

SABANA

ANNUAL REPORT 2020

NEW TECH PARK

OUR REFRESHED STRATEGY

FINANCIAL HIGHLIGHTS

SIGNIFICANT EVENTS 2020

FOCUSED
ON OUR
COMMITMENTS

SABANA REIT

REGISTERED ADDRESS

**HSBC Institutional Trust Services
(Singapore) Limited**

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

TRUSTEE

**HSBC Institutional Trust Services
(Singapore) Limited**

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

EXTERNAL AUDITORS

KPMG LLP

Public Accountants and
Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Phone: (65) 6213 3388
Fax: (65) 6225 4142
www.kpmg.com.sg

Partner-in-charge: Karen Lee Shu Pei
(Appointed since financial year ended
31 December 2016)

INTERNAL AUDITORS

BDO Advisory Pte. Ltd.

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

LEGAL ADVISER

Allen & Gledhill LLP

One Marina Boulevard
#28-00 Singapore 018989
Phone: (65) 6890 7188
Fax: (65) 6327 3800
www.allenandgledhill.com

UNIT REGISTRAR

**Boardroom Corporate &
Advisory Services Pte. Ltd.**

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360
www.boardroomlimited.com

BANKERS

CIMB Bank Berhad
(Singapore Branch)

United Overseas Bank Limited

Malayan Banking Berhad
(Singapore Branch)

HSBC Amanah Malaysia Berhad

The Hongkong and Shanghai Banking
Corporation Limited

STOCK QUOTES

STI - M1GU

WEBSITE

www.sabana-reit.com

THE MANAGER

REGISTERED ADDRESS

**Sabana Real Estate Investment
Management Pte. Ltd.**

Company registration number:

201005493K

Capital markets services

licence number:

CMS100169

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

THE PROPERTY MANAGER

REGISTERED ADDRESS

**Sabana Property
Management Pte. Ltd.**

Company registration number:

201016988Z

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

BOARD OF DIRECTORS

Mr Tan Cheong Hin

Chairman and Independent
Non-Executive Director

Mr Wong Heng Tew

Independent Non-Executive Director

Mr Yeo Wee Kiong¹

Independent Non-Executive Director

Mr Willy Shee Ping Yah @ Shee Ping Yan²

Independent Non-Executive Director

AUDIT AND RISK COMMITTEE ("ARC")

Mr Wong Heng Tew (Chairman)

Mr Tan Cheong Hin (Member)

Mr Yeo Wee Kiong¹ (Member)

NOMINATING AND

REMUNERATION COMMITTEE ("NRC")

Mr Yeo Wee Kiong¹ (Chairman)

Mr Tan Cheong Hin (Member)

Mr Willy Shee Ping Yah @ Shee Ping Yan² (Member)

COMPANY SECRETARY

OF THE MANAGER

Mr Cho Form Po

**Boardroom Corporate &
Advisory Services Pte. Ltd.**

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360
www.boardroomlimited.com

UNITHOLDERS' ENQUIRIES

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

UNITHOLDER DEPOSITORY

The Central Depository (Pte) Limited

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

¹ Mr Yeo Wee Kiong was appointed an Independent Non-Executive Director, chairman of the NRC and member of the ARC on 1 January 2021. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.

² Mr Willy Shee Ping Yah @ Shee Ping Yan was appointed an Independent Non-Executive Director and member of the NRC on 1 January 2021. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.

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FOCUSED ON OUR COMMITMENTS

Against the backdrop of a volatile business environment and the uncertainty caused by the Coronavirus Disease 2019 (COVID-19) pandemic, Sabana REIT is staying laser-focused on our commitment to create value for Unitholders. Through proactive asset and lease management, prudent capital management, and strategic asset enhancement initiatives, we will strive to enhance our performance while seeking more growth opportunities.



CORPORATE PROFILE

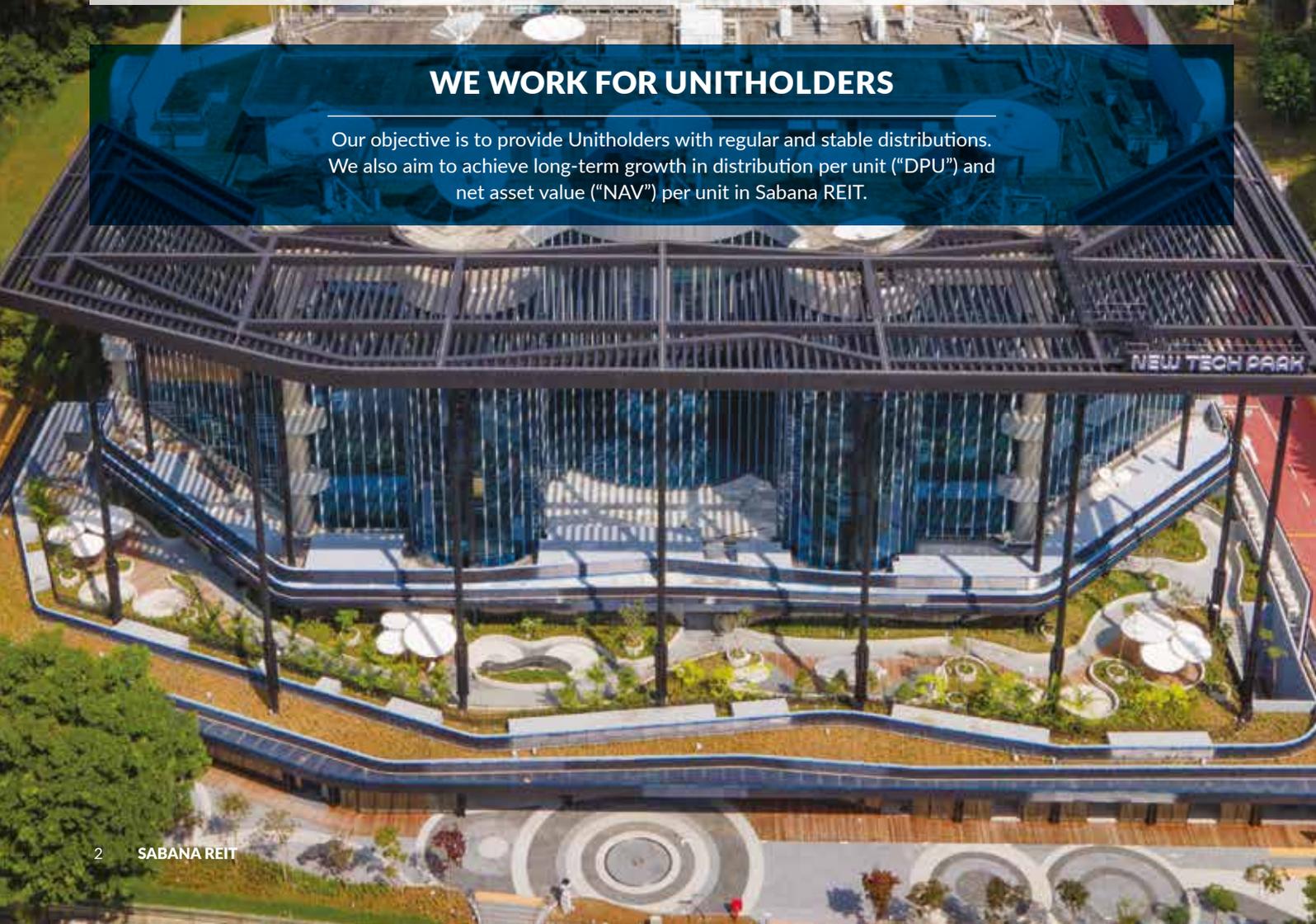
ABOUT SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Listed on Singapore Exchange Securities Trading Limited since 26 November 2010, Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "REIT") has a diversified property portfolio valued at approximately \$0.9 billion as at 31 December 2020, comprising 18 properties strategically located across Singapore. The portfolio has a total gross floor area of approximately 4.1 million square feet. Sabana REIT has four main industrial property segments: High-tech Industrial, Chemical Warehouse & Logistics, Warehouse & Logistics and, General Industrial. As at 31 December 2020, Sabana

REIT continued to be one of the largest listed Shari'ah compliant industrial REITs in the world in terms of total asset size. The REIT is managed by an external manager, Sabana Real Estate Investment Management Pte. Ltd. (the "Manager").

THE MANAGER

The Manager was incorporated in Singapore on 15 March 2010 and 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.



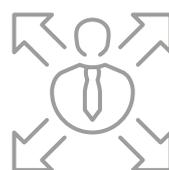
WE WORK FOR UNITHOLDERS

Our objective is to provide Unitholders with regular and stable distributions. We also aim to achieve long-term growth in distribution per unit ("DPU") and net asset value ("NAV") per unit in Sabana REIT.



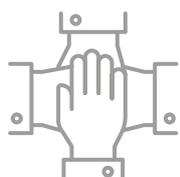
1 VISION

To be a prominent Shari'ah compliant industrial REIT with an outstanding portfolio of assets in Singapore and beyond.



2 MISSION

To seek yield-accretive initiatives to strengthen and grow Sabana REIT's portfolio and to satisfy our Unitholders by delivering attractive DPU.



3 CORE VALUES

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

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



OUR ENDURING COMMITMENT

In spite of a tumultuous 2020, Sabana REIT remains steadfast, never losing sight of our commitment to champion Unitholders' interests and create long-term, sustainable value for them. We will continue to strengthen confidence in Sabana REIT and explore, and consider all strategic opportunities to drive performance and enhance resilience.



LETTER TO UNITHOLDERS

Dear Unitholders,

THE YEAR IN REVIEW

When we wrote to you a year ago, we reflected on a 2019 that had been one of rejuvenation and transformation for Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "REIT"). At that time as we transitioned into 2020, we were apprehensive about the outlook, given the highly uncertain start to the year as the world became increasingly embroiled in the Coronavirus Disease 2019 ("COVID-19") contagion.

The COVID-19 pandemic was widespread and affected businesses and countries globally throughout 2020. As we deliver this Annual Report 2020 to you, our Unitholders, we are very happy and proud that our team has come together cohesively to navigate, mitigate and overcome, various challenges in a very turbulent year.

The pandemic affected all sectors of the real estate market from 1Q 2020 onwards, although, compared to other segments like hospitality, retail and office, the industrial segment was relatively more resilient, albeit still taking a hard hit.

During the past year, we strengthened our relationships with our tenants by putting them first as they dealt with COVID-19. When warranted and to the best extent we could, we provided aid to many small and medium enterprises (SMEs) - who faced cost and revenue pressures on multiple fronts - by proactively helping them find solutions for their needs, passing on rental reliefs, 'right-sizing' or restructuring their leases.

Against this highly challenging backdrop, we put an offer of merger from ESR-REIT to Unitholders. The Board and management felt then that it had the duty to do so as we evaluate all options to strengthen the REIT and secure its future. The merger did not proceed and we are heartened by your confidence in Sabana as a standalone REIT. Our focus now is to continue executing on our Refreshed Strategy to deliver sustainable value for Unitholders.

OUR FY 2020 PERFORMANCE

The REIT put in a credible performance in FY 2020 amid the impact from COVID-19. Revenue declined by 6.1% to \$71.7 million, versus \$76.3 million a year ago. Net property income was down by 13.5% to \$44.6 million, compared to \$51.6 million a year ago. We recorded a distribution per unit ("DPU") of 2.76 cents for FY 2020; while this was 5.5% lower than FY 2019, we were encouraged by the marked recovery in 2H 2020 over 1H 2020.

Because of the team's proactive leasing efforts, we secured 68 new and renewed leases, totalling more than 1.3 million sq ft. This included a new tenancy of 73.1% at 51 Penjuru Road after the expiry of its master-lease and renewed 100.0% of 33 & 35 Penjuru Lane. We also achieved a tenant retention rate of 73.6%, an improvement over the 50.7% for FY 2019.

Overall portfolio occupancy as at 31 December 2020 was 76.5% (FY 2019: 75.4%), with rental reversion of 0.9% for FY 2020, improving from a negative 0.7% for FY 2019. Weighted average lease expiry was 3.1 years, up from 2.8 years for FY 2019.

Over the past year, we have recalibrated our portfolio and tenant mix to be more resilient, with the electronics and biomedical industries as notable priorities. These are key expansionary segments within Singapore's manufacturing clusters. To that end, we secured new strategic life science and healthcare tenants at 3A Joo Koon Circle and a major U.S. electronics firm as anchor tenant at 23 Serangoon North Avenue 5 ("23SNA5").

As at 31 December 2020, Sabana REIT's gearing was 33.5% (FY 2019: 31.1%). Weighted average debt maturity was 1.2 years (FY 2019: 2.1 years) mainly due to the refinancing of \$153.0 million in loans due in 2021, of which \$123.0 million has since been completed. All in borrowing cost for FY 2020 was lower at 3.1%, compared to 3.9% in the previous year.

Our net asset value per Unit stood at \$0.51 as at the end of FY 2020, versus \$0.57 as at the end of FY 2019.

Total portfolio valuation was \$840.1 million as at 31 December 2020, compared to \$884.4 million at 31 December 2019, on account of the economic impact from COVID-19.

STAYING COMMITTED

We understand that Unitholders are concerned about the REIT's growth in such uncertain times. Following the cessation of the proposed merger, we have taken proactive steps to uphold operational resilience to protect and enhance the value of your investment with us.

The REIT will also continue in keeping with our Refreshed Strategy, spearheaded by your CEO and his management team. This includes progressing on our asset enhancement initiative ("AEI") at New Tech Park ("NTP") and rejuvenation of assets that we have identified.

The new NTP+ lifestyle mall taking shape at NTP as part of its AEI is tracking well. As announced on 10 March 2021, NTP+ had received its Temporary Occupation Permit (TOP) and we expect the mall to open in 2Q 2021.

The mall's occupancy stood at 96.7%¹. Major tenants include Wine Connection, Collin's, Anytime Fitness, Dutch Colony Coffee, Saveur Thai, D'Penyetz and Ace Signature, a new full range supermarket specialising in international produce, making its Singapore debut. There are many new-to-the-market food and beverage (F&B) and retail concepts run by experienced operators. This strong interest from tenants in NTP+ should help us to grow and diversify revenue contribution after its opening.

In terms of rejuvenation, we completed refurbishment of the lobby at 10 Changi South Street 2 in 1Q 2020. The upgrading of building amenities, selected common toilets and ground floor lobby area at 23SNA5 has completed. These will enable us to better meet the demands of current and prospective tenants and ensure our properties remain ahead of the competition.

¹ As at 25 March 2021.



LOOKING AHEAD

COVID-19 and its effects will continue to impact all segments of the real estate market in Singapore in the year ahead. The Ministry of Trade and Industry (MTI) has estimated Singapore's Gross Domestic Product (GDP) growth to be at a positive 4-6% this year, compared to a negative 5.4% in 2020, indicating light at the end of the tunnel. Still, recovery will be uneven and companies will need to continue to adapt to a still fast-evolving and challenging situation.

We remain in a tenants' market as businesses continue to review space usage and operating costs. With construction restarting on many projects delayed last year and ample supply of space coming on stream over the near term, the segment also continues to be in an oversupply situation.

Mindful of the uncertainty still ahead, the Board and management will continue to emphasise fiscal prudence and explore and consider all viable options for the REIT. We will remain focused on executing our Refreshed Strategy through proactive lease and asset management. On a positive note, we are excited about the imminent opening of NTP+, which will be a catalyst for our performance from 2Q 2021 onwards.

Mr Han Yong Lee (Donald)
Chief Executive Officer

Mr Tan Cheong Hin
Chairman of the Board of Directors

ACKNOWLEDGEMENTS

We recognise that 2020 was a highly unusual year for all of us in our personal and professional lives. As such, this year's acknowledgment of the expertise, commitment and resolve of every member of the Sabana REIT team is more heartfelt than ever.

The past year has also been especially challenging for many of our valued tenants, so our deep gratitude goes to them for their trust in us in such trying circumstances. We are also thankful for the Singapore government's support of businesses through this period, and the continued support from our Trustee, partners and lenders.

We would also like to recognise the contributions of Mr Kelvin Tan Wee Peng, Ms Ng Shin Ein, Mr Yeo Wee² Kiong and Mr Willy Shee Ping Yah @ Shee Ping Yan², who resigned as Independent Non-Executive Directors.

Finally, to you, our Unitholders, we thank you again for your confidence in us and allowing us the continued opportunity to deliver long-term and sustainable value for you.

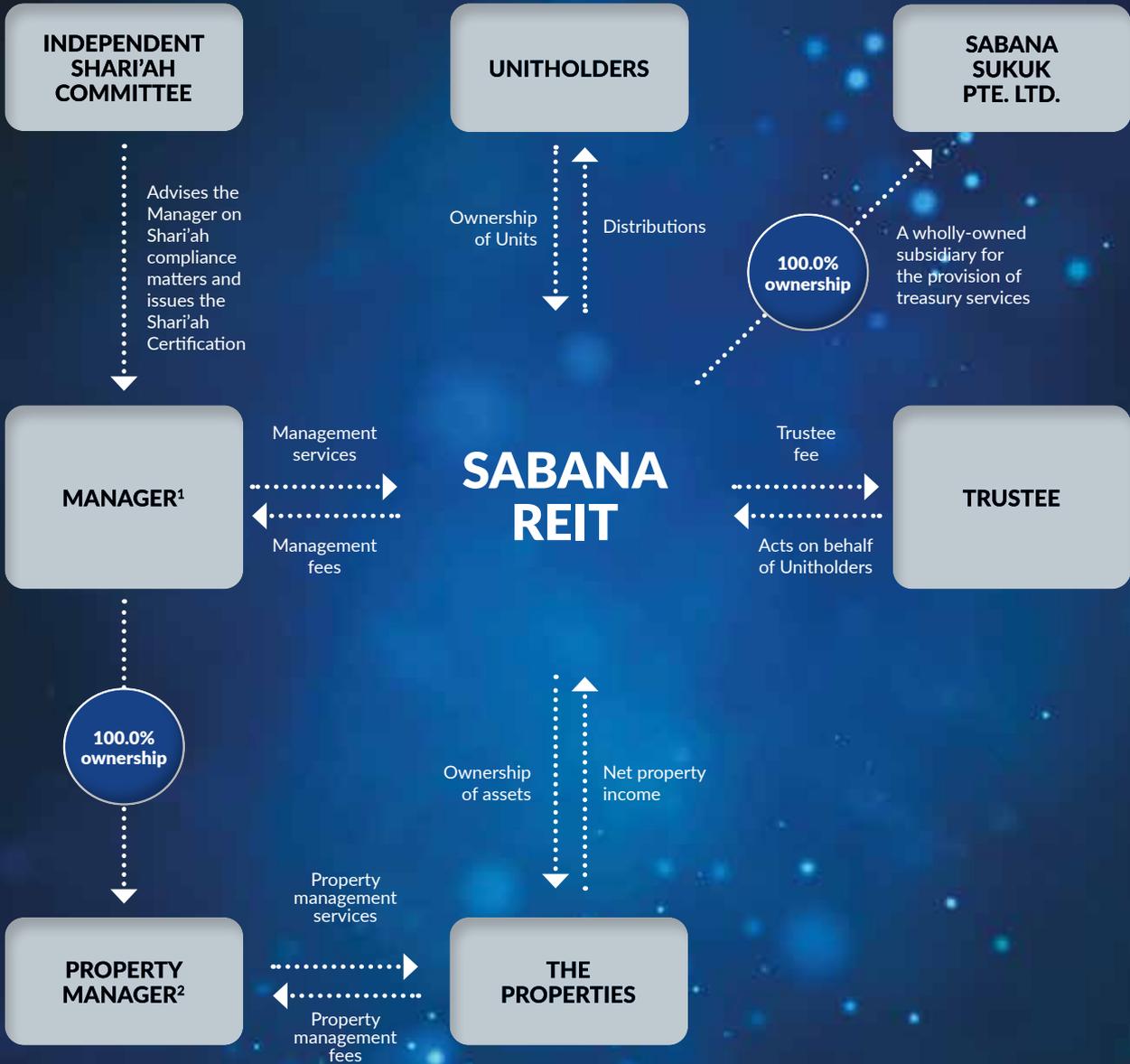
We wish you a safe and healthy year ahead.

Mr Tan Cheong Hin
Chairman of the Board of Directors

Mr Han Yong Lee (Donald)
Chief Executive Officer

² Mr Yeo Wee Kiong and Mr Willy Shee Ping Yah @ Shee Ping Yan were appointed Independent Non-Executive Director on 1 January 2021. Mr Yeo and Mr Shee resigned on 24 March 2021 and their last day of service with the Manager is 26 April 2021.

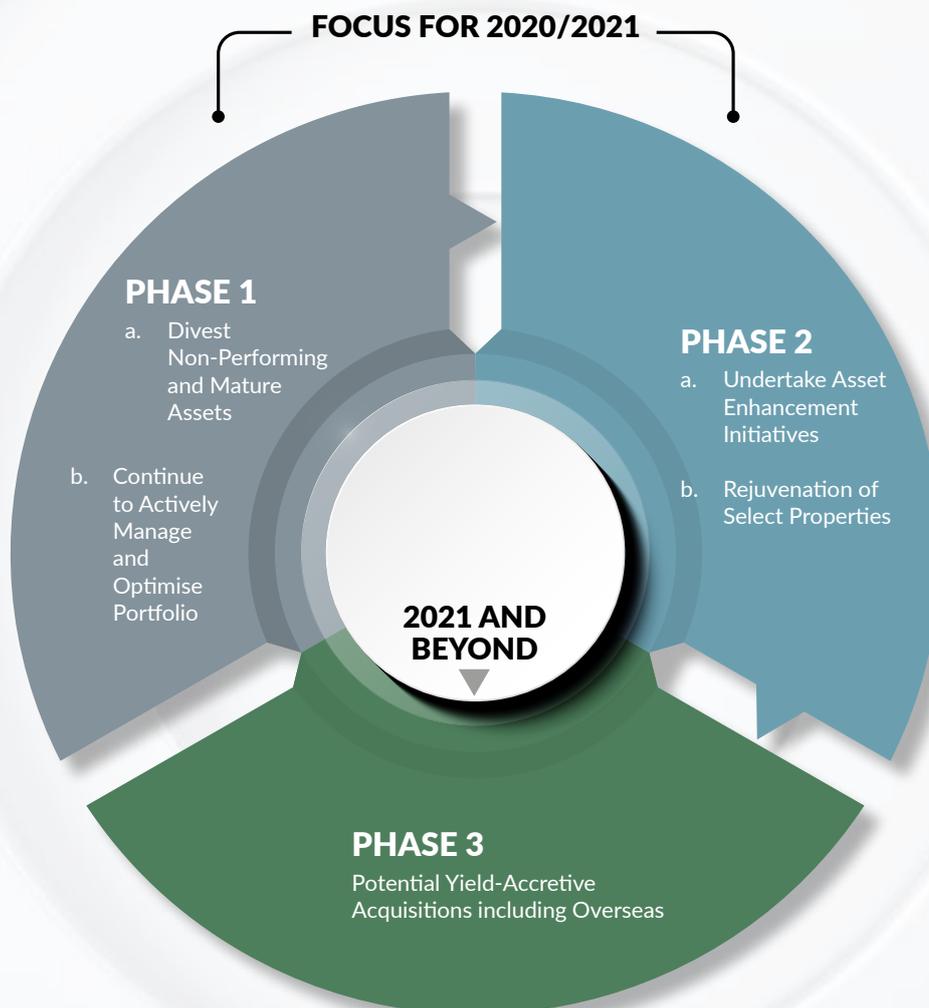
OUR TRUST STRUCTURE



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

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

OUR REFRESHED STRATEGY



ALL UNDERPINNED BY

- Prudent Capital and Risk Management
- Ongoing Cost Rationalisation

BOARD OF DIRECTORS



Mr Wong Heng Tew
Independent Non-Executive Director



Mr Tan Cheong Hin
Chairman and Independent Non-Executive Director



Ms Ng Shin En
Independent Non-Executive Director



Mr Willy Shee Ping Yah @ Shee Ping Yan
Independent Non-Executive Director



Mr Yeo Wee Kiong
Independent Non-Executive Director

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 Chairman of the Board of Directors on 1 November 2019.

He is also member of the Audit and Risk Committee and Nominating and Remuneration Committee. Mr Tan has more than 30 years 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 industries, including at Temasek Holdings, The Islamic Bank of Asia and Raffles Medical Group.

Mr Tan is a qualified Chartered Financial Analyst and holds a Bachelor in Business Administration (First Class Honours) and a Master of Science (Management) from the National University of Singapore. He also attended INSEAD's Advanced Management Programme.

Present Directorships

- Sabana Real Estate Investment Management Pte. Ltd.

MR WONG HENG TEW

*Independent
Non-Executive Director*

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

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

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

Mr Wong holds directorships in local and overseas companies such as Azalea Asset Management, Mercatus Co-operative and ASEAN Bintulu Fertilizer.

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

Present Directorships

- Sabana Real Estate Investment Management Pte. Ltd.
- Mercatus Strategic Investment Management LLP
- Mercatus Co-operative Limited
- ASEAN Potash Chaiyaphum Public Company Limited
- ASEAN Bintulu Fertilizer Sdn. Bhd.

MR YEO WEE KIONG¹

*Independent
Non-Executive Director*

Mr Yeo Wee Kiong was appointed as the Independent Non-Executive Director of the Manager on 1 January 2021. He is also a member of the Audit and Risk Committee as well as Chairman of the Nominating and Remuneration Committee.

Mr Yeo currently also serves on the Boards of a number of listed companies such as Bonvests Holdings, AF Global, SUTL Enterprise, Pacific Century Regional Development, Roxy-Pacific Holdings and Asian Healthcare Specialists. He previously held appointments as an independent director with several companies listed

on the Singapore Exchange and various government-linked agencies such as National Science and Technology Board, Ascendas Pte Ltd, Keppel Corporation, SMRT Limited and PSB Corporation Pte Ltd.

He has more than 22 years of practice experience as a corporate finance lawyer. Prior to that, he was an investment banker with NM Rothschild & Sons (Singapore) Limited in Singapore. His first work experience was with the Singapore Economic Development Board (EDB).

Wee Kiong holds a Bachelor of Engineering (First Class Honours) degree from the University of Singapore, a Bachelor of Laws (Honours) degree from the University of London, and a Master of Business Administration degree from the National University of Singapore. He was awarded the Public Service Medal National Day Award in 2011.

Present Directorships

- Sabana Real Estate Investment Management Pte. Ltd.
- Bonvests Holdings Limited
- AF Global Limited
- SUTL Limited
- Pacific Century Regional Development Limited
- Roxy-Pacific Holdings Limited
- Asian Healthcare Specialists Ltd (nominee of Heliconia Capital Management Pte. Ltd.)
- Heliconia Capital Management Pte. Ltd.
- Ezyhealth Holdings Pte Ltd
- Raffles Venture Partners

MR WILLY SHEE PING YAH @ SHEE PING YAN¹

Independent

Non-Executive Director

Mr Willy Shee Ping Yah @ Shee Ping Yan was appointed as the Independent Non-Executive Director of the Manager on 1 January 2021. He is also a member of the Nominating and Remuneration Committee.

He was the Chairman of CBRE, Asia, from 2005 to 2016 and has been with the CBRE Group for more than 40 years. Upon his retirement on 30 June 2016, Mr Shee was appointed Non-Executive Senior Advisor to CBRE.

Before CBRE, Mr Shee was the Acting Deputy Chief Valuer at the Singapore Inland Revenue Authority. He was the Founder Director for NTUC Choice Homes Co-operative Ltd, a subsidiary of Singapore National Trade Union Congress, which was set up to develop executive condominiums, private apartments and commercial properties for the public, trade union and co-operative members.

Mr Shee is currently a director of Mercatus Co-operative Ltd, Sinarmas Land Ltd, Keppel Land Ltd, and Bund Center Investment Ltd and had previously served as Director of Ascendas Pte Ltd, Ascendas Hospitality Trust Management Pte Ltd, Ascendas Hospitality Fund Management Pte Ltd, Sunway REIT Management Sdn Bhd and SLF Properties Pte Ltd. He is a Committee Member and Honorary Secretary of Singapore Turf Club.

A Colombo Plan Scholar from the University of Auckland, Mr Shee is a Fellow Member of the Singapore Institute of Directors and the Singapore Institute of Surveyors and Valuers.

Present Directorships

- Sabana Real Estate Investment Management Pte. Ltd.
- Bund Center Investment Ltd
- Shanghai Golden Bund Real Estate Co., Ltd
- Mercatus Co-operative Ltd
- Keppel Land Ltd
- Sinarmas Land Ltd
- Member of Panel for Inquiry Committee Law Society (appointed by Chief Justice)
- Honorary Lion, Lions Club of Singapore Jurong President
- Committee Member / Honorary Secretary Singapore Turf Club

MS NG SHIN EN²

Independent Non-Executive Director

Ms Ng was Non-Executive Independent Director and Chairman of the Nominating and Remuneration Committee.

She is the co-founder of Gryphus Capital, a pan-Asian private equity investment firm. She invests actively and leads a network of family offices and other private equity firms to provide strategic capital for companies. For these investments, she engages with portfolio companies, focusing on strategy and business development.

Prior to this, Ms Ng spent a number of years at the Singapore Exchange, where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore.

Ms Ng started as a corporate lawyer in Messrs Lee & Lee. Whilst at Messrs Lee & Lee, she advised clients on joint ventures, mergers and acquisitions and fundraising exercises.

Ms. Ng serves on the boards of Grab Holdings Inc, Starhub Limited, Yanlord Land Limited and other listed companies.

Apart from corporate boards, Ms Ng serves on the Board of Governors of the Singapore International Foundation and is also Singapore's Non-Resident Ambassador to the Republic of Hungary.

Present Directorships of Listed Companies

- CSE Global Limited
- StarHub Ltd
- Avarga Limited
- Yanlord Land Group Limited

¹ Mr Yeo Wee Kiong and Mr Willy Shee Ping Yah @ Shee Ping Yan were appointed Independent Non-Executive Director on 1 January 2021. Mr Yeo and Mr Shee resigned on 24 March 2021 and their last day of service with the Manager is 26 April 2021.

² Ms Ng Shin Ein resigned on 7 December 2020 and her last day of service with the Manager was on 31 December 2020.

MANAGEMENT TEAM

MR HAN YONG LEE (DONALD)

Chief Executive Officer

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

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 (“C&W”) and was appointed Managing Director of the Singapore office in 1997. He was subsequently promoted to C&W’s Asia Pacific Capital Markets Managing Director in 2008.

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

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.

MS PAMELA SIOW MEOW CHENG

*Head of Investment and
Asset Management*

Ms Pamela Siow was appointed as Head of Investment and Asset Management on 1 October 2019. Ms Siow is a recognised industry professional who brings over 20 years of experience in real estate investment management and transaction & advisory, focusing on industrial and logistics portfolio. Her experience spans across REITs, private funds and a consultancy involving sale and leaseback transactions, investment sales, project consultancy and marketing as well as asset sale and leasing.

Prior to joining the Manager, Ms Siow was with Colliers International as Director of Capital Markets & Investment Services focusing on investment sale for industrial and logistics properties. Ms Siow was the Head of Investments at Sime Darby Real Estate Management previously and held similar roles at Frasers Logistics & Industrial Asset Management and Cambridge Industrial Trust Management Ltd prior Sime Darby.

Ms Siow holds a Master of Science in Real Estate Investment & Finance from Heriot Watt University and a Diploma with Merits in Building Management from Ngee Ann Polytechnic.

MR LIM WEI HUANG

Senior Vice President, Finance

Mr Lim Wei Huang was appointed as Senior Vice President, Finance of the Manager in November 2019. He is responsible for all finance functions including accounting, taxation, treasury, capital management and financial reporting of Sabana REIT and its subsidiaries. He also works closely with the Chief Executive Officer and the management team to formulate strategic plans for Sabana REIT in accordance with the Manager’s stated investment strategy.

Mr Lim has more than 10 years of experience in audit, accounting and corporate finance-related work. Prior to joining the Manager, Mr Lim was with ESR Singapore as Regional Controller overseeing the real estate fund manager and asset manager financials across offices in Singapore, Japan, India and Australia. He was also actively involved in merger and acquisition activities and new markets. Mr Lim was an Audit Assistant Manager with PwC Singapore primarily responsible for auditing Singapore and MNC companies across various industries.

Mr Lim holds a Bachelor in Accountancy from University of Malaya. He is a member with the Association of Chartered Certified Accountants and Chartered Accountant with the Institute of Singapore Chartered Accountants.

OUR UNDEVIATING FOCUS

Our undeviating focus on our Refreshed Strategy has enabled us to remain resilient. We will continue to proactively manage our leases and assets while rejuvenating selected assets, underpinned by fiscal prudence. A major highlight will be the launch of our NTP+ mall, which will feature an exciting mix of established and new F&B and retail concepts.





Shari'ah Compliance FREQUENTLY ASKED QUESTIONS

INDEPENDENT SHARI'AH COMMITTEE

Dr Mohamed Ali Elgari Professor

Dr Obiyathulla Ismath Bacha

Dr Ashraf bin Mohammed Hashim



Q: What does being “Shari’ah compliant” mean?

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

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

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

In terms of financing, investment and deposit facilities and insurance and risk management solutions, we will also seek Shari’ah compliant options where commercially available.

Q: Does being Shari’ah compliant limit growth opportunities for Sabana REIT?

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

Q: How is Sabana REIT different from other listed Shari’ah compliant REITs?

A: Sabana REIT is the only Singapore listed REIT which has obtained a certification issued by an Independent Shari’ah Committee consisting of respected Islamic scholars from Malaysia and Saudi Arabia. The certificate represents an endorsement of Sabana REIT’s compliance with Shari’ah guidelines according to standards generally accepted in GCC¹ region, such that the total income should not exceed 5.0% of the REIT’s gross revenue. The standards used in the GCC states are typically stricter compared to the other parts of the world, thus making it accessible to even more Shari’ah investors. Any non-Shari’ah income generated by Sabana REIT is given away to charitable causes on a half-yearly basis.

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

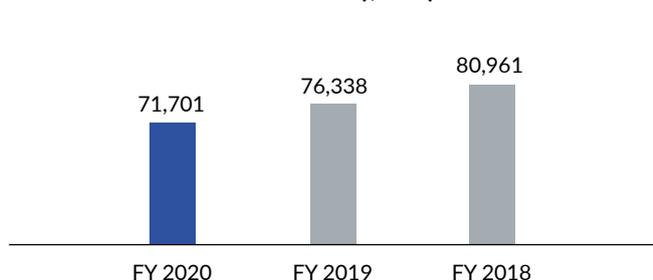
A: Sabana REIT has to and will comply with prevailing legislation, regulation, accounting standards, guidelines and directives affecting REITs in Singapore. Sabana REIT’s adherence to Shari’ah investment principles and procedures are in addition to the laws, rules and regulations of any other relevant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

¹ Cooperation Council for the Arab States of the Gulf.

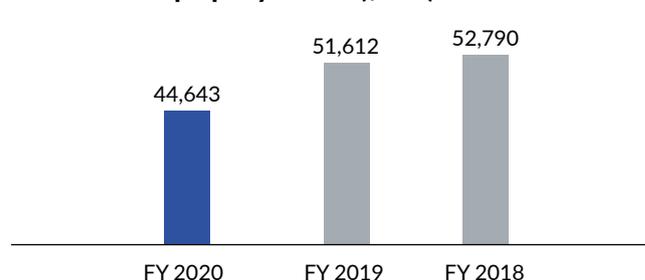
FINANCIAL HIGHLIGHTS

KEY FINANCIAL FIGURES

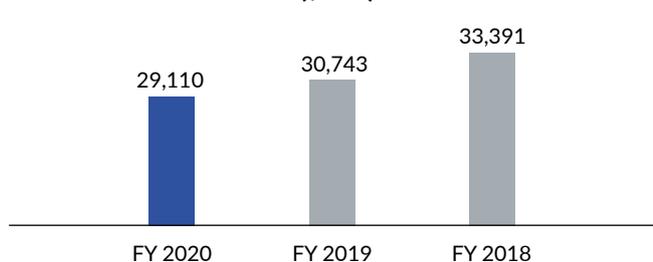
Gross revenue (\$'000)



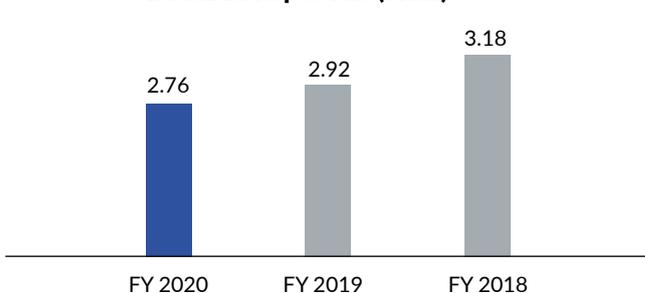
Net property income (\$'000)



Total distribution amount declared to Unitholders (\$'000)



Distribution per Unit (cents)



SELECTED BALANCE SHEET

\$'000	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
Total assets	930,717	971,647	989,409
Borrowings, at amortised costs	284,019	275,184	361,709
Net assets attributable to Unitholders	539,747	595,015	604,478
Units in issue ('000)	1,053,084	1,053,084	1,053,084
Net Asset Value per Unit (\$)	0.51	0.57	0.57
Market Capitalisation ¹	373,845	484,419	410,703

BORROWING PROFILE

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
Aggregate leverage ² (%)	33.5	31.1	36.8
Total borrowings (\$ million)	284.8	276.5	363.0
Proportion of total borrowings on fixed rates (%)	50.0	36.2	71.6
Average all-in financing costs (%)	3.1	3.9	4.2
Weighted average tenor of borrowings (years)	1.2	2.3	1.3
Profit coverage ratio ³ (times)	3.5	3.7	3.1
Unencumbered assets ⁴ (\$ million)	51.7	133.7	240.8
Undrawn committed facilities available (\$ million)	59.2	37.5	5.0

¹ Based on the last done unit price and number of issued units in Sabana ("Units") as at the last trading of day of the respective financial year.

² Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

³ Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 16 April 2020).

⁴ Based on valuations by independent valuers.

UNIT PRICE PERFORMANCE

TRADING DATA BY YEAR

Unit Price (\$)	2020	2019	2018
Opening	0.460	0.390	0.395
Last done at year-end	0.355	0.460	0.390
Highest	0.470	0.485	0.445
Lowest	0.225	0.390	0.380
Unit price performance ¹ (%)	(22.8)	17.9	(1.3)
Trading volume (million Units)	390.0	205.4	253.8

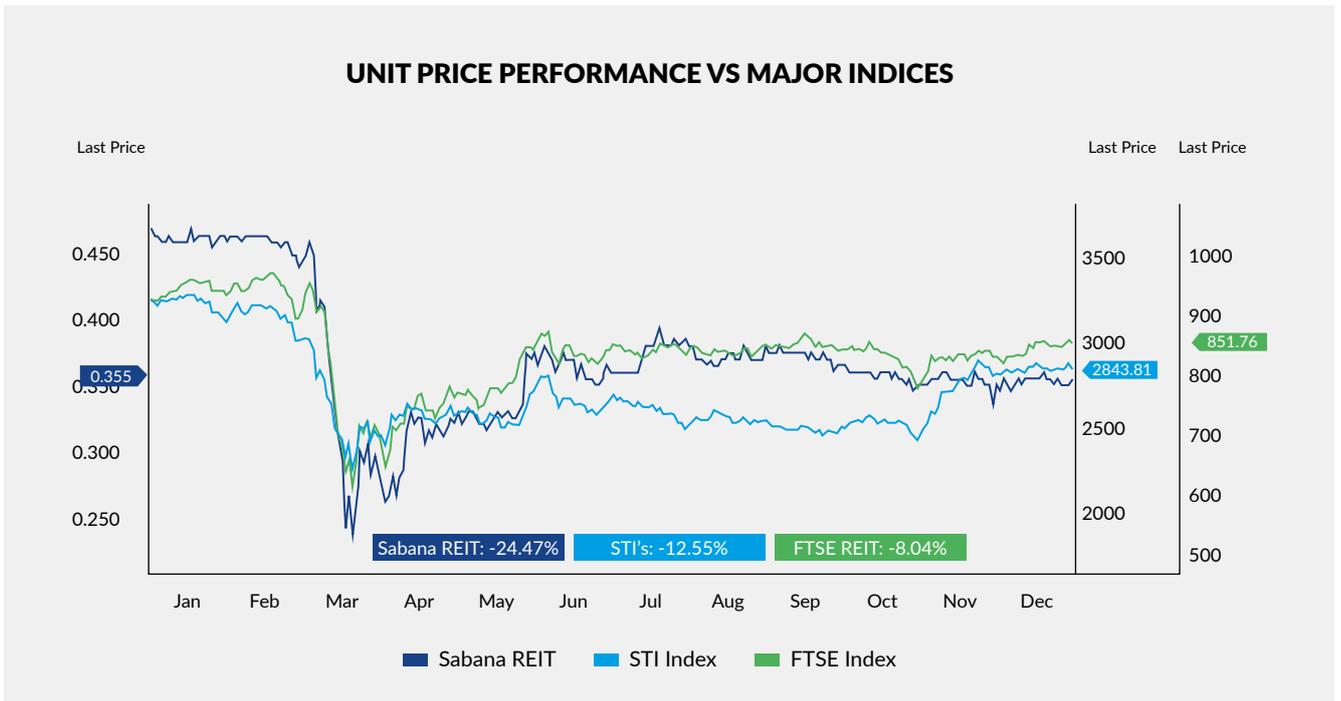
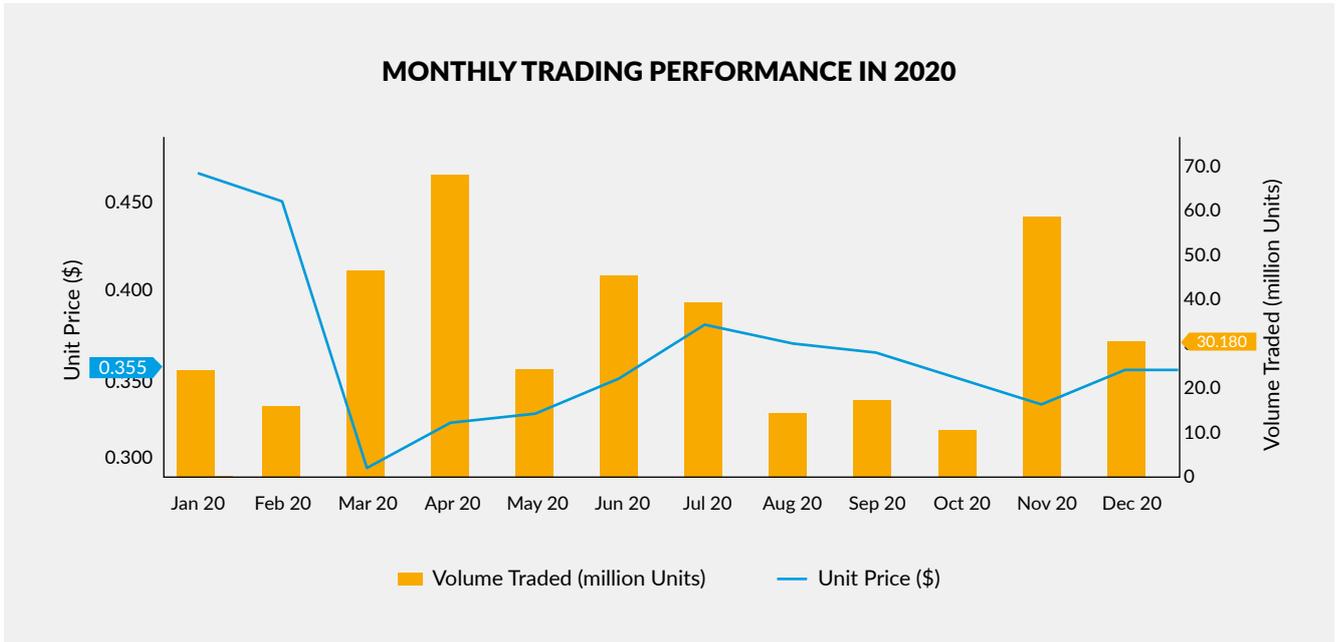
RETURN ON INVESTMENT

%	2020	2019	2018
Total Return ²	(16.8)	25.4	6.8
Capital Appreciation ¹	(22.8)	17.9	(1.3)
Distribution Yield ³	6.0	7.5	8.1

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

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

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



Source: Bloomberg, 2 March 2021

INVESTOR RELATIONS



SUSTAINED COMMUNICATIONS AMID COVID-19

The world grappled with disruptions brought about by the COVID-19 pandemic in 2020. As a result, the REIT Manager has had to adjust its stakeholder engagement efforts and adapt to new and innovative methods of communications by leveraging digital technologies.

Amid the challenges, the Investor Relations (“IR”) team continued to consistently engage with the investment community – including retail investors, institutional investors and sell-side analysts – and media to provide timely and regular updates on the impact of the pandemic on its operations and its outlook on the market.

As a REIT committed to transparency, all pertinent information including announcements on corporate developments, financial results, Board changes, FAQs, responses to media and news releases are promptly uploaded on the REIT’s website under the ‘Investor Relations’ section. The website is regularly updated and refreshed to keep stakeholders updated with current developments and provide the best user experience.

INVESTOR RELATIONS

The REIT Manager is committed to delivering timely, clear and credible information to Sabana REIT’s stakeholders, investment community and the media across various channels including conferences, meetings as well as print and online platforms.

Sabana REIT’s financial results are released within one month from the end of each half-year period through SGX-ST via the SGXNet and the corporate website at www.sabana-reit.com. Other pertinent information such as annual reports, unit price performance, financial information, and announcements are also made available on the website. Interested parties can receive the latest updates by signing on for email alerts via the REIT’s website.

INSTITUTIONAL INVESTORS ENGAGEMENT

In FY 2020, the Manager conducted investor meetings, virtual results briefings, teleconferences, one-on-one meetings in accordance with safe distancing guidelines, and non-deal roadshows to share more about the prospects and outlook for Sabana REIT, and to raise its profile among local and global investors.

RETAIL INVESTORS ENGAGEMENT

On 11 June 2020, Sabana REIT conducted its Annual General Meeting (“AGM”) virtually, in line with new regulations in response to COVID-19. During the virtual event, Unitholders were updated about the key highlights including its FY 2019 and 1Q 2020 performance, COVID-19 updates, how the REIT is navigating the challenges and its outlook of the market.

INVESTOR & MEDIA RELATIONS ACTIVITIES IN FY 2020



1st QUARTER

- Analysts and media results briefing for 4Q 2019 and FY 2019 financial results

2nd QUARTER

- Announced 1Q 2020 interim business update
- Held first virtual 9th AGM
- CEO interview with The Peak Magazine on insights regarding the investment potential of industrial real estate

For the purpose of Unitholder engagement in relation to the proposed merger of ESR-REIT and Sabana REIT, the Manager conducted a virtual dialogue session moderated by Securities Investors Association (Singapore) (“SIAS”) on 25 November 2020 for an open discussion to questions submitted by Unitholders. The resolution in relation to the proposed merger was not passed at the Extraordinary General Meeting (“EGM”) held on 4 December 2020.

Through the various channels of engagement, investors were kept abreast of the REIT’s strategic priorities and financial performance, and the Manager also responded in a timely manner to queries and possible concerns. Sabana REIT has taken into consideration the feedback on its performance from various stakeholders, and will continue to work to maintain strong and trusting relationships with its Unitholders, while expanding its base of potential investors through continued external engagement.

FINANCIAL CALENDAR

In accordance with the amendment to Rule 705(2) of the Listing Manual of SGX-ST and the new Practice Note 7.7 to the Listing Manual, which both came into effect on 7 February 2020, Sabana REIT has adopted the announcement of half-yearly financial results with effect from the financial year ending 31 December 2020 (“FY 2020”). To synchronise with the adoption of half-yearly financial results reporting, Sabana REIT will pay its distributions on a half-yearly basis.

FY 2020 INVESTOR RELATIONS CALENDAR

1 st quarter interim business update	22 April 2020
9 th Annual General Meeting (FY 2019)	11 June 2020
1H 2020 results announcement	16 July 2020
Distribution Payment Date (1 January 2020 to 30 June 2020)	28 August 2020
3 rd quarter interim business update	30 October 2020
2H 2020 and FY 2020 results announcement	22 January 2021
Distribution Payment Date (1 July 2020 to 31 December 2020)	26 February 2021

3rd QUARTER

- Analysts and media results briefing for 1H 2020 financial results
- Published Sabana REIT’s 2019 Annual and Sustainability Report



UNITHOLDER ENQUIRIES

It is the Manager’s utmost priority to maintain consistent engagement and build trust with our stakeholders. The IR team is readily contactable via phone and email, and any queries or concerns pertaining to Sabana REIT will be addressed as promptly as applicable.

If you would like to find out more about Sabana REIT, please contact:

Sabana Real Estate Investment Management Pte. Ltd.
151 Lorong Chuan
#02-03 New Tech Park
Singapore 556741

Investor Relations

Phone: (65) 6580 7750

Fax: (65) 6280 4700

Email: enquiry@sabana.com.sg

Website: www.sabana-reit.com

Analyst Coverage

DBS Group Research



4th QUARTER

- Announced 3Q 2020 interim business update
- SIAS – Sabana REIT virtual dialogue session in relation to the proposed merger
- Held EGM to approve the proposed merger
- Announced the outcome of results of EGM in relation to the proposed merger with ESR-REIT
- MoneyFM 89.3 radio interview for proposed merger between Sabana REIT and ESR-REIT
- CEO interview with REIT AsiaPac on challenges from COVID-19 and outlook for the sector

JANUARY

- **23rd**: Announced 4Q 2019 and FY 2019 financial results, with DPU of 0.77 cents
- Completed 10 Changi South Street 2's lobby

MARCH

- **27th**: Announced the adoption of half-yearly financial results reporting, in accordance with the amendments to Rule 705(2) of the Listing Manual of SGX-ST

SIGNIFICANT

JUNE

- **11th**: Held first virtual 9th AGM; all resolutions approved by Unitholders
- **24th**: Resumption of construction works for NTP+

JULY

- **16th**: Announced 1H 2020 financial results, with DPU of 0.47 cents
- **16th**: Announced the proposed merger of ESR-REIT and Sabana REIT by way of a trust scheme of arrangement

OCTOBER

- **30th**: Announced 3Q 2020 interim business update

APRIL

- **7th**: Suspension of NTP+ construction due to "Circuit Breaker"
- **7th**: Published 2019 Annual Report and Sustainability Report
- **22nd**: Announced 1Q 2020 interim business update
- **22nd**: Renamed the Audit Committee to Audit and Risk Committee ("ARC")
- **24th**: Entered into a new secured three-year term of \$30.0 million facility agreement with The Hongkong and Shanghai Banking Corporation Limited

MAY

- **4th**: Appointment of Mr Wong Heng Tew as Nominating and Remuneration Committee Member and redesignation as Chairman of ARC
- **4th**: Appointment of Ms Ng Shin Ein as ARC member
- **4th**: Resignation of Mr Kelvin Tan Wee Peng, Independent Non-Executive Director

EVENTS 2020

NOVEMBER

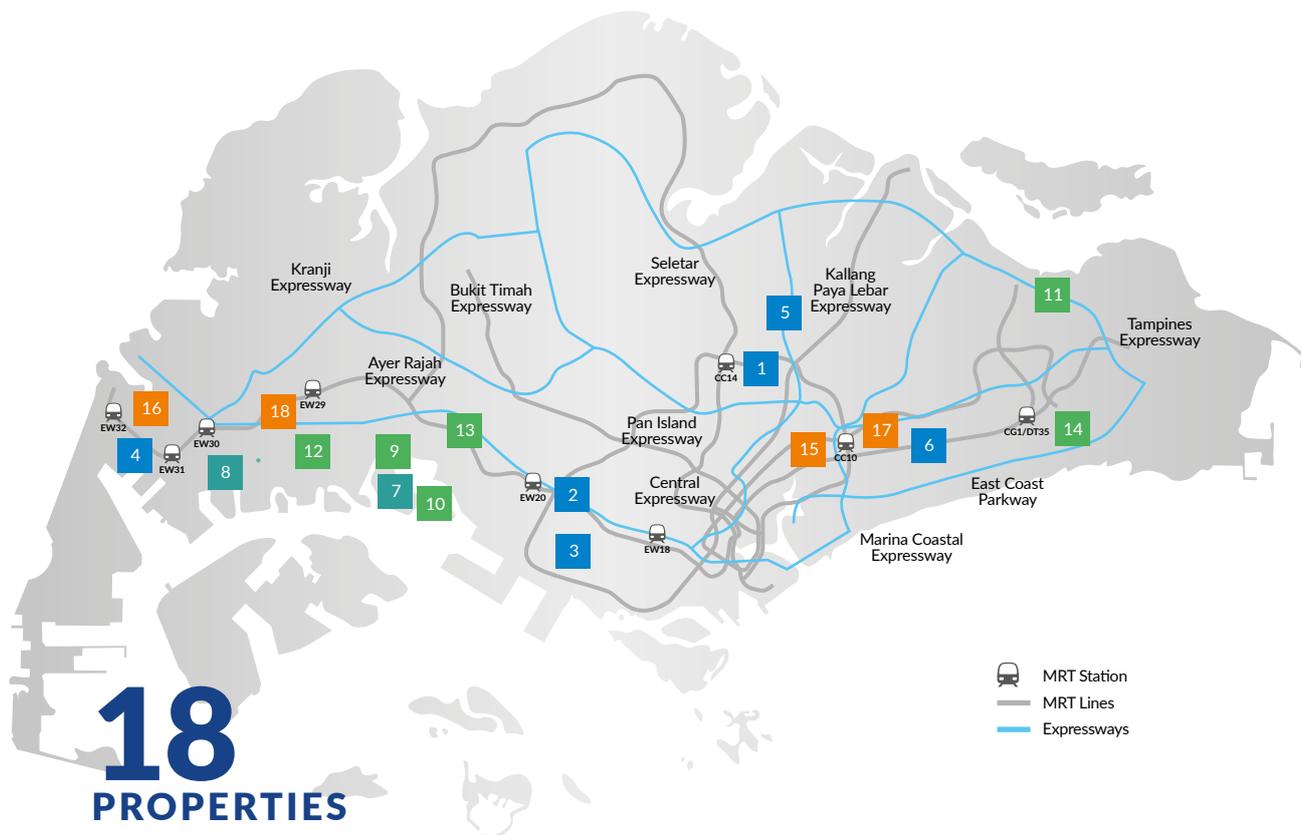
- **25th**: SIAS – Sabana REIT virtual dialogue session in relation to the proposed merger
- **26th**: Renewed 100.0% of 33 & 35 Penjuru Lane
- **26th**: Signed 73.1% new lease for 51 Penjuru Road

DECEMBER

- **4th**: Held an EGM to approve the proposed merger
- **4th**: Announced the outcome of results of EGM in relation to the proposed merger with ESR-REIT
- **7th**: Resignation of Ms Ng Shin Ein, Independent and Non-Executive Director

PROPERTY PORTFOLIO

As at 31 December 2020



4 INDUSTRIAL SEGMENTS

Our properties are diversified into four industrial segments across Singapore, in close proximity to expressways and public transportation.

76.5%

PORTFOLIO OCCUPANCY



HIGH-TECH INDUSTRIAL

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



CHEMICAL WAREHOUSE & LOGISTICS

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



WAREHOUSE & LOGISTICS

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



GENERAL INDUSTRIAL

- 15 123 Genting Lane
- 16 30 & 32 Tuas Avenue 8
 Tuas Crescent (EW31)
 Tuas West Road (EW32)
- 17 39 Ubi Road 1
 MacPherson (CC10)
- 18 21 Joo Koon Crescent
 Joo Koon (EW29)



HIGH-TECH INDUSTRIAL



1

151 LORONG CHUAN, NEW TECH PARK, SINGAPORE 556741

A six-storey industrial building with two-levels of carpark

Purchase Consideration (\$ million)	305.9
Occupancy ¹ Rate (%)	77
Land Lease Expiry	2055 45 yrs wef 26 Nov 2010
GFA (sq ft)	832,373

LATEST VALUATION
\$333.4 m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$17.4 m
(For FY 2020)



2

8 COMMONWEALTH LANE, SINGAPORE 149555

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

Purchase Consideration (\$ million)	70.3
Occupancy Rate (%)	84
Land Lease Expiry	2059 30 + 23 yrs wef 1 Feb 2006
GFA (sq ft)	161,815

LATEST VALUATION
\$53.5 m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$3.9 m
(For FY 2020)



3

15 JALAN KILANG BARAT, FRONTech CENTRE, SINGAPORE 159357

An eight-storey industrial building with a multi-storey carpark at levels two and three

Purchase Consideration (\$ million)	34.5
Occupancy Rate (%)	98
Land Lease Expiry	2060 99 yrs wef 1 Jan 1962
GFA (sq ft)	73,928

LATEST VALUATION
\$21.3 m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$1.7m
(For FY 2020)

¹ Occupancy rates stated from pages 25-31 are as at 31 December 2020

PROPERTY PORTFOLIO

As at 31 December 2020



HIGH-TECH INDUSTRIAL



4

1 TUAS AVENUE 4, SINGAPORE 639382

A three-storey general industrial building

Purchase Consideration (\$ million)	28.0
Occupancy Rate (%)	0
Land Lease Expiry	2047 30 + 21 yrs 4 mths wef 1 Jan 1996
GFA (sq ft)	160,361

LATEST VALUATION

\$9.0m

(As at 31 December 2020)

GROSS RENTAL INCOME

\$0.0m

(For FY 2020)



5

23 SERANGOON NORTH AVENUE 5, BTC CENTRE, SINGAPORE 554530

A five-storey industrial building with a mezzanine level

Purchase Consideration (\$ million)	61.0
Occupancy Rate (%)	69
Land Lease Expiry	2056 30 + 20 yrs 15 days wef 16 Sep 2006
GFA (sq ft)	159,384

LATEST VALUATION

\$36.4m

(As at 31 December 2020)

GROSS RENTAL INCOME

\$1.7m

(For FY 2020)



6

508 CHAI CHEE LANE, SINGAPORE 469032

A seven-storey industrial building with two basements

Purchase Consideration (\$ million)	67.2
Occupancy Rate (%)	99
Land Lease Expiry	2060 30 + 29 yrs wef 16 Apr 2001
GFA (sq ft)	319,718

LATEST VALUATION

\$63.8m

(As at 31 December 2020)

GROSS RENTAL INCOME

\$6.9m

(For FY 2020)



CHEMICAL WAREHOUSE & LOGISTICS



7

33 & 35 PENJURU LANE, FREIGHT LINKS EXPRESS LOGISTICPARK, SINGAPORE 609200/609202

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

Purchase Consideration (\$ million)	78.9
Occupancy Rate (%)	100
Land Lease Expiry	2049 30 + 31 yrs wef 16 Feb 1988
GFA (sq ft)	286,192

LATEST VALUATION
\$42.7m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$3.8m
(For FY 2020)



8

18 GUL DRIVE, SINGAPORE 629468

A part two-/part four-storey warehouse

Purchase Consideration (\$ million)	34.1
Occupancy Rate (%)	100
Land Lease Expiry	2038 13 yrs 10 mths 12 days + 20 yrs wef 1 Nov 2004
GFA (sq ft)	132,878

LATEST VALUATION
\$19.2m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$2.3m
(For FY 2020)

PROPERTY PORTFOLIO

As at 31 December 2020



WAREHOUSE & LOGISTICS



34 PENJURU LANE, PENJURU LOGISTICS HUB SINGAPORE 609201

A five-storey warehouse with ancillary offices

Purchase Consideration (\$ million)	60.0
Occupancy Rate (%)	86
Land Lease Expiry	2032 30 yrs wef 16 Aug 2002
GFA (sq ft)	414,270

LATEST VALUATION
\$33.0m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$4.2m
(For FY 2020)



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

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

Purchase Consideration (\$ million)	42.5
Occupancy Rate (%)	73
Land Lease Expiry	2054 30 + 30 yrs wef 1 Jan 1995
GFA (sq ft)	246,376

LATEST VALUATION
\$32.8m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$2.7m
(For FY 2020)



26 LOYANG DRIVE, SINGAPORE 508970

A single-storey warehouse building with mezzanine floors

Purchase Consideration (\$ million)	32.0
Occupancy Rate (%)	100
Land Lease Expiry	2053 30 + 18 yrs 1 Jan 2006
GFA (sq ft)	149,166

LATEST VALUATION
\$24.7m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$2.4m
(For FY 2020)



WAREHOUSE & LOGISTICS



12

3A JOO KOON CIRCLE, SINGAPORE 629033

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

Purchase Consideration (\$ million)	40.3
Occupancy Rate (%)	56
Land Lease Expiry	2047 30 + 30 yrs wef 1 Aug 1987
GFA (sq ft)	217,899

LATEST VALUATION
\$33.8m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$1.4m
(For FY 2020)



13

2 TOH TUCK LINK, SINGAPORE 596225

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

Purchase Consideration (\$ million)	40.1
Occupancy Rate (%)	98
Land Lease Expiry	2056 30 + 30 yrs wef 16 Dec 1996
GFA (sq ft)	181,705

LATEST VALUATION
\$29.8m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$2.4m
(For FY 2020)



14

10 CHANGI SOUTH STREET 2, SINGAPORE 486596

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

Purchase Consideration (\$ million)	54.2
Occupancy Rate (%)	64
Land Lease Expiry	2051 30 + 27 yrs wef 1 Oct 1994
GFA (sq ft)	238,862

LATEST VALUATION
\$33.7m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$1.5m
(For FY 2020)

PROPERTY PORTFOLIO

As at 31 December 2020



GENERAL INDUSTRIAL



15

123 GENTING LANE, YENOM INDUSTRIAL BUILDING, SINGAPORE 349574

An eight-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	24.5
Occupancy Rate (%)	83
Land Lease Expiry	2041 60 yrs wef 1 Sept 1981
GFA (sq ft)	158,907

LATEST VALUATION
\$16.4m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$1.7m
(For FY 2020)



16

30 & 32 TUAS AVENUE 8, SINGAPORE 639246/639247

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

Purchase Consideration (\$ million)	24.0
Occupancy Rate (%)	0
Land Lease Expiry	2056 30 + 30 yrs wef 1 Sept 1996
GFA (sq ft)	158,846

LATEST VALUATION
\$24.2m
(As at 31 December 2020)

GROSS RENTAL INCOME
\$2.1m
(For FY 2020)



GENERAL INDUSTRIAL



17

39 UBI ROAD 1, SINGAPORE 408695

An eight-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	32.0
Occupancy Rate (%)	67
Land Lease Expiry	2051 30 + 30 yrs wef 1 Jan 1992
GFA (sq ft)	135,513

LATEST VALUATION

\$17.4m

(As at 31 December 2020)

GROSS RENTAL INCOME

\$1.4m

(For FY 2020)



18

21 JOO KOON CRESCENT, SINGAPORE 629026

A three-storey industrial building with ancillary offices

Purchase Consideration (\$ million)	20.3
Occupancy Rate (%)	100
Land Lease Expiry	2054 30 + 30 yrs wef 16 Feb 1994
GFA (sq ft)	99,575

LATEST VALUATION

\$15.0m

(As at 31 December 2020)

GROSS RENTAL INCOME

\$0.6m

(For FY 2020)



OUR **UNWAVERING RESOLVE**

The road ahead remains uncertain due to the ongoing impact from COVID-19. Nevertheless, Sabana REIT will continue to drive efforts aimed at improving occupancy rates, strengthening our portfolio, supporting our tenants, and capturing opportunities to overcome challenges moving forward.



MANAGER'S REVIEW FOR FY 2020

FINANCIAL PERFORMANCE

S'000	FY 2020	FY 2019	Variance %
Gross Revenue	71,701	76,338	(6.1)
Net Property Income ("NPI")	44,643	51,612	(13.5)
Income available for distribution to Unitholders	29,110	29,500	(1.3)
Capital gains	-	1,243	n.m.
Total distribution amount declared to Unitholders	29,110	30,743	(5.3)
Distribution per Unit ("DPU") (cents)	2.76	2.92	(5.5)

n.m. denotes "not meaningful"

GROSS REVENUE AND NPI

Gross revenue decreased 6.1% year-on-year ("y-o-y") to \$71.7 million as compared to FY 2019, mainly due to lower revenue from 10 Changi South Street 2 ("10CSS2") due to the termination of a master-lease and 3A Joo Koon Circle ("3AJKC") master-lease expiry in 2H 2019. Correspondingly, NPI decreased by 13.5% to \$44.6 million, with higher allowances for impairment loss on trade receivables made for certain tenants across the portfolio in FY 2020 due to COVID-19.

The decrease was in tandem with weaker NPI performance of the portfolio and absence of a one-time capital gains distribution of approximately \$1.24 million in 1H 2019.

This was partially offset by the lower finance costs primarily due to lower floating rates in FY 2020 compared to FY 2019, and a one-time distributable rollover adjustment from tax rulings by the Inland Revenue Authority of Singapore (IRAS) on the non-tax deductibility of certain expenses on vacant properties for prior years in FY 2020.

TOTAL DISTRIBUTION AMOUNT DECLARED TO UNITHOLDERS

Total distribution amount declared to Unitholders decreased by 5.3% to \$29.1 million in FY 2020.

The Manager continues its commitment to fully distribute the total amount available for distribution to Unitholders.

Accordingly, DPU decreased slightly by 5.5% from 2.92 cents in FY 2019 to 2.76 cents in FY 2020, despite the challenges from the pandemic.

Breakdown of Unitholders' DPU for FY 2020 as compared to FY 2019 is as follows:

	1H (cents)	2H (cents)	Total (cents)
2020	0.47	2.29 ²	2.76
2019	1.37 ¹	1.55	2.92

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000	Variance %
Total assets	930,717	971,647	(4.2)
Total liabilities	(390,970)	(376,632)	3.8
Total borrowings, at amortised cost	(284,019)	(275,184)	3.2
Net assets attributable to Unitholders	539,747	595,015	(9.3)
Net Asset Value ("NAV") per Unit (\$)	0.51	0.57	(10.5)

¹ Distribution includes approximately 0.12 cents or \$1.24 million of capital gains arising from the divestment of properties.

² Distribution includes approximately 0.58 cents or \$6.1 million withheld from 1H 2020 distribution.

As at 31 December 2020, Sabana REIT's total assets were \$930.7 million or 4.2% lower compared to \$971.6 million as at 31 December 2019. This was primarily attributed to the net revaluation loss of the properties. The impact was partially offset by capital expenditure on the properties, which includes the ongoing asset enhancement initiative ("AEI") at New Tech Park ("NTP").

Total liabilities increased by \$14.3 million or 3.8% compared to \$376.6 million as at 31 December 2019. This was primarily attributed to the higher total borrowings due to the drawdown of loan facilities in relation to the AEI at NTP during the year.

NAV per Unit was at \$0.51 as at 31 December 2020.

PRUDENT CAPITAL AND RISK MANAGEMENT

The Manager remains well positioned to service its loans, with a profit coverage ratio of 3.5 times and an aggregate leverage of 33.5% as of 31 December 2020. Weighted all-in cost of borrowing was 3.1%. The increase in aggregate leverage is not expected to have a significant impact on the risk profile of Sabana REIT.

As at 31 December 2020, weighted average tenor of all available facilities amounting to \$284.8 million was approximately 1.2 years. Approximately 50.0% of all outstanding borrowings were on fixed borrowing rates and about \$51.7 million of Sabana REIT's investment properties remained unencumbered. The total undrawn facilities stood at approximately \$59.2 million with a total cash and cash equivalent balance of \$9.5 million as at 31 December 2020.

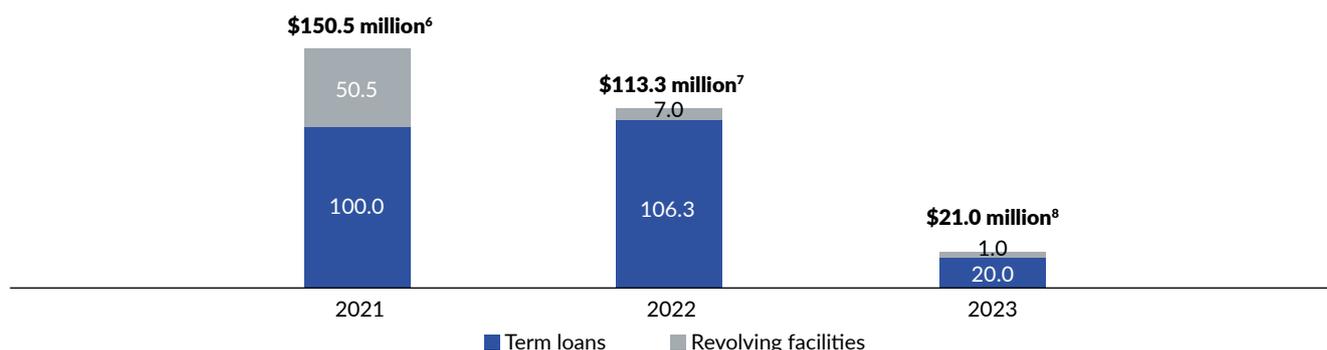
KEY DEBT FUNDING INDICATORS

	As at 31 December 2020	As at 31 December 2019
Aggregate leverage ³ (%)	33.5	31.1
Total borrowings (\$ million)	284.8	276.5
Proportion of total borrowings on fixed rates (%)	50.0	36.2
Average all-in financing cost (%)	3.1	3.9
Weighted average tenor of borrowings (years)	1.2	2.1
Profit coverage ratio ⁴ (times)	3.5	3.7
Unencumbered assets ⁵ (\$ million)	51.7	133.7
Undrawn committed facilities available (\$ million)	59.2	37.5

DEBT MATURITY PROFILE

(As at 31 December 2020)

Maturities of total outstanding borrowings of \$284.8 million



KEY CAPITAL MANAGEMENT ACTIVITIES

In April 2020, the REIT obtained a new secured three-year term \$30.0 million facility (the "Facility") to be used for general working capital, capital expenditures and other AELs.

The Facility consisted of a three-year Revolving Loan Facility and a three-year Bank Guarantee Facility of \$28.0 million and \$2.0 million, respectively, maturing in April 2023.

³ Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

⁴ Based on the interest coverage ratio definition in Appendix 6 of the Code of Collective Investment Schemes (last revised on 16 April 2020).

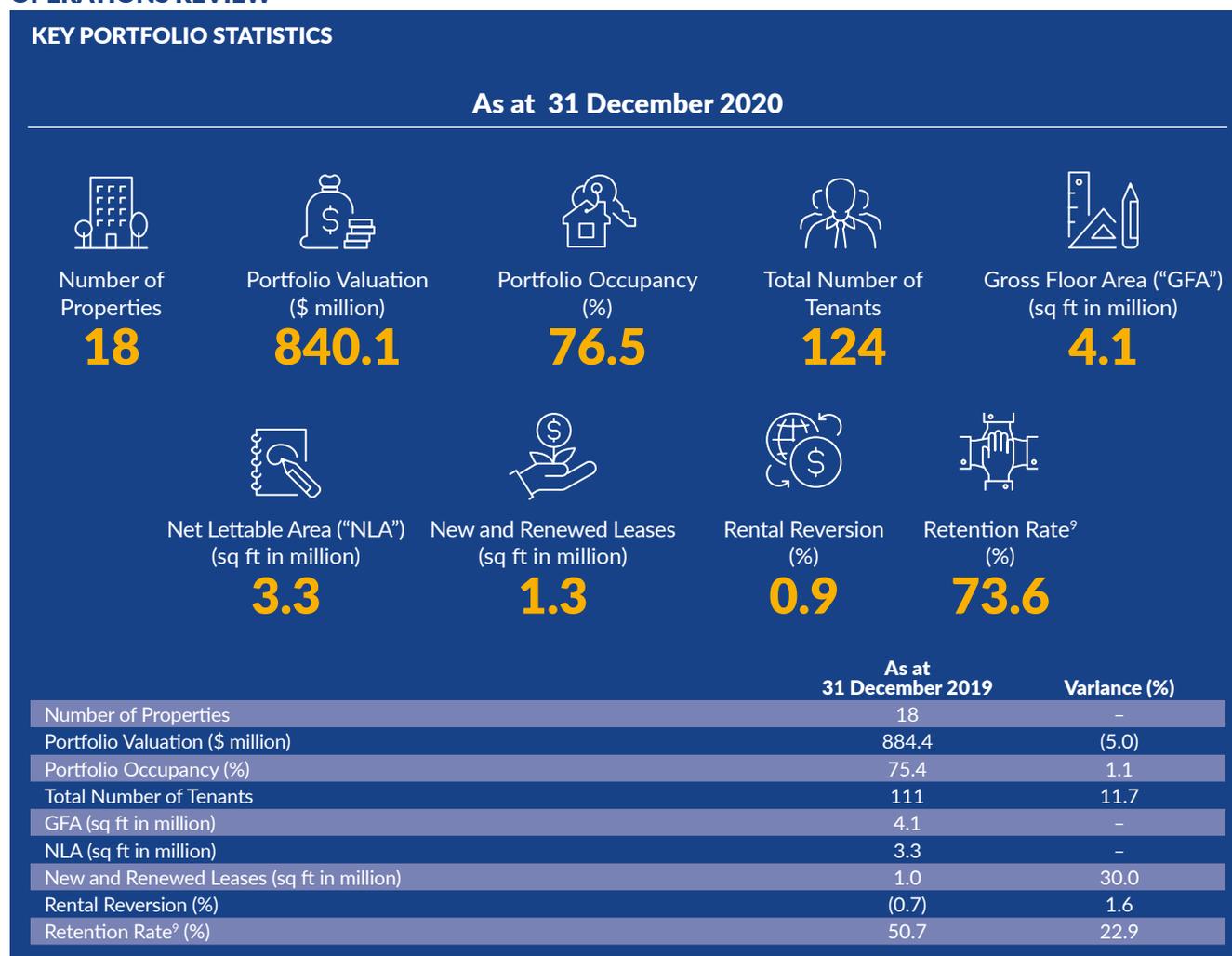
⁵ Based on valuations by independent valuers.

⁶ Excludes \$2.5 million of undrawn revolving credit facility maturing in March 2021.

⁷ Excludes \$7.7 million of undrawn term loans facility maturing in November 2022.

⁸ Excludes \$20.0 million and \$29.0 million undrawn facilities maturing in November 2023 and April 2023 respectively.

OPERATIONS REVIEW



Sabana REIT owns and manages a portfolio of 18 industrial properties in Singapore with NLA of approximately 3.3 million sq ft. As at 31 December 2020, the portfolio's valuation was \$840.1 million (see page 41 for annual valuation).

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

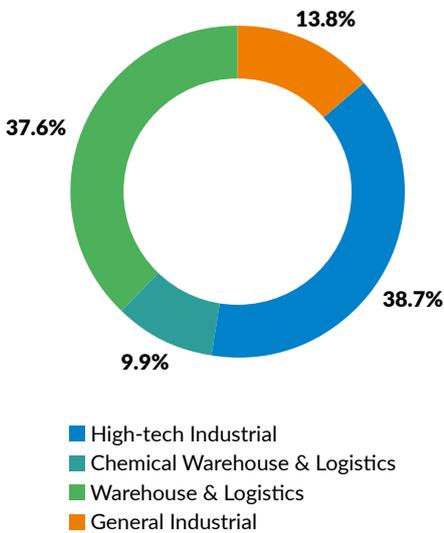
The High-tech Industrial segment remains the largest asset type in the portfolio, accounting for 38.7% of the portfolio by NLA, 61.6% by valuation and 58.5% of the REIT's gross revenue. Warehouse & Logistics is the next largest, representing 37.6% of the portfolio by NLA, 22.4% by valuation and 23.2% by gross revenue.

Over the course of the year, the Manager has continued to recalibrate its portfolio and tenant mix to provide more resilience, including selectively onboarding multinational corporations that are in expansionary mode in sectors such as the electronics and biomedical industries.

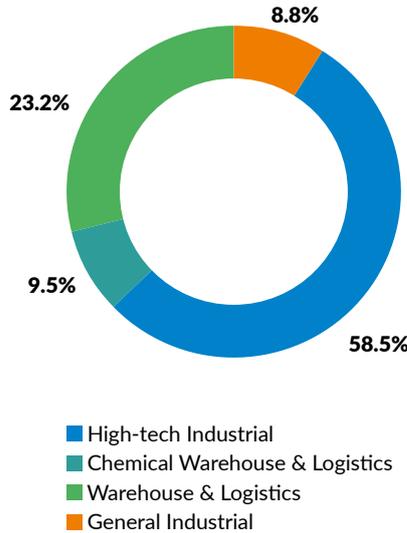
⁹ Includes leases relocated within the portfolio.

BREAKDOWN OF ASSET TYPES

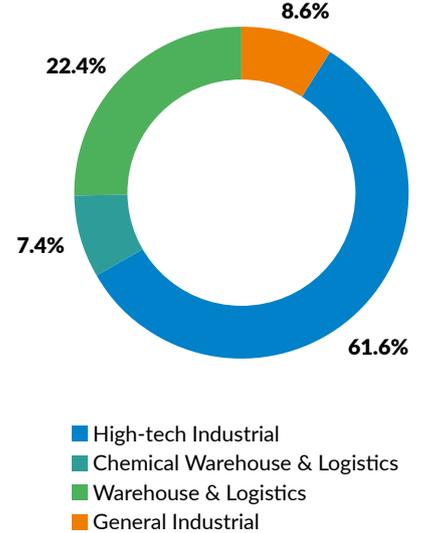
Asset Type by NLA
(As at 31 December 2020)



Asset Type By Gross Revenue
(In FY 2020)



Asset Type By Valuation
(As at 31 December 2020)



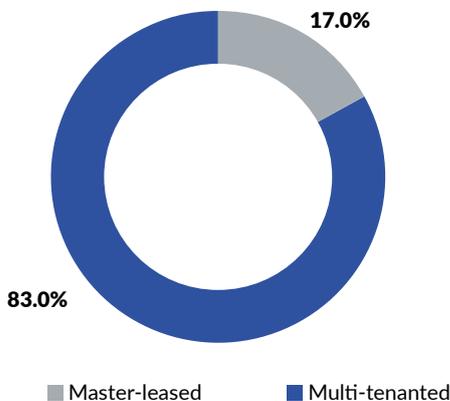
LEASE STRUCTURE AND PROFILE

Sabana REIT's portfolio comprises a mix of master-leased and multi-tenanted properties, accounting for 17.0% and 83.0% of gross revenue respectively.

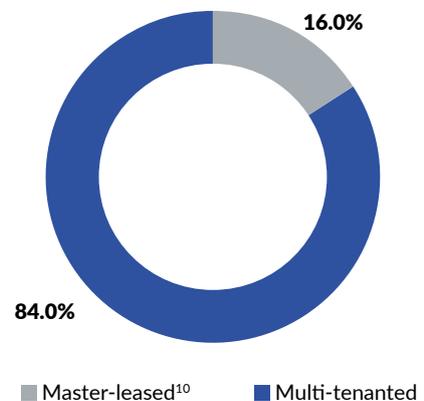
Multi-tenanted properties bring tenant diversification to the REIT while master-leased properties provide longer-term yield stability with their longer leases and in-built rental escalation.

BREAKDOWN OF MASTER-LEASED AND MULTI-TENANTED PROPERTIES

Lease Type by Gross Revenue
(In FY 2020)



Lease Type by Valuation
(As at 31 December 2020)



¹⁰ Includes 1 Tuas Avenue 4 and 30 & 32 Tuas Avenue 8.

PORTFOLIO LEASE EXPIRY PROFILE

The Manager is committed to actively managing and optimising our portfolio to secure long-term growth. As part of this, the Manager has been proactively engaging with existing tenants and negotiating well-ahead of lease expiries. It is also marketing to potential tenants to mitigate vacancy risk given the prolonged impact of COVID-19 on some of its tenants.

One of its strategies is forging strong relationships with industrial property agents as business partners to market the REIT's properties.

In FY 2020, the Manager secured 68 new and renewed leases totalling more than 1.3 million sq ft, equivalent to more than one-third of the portfolio's NLA at 40.1%. These leases have a weighted average lease expiry ("WALE") of 2.9 years and contributed to 12.4% of the year's gross rental income.

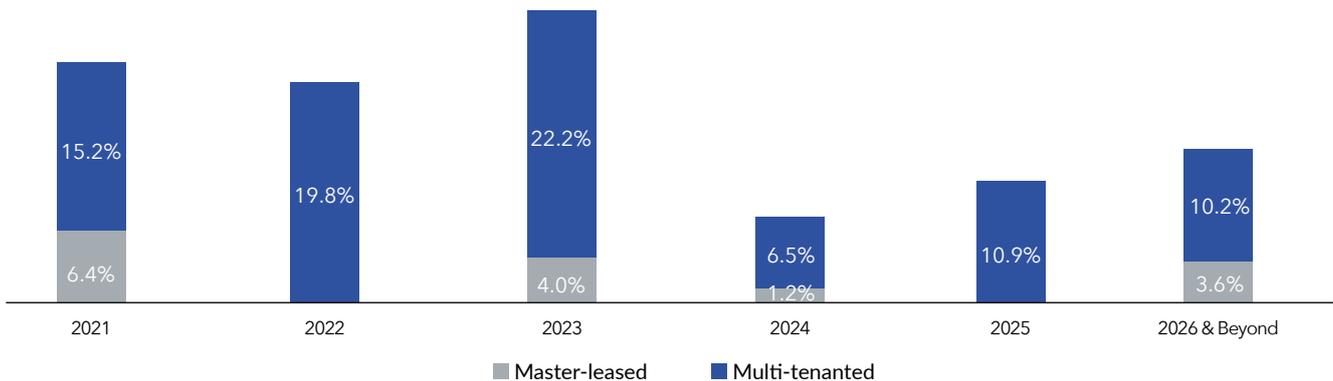
Tenant retention rate for all properties was a strong 73.6% in FY 2020, up from 50.7% in FY 2019, and rental reversion for the year was a positive 0.9% as the Manager continued to proactively engage with prospective tenant partners amid the challenging backdrop.

Of the master-leases due for expiry in FY 2020, Sabana REIT renewed 100.0% of 33 & 35 Penjuru Lane, and secured a new 73.1% tenancy for 51 Penjuru Road. The Manager is also in negotiations with potential tenant(s) for 30 & 32 Tuas Avenue 8, which has seen its master-lease expire. All existing master-leases have a WALE of 3.6 years as at 31 December 2020.

The portfolio has a WALE by gross rental income of about 3.1 years as at 31 December 2020 and the portfolio sits on long underlying land leases, with an unexpired lease term of 30.4 years by GFA.

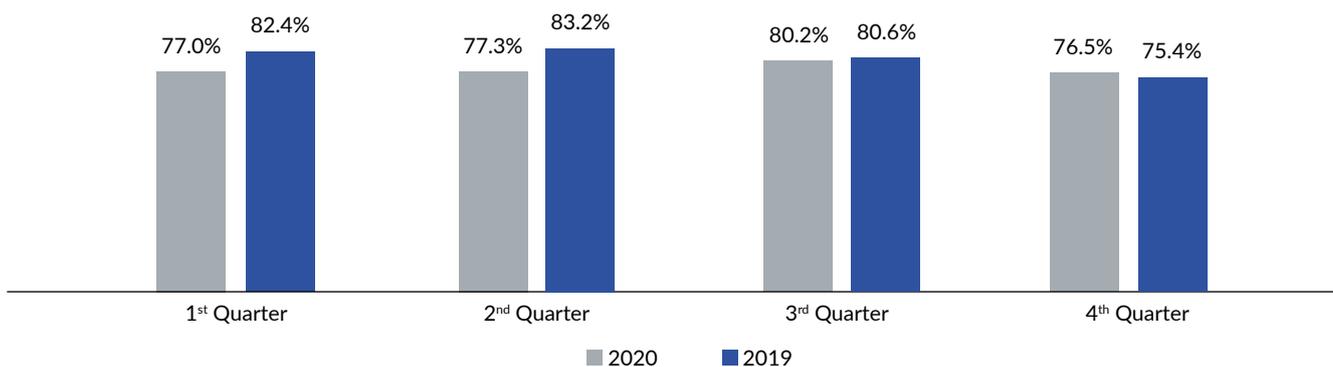
LEASE EXPIRY BY GROSS RENTAL INCOME

(As at 31 December 2020)



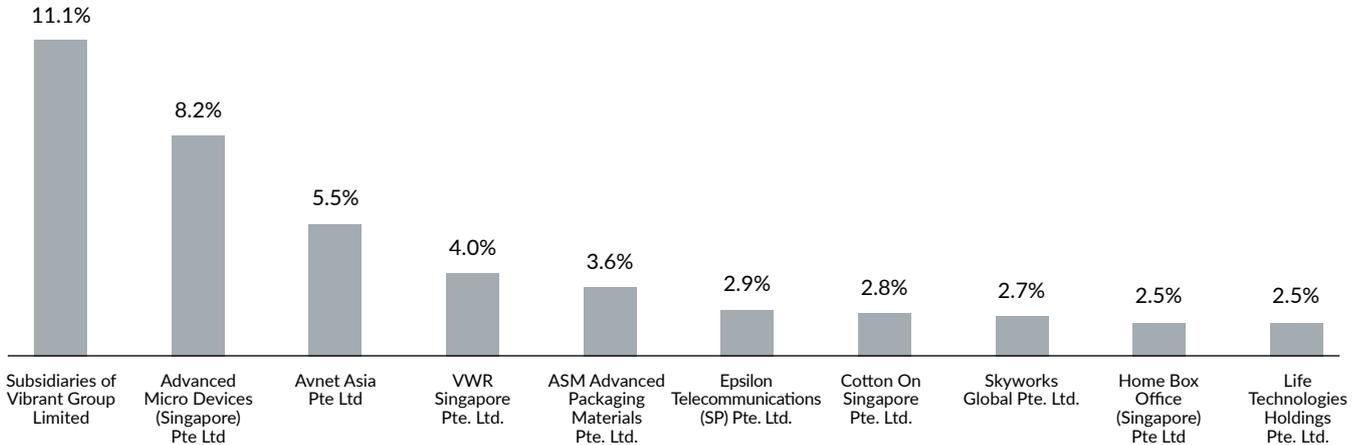
PORTFOLIO OCCUPANCY

As at 31 December 2020, portfolio occupancy rate stood at 76.5% for Sabana REIT, with a total of 124 diverse tenants. The occupancy is higher than the 75.4% at the previous corresponding year-end due to proactive lease management.



TOP 10 TENANTS BY GROSS RENTAL INCOME IN FY 2020

The top 10 tenants of Sabana REIT accounted for 45.8% of gross rental income in FY 2020, and are spread across diverse industries including logistics, electronics, healthcare, telecommunications and data warehousing.

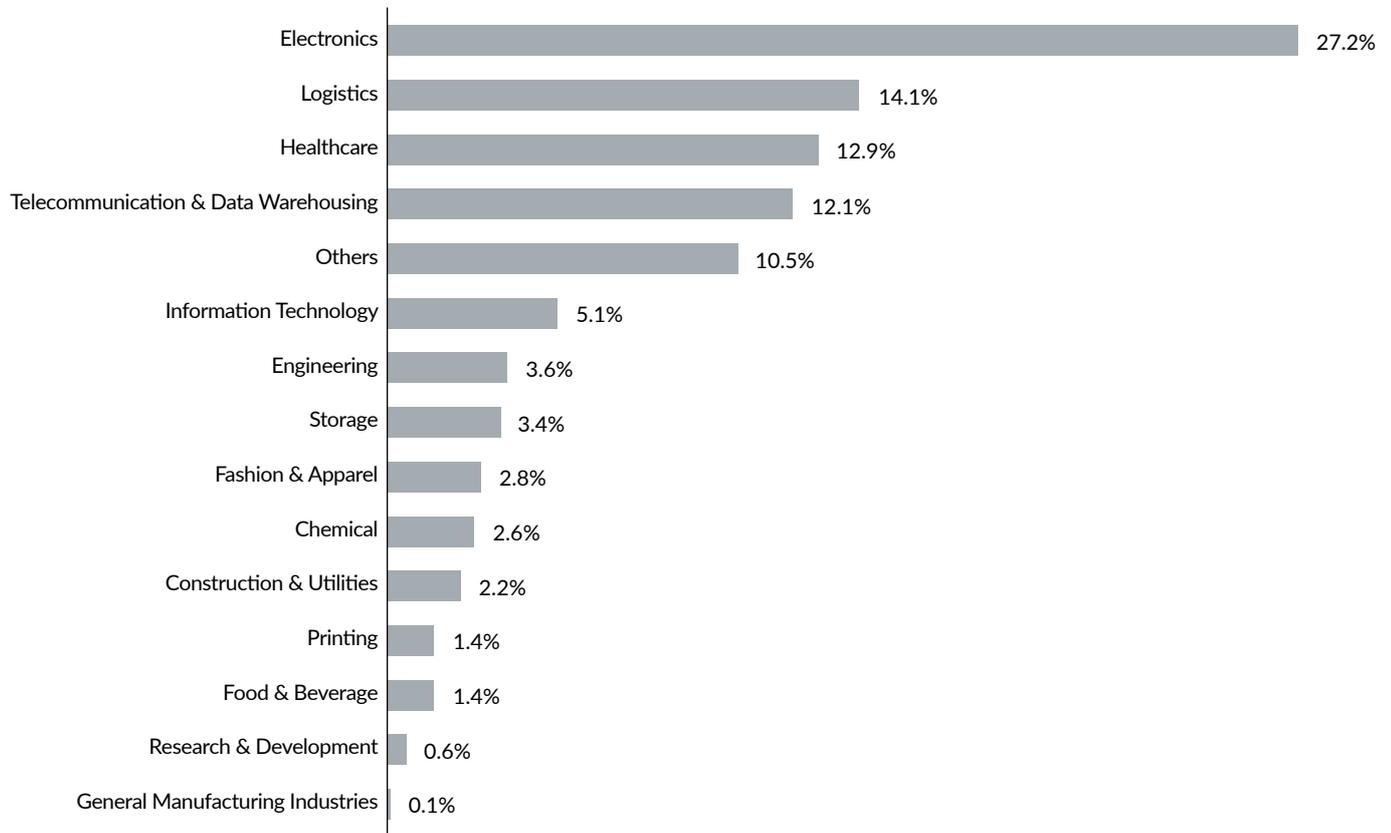


TRADE SECTOR ANALYSIS

(As at 31 December 2020)

Sabana REIT's tenants come from a diverse base of trade sectors.

Breakdown of Trade Sectors by Gross Rental Income



The Manager will continue to evaluate its portfolio and divest its mature or non-core assets to keep its portfolio future-ready and to fund any potential acquisitions and capital expenditures to improve returns for Unitholders.

ASSET ENHANCEMENT INITIATIVES

As part of its Refreshed Strategy, the Manager has been focusing on enhancing and rejuvenating its portfolio including through AEIs to deliver stable income and unlocking growth organically.

The AEI at the REIT's flagship NTP asset has progressed well in FY 2020, despite work being temporarily suspended during

the "Circuit-Breaker" period. The new lifestyle mall, NTP+, being developed has seen strong interest from tenants where occupancy is at 96.7%¹¹.

The mall is expected to open in 2Q 2021, and it will offer eclectic retail and dining options to existing NTP business community and surrounding residents.



Asset Enhancements	Industrial Segment	Estimated Cost (\$ million)
151 Lorong Chuan, New Tech Park	High-tech	20.0 ¹²
Total		20.0

REFURBISHMENT / REJUVENATION WORKS

In January 2020, refurbishment works were completed at 10CSS2's lobby to keep it contemporary and improve the overall experience for tenants and visitors.

In 4Q 2020, rejuvenation works commenced at 23 Serangoon North Avenue 5 ("23SNA5") involving the upgrading of building amenities, selected common toilets and the ground floor lobby area. Amid the rejuvenation, 23SNA5 secured a new anchor tenant, a U.S. based electronics company, and achieved a 5.2% increase in valuation of \$36.4 million as at 31 December 2020, compared to 31 December 2019.

MANAGER'S FOCUS

The challenging real estate market conditions at the end of 2019 were therefore exacerbated in 2020. However, relative to other segments such as hospitality, retail and office, the industrial segment making up Sabana REIT's portfolio has remained relatively resilient.

The Manager continues to stay focused on executing its Refreshed Strategy through proactive asset and lease management while progressing on AEI – such as at our flagship NTP and rejuvenation of selective assets. This is underpinned by continued fiscal prudence even as it explores all viable options for growth to drive sustainable value for Unitholders.

¹¹ As at 25 March 2021.

¹² Construction cost for NTP+.

ANNUAL VALUATION

	As at 31 December 2020 (\$'000)	As at 31 December 2019 (\$'000)
High-tech Industrial		
151 Lorong Chuan	333,400	323,000
8 Commonwealth Lane	53,500	57,000
15 Jalan Kilang Barat	21,300	22,800
1 Tuas Avenue 4	9,000	10,000
23 Serangoon North Avenue 5	36,400	34,600
508 Chai Chee Lane	63,800	64,200
Chemical Warehouse & Logistics		
33 & 35 Penjuru Lane	42,700	51,000
18 Gul Drive	19,200	20,000
Warehouse & Logistics		
34 Penjuru Lane	33,000	37,700
51 Penjuru Road	32,800	40,700
26 Loyang Drive	24,700	24,700
3A Joo Koon Circle	33,800	38,000
2 Toh Tuck Link	29,800	31,400
10 Changi South Street 2	33,700	49,300
General Industrial		
123 Genting Lane	16,400	17,600
30 & 32 Tuas Avenue 8	24,200	27,000
39 Ubi Road 1	17,400	20,700
21 Joo Koon Crescent	15,000	14,700
TOTAL	840,100	884,400

The market uncertainty and weakened near-term demand in view of the COVID-19 pandemic was the key driver causing the decline in the valuation for the properties. Assumptions on market rent and market growth rate were generally lower, and vacancy assumptions were generally higher for most properties.

Diminution in the values of 51 Penjuru Road and 30 & 32 Tuas Avenue 8 were also due to the expiry of the master-leases.

INDEPENDENT MARKET REVIEW

By Jones Lang LaSalle (JLL)

1 SINGAPORE MACROECONOMIC OVERVIEW

1.1 Review of 2020 Economic Performance

Singapore saw its worst economic recession since independence in 2020, with Gross Domestic Product (“GDP”) contracting by 5.4% year-on-year (“y-o-y”), according to figures released by the Ministry of Trade and Industry (“MTI”) on 15 February 2021. Nonetheless, this is still better than the MTI’s official forecast of -6.5% to -6.0% announced on 23 November 2020.

On a quarterly basis, Singapore’s economy contracted by 13.3% y-o-y in 2Q 2020. This was due to the “Circuit Breaker” measures implemented from 7 April to 1 June which mandated the suspension of non-essential services and closure of most workplace premises to stem the spread of COVID-19 locally. External demand was also weak amid a global economic downturn caused by the COVID-19 pandemic. Following the phased re-opening of the economy from 2 June 2020, the contraction in GDP eased to 5.8% y-o-y and 2.4% y-o-y in 3Q 2020 and 4Q 2020, respectively.

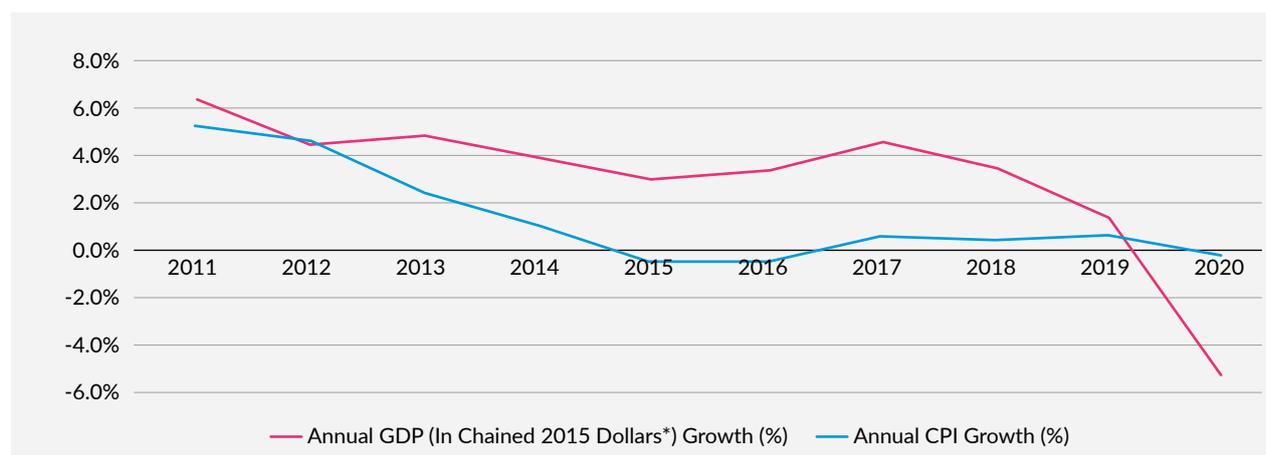
The manufacturing sector stood out in 2020 as the only sector that recorded growth. Manufacturing output expanded by 7.3% y-o-y in 2020, reversing the 1.5% y-o-y contraction in 2019.

In contrast, construction output plummeted by 35.9% y-o-y in 2020 following the 1.6% y-o-y expansion in 2019. Besides the “Circuit Breaker” measures, 2020’s construction output was also dragged down by the slow resumption of construction activities in 2H 2020 due to the COVID-19 outbreak in the foreign workers’ dormitories and the need to comply with stringent safe distancing measures.

The services producing industries posted a 6.9% y-o-y decline in output in 2020, after expanding by 2.0% y-o-y in 2019. This came on the back of weakness in aviation- and tourism-related sectors like air transport and accommodation, trade-related services sectors like wholesale trade, as well as consumer-facing sectors like retail and food services which were adversely affected by the COVID-19 pandemic in 2020.

Meanwhile, the Consumer Price Index (“CPI”)-All Items which rose by 0.6% y-o-y in 2019, eased by 0.2% y-o-y in 2020. The decline in CPI was driven by lower prices in the clothing and footwear, healthcare, recreation and culture, education, housing and utilities, transport, and the miscellaneous goods and services categories, which more than outweighed the higher prices in the food, household durables and services, as well as communication categories.

Figure 1. Annual GDP Growth and Inflation Rate (2011 to 2020)



* Singapore Department of Statistics (“SDOS”) adopted the recommendation of the United Nations System of National Accounts (SNA) to compile annually reweighted chain volume measures (CVM) of GDP in 2019. Real GDP, which strips out the impact of inflation, will now be based on prices from the previous year, to better reflect prevailing economic conditions compared to the previous constant price method.

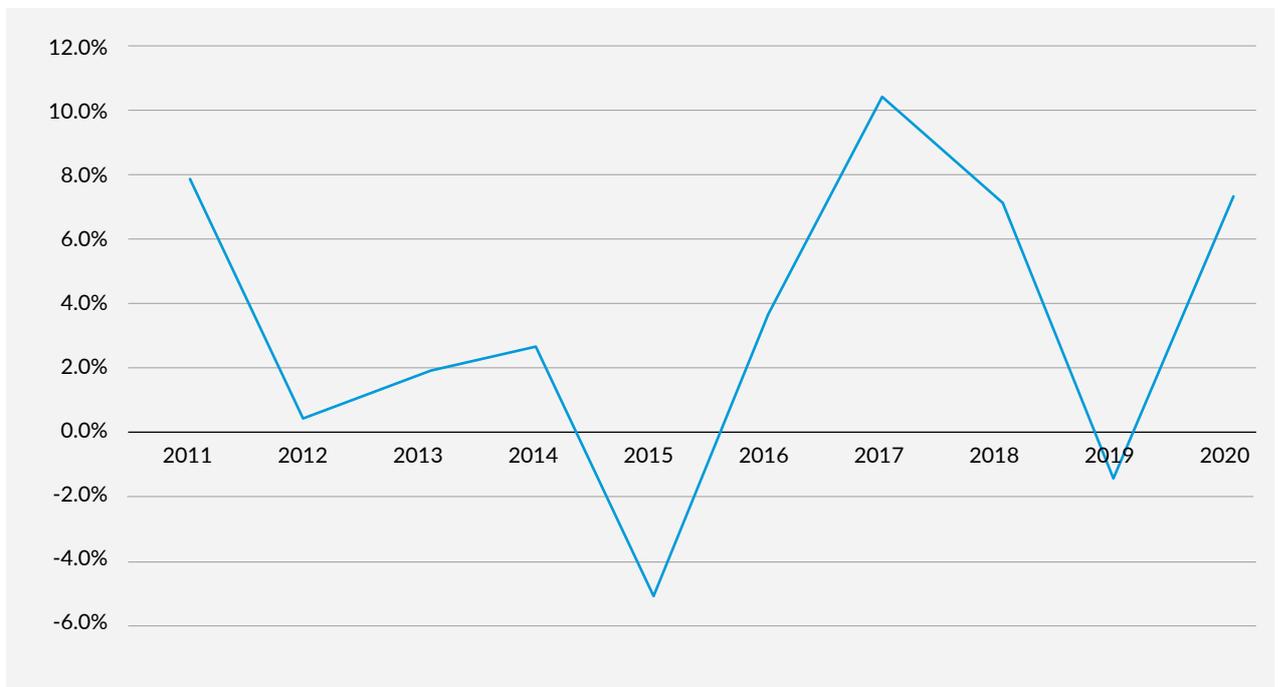
Source: MTI, SDOS, JLL Research

1.2 Index of Industrial Production and Manufacturing Fixed Asset Investments

Latest statistics released by the Economic Development Board (“EDB”) on 26 January 2021 showed Singapore’s Index of Industrial Production rebounded by 7.3% y-o-y in 2020, from the -1.5% y-o-y in 2019. This was driven mainly by the biomedical manufacturing cluster which expanded at a faster pace of 23.7% y-o-y in 2020, from 10.7% y-o-y in 2019, underpinned by the strong 30.4% y-o-y growth in the pharmaceuticals sub-segment.

The electronics cluster, which contracted by 7.3% y-o-y in 2019, posted double-digit growth of 11.9% y-o-y in 2020. Likewise, the precision engineering cluster reversed a 2.5% y-o-y contraction in 2019 to expand by 10.6% y-o-y in 2020. These more than offset the weakness in the transport engineering, general manufacturing industries and chemical clusters which recorded annual output declines of 25.7%, 11.3% and 1.0%, respectively, in 2020. In comparison, the general manufacturing cluster grew by 1.3% y-o-y in 2019, while both the transport engineering and chemical clusters contracted by 1.9% y-o-y.

Figure 2. Change in Index of Industrial Production (Base Year 2019 = 100) (2011 to 2020)

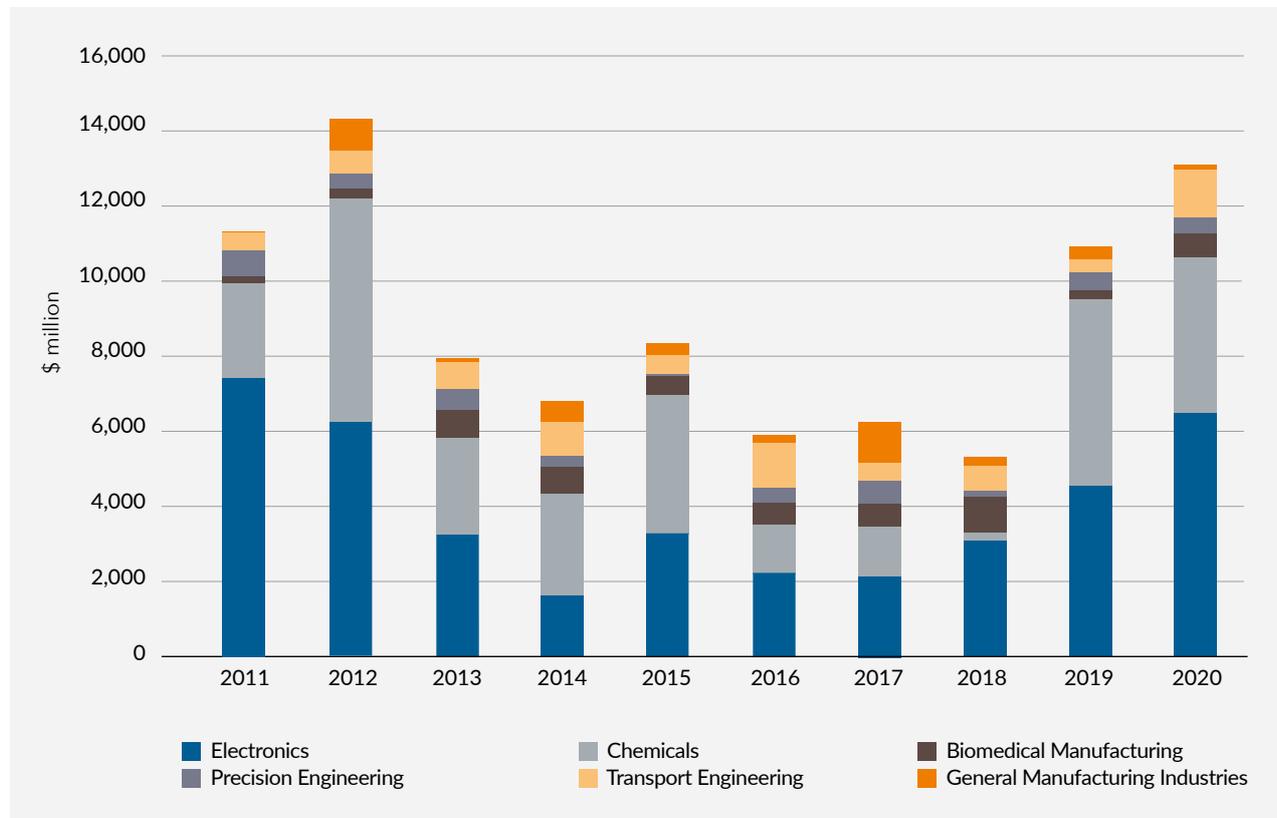


Source: EDB, SDOS, JLL Research

In terms of total manufacturing fixed asset investments (“FAI”), Singapore attracted around \$13.1 billion worth of total manufacturing FAI in 2020, up 20.0% y-o-y. This was mainly contributed by the electronics, 49.6% and chemicals, 31.5% clusters.

Except for the general manufacturing, chemicals and precision engineering clusters, which saw annual FAI declines of 68.8%, 15.9% and 8.8%, respectively, all other industry clusters reported higher FAIs compared to 2019. Specifically, the transport engineering and biomedical manufacturing clusters posted respective 322.8% and 172.3% annual growths in FAI in 2020, a reversal of the 56.8% and 75.3% declines in 2019. The electronics cluster, which saw a 48.6% increase in FAI in 2019, attracted 41.1% more FAI in 2020.

Figure 3. Total Manufacturing FAI



Source: EDB, SDOS, JLL Research

The following table shows the contributions of the respective industry clusters to total manufacturing FAI in 2020:

Figure 4. Total Manufacturing FAI in 2020

Industry Cluster	Investment Commitments (\$ million)	Change (y-o-y)	Market Share
Electronics	6,475.1	41.1%	49.6%
Chemicals	4,114.0	-15.9%	31.5%
Biomedical Manufacturing	638.2	172.3%	4.9%
Precision Engineering	429.1	-8.8%	3.3%
Transport Engineering	1,280.3	322.8%	9.8%
General Manufacturing Industries	123.4	-68.8%	0.9%
Total Manufacturing FAI	13,060.1	20.0%	100.0%

Source: EDB, SDOS, JLL Research

1.3 Economic Outlook for 2021

The Singapore economy is expected to rebound from the economic recession in 2020 and expand by 4.0% to 6.0% in 2021, according to MTI's latest official forecast released on 15 February 2021. Growth is expected to be gradual and uneven.

The manufacturing sector is expected to remain expansionary in 2021, and trade-related services sectors like wholesale trade should benefit from a projected pickup in external demand underpinned by the improved growth outlook of key external economies. Steady growth is also anticipated for the information & communications and finance & insurance sectors on the back of sustained demand for information technology and digital solutions, and credit and payment processing services, respectively.

However, a weaker recovery is foreseen for the aviation- and tourism-related sectors (e.g. air transport and accommodation) due to the slower-than-anticipated lifting of global travel restrictions and sluggish travel demand. The slower recovery in visitor arrivals and capacity constraints from safe distancing measures are also likely to affect the performance of consumer-facing sectors like retail trade and food services, although this could be mitigated by a gradual turnaround in labour market conditions that should lift consumer sentiment.

There remains downside risks to Singapore's economic growth in 2021 and these include the trajectory of global economic recovery and the course that the COVID-19 pandemic will take.

Meanwhile, based on the Monetary Authority of Singapore (MAS) and MTI's joint release on 25 January 2021, cost pressures are expected to stay low on the domestic front, with the CPI-All Items inflation projected to be between -0.5% and 0.5% in 2021.

2 RECENT GOVERNMENT POLICIES AND MEASURES AFFECTING THE INDUSTRIAL PROPERTY MARKET

The following sections cover the COVID-19 support measures relevant to the industrial property market, the Industrial Government Land Sales ("IGLS") programme for 1H 2021 as well as updates on recent government initiatives and policies affecting the industrial property market.

2.1 COVID-19 Support Measures

In 2020, the Government announced close to \$100.0 billion worth of support measures to mitigate the adverse impact of the COVID-19 pandemic on Singapore's businesses and individuals. For instance, the Solidarity Budget was announced to reduce the impact of an eight-week "Circuit Breaker" where all schools and most workplaces (except those in essential services) were shutdown to contain the COVID-19 spread. This was followed by the Fortitude Budget to help businesses and individuals cope with a slow three-phased re-opening of the Singapore economy after the "Circuit Breaker" was lifted on 2 June 2020.

- 18 February 2020 : \$6.4 billion in Unity Budget¹
- 26 March 2020 : \$48.4 billion Resilience Budget
- 6 and 21 April 2020 : \$5.1 billion + \$3.8 billion Solidarity Budget
- 26 May 2020 : \$33.0 billion Fortitude Budget

Further support was announced in a Ministerial Statement on 17 August 2020, which saw the reallocation of \$8.0 billion from other areas, such as development expenditures that were delayed due to COVID-19, towards measures that continue helping workers and jobs. This includes an extension of the Jobs Support Scheme up to March 2021.

The key COVID-19 support measures applicable to the industrial property sector, which have helped in mitigating the impact of COVID-19 on the industrial property market in 2020, are provided in the following table, on the next page.

¹ Comprises the Stabilisation and Support Package, the Care and Support Package and support for frontline agencies.

Figure 5. Key COVID-19 Support Measures for the Industrial Property Market

Support Measure	Details															
Rental Waivers/ Reliefs	<ul style="list-style-type: none"> The intention of the rental relief framework is to help as many businesses as possible tide through the economic fallout due to COVID-19, through rental waivers borne by the government and landlords. Tenants continue to pay maintenance fees and service charges. Eligible industrial tenants in government-owned/managed facilities received a total of two months of rental waiver. Eligible small and medium-sized enterprise (“SME”) tenants in private industrial properties received one month of rent relief (supported by the government) for April 2020. This is made up of a 30.0% property tax rebate (equivalent to about 0.36 month of rent) and cash grant (about 0.64 month of rent). SME tenants who further qualified for the Additional Rental Relief received another month of rent relief for May 2020, borne by landlords. 															
COVID-19 (Temporary Measures) Act 2020	<ul style="list-style-type: none"> On 7 April 2020, the Ministry of Law (“MinLaw”) passed the COVID-19 (Temporary Measures) Act 2020 to offer temporary relief to businesses and individuals affected by the COVID-19 pandemic. The Act took effect on the same day and has since been amended thrice in June, September and November 2020. The Act allows businesses and individuals to defer certain contractual obligations such as paying rent, repaying loans or completing work, for a specified period. It also ensures that property owners pass on property tax rebates in full to tenants. On 12 October 2020, MinLaw announced the extension of the relief period under Part 2 of the Act, which enables parties in prescribed categories of contracts to obtain temporary relief from legal and enforcement actions for inability to perform contractual obligations due to COVID-19, by one to five months, depending on the contract category. The relief periods for selected contracts were extended further by MinLaw on 16 November 2020. Specifically, reliefs covering leases and licences of industrial properties ended on 19 November 2020, while the specified period for construction contracts or supply contracts was extended from 19 October 2020 to 31 March 2021. For Options to Purchase and Sale and Purchase Agreements between developers and purchasers of industrial properties, the prescribed relief period has been extended to 31 March 2021 to help industrial property buyers who require more time to make their payments. It will also allow developers and purchasers to seek temporary protection from legal action during the relief period, if they are unable to perform any contractual obligations due to COVID-19. 															
Jobs Support Scheme (“JSS”)	<ul style="list-style-type: none"> The JSS was introduced to help save jobs for Singapore citizens and permanent residents by providing wage support to employers during the period of economic uncertainty. On 17 August 2020, the government extended the JSS by up to seven months to cover wages paid up to March 2021. The additional support will be paid out in March and June 2021. The extended JSS will be tiered based on sectors most affected by the pandemic. <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="background-color: #003366; color: white;">Tier</th> <th style="background-color: #003366; color: white;">Industries</th> <th style="background-color: #003366; color: white;">Extended JSS (September 20 to March 21)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Aerospace, Aviation, Tourism, Built Environment</td> <td>50.0% wage support until March 2021</td> </tr> <tr> <td>2</td> <td>Arts & Entertainment, Food Services, Land Transport, Marine & Offshore, Retail</td> <td>30.0% wage support until March 2021</td> </tr> <tr> <td>3A</td> <td>All other sectors (exclude Tier 3B)</td> <td>10.0% wage support until March 2021</td> </tr> <tr> <td>3B</td> <td>Biomedical Sciences, Precision Engineering, Electronics, Financial Services, Information and Communications Technology, Media, Postal and Courier, Online Retail, Supermarkets, Convenience Stores</td> <td>10.0% wage support for September to December 2020 0% for January to March 2021</td> </tr> </tbody> </table> <ul style="list-style-type: none"> On 16 February 2021, it was announced that the JSS will be extended for the Tier 1 and 2 sectors that remained badly affected by the COVID-19 pandemic. This will be part of an \$11.0 billion COVID-19 Resilience Package in Budget 2021. Specifically, firms in Tier 1 sectors will receive 30.0% support for wages paid from April to June 2021 and 10.0% for wages paid from July to September 2021. Those in Tier 2 will receive wage support of 10.0% for another three months, covering wages paid up to June 2021. 	Tier	Industries	Extended JSS (September 20 to March 21)	1	Aerospace, Aviation, Tourism, Built Environment	50.0% wage support until March 2021	2	Arts & Entertainment, Food Services, Land Transport, Marine & Offshore, Retail	30.0% wage support until March 2021	3A	All other sectors (exclude Tier 3B)	10.0% wage support until March 2021	3B	Biomedical Sciences, Precision Engineering, Electronics, Financial Services, Information and Communications Technology, Media, Postal and Courier, Online Retail, Supermarkets, Convenience Stores	10.0% wage support for September to December 2020 0% for January to March 2021
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3B	Biomedical Sciences, Precision Engineering, Electronics, Financial Services, Information and Communications Technology, Media, Postal and Courier, Online Retail, Supermarkets, Convenience Stores	10.0% wage support for September to December 2020 0% for January to March 2021														

Source: MTI, MinLaw, JLL Research (as of 16 February 2021)

2.2 Initiatives to Drive Transformation and Future Growth

In 2016, the Government launched 23 Industry Transformation Maps (“ITMs”) tailored to the needs of the specific industry to raise productivity, develop skills, drive innovation, and promote internationalisation. COVID-19 has accentuated the need to accelerate these efforts to transform industries and to prepare Singapore for the future, with the Government allocating \$24.0 billion in Budget 2021 towards helping Singapore’s firms and workers to emerge stronger over the next three years.

Earlier in May 2020, in preparation for the post COVID-19 economy, the Government set up an Emerging Stronger Taskforce (“EST”) to provide recommendations to the Future Economy Council (“FEC”). The EST will work with the six FEC Clusters on their industry transformation strategies, considering the changes that COVID-19 will have on the global economy and on Singapore².

Figure 6. Six Economic Clusters

Cluster	Industries
Manufacturing	<ul style="list-style-type: none"> • Precision Engineering • Electronics • Marine & Offshore • Aerospace • Energy & Chemicals
Built Environment	<ul style="list-style-type: none"> • Construction • Real Estate • Environmental Services • Security
Trade & Connectivity	<ul style="list-style-type: none"> • Air Transport • Sea Transport • Land Transport • Logistics • Wholesale Trade
Essential Domestic Services	<ul style="list-style-type: none"> • Healthcare • Education
Modern Services	<ul style="list-style-type: none"> • Professional Services • ICT and Media • Financial Services
Lifestyle	<ul style="list-style-type: none"> • Food Services • Food Manufacturing • Retail • Hotels

Source: MTI

As of November 2020, the EST has convened eight Alliances for Action (“AfA”). AfA is a new way of working together, with an emphasis on taking quick action to prototype solutions and to concurrently explore ways to scale viable solutions across Singapore’s economy and beyond. The EST will also continue to grow the momentum of the AfAs in the next phase of the ITMs³.

The EST convened the first seven AfAs, focusing on supply chain digitalisation, sustainability, digitalising built environment, smart commerce, robotics, safe and innovative visitor experiences, as well as edutech, in June 2020 to act on key growth opportunities for Singapore. The eighth AfA for medtech was formed in November 2020, building on Singapore’s early successes in rapid testing, rapid contact tracing, and isolation in the fight against COVID-19.

The Southeast Asia Manufacturing Alliance that was launched on 3 February 2021 will play an important role in helping both global businesses and SMEs grow their manufacturing and innovation footprint in the region, contributing to Singapore’s vision to become a global business, innovation and talent hub for advanced manufacturing by 2030⁴.

² Source: Future Economy Council’s media release published on 6 May 2020.

³ Source: MTI’s media release published on 19 November 2020.

⁴ Source: The Business Times, “New programme to help businesses expand footprint in region”, published on 4 February 2021.

The MTI's 10-year "Manufacturing 2030" plan is to grow Singapore's manufacturing sector by 50.0% of its current value, while maintaining its current share of about 20.0% of GDP⁵. To achieve this, the Government will strengthen the entire manufacturing ecosystem, especially in supporting the growth of the advanced manufacturing sector, and work towards attracting frontier companies that can anchor Singapore in global value chains.

The Government will also develop Singapore's research ecosystem to encourage innovation. For instance, the \$25.0 billion five-year Research, Innovation and Enterprise 2025 ("RIE2025") plan that was launched on 11 December 2020 will focus on four key areas i.e., health, sustainability, the digital economy, and manufacturing. RIE2025 will also be more tightly integrated with the work of the FEC to support economic transformation and create more good jobs for Singaporeans. It will also continue to support other national initiatives, such as the Smart Nation initiative to build a digital future for Singapore⁶.

To ensure Singapore's workforce stays relevant, the Advanced Manufacturing Training Academy ("AMTA"), a centralised national-level entity, will continue to identify new skills and knowledge that the industry needs, and to coordinate the training and skills and development efforts required for advanced manufacturing. The Government will also continue to support firms to embark on Industry 4.0 transformation projects.

There are also plans to promote Singapore's status as a regional and global e-commerce hub. Besides introducing two nationwide 5G networks by 2025, to enable infrastructure capacity to deal with large online sales orders internationally, other key initiatives include working with businesses to build strong supply chain capabilities, including developing value-added and specialised capabilities in areas such as cold-chain management, retail and pharmaceutical logistics. The Government will support local businesses in gaining e-commerce capabilities and maximising their growth opportunities from the digital economy⁷.

These initiatives could transform business operating models, generate new business ideas and yield new industrial space requirements within the manufacturing cluster, as well as industries like wholesale trade and logistics.

2.3 Industrial Government Land Sales ("IGLS") Programme

The Government has scaled back its bi-annual industrial land sales programme for the fifth time. In calibrating its latest IGLS programme, it is likely that the Government had taken into consideration the ongoing COVID-19 pandemic and its downside risks on economic growth and demand for industrial space, as well as the push back in new industrial space completions due to COVID-19 related disruptions to construction activities.

Specifically, six plots with a combined land area of 3.86 ha that could potentially generate about 0.78 million square feet ("sq ft") of gross floor area ("GFA") have been placed on the 1H 2021 IGLS Programme. This is lower than the estimated 0.83 million sq ft of potential GFA that could be generated from the six parcels with total land area of 4.40 ha from its 2H 2020 programme.

The three plots on the 1H 2021 Confirmed List⁸ with total land area of 1.60 ha could yield almost 0.30 million sq ft in potential GFA, 28.3% lower than the potential GFA that could be generated from the 2H 2020 list. However, to cater to varying business needs, a slightly larger quantum of industrial space in terms of potential GFA has been placed on the 1H 2021 Reserve List⁹ for industrialists/developers to trigger for tender in response to market demand. Collectively, the three plots on the Reserve List could yield around 0.49 million sq ft of potential GFA, up 17.6% from six months prior.

⁵ Source: The Business Times, "Singapore manufacturing value targeted to grow 50% over 10 years", published on 26 January 2021.

⁶ Source: National Research Foundation's press release published on 11 December 2020.

⁷ Source: The Straits Times, "Singapore outlines plan to be hub for e-commerce", published on 29 January 2021.

⁸ Under the Confirmed List, the Government will release a site for sale by tender at a pre-determined date, without the need for the site to be triggered for sale.

⁹ Under the Reserve List, the Government will only release a site for sale if an interested party submits an application for the site to be put up for tender with an offer of a minimum purchase price acceptable to the Government. The successful applicant must undertake to submit a bid for the site in the ensuing tender at or above the minimum price offered in the application.

The following table shows the details of the sites placed on the 1H 2021 IGLS Programme.

Figure 7. IGLS Programme for 1H 2021

Location	Site Area (ha)	Zoning	Gross Plot Ratio	Tenure (years)	Estimated Available Date
Confirmed List of Industrial Sites					
Plot 10 Tampines North Drive 5	0.46	B2*	2.5	20	March 2021
Plot D Gul Avenue	0.58	B2	1.4	20	April 2021
Plot 4 Jalan Papan	0.56	B2	1.4	20	June 2021
Reserve List of Industrial Sites					
Woodlands Industrial Park E7/E8	0.76	B2	2.5	30	Available for application
Plot 9 Tampines North Drive 5	0.49	B2	2.5	30	April 2021
Plot 9 Jalan Papan	1.01	B2	1.4	20	May 2021

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

Source: MTI, JLL Research (as of 23 February 2021)

2.4 JTC Policy Changes for Replacement Anchor Tenants

JTC's revised policy on the replacement of anchor tenants for third-party facility providers (e.g. REITs) took effect from 1 April 2020. This involved the removal of the three-year minimum occupation period ("MOP") requirement for replacement anchor tenants. In addition, a re-assessment of existing replacement anchor tenants will only be required for a more than 20.0% change in the GFA taken up and/or change in use.

These revisions will help to better address the changing needs of industries and streamline the application process. Details of the policy changes are provided in the following table.

Figure 8. JTC Policy Change for Replacement Anchor Tenants (with effect from 1 April 2020)

Indicator	Policy before 1 April 2020	Revised Policy from 1 April 2020
MOP Requirement for Replacement Anchor Tenants	Imposition of a 3-year MOP for all approved replacement anchor tenants.	The MOP requirement was removed, and replacement anchor tenants can apply for any duration of stay for both new and renewal applications.
Re-assessment of Existing Replacement Anchor Tenants	Replacement anchor tenants will be re-assessed for any change in the GFA take-up and/or change in use.	Replacement anchor tenants will only be re-assessed should the change in the GFA take-up be more than 20.0% and/or change in use.

Source: JTC, JLL Research

3 SINGAPORE PRIVATE FACTORY MARKET OVERVIEW

3.1 Existing Supply, Demand and Occupancy

Singapore's completed private factory stock (excluding business park space) stood at 331.4 million sq ft as of 4Q 2020, contributing to 83.8% of the total island-wide factory stock of 395.3 million sq ft. The public sector contributed the balance 16.2% (i.e., 63.9 million sq ft). Single-user factory premises, intended mostly for self-use, accounted for 69.3% of the completed private factory stock while multiple-user factory space contributed the remaining 30.7%.

In 2020, COVID-19 related disruptions to construction activities caused project delays. This contributed to the sharp slowdown in net space additions from 2.3 million sq ft in 2019 to 0.5 million sq ft in 2020. This is significantly lower than the average annual net new supply of 7.6 million sq ft in the 10 years from 2010 to 2019.

Notably, 2020 total net space additions were contributed by the net increase of 0.6 million sq ft of single-user private factory space, as the multiple-user factory segment saw a net withdrawal of about 0.1 million sq ft, indicating that space withdrawn (likely for redevelopment) exceeded new completions in 2020.

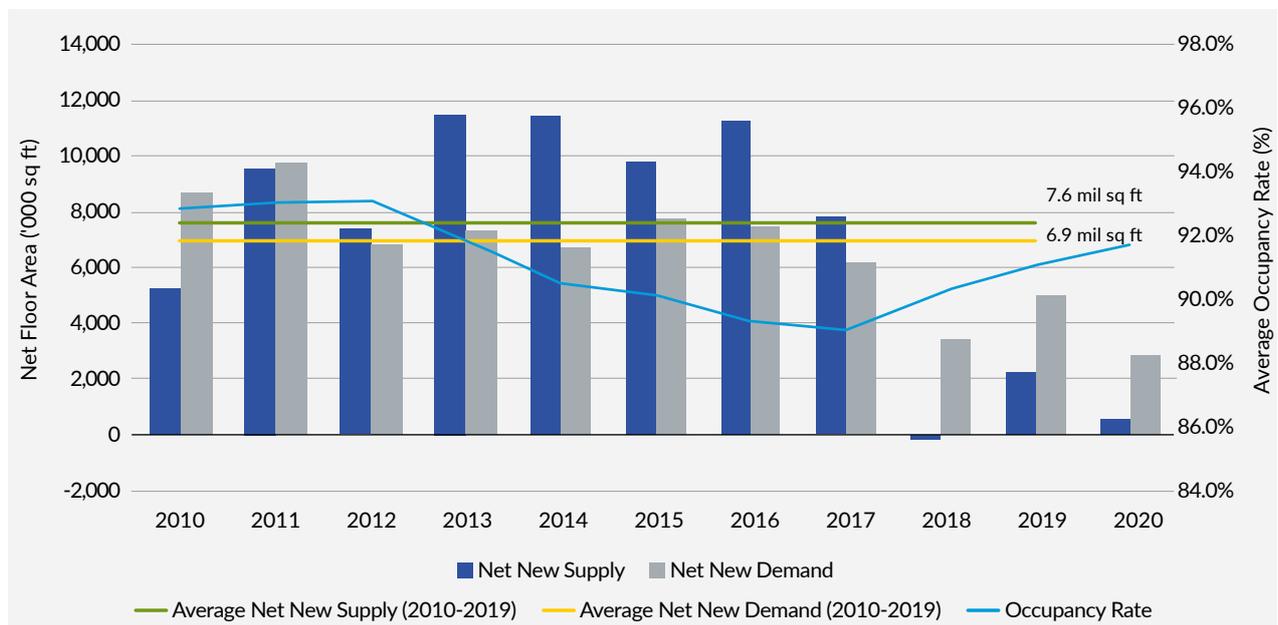
The COVID-19 pandemic also disrupted economic activities and weighed down demand. Although there was some new demand from firms in medical-related industries (e.g. pharmaceutical companies) and the electronics sector looking for expansion space for their manufacturing operations, most companies were cautious with their space requirements due to the uncertain macroeconomic outlook and evolving COVID-19 situation.

Reflecting this, total net space absorption fell from 5.0 million sq ft in 2019 to 2.8 million sq ft in 2020 and is substantially lower than the average annual net new demand of 6.9 million sq ft from 2010 to 2019. Nonetheless, overall net space absorption exceeded net space additions in 2020, lifting the average private factory occupancy from 91.0% as of end-2019 to 91.7% as of end-2020.

Although the private single-user factory segment saw a fall in net space absorption from 3.9 million sq ft in 2019 to 1.5 million sq ft in 2020, total net space absorbed surpassed net space added. This translated to a rise in its average occupancy rate from 91.8% as of end-2019 to 92.2% as of end-2020.

For the multiple-user factory segment, the increase in the average occupancy rate from 89.3% as of end-2019 to 90.7% as of end-2020 was due to the increase in net space absorbed from 1.1 million sq ft in 2019 to 1.3 million sq ft in 2020, on the back of a contraction in stock as withdrawals exceeded new additions.

Figure 9. Net New Supply, Net New Demand and Average Occupancy of Private Factory* Space



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

Figure 10. Examples of Major* Private Factory Completions in 2020

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sq ft)
Single-User Factory Developments				
Single-user industrial development (factory component)	3 Tuas Avenue 2	West	AIMS AMP Capital Industrial REIT	197,625
Single-user industrial development (factory component)	5 Tuas Avenue 5	West	Hup Hin Property (S) Pte Ltd	349,074
Single-user factory	22 Tampines Industrial Crescent	East	AAC Optics Solutions Pte Ltd	203,438
Single-user factory	4 Woodlands Height	North	ASM Front-End Manufacturing Singapore Pte Ltd	409,029
Bombardier Aerospace Singapore Service Centre (Phase 2)	8, 12 Seletar Aerospace Heights	Northeast	BP-BBD2 Pte Ltd	222,813
Multiple-User Factory Developments				
Extension and Additions/alterations to existing factory (Phase 1)	100 Jurong East Street 21	West	Singapore Technologies Electronics Limited	223,244
West Spring	61 to 71 Tuas Bay Drive	West	SB (Pioneer) Investment Pte Ltd	279,862

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

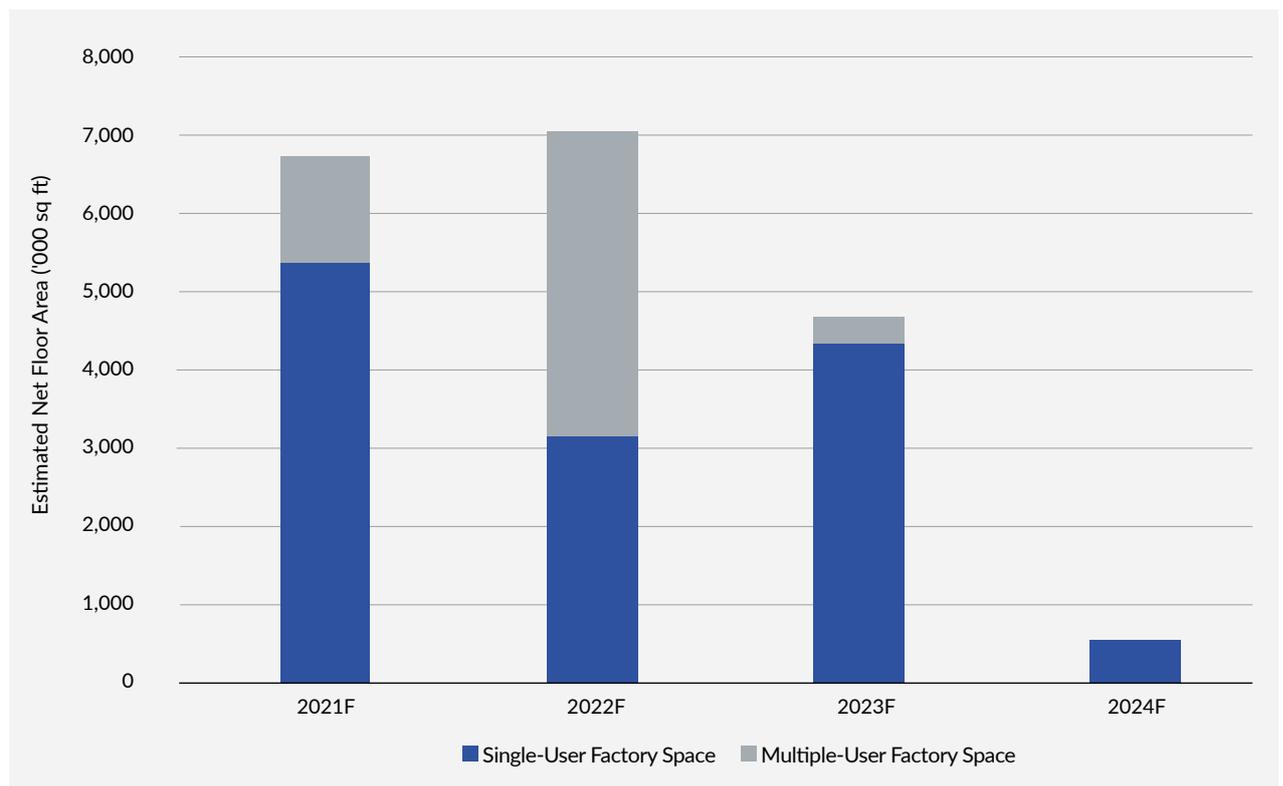
3.2 Potential Supply

Based on JLL's research and JTC's list of projects under development as of 4Q 2020, an estimated 19.1 million sq ft¹⁰ (net floor area) of new private factory space (excluding business park space) will be completing from 2021 to 2024. The majority 70.3% are from private single-user factory developments, and the remaining 29.7% are from private multiple-user factory projects. Without considering stock withdrawals and change of use, this will increase the overall private factory stock as of end-2020 to 350.5 million sq ft as of end-2024.

By expected year of completion, new supply is projected to rise to 6.7 million sq ft in 2021, due to COVID-19 related delays to projects that were supposed to complete in 2020. About four-fifths of 2021's pipeline supply is from single-user factory developments, and one-fifth from multiple-user factory developments. Thereafter, supply is expected to peak at 7.0 million sq ft in 2022, before tapering to about 4.7 million sq ft and 0.6 million sq ft in 2023 and 2024, respectively, based on known projects as of 4Q 2020.

The above translates to an average annual addition of about 4.8 million sq ft of new private factory space from 2021 to 2024. This is more than four-fifths above the average annual net new supply of 2.6 million sq ft in the four years from 2017 to 2020, but about one-third below the average annual net new supply of 7.1 million sq ft in the 10 years from 2011 to 2020.

Figure 11. Potential Supply of Private Factory* Space (2021 to 2024)



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

¹⁰ Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated GFA, as well as the status of planned projects.

Figure 12. Examples of Major* Upcoming Private Factory Developments in 2021

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sq ft)
Single-User Factory Developments				
Single-user industrial development (factory component)	Bulim Walk	West	Shimano Singapore Pte Ltd	383,195
Koufu Group HQ	1 Woodlands Height	North	Koufu Pte Ltd	219,476
Samwoh Smart Hub	Kranji Way	North	Samwoh Corporation Pte Ltd	346,060
Single-user factory	30B Quality Road	West	Neo Garden Catering Pte Ltd	305,372
Digital Loyang II	Loyang Drive	East	Digital Singapore 2 Pte Ltd	344,983
STT Loyang	Loyang Close	East	STT Loyang Pte Ltd	293,209
Single-user factory	6 Sunview Drive	West	Equinix Singapore Pte Ltd	343,261
Single-user industrial development (factory component)	Senoko Drive/Senoko Road	North	Tee Yih Jia Food Manufacturing Pte Ltd	856,592
Single-user factory	Seletar North Link	Northeast	HL-Sunway JV Pte Ltd	672,529
Additions/alterations to existing factory	1 Tuas South Lane	West	Neste Singapore Pte Ltd	337,987
Additions/alterations to existing factory	1 North Coast Drive	North	Micron Semiconductor Asia Operations Pte Ltd	367,372
Multiple-User Factory Developments				
351 on Braddell	Braddell Road	Central	BP-Braddell LLP	260,594
Tuas South Connection	Tuas South Link 1	West	Yee Lee Development Pte Ltd	507,626

* Refers to developments with approximate GFA of at least 150,000 sq ft.

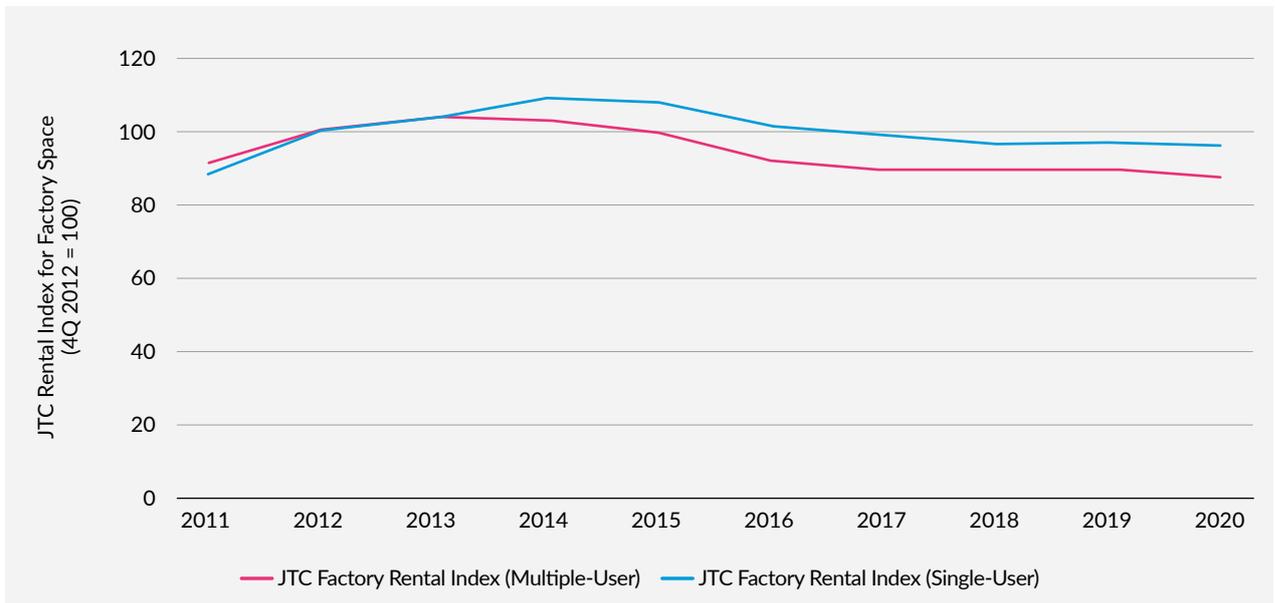
Source: JTC, JLL Research

3.3 Rents

JTC's rental index for both single-user and multiple-user factory premises, which are based on transactions of private factory developments, fell by 1.4% and 1.8% in 2020, respectively. In comparison, the single-user factory rental index rose by 0.5% and the multiple-user factory rental index dipped by 0.1% in 2019. Due to the macroeconomic challenges arising from the COVID-19 outbreak since March 2020, factory space occupiers were cautious during the year, with some tenants requesting for rental rebates from their landlords. Landlords were also observed to be focused on tenant retention and exhibited flexibility during lease negotiations. This weighed down overall factory rents in 2020, although the government's COVID-19 support measures for businesses and industrial landlords have helped to mitigate the downward pressure on rents.

Based on data from J-Space, the 25th percentile, median and 75th percentile monthly rents for single-user factory space leased in 4Q 2020 stood at \$1.25, \$1.50 and \$1.95 per sq ft per month, respectively. For multiple-user factory premises, the 25th percentile rent stood at \$1.40 per sq ft per month, while the median and 75th percentile rent stood at \$1.72 and \$2.10 per sq ft per month, respectively.

Figure 13. JTC Rental Indices for Factory* Space (2011 to 2020)



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

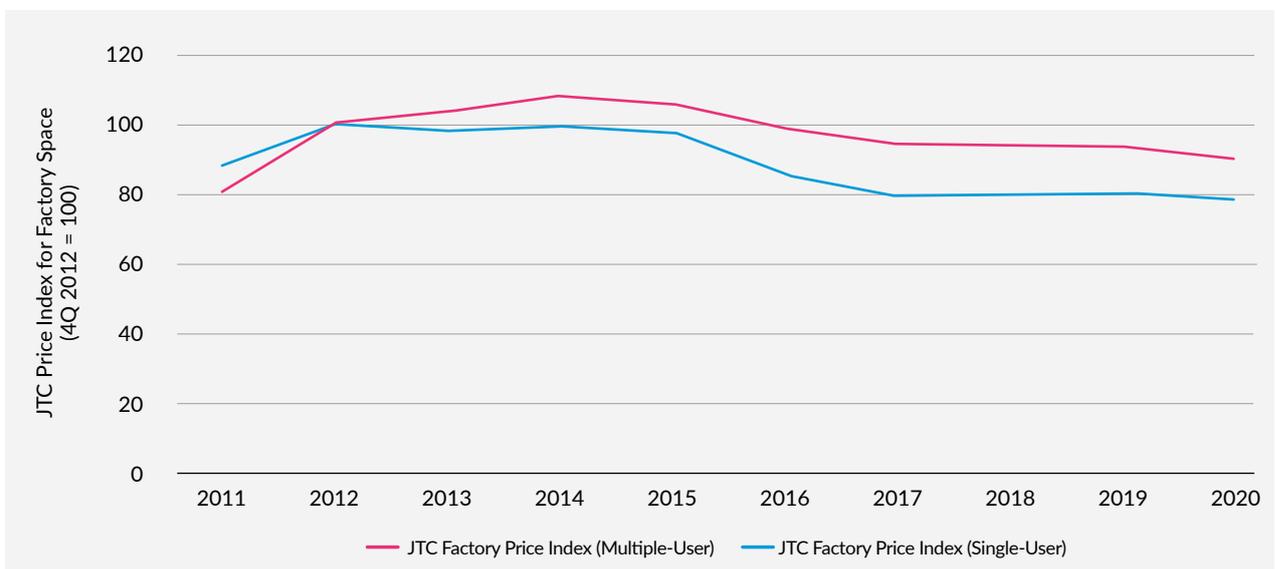
3.4 Prices

Data downloaded from J-Space on 8 February 2021 showed the total number of sales transactions involving single- and multiple-user factories in 2020 held relatively steady at 2019's levels.

However, prices of single- and multiple-user factory premises eased by 1.9% and 3.2% in 2020, respectively, based on JTC's price indices. In comparison, the single-user factory price index rose marginally by 0.3%, while the multiple-user factory price index posted a slight decline of 0.6% in 2019.

According to data from J-Space, the median price for single-user factory space stood at \$203 per sq ft on land area, while the median price for multiple-user factory space stood at \$394 per sq ft on strata area, based on transactions captured in 4Q 2020.

Figure 14. JTC Price Indices for Factory Space (2011 to 2020)



Source: JTC, JLL Research

3.5 Major Investment Sales

Based on information collated by JLL Research as of 8 February 2021, an estimated \$0.7 billion worth of private factory investment deals (excluding development sites)¹¹ worth at least \$5.0 million each changed hands in 2020. This was less than the \$2.0 billion captured in 2019.

The largest deal in 2020 involved the sale of a data centre at 26A Ayer Rajah Crescent by Mapletree Industrial Trust to Equinix Singapore Pte Ltd for \$125.0 million.

Examples of major private factory investment sales in 2020 based on available market information/transaction records are provided in the following table.

Figure 15. Examples of Major* Private Factory Transactions in 2020

Quarter Sold	Name of Development	Location	Sale Price (\$ million)	Approximate Land Area (sq ft)	Tenure
1Q	Wisma Gulab	190 Macpherson Road	\$88.0	54,576	Freehold
1Q	International Press Building	26 Kallang Avenue	\$26.0	53,798	60 Yrs From 16/02/1990
2Q	N.A.	65 Tech Park Crescent	\$25.0	85,764	60 Yrs From 18/08/1993
3Q	Fraser and Neave	457 Jalan Ahmad Ibrahim	\$29.5	512,448	60 Yrs From 16/07/1986
3Q	N.A.	26A Ayer Rajah Crescent	\$125.0	109,943	30 Yrs From 22/05/2013
4Q	N.A.	7 Harvey Road	\$27.0	11,937	Freehold

* Refers to transactions worth at least \$20.0 million each.

N.A. denotes "Not Available".

Source: JTC, REALIS, RCA, JLL Research (as of 8 February 2021)

3.6 Market Outlook for 2021

In view of the lingering macroeconomic uncertainties, geopolitical risks and resurgence of COVID-19 cases globally, we expect most businesses to remain cautious on their space requirements, especially in 1H 2021. This is despite the projected economic rebound and roll-out of COVID-19 vaccinations in 2021.

However, there could be some expansion requirements from firms in medical-related industries (e.g. pharmaceutical, life sciences) and the electronics sector. In addition, COVID-19 could have accelerated the adoption of Industry 4.0 practices by manufacturers. Coupled with the government's continued push towards higher value-adding and value-creating manufacturing activities such as research and development ("R&D"), and advanced manufacturing, this should underpin a demand base for higher specification factory developments going forward.

Although about four-fifths of 2021's pipeline supply is from single-user factory developments intended mostly for self-use, with only one-fifth from multiple-user factory developments, we note the potential competition from an estimated 5.9 million sq ft (net floor area) of new multiple-user factory space from the public sector that could come onstream in 2021.

Taking cognisance of the above, we expect total net space absorption of private factory space to lag the surge in total net space additions in 2021, which would weigh on the island-wide average private factory occupancy rate. Against this backdrop, both factory rents and prices could face some downward pressure in 2021.

¹¹ This excludes the sale of a 26.0% stake in a portfolio of 14 industrial properties comprising six industrial properties, one business park facility, four high-specification industrial properties and three logistics properties held by Boustead Industrial Fund (BIF) to Metro Holdings, estimated to be worth about \$122.2 million.

4 SINGAPORE PRIVATE WAREHOUSE MARKET OVERVIEW

4.1 Existing Supply, Demand and Occupancy

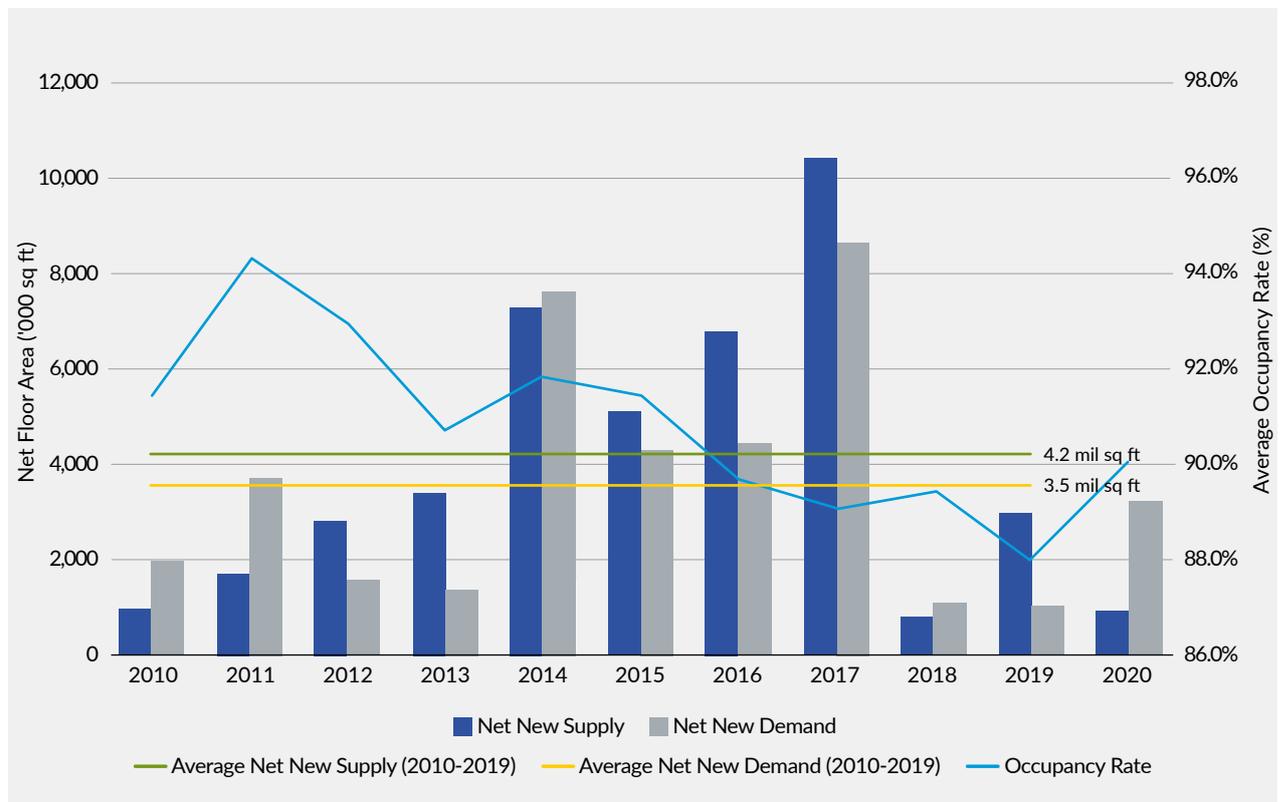
As of end-2020, Singapore had 116.3 million sq ft of completed private warehouse space. This accounted for 97.6% of the total island-wide warehouse stock of 119.2 million sq ft. The remaining 2.9 million sq ft (i.e., 2.4%) were public sector warehouse space.

Due to COVID-19 related causes to project delays, total net new supply of private warehouse space was less than envisaged, amounting to only 0.9 million sq ft in 2020. This was less than a third of the total net new supply of 2.9 million sq ft in 2019, and less than a quarter of the average annual net new supply of 4.2 million sq ft from 2010 to 2019.

On the other hand, demand for private logistics/warehouse space was healthy in 2020, underpinned by renewals and increased activity involving short-term leases of up to one year to accommodate medical supplies and consumer items (e.g. from e-retailers) as safety concerns and movement controls fuelled a spike in e-commerce activities and increased stockpiling requirements. This contributed to the more than threefold increase in net space absorption from about 1.0 million sq ft in 2019 to 3.2 million sq ft in 2020, albeit still less than the 10-year (2010 to 2019) average net space absorption of 3.5 million sq ft per annum.

As total net space absorption exceeded net space additions in 2020, the island-wide average occupancy rate for private logistics/warehouse space climbed from 88.0% as of end-2019, to 90.0% as of end-2020.

Figure 16. Net New Supply, Net New Demand and Average Occupancy of Private Warehouse Space



Source: JTC, JLL Research

Figure 17. Examples of Major* Private Warehouse Completions in 2020

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sq ft)
Single-user industrial development (warehouse component)	5 Tuas Avenue 5	West	Hup Hin Property (S) Pte Ltd	190,844

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

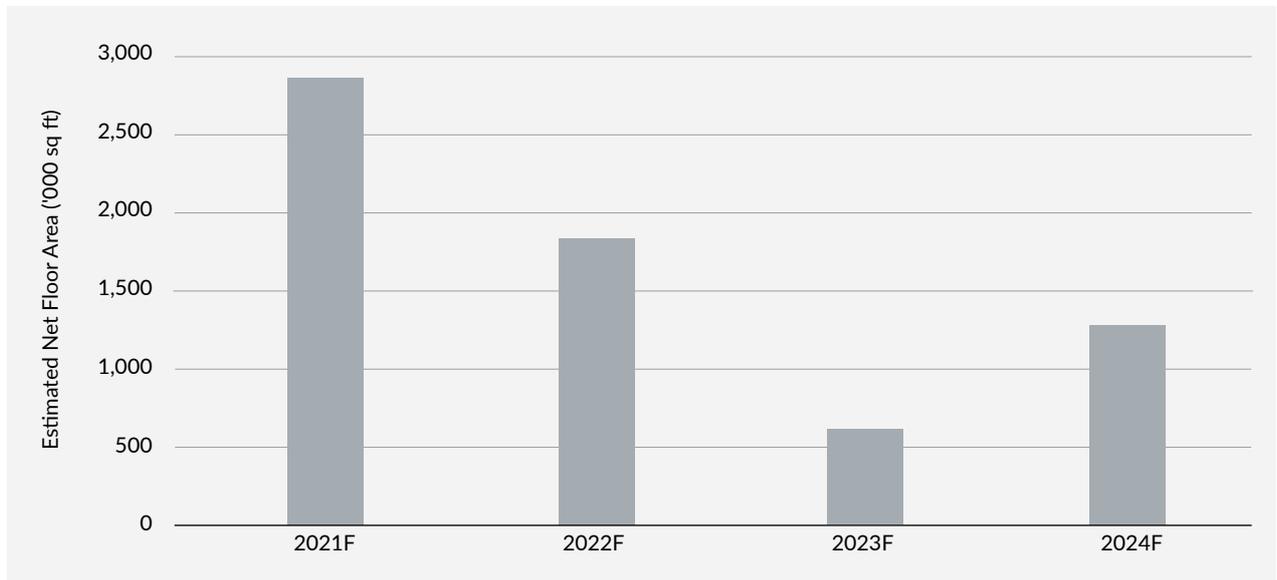
4.2 Potential Supply

Based on JTC’s list of pipeline projects as of 4Q 2020 and JLL’s research, an estimated 6.6 million sq ft¹² (net floor area) of private logistics/warehouse space is expected to be completed from 2021 to 2024. Most (i.e. 59.9%) of the total new pipeline supply are estimated to be single-user logistics/warehouse premises intended mainly for self-use, with the balance 40.2% being multiple-user logistics/warehouse space. Without accounting for withdrawals and change of use, this will expand the island-wide stock of private logistics/warehouse space as of end-2020 by 5.7%, to about 123 million sq ft by end-2024.

Following project completion delays from 2020 to 2021, annual new supply is expected to surge to a peak of about 2.8 million sq ft in 2021. Thereafter, the quantum of upcoming private logistics/warehouse is expected to taper to 1.9 million sq ft and 0.6 million sq ft in 2022 and 2023, respectively, and rise to 1.3 million sq ft in 2024.

On average, the total upcoming private warehouse supply from 2021 to 2024 translates to around 1.7 million sq ft per annum. This is less than half of the average annual net new supply of 3.7 million sq ft in the four years from 2017 to 2020, and also less than two-fifths of the average annual net new supply of 4.2 million sq ft for the 10 years from 2011 to 2020.

Figure 18. Potential Supply of Private Warehouse Space (2021 to 2024)



Source: JTC, JLL Research

¹² Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated GFA, as well as the status of planned projects.

Figure 19. Examples of Major* Upcoming Private Warehouse Developments in 2021

Name of Development	Location	Planning Region	Name of Developer	Approximate GFA (sq ft)
LOGOS eCommerce Hub (Phase 1)	4 Pandan Crescent	West	Pandan Crescent Pte Ltd (LOGOS Group)	644,274
LOGOS Tuas Logistics Hub	20 Tuas South Avenue 14	West	Tuas South Avenue Pte Ltd	1,085,325
LOGOS Penjuru Logistics Centre	2 Tanjong Penjuru Crescent	West	2TPC Pte Ltd (LOGOS & CSC Holdings)	364,681
Cogent Jurong Island Logistics Hub (Phase 1B)	15 Tembusu Crescent	West	S H Cogent Logistics Pte Ltd	941,842
Single-user industrial development (warehouse component)	Senoko Drive/Senoko Road	North	Tee Yih Jia Food Manufacturing Pte Ltd	219,799

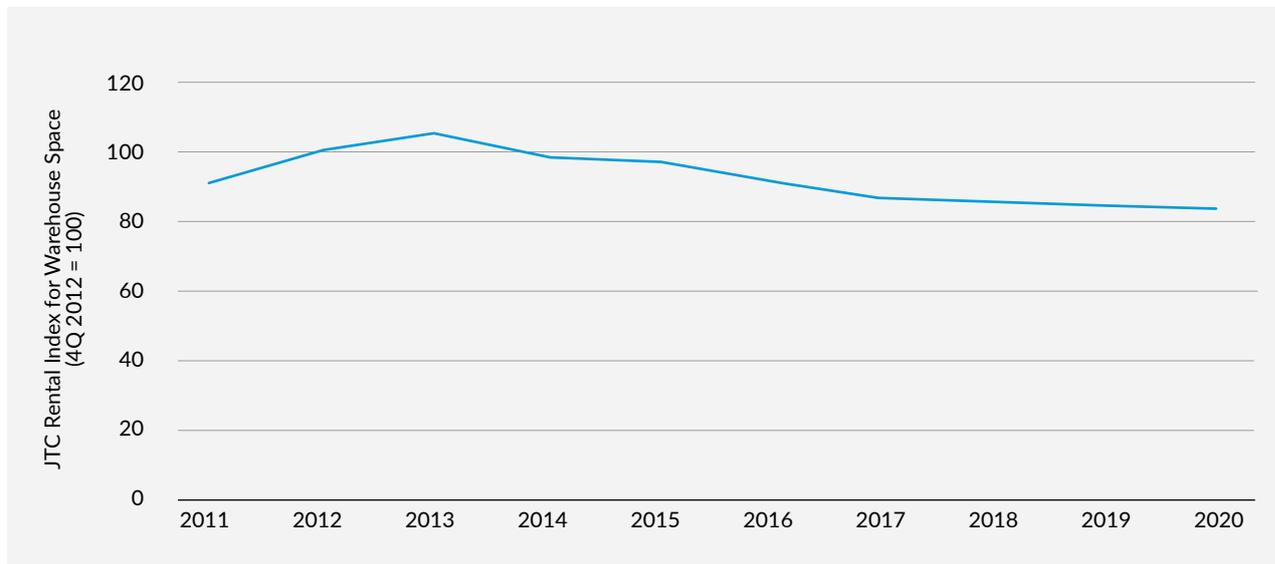
* Refers to developments with approximate GFA of at least 150,000 sq ft.

Source: JTC, JLL Research

4.3 Rents

Notwithstanding the improvement in the average island-wide logistics/warehouse occupancy rate, JTC's warehouse rental index, which is based on transactions of private warehouses, declined by 1.3% in 2020, after easing by a marginal 0.2% in 2019.

According to data from J-Space, the island-wide 25th percentile, median and 75th percentile warehouse rents of leasing transactions in 4Q 2020 stood at \$1.40, \$1.83 and \$2.30 per sq ft per month, respectively.

Figure 20. JTC Rental Index for Warehouse Space (2011 to 2020)

* JTC's rental indices are based on transactions of private warehouse developments.

Source: JTC, JLL Research

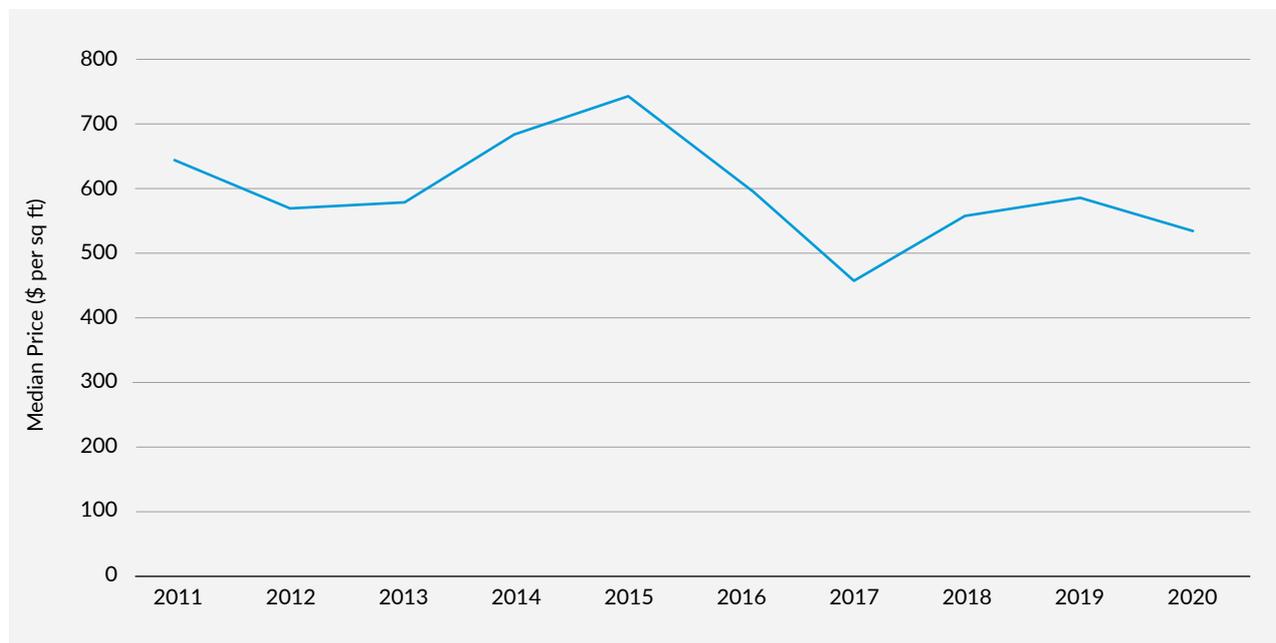
4.4 Prices

The strata-titled warehouse sales market held relatively steady in 2020, with 62 caveats captured, compared to 64 in 2019, based on data obtained from J-Space on 8 February 2021.

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

However, the median price (based on strata area) of strata-titled warehouse transactions downloaded from JTC’s J-Space on 8 February 2021 stood at \$540 per sq ft in 4Q 2020. This is 8.2% lower than the median price of \$588 per sq ft for strata-titled warehouse transactions in 4Q 2019. The limitations of median prices derived from a small number of transactional records in a non-homogeneous market for trend analysis should be noted.

Figure 21. Median Prices* of Warehouse Space (2011 to 2020)



* Based on strata area
Source: JTC, JLL Research

4.5 Major Investment Sales

Based on information collated by JLL Research as of 8 February 2021, an estimated \$0.3 billion worth of private warehouses (excluding development sites)¹³ worth at least \$5.0 million each were transacted in 2020. This was lower than the \$0.5 billion amassed in 2019.

Notable deals in 2020 include the sale of 7 Bulim Street, a four-storey ramp up logistics facility with ancillary office on each level, by Titan (Wenya) Pte Ltd to AIMS APAC REIT for about \$129.6 million and PGIM’s purchase of Luxasia Building at 12 Tai Seng Street for about \$66.1 million.

Examples of major private warehouse investment sales in 2020 based on available market information/transaction records, are tabulated in the following table.

¹³ This excludes the sale of a 26.0% stake in a portfolio of 14 industrial properties comprising six industrial properties, one business park facility, four high-specification industrial properties and three logistics properties held by Boustead Industrial Fund (BIF) to Metro Holdings, estimated to be worth about \$122.2 million.

Figure 22. Examples of Major* Private Warehouse Transactions in 2020

Quarter Sold	Name of Development	Location	Sale Price (\$ million)	Approximate Land Area (sq ft)	Tenure
1Q	N.A.	25 Changi South Street 1	\$20.3	N.A.	30 Yrs From 01/10/1997
2Q	Luxasia Building	12 Tai Seng Street	\$66.1	85,573	30+30 Yrs From 26/06/2007
3Q	N.A.	7 Bulim Street	\$129.6	366,996	30 Yrs From 01/09/2012

* Refers to transactions worth at least \$20.0 million each.

N.A. denotes "Not Available".

Source: JTC, REALIS, RCA, JLL Research (as of 8 February 2021)

4.6 Market Outlook for 2021

We expect stockpiling and e-commerce needs, as well as vaccine storage/logistics requirements, to be key logistics/warehouse demand drivers in 2021, in anticipation of a protracted fight against COVID-19.

The transformation of the logistics industry is expected to gather pace as more firms embrace Industry 4.0 practices and adopt automation and the Internet of Things ("IoT") in preparation for the eventual post COVID-19 rebound. This, coupled with the adjustments to global supply chains due to COVID-19, could alter business needs and yield new logistics/warehousing requirements.

However, there is a possibility that stockpiling requirements may taper off when the COVID-19 situation stabilises or is contained. More efficient operations from automated warehouses could also lower the need to expand physical real estate footprints to cater to business expansion.

We also expect Singapore's continued progression towards higher value-adding and value-creating manufacturing activities such as R&D, specialty chemicals and additive manufacturing (e.g. 3D printing) to underpin end-user demand for higher-specification logistics/warehouse facilities including specialised logistics/warehouse facilities like chemical warehouses and cold rooms.

Considering the above and the projected economic rebound in 2021, we expect Singapore's quantum of occupied logistics/warehouse stock to continue rising in 2021. However, the surge in new private logistics/warehouse supply in 2021 could weigh down the island-wide average occupancy rate and keep island-wide rents relatively stable in 2021. This also took into account the potential competition from the envisaged completion of an estimated 1.2 million sq ft (net floor area) of public sector warehouse space in 2021.

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SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

BOARD STATEMENT ON SUSTAINABILITY

Sustainability is increasingly becoming a priority as we witness how global megatrends are changing and shaping expectations of society. In the same vein, Singapore's real estate sector and investor community are increasingly placing more emphasis on environmental, social and governance ("ESG") matters. At Sabana REIT, sustainability continues to be a significant part of our organisational strategy, and remains a key focus in our long-term strategy.

We are pleased to present Sabana REIT's fourth sustainability report as we continue on our sustainability journey and incorporate considerations for ethics and social responsibility into our business and investment decisions to enhance our portfolio's ESG performance.

Facing the challenges brought about by the Coronavirus Disease 2019 ("COVID-19") pandemic head-on, we remain committed to safeguarding the health and safety of our stakeholders, including our employees and users of our properties. We ensure compliance with governmental regulations and guidelines and have stepped up on the cleaning regimes of all our properties. With the welfare of our employees in mind, we ensure that they are well-adapted to the new ways of working. We are driving digitalisation by engaging our stakeholders using teleconferencing and other online mediums. Going forward, we continue to monitor the constantly evolving COVID-19 situation and remain steadfast in our response.

Although FY 2020 has been a challenging year, Sabana REIT remains committed to its sustainability objectives. During the year, we re-assessed the materiality of our identified ESG topics, and confirmed our commitment to the previously identified eight topics, adequately representing the materiality to Sabana REIT. The Board oversaw the governance, monitoring and management of the identified ESG risks and opportunities.

Our focus moving forward will be to continue driving our sustainability performance through our Sustainability Working Committee ("SWC"). We will also continue to embed practices of good governance within our business, to ensure our employees understand the importance of our responsibility in building a positive influence on society.

We look forward to sharing our progress and receiving your feedback along our sustainability journey with you.

ABOUT THIS REPORT

This report has been prepared in accordance with the sustainability reporting requirements of the SGX-ST Listing Rules 711A and 711B and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"): Core option.

GRI's Reporting Principles were also applied in guiding the development of our report content.

This sustainability report presents detailed information on our sustainable development performance and management during the period of 1 January to 31 December 2020. The report defines our targets for each of our material ESG topics for the forthcoming year.

The scope of the report covers:

- Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT");
- Sabana Real Estate Investment Management Pte. Ltd. (the "Manager");
- Sabana Property Management Pte. Ltd. (the "Property Manager"); and
- Sabana REIT's entire property portfolio.

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

For performance related to energy, greenhouse gas ("GHG") emissions and water, the data disclosed covers 11 multi-tenanted properties where Sabana REIT has operational control¹. Employee-related performance data disclosed in this report covers the employees of the Manager and the Property Manager.

All information and data in this report is disclosed in good faith. We will continue to publish our sustainability report annually, which will be accessible via our website. We greatly welcome feedback from our stakeholders as we continuously improve our sustainability performance and reporting.

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

FY 2020 HIGHLIGHTS

Material Factors	Indicators	FY 2020 Performance	Targets for FY 2020	Targets for FY 2021
Our Governance				
Business Ethics & Anti-Corruption	Confirmed incidents of corruption or fraud	Zero incidents	Achieved - Maintain zero confirmed incidents of corruption and fraud	Maintain zero confirmed incidents of corruption and fraud
Regulatory Compliance	Non-compliant incidents that resulted in significant fines or legal actions regarding: <ul style="list-style-type: none"> • Environmental laws and regulations • Laws and regulations in social and economic areas • Marketing communications 	Zero incidents	Achieved - Maintain zero incidents of non-compliance with relevant laws and regulations that result in significant fines or legal actions	Maintain zero incidents of non-compliance with relevant laws and regulations that result in significant fines or legal actions

¹ The properties 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 and 39 Ubi Road 1.

Material Factors	Indicators		FY 2020 Performance	Targets for FY 2020	Targets for FY 2021
Our People and Tenants					
Fair Employment Practices & Talent Retention	Number of validated incidents of discrimination		Zero incidents	Achieved - Maintain zero validated incidents of discrimination	Maintain zero validated incidents of discrimination
	Average training hours per employee		8.1 hours	Not achieved - Ensure employees receive on average 10 hours of training ²	Ensure employees receive on average 10 hours of training
	Rate of new employee hires Rate of employee turnover		11.1% 11.1%	Achieved - Continue to deploy fair employment practices by ensuring our hiring processes remain stringent and to offer equal opportunity to all potential candidates	Continue to deploy fair employment practices by ensuring our hiring processes remain stringent and to offer equal opportunity to all potential candidates
Tenant Satisfaction	Number of tenants responded via annual tenant satisfaction survey		82	Achieved - Achieve at least 70.0% tenant satisfaction level for all properties surveyed	Achieve at least 70.0% tenant satisfaction level for all properties surveyed
	Average tenant satisfaction scores across properties		78.0%		
Health & Safety	Employees	Fatalities as a result of work-related injury and ill-health	Zero	Achieved - Maintain zero fatalities for our employees and contractors	Maintain zero fatalities for our employees
		High-consequence work-related injuries (excluding fatalities)	Zero		
		Recordable work-related injuries	Zero		
		Recordable work-related ill-health	Zero		
	Tenants, vendors and contractors	Number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts during the use of our buildings	Zero	Achieved - Maintain zero non-compliant incidents concerning health and safety impacts during the use of our buildings	Maintain zero non-compliant incidents concerning health and safety impacts during the use of our buildings

² Sabana REIT was not able to achieve this target in FY 2020 due to restrictions brought about by the COVID-19 pandemic. Nevertheless, we offered online training courses to ensure our employees' access to training.

Material Factors	Indicators	FY 2020 Performance	Targets for FY 2020	Targets for FY 2021
Our Environment				
Climate Change & Energy Efficiency	Total energy consumption	66,228 MWh	Not achieved - Maintain or reduce energy intensity of common areas of properties under the Manager's or Property Manager's operational control (FY 2019: 41.8 kWh/ft ³)	Maintain or reduce energy intensity of common areas of properties under the Manager's or Property Manager's operational control
	Total energy intensity	28.3 kWh/ft ²		
	Common areas energy intensity	48.0 kWh/ft ²		
	Total GHG emissions (Scope 2)	27,054 tCO ₂ e		
	GHG emissions (Scope 2) intensity	11.6 kgCO ₂ e/ft ²		
Water Management	Total water withdrawal	164,382 m ³	Achieved – Progressively change water fittings to fittings with PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks when spoilt Not achieved – Progressively attain PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control ⁴	Progressively change water fittings to fittings with PUB's Water Efficiency Labelling Scheme rating of 3 or 4 ticks when spoilt Progressively attain PUB Water Efficient Building basic certification for properties under the Manager's or Property Manager's operational control
	Water intensity	0.070 m ³ /ft ²		
Our Society				
Community Impact	Support provided to the local community	Supported a social enterprise through the purchase of hampers	Not Achieved – Continue to support charitable organisations via donations, complete at least one local community engagement and support two recipients/ organisations with donations for the year ⁴	Complete at least one local community engagement

³ Sabana REIT was not able to achieve this target in FY 2020 mainly due to our response to the COVID-19 situation, where we increased the outdoor air intake of our Air Handling Units ("AHU") systems in our properties to improve indoor air movement.

⁴ Sabana REIT was not able to achieve this target in FY 2020 due to restrictions brought about by the COVID-19 pandemic.

HOW WE MANAGE SUSTAINABILITY

SUSTAINABILITY APPROACH

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

As a real estate owner, we are constantly mindful of the long-lasting impacts that our assets can have on the environment. We aim to improve the environmental sustainability of our assets to safeguard our operational performance and reduce our environmental footprint.



SUSTAINABILITY GOVERNANCE

Our Board of Directors (the “Board”) determines the direction of Sabana REIT’s sustainability agenda and oversees the management of our sustainability performance. The SWC was appointed by the Board to support its efforts in governing sustainability-related matters.

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

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

STAKEHOLDER ENGAGEMENT

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

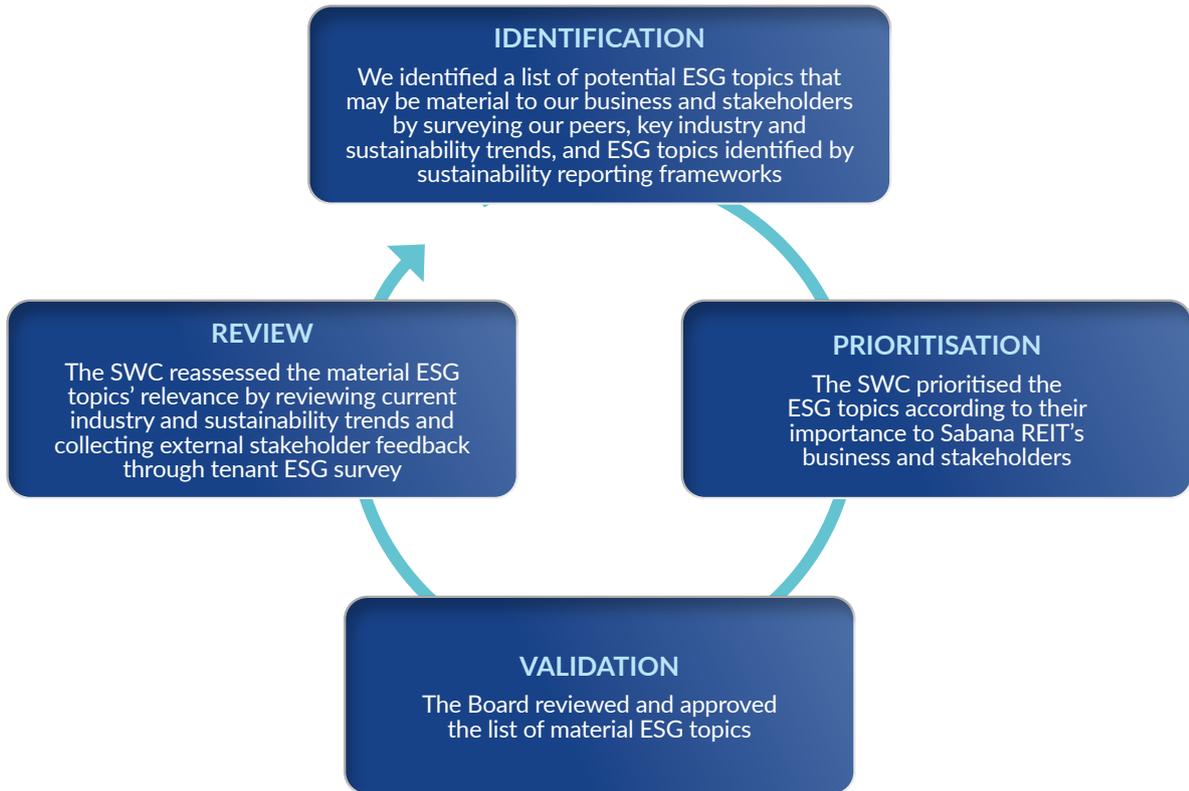
A summary of how we interact and communicate with our stakeholders is outlined below:

Key Stakeholders	Key Issues of Concern	Engagement Methods	Engagement Frequency
Investment Community (including Unitholders, Fund Managers, Buy and Sell-side Analysts, as well as Media)	<ul style="list-style-type: none"> Financial performance Business outlook Good governance 	<ul style="list-style-type: none"> Financial results briefings with analysts and the media Annual General Meetings ("AGMs") Asset valuation reports Updates and announcements via our corporate website and SGXNet Investor conferences Video-conference investor meetings Virtual non-deal roadshows 	<ul style="list-style-type: none"> Quarterly Annually Bi-annually Throughout the year Throughout the year Throughout the year Throughout the year
Tenants	<ul style="list-style-type: none"> Tenants' satisfaction Quality of facilities and services Health and safety 	<ul style="list-style-type: none"> Tenant engagement events Tenant satisfaction survey 	<ul style="list-style-type: none"> Throughout the year Annually
Employees	<ul style="list-style-type: none"> Career development Health and safety Equal opportunity and inclusion 	<ul style="list-style-type: none"> Performance appraisal Training and development programmes Team meetings Team bonding activities 	<ul style="list-style-type: none"> Annually Throughout the year Throughout the year Throughout the year
Business Partners (including suppliers/service providers)	<ul style="list-style-type: none"> Health and safety Business performance 	<ul style="list-style-type: none"> On-boarding risk assessment for contractors Video-conferencing meetings Ad-hoc site visits 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year
Government and Regulatory bodies	<ul style="list-style-type: none"> Regulatory compliance Good governance 	<ul style="list-style-type: none"> Video-conferencing meetings Site inspections 	<ul style="list-style-type: none"> Throughout the year Throughout the year
Community	<ul style="list-style-type: none"> Community investments Impact of business on the environment and society 	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") activities Donations to charitable organisations 	<ul style="list-style-type: none"> Throughout the year Throughout the year

In addition to engaging our stakeholders, we also participate in professional associations. The Manager is a member of the REIT Association of Singapore and Singapore Business Federation to contribute to the development of our industry.

MATERIALITY ASSESSMENT

In 2020, we reviewed our materiality assessment to determine if the ESG topics that we deem material to our business and stakeholders remain. Our approach to materiality is in line with the GRI Standards for sustainability reporting and AA1000 Accountability Principles, and follows a four-step approach, as illustrated below:



The review concluded, that the eight material ESG topics that were previously identified remain pertinent to our business operations and stakeholders' interests. These ESG topics were approved by the Board. We will continue to review and evaluate our material ESG topics annually.

MATERIAL ESG TOPICS

The table below describes each of our material ESG topics, where significant impacts for each material ESG topic occur, and how we have caused or contributed to the impacts through our business conduct. Boundaries of the material ESG topics are identified along our value chain, which comprises tenants, vendors and contractors, as well as the local communities we operate in. Each material ESG topic's impact is assessed specifically according to where it occurs in our value chain and how we are involved with these impacts.

Level of Materiality	Material ESG Topics	Materiality to Sabana REIT	Material ESG Topic Boundaries	Corresponding Topic-specific GRI Standards
Top-tier material ESG topics (with high internal and external relevance)	<ul style="list-style-type: none"> Economic growth⁵ 	Maintaining a profitable portfolio is how we create value for all our stakeholders. Hence, it is critical to ensure strong economic performance even amidst the challenges brought about by the COVID-19 pandemic.	The manner of which we conduct business directly impacts our own operations and performance.	<ul style="list-style-type: none"> GRI 201: Economic Performance 2016
	<ul style="list-style-type: none"> Good governance⁶ Business ethics & anti-corruption Regulatory compliance 	Sound corporate governance is essential for sustaining our business operations and performance. The key to establishing sound corporate governance is upholding a high level of corporate integrity to eliminate fraud and corruption. Equally, this ensures compliance with all applicable laws and regulations where any non-compliance could undermine our licence to operate.		<ul style="list-style-type: none"> GRI 205: Anti-corruption 2016 GRI 307: Environmental Compliance 2016 GRI 417: Marketing and Labelling 2016 GRI 419: Socioeconomic Compliance 2016
	<ul style="list-style-type: none"> Tenant satisfaction 	A high level of tenant satisfaction translates into our success as a REIT and is key in sustaining our financial performance.	Our ability to create a satisfactory engagement experience with our tenants impacts the level of tenant satisfaction.	<ul style="list-style-type: none"> Not applicable (non-GRI topic)

⁵ Please see Letter to Unitholders, pages 6-7, Financial Highlights, page 17, and Financial Statements, pages 105-160 of our 2020 Annual Report for more details on our FY 2020 economic and financial performance and key measures taken to remain resilient amidst the COVID-19 pandemic.

⁶ Please see Corporate Governance Report, pages 88-104 of our 2020 Annual Report for more details on our FY 2020 corporate governance practices.

Level of Materiality	Material ESG Topics	Materiality to Sabana REIT	Material ESG Topic Boundaries	Corresponding Topic-specific GRI Standards
Second-tier material ESG topics (with medium to high internal and external relevance)	<ul style="list-style-type: none"> Fair employment practices & talent retention 	Our employees are our greatest assets. We understand the need to attract, cultivate and retain talent with the right skill pool and experiences for us to deliver value to our stakeholders.	The Manager's employment and workforce management practices directly affect its employees and operations.	<ul style="list-style-type: none"> GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016
	<ul style="list-style-type: none"> Health & safety 	Ensuring health and safety at our properties is important to maintaining the value of our assets. We strive to provide a safe working environment for our employees, vendors and contractors, tenants and guests.	Health and safety impacts could occur in our own workplace, at the tenants' workplace and for vendors and contractors working at our properties. For the health and safety of our tenants, we ensure that our properties are well-maintained and that the health and safety equipment are properly located. Additionally, we also reward contracts to those who uphold good health and safety practices.	<ul style="list-style-type: none"> GRI 403: Occupational Health and Safety 2018 GRI 416: Customer Health and Safety 2016
	<ul style="list-style-type: none"> Energy efficiency & climate change 	As a real estate owner, we are mindful of the long-lasting impact that our assets could have on the environment. We aim to improve the environmental sustainability of our assets to strengthen our operational performance as well as reduce our environmental footprint.	Both our own and our tenants' operations consume energy, emit GHG emissions and use water, thereby directly causing environmental impacts.	<ul style="list-style-type: none"> GRI 302: Energy 2016 GRI 305: Emissions 2016
	<ul style="list-style-type: none"> Water management 			<ul style="list-style-type: none"> GRI 303: Water and Effluents 2018
	<ul style="list-style-type: none"> Community impact 	Sabana REIT strives to be a responsible corporate citizen and we understand our interdependence with the communities we operate in. We are committed to building lasting relationships.	The Manager strives to contribute to creating positive impacts by engaging and working with local communities. We provide monetary donations to charitable organisations and participate in initiatives and events organised by non-profit or charitable organisations. We also look to drive shared value creation through our engagement with our neighbouring communities.	<ul style="list-style-type: none"> GRI 413: Local Communities 2016

OUR GOVERNANCE

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

BUSINESS ETHICS & ANTI-CORRUPTION

We adopt a zero-tolerance stance on fraud, corruption and other unethical behaviour and are committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements, as well as, any legislation that is relevant to our business.

Policies and Procedures	Guidance
Code of Best Practices on Securities Transactions	Guidance on how the Directors and employees of the Manager should trade the Units (shares, bonds, or commodities) that they hold.
Procedures on Conflict of Interest	Procedures established by the Manager to prevent and deal with potential conflicts of interest issues.
Procedures on Related Party Transactions	Procedures established to ensure that all Related Party Transactions will be undertaken on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. All Related Party Transactions are subjected to regular periodic reviews by the Audit and Risk Committee ("ARC").
Employee Handbook	Guidance on matters relating to appropriate behaviours, including how employees should conduct business and maintain all business relationships.
Whistle-blowing Policy	<p>Provision of an independently-monitored, confidential channel for employees, tenants and vendors to report on suspected fraud, corruption, dishonest practices or other similar matters relating to Sabana REIT or the Manager, without fear of retaliation, discrimination or adverse consequences. The whistle-blowing email is independently tested by the Company Secretary every quarter.</p> <p>The Policy also provides guidelines for independent investigation of any reports and appropriate follow-up action. All whistle-blowing reports will be directed to the Chairman of the ARC.</p>

In FY 2020, no legal cases regarding corruption and fraud were brought against Sabana REIT, the Manager and its employees, and there were no confirmed incidents of corruption or fraud.

FY 2020 Performance
Maintained zero confirmed incidents of corruption or fraud.

FY 2021 Target
Maintain zero confirmed incidents of corruption and fraud.

REGULATORY COMPLIANCE

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

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

In addition to these legal frameworks, Sabana REIT is managed in accordance with Shari'ah investment principles and procedures. In the event of Shari'ah principles conflicting with the laws, rules and regulations applicable to Sabana REIT, such laws, rules and regulations shall prevail.

During FY 2020, we had zero non-compliance cases with relevant laws and regulations that resulted in significant fines or legal actions.

FY 2020 Performance
Maintained zero non-compliant incidents with environmental laws and regulations that resulted in significant fines or legal actions.
Maintained zero non-compliant incidents with laws and regulations in the social and economic areas that resulted in significant fines or legal actions.
Maintained zero non-compliant incidents concerning marketing communications that resulted in significant fines or legal actions.

2021 Target
Maintain zero incidents of non-compliance with relevant laws and regulations that result in significant fines or legal actions.

OUR PEOPLE AND TENANTS

FAIR EMPLOYMENT PRACTICES & TALENT RETENTION

The Manager recognises the efforts and accomplishments of all our employees and hopes to encourage continued creativity and innovation through initiatives and strategies. This year, the CEO presented certificate awards to staff with outstanding performances. Sabana REIT recognises the efforts and accomplishments of employees and we hope to reinforce hard work and foster a sense of participation among our employees.

DIVERSITY AND EQUAL OPPORTUNITY

As at 31 December 2020, the Manager and Property Manager had 36 employees. Our workforce is made up of full-time, permanent employees that are based in Singapore. Our leadership ensures our workforce is gender-balanced, by creating a culture that embraces gender equality and diversity. Our current gender balance is 47.2% female and 52.8% male employees.

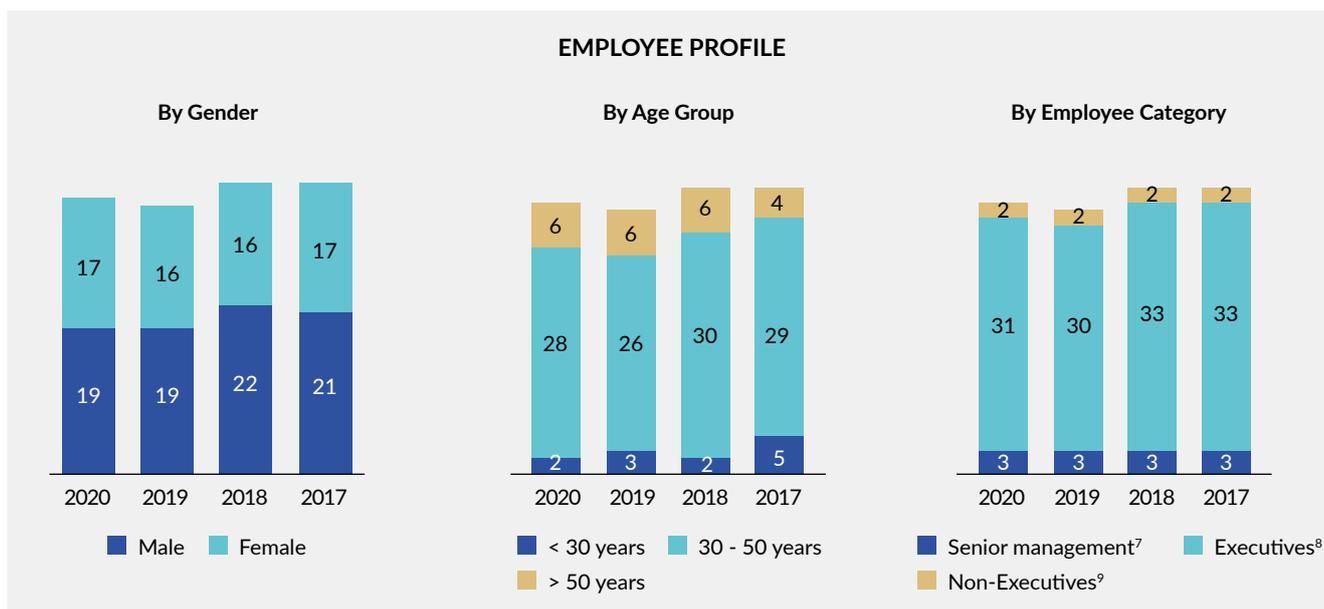
The Manager’s HR department has established company-wide policies to ensure fair employment practices are upheld and that our workforce is managed effectively and fairly. Our hiring processes remain stringent and we offer equal opportunity to all potential candidates.

Our HR policies
<ul style="list-style-type: none"> • Recruitment Policy • Employee Records Policy • Salary Policy and Performance Review Policy • Payroll Policy • Training and Development Policy • Cessation of Employment Policy • Policy on Employee Insurance and Workmen Compensation

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

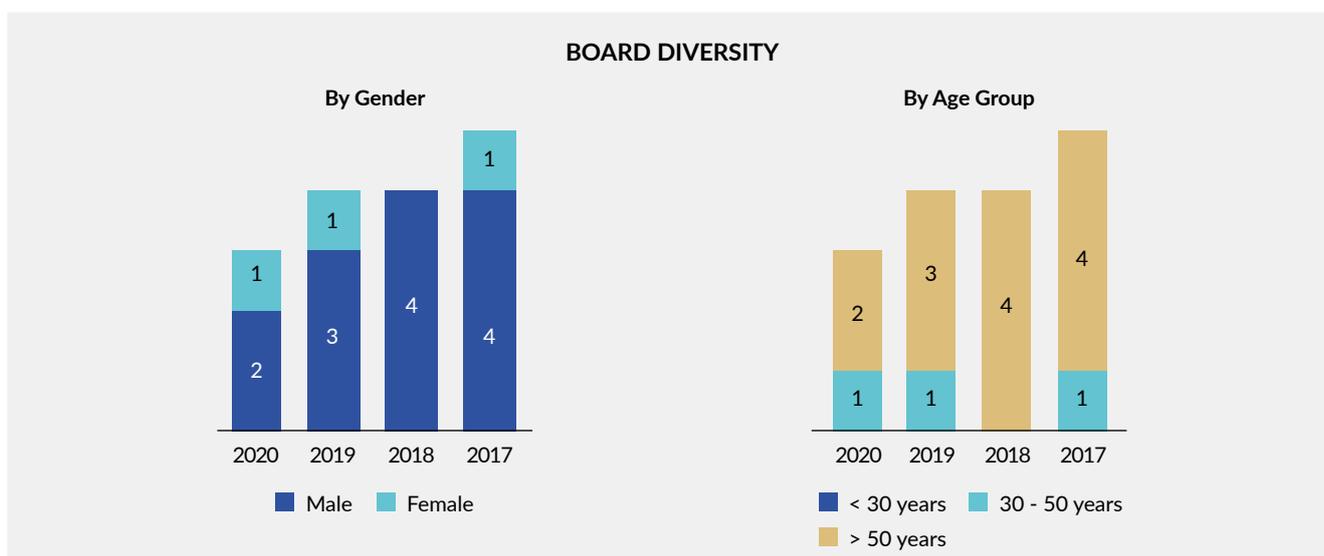
In FY 2020, there were zero validated cases of discrimination, meeting our target set for the year.

FY 2020 Performance
Maintained zero validated incidents of discrimination.



We maintain a relatively balanced gender distribution for our executive employee category. 1 out of 3 of our senior management is female.

In FY 2021, we will continue to strengthen the diversity within our governance body and organisation by broadening our recruitment methods. More specifically we will look to encourage employee referrals of suitable candidates, build stronger relationships with local universities that are shaping the next generation of the workforce and continue to use social media platforms to widen our recruitment reach.



⁷ Senior management consists of the Manager’s CEO, Head of Investment and Asset Management and Senior Vice President, Finance.

⁸ Executives refer to all other staff at the Manager and Property Manager.

⁹ Non-executives consist of one property officer and one pantry lady.

Employee Diversity Per Employee Category - By Gender



Employee Diversity Per Employee Category - By Age Group

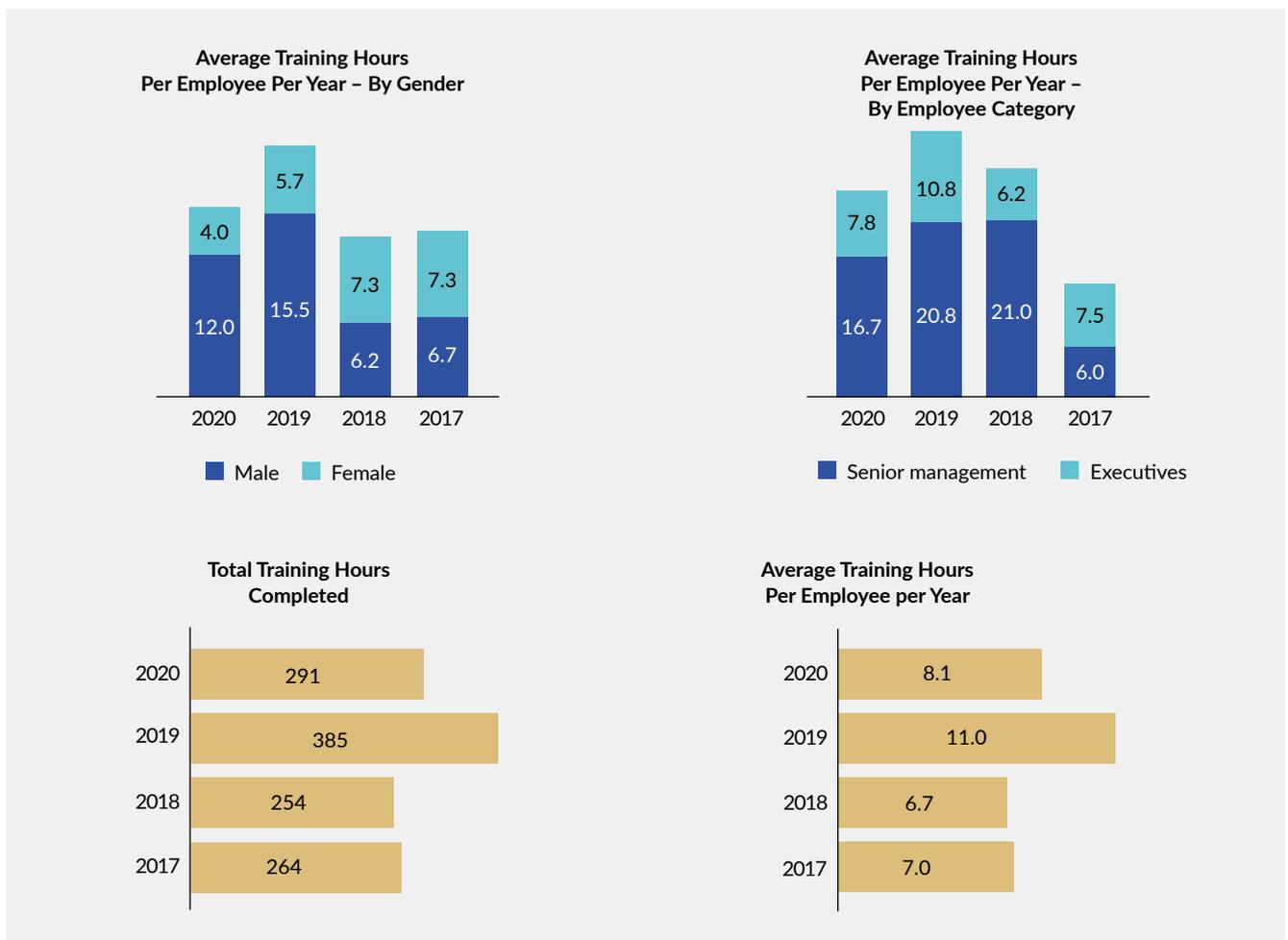


TRAINING AND DEVELOPMENT

Training and development initiatives are implemented to support our employees in pursuing continuous education and job-specific training. These initiatives entail educational assistance for formal qualifications and professional development through short courses. Each employee can take up to five days of study leave and up to three days of examination leave per calendar year. Employees’ training and development needs are also discussed during their annual performance appraisal.

In FY 2020, our employees received an average of 8 hours of training, a decrease of 3 hours on average per employee from FY 2019. Due to restrictions brought about by the COVID-19 pandemic, the FY 2020 target of 10 average training hours was not met, as practical courses such as first aid and fire safety courses could not be conducted. Nevertheless, we offered online training courses and reduced class sizes for in-person trainings with safe distancing measures in place to ensure our employees’ access to training despite the restrictions.

Training courses attended by our employees in FY 2020 included courses on finance, water management, real estate and REIT management. These training courses were conducted for roles with higher training requirements which were predominantly held by our male employees and explains the higher average training hours completed by males.



EMPLOYEE ENGAGEMENT

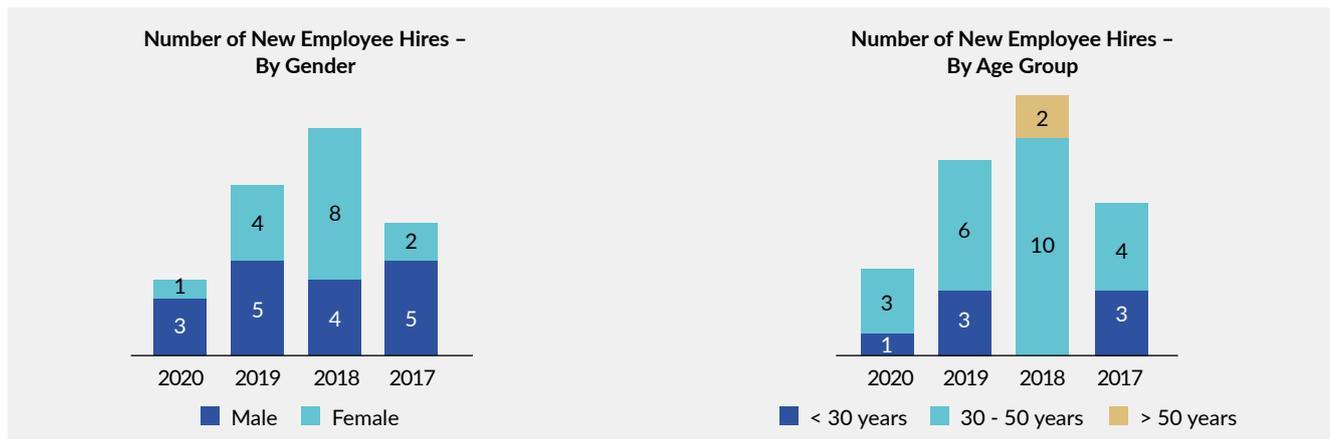
Through our annual performance reviews and planning sessions, we actively engage our employees to understand their needs and expectations as well as to monitor their level of satisfaction. In FY 2020, excluding those under probation, 100.0% of our employees completed their annual performance review. Additionally, we ensure informal feedback channels between management and employees are established.

In FY 2020, to ensure that our employees are well-adjusted to the new working arrangements during the COVID-19 pandemic, the Manager ensured that all of our employees had proper working desks and internet connection at home and offered to pay for those who needed to purchase desks or internet access. In addition, we purchased printers for certain employees to minimise the need to work in the office.

TALENT RETENTION

Welfare and career development are important factors in workplace satisfaction levels. We regularly monitor our hiring and turnover rate to assess our effectiveness in retaining talent. In FY 2020, we hired four new employees, translating to a hiring rate of 11.1%. During the year, four employees had left our business due to disruptions to the job market brought about by the COVID-19 pandemic in FY 2020, translating to a turnover rate of 11.1%, a decrease from FY 2019.

In addition to our efforts in ensuring inclusion in our workforce, encouraging training and development, and engaging our employees, we have also acknowledged our employees' service and dedication to the organisation, through results-based bonuses for performing employees.



Annual Rate of New Employee Hires - By Gender¹⁰

	2020	2019	2018	2017
Male	15.8%	26.3%	18.2%	23.8%
Female	5.9%	25.0%	50.0%	11.8%

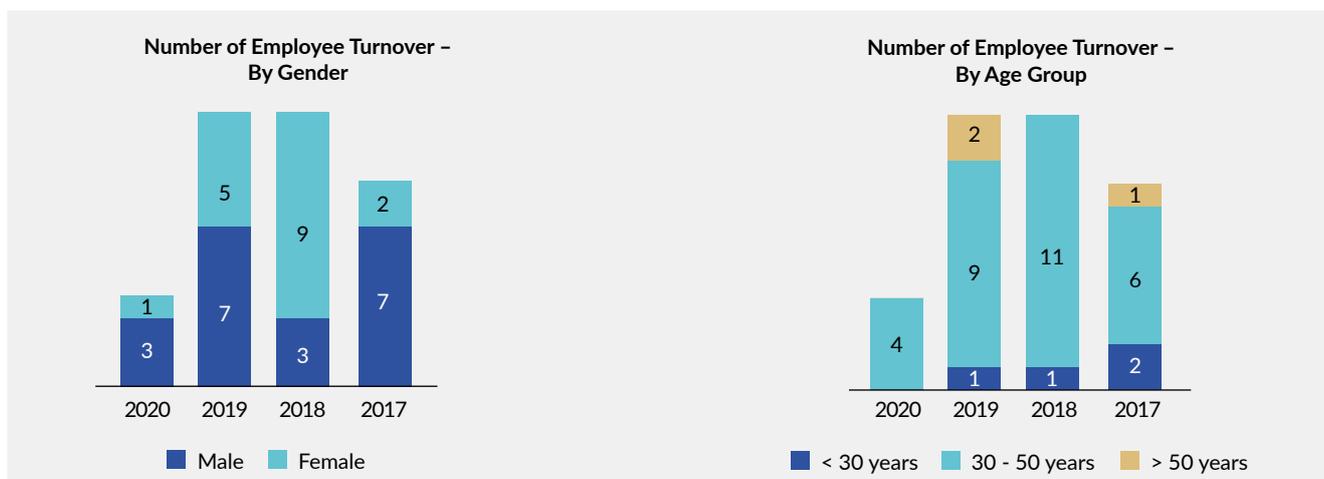
Annual Rate of New Employee Hires - By Age Group¹¹

	2020	2019	2018	2017
< 30 years old	50.0%	100.0%	00.0%	60.0%
30 - 50 years old	10.7%	23.1%	33.3%	13.8%
> 50 years old	00.0%	00.0%	33.3%	0.00%
Annual Rate of New Employee Hires¹²	11.1%	25.7%	31.6%	18.4%

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

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

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



Annual Rate of Employee Turnover - By Gender¹³

	2020	2019	2018	2017
Male	15.8%	36.8%	13.7%	33.3%
Female	5.9%	31.3%	56.3%	11.8%

Annual Rate of Employee Turnover - By Age Group¹⁴

	2020	2019	2018	2017
< 30 years old	00.0%	33.3%	50.0%	40.0%
30 - 50 years old	14.3%	34.6%	36.7%	20.7%
> 50 years old	00.0%	33.3%	00.0%	25.0%
Annual Rate of Employee Turnover¹⁵	11.1%	34.3%	31.6%	23.7%

FY 2021 Target	
<ul style="list-style-type: none"> • Ensure employees receive an average of 10 hours throughout the year. • Maintain zero validated incidents of discrimination. • Continue to deploy fair employment practices by ensuring our hiring processes remain stringent and to offer equal opportunity to all potential candidates. 	

¹³ Annual rate of employee turnover by gender = total number of male or female employee turnover / total number of male or female employees as at the last day of financial year.

¹⁴ Annual rate of employee turnover by age group = total number of employee turnover of an age group / total number of employees of an age group as at the last day of financial year.

¹⁵ Annual rate of employee turnover = total number of employee turnover / total number of employees as at the last day of financial year.

TENANT SATISFACTION

Tenant satisfaction drives our success as a REIT. We have established an ongoing communication mechanism with our tenants through monthly site visits and annual tenant satisfaction surveys. In FY 2020, these monthly site visits continued while ensuring COVID-19 measures are in place such as SafeEntry check-ins, temperature scanning and safe entry. Since FY 2019, our updated tenant satisfaction survey focused on three main aspects including building management and maintenance, finance and leasing, and marketing services.

The results of the tenant survey revealed a lower rate of response of 79.0% in FY 2020 as opposed to 83.0% in FY 2019. The decline in response rate is attributed to lower response from tenants who were on work from home arrangements. On the other hand, the average satisfaction score across our properties increased. In FY 2020, we achieved a satisfaction score of 78.0% compared to 76.7% in FY 2019, meeting our target of at least 70.0%.

Performance Measure	2020	2019	2018
Percentage of tenants responded	79.0%	83.0%	79.0%
Average tenant satisfaction scores across our properties	78.0%	76.7%	75.8%

FY 2021 Target
Achieve at least 70.0% average tenant satisfaction scores across our properties.

HEALTH & SAFETY

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

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

To identify hazards, assess risks and incorporate improvements into our health and safety management system, the Property Manager conducts monthly safety audits and quarterly safety meetings which involve worker participation and consultation.

The Manager organises first aid and AED training course in collaboration with the Singapore Red Cross Society and new property staff. A total of two staff members received training, a reduced number from FY 2019 due to COVID-19 restrictions. We also conduct regular fire drills to ensure the emergency response and safety equipment at our properties are in working order and comply with legislative requirements.

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

EMPLOYEES

We hold safety briefings for all new staff and provide various health and safety related benefits and implement employee wellness initiatives. Additionally, we have put up a health bulletin board at our properties and regularly email our employees information on safety at work and living a healthy lifestyle. During the pandemic, we encouraged our employees to maintain hygiene levels by washing and sanitising their hands regularly. The table below shows more initiatives and policies on protecting and enhancing our employees' welfare:

- Personal accident, hospitalisation and surgical group term life insurance plans
- Workmen's Injury Compensation Insurance Policy
- Travel insurance plans for business travel
- Annual health screenings
- 16 weeks of paid maternity leave for female employees who completed three calendar months of service
- Team bonding events*
- Response to COVID-19:
 - A Flu Response Team was set up
 - Implemented split teams and staggered hours
 - Kept employees updated on the latest government advisories through email announcements and text messages
 - Interactions with stakeholders such as contractors were conducted through tele-conferencing or with safe distancing measures in place

* Due to COVID-19 restrictions, these team bonding events were suspended but Sabana REIT continues to engage with employees through other activities such as providing employees with a Care Pack that includes sanitary products.

We have continued our strong performance in FY 2020 with a record of zero work-related injuries and ill-health for all workers¹⁶ are as shown in the table below.

FY 2020 Performance
Zero fatalities as a result of work-related injury and ill-health ¹⁷
Zero high-consequence work-related injuries ¹⁸ (excluding fatalities)
Zero recordable work-related injuries ¹⁹
Zero recordable work-related ill-health ²⁰

TENANTS

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

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

¹⁶ The above relates to all employees of the Manager and of the Property Manager as well as vendors and contractors engaged by Sabana REIT.

¹⁷ A work-related injury or ill-health is defined as negative impacts on health arising from exposure to hazards at work.

¹⁸ A high-consequence workplace injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

¹⁹ A recordable work-related injury is a workplace or work-related traffic injury that results in at least 24 hours of hospitalisation or 3 days of MC due to a single work-related accident (whether consecutive or not), as per reported to the Ministry of Manpower ("MOM") in Singapore.

²⁰ A recordable work-related ill-health relates to occupational diseases reported to the MOM in Singapore.

VENDORS AND CONTRACTORS

Prior to engaging a new vendor or contractor, we require them to complete an on-boarding risk assessment to ensure that they have proper health and safety processes in place. All contractors are also required to apply for a PTW which includes a risk assessment of their respective work scope and schedule of work. These documents will be checked by the Property Executive (“PE”) and Property Manager.

An incident flow chart is in place to guide our stakeholders on the reporting process of work-related hazards or incidents. During on-site briefings, we inform every vendor of the risks involved and the option to halt any works that could cause injury or illness.

In FY 2020, there were no incidents of non-compliance concerning health and safety impacts during the use of our buildings.

FY 2020 Performance
Zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.

FY 2021 Target
<ul style="list-style-type: none">• Maintain zero fatalities for our employees.• Maintain zero non-compliant incidents concerning health and safety impacts during the use of our buildings.

OUR ENVIRONMENT

We understand the interdependence of our assets with the environment and the ecosystems services it provides. Striving for long-term environmental sustainability is not only the right thing to do but is imperative for the success of our business.

In line with the Singapore Government’s aim to green 80% of all buildings over the next decade as part of the Singapore Green Plan 2030, we will invest efforts towards energy and water efficiency for all our properties.

CLIMATE CHANGE & ENERGY EFFICIENCY

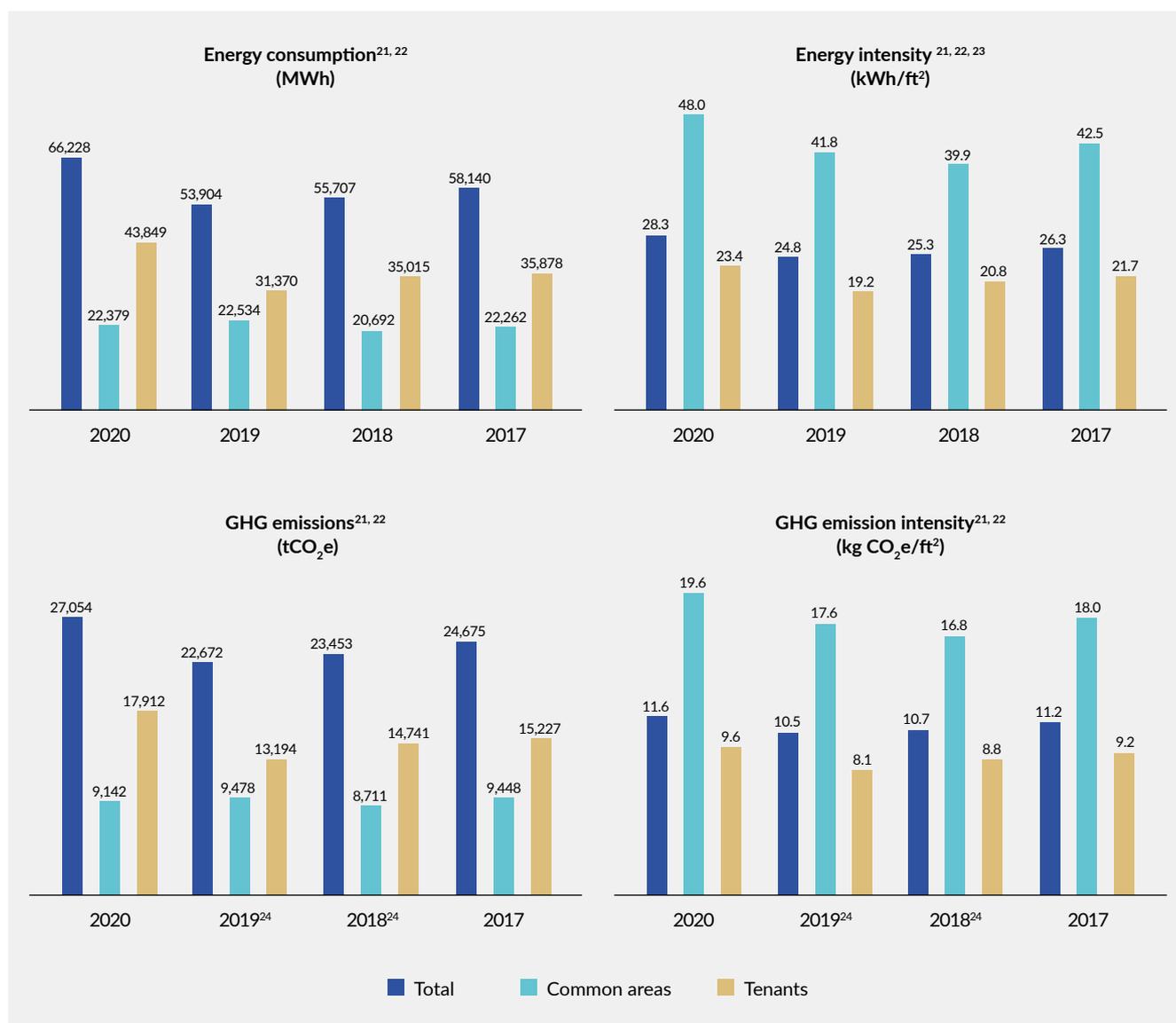
Sabana REIT is committed to do its part in mitigating climate change through responsible and efficient management of our energy consumption.

On a monthly basis, we monitor the energy consumption at our properties to identify any abnormalities in consumption patterns and address them with our tenants promptly.

In FY 2020, our electricity usage, increased by 22.9% from FY 2019 mainly due to a higher tenant occupancy rate and the take back of properties due to expiry of the master leases.

We also recorded an increase in energy intensity across our portfolio of 13.9% during the year, which can be mainly attributed to our response to the COVID-19 situation, where we increased the outdoor air intake of our AHU systems in our properties to improve indoor air movement.

Going forward, we will explore additional energy-efficiency measures for our properties to minimise our energy needs. Recognising the growing importance of climate risks to our business, in the coming year we seek to pursue a greater understanding of the climate risks and opportunities that potentially impact Sabana REIT.

**FY 2021 Target**

Maintain or reduce the energy intensity of common areas of properties under the Manager's or Property Manager's operational control.

²¹ The latest available electricity grid emission factor at the time of report publication is used for computing GHG emissions generated by electricity consumption. The latest emission factor - average operating margin from Singapore Energy Statistics 2019 was used to calculate GHG emissions.

²² The total energy consumption and GHG emissions includes electricity consumption of common areas and tenants at the 11 multi-tenanted properties where Sabana REIT has operational control. Please see "About This Report" for the list of properties.

²³ The intensity measurement is GFA, which is the sum of space shared by all building users and space leased to tenants (sum of floor area for common areas and occupied NLA).

²⁴ The FY 2018 and FY 2019 figures have been restated due to updates in emission conversion factors according to the Singapore Energy Statistics 2019.

WATER MANAGEMENT

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

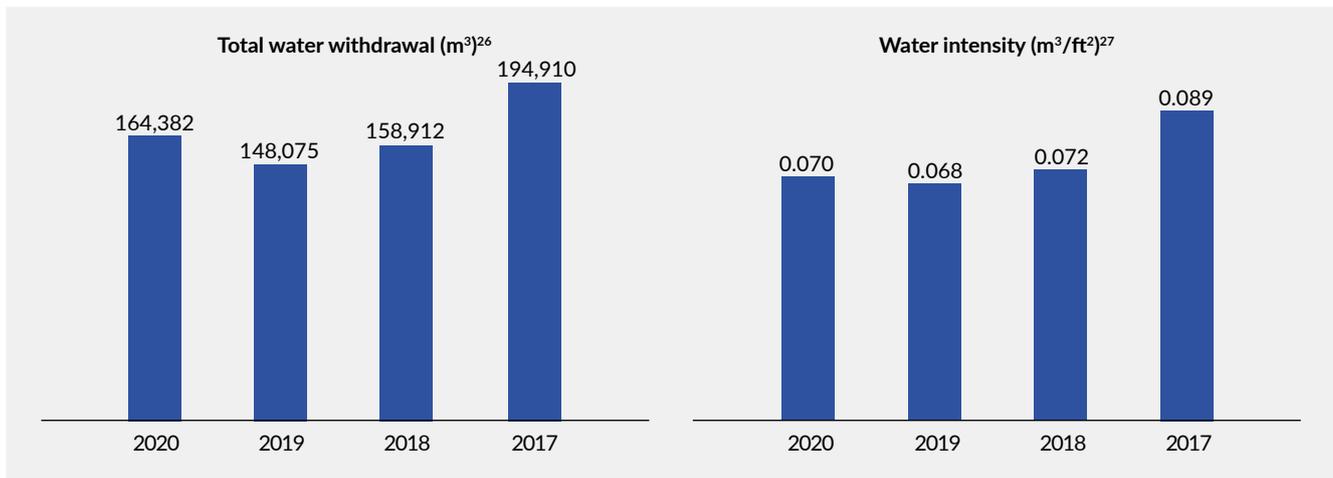
We have embarked on water efficiency initiatives to provide water-efficient properties to our tenants. Since 2019, our building at 151 Lorong Chuan has been implementing Water Efficiency Management Plans as stipulated by the Public Utilities Board (“PUB”). These plans require large water users to track and monitor their water usage to identify areas to further reduce consumption and raise efficiency, and to establish an action plan which identifies potential measures to drive water savings, priorities and implementation timelines.

In FY 2020, we withdrew 164,382 m³ of freshwater from the PUB water supply. Our total water withdrawal increased by 11.0% compared to FY 2019 mainly due to a higher tenant occupancy rate and the take back of properties due to expiry of the master leases.

Our water intensity increased by 2.9% during the year as a result more frequent cleaning of common areas and the increase of outdoor air intake of AHU systems in response to COVID-19. Asset enhancements initiatives have also taken place, including the development of water fountains at certain properties.

In line with our target for FY 2020, during the year, we have progressively changed impaired water fittings to fittings with PUB’s Water Efficiency Labelling Scheme rating of 3 or 4 ticks. However, our plans to attain PUB Water Efficient Building basic certification for properties under the Manager’s or Property Manager’s operational control have been put on hold in FY 2020 due to the COVID-19 pandemic which posed disruptions such as cancellation of on-site verifications and installations.

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



FY 2021 Target

- Progressively change water fittings to fittings with PUB’s Water Efficiency Labelling Scheme rating of 3 or 4 ticks when spoilt.
- Progressively attain PUB Water Efficient Building basic certification for properties under the Manager’s or Property Manager’s operational control²⁸.

²⁵ Based on GRI Standards (2018), freshwater is defined as water with concentration of total dissolved solid equal or below 1000 mg/L.

²⁶ The above relates to total water withdrawal from municipal water supplies at the 11 multi-tenanted properties where Sabana REIT has operational control. Please see “About This Report” for the list of properties.

²⁷ The intensity measurement is GFA, which is the sum of GFA for common areas and GFA for occupied NLA.

²⁸ Our ability to attain certification for our properties may vary subject to the impacts of the COVID-19 pandemic and the ensuing financial constraints. Nevertheless, we intend to continue our efforts in improving water efficiency at our properties.

OUR SOCIETY

We believe that being a responsible corporate citizen and building a lasting relationship with our communities is critical to the long-term viability of our business.

COMMUNITY IMPACT

Since its inception, Sabana REIT has been driven by the Shari'ah goal of benefiting humanity and has been committed to contributing to the communities we operate in. In compliance with Shari'ah investment principles, interest received from our properties' rental charges are donated quarterly to charitable organisations, known as the Ta'widh donation. For this purpose, we consistently survey charities and CSR initiatives that we can partake in with the aim of supporting different beneficiaries.

To select a charitable organisation to donate to, we undergo an internal screening process to obtain approvals for making the donation.



In FY 2020, we set aside \$1,198 to be donated to charitable organisation, Community Chest derived from the fees charged on the late payments made by our tenants. We also supported Project Dignity, a social enterprise that provides training and employment to people with special needs, by purchasing their Chinese New Year hampers for our business partners.

As a result of the challenges brought about by the pandemic, our CSR activities had been curtailed during the year. Nevertheless, we remain committed to giving back to society and supporting the community through this difficult period.

FY 2021 Target

- Complete at least one local community engagement.

GRI CONTENT INDEX

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	Organisational Profile		
	102-1	Name of the organisation	Sustainability Report, Board Statement, page 62
	102-2	Activities, brands, products, and services	Corporate Profile, page 2
	102-3	Location of headquarters	Sustainability Report, About This Report, page 63
	102-4	Location of operations	Sustainability Report, About This Report, page 63
	102-5	Ownership and legal form	Our Trust Structure, page 8
	102-6	Markets served	Property Portfolio, page 24-31 Manager's Review: FY 2020 - Well-diversified Portfolio of Assets and Tenants, pages 36-40
	102-7	Scale of the organisation	Sustainability Report, Our People and Tenants - Fair Employment Practices, page 72 Sustainability Report, About This Report, page 63 Property Portfolio, pages 24-31 Financial Highlights, page 17
	102-8	Information on employees and other workers	Sustainability Report, Our People and Tenants - Fair Employment Practices, page 72
	102-9	Supply chain	Our suppliers are mainly our renovation and building contractors and vendors for suppliers such as water and electricity. Sustainability Report, Our People and Tenants - Health and Safety - Vendors and Contractors, Page 80
	102-10	Significant changes to organisation and its supply chain	Significant Events 2020, pages 22-23 Property Portfolio, page 24-31
	102-11	Precautionary principle or approach	Corporate Governance, pages 88-104
	102-12	External initiatives	We currently do not endorse any externally-developed charters, and will consider this in future.
	102-13	Membership of associations	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 67
	Strategy		
	102-14	Statement from senior decision-maker	Sustainability Report, Board Statement, page 62
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	Corporate Profile - Our Vision, Mission and Values, page 3
	Governance		
	102-18	Governance structure	Board of Directors and Management Team, pages 10-13 Sustainability Report, How We Manage Sustainability - Sustainability Governance, page 66
	Stakeholder Engagement		
	102-40	List of stakeholder groups	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 67
	102-41	Collective bargaining agreements	Our employees are not currently covered by collective bargaining agreements.
	102-42	Identifying and selecting stakeholders	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 67
102-43	Approach to stakeholder engagement	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 67	
102-44	Key topics and concerns raised	Sustainability Report, How We Manage Sustainability - Stakeholder Engagement, page 67	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Sustainability Report, About This Report, page 63 Notes to the Financial Statements – General and Subsidiaries, pages 130-160
	102-46	Defining report content and topic Boundaries	Sustainability Report, About This Report, page 63 Sustainability Report, How We Manage Sustainability – Materiality Assessment, page 68
	102-47	List of material topics	Sustainability Report, How We Manage Sustainability – Materiality Assessment, page 68
	102-48	Restatements of information	Our Environment – Climate Change & Energy Efficiency, pages 80-81
	102-49	Changes in reporting	None
	102-50	Reporting period	Sustainability Report, About This Report, page 63
	102-51	Date of most recent report	Annual Report 2019
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Sustainability Report, About This Report, page 63
	102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report, About This Report, page 63
	102-55	GRI content index	Sustainability Report, GRI Content Index, pages 84-87
102-56	External assurance	We have not sought external assurance and will consider it in the future.	
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Sustainability Report, How We Manage Sustainability – Materiality Assessment, pages 68-70
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Our Refreshed Strategy, page 9 Manager's Review: FY 2020, pages 34-41
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Highlights, page 17 Financial Contents, pages 105-163 Sustainability Report, Our Society – Community Impact, page 83
Business Ethics and Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Governance – Business Ethics and Anti-corruption, page 71
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption (2016)	205-3	Confirmed incidents of corruption and actions taken	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Regulatory Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Governance – Regulatory Compliance, pages 71-72
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	
GRI 417: Marketing and Labelling (2016)	417-3	Incidents of non-compliance concerning marketing communications	
GRI 419: Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	
Climate Change & Energy Efficiency			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Environment – Climate Change & Energy Efficiency, pages 80-81
	103-3	Evaluation of the management approach	
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	
	302-3	Energy intensity	
GRI 305: Emissions (2016)	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Water Management (Use and Reduction)			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Environment – Water Management, page 82
	103-3	Evaluation of the management approach	
GRI 303: Water and effluents (2018)	303-1	Management approach: Interactions with water as a shared resource	
	303-2	Management approach: Management of water discharge-related impacts	
	303-3	Water withdrawal	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Fair Employment Practices and Talent Retention			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our People and Tenants – Fair Employment and Practices, pages 72-77
	103-3	Evaluation of the management approach	
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	
GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	
Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our People and Tenants – Health and Safety, pages 78-80
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-9	Work-related injuries	
403-10	Work-related ill-health		
GRI 416: Customer Health and Safety (2016)	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
Community Impact			
GRI 103: Management Approach	103-2	The management approach and its components	Sustainability Report, Our Society – Community Impact, page 83
	103-3	Evaluation of the management approach	
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programmes	

CORPORATE GOVERNANCE

INTRODUCTION

The Manager's main responsibility is to manage the assets and liabilities of the REIT for the benefit of its Unitholders. The Manager sets the strategic direction of the REIT and gives recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of the REIT (the "Trustee"), on the acquisition, divestment and enhancement of the assets of the REIT in accordance with its stated investment strategy. The Manager is also responsible for the risk management of the REIT.

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

The Manager is licensed under the Securities and Futures Act, Chapter 289 ("SFA") to carry out REIT management activities and holds a Capital Markets Services ("CMS") Licence issued by the Monetary Authority of Singapore ("MAS").

The Manager is committed to upholding high standards of corporate governance, which are essential to sustaining the REIT's business and performance. This report describes the Manager's corporate governance framework and practices in compliance with the principles and guidelines of the Code of Corporate Governance 2018 (the "2018 Code"). The Manager confirms that it has adhered to the principles and guidelines as set out in the 2018 Code where applicable. Any deviations from the 2018 Code are explained.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board provides entrepreneurial leadership, sets the strategic direction and ensures that the necessary resources are in place for the Manager to meet its objectives. It also sets the values and standards for the Manager and the REIT (including ethical standards of conduct), to ensure that obligations to its stakeholders are understood and met, with the ultimate aim of safeguarding and enhancing Unitholders' value.

As at 31 December 2020, the Board members of the Manager are:

Independent Directors

Mr Tan Cheong Hin (Chairman)

Mr Wong Heng Tew

Ms Ng Shin Ein¹

¹ Ms Ng Shin Ein's last day of service with the Manager was on 31 December 2020.

Note:

- ⁽ⁱ⁾ Mr Willy Shee Ping Yah @ Shee Ping Yan joined the Manager on 1 January 2021 as an Independent Non-Executive Director and member of the Nominating and Remuneration Committee. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.
- ⁽ⁱⁱ⁾ Mr Yeo Wee Kiong joined the Manager on 1 January 2021 as an Independent Non-Executive Director, the Chairman of the Nominating and Remuneration Committee and member of the Audit and Risk Committee. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.
- ⁽ⁱⁱⁱ⁾ Mr Kelvin Tan Wee Peng resigned on 4 May 2020 and his last day of service with the Manager was on 11 June 2020.

The profiles of the Directors are set out on pages 10-12 of this Annual Report.

The Board provides oversight and assumes overall responsibility for the corporate governance of the Manager, including establishing goals for Management and monitoring the achievement of these goals. The Board has established an oversight framework for the Manager and the REIT, including a system of internal controls which enables risks to be assessed and managed.

In order for the Board to efficiently provide oversight, it delegates specific areas of responsibilities to its Board Committees, namely, the Nominating and Remuneration Committee ("NRC") and Audit and Risk Committee ("ARC"). Each Board Committee is governed by its terms of reference which have been carefully considered and approved by the Board.

The Manager has adopted a framework of delegated authorisations in its Delegation of Authority ("DOA") approved by the Board. The DOA sets out the level of authorisation and the respective approval limits for a range of transactions, including but not limited to acquisitions, divestments, operating and capital expenditures. Transactions and matters which require the Board's approval, such as annual budgets, financial statements, funding and investment proposals, opening and closing of bank accounts, are clearly set out in the DOA.

The Board meets at least once every quarter to discuss and review the financial performance of the REIT, including any significant acquisitions and disposals, funding strategy and hedging activities, and to approve the release of the half-yearly and full year financial results. Additional meetings are convened as and when warranted by particular circumstances requiring the Board's attention. The Constitution of the Manager provides for Directors' participation in meetings by way of telephone or video-conferencing or other methods of simultaneous communication by electronic or telegraphic means. Where a Director has a conflict of interest in a particular matter, he or she will be required to disclose his or her interest to the Board, recuse himself from deliberations on the matter and abstain from voting on the matter. Please also see the disclosures with respect to Principle 4 "Board Membership and Performance" for information regarding the attendance of the Directors at Board meetings and Board Committee meetings and the resources provided to Directors prior to such meetings.

The Manager issues formal letters upon appointment of new Directors, setting out their relevant duties and obligations, to acquaint them with their responsibilities as Directors of the Manager.

Newly appointed Directors are provided with information relating to the REIT's business, strategic directions, corporate governance policies and procedures. Training will be arranged for first-time Directors in areas such as accounting, legal and industry-specific knowledge in accordance with the Listing Rules. The costs of arranging and funding the training of the Directors will be borne by the Manager.

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

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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

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

As at 31 December 2020, the Board comprised three Independent Non-Executive Directors, (namely, Mr Tan Cheong Hin, Mr Wong Heng Tew, and Ms Ng Shin Ein) that is, they have no relationship with the Manager, its related companies, its substantial shareholders², or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to act in the best interest of the REIT, and they are able to exercise objective judgment on corporate affairs independently from the management and the Manager's substantial shareholders.

Board's views on Directors' independence for purposes of Regulation 13E(b) of the SFLCBR (as defined below)

Furthermore, for purposes of Regulation 13E(b) of the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SFLCBR"), the Board, after considering the relevant requirements under the SFLCBR, is of the view that the Independent Directors (namely Mr Tan Cheong Hin, Mr Kelvin Tan Wee Peng³, Mr Wong Heng Tew, Ms Ng Shin Ein⁴) are considered to be independent for the financial year under review under the SFLCBR because:

- (i) they were not substantial shareholders of the Manager and were not substantial Unitholders of the REIT;
- (ii) they did not have any management or business relationships with the Manager and its related companies as well as the REIT and its subsidiaries (save for the business relationship which Ms Ng Shin Ein was deemed to have with InfinitySub Pte. Ltd. ("InfinitySub") under Regulation 13G(2)(b) of the SFLCBR as elaborated below);
- (iii) they were independent from every substantial shareholder of the Manager and every substantial Unitholder of the REIT (save for Ms Ng Shin Ein who was a Non-Executive Director of Blackwood Investment Pte. Ltd. ("Blackwood") (which held a 45.0% indirect interest in the Manager) until her resignation from the board of Blackwood on 25 October 2019; and
- (iv) as at 31 December 2020, none of the Directors had served on the Board for more than nine years from the date of his/her first appointment.

With respect to (ii) above, while Ms Ng Shin Ein had in FY 2018 and FY 2019 received payments from InfinitySub (a related corporation of the Manager) for her divestment to InfinitySub of all her shares in Blackwood, which gave rise to a deemed business relationship with InfinitySub under Regulation 13G(2)(b) of the SFLCBR, the NRC and the Board (having taken into account the recommendation of the NRC) had on 31 October 2019 reviewed and assessed Ms Ng Shin Ein's independence⁵, taking into consideration her deemed business relationship with InfinitySub, and were satisfied pursuant to Regulation 13D(8) of the SFLCBR that notwithstanding the deemed business relationship, Ms Ng Shin Ein was able to act in the best interests of all Unitholders of the REIT as a whole and should therefore be regarded as independent based on the following grounds:

- (a) the payments received by Ms Ng Shin Ein from InfinitySub were for the divestment of her shares in Blackwood and following the final payment received by Ms Ng Shin Ein for the divestment of her remaining stake in Blackwood on 30 August 2019, there was no further payment from InfinitySub to Ms Ng Shin Ein;

² A "substantial shareholder" of a company is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.

³ Mr Kelvin Tan Wee Peng resigned on 4 May 2020 and his last day of service with the Manager was on 11 June 2020.

⁴ Ms Ng Shin Ein resigned on 7 December 2020 and her last day of service with the Manager was on 31 December 2020.

⁵ At that time, the Board comprised Mr Yong Kok Hoon, Mr Kelvin Tan Wee Peng, Mr Tan Cheong Hin, Mr Wong Heng Tew and Ms Ng Shin Ein, and the NRC comprised Mr Yong Kok Hoon, Mr Kelvin Tan Wee Peng and Ms Ng Shin Ein. Ms Ng Shin Ein was appointed as a member of the NRC on 27 August 2019 and subsequently appointed as Chairman of the NRC with effect from 1 November 2019, following Mr Yong Kok Hoon's retirement from the Board and cessation as the Chairman of the NRC on 31 October 2019.

- (b) subsequent to the receipt of the final payment for the divestment of Ms Ng Shin Ein's shares in Blackwood on 30 August 2019, and given that Ms Ng Shin Ein had ceased to be a Director of Blackwood on 25 October 2019, Ms Ng Shin Ein no longer had any other relationship with the Manager, the REIT or their related corporations for purposes of the SFLCBR;
- (c) Ms Ng Shin Ein had submitted her confirmation of independence; and
- (d) Ms Ng Shin Ein fulfilled the requirements set out in the 2018 Code.

The Board is satisfied that as at 31 December 2020, Ms Ng Shin Ein was able to act in the best interests of all the Unitholders of the REIT as a whole, notwithstanding her deemed business relationship with InfinitySub.

As Independent Non-Executive Directors make up more than half of the Board, no individual or group is able to dominate the Board's decision-making process.

The NRC reviews the size and composition of the Board on an annual basis, and considers the present Board size and composition as appropriate for the current scope and nature of the REIT's operations. The diversity of skills, experience, knowledge, core competencies of the members in areas such as accounting, finance, property, and business development and other aspects of diversity such as gender and age enable balanced and well-considered decisions to be made. Each Director has been appointed based on his experience and capability in relevant core competencies, and ability to contribute to the Board. The NRC also regularly reviews its composition to ensure that the Board has the appropriate balance and diversity to maximise its effectiveness.

Based on the NRC's review of the size and composition of the Board and the diversity of skills, experience, knowledge and core competencies of the Board members and related recommendations on these aspects, the Board is satisfied that there is a strong and independent element on the Board, and that the present size and composition of the Board is appropriate to facilitate effective decision-making.

As part of the regulatory requirements for CMS licence holders, MAS' prior approval must be obtained for any change of the Chief Executive Officer ("CEO") or of any Board member.

While the Board is of the view that it has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the REIT and its Unitholders, the NRC is still currently working on implementing a board diversity policy to build on the other aspects of diversity as well as to set out certain qualitative and measurable quantitative objectives of such a policy to further enhance the Board.

CHAIRMAN AND CEO

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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

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

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

BOARD MEMBERSHIP AND PERFORMANCE

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

As at 31 December 2020, the NRC comprised all of the Directors of the Board (see page 88 on the list of Directors), with all of the Directors being Independent Non-Executive Directors^{6,7}:

The NRC is guided by written Terms of Reference which sets out the authorities and duties of this Committee.

The NRC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board and the Board Committees. It also leads the process for the search, identification, evaluation and selection of suitable candidates for new directorships. In doing so, where necessary or appropriate, the NRC may tap on its networking contacts and/or engage professional headhunters to assist with identifying and shortlisting candidates. Furthermore, the NRC also reviews and makes recommendations to the Board on matters relating to the training and professional development and succession plans for senior management and members of the Board as part of the NRC's nomination process, the NRC will also take into account, among other things, the competing time commitments faced by Directors with multiple board memberships.

The Board has implemented an annual process which is carried out by the NRC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board, based on performance criteria as approved by the Board. All Directors are required to assess the performance of the Board and its Committees using evaluation forms covering Board composition, Board information, Board process, internal control and risk management, Board accountability, CEO/senior management and standards of conduct. The NRC also determines, among other things, the independence of Directors, whether Directors who hold multiple board representations or have other competing principal commitments are able to and have been adequately carrying out his or her duties, considering, *inter alia*, the Directors' attendance, contribution and participation at Board meetings, Directors' individual evaluations and the overall effectiveness of the Board. Feedback and comments received from the Directors are collated, analysed and reviewed by the NRC.

The Board ensures that the Directors give sufficient time and attention to the affairs of the Manager and the REIT. The Board is of the view that the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, but as a general rule, each Director should hold no more than seven listed company board appointments. The principal commitments of each Director are listed in pages 11-12 of this Annual Report. Based on the reviews by the NRC, the Board is of the view that the Board and its Committees operate effectively and each Director has contributed to the overall effectiveness of the Board. No alternate Directors were appointed.

The Board reviews annually whether a Director is considered an Independent Director based on the 2018 Code, the Listing Rules and the SFLCBR. The Board has ascertained that for the financial year under review, the Independent Directors (namely Mr Tan Cheong Hin, Mr Kelvin Tan Wee Peng⁸, Mr Wong Heng Tew, Ms Ng Shin Ein⁹) are independent. Please see the disclosures with respect to Principle 2 "Board Composition and Guidance" for the assessment of the Directors' independence by the NRC and the Board.

The Management endeavours to provide the Board with complete, adequate and timely information prior to board meetings and on an ongoing basis. Directors are entitled to request for information from Management and Management seeks to provide the same in a timely manner. Please also see the disclosures with respect to Principle 1 "The Board's Conduct of Affairs" for the steps taken by the Board to ensure that Directors are aware of the scope and extent of their duties.

⁶ Mr Yeo Wee Kiong was appointed an Independent Non-Executive Director, Chairman of the NRC and member of the ARC on 1 January 2021. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.

⁷ Mr Willy Shee Ping Yah @ Shee Ping Yan was appointed an Independent Non-Executive Director and member of the NRC on 1 January 2021. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.

⁸ Mr Kelvin Tan Wee Peng resigned on 4 May 2020 and his last day of service with the Manager was on 11 June 2020.

⁹ Ms Ng Shin Ein resigned on 7 December 2020 and her last day of service with the Manager was on 31 December 2020.

Board meetings for each year are scheduled in advance to facilitate Directors' individual arrangements in respect of ongoing commitments. Prior to each meeting, Board papers on matters to be discussed with detailed explanatory information and other relevant materials are circulated in advance, so that such matters may be considered thoroughly and fully, prior to the making of any decision. Explanatory information may also be in the form of briefings to the Directors or formal presentations by staff in attendance at Board meetings or by external professionals.

The number of Board meetings and Board Committee meetings held during the year from 1 January 2020 to 31 December 2020 and Directors' attendances are as follows:

ATTENDANCE OF THE DIRECTORS FOR FY 2020

Meeting of Name of Directors	Board		ARC		NRC	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Mr Tan Cheong Hin	27	27	4	4	5	5
Mr Kelvin Tan Wee Peng ¹⁰	2	2	2	2	3	3
Ms Ng Shin Ein ¹¹	27	27	2	2	5	5
Mr Wong Heng Tew ¹²	27	26	4	3	2	2

The Board has access to Management and the Company Secretary at all times. The Company Secretary (or representative) attends all Board meetings and ensures that all Board procedures and the requirements of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are followed. The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.

As a general rule, board papers, including the half-yearly and full-year financial statements, are sent to Directors in advance of each meeting for Directors to be adequately prepared for each meeting. The Board papers are deliberated over and approved by the Board at the meetings, with the Company Secretary recording the minutes of proceedings.

Directors may seek and obtain independent professional advice in the furtherance of their duties, if necessary. Any expenses and costs associated thereto will be borne by the Manager.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

LEVEL AND MIX OF REMUNERATION

DISCLOSURE ON REMUNERATION

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

¹⁰ Mr Kelvin Tan Wee Peng resigned on 4 May 2020 and his last day of service with the Manager was on 11 June 2020.

¹¹ Ms Ng Shin Ein resigned on 7 December 2020 and her last day of service with the Manager was on 31 December 2020.

¹² Mr Wong Heng Tew was appointed a member of the NRC on 4 May 2020 and was redesignated as Chairman of the ARC on 12 June 2020.

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

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

The NRC determines remuneration packages, termination terms and service terms of individual Directors and the CEO in accordance with the aforementioned policies. Directors' fees also take into account the Directors' level of participation and contribution and their respective responsibilities. To ensure that the remuneration payable are in line with the objectives of the remuneration policies, the NRC regularly reviews and recommends to the Board, the framework for salary reviews, performance bonus and incentives for the other key management personnel, taking into consideration the performance of the REIT and that of the individual employee. There are currently no option schemes or other long-term incentive schemes for Directors and employees. All Non-Executive Directors are paid a fixed salary and the CEO's remuneration is not linked to the gross revenue of the REIT. There are no employees who are substantial shareholders of the Manager, substantial Unitholders of the REIT, or immediate family members of any Director or the CEO or any substantial shareholder of the Manager or substantial Unitholder of the REIT. In addition, the remuneration of Directors and executive officers are paid entirely in cash only. No Director or executive officers are paid in the form of shares or interests in the Manager's controlling shareholder or its related entities and their remuneration is also not linked (directly or indirectly) to the performance of any entity other than the REIT.

Accordingly, the NRC takes a holistic approach to the development of remuneration policies for the REIT, and the framework of remuneration for the Board, key management personnel and individual employees is not considered in isolation. The NRC also considers how to build up depth in management strength and development of key management personnel to ensure sustainability, continual development of talent and renewal of strong and competent leadership in the interests of the REIT.

The remuneration of the Directors and employees of the Manager are not paid out of the deposited property (the "Deposited Property") of the REIT (which is the listed entity), but remunerated directly by the Manager from the fees it receives.

In this regard, the Manager's report on each individual Director's and the key management personnel's remuneration paid and payable from 1 January 2020 to 31 December 2020 is disclosed as follows:

Directors	Director's fees \$'000
Mr Tan Cheong Hin	90.0
Mr Kelvin Tan Wee Peng	59.8
Mr Wong Heng Tew	69.4
Ms Ng Shin Ein	68.3

Note:

Mr Kelvin Tan Wee Peng resigned on 4 May 2020 and his last day of service with the Manager was on 11 June 2020. Ms Ng Shin Ein resigned on 7 December 2020 and her last day of service with the Manager was on 31 December 2020.

Remuneration Bands	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Key management personnel				
\$250,000 - \$500,000				
Mr Han Yong Lee (Donald)	71.0	17.8	11.2	100.0
Ms Pamela Siow Meow Cheng	73.4	12.3	14.3	100.0
Below \$250,000				
Mr Lim Wei Huang	60.2	23.8	16.0	100.0

Note: Remuneration was based on amount paid and payable, based on the REIT's FY 2020. The total remuneration mix comprises three components – Annual Fixed Salary, Bonus and Other Benefits. The Bonus component aims to encourage individual performance and consists of annual wage supplement and performance bonus. The size of the performance bonus is determined by the REIT's financial and non-financial performance, and is distributed to the key management personnel based on their individual performance. Leave encashment, mobile and transport allowances are classified under Other Benefits. There were no other key management personnel.

The key management team is small and to provide further disclosure on the actual amount of remuneration paid will be highly sensitive and may subject the Manager to risk of staff turnover, which is not in the best interests of Unitholders. Therefore, the Board believes the Unitholders and the REIT will not be prejudiced as a result of such non-disclosure.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

AUDIT COMMITTEE

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The ARC assists the Board in fulfilling responsibilities relating to corporate governance and interested party transactions.

The Manager prepares the financial statements in accordance with the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council and the REIT complies with Rule 705 of the Listing Manual of the SGX-ST (where applicable), which prescribes, among others, that half year results are to be announced no later than 45 days of the reporting period while full year results are to be announced no later than 60 days of the financial year end. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of the REIT's performance, position and prospects.

The Board, through the ARC, reviews the adequacy of the Manager's risk management framework and ensures that a robust system of risk management and internal controls is in place to safeguard the interests of the Unitholders. The Manager benchmarks its risk management practices against the Risk Governance Guidance For Listed Boards for best standards.

The ARC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference. The ARC has full access to and co-operation by Management and full discretion to invite any Director or employee of the Manager to attend its meetings.

As at 31 December 2020, the ARC members were:

Mr Wong Heng Tew (Chairman)	(Independent Non-Executive Director)
Mr Tan Cheong Hin	(Independent Non-Executive Director)
Ms Ng Shin Ein ¹³	(Independent Non-Executive Director)

¹³ Ms Ng Shin Ein resigned on 7 December 2020 and her last day of service with the Manager was on 31 December 2020.

Mr Yeo Wee Kiong was appointed a member of the ARC on 1 January 2021. Mr Yeo Wee Kiong was also appointed the Chairman of the NRC on 1 January 2021. He resigned on 24 March 2021 and his last day of service with the Manager is 26 April 2021.

The main duties of the ARC include reviewing and monitoring the effectiveness of the Manager's internal controls relating to financial, operational, compliance and risk management processes, at least annually. The ARC receives regular updates by external auditors to keep abreast of changes to accounting standards and issues which may have a direct impact on financial statements. The ARC meets with internal and external auditors without the presence of Management at least once a year. The Non-Executive Directors and/or Independent Directors, led by the Independent Chairman of the Board or other Independent Director as required, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman of the Board as appropriate.

The key activities of ARC include:

- reviewing and recommending to the Board for approval, the half-yearly and full-year financial results and related SGX announcements;
- reviewing Related Party Transactions and any donations of income derived from non-Shari'ah compliant sources or non-core activities to charities;
- reviewing the assurance from the CEO and Senior Vice President, Finance on the financial records and financial statements;
- reviewing and approving the internal and external audit plans to ensure adequacy of the audit scope;
- reviewing the independence, adequacy and effectiveness of the external audit and the internal audit function;
- reviewing and evaluating with internal and external auditors, the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls, and risk management policies and framework;
- reviewing the internal and external audit reports and monitoring the timely and proper implementation of any corrective or improvement measures;
- reviewing the nature and extent of non-audit services, including their remuneration and terms of engagement, performed by the external auditors;
- reviewing the independence and objectivity of the external auditors, and recommending to the Board on their appointment, re-appointment and removal; and
- reviewing whistle-blowing arrangements put in place by Management.

The Board is of the view that all the members of the ARC are suitably qualified with finance and accounting backgrounds to assist the Board in the areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over Management in the design, implementation and monitoring of risk management and internal control systems. The ARC does not comprise former partners of the REIT's incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) who have any financial interest in KPMG LLP.

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

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

The internal auditors conduct audit reviews based on the internal audit plan approved by the ARC and report their findings and recommendations to Management who would respond on the actions to be taken. The internal auditors submit internal audit reports at least twice yearly to the ARC. The ARC is of the view that the internal auditors are independent, effective and have adequate resources to perform its functions.

The Manager has adopted an enterprise-wide risk management ("ERM") framework to enhance its risk management capabilities. Through a structured risk identification process and the use of a risk register, the key financial, operational, compliance and information technology risks identified by the Management are documented and presented against the response strategies and control measures put in place to mitigate those risks. To enhance risk mitigation, the ERM framework is integrated with the internal auditor's annual work plan.

EXTERNAL AUDITORS

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

During the year, the ARC has conducted a review of all non-audit services provided by the external auditors to REIT and its subsidiaries and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The amount paid and payable to external auditors for audit and non-audit services fees were approximately \$211,000 and \$61,000 respectively, for the financial year under review.

The ARC, with the concurrence of the Board, has recommended the re-appointment of KPMG LLP as the external auditors. The re-appointment of the external auditors will be subject to approval by way of an ordinary resolution of Unitholders at the AGM, to be held on 27 April 2021.

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

WHISTLE-BLOWING POLICY

The ARC has established procedures to provide employees of the Manager and the tenants and vendors of the REIT with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to the REIT or the Manager, and for the independent investigation of any reports and appropriate follow-up action.

The aim of the whistle-blowing policy is to encourage the reporting of such matters in good faith, with the confidence that those making such reports will be treated fairly, and to the extent possible, be protected from reprisal. Where appropriate, an independent third-party may be appointed to assist in the investigation

The following section presents a brief summary of the REIT's exposure to financial, operational, and compliance risks and the key measures in addressing these risks.

FINANCIAL RISK

In managing the REIT, the Manager adheres to all applicable financial covenants set by lenders as well as the aggregate leverage limit of 50.0% imposed by MAS in the Property Funds Appendix¹⁴. The REIT has complied with the aggregate leverage limit throughout the year. To minimise financial risks, the Manager reviews the capital management policy of the REIT regularly and provides periodic updates to the Directors. All major capital market initiatives require the prior approval of the Board.

By employing an appropriate mix of debt and equity to finance property acquisitions, maintaining a certain level of cash for working capital and employing available Shari'ah-compliant derivatives to hedge risk exposure, the Manager strikes a strategic balance between safeguarding the going concern ability and optimal capital structure of the REIT with maximising Unitholders' value.

OPERATIONAL RISK

The Manager has put in place a manual of standard operating procedures designed to identify, monitor, report and manage the operational risks associated with the day-to-day management of the REIT. The manual of standard operating procedures covers key risk areas such as investments and acquisitions, property and lease management, interested party transactions, finance and accounting, compliance, and information technology controls, and is periodically reviewed to stay relevant and effective.

¹⁴ On 16 April 2020, the MAS announced that the aggregate leverage limit for Singapore real estate investment trusts ("S-REITs") will be raised from 45.0% to 50.0% with immediate effect, and the Property Funds Appendix was revised accordingly. Pursuant to the Property Funds Appendix, an S-REIT is permitted to borrow up to:

- 50.0% of the value of the Deposited Property at the time the borrowing is incurred (before 1 January 2022); and
- 45.0% of the value of the Deposited Property at the time the borrowing is incurred, save that the borrowings may exceed 45.0% of the value of the Deposited Property (up to a maximum of 50.0%) only if the S-REIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings (on or after 1 January 2022).

The Manager recognises that there is a significant amount of risk inherent in making property investment decisions. Accordingly, the Manager sets out clear procedures when making such decisions. For instance, an investment and risk management committee was set up to ensure comprehensive due diligence is carried out in relation to each proposed investment. All property purchases and divestments require the prior approval of the Board.

Internal auditors, BDO, had also been engaged to perform independent reviews of the adequacy and effectiveness of the risk management processes and internal controls. The Manager also has a Business Continuity Plan and a comprehensive insurance coverage in accordance with industry standards.

COMPLIANCE RISK

The REIT is subject to various rules and regulations stipulated by the SGX-ST and other regulatory bodies. Any changes to the rules and regulations may affect the REIT's business.

The Manager holds a CMS licence for real estate investment trust management and its key officers are appointed as representatives by MAS under the SFA. Failure to comply with the regulations imposed by MAS may result in the licences being revoked or not renewed, adversely affecting the REIT's operations.

The Manager has policies and procedures for ensuring compliance with the applicable provisions of the SFA and all other relevant legislations, rules, notices and guidelines, including the Listing Manual of the SGX-ST, the Code on Collective Investment Schemes issued by the MAS including the Property Funds Appendix, the Manager's obligations under the Trust Deed, the Singapore Financial Reporting Standards, any tax ruling and the relevant contracts.

To mitigate non-compliance, the compliance officer regularly consults the regulatory bodies and works closely with the auditors, legal counsels, the Company Secretary, senior management and the ARC to ensure adherence to all stipulated rules and regulations.

BOARD'S OPINION ON INTERNAL CONTROLS

Based on the internal controls and risk management framework established and maintained by the Management, work performed by the internal and external auditors, the assurance from the CEO and Senior Vice President, Finance that the financial records have been properly maintained, that the financial statements give a true and fair view of the REIT's operations and finances, and the assurance from the CEO and Senior Vice President, Finance regarding the adequacy and effectiveness of the Manager's risk management and internal control systems, the Board, with the concurrence of the ARC, is of the view that taking into account the nature, scale and complexity of the Manager's operations, the REIT's financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2020.

In this regard, the Board notes that the system of internal controls and risk management provide a reasonable but not absolute assurance that the REIT will not be severely affected by any event that could be reasonably foreseen. Neither can any system of internal controls and risk management provide absolute assurance against the occurrence of material errors, poor judgment, human error, losses, fraud or other irregularities.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

ENGAGEMENT WITH SHAREHOLDERS

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Principle 12: *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Manager is committed to regular, effective and fair communication with Unitholders. It has a dedicated investor relations ("IR") team which regularly communicates with the Unitholders and attends to their queries and concerns.

The Manager's disclosure policy requires the timely and full disclosure of all material information relating to the REIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance and subsequently, by way of release on the website at <http://www.sabana-reit.com>. The Manager clearly communicates its current policy of distributing at least 90.0% of its distributable income to Unitholders.

The Manager conducts regular briefings for media and analysts which will generally coincide with the release of the REIT's financial results. The IR team utilises its website as a means of providing information to the Unitholders and the broader investment community. News releases, investor presentations and financial results are available on the website immediately after they have been released to the market.

The Manager welcomes active Unitholder participation at the Annual General Meeting ("AGM"). It believes that AGMs serve as an opportune forum for Unitholders to meet the Board and senior management and to communicate their views. Prior to each general meeting, Unitholders are also provided with timely information so as to enable them to participate effectively and vote at such meeting (including through the appointment of proxy(ies) if they are unable to attend such meeting in person).

The Manager has implemented the system of voting by poll at its AGMs or extraordinary general meetings ("EGMs"). Results of each resolution put to vote at the AGM or EGM are processed by independent scrutineers and the results will be announced with details of percentages in favour and against. Separate resolutions are proposed for substantially separate issues at the meetings and after the conclusion of each meeting, the minutes of the AGM or EGM will be made available to Unitholders upon request.

The Chairman of the Board, the respective Chairman of each of the Board Committees, the Management and the external auditors are present to address Unitholders' queries at the AGMs or EGMs.

Notwithstanding the above, amidst the COVID-19 situation, the Manager has complied with the health advisory issued by the relevant authorities to hold the AGM on 11 June 2020 and the EGM on 4 December 2020 via electronic means in consideration of the welfare of Unitholders. The Manager will continue to conduct the upcoming AGM to be held on 27 April 2021 via electronic means in view of the evolving COVID-19 situation.

DEALING IN SECURITIES

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

- Trade during the blackout period, which commences one month before the announcement of property valuations, half-yearly or annual results to the public and ending on the day of announcement or other specified date.
- Trade at any time in possession of price sensitive information.
- Communicate price sensitive information to any person as imposed by insider trading laws.
- Trade in Units on short-term considerations.

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

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

DEALING WITH CONFLICTS OF INTEREST

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

- The Manager is dedicated to Sabana REIT and will not manage other REITs which invest in similar properties as Sabana REIT.
- All executive officers will be working exclusively for the Manager and will not hold executive positions in other firms;
- All resolutions in writing of the Directors in relation to matters concerning the REIT must be approved by a majority of the Directors who do not hold an interest, including at least two Independent Directors;

- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interest will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors and must exclude the nominee Directors of the Sponsor and/or its subsidiaries.
- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a related party of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors shall have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a related party of the Manager and the Trustee may take any action it deems necessary to protect the rights of Unitholders and/or which is in the interest of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

MATERIAL CONTRACTS

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

DEALING WITH RELATED PARTIES

The Manager has established procedures to ensure that all Related Party Transactions will be undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. Thus, the interests of the REIT and the Unitholders will not be prejudiced. All Related Party Transactions will be subjected to regular periodic reviews by the ARC:

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

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

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

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

The Manager will maintain a register to record and will incorporate into its internal audit plan a review, of all Related Party Transactions which are entered into by the REIT. The ARC shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and/or the Listing Manual of the SGX-ST. The review will include the examination of the nature of the transactions and the supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he is required to abstain from participating in the review and approval process in relation to that transaction.

DEALING WITH SHARI'AH COMPLIANCE

Shari'ah compliance means adherence to the tenets of Islamic law, which places due consideration upon ethics and social responsibility. The Manager ensures total non-Shari'ah compliant rental income does not exceed 5.0% per annum of the gross revenue of the REIT's portfolio of properties. As part of the due cleansing procedure, donation of non-compliant income is made to charitable causes (without tax benefits) on a quarterly basis. For FY 2020, the non-compliant income came to approximately less than 1.0% of the REIT's gross revenue.

Five Pillars Pte. Ltd. ("Five Pillars"), based in Singapore, was appointed by the Manager to act as the Shari'ah Adviser. Five Pillars serves as a conduit between the Independent Shari'ah Committee ("ISC") and the compliance officer of the Manager, liaising frequently on Shari'ah matters throughout the year.

The ISC comprises eminent scholars and experts. They are:

- Dr Mohamed Ali Elgari (Professor at King Abdulaziz University in Saudi Arabia);
- Professor Dr Obiyathulla Ismath Bacha (Professor at the International Centre for Education in Islamic Finance in Malaysia); and
- Dr Ashraf bin Mohammed Hashim (Associate Professor at International Islamic University Malaysia)

The REIT follows the standards promulgated by the Auditing and Accounting Organisation of the Islamic Financial Institutions and/or the Islamic Financial Services Board. To assess on-going compliance of the REIT, the Shari'ah Adviser, on behalf of and working closely with the ISC:

- Prior to the issuance of the Shari'ah certificate for annual status, an inspection and verification will be conducted on the properties and activities of the REIT. A representative of Five Pillars will visit the individual properties in the portfolio to ensure that businesses on the premises are compliant and agree with the leasing contracts signed. For FY 2020, the REIT successfully passed the inspection.
- For new funding, consent will be obtained on inception. Shari'ah certification and other supporting documents from the issuing or arranger bank will be vetted and approved by the ISC. For FY 2020, the REIT is Shari'ah compliant because non-Shari'ah compliant financing of the REIT has not exceeded a third of the net asset value of its portfolio.

On completion of the annual audit, the ISC will sign off and issue the certificate which will be delivered by the Shari'ah Adviser to the Manager. The REIT has successfully renewed its annual Shari'ah certificate, valid till 31 December 2021. The certificate is displayed on the REIT's website www.sabana-reit.com. The total amount of fees incurred for Shari'ah advisory services for FY 2020 is approximately \$90,000.

Under Shari'ah principles, provisions are made for remedial actions. In the event of a breach or deviation, the Manager must disclose as soon as practicable to the Shari'ah Adviser and the ISC the necessary details and supporting documents. Rectification as advised is applied to the particular activity within an agreed time frame before any distributions are made to Unitholders.

FEES PAYABLE TO THE MANAGER

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

Fees payable by the REIT	Amount payable
<p>1 Management fee (payable to the Manager or its nominee)</p>	<p>Base Fee A fee not exceeding the rate of 0.5% per annum of the value of the Deposited Property.</p> <p>Performance Fee 0.5% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Net Property Income of Sabana REIT or its relevant Special Purpose Vehicles (“SPVs”) in each financial year, payable on a yearly basis, provided Sabana REIT achieves at least 10.0% annual growth in Distribution per Unit (“DPU”) over the previous financial year (calculated after accounting for the performance fee (if any) for that financial year and after adjusting, at the discretion of the Manager, for any new Units arising from the conversion or exercise of any instruments convertible into Units which are outstanding at the time of calculation, and any rights or bonus issue, consolidation, subdivision or buy-back of Units).</p> <p>The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).</p> <p>The Manager received 100.0% of the Base Fee in cash for FY 2020.</p>
<p>2 Fee for acquisition of properties (payable to the Manager or its nominee)¹⁵</p>	<p>Acquisition Fee 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price of real estate of real estate-related assets acquired:</p> <ul style="list-style-type: none"> • in relation to an acquisition (whether directly or indirectly through one or more SPVs of any real estate, the acquisition price of any real estate purchased by the REIT, plus any other payments¹⁶ in addition to the acquisition price made by the REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of the REIT’s interest); • in relation to an acquisition (whether directly or indirectly through one or more SPVs of the REIT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by the REIT, plus any additional payments made by the REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of the REIT’s interest); or • the acquisition price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

¹⁵ Acquisition fees are paid in cash. Whereby properties are acquired from interested parties, acquisition fees will be paid in units issued by Sabana REIT at the prevailing market price and will be held for one year from the date of issuance.

¹⁶ “Other payments” refers to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third-party agents and brokers.

3	Fee for divestment of properties (payable to the Manager or its nominee) ¹⁷	<p>Divestment Fee</p> <p>0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> • the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (plus any other payments¹⁸ in addition to the sale price received by the REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro rated if applicable to the proportion of the REIT's interest); • the underlying value of any real estate related assets which is taken into account when computing the sale price for such real estate-related assets, sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (pro rated if applicable to the proportion of the REIT's interest); or • the sale price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.
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The Manager is responsible for managing the assets and liabilities of the REIT for the benefit of its Unitholders. Accordingly, the Manager should be compensated fairly for its efforts in the overall management of the REIT's various affairs. The Base Fee payable to the Manager has been assessed by the Board and the Board believes that the Base Fee is reasonable and in-line with market rates.

No Performance Fees were payable for FY 2020. The Board would like to inform Unitholders that Performance Fees are only payable when the Manager has achieved a certain level of growth in DPU over the previous financial year. Accordingly, the Board is of the view that the Performance Fee will incentivise the Manager to seek growth opportunities and encourage the Manager to act in the interests of Unitholders to enhance the DPU. An increase of the DPU by 10.0% year-on-year is challenging and the Performance Fee will incentivise the Manager to take a holistic and balanced approach towards assuming sensible risks to grow the REIT over the long-term. In addition, the Performance Fee payable to the Manager has been assessed by the Board and the Board believes that the REIT's Performance Fee is reasonable and in-line with market practices.

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

¹⁷ Divestment fees are paid in cash. Whereby properties are sold to interested parties, divestment fees will be paid in units issued by Sabana REIT at the prevailing market price and will be held for one year from the date of issuance.

¹⁸ "Other payments" refers to additional payments to the REIT or its SPVs for the sale of the asset, for example, where the REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but do not include stamp duty or other payments to third-party agents and brokers.

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

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

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

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REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (the “Trust”) and its subsidiary (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Sabana Real Estate Investment Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 29 October 2010 (as amended by the first supplemental deed dated 2 December 2010, the first amending and restating deed dated 24 February 2016, the second amending and restating deed dated 24 March 2016, the second supplemental deed dated 6 May 2019 and the third amending and restating deed dated 7 April 2020) (collectively, the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 111 to 160 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Singapore
26 March 2021

STATEMENT BY THE MANAGER

In the opinion of the directors of Sabana Real Estate Investment Management Pte. Ltd. (the “Manager”), the accompanying financial statements of Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (the “Trust”) and its subsidiary (the “Group”) set out on pages 111 to 160 comprising the Consolidated Statement of Financial Position and Consolidated Portfolio Statement of the Group and the Statement of Financial Position of the Trust as at 31 December 2020, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders’ Funds and Consolidated Statement of Cash Flows of the Group and the Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders’ Funds of the Trust for the year then ended, and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust and portfolio holdings of the Group as at 31 December 2020, the total return, distributable income and movements in Unitholders’ funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

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

Tan Cheong Hin
Chairman

Singapore
26 March 2021

INDEPENDENT AUDITORS' REPORT

To the Unitholders
Sabana Shari'ah Compliant 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 and the third amending and restating deed dated 7 April 2020))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sabana Shari'ah Compliant 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 2020, 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 111 to 160.

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 consolidated financial position and the consolidated portfolio holdings of the Group and the financial position of the Trust as at 31 December 2020 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties and investment property held for divestment (Refer to Note 4 to the financial statements)

Risk

The Group's property portfolio with a carrying amount of \$918.4 million (2019: \$964.1 million) as at 31 December 2020, comprises 18 properties (including one property held for divestment) located across Singapore.

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

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

INDEPENDENT AUDITORS' REPORT

Our response

The fair value of investment properties and investment property held for divestment are based on independent external valuations.

We assessed the competence, capability and objectivity of the external valuers engaged by the Group. We also held discussions with the valuers and the Manager to understand the valuation methods and key assumptions used, where appropriate.

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

Our findings

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

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

Other information

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement 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 Karen Lee Shu Pei.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

26 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Trust	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current assets					
Investment properties	4	904,565	949,241	904,565	949,241
Subsidiary	5	-	-	*	*
		<u>904,565</u>	<u>949,241</u>	<u>904,565</u>	<u>949,241</u>
Current assets					
Investment property held for divestment	4	13,794	14,888	13,794	14,888
Trade and other receivables	6	2,838	3,419	2,836	3,417
Cash and cash equivalents	7	9,520	4,099	9,520	4,099
		<u>26,152</u>	<u>22,406</u>	<u>26,150</u>	<u>22,404</u>
Total assets		<u>930,717</u>	<u>971,647</u>	<u>930,715</u>	<u>971,645</u>
Current liabilities					
Trade and other payables	8	17,417	14,992	17,424	14,999
Borrowings	9	158,370	56,500	158,370	56,500
Derivative liabilities	10	201	240	201	240
Lease liabilities	22	6,130	6,278	6,130	6,278
Total current liabilities		<u>182,118</u>	<u>78,010</u>	<u>182,125</u>	<u>78,017</u>
Non-current liabilities					
Trade and other payables	8	7,539	6,290	7,539	6,290
Borrowings	9	125,649	218,684	125,649	218,684
Derivative liabilities	10	3,535	197	3,535	197
Lease liabilities	22	72,129	73,451	72,129	73,451
		<u>208,852</u>	<u>298,622</u>	<u>208,852</u>	<u>298,622</u>
Total liabilities		<u>390,970</u>	<u>376,632</u>	<u>390,977</u>	<u>376,639</u>
Net assets		<u>539,747</u>	<u>595,015</u>	<u>539,738</u>	<u>595,006</u>
Represented by:					
Unitholders' funds		<u>539,747</u>	<u>595,015</u>	<u>539,738</u>	<u>595,006</u>
Units issued ('000)	11	<u>1,053,084</u>	<u>1,053,084</u>	<u>1,053,084</u>	<u>1,053,084</u>
Net asset value per Unit (\$)		<u>0.51</u>	<u>0.57</u>	<u>0.51</u>	<u>0.57</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 2020

	Note	Group		Trust	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Gross revenue	13	71,701	76,338	71,701	76,338
Property expenses	14	(27,058)	(24,726)	(27,058)	(24,726)
Net property income		44,643	51,612	44,643	51,612
Finance income		54	229	54	229
Finance costs		(10,378)	(12,739)	(10,373)	(12,733)
Finance costs relating to lease liabilities		(3,323)	(3,358)	(3,323)	(3,358)
Net finance costs	15	(13,647)	(15,868)	(13,642)	(15,862)
Manager's fees		(4,312)	(4,495)	(4,312)	(4,495)
Trustee's fees		(348)	(360)	(348)	(360)
Donation of non-Shari'ah compliant income	16	(1)	(5)	(1)	(5)
Other trust expenses	17	(3,500)	(1,036)	(3,505)	(1,042)
		(8,161)	(5,896)	(8,166)	(5,902)
Net income		22,835	29,848	22,835	29,848
Net change in fair value of financial derivatives		(3,107)	(535)	(3,107)	(535)
Net change in fair value of investment properties		(61,938)	(7,885)	(61,938)	(7,885)
Loss on divestment of investment property		-	(773)	-	(773)
Total (loss)/return for the year before taxation and distribution		(42,210)	20,655	(42,210)	20,655
Tax expense	18	*	*	-	-
Total (loss)/return for the year after taxation and before distribution		(42,210)	20,655	(42,210)	20,655
Earnings per Unit (cents)					
- Basic and diluted	19	(4.01)	1.96	(4.01)	1.96

* Less than \$1,000

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

DISTRIBUTION STATEMENTS

For the year ended 31 December 2020

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Amount available for distribution to Unitholders at beginning of the year	8,207	7,582	8,207	7,582
Total (loss)/return for the year after taxation and before distribution	(42,210)	20,655	(42,210)	20,655
Non-tax deductible/(chargeable) items:				
Amortisation of transaction costs	658	1,422	658	1,422
Trustee's fees	348	360	348	360
Donation of non-Shari'ah compliant income	1	5	1	5
Net change in fair value of financial derivatives	3,107	535	3,107	535
Net change in fair value of investment properties	61,938	7,885	61,938	7,885
Loss on divestment of investment property	-	773	-	773
Effects of recognising rental income on a straight-line basis over the lease term	178	(1,042)	178	(1,042)
Finance costs relating to lease liabilities	3,323	3,358	3,323	3,358
Land rent expenses	(4,799)	(4,764)	(4,799)	(4,764)
Other items	6,566	313	6,566	313
Net effect of non-tax deductible items	71,320	8,845	71,320	8,845
Income available for distribution to Unitholders for the year	37,317	37,082	37,317	37,082
Capital gains distribution	-	1,243	-	1,243
Total amount available for distribution to Unitholders for the year	37,317	38,325	37,317	38,325

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

DISTRIBUTION STATEMENTS (CONTINUED)

For the year ended 31 December 2020

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Distribution of 0.47 cents per Unit for the period 1 January 2020 to 30 June 2020	(4,949)	-	(4,949)	-
Distribution of 0.77 cents per Unit for the period 1 October 2019 to 31 December 2019	(8,109)	-	(8,109)	-
Distribution of 0.78 cents per Unit for the period 1 July 2019 to 30 September 2019	-	(8,214)	-	(8,214)
Distribution of 0.62 cents per Unit for the period 1 April 2019 to 30 June 2019	-	(6,528)	-	(6,528)
Distribution of 0.75 cents per Unit for the period 1 January 2019 to 31 March 2019	-	(7,898)	-	(7,898)
Distribution of 0.71 cents per Unit for the period 1 October 2018 to 31 December 2018	-	(7,478)	-	(7,478)
	(13,058)	(30,118)	(13,058)	(30,118)
Amount available for distribution to Unitholders at end of the year	24,259	8,207	24,259	8,207
Number of Units entitled to distributions ('000) (Note 11)	1,053,084	1,053,084	1,053,084	1,053,084
Distribution per Unit (cents)	2.76	2.92	2.76	2.92

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 31 December 2020

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unitholders' funds at beginning of the year	595,015	604,478	595,006	604,469
Operations				
Total return after taxation and before distribution	(42,210)	20,655	(42,210)	20,655
	552,805	625,133	552,796	625,124
Unitholders' transactions				
Distributions to Unitholders	(13,058)	(30,118)	(13,058)	(30,118)
Net decrease in net assets resulting from Unitholders' transactions	(13,058)	(30,118)	(13,058)	(30,118)
Unitholders' funds at end of the year	539,747	595,015	539,738	595,006

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

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 December 2020

Group

Description of property	Type	Leasehold term* (years)	Remaining lease term# (years)	Location
New Tech Park	High-tech industrial	45	35	151 Lorong Chuan, Singapore 556741
8 Commonwealth Lane	High-tech industrial	53	38	8 Commonwealth Lane, Singapore 149555
Frontech Centre	High-tech industrial	99	40	15 Jalan Kilang Barat, Singapore 159357
1 Tuas Avenue 4	High-tech industrial	51.3	26	1 Tuas Avenue 4, Singapore 639382
BTC Centre	High-tech industrial	50	36	23 Serangoon North Avenue 5, Singapore 554530
508 Chai Chee Lane	High-tech industrial	59	39	508 Chai Chee Lane, Singapore 469032
Freight Links Express Logisticpark	Chemical warehouse & logistics	61	28	33 & 35 Penjuru Lane, Singapore 609200/609202
18 Gul Drive	Chemical warehouse & logistics	33	18	18 Gul Drive, Singapore 629468
Penjuru Logistics Hub	Warehouse & logistics	30	12	34 Penjuru Lane, Singapore 609201
Freight Links Express Logisticcentre	Warehouse & logistics	60	34	51 Penjuru Road, Singapore 609143
26 Loyang Drive	Warehouse & logistics	48	33	26 Loyang Drive, Singapore 508970
3A Joo Koon Circle	Warehouse & logistics	60	27	3A Joo Koon Circle, Singapore 629033
2 Toh Tuck Link	Warehouse & logistics	60	36	2 Toh Tuck Link, Singapore 596225
10 Changi South Street 2	Warehouse & logistics	57	31	10 Changi South Street 2, Singapore 486596
Yenom Industrial Building	General industrial	60	21	123 Genting Lane, Singapore 349574
30 & 32 Tuas Avenue 8	General industrial	60	36	30 & 32 Tuas Avenue 8, Singapore 639246/639247
39 Ubi Road 1	General industrial	60	31	39 Ubi Road 1, Singapore 408695
21 Joo Koon Crescent	General industrial	60	33	21 Joo Koon Crescent, Singapore 629026

Investment properties and investment property held for divestment – Fair value

Investment properties and investment property held for divestment – Right-of-use assets

Total investment properties and investment property held for divestment

Other assets and liabilities

Net assets attributable to Unitholders' Funds

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

Committed occupancy rate as at		Carrying amount as at		% of net assets attributable to Unitholders as at	
31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
%	%	\$'000	\$'000	%	%
77	75	333,400	323,000	61.8	54.3
84	86	53,500	57,000	9.9	9.6
98	75	21,300	22,800	3.9	3.8
-	-	9,000	10,000	1.7	1.7
69	64	36,400	34,600	6.7	5.8
99	98	63,800	64,200	11.8	10.8
100	100	42,700	51,000	7.9	8.6
100	100	19,200	20,000	3.6	3.4
86	84	33,000	37,700	6.1	6.3
73	100	32,800	40,700	6.1	6.8
100	100	24,700	24,700	4.6	4.2
56	-	33,800	38,000	6.3	6.4
98	98	29,800	31,400	5.5	5.3
64	36	33,700	49,300	6.2	8.3
83	76	16,400	17,600	3.0	3.0
-	100	24,200	27,000	4.5	4.5
67	75	17,400	20,700	3.2	3.5
100	100	15,000	14,700	2.8	2.5
		840,100	884,400	155.6	148.8
		78,259	79,729	14.5	13.4
		918,359	964,129	170.1	162.2
		(378,612)	(369,114)	(70.1)	(62.2)
		539,747	595,015	100.0	100.0

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

CONSOLIDATED PORTFOLIO STATEMENT (CONTINUED)

As at 31 December 2020

Group (continued)

As disclosed in the Statements of Financial Position:

	Carrying amount as at	
	31 December 2020 \$'000	31 December 2019 \$'000
Investment properties – non-current	904,565	949,241
Investment property held for divestment – current (denoted as * in the Consolidated Portfolio Statement)	13,794	14,888
	<u>918,359</u>	<u>964,129</u>

* 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 and investment property held for divestment as at 31 December 2020 were based on independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd and SRE Global Pte Ltd (2019: Cushman & Wakefield VHS Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd and SRE Global Pte Ltd). Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Total (loss)/return for the year before taxation and distribution		(42,210)	20,655
Adjustments for:			
Net change in fair value of financial derivatives		3,107	535
Net change in fair value of investment properties		61,938	7,885
Loss on divestment of investment property		-	773
Net finance costs		13,647	15,868
		<u>36,482</u>	<u>45,716</u>
Change in trade and other receivables		768	(1,215)
Change in trade and other payables		2,855	(5,274)
		<u>40,105</u>	<u>39,227</u>
Cash generated from operations		40,105	39,227
Ta'widh (compensation on late payment of rent) received		31	33
		<u>40,136</u>	<u>39,260</u>
Net cash from operating activities		40,136	39,260
Cash flows from investing activities			
Capital expenditure on investment properties		(14,992)	(6,458)
Proceeds from divestment of investment property		-	99,600
Payment for divestment costs		-	(773)
Profit income received		14	196
		<u>(14,978)</u>	<u>92,565</u>
Net cash (used in)/from investing activities		(14,978)	92,565
Cash flows from financing activities			
Proceeds from borrowings		13,345	177,000
Repayment of borrowings		(5,000)	(263,500)
Transaction costs paid		(168)	(1,447)
Payment of lease liabilities		(1,476)	(1,406)
Finance costs relating to lease liabilities		(3,323)	(3,358)
Finance costs paid		(10,057)	(12,112)
Distributions paid		(13,058)	(30,118)
		<u>(19,737)</u>	<u>(134,941)</u>
Net cash used in financing activities		(19,737)	(134,941)
Net increase/(decrease) in cash and cash equivalents		5,421	(3,116)
Cash and cash equivalents at beginning of the year		4,099	7,215
Cash and cash equivalents at end of the year	7	<u>9,520</u>	<u>4,099</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 26 March 2021.

1 GENERAL

Sabana Shari'ah Compliant 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 and the Second Supplemental Deed dated 6 May 2019 and the Third Amending and Restating Deed dated 7 April 2020) (collectively, the "Trust Deed") between Sabana Real Estate Investment Management Pte. Ltd. (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiary (collectively, the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was a dormant private trust from the date of constitution until its acquisition of properties on 26 November 2010. It was formally admitted to the Official List of 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 2020 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, in line with Shari'ah investment principles. The principal activities of the subsidiary are set out in Note 5 of the financial statements.

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 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 GENERAL (CONTINUED)

1.3 Trustee's fees

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

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

1.4 Acquisition fees

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

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

1.5 Divestment fees

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS"). The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the investment properties, investment property held for divestment and financial derivatives which are stated at fair value as set out in the accounting policies described in Notes 3.2, 3.3 and 3.5.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements

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

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

The Manager is of the opinion that there are no critical judgement in applying the entity's accounting policies.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Investment properties and investment property held for divestment
- Note 20 – Fair values and accounting classifications of financial instruments

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following amendments to FRSs for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- *Interest Rate Benchmark Reform (Amendments to FRS 109, FRS 39 and FRS 107)*

The application of these amendments to standards 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Investment property held for divestment

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

Fair value changes for non-current assets that are accounted for in accordance with the fair value model in FRS 40 *Investment Property* are recognised in the Statements of Total Return. When a non-current asset held for sale is disposed of, the resulting gain or loss is recognised in the Statements of Total Return as the difference between net disposal proceeds and the carrying amount of the property.

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

3.4 Leases

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

(i) As a lessee

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (continued)

(i) As a lessee (continued)

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 3.8).

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

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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 profit income on the principal amount outstanding.

Financial assets: Business model assessment

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

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. '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 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 profit income criterion if the prepayment amount substantially represents unpaid amounts of principal and 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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 profit rate method. The amortised cost is reduced by impairment losses. 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 profit rate method. Profit expense and foreign exchange gains and losses are recognised in the Statements of Total Return.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statements 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 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

(vi) Derivative financial instruments

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

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

3.6 Impairment

(i) Non-derivative financial assets

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

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

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

Simplified approach

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

General approach

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

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 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 and investment property held for divestment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(ii) Non-financial assets (continued)

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

3.7 Issue expenses

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

3.8 Revenue recognition

Rental income from operating leases

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

3.9 Expenses

(i) Property expenses

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

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

(ii) Manager's fees

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

(iii) Trustee's fees

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

3.10 Finance income and finance costs

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

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

The 'effective 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 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Finance income and finance costs (continued)

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

3.11 Tax

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Tax (continued)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The Inland Revenue Authority of Singapore ("IRAS") had issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee is not subject to tax on the taxable income of the Trust, which includes profit distributions from liquid Islamic debt securities such as Sukuk that the Trust may invest in, provided that at least 90.0% of the taxable income of the Trust is distributed within the year in which the income is derived (the "tax transparency treatment"). Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of the Trust, except:

- (i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a partnership) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Foreign Non-Individual Unitholders and Qualifying Foreign Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10.0% for distributions made up to 31 March 2025, unless concession is extended.

A Qualifying Unitholder is a Unitholder who is:

- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 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.

3.12 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's Chief Executive Officer ("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.

3.14 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new FRSs and 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*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *COVID-19-Related Rent Concessions (Amendment to FRS 116)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 110 and FRS 28)*
- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to FRS 37)*
- *Annual Improvements to FRSs 2018 – 2020*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 INVESTMENT PROPERTIES AND INVESTMENT PROPERTY HELD FOR DIVESTMENT

Investment properties

	Group and Trust	
	2020	2019
	\$'000	\$'000
Balance at beginning of the year	949,241	869,200
Recognition of ROU assets on initial application of FRS 116	-	75,115
Adjusted balance at 1 January	949,241	944,315
Capital expenditure	16,340	9,687
Straight-line adjustments in accordance with FRS 116	(178)	1,042
Net change in fair value of investment properties	(60,844)	(6,845)
Remeasurement of ROU assets	6	1,042
Balance at end of the year	904,565	949,241

As at 31 December 2020, the portfolio comprises 18 (2019: 18) industrial properties located across Singapore.

Investment property held for divestment

	Group and Trust	
	2020	2019
	\$'000	\$'000
Balance at beginning of the year	14,888	110,550
Recognition of ROU assets on initial application of FRS 116	-	4,971
Adjusted balance at 1 January	14,888	115,521
Divestment of an investment property	-	(99,600)
Net change in fair value of investment properties	(1,094)	(1,040)
Remeasurement of ROU asset	-	7
Balance at end of the year	13,794	14,888

As at 31 December 2020, 1 Tuas Avenue 4 (2019: 1 Tuas Avenue 4) is classified as an investment property held for divestment as the divestment is highly probable within the next 12 months.

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

Security

As at 31 December 2020, investment properties with an aggregate fair value of \$788.4 million (2019: \$750.7 million) at the Group and the Trust are pledged as security to secure certain borrowing facilities (see Note 9).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Measurement of fair value

Investment properties and investment property held for divestment

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

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

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

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

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

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

Fair value hierarchy

The table below analyses investment properties and investment property held for divestment carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Fair value hierarchy (continued)

	Level 3	
	2020 \$'000	2019 \$'000
Group and Trust		
Investment properties at fair value	831,100	874,400
Add: Carrying amount of lease liabilities	73,465	74,841
Carrying amount of investment properties	<u>904,565</u>	<u>949,241</u>
Investment property held for divestment at fair value	9,000	10,000
Add: Carrying amount of lease liabilities	4,794	4,888
Carrying amount of investment property held for divestment	<u>13,794</u>	<u>14,888</u>

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

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties and investment property held for divestment	<ul style="list-style-type: none"> Capitalisation rates from 5.50% to 6.50% (2019: 5.75% to 7.25%) Discount rates of 7.25% (2019: 7.50% to 8.00%) Terminal yield rates from 5.75% to 6.75% (2019: 6.00% to 6.75%) Vacancy assumption rates from 0.00% to 30.00% (2019: 0.00% to 25.00%) Rental growth rates from 0.00% to 2.75% (2019: 0.25% to 6.17%) 	<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); the discount rates were lower/(higher); or the terminal yield rates were lower/(higher). the vacancy assumption rates were lower/(higher); or the rental growth rates were higher/(lower).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SUBSIDIARY

	Trust	
	2020	2019
	\$'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	
			2020	2019
Sabana Sukuk Pte. Ltd. ⁽¹⁾	Provision of treasury services	Singapore	100%	100%

⁽¹⁾ Audited by KPMG LLP Singapore

6 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade receivables, gross	2,138	343	2,138	343
Less: Impairment losses on trade receivables	(1,871)	-	(1,871)	-
Trade receivables, net	267	343	267	343
Other receivables	1,560	1,675	1,560	1,675
Deposit	983	1,111	983	1,111
	2,810	3,129	2,810	3,129
Prepayment	28	290	26	288
	2,838	3,419	2,836	3,417

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.

7 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Bank balances	9,520	4,099	9,520	4,099

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8 TRADE AND OTHER PAYABLES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Amount due to related parties, trade	1,325	1,415	1,339	1,436
Trade payables	2,449	1,191	2,449	1,191
Security deposits	10,038	8,578	10,038	8,578
Rental received in advance	509	705	509	705
Retention sums	1,024	632	1,024	632
Finance costs payable to:				
– non-related parties	136	802	136	802
Accrued operating expenses	6,717	6,167	6,717	6,167
Others	2,758	1,792	2,751	1,778
	24,956	21,282	24,963	21,289
Current	17,417	14,992	17,424	14,999
Non-current	7,539	6,290	7,539	6,290
	24,956	21,282	24,963	21,289

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.

9 BORROWINGS

	Note	Group		Trust	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Secured borrowings					
Commodity Murabaha Facilities					
– Term	9(a)	120,000	120,000	120,000	120,000
– Revolving	9(a)	13,345	3,500	13,345	3,500
Murabahah Facilities					
– Term	9(b)	70,000	70,000	70,000	70,000
– Revolving	9(b)	50,500	53,000	50,500	53,000
Term Loan Facility	9(c)	30,000	30,000	30,000	30,000
Revolving Loan Facility	9(d)	1,000	–	1,000	–
Less: Unamortised capitalised transaction costs		(826)	(1,316)	(826)	(1,316)
		284,019	275,184	284,019	275,184
Current		158,370	56,500	158,370	56,500
Non-current		125,649	218,684	125,649	218,684
		284,019	275,184	284,019	275,184

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal profit rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group					
2020					
Term Commodity Murabaha Facility A	SGD	Floating rate*+Margin	2022	30,000	29,872
Term Commodity Murabaha Facility B	SGD	Floating rate*+Margin	2022	70,000	69,696
Term Commodity Murabaha Facility C	SGD	Floating rate*+Margin	2023	20,000	19,811
Revolving Commodity Murabaha Facility D	SGD	Floating rate*+Margin	2023	-	-
Term Commodity Murabaha Facility E	SGD	Floating rate*+Margin	2022	6,345	6,271
Revolving Commodity Murabaha Facility F	SGD	Floating rate*+Margin	2022	7,000	7,000
Term Murabahah Facility	SGD	Floating rate*+Margin	2021	70,000	69,948
Revolving Murabahah Facilities	SGD	Floating rate*+Margin	2021	50,500	50,500
Term Loan Facility	SGD	Floating rate*+Margin	2021	30,000	29,921
Revolving Loan Facility	SGD	Floating rate*+Margin	2023	1,000	1,000
				<u>284,845</u>	<u>284,019</u>
2019					
Term Commodity Murabaha Facility A	SGD	Floating rate*+Margin	2022	30,000	29,806
Term Commodity Murabaha Facility B	SGD	Floating rate*+Margin	2022	70,000	69,545
Term Commodity Murabaha Facility C	SGD	Floating rate*+Margin	2023	20,000	19,751
Revolving Commodity Murabaha Facility D	SGD	Floating rate*+Margin	2023	3,500	3,500
Term Murabahah Facility	SGD	Floating rate*+Margin	2021	70,000	69,744
Revolving Murabahah Facilities	SGD	Floating rate*+Margin	2021	53,000	53,000
Term Loan Facility	SGD	Floating rate*+Margin	2021	30,000	29,838
				<u>276,500</u>	<u>275,184</u>

* Singapore Interbank Offered Rate/Swap Offer Rate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

Terms and conditions of outstanding borrowings are as follows: (continued)

	Currency	Nominal profit rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Trust					
2020					
Term Commodity Murabaha Facility A	SGD	Floating rate*+Margin	2022	30,000	29,872
Term Commodity Murabaha Facility B	SGD	Floating rate*+Margin	2022	70,000	69,696
Term Commodity Murabaha Facility C	SGD	Floating rate*+Margin	2023	20,000	19,811
Revolving Commodity Murabaha Facility D	SGD	Floating rate*+Margin	2023	-	-
Term Commodity Murabaha Facility E	SGD	Floating rate*+Margin	2022	6,345	6,271
Revolving Commodity Murabaha Facility F	SGD	Floating rate*+Margin	2022	7,000	7,000
Term Murabahah Facility	SGD	Floating rate*+Margin	2021	70,000	69,948
Revolving Murabahah Facilities	SGD	Floating rate*+Margin	2021	50,500	50,500
Term Loan Facility	SGD	Floating rate*+Margin	2021	30,000	29,921
Revolving Loan Facility	SGD	Floating rate*+Margin	2023	1,000	1,000
				<u>284,845</u>	<u>284,019</u>
2019					
Term Commodity Murabaha Facility A	SGD	Floating rate*+Margin	2022	30,000	29,806
Term Commodity Murabaha Facility B	SGD	Floating rate*+Margin	2022	70,000	69,545
Term Commodity Murabaha Facility C	SGD	Floating rate*+Margin	2023	20,000	19,751
Revolving Commodity Murabaha Facility D	SGD	Floating rate*+Margin	2023	3,500	3,500
Term Murabahah Facility	SGD	Floating rate*+Margin	2021	70,000	69,744
Revolving Murabahah Facilities	SGD	Floating rate*+Margin	2021	53,000	53,000
Term Loan Facility	SGD	Floating rate*+Margin	2021	30,000	29,838
				<u>276,500</u>	<u>275,184</u>

* Singapore Interbank Offered Rate/Swap Offer Rate

Secured borrowings

(a) Commodity Murabaha Facilities

The Commodity Murabaha Facilities consisted of:

- (i) 3-year Term Commodity Murabaha Facility A of \$30.0 million maturing in November 2022;
- (ii) 3-year Term Commodity Murabaha Facility B of \$70.0 million maturing in November 2022;
- (iii) 4-year Term Commodity Murabaha Facility C of \$20.0 million maturing in November 2023;
- (iv) 4-year Revolving Commodity Murabaha Facility D of \$20.0 million maturing in November 2023;
- (v) 3-year Term Commodity Murabaha Facility E of \$14.0 million maturing in November 2022 (to fund AEI); and
- (vi) 3-year Revolving Commodity Murabaha Facility F of \$7.0 million maturing in November 2022 (to fund AEI).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

Secured borrowings (continued)

(a) Commodity Murabaha Facilities (continued)

The Commodity Murabaha Facilities from various institutional bank are secured by, *inter alia*:

- A first ranking legal mortgage over 3 (2019: 3) investment properties with a combined fair value of \$382.3 million (2019: \$374.7 million) (collectively, the "Securitised Properties") (or, where title to the Securitised Properties has not been issued, an assignment of building agreement or agreement for lease (as the case may be) coupled with a mortgage in escrow);
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Securitised Properties; and
- A fixed and floating charge over the other assets of the Trust relating to the Securitised Properties.

As at 31 December 2020, a total of \$133.3 million, consisting of \$120.0 million Term Facilities A to C, \$6.3 million of Term Facility E and \$7.0 million of Revolving Facility F was drawn on the Commodity Murabaha Facilities.

(b) Murabahah Facilities

The Murabahah Facilities consisted of:

- (i) 3-year Term Murabahah Facility of \$70.0 million maturing in March 2021; and
- (ii) Revolving Murabahah Facilities of \$53.0 million maturing in March 2021.

The Murabahah Facilities, from an institutional bank is secured by, *inter-alia*:

- A first ranking legal mortgage over 7 (2019: 7) investment properties with a combined fair value of \$267.6 million (2019: \$294.9 million), ("Murabahah Secured Properties");
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Murabahah Secured Properties; and
- A fixed and floating charge over the other assets of the Trust relating to the Murabahah Secured Properties.

As at 31 December 2020, a total of \$120.5 million, consisting of \$70.0 million Term Facility and \$50.5 million Revolving Facilities, was drawn on the Murabahah Facilities.

(c) Term Loan Facility

The Term Loan Facility from an institutional bank maturing in December 2021, is secured by, *inter-alia*:

- A first ranking legal mortgage over 3 (2019: 3) investment properties with a combined fair value of \$70.5 million (2019: \$81.1 million) ("Term Loan Facility Secured Properties"); and
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Term Loan Facility Secured Properties.

The Term Loan Facility was fully drawn as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

Secured borrowings (continued)

(d) Revolving Loan Facility

In April 2020, the Group obtained a new secured 3-year term \$30.0 million facility to be used for general working capital, capital expenditure and other asset enhancement initiatives.

The facility consisted of:

- (i) 3-year Revolving Loan Facility of \$28.0 million maturing in April 2023; and
- (ii) 3-year Bank Guarantee Facility of \$2.0 million maturing in April 2023.

As at 31 December 2020, Revolving Loan Facility of \$1.0 million was drawn.

The Facility is secured by, inter alia:

- A first ranking legal mortgage over 3 investment properties with a combined carrying value of \$68.0 million ("Facility Secured Properties"); and
- Assignment of insurances, assignment of proceeds and assignment of Property Management Agreements relating to the Facility Secured Properties.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 BORROWINGS (CONTINUED)

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

	Group					Total \$'000
	Liabilities			Derivative financial instruments		
	Borrowings \$'000	Finance costs payable \$'000	Lease liabilities \$'000	Profit rate swap - assets \$'000	Profit rate swap - liabilities \$'000	
Adjusted balance at 1 January 2019	361,709	1,730	80,086	(240)	142	443,427
Changes from financing cash flows						
Proceeds from borrowings	177,000	-	-	-	-	177,000
Repayment of borrowings	(263,500)	-	-	-	-	(263,500)
Transactions cost paid	(1,447)	-	-	-	-	(1,447)
Payment of lease liabilities	-	-	(1,406)	-	-	(1,406)
Finance costs relating to lease liabilities	-	-	(3,358)	-	-	(3,358)
Finance costs paid	-	(12,112)	-	-	-	(12,112)
Total changes from financing cash flows	(87,947)	(12,112)	(4,764)	-	-	(104,823)
Changes in fair value	-	-	-	240	295	535
Other changes						
Liability-related						
Amortisation of transaction costs	1,422	-	-	-	-	1,422
Profit expense	-	11,184	-	-	-	11,184
Remeasurement of lease liabilities	-	-	1,049	-	-	1,049
Finance costs relating to lease liabilities	-	-	3,358	-	-	3,358
Total liability-related other changes	1,422	11,184	4,407	-	-	17,013
Balance at 31 December 2019	275,184	802	79,729	-	437	356,152

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current liabilities				
Profit rate swaps at fair value through Statements of Total Return	(201)	(240)	(201)	(240)
Non-current liabilities				
Profit rate swaps at fair value through Statements of Total Return	(3,535)	(197)	(3,535)	(197)
Total derivative financial instruments	(3,736)	(437)	(3,736)	(437)
Derivative financial instruments as a percentage of net assets	0.69%	0.07%	0.69%	0.07%

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

Profit rate swaps with a total notional amount of \$142.5 million (2019: \$100.0 million) had been entered into at the reporting date to provide fixed rate funding for terms of between 1.0 to 3.0 years (2019: 2.0 to 3.0 years) at a weighted average profit rate of 3.73% (2019: 3.92%) per annum.

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 2020 and 31 December 2019, the Group's derivative assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangement.

11 UNITS IN ISSUE

	Group and Trust	
	2020 '000	2019 '000
Units in issue:		
At beginning and end of the year	1,053,084	1,053,084

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 UNITS IN ISSUE (CONTINUED)

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

On 1 April 2014, the Trust introduced the distribution reinvestment plan ("DRP") whereby the Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

DRP was not implemented for the financial years ended 31 December 2020 and 31 December 2019.

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 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 33.5% (2019: 31.1%) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.2 Risk management framework

The Group is exposed to market risk (including 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 and Risk 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 and Risk 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 and Risk 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables [#]	2,810	3,129	2,810	3,129
Cash and cash equivalents	9,520	4,099	9,520	4,099
	<u>12,330</u>	<u>7,228</u>	<u>12,330</u>	<u>7,228</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.

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.

In response to the COVID-19 pandemic, the Group has provided impairment losses for all trade receivables that are not expected to be collectible in excess of the security deposits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

The ageing of gross trade receivables at the reporting date was:

Group and Trust 31 December 2020

	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Not past due	63	-	No
Past due 0 - 30 days	417	(213)	No
Past due 31 - 60 days	133	(133)	No
More than 60 days past due	1,525	(1,525)	Yes
	<u>2,138</u>	<u>(1,871)</u>	

Group and Trust 31 December 2019

	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Not past due	17	-	No
Past due 0 - 30 days	232	-	No
Past due 31 - 60 days	86	-	No
More than 60 days past due	8	-	No
	<u>343</u>	<u>-</u>	

Eight tenants (2019: three tenants) accounted for approximately \$1,905,000 (2019: \$287,000) of the gross trade receivables at 31 December 2020.

Impairment losses

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

	Group and Trust	
	2020 \$'000	2019 \$'000
At 1 January	-	-
Impairment losses recognised during the year	1,873	-
Utilised	(2)	-
At 31 December	<u>1,871</u>	<u>-</u>

Trade receivables are individually assessed for impairment. The impairment loss on trade receivables is \$1,873,000 (31 December 2019: \$Nil).

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.3 Credit risk (continued)

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 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					
2020					
Non-derivative financial liabilities					
Commodity Murabaha Facilities	132,650	(139,616)	(3,043)	(136,573)	-
Murabahah Facilities	120,448	(121,014)	(121,014)	-	-
Term Loan Facility	29,921	(30,627)	(30,627)	-	-
Revolving Loan Facility	1,000	(1,060)	(27)	(1,033)	-
Trade and other payables*	24,447	(24,447)	(16,908)	(7,179)	(360)
Lease liabilities	78,259	(138,723)	(4,796)	(23,981)	(109,946)
	386,725	(455,487)	(176,415)	(168,766)	(110,306)
Derivative financial liabilities					
Profit rate swaps (net-settled)	3,736	(3,607)	(1,829)	(1,778)	-
2019					
Non-derivative financial liabilities					
Commodity Murabaha Facilities	122,602	(137,609)	(4,554)	(133,055)	-
Murabahah Facilities	122,744	(128,109)	(4,248)	(123,861)	-
Term Loan Facility	29,838	(32,093)	(1,091)	(31,002)	-
Trade and other payables*	20,577	(20,577)	(14,287)	(5,713)	(577)
Lease liabilities	79,729	(143,327)	(4,796)	(23,980)	(114,551)
	375,490	(461,715)	(28,976)	(317,611)	(115,128)
Derivative financial liabilities					
Profit rate swaps (net-settled)	437	(401)	(253)	(148)	-

* Trade and other payables exclude rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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
Trust					
2020					
Non-derivative financial liabilities					
Commodity Murabaha Facilities	132,650	(139,616)	(3,043)	(136,573)	-
Murabahah Facilities	120,448	(121,014)	(121,014)	-	-
Term Loan Facility	29,921	(30,627)	(30,627)	-	-
Revolving Loan Facility	1,000	(1,060)	(27)	(1,033)	-
Trade and other payables*	24,454	(24,454)	(16,915)	(7,179)	(360)
Lease liabilities	78,259	(138,723)	(4,796)	(23,981)	(109,946)
	386,732	(455,494)	(176,422)	(168,766)	(110,306)
Derivative financial liabilities					
Profit rate swaps (net-settled)	3,736	(3,607)	(1,829)	(1,778)	-
2019					
Non-derivative financial liabilities					
Commodity Murabaha Facilities	122,602	(137,609)	(4,554)	(133,055)	-
Murabahah Facilities	122,744	(128,109)	(4,248)	(123,861)	-
Term Loan Facility	29,838	(32,093)	(1,091)	(31,002)	-
Trade and other payables*	20,584	(20,584)	(14,294)	(5,713)	(577)
Lease liabilities	79,729	(143,327)	(4,796)	(23,980)	(114,551)
	375,497	(461,722)	(28,983)	(317,611)	(115,128)
Derivative financial liabilities					
Profit rate swaps (net-settled)	437	(401)	(253)	(148)	-

* 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 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 2020

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Profit rate risk

The Group's exposure to changes in profit rates relates primarily to profit-bearing financial liabilities. Profit rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net profit expense could be affected by adverse movements in profit rates. The Group adopts a policy of ensuring that majority of its exposures to changes in profit rates on borrowings is on a fixed-rate basis. This is achieved by entering into profit rate swaps and fixed rate borrowings.

A fundamental reform of major interest 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. There is uncertainty over the timing and the methods of transition in jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact the risk management.

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

As at the reporting date, the Group had entered into profit rate swaps with total contracted notional amounts of \$142.5 million (2019: \$100.0 million) whereby the Group had agreed with counterparties to exchange, at specified intervals, the difference between the floating rate pegged to the Singapore dollar SOR and fixed rate profit amounts calculated by reference to the contracted notional amounts of the borrowings.

The Group's derivative instruments are governed by contracts based on International Swaps and Derivatives Association ("ISDA")'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

Profit rate profile

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

	Group		Trust	
	Nominal amount		Nominal amount	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments				
Financial liabilities	(284,845)	(276,500)	(284,845)	(276,500)
Effects of profit rate swaps	142,500	100,000	142,500	100,000
	<u>(142,345)</u>	<u>(176,500)</u>	<u>(142,345)</u>	<u>(176,500)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.6 Profit rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through Statements of Total Return and the Group does not designate profit rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in 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 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 2019.

	Total return for the year	
	50 bp increase \$'000	50 bp decrease \$'000
Group and Trust		
2020		
Financial liabilities	(712)	712
2019		
Financial liabilities	(883)	883

13 GROSS REVENUE

	Group and Trust	
	2020 \$'000	2019 \$'000
Property rental income	58,071	63,053
Other operating income	13,630	13,285
	<u>71,701</u>	<u>76,338</u>

14 PROPERTY EXPENSES

	Group and Trust	
	2020 \$'000	2019 \$'000
Service, repair and maintenance expenses	6,902	6,862
Property and lease management fees	2,088	2,243
Property tax	6,571	5,843
Utilities	8,298	8,446
Impairment loss on trade receivables	1,873	-
Others	1,326	1,332
	<u>27,058</u>	<u>24,726</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 FINANCE INCOME AND COSTS

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Finance income:				
Profit income from fixed deposits with Islamic financial institutions	14	196	14	196
Ta'widh (compensation on late payment of rent)	40	33	40	33
	54	229	54	229
Finance costs:				
Commodity Murabaha Facilities	3,580	4,955	3,580	4,955
Murabahah Facilities	3,382	4,175	3,382	4,175
Term Loan Facility	833	1,198	833	1,198
Revolving Loan Facility	89	-	89	-
Profit rate swaps*	1,699	(227)	1,699	(227)
Trust Certificates	-	1,083	-	-
Loans from a subsidiary	-	-	-	1,083
Amortisation of transaction costs	658	1,422	658	1,422
Brokerage and agent fees	137	133	132	127
	10,378	12,739	10,373	12,733
Finance costs relating to lease liabilities	3,323	3,358	3,323	3,358
	13,701	16,097	13,696	16,091
Net finance costs	13,647	15,868	13,642	15,862

* Except for the finance costs arising from profit rate swaps, all other finance income and cost items represent the profit income and expenses in respect of financial assets and liabilities not carried at fair value through the Statements of Total Return.

16 DONATION OF NON-SHARI'AH COMPLIANT INCOME

During the year, donations that had been approved by the Independent Shari'ah Committee included The Invictus Fund (2019: Bright Hill Evergreen Home and SG Enable Ltd – Mediacorp Enable Fund).

17 OTHER TRUST EXPENSES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Auditors' remuneration				
- audit fees	214	202	212	200
- non-audit fees	69	77	67	74
Valuation fees	62	122	62	122
Professional fees	2,950	392	2,943	385
Service fees payable to a subsidiary	-	-	19	21
Other expenses	205	243	202	240
	3,500	1,036	3,505	1,042

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

18 TAX EXPENSE

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Tax expense				
Current year	*	*	-	-
Reconciliation of effective tax rate				
Total (loss)/return for the year before taxation and distribution	(42,210)	20,655	(42,210)	20,655
Tax using Singapore tax rate of 17% (2019: 17%)	(7,176)	3,511	(7,176)	3,511
Non-tax deductible items	12,910	1,681	12,910	1,681
Income not subject to tax	(786)	(177)	(786)	(177)
Tax transparency	(4,948)	(5,015)	(4,948)	(5,015)
	*	*	-	-

* Less than \$1,000

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Total (loss)/return for the year after taxation and before distribution	(42,210)	20,655	(42,210)	20,655

	Number of Units			
	Group		Trust	
	2020 '000	2019 '000	2020 '000	2019 '000
Weighted average number of Units at beginning and end of year	1,053,084	1,053,084	1,053,084	1,053,084

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 2020

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Accounting classifications and fair values (continued)

Group	Note	Carrying amount			Total	Fair value			
		Mandatorily at FVTPL - others	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020									
Financial assets not measured at fair value									
Trade and other receivables [#]	6	-	2,810	-	2,810				
Cash and cash equivalents	7	-	9,520	-	9,520				
		-	12,330	-	12,330				
Financial liabilities measured at fair value									
Derivative liabilities	10	(3,736)	-	-	(3,736)	-	(3,736)	-	(3,736)
Financial liabilities not measured at fair value									
Trade and other payables*	8	-	-	(14,409)	(14,409)				
Security deposits	8	-	-	(10,038)	(10,038)	-	-	(9,350)	(9,350)
Borrowings	9	-	-	(284,019)	(284,019)	-	(284,019)	-	(284,019)
		-	-	(308,466)	(308,466)				

Group	Note	Carrying amount			Total	Fair value			
		Mandatorily at FVTPL - others	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019									
Financial assets not measured at fair value									
Trade and other receivables [#]	6	-	3,129	-	3,129				
Cash and cash equivalents	7	-	4,099	-	4,099				
		-	7,228	-	7,228				
Financial liabilities measured at fair value									
Derivative liabilities	10	(437)	-	-	(437)	-	(437)	-	(437)
Financial liabilities not measured at fair value									
Trade and other payables*	8	-	-	(11,999)	(11,999)				
Security deposits	8	-	-	(8,578)	(8,578)	-	-	(7,963)	(7,963)
Borrowings	9	-	-	(275,184)	(275,184)	-	(275,184)	-	(275,184)
		-	-	(295,761)	(295,761)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Trust	Note	Carrying amount				Fair value			
		Mandatorily at FVTPL - others	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019									
Financial assets not measured at fair value									
Trade and other receivables [#]	6	-	3,129	-	3,129				
Cash and cash equivalents	7	-	4,099	-	4,099				
		-	7,228	-	7,228				
Financial liabilities measured at fair value									
Derivative liabilities	10	(437)	-	-	(437)	-	(437)	-	(437)
Financial liabilities not measured at fair value									
Trade and other payables*	8	-	-	(12,006)	(12,006)				
Security deposits	8	-	-	(8,578)	(8,578)	-	-	(7,963)	(7,963)
Borrowings	9	-	-	(275,184)	(275,184)	-	(275,184)	-	(275,184)
		-	-	(295,768)	(295,768)				

[#] exclude prepayments

* exclude security deposits and rental received in advance

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Accounting classifications and fair values (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
Profit rate swaps	The fair value of 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 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 profit-bearing 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 2020

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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

21 OPERATING SEGMENTS (CONTINUED)

	← Group →				Total \$'000
	High-tech industrial \$'000	Chemical warehouse & logistics \$'000	Warehouse & logistics \$'000	General industrial \$'000	
2019					
Gross revenue	40,872	6,598	22,167	6,701	76,338
Property expenses	(17,947)	(209)	(4,303)	(2,267)	(24,726)
Segment net property income	22,925	6,389	17,864	4,434	51,612
Net change in fair value of investment properties and investment property held for divestment	11,235	(462)	(16,694)	(1,964)	(7,885)
Loss on divestment of investment property	(773)	-	-	-	(773)
					<u>42,954</u>
Unallocated amounts:					
- Finance income					229
- Finance costs					(12,739)
- Finance costs relating to lease liabilities					(3,358)
- Other expenses					(5,896)
- Net change in fair value of financial derivatives					(535)
Total return for the year before taxation					<u>20,655</u>
Assets and liabilities					
Segment assets:					
- Investment properties	514,195	85,224	251,292	98,530	949,241
- Investment property held for divestment	14,888	-	-	-	14,888
- Others	273	32	70	7	382
Unallocated assets					7,136
Total assets					<u>971,647</u>
Segment liabilities:					
- Lease liabilities	17,483	14,224	29,492	18,530	79,729
- Others	13,391	198	1,671	2,008	17,268
Unallocated liabilities:					
- Borrowings					275,184
- Others					4,451
Total liabilities					<u>376,632</u>
Other segment information					
Capital expenditure	8,639	-	320	728	<u>9,687</u>

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 2020 and 31 December 2019 related wholly to properties located in Singapore.

Major customer

A major customer group contributed approximately \$6.3 million (2019: \$8.54 million) of the Group's total revenues from the Chemical warehouse & logistics and Warehouse & logistics segments (2019: Chemical warehouse & logistics and Warehouse & logistics segments) for the year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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. Previously, these leases were classified as operating leases under FRS 17.

Lease liabilities included in the Statements of Financial Position

	Group and Trust	
	2020	2019
	\$'000	\$'000
Current	6,130	6,278
Non-current	72,129	73,451
	<u>78,259</u>	<u>79,729</u>

Amounts recognised in Statements of Total Return

	Group and Trust	
	2020	2019
	\$'000	\$'000
Leases under FRS 116		
Finance costs relating to lease liabilities	<u>3,323</u>	<u>3,358</u>

Amounts recognised in Consolidated Statement of Cash Flows

	Group and Trust	
	2020	2019
	\$'000	\$'000
Total cash outflow for leases	<u>4,799</u>	<u>4,764</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 2020 amounted to \$44.4 million (2019: \$43.3 million).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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	
	2020 \$'000	2019 \$'000
Operating leases under FRS 116		
Less than 1 year	56,069	53,328
1 to 2 years	40,865	35,995
2 to 3 years	31,110	28,005
3 to 4 years	17,534	19,561
4 to 5 years	13,298	10,184
More than 5 years	24,739	23,585
Total lease receivables	183,615	170,658

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	
	2020 \$'000	2019 \$'000
Rental income received from an ex-sponsor* and its related corporations	-	4,586
Manager's fees and reimbursables paid/payable to the Manager	4,312	4,495
Property/lease management fees and reimbursables paid/payable to the Property Manager	2,088	2,243
Trustee fees paid/payable to the Trustee	348	360

* Vibrant Group Limited ceased to be Sponsor of the Trust following the divestment of their unit holdings on 6 June 2019 and the divestment of their 51% stake in the holding company of the Manager, Sabana Investment Partners Pte. Ltd. on 28 June 2019.

24 FINANCIAL RATIOS

	Group	
	2020 %	2019 %
Ratio of expenses to weighted average net assets ⁽¹⁾		
- including performance component of Manager's fees	1.45	0.99
- excluding performance component of Manager's fees	1.45	0.99
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.

25 SUBSEQUENT EVENTS

On 9 March 2021, the Group entered into a new 3-year term financing arrangement with the financial institutions for new Commodity Murabahah facilities of up to \$148.92 million. Subsequently, the Group fully repaid the maturing Murabahah Facilities on 15 March 2021.

ADDITIONAL INFORMATION

INTERESTED PARTY TRANSACTIONS

Interested person (as defined in the Listing Manual of the SGX-ST) and interested party (as defined in the Property Funds Appendix) transactions (collectively “Interested Party Transactions”) during the financial year are as follows.

Name of Interested Party	Nature of Relationship	Aggregate value of all Interested Party Transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Unitholders’ mandate pursuant to Rule 920 ⁽¹⁾ of the Listing Manual) \$’000	Aggregate value of all Interested Party Transactions conducted under Unitholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000) \$’000
ESR Cayman Limited and its subsidiaries <ul style="list-style-type: none"> - Manager’s fees - Property and lease management fees - Renewal of master property management agreement⁽²⁾ 	The Sponsor of Sabana REIT and its associates	4,312 2,088 11,450	-
HSBC Institutional Trust Services (Singapore) Limited and its associates <ul style="list-style-type: none"> - Trustee’s fees - Finance costs (profit payments) - Finance costs (agency commodity fees) 	The Trustee of Sabana REIT and its associates	348 1,341 50	-

TOTAL OPERATING EXPENSES⁽³⁾

Description	\$’000
Total operating expenses ⁽⁴⁾ (inclusive of interested party expenses paid to the Manager and interested parties).	35,218
Total operating expenses as a percentage of net asset value (as at 31 December 2020).	6.5%

Notes:

⁽¹⁾ There are no transactions conducted under Unitholders’ mandate pursuant to Rule 920 during FY 2020.

⁽²⁾ Refers to the total estimated aggregate property management fees payable to the Property Manager (a subsidiary of ESR Cayman Limited) for the duration of the renewed property management agreements entered into between the Trustee and the Property Manager.

⁽³⁾ For the purpose of complying with paragraph 11.1(i) of the Property Funds Appendix.

⁽⁴⁾ Total operating expenses include property expenses and other trust expenses but do not include finance costs.

Save as disclosed above, there were no other Interested Party Transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review.

The fees, charges and rents payable by Sabana 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 an Interested Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units 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 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

As at 15 March 2021

ISSUED AND FULLY PAID UP UNITS

There were 1,053,083,530 Units (voting rights: one vote per Unit) outstanding as at 15 March 2021. There is only one class of Units in Sabana REIT.

Market capitalisation S\$405.4 million based on market closing price of S\$0.385 on 10 March 2020.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	No. of Unitholders	Percentage of Unitholders (%)	No. of Units	Percentage of Units in Issue (%)
1 - 99	211	1.93	10,334	0.00
100 - 1,000	1,040	9.53	895,660	0.09
1,001 - 10,000	4,635	42.46	25,002,675	2.37
10,001 - 1,000,000	4,989	45.70	271,081,067	25.74
1,000,001 AND ABOVE	42	0.38	756,093,794	71.80
TOTAL	10,917	100.00	1,053,083,530	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	RHB Bank Nominees Pte Ltd	200,649,603	19.05
2	Citibank Nominees Singapore Pte Ltd	161,424,650	15.33
3	ABN AMRO Clearing Bank N.V.	71,504,945	6.79
4	DBS Nominees (Private) Limited	67,316,823	6.39
5	Raffles Nominees (Pte.) Limited	50,279,477	4.77
6	HSBC (Singapore) Nominees Pte Ltd	43,579,945	4.14
7	DB Nominees (Singapore) Pte Ltd	23,539,657	2.24
8	United Overseas Bank Nominees (Private) Limited	16,174,121	1.54
9	DBSN Services Pte. Ltd.	15,955,963	1.52
10	Phillip Securities Pte Ltd	14,837,392	1.41
11	DBS Vickers Securities (Singapore) Pte Ltd	9,552,722	0.91
12	OCBC Nominees Singapore Private Limited	8,692,774	0.83
13	Meren Pte Ltd	7,600,000	0.72
14	UOB Kay Hian Private Limited	7,000,389	0.66
15	CGS-CIMB Securities (Singapore) Pte. Ltd.	5,727,729	0.54
16	OCBC Securities Private Limited	5,385,705	0.51
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,406,008	0.42
18	Agarwal Nitish Nirbhaya	3,402,900	0.32
19	Maybank Kim Eng Securities Pte. Ltd.	3,279,239	0.31
20	Lee Ai Leng	3,000,000	0.28
	TOTAL	723,310,042	68.68

STATISTICS OF UNITHOLDINGS

As at 15 March 2021

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2021)

Directors	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Tan Cheong Hin	-	-	-	-
Wong Heng Tew	-	-	-	-
Yeo Wee Kiong	-	-	-	-
Willy Shee Ping Yah @ Willy Shee Ping Yan	-	-	-	-

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,053,083,530 as at 21 January 2021.

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholdings as at 15 March 2021)

Substantial Unitholders	Direct interest		Deemed interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Quarz Capital ASIA (Singapore) Pte. Ltd.	-	-	84,737,500	8.05
e-Shang Infinity Cayman Limited ⁽²⁾	207,755,509	19.73	-	-
e-Shang Jupiter Cayman Limited ⁽³⁾	-	-	207,755,509	19.73
ESR Cayman Limited ⁽³⁾	12,141,800	1.15	207,755,509	19.73

Notes:

⁽¹⁾ The percentage interest is based on total issued Units of 1,053,083,530 as at 15 March 2021.

⁽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 100.0% owned subsidiary of ESR Cayman Limited ("ESR"), a company established in the Cayman Islands.

Free Float

Under Rule 723 of the Listing Manual, a listed issuer must ensure that at least 10.00% of its listed securities are at all times held by the public.

Based on information available to the Manager as at 15 March 2021, 71.07% of the Units in Sabana REIT are held in the hands of public. Accordingly, Rule 723 of the Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the holders of units of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**") and the holders of units of Sabana REIT, ("**Unitholders**") will be held by way of electronic means on Tuesday, 27 April 2021 at 10.00 a.m., to transact the following businesses:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee issued by HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana REIT (the "**Trustee**"), the Statement by the Manager issued by Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana REIT (the "**Manager**"), the Audited Financial Statements of Sabana REIT for the financial year ended 31 December 2020 and the Auditors' Report thereon.
(Ordinary Resolution 1)
2. To re-appoint KPMG LLP as Auditors of Sabana REIT and to hold office until the conclusion of the next Annual General Meeting ("**AGM**") of Sabana REIT, and to authorise the Manager to fix their remuneration.
(Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

3. That authority be and is hereby given to the Manager, to:
 - (a) (i) issue units in Sabana REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
 - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed ten per cent. (10%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Sabana REIT dated 29 October 2010 (as amended, varied or supplemented from time to time) (the “**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Sabana REIT or (ii) the date by which the next AGM of Sabana REIT is required by the applicable law or regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager, any director of the Manager (“**Director**”) and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Sabana REIT to give effect to the authority conferred by this Resolution.

(Ordinary Resolution 3)

(Please see Explanatory Note 1)

4. That pursuant to the announcement on 1 April 2014 in respect of the implementation of a distribution reinvestment plan (“**Distribution Reinvestment Arrangements**”) by the Sabana REIT, authority be and is hereby given to the Manager:
 - (a) to allot and issue from time to time up to ten per cent. (10%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (b) below) as may be required to be allotted and issued pursuant to the Distribution Reinvestment Arrangements;
 - (b) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (i) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Units;
- and

NOTICE OF ANNUAL GENERAL MEETING

- (c) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Sabana REIT to give effect to the Distribution Reinvestment Arrangements;

provided that such authority shall continue to be in force until:

- (1) the conclusion of the next AGM of Sabana REIT, at which time it will lapse, unless by a resolution passed at such meeting the authority is renewed; or
- (2) the said authority is revoked or varied by a resolution passed by the Unitholders in a general meeting.
(Ordinary Resolution 4)

(Please see Explanatory Note 2)

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company Registration No: 201005493K, Capital Markets Services Licence No: CMS100169)
As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Cho Form Po

Company Secretary

Singapore
12 April 2021

Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to Unitholders. Instead, this Notice of AGM will be sent to Unitholders by electronic means via publication on Sabana REIT's website at <http://www.sabana-reit.com/>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. **Due to the current COVID-19 restriction orders in Singapore, Sabana REIT will hold its AGM by electronic means. A Unitholder will not be able to attend the AGM in person.** Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.
3. **Unitholders** will be able to observe and/or listen to the AGM proceedings through a "live" audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders must pre-register at Sabana REIT's pre-registration website at smartagm.sg/sreitagm2021 from now till 10.00 a.m. on 24 April 2021 to enable the Manager to verify their status as Unitholders.

Following the verification, authenticated Unitholders will receive an email, which will contain user ID and password details as well as instructions on how to access the live audio-visual webcast and live audio-only stream of the AGM proceedings, **by Monday, 26 April 2021**. Unitholders who do not receive an email by 26 April 2021 but have registered by 10.00 a.m. on 24 April 2021 should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at **(65) 6536 5355 from Monday to Friday between 9.00 a.m. and 5.30 p.m. or by email at sabana-AGM2021@boardroomlimited.com**.

NOTICE OF ANNUAL GENERAL MEETING

4. **Unitholders** may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by 10.00 a.m. on 24 April 2021:

- a. if submitted electronically, be submitted via the Sabana REIT's pre-registration website at smartagm.sg/sreitagm2021;
- b. if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Unitholders who submit questions via Sabana REIT's pre-registration website at smartagm.sg/sreitagm2021 or by post to the Unit Registrar must provide the following information:

- (1) the Unitholder's full name;
- (2) the Unitholder's NRIC/FIN/Passport/Company's Registration number;
- (3) the Unitholder's address; and
- (4) the manner in which the Unitholder holds Units in Sabana REIT (e.g., via CDP, scrip, CPFIS or SRS).

The Manager's Chairman, Mr. Tan Cheong Hin, and Chief Executive Officer, Mr. Han Yong Lee (Donald), will conduct the proceedings of the AGM. The Manager will endeavour to address all substantial and relevant questions submitted in advance of the AGM prior to the AGM. The Manager will publish the responses to the substantial and relevant questions on Sabana REIT's website and on SGXNET prior to the AGM. The Manager will publish the minutes of the AGM on Sabana REIT's website and on SGXNET.

Unitholders will not be able to ask questions at the AGM live during the webcast or audio-stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions (if any) in advance of the AGM.

5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Proxy Form is available on Sabana REIT's website and on the SGX website at <http://www.sabana-reit.com> and <https://www.sgx.com/securities/company-announcements>, respectively. Printed copies of the Proxy Form will not be sent to Unitholders.

In appointing the Chairman of the AGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to the Manager c/o the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- a. if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
- b. if submitted electronically, be submitted via sabana-AGM2021@boardroomlimited.com,

in either case, by 10.00 a.m. on 24 April 2021, being 72 hours before the time fixed for the AGM.

A Unitholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

7. Persons who hold Units of Sabana REIT through relevant intermediaries (as defined below), including CPFIS and SRS Unitholders, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions (if any) in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPFIS and SRS Unitholders, their respective CPFIS Agent Banks or SRS Operators) through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

In addition, CPFIS and SRS Unitholders who wish to appoint the Chairman of the AGM as proxy should approach their respective CPFIS Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Thursday, 15 April 2021, being at least seven (7) working days before the date of the AGM (27 April 2021).

“**relevant intermediary**” means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (iii) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
8. The Chairman of the AGM, as proxy, need not be a Unitholder of Sabana REIT.
9. The Annual Report 2020 has been published on Sabana REIT’s website, and may be accessed at <http://sabana.listedcompany.com/ar.html> by clicking on the link for “Annual Report 2020”.
10. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check Sabana REIT’s website at <http://www.sabana-reit.com> for the latest updates on the status of the AGM.
11. By submitting an instrument to appoint the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder’s personal data by Sabana REIT, the Trustee or the Manager (or their respective agents) for the purpose of processing and administration by Sabana REIT, the Trustee or the Manager (or their respective agents) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for Sabana REIT, the Trustee or the Manager (or their respective agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

1. Ordinary Resolution 3

Ordinary Resolution 3, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Sabana REIT, (ii) the date by which the next AGM of Sabana REIT is required by the applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 20% of which up to 10% may be issued other than on a pro rata basis to Unitholders (in each case, excluding treasury Units, if any).

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM of Sabana REIT, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund-raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2. Ordinary Resolution 4

Ordinary Resolution 4 above, if passed, will empower the Manager, any Director and the Trustee from the date of the forthcoming AGM until the next AGM of Sabana REIT to allot and issue new Units in connection with the Distribution Reinvestment Arrangements in accordance with Article 11.12 of the Trust Deed. For the avoidance of doubt, this mandate is separate and in addition to the Unit issue mandate sought under Ordinary Resolution 3.

(Please refer to the announcement dated 1 April 2014 for further details on the Distribution Reinvestment Arrangements.)

Important Notice

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Sabana REIT is not necessarily indicative of the future performance of Sabana REIT.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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**SABANA SHARI'AH COMPLIANT INDUSTRIAL
REAL ESTATE INVESTMENT TRUST**

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

PROXY FORM

ANNUAL GENERAL MEETING

(Before completing this form, please read the notes behind)

NOTE: This Proxy Form may be accessed at Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**") website at <http://sabana.listedcompany.com/aggm-egm.html>, and will be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of this Proxy Form will not be sent to Unitholders.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2021.

IMPORTANT:

- The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 12 April 2021 will not be sent to unitholders of the Sabana REIT ("**Unitholders**"). Instead, the Notice of AGM will be sent to Unitholders by electronic means via publication on Sabana REIT's website at <http://sabana.listedcompany.com/aggm-egm.html>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or live audio-only stream), submission of questions (if any) to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
- Due to the current COVID-19 restriction orders in Singapore, Sabana REIT will hold its FY 2020 Annual AGM by electronic means. A Unitholder will not be able to attend the AGM in person. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.**
- Persons who hold Units of Sabana REIT through relevant intermediaries (as defined in Section 181 of the Companies Act Chapter 50 of Singapore), including CPFIS or SRS Unitholders who wish to appoint the Chairman of the AGM as proxy, he/she should approach his/her respective CPFIS Agent Banks or SRS Operators to submit his/her votes by 5.00 p.m. on 15 April 2021, being at least seven (7) working days before the date of the AGM (27 April 2021).
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.**
- PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We, _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a Unitholder / Unitholders of Sabana REIT, hereby appoint the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy to attend, speak and vote for me/us on my/our behalf at the AGM of Sabana REIT to be convened and held by way of electronic means on Tuesday, 27 April 2021 (Singapore Time) at 10.00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the AGM as my/our proxy to vote for or against or abstain the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions	No. of votes	No. of votes	No. of votes
		For*	Against*	Abstain*
ORDINARY BUSINESS				
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of Sabana REIT for the financial year ended 31 December 2020 and the Auditors' Report thereon. (Ordinary Resolution)			
2.	To re-appoint KPMG LLP as Auditors of Sabana REIT and to authorise the Manager to fix their remuneration. (Ordinary Resolution)			
SPECIAL BUSINESS				
3.	To authorise the Manager to issue Units and to make or grant convertible instruments. (Ordinary Resolution)			
4.	To authorise the Manager to allot and issue Units pursuant to the distribution reinvestment arrangements. (Ordinary Resolution)			

* If you wish for the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a tick (✓) in the "For" or "Against" boxes provided. Alternatively, please indicate the number of votes as appropriate. If you wish for the Chairman of the AGM as your proxy to abstain from voting a resolution, please indicate with a tick (✓) in the "Abstain" box provided. Alternatively, please indicate the number of Units that the Chairman of the AGM is directed to abstain from voting. In the absence of specified directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

TOTAL NUMBER OF UNITS HELD

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON THE REVERSE PAGE

Affix
Postage
Stamp



BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
(as Unit Registrar of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust)

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

SECOND FOLD

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**Notes to Proxy Form**

1. **Due to the current COVID-19 restriction orders in Singapore, Sabana REIT will hold its FY 2020 Annual AGM by electronic means. A Unitholder will not be able to attend the AGM in person.** If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. This Proxy Form may be accessed at Sabana REIT's website at <http://sabana.listedcompany.com/aggm-egm.html>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the AGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
2. Persons who hold Units of Sabana REIT through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPFIS or SRS Unitholders who wish to appoint the Chairman of the AGM as proxy should approach their respective CPFIS Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 15 April 2021**, being at least seven (7) working days before the date of the AGM (27 April 2021).
3. **"Relevant intermediary"** means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, who business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The Chairman of the AGM, as proxy, need not be a Unitholder of Sabana REIT.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited, the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of Sabana REIT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders of Sabana REIT, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be submitted to the Manager c/o the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
 - (a) if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to sabana-AGM2021@boardroomlimited.com

in either case, by 10.00 a.m. on 24 April 2021, being at least 72 hours before the time fixed for the AGM.

A Unitholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.
7. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. Any reference to a time of day is made by reference to Singapore time.
10. The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register not less than 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM via submission of their Proxy Form.
12. On a poll, every Unitholder who is present by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.



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(As Manager of Sabana REIT)

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