Addendum to Annual Report 2019

This is an addendum to the Annual Report 2019 of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust. This addendum replaces Page 87 of the Annual Report 2019:-

CORPORATE GOVERNANCE

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. 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 appropriate size and mix of experience in business, finance, law and management skills, knowledge, experience, and other aspects of diversity critical to the REIT's business and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The Board currently consists of four Independent Non-Executive Directors, that is, they have no relationship with the Manager, its related companies, its substantial shareholders[1], 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 the best interest of the REIT, and they are able to exercise objective judgment on corporate affairs independently from the management and its 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 are considered to be independent for the financial year under review under the SFLCBR because:

(i) they are not substantial shareholders of the Manager and are not substantial Unitholders of the REIT,

(ii) they do not have 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 are 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% indirect interest in the Manager) until her resignation from the board of Blackwood on 25 October 2019, and

(iv) as at 31 December 2019, none of the Directors have served on the Board for more than nine years from the date of his first appointment.

With respect to (ii) above, while Ms Ng Shin Ein had in FY2018 and FY2019 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 independence[2], 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 would be 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 for the divestment of her remaining stake in Blackwood on 30 August 2019, there was no further payment from InfinitySub to Ms Ng;

(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 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 Code of Corporate Governance.

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[1] 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.

[2] 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.

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Ms Ng had recused from all deliberations and voting by the NRC and the Board in respect of her re-designation as Independent Director.

Following the deliberation and approval by the NRC and the Board, Ms Ng was accordingly re-designated as an Independent Director on 1 November 2019.

The Board is satisfied that as at 31 December 2019, 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 at 31 December 2019, Ms Ng was able to act in the best interests of all the Unitholders of the REIT as a whole.

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, 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 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 must provide prior approval 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.

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CORPORATE GOVERNANCE

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. Based on the reviews by the NRC, the Board is of the view that the Board and its Committees operate effectively and each Director is contributing 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 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.

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 2019 to 31 December 2019 and Directors' attendances are as follows:

ATTENDANCE OF THE DIRECTORS FOR FY 2019

Meeting of	Board		AC		NRC	
Name of Directors	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**
Mr Yong Kok Hoon[1]	5	5	4	4	3	3
Mr Kelvin Tan Wee Peng	5	5	4	4	3	3
Mr Tan Cheong Hin	5	5	4	4	-	-
Mr Henry Chua Tiong Hock[1]	3	3	-	-	2	2
Mr Wong Heng Tew[2]	1	1	-	-	-	-
Ms Ng Shin Ein[2]	1	1	-	-	-	-

[1] Mr Yong Kok Hoon retired from the Board on 31 October 2019 and Mr Henry Chua Tiong Hock resigned from the Board on 28 June 2019. Please refer to the announcement on 31 October 2019 for the reconstitution of the Board.

[2] Mr Wong Heng Tew was appointed as a director on 27 August 2019 and Ms Ng Shin Ein was appointed as a director on 27 August 2019.

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.