGIF Guarantee including any dispute as to their existence, validity, interpretation, performance, breach or termination, or the consequences of their nullity (for the purpose of this Condition 17(b), a “**Dispute**”), shall be referred to and be finally resolved by arbitration administered by the Singapore International Arbitration Centre (“**SIAC**”) in accordance with the Arbitration Rules of the SIAC for the time being in force (for the purpose of this Condition 17(b), the “**Rules**”), except as they are modified by the provisions of these Conditions.
- (iii) Following the commencement of arbitration, and following the exchange of the Notice of Arbitration and Response to the Notice of Arbitration, the parties will attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre (“**SIMC**”), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the “**Protocol**”) for the time being in force which shall last for a period not exceeding 65 Business Days from the commencement of the mediation proceedings (the “**Mediation Period**”). Where a settlement has been reached between the parties

within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal appointed by the SIAC in accordance with Condition 17(b)(iv) below and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the parties, no person appointed as arbitrator shall be appointed as mediator in relation to the Dispute and no person appointed as mediator shall be appointed as arbitrator in relation to the Dispute.

- (iv) The Rules and the Protocol are deemed to be incorporated by reference into this Condition 17(b) and capitalised terms used in this Condition 17(b) (which are not otherwise defined in these Conditions) shall have the meaning given to them in the Rules and the Protocol.
- (v) The number of arbitrators shall be three. The arbitrators nominated by the parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the “**President**”), will act as president of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the parties within 30 days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.
- (vi) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be appropriate.
- (vii) Except as modified by the provisions of this Condition 17(b) and the Rules, Part 2 of the International Arbitration Act 1994 of Singapore shall apply to any arbitration proceedings commenced under this Condition 17(b). Neither party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.
- (viii) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.
- (ix) Service of any Notice of Arbitration made pursuant to this Condition 17(b) shall be made in accordance with the Rules and at the addresses given for the sending of notices under these Conditions at Condition 15.
- (x) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. To the fullest extent permitted under any applicable law, the parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.
- (xi) The arbitral tribunal and any emergency arbitrator appointed in accordance with the Rules shall not be authorised to order, and each of the Issuer, the Bondholders, the Trustee and each of the Agents agrees for itself and on behalf of each Bondholder that it shall not seek from the arbitral tribunal or any judicial authority:
 - (A) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or
 - (B) any interim order to sell, attach, freeze or otherwise enforce against the CGIF Assets.

- (xii) In respect of any court proceedings in Singapore commenced under the International Arbitration Act 1994 of Singapore in relation to the arbitration, the parties agree (i) to commence such proceedings before the Singapore International Commercial Court (“**SICC**”) and (ii) in any event, that such proceedings shall be heard and adjudicated by the SICC.
- (xiii) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Condition 17 to the board of directors of CGIF (the “**CGIF Board**”) as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to the Guarantor or any of their respective officers, employees, advisers, agents or representatives. The members of CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the CGIF Board documents and other relevant information may be distributed to any representatives of the relevant member countries of the Guarantor for the said purpose only, provided that such information and documents insofar as they relate to any arbitral proceedings and/or arbitral award shall be clearly marked “CONFIDENTIAL”.

(c) **No Waiver**

Nothing in these Conditions, or any agreement, understanding or communication relating to these Conditions (whether before or after the date of these Conditions), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement of the Guarantor.

(d) **No immunity**

The Issuer agrees that in any Dispute against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any such Dispute to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such Dispute.

18. Limited Recourse

Notwithstanding any other provisions of these Conditions, the recourse of the Bondholders against CGIF under these Conditions is limited solely to the CGIF Assets. The Bondholders acknowledge and accept that they only have recourse to the CGIF Assets and they have no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under these Conditions of CGIF shall not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

19. No Personal Liability

Notwithstanding any other provisions of these Conditions, neither Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Bondholders and the Trustee in connection with the operation of CGIF or under these Conditions. No action may be brought against Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Bondholders and the Trustee in connection with these Conditions.

20. No Waiver

Nothing in these Conditions, or any agreement, understanding or communication relating to these Conditions, shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges, or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement of CGIF.

21. Contracts (Rights of Third Parties) Act

Unless expressly provided to the contrary in the Bonds, the Trust Deed, the Agency Agreement, and the CGIF Guarantee, no person may enforce any term of the Bonds under the Contracts (Rights of Third Parties) Act 2001 of Singapore and, notwithstanding any term of any of the Bonds, the Trust Deed, the Agency Agreement, and the CGIF Guarantee, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of these Conditions. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents, may enforce Conditions 17(b)(xi), 18, 19, and 20 of these Conditions.

22. Definitions

In these Conditions:

“Absolute Scope 2 GHG Emission” means, in respect of any financial year of Sabana Industrial REIT, the absolute amount of the product of (i) the annual energy consumption of all Relevant Properties from non-renewable power sources and (ii) the applicable electricity grid emission factors for that financial year, expressed in tonnes of carbon dioxide equivalent;

“Acceleration Step” has the meaning given to it in the Trust Deed;

“Articles of Agreement of CGIF” means the articles of agreement of CGIF originally dated 11 May 2010, as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018, 16 May 2019, 1 August 2019 and 28 May 2024 (as may be further amended or supplemented from time to time);

“Authorised Signatory” means any person who has been duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Bonds, the Conditions, the Agency Agreement, the CGIF Guarantee and the Trust Deed;

“Baseline” means the Absolute Scope 2 GHG Emission for the financial year ended 31 December 2023, being (subject to any recalculation pursuant to Condition 5(b)(iii)) 10,578 tonnes of carbon dioxide equivalent;

“Business Day” means any day (other than a Sunday or a Saturday) on which commercial banks are open for general business (including dealings in foreign currencies) in Singapore and Manila;

“Capital Market Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) which is in the form of, or represented by, notes, bonds, debentures, debenture stock, loan stock or other debt securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original tenor of more than one year;

“CGIF Assets” means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF;

“CIS Code” means the Code on Collective Investment Schemes issued by the MAS (as amended, modified or supplemented from time to time);

“Default” means an event or circumstance which would, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 (*Events of Default*) become an Event of Default;

“External Verifier” means one or more qualified external independent verifiers, auditor(s) or specialised consultant(s) or other independent expert of internationally recognised standing from time to time appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under these Conditions, as determined in good faith by the Issuer, and notified to the Guarantor, the Trustee, the Agents and (in relation to the first External Verifier appointed after the Issue Date, and subsequently to the extent there is any change in appointment of such External Verifier) the Bondholders in accordance with Condition 15;

“Extraordinary Resolution” has the meaning given to it in Schedule 3 of the Trust Deed;

“Group” means Sabana Industrial REIT and its subsidiaries;

“Guaranteed Amount” has the meaning given to such term in Clause 2.1 of the CGIF Guarantee;

“Guaranteed Party” has the meaning given to such term in the CGIF Guarantee;

“Guaranteed Party Acceleration Notice” means a written notice delivered by the Trustee to CGIF pursuant to, and substantially in the form set out in the Trust Deed;

“Guarantor Default Interest Amount” means certain default interest payable by the Guarantor in the amount and at the rate as calculated in accordance with the CGIF Guarantee;

“Interest Period” has the meaning given in Condition 5(a);

“Issuer Event of Default” means (1) the occurrence of any of the events described in Condition 10(a)(i) to 10(a)(xix) of these Conditions or (2) failure by the Issuer to pay when due the guarantee fees payable to the Guarantor pursuant to the Guarantee Documents in relation to the Guarantee provided by the Guarantor under the CGIF Guarantee;

“Mandatory Redemption Missed Payment Event” means the non-payment (not taking into account any grace period) by the Issuer of any Principal Amount payable by it pursuant to any mandatory redemption of the Bonds in accordance with Condition 6(d);

“MAS” means the Monetary Authority of Singapore;

“Maturity Date” means 25 June 2029;

“Missed Payment Event” means the non-payment (not taking into account any grace period) of any Guaranteed Amount by the Issuer in accordance with these Conditions and the Trust Deed (other than a Mandatory Redemption Missed Payment Event);

“Non-Payment Event” means:

- (a) the occurrence of an Event of Default 30 calendar days after the occurrence of a Missed Payment Event in accordance with Condition 10(a)(i) of these Conditions; or
- (b) the non-payment of any Guaranteed Amount by the Guarantor payable by it under Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*) of the CGIF Guarantee;

“Officer’s Certificate” means a certificate signed by two Authorised Signatories;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Amount” has the meaning given to such term in Clause 1.1 of the CGIF Guarantee;

“Principal Subsidiaries” means, at any particular time, any subsidiary of Sabana Industrial REIT:

- (a) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or
- (b) whose gross revenue, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the consolidated gross revenue of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the **“transferee”**) then:

- (i) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary of Sabana Industrial REIT and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary of Sabana Industrial REIT; and
- (ii) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary of Sabana Industrial REIT and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary of Sabana Industrial REIT.

Any subsidiary which becomes a Principal Subsidiary of Sabana Industrial REIT by virtue of (i) above or which remains or becomes a Principal Subsidiary of Sabana Industrial REIT by virtue of (ii) above shall continue to be a Principal Subsidiary of Sabana Industrial REIT until the earlier of the date of issue of (xx) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or (as the case may be) gross revenue of such subsidiary as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets or (as the case may be) gross revenue of the Group, as shown by such audited consolidated accounts and (yy) a report by the Auditors (as defined in the Trust Deed) as described below which shows the total assets or (as the case may be) gross revenue of such subsidiary to be less than 10 per cent. of the total assets or (as the case may be) gross revenue of the Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary of Sabana Industrial REIT shall, in the absence of manifest error, be final, conclusive and binding;

“Property Manager” means Sabana Property Management Pte. Ltd. or any replacement property manager managing the properties of the Issuer;

“Recalculation Event” means any acquisition of properties by Sabana Industrial REIT or any sale or disposal of any one or more of the properties of Sabana Industrial REIT which occurs between the Issue Date and the SPT Observation Date (including, for the avoidance of doubt, any acquisition or disposal of a Relevant Property) which, individually or in aggregate, has a significant impact on the Sustainability Performance Target or the Baseline;

“Record Date” has the meaning ascribed to it in Condition 7(a)(ii);

“REIT Trustee” means HSBC Institutional Trust Services (Singapore) Limited or such other trustee of Sabana Industrial REIT as may be appointed in accordance with the provisions of the REIT Trust Deed;

“REIT Trust Deed” means the deed of trust dated 29 October 2010 constituting Sabana Industrial REIT, as amended and/or restated 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, and as further amended, supplemented and/or varied from time to time;

“REIT Manager” means Sabana Real Estate Investment Management Pte. Ltd. or such other manager of Sabana Industrial REIT as may be appointed in accordance with the provisions of the REIT Trust Deed or any relevant order(s) passed by a court of law in Singapore concerning the manager of Sabana Industrial REIT;

“Relevant Taxing Jurisdiction” means the Republic of Singapore or any political subdivision or any authority thereof or therein having power to tax;

“Relevant Properties” means the multi-tenanted properties of the Issuer which are under the operational control of the Property Manager (excluding, for the avoidance of doubt, any property which is subject to a master lease agreement);

“SPT Observation Date” means 31 December 2027;

“Step-Up Event” means, as at the date of issue of the Verification Report, the failure by the Issuer to fulfil the Sustainability Performance Target;

“Step-Up Event Notification Date” means the date falling one month before the eighth Interest Payment Date, or, if earlier, 15 days after the issue of the Verification Report;

“Step-Up Rate of Interest” means 4.45 per cent. per annum;

“subsidiary” has the meaning ascribed to it in the Trust Deed;

“Sustainability Performance Target” means to achieve at least a 24 per cent. reduction in Absolute Scope 2 GHG Emission from the Baseline (calculated on the same basis as the Issuer’s scope of calculation of the Baseline) by the financial year ending on the SPT Observation Date as calculated in good faith by the Issuer and notified in writing to the Guarantor, the Trustee, the Agents and the Bondholders in accordance with Condition 15. Such percentage reduction is subject to verification by the External Verifier as set out in the Verification Report;

“Total Borrowings” means, in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (a) bank overdrafts and all other indebtedness in respect of any bank borrowings;
- (b) the principal amount of the Bonds or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (c) the liabilities of the Issuer under the Trust Deed or the Bonds; and
- (d) all other indebtedness whatsoever of the Group for borrowed moneys; and

“Verification Report” means the report to be issued by the External Verifier after the SPT Observation Date and in any event no later than 30 April 2028 and published in the Issuer’s annual ESG report, which will be made available on the Issuer’s website <https://sabana.listedcompany.com/ar.html> in respect of the Sustainability Performance Target.

Issuing and Paying Agent, Transfer Agent and Registrar
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millennia Tower
Singapore 039192

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Information Memorandum. The following is a summary of some of those provisions:

Exchange

Subject to the provisions of the Global Certificate, owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates: (i) in the event that the Depository is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available or the Depository has notified the Issuer that it is unable or unwilling to act as depository for the Bonds and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is available, (ii) upon or following any failure to pay principal in respect of any Bonds when it is due and payable, or an Event of Default (as defined in the Trust Deed) or analogous event entitling a Bondholder or the Trustee for the Bondholders to declare the Bonds to be due and payable as provided in the constituent documents has occurred and is continuing, or (iii) with the consent of the Issuer.

In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Meetings

The holder of the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Bondholders and at any such meeting, the holder of the Global Certificate shall be treated as having one vote in respect of each S\$250,000 in principal amount of Bonds in respect of which the Global Certificate is issued. The Trustee may allow to attend and speak (but not to vote), at any meeting of Bondholders, any accountholder (or the representative of any such person) of a clearing system entitled to Bonds in respect of which this Global Certificate is issued on confirmation of entitlement and proof of his identity.

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and on the Global Certificate.

Trustee's Powers

So long as the Global Certificate is held on behalf of a clearing system, in considering the interests of Bondholders, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information, reports or certifications as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Payment

Payments in respect of Bonds represented by the Global Certificate will be made to the registered holder of the Global Certificate without presentation for endorsement or, if no further payment of principal or distribution falls to be made in respect of the Bonds, against surrender of the Global Certificate to or to the order of the Registrar. For so long as any Bonds are represented by the Global Certificate held by the Depository, distribution payable on such Bonds will be determined based on the aggregate holdings of Bonds of each accountholder for the time being shown in the records of the Depository.

Notices

So long as the Global Certificate is held on behalf of the Depository or an alternative clearing system, notices required to be given in respect of the Bonds represented by the Global Certificate may be given to Bondholders by (a) despatch of the relevant notice by uninsured post to persons who are for the time being shown in the records of the Depository or (as the case may be) such alternative clearing system as the holders of the Bonds, (b) if the rules of the Depository or (as the case may be) such alternative clearing system so permit, delivery of the relevant notice to the Depository or (as the case may be) such alternative clearing system, and/or (c) for so long as the Bonds are listed on the SGX-ST, publication on the website of the SGX-ST.

Transfers

So long as the Global Certificate representing the Bonds is held on behalf of one or more clearing systems, transfers of book-entry interests in the Bonds between accountholders of such clearing systems may be made in accordance with the rules and procedures of the relevant clearing system.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds will be used by the Issuer for capital expenditures, encompassing the acquisition of new property(ies) and/or asset enhancement initiatives for existing properties owned by the Group, and for the refinancing of existing term loans (including loans made by the Joint Lead Managers).

CAPITALISATION

The table below sets forth the consolidated capitalisation of the Group as at 31 December 2023. The information set out in this table has been extracted from and should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Information Memorandum.

	<u>As at 31 December 2023</u> (S\$'000)
Total borrowings (current)	104,541
Total borrowings (non-current)	210,829
Total borrowings	<u>315,370</u>
Total Unitholders' funds	<u>576,538</u>
Total capitalisation ⁽¹⁾	<u><u>450,274</u></u>

Note:

(1) "Total capitalisation" is defined as the aggregate of total borrowings and total funds attributable to Unitholders.

There has been no material change in the capitalisation of the Group since 31 December 2023.

DESCRIPTION OF THE GROUP

1. HISTORY AND BACKGROUND

Sabana Industrial REIT is a Singapore-based REIT established principally to invest in income-producing real estate used for industrial purposes¹³ in Asia¹⁴, as well as real estate-related assets.

The REIT was officially listed on the Main Board of the SGX-ST on 26 November 2010 as Sabana Shari'ah Compliant Industrial Real Estate Investment Trust and was renamed Sabana Industrial Real Estate Investment Trust with effect from 21 October 2021, following the REIT's revised investment mandate with the removal of the requirement for Shari'ah compliance (including investing in Shari'ah compliant real estate and real estate-related assets). As at the Latest Practicable Date, Sabana Industrial REIT has a market capitalisation of approximately S\$405,020,000 and the Group's total assets amount to more than S\$1.0 billion.

Sabana Industrial REIT was constituted on 29 October 2010 under the laws of Singapore and in accordance with the terms of the REIT Trust Deed.

Sabana Industrial REIT is managed by the REIT Manager, Sabana Real Estate Investment Management Pte. Ltd. ("**SREIM**"), who is currently serving as the interim manager until the time the REIT Trustee gives written notice to the REIT Manager to remove it as manager of Sabana Industrial REIT, in accordance with the terms of the REIT Trust Deed. This is following the results of the EGM held on 7 August 2023 where resolutions were passed by Unitholders to, among other things, effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the REIT Trustee and appointing such a subsidiary to act as the internal manager of Sabana Industrial REIT. See "**Description of the Group – 2. Ongoing Internalisation Process**" for further details.

Sabana Industrial REIT has a diversified portfolio of quality properties, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. As at the Latest Practicable Date, the property portfolio of Sabana Industrial REIT comprises 18 industrial properties located across Singapore, namely New Tech Park at 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 1 Tuas Avenue 4, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 33 & 35 Penjuru Lane, 18 Gul Drive, 34 Penjuru Lane, 51 Penjuru Road, 26 Loyang Drive, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 30 & 32 Tuas Avenue 8, 39 Ubi Road 1 and 21 Joo Koon Crescent (collectively, the "**Portfolio Properties**" and each, a "**Portfolio Property**"), with a GFA of approximately 4.2 million sq ft and a portfolio occupancy of 83.0%¹⁵. The Portfolio Properties are located in close proximity to the principal industrial zones within Singapore, which is an internationally established logistics and hi-tech industrial hub, and are supported by excellent infrastructure and arterial road networks.

In terms of portfolio valuation, the portfolio valuation for Sabana Industrial REIT was S\$866.2 million as at 31 December 2021 and since the pandemic and despite declining land tenure, Sabana Industrial REIT's portfolio valuation has increased 2.1% year-on-year from S\$885.7 million as at 31 December 2022 to S\$903.9 million as at 31 December 2023. This valuation uplift is mainly due to ongoing AEI, asset rejuvenation and higher signing rents for both new and renewed leases. Through proactive leasing endeavours, Sabana Industrial REIT attained positive rental reversion of 16.6% in FY2023. This follows consecutive positive rental reversions of 10.5% and 12.9% in FY2021 and FY2022 respectively. See "**Description of the Group – 6. Portfolio Statistics and Details**" for further details.

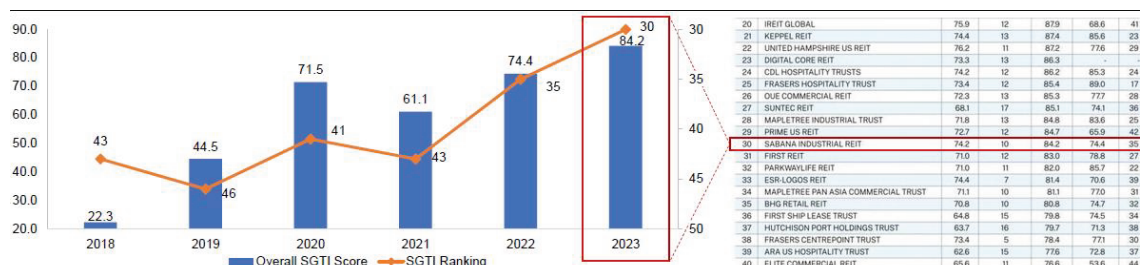
¹³ As used in this Information Memorandum, "**industrial purposes**" include but are not limited to, manufacturing, assembly, warehousing, logistics, research and development ("**R&D**") and data warehousing.

¹⁴ "**Asia**" means Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, People's Republic of China, Hong Kong Special Administrative Region, Taiwan, Republic of Korea, Democratic People's Republic of Korea, Japan, India and Democratic Socialist Republic of Sri Lanka.

¹⁵ Portfolio occupancy is 83.0% as at 31 March 2024 due to re-possession of 33 & 35 Penjuru Lane on 8 March 2024. As at 31 March 2024, portfolio occupancy would have been a stable 91.3% excluding 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings, and excludes 1 Tuas Avenue 4, which is currently undergoing AEI.

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

The Singapore Governance and Transparency Index ranking of Sabana Industrial REIT has steadily improved from 43rd place in 2018¹⁶ to 30th in 2023¹⁷, with an overall achievement score of 84.2 in 2023. The 2023 ranking reflects a marked improvement of five positions and 9.8 points compared to 2022. Additionally, Sabana Industrial REIT moved up 24 positions to 14th place during the last Governance Index for Trusts study in 2022¹⁸.



Sabana Industrial REIT won the “Highest Returns to Shareholders Over Three Years” award for the second year running in 2023 within the REITs sector with market capitalisation of under S\$1.0 billion¹⁹.

2. ONGOING INTERNALISATION PROCESS

The following sets out the key events in connection with the proposed Internalisation Process (as defined below).

2023 Extraordinary General Meeting

In June 2023, the REIT Manager received a letter (“**Requisition Letter**”) from Quarz Capital ASIA (Singapore) Pte. Ltd. (“**Quarz**”) requesting the REIT Manager to convene an extraordinary general meeting of Unitholders²⁰. Pursuant to the Requisition Letter, Quarz proposed, among other things, the removal of SREIM, being an external REIT manager, and the establishment of an internal manager of Sabana Industrial REIT (the “**Internal Manager**”) in connection with the internalisation of the REIT management function of Sabana Industrial REIT (the “**Internalisation**”).

On 7 August 2023, the REIT Manager convened an extraordinary general meeting of Unitholders (the “**2023 EGM**”) and resolutions were passed at that meeting to remove SREIM as the manager of Sabana Industrial REIT and to direct the REIT Trustee to, among other things, effect the Internalisation of the REIT management function by incorporating a subsidiary wholly owned by the REIT Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT (the “**Internalisation Process**”) ²¹.

Since the passing of the resolutions at the 2023 EGM, the REIT Trustee has been taking steps to effect the implementation of the Internalisation Process with the advice of various appointed professionals and releasing regular updates to Unitholders on its progress via various REIT Trustee’s statements published on SGXNet. REIT Trustee states that it expects the REIT Manager to continue to serve as interim manager until a replacement internal manager is appointed²².

¹⁶ Singapore Governance and Transparency Index 2018 - REIT and Business Trust Category: <http://bschool.nus.edu.sg/cgs/wp-content/uploads/sites/7/2018/10/CGIO-SGTI-REITs-and-BTs-Ranking-Results-by-Scores-2018.pdf>

¹⁷ Singapore Governance and Transparency Index 2023 - REIT and Business Trust Category: <https://bschool.nus.edu.sg/cgs/wp-content/uploads/sites/7/2023/08/CGS-SGTI-2023-REIT-and-Business-Trust-Category-Ranking-Results-by-Scores.pdf>

¹⁸ Governance Index for Trusts (GIFT) 2022: <https://governanceforstakeholders.com/2022/11/17/governance-index-for-trusts-gift-2022-2/>

¹⁹ 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.

²⁰ <https://links.sgx.com/1.0.0/corporate-announcements/8DJ13K778Z8WJ5V778df2c63530112a63894bba4b12389ef82d4a998f8e9e4d365f44d6ebefb1674>

²¹ <https://links.sgx.com/1.0.0/corporate-announcements/4IJXVLMTCR8U82W/391f89ad448e767a59a6ee700f48a72c8daadd65490206f12859df9a028955b3>

²² <https://links.sgx.com/1.0.0/corporate-announcements/4V1EXRRQNWZ967G/27e9db35b2a34743bd26f5e7482935b3b2c1b0658669c9d21b73b79ead7980d9>

HC/OA 19/2024

On 9 January 2024, the REIT Trustee filed an originating application with the High Court of Singapore under Order 32 of the Rules of Court 2021 of Singapore (the “**Order 32 Application**”), seeking, amongst other things, declarations that amendments to the REIT Trust Deed are required to implement the Internalisation and that the REIT Trustee is at liberty to convene an EGM of Unitholders to consider the proposed amendments to the REIT Trust Deed²³. Further to resolution 10 passed at the First 2024 EGM (as defined and the details of which are set out below), the Order 32 Application was subsequently amended on 22 April 2024 to, amongst others, seek an additional declaration on whether the shareholders and related parties of the REIT Manager are permitted to vote in relation to any resolution to amend the REIT Trust Deed. Please refer to the paragraph “REIT Trustee’s Update on HC/OA 19/2024” below for further details as to the outcome of the Order 32 Application.

2024 First Extraordinary General Meeting

On 12 January 2024, the REIT Manager announced its receipt of a letter of requisition from several Unitholders, having an aggregate unitholding in Sabana Industrial REIT of more than 10% (the “**Jan Requisitionists**”, and in relation to the letter, the “**Jan Requisition Letter**”), requesting the REIT Manager to convene an extraordinary general meeting of Unitholders (the “**First 2024 EGM**”) to consider the resolutions proposed in the Jan Requisition Letter in connection with the REIT Trustee’s implementation of the Internalisation Process (“**Jan Requisitioned Resolutions**”, each a “**Jan Requisitioned Resolution**”)²⁴.

Further to correspondence between the REIT Trustee and the Jan Requisitionists for clarification of and modification to certain Jan Requisitioned Resolutions, the Jan Requisitioned Resolutions (as modified by the Jan Requisitionists) were included in the notice of the First 2024 EGM issued by the REIT Manager to Unitholders on 22 February 2024 (“**Notice of First 2024 EGM**”)²⁵.

The Notice of First 2024 EGM contained resolutions, among other things, (i) putting the REIT Trustee on notice that Unitholders reject: (1) any proposal to acquire the fully functioning REIT Manager directly or indirectly for a maximum all-in offer price exceeding S\$10,000,000 and any such transaction post one month of the resolution, and (2) any proposal to acquire any assets (including the employment contracts) of the REIT Manager at any price, (ii) directing the REIT Trustee to within two weeks of the passing of the resolution, form a committee (the “**Internalisation Committee**”) consisting of Mr. Imran Chng Pia Ser, Mr. Lim Hock Chuan, Mr. Havard Chi Cher Pan, Mr. Low Chin Yee, Mr. Jan Frederic Moermann and Mr. Saha Anshuman Manabendranath, and the Internalisation Committee, in their capacity as the authorised representative of all Unitholders, shall be consulted by the REIT Trustee and supervise the implementation of the Internalisation Process, (iii) directing the REIT Trustee on various matters pertaining to proposed amendments to the REIT Trust Deed, and (iv) directing the REIT Trustee to seek guidance on the issue of whether the REIT Manager and its shareholders and related parties ought to be permitted to vote on any resolution to amend the REIT Trust Deed (the “**Voting Issue**”) from the MAS, the SGX-ST and the High Court of Singapore in the REIT Trustee’s ongoing application in HC/OA 19/2024.

On 8 March 2024, Jan Requisitioned Resolutions 1, 3, 4, 5, 6, 7, 8 and 10 contained in the First Notice of 2024 EGM were passed as ordinary resolutions at the First 2024 EGM²⁶. The REIT Trustee has been working on the implementation of the Jan Requisitioned Resolutions that have been passed, whilst continuing to progress the Internalisation Process, taking into account such Jan Requisitioned Resolutions.

²³ <https://links.sgx.com/1.0.0/corporate-announcements/41BY3UY6JM92WJJD/fdc8ecc275796a94087aa1b871bf6731d1065bff443e8cf053b1d26a2bc48f65>

²⁴ <https://links.sgx.com/1.0.0/corporate-announcements/ZM6R8SSDPOYRG7DL/9b4070b8c0371bc3f28f5f2b422fcdca8f7f0bb85f9521f5a044605e11d01925>

²⁵ <https://links.sgx.com/1.0.0/corporate-announcements/W8KD0M05D12AUD33/d046ce47a641248d62d2cbeb9863eb6b41b68365e89a02cc797c655ff4620a13>

²⁶ <https://links.sgx.com/1.0.0/corporate-announcements/97UBQ4MMN0Z4CU8L/78917411cb31d403c184171b728e227a0fc39aed81d342ab40184c7a58520f95>

2024 Second Extraordinary General Meeting

On 26 March 2024, the REIT Manager announced its receipt of a letter of requisition from several Unitholders, having an aggregate unitholding in Sabana Industrial REIT of more than 10% (the “**March Requisitionists**”, and in relation to the letter, the “**March Requisition Letter**”), requesting the REIT Manager to convene an extraordinary general meeting of Unitholders (the “**Second 2024 EGM**”) to consider certain resolutions proposed in the March Requisition Letter in connection with the REIT Trustee’s implementation of the Internalisation Process (“**March Requisitioned Resolutions**”, each a “**March Requisitioned Resolution**”)²⁷.

On 19 April 2024, the REIT Manager announced that they had received a letter from the March Requisitionists requesting to withdraw and/or modify some of the March Requisitioned Resolutions²⁸.

The March Requisitioned Resolutions (as modified by the March Requisitionists) were included in the notice of the Second 2024 EGM issued by the REIT Manager to Unitholders on 9 May 2024 (“**Notice of Second 2024 EGM**”)²⁹.

The Notice of Second 2024 EGM contains resolutions, among other things, (i) directing the REIT Trustee not to amend the REIT Trust Deed, and (ii) directing the REIT Trustee to inform Unitholders immediately and consult with MAS and the Internalisation Committee on all other proposed REIT Trust Deed amendments and seek regulatory waivers and/or directions from MAS, such that no REIT Trust Deed amendments are required unless REIT Trustee certification can be provided to ensure that the Internalisation can be successfully implemented.

On 14 May 2024, the REIT Manager announced that an application has been filed by ESR Group Limited, E-Shang Jupiter Cayman Limited and E-Shang Infinity Cayman Limited (collectively, the “**ESR Entities**”) in the General Division of the High Court of the Republic of Singapore, seeking, among other things, an order that the Second 2024 EGM is to be held in abeyance until the final disposal of HC/OA 19/2024 and any appeals arising therefrom (the “**EGM Abeyance Application**”)³⁰.

The EGM Abeyance Application was heard before the High Court of Singapore on 23 May 2024. The Court has ordered that, subject to any order made by the Court, the Second 2024 EGM scheduled for 24 May 2024 shall not proceed, and the REIT Manager shall issue a notice for the postponed meeting by 6 June 2024, unless the March Requisitionists withdraw their notice calling for the Second 2024 EGM³¹.

On 29 May 2024, the REIT Manager received a letter from the March Requisitionists requesting to modify the March Requisitioned Resolutions (“**March Requisitionists’ 29 May 2024 Letter**”)³².

The REIT Manager announced on 3 June 2024 that as entirely new and different resolutions have been proposed in the March Requisitionists’ 29 May 2024 Letter, such letter amounts to a withdrawal of the requisition notice and accordingly the REIT Manager will not be issuing a notice for the postponed meeting. The REIT Manager is considering the new resolutions proposed in the Requisitionists’ 29 May 2024 Letter³³.

²⁷ <https://links.sgx.com/1.0.0/corporate-announcements/LJSKLFV9BTFMQWP3/e7a571b7d411d9909670d4996ceec0db2721adda0a256bac05d0621b642976a6>

²⁸ <https://links.sgx.com/1.0.0/corporate-announcements/SOE2YLF55X7CG9L5/7a36a8f1fa7dad5ed48a2c06679ac0a9144c91c0952cab8199c165cd7aca5365>

²⁹ <https://links.sgx.com/1.0.0/corporate-announcements/DEBWP6LW26DEN05/13e1e477d2b22b2c0f12aad6a4e659e87ef7983d12048a76dfe146c262ce5fd6>

³⁰ <https://links.sgx.com/1.0.0/corporate-announcements/2F5WFEFK0VX03PC94/b5849ff4cc81bbb882ea84aae123f3db28b61aa6414a5abb3e0303aea5940b1b>

³¹ <https://links.sgx.com/1.0.0/corporate-announcements/5LET2KLOXBB6T52I/a3dbc34116206d91f84f893c3537d28f1c89667694a10e6908506ee541b60666>

³² <https://links.sgx.com/1.0.0/corporate-announcements/CG5FXK1P5S2P3NFA/195ad07f9e9bf40b9108ee5bc9a7d6e59d570bae2f1dff5322a39ea298d84c9>

³³ <https://links.sgx.com/1.0.0/corporate-announcements/SRLUMRJZFNHJ89BJ/9ded96c94c7efbd9cb419c42f7c04194c269a1b2137487d9a570dc03d1e65da8>

On 6 June 2024, the REIT Manager received a further letter from the March Requisitionists (the “**March Requisitionists’ 6 June 2024 Letter**”) and the REIT Manager is considering the resolutions in the March Requisitionists’ 29 May 2024 Letter along with the resolutions in the March Requisitionists’ 6 June 2024 Letter. Any EGM pursuant to the March Requisitionists’ 29 May 2024 Letter and/or the March Requisitionists’ 6 June 2024 Letter, if to be convened, will be convened by the REIT Manager to be held within the two-month time frame prescribed in paragraph 4.2 of Appendix 6 of the CIS Code read with Section 176 of the Companies Act³⁴.

On 14 June 2024, the REIT Manager announced that it has written to the March Requisitionists to clarify their intentions in respect of the March Requisitionists’ 29 May 2024 Letter and the March Requisitionists’ 6 June 2024 Letter in light of the REIT Trustee’s update of 12 June 2024 (details of which are set out in the paragraph “**General**” below)³⁵.

On 17 June 2024, the REIT Manager announced that the REIT Trustee had received a letter from Quarz on 14 June 2024 (“**Quarz’s 14 June 2024 Letter**”) containing its views regarding the proposed issue of the Bonds amidst the Internalisation. The REIT Manager provided clarifications including explanations that they have been working towards the Bond issuance before the 2023 EGM and the Bond issuance is being undertaken by the REIT Manager in accordance with its fiduciary duty to act in the interests of Unitholders to ensure the continued operation of Sabana Industrial REIT amidst the Internalisation³⁶.

The REIT Trustee had on 18 June 2024 released a statement in response to Quarz’s 14 June 2024 Letter, noting the announcement by the REIT Manager on 17 June 2024 and providing further information and additional matters which it had taken into consideration in its independent assessment of the REIT Manager’s recommendation to proceed with the Bond issuance exercise³⁷.

The REIT Trustee had on 18 June 2024 received a second letter from Quarz in response to the REIT Manager’s and REIT Trustee’s clarificatory announcements made on 17 June 2024 and 18 June 2024 respectively. The REIT Manager reiterates its clarifications and explanations in respect of the Bond issuance as set out in its clarificatory announcement of 17 June 2024.

REIT Trustee’s Update on HC/OA 19/2024

On 21 and 23 May 2024, the Order 32 Application was heard in the High Court of Singapore. The Court provided its decision on the Order 32 Application on various matters put before it, including that the REIT Trustee may convene an EGM to approve amendments to the REIT Trust Deed and certain amendments to the REIT Trust Deed are required to implement the Internalisation. The Court also stated that the shareholders and related parties of the REIT Manager, being the ESR Entities, are prohibited from voting on the amendments to the REIT Trust Deed (the “**Order 32 Ruling**”)³⁸.

The ESR Entities have on 27 May 2024 filed a notice of appeal against the High Court’s finding in the Order 32 Ruling that the ESR Entities are prohibited from voting on the amendments to the REIT Trust Deed (the “**ESR Appeal**”).

General

As announced by the REIT Manager on 23 January 2024, amid the ongoing Internalisation Process and costs to be incurred in connection with this process, further retention of distributable income may be required in FY2024 and FY2025.

On 12 June 2024, the REIT Trustee provided an update to Unitholders on various workstreams including, amongst others, that a new wholly-owned entity for purpose of acting as the Internal Manager has been established and that the REIT Trustee is progressing the remaining outstanding workstreams. The REIT Trustee also updated Unitholders that it intends to convene an EGM as soon as practicable, to table resolutions for the REIT Trust Deed amendments and other resolutions relevant to the Internalisation, and to the extent that the REIT Manager decides

³⁴ <https://links.sgx.com/1.0.0/corporate-announcements/GV5T55V4MOR3L4PR/cd59be27ff22fe226bafb3879aa28ae9558d08e4a77531f0ed03125d6ffb68a3>

³⁵ <https://links.sgx.com/1.0.0/corporate-announcements/ZJ3EHHQ9GYOT2JLQ/4c11afa0144e5b0f8e3885a391b28a6b3bc6af952c508c6ad49b74fef9e4183f>

³⁶ <https://links.sgx.com/1.0.0/corporate-announcements/LECW3021SD5TA6KW/cd2c4c1206e7dda571117eaadec5744230804fbd9d82eb476b1adbf9155d4559>

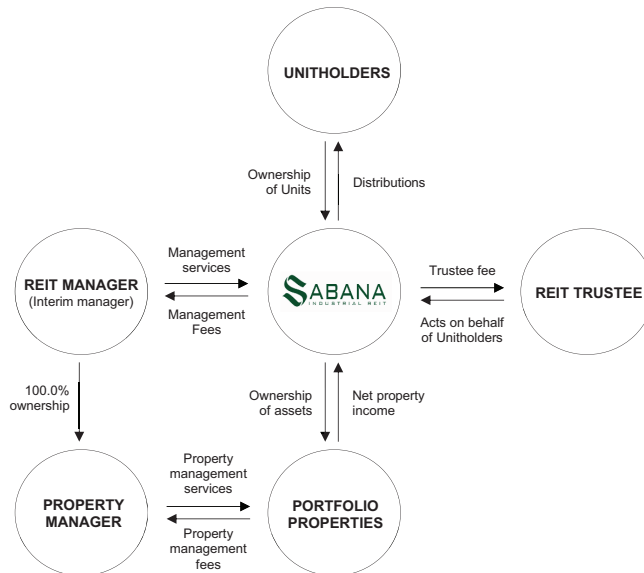
³⁷ <https://links.sgx.com/1.0.0/corporate-announcements/FFRDTSBZFA5XFCXD/d70a7404712027efef8fd7eca9c918d5b670ce56d3c2e1d2967674ad8604e56a>

³⁸ <https://links.sgx.com/1.0.0/corporate-announcements/0OOEK8GDB27NWNQ9/85a0751b4f9fa5489416a33873a3573afa10b5fbc754e3cca0b1fbd5b80d4e>

to convene an EGM pursuant to the March Requisitionists' 29 May 2024 Letter and/or March Requisitionists' 6 June 2024 Letter, the REIT Trustee will endeavour to table the other resolutions relevant to the Internalisation at the same EGM for Unitholders to consider and approve at a single EGM in a holistic, orderly and efficient manner, which would be in the interests of all Unitholders³⁹. The REIT Manager has advised potential investors to also refer to the REIT Trustee's statements published on SGXNet in respect of the Internalisation Process. The REIT Trustee has stated in its various statements to Unitholders that the nature of this Internalisation Process, through the establishment of an internalised manager, is complex and unprecedented in the Singapore market. The REIT Trustee has also previously stated on 21 July 2023 that it is expected to take at least 12 months and potentially significantly longer to internalise the REIT management function of Sabana Industrial REIT. Pending the completion of the internalisation of the REIT management function of Sabana Industrial REIT, the REIT Trustee continues to engage with the REIT Manager regularly to ensure the ongoing and stable operations of Sabana Industrial REIT. The REIT Trustee will provide further updates as and when there are material developments. All updates from the REIT Trustee will be in the form of announcements via SGXNet.

3. STRUCTURE OF SABANA INDUSTRIAL REIT

The following diagram illustrates the relationship between Sabana Industrial REIT, the REIT Manager (acting as interim manager), the Property Manager, the REIT Trustee, and the Unitholders:



The REIT Manager, acting as interim manager, has general powers of management over the assets of Sabana Industrial REIT. The REIT Manager's main responsibility is to manage Sabana Industrial REIT's assets and liabilities for the benefit of Unitholders. The REIT Manager sets the strategic direction of Sabana Industrial REIT and gives recommendations to the REIT Trustee on the acquisition, divestment and/or enhancement of assets of Sabana Industrial REIT in accordance with its stated investment strategy. The REIT 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. The sole beneficiary of Blackwood Trust is InfinitySub Pte. Ltd. (the parent company of ESR Investment Management Pte. Ltd.).

Sabana Property Management Pte. Ltd. is currently the dedicated property manager for Sabana Industrial REIT (the "**Property Manager**"). The Property Manager is responsible for providing property management, lease management, marketing and administration of property tax services for the properties in Sabana Industrial REIT's portfolio. The Property Manager is 100.0% owned by SIP indirectly through the REIT Manager.

³⁹ <https://links.sgx.com/1.0.0/corporate-announcements/BF5KGDHKK5RF1RS/22dd4e61a8e08f2c8df5eb208cafd16ac53bf3b3bf4d2ace10e0400b6029ac72>

The structure of Sabana Industrial REIT, including the relationship between Sabana Industrial REIT and the REIT Manager, is subject to the ongoing internalisation of the REIT management function of Sabana Industrial REIT. See “Risk Factors – Risks relating to the proposed internalisation of the REIT management function” for further details.

4. SABANA INDUSTRIAL REIT’S STRATEGIES

The REIT Manager’s key objective is to provide Unitholders with regular and stable distributions and long-term growth in distribution per Unit (“**DPU**”) of Sabana Industrial REIT and net asset value (“**NAV**”) per Unit, while maintaining an appropriate capital structure.

The REIT Manager endeavours to achieve its objective through the following strategies, the implementation of which is subject to the ongoing internalisation of the REIT management function of Sabana Industrial REIT (see “Risk Factors – Uncertainties surrounding the proposed internalisation of the REIT management function, being the first for the Singapore REIT sector, could adversely affect the business, financial condition and results of operations of Sabana Industrial REIT” for further details):

- **Acquisition growth strategy:** While the Internalisation Process of Sabana Industrial REIT is underway, yield-accretive acquisition opportunities in Singapore and overseas that are aligned with Sabana Industrial REIT’s investment strategy remains as a viable strategy for Sabana Industrial REIT. Generally, the REIT Manager evaluates potential acquisitions based on the quality of their location and targets sites with convenient access to major transportation networks, whether by air, sea, rail or road, with a bias towards developed infill regions over greenfield ones. The REIT Manager is also focused on assets that have long-term viability and that are in alignment with evolving tenant preferences.
- **Active asset management strategy:** The REIT Manager continues to enhance existing properties to achieve organic growth for Sabana Industrial REIT which the REIT Manager notes has yielded positive results. The REIT Manager endeavours to leverage on and implement proactive measures to improve the returns from, Sabana Industrial REIT’s property portfolio. Such measures will include prudent control of property outgoings, active leasing and marketing of any vacancies and expiring leases, programmes to support the regular maintenance of building structures, asset refurbishment and enhancement projects to increase the competitive positioning of the assets, thereby potentially increasing the yield of the Portfolio Properties and the NAV per Unit and, where appropriate, divesting non-performing and mature assets. The REIT Manager remains committed to sustainability and continues to actively work to enhance the assets to adapt to emerging environmental considerations.
- **Opportunistic development strategy:** Within the limits of Appendix 6 of the Code on Collective Investment Schemes (the “**CIS Code**”, and Appendix 6 of the CIS Code, the “**Property Funds Appendix**”), the REIT Manager endeavours to prudently undertake development activity when appropriate opportunities arise while mitigating construction and leasing risks and short-term dilution of yield from any additional capital raised for the purposes of the development activity.
- **Prudent capital and risk management strategy:** The REIT Manager endeavours to employ an appropriate mix of debt and equity in financing acquisitions and, where appropriate, utilise financing cost and currency hedging strategies to optimise risk-adjusted returns to Unitholders.
- **Advancing Environment, Social and Governance (“**ESG**”):** The REIT Manager strives to advance ESG in Sabana Industrial REIT’s goals and invest with sustainability agenda by determining the material ESG factors and overseeing the management and monitoring of such material ESG factors.

Acquisition growth strategy

Acquisition opportunities that are aligned with Sabana Industrial REIT’s investment strategy, and provide attractive cash flows and yields relative to Sabana Industrial REIT’s weighted average cost of capital, as well as opportunities for future income and capital growth remain as a viable strategy for Sabana Industrial REIT.

Investment Criteria

In general, 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.

In evaluating acquisition opportunities, the REIT Manager focuses primarily on the following investment criteria:

- **Asset quality:** properties resilient to business cycles, aligned with evolving tenant needs to support high occupancy rate;
- **Location:** targeting quality locations with convenient access to major transportation networks, whether by air, sea, rail or road;
- **Occupancy and tenant characteristics:** investing in properties with good quality existing tenants or with the potential for higher rentals and potential for high tenant retention rates relative to comparable properties in their respective micro-/sub-markets; and
- **Regional diversification:** while Singapore will continue to account for the majority of the assets in the short term, the medium and longer term strategy of Sabana Industrial REIT is to pursue opportunities throughout Asia in order to enhance the geographical spread and tenant base. In assessing overseas acquisitions, the REIT Manager will consider a number of factors, including related risks (sovereign risks, currency risks, market risks and asset-specific risks), value-adding opportunities, and building and facilities specifications.

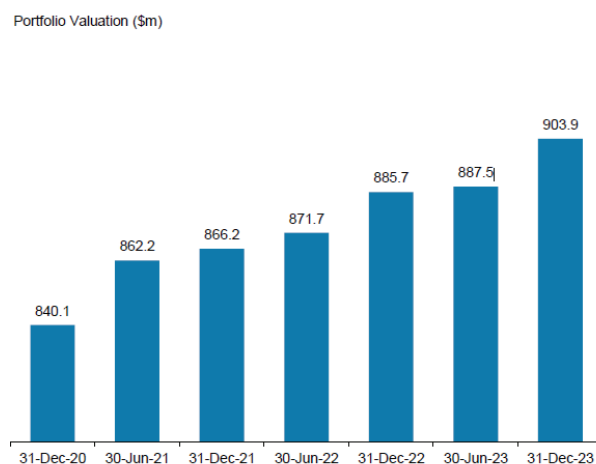
Acquisition Process

The REIT Manager has put in place a rigorous process for the assessment of acquisition opportunities, incorporating:

- a research-driven investment approach focusing on, among other things, national macroeconomic outlook, analysis of the relevant real estate market and detailed asset analysis of the location, tenant profile, risks and asset enhancement opportunities;
- the completion of detailed physical, legal and financial due diligence prior to the completion of any acquisition to ensure all risks have been properly assessed;
- independent valuation to support the purchase price; and
- detailed analysis of, among other things, the impact of a proposed acquisition on distribution and NAV per Unit and earnings growth prospects.

Active asset management strategy

The track record the REIT Manager's active asset management strategy can be seen in the historical portfolio valuation of Sabana Industrial REIT where portfolio valuation has improved over the last three years despite declining land tenure.



The REIT Manager endeavours to maximise returns by implementing the following pro-active asset management strategies:

- improving occupancy and rental rates;
- diversifying the tenant base across different industries;
- implementing pro-active marketing plans;
- rationalising operating costs;
- where appropriate, divesting non-performing and matured assets; and
- improving environmental sustainability of assets, in line with Sabana Industrial REIT's commitment to be one of Singapore's first carbon neutral industrial REITs by 2040.

Improve occupancy and rental rates

The REIT Manager works closely with the Property Manager to:

- enhance the profile of Sabana Industrial REIT's properties;
- pursue new rental opportunities and pro-actively engage tenants;
- manage lease renewals effectively in order to minimise void periods due to lease expiries by way of:
 - establishing and working toward optimal rental benchmarks for each Portfolio Property;
 - pro-actively engaging tenants whose leases are about to expire in early negotiations;
 - endeavouring to line up new tenants in preparation for vacant space;
 - actively managing overdue rentals to minimise bad debt; and
 - initiating tenant retention programmes to further strengthen tenant relationships in an effort to maintain high tenant retention, minimise vacancies, as well as minimise costs associated with securing new tenants.

Diversify tenant base across different industries

The REIT Manager (together with the Property Manager) endeavours to diversify the tenant base through the following:

- monitoring the exposure of total rental income to any one business sector;
- improving the diversity of its tenant base, including a focus on tenants from expansionary trade sectors, so as not to overly expose revenue to certain business sectors which are more susceptible to general economic cycles, in order to achieve more consistent cash flows; and
- working closely with respective master lessees whenever a new end-user is being considered and providing feedback on potential concentration risk or other exposure, as the case may be.

Implement pro-active marketing plans

The REIT Manager endeavours to develop customised pro-active marketing plans for each applicable Portfolio Property, focusing on property-specific needs to maximise tenant interest and enhance the public profile and visibility, with a view to increasing the value of the properties and to maintaining the long term value of the properties.

Rationalise operating costs

The REIT Manager endeavours to rationalise operating costs through the following:

- working closely with the Property Manager to manage and reduce the property operating expenses (without reducing the quality of maintenance);
- implementing energy-efficient measures in some of the high specification buildings with high energy consumption to mitigate the impact of elevated energy costs, as well as other water efficiency measures; and
- exploiting the economies of scale associated with operating a portfolio of properties by, for example, bulk purchasing of supplies and cross implementation of successful cost-saving programmes.

Divest non-performing and matured assets

The REIT Manager intends to hold assets on a long-term basis. However, where any assets are matured or non-performing, the REIT Manager has divested, and will consider divesting, such assets in order to reinvest the sale proceeds towards better potential growth opportunities and better optimise Sabana Industrial REIT's portfolio.

On 5 December 2016, the property located at 218 Pandan Loop, Singapore 128408 was divested to X Properties Inc Pte Ltd., for the sum of S\$14.8 million. The sale consideration was approximately 9.6% higher than the purchase consideration and approximately 13.8% above the property's book value of S\$13.0 million as at 30 June 2016, based on the desktop valuation performed by independent valuer Knight Frank Pte Ltd. The divestment proceeds were used to fund capital expenditures, repay existing indebtedness, and capital distributions to Unitholders.

On 29 March 2018, the property located at 6 Woodlands Loop, Singapore 738346 was divested for the sum of S\$13.8 million which was approximately 7.0% above the book value of the property then. The divestment proceeds were used by the REIT Manager for repayment of outstanding borrowings of Sabana Industrial REIT.

Further on 10 January 2019, Sabana Industrial REIT divested the property located at 9 Tai Seng Drive, Geo-Tele Centre, Singapore 535227 for a sale consideration of S\$99.6 million which was above the book value of the property then. The divestment proceeds were deployed by the REIT Manager to pay down borrowings, redeem trust certificates and a portion was distributed to Unitholders as capital gains distribution.

Notwithstanding these three divestments since 2016, Sabana Industrial REIT achieved a record-high gross revenue of S\$111.9 million⁴⁰ since its initial public offering on 26 November 2010. Sabana Industrial REIT's net property income reached a new high of S\$55.0 million⁴¹ since 2016, despite a smaller number of portfolio properties⁴².

The REIT Manager consistently explores divestment of selected assets which have been assessed and deemed to be non-core to its portfolio.

Opportunistic development strategy

Sabana Industrial REIT is allowed to undertake development activities within the limits of the Property Funds Appendix. The Property Funds Appendix currently allows a REIT to undertake property development activities if it intends to hold the developed property on completion, and provided that the total contract value of property development activities undertaken and investments in uncompleted property developments does not than 10% of the REIT's deposited property (as defined in the Property Funds Appendix). The total contract value of property development activities may exceed 10% of the REIT's deposited property if certain conditions are met.

⁴⁰ As at 31 December 2023.

⁴¹ As at 31 December 2023.

⁴² There were 18 properties in 2023 as compared to 21 properties in 2016.

Prudent capital and risk management strategy

The REIT Manager endeavours to employ an appropriate mix of debt and equity in financing acquisitions and, where appropriate, utilise financing cost and currency hedging strategies to optimise risk-adjusted returns to Unitholders. The REIT Manager endeavours to:

- maintain a strong balance sheet;
- optimise Sabana Industrial REIT's capital structure and cost of capital within the borrowing limits;
- use a combination of debt and equity to fund future acquisitions and asset enhancement initiatives to optimise risk-adjusted returns to Unitholders; and
- implement an active financing cost management strategy such as utilising financing cost hedging strategies where appropriate.

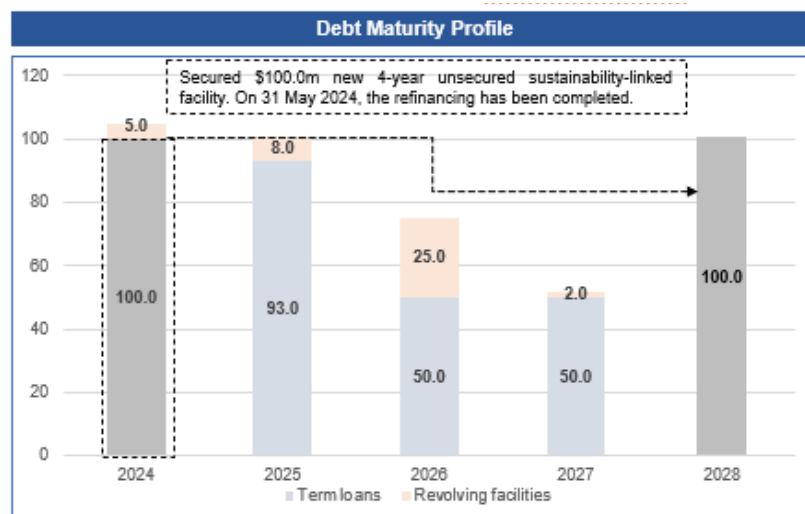
Prudent capital management

Under the Property Funds Appendix, the aggregate leverage of Sabana Industrial REIT should not exceed 45.0% of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). Sabana Industrial REIT's aggregate leverage may exceed this limit (up to a maximum of 50.0%) only if it has a minimum adjusted interest coverage ratio (as defined in the Property Funds Appendix) of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. Based on the past three years, the interest coverage ratio for Sabana Industrial REIT is at least 2.5 times.

As at 31 March 2024, Sabana Industrial REIT's aggregate leverage (as defined in the Property Funds Appendix) remained healthy at 35.6%⁴³ (compared to 34.3% as at 31 December 2023, 32.4% as at 31 December 2022 and 35.0% as at 31 December 2021), below the aggregate leverage limit of 45%. Leverage ratio has increased mainly due to the drawdown of loan for capital expenditure and liquidity build up for capital management purposes.

Sabana Industrial REIT has a debt headroom⁴⁴ of S\$134.9 million (compared to S\$145.7 million as at 31 December 2023), to support future growth. Total borrowings of Sabana Industrial REIT has increased to S\$333.0 million as at 31 March 2024 (comprising of S\$293.0 million of term loans and S\$40.0 million of revolving facilities) due to the working capital required for capital expenditure, asset enhancement initiatives and distribution payments, compared to S\$318.0 million as at 31 December 2023 (comprising of S\$293.0 million of term loans and S\$25.0 million of revolving facilities), S\$293.0 million as at 31 December 2022 and S\$315.5 million as at 31 December 2021.

The debt maturity profile remains well-spread out at weighted average debt maturity at 2.7 years (compared to 2.9 years as at 31 December 2023) with the next refinancing requirement due in 4Q2025.



⁴³ Ratio of total borrowings and deferred payment over Deposited Property.

⁴⁴ On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix, inclusive of committed and undrawn facilities of S\$80.0 million.

A proportion of approximately 51.8% of Sabana Industrial REIT's total borrowings is hedged to fixed rates to mitigate rising interest rates (compared to 76.3% as at 31 December 2023)⁴⁵, with an average fixed debt expiry of 1.2 years (compared to 1.0 years as at 31 December 2023). The proportion of fixed rate borrowings have decreased due to operational constraints amid the Internalisation Process.

Weighted average all-in cost of borrowing inched modestly higher to 4.01% as at 31 March 2024 from 3.89% as at 31 December 2023 (compared to 3.86% as at 31 December 2022 and 3.14% as at 31 December 2021), and Sabana Industrial REIT remains well-positioned to service its loans, with a healthy interest coverage of 3.4 times as at 31 March 2024 (compared to 3.5 times as at 31 December 2023, 3.8 times as at 31 December 2022 and 4.4 times as at 31 December 2021). Unencumbered assets remained unchanged at 100% as at 31 December 2023 and as at 31 March 2024.

Any excess operating cash flow that is not required to be distributed to Unitholders may also be used to reduce its level of indebtedness in order to reduce financing costs.

Active financing cost management strategy

The REIT Manager endeavours to adopt an active financing cost management policy to manage the risks associated with changes in financing costs on any future facilities while also seeking to ensure that Sabana Industrial REIT's ongoing cost of debt capital remains competitive.

Currency risk management strategy

The REIT Manager endeavours to adopt appropriate hedging strategies to minimise any risks associated with foreign exchange exposures arising from the cash flows, thereby ensuring regular and stable returns to the Unitholders when Sabana Industrial REIT makes an acquisition outside of Singapore.

Advancing ESG

With the growing importance of ESG factors as part of the key investment criteria for investors, the REIT Manager engages with Unitholders and investors to communicate its sustainability agenda, projects, and progress. The REIT Manager considers sustainability issues in Sabana Industrial REIT's business and strategy, determines the material ESG factors and oversees the management and monitoring of the material ESG factors. The REIT Manager continues to pursue asset enhancement initiatives with ESG factors in mind while ensuring the resiliency of Sabana Industrial REIT's portfolio and capital structure.

Improve environmental sustainability of assets

Consistent with Sabana Industrial REIT's ESG commitment to improving energy and water efficiency, plans are underway for the roll-out of sustainability projects across selected Portfolio Properties.

On 30 March 2023, the REIT Manager announced that it has partnered with Keppel EaaS, a wholly owned subsidiary of Keppel Infrastructure, to implement sustainability solutions and initiatives across Sabana Industrial REIT's selected Portfolio Properties with the aim of becoming one of Singapore's first carbon neutral REIT by 2040. This includes the installation of solar panels at selected Portfolio Properties. Phase 1 includes the installation of photovoltaic solar panels at four properties (10 Changi South Street 2, 34 Penjuru Lane, 3A Joo Koon Circle and 1 Tuas Avenue 4). Additionally, the REIT Manager announced on 8 December 2023 that for Phase 2, Keppel EaaS will install rooftop photovoltaic solar panels at five properties (2 Toh Tuck Link, 8 Commonwealth Lane, 23 Serangoon North Avenue 5, 39 Ubi Road 1 and 51 Penjuru Road).

The photovoltaic solar panel systems at 10 Changi South Street 2 were turned on in December 2023 and the photovoltaic solar panel systems at 34 Penjuru Lane were turned on in February 2024. Installations at 3A Joo Koon Circle have been completed and will be turned on in due course, subject to authority's approval. Upon completion at all nine properties by 4Q2024, Sabana Industrial REIT will have an overall installed capacity of 7.1 megawatt-peak and potentially generating more than 8,400 megawatt-hours per year and with over 32,500 square metres of solar panels, it is equivalent to powering approximately 2,500 three-room HDB flats for a year. Upon completion, majority of Sabana Industrial REIT's multi-tenanted properties will be covered by renewable energy.

⁴⁵ Every potential 50 basis points increase in interest rates may result in a S\$0.80 million decrease in distributable income or 2.6% reduction (equivalent to 0.07 cents) on DPU per annum. Based on 1,111,788,330 units as at 31 December 2023 and FY2023 DPU.

Four electric vehicle charging stations have also been installed at New Tech Park at 151 Lorong Chuan and their operation commenced in May 2023.

The REIT Manager has commenced energy audit for buildings in Sabana Industrial REIT’s portfolio with high power consumption, starting with the property located at 508 Chai Chee Lane. In FY2023, rejuvenation works were carried out at selected Portfolio Properties including New Tech Park at 151 Lorong Chuan, 508 Chai Chee Lane, 123 Genting Lane, 39 Ubi Road 1 and 15 Jalan Kilang Barat. A power upgrade exercise took place at New Tech Park at 151 Lorong Chuan 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 at 151 Lorong Chuan, 39 Ubi Road 1 and 15 Jalan Kilang Barat, among others. In line with Sabana Industrial REIT’s sustainability commitment, common area lighting was replaced with LED across the properties under the Property Manager’s control. To finance the REIT’s sustainability efforts, the REIT Manager had in FY2023 secured a S\$100.0 million sustainability-linked facility as additional support for Sabana Industrial REIT’s focus on ESG. Almost two-thirds of Sabana Industrial REIT’s existing financing are sustainability-linked and the REIT Manager continues to target to convert all financing facilities into sustainability-linked or green loans by 2025.

The REIT Manager remains committed to advancing its ESG goals and rolling out energy saving initiatives, including more energy efficient building equipment, electric vehicle charging stations and planned solar panels, across its portfolio and with priority on properties with higher power consumption.

ESG Risk Management

The REIT Manager has implemented the enterprise risk management framework in line with the Guidelines on Environmental Risk Management for Asset Managers issued by the 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 of Directors determines the direction of Sabana Industrial REIT’s sustainability strategy, monitor the progress of sustainability initiatives and the impact on the economy, environment, and people. Sabana Industrial REIT’s sustainability working committee implements Sabana Industrial REIT’s sustainability agenda, monitor its environmental performance, as well as reporting progress of sustainability initiatives to the Board. It is also responsible for key stakeholder’s engagement for its sustainability targets.



5. COMPETITIVE STRENGTHS

The REIT Manager believes that Sabana Industrial REIT's competitive strengths are as follows.

Quality property portfolio

- **Strategic locations**

All existing Portfolio Properties of Sabana Industrial REIT are located entirely in Singapore, an internationally established logistics and high-tech industrial hub. Within Singapore, most of the Portfolio Properties are strategically located in close proximity to the principal industrial zones such as Loyang (close to Changi Airport) and Penjurong (situated close to Singapore's shipping ports). The Portfolio Properties are therefore supported by excellent infrastructure and arterial road networks that enhance their attractiveness to existing and potential tenants and their customers.



- **Attractive building specifications**

Each of the Portfolio Properties has been carefully selected by the REIT Manager for inclusion in the property portfolio of Sabana Industrial REIT and features attractive building specifications such as large contiguous floor plates, high floor to ceiling heights, high floor loading and wide column span that in turn promote higher occupancies and long-term tenants. The attractive building specifications also make Sabana Industrial REIT's portfolio resilient to any economic downturn.

New Tech Park at 151 Lorong Chuan, 15 Jalan Kilang Barat and 8 Commonwealth Lane feature excellent building specifications, including high floor to ceiling height, high floor loading and wide column span. These features provide greater flexibility in terms of space configuration. As a result, these Portfolio Properties are amenable to a wide range of uses and hence appeal to a wider pool of tenants.

18 Gul Drive and 33 & 35 Penjuru Lane are approved and built to specifications to handle hazardous chemical products. These Portfolio Properties command a premium over normal warehouse space and are well-positioned to benefit from the continuing strong demand for chemical logistics space stemming from the Singapore Government's focus on enhancing Jurong Island's profile as a petrochemical hub.

26 Loyang Drive has a large land area, high floor loadings, high floor to ceiling heights and large contiguous floor plates that are suitable for warehousing, fabrication and high value-added industries using large component parts.

34 Penjuru Lane, 51 Penjuru Road, 3A Joo Koon Circle, 2 Toh Tuck Link and 10 Changi South Street 2 are warehousing spaces with wide driveways and ample loading and unloading bays.

123 Genting Lane, 30 & 32 Tuas Avenue 8, 39 Ubi Road 1, and 21 Joo Koon Crescent are warehouses and manufacturing facilities equipped with specifications that can support mixed usage.

23 Serangoon North Avenue 5 is a purpose-built five storey light industrial building with a mezzanine level and has good building specifications, is well-designed and very functional. 508 Chai Chee Lane, a seven-storey light industrial building with two basement storeys, is equipped with high power provision and large floor plates. It caters to a wide range of industrial usage such as cold room, R&D and high-tech industrial and warehousing needs.

1 Tuas Avenue 4, Sabana Industrial REIT's second major AEI after New Tech Park at 151 Lorong Chuan, will include ample loading bays with dock levellers and a 25-metre voluminous ceiling height space ideal for an automated storage and retrieval system after the completion of the AEI. 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 project is targeted to obtain its TOP by 1H2024. In line with Sabana Industrial 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 and based on design is expected to be a net positive energy building. It has attained a Building and Construction Authority ("BCA") Green Mark 2021 Super Low Energy certification.

- **Rejuvenation of selected properties to enhance asset quality**

The REIT Manager assesses each of the Portfolio Properties and carries out rejuvenation works to improve and enhance the quality of the Portfolio Properties. Since 2020, majority of Sabana Industrial REIT's properties have undergone asset enhancements and asset rejuvenation exercises, especially in main lobbies and improving tenants' occupational experiences which is testament to Sabana Industrial REIT's determination to create fresh value propositions for the market. Additionally, in line with the REIT's sustainability commitment, common area lighting was replaced with LED across the REIT's properties under the property manager's control. Some of the works that have been carried out or are planned to be carried are as detailed below.

To meet the evolving needs and preferences of existing tenants, for New Tech Park at 151 Lorong Chuan, passenger lift lobbies were upgraded, the carpark was re-lamped with LED lights and there was a phased refurbishment of the restrooms with new, water-efficient fittings. Electric vehicle charging stations at New Tech Park at 151 Lorong Chuan was introduced in May 2023 and there are plans for the replacement of air handling units. Ongoing water proofing works are also being undertaken for the property. A power upgrade exercise also took place in December 2023 to increase the high-tech industrial building's contracted capacity to support tenant usage.

These ongoing revitalisation initiatives at New Tech Park at 151 Lorong Chuan have led to the successful onboarding of new and expansionary tenants, representing some of the world's largest players in the semiconductor, electronics, and life sciences industries, and improved Sabana Industrial REIT's tenant trade sector diversification.

NTP+, a two-storey lifestyle mall at New Tech Park comprising 25 retail and food and beverage units, has played a crucial role in offering diverse F&B and lifestyle choices for New Tech Park's employees and nearby residents. Collectively, these efforts have the potential of transforming New Tech Park into a key employment hub in the vicinity.

The execution of the third phase of AEI for the property is currently underway. Sabana Industrial REIT has appointed the architect for the project and is currently engaged in ongoing discussions with multi-governmental and statutory boards on the existing plan to increase GFA (the proposed intensification project) for New Tech Park at 151 Lorong Chuan.

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.

In 2022, 2 Toh Tuck Link and 39 Ubi Road 1 went through a refresh of their external façades. The cargo lifts were modernised at 2 Toh Tuck Link and passenger lift lobby rejuvenation works were carried out at 39 Ubi Road 1.

The property at 10 Changi South Street 2 underwent passenger lift modernisation works and had new toilet water-efficient fittings. It received the PUB Water Efficient Building basic certification in FY2023.

- **Long weighted average leasehold for underlying land**

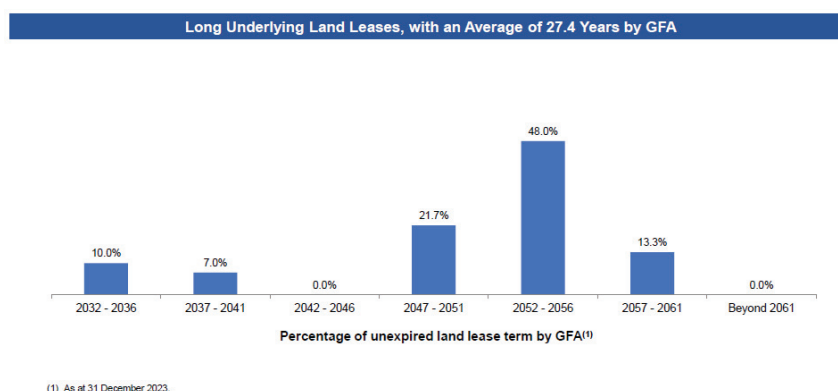
The weighted average unexpired lease term (including the period covered by the relevant options to renew) for the underlying land by GFA for all the Portfolio Properties is approximately 27.4 years as at 31 December 2023.

As at 31 December 2021 and 31 December 2022, portfolio WALE by gross rental income was 2.7 years and 3.0 years respectively. Portfolio WALE by gross rental income was 3.0 years as at 31 December 2023 and remained steady at 2.9 years as at 31 March 2024.

	As at 31 December 2023	As at 31 December 2022
Portfolio GFA	4.2 million sq ft	4.2 million sq ft
Weighted average master lease term to expiry⁽¹⁾	5.1 years	6.0 years
Weighted average portfolio lease term to expiry⁽²⁾	3.0 years	3.0 years
Weighted average unexpired lease term for the underlying land⁽³⁾	27.4 years	28.4 years

Notes:

- (1) Weighted by gross rental income (master leases of five properties⁴⁶).
- (2) Weighted by gross rental income (five master leases⁴⁶ and 12 multi-tenanted properties).
- (3) Weighted by GFA.

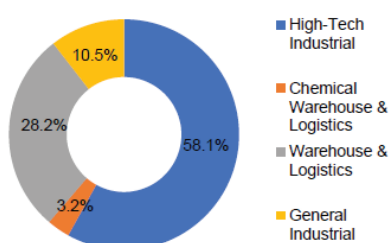


Diversified portfolio with high quality and diverse tenant base

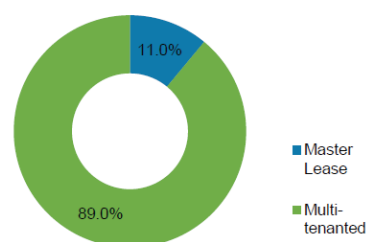
- **Diverse asset type and tenant trade sectors**

The Portfolio Properties represent a diverse spectrum of asset types within the industrial properties sector. As of 31 March 2024, the breakdown of asset types by gross rental income and breakdown of master-leased and multi-tenanted properties by gross rental income are shown in the figures below.

Breakdown of Asset Types
By Gross Rental Income



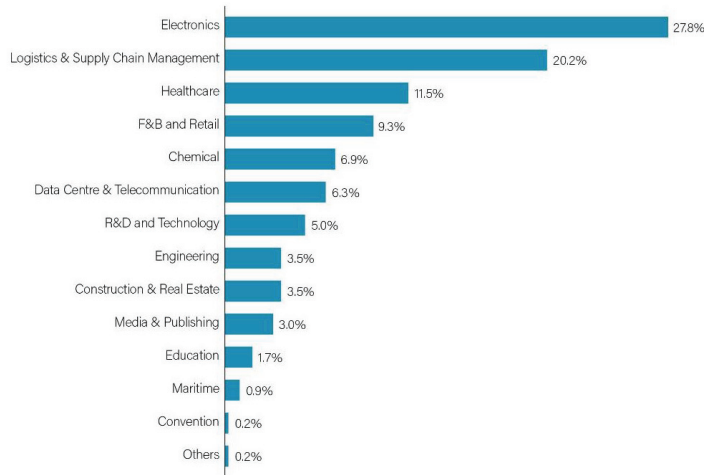
Breakdown of Master-leased and Multi-tenanted Properties
By Gross Rental Income



⁴⁶ 33 & 35 Penjuru Lane, which was previously master leased, is currently vacant since the repossession of the premises on 8 March 2024.

In addition, the tenants of the Portfolio Properties operate in diverse trade and industrial sectors, which include, amongst others, electronics, logistics and supply chain management, food and beverage (“F&B”) and retail, healthcare, data centre and telecommunication, chemical, R&D and technology, engineering, construction and real estate, media and publishing, education, maritime and convention.

Trade Sectors by Gross Rental Income
(As at 31 December 2023)



In FY2023, Sabana Industrial REIT strengthened its tenant mix, which now includes a higher proportion of tenants from more resilient trade sectors such as electronics and logistics and supply chain management.

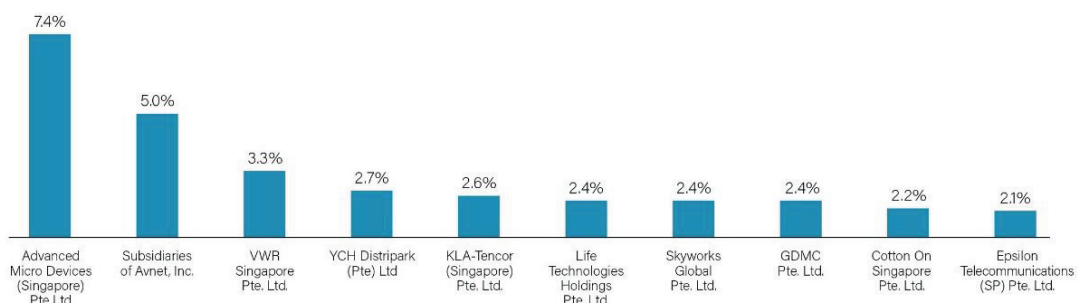
Such diversification and non-reliance on any one particular asset type or trade sector is expected to enhance the ability of Sabana Industrial REIT to generate stable cash flows, as it is not reliant on a single asset type or trade sector.

- **High quality tenant and diverse tenant base**

The Portfolio Properties, being strategically located, have attracted a high quality tenant and subtenant base. The REIT Manager has selected assets with reputable and financially strong tenants to ensure stable and resilient revenues through future economic cycles.

Sabana Industrial REIT’s tenant base is well-diversified, with 174 diverse tenants across 14 trade sectors as at 31 December 2023, consisting of both local and international companies, thereby ensuring cash flow resilience.

The top 10 tenants of Sabana Industrial REIT accounted for 32.5% of gross rental income in FY2023 as shown in the chart below.



In view of the legal proceedings relating to 33 & 35 Penjuru Lane, the chart excludes the former tenant of 33 & 35 Penjuru Lane, 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.). 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.

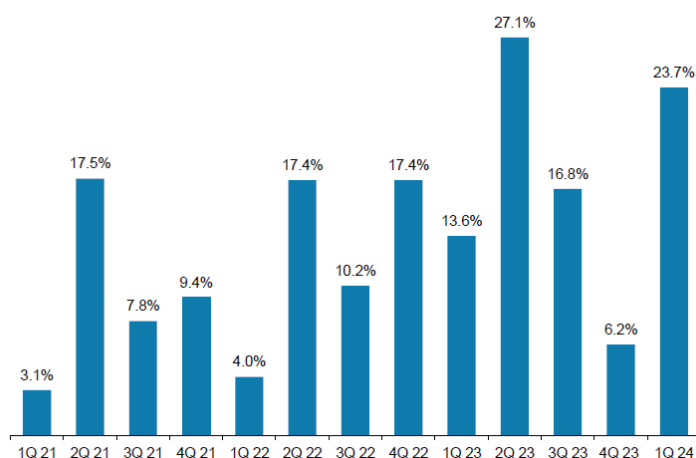
- **Strong and stable cash flows**

The REIT Manager believes the proactive lease management efforts with master leases secured for certain properties and committed occupancies of the Portfolio Properties enhances the ability of Sabana Industrial REIT to generate strong and stable cash flows. Sabana Industrial REIT attained overall healthy rental collectability of 99.8%⁴⁷ as of 31 December 2023, compared to 98.3% as of 31 December 2022 and 99.4% as of 31 December 2021.

- **Positive rental reversions**

Sabana Industrial REIT achieved a positive rental reversion of 16.6% in FY2023 which is supported by Sabana Industrial REIT’s proactive lease management efforts. This follows consecutive positive rental reversions of 10.5% and 12.9% in FY2021 and FY2022 respectively. Overall, the REIT Manager maintained positive rental reversions of 23.7% in 1Q2024, which marks 13 consecutive quarters of positive rental reversion since 1Q2021, and over three consecutive years of double-digit rental reversion.

Quarterly Rental Reversion (%)



- **Proactive lease management with master leases secured for certain properties**

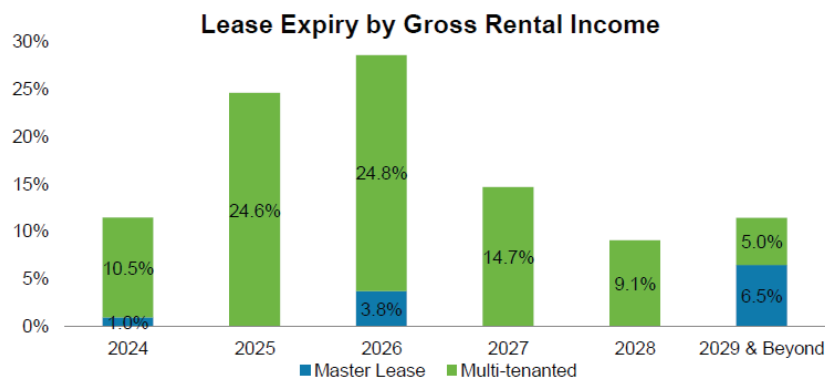
For FY2023, Sabana Industrial REIT executed a total of 80 new and renewed leases totalling 0.96 million sq ft, representing approximately 26.9% of total NLA of 3.5 million sq ft (as at 31 December 2023). These leases have a WALE of 3.25 years and contributed to 11.1% of FY2023’s gross rental income.

Notably, the REIT Manager renewed an anchor tenant lease at 508 Chai Chee Lane and secured new tenants to replace an anchor tenant at 34 Penjuru Lane ahead of lease expiry in 2H2023. Tenant retention rate stood at 65.6% for FY2023. Of the expired leases in FY2023, 87.5% were renewed and/or replaced by the REIT Manager.

⁴⁷ Excluding rent receivables from a master lease tenant at 33 & 35 Penjuru Lane, which is currently under legal proceedings to claim all the rental outstanding, as well as losses Sabana Industrial REIT suffered as a result of non-repayment and pre-termination due to the breach of the lease agreement.

Sabana Industrial REIT currently has a total of four master leases for its properties with the most recent master lease tenant secured at 30 & 32 Tuas Avenue 8. 33 & 35 Penjuru Lane, which was previously master leased, is currently vacant since the repossession of the premises on 8 March 2024.

As at 31 March 2024, Sabana Industrial REIT's lease expiry by gross rental income is shown in the diagram below.



Out of approximately 430,000 sq ft of leases expiring in FY2024, 42.7% have either been renewed or are under lease documentation. The REIT Manager is also in discussion with prospective tenants for the leasing of the premises at 33 & 35 Penjuru Lane.

- **High occupancy rates of the Portfolio Properties**

The occupancy rate for the Portfolio Properties was 88.4% as at 31 December 2021, 91.2% as at 31 December 2022 and remained stable at 91.2%⁴⁸ as at 31 December 2023.

As at the Latest Practicable Date, the occupancy rate for the Portfolio Properties is 83.0%⁴⁹.

Sabana Industrial REIT believes that the healthy demand for industrial properties in Singapore, coupled with the competitive asset strengths of the Portfolio Properties (including their strategic locations and their long weighted average unexpired land lease term), will enable the Portfolio Properties to maintain their high occupancy rates over time.

6. PORTFOLIO STATISTICS AND DETAILS

Portfolio of Sabana Industrial REIT

As at the Latest Practicable Date, Sabana Industrial REIT's diversified property portfolio comprises a mix of industrial property categories including high-tech industrial, chemical warehouse and logistics, warehouse and logistics, and general industrial, details of which are set out below:

Property Type	Number of Properties	GFA (sq ft)	Gross Rental Income for FY2023 (\$ million)	Independent Valuation ⁽¹⁾ (\$ million)
High-tech Industrial	6	1,736,934 ⁽²⁾	39.9 ⁽³⁾	570.7
Chemical Warehouse and Logistics	2	419,070	4.8	61.0
Warehouse and Logistics	6	1,448,278	19.1	191.4
General Industrial	4	552,841	6.7	80.8
Total	18	4,157,123	70.5	903.9

⁴⁸ Portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings and excludes 1 Tuas Avenue 4, which is currently undergoing AEI.

⁴⁹ Portfolio occupancy is 83.0% as at 31 March 2024 due to re-possession of 33 & 35 Penjuru Lane on 8 March 2024. As at 31 March 2024, portfolio occupancy would have been a stable 91.3% excluding 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings, and excludes 1 Tuas Avenue 4, which is currently undergoing AEI.

Notes:

- (1) The Portfolio Properties were valued by C&W and Savills as at 31 December 2023.
- (2) Grants of written permission obtained on 4 May 2023 for GFA of 155,949 sq ft and on 20 February 2024 for GFA of 156,139 sq ft for 1 Tuas Avenue 4. Total GFA calculated on the basis of 155,949 sq ft for 1 Tuas Avenue 4.
- (3) This figure does not include gross rental income from 1 Tuas Avenue 4 as the property is currently undergoing AEI.

Sabana Industrial REIT's financial results for FY2021, FY2022 and FY2023 were:

	FY2021	FY2022	FY2023
Gross revenue (S\$'000)	81,913	94,907	111,875
Net property income (S\$'000)	51,953	53,283	54,974
Total income available for distribution to Unitholders before retention (S\$'000)	32,504	33,070	33,714
Total distribution amount declared to Unitholders (S\$'000)	32,504	33,070	30,530
Distribution per Unit (cents)	3.05	3.05	2.76 ⁵⁰

As at the Latest Practicable Date, the property portfolio of Sabana Industrial REIT comprises 18 industrial properties located across Singapore, namely, New Tech Park at 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 1 Tuas Avenue 4, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 33 & 35 Penjuru Lane, 18 Gul Drive, 34 Penjuru Lane, 51 Penjuru Road, 26 Loyang Drive, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 30 & 32 Tuas Avenue 8, 39 Ubi Road 1 and 21 Joo Koon Crescent, with a combined GFA of approximately 4,157,123 sq ft and a portfolio occupancy of 83.0%⁵¹.

The Portfolio Properties are located in close proximity to the principal industrial zones within Singapore, which is an internationally established logistics and hi-tech industrial hub and are supported by excellent infrastructure and arterial road networks.

⁵⁰ 10% of the total income available for distribution for FY2023 was retained for prudent capital management in view of costs incurred and to be incurred in connection with the Internalisation. Further retention of distributable income may be required for FY2024 and FY2025.

⁵¹ Portfolio occupancy is 83.0% as at 31 March 2024 due to re-possession of 33 & 35 Penjuru Lane on 8 March 2024. As at 31 March 2024, portfolio occupancy would have been a stable 91.3% excluding 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings, and excludes 1 Tuas Avenue 4, which is currently undergoing AEI.

The table below sets out certain key information on the Portfolio Properties.

Portfolio Properties as at the Latest Practicable Date

Property (Location)	Property Type	Occupancy Rate (%)	GFA (sq ft)	Remaining Land Leasehold Tenure (years) ⁽¹⁾ (as at 31 December 2023)	Gross Rental Income for FY2023 (S\$ million)	Purchase Consideration (S\$ million)	Valuation ⁽²⁾ (S\$ million) (as at 31 December 2023)
151 Lorong Chuan, New Tech Park, Singapore 556741	High-tech Industrial	78.3	866,140	32	23.4	305.9	362.7
8 Commonwealth Lane, Singapore 149555	High-tech Industrial	82.2	161,815	35	4.1	70.3	54.3
15 Jalan Kilang Barat, Frontech Centre, Singapore 159357	High-tech Industrial	90.0	73,928	37	1.5	34.5	22.5
1 Tuas Avenue 4, Singapore 639382	High-tech Industrial	— ⁽³⁾	155,949 ⁽³⁾	23	— ⁽³⁾	28.0	21.0
23 Serangoon North Avenue 5, BTC Centre, Singapore 554530	High-tech Industrial	66.4	159,384	33	3.6	61.0	42.2
508 Chai Chee Lane, Singapore 469032	High-tech Industrial	99.2	319,718	36	7.3	67.2	68.0
33 & 35 Penjuru Lane, Singapore 609200/609202	Chemical Warehouse and Logistics	— ⁽⁵⁾	286,192	25	2.5	78.9	42.0
18 Gul Drive, Singapore 629468	Chemical Warehouse and Logistics	100.0	132,878	15	2.3	34.1	19.0
34 Penjuru Lane, Penjuru Logistics Hub, Singapore 609201	Warehouse and Logistics	94.0	414,270	9	5.1	60.0	29.9
51 Penjuru Road, Freight Links Express Logisticcentre, Singapore 609143	Warehouse and Logistics	93.1	246,376	31	2.8	42.5	31.0
26 Loyang Drive, Singapore 508970	Warehouse and Logistics	100.0	149,166	30	2.5	32.0	26.9
3A Joo Koon Circle, Singapore 629033	Warehouse and Logistics	96.5	217,899	24	3.0	40.3	34.4
2 Toh Tuck Link, Toh Tuck Logispark, Singapore 596225	Warehouse and Logistics	76.6	181,705	33	2.4	40.1	31.3
10 Changi South Street 2, Singapore 486596	Warehouse and Logistics	100.0	238,862	28	3.3	54.2	37.9
123 Genting Lane, Singapore 349574	General Industrial	98.0	158,907	18	2.0	24.5	17.2
30 & 32 Tuas Avenue 8, Singapore 639246/639247	General Industrial	100.0	158,846	33	2.2	24.0	28.9
39 Ubi Road 1, Singapore 408695	General Industrial	98.8	135,513	28	1.9	32.0	19.1
21 Joo Koon Crescent, Singapore 629026	General Industrial	100.0	99,575	30	0.6	20.3	15.6
Total / Weighted average			4,157,123	27.4 ⁽⁴⁾	70.5	1,049.8	903.9

Notes:

- (1) As at 31 December 2023. Remaining land leasehold tenure includes optional lease term. All Portfolio Properties are leasehold.
- (2) The independent valuations were conducted by C&W and Savills as at 31 December 2023.
- (3) 1 Tuas Avenue 4 is currently undergoing AEI to transform it into a warehouse and production facility and is expected to be completed in 1H2024. Grants of written permission obtained on 4 May 2023 for GFA of 155,949 sq ft and on 20 February 2024 for GFA of 156,139 sq ft.
- (4) Weighted by GFA.
- (5) The Singapore courts have since on 28 February 2024 granted an order that Kleio deliver possession of the premises located at 33 & 35 Penjuru Lane to the REIT Trustee.

Valuation

The Portfolio Properties were valued by the independent valuers, C&W and Savills, as at 31 December 2023 for the purposes of the annual asset revaluation, in accordance with the Property Funds Appendix. Valuations are determined in accordance with the REIT Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS. In arriving at the open market value of each Portfolio Property, C&W and Savills have considered the direct comparison method, capitalisation approach, discounted cashflow and/or the residual method analysis. 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.

Competition

Those Portfolio Properties located in industrial areas are likely to face potential competition from existing or new properties of a similar type within the same area, as well as from the establishment of new industrial areas and areas designated for use by industrial service providers. Sabana Industrial REIT believes that the Portfolio Properties are well-positioned to withstand the competition, given their quality and strategic locations. The REIT Manager will continue to work closely with the tenants to ensure that the Portfolio Properties continue to meet their changing needs and requirements. Sabana Industrial REIT believes that there is sufficient demand for existing and new facilities in all of the regions in which the Portfolio Properties are located.

Sabana Industrial REIT expects to face competition for the acquisition of properties in Singapore and the rest of Asia from other industrial REITs and property funds. However, Sabana Industrial REIT believes that it will benefit from the strength, knowledge and network of the Sponsor in the execution of its acquisition strategy. Sabana Industrial REIT will also work closely with other industrial service providers. The implementation of such acquisition strategy is however subject to the ongoing internalisation of the REIT management function of Sabana Industrial REIT (see “Risk Factors – Uncertainties surrounding the proposed internalisation of the REIT management function, being the first for the Singapore REIT sector, could adversely affect the business, financial condition and results of operations of Sabana Industrial REIT” for further details).

Insurance

The Portfolio Properties are insured in accordance with industry practice in Singapore.

NEW TECH PARK AT 151 LORONG CHUAN

Description

New Tech Park at 151 Lorong Chuan comprises a six-storey industrial building with a two-storey commercial extension, known as NTP+ mall. The building has a large expanse of roof which can accommodate large infrastructure such as satellite dishes. The REIT Manager is in discussions with multi-governmental and statutory boards on the existing plan to increase GFA for 151 Lorong Chuan's Phase 3 AEI.

The property is located along Lorong Chuan in the north-eastern part of Singapore. It is conveniently located opposite Lorong Chuan MRT station on the Circle Line and is well served by major expressways such as the Central Expressway.

The table below sets out a summary of selected information on New Tech Park at 151 Lorong Chuan:

Property Type	High-tech Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	32 years
Issue of Certificate of Statutory Completion ("CSC") / Temporary Occupation Permit ("TOP")	CSC: 7 August 1991, 9 November 1991, 23 August 1997, 18 September 1997, 18 February 2021, 9 March 2021, 29 December 2022 TOP: 27 May 1996
Land Area	428,370 sq ft
Gross Floor Area	866,140 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. Industrial section is about 77.05% let with total monthly gross rent of S\$1,719,243. Commercial section is 99.4% occupied with monthly gross rental income of S\$284,197.
Gross Rental Income for FY2023	S\$23.4 million
Valuation (as at 31 December 2023)	S\$362.7 million
Purchase Price	S\$305.9 million
Competitive Strengths	Located near Lorong Chuan MRT station on the Circle Line. Accessible via the Central Expressway. Easy access to labour due to close proximity to residential estates. Quality high profile tenants which are multinational companies in the electronics and semiconductor sections. Suitable for a wide range of industrial activities such as R&D, office, high-tech industrial and warehousing.

8 COMMONWEALTH LANE

Description

8 Commonwealth Lane comprises a four-storey light industrial building with a six-storey annex.

The property is located along Commonwealth Lane, around eight kilometres from the city centre. Situated near the science and technology hub of Singapore, the property is within close proximity of Certis Commonwealth, One Commonwealth, JTYC Commonwealth, Haw Par Technocentre and Biopolis and Fusionopolis at One-North. Other notable buildings within the vicinity are National University of Singapore and Singapore Polytechnic. The property is easily accessible via the Ayer Rajah Expressway and is within walking distance from Commonwealth MRT station on the East-West Line.

The table below sets out a summary of selected information on 8 Commonwealth Lane:

Property Type	High-tech Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	35 years
Issue of CSC/TOP	CSC: 30 April 2007, 7 June 2011 TOP: 18 December 2006, 10 January 2011
Land Area	64,773 sq ft
Gross Floor Area	161,815 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 82.2% let at a total monthly gross rent of S\$\$350,838.
Gross Rental Income for FY2023	S\$4.1 million
Valuation (as at 31 December 2023)	S\$54.3 million
Purchase Price	S\$70.3 million
Competitive Strengths	Located near Commonwealth MRT station on the East-West Line. Accessible via the Ayer Rajah Expressway. Strategically located within close proximity of tertiary institutions and research institutions. Easy access to amenities (e.g. food centres). Suitable for a wide range of industrial activities such as R&D, ancillary office, high-tech industrial and warehousing.

15 JALAN KILANG BARAT

Description

15 Jalan Kilang Barat comprises an eight-storey industrial building equipped with a multi-storey car park facility spanning the second and third stories.

The property is located along Jalan Kilang Barat, off Jalan Bukit Merah, in the central part of Singapore within close proximity to residential estates. It is conveniently accessible by the Ayer Rajah Expressway and Redhill MRT station on the East-West Line. Public transport and other amenities are available in the vicinity.

The table below sets out a summary of selected information on 15 Jalan Kilang Barat:

Property Type	High-tech Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	37 years
Issue of CSC/TOP	CSC: 5 May 2003 TOP: 24 January 2002
Land Area	25,157 sq ft
Gross Floor Area	73,928 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 90.0% let at a total monthly gross rent of S\$147,896.
Gross Rental Income for FY2023	S\$1.5 million
Valuation (as at 31 December 2023)	S\$22.5 million
Purchase Price	S\$34.5 million
Competitive Strengths	Located near Redhill MRT station on the East-West Line. Accessible via the Ayer Rajah Expressway. Easy access to labour as property is in close proximity to residential estates. Easy access to amenities (e.g. food centres).

SABANA@1TA4 AT 1 TUAS AVENUE 4

Description

Sabana@1TA4 at 1 Tuas Avenue 4 is a part three-storey and part six-storey industrial building currently undergoing AEI to transform it into a warehouse and production facility, and is expected to be completed around June 2024.

The property is located in the western part of Singapore within Jurong Industrial Estate and is in close proximity to the PSA Terminals, Jurong Port and Jurong Island. The property is well served by major transport networks including the Ayer Rajah Expressway and the Tuas Crescent MRT station along the East-West Line. Public transport and other amenities are available in the vicinity.

The table below sets out a summary of selected information on 1 Tuas Avenue 4:

Property Type	High-tech Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	23 years
Issue of CSC/TOP	CSC: 22 June 2001 TOP: 25 June 1999, June 2024 (tentative)
Land Area	140,353 sq ft
Gross Floor Area	155,949 ⁵² sq ft
Tenancy Brief (as at the Latest Practicable Date)	Currently vacant. Undergoing AEI.
Gross Rental Income for FY2023	Undergoing AEI
Valuation (as at 31 December 2023)	S\$21.0 million
Purchase Price	S\$28.0 million
Competitive Strengths	Via AEI, the building is undergoing major A&A works to transform into a modern warehouse-cum-production facility that will incorporate green features. The building has attained the BCA Green Mark 2021 Super Low Energy certification as at 27 March 2024. Close proximity to Tuas Mega Port, Tuas Medical Park and Tuas Crescent MRT on the East-West Line. Accessible via the Ayer Rajah Expressway and Pan-Island Expressway. Opportunity to maximise plot ratio as it has not been fully utilised.

⁵² Grants of written permission obtained on 4 May 2023 for GFA of 155,949 sq ft and on 20 February 2024 for GFA of 156,139 sq ft.

23 SERANGOON NORTH AVENUE 5

Description

23 Serangoon North Avenue 5 comprises a five-storey industrial building with a mezzanine level, located on the northern side of Serangoon North Avenue 5 off Yio Chu Kang Road within Serangoon North Industrial Estate, and is approximately 12.0 kilometres from the city centre. Completed in 2008, the property is a JTC leasehold estate of 30 + 20 years 15 days tenure commencing from 16 September 2006.

The table below sets out a summary of selected information on 23 Serangoon North Avenue 5:

Property Type	High-tech Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	33 years
Issue of CSC/TOP	CSC: 20 November 2008 TOP: 14 March 2008
Land Area	64,579 sq ft
Gross Floor Area	159,384 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 66.4% let at a total monthly gross rent of S\$234,066.
Gross Rental Income for FY2023	S\$3.6 million
Valuation (as at 31 December 2023)	S\$42.2 million
Purchase Price	S\$61.0 million
Competitive Strengths	Easy access to labour as property is in close proximity to residential estates. Good building specifications and is well designed and very functional.

508 CHAI CHEE LANE

Description

508 Chai Chee Lane is a seven-storey light industrial building with two basement storeys.

The table below sets out a summary of selected information on 508 Chai Chee Lane:

Property Type	High-tech Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	36 years
Issue of CSC/TOP	CSC: 8 October 2003, 27 July 2007, 4 December 2007, 9 February 2011 TOP: Not available
Land Area	113,689 sq ft
Gross Floor Area	319,718 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 99.2% let at a total monthly gross rent of S\$665,078.
Gross Rental Income for FY2023	S\$7.3 million
Valuation (as at 31 December 2023)	S\$68.0 million
Purchase Price	S\$67.2 million
Competitive Strengths	Amenities such as wet market, food centres and retail shops are available at the Bedok Town Centre. With a large floor plate, the building can cater to a wide range of industrial activities such as cold room, R&D, high-tech industrial and warehousing. Well-served by the Pan-Island and Kallang-Paya Lebar Expressways. Accessible by Bedok and Kembangan MRT stations along the East-West Line, and the Bedok North MRT station along the Downtown Line. Chillers and condenser water pumps upgraded to continuously maximise water efficiency, taking into consideration that it is a resource-intensive property.

33 & 35 PENJURU LANE

Description

33 & 35 Penjuru Lane is a chemical storage warehouse complex comprising three buildings – Block A, a four-storey warehouse building; Block B – a part one-storey and part three-storey with basement warehouse building; and Block C – a single-storey with mezzanine warehouse building.

The property is located within Jurong Industrial Estate, which is considered to be the key logistics cluster of the Jurong Industrial Precinct given its proximity to the PSA Terminals, Jurong Port and Jurong Island. It is well served by major arterial roads and transport networks such as the nearby Ayer Rajah Expressway, Pan-Island Expressway, West Coast Highway, and Jurong East MRT station on the East-West Line. Public transport and other amenities are available in the vicinity.

Ongoing litigation against the tenant

On 17 November 2023, the REIT Trustee filed an originating claim to the Singapore High Court against one of the tenants (Kleio), being the master lessee for 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) cost incurred in connection with enforcing its rights under the lease.

On 19 December 2023, the REIT Manager updated that Kleio served a defence and counterclaim in response and on 28 December 2023, the REIT Manager updated that the REIT Trustee filed its defence to the counterclaim filed by Kleio.

The Singapore courts have, on 28 February 2024, granted an order that Kleio deliver possession of the premises to the REIT Trustee on 8 March 2024.

As at 31 March 2024, all third party goods have been removed from the premises.

On 5 April 2024, the Singapore courts have granted the following orders:

- (i) judgment be entered against Kleio on the REIT Trustee's claims for outstanding rent and other payments due under the lease; and
- (ii) Kleio's counterclaim be dismissed entirely.

On 19 April 2024, the REIT Manager updated that Kleio has filed a notice that it is appealing against the orders made by the Singapore courts on 5 April 2024. On 21 May 2024, the REIT Manager updated that the Singapore court has, amongst others, dismissed Kleio's appeal against the orders made by the court on 5 April 2024.

The REIT Manager has updated on 6 June 2024 that Kleio has filed a notice of appeal to the Appellate Division of the High Court to appeal against part of the orders made by the Court on 21 May 2024. The REIT Manager notes that this is the final avenue of appeal for Kleio and that the REIT Trustee disagrees that Kleio's appeal has any merit and will take necessary legal steps to resist the appeal.

The REIT Trustee is pursuing necessary legal proceedings to claim approximately S\$4 million from Kleio, being the sum outstanding from May 2023 to March 2024, as well as losses Sabana Industrial REIT has suffered as a result of Kleio's non-repayment and pre-termination due to the breach of the lease agreement.

In the meantime, the REIT Manager is in discussion with prospective tenants for the leasing of the premises at 33 & 35 Penjuru Lane.

The table below sets out a summary of selected information on 33 & 35 Penjuru Lane:

Property Type	Chemical Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	25 years
Issue of CSC/TOP	CSC: 11 May 1992, 20 June 1994, 29 August 1994, 9 October 2008, 23 October 2008, 24 April 2009 TOP: Not available
Land Area	277,236 sq ft
Gross Floor Area	286,192 sq ft
Tenancy Brief (as at the Latest Practicable Date)	The REIT Manager is in discussion with prospective tenants for the leasing of the premises at 33 & 35 Penjuru Lane.
Gross Rental Income for FY2023	S\$2.5 million
Valuation (as at 31 December 2023)	S\$42.0 million
Purchase Price	S\$78.9 million
Competitive Strengths	Approved by authorities and built to specifications to handle hazardous chemical products. Accessible via the Ayer Rajah Expressway, Pan-Island Expressway and West Coast Highway. Opportunity to maximise plot ratio as it has not been fully utilised. Close proximity to Jurong Island which is Singapore's petrochemical hub.

18 GUL DRIVE

Description

18 Gul Drive comprises a part two-storey and part four-storey single-user chemical warehouse with ancillary offices.

The property is located within Jurong Industrial Estate and is in close proximity to the PSA Terminals, Jurong Port and Jurong Island. The property is well served by major arterial roads and transport networks including the Ayer Rajah Expressway and the Gul Circle MRT station on the East-West Line. Public transport and other amenities are available in the vicinity.

The table below sets out a summary of selected information on 18 Gul Drive:

Property Type	Chemical Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	15 years
Issue of CSC/TOP	CSC: 24 June 2010 TOP: 12 November 2009
Land Area	92,449 sq ft
Gross Floor Area	132,878 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Master leased to VWR Singapore Pte. Ltd. starting from 1 January 2020 and expiring on 31 December 2029. The current rent payable is S\$194,002 reflecting S\$1.46 per sq ft per month over GFA. Master tenant is responsible for property maintenance. Landlord pays property tax, land rent and capital expenditure of a structural nature
Gross Rental Income for FY2023	S\$2.3 million
Valuation (as at 31 December 2023)	S\$19.0 million
Purchase Price	S\$34.1 million
Competitive Strengths	Approved by authorities and built to specifications to handle hazardous chemical products. Accessible via the Ayer Rajah Expressway. Close proximity to Jurong Island which is Singapore's petrochemical hub.

34 PENJURU LANE

Description

34 Penjuru Lane comprises a five-storey warehouse with ancillary offices. It accommodates warehouse spaces from the first to fifth storey and ancillary offices on the second storey.

The property is located within Jurong Industrial Estate and is in close proximity to the PSA Terminals, Jurong Port, Jurong Island and is well served by major transport networks including the Ayer Rajah Expressway, Pan-Island Expressway, West Coast Highway, and Jurong East MRT station on the East- West Line.

The table below sets out a summary of selected information on 34 Penjuru Lane:

Property Type	Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	9 years
Issue of CSC/TOP	CSC: 12 May 2009 TOP: 12 January 2009
Land Area	165,873 sq ft
Gross Floor Area	414,270 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 94.0% let at a total monthly gross rent of S\$447,316.
Gross Rental Income for FY2023	S\$5.1 million
Valuation (as at 31 December 2023)	S\$29.9 million
Purchase Price	S\$60.0 million
Competitive Strengths	Accessible via the Ayer Rajah Expressway. Located within the warehousing zone in Jurong area. Versatile use and can handle all types of general cargo.

51 PENJURU ROAD

Description

51 Penjuru Road comprises a part single-storey automated warehouse, part three-storey and part four-storey purpose-built conventional warehouse building with mezzanine floor. The warehouse block accommodates an automated storage and retrieval system warehouse with a height of 33.0 metres.

The property is located in the western part of Singapore, at the intersection of Penjuru Road and Jalan Buroh, approximately 16km from the city centre. The property is in close proximity to the PSA Terminals, Jurong Port and Jurong Island and is well served by major arterial roads, transport networks such as the Ayer Rajah Expressway and Jurong East MRT station on the East-West Line.

The table below sets out a summary of selected information on 51 Penjuru Road:

Property Type	Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	31 years
Issue of CSC/TOP	CSC: 2 November 1999 TOP: 25 February 1999
Land Area	157,064 sq ft
Gross Floor Area	246,376 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 93.1% let and has a total monthly gross rent of S\$264,965.
Gross Rental Income for FY2023	S\$2.8 million
Valuation (as at 31 December 2023)	S\$31.0 million
Purchase Price	S\$42.5 million
Competitive Strengths	Located within the warehousing zone of Jurong Industrial Estate. Accessible via the Ayer Rajah Expressway. Versatile use and can handle all types of general cargo. Warehouse block accommodates a specialised automated storage and retrieval system. Opportunity to maximise plot ratio as it has not been fully utilised.

26 LOYANG DRIVE

Description

26 Loyang Drive comprises a single-storey warehouse building with mezzanine floors. The building accommodates warehouse and production areas, workshops, offices and facilities rooms on the first storey, while facilities rooms, a canteen, general office, partitioned offices, meeting room and conference room are located on the mezzanine levels.

The property is situated within the Loyang Industrial Estate which is strategically located at the eastern part of Singapore, close to Changi Airport. It is well served by expressways and major roads such as the Tampines Expressway, East Coast Parkway, Pan-Island Expressway and Loyang Avenue. Public transport and other amenities are available in the vicinity.

The table below sets out a summary of selected information on 26 Loyang Drive:

Property Type	Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	30 years
Issue of CSC/TOP	CSC: 1 November 2007 TOP: 6 October 2006
Land Area	195,444 sq ft
Gross Floor Area	149,166 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Master leased to tenant starting from 26 November 2018 and expiring on 31 December 2026. The current rent payable is S\$220,766 reflecting S\$1.48 per sq ft per month over the GFA. Master tenant is responsible for property maintenance of tenanted areas. Landlord pays property tax, insurance, land rent and capital expenditure of a structural nature
Gross Rental Income for FY2023	S\$2.5 million
Valuation (as at 31 December 2023)	S\$26.9 million
Purchase Price	S\$32.0 million
Competitive Strengths	Accessible via the Tampines Expressway and Pan-Island Expressway. Close proximity to Changi Airport. Suitable for a wide range of industrial activities with high floor loading, high floor to ceiling height, large continuous floor plate and wide column span. Opportunity to maximise plot ratio as it has not been fully utilised.

3A JOO KOON CIRCLE

Description

3A Joo Koon Circle comprises a two-storey warehouse building with mezzanine floor and a part three-storey and part four-storey factory building.

The property is located along Joo Koon Circle, off Benoi Road, about 19.9 kilometres from the city centre. 3A Joo Koon Circle is a JTC leasehold estate of 30 + 30 years tenure commencing from 1 August 1987.

The table below sets out a summary of selected information on 3A Joo Koon Circle:

Property Type	Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	24 years
Issue of CSC/TOP	CSC: 11 May 1989, 30 November 1990, 29 March 1995, 30 May 1996, 31 October 1997, 1 November 1997, 23 October 2008, 26 November 2012 TOP: Not available
Land Area	156,649 sq ft
Gross Floor Area	217,899 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 96.5% let and has a total monthly gross rent of S\$262,800.
Gross Rental Income for FY2023	S\$3.0 million
Valuation (as at 31 December 2023)	S\$34.4 million
Purchase Price	S\$40.3 million
Competitive Strengths	Strategically located along Joo Koon Circle, within walking distance from Joo Koon MRT station. Easily accessible by Pan Island Expressway and Ayer Rajah Expressway. Good building specifications which can cater to diverse trade sector.

2 TOH TUCK LINK

Description

2 Toh Tuck Link comprises a part four-storey and part six-storey warehouse building with a basement carpark.

2 Toh Tuck Link is a JTC leasehold estate of 30 + 30 years tenure commencing from 16 December 1996. The property is located along Toh Tuck Link, off Toh Tuck Avenue, about 15.6 kilometres from the city centre.

The table below sets out a summary of selected information on 2 Toh Tuck Link:

Property Type	Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	33 years
Issue of CSC/TOP	CSC: 3 May 2001, 17 July 2008 TOP: 16 December 1998
Land Area	72,473 sq ft
Gross Floor Area	181,705 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 76.6% let and has a total monthly gross rent of S\$160,633.
Gross Rental Income for FY2023	S\$2.4 million
Valuation (as at 31 December 2023)	S\$31.3 million
Purchase Price	S\$40.1 million
Competitive Strengths	Strategically located along Toh Tuck Link and is easily accessible by both Pan Island Expressway and Ayer Rajah Expressway. Approximately two kilometres away from Jurong East MRT station and Clementi MRT station. Good building specification suitable for diverse trade sectors.

10 CHANGI SOUTH STREET 2

Description

10 Changi South Street 2 is a part single-storey and part six-storey warehouse building with ancillary offices and a five-storey annex in a warehousing and distribution zone.

It is located at the northern side of Changi South Street 2, bounded by Changi South Avenue 2, off Xilin Avenue and approximately 15 km from the city centre. 10 Changi South Street 2 is situated right opposite Changi Business Park, Capri by Fraser Changi and Changi City Point. Developments in the immediate vicinity are clusters of industrial buildings, business parks and logistics hub, all well served by amenities such as banks, supermarket and F&B options. It is also within walking distance to Expo MRT along the East-West Line.

The table below sets out a summary of selected information on 10 Changi South Street 2:

Property Type	Warehouse and Logistics
Remaining Land Leasehold Tenure (as at 31 December 2023)	28 years
Issue of CSC/TOP	CSC: 4 July 1997, 14 July 1998, 9 March 2007, 10 October 2007, 12 October 2007, 21 November 2017 TOP: 25 March 1996, 3 October 2007
Land Area	170,332 sq ft
Gross Floor Area	238,862 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 100% let and has a total monthly gross rent of S\$337,708.
Gross Rental Income for FY2023	S\$3.3 million
Valuation (as at 31 December 2023)	S\$37.9 million
Purchase Price	S\$54.2 million
Competitive Strengths	Within walking distance to Expo MRT along the East-West Line. Well-served by the Pan Island Expressway and East Coast Parkway. Located opposite Changi City Point and surrounded by wide array of amenities including banking, retail and F&B options.

123 GENTING LANE

Description

123 Genting Lane comprises an eight-storey building with ancillary offices. The building accommodates ancillary office areas on the seventh storey, an air-conditioned canteen on the eighth storey and warehouse, manufacturing and ancillary offices on the remaining levels.

The property is located in the eastern part of Singapore some six kilometres away from the city centre. Situated within Kallang Way Industrial Estate, it is well served by expressways and major roads such as the Pan-Island Expressway, Kallang-Paya Lebar Expressway and Aljunied Road. Public transport facilities are readily available along Aljunied Road. The nearest MRT station is Aljunied MRT station on the East-West Line.

The table below sets out a summary of selected information on 123 Genting Lane:

Property Type	General Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	18 years
Issue of CSC/TOP	CSC:17 April 1996, 20 September 2001, 3 January 2007 TOP: Not available
Land Area	64,771 sq ft
Gross Floor Area	158,907 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 98.0% let and has a total monthly gross rent of S\$198,708.
Gross Rental Income for FY2023	S\$2.0 million
Valuation (as at 31 December 2023)	S\$17.2 million
Purchase Price	S\$24.5 million
Competitive Strengths	Located near Aljunied MRT station on the East-West Line. Accessible via the Pan-Island Expressway and Kallang-Paya Lebar Expressway. Easy excess to labour as property is in close proximity to residential estates. Suitable for wide range of activities including light manufacturing, storage, R&D and as an ancillary office space.

30 & 32 TUAS AVENUE 8

Description

30 & 32 Tuas Avenue 8 comprises two original “E8” JTC standard factories with an adjoining four-storey purpose-built factory with ancillary offices (the “**Premises**”).

The property is situated within Jurong Industrial Estate, which is considered to be the key logistics cluster of the Jurong Industrial Precinct given its proximity to the PSA Terminals, Jurong Port and Jurong Island. It is well served by major arterial roads and transport networks such as the nearby Ayer Rajah Expressway and Pan-Island Expressway, West Coast Highways and the Tuas Crescent MRT station along the East-West Line.

Ongoing liquidation of the tenant

On 10 June 2024, the REIT Manager received a notice that the tenant of the Premises, GDMC Pte. Ltd. (“**GDMC**”), has been placed in provisional liquidation. Mr Luke Anthony Furler and Mr Tan Kim Han of Quantuma (Singapore) Pte. Limited have been appointed as joint and several provisional liquidators for the creditors’ voluntary winding up of GDMC as of 10 June 2024 (“**Joint and Several Provisional Liquidators**”). In line with the creditors’ voluntary winding up, GDMC has also commenced the processes necessary to enter into creditors’ voluntary liquidation.

The required notice has been issued by the Joint and Several Provisional Liquidators to GDMC’s creditors for a creditors’ meeting to be convened at 11 a.m. on 24 June 2024 (“**Creditors’ Meeting**”). The appointment of the Joint and Several Provisional Liquidators will be subject to confirmation at this Creditors’ Meeting.

The REIT Manager is presently taking legal advice and will take active steps to mitigate any losses arising from this development, including taking steps to re-enter the Premises, marketing the Premises to prospective replacement tenants once the REIT Manager is in possession of the same and offsetting the outstanding rental payments with GDMC’s security deposit at hand. Since the commencement of the lease, GDMC has been prompt in its rental payments throughout 2023 and has met its full rental obligations up to the month of April 2024.

For FY2023, GDMC accounted for about 2.4% of Sabana Industrial REIT’s total gross rental income. The REIT Manager expects that the overall impact to Sabana Industrial REIT will be about 2.3%⁵³ of its proforma FY2023 DPU.

The REIT Manager announced on 14 June 2024 that it has on the same day at 4 p.m., exercised its right of re-entry under the lease agreement in respect of the Premises, and has taken possession of the Premises. The REIT Manager will actively market the Premises to seek replacement tenants.

⁵³ This figure is derived after the deduction of GDMC’s security deposit at hand and includes the settlement of outstanding land rent for the period from June 2024 to December 2024 and property taxes payable to the relevant authorities and the loss of rental income for the period from July 2024 to December 2024.

The table below sets out a summary of selected information on 30 & 32 Tuas Avenue 8:

Property Type	General Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	33 years
Issue of CSC/TOP	CSC: 19 February 1997, 17 September 1998, 6 March 1999, 27 November 2002, 15 January 2015 TOP: 21 November 1995
Land Area	157,141 sq ft
Gross Floor Area	158,846 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Master leased to tenant starting from 1 January 2023 and expiring on 31 December 2032. The current rent payable is S\$190,615 reflecting S\$1.20 per sq ft per month over the GFA. Master tenant is responsible for property maintenance of tenanted areas, property tax and land rent. Landlord pays for insurance and capital expenditure of a structural nature.
Gross Rental Income for FY2023	S\$2.2 million
Valuation (as at 31 December 2023)	S\$28.9 million
Purchase Price	S\$24.0 million
Competitive Strengths	Accessible via the Ayer Rajah Expressway and Pan Island Expressway. Versatile configuration suitable for wide range of manufacturing, warehousing and R&D activities. Opportunity to maximise plot ratio as it has not been fully utilised.

39 UBI ROAD 1

Description

39 Ubi Road 1 comprises an eight-storey light industrial building with ancillary offices.

The property is located on the western side of Ubi Road 1, off Paya Lebar Road, approximately nine kilometres from the city centre. The property is a HDB leasehold estate of 30 + 30 years tenure commencing from 1 January 1992.

The table below sets out a summary of selected information on 39 Ubi Road 1:

Property Type	General Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	28 years
Issue of CSC/TOP	CSC: 24 September 1998 TOP: 1 December 1995, 15 November 2011
Land Area	55,284 sq ft
Gross Floor Area	135,513 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Multi-tenanted. 98.8% let and has a total monthly gross rent of S\$180,463.
Gross Rental Income for FY2023	S\$1.9 million
Valuation (as at 31 December 2023)	S\$19.1 million
Purchase Price	S\$32.0 million
Competitive Strengths	Strategically located within the major industrial cluster of Ubi Road. Excellent infrastructure. Proximity to highway networks.

21 JOO KOON CRESCENT

Description

21 Joo Koon Crescent comprises a three-storey factory building with ancillary offices located along Joo Koon Crescent, approximately 24 kilometres from the city centre.

The table below sets out a summary of selected information on 21 Joo Koon Crescent:

Property Type	General Industrial
Remaining Land Leasehold Tenure (as at 31 December 2023)	30 years
Issue of CSC/TOP	CSC: 19 December 2003, 12 June 2008, 30 April 2008, 1 June 2010 TOP: 18 March 1998
Land Area	96,791 sq ft
Gross Floor Area	99,575 sq ft
Tenancy Brief (as at the Latest Practicable Date)	Master leased to tenant starting from 1 November 2019 and expiring on 31 October 2024. The current rent payable is S\$62,159 reflecting S\$0.62 per sq ft per month over the GFA. Master tenant is responsible for property maintenance of tenanted areas, property tax and land rent. Landlord pays for insurance and capital expenditure of a structural nature.
Gross Rental Income for FY2023	S\$0.6 million
Valuation (as at 31 December 2023)	S\$15.6 million
Purchase Price	S\$20.3 million.
Competitive Strengths	Strategically located along Joo Koon Crescent, within walking distance from Joo Koon MRT station. Easily accessible by Pan Island Expressway and Ayer Rajah Expressway. Good building specifications which can cater to diverse trade sectors.

7. THE REIT MANAGER

At an EGM held on 7 August 2023, Unitholders passed a resolution for SREIM to be removed as soon as practicable, and SREIM is now an interim manager. SREIM remains as the interim manager of Sabana Industrial REIT until such time when the REIT Trustee gives written notice to the REIT Manager to remove it as manager of Sabana Industrial REIT in accordance with the terms of the REIT Trust Deed.

The REIT Manager was incorporated in Singapore under the Companies Act on 15 March 2010. It has a paid-up capital of S\$1,000,000 as at the Latest Practicable Date and holds a CMS licence for REIT management pursuant to the SFA. Its registered office is located at 151 Lorong Chuan, #02-03 New Tech Park, Singapore 556741.

The REIT Manager is a wholly-owned subsidiary of SIP. SIP is a company incorporated in Singapore, which is wholly-owned by Perpetual Asia (Limited), acting in its capacity as trustee of Blackwood Trust. The sole beneficiary of Blackwood Trust is InfinitySub Pte. Ltd. (the parent company of ESR Investment Management Pte. Ltd.).

ESR Group Limited (formerly known as ESR Cayman Limited) is presently the sponsor of Sabana Industrial REIT (the “**Sponsor**”). The Sponsor is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 1821). The Sponsor is APAC’s largest real asset manager and

the third largest listed real estate investment manager globally. With approximately US\$156 billion (as at 31 December 2023) in total assets under management, its fully integrated development and investment management platform extends across key APAC markets, including Greater China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of gross domestic product in APAC, and also includes an expanding presence in Europe and the United States.

Board of Directors

The Board of Directors of the REIT Manager are:

Name	Position
Mr Tan Cheong Hin	Chairman and Independent Non-Executive Director
Mr Wong Heng Tew	Independent Non-Executive Director
Ms Lee Kia Jong Elaine (Mrs Elaine Lim)	Non-Independent Non-Executive Director

Experience and Expertise of the Board of Directors

Information on the business and working experience of the directors of the REIT Manager is set out below:

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.

Mr Wong Heng Tew

Independent Non-Executive Director

Mr Wong Heng Tew was appointed as an Independent Non-Executive Director of the REIT 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 Pte. Ltd. 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.

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 redesignated 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 is a Fellow of the Singapore Institute of Directors.

Management

The executive officers of the REIT Manager are:

Name	Position
Mr Donald Han	Chief Executive Officer
Mr Lim Wei Huang	Chief Financial Officer
Ms Jessica Yap	Head of Real Estate

Experience and Expertise of the Executive Officers

Information on the working experience of the executive officers of the REIT Manager is set out below:

Mr Donald Han

Chief Executive Officer

Mr Donald Han was appointed as Chief Executive Officer on 25 January 2018. A real estate veteran, Mr Han 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.

Mr Han 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 and was appointed Managing Director of the Singapore office in 1997. He was subsequently promoted to Cushman & Wakefield Singapore Pte Ltd's Asia Pacific Capital Markets Managing Director in 2008.

Mr Han left Cushman & Wakefield whilst at the helm as Vice Chairman of Cushman & Wakefield 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.

Mr Han 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 Sabana Industrial REIT and its subsidiaries and the REIT Manager. Working closely with the Chief Executive Officer and Board, Mr Lim plays a critical role in delivering on Sabana Industrial REIT's strategic plans and strengthening Sabana Industrial REIT's balance sheet.

Mr Lim has more than a decade's experience across finance, audit, accounting, corporate finance and treasury functions. Prior to joining the REIT 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.

Mr Lim was an Audit Assistant Manager with PricewaterhouseCoopers Singapore primarily responsible for auditing Singapore and multinational corporation companies across various industries.

Mr Lim 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 Sabana Industrial REIT. In assisting the Chief Executive Officer to deliver on Sabana Industrial REIT's strategic plans, Ms Yap manages the operational and asset performance of Sabana Industrial REIT including rejuvenation projects and asset enhancement initiatives. Prior to her current appointment, Ms Yap served at the REIT 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.

Ms Yap 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 REIT Manager, Ms Yap 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.

Ms Yap 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.

Roles and Responsibilities of the REIT Manager

The REIT Manager's powers, duties and obligations are set out in the REIT Trust Deed. The REIT Manager has general powers of management over the assets of Sabana Industrial REIT. The REIT Manager's main responsibility is to manage Sabana Industrial REIT's assets and liabilities for the benefit of Unitholders. For so long as the REIT Manager serves as the interim manager of Sabana Industrial REIT, the REIT Manager continues to have the powers, duties and obligations in respect of the management over the assets of Sabana Industrial REIT as set out in the REIT Trust Deed.

The REIT Manager sets the strategic direction of Sabana Industrial REIT and gives recommendations to the REIT Trustee on the acquisition, divestment and/or enhancement of assets of Sabana Industrial REIT in accordance with its stated investment strategy.

The REIT Manager has covenanted in the REIT Trust Deed to use its best endeavours to:

- carry on and conduct its business in a proper and efficient manner;
- ensure that Sabana Industrial REIT is carried on and conducted in a proper and efficient manner; and
- ensure that its Related Parties (as defined in the REIT Trust Deed) will conduct all transactions with or for Sabana Industrial REIT at arm's length and on normal commercial terms.

The REIT Manager prepares property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of Sabana Industrial REIT's properties.

The REIT Manager is also responsible for ensuring compliance with the applicable provisions of the Companies Act, the SFA and all other relevant legislations, the Listing Manual, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, the REIT Trust Deed, the CMS Licence, any tax ruling and all relevant contracts. The REIT Manager is responsible for all regular communications with Unitholders.

The REIT Manager may require the REIT Trustee to borrow or enter into fund-raising or financing arrangements on behalf of Sabana Industrial REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the REIT Manager considers, among others, that such borrowings or fund-raising or financing arrangements are necessary or desirable in order to enable Sabana Industrial REIT to meet any liabilities or to finance the acquisition of any property. However, the REIT Manager must not direct the REIT Trustee to incur a borrowing or enter into a fund-raising or financing arrangement if to do so would mean that Sabana Industrial REIT's total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred or the fund-raising or financing arrangement is entered into.

In the absence of fraud, gross negligence, wilful default or breach of the REIT Trust Deed by the REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the REIT Trust Deed. In addition, subject to the provisions of the REIT Trust Deed, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as REIT Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the REIT Trust Deed by the REIT Manager.

The REIT Manager may, in managing Sabana Industrial REIT and in carrying out and performing its duties and obligations under the REIT Trust Deed, with the written consent of the REIT Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

The REIT Manager's Fees

For as long as Sabana Industrial REIT is listed and the REIT Manager serves as the interim manager of Sabana Industrial REIT, the REIT Manager is entitled under the REIT Trust Deed to the following management fees:

- a base fee not exceeding the rate of 0.5% per annum of the value of the Deposited Property; and
- a performance fee equal to the rate of 0.5% per annum (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of the Net Property Income (as defined in the REIT Trust Deed) of Sabana Industrial REIT or the 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 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 REIT 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 REIT Manager may elect to receive the base fee and performance fee in cash and/or Units.

The REIT Manager received 100.0% of the base fee in cash for FY2023. No performance fees were payable to the REIT Manager in FY2023.

Any increase in the REIT Manager's management fees above the permitted limit or any change in the structure of the REIT Manager's management fees must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the REIT Trust Deed.

For as long as Sabana Industrial REIT is listed and the REIT Manager serves as the interim manager of Sabana Industrial REIT, the REIT Manager is also entitled to acquisition and divestment fees:

- Acquisition fee of 1.0% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of:
 - 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 Sabana Industrial REIT, plus any other payments⁵⁴ in addition to the acquisition price made by Sabana Industrial REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Sabana Industrial REIT's interest);
 - in relation to an acquisition (whether directly or indirectly through one or more SPVs of Sabana Industrial 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 Sabana Industrial REIT, plus any additional payments made by Sabana Industrial REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of Sabana Industrial REIT's interest); or
 - the acquisition price of any investment by Sabana Industrial 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.

⁵⁴ “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 do not include stamp duty or other payments to third-party agents and brokers.

For the purposes of this acquisition fee, real estate-related assets include all classes and types of securities relating to real estate.

- Divestment fee of 0.5% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double counting):
 - the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Sabana Industrial REIT (plus any other payments⁵⁵ in addition to the sale price received by Sabana Industrial 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 Sabana Industrial 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 Sabana Industrial REIT (pro-rated if applicable to the proportion of Sabana Industrial REIT's interest); or
 - the sale price of any investment by Sabana Industrial 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.

For the purposes of this divestment fee, real estate-related assets include all classes and types of securities relating to real estate.

The REIT Manager may elect to receive the acquisition fee and divestment fee in cash and/or Units. In accordance with the CIS Code, where the REIT Manager receives a percentage-based fee when Sabana Industrial REIT acquires real estate from an interested party, or disposes of real estate to an interested party, the acquisition or, as the case may be, the divestment fee should be in the form of Units issued at prevailing market prices, such Units not to be sold within one year from the date of issuance.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of Sabana Industrial REIT shall be paid by the REIT Manager to such persons out of the Deposited Property of Sabana Industrial REIT or the assets of the relevant SPV, and not out of the acquisition fee or the divestment fee received or to be received by the REIT Manager.

Any increase in the REIT Manager's acquisition fee or divestment fee above the permitted limit or any change in the structure of the REIT Manager's acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the REIT Trust Deed.

Retirement or removal of the REIT Manager

The REIT Manager shall have the power to retire in favour of a corporation recommended by the REIT Manager and approved by the REIT Trustee to act as the manager of Sabana Industrial REIT.

Also, subject to Section 295 of the SFA, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;

⁵⁵ "Other payments" refers to additional payments Sabana Industrial REIT or its SPVs for the sale of the asset, for example, where Sabana Industrial 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.

- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the REIT Trust Deed;
- the Unitholders, by a resolution passed by a simple majority of Unitholders present and voting (with no Unitholders being disenfranchised) at a meeting of Unitholders duly convened and held in accordance with the REIT Trust Deed, decide that the REIT Manager is to be removed;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing such reason and opinion, that a change of the REIT Manager is desirable in the interests of the Unitholders; or
- the MAS directs the REIT Trustee to remove the REIT Manager.

Where the REIT Manager is removed on the basis of the REIT Trustee's opinion that a change of the REIT Manager is desirable in the interests of the Unitholders, the REIT Manager has a right under the REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all Unitholders.

8. THE PROPERTY MANAGER

Sabana Property Management Pte. Ltd. is the property manager of the Portfolio Properties. The Property Manager is 100.0% owned by SIP indirectly through the REIT Manager and was incorporated in Singapore under the Companies Act on 12 August 2010. Its registered office is located at New Tech Park at 151 Lorong Chuan, #02-03 New Tech Park, Singapore 556741.

The Property Manager is a dedicated property manager for Sabana Industrial REIT and is responsible for providing property management, lease management, marketing and administration of property tax services for the properties in Sabana Industrial REIT's portfolio.

The services provided by the Property Manager for each property under its management include the following:

- property management services, recommending third party contractors for provision of property maintenance services, supervising the performance of contractors, arranging for adequate insurance and ensuring compliance with building and safety regulations;
- lease management services, including coordinating tenants' fitting-out requirements, administration of rental collection, management of rental arrears, and administration of all property tax matters; and
- marketing and marketing coordination services, including initiating lease renewals and negotiation of terms.

The board of directors of the Property Manager is made up of individuals with a broad range of commercial experience, including expertise in property investment, development and management. The Property Manager has a team of dedicated professionals actively in contact with tenants of Sabana Industrial REIT's properties to ensure the smooth operation of all of the buildings.

The Property Manager's Fees

In return for provision of property management services to Sabana Industrial REIT, the Property Manager is entitled under the master property management agreement to the following fees:

- Property management fees of 2.0% per annum of gross revenue of each property under the management of the Property Manager; and
- Lease management fees of 1.0% per annum of gross revenue of each property under the management of the Property Manager.

9. THE REIT TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited is the trustee of Sabana Industrial REIT. HSBC Institutional Trust Services (Singapore) Limited is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the Latest Practicable Date, HSBC Institutional Trust Services (Singapore) Limited has a paid-up capital of S\$5,150,000. HSBC Institutional Trust Services (Singapore) Limited's registered office is located in Singapore at 10 Marina Boulevard, #48-01, Marina Bay Financial Centre Tower 2, Singapore 018983.

Powers, Duties and Obligations of the REIT Trustee

The REIT Trustee's powers, duties and obligations are set out in the REIT Trust Deed. The powers and duties of the REIT Trustee include:

- acting as trustee of Sabana Industrial REIT and, in such capacity, safeguarding the rights and interests of the Unitholders;
- holding the assets of Sabana Industrial REIT on trust for the benefit of the Unitholders in accordance with the REIT Trust Deed; and
- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Sabana Industrial REIT.

The REIT Trustee has covenanted in the REIT Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the REIT Trustee may (on the recommendation of the REIT Manager) and subject to the provisions of the REIT Trust Deed, acquire or dispose of any real or personal property, lend, borrow and encumber any asset.

The REIT Trustee may, subject to the provisions of the REIT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers, including a related party of the REIT Manager, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Subject to the REIT Trust Deed and the Property Funds Appendix, the REIT Manager may require the REIT Trustee to borrow or raise money or obtain other financial accommodation for the purposes of Sabana Industrial REIT, both on a secured and unsecured basis.

The REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain Sabana Industrial REIT's assets, or cause Sabana Industrial REIT's assets to be retained in safe custody and cause Sabana Industrial REIT's accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of Sabana Industrial REIT.

The REIT Trustee is not personally liable to a Unitholder in connection with the office of the REIT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the REIT Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the REIT Trustee shall be limited to the assets of Sabana Industrial REIT over which the REIT Trustee has recourse, provided that the REIT Trustee has acted without fraud, gross negligence, wilful default or breach of the REIT Trust Deed. The REIT Trust Deed contains certain indemnities in favour of the REIT Trustee under which it will be indemnified out of the assets of Sabana Industrial REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement of the REIT Trustee

The REIT Trustee may retire or be replaced under the following circumstances:

- The REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the REIT Trust Deed).
- The REIT Trustee may be removed by notice in writing to the REIT Trustee by the REIT Manager:
 - if the REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Trustee;
 - if the REIT Trustee ceases to carry on business;
 - if the REIT Trustee fails or neglects after reasonable notice from the REIT Manager to carry out or satisfy any material obligation imposed on the REIT Trustee by the REIT Trust Deed;
 - if the Unitholders by Extraordinary Resolution duly passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the REIT Trust Deed, and of which not less than 21 days' notice has been given to the REIT Trustee and the REIT Manager shall so decide; or
 - if the MAS directs that the REIT Trustee be removed.

The REIT Trustee's Fees

The REIT Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property, subject to a minimum of S\$25,000 per month, excluding out-of-pocket expenses and goods and services tax.

The actual fee payable to the REIT Trustee will be agreed in writing between the REIT Manager and the REIT Trustee, subject to the permitted limit above.

Any increase in the rate of remuneration of the REIT Trustee above the permitted limit or any change in the structure of the REIT Trustee's remuneration must be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the REIT Trust Deed.

10. DEFINITIONS

The following definitions have, where appropriate, been used in this section entitled "***Description of the Group***":

"AEI"	:	Asset enhancement initiatives.
"aggregate leverage"	:	As defined in the Property Funds Appendix.
"APAC"	:	Asia-Pacific.
"ASEAN"	:	Association of Southeast Asian nations.
"A&A"	:	Additions and alterations.
"Board"	:	The board of directors of the REIT Manager.

“CIS Code”	:	Code on Collective Investment Schemes issued by MAS, as amended or modified from time to time.
“CMS Licence”	:	Capital market services licence.
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time.
“CSC”	:	Certificate of Statutory Completion.
“C&W”	:	Cushman & Wakefield VHS Pte Ltd.
“Deposited Property”	:	All the assets of Sabana Industrial REIT, including all the properties and all the authorised investments of Sabana Industrial REIT for the time being held or deemed to be held upon the trusts under the REIT Trust Deed.
“DPU”	:	Distribution per Unit.
“EGM”	:	Extraordinary general meeting.
“ESG”	:	Environment, social and governance.
“Extraordinary Resolution”	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the REIT Trust Deed.
“FY”	:	Financial year ended or ending 31 December.
“GFA”	:	Gross floor area.
“Group”	:	Sabana Industrial REIT and its subsidiaries.
“HDB”	:	Housing Development Board.
“JTC”	:	Jurong Town Corporation.
“Latest Practicable Date”	:	31 March 2024.
“Listing Manual”	:	The Listing manual of the SGX-ST.
“MAS”	:	Monetary Authority of Singapore.
“MRT”	:	Mass Rapid Transit.
“NAV”	:	Net asset value.
“NLA”	:	Net lettable area.
“Portfolio Properties” and each, a “Portfolio Property”	:	The properties comprising New Tech Park at 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 1 Tuas Avenue 4, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 33 & 35 Penjuru Lane, 18 Gul Drive, 34 Penjuru Lane, 51 Penjuru Road, 26 Loyang Drive, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 30 & 32 Tuas Avenue 8, 39 Ubi Road 1 and 21 Joo Koon Crescent.

“Property Funds Appendix”	:	Appendix 6 of the CIS Code.
“Property Manager”	:	Sabana Property Management Pte. Ltd., as property manager of Sabana Industrial REIT.
“PUB”	:	Public Utilities Board.
“REIT”	:	Real estate investment trust.
“REIT Manager”	:	Sabana Real Estate Investment Management Pte. Ltd., in its capacity as manager of Sabana Industrial REIT.
“REIT Trust Deed”	:	The deed of trust dated 29 October 2010 constituting Sabana Industrial REIT, as amended and/or restated 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, and as further amended, supplemented and/or varied from time to time.
“REIT Trustee”	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Industrial REIT.
“S\$” and “cents”	:	Singapore dollars and cents respectively.
“Sabana Industrial REIT”	:	Sabana Industrial Real Estate Investment Trust, a real estate investment trust established in Singapore and constituted by the REIT Trust Deed.
“Savills”	:	Savills Valuation And Professional Services (S) Pte Ltd.
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Singapore”	:	Republic of Singapore.
“Singapore Government”	:	The government of the Republic of Singapore.
“SIP”	:	Sabana Investment Partners Pte. Ltd.
“Sponsor”	:	ESR Group Limited.
“SPVs”	:	Special purpose vehicles.
“sq ft”	:	Square feet.
“TOP”	:	Temporary Occupation Permit.
“Trust Companies Act”	:	The Trust Companies Act 2005 of Singapore, as amended or modified from time to time.
“Unit”	:	A unit representing an undivided interest in Sabana Industrial REIT.

“Unitholders”	:	The unitholders of Sabana Industrial REIT.
“United States” or “U.S.”	:	United States of America.
“US\$” or “US dollars” or “United States dollars”	:	United States dollars.
“WALE”	:	Weighted average lease expiry.
“1H2024”	:	The financial period from 1 January 2024 to 30 June 2024.
“1Q2021”	:	The first quarter of 2021.
“1Q2024”	:	The first quarter of 2024.
“2H2023”	:	The financial period from 1 July 2023 to 31 December 2023.
“4Q2024”	:	The fourth quarter of 2024.
“4Q2025”	:	The fourth quarter of 2025.
“%”	:	Per cent.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out the Group's consolidated statements of total return for the financial years ended 31 December 2021 ("FY2021"), 31 December 2022 ("FY2022"), and 31 December 2023 ("FY2023"), and the Group's consolidated statements of financial position as at 31 December 2021, 31 December 2022, and 31 December 2023. The selected consolidated financial data for FY2021 and FY2022 in the tables below are derived from, and should be read in conjunction with, the Group's audited consolidated financial statements for FY2021 and FY2022 (including the notes thereto), which have been audited by the independent auditors, KPMG LLP. The selected consolidated financial data for FY2023 in the tables below are derived from, and should be read in conjunction with, the Group's audited consolidated financial statements for FY2023 (including the notes thereto), which have been audited by the independent auditors, Ernst & Young LLP.

Consolidated Statements of Total Return

	Audited		
	2023	2022	2021
	\$'000	\$'000	\$'000
Gross revenue	111,875	94,907	81,913
Property expenses	(56,901)	(41,624)	(29,960)
Net property income	54,974	53,283	51,953
Finance income	155	85	30
Finance costs	(13,382)	(14,459)	(12,343)
Finance costs relating to lease liabilities	(3,231)	(3,219)	(3,255)
Net finance costs	(16,458)	(17,593)	(15,568)
Manager's fees	(4,557)	(4,438)	(4,655)
Trustee's fees	(364)	(355)	(349)
Donation	(1)	(5)	(5)
Other trust expenses	(5,680)	(1,331)	(684)
Net income	27,914	29,561	30,692
Net change in fair value of financial derivatives	(5,724)	8,903	2,127
Net change in fair value of investment properties	(3,562)	14,304	15,999
Total return for the year before taxation and distribution	18,628	52,768	48,818
Tax expense	(556)	*	*
Total return for the year after taxation and before distribution	18,072	52,768	48,818
Earnings per Unit (cents)			
Basic and diluted	1.64	4.87	4.61

* Less than \$1,000

FY2023 VERSUS FY2022

For FY2023, the Group reported a record high gross revenue of \$111.9 million, 17.9% higher year-on-year (“y-o-y”). Net Property Income (“NPI”) in FY2023 increased by 3.2% y-o-y to \$55.0 million mainly due to the uplift of positive rental reversions across the portfolio as overall occupancy rate remained stable, partially offset by the surge in utilities costs. Revenue and NPI were propelled by double-digit rental reversion in FY2023 (16.6%), marking the third consecutive year that Sabana Industrial REIT had recorded such rental reversion achievement. Sabana Industrial REIT achieved positive rental reversions of 10.5% and 12.9% in FY2021 and FY2022 respectively. Portfolio occupancy remained stable at 91.2%⁵⁶ as at 31 December 2023 compared to a year ago.

In FY2023, the REIT 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, Sabana Industrial REIT attained overall healthy rental collectability of 99.8% as of 31 December 2023. Finance costs (excluding amortisation of transaction costs) for the year under review increased by 13.4% to \$12.3 million.

Other trust expenses increased mainly due to a one-off internalisation expense incurred as of 31 December 2023, amounting to \$4,643,000.

FY2022 VERSUS FY2021

For FY2022, gross revenue rose 15.9% y-o-y to \$94.9 million, mainly due to higher contributions from New Tech Park, 30 & 32 Tuas Avenue 8, 508 Chai Chee Lane, 23 Serangoon North Avenue 5, 10 Changi South Street 2, 51 Penjuru Road, 34 Penjuru Lane and 39 Ubi Road 1, whilst NPI rose 2.6% y-o-y to \$53.3 million as the increase in revenue was largely offset by a surge in utility expenses, which were influenced by global energy inflation trends.

⁵⁶ Portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings and excludes 1 Tuas Avenue 4, which is currently undergoing AEI.

Consolidated Statements of Financial Position

	As at 31 December 2023 \$'000	Audited As at 31 December 2022 \$'000	As at 31 December 2021 \$'000
Non-current assets			
Investment properties	979,987	962,179	942,913
Derivative assets	1,210	6,647	191
	981,197	968,826	943,104
Current assets			
Derivative assets	1,445	1,711	–
Trade and other receivables	7,384	4,646	2,688
Cash and cash equivalents	16,065	8,009	25,856
	24,894	14,366	28,544
Total assets	1,006,091	983,192	971,648
Current liabilities			
Trade and other payables	23,218	20,946	17,953
Tax payable	556	–	–
Borrowings	104,541	–	–
Lease liabilities	1,812	1,714	1,504
Total current liabilities	130,127	22,660	19,457
Non-current liabilities			
Trade and other payables	14,322	11,059	9,426
Borrowings	210,829	288,921	311,589
Lease liabilities	74,275	74,765	75,209
Total non-current liabilities	299,426	374,745	396,224
Total liabilities	429,553	397,405	415,681
Net assets	576,538	585,787	555,967
Represented by:			
Unitholders' funds	576,538	585,787	555,967
Units issued ('000)	1,111,788	1,096,121	1,069,950
Net asset value ("NAV") per Unit (S\$)	0.52	0.53	0.52

31 DECEMBER 2023 VERSUS 31 DECEMBER 2022

Investment properties increased from S\$962.2 million to S\$980.0 million mainly due to fair value gain on revaluation of investment properties. The uplift is attributed to the successful execution of the Group's asset enhancement initiatives, rejuvenation efforts and higher signing rents for both new and renewed leases across the portfolio.

Current trade and other receivables increased from S\$4.6 million to S\$7.4 million mainly due to the increase in the accrued utilities income for the month of December 2023 versus December 2022 which has yet to be collected as at 31 December 2023.

Total trade and other payables increased from S\$32.0 million to S\$37.5 million mainly due to the increase in the security deposits received from the tenants and the increase in the accrued utilities expenses for the month of December 2023 versus December 2022 which has yet to be paid as at 31 December 2023.

Total borrowings increased from S\$288.9 million to S\$315.4 million mainly due to the capital expenditure incurred for asset enhancement initiatives carried out at one of its properties and rejuvenation works at various properties during the year.

31 DECEMBER 2022 VERSUS 31 DECEMBER 2021

Investment properties increased from S\$942.9 million to S\$962.2 million mainly due to fair value gain on revaluation of investment properties. The uplift is attributed to the successful execution of the Group's asset enhancement initiatives, rejuvenation efforts, higher signing rents for both new and renewed leases across the portfolio and the securing of a new master lease tenant at one of its properties.

Current trade and other receivables increased from S\$2.7 million to S\$4.6 million mainly due to the increase in the accrued utilities income for the month of December 2022 versus December 2021 which has yet to be collected as at 31 December 2022.

Total trade and other payables increased from S\$27.4 million to S\$32.0 million mainly due to the increase in the security deposits received from the tenants and the increase in the accrued utilities expenses for the month of December 2022 versus December 2021 which has yet to be paid as at 31 December 2022.

Total borrowings decreased from S\$311.6 million to S\$288.9 million mainly due to the repayment of loan facilities using the cash flow generated from operations and the Group's distribution reinvestment plan during the year.

INFORMATION ON THE GUARANTOR

Establishment

CGIF, a trust fund of the Asian Development Bank, was established by the 10 members of the Association of Southeast Asian Nations (“**ASEAN**”) together with the People’s Republic of China (“**PRC**”), Japan, Republic of Korea (the “**ASEAN+3**”) and the Asian Development Bank in 2010. The 10 members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic (“**Lao PDR**”), Malaysia, Republic of the Union Myanmar, Philippines, Singapore, Thailand and Vietnam.

CGIF was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the “**Region**”). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region.

Shareholding Structure

CGIF’s guarantees are backed by US\$1,158 million of paid-in capital from its sovereign government contributors and the Asian Development Bank. Neither the Asian Development Bank nor the other contributors are liable for the obligations of CGIF.

CGIF Shareholding Structure as at 29 May 2024

CGIF Contributors	Contribution	Shareholding Percentage
	(U.S. dollars)	(%)
People’s Republic of China	342,800,000	29.60
Japan	342,800,000	29.60
Asian Development Bank	180,000,000	15.54
Republic of Korea	171,400,000	14.80
Indonesia	30,600,000	2.64
Malaysia	17,600,000	1.52
Philippines	21,600,000	1.87
Singapore	21,600,000	1.87
Thailand	21,600,000	1.87
Brunei Darussalam	5,600,000	0.48
Vietnam	1,900,000	0.16
Cambodia	200,000	0.02
Lao People’s Democratic Republic	200,000	0.02
Republic of the Union Myanmar	100,000	0.01
Total	1,158,000,000	100.00

Governance Structure

CGIF has a governance structure comprising of oversight by the: (i) Meeting of Contributors; (ii) Board of Directors; and (iii) Board Committees (Internal Control and Risk Management, Nomination and Remuneration and Audit).

The Board of Directors is comprised of eight Contributor-appointed members, including the Chief Executive Officer. Each of the PRC and Japan is entitled to nominate two Directors. The Republic of Korea is entitled to nominate one Director. The Asian Development Bank, and the ASEAN countries representing Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam are each entitled to one nomination.

The Board of Directors is accountable and reports to the Contributors on the operations and performance of management and of CGIF.

Board of Directors	Members Represented
Ms. Shuo Zhang	PRC
Ms. Jiandi Ye	PRC
Mr. Yasuaki Negishi (Chairman)	Japan
Mr. Kunihiko Nakanishi	Japan
Mr. Sang Hun Kim	Korea
Mr. Shum Jin-Chyi Kevin	ASEAN – Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
Mr. Craig Roberts	Asian Development Bank
Mr. Hongwei Wang	CGIF Management

CGIF is led by an internationally recruited management team with experience in development banking, risk management, and credit assessment through senior positions in the Export-Import Bank of China, Asian Development Bank, Mitsubishi UFJ Financial Group, Bank of the Philippines Islands, Danajamin Nasional Berhad, Hong Leong Bank Berhad, Standard Chartered Bank, Citibank and Société Générale.

The executive decision-making powers of CGIF, and the day-to-day management of CGIF, are mandated and vested to the Chief Executive Officer. The Chief Executive Officer is recommended by the Board of Directors and approved by the Meeting of Contributors. He is the legal representative of CGIF. The Chief Executive Officer heads the management team currently comprising the Deputy Chief Executive Officer/Chief Risk Officer, Chief Credit-risk Officer, Vice President Operations, Chief Financial Officer, General Counsel & Board Secretary, Corporate Planner and Head of Budget, Planning, Personnel and Management Systems and Internal Auditor.

Name	Position
Mr. Hongwei Wang	Chief Executive Officer
Mr. Mitsuhiro Yamawaki	Deputy Chief Executive Officer/Chief Risk Officer
Mr. Aarne Dimanlig	Chief Credit-risk Officer
Mr. Anuj Awasthi	Vice President Operations
Mr. Dong Woo Rhee	Chief Financial Officer
Mr. Gene Soon Park	General Counsel & Board Secretary
Mr. Hou Hock Lim	Corporate Planner and Head of Budget, Planning, Personnel and Management Systems
Ms. Jackie Jeong-Ae Bang	Internal Auditor

Credit Strength

CGIF is rated by international and domestic credit rating agencies.

Credit Rating Agency	Scale	Rating	Outlook	Date Reviewed
Standard & Poor's	Global Long Term/ Short Term	AA/A-1+	Stable	28 February 2024
RAM Ratings	National	AAA	Stable	4 December 2023
TRIS Ratings	National	AAA	Stable	21 November 2023
Fitch Ratings Indonesia	National	AAA	Stable	22 December 2023
Pefindo Credit Rating Agency	National	idAAA	Stable	7 August 2023

Guarantee Business

CGIF's guarantee portfolio is limited to a leverage ratio of 2.5 times of its paid in capital of US\$1,158 million as at 29 May 2024, plus (a) retained earnings, plus (b) reserves, less (c) net credit loss reserves, less (d) foreign exchange loss reserves, less (e) all illiquid assets. CGIF conducts its guarantee operations by adhering to its risk management framework consisting of: (i) credit guarantee process; (ii) credit guarantee portfolio management; (iii) risk reporting; and (iv) safeguards standards, among others.

Guarantee Portfolio

As of 29 May 2024, the following are the guarantees outstanding which have been extended by CGIF with respect to bonds issued by issuers in the ASEAN+3 region:

Issue Date	Issuer	Note Issuance Venue	Issue Size ⁽¹⁾	% Guaranteed by CGIF	Issue Rating	Tenor
5 March 2024	Daewoo Engineering & Construction Co., Ltd.	Singapore	SGD 150 million	100%	AA (S&P)	5 years
15 February 2024	Hektar Real Estate Investment Trust	Malaysia	MYR 215 million	100%	AAA (RAM)	5 years
29 December 2023	Telcotech Limited	Cambodia	KHR 82.08 billion	100%	khAAA (RAC)	5 years
28 December 2023	Tecomen Holding Joint Stock Company	Vietnam	VND 200 billion	100%	Unrated	5 years
15 December 2023	CIA FIRST International School Co., Ltd.	Cambodia	KHR 41.25 billion	100%	khAAA (RAC)	5 years
14 December 2023	A&A Green Phoenix Group Joint Stock Company	Vietnam	VND 600 billion	100%	Unrated	7 years
14 December 2023	A&A Green Phoenix Group Joint Stock Company	Vietnam	VND 300 billion	100%	Unrated	7 years
8 December 2023	PT Adhi Commuter Properti TBK	Indonesia	IDR 15.7 billion	100%	AAA (Pefindo)	3 years
8 December 2023	PT Adhi Commuter Properti TBK	Indonesia	IDR 484.2 billion	100%	AAA (Pefindo)	5 years
22 November 2023	Yoma Strategic Holdings Ltd.	Thailand	THB 1.275 billion	100%	AAA (Tris Rating)	3 years
22 November 2023	Yoma Strategic Holdings Ltd.	Thailand	THB 425 million	100%	AAA (Tris Rating)	5 years
02 November 2023	INTI Universal Holdings Sdn Bhd	Malaysia	MYR 165 million	100%	AAA (RAM)	5 years
24 August 2023	Erajaya Digital Pte. Ltd.	Singapore	SGD 50 million	100%	AA (S&P)	3 years
23 June 2023	Apeiron Agrocommodities Pte Ltd.	Singapore	SGD50 million	100%	AA (S&P)	5 years
19 April 2023	China Education Group Holdings Limited	Singapore	Offshore Renminbi (CNY) 500 million	100%	AA (S&P)	3 years

Issue Date	Issuer	Note Issuance Venue	Issue Size ⁽¹⁾	% Guaranteed by CGIF	Issue Rating	Tenor
27 January 2023	SNC Former Public Company Limited	Thailand	THB1 billion	100%	AAA (Tris Rating)	5 years
7 April 2022	First Real Estate Investment Trust	Singapore	SGD100 million	100%	AA (S&P)	5 years
22 March 2022	China Education Group Holdings Limited	Singapore	Offshore Renminbi (CNY) 500 million	100%	AA (S&P)	3 years
4 March 2022	PT Polytama Propindo	Indonesia	IDR110.25 billion**	100%	AAA (Pefindo)	3 years
4 March 2022	PT Polytama Propindo	Indonesia	IDR110.25 billion**	100%	AAA (Pefindo)	5 years
1 December 2021	SCGJWD Logistics Public Company Limited*	Thailand	THB1.2 billion	100%	AAA (Fitch)	9 years
11 November 2021	Thaifoods Group Public Company Limited	Thailand	THB1 billion	100%	AAA (TRIS)	5 years
8 September 2021	PT Polytama Propindo	Indonesia	IDR96.5 billion	100%	AAA (Pefindo)	3 years
8 September 2021	PT Polytama Propindo	Indonesia	IDR223 billion	100%	AAA (Pefindo)	5 years
8 September 2021	PT Polytama Propindo	Indonesia	IDR104 billion**	100%	AAA (Pefindo)	3 years
8 September 2021	PT Polytama Propindo	Indonesia	IDR56 billion**	100%	AAA (Pefindo)	5 years
1 September 2021	Hanwha Q Cells Malaysia Sdn. Bhd.	Malaysia	MYR150 million	100%	AAA (RAM)	3 years
25 August 2021	Telcotech Ltd.	Cambodia	KHR80 billion	100%	Unrated	5 years
5 March 2021	SCGJWD Logistics Public Company Limited*	Thailand	THB700 million	100%	AAA (Fitch)	5 years
8 January 2021	PT Ketrosden Triasmitra	Indonesia	IDR168 billion	100%	AAA (Pefindo)	5 years
24 December 2020	GLP Pte. Ltd.	Japan	JPY15.4 billion	100%	AA (S&P)	9 years
9 April 2020	RMA (Cambodia) PLC	Cambodia	KHR80 billion	100%	Unrated	5 years
10 January 2020	Energy Absolute Public Company Ltd.	Thailand	THB3.0 billion	50% risk participation with ADB	A (Tris Rating)	7 years
8 January 2020	Thaifoods Group Public Company Limited	Thailand	THB2.0 billion	100%	AAA (Tris Rating)	5 years
31 December 2019	GELEX Group Joint Stock Company	Vietnam	VND1.15 trillion	100%	Unrated	10 years

Issue Date	Issuer	Note Issuance Venue	Issue Size ⁽¹⁾	% Guaranteed by CGIF	Issue Rating	Tenor
24 December 2019	Hong Phong 1 Energy JSC	Vietnam	VND400 billion	100%	Unrated	5 years
24 December 2019	Hong Phong 1 Energy JSC	Vietnam	VND2.15 trillion	100%	Unrated	15 years
3 December 2019	Nexus International School (Singapore) Pte. Ltd.	Singapore	SGD150 million	100%	AA (S&P)	12 years
28 January 2019	Refrigeration Electrical Engineering Corporation	Vietnam	VND2.318 trillion	100%	Unrated	10 years
5 October 2018	Hoan My Medical Corporation	Vietnam	VND1.4 trillion	100%	Unrated	7 years
18 February 2016	Vingroup Joint Stock Company	Vietnam	VND1.05 trillion	100%	Unrated	10 years
7 October 2015	IVL Singapore Pte. Ltd, a subsidiary of Indorama Ventures Public Company Limited	Singapore	SGD195 million	100%	AA (S&P)	10 years
5 December 2014	Masan Consumer Holdings Company Limited	Vietnam	VND2.1 trillion	100%	Unrated	10 years
27 November 2014	Protelindo Finance BV*	Singapore	SGD180 million	100%	AA (S&P)	10 years

Notes:

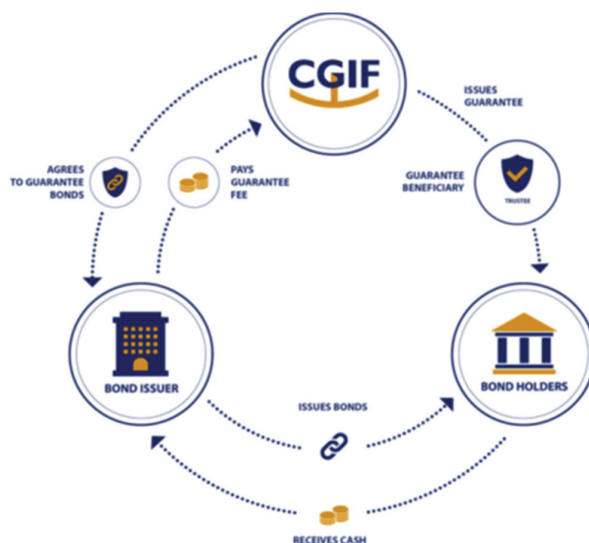
- (1) IDR refers to Indonesian Rupiah, PHP refers to Philippine Peso, SGD refers to Singapore dollars, THB refers to Thai Baht, VND refers to Vietnamese Dong, KHR refers to Cambodian Riel, JPY refers to Japanese Yen, CNY refers to Offshore Renminbi, and MYR refers to Malaysian Ringgit.
- (2) *Change of issuer of the bonds from JWD InfoLogistics Public Company Limited to SCGJWD Logistics Public Company Limited effective 14 February 2023.
- (3) *Change of issuer of the bonds from Protelindo Finance B.V. to PT Professional Telekomunikasi Indonesia effective 03 August 2016.
- (4) **Refers to ijarah sukuk issuances.

Guarantee Structure

CGIF's bond guarantee operation is aimed at supporting ASEAN+3 corporations to access the Region's bond markets to achieve the following benefits:

- expand and diversify their sources of debt capital;
- raise funds in matching currencies and tenors;
- transcend country sovereign ceilings for cross-border transactions; and
- gain familiarity in new bond markets and broader investor groups.

The guarantees issued by CGIF are irrevocable and unconditional commitments to pay bondholders upon non-payment by the issuers throughout the tenor of the bonds. This commitment is backed by CGIF's equity capital which has been fully paid-in by all of its contributors. CGIF's general bond guarantee structure is illustrated below.



**To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms in the jurisdiction in which the relevant bonds are issued.*

Bond issuances that can be considered for CGIF guarantees are limited to the following parameters:

- group exposure/single borrow limit is up to US\$231.6 million;
- bond tenor of up to 15 years, subject to conditions on credit rating and transaction structure; and
- for foreign currency denominated issuance, the borrowing entity should be adequately hedged, naturally or financially, on such currency (e.g., via entity's sales receipts, inward foreign currency remittances, or financial hedge arrangements).

CGIF started its guarantee operations with a full guarantee for standard corporate bonds issued by corporations in the Region. With the experience gained from offering a full wrap guarantee, CGIF may also explore other alternatives including partial guarantees and other risk sharing mechanisms depending on the market opportunities and acceptability of such an arrangement. CGIF also guarantees project bonds to help develop them in the relevant markets in the Region.

Capital and Liquidity Guidelines

CGIF has investment strategies and liquidity guidelines for the management of its capital resources, where investments are focused on low-risk and highly liquid assets, such as government-related securities and/or highly rated securities which are internationally rated "A+" or higher for long-term instruments issued by government related entities of CGIF contributor countries, "AA-" or higher for those issued by others, and "A-1" or higher for short-term instruments. In order for CGIF to raise enough funds in a contingent case where a guarantee is called, CGIF also implemented the following:

- (i) Quarterly Stress test, where CGIF's funding capability is tested by liquidating its investment portfolio in a stress environment.
- (ii) Quarterly Liquidity Gap reports, where monthly cash surplus from all projected cash in/out flows related to all CGIF operations and activities are checked.

Selected Financial Information

A summary of the statement of financial position, income statement, and cash flows as of, and for each of the years ended 31 December 2022 and 2023 have been extracted from CGIF's financial statements for the year ended 2023 and presented as follows:

Statement of Financial Position Summary

	As of 31 December	
	2022	2023
	<i>(in thousands of U.S. dollars)</i>	
Statement of Financial Position:		
Assets:		
Cash	9,342	5,811
Investments	1,182,301	1,261,641
Accrued interest income	8,236	9,166
Guarantee fee receivable, net	57,248	54,724
Guarantee receivable, net	45,335	54,087
Other assets, net	2,539	1,987
Total assets	1,305,001	1,387,416
Liabilities and Member's equity:		
Guarantee liability	66,435	65,081
Other liabilities	15,334	19,868
Total liabilities	81,769	84,949
Member's equity:		
Capital stock (Paid-in capital)	1,148,899	1,158,000
Accumulated other comprehensive income:		
investment revaluation reserve	(78,750)	(52,608)
Reserves & retained earnings	153,083	197,075
Total member's equity	1,223,232	1,302,467
Total liabilities and members' equity	1,305,001	1,387,416

Statement of Net Income and Comprehensive Income Summary

	As of 31 December	
	2022	2023
	<i>(in thousands of U.S. dollars)</i>	
Statement of Net Income:		
Guarantee fees	20,034	20,535
Interest income	28,458	37,451
Miscellaneous income	2,608	511
Total revenue	51,100	58,497
Total expenses	(35,937)	(13,582)
Net operating income	15,163	44,915
Loss from foreign exchange	(1,329)	(923)
Net income	13,834	43,992
Statement of Comprehensive Income:		
Net unrealised loss on investments measured at FVTOCI	(94,863)	26,142
Total comprehensive income	(81,029)	70,134

Statement of Cash Flows Summary

	As of 31 December	
	2022	2023
	<i>(in thousands of U.S. dollars)</i>	
Statement of Cash Flow:		
Net cash flows from operating activities	27,577	8,530
Net cash flows from investing activities	(39,085)	(20,968)
Net cash flows from financing activities	11,737	8,927
Effect of exchange rate changes on cash	(41)	(20)
Net cash movement	188	(3,531)
Cash at beginning of period	9,154	9,342
Cash at end of period	9,342	5,811

Audited Financial Statement for the Year ended 31 December 2023

CGIF's financial statements are prepared and presented in accordance with IFRS and audited by Deloitte & Touche LLP. The independent auditors' report accompanying CGIF's financial statements for the year ended 31 December 2023 are contained elsewhere in this Information Memorandum.

All of the information on the Guarantor under this section has been provided by CGIF. Information in respect of the Issuer contained in this Information Memorandum has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, expressed or implied, for any information contained in this Information Memorandum, other than the information contained in this Section entitled "**Information on the Guarantor**" and any other information in respect of the Guarantor in this Information Memorandum. In addition, none of the Guarantor, its management nor its employees has taken any steps to verify the accuracy of any of the information included in this Information Memorandum, other than the information contained in this Section entitled "**Information on the Guarantor**" and any other information in respect of the Guarantor, and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Information Memorandum other than the information contained in this Section entitled "**Information on the Guarantor**" and any other information in respect of the Guarantor in this Information Memorandum.

DESCRIPTION OF THE CGIF GUARANTEE

The following contains summaries of certain key provisions of the CGIF Guarantee and related provisions of the Trust Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the CGIF Guarantee and the Trust Deed. Defined terms used in this section shall have the meanings given to them in the CGIF Guarantee, the Conditions and the Trust Deed. All references to a "Condition" are to a condition in the Conditions.

GUARANTEED AMOUNTS

Pursuant to the CGIF Guarantee, CGIF will irrevocably and unconditionally guarantee to the Trustee the full and punctual payment of each Guaranteed Amount.

For the purposes of the CGIF Guarantee, "**Guaranteed Amount**" means:

- any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Bond Conditions and the Trust Deed;
- any Additional Accrued Interest; and
- any Trustee Expenses,

(in each case as defined in the CGIF Guarantee).

The Guaranteed Amount does not include, and the CGIF Guarantee will not cover, any amounts that become payable under the Bonds on an accelerated basis (a) at the instigation of the Issuer, including, without limitation, as a result of the Issuer's voluntary redemption of the Bonds (whether in full or part) prior to the Maturity Date or (b) as a result of any mandatory redemption of the Bonds pursuant to Condition 6(d) (*Mandatory Redemption on Termination of Sabana Industrial REIT*), other than any any Guaranteed Amount payable pursuant to Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*) of the CGIF Guarantee.

MISSED PAYMENT EVENT AND MANDATORY REDEMPTION MISSED PAYMENT EVENT

Subject to Clause 2.1 (*Guarantee*) of the CGIF Guarantee and Clause 3.2 (*Missed Payment Event and Mandatory Redemption Missed Payment Event*) and Clause 3.3 (*Acceleration*) of the Trust Deed, if (a) a Missed Payment Event (as defined in the Conditions) has occurred and is continuing, CGIF shall pay the Guaranteed Amounts relating to the Missed Payment Event to the Guaranteed Party or to its order within thirty (30) calendar days of such Missed Payment Event and (b) if a Mandatory Redemption Missed Payment Event (as defined in the Conditions) has occurred and is continuing, CGIF shall pay the Guaranteed Amounts in accordance with Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*) of the CGIF Guarantee.

If CGIF fails to make a payment in accordance with the preceding paragraph, CGIF will pay interest on the overdue Guaranteed Amount (other than any Trustee Expenses) for the period from (and including) the date the relevant Non-Payment Event (as defined in the Conditions) occurred to (but excluding) the Guarantor Payment Date at the Guarantor Default Rate.

CGIF will pay interest on the overdue Trustee Expenses for the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the rate of one per cent. over the Trustee's cost of funds, provided that the Trustee furnishes evidence as to its cost of funds to the reasonable satisfaction of CGIF.

Notwithstanding the above, following the receipt by CGIF of a Missed Payment Notice (as defined in the Trust Deed) in accordance with the Trust Deed and at any time prior to the date on which a Guaranteed Amount is due for payment:

- if the Issuing and Paying Agent subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Issuing and Paying Agent shall as soon as reasonably practicable notify the Issuer, CGIF and the Trustee of such payment; and
- upon receipt of the notice referred to above, the obligation of CGIF to pay the Guaranteed Amount specified in the relevant Missed Payment Notice shall, in respect of any payment received in part by the Issuing and Paying Agent, be reduced by the corresponding amount received by the Issuing and Paying Agent or, in respect of any payment received in full by the Issuing and Paying Agent, be terminated in respect of such payment due date.

GUARANTEED PARTY ACCELERATION

Pursuant to the Trust Deed, the Trustee shall not be entitled to take an Acceleration Step (as defined in the Trust Deed) unless (i) CGIF has failed to make payment of a Guaranteed Amount such that a Non-Payment Event has occurred and is continuing or (ii) the prior written consent of CGIF has been obtained (a “**Guaranteed Party Acceleration**”). Pursuant to the Trust Deed, neither the Trustee nor any Bondholder shall be entitled to take an Acceleration Step against the Issuer or CGIF unless such a Non-Payment Event has occurred and is continuing or with the prior written consent of the Guarantor and, in the event that any such Acceleration Step is taken in contravention of such provision, CGIF shall not be required to pay any amounts in respect of such Acceleration Step.

Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts are not paid by the Issuer in accordance with the Conditions and the Trust Deed or, as the case may be, CGIF in accordance with the CGIF Guarantee, in each case, following such Guaranteed Party Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds or if so directed to do so by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases) deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice (substantially in the form of Schedule 6 (*Form of Guaranteed Party Acceleration Notice*) to the Trust Deed) in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with the CGIF Guarantee.

LIMITED RIGHTS OF ACCELERATION

The Trustee’s and the Bondholders’ acceleration rights against the Issuer and CGIF are limited pursuant to the Trust Deed, as described under “*Guaranteed Party Acceleration*” above. In particular, potential investors should note that the Trustee and the Bondholders are not permitted to accelerate upon the occurrence of any of the Events of Default set out in Condition 10 (*Events of Default*) other than Condition 10(a)(i).

CGIF’S OBLIGATIONS UNDER THE CGIF GUARANTEE ARE NOT IMPACTED BY ITS OR THE ISSUER’S INSOLVENCY OR WINDING-UP

CGIF has agreed under the CGIF Guarantee that its obligations will not be affected by and shall remain in force notwithstanding by any act, omission, event or thing of any kind which, but for the relevant provision set out in the CGIF Guarantee would reduce, release or prejudice any of its obligations under the CGIF Guarantee including, among other things, in the event of any insolvency or similar proceedings affecting the Issuer or CGIF.

Investors should, however, note that the CGIF Guarantee is a secondary obligation only under English law, being the governing law of the CGIF Guarantee. In the event that the Issuer’s obligations under the Bonds, the Trust Deed and/or the Agency Agreement (being the primary obligations which are the subject of the CGIF Guarantee) cease to exist for any reason (for example, because they are held to be void for lack of capacity or illegality) the Trustee and the Bondholders may not be able to make a claim under the CGIF Guarantee for any Guaranteed Amount. See “**Risk Factors – The obligations of the Guarantor under the CGIF Guarantee are secondary obligations only, dependent on the existence of the obligations of the Issuer under the Bonds**”.

CGIF ACCELERATION

At any time following the occurrence of a CGIF Acceleration, CGIF may at its discretion require the Issuer to redeem the Bonds in whole, but not in part only, at their outstanding principal amount, together with interest accrued but unpaid to the date fixed for redemption on giving not less than seven (7) nor more than fifteen (15) days' notice to the Issuer, the Trustee and the Issuing and Paying Agent in accordance with the Condition 15 (*Notices*), following which the Issuer shall immediately, or if the Issuer fails to do so CGIF may, give notice of the redemption of the Bonds to the Bondholders, the Trustee and the Issuing and Paying Agent (which notice shall be irrevocable).

A “**CGIF Acceleration**” occurs if the Issuer or CGIF notifies the Trustee immediately before the giving of such notice that:

- (i) an Issuer Event of Default has occurred;
- (ii) a Missed Payment Event or Mandatory Redemption Missed Payment Event has occurred and is continuing and irrespective of whether or not CGIF has already paid any Guaranteed Amounts in respect of such Missed Payment Event or, as the case may be, Mandatory Redemption Missed Payment Event; or
- (iii) any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of CGIF as required pursuant to the terms of the CGIF Guarantee, the Conditions, Trust Deed or the Agency Agreement, as the case may be;

and CGIF has delivered a CGIF Acceleration Notice (substantially in the form of Schedule 5 (*Form of CGIF Acceleration Notice*) to the Trust Deed) to the Trustee in accordance with the Trust Deed.

The CGIF Acceleration Notice will, among other things, contain a written confirmation that CGIF will pay all unpaid Guaranteed Amounts.

Upon the occurrence of a CGIF Acceleration, CGIF shall pay the Guaranteed Amount within thirty (30) calendar days from the date of the CGIF Acceleration Notice.

REIMBURSEMENT AND INDEMNITY AGREEMENT

The Issuer and the Guarantor have entered into a reimbursement and indemnity agreement (the “**Reimbursement and Indemnity Agreement**”) which, among other things, specifies the payment of guarantee fees and other amounts in respect of the CGIF Guarantee and the basis on which amounts paid by the Guarantor under the CGIF Guarantee are to be reimbursed and indemnified by the Issuer.

RISK SHARING ARRANGEMENTS – STANDBY LETTER OF CREDIT

On the date of issue of the Bonds, each of CIMB Bank Berhad, Singapore Branch and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (in such capacity, the “**SBLC Banks**” and each, an “**SBLC Bank**”) will issue an irrevocable standby letter of credit (each, an “**SBLC**” and together, the “**SBLCs**”) in favour of the Guarantor. In the event the principal amount under the Bonds in respect of a Missed Payment Event or a Mandatory Redemption Missed Payment Event has been paid by CGIF, pursuant to the terms of the SBLCs, the Guarantor will have a right to demand payment from the SBLC Banks for an aggregate amount no more than 10 per cent. (10%) of the aggregate principal amount of the Bonds on account of payments made by the Guarantor under the CGIF Guarantee in respect of the principal amount outstanding under the Bonds (but not in respect of any liability under the CGIF Guarantee for any coupon payment under the Bonds). For the avoidance of doubt, the SBLC is given for the benefit of CGIF only and not for the benefit of Bondholders, who have recourse only to the Issuer and CGIF under the terms of the Bonds and the CGIF Guarantee, respectively. None of the SBLC Banks are providing any form of credit support (including, without limitation, under the terms of the SBLC issued by it) for the obligations of either the Issuer (under the Bonds) or CGIF (under the CGIF Guarantee), and Bondholders do not therefore have any recourse against the SBLC Banks under the terms of the Bonds, the CGIF Guarantee, the SBLCs or any other transaction document relating to the issuance of the Bonds.

CLEARING AND SETTLEMENT

In respect of Bonds which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Bonds that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Bonds which are accepted for clearance by CDP, the entire issue of the Bonds is to be held by CDP in the form of a Global Certificate for persons holding the Bonds in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Bonds between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Bonds through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Bonds in direct securities accounts with CDP, and who wish to trade Bonds through the Depository System, must transfer the Bonds to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Bonds in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION

The statements made herein regarding taxation are general in nature and are based on certain aspects of current tax laws and regulations in Singapore, and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“IRAS”) and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, regulations, administrative guidelines or circulars, or in the interpretation of those laws, regulations, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis, including amendments to the Income Tax (Qualifying Debt Securities) Regulations to include the conditions for the income tax and withholding tax exemptions under the qualifying debt securities (“QDS”) scheme for early redemption fee (as defined in the ITA) and redemption premium (as such term has been amended by the ITA). It should be noted that as at the date of this Information Memorandum, the Income Tax (Qualifying Debt Securities) Regulations have not been amended to reflect the amendments made to the ITA in respect of the QDS scheme pursuant to the Income Tax (Amendment) Act 2023. These laws, regulations, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither the statements below nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any Bondholder or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective Bondholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, ownership of or disposal of the Bonds, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Lead Managers and any other persons involved in the issuance of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is currently 24.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The above withholding tax rates may be reduced by applicable tax treaties, subject to certain conditions.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium from debt securities, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

As the issue of the Bonds is jointly lead managed by CIMB Bank Berhad, Singapore Branch and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, each of which is a Specified Licensed Entity (as defined below) and are issued as debt securities before 31 December 2028, the Bonds would be QDS for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Bonds of a statement to the effect that where interest, discount income, early redemption fee or redemption premium is derived from the Bonds by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities shall not apply if the non-resident person acquires the Bonds using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium (collectively, the **"Qualifying Income"**) from the Bonds paid by the Issuer and derived by a Bondholder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Bonds are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require), Qualifying Income from the Bonds paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Bonds a statement to the effect that any person whose interest, discount income, early redemption fee or redemption premium derived from the Bonds is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require,

payments of Qualifying Income derived from the Bonds are not subject to withholding of tax by the Issuer.

For the purposes of the foregoing, the term "offering documents" means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities.

Notwithstanding the foregoing:

- (A) if during the primary launch of the Bonds, the Bonds are issued to fewer than four persons and 50.0% or more of the issue of the Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the REIT Manager, the Bonds would not qualify as QDS; and
- (B) even though the Bonds are QDS, if, at any time during the tenure of the Bonds, 50.0% or more of the Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer or the REIT Manager, Qualifying Income derived from the Bonds held by:
 - (I) any related party of the Issuer or the REIT Manager; or
 - (II) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly, from any related party of the Issuer or the REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

Pursuant to the ITA, the reference to the term “**Specified Licensed Entity**” above means:

- (i) a bank or merchant bank licensed under the Banking Act 1970 of Singapore;
- (ii) a finance company licensed under the Finance Companies Act 1967 of Singapore;
- (iii) a person who holds a capital markets services licence under the SFA to carry on a business in any of the following regulated activities:
 - (A) advising on corporate finance; or
 - (B) dealing in capital markets products; or
- (iv) such other persons as may be prescribed by rules made under Section 7 of the ITA.

The terms “**early redemption fee**”, “**redemption premium**” and “**related party**” are defined in the ITA as follows:

“early redemption fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity or on the early redemption of the securities; and

“related party”, in relation to a person (A), means any person (a) who directly or indirectly controls A; (b) who is being controlled directly or indirectly by A; or (c) who, together with A, is directly or indirectly under the control of a common person.

References to “early redemption fee”, “redemption premium” and “related party” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) is derived from the Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Bonds using the funds and profits of such person’s operations through a permanent establishment in Singapore. Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Bonds without deduction or withholding of tax under Section

45 or Section 45A of the ITA, any person whose interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) derived from the Bonds is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Bonds will generally not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from a sale of the Bonds will depend on the individual facts and circumstances of the holder relating to the sale of the Bonds.

Holders of the Bonds who apply or who are required to apply the Singapore Financial Reporting Standard (“**FRS**”) 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Bonds is made. Please see the section below on “*Adoption of FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*”.

3. Adoption of FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Bonds who may be subject to the tax treatment under Section 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

The Issuer, the REIT Manager and the Guarantor will enter into a subscription agreement with CIMB Bank Berhad, Singapore Branch and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (each a “**Joint Lead Manager**” and collectively, the “**Joint Lead Managers**”) on or about 24 June 2024 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to issue to the Joint Lead Managers, and the Joint Lead Managers agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds. Any subsequent sale of the Bonds to investors may be at a price different from the Issue Price.

The Subscription Agreement provides that the Issuer, the REIT Manager and the Guarantor will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers or any of their affiliates may have performed certain banking and advisory services for the Issuer, the REIT Manager, Sabana Industrial REIT, the Guarantor and/or their respective subsidiaries and affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the REIT Manager, Sabana Industrial REIT, the Guarantor and/or their respective subsidiaries and affiliates in the ordinary course of the Issuer’s, the REIT Manager’s, Sabana Industrial REIT’s, or the Guarantor’s business including, without limitation, in relation to the Risk Sharing Arrangements (see “**Description of the CGIF Guarantee – Risk Sharing Arrangements – Standby Letter of Credit**”, above). The Issuer may also agree with the Joint Lead Managers that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Bonds). These commissions will be based on the principal amount of the Bonds so distributed, and may be deducted from the purchase price for the Bonds payable by such third parties (including private banks) upon settlement.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager(s) or its affiliate on behalf of the Issuer in such jurisdiction.

In connection with the issue of the Bonds, such Bonds, when issued, may not have a market. The Joint Lead Managers may advise the Issuer that they intend to make a market in such Bonds as permitted by applicable law. They are not obligated, however, to make a market in the Bonds and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Bonds.

The Joint Lead Managers or any of their respective affiliates may purchase Bonds for its own account or enter into secondary market transactions or derivative transactions relating to the Bonds, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Bonds. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be an investor in the Bonds). As a result of such transactions, the Joint Lead Managers or any of their respective affiliates may hold long or short positions relating to the Bonds.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, Sabana Industrial REIT, the REIT Manager and/or their respective subsidiaries, jointly controlled entities or associated companies from time to time. The Joint Lead Managers or any of their respective affiliates have received, or may in

the future receive, customary fees and/or commissions for these transactions. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, Sabana Industrial REIT, the REIT Manager or their respective subsidiaries, jointly controlled entities or associated companies, including the Bonds, may be entered into at the same time or proximate to offers and sales of the Bonds or at other times in the secondary market and be carried out with counterparties that are also investors in or holders or sellers of the Bonds. The Bonds may be purchased by or be allocated to any Joint Lead Manager or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Joint Lead Managers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Joint Lead Managers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Bonds. The Joint Lead Managers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Bonds.

The distribution of this Information Memorandum or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Each of the Joint Lead Managers has represented, warranted and agreed that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Bonds or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any other offering or publicity material relating to the Bonds. Persons who may come into possession of this Information Memorandum or any offering material are required by the Issuer, the REIT Manager, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Information Memorandum or any other offering material relating to the Bonds, in all cases at their own expense, and are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Information Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

SELLING RESTRICTIONS

General

None of the Issuer, the REIT Manager, the Guarantor or the Joint Lead Managers makes any representation that any action will be taken in any jurisdiction by the Joint Lead Managers, the Issuer, the REIT Manager or the Guarantor that would permit a public offering of the Bonds and the CGIF Guarantee, or possession or distribution of the Information Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds and the CGIF Guarantee (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds and the CGIF Guarantee other than as contained in, or which is consistent with, the Information Memorandum or any amendment or supplement to it.

United States

The Bonds and the CGIF Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered or sold and it will not offer or sell the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Bonds, as determined and certified to the Issuing and Paying Agent by each Joint Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each Joint Lead Manager to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering of such Bonds) may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer, the REIT Manager and the Guarantor for use in connection with the offer and sale of the Bonds outside the United States. The Issuer and the Joint Lead Manager(s) reserve the right to reject any offer to purchase the Bonds, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

European Economic Area and the United Kingdom

Each Joint Lead Manager has represented and agreed that it will not engage in the offer or marketing of the Bonds in any jurisdiction in which Directive 2011/61/EU (the “**AIFM Directive**”), including as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”), has been implemented, save that they may, notwithstanding the foregoing but without prejudice to any other matter contained in this section, engage in the offer or marketing of the Bonds in such jurisdictions as agreed in writing between the Issuer and the relevant Joint Lead Manager prior to any such marketing or offer taking place (each such jurisdiction in which such marketing or offer is permitted pursuant to this paragraph being a “**Relevant AIFMD Jurisdiction**”). For the avoidance of doubt, no Joint Lead Manager has made any representation, undertaking or agreement that it has complied with the provisions of the AIFM Directive, as such directive is implemented into, and interpreted in accordance with, the laws of each Relevant AIFMD Jurisdiction.

PRIIPs Regulation – Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);
 - (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Regulation (EU) 2017/1129 (as amended or superseded, the “**Prospectus Regulation**”); and
- (ii) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

United Kingdom

UK PRIIPs Regulation – Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the United Kingdom. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
 - (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (c) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”); and
- (ii) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Other Regulatory Restrictions

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds and the CGIF Guarantee, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds and the CGIF Guarantee which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS under the SFA. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the “SFA” is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Investors should note that there may be restrictions on the secondary sale of the Bonds under Section 276 of the SFA.

CREDIT RATINGS

The Bonds are expected to be rated AA by S&P. A credit rating is not a recommendation to purchase, hold or sell the Bonds as such credit rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the credit rating(s) will remain in effect for any given period or that the credit rating(s) will not be revised by the credit rating agencies in the future if, in their judgement, circumstances so warrant. See “***Risk Factors – Risks Relating to the Bonds – Credit ratings may not reflect all risks and the credit ratings assigned to the Bonds may be lowered or withdrawn in the future***”.

GENERAL INFORMATION

- (1) Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Information Memorandum. Approval in-principle from, admission to the Official List of, or listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the REIT Manager, Sabana Industrial REIT, the Guarantor, their respective subsidiaries or associated companies (if any) or the Bonds. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded on the SGX-ST in a minimum board lot size of S\$250,000.

The Bonds issued are proposed to be issued under the AMBIF.

AMBIF is a policy initiative under the ABMI to create a nexus among domestic professional local currency bond markets in the region to help facilitate intraregional transactions through standardised bond and note issuance and investment processes.

AMBIF facilitates intraregional bond and note issuance and investment by creating common market practices; utilising a common document for submission, the Single Submission Form (the “SSF”); and highlighting transparent issuance procedures as documented in the implementation guidelines for each participating market, including Singapore.

AMBIF is expected to expand opportunities for issuers and investors: issuers can raise funds in local currencies in multiple locations in the region more easily, and investors can invest in local currency bonds more easily.

To be recognised as a bond or note issued under AMBIF (AMBIF Bond or Note), certain requirements need to be satisfied. These so-called AMBIF elements are summarised in the table below. Integral to AMBIF is the use of the SSF.

AMBIF Elements	Brief Description
Domestic Settlement	Bonds/notes are settled at a national central securities depository in ASEAN+3
Harmonised Submission Documents (SSF)	Common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information needs to be included.
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds/notes and issuer needs to be disclosed continuously in ASEAN+3. Registration or listing authority function is required to ensure continuous and quality disclosure.
Currency	Bonds/notes are denominated in currencies normally issued in domestic bond markets of ASEAN+3
Scope of Issuer	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations or market practice in each market in ASEAN+3

At this stage, the SSF, in conjunction with the AMBIF Implementation Guidelines, is accepted in seven jurisdictions in ASEAN+3: Hong Kong, China; Japan; Malaysia; the Philippines; Singapore; Thailand; and Cambodia. The region's other markets are expected to join as soon as they are ready.

The SSF, as the single and comprehensive issuance and disclosure document, has been modelled on the information memorandum used in international bond markets and its contents complies with the information and disclosure requirements of all participating markets, including those of Singapore.

The SSF has been recognised by the SGX-ST and the MAS to serve as issuance documentation for bonds and notes issued to exempted classes of investors. As such, the documents and/or material in connection with the offer or sale, or invitation for subscription or purchase, of such bonds and notes may not be circulated or distributed, nor may such bonds and notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore. For such bonds and notes to be listed on the SGX-ST, the application procedures and relevant listing requirements will need to be fulfilled by the relevant issuer of such bonds and notes.

The SSF is a public document and was created and is maintained by the ASEAN+3 Bond Market Forum, a public sector-private sector forum under the guidance of the Asian Development Bank, in conjunction with the AMBIF Documentation Recommendation Board, a group of bond market participating institutions and professionals in ASEAN+3 that support and represent best market practices. The template for the SSF is available for download from the Asian Development Bank's website.

- (2) The Issuer has obtained all necessary consents, approvals and authorisations in Singapore in connection with the offering and issue of the Bonds. The issue of the Bonds was authorised by the board of directors of the REIT Manager and passed on 11 June 2024.
- (3) There has been no material adverse change in the financial condition or business of the Issuer, Sabana Industrial REIT or the Group since 31 December 2023.
- (4) Neither the Issuer nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Information Memorandum the outcome of which may have or has had a material adverse effect on the financial condition or business of the Issuer, Sabana Industrial REIT or the Group.
- (5) For so long as the Bonds are outstanding, the following documents will be available for inspection at the registered office of the REIT Manager, during normal business hours, with prior appointment with the REIT Manager and satisfactory proof of holding:
 - (i) the Trust Deed (which includes the form of the Global Certificate);
 - (ii) the CGIF Guarantee;
 - (iii) the Agency Agreement;
 - (iv) the Constitution of the Issuer;
 - (v) the REIT Trust Deed; and
 - (vi) the audited consolidated financial statements of the Group for the financial years ended 31 December 2022 and 31 December 2023.
- (6) For so long as the Bonds are outstanding, copies of the Trust Deed (which includes the form of the Global Certificate), the CGIF Guarantee and Agency Agreement will be available for inspection, at the specified offices of the Issuing and Paying Agent during normal business hours, with prior appointment with the Issuing and Paying Agent and upon satisfactory proof of holding.

- (7) KPMG LLP have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Group for the financial years ended 31 December 2021 and 31 December 2022.
- (8) Ernst & Young LLP have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Group for the financial year ended 31 December 2023.

APPENDIX A: FORM OF CGIF GUARANTEE

GUARANTEE AGREEMENT

DATED _____ 2024

**CREDIT GUARANTEE AND INVESTMENT FACILITY,
a trust fund of the Asian Development Bank**

and

**The Bank of New York Mellon, Singapore Branch
as trustee for and on behalf of all Bondholders**

relating to

**\$100,000,000 4.15 per cent. Sustainability-linked Guaranteed Bonds due 2029
issued by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of
Sabana Industrial Real Estate Investment Trust)**

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THIS GUARANTEE (this **Agreement**) is dated _____ and is made **BETWEEN**:

- (1) **CREDIT GUARANTEE AND INVESTMENT FACILITY**, a trust fund of the Asian Development Bank with its principal office in Manila, the Philippines, as guarantor (**CGIF**); and
 - (2) **THE BANK OF NEW YORK MELLON, SINGAPORE BRANCH** in its capacity as the trustee for and on behalf of the Bondholders (as defined below) (in this capacity, the **Guaranteed Party**),
- (each a **Party** and collectively the **Parties**).

BACKGROUND:

- (A) At the request of the Issuer, CGIF has agreed, subject to the terms and conditions of this Agreement, to issue a guarantee in favour of the Guaranteed Party in respect of the Bonds (as defined below).
- (B) It is intended that this Agreement takes effect as a deed notwithstanding the fact that a Party may only execute this Agreement under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Additional Accrued Interest means the amount of interest in respect of any Bond for the Additional Accrual Period at the Bond Interest Rate.

Additional Accrual Period means, where CGIF is required to pay any Guaranteed Amounts in respect of principal (a) due on the Bond Maturity Date or (b) pursuant to paragraph (a)(i)(A) of Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*), the period from (and including) the Bond Maturity Date to (but excluding) the earlier of (1) the Guarantor Payment Date, and (2) the Non-Payment Event; or otherwise, on an acceleration of the redemption of the Bonds pursuant to Guaranteed Party Acceleration or CGIF Acceleration, the period from (and including) the immediately preceding Bond Interest Payment Date until the date of redemption upon such acceleration.

Agency Agreement has the meaning given to such term under the Bond Conditions.

Articles of Agreement means the articles of agreement of CGIF originally dated 11 May 2010 as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018, 16 May 2019, 1 August 2019 and 28 May 2024 (as may be further amended or supplemented from time to time).

Bond Certificates has the meaning given to the term **Certificate** under the Bond Conditions.

Bond Conditions has the meaning given to the term **Conditions** in the Trust Deed.

Bond Documents means (to the extent applicable) the Single Submission Form, the Subscription Agreement, the Trust Deed (including the Bond Conditions), the Agency Agreement and the Bond Certificates, in each case related to the issuance of the Bonds.

Bond Interest Payment Date has the meaning given to the term **Interest Payment Date** under the Bond Conditions.

Bond Interest Rate means the Rate of Interest or, as the case may be, the Step-Up Rate of Interest.

Bond Maturity Date has the meaning given to the term **Maturity Date** under the Bond Conditions.

Bondholders has the meaning given to such term under the Bond Conditions.

Bonds means the S\$100,000,000 4.15 per cent. sustainability-linked guaranteed bonds due 2029 of the Issuer constituted by the Trust Deed which expression shall, if the context so permits, include the Global Certificate representing the Bonds.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in Manila of the Philippines, New York of the U.S.A. and Singapore.

CGIF Acceleration has the meaning given to the term **CGIF Acceleration** under the Bond Conditions.

CGIF Assets means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF.

CGIF Certificate means the certificate to be issued by CGIF to the Guaranteed Party certifying it has received (or waived receipt of) the documents and evidence set out in Schedule 1 (*Conditions Precedent*) to the Indemnity Agreement in form and substance satisfactory to CGIF, substantially in the form set out in the Schedule (*Form of CGIF Certificate*).

CGIF Guarantee or this Guarantee means the guarantee provided by CGIF pursuant to, and subject to, the terms and conditions of this Agreement.

Condition means a condition of the Bond Conditions.

Governmental Agency means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

Guarantee Documents means this Agreement, the Indemnity Agreement, any Security Agreement, and any other document or agreement entered into between any of CGIF, the Issuer or the Guaranteed Party (as applicable) in connection with any of those documents.

Guarantee Term has the meaning given to it in Clause 2.2 (*Term of this Guarantee*).

Guaranteed Amount has the meaning given to it in Clause 2.1 (*Guarantee*).

Guarantor Default Interest Amount means any amount payable by CGIF pursuant to Clause 3.4 (*Guarantor Default Interest*).

Guarantor Default Rate means the Bond Interest Rate plus two per cent. (2%) per annum.

Guaranteed Party Acceleration has the meaning given to the term **Guaranteed Party Acceleration** under the Bond Conditions.

Guarantor Payment Date means the date of actual receipt by the Guaranteed Party in respect of a Guaranteed Amount.

Indemnity Agreement means the reimbursement and indemnity agreement dated on or about the date of this Agreement between CGIF and the Issuer in connection with this Agreement.

Issue Date has the meaning given to the term **Issue Date** under the Bond Conditions.

Issuer means HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust), a company incorporated in Singapore.

Mandatory Redemption Date has the meaning given to the term Mandatory Redemption Date under the Bond Conditions.

Mandatory Redemption Event means any event or circumstance specified as such in Condition 6(d) (*Mandatory Redemption upon Termination of Sabana Industrial REIT*).

Mandatory Redemption Missed Payment Event means the non-payment (not taking into account any grace period) by the Issuer of any Principal Amount payable by it pursuant to any mandatory redemption of the Bonds in accordance with Condition 6(d) (*Mandatory Redemption upon Termination of Sabana Industrial REIT*).

Missed Payment Event means the non-payment (not taking into account any grace period) of any Guaranteed Amount by the Issuer in accordance with the Bond Conditions and the Trust Deed (other than a Mandatory Redemption Missed Payment Event).

Non-Payment Event means:

- (a) the occurrence of an Event of Default (as defined under the Bond Conditions) 30 calendar days after the occurrence of a Missed Payment Event in accordance with Condition 10(a)(i) (Non-payment); or
- (b) the non-payment of any Guaranteed Amount by CGIF payable by it under Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*).

Paid Guaranteed Amount has the meaning given to it in Clause 4.1 (*Subrogation*).

Principal Amount means the principal amount in respect of the outstanding Bonds at any time, including any principal amount payable by the Issuer pursuant to Condition 6(d) (*Mandatory Redemption upon Termination of Sabana Industrial REIT*).

Rate of Interest has the meaning given to such term under the Bond Conditions.

Relevant Date has the meaning given to such term under the Bond Conditions.

Scheduled Interest means:

- (a) scheduled interest on the Bonds payable at the Bond Interest Rate on each Bond Interest Payment Date; and
- (b) where a Mandatory Redemption Event has occurred, any scheduled interest on the Bonds which would have been payable at the Bond Interest Rate on each Bond Interest Payment Date following the Mandatory Redemption Date had that Mandatory Redemption Event not occurred,

in each case, excluding, for the avoidance of doubt, default interest.

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Agreement means any agreement granting Security in favour of CGIF to secure the obligations of the Issuer under the Indemnity Agreement.

S\$ means Singapore Dollars, the lawful currency of Singapore in general circulation from time to time.

Single Submission Form means the single submission form (being the Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for the Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework) prepared by the Issuer in connection with the issue of the Bonds, as the same be amended or supplemented from time to time.

Step-Up Rate of Interest has the meaning given to such term under the Bond Conditions.

Subscription Agreement means the subscription agreement entered into between, among others, the Issuer, Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as manager of Sabana Industrial Real Estate Investment Trust), CGIF, CIMB Bank Berhad, Singapore Branch, and the Hongkong and Shanghai Banking Corporation, Singapore Branch, on or about the date of this Agreement in relation to the subscription of the Bonds.

Subsidiary has the meaning given to such term under the Bond Conditions.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under this Agreement.

Trust Deed means the trust deed entered into between the Issuer, the Guaranteed Party and CGIF on or about the date of this Agreement in relation to the Bonds.

Trustee Expenses means the remuneration, costs, charges, expenses and interests and claims for reimbursement and indemnification due and payable to the Guaranteed Party in accordance with the Trust Deed and the remuneration, costs, charges, expenses and interests and claims for reimbursement and indemnification due and payable to the agents named in the Agency Agreement in accordance with the Agency Agreement.

1.2 Construction

- (a) In this Agreement, terms not defined herein have the meaning as set out in the Trust Deed and unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, novation, extension (whether of maturity or otherwise), restatement, re-enactment or replacement (however fundamental and whether or not more onerous) and **amended** will be construed accordingly;
 - (ii) **assets** includes present and future properties, revenues and rights of every description;
 - (iii) a **Clause**, a **Subclause**, a **Paragraph** or a **Schedule** is a reference to a clause, subclause of, or paragraph of, or a schedule to, this Agreement;
 - (iv) a currency is a reference to the lawful currency for the time being of the relevant country;
 - (v) a **Bond Document**, **Guarantee Document** or other document or Security includes (without prejudice to any prohibition on or consent required for any amendments) any amendment to that Bond Document, Guarantee Document or other document or Security;
 - (vi) **including** means including without limitation, and **includes** and **included** shall be construed accordingly;
 - (vii) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
 - (viii) a **Party** or any other person includes its successors in title, permitted assigns and permitted transferees;

- (ix) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
 - (x) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (xi) a **successor** shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of its jurisdiction of establishment, incorporation or domicile has assumed the rights and obligations of such party under this Agreement or to which, under such laws, such rights and obligations have been transferred;
 - (xii) a time of day is a reference to Manila time; and
 - (xiii) the **winding-up, dissolution or administration** of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is established or incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection, relief of debtors or (in respect of a real estate investment trust) termination.
- (b) Unless the contrary intention appears, a reference to a **month or months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:
- (i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);
 - (ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and
 - (iii) notwithstanding subparagraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.
- (c) The headings in this Agreement are provided for convenience only and do not affect the construction or interpretation of any provision of this Agreement.

2. GUARANTEE

2.1 Guarantee

- (a) Subject to the provisions of this Agreement, CGIF irrevocably and unconditionally guarantees to the Guaranteed Party the full and punctual payment of each Guaranteed Amount.

Subject to this Clause 2.1, in this Agreement, **Guaranteed Amount** means:

- (i) any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Bond Conditions and the Trust Deed;
- (ii) any Additional Accrued Interest; and
- (iii) any Trustee Expenses.

- (b) For the avoidance of doubt, a Guaranteed Amount does not include any increased costs, tax related indemnity (but for the avoidance of doubt includes any additional amounts required to be paid to the Bondholders due to a tax withholding or deduction and the operation of Condition 8 (*Taxation*) and includes any additional amounts required to be paid to the Trustee or the Agents due to (i) a tax deduction or withholding and/or (ii) the operation of Clause 5.1 (*Stamp Duties*) of the Trust Deed or Clause 17.3 (*Taxes and Duties*) of the Agency Agreement, provided that the Guaranteed Amount will only include the original amount which would have been due from the Issuer if no tax withholding or deduction were required), default interest, fees, or any other amounts other than any Principal Amount, any Scheduled Interest, any Additional Accrued Interest and any Trustee Expenses payable by the Issuer to the Guaranteed Party or any Bondholders.
- (c) If the Bonds become payable on an accelerated basis:
 - (i) as a result of the Guaranteed Party declaring the Bonds payable on an accelerated basis, CGIF shall pay any Guaranteed Amounts in accordance with clause 3.3 (*Acceleration*) of the Trust Deed or, as the case may be, paragraph (a)(i)(B) of Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*); and/or
 - (ii) as a result of CGIF exercising its rights pursuant to Condition 6(c) (*Redemption in the event of a CGIF Acceleration*), CGIF shall pay any Guaranteed Amount in accordance with Clause 3.2 (*Payment of Guaranteed Amount or, as the case may be, paragraph (a)(i)(C) of Clause 3.3 (Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event))*).
- (d) Notwithstanding any other provision of this Agreement, CGIF shall have no obligation to pay any amounts pursuant to this Agreement where the relevant amount of principal or accrued but unpaid interest became payable under the Bond Conditions:
 - (i) on an accelerated basis at the instigation of the Issuer, including, without limitation, as a result of the Issuer's voluntary redemption of the Bonds (whether in full or in part) prior to the Bond Maturity Date;
 - (ii) on an accelerated basis as a result of any mandatory redemption of the Bonds pursuant to Condition 6(d) (*Mandatory Redemption on Termination of Sabana Industrial REIT*), other than any Guaranteed Amount payable pursuant to Clause 3.3 (*Payment of Guaranteed amount (Mandatory Redemption Missed Payment Event)*); or
 - (iii) to the Issuer or any of the related corporations of Sabana REIT as a result of any purchase of the Bonds by the Issuer or any of the related corporations of Sabana REIT pursuant to Condition 6(e) (*Purchases*) and held by the Issuer or any of the related corporations of Sabana REIT.

2.2 Term of this Guarantee

- (a) The CGIF Guarantee shall be effective as of the first date on which both (i) the Issue Date has taken place and (ii) CGIF has issued the CGIF Certificate.
- (b) Subject to Clauses 2.8 (*Reinstatement*) and 10.2 (*Termination*), the CGIF Guarantee will expire on the earlier of:
 - (i) the date on which all Guaranteed Amounts have been paid, repaid or prepaid in full, or the payment obligations of the Issuer in respect of all Guaranteed Amounts have been otherwise discharged or released pursuant to the Bond Documents or any other arrangement between the Issuer and the Guaranteed Party; and
 - (ii) the date of full redemption, prescription or cancellation of the Bonds,

(such period of effectiveness of the CGIF Guarantee being the **Guarantee Term**).

2.3 Continuing guarantee

The CGIF Guarantee is a continuing guarantee and will extend to the ultimate balance of all Guaranteed Amounts payable by the Issuer under the Bond Documents, regardless of any intermediate payment or discharge in whole or in part or where the payment of a Guaranteed Amount has been made but further Guaranteed Amounts are still due and payable or whether the Bonds are outstanding.

2.4 Guaranteed Amounts following amendments to the Bond Documents

If, without the prior written consent of CGIF, the Guaranteed Party concurs in any amendment, modification, variation, novation, waiver or termination of any term of a Bond Document, CGIF will irrevocably and unconditionally guarantee to the Guaranteed Party the Guaranteed Amount as per the terms of the Bond Documents and this Agreement in force as at the date of this Agreement or as amended from time to time with the prior written consent of CGIF.

2.5 Limited recourse

Notwithstanding any other provisions of this Agreement, any other Guarantee Document, or any Bond Document, the recourse of the Guaranteed Party against CGIF under this Agreement, any other Guarantee Document, and any Bond Document is limited solely to the CGIF Assets. The Guaranteed Party acknowledges and accepts that it only has recourse to the CGIF Assets and it has no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under this Agreement of CGIF shall not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

2.6 No personal liability of Asian Development Bank or any other contributors to CGIF

Notwithstanding any other provisions of this Agreement, any other Guarantee Document, or any Bond Document, neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Guaranteed Party in connection with the operation of CGIF or under this Agreement, any Bond Document or any Guarantee Document. No action may be brought against Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Guaranteed Party in connection with this Agreement.

2.7 Waiver of defences

The obligations of CGIF under this Agreement will not be affected by and shall remain in force notwithstanding any act, omission, matter, event or thing of any kind which, but for this provision, would reduce, release or prejudice any of its obligations under this Agreement. This includes, without limitation:

- (a) any time, waiver or any other concession or consent granted to, or composition with, any person;
- (b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any person;
- (c) any failure to realise the full value of any Security;
- (d) any incapacity, or lack of power, authority or legal personality of any person;
- (e) any amendment, modification, variation, novation, replacement, supplement or superseding, waiver or termination of or to a Bond Document or any other document or Security relating thereto, but subject to Clause 2.4 (*Guaranteed Amounts following amendments to the Bond Documents*) and only if the prior written consent of CGIF has been obtained in accordance with Clause 8.1 (*No amendment to Bond Documents*) hereof;

- (f) any unenforceability, illegality or, invalidity of any obligation of any person under any Bond Document or any other document or Security;
- (g) any insolvency or similar proceedings affecting CGIF or the Issuer;
- (h) any change in the taxation status of CGIF or the Issuer; or
- (i) the replacement of the Guaranteed Party as trustee for and on behalf of the Bondholders.

2.8 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of the Issuer and/ or CGIF or Security (if any) for those obligations or otherwise) is made by the Guaranteed Party in whole or in part in respect of a Guaranteed Amount on the basis of any payment, Security (if any) or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, then the liability of CGIF under Clauses 2 (*Guarantee*) and 3 (*Payment under this Guarantee*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

2.9 Additional Security

This Agreement is in addition to and is not in any way prejudiced by any other Security (to the extent applicable, if any) in respect of the Issuer's obligations under the Bond Documents now or subsequently held by the Guaranteed Party (or any trustee or agent on its behalf).

2.10 Pari Passu Ranking

Without limiting any other provision contained in this Agreement or any other Bond Documents, CGIF's payment obligations under this Agreement are direct, unconditional and general obligations of CGIF and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

3. PAYMENT UNDER THIS GUARANTEE

3.1 General

CGIF agrees that the Guaranteed Party is not required to proceed against, enforce any other rights or Security, or claim payment from any person before claiming from CGIF under this Agreement, irrespective of any law or any provision of any Bond Document to the contrary, provided that CGIF shall only be required to make payments to the Guaranteed Party in accordance with the terms of this Agreement and the Bond Conditions.

3.2 Payment of Guaranteed Amount

Subject to Clause 2.1 (*Guarantee*) of this Agreement, and Clauses 3.2 (*Missed Payment Event and Mandatory Redemption Missed Payment Event*) and 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event has occurred and is continuing, CGIF shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party or to its order within thirty (30) calendar days of such Missed Payment Event, or in the case of a CGIF Acceleration, within thirty (30) calendar days from the date of the CGIF Acceleration Notice.

3.3 Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)

- (a) Notwithstanding any other provision contained in this Agreement or any other Bond Documents, if a Mandatory Redemption Missed Payment Event has occurred and is continuing, CGIF shall pay to the Guaranteed Party (or to its order):
 - (i) (A) within thirty (30) calendar days from the Bond Maturity Date;
 - (B) in the case of a Guaranteed Party Acceleration, on the date of redemption specified in the Guaranteed Party Acceleration Notice; or

(C) in the case of a CGIF Acceleration, on the date of redemption specified in the CGIF Acceleration Notice,

the Principal Amount and any Additional Accrued Interest; and

- (ii) within thirty (30) calendar days of each Interest Payment Date following the Mandatory Redemption Date, the Scheduled Interest in respect of that Interest Payment Date, provided that, for the avoidance of doubt, no additional Scheduled Interest shall be payable in respect of any Interest Payment Date falling after the date of redemption specified in any CGIF Acceleration Notice or Guaranteed Party Acceleration Notice.
- (b) For the avoidance of doubt, CGIF may, at its discretion, proceed with CGIF Acceleration in accordance with Condition 6(c) (*Redemption in the event of a CGIF Acceleration*) and the Guaranteed Party may proceed with Guaranteed Party Acceleration in accordance with Conditions 10(c) and 10(d) where a Mandatory Redemption Missed Payment Event has occurred.

3.4 Guarantor Default Interest

- (a) Subject to paragraph (b) below, if CGIF fails to make a payment in accordance with Clause 3.2 (*Payment of Guaranteed Amount*) or Clause 3.3 (*Payment of Guaranteed Amount (Mandatory Redemption Missed Payment Event)*), CGIF will pay interest on the overdue Guaranteed Amount (other than any Trustee Expenses) for the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the Guarantor Default Rate.
- (b) CGIF will pay interest on the overdue Trustee Expenses for the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the rate of one per cent. over the Trustee's cost of funds, provided that the Trustee furnishes evidence as to its cost of funds to the reasonable satisfaction of CGIF.

4. SUBROGATION AND TRANSFERS

4.1 Subrogation

- (a) Immediately upon the receipt by the Guaranteed Party under this Agreement of all or any part of the Guaranteed Amount in accordance with this Agreement (a **Paid Guaranteed Amount**), CGIF shall be subrogated to:
 - (i) all of the rights, powers and remedies of the Guaranteed Party, on behalf of the Bondholders, and of the Bondholders themselves, in respect of the Bonds and each Bond Document (in each case, to the extent relating and proportionate to that Paid Guaranteed Amount), against any relevant person, including (and to the extent relating and proportionate to that Paid Guaranteed Amount) any rights or claims, whether accrued, contingent or otherwise; and
 - (ii) all of the Guaranteed Party's privileges, rights and Security against the Issuer or with respect to the Bonds, in each case insofar as they extend to an amount equal to that Paid Guaranteed Amount.
- (b) The Guaranteed Party shall use its reasonable endeavours to, at the written request and expense of CGIF, execute such instruments or documents and take such other actions as CGIF may require to give effect to, facilitate or evidence the subrogation referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.

- (c) For the avoidance of doubt, no Bondholder shall be obliged to transfer or assign any rights or any legal title in the Bonds, except to the extent that it has received payment of any amounts from CGIF in respect thereof.

4.2 Transfer

- (a) Upon the receipt by the Guaranteed Party of a Paid Guaranteed Amount, the Guaranteed Party shall, to the extent available to it, at the written request and the expense of CGIF and in consideration of such payment:
 - (i) transfer and assign, free from any Security, to CGIF all its rights:
 - (A) under the Bond Documents; and
 - (B) in respect of any Security securing the Bonds or any other amounts payable under the Bond Documents (including any right, title and interest to any asset which has arisen as a result of enforcement of such Security),
- insofar as those rights relate and are proportionate to that Paid Guaranteed Amount; and
- (ii) execute such instruments or documents and take such other actions as necessary for CGIF to give effect to, facilitate or evidence the transfer and assignment referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.
- (b) The Guaranteed Party shall not do anything that could lessen or impair any of the rights referred to in subparagraph (a)(i) above, CGIF's rights of subrogation or any other right of CGIF to recover any Paid Guaranteed Amount, unless the Guaranteed Party is acting in accordance with the terms of the Trust Deed.

5. APPLICATION OF FUNDS AND RECOVERIES

5.1 Application of funds

Following payment by CGIF of any Paid Guaranteed Amount or payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount pursuant to the terms of this Agreement, the Guaranteed Party must hold such amounts on trust for itself and the Bondholders on the terms set out in the Trust Deed and must (as soon as reasonably practicable after receipt) apply them in or towards payment of the Guaranteed Amount(s) relating to such Paid Guaranteed Amount in accordance with the terms of the Trust Deed.

5.2 Recoveries

- (a) After the occurrence of a Missed Payment Event or a Mandatory Redemption Missed Payment Event, if the Guaranteed Party recovers any money or asset from the Issuer or any other person in respect of any Guaranteed Amount relating to that Missed Payment Event or that Mandatory Redemption Missed Payment Event (a **Recovered Amount**), the Guaranteed Party must as soon as reasonably practicable (and in any case within ten (10) calendar days from the date of its receipt of such Recovered Amount) supply details of the recovery to CGIF and pay to CGIF (or any other person at the instruction of CGIF) an amount equal to such Recovered Amount.
- (b) Following payment by CGIF of any Paid Guaranteed Amount, if CGIF discovers that the Guaranteed Party had no right to receive a payment of the relevant Guaranteed Amount (or any portion thereof) to which such Paid Guaranteed Amount relates, CGIF shall be entitled, upon notice to the Guaranteed Party, to recover from the Guaranteed Party the relevant payment (or the relevant portion thereof) to the extent that the Guaranteed Party still holds such amounts itself or to its order (and provided only that it has the ability to direct the payment of the relevant amounts).

- (c) To the extent any part of a Guaranteed Amount has been recovered from any source (it being recognised that the Guaranteed Party is under no duty whatsoever to seek to recover from any such source), the Guaranteed Party may not seek to recover such amounts from CGIF under this Agreement.

6. TAXES

- 6.1 CGIF shall make all payments to be made by it under this Agreement free and clear of and without any Tax Deduction, unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made by CGIF, the amount of the payment due from CGIF under this Agreement shall be increased to an amount which (after making the relevant Tax Deduction) would result in the recipient receiving an amount equal to the payment which would have been due if no Tax Deduction had been required, except that no increased payment shall be payable by CGIF in respect of any Bond presented (or in respect of which the Certificate representing it is presented) for payment:
 - (a) by or on behalf of a Bondholder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond or, as the case may be, payments made by CGIF by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond;
 - (b) more than thirty (30) days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such increased payment on presenting the same for payment on the last day of such period of thirty (30) days; or
 - (c) by or on behalf of a Bondholder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.
- 6.2 If CGIF is aware that it must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction), it must promptly notify the Guaranteed Party.
- 6.3 If CGIF is required to make a Tax Deduction, it must make the minimum Tax Deduction allowed by law and must make any payment required in connection with that Tax Deduction within the time allowed by law.
- 6.4 Nothing in this Clause 6 shall be considered to constitute a waiver of the privileges, immunities and exemptions applicable to CGIF pursuant to the Articles of Agreement.

7. PAYMENTS

7.1 Payment by CGIF and other Parties

- (a) A payment by CGIF of a Paid Guaranteed Amount or a payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount in accordance with this Agreement will discharge the payment obligations of CGIF under this Agreement to the extent of such payment, whether or not such payment is properly applied by or on behalf of the Guaranteed Party.
- (b) All payments to be made by a Party under this Agreement must be made on the due date for payment in immediately available funds to such account as the receiving Party may direct such account to be notified by the receiving Party to the other Party at least five (5) Business Days prior to the relevant due date for payment.

7.2 Currency

All payments to be made by a Party under this Agreement must be made in the currency in which the amounts are incurred in relation to costs, fees, expenses, liabilities and other indemnities.

7.3 Certificates and determinations

Any certification, determination or notification by a Party of a rate or amount made pursuant to the terms of this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

7.4 Business Days

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment will instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none).

8. AMENDMENTS AND WAIVERS

8.1 No amendment to Bond Documents

The Guaranteed Party shall not, without the prior written consent of CGIF, concur in any amendment, modification, variation, novation, waiver or termination of any term of a Bond Document to which it is a party unless in accordance with Clause 21 (*Waiver*) and Clause 28 (*Modifications*) of the Trust Deed and Condition 12(b) (*Modification and waiver*).

8.2 Amendments

Any term of this Agreement may be amended or waived with the written agreement of the Parties and the Issuer.

8.3 Waivers and remedies cumulative

(a) The rights and remedies of each Party under this Agreement:

- (i) may be exercised as often as necessary;
- (ii) are cumulative and not exclusive of its rights and remedies under the general law; and
- (iii) may be waived only in writing and specifically.

(b) No delay in exercising or non-exercise by a Party of any right or remedy under this Agreement shall operate as a waiver of that right or remedy, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy other than where any rights (including, without limitation, the right to require payment of any Guaranteed Amount) are to be exercised in accordance with specified requirements under this Agreement.

9. ASSIGNMENT OR TRANSFER

No Party may assign or transfer any of its rights and obligations under this Agreement without the prior consent of the other Party except that:

- (a) CGIF may assign or transfer any of its rights and benefits under this Agreement (including its right of subrogation) to any person without the prior written consent of the Guaranteed Party or any other person; and
- (b) the Guaranteed Party may assign or transfer any of its rights and obligations under this Guarantee to any replacement trustee duly appointed in accordance with the Trust Deed.

10. TERMINATION

10.1 Except in relation to Clause 2.5 (Limited recourse), Clause 2.6 (*No personal liability of Asian Development Bank or any other contributors to CGIF*), Clause 4 (*Subrogation and Transfers*), Clause 16 (*Governing Law*), Clause 17 (*Dispute Resolution*) and Clause 18 (*ADB and CGIF Immunities*), all rights and obligations of each Party will cease and expire on the last day of the Guarantee Term.

10.2 Termination or expiry of this Guarantee pursuant to the terms of this Agreement is without prejudice to the rights of any Party which have accrued prior to such termination or expiry, whether arising under this Agreement, at law or otherwise.

11. SET-OFF

No Party may set off any obligation owed to it by the other Party under this Agreement against any obligation owed by it to that other Party.

12. SEVERABILITY

If a term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, it shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Agreement.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14 NOTICES

14.1 In writing

- (a) Any communication in connection with this Agreement must be in writing, with copy sent to the Issuer, and, unless otherwise stated, may be given:
 - (i) in person, by post or fax; or
 - (ii) to the extent agreed by the Parties making and receiving communication, by email or other electronic communication.
- (b) For the purpose of this Agreement, an electronic communication will be treated as being in writing.
- (c) Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.

14.2 Contact details

- (a) The contact details of CGIF for all notices in connection with this Agreement are:

Address: Asian Development Bank Building,
6 ADB Avenue, Mandaluyong City,
1550 Metro Manila, Philippines
Fax number: +632-5322-7661
Email: sabana.sgd@cgif-abmi.org
Attention: CEO and Vice President, Operations

- (b) The contact details of the Guaranteed Party for all notices in connection with this Agreement are:

Address: One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192
Email: ctsgclientservice@bnymellon.com
Attention: Global Corporate Trust – Sabana Industrial REIT

- (c) The contact details of the Issuer for all notices in connection with this Agreement are:

Address: 10 Marina Boulevard #45-01
Marina Bay Financial Centre Tower 2
Singapore 018983
Fax number: N/A
Email: reits.cs@hsbc.com.sg
Attention: SVP, REITs

- (d) Any Party may change its contact details by giving five (5) Business Days' notice to the other Party.
- (e) Where a Party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

14.3 Effectiveness

- (a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:
- (i) if delivered in person, at the time of delivery;
 - (ii) if posted, two (2) Business Days after being sent by prepaid registered post addressed to the relevant party at that address;
 - (iii) if by fax, when despatched, and a transmission report showing that it has been sent is produced; and
 - (iv) if by e-mail or any other electronic communication, when made provided that no delivery failure notification is received by the sender within one hour of sending such communication.
- (b) A communication given under paragraph (a) above but received on a non-working day or after 5.00 p.m. in the place of receipt will only be deemed to be given on the next working day in that place.
- (c) A communication to CGIF will only be effective on actual receipt by it.
- (d) In no event shall the Guaranteed Party be liable for any losses arising from the Guaranteed Party receiving any data from or transmitting any data to CGIF (or any authorised signatory) or acting upon any notice, instruction or other communications via any Electronic Means. The Guaranteed Party has no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of CGIF (or any authorised signatory). CGIF agrees that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

14.4 English Language

- (a) Any notice given in connection with this Agreement must be in English.
- (b) Any other document provided in connection with this Agreement must be:
- (i) in English; or
 - (ii) if not in English, accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other publicly available official document.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Unless expressly provided to the contrary in a Guarantee Document, a person who is not a party to a Guarantee Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Guarantee Document, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of any Guarantee Document. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents may enforce Clauses 2.5 (*Limited recourse*), 2.6 (*No personal liability of Asian Development Bank or any other contributors to CGIF*), 17.2(j) (*Arbitration*) and 18 (*ADB and CGIF Immunities*) of this Agreement.

16. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by English law.

17. DISPUTE RESOLUTION

17.1 Governing law

This Clause 17 and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

17.2 Arbitration

- (a) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with this Agreement (which includes this Clause 17) and any Guarantee Document other than this Agreement, including any dispute as to their existence, validity, interpretation, performance, breach or termination, or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (for the purpose of this Clause 17, a **Dispute**), shall be referred to and be finally resolved by arbitration administered by the Singapore International Arbitration Centre (**SIAC**) in accordance with the Arbitration Rules of the SIAC for the time being in force (for the purpose of this Clause 17, the **Rules**), except as they are modified by the provisions of this Agreement.
- (b) The Parties further agree that following the commencement of arbitration, and following the exchange of the Notice of Arbitration and Response to the Notice of Arbitration, they will attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre (**SIMC**), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the **Protocol**) for the time being in force which shall last for a period not exceeding sixty-five (65) Business Days from the commencement of the mediation proceedings (the **Mediation Period**). Where a settlement has been reached between the Parties within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal appointed by SIAC in accordance with Clause 17.2(d) below and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the Parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the Parties, no person appointed as arbitrator shall be appointed as mediator in relation to the Dispute and no person appointed as mediator shall be appointed as arbitrator in relation to the Dispute.
- (c) The Rules and the Protocol are deemed to be incorporated by reference into this Clause 17 and capitalised terms used in this Clause 17 (which are not otherwise defined in this Agreement or any Guarantee Document) shall have the meaning given to them in the Rules and the Protocol.

- (d) The number of arbitrators shall be three. The arbitrators nominated by the parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the **President**), will act as president of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the parties within thirty (30) days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.
- (e) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be appropriate.
- (f) Except as modified by the provisions of this Clause 17 and the Rules, Part 2 of the International Arbitration Act 1994 of Singapore shall apply to any arbitration proceedings commenced under this Clause 17. Neither party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.
- (g) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.
- (h) Service of any Notice of Arbitration made pursuant to this Clause 17 shall be made in accordance with the Rules and at the addresses given for the sending of notices under this Agreement at Clause 14 (Notices).
- (i) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. To the fullest extent permitted under any applicable law, the parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.
- (j) The arbitral tribunal and any emergency arbitrator appointed in accordance with the Rules shall not be authorized to order, and the Guaranteed Party agrees for itself and on behalf of each Bondholder that it shall not seek from the arbitral tribunal or any judicial authority:
 - (i) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or
 - (ii) any interim order to sell, attach, freeze or otherwise enforce against the CGIF Assets.
- (k) In respect of any court proceedings in Singapore commenced under the International Arbitration Act 1994 of Singapore in relation to the arbitration, the parties agree (i) to commence such proceedings before the Singapore International Commercial Court (**SICC**) and (ii) in any event, that such proceedings shall be heard and adjudicated by the SICC.
- (l) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Clause 17 to the board of directors of CGIF (the **CGIF Board**) as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to CGIF or any of their respective officers, employees, advisers, agents or representatives. The members of the CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the Board documents and other relevant information may be distributed to any representatives of the relevant member countries of CGIF for the said purpose only, provided that such information and documents distributed by the CGIF Board insofar as they relate to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL".

18. ADB AND CGIF IMMUNITIES

Nothing in this Agreement, or any agreement, understanding or communication relating to this Agreement (whether before or after the date of this Agreement), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement.

THIS AGREEMENT has been executed as a deed by the Parties hereto and is intended to be and is hereby delivered on the date first above written.

SCHEDULE
FORM OF CGIF CERTIFICATE

To: The Bank of New York Mellon, Singapore Branch in its capacity as the trustee for and on behalf of the Bondholders (as defined in the Guarantee Agreement) (in this capacity the **Guaranteed Party**).

From: Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (**CGIF**)

Copy: HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust) (the **Issuer**)

Date: _____

Dear Sirs,

HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust) (the Issuer) – Reimbursement and Indemnity Agreement dated _____ (the Indemnity Agreement) between the Issuer and CGIF in connection with the up to S\$100,000,000 4.15 per cent. sustainability-linked guaranteed bonds due 2029 issued by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust) (the Bonds)

I refer to the Indemnity Agreement and the guarantee agreement dated _____ between CGIF and the Guaranteed Party (the **Guarantee Agreement**).

I am a duly authorised officer of CGIF. I am authorised to give this certificate and certify that CGIF has received (or waived receipt of) all of the documents and evidence set out in Schedule 2 (*Conditions Precedent*) to the Indemnity Agreement in form and substance satisfactory to CGIF.

This also serves as notification to the Guaranteed Party in accordance with Clause 2.2 (*Term of this Guarantee*) of the Guarantee Agreement that the guarantee pursuant to the Guarantee Agreement is in effect, subject to the issuance of the Bonds, and to the Issuer that CGIF has no objection to the issuance of the Bonds.

Unless we notify you to the contrary in writing, you may assume that this certificate remains true and correct.

This certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

For

**CREDIT GUARANTEE AND INVESTMENT FACILITY,
a trust fund of the Asian Development Bank**

Name:

Title:

SIGNATORIES

CGIF

EXECUTED as a **DEED** by)
CREDIT GUARANTEE AND INVESTMENT)
FACILITY,)
a trust fund of the Asian Development Bank)
and **SIGNED** and **DELIVERED** as a **DEED**)
on its behalf by)

In the presence of:

Witness' signature:

.....

Witness' name:

.....

Witness' address:

.....

.....

THE GUARANTEED PARTY

SIGNED, SEALED and DELIVERED

for and on behalf of

THE BANK OF NEW YORK MELLON, SINGAPORE BRANCH

}

Authorised Signatory

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER AND ITS
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The information in this Annex I has been extracted and reproduced from the annual report of the Issuer and its subsidiaries for the financial year ended 31 December 2022 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in connection with the related notes.

INDEPENDENT AUDITORS' REPORT

To the Unitholders
Sabana Industrial Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 29 October 2010 (as amended by the first supplemental deed dated 2 December 2010, the first amending and restating deed dated 24 February 2016, the second amending and restating deed dated 24 March 2016, the second supplemental deed dated 6 May 2019, the third amending and restating deed dated 7 April 2020 and the third supplemental deed dated 21 October 2021))

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Risk

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

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

INDEPENDENT AUDITORS' REPORT

Our response

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

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

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

Our findings

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

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

Other information

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

17 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

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

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

* Less than \$1,000

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

DISTRIBUTION STATEMENTS

For the year ended 31 December 2022

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

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

DISTRIBUTION STATEMENTS

For the year ended 31 December 2022

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

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

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 31 December 2022

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

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

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2022

Group

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

Balance carried forward

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

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

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

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2022

Group (continued)

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

Investment properties – Fair value

Investment properties – Right-of-use assets

Total investment properties

Other assets and liabilities

Net assets attributable to Unitholders' Funds

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

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

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

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2022

Group (continued)

As disclosed in the Statements of Financial Position:

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

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

Remaining lease term includes optional lease term.

All properties under the Consolidated Portfolio Statement are leasehold.

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

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

Significant non-cash transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 17 March 2023.

1 GENERAL

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

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

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Trust and its subsidiary (together referred to as the "Group" and individually as "Group entities").

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

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

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

1.1 Property Manager's fees

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

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

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

1.2 Manager's fees

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL (CONTINUED)

1.3 Trustee's fees

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

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

1.4 Acquisition fees

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

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

1.5 Divestment fees

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2 BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

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

The Manager is of the opinion that there are no critical judgement in applying the Group's accounting policies.

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

- Note 4 – Investment properties

2.4 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- *Amendment to FRS 116: COVID-19-Related Rent Concessions beyond 30 June 2021*
- *Amendments to FRS 103: Reference to the Conceptual Framework*
- *Amendments to FRS 16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to FRSs 2018-2020*

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Trust's Statement of Financial Position at cost less accumulated impairment losses.

3.2 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost at initial recognition and subsequently at fair value with any changes therein recognised in the Statements of Total Return.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under Appendix 6 of the CIS Code issued by the MAS ("Property Funds Appendix").

Fair value changes are recognised in the Statements of Total Return. When an investment property is disposed of, the resulting gain or loss is recognised in the Statements of Total Return as the difference between net disposal proceeds and the carrying amount of the property.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis described above. For taxation purpose, the Group may claim capital allowances on assets that qualify as plant and machinery under the Singapore Income Tax Act.

3.3 Leases

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

(i) As a lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (continued)

(i) As a lessee (continued)

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

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

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

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

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

(ii) As a lessor

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

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

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

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

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

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest/Profit income' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest/profit income, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest/profit income criterion if the prepayment amount substantially represents unpaid amounts of principal and interest/profit income on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest/profit expense (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest/profit rate method. The amortised cost is reduced by impairment losses. Interest/Profit income, foreign exchange gains and losses and impairment are recognised in the Statements of Total Return. Any gain or loss on derecognition is recognised in the Statements of Total Return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. They are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest/profit rate method. Interest/Profit expense and foreign exchange gains and losses are recognised in the Statements of Total Return.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

Interest rate benchmark reform

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

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

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(vi) Derivative financial instruments

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

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

3.5 Impairment

(i) Non-derivative financial assets

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

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

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

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

Simplified approach

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

General approach

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach (continued)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statements of financial position

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

Write-off

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

(ii) Non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (continued)

(ii) Non-financial assets (continued)

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

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

3.6 Issue expenses

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

3.7 Revenue recognition

Rental income from operating leases

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

3.8 Expenses

(i) Property expenses

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

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

(ii) Manager's fees

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

(iii) Trustee's fees

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

3.9 Finance income and finance costs

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Finance income and finance costs (continued)

In calculating interest/profit income and expense, the effective interest/profit rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest/profit income is calculated by applying the effective interest/profit rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest/profit income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in Statements of Total Return using the effective interest/profit rate method.

3.10 Tax

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

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

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

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

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

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

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Trust and its subsidiary. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Tax (continued)

The Inland Revenue Authority of Singapore ("IRAS") had issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee is not subject to tax on the taxable income of the Trust, which includes profit distributions from liquid Islamic debt securities such as Sukuk that the Trust may invest in, provided that at least 90.0% of the taxable income of the Trust is distributed within the year in which the income is derived (the "tax transparency treatment"). Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of the Trust, except:

- (i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a partnership) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Foreign Non-Individual Unitholders and Qualifying Foreign Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10.0% for distributions made up to 31 March 2025, unless concession is extended.

A Qualifying Unitholder is a Unitholder who is:

- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap. 37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); and
- a real estate investment trust exchange-traded fund ("REIT ETFs") which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the Units are not obtained from that operation in Singapore.

A Qualifying Foreign Funds is one that qualifies for tax exemption under section 13CA, 13X, or 13Y of the Income Tax Act, is not a resident of Singapore for income tax purposes and:

- (a) does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- (b) carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains or profits from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134 of Singapore and collected from the Trustee. Where the gains are capital gains, they are not subject to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Manager's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.13 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 26.

4 INVESTMENT PROPERTIES

Investment properties

	Group and Trust	
	31 December 2022	31 December 2021
	Total	Total
	\$'000	\$'000
Balance at beginning of the year	942,913	904,565
Reclassification from investment property held for divestment	-	13,794
Capital expenditure	3,018	7,475
Straight-line adjustments in accordance with FRS 116	192	731
Net change in fair value of investment properties	14,304	15,999
Remeasurement of ROU assets	1,390	(4)
Capitalisation of leasing commission	636	432
Amortisation of leasing commission	(274)	(79)
Balance at end of the year	962,179	942,913

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONTINUED)

Investment property held for divestment

	Group and Trust
	31 December 2021
	Total
	\$'000
Balance at beginning of the year	13,794
Reclassification to investment properties	(13,794)
Balance at end of the year	–

As at 31 December 2021, the Manager has re-classified the investment property held for divestment to non-current investment property. The Manager having considered the current market conditions intend to hold the investment property and execute asset enhancement initiatives to generate future rental income.

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

Security

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

As at 31 December 2021, investment properties with an aggregate fair value of \$316.7 million at the Group and the Trust are pledged as security to secure certain borrowing facilities (see Note 10).

Measurement of fair value

Investment properties

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONTINUED)

Measurement of fair value (continued)

Investment properties (continued)

As at 31 December 2022, certain investment properties' valuation reports highlighted that in light of the heightened macro-economic, geopolitical and supply chain risks as well as continued and escalating COVID-related risks (in some location), global economic uncertainty has surged. While the local property markets have continued to perform and that the liquidity in the market remained strong, the ongoing geo-political headwinds, economic uncertainty and rising interest rate cost may have impact on the Singapore economy and the property market. Hence, the valuer continues to monitor the situation closely and in due course, it may be appropriate to reflect any potential impact on the value.

Fair value hierarchy

The table below analyses investment properties carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the investment properties.

	Level 3	
	2022 \$'000	2021 \$'000
Group and Trust		
Investment properties at fair value	885,700	866,200
Add: Carrying amount of lease liabilities	76,479	76,713
Carrying amount of investment properties	962,179	942,913

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	<ul style="list-style-type: none"> Capitalisation rates from 5.50% to 6.25% (2021: 5.50% to 6.50%) Discount rate of 7.25% to 7.50% (2021: 7.25% to 7.75%) Terminal yield rates from 5.75% to 6.25% (2021: 5.75% to 6.75%) Vacancy assumption rates from 0.00% to 21.00% (2021: 1.00% to 10.00%) Rental growth rates from 2.21% to 12.20% (2021: 1.50% to 3.50%) Estimated gross development value of \$30.5 million and related costs of \$21.5 million for a certain property (2021: Not applicable) 	<p>The estimated fair value of investment properties would increase/(decrease) if:</p> <ul style="list-style-type: none"> the capitalisation rates were lower/(higher); or the discount rates were lower/(higher); or the terminal yield rates were lower/(higher); or the vacancy assumption rates were lower/(higher); or the rental growth rates were higher/(lower); or the estimated gross development value were higher/(lower) and related costs were lower/(higher) for a certain property.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

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

The residual method considered the gross development value and related costs for a certain investment property. The estimated fair value of the investment property would increase/(decrease) when the gross development value are higher/(lower) and when the related costs are lower/(higher).

5 SUBSIDIARY

	Trust	
	2022	2021
	\$'000	\$'000
Equity investments at cost	*	*

* Less than \$1,000

Details of the subsidiary of the Group are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2022	2021
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

⁽¹⁾ Audited by KPMG LLP Singapore in 2021. Exempted from statutory audit under Companies Act section 201A in 2022.

6 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Interest/Profit rate swaps at fair value through Statements of Total Return	6,647	191	6,647	191
Current assets				
Interest/Profit rate swaps at fair value through Statements of Total Return	1,711	-	1,711	-
Total derivative financial instruments	8,358	191	8,358	191
Derivative financial instruments as a percentage of net assets	1.43%	0.03%	1.43%	0.03%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest/Profit rate swaps with a total notional amount of \$242.5 million (31 December 2021: \$210.0 million) had been entered into at the reporting date to provide fixed rate funding for terms of 1.0 to 4.0 years (31 December 2021: 2.0 to 3.0 years).

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Derivatives Swaps and Dealers Association ("ISDA") Master Netting Agreements. The ISDA does not meet the criteria for offsetting in the Statements of Financial Position. This is because it creates a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2022 and 31 December 2021, the Group's derivative assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangement.

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables, gross	1,895	1,240	1,895	1,240
Less: Impairment losses on trade receivables	(709)	(1,055)	(709)	(1,055)
Trade receivables, net	1,186	185	1,186	185
Other receivables	2,867	1,842	2,867	1,842
Deposit	534	580	534	580
	4,587	2,607	4,587	2,607
Prepayment	59	81	59	80
	4,646	2,688	4,646	2,687

The exposures of the Group and the Trust to credit risk and impairment losses related to trade and other receivables, excluding prepayments, are disclosed in Note 12.

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Bank balances	8,009	25,856	8,009	25,856

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9 TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Amount due to related parties, trade	2,704	1,663	2,721	1,678
Trade payables	2,888	1,573	2,888	1,573
Security deposits	15,730	13,156	15,730	13,156
Rental received in advance	455	718	455	718
Retention sums	202	1,162	202	1,162
Finance costs payable to:				
– non-related parties	1,386	979	1,386	979
Accrued operating expenses	6,301	6,055	6,301	6,055
Others	2,339	2,073	2,331	2,066
	<u>32,005</u>	<u>27,379</u>	<u>32,014</u>	<u>27,387</u>
Current	20,946	17,953	20,955	17,961
Non-current	11,059	9,426	11,059	9,426
	<u>32,005</u>	<u>27,379</u>	<u>32,014</u>	<u>27,387</u>

Outstanding balances with related parties are unsecured.

The exposures of the Group and Trust to liquidity risk related to trade and other payables are disclosed in Note 12.

10 BORROWINGS

	Note	Group		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Secured borrowings					
Murabaha Facilities					
– Term	10(a)	–	122,536	–	122,536
Less: Unamortised capitalised transaction costs		–	(1,056)	–	(1,056)
		–	<u>121,480</u>	–	<u>121,480</u>
Unsecured borrowings					
Unsecured Term Loan Facility	10(b)	293,000	193,000	293,000	193,000
Less: Unamortised capitalised transaction costs		(4,079)	(2,891)	(4,079)	(2,891)
		<u>288,921</u>	<u>190,109</u>	<u>288,921</u>	<u>190,109</u>
Total non-current borrowings⁽¹⁾		<u>288,921</u>	<u>311,589</u>	<u>288,921</u>	<u>311,589</u>

⁽¹⁾ All the borrowings have a nominal interest rate of Singapore Overnight Rate Average + Margin (31 December 2021: a nominal interest rate of Swap Offer Rate/ Singapore Overnight Rate Average + Margin)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule

Terms and conditions of outstanding borrowings are as follows:

Group	Currency	Nominal interest/ profit rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
2022					
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,985
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	74,112
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,891
Unsecured Term Loan Facility D	SGD	SORA*+Margin	2026	50,000	48,992
Unsecured Term Loan Facility E	SGD	SORA*+Margin	2027	50,000	48,941
				<u>293,000</u>	<u>288,921</u>
2021					
Term Murabaha Facility A	SGD	SOR*+Margin	2024	122,536	121,480
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,442
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	73,811
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,856
				<u>315,536</u>	<u>311,589</u>
Trust					
2022					
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,985
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	74,112
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,891
Unsecured Term Loan Facility D	SGD	SORA*+Margin	2026	50,000	48,992
Unsecured Term Loan Facility E	SGD	SORA*+Margin	2027	50,000	48,941
				<u>293,000</u>	<u>288,921</u>
2021					
Term Murabaha Facility A	SGD	SOR*+Margin	2024	122,536	121,480
Unsecured Term Loan Facility A	SGD	SORA*+Margin	2024	100,000	98,442
Unsecured Term Loan Facility B	SGD	SORA*+Margin	2025	75,000	73,811
Unsecured Term Loan Facility C	SGD	SORA*+Margin	2025	18,000	17,856
				<u>315,536</u>	<u>311,589</u>

* Singapore Overnight Rate Average/Swap Offer Rate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

(a) Murabahah Facilities

In March 2022, the Group completed its refinancing exercise of the Facilities with the new unsecured term loan and revolving facilities. (See Note 10(b))

(b) Unsecured Term Loan Facility

As of 31 December 2022, the outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024.
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.
- (iv) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (v) 5-year term loan facilities of \$50.0 million maturing in March 2027.

As of 31 December 2021, the outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024.
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.

(c) Unutilised Loan Facilities

As of 31 December 2022, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$25.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.
- (iv) 4-year revolving facility of \$25.0 million maturing in March 2026.
- (v) 5-year revolving facility of \$25.0 million maturing in March 2027.

As of 31 December 2021, the Group has access to the following unutilised revolving loan facilities consisting of:

- (i) 3-year revolving facility of \$25.0 million maturing in October 2024.
- (ii) 3-year revolving facility of \$20.0 million maturing in November 2024.
- (iii) 4-year revolving facility of \$25.0 million maturing in October 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 BORROWINGS (CONTINUED)

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

	Group				Total \$'000
	Liabilities		Lease liabilities \$'000	Derivative financial instruments	
	Borrowings \$'000	Finance costs payable \$'000		Interest/Profit rate swap -liabilities/ (assets) \$'000	
Balance at 1 January 2022	311,589	979	76,713	(191)	389,090
Changes from financing cash flows					
Proceeds from borrowings	120,500	-	-	-	120,500
Repayment of borrowings	(143,036)	-	-	1,189	(141,847)
Transactions cost paid	(3,659)	76	-	-	(3,583)
Payment of lease liabilities	-	-	(1,624)	-	(1,624)
Finance costs relating to lease liabilities	-	-	(3,219)	-	(3,219)
Finance costs paid	-	(11,535)	-	556	(10,979)
Total changes from financing cash flows	(26,195)	(11,459)	(4,843)	1,745	(40,752)
Changes in fair value	-	-	-	(8,903)	(8,903)
Other changes					
Liability-related					
Amortisation of transaction costs	3,527	-	-	-	3,527
Interest/Profit expense	-	11,866	-	(1,009)	10,857
Remeasurement of lease liabilities	-	-	1,390	-	1,390
Finance costs relating to lease liabilities	-	-	3,219	-	3,219
Total liability-related other changes	3,527	11,866	4,609	(1,009)	18,993
Balance at 31 December 2022	288,921	1,386	76,479	(8,358)	358,428
Balance at 1 January 2021	284,019	136	78,259	3,736	366,150
Changes from financing cash flows					
Proceeds from borrowings	334,830	-	-	-	334,830
Repayment of borrowings	(304,318)	-	-	(1,929)	(306,247)
Transactions cost paid	(5,522)	-	-	-	(5,522)
Payment of lease liabilities	-	-	(1,542)	-	(1,542)
Finance costs relating to lease liabilities	-	-	(3,255)	-	(3,255)
Finance costs paid	-	(7,102)	-	(1,550)	(8,652)
Total changes from financing cash flows	24,990	(7,102)	(4,797)	(3,479)	9,612
Changes in fair value	-	-	-	(2,127)	(2,127)
Other changes					
Liability-related					
Amortisation of transaction costs	2,580	-	-	-	2,580
Interest/Profit expense	-	7,945	-	1,679	9,624
Remeasurement of lease liabilities	-	-	(4)	-	(4)
Finance costs relating to lease liabilities	-	-	3,255	-	3,255
Total liability-related other changes	2,580	7,945	3,251	1,679	15,455
Balance at 31 December 2021	311,589	979	76,713	(191)	389,090

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11 UNITS IN ISSUE

	Group and Trust	
	2022	2021
	'000	'000
Units in issue:		
At beginning of the year	1,069,950	1,053,084
Units issued:		
– Distribution Reinvestment Plan	26,171	16,866
At end of the year	1,096,121	1,069,950

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

On 1 April 2014, the Trust introduced the distribution reinvestment plan ("DRP") whereby the Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

26,171,057 new Units (2021: 16,866,738 new Units) amounting to approximately \$11,119,000 at issue prices of \$0.4265 per Unit and \$0.4234 per Unit (2021: \$7,133,000 at issue price of \$0.4229 per Unit) in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT

12.1 Capital management

The Group reviews its capital management policy regularly so as to optimise the Group's funding structure. The Group also monitors its exposures to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures. The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder's value. In order to maintain or achieve an optimal capital structure, the Group will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and asset enhancements, and utilise interest/profit rate and currency hedging strategies where appropriate. The Manager reviews this policy on a continuous basis.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 50.0% of its Deposited Property. As at the reporting date, the Aggregate Leverage of the Group was 32.4% (2021: 35.0%) which was in compliance with the Aggregate Leverage limit of 50.0%. There were no changes in the Group's approach to capital management during the financial year.

12.2 Risk management framework

The Group is exposed to market risk (including interest/profit rate risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management is integral to the whole business of the Group. The Manager has implemented a system of controls in place to create an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The Manager also monitors the Group's risk management process closely to ensure an appropriate balance between control and business objectives is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's strategic direction.

The Audit Committee of the Manager assists the Board in overseeing how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's exposure to those risks. The Audit Committee is assisted in its oversight role by an internal audit function which is outsourced to an independent professional firm ("Internal Audit"). Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

12.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group, to settle its financial and contractual obligations, as and when they fall due.

The carrying amount of financial assets represents the Group and the Trust's maximum exposure to credit risk before taking into account any security deposit held. The maximum exposure to credit risk at the reporting date was:

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade and other receivables [#]	4,587	2,607	4,587	2,607
Cash and cash equivalents	8,009	25,856	8,009	25,856
	12,596	28,463	12,596	28,463

[#] exclude prepayments

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

The Manager has an established process to evaluate the creditworthiness of its tenants and prospective tenants and monitors amounts receivable on an on-going basis to minimise potential credit risk. Credit evaluations are performed by the Property Manager and the Manager before lease agreements are entered into with tenants. Security in the form of bankers' guarantees, insurance bonds or cash security deposits are obtained prior to the commencement of the lease.

The Manager establishes an allowance account for impairment that represents its estimate of incurred losses in respect of financial assets. The main component of this allowance is estimated losses that relate to specific tenants or counterparties. The allowance account is used to provide for impairment losses. Subsequently, when the Manager is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

The Group has provided impairment losses for all trade receivables that are not expected to be collectible in excess of the security deposits.

The ageing of gross trade receivables at the reporting date was:

	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group and Trust			
31 December 2022			
Not past due	248	(2)	No
Past due 0 - 30 days	647	(87)	No
Past due 31 - 60 days	492	(121)	No
More than 60 days past due	508	(499)	Yes
	<u>1,895</u>	<u>(709)</u>	
31 December 2021			
Not past due	55	(1)	No
Past due 0 - 30 days	205	(99)	No
Past due 31 - 60 days	124	(105)	No
More than 60 days past due	856	(850)	Yes
	<u>1,240</u>	<u>(1,055)</u>	

Ten tenants (2021: nine tenants) accounted for approximately \$1,843,000 (2021: \$1,109,000) of the gross trade receivables at 31 December 2022.

Impairment losses

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

	Group and Trust	
	2022 \$'000	2021 \$'000
At 1 January	1,055	1,871
Impairment losses (recovered)/recognised during the year	42	(790)
Utilised	(388)	(26)
At 31 December	<u>709</u>	<u>1,055</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

Trade receivables are individually assessed for impairment. The impairment loss on trade receivables is \$709,000 (31 December 2021: \$1,055,000).

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

Other receivables and deposits

Other receivables are individually assessed for impairment. These amounts mainly arise from utilities bill recharged to the tenants. The amount of the allowance on these balances is insignificant.

Impairment on deposits has been measured on the 12-month expected loss basis and reflects the short maturity and low credit risks of the exposure. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

12.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the Group has committed and undrawn secured revolving credit facilities from various financial institutions to meet its operating expenses and its liabilities when due. The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual undiscounted cash flows of financial liabilities, including estimated interest/profit payments and excluding the impact of netting agreements:

	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					
2022					
Non-derivative financial liabilities					
Unsecured Term Loan Facilities	288,922	(335,136)	(15,132)	(320,004)	-
Trade and other payables*	31,550	(31,550)	(20,491)	(8,860)	(2,199)
Lease liabilities	76,479	(131,552)	(4,893)	(24,465)	(102,194)
	396,951	(498,238)	(40,516)	(353,329)	(104,393)

* Trade and other payables exclude rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.4 Liquidity risk (continued)

	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					
2021					
Non-derivative financial liabilities					
Murabaha Facilities	121,480	(131,277)	(3,963)	(127,314)	-
Unsecured Term Loan Facilities	190,109	(207,648)	(4,399)	(203,249)	-
Trade and other payables*	26,661	(26,661)	(17,235)	(8,970)	(456)
Lease liabilities	76,713	(134,032)	(4,800)	(24,000)	(105,232)
	414,963	(499,618)	(30,397)	(363,533)	(105,688)
Trust					
2022					
Non-derivative financial liabilities					
Unsecured Term Loan Facilities	288,922	(335,136)	(15,132)	(320,004)	-
Trade and other payables*	31,559	(31,559)	(20,500)	(8,860)	(2,199)
Lease liabilities	76,479	(131,552)	(4,893)	(24,465)	(102,194)
	396,960	(498,247)	(40,525)	(353,329)	(104,393)
2021					
Non-derivative financial liabilities					
Murabaha Facilities	121,480	(131,277)	(3,963)	(127,314)	-
Unsecured Term Loan Facilities	190,109	(207,648)	(4,399)	(203,249)	-
Trade and other payables*	26,669	(26,669)	(17,243)	(8,970)	(456)
Lease liabilities	76,713	(134,032)	(4,800)	(24,000)	(105,232)
	414,971	(499,626)	(30,405)	(363,533)	(105,688)

* Trade and other payables exclude rental received in advance.

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. For derivative financial instruments, the cash inflows/(outflows) represent the contractual undiscounted cash flows relating to these instruments. The amounts are compiled on a net basis for derivatives that are net-settled.

It is not expected that the cash flows included in the maturity analysis of the Group and the Trust could occur significantly earlier, or at significantly different amounts.

12.5 Market risk

Market risk is the risk that changes in market prices, such as interest/profit rates, foreign exchange rates and equity prices will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group does not have any exposure to foreign exchange rates and equity price risks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Interest/Profit rate risk

The Group's exposure to changes in interest/profit rates relates primarily to interest/profit-bearing financial liabilities. Interest/Profit rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest/profit expense could be affected by adverse movements in interest/profit rates. The Group adopts a policy of ensuring that majority of its exposures to changes in interest/profit rates on borrowings is on a fixed-rate basis. This is achieved by entering into interest/profit rate swaps and fixed rate borrowings.

A fundamental reform of major interest/profit rate benchmarks is being undertaken globally, including replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's main IBOR exposure at 31 December 2021 was substantially indexed to SOR. In Singapore, the Steering Committee for SOR transition to SORA (SC-STs) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has recommended the discontinuation of SOR and a shift towards the use of Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR is by the end of June 2023 and December 2024 respectively.

At 31 December 2022, the Group has no IBOR exposure indexed to SOR.

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans indexed to SOR. The Group has settled its non-derivative financial liabilities indexed to SOR and entered into new non-derivative financial liabilities indexed to SORA during the year ended 31 December 2022.

Derivatives

The Group holds interest/profit rate swaps to manage its exposure to interest/profit rate movements on its floating rate bearing Term Murabaha and Unsecured Term Loan Facilities by swapping the interest/profit rates on a proportion of these term loans from floating rates to fixed rates. The interest rate swaps have floating legs that are indexed to SOR as at 31 December 2021. At 31 December 2022, all interest rate swaps have floating legs that are indexed to SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

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

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

31 December 2021	\$'000	\$'000
Financial liabilities		
Secured bank loans	121,480	121,480
Derivatives		
Interest rate swaps	122,536	122,536

There are no unreformed contracts as at 31 December 2022.

As at the reporting date, the Group had entered into interest/profit rate swaps with total contracted notional amounts of \$242.5 million (2021: \$142.5 million) whereby the Group had agreed with counterparties to exchange, at specified intervals, the difference between the floating rate pegged to the Singapore dollar SORA and fixed rate interest/profit amounts calculated by reference to the contracted notional amounts of the borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest/Profit rate profile

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

	Group		Trust	
	Nominal amount		Nominal amount	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments				
Financial liabilities	(293,000)	(315,536)	(293,000)	(315,536)
Effects of interest/profit rate swaps	242,500	210,036	242,500	210,036
	(50,500)	(105,500)	(50,500)	(105,500)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through Statements of Total Return and the Group does not designate interest/profit rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest/profit rates at the reporting date would not affect the Statements of Total Return.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest/profit rate at the reporting date would (decrease)/increase total return for the year by the amounts shown below. The analysis assumes that all variables remain constant. The analysis is performed on the same basis for 2021.

	Total return for the year	
	50 bp increase	50 bp decrease
	\$'000	\$'000
Group and Trust		
2022		
Financial liabilities	(253)	253
2021		
Financial liabilities	(528)	528

13 GROSS REVENUE

	Group and Trust	
	2022	2021
	\$'000	\$'000
Property rental income	64,670	64,244
Other operating income	30,237	17,669
	94,907	81,913

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

14 PROPERTY EXPENSES

	Group and Trust	
	2022	2021
	\$'000	\$'000
Service, repair and maintenance expenses	7,426	7,991
Property and lease management fees	2,812	2,410
Property tax	6,523	6,690
Utilities	23,959	13,041
Impairment loss/(recovery of impairment loss) on trade receivables	42	(790)
Others	862	618
	<u>41,624</u>	<u>29,960</u>

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

15 FINANCE INCOME AND COSTS

	Group		Trust	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Finance income:				
Interest/Profit income from fixed deposits with Islamic financial institutions	5	11	5	11
Interest on late payment of rent received/Ta'widh (compensation on late payment of rent) received	80	19	80	19
	<u>85</u>	<u>30</u>	<u>85</u>	<u>30</u>
Finance costs:				
Commodity Murabaha Facilities	–	2,382	–	2,382
Murabahah Facilities	1,065	3,681	1,065	3,681
Term Loan Facility	10,071	1,366	10,071	1,366
Revolving Loan Facility	730	516	730	516
Interest/Profit rate swaps*	(1,009)	1,679	(1,009)	1,679
Amortisation of transaction costs	3,527	2,580	3,527	2,580
Brokerage and agent fees	75	139	74	134
	<u>14,459</u>	<u>12,343</u>	<u>14,458</u>	<u>12,338</u>
Finance costs relating to lease liabilities	<u>3,219</u>	<u>3,255</u>	<u>3,219</u>	<u>3,255</u>
	<u>17,678</u>	<u>15,598</u>	<u>17,677</u>	<u>15,593</u>
Net finance costs	<u>17,593</u>	<u>15,568</u>	<u>17,592</u>	<u>15,563</u>

* Except for the finance costs arising from interest/profit rate swaps, all other finance income and cost items represent the interest/profit income and expenses in respect of financial assets and liabilities not carried at fair value through the Statements of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16 DONATION

During the year, donations have been made to Society for the Aged Sick (2021: Donations made to The Invictus Fund were approved by the Independent Shari'ah Committee).

17 OTHER TRUST EXPENSES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Auditors' remuneration				
– audit fees	215	212	215	210
– non-audit fees	80	69	78	67
Valuation fees	100	100	100	100
Professional fees	638	43	630	36
Service fees payable to a subsidiary	–	–	13	18
Other expenses	298	260	296	258
	<u>1,331</u>	<u>684</u>	<u>1,332</u>	<u>689</u>

18 TAX EXPENSE

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Tax expense				
Current year	*	*	–	–
Reconciliation of effective tax rate				
Total return for the year before taxation and distribution	<u>52,768</u>	<u>48,818</u>	<u>52,768</u>	<u>48,818</u>
Tax using Singapore tax rate of 17% (2021: 17%)	8,971	8,299	8,971	8,299
Non-tax chargeable items	(3,978)	(3,206)	(3,978)	(3,206)
Non-tax deductible items	1,453	1,238	1,453	1,238
Income not subject to tax	(823)	(805)	(823)	(805)
Tax transparency	<u>(5,623)</u>	<u>(5,526)</u>	<u>(5,623)</u>	<u>(5,526)</u>
	*	*	–	–

* Less than \$1,000

19 CONTINGENT LIABILITIES

The Group has obtained banker's guarantee of \$768,000 (31 December 2021: \$1,079,000) during the year for deposits required by utilities providers.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20 EARNINGS PER UNIT

Basic and diluted earnings per Unit

The calculation of basic earnings per Unit is based on the total return for the year and weighted average number of Units during the year.

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total return for the year after taxation and before distribution	52,768	48,818	52,768	48,818
Units in issue at beginning of year	1,069,950	1,053,084	1,069,950	1,053,084
Effect of issue of new Units:				
– Distribution Reinvestment Plan	13,690	4,759	13,690	4,759
Weighted average number of Units at end of year	1,083,640	1,057,843	1,083,640	1,057,843
Earnings per unit (cents)	4.87	4.61	4.87	4.61

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

21 FAIR VALUES AND ACCOUNTING CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values of non-financial assets and liabilities are disclosed in the relevant notes specific to that non-financial asset or liability.

Fair values of financial instruments are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair values of a financial instrument fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfer between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

Accounting classifications and fair values (continued)

Group	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022									
Financial assets not measured at fair value									
Trade and other receivables [#]	7	-	4,587	-	4,587				
Cash and cash equivalents	8	-	8,009	-	8,009				
		-	12,596	-	12,596				
Financial assets measured at fair value									
Derivative assets	6	8,358	-	-	8,358	-	8,358	-	8,358
Financial liabilities not measured at fair value									
Trade and other payables*	9	-	-	(15,820)	(15,820)				
Security deposits	9	-	-	(15,730)	(15,730)	-	-	(15,730)	(15,730)
Borrowings	10	-	-	(288,921)	(288,921)	-	(288,921)	-	(288,921)
		-	-	(320,471)	(320,471)				
2021									
Financial assets not measured at fair value									
Trade and other receivables [#]	7	-	2,607	-	2,607				
Cash and cash equivalents	8	-	25,856	-	25,856				
		-	28,463	-	28,463				
Financial assets measured at fair value									
Derivative assets	6	191	-	-	191	-	191	-	191
Financial liabilities not measured at fair value									
Trade and other payables*	9	-	-	(13,505)	(13,505)				
Security deposits	9	-	-	(13,156)	(13,156)	-	-	(13,156)	(13,156)
Borrowings	10	-	-	(311,589)	(311,589)	-	(311,589)	-	(311,589)
		-	-	(338,250)	(338,250)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

Accounting classifications and fair values (continued)

Trust	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022									
Financial assets not measured at fair value									
Trade and other receivables [#]	7	-	4,587	-	4,587				
Cash and cash equivalents	8	-	8,009	-	8,009				
		-	12,596	-	12,596				
Financial assets measured at fair value									
Derivative assets	6	8,358	-	-	8,358	-	8,358	-	8,358
Financial liabilities not measured at fair value									
Trade and other payables [*]	9	-	-	(15,829)	(15,829)				
Security deposits	9	-	-	(15,730)	(15,730)	-	-	(15,730)	(15,730)
Borrowings	10	-	-	(288,921)	(288,921)	-	(288,921)	-	(288,921)
		-	-	(320,480)	(320,480)				

Trust	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL - others \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2021									
Financial assets not measured at fair value									
Trade and other receivables [#]	7	-	2,607	-	2,607				
Cash and cash equivalents	8	-	25,856	-	25,856				
		-	28,463	-	28,463				
Financial assets measured at fair value									
Derivative assets	6	191	-	-	191	-	191	-	191
Financial liabilities not measured at fair value									
Trade and other payables [*]	9	-	-	(13,513)	(13,513)				
Security deposits	9	-	-	(13,156)	(13,156)	-	-	(13,156)	(13,156)
Borrowings	10	-	-	(311,589)	(311,589)	-	(311,589)	-	(311,589)
		-	-	(338,258)	(338,258)				

[#] exclude prepayments

^{*} exclude security deposits and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

Measurement of fair values

The following shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Group and Trust

Type	Valuation technique	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Interest/Profit rate swaps	The fair value of interest/profit rate swaps is based on broker quotes at the reporting date. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest/profit rates for a similar instrument at the measurement date.	Not applicable	Not applicable

Financial instruments not measured at fair value

Borrowings

The carrying amounts of interest/profit-bearing borrowings which are repriced within 3 months from the reporting date approximate their fair values.

Lease liabilities

The carrying amounts of lease liabilities uses discounted cash flows model to consider the present value of expected payment, discounted using an incremental borrowing rate.

22 OPERATING SEGMENTS

The operating segment information is based on the Group's internal reporting structure for the purpose of allocating resources and assessing performance by the Manager's CEO (the chief operating decision maker).

Segment gross revenue comprises mainly income generated from tenants. Segment net property income represents the income earned by each segment after allocating property expenses.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash and cash equivalents, other receivables, borrowings and other payables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 OPERATING SEGMENTS (CONTINUED)

The Group has four reportable segments whose information are presented in the tables below:

	← Group →				
	High-tech industrial \$'000	Chemical warehouse & logistics \$'000	Warehouse & logistics \$'000	General industrial \$'000	Total \$'000
2022					
Gross revenue	63,092	5,589	19,490	6,736	94,907
Property expenses	(31,663)	(1,403)	(6,352)	(2,206)	(41,624)
Segment net property income	31,429	4,186	13,138	4,530	53,283
Net change in fair value of investment properties	9,349	182	3,217	1,556	14,304
Unallocated amounts:					
- Finance income					85
- Finance costs					(14,459)
- Finance costs relating to lease liabilities					(3,219)
- Other expenses					(6,129)
- Net change in fair value of financial derivatives					8,903
Total loss for the year before taxation					<u>52,768</u>
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					<u>983,192</u>
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					<u>397,405</u>
Other segment information					
Capital expenditure	1,689	228	747	354	<u>3,018</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 OPERATING SEGMENTS (CONTINUED)

	← Group →				
	High-tech industrial \$'000	Chemical warehouse & logistics \$'000	Warehouse & logistics \$'000	General industrial \$'000	Total \$'000
2021					
Gross revenue	52,675	6,529	17,928	4,781	81,913
Property expenses	(21,702)	(486)	(6,027)	(1,745)	(29,960)
Segment net property income	30,973	6,043	11,901	3,036	51,953
Net change in fair value of investment properties	23,020	(2,748)	(5,981)	1,708	15,999
					67,952
Unallocated amounts:					
– Finance income					30
– Finance costs					(12,343)
– Finance costs relating to lease liabilities					(3,255)
– Other expenses					(5,693)
– Net change in fair value of financial derivatives					2,127
Total loss for the year before taxation					48,818
Assets and liabilities					
Segment assets:					
– Investment properties	564,628	73,433	211,629	93,223	942,913
– Others	332	–	63	13	408
Unallocated assets					28,327
Total assets					971,648
Segment liabilities:					
– Lease liabilities	17,029	13,633	28,229	17,822	76,713
– Others	17,842	656	3,662	1,606	23,766
Unallocated liabilities:					
– Borrowings					311,589
– Others					3,613
Total liabilities					415,681
Other segment information					
Capital expenditure	6,607	–	756	112	7,475

Geographical segments

Segment information in respect of the Group's geographical segments is not presented as the Group's activities for the years ended 31 December 2022 and 31 December 2021 related wholly to properties located in Singapore.

Major customer

A major customer group contributed approximately \$5.0 million (2021: \$4.8 million) of the Group's total revenues from the High-tech industrial (2021: High-tech industrial) for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23 LEASES

Leases as lessee

As a lessee, the Group pays land rent to JTC on an annual basis for certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreements limit any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. Previously, these leases were classified as operating leases under FRS 17.

Lease liabilities included in the Statements of Financial Position at 31 December 2022

	Group and Trust	
	2022	2021
	\$'000	\$'000
Current	1,714	1,504
Non-current	74,765	75,209
	<u>76,479</u>	<u>76,713</u>

Amounts recognised in Statements of Total Return

	Group and Trust	
	2022	2021
	\$'000	\$'000
Leases under FRS 116		
Finance costs relating to lease liabilities	<u>3,219</u>	<u>3,255</u>

Amounts recognised in Consolidated Statement of Cash Flows

	Group and Trust	
	2022	2021
	\$'000	\$'000
Total cash outflow for leases	<u>4,843</u>	<u>4,797</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 2022 amounted to \$38.2 million (2021: \$43.1 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23 LEASES (CONTINUED)

Leases as lessor

As a lessor, the Group leases out their investment properties under operating lease agreements. Note 3.4(ii) sets out information about the operating leases of investment property.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2022	2021
	\$'000	\$'000
Operating leases under FRS 116		
Less than 1 year	61,552	60,643
1 to 2 years	44,410	43,267
2 to 3 years	32,977	25,829
3 to 4 years	19,627	17,670
4 to 5 years	11,352	11,073
More than 5 years	29,113	20,566
Total lease receivables	199,031	179,048

24 RELATED PARTIES

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

	Group and Trust	
	2022	2021
	\$'000	\$'000
Manager's fees and reimbursables paid/payable to the Manager	4,438	4,655
Property/lease management fees and reimbursables paid/payable to the Property Manager	2,811	2,410
Trustee fees paid/payable to the Trustee	355	349

25 FINANCIAL RATIOS

	Group	
	2022	2021
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
– including performance component of Manager's fees	1.08	1.05
– excluding performance component of Manager's fees	1.08	1.00
Portfolio turnover rate ⁽²⁾	–	–

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

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

26 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

(i) Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

There will be no impact on Group on adoption of the amendments.

(ii) Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current*

The amendments, as issued in 2020 and amended in 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2024. The amendments specify that covenants with which an entity must comply after the reporting date do not affect a liability's classification at that date. Instead, amounts and information on non-current liabilities subject to such conditions are disclosed separately in the financial statements. The amendments also clarify how an entity classifies a liability that can be settled in its own shares. The Group is still in the process of assessing the impact of the amendments.

(iii) Others

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

- FRS 117 *Insurance Contracts* and Amendments to FRS 117: *Insurance Contracts*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 8: *Definition of Accounting Estimates*

ADDITIONAL INFORMATION

INTERESTED PARTY TRANSACTIONS

Interested person transactions (for the purposes of the Listing Manual of the SGX-ST) and interested party transactions (for the purposes of the Property Funds Appendix) (collectively "Related Party Transactions") during the financial year are as follows.

Name of Interested Person	Nature of Relationship	Aggregate value of all Related Party Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920 ⁽¹⁾ of the Listing Manual) S\$'000	Aggregate value of all Related Party Transactions conducted under Unitholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) S\$'000
ESR Group Limited and its subsidiaries - Manager's fees - Property and lease management fees	The Sponsor of Sabana Industrial REIT and its associates.	4,438 2,812	-
HSBC Institutional Trust Services (Singapore) Limited and its associates - Trustee's fees - Finance costs (profit payments)	The Trustee of Sabana Industrial REIT and its associates.	355 4,001	-

TOTAL OPERATING EXPENSES ⁽²⁾

Description	S\$'000
Total operating expenses ⁽³⁾ (inclusive of interested party expenses paid to the Manager and interested parties)	47,738
Total operating expenses as a percentage of net asset value (as at 31 December 2022)	8.1%

Notes:

(1) There were no transactions conducted under Unitholders' mandate pursuant to Rule 920 during FY 2022.

(2) For the purpose of complying with paragraph 111(l) of the Property Funds Appendix.

(3) Total operating expenses include property expenses and other trust expenses but do not include finance costs

Save as disclosed above, there were no other Related Party Transactions (excluding transactions of less than S\$100,000 each) entered into during the financial year under review.

The fees, charges and rents payable by Sabana Industrial REIT under the Trust Deed, the Property Management Agreement and the Individual Property Management Agreements entered into with the Sponsor and its subsidiaries (collectively, the "**Exempted Agreements**"), each of which constitutes a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units at the initial public offering of Sabana Industrial REIT on the SGX-ST on 26 November 2010 and are therefore not subject to Rules 905 and 906 of the Listing Manual for the period stated in the agreement to the extent that (in relation to the Trust Deed, the Property Management Agreement and the Individual Property Management Agreements) there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Sabana Industrial REIT. Any renewal of the Property Management Agreement and the Individual Property Management Agreements will be subject to Rules 905 and 906 of the Listing Manual.

ADDITIONAL INFORMATION

MS LEE KIA JONG ELAINE (MRS ELAINE LIM)

The following information relates to Mrs Elaine Lim, who was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022. The appointment of Mrs Elaine Lim as Independent Director is subject to the endorsement of the independent Unitholders of the REIT by an ordinary resolution at the AGM of Sabana Industrial REIT to be held on 25 April 2023.

Name of Director	Mrs Elaine Lim
Date of Appointment	6 July 2022
Name of person	Lee Kia Jong Elaine
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	<p>The NRC had reached out to their business networks and independent organisations such as the Securities Investors Association (Singapore) ("SIAS") to source for and identify potential candidates over an intensive two-month recruitment process.</p> <p>The NRC evaluated potential new directors based on the candidates' background, experience and knowledge in business and general management and expertise relevant to Sabana Industrial REIT. The evaluation criteria also included consideration of the composition and progressive renewal of the Board, Board diversity and independence of the candidates.</p> <p>Following the shortlisting of Mrs Elaine Lim, the NRC conducted an in-depth interview and discussions with her to assess her suitability and ensure that she was fully aware of the commitments required as a Board member. The NRC, whose members are not prior acquainted with Mrs Elaine Lim, also carried out a thorough and professional candidature evaluation, including due diligence background checks to ensure her fitness and propriety.</p> <p>To this end, Mrs Elaine Lim was determined by the NRC to be suitable, with her strong track record in thought leadership and training to advance corporate governance practices, extensive experience in capital market transactions and her work experience with a large number of corporate entities and non-profit organisations. Specifically, she served as member of the review panel for a corporate governance e-guide first produced by SID and a board appointment guide for charities published by the Council for Board Diversity. Her track record allows her to complement the existing experience of the Board and bring corporate governance best practices to Sabana Industrial REIT. Additionally, Mrs Elaine Lim's appointment was supported by SIAS, an association for minority shareholders.</p> <p>Having considered the credentials, experience and qualifications of Mrs Elaine Lim and at the recommendation of the NRC, the Board approved Mrs Elaine Lim's appointment as Independent Non-Executive Director, member of the Audit and Risk Committee and member of the NRC. The appointment of Mrs Elaine Lim as Independent Director is subject to endorsement of the independent unitholders of Sabana Industrial REIT by an ordinary resolution at or before its annual general meeting. If the resolution is carried, Mrs Elaine Lim will continue to serve on the Board as Independent Non-Executive Director. If the resolution for the endorsement is not carried, Mrs Elaine Lim will serve on the Board as Non-Independent Non-Executive Director.</p>

ADDITIONAL INFORMATION

Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Independent Non-Executive Director • Member of the Audit and Risk Committee • Member of the Nominating and Remuneration Committee
Professional qualifications	<p>Master of Business Administration, University of Chicago Booth School of Business</p> <p>Fellow, Singapore Institute of Directors</p>
Working experience and occupation(s) during the past 10 years	<p>19 January 2015 to 31 December 2018: Director, Stamford Corporate Services</p> <p>19 February 2014 to 31 December 2014: Chairman, Citigate Dewe Rogerson i.MAGE</p> <p>15 November 1988 to 18 February 2014: Managing Director, Citigate Dewe Rogerson i.MAGE</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes
<p>Other Principal Commitments including Directorships</p> <p>Present and past (for the last 5 years)</p>	<p>2016 to 2020: Independent Non-executive Director, Chemical Industries (Far East) Limited</p> <p>2015 to 2019: Independent Non-executive Director, M1 Limited</p> <p>2022 to Present: Independent Non-executive Director, Combine Will International Holdings Limited</p>
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.
Information required under items (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST	The responses under items (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST issued previously for appointment as a new Director ie "No" remain unchanged.

STATISTICS OF UNITHOLDINGS

As at 8 March 2023

ISSUED AND FULLY PAID UP UNITS

(As at 8 March 2023)

There were 1,096,121,325 Units (voting rights: one vote per Unit) outstanding as at 8 March 2023. There is only one class of Units in Sabana Industrial REIT.

Market capitalisation S\$460.4 million based on market closing price of \$0.42 on 8 March 2023.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	248	2.36	12,272	0.00
100 - 1,000	974	9.28	817,368	0.07
1,001 - 10,000	4,343	41.40	22,870,894	2.09
10,001 - 1,000,000	4,879	46.51	256,301,091	23.38
1,000,001 AND ABOVE	47	0.45	816,119,700	74.46
TOTAL	10,491	100.00	1,096,121,325	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	RHB BANK NOMINEES PTE LTD	206,969,424	18.88
2	CITIBANK NOMINEES SINGAPORE PTE LTD	172,649,226	15.75
3	ABN AMRO CLEARING BANK N.V.	102,129,118	9.32
4	DBS NOMINEES (PRIVATE) LIMITED	61,058,430	5.57
5	RAFFLES NOMINEES (PTE.) LIMITED	57,398,849	5.24
6	HSBC (SINGAPORE) NOMINEES PTE LTD	46,735,305	4.26
7	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	31,476,798	2.87
8	PHILLIP SECURITIES PTE LTD	16,309,100	1.49
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	14,422,434	1.32
10	DBSN SERVICES PTE. LTD.	12,301,377	1.12
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	9,587,809	0.87
12	MEREN PTE LTD	7,600,000	0.69
13	OCBC SECURITIES PRIVATE LIMITED	6,249,587	0.57
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,161,523	0.47
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,050,894	0.46
16	MAYBANK SECURITIES PTE. LTD.	4,530,338	0.41
17	UOB KAY HIAN PRIVATE LIMITED	4,120,143	0.38
18	DB NOMINEES (SINGAPORE) PTE LTD	3,841,769	0.35
19	IFAST FINANCIAL PTE. LTD.	3,593,157	0.33
20	AGARWAL NITISH NIRBHAYA	3,528,165	0.32
TOTAL		774,713,446	70.67

STATISTICS OF UNITHOLDINGS

As at 8 March 2023

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2023)

Directors	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Tan Cheong Hin	-	-	-	-
Wong Heng Tew	-	-	-	-
Elaine Lim	-	-	-	-

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,096,121,325 as at 21 January 2023

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholdings as at 8 March 2023)

Substantial Unitholders	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Quarz Capital ASIA (Singapore) Pte. Ltd.	-	-	153,456,911	14.00
Volare Group AG	59,493,226	5.43	-	-
e-Shang Infinity Cayman Limited ⁽²⁾	214,299,143	19.55	-	-
e-Shang Jupiter Cayman Limited ⁽³⁾	-	-	214,299,143	19.55
ESR Group Limited ⁽³⁾	12,524,228	1.14	214,299,143	19.55

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,096,121,325 as at 8 March 2023.

⁽²⁾ e-Shang Infinity Cayman Limited, a company established in the Cayman Islands, is a wholly-owned subsidiary of e-Shang Jupiter Cayman Limited ("ES Jupiter"), a company established in the Cayman Islands.

⁽³⁾ ES Jupiter, a company established in the Cayman Islands, is a 100% owned subsidiary of ESR Group Limited ("ESR"), a company established in the Cayman Islands.

Free Float

Under Rule 723 of the Listing Manual, a listed issuer must ensure that at least 10.00% of its listed securities are at all times held by the public.

Based on information available to the Manager as at 8 March 2023, 59.86% of the Units in Sabana Industrial REIT are held in the hands of public. Accordingly, Rule 723 of the Listing Manual has been complied with.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER AND ITS
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

The information in this Annex II has been extracted and reproduced from the annual report of the Issuer and its subsidiaries for the financial year ended 31 December 2023 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in connection with the related notes.

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)
		(10,602)	(6,129)	(10,602)	(6,130)
Net income		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

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

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

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

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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 Logisticcentre	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

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

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

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

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.

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

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				Total \$'000
	Liabilities		Derivative financial instruments		
	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)	358,428
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 \$'000	50 bp decrease \$'000
<hr/>		
Group and Trust		
2023		
Financial liabilities	(378)	378
	<hr/>	<hr/>
2022		
Financial liabilities	(253)	253
	<hr/>	<hr/>

13. GROSS REVENUE

	Group and Trust	
	2023 \$'000	2022 \$'000
<hr/>		
Property rental income	70,713	64,670
Other operating income	41,162	30,237
	<hr/>	<hr/>
	111,875	94,907
	<hr/>	<hr/>

14. PROPERTY EXPENSES

	Group and Trust	
	2023 \$'000	2022 \$'000
<hr/>		
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
	<hr/>	<hr/>
	56,901	41,624
	<hr/>	<hr/>

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 111(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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

The information in this Annex III has been extracted and reproduced from the annual report of the Guarantor for the financial year ended 31 December 2023 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in connection with the related notes.

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A Trust Fund of the Asian Development Bank)**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF CREDIT GUARANTEE AND INVESTMENT FACILITY

Opinion

We have audited the financial statements of Credit Guarantee and Investment Facility ("CGIF"), which comprise the statement of financial position as at 31 December 2023, the statement of net income, the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CGIF as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CGIF in accordance with the with the Accounting and Corporate Regulatory Authority (ACRA) 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

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 Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management 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, management is responsible for assessing CGIF'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 management either intends to liquidate the CGIF or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing CGIF's financial reporting process.

Auditor's 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 auditor's 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 ISAs 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 ISAs, 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 control.
- Obtain an understanding of internal control 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 CGIF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 CGIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause CGIF 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.

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

Deloitte & Touche CP
Public Accountants and
Chartered Accountants
Singapore

17 April 2024

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
Expressed in Thousands of United States Dollars**

	NOTES	2023	2022
ASSETS			
CASH		5,811	9,342
INVESTMENTS	5	1,261,641	1,182,301
ACCRUED INTEREST INCOME	5	9,166	8,236
GUARANTEE FEE RECEIVABLE, NET	6	54,724	57,248
GUARANTEE RECEIVABLE, NET	6	54,087	45,335
RIGHT OF USE – LEASE ASSET, NET	7	451	177
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	138	135
INTANGIBLE ASSETS, NET	9	64	82
OTHER ASSETS	10	1,334	2,145
TOTAL ASSETS		1,387,416	1,305,001
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY, NET	6	65,081	66,435
UNEARNED INTEREST INCOME – GUARANTEES		1,159	1,041
LEASE LIABILITY	7	440	150
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	17,117	12,999
OTHER LIABILITIES	12	1,152	1,144
TOTAL LIABILITIES		84,949	81,769
MEMBERS' EQUITY			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,158,000	1,148,899
RETAINED EARNINGS		43,992	13,834
RESERVE	14	153,083	139,249
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	(52,608)	(78,750)
TOTAL MEMBERS' EQUITY		1,302,467	1,223,232
TOTAL LIABILITIES AND MEMBERS' EQUITY		1,387,416	1,305,001

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars**

	NOTES	2023	2022
REVENUE			
GUARANTEE FEES		20,535	20,034
INTEREST INCOME	15	37,451	28,458
REALIZED GAIN (LOSS) FROM SECURITIES		9	(19)
INCOME FROM REINSURANCE	18	(133)	1,577
MISCELLANEOUS INCOME	16	635	1,050
GROSS REVENUE		58,497	51,100
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	11,244	10,716
REINSURANCE EXPENSES	18	7,857	7,730
FINANCIAL EXPENSES		104	103
IMPAIRMENT LOSSES	5, 6	(6,775)	16,244
MISCELLANEOUS EXPENSES	12	1,152	1,144
TOTAL EXPENSES		13,582	35,937
NET OPERATING INCOME		44,915	15,163
LOSS FROM FOREIGN EXCHANGE		(923)	(1,329)
NET INCOME		43,992	13,834

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars**

	NOTES	2023	2022
NET INCOME		43,992	13,834
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED GAIN (LOSS) ON INVESTMENTS MEASURED AT FVTOCI	5	26,142	(94,863)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		70,134	(81,029)

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars

	Paid-in Capital		Retained Earnings	Reserve	Investment Revaluation Reserve	Total Members' Equity
	Subscribed Capital	Unpaid Subscription				
BALANCE, 1 JANUARY 2022	1,158,000	(21,000)	29,791	109,458	16,113	1,292,362
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	11,899	-	-	-	11,899
NET INCOME FOR THE YEAR	-	-	13,834	-	-	13,834
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(29,791)	29,791	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED LOSS ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	(94,863)	(94,863)
BALANCE, 1 JANUARY 2023	1,158,000	(9,101)	13,834	139,249	(78,750)	1,223,232
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	9,101	-	-	-	9,101
NET INCOME FOR THE YEAR	-	-	43,992	-	-	43,992
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(13,834)	13,834	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	26,142	26,142
BALANCE, 31 DECEMBER 2023	1,158,000	-	43,992	153,083	(52,608)	1,302,467

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars**

	NOTES	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
GUARANTEE RELATED INCOME RECEIVED		25,616	23,550
OTHER INCOME RECEIVED		964	986
GUARANTEE PAYMENT		-	-
REINSURANCE CLAIMS RECEIVED		-	21,211
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(12,191)	(11,771)
REINSURANCE EXPENSES PAID		(5,755)	(6,296)
FINANCIAL EXPENSES PAID		(104)	(103)
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,530	27,577
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASES OF INVESTMENTS		(1,762,699)	(2,212,665)
MATURITIES/SALES OF INVESTMENTS		1,712,606	2,149,817
INTEREST RECEIVED ON INVESTMENTS		29,191	23,880
REALIZED GAIN (LOSS) FROM SECURITIES		9	(19)
PURCHASE OF FURNITURE AND EQUIPMENT AND INTANGIBLE ASSETS		(75)	(98)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		(20,968)	(39,085)
CASH FLOWS FROM FINANCING ACTIVITIES			
CONTRIBUTIONS RECEIVED	13	9,101	11,899
LEASE LIABILITY PAID		(174)	(162)
NET CASH PROVIDED BY FINANCING ACTIVITIES		8,927	11,737
EFFECT OF EXCHANGE RATE CHANGES IN CASH		(20)	(41)
NET INCREASE IN CASH		(3,531)	188
CASH AT THE BEGINNING OF THE YEAR		9,342	9,154
CASH AT THE END OF THE YEAR		5,811	9,342
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
NET INCOME		43,992	13,834
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION – FIXED AND INTANGIBLE ASSETS		92	87
DEPRECIATION – ROU ASSETS		160	160
PROVISION FOR EXPECTED CREDIT LOSSES		(6,775)	16,244
INTEREST INCOME ON INVESTMENTS		(33,286)	(24,747)
REALIZED LOSS (GAIN) FROM SECURITIES		(9)	19
FX REVALUATION LOSS		49	33
CHANGE IN GUARANTEE FEE RECEIVABLE		2,223	6,501
CHANGE IN GUARANTEE RECEIVABLES		(80)	2,297
CHANGE IN GUARANTEE LIABILITY		(349)	(7,589)
CHANGE IN UNEARNED INTEREST INCOME		118	105
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES		2,043	20,727
CHANGE IN OTHER ASSETS		344	(118)
CHANGE IN OTHER LIABILITIES		8	24
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		8,530	27,577

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**

**NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2023**

NOTE 1— GENERAL INFORMATION

The Credit Guarantee and Investment Facility (CGIF) was established on 12 November 2010. Its main objectives are to promote resilience of the financial markets, and to prevent disruptions to the international financial order, by eliminating currency and maturity mismatches for creditworthy corporations in the region through guarantees to help them access local currency bond markets.

The general principles of organization, management and operations of CGIF are set out in the Articles of Agreement (AoA) as adopted by the Contributors. The Asian Development Bank (ADB) is the Trustee of CGIF and holds in trust and manages CGIF funds and other property only for the purposes of, and in accordance with the provisions of the AoA. Based on the Article 13.2 of the AoA of CGIF, the privileges, immunities and exemption accorded to ADB pursuant to the Agreement Establishing the ADB shall apply to (1) the Trustee, (2) the property, asset, archives, income, operations, and transactions of CGIF.

CGIF will be financed solely from capital contributed by member countries and ADB. CGIF will not borrow from any source to finance its operations except for purposes of cash management.

The Contributors in CGIF are the governments of Association of Southeast Asian Nations, People's Republic of China, Japan, Republic of Korea (ASEAN+3) and ADB. Ownership rights are in proportion to capital contributions. The authorized capital of CGIF is US\$1,200,000,000, divided into 12,000 shares with a nominal value of US\$100,000 each. As of 31 December 2023, \$1,158,000,000 are subscribed and paid in by the Contributors. Details are discussed in Note 13.

The financial statements were approved by the Board of Directors on 17 April 2024 for presentation to the Meeting of Contributors (MOC) scheduled on 28 May 2024. The financial statements are subject to approval at the MOC.

NOTE 2—ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, CGIF adopted all the new and revised IFRS pronouncements that are issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023 and relevant to its operations. The adoption did not result in changes to the company's accounting policies and has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosures of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments require to disclose the material accounting policy information rather than the significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions

that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments deleted the definition of ‘change in accounting estimates’ and added a definition of ‘accounting estimates’. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Revised IFRS in issue but not yet effective

CGIF has not applied the following revised IFRS that has been issued but not yet effective:

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

The amendment to IAS 1 published in January 2020 affects only the presentation of liabilities as current or non-current in the Statement of Financial Position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments that clarify the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements –Non-Current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments to IAS 1 are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. The IASB has aligned the effective date of these amendments to IAS 1. Earlier application of the amendments is permitted. If an entity applies the amendments of 2022 for an earlier period, it is also required to apply the amendments of 2020 early.

CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these amendments.

NOTE 3—SUMMARY OF MATERIAL ACCOUNTING POLICIES

The financial statements of CGIF have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise.

These financial statements have been prepared using the historical cost basis except for certain assets and financial instruments that are measured at fair values or revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, CGIF takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

The fair values of CGIF's financial assets and liabilities are categorized as follows:

Level 1: fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that CGIF can access at the measurement date;

Level 2: fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inter-level transfers from one year to another may occur due to changes in market activities affecting the availability of quoted market prices or observable market data.

CGIF's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Cash

Cash represents cash on hand or deposits in a bank account. The carrying amount of these assets is approximately equal to their fair value.

Financial Instruments

Financial assets and liabilities are recognized by CGIF once it becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss), as appropriate, on initial recognition.

Classification of Financial Assets

Financial assets are both measured and classified as amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), on the basis of both: (i) CGIF's business model for managing the financial assets and (ii) the contractual cashflow characteristics of the financial asset.

Amortized Cost and Effective Interest Method

The amortized cost and effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any loss allowance.

Interest income on investment securities and money market instruments are recognized as earned and reported net of amortization of premiums and discounts. Interest is accrued, by reference to the principal outstanding at the applicable effective interest rate.

Financial Assets at Amortized Cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost using the effective interest method, less any impairment. This includes cash on hand or deposit in a bank account, time deposits, certificates of deposits, accrued interest income, guarantee fee receivables, reinsurance receivables, and other receivables.

Investments

All investments in debt securities are considered to be FVTOCI and are reported at fair value. Investment securities are recorded at trade dates. Changes in the carrying amount of these instruments as a result of foreign exchange gains or losses, impairment gains and losses (see below), and interest income are recognized in the profit or loss. All other changes in the carrying amount arising from change in fair value are recognized and accumulated in other comprehensive income under member's equity. Time deposits and certificates of deposits are also classified under investments and are reported at cost which is a reasonable estimate of its fair value.

Guarantee Fee Receivable

Guarantee fee receivables are initially recognized at their fair values in the Statement of Financial Position, which are estimated based on the present value of total fees expected to be received under the guarantees. They are subsequently measured at amortized cost net of any loss allowance.

Guarantee Receivable

Guarantee receivables are from guarantee obligations on defaulted bonds that were settled and is expected to be received or recovered based on guarantee contracts. They are initially recognized as credit impaired in the Statement of Financial Position. For these assets, all changes in lifetime expected credit loss (ECL) since initial recognition are recorded as a loss allowance with any changes recognized in the Statement of Net Income. Any favorable change creates an impairment gain.

Credit-impaired Financial Assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Impairment of Financial Assets

Financial assets that are classified and measured as amortized cost, FVTOCI, and financial guarantee contracts shall recognize loss allowance based on the ECL model. Changes in the carrying amount of the allowance account are recognized in the Statement of Net Income under impairment losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk of each financial instruments since initial recognition.

If there has been a significant increase in credit risk (SICR) of the financial instrument from initial recognition, the loss allowance is based on the lifetime ECL of the item. If the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is based on the 12-month ECL of the financial instrument.

Lifetime ECL represents the expected credit losses from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant Increase in Credit Risk

CGIF assesses an SICR on a guarantee account if any of the following conditions are met: (1) credit risk rating drops to B- or lower, but the account is not in default; (2) credit risk rating drops by at least 3 notches in the recent past 36 months, and is at least 3 notches below credit risk rating at inception; or (3) credit risk rating drops by at least 4 notches from inception if the account is in its initial four years after inception, or by at least 5 notches from inception if the account is beyond four years from inception. The date that CGIF becomes a party to a guarantee is the date of initial recognition or inception for the purpose of assessing impairment.

For CGIF's investments, it is assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk (see Notes 4 and 5). A financial instrument is determined to have a low credit risk if (i) it has a low risk of default, (ii) there is a strong capacity for the counterparty to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of Default

For purposes of ECL computation, financial guarantee contracts and guarantee fee receivables shall be in default once an event of default in the Guarantee Agreement has occurred, and CGIF's guarantee has been called. An investment is in default if it has been declared by the debt capital market agents particularly the investors' trustee for the investment instrument. Technical defaults, i.e., defaults without missed payments, are not considered defaults for ECL model unless decided otherwise by the GIC.

Write-off Policy

A financial asset is written-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made on a financial asset previously written-off are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses

ECL is a function of probability of default (PD), loss given default (LGD), and exposure at default (EAD). CGIF generates unbiased probability-weighted ECLs based on point-in-time PDs that are derived from several future scenarios. The Credit Cycle Projection Overlay (CCPO) from S&P Global Market Intelligence (SPGMI) is used in generating these point-in-time PDs. In each future scenario, CGIF uses forecasted or forward-looking values of CCPO's input macroeconomic variables. LGD is currently set at 50%. For accounts in stage 3, LGD is based on additional information and assumptions that reflect the default position. For CGIF's investments, EAD is the sum of an asset's gross carrying amount and the next unpaid coupon.

For financial guarantee contracts, EAD is the sum of a guaranteed bond's unpaid principal and the next unpaid coupon. For guarantee fee receivables, EAD is the sum of future guarantee fees discounted to the reporting date and guarantee fees past due. For a receivable arising from a guarantee payment, EAD is the total book value of the guarantee receivable. EAD in currencies other than USD are translated into USD at the reporting date's exchange rate.

Derecognition of Financial Assets

CGIF derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When an FVTOCI is derecognized or disposed of, the unrealized gains or losses previously recognized in accumulated other comprehensive income will be recognized in the Statement of Net Income.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial guarantee contracts issued by CGIF are measured in accordance with the specific accounting policies set out below.

Guarantee Liability

CGIF enters into financial guarantee contracts that requires to make specified payments should the bond issuer fail to make payments due in accordance with the terms of the bond.

Guarantee liabilities recorded in the Statement of Financial Position are measured initially at fair values, and subsequently measured at the higher of the unamortized balance of the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15, and the amount of loss allowance determined in accordance with the ECL model.

Derecognition of financial liabilities

CGIF derecognizes financial liabilities when, and only when, CGIF's obligations are discharged, cancelled, or have expired.

CGIF accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Revenue Recognition for Guarantee Fee

Guarantee fees are recognized upon performance of services and is amortized over the term of the guarantee obligation in accordance with the terms and conditions of the agreement.

Leases

CGIF applies definition of a lease and the related guidance set out in the IFRS for contracts entered into as lease. As lessee, CGIF recognizes right of use asset and lease liability in the Statement of Financial Position.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and any estimated costs of dismantling and the cost of any removal and restoration of the underlying asset, less any lease incentives received.

Right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements 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. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in discount rate, or if there is a change on CGIF's decision to extend or terminate the lease contract based on assessment.

Furniture, Fixtures and Equipment

All furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset and bringing it to its working condition.

Subsequent costs incurred for the purpose of enhancement or improvement shall be added to the carrying amount of the asset when it is probable that the expenditure will cause additional future economic benefit to CGIF. Other subsequent costs like maintenance, repairs and minor betterments are charged to expense.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed regularly with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives by asset class are as follows:

Asset Class	Useful Life
Office Furniture and Equipment	
Furniture	10 years
Other Office Equipment	4 years
IT and Communication	
Computer	3 years
Server	5 years
Network	4 years
Communication	7 years
Others	4 years
Leasehold Improvement	Over the lease period

An item of furniture, fixtures, and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of furniture, fixtures, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Net Income.

Intangible Assets

Intangible assets are composed of acquired information system software licenses that are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These are amortized over a period of 4 years and are carried at cost less accumulated amortization and accumulated impairment losses.

Impairment of Tangible and Intangible Assets

On regular basis, CGIF reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of asset's fair value less costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but only to the extent of the carrying amount of the asset had no impairment loss been recognized in prior years. A reversal of the impairment loss is recognized immediately in the profit or loss.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. A right to set-off must be available at the end of the reporting period rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Subscribed Capital

Each contributor subscribed by depositing with the Trustee a duly completed Instrument of Acceptance. Contributions are included in the financial statements at historical cost from the date of the signing of the Instrument of Acceptance.

The increase in the authorized capital of CGIF pursuant to Article 4.2 of the AoA was approved by the MOC. Instrument of Subscription (IOS) submitted to the Board Secretary, who acts on behalf of the Trustee, formally confirms the Contributor's intention to subscribe the number of shares specified. The additional subscription will be effective from the date the Board Secretary notifies the subscribing Contributor that the Instrument of Subscription has been received.

Segment Reporting

CGIF is a credit guarantee and investment facility established to develop and strengthen local currency and regional bond markets, so that creditworthy corporations can access those markets and avoid currency and maturity mismatches. CGIF's products and services are unique and are structured and distributed in a uniform manner to its clients. Based on CGIF's operations, CGIF has only one reporting segment.

Fair Value of Financial Instruments

IFRS 13, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is market-based measurement, not an entity-specific measurement. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market, or in the absence of principal market, in the most advantageous market for the asset or liability.

Functional and Presentation Currency

CGIF's members are from ASEAN+3 and ADB with the subscriptions and redemptions of the shares denominated in the United States dollars (USD). The primary activity of CGIF is guaranteeing bonds that are denominated in local currencies and issued by creditworthy ASEAN+3 corporations in the ASEAN+3 region. The performance of CGIF is measured and reported to the Contributors in USD. The USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is CGIF's functional and presentation currency.

Translation of Currencies

CGIF adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in currencies other than USD to be translated to the reporting currency using the exchange rates applicable at the time of transactions. Contributions included in the financial statements during the period are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting period, translations of asset and liabilities which are not denominated in USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as unrealized foreign exchange gains or losses and are charged to operations in the Statement of Net Income.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of CGIF's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Since the estimates are based on judgment and available information, actual results may differ and might have a material impact on the financial statement.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Notes 5, 6, and 7. This includes fair value measurements, loss allowances, and valuation processes.

As explained in accounting policies above, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether there is a significant increase in credit risk, CGIF accounts for

qualitative and quantitative reasonable and supportable forward-looking information, as reflected in internal risk ratings.

Furthermore, in calculating the loss allowance, CGIF uses the Credit Cycle Projection Overlay procured from SPGMI to generate point in time probabilities of default (PIT-PD). For accounts that are in stage 3, PIT-PD will be 100%. LGD shall be set at 50% for either stage 1 or stage 2. For accounts that are in stage 3, LGD is estimated based on additional information and realistic assumptions that reflect actual conditions at reporting date.

NOTE 4—RISK MANAGEMENT

CGIF manages all its perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk, and operational risk. These risks are managed pursuant to CGIF's Operational Policies, and Risk Management Framework (RMF). The Board's Internal Control and Risk Management Committee and Risk Management Department (RMD) cause the functional units to identify, measure, monitor, control, and report risks. The Board, management's Guarantee and Investment Committee, and the CEO oversee and regulate both risk taking and risk management. Appetite for risk taking as expressed in operational controls and risk exposure limits emanates from the Board.

CGIF endeavors to conform to international best practices in risk management. CGIF subscribes to the idea that informed risk-taking presents opportunities. CGIF takes risks that offer commensurate rewards. Risk-taking roles are independent of risk management roles. A positive risk management culture is fostered – the system clarifies what conduct and procedures are acceptable, and which ones are not; encourages initiatives that improve the management of risks; promotes transparency, individual responsibility, and accountability.

Categories of Financial Instruments

Categories of financial instruments at carrying amount as of 31 December 2023 and 2022 are as follows (in \$'000):

	<u>2023</u>	<u>2022</u>
Financial assets		
FVTOCI	1,256,741	1,138,070
Financial assets at amortized cost	129,044	165,478
Financial liabilities		
Financial liabilities at amortized cost	18,269	14,144
Lease liabilities	440	150
Guarantee liability	65,081	66,435

Credit Risk

As per CGIF's Treasury Risk Management Guidelines, CGIF's long term investments are restricted to those with international ratings of AA- or better, with the exception of investments in contributor countries' government-related securities that may be rated as low as A+. Short-term investments should be rated no lower than A-1. Credit risk in these investments is considered low.

Credit concentration of investments is controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade. CGIF controls the concentration of investment per country of issuer. The lower the country sovereign rating grade, the lower the investment concentration limit – 0% of CGIF capital

for countries rated A or lower; up to 30% of CGIF capital for countries rated AAA, except for the US where the investment concentration limit is 100% of CGIF capital. Investments in short-term money market instruments are excluded in reckoning country exposure concentrations against country limits.

CGIF has guarantee eligibility criteria that include, among others, a borrower's credit rating grade, proposed guarantee size and tenor, use of bond proceeds, and compliance to safeguards standards and to credit exposure control limits. Eligible borrowers undergo a stringent due diligence review. Guarantee Underwriting Proposals (GUPs) require approval of management's Guarantee and Investment Committee (GIC) and of the Board of Directors (Board). The Board delegates to the GIC its authority for final approval of GUPs when conditions relating to credit rating, guarantee amount, tenor, strategic alignment, safeguards standards, among others are met. In aid of informed decisions on GUPs, the Board is furnished with credit review notes, safeguards review notes, and integrity review notes from CGIF's RMD. As of 31 December 2023, CGIF's guarantee portfolio, excluding portions ceded to reinsurers and credit risk mitigators, had a weighted average risk rating of BB+ (BB+ as of 31 December 2022).

CGIF controls concentrations of credit risk. Guarantee exposure to any country and to any currency is capped at 20% and 40%, respectively, of CGIF's Maximum Guarantee Capacity (MGC), where MGC is the product of (a) total paid-in capital of CGIF, plus retained earnings, plus reserves, less net credit loss reserves, less foreign exchange loss reserves, and less all illiquid assets and (b) the maximum leverage ratio. CGIF's maximum leverage ratio, currently 2.5:1, is determined by the MOC with the recommendation of the CGIF Board. CGIF refers to IMF's list to identify acceptable offshore financial centers (AOFCS). Exposures to AOFCS pertain to guarantee exposures to borrowing entities that are registered through the offshore incorporation process of an AOFCS. Aggregate guarantee exposure to any single AOFCS and aggregate exposure to all AOFCS are limited to 20% and 40%, respectively, of CGIF's MGC. Aggregate Type-B (investor-procured) guarantee exposure is limited to 20% of MGC. Aggregate guarantee exposure to any sector and to any industry is limited to 40% and 20%, respectively, of MGC. In any country, exposure to any industry may not exceed 10% of MGC. Single borrower exposures, and single group exposures, may not exceed 20% of CGIF's paid-in capital. CGIF's leverage ratio and concentration ratios are reported quarterly to the CGIF Board.

CGIF's exposure to credit risk is reckoned on the amount of financial assets recorded in the financial statements and the guarantee obligations disclosed in Note 6.

A reinsurance treaty whereby CGIF cedes to a consortium of reinsurers agreed portions of credit risk from bond issuers reduces CGIF's credit risk exposure from its guarantee portfolio. Please refer to Note 18.

Market Risk

Market risk represents the potential loss that could result from adverse market movements. The main components of market risk for CGIF are interest rate risk and foreign exchange risk.

Interest rate risk is primarily the exposure of income on assets to fluctuation in interest rates. An objective of interest rate risk management in CGIF is the generation of overall interest income that is not overly sensitive to changes in interest rates, but responsive to general market trends.

CGIF's Treasury Risk Management Guidelines restrict CGIF's investment portfolio duration to no more than 5 years. The duration of CGIF's portfolio is the market value-weighted average of effective duration of all outstanding investments. As of 31 December 2023, CGIF's investment portfolio had remaining maturities of up to 9.88 years (8.59 years - 31 December 2022), with duration of 3.15 years (2.87 years - 31 December 2022). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2023, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about \$39.8 million (\$34.1 million - 31 December 2022).

The following tables presents CGIF's foreign exchange exposure of monetary assets and liabilities (in '000) as at the end of the reporting period:

	2023			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	2,212,231	63,991	637,599	18,443
VND	369,225,860	15,189	17,548,780	722
JPY	1,530,408	10,747	-	-
SGD	12,542	9,477	5	4
IDR	48,248,002	3,116	561,127	36
MYR	7,768	1,674	-	-
PHP	5,095	92	34,480	623
LAK	539	-	-	-
KHR	-	-	-	-
TOTAL		<u>104,286</u>		<u>19,828</u>

	2022			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	1,875,815	54,199	546,072	15,778
VND	391,759,337	16,596	-	-
JPY	1,835,556	13,750	-	-
SGD	10,723	7,959	-	-
IDR	31,953,522	2,040	-	-
PHP	4,089	73	16,885	302
MYR	44	10	-	-
LAK	539	-	-	-
KHR	-	-	943,326	229
TOTAL		<u>94,627</u>		<u>16,309</u>

CGIF is exposed to foreign exchange risk underlying foreign currency payables and receivables relating mostly to CGIF's guarantee operation. For CGIF's foreign exchange exposure at 31 December 2023, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of \$7.8 million (\$7.2 million - 31 December 2022).

Liquidity Risk

Liquidity risk can arise if CGIF is unable to provide funds to meet its financial and operational commitments. CGIF maintains adequate liquidity resources to meet the cash requirements and potential calls on the guarantees issued. CGIF assesses and monitors the availability of its liquid assets on a quarterly basis. CGIF conducts quarterly tests of its liquidity under stress scenarios where CGIF has to meet lumpy obligations related to claims on guarantees and raise funds from various sources. A liquidity stress test conducted on CGIF's guarantee portfolio as of 31 December 2023 and 2022 indicates that CGIF can

generate the liquidity that will be required to meet guarantee payment obligations under the assumed stressed scenario.

The following table details (in \$'000) the maturity profile of financial instruments. The maturity analysis is based on the remaining period from the end of the reporting date to the contractual maturity date or the expected date the financial asset will be realized, and the financial liability will be settled.

	2023					Total
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	
Financial assets						
FVTOCI	51,945	34,811	168,213	659,454	342,318	1,256,741
Financial assets at amortized cost	12,364	2,494	87,207	39,433	5,361	146,859
Total financial assets	64,309	37,305	255,420	698,887	347,679	1,403,600
Financial liabilities						
Financial liabilities at amortized cost	230	2,941	14,561	537	-	18,269
Lease liability	11	22	103	304	-	440
Total financial liabilities	241	2,963	14,664	841	-	18,709
Net maturity gap	64,068	34,342	240,756	698,046	347,679	1,384,891
2022						
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Total
Financial assets						
FVTOCI	-	29,891	122,406	747,662	238,111	1,138,070
Financial assets at amortized cost	26,025	18,026	29,082	107,997	10,072	191,202
Total financial assets	26,025	47,917	151,488	855,659	248,183	1,329,272
Financial liabilities						
Financial liabilities at amortized cost	277	702	1,865	11,300	-	14,144
Lease liability	12	24	114	-	-	150
Total financial liabilities	289	726	1,979	11,300	-	14,294
Net maturity gap	25,736	47,191	149,509	844,359	248,183	1,314,978

Capital Resources

CGIF's capital resources comprise of capital stock, retained earnings and reserves. The primary objective in the management of capital resources is to protect CGIF's capital by maintaining a conservative exposure to market risk, credit risk and liquidity risk. CGIF strives to maximize returns on the invested asset portfolio while minimizing volatility of investment income. CGIF's capital resources are placed with the Trustee, ADB.

Capital Adequacy

CGIF deems that it has adequate capital to underwrite credit guarantees for as long as its capital exceeds total capital charge; alternatively, for as long as the capital-to-capital charge ratio – capital adequacy ratio (CAR) – exceeds management action trigger of 1.1. CGIF's CAR at 31 December 2023 was at 4.58 (4.35 – 31 December 2022). CGIF's overall strategy remains unchanged from prior year.

Operational Risk

CGIF manages operational risks through quarterly risk and control self-assessments (RCSAs) by each department of the enterprise. Through RCSAs, CGIF's operating units are directed to identify operational risk events and assess the significance of each of these. The significance of an identified operational risk event is a function of two attributes – the likelihood and impact of its occurrence. Measurable risk indicators, and corresponding control limits, are assigned to each operational risk event. Results of RCSAs are reported to the CEO and to the Board's Internal Control and Risk Management Committee.

NOTE 5—INVESTMENTS

This account is composed of the following (in \$'000):

	<u>2023</u>	<u>2022</u>
Certificates of Deposit	-	44,231
Time Deposits	4,900	-
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,117,103	1,008,440
Corporate obligations	139,638	129,630
Total FVTOCI	1,256,741	1,138,070
Total Investment	<u>1,261,641</u>	<u>1,182,301</u>

ADB, as the Trustee, manages capital resources in accordance with CGIF's Treasury Risk Management Guidelines prepared in consultation with ADB and approved by the CGIF Board of Directors.

ADB follows the same process and internal controls to value the investment securities as ADB's portfolio. The data management unit in ADB's treasury department is responsible for providing the valuation in accordance with the business process. In instances where ADB relies primarily on prices from third party pricing information, there are procedures in place to validate the appropriateness of those values in determining the hierarchy levels. This involves evaluating the nature of prices provided by third party pricing sources to determine if they are indicative or binding prices.

The annualized rate of return on the average investments held during the period ended 31 December 2023, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 2.57% (1.97% - 31 December 2022).

The investment revaluation reserve of negative \$52,608 thousand in the Statement of Financial Position as of 31 December 2023 (negative \$78,750 thousand – 31 December 2022) is composed of the unrealized loss on FV of investments measured at FVTOCI and its credit loss allowance.

The estimated fair value and amortized cost of the investments by contractual maturity as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023		2022	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	259,869	262,457	196,528	198,386
Due in one to five years	659,454	693,145	747,662	794,819
Due more than five years	342,318	358,728	238,111	267,863
TOTAL	1,261,641	1,314,330	1,182,301	1,261,068

Fair Value Disclosure

The fair value of the investments as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	-	-	-	-
Time Deposits	4,900	-	4,900	-
Government-related-entity or GGO	1,117,103	1,069,025	48,078	-
Corporate obligations	139,638	110,175	29,463	-
	2022	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	44,231	-	44,231	-
Time Deposits	-	-	-	-
Government-related-entity or GGO	1,008,440	979,757	28,683	-
Corporate obligations	129,630	100,484	29,146	-

If available, active market quotes are used to assign fair values to investment securities. These include government-related-entity/government-guaranteed obligations and corporate obligations. For investments where active market quotes are not available, investments are categorized as Level 2 or Level 3, and valuation is provided by independent valuation services. Time deposits and certificates of deposits are reported at cost, which approximates fair value.

For the years ended 31 December 2023 and 2022, there were no inter-level transfers.

Impairment Losses

For purposes of impairment assessment, the FVTOCI in CGIF's portfolio are considered to have low credit risk as the counterparties of these investments have a minimum A+ credit rating for government related bonds of Contributor countries and AA- for all others. Accordingly, the loss allowance for these financial instruments is measured at an amount equal to 12-month ECL.

Impairment losses do not reduce the carrying amount of the debt instruments at FVTOCI in the Statement of Financial Position, which remains at fair value. The balance at the end of the year reflected below is included in the Investment Revaluation Reserve in Accumulated Other Comprehensive Income.

The movements in the credit loss allowance are as follows (in \$'000):

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	16	26
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	12	3
Reversals	(2)	(4)
Change in credit risk	<u>55</u>	<u>(9)</u>
	<u>65</u>	<u>(10)</u>
Balance at end of the year	<u><u>81</u></u>	<u><u>16</u></u>

During the year, all transactions are classified to Stage 1 and there are no transfers between stages.

Accrued Interest Income

The details of accrued interest income including from investments as of 31 December 2023 and 2022 are as follows (in \$'000):

	<u>2023</u>	<u>2022</u>
FVTOCI	9,147	8,223
Time Deposits	2	-
Guarantee	<u>17</u>	<u>13</u>
TOTAL	<u><u>9,166</u></u>	<u><u>8,236</u></u>

NOTE 6 – GUARANTEES

As of 31 December 2023, CGIF has issued guarantees covering bonds denominated in Singapore Dollar, Vietnamese Dong, Thai Baht, Chinese Yuan, Indonesian Rupiah, Japanese Yen, Malaysian Ringgit, and Cambodian Riel. The total outstanding amount of the guarantees issued under the related bonds was \$2,353 million as of 31 December 2023 (\$2,186 million – 31 December 2022). The guarantees are inclusive of coupon payments. The USD guarantee obligation below is for KHR issued bonds where all payments will be in USD converted at a fixed exchange rate agreed at inception.

Below is the summary of the outstanding guarantees by currency (in '000):

31 December 2023				
	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
SGD	795,000	76,130	871,130	658,251
VND	11,348,000,000	3,542,972,998	14,890,972,998	612,570
THB	12,620,000	1,267,114	13,887,114	401,698
CNY	2,000,000	95,041	2,095,041	293,329
IDR	1,782,900,000	339,786,613	2,122,686,613	137,089
JPY	15,400,000	508,200	15,908,200	111,715
MYR	315,000	43,545	358,545	77,293
USD	51,639	9,877	61,516	61,516
				<u>2,353,461</u>

31 December 2022				
	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	12,393,000,000	4,060,095,333	16,453,095,333	697,017
SGD	695,000	82,433	777,433	576,988
THB	11,720,000	901,413	12,621,413	364,675
CNY	1,500,000	95,041	1,595,041	228,949
JPY	15,400,000	592,900	15,992,900	119,806
IDR	1,283,000,000	226,026,563	1,509,026,563	96,343
MYR	150,000	9,137	159,137	35,970
KHR	127,200,000	4,796,137	131,996,137	32,073
PHP	107,500	7,732	115,232	2,061
USD	29,401	3,157	32,558	32,558
				<u>2,186,440</u>

The range of remaining tenor of financial guarantee contracts as of 31 December 2023 are from less than 1 year to 11 years (31 December 2022 – from less than 1 year to 12 years).

As of 31 December 2023, a guarantee liability of \$65.1 million (\$66.4 million - 31 December 2022), net of deferred loss on fair value amounting to \$18.1 million, was reported on the Statement of Financial Position. Deferred loss on fair value was attributed to one account whose transaction price was smaller than its fair value at initial recognition. As the fair value was estimated by unobservable inputs, the difference between the transaction price and the fair value does not reduce net income by recognizing it as fair value loss but reduces gross guarantee liability in the statement of financial position as deferred loss on fair value. As of 31 December 2023 and 2022, the reported liability is composed of the following (in \$'000):

	<u>2023</u>	<u>2022</u>
Unamortized balance of present value of total guarantee fees	80,558	62,783
Allowance for ECL	<u>2,647</u>	<u>3,652</u>
Gross guarantee liability	83,205	66,435
Less: Deferred loss on fair value	<u>(18,124)</u>	<u>-</u>
Net guarantee liability	<u><u>65,081</u></u>	<u><u>66,435</u></u>

The total amount of loss allowance for guarantee obligations determined through ECL amounted to \$10.1 million as of 31 December 2023 (\$6.5 million – 31 December 2022). The unamortized balance of guarantee liabilities is compared against the required ECL on a per instrument basis and the higher between the two will be reflected as the guarantee liability in the Statement of Financial Position. The allowance for ECL on the above table represents the total differences between the higher ECL that was computed vs the unamortized balances of guarantee liabilities. As of 31 December 2023, there are no accounts in the portfolio that are classified into stage 2 (one account in Stage 2 - 31 December 2022).

The reported guarantee fee receivable of \$54.7 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2023 (\$57.2 million – 31 December 2022) net of allowance for credit losses.

In fulfilling CGIF's obligation due to default of a bond guarantee, the credit impaired guarantee receivable is reported in the Statement of Financial Position at \$54.1 million as of 31 December 2023 (\$45.3 million – 31 December 2022). This is net of allowance amounting to \$16.8 million (\$25.4 million – 31 December 2022).

As of 31 December 2023 and 2022, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2023, the credit impaired guarantee receivables from the default is classified as Level 3 within the fair value hierarchy as well.

The Finance Department is responsible for determining and reporting the fair value of guarantees reported in the Statement of Financial Position. The carrying amount of guarantees approximates its fair value. Future guarantees are stated at discounted present value using significant unobservable inputs such as discount rates applicable to individual guarantee contracts that are internally determined. The valuation technique and significant unobservable quantitative inputs for guarantee fee receivables classified as Level 3 as of 31 December 2023 and 2022 were summarized below:

	<u>Valuation Technique</u>	<u>Unobservable Input</u>	<u>Range</u>	
			<u>2023</u>	<u>2022</u>
Guarantee fee receivable	Discounted cash flows	Discount rates	2.55% to 20.12%	2.55% to 9.70%

There were no inter-level transfers during the year ended 31 December 2023 and 2022.

Impairment Losses

The movements in the credit loss allowance for guarantee fees receivable are as follows (in \$'000):

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	144	325
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	287	2
Reversals	(55)	(16)
Changes in credit risk	70	(167)
	<u>302</u>	<u>(181)</u>
Balance at end of the year	<u>446</u>	<u>144</u>

During the year, one account classified as stage 2 was fully paid. As of 31 December 2023, no account in the portfolio was classified as stage 2 (one – 31 December 2022).

The movements in the credit loss allowance for guarantee receivable are as follows (in \$'000):

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	25,447	-
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Changes in credit risk	(8,673)	25,447
Balance at end of the year	<u>16,774</u>	<u>25,447</u>

NOTE 7—LEASES

CGIF recognized right of use lease asset related to the office rental contract with ADB. This is initially measured at cost and is subsequently depreciated on a straight-line basis for three years. In November 2023, CGIF and ADB agreed to extend the lease contract upon expiry for 3 years ending 31 January 2027. Since the extension of lease term did not add the right to use a new underlying asset, it is not accounted for as a separate lease. Accordingly, the lease liability is remeasured on 30 November 2023 and a corresponding adjustment was made to the ROU Lease Asset.

The details of the amount presented in the Statement of Financial Position are as follows:

Cost	
1 January 2022	813
Remeasurement/Adjustment	<u>(6)</u>
31 December 2022	807
Remeasurement/Adjustment	<u>435</u>
31 December 2023	<u>1,242</u>
Accumulated depreciation	
1 January 2022	(470)
Depreciation	<u>(160)</u>
31 December 2022	(630)
Depreciation	<u>(161)</u>
31 December 2023	<u>(791)</u>
NET Balance at 31 December 2023	<u>451</u>
NET Balance at 31 December 2022	<u>177</u>

Depreciation – ROU Lease Asset charged for the period is reported under administrative expenses in the Statement of Net Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payment includes fixed payment and in-substance fixed payments for the amortization of alteration cost. The discount rate used is the latest bank average domestic lending rate (annual) published by the Central Bank of the Philippines (BSP) upon date of commencement. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Interest expense is reported under financial expenses in the Statement of Net Income.

NOTE 8—FURNITURE, FIXTURES AND EQUIPMENT - NET

The details of this account are as follows (in \$'000):

	Office Furniture and Equipment	IT and Communications	Building Improvement	TOTAL
Cost				
1 January 2022	359	417	5	781
Additions	7	61	-	68
Disposals	-	(2)	-	(2)
31 December 2022	366	476	5	847
Additions	4	65	-	69
Disposals	-	-	(5)	(5)
31 December 2023	370	541	-	911
Accumulated Depreciation/Amortization				
1 January 2022	(301)	(335)	(5)	(641)
Depreciation	(20)	(53)	-	(73)
Amortization	-	-	-	-
Disposals	-	2	-	2
31 December 2022	(321)	(386)	(5)	(712)
Depreciation	(14)	(52)	-	(66)
Amortization	-	-	-	-
Disposals	-	-	5	5
31 December 2023	(335)	(438)	-	(773)
NET, 31 December 2023	35	103	-	138
NET, 31 December 2022	45	90	-	135

Depreciation is reported under administrative expenses in the Statement of Net Income.

NOTE 9—INTANGIBLE ASSETS - NET

Intangible assets are composed of Information systems software that is capitalized. The details of this account are as follows (in \$'000):

	Information Systems Software
Cost	
1 January 2022	1,044
Additions	27
Disposals	<u>-</u>
31 December 2022	1,071
Additions	8
Disposals	<u>-</u>
31 December 2023	<u>1,079</u>
Accumulated Depreciation/Amortization	
1 January 2022	(975)
Amortization	(14)
Disposals	<u>-</u>
31 December 2022	(989)
Amortization	(26)
Disposals	<u>-</u>
31 December 2023	<u>(1,015)</u>
NET, 31 December 2023	<u>64</u>
NET, 31 December 2022	<u>82</u>

The amortization is reported under administrative expenses in the Statement of Net Income.

NOTE 10—OTHER ASSETS

Other assets pertain to commission receivable from reinsurance, advances made by CGIF for staff benefits, prepaid expenses, subscriptions and licenses as well as security deposit.

NOTE 11—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accounts payable, and accrual of administrative and operating expenses incurred but not yet paid. Aside from accruals for reinsurance expenses on premiums to be ceded, this account includes accrual on provision for expected refund to reinsurers upon recovery of the guarantee receivables.

NOTE 12—RELATED PARTY TRANSACTIONS

CGIF utilizes certain services from ADB including treasury service as may be agreed with the Chief Executive Officer from time to time.

Provision for ADB's administration fee, amounting to \$1.15 million (\$1.14 million – 31 December 2022), recorded in other miscellaneous expense was accrued in other liabilities. ADB's administration fee is equivalent to 10 bps of contributions received. ADB's administration fee for 2023 will be settled subsequently in May 2024. Key management personnel total compensation of short-term employee benefits for 31 December 2023 amounted to \$3.61 million (\$3.49 million – 31 December 2022).

NOTE 13—PAID-IN CAPITAL

The increase in CGIF's authorized capital to 12,000 shares from 7,000 shares at \$100,000 per share was approved by the Contributors on 6 December 2017 per Resolution No. 2017-S-01. Each Contributor shall pay in full or in installments for the number of shares by the date indicated in the IOS. However, in case where payment cannot be made by a Contributor during the subscription payment period, the subscription is renounced and forfeited after one hundred and twenty (120) days following the last due date indicated in the IOS or the end of 2023, as applicable, or such later date as the Board may determine.

The authorized capital stock of CGIF as of 31 December 2023 and 2022 are as follows (in \$'000):

	<u>2023</u>	<u>2022</u>
Authorized capital (12,000 shares)	1,200,000	1,200,000
Subscribed	1,158,000	1,158,000
Unsubscribed	42,000	42,000
Total authorized capital	<u>1,200,000</u>	<u>1,200,000</u>
Subscribed capital comprises:		
Amounts received	1,158,000	1,148,899
Amounts not yet due	-	9,101
Total subscribed capital	<u>1,158,000</u>	<u>1,158,000</u>

The AoA prescribe that shares shall be allocated to Contributors only after full payment has been received. Therefore, only paid-in capital shall be taken into account when calculating each Contributor's voting rights.

The details of CGIF capital as of 31 December 2023 and 2022 are as follows (in \$'000 except for number of shares):

Contributor	31 December 2023			
	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	306	30,600	30,600	-
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	17,600	-
Myanmar, Republic of the Union of	1	100	100	-
Philippines	216	21,600	21,600	-
Singapore	216	21,600	21,600	-
Thailand	216	21,600	21,600	-
Viet Nam	19	1,900	1,900	-
	<u>1,210</u>	<u>121,000</u>	<u>121,000</u>	<u>-</u>
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	171,400	-
	<u>8,570</u>	<u>857,000</u>	<u>857,000</u>	<u>-</u>
Total	<u>11,580</u>	<u>1,158,000</u>	<u>1,158,000</u>	<u>-</u>
Contributor	31 December 2022			
	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	306	30,600	21,600	9,000
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	17,600	-
Myanmar, Republic of the Union of	1	100	100	-
Philippines	216	21,600	21,600	-
Singapore	216	21,600	21,600	-
Thailand	216	21,600	21,499	101
Viet Nam	19	1,900	1,900	-
	<u>1,210</u>	<u>121,000</u>	<u>111,899</u>	<u>9,101</u>

Contributor	31 December 2022			Amount not yet received
	No. of shares	Subscribed	Amount received	
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	171,400	-
	8,570	857,000	857,000	-
Total	11,580	1,158,000	1,148,899	9,101

NOTE 14— RESERVE

The allocation to Reserve of the 2022 net income in retained earnings was approved on 29 May 2023 by the Contributors at the 2023 Meeting of Contributors, per MOC Resolution No. 2023-A-04.

NOTE 15— INTEREST INCOME

Interest income for the period is composed of (in \$'000):

	2023	2022
FVTOCI	32,043	23,714
Time Deposits	474	455
Guarantee	4,121	3,701
Certificates of Deposits	769	578
Others	44	10
	37,451	28,458

NOTE 16— MISCELLANEOUS INCOME

Miscellaneous income includes reimbursements of legal and out of pocket expenses, gain/loss from disposal of fixed assets, and other income which is not related to the normal operations of CGIF.

NOTE 17— ADMINISTRATIVE AND OPERATIONAL EXPENSE

Administrative and operational expense for the period is composed of (in \$'000):

	<u>2023</u>	<u>2022</u>
Staff Related Expenses	8,778	8,141
Financial and Legal Services	866	1,499
Business Travel	436	101
Depreciation – ROU Assets	160	161
Short Term Staff Consultants	153	197
MOC and BOD Expenses	148	16
Depreciation and Amortization – Fixed and Intangible Assets	91	87
Recruitment Expense	29	171
Others	583	343
	<u>11,244</u>	<u>10,716</u>

NOTE 18— REINSURANCE

On 1 October 2016, CGIF has entered a quota share reinsurance treaty with a consortium of reinsurers. The reinsurance treaty was annually renewed to cover 1-year period. In January 2024, a new treaty was signed to cover 2024 guarantees.

Reinsurance expense includes the quota share of the premium to be ceded to the consortium of reinsurers based on the reinsurance treaty. These expenses are accrued in the books over the period it covers. Quarterly statements of account (SOA) for the premium to be ceded are issued within 30 days from the end of each quarter and payments for such are due 15 days after the issuance of SOA.

The commission from reinsurance reported in the Statement of Net Income represents the commission income of 27.5% for the premium ceded and a profit commission on the annual profit derived from all the fees ceded under a treaty.

CGIF has entered risk sharing agreements with KEXIM in relation to three guarantee accounts: first in March 2019, second in April 2021 and third in August 2021. In all agreements, KEXIM's proportion is equal to 50% of the guaranteed amount and as such, participation fee amounting to 50% of the guarantee fees will be ceded after deducting the respective commission.

In 2022, CGIF received \$21.2 million from the reinsurers their share in the losses from the guarantee default in December 2021.

NOTE 19— SUBSEQUENT EVENTS

In March 2024, an event of default (EOD) was triggered as a result of non-payment in respect of an early redemption option on a convertible bond. This triggered a cross default on the CGIF THB guaranteed bond. As of the date of the issuance of this financial statements, CGIF Management assessed this to be a non-adjusting event as of 31 December 2023. Further, with the limited information, CGIF management cannot reasonably estimate the financial effects of the said default.

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