



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

EXTRAORDINARY GENERAL MEETING

Monday, 7 August 2023 at 10.00 a.m. (Singapore Time)

FREQUENTLY ASKED QUESTIONS

Sabana Real Estate Investment Management Pte. Ltd., as the Manager of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**”, and the manager of Sabana Industrial REIT, the “**Manager**”), has identified a list of frequently asked questions ahead of the Extraordinary General Meeting (“**EGM**”) to be held by way of a physical format at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on Monday, 7 August 2023 at 10.00 a.m. The Manager’s responses to the questions can be found in Appendix A to this announcement.

The answers to the questions in Appendix A should be read in conjunction with the following previous announcements posted on SGXNet:

- 22 June: Important clarifications and response To EGM Requisition Letter By Quarz Capital Asia (Singapore) Pte. Ltd.
- 5 July: Sabana Industrial REIT’s Investor Day
- 15 July: Receipt of Trustee’s Letter
- 19 July: Sabana Industrial REIT’s 1H 2023 results
- 19 July: Announcement pursuant To Rule 704(5) of the Listing Manual
- 19 July: Update on litigation in relation to requisition of EGM and change in date and time of EGM
- 21 July: Notice of EGM and Circular
- 21 July: Receipt of Final Trustee Statement
- 2 August: SIAS-Sabana Industrial REIT’s Dialogue with Unitholders
- 2 August: Receipt of Trustee’s Letter



Unitholders are urged to review these FAQs carefully so as to make an informed decision with regard to resolutions to be tabled at the forthcoming EGM.

Information on Voting or appointing proxy(ies) to vote, at the EGM:

A Unitholder who wishes to exercise his/her/its voting rights at the EGM may:

- (a) vote at the EGM in person or
- (b) appoint proxy(ies) to vote on his/her/its behalf at the EGM.

A Unitholder who wishes to submit an instrument appointing proxy(ies) must complete the Proxy Form before submitting it in the manner set out below. Printed copies of the Proxy Form have been despatched to Unitholders and the Proxy Form may also be accessed at Sabana Industrial REIT's website at <https://sabana.listedcompany.com/agm-egm.html> and on SGXNET at <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder appoints proxy(ies), he/she/it may give **specific instructions as to voting**, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the EGM.

The Proxy Form must be deposited at the office of Sabana Industrial REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- A. if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
- B. if submitted electronically, be submitted via email to sabana-EGM2023@boardroomlimited.com,

no later than **10.00 a.m. on Friday, 4 August 2023**, being 72 hours before the time fixed for the EGM.



By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company Registration Number No: 201005493K, Capital Markets Services Licence No: CMS100169)

As Manager of Sabana Industrial Real Estate Investment Trust

Han Yong Lee (Donald)

Chief Executive Officer

3 August 2023

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DISCLAIMER

Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Industrial Real Estate Investment Trust ("Sabana Industrial REIT" or the "REIT", and the manager of Sabana Industrial REIT, the "Manager"), refers to the circular to Unitholders dated 21 July 2023 (the "Circular") and its announcements in relation to the Requisition Letter by Quarz Capital ASIA (Singapore) Pte. Ltd. (the "Requisition"), and to its announcements on the application filed by ESR Group Limited and e-Shang Infinity Cayman Limited (being an indirect wholly-owned subsidiary of ESR Group Limited)(collectively, the "Applicants") in the General Division of the High Court of the Republic of Singapore (the "High Court"), in case no. HC/OA 682/2023 (the "Originating Application"). This document shall be read in conjunction with the Circular and previous announcements and the financial information of Sabana Industrial REIT for the financial period from 1 January 2023 to 30 June 2023 ("1H 2023") released on the SGXNet and Sabana Industrial REIT's corporate website at <https://sabana.listedcompany.com/newsroom.html>.

This document may contain forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sabana Industrial REIT to differ materially from any future results, performance or achievements, expressed or implied by such forward-looking statements.

This document is qualified in its entirety by, and should be read in conjunction with, the full text of the Circular. This document and the Circular are available on SGXNet and Sabana Industrial REIT's website.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, including employee wages and benefits and training



costs, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support future business. You are cautioned not to place undue reliance on the information contained in this document and these forward-looking statements, which are based on the current view of The Manager on future events. These are for your information only and does not have regard to your specific investment objectives, financial situation or your particular needs. Nothing herein shall be construed as investment or financial advice nor constitute an offer or invitation to invest in Sabana Industrial REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of their affiliates. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. None of Sabana Industrial REIT, the Manager, any of their respective related corporations and affiliates or any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers assumes any responsibility to amend, modify, revise or update publicly any forward-looking statements.

This document includes market and industry data and forecast that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

The information and opinions in this document are subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Sabana Industrial REIT. None of Sabana Industrial REIT, the Manager, their respective affiliates or any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers makes any representation or warranty, express or implied, as to the accuracy, completeness or correctness of the information contained in this document nor otherwise made available or as to the reasonableness of any assumption contained herein or therein, and any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this document or its contents or otherwise arising in connection with this document is expressly disclaimed.

Any discrepancies in the tables included in this document between the listed amounts and total thereof are due to rounding.

CAUTIONARY STATEMENT

The Manager will make further announcements on the SGXNet in the event there are any material developments which warrant disclosure, in compliance with its obligations under the Listing Manual of Singapore Exchange Securities Trading Limited. In the meantime, Unitholders and investors are advised to refrain from taking any action in respect of their Units which may be prejudicial to their interests, and to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

APPENDIX A

	Question	Manager's Response
1	<p>What will happen if both Resolutions are passed?</p>	<ul style="list-style-type: none"> • Further steps will still be required to effect the implementation of the Internalisation. • Trustee will need to call two or more EGMs to: <ol style="list-style-type: none"> i. Amend the Trust Deed; ii. Seek further directions from Unitholders; iii. Approve the appointment of the new Internal Manager. • The current Manager will be retained to stay on as Interim Manager, with professional fees to continue to be paid. • Trustee will appoint Professional Advisors to provide guidance and support for the ongoing management of the REIT and in the implementation of the resolutions. <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <p style="color: red;">These additional fees, costs and expenses will be reimbursed out of the assets of the REIT (and hence, indirectly, the Unitholders); in addition to paying the management fee to current Manager as Interim Manager.</p> <p style="color: red;">Process is complex and lengthy, expected to take a considerable amount of time of at least 12 months and potentially significantly longer.</p> </div>

	Question	Manager's Response
2	<p>What will happen if Resolution 1 is passed and Resolution 2 fails to pass?</p>	<ul style="list-style-type: none"> • Trustee will appoint a replacement external manager. • Trustee is unable to estimate the time it would take to identify a replacement external manager. • Trustee flagged that there can be no assurance that such replacement manager will agree to the same fee structure as current Manager. • The fees payable to the Manager have been consistently adopted since the REIT's IPO in 2010 and there has been no increase since then. • Until the replacement external manager is identified, having obtained the requisite regulatory licence, and received Unitholder approval for its appointment, the current Manager will be retained as an Interim Manager, with professional fees to continue to be paid for the interim management period. • In addition, Trustee will appoint professional advisers to provide guidance and support for the ongoing management of the REIT and to advise it on the implementation of the resolution. <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 20px;"> <p>The fees, costs and expenses of these professional advisers will be reimbursed out of the assets of Sabana Industrial REIT (and hence, indirectly, the Unitholders); in addition to paying the management fee to current Manager as Interim Manager.</p> <p>Process is complex and lengthy, expected to take a considerable amount of time of at least 12 months and potentially significantly longer.</p> </div>

	Question	Manager's Response
3	<p>What will happen if Resolution 1 is not passed and Resolution 2 is passed?</p>	<ul style="list-style-type: none"> • This may on its face amount to conflicting directions: SREIM will continue as manager + internalisation¹, subject to further steps being taken. • According to Trustee, if Resolution 2 is passed, an internalised management structure that does not currently exist will need to be identified, established and then approved by Unitholders. • Trustee has advised that this process will take a considerable amount of time of at least 12 months and potentially significantly longer. • Trustee currently expects to have to hold two or more further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s). • Additional costs will be required to internalise the REIT management function. • The current Manager will be retained as an Interim Manager to continue its management services, with professional fees to be paid for the interim management period. • In addition, Trustee will appoint professional advisers to provide guidance and support for the ongoing management of the REIT and to advise it on the implementation of the resolution. <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 20px;"> <p style="color: red;">The fees, costs and expenses of these professional advisers will be reimbursed out of the assets of Sabana Industrial REIT (and hence, indirectly, the Unitholders); in addition to paying the management fee to current Manager as Interim Manager.</p> </div>

¹ The removal of SREIM as the manager of Sabana Industrial REIT will NOT occur automatically and immediately following the passing of Resolution 1. Neither will the Internalisation occur automatically and immediately following the passing of Resolution 2. This is because the removal of SREIM as the manager of Sabana Industrial REIT and the Internalisation will each be subject to further steps to be implemented (even if Resolution 1 or Resolution 2 is passed). As mentioned above, if Resolution 1 is not passed and only Resolution 2 is passed, these would reflect potentially conflicting directions from Unitholders and the Trustee may have to take steps to resolve the conflicting directions, before the Trustee may proceed to implement the Internalisation.

	Question	Manager's Response
4	<p>What are the cost savings resulting from internalisation? Would an Internal Manager have a significantly lower cost than that of an external manager?</p>	<ul style="list-style-type: none"> Trustee, who will manage the implementation of internalisation, does not have an estimate of cost savings. <p>Eventually, if or when the internalisation is successfully implemented, which may take a considerable amount of time of at least 12 months and potentially significantly longer and after all the costs and fees related to the implementation process are accounted for, cost savings in subsequent years will depend on how efficiently the Internal Manager manages the REIT and prevailing market conditions at that time.</p>
5	<p>Quarz said that increase in dividend "...would mainly come from cost savings from the S\$7.25 million of fees" and net profit which Unitholders currently pay to the external manager and its shareholder. What is your view?</p>	<ul style="list-style-type: none"> Quarz did not substantiate how the cost savings could be derived. Trustee does not have an estimate. The \$7.25 million refers to the fees Sabana Industrial REIT paid to the current Manager in FY2022. <p>It will be at least a few years before Unitholders could enjoy higher DPUs from savings of fees currently paid to external manager.</p> <p>An internalised REIT management function does not necessarily translate to higher DPU as compared to an external REIT manager.</p> <p>It ultimately depends on how efficiently the REIT will be managed by an internalised REIT manager.</p>
6	<p>Quarz's statement on 20 July 2023 asserted that "Unitholders can potentially save more than S\$40 million of fees they need to pay to the external manager over the next 10 years"? What is your view?</p>	<ul style="list-style-type: none"> Based on the financial results of the Manager ("SREIM") and the Property Manager (subsidiary of SREIM) lodged with ACRA, the aggregate audited profits after tax for FY2022 was approximately \$2.0 million. As for SREIM, it recorded profit after tax of approximately \$1.2 million for FY2022. We do not know and cannot understand how Quarz derived at the cost savings of \$40 million over 10 years. Trustee does not have an estimate.

	Question	Manager's Response
7	If both Resolutions are passed, will the Manager continue to serve the REIT as an Interim Manager?	<ul style="list-style-type: none"> The Manager will comply with its obligations under the relevant law, including providing such reasonable assistance to the Trustee. However, there is no certainty or assurance that the existing staff of the Manager (or the Property Manager) would be willing to stay on, given the uncertainties during the interim period.
8	Are the risks the Manager has flagged "Scare Tactics"?	<ul style="list-style-type: none"> No. They are real risks. Lenders: Unable to obtain a waiver from the review event clause at current juncture. Auditor (Ernst & Young): Included an Emphasis of Matter in Sabana Industrial REIT's 1H 2023 Financial Statements, in respect of a material uncertainty that may cast significant doubt on the REIT's ability to continue as a going concern, depending on the outcome of the EGM. Trustee flagged three key risks: <ul style="list-style-type: none"> i. Considerable length of time of at least 12 months, potentially significantly longer, to implement the internalisation; ii. Costs of professional advisors required to help manage the transition and implement the internationalisation will be charged to the REIT, and hence, indirectly, the Unitholders. These costs are additional to the professional fees the REIT will have to pay the current Manager to stay on as Interim Manager; iii. If the internalisation cannot be effected successfully, Trustee may consider an orderly winding-up of Sabana Industrial REIT, the fees, costs and expenses of which will be borne by the REIT i.e. Unitholders. <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <p style="color: red; text-align: center;">Manager has the duty to highlight all the potential risks and disruptions so that Unitholders can make an informed decision in regard to the EGM resolutions.</p> </div>
9	Why should the banks recall their loans when the Sabana industrial REIT has a portfolio of good properties?	<ul style="list-style-type: none"> The REIT's existing loans are totally unsecured and not backed by the REIT's assets.

	Question	Manager's Response
10	<p>Internalised management has been successfully adopted in Australia and the US. Why shouldn't it be equally successful in Singapore?</p>	<ul style="list-style-type: none"> • No REIT has been internalised in Singapore and it is as yet untested and unproven. • There is no assurance or guarantee that it could succeed in Singapore. • Internalisation has been successful in Australia and the US, where REITs are significantly larger and enjoy greater economies of scale. • Australia and the US are far larger markets, with different geographies, different cultures and different operating models. What works in these two markets may not necessarily work in Singapore. • Sabana Industrial REIT is a small REIT even in the universe of S-REITs in Singapore. • The Manager has a duty to highlight the risks and uncertainties associated with these two resolutions to remove the Manager and internalise the management function. <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <p style="color: red;">Unitholders should consider all the risks carefully and make informed decision on how to vote on the resolutions at the EGM.</p> </div>



Sabana Industrial REIT

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2022, Sabana Industrial REIT has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than S\$0.9 billion as at 31 December 2022. Sabana Industrial REIT is a constituent of the SGX S-REIT Index, MSCI Singapore Micro Cap Index, and FTSE ST Singapore Shariah Index.

Sabana Industrial REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana Industrial REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended, varied or supplemented from time to time). Sabana Industrial REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana Industrial REIT, please visit www.sabana-reit.com.

Important Notice

The value of units in Sabana Industrial REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana Industrial REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.