

CORPORATE GOVERNANCE

INTRODUCTION

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

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

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

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

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

As Manager, we are staffed by a well-qualified and dedicated team with a proven track record, skills and competencies in managing the operational matters of the REIT.

We are firmly committed to upholding high standards of corporate governance, which are essential to sustaining the REIT's business and performance. This report describes our corporate governance framework and practices in compliance with the principles and guidelines of the Code of Corporate Governance 2018 (the "**2018 Code**"). We have complied with the principles and guidelines as set out in the 2018 Code where applicable. Where there are any deviations from the provisions of the 2018 Code, explanations will be provided within this report.

BOARD MATTERS

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

The Board of Directors (the "**Board**") and Board Committee members of the Manager as at 31 December 2022 are as follows:

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

The profiles of the current Directors are set out in the "Board of Directors' Profile" section on pages 16 to 17 of this Annual Report.

Board's Duties and Responsibilities

The Board's primary responsibilities are to provide leadership, set the strategic direction and ensure that the necessary resources are in place for the Manager to meet its objectives. It also sets the values and standards for the Manager and the REIT (including ethical standards of conduct) to ensure that obligations to its stakeholders are understood and met, with the ultimate aim of safeguarding and enhancing Unitholders' value. The Board sets the tone and culture across the organisation by adhering to the Code of Conduct that it has adopted. The Code of Conduct describes the Manager's mission, vision as well as core values. It also describes how employees should conduct business and maintain all business relationships.

The Board provides oversight and assumes overall responsibility for the corporate governance of the Manager. It works closely with the management of the Manager (the "**Management**") to establish goals for the Management, ensure necessary resources are in place, engage in constructive debate and challenge the Management on its assumptions and proposals, and monitor the achievement of set goals. The Board has established an oversight framework for the Manager and the REIT, including a system of internal controls which enables risks to be assessed and managed.

To optimise operational efficiency, the Board has an approved framework of delegated authorisations in its Delegation of Authority ("**DOA**"). This sets out the level of authorisation and the respective approval limits for a range of transactions by the Board, Board Committees and the Management. The DOA, which covers but is not limited to acquisitions, divestments, operating and capital expenditures, is clearly communicated to the Management in writing. It also sets out the type of transactions and matters reserved for the Board's approval, such as annual budgets, fund-raising activities, investment and divestment proposals, income distribution and other returns to Unitholders and operational matters above the defined Board approval limits.

As fiduciaries, the Directors firmly believe that commitment to good corporate governance is essential to the sustainability of the REIT's performance. The Directors are collectively and individually obliged at all times to act honestly and objectively in the best interests of Sabana Industrial REIT and its Unitholders. Consistent with this principle, the Board has adopted a comprehensive policy on Directors' Conflicts of Interest that sets out the guiding principles for Directors when faced with a potential conflict of interest situation. Please refer to page 119 for detailed procedures implemented by the Manager in dealing with conflicts of interest.

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

¹ Mrs Elaine Lim was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022. The appointment of Mrs Elaine Lim as Independent Director is subject to the endorsement of the independent Unitholders of the REIT by an ordinary resolution at or before its AGM (as defined herein).

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Board Committees

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

Meetings of the Board and Board Committees

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

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

The number of Board meetings, Board Committee meetings and general meetings held during the year from 1 January 2022 to 31 December 2022 ("**FY 2022**") and the attendance of the Directors at such meetings are summarised as follows:

	Board Meetings	ARC Meetings	NRC Meetings	Annual General Meeting
Number of Meetings Held	8	5	3	1
Mr Tan Cheong Hin	8/8	5/5	3/3	1
Mr Wong Heng Tew	8/8	5/5	3/3	0
Mrs Elaine Lim ²	4/4	3/3	1/1	N/A
Mr Chan Wai Kheong ³	3/3	2/2	2/2	1

In addition to the above scheduled meetings, the Board held a total of five ad-hoc discussions as required by business imperatives with the Management during the year.

For the Annual General Meeting ("**AGM**"), all the Directors attended in-person except Mr Wong Heng Tew who had to attend to a family bereavement.

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

² Mrs Elaine Lim was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022.

³ Mr Chan Wai Kheong ceased to be an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 26 April 2022.

Access to Information, Management and Professionals

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

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

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

Directors' Development

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

The Manager arranges training sessions for Directors who have no prior experience as a director of an issuer listed on the SGX-ST. These sessions cover areas such as regulatory and statutory requirements under the Companies Act, the SFA and their respective subsidiary legislations and the Listing Manual, duties, responsibilities and liabilities of a director, and roles and functions of a listed issuer's Board and Board Committees, as prescribed by the SGX-ST. During FY 2022, the Manager appointed a new Director, Mrs Elaine Lim, who has prior experience as a director of issuers listed on the SGX-ST.

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

Rule 720(7) of the Listing Manual requires all directors of an issuer to undergo training on sustainability matters as prescribed by the SGX-ST and that if the NRC is of the view that training is not required because the director has expertise in sustainability matters, the basis of its assessment must be disclosed in Sabana Industrial REIT's annual report. During FY 2022, all Directors have attended sustainability training courses that were approved by the SGX-ST. Other training and development programmes received by the Directors included seminars conducted by professionals and business leaders on the financial services industry developments, corporate governance practices and environmental, social and governance developments.

Principle 2: Board Composition and Guidance

Board Independence

All three Directors of the Board are Independent Non-Executive Directors as at 31 December 2022. That is, they have no relationships with the Manager, its related companies, its substantial shareholders⁴, or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to act in the best interest of the REIT, and they are able to exercise objective judgment on corporate affairs independently from the Management and the Manager's substantial shareholders. None of the Directors have served on the Board for nine years or longer. In FY 2022, the Sponsor did not nominate any director to be on the board of the Manager.

⁴ A "substantial shareholder" of a company is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the SFA.

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The independence of the Board provides a key element in ensuring that appropriate checks and balances are exercised. The Independent Non-Executive Directors meet regularly without the presence of the Management to review the performance of the Management.

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

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

As part of the annual assessment process, the Manager requires annual declarations of independence from the Directors. The NRC reviews the Directors' self-declaration and assesses whether there is any relationship or factor disclosed by the Director or any other non-disclosed relationship or factor that may influence the Director's ability to act independently. The paragraphs below set out the outcome of the NRC's assessment in FY 2022. Each of the Independent Directors had recused himself or herself from the NRC's deliberations on his or her independence.

Mr Tan Cheong Hin

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

Mr Wong Heng Tew

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

Mrs Elaine Lim

At the recommendation of the NRC and upon obtaining the requisite approvals from MAS, Mrs Elaine Lim was appointed to join the Manager as an Independent Non-Executive Director on 6 July 2022, having been selected based on her credentials, experience, and qualifications and in accordance with the selection process set out in page 108 of the Annual Report. Mrs Elaine Lim is a strong advocate for best practices in corporate governance, providing thought-leadership and training through the Singapore Institute of Directors, to companies and directors to help achieve board excellence. Specifically, she served as a member of the review panel for a corporate governance e-guide first produced by Singapore Institute of Directors and a board appointment guide for charities published by the Council for Board Diversity. Mrs Elaine Lim also possesses a track record in capital markets transactions, stakeholder relations, crisis management and financial restructuring. Her track record, experience and knowledge complement the existing skills and experience of the Board and provide balance and diversity to the Board.

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

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

Board Diversity

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

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

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

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

The current Board comprises individuals who are professionals with relevant industry knowledge and backgrounds. As of 31 December 2022, all three targets have been achieved and the NRC will continue to assess and commit towards maintaining an effective and diverse Board in accordance with its Board Diversity policy. Together, the Board as a group provides an appropriate balance and diversity of skills with the expertise, experience, perspectives, skills, talents, knowledge, and backgrounds, business or professional experience, age and gender (one out of three Directors is a female Director). Their varied backgrounds enable Management to benefit from their diverse expertise and experience to further the interests of Sabana Industrial REIT and its Unitholders.

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

For more information on the Board members' composition and experiences, please refer to the "Board of Directors' Profile" section on pages 16 to 17 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

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

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

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

Principle 4: Board Membership

NRC and its Roles and Responsibilities

As at 31 December 2022, the NRC comprised all of the Directors of the Board, with each of the Directors being an Independent Non-Executive Director. The NRC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference.

The roles and responsibilities of the NRC include:

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

Process for Selection, Appointment and Re-appointment of Directors

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

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

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

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

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

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

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

There were no alternate directors appointed in FY 2022. In keeping with the principle that a Director must be able to commit time to the affairs of the Manager, the Board will generally not approve the appointment of alternate directors.

Review of Directors' Ability to Commit Time

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

The Board is of the view that the limit on the number of listed company directorships that an individual Director may hold should be considered on a case-by-case basis, but as a general rule, each Director should hold no more than seven listed company board appointments. As at 31 December 2022, each Director did not hold more than two directorships in other listed companies. Additionally, the NRC will also assess whether a Director with other non-listed board representations and/or involvement in non-profit organisations is able to and has been adequately carrying out his or her duties as a Director of the Manager.

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

Review of Directors' Independence

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

Principle 5: Board Performance

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

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

Board and Board Committee Evaluation

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

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

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

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

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Individual Directors Evaluation

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

For FY 2022, the outcomes of the evaluations were satisfactory and the Directors as a whole received affirmative ratings across all evaluation criteria. The NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

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

The remuneration policy comprises the following distinct objectives:

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

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

A salary benchmarking exercise is conducted on a regular basis with the assistance of an independent remuneration consultant. The benchmarking report covers both Directors and key management personnel, and is used as a guide and reference in determining the remuneration packages respectively. The consultant is not related to the Manager, its controlling shareholder or any of its Directors. The previous exercise was conducted in FY 2021 and no independent remuneration consultant was appointed in respect of FY 2022.

Performance-based Remuneration for Key Management Personnel

Key management personnel's remuneration comprises three components, namely annual fixed salary, bonus and other benefits (i.e. leave encashment, mobile and transport allowances). The bonus component aims to encourage individual performance and consists of annual wage supplement and performance bonus. The variable components of key management personnel's remuneration are directly linked to the REIT's financial and non-financial performance as well as individual performance of the key management personnel, who is evaluated against clear and measurable key performance indicators ("KPI") approved by the NRC and Board that are aligned with the strategic goals of the REIT. Please refer to page 112 of this Annual Report for the disclosure of remuneration for key management personnel.

This structure aims to motivate the key management personnel to work towards achieving the strategic goals of the REIT. It also promotes a culture of meritocracy and inculcates positive long-term behaviour amongst the key management personnel, aligning the way which the Manager conducts its business so as to attain stronger performance and greater efficiency. This process allows the Manager to retain outstanding performers and attract good candidates to execute the REIT's strategic priorities and business plans.

The Manager carries out a formal annual performance review of the key management personnel to reinforce identified strengths as well as focus on areas of improvement and draw up staff development plans. Based on the performance review, the NRC and the Board are of the opinion that all the KPIs used to determine the remuneration of key management personnel have either been met or exceeded. The NRC and the Board are of the view that the remuneration is in keeping with the performance of the REIT in FY 2022 and also facilitated the alignment of interests of key management personnel with those of Unitholders. The compensation structure is also aligned with the risk management policies of the REIT.

Remuneration for Non-Executive Directors

Independent Non-Executive Directors are paid a fixed fee based on the level of responsibilities at the Board level, and where applicable, additional responsibilities given in other committees set up by the Board. The chairmen of the Board, ARC and NRC are paid higher fees compared with members of the Board in view of the greater responsibilities carried by those appointments.

There are currently no option schemes or other long-term incentive schemes for Directors and employees. There are no employees who are substantial shareholders of the Manager, substantial Unitholders of the REIT, or immediate family members of any Director or the CEO or any substantial shareholder of the Manager or substantial Unitholder of the REIT. In addition, the remuneration of Directors and executive officers are paid entirely in cash only. No Director or executive officers are paid in the form of Units 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.

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

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

Individual Directors Evaluation

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

For FY 2022, the outcomes of the evaluations were satisfactory and the Directors as a whole received affirmative ratings across all evaluation criteria. The NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary.

Disclosure of Remuneration of Directors and Key Management Personnel

The remuneration of the Directors and employees of the Manager are paid directly by the Manager from the fees it receives. In this regard, the Manager's report on the remuneration paid and payable to each individual Director, CEO and the key management personnel from 1 January 2022 to 31 December 2022 is disclosed as follows:

Directors	Directors' fees (\$'000)
Mr Tan Cheong Hin	150.0
Mr Wong Heng Tew	125.0
Mrs Elaine Lim ⁵	51.5
Mr Chan Wai Kheong ⁶	59.3

⁵ Mrs Elaine Lim was appointed as an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 6 July 2022.

⁶ Mr Chan Wai Kheong ceased to be an Independent Non-Executive Director, and a member of the ARC and the NRC of the Manager with effect from 26 April 2022.

CORPORATE GOVERNANCE

Remuneration Bands of Key Management Personnel	Designation	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
\$500,000 - \$750,000					
Mr Han Yong Lee (Donald)	Chief Executive Officer	66.6	30.5	2.9	100.0
\$250,000 - \$500,000					
Mr Lim Wei Huang	Chief Financial Officer	66.0	30.3	3.7	100.0
Ms Yap Pui Ling (Jessica)	Head of Real Estate	65.7	30.1	4.2	100.0

Note: Remuneration was based on amount paid and payable in FY 2022. There were no other key management personnel as at 31 December 2022.

Pursuant to the 2018 Code and the "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" issued by the MAS (Notice No: SFA4-N14), managers of real estate investment trusts, being holders of a Capital Markets Services Licence, are required, on a "comply or explain" basis, to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five key management personnel (who are not directors or the CEO), on a named basis, in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.

The Manager has decided (a) to disclose the CEO's remuneration in bands of \$250,000 (instead of the actual quantum) and (b) not to disclose the aggregate remuneration of all of the abovenamed key management personnel (excluding the CEO) for the following reasons:

- the key management team is small and to provide further disclosure on the actual amount of remuneration paid will be highly sensitive and may subject the Manager to risk of staff turnover, which is not in the best interests of Unitholders; and
- the remuneration of the key management personnel (including the CEO) is paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out on page 182 of this Annual Report.

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

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

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

Risk Management Framework and Internal Control System

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

More information on the Manager's ERM Framework including the principal risks identified can be found in the ERM section on pages 122 to 124 of this Annual Report.

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

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

During FY 2022, the internal auditors conducted agreed-upon audit procedures on the adequacy and effectiveness of the measures for identifying and managing conflicts of interest. There were no material weaknesses of the internal control and risk management system identified during FY 2022.

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

Board's Comment on Internal Controls and Risk Management

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

- the financial records have been properly maintained, that the financial statements for FY 2022 give a true and fair view of the REIT's operations and finances; and
- the Manager's risk management and internal control systems are adequate and effective to address the risks including financial, operational, compliance and information technology risks that the Manager considers relevant and material to the REIT's operations.

Based on the internal controls in place (including the procedures for managing conflicts of interest), the ERM Framework established and maintained by the Management, work performed by the internal and external auditors, and the written assurances received from the CEO and CFO that potential conflicts of interest (if any) have been effectively managed, the Board, with the concurrence of the ARC, is of the view that taking into account the nature, scale and complexity of the Manager's operations, the REIT's internal controls (including financial, operational, compliance, information technology controls, controls to manage conflicts of interest), and risk management systems were adequate and effective and all conflicts of interest have been effectively managed as at 31 December 2022. For procedures on the management of conflicts of interest, see page 119 of this Annual Report.

In this regard, the Board notes that the system of internal controls and risk management provides a reasonable but not absolute assurance that the REIT will not be severely affected by any event that could be reasonably foreseen. Neither can any system of internal controls and risk management provide absolute assurance against the occurrence of material errors, poor judgment, human error, losses, fraud or other irregularities. There were no material weaknesses identified by the Board or the ARC in relation to the internal controls or risk management systems of the REIT.

Principle 10: Audit Committee

ARC and its Roles and Responsibilities

As at 31 December 2022, the ARC comprises all of the Directors of the Board, with each of the Directors being an Independent Non-Executive Director. The Board is of the view that all the members of the ARC are suitably qualified with recent and relevant finance and accounting backgrounds to assist the Board in the areas of internal controls, financial and accounting matters, compliance and risk management. The ARC is governed by written terms of reference defining its authority and duties, with explicit authority to investigate any matter within its term of reference.

CORPORATE GOVERNANCE

The roles and responsibilities of the ARC include:

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

The separation of the roles of the Chairman of the Board and the Chairman of the ARC ensures greater independence of the ARC in the discharge of its duties. The ARC does not comprise former partners of the REIT's incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) who have any financial interest in KPMG LLP.

The ARC holds at least four scheduled meetings in a year and met five times in FY 2022, inclusive of ad-hoc meetings. At these scheduled meetings during FY 2022, the CEO and CFO were in attendance. During FY 2022, the ARC reviewed the half-yearly and full-year financial results for recommendation to the Board for approval and release of financial statements. The ARC received regular updates and discussed with external auditors and the Management on changes to accounting standards and issues which may have a direct impact on financial statements. The ARC also reviewed, among other matters, the following key audit matter identified by the external auditor for FY 2022:

Key Audit Matter	How this issue was addressed by the ARC
Valuation of investment properties	<p>The external valuations are conducted by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.</p> <p>As required by the CIS Code, the independent valuer should not value the same property for more than two consecutive financial years. The Management applies a rigorous process every two years to select valuers based on their independence, track record, professional and relevant expertise in the respective cluster of properties.</p> <p>The ARC considered the methodology applied to the valuation model in assessing the valuation of investment properties conducted by these valuers, and also evaluated the valuers' objectivity and competency. The ARC reviewed the reasonableness of the projected cash flows, the key assumptions used (including market rental growth, price per square foot, terminal yield, capitalisation and discount rates) and the procedures taken where rates were outside the expected range in the valuation model, taking into consideration comparability and market factors.</p> <p>The valuation of investment properties was an area of focus for the external auditors. Please refer to page 126 of this Annual Report for the key audit matter as reported by the external auditors in the audit report for the financial year ended 31 December 2022.</p> <p>No other significant matter came to the attention of the ARC during the course of the review.</p>

The ARC meets with internal and external auditors without the presence of the Management at least once a year. The ARC has full access to and co-operation by the Management and full discretion to invite any Director or employee of the Manager to attend its meetings.

Internal and External Audit

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

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

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

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

For FY 2022, the ARC has reviewed the internal audit function and is of the view that the internal audit function is independent, effective and has adequate resources.

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

For FY 2022, the ARC has conducted a review of all non-audit services provided by the external auditors to REIT and its subsidiaries and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The amount paid and payable to external auditors for audit and non-audit services fees (in relation to tax advisory services, including a one-off tax advisory service relating to GST status) were approximately \$214,950 and \$79,900 respectively for FY 2022, amounting to an aggregate amount of \$294,850. The ratio of non-audit service fee to annual audit fee was 37.2%.

The ARC, with the concurrence of the Board, has recommended the proposed appointment of Ernst & Young LLP as the external auditors with effect from FY2023. The proposed appointment of the external auditors will be subject to approval by way of an ordinary resolution of Unitholders at the Annual General Meeting ("**AGM**"), to be held on 25 April 2023.

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

Whistle-blowing Policy

The Manager has established procedures to provide employees of the Manager and the tenants and vendors of the REIT with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to the REIT or the Manager and its employees and Directors, directly to the Chairman of ARC, which comprises three Independent Directors, without fear of retaliation, discrimination or adverse consequences. This policy has been updated and published on the REIT's website at <http://sabana.listedcompany.com/whistleblowing.html>.

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

UNITHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meeting

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

CORPORATE GOVERNANCE

General Meetings

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

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

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

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

AGM 2022

Amidst the COVID-19 situation, the Manager has complied with the health advisory issued by the relevant authorities and held the AGM on 26 April 2022 (“**AGM 2022**”) via 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 2020 (“**COVID-19 Order**”) and in accordance with the Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation.

The alternative arrangements put in place for the conduct of AGM 2022 included attendance by Unitholders via “live” audio-visual webcast or “live” audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM and “live” at the AGM, and voting by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM. For the substantial and relevant questions submitted in advance of the AGM, the responses were posted on SGXNet at least 72 hours prior to the closing date and time for the lodgment of the proxy forms. All substantial and relevant questions received for the AGM were addressed by the Board and Management. As there were questions submitted to the Board and Management after the cut-off time for the submission of questions by Unitholders, the Board and Management addressed these questions at the AGM. The general meeting also provided for “live” chat to enable questions to be raised, and responded to. The questions and answers were recorded as part of the AGM minutes and posted on SGXNet within a month of the conduct of the AGM.

All the Directors, except Mr Wong Heng Tew who had to attend to a family bereavement, were present at the AGM in-person, as set out under Principle 1 on page 104 of this Annual Report. The Management and the external auditors were also present at AGM to address queries from the meeting attendees.

At the AGM, the CEO gave a presentation to Unitholders to update them on the REIT’s operational and financial performance. The presentation materials were made available on SGXNet and the REIT’s website.

AGM 2023

For AGM 2023, the Manager will hold the upcoming meeting on 25 April 2023 in a wholly physical format (subject to compliance with any applicable regulatory requirements) at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741. The arrangements for the conduct of AGM 2023 will include attendance by Unitholders of the AGM at the physical location, submission of questions to the Chairman of the AGM in advance of or at the AGM, and voting at the AGM by Unitholders or their duly appointed proxy(ies) to attend, speak and vote on their behalf at the AGM. Details of the arrangements are set out in a separate announcement on the SGXNet on 27 March 2023.

Distribution Policy

Sabana Industrial REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. In FY 2022, 100.0% of its distributable income was distributed. The distributions are paid on a semi-annual basis. For FY 2022, the REIT made two distributions to Unitholders.

Principle 12: Communication with Shareholders

Principle 13: Stakeholders Interests

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

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

In FY 2022, the REIT announced its half-year and full-year financial statements, within the relevant periods, as well as first quarter and third quarter interim business updates in accordance with Rule 705 of the Listing Manual. The announcements were posted on SGXNet. The Manager also conducted at least 25 engagements with the media, analysts and other stakeholders during the year.

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

The Manager has a dedicated IR team which regularly communicates with the Unitholders and attends to their queries and concerns. The Manager has adopted an Investor Relations Policy, which is available on the REIT's corporate website (<http://www.sabana-reit.com>) that outlines the principles and practices for the Manager in engaging the REIT's Unitholders and the broader investment community. These guidelines ensure effective communication to investors to enable them to arrive at informed investment decisions with respect to the REIT. The Manager also has put in place processes to update and discuss with the Board on views and feedback of key Unitholders with whom the key management personnel engages.

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

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

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

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

Dealing in Securities

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

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

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

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

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

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

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

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

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

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

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

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

Details of all IPTs (equal to or exceeding \$100,000 each in value) entered into by Sabana Industrial REIT in FY 2022 are disclosed on 182 of this Annual Report.

Dealing with Conflicts of Interest

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

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

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

- The Board members who decide on the issue will all be Independent Directors;
- The Manager does not share any information relating to the REIT's business strategy or operations with the Sponsor;
- The Manager is dedicated to obtain, taking into consideration prevailing market considerations, competitive rental terms from existing and new tenants for the REIT's properties. All leasing rates, terms and property marketing information should be determined solely based on prevailing market conditions, common market practices and commercial considerations. In the event of dealing with conflicting or common tenants with ESR-REIT, the Manager should maintain the above consistent practice when pursuing all leasing opportunities;
- The Manager will ensure that the REIT does not transact (i.e. acquire or divest properties) with ESR-REIT; and
- For any potential transaction with the Sponsor or its related entities (excluding transactions with ESR-REIT), the Manager's IPT procedures as disclosed on pages 118 to 119 of this Annual Report shall apply.

On an annual basis, an independent internal auditor will be appointed at the Manager's own expense to conduct a review on the adequacy and effectiveness of the measures for managing potential conflicts of interests arising from transactions involving the REIT. In addition, the Manager will disclose in the REIT's annual report that written assurances have been given by the Board, CEO and CFO that potential conflicts of interest have been effectively managed.

CORPORATE GOVERNANCE

Material Contracts

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

Fees Payable to the Manager

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

Fees payable by the REIT	Amount payable
1. Management fee (payable to the Manager or its nominee)	<p>Base Fee</p> <p>A fee not exceeding the rate of 0.5% per annum of the value of the Deposited Property.</p> <p>Performance Fee</p> <p>0.5% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Net Property Income of the REIT or its relevant Special Purpose Vehicles ("SPVs") in each financial year, payable on a yearly basis, provided Sabana Industrial REIT achieves at least 10.0% annual growth in Distribution per Unit ("DPU") over the previous financial year (calculated after accounting for the performance fee (if any) for that financial year and after adjusting, at the discretion of the Manager, for any new Units arising from the conversion or exercise of any instruments convertible into Units which are outstanding at the time of calculation, and any rights or bonus issue, consolidation, subdivision or buy-back of Units).</p> <p>The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).</p> <p>The Manager received 100.0% of the Base Fee in cash for FY 2022.</p>
2. Fee for acquisition of properties (payable to the Manager or its nominee) ⁷	<p>Acquisition Fee</p> <p>1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price of real estate of real estate-related assets acquired:</p> <ul style="list-style-type: none"> • in relation to an acquisition (whether directly or indirectly through one or more SPVs of any real estate, the acquisition price of any real estate purchased by the REIT, plus any other payments⁸ in addition to the acquisition price made by the REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of the REIT's interest); • in relation to an acquisition (whether directly or indirectly through one or more SPVs of the REIT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by the REIT, plus any additional payments made by the REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of the REIT's interest); or • the acquisition price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

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

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

Fees payable by the REIT	Amount payable
3. Fee for divestment of properties (payable to the Manager or its nominee) ⁹	<p>Divestment Fee</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 payments¹⁰ in addition to the sale price received by the REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of the REIT's interest); • the underlying value of any real estate related assets which is taken into account when computing the sale price for such real estate-related assets, sold or divested, whether directly or indirectly through one or more SPVs, by the REIT (pro-rated if applicable to the proportion of the REIT's interest); or • the sale price of any investment by the REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

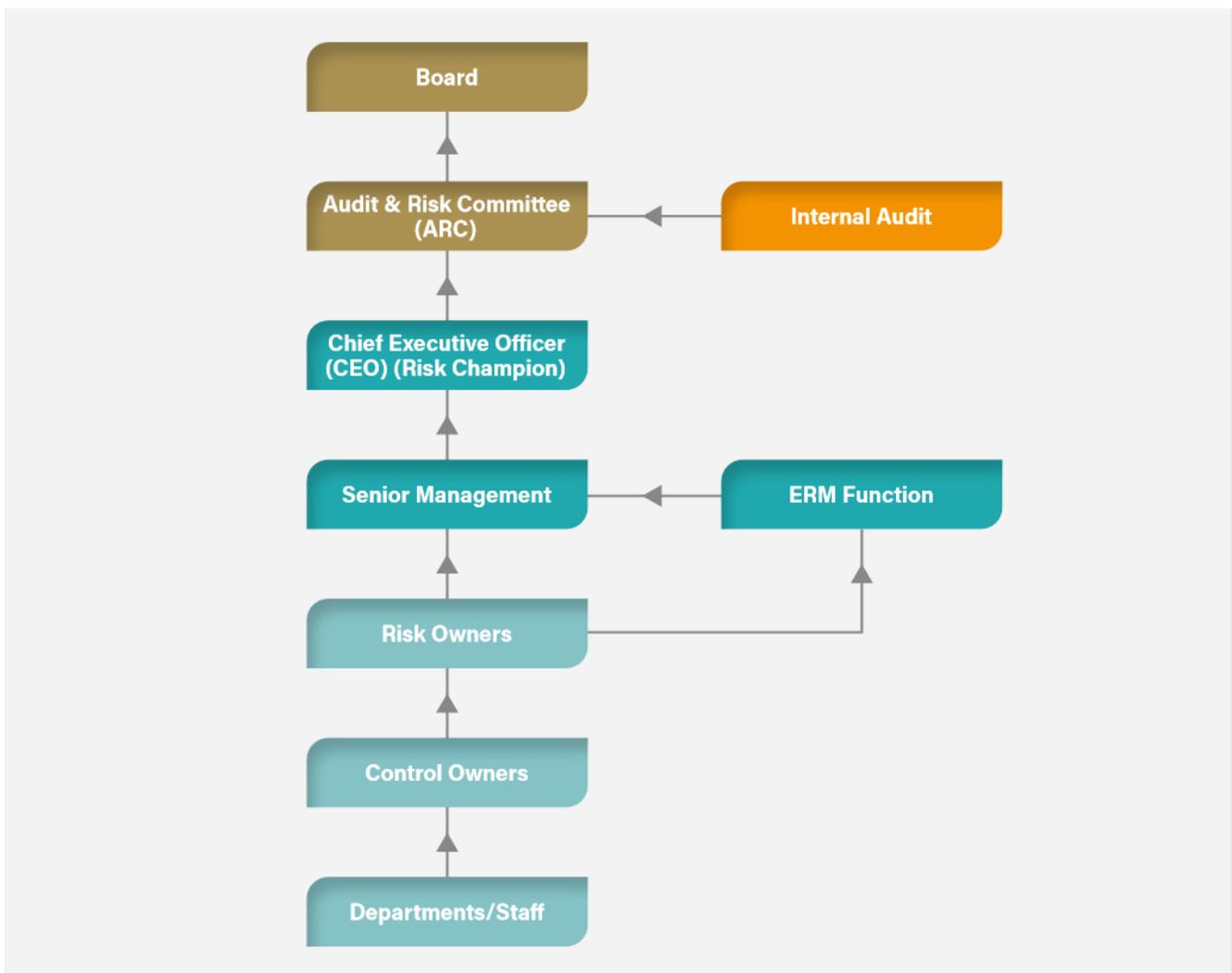
The Property Manager provides property management services to the REIT. In return for its services, the Property Manager should be compensated fairly for its efforts. The fees payable to the Property Manager has been assessed by the Board. The Board believes that the fees payable to the Property Manager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

ENTERPRISE RISK MANAGEMENT

Risk Governance Structure

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

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



ERM Process

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

Key Risks in FY 2022

The key risks that were identified in FY 2022 include but are not limited to the following:

Material Risk	Details	Key Mitigating Measures
Adverse External Events Risk	Occurrence of natural and/or man-made adverse events such as the Covid-19 pandemic affecting Sabana Industrial REIT's assets and operations.	<ul style="list-style-type: none"> Put in place Business Continuity Plans ("BCPs") for loss of physical access or loss of IT to ensure continued operation of essential business functions. Establish a Crisis Management Team consisting of management personnel for quick mobilisation in the event of a crisis to deliberate on the severity or damage of the incident and coordinate the organisation's responses to mitigate the impacts arising from the crisis. Implemented safe management measures, per government advisories, across all its properties to prevent the spread of infectious diseases within the premises. The safe management measures are communicated to all tenants and visitors, and are strictly enforced within the premises.
Liquidity/Funding Risk	Inability to secure funding in capital markets to meet financial obligations, operational requirements, investments and/or capital expenditures.	<ul style="list-style-type: none"> Ongoing monitoring of cashflow and liquidity positions, and gearing ratio to ensure an adequate level of cash for operational requirements. Raise funds based on the strategic initiative plans (outlining Sabana Industrial REIT's business and growth objectives, business projections) as well as taking into consideration Sabana Industrial REIT's current gearing and the aggregate leverage limit of 50% in accordance with the Property Funds Appendix for FY 2022. After 1 Jan 2022, the aggregate leverage limit is 45% (save that it may exceed the limit up to a max of 50% only if the REIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. The REIT's aggregate leverage was 32.4% and interest coverage ratio was 3.8 times as at 31 December 2022. Perform monthly scenario analysis and stress testing on the REIT's capex to evaluate if Sabana Industrial REIT has sufficient cashflow.
Compliance risk	Non-compliance with industry regulations, breach of laws and regulations in local and foreign jurisdiction.	<ul style="list-style-type: none"> Proactively identify any changes or shifts in regulations that will affect operations or compliance procedures. In addition, the compliance team receives regular circulars on regulations and guidelines from MAS. Regularly consult the regulatory bodies and work closely with the auditors, legal counsels, the Company Secretary, senior management and the ARC to ensure adherence to all stipulated rules and regulations.

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