



9 January 2024

**Sabana Real Estate Investment Management Pte. Ltd.**  
**(in its capacity as manager of Sabana Industrial Real Estate Investment Trust ("Sabana Industrial REIT")) (the "Manager")**

151 Lorong Chuan, #02-03

New Tech Park

Singapore 556741

Attention: Mr Donald Han, Chief Executive Officer

Dear Sirs

**UPDATE TO UNITHOLDERS OF SABANA INDUSTRIAL REIT – 9 JANUARY 2024**

1. We refer to the Trustee's Statement dated 8 August 2023 in relation to the Resolutions (the "**Trustee's Announcement**") and to the Trustee's Statements dated 21 July 2023, 29 August 2023, 4 October 2023, 7 November 2023, 6 December 2023 and 15 December 2023 (collectively, the "**Trustee's Statements**"), all of which were published via SGXNet.
2. In this regard, the Trustee wishes to provide the following update to all Unitholders as set out in the Appendix to this letter.
3. Terms defined in the Trustee's Announcement and the Trustee's Statements shall, unless the context otherwise requires, have the same meanings when used in this letter.
4. Please publish this letter as an announcement via SGXNet.

Yours faithfully

For and on behalf of

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

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

A handwritten signature in blue ink, appearing to read "Rahul Desouza", with a horizontal line extending to the right.

RAHUL DESOUSA  
Authorised Signatory

## APPENDIX

### Trustee's Update to Unitholders of Sabana Industrial REIT

1. As stated in the Trustee's Statements, the Trustee will provide further updates and engage with Unitholders as and when there are material developments.

#### Trust Deed Amendments and Order 32 Application

2. Further to the Trustee's Statement dated 15 December 2023, the Trustee has, with the help of its advisers, substantially identified the amendments to the Trust Deed ("**Proposed Trust Deed Amendments**") required to provide for an internalised management structure and to implement the Resolutions. A summary of the Proposed Trust Deed Amendments and the brief rationale for such amendments is set out in the Annex to this update. However, the summary does not purport to contain a final or exhaustive list of all Proposed Trust Deed Amendments required for the purposes of the internalisation, and the amendments remain subject to ongoing review of the Trustee with its advisers, as well as related workstreams including ongoing regulatory consult, as the internalisation process progresses.
3. As previously stated, having consulted its legal advisers, Rajah & Tann Singapore LLP ("**Rajah & Tann**"), the Trustee takes the view that it would not be appropriate for the Trustee to provide a certification in relation to the Proposed Trust Deed Amendments pursuant to Clause 28.2.1 of the Trust Deed or paragraph 3.2(f) of Chapter 3 of the CIS Code. The Trustee has previously provided reasons that it had considered in coming to such a view in FAQ 5 of the Trustee's Statement dated 7 November 2023 and the Annex contained in this update elaborates on some of these points with reference to the Proposed Trust Deed Amendments.
4. Taking into account the wide ranging nature of the Proposed Trust Deed Amendments and the Trustee's views that it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders, the Trustee is, accordingly, of the view that the Proposed Trust Deed Amendments should be subject to Unitholders' due consideration and approval by way of an extraordinary resolution at an EGM to be convened in accordance with the Trust Deed and the CIS Code.
5. It would not be appropriate or in the interests of Unitholders for the Trustee to unilaterally certify or decide on these Trust Deed Amendments without allowing all Unitholders an appropriate forum, in accordance with the Trust Deed and the CIS Code, to decide on these amendments.
6. The Trustee has noted that certain Unitholders, including Quarz Capital Asia (Singapore) Pte. Ltd. ("**Quarz**") and members of the Sabana Growth Internalization Committee ("**SGIC**"), take a contrary position to the Trustee's views on the certification and the necessity of subjecting the Proposed Trust Deed Amendments to Unitholders' approval.
7. The Trustee believes that the proper consideration of these views and the approach to be taken in relation to the Proposed Trust Deed Amendments is important for all Unitholders. In connection with the foregoing, the Trustee has earlier today filed an originating application, by way of HC / OA 19/2024, with the High Court of Singapore (the "**Court**") under Order 32 of the Rules of Court 2021 of Singapore (the "**Order 32 Application**"), to seek, among other things, the following prayers:
  - (a) a declaration that amendments to the Trust Deed are required to implement the resolutions approved at the extraordinary general meeting of the Unitholders held on 7 August 2023;
  - (b) a declaration that the Trustee's power under Clause 28.2.1 of the Trust Deed to certify that amendments to the Trust Deed do not materially prejudice the interests of the Unitholders and do not operate to release to any material extent the Trustee or Manager from any responsibility to the Unitholders, is in the nature of a discretion rather than an obligation;

- (c) a declaration that the Trustee is at liberty to convene an extraordinary general meeting of the Unitholders in accordance with the requirements of the Trust Deed and the CIS Code to consider the Proposed Trust Deed Amendments;
  - (d) liberty to apply to Court for further directions in the event an extraordinary general meeting is convened;
  - (e) costs for the Order 32 Application to be provided for; and
  - (f) such further or other relief as the Court deems fit.
8. Having noted Quarz's contrary position, the Trustee has added Quarz as a party to the Order 32 Application, so that Quarz can put forward its views to the Court for consideration. Any other Unitholder who wishes to be joined as a party to the Order 32 Application is requested to consult their own legal advisors on making the necessary application to the Court, and inform the Trustee's solicitors, Rajah & Tann, of 9 Straits View #06-07, Marina One West Tower, Singapore 018937 by way of notice in writing of its intention to do so.
9. The Trustee would like to emphasise that this Order 32 Application is being made to help clarify necessary threshold issues and steps for the internalisation process and to ensure that the views of all Unitholders are properly considered in an appropriate forum. The Order 32 Application will be carried out concurrently with all other workstreams in parallel with the proposed Summary of Work Plan outlined in Annex A of the Trustee's statement dated 7 November 2023.
10. The Trustee will make the necessary announcement(s) as and when there are further developments, including when the date of the hearing for the Order 32 Application has been fixed.
11. A copy of the Order 32 Application will be made available to Unitholders for inspection (by appointment) during regular business hours at the registered office of the Trustee upon request by email to the following email address: [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg). For verification, Unitholders are requested to provide their name, securities account details and identification number (where applicable) in their email request.

**The information contained in this announcement does not constitute legal or other professional advice. If any Unitholder is considering being joined as a party to the Order 32 Application or is in doubt as to the course of action they should take, they should seek their own independent professional advice immediately. Any such action taken and/or professional advice sought by a Unitholder in respect of the Order 32 Application (including the joining of a Unitholder as a party to the Order 32 Application) shall be at their own cost. None of the Trustee or its respective directors, officers, employees, agents or affiliates makes any recommendation as to the course of action Unitholders should take.**

*Requisition Notice from the SGIC*

12. The Trustee notes the requisition notice dated 21 December 2023 ("**Requisition Notice**") from the SGIC requesting the Manager to convene an extraordinary general meeting to consider certain resolutions ("**Requisitioned Resolutions**"). The Trustee further notes that the Manager has on 8 January 2024 announced that it will not be convening an extraordinary general meeting pursuant to the Requisition Notice as, among other things, the requirements of the Trust Deed and of Section 176(2) of the Companies Act 1967 (applicable via paragraph 4.2 of Appendix 6 of the CIS Code) have not been complied with.
13. Notwithstanding the foregoing, as the Requisitioned Resolutions pertain to the Trustee's implementation of the internalisation process, the Trustee would like to state the following preliminary views:
- (a) to convene an extraordinary general meeting to consider the Requisitioned Resolutions at this juncture will add additional work over and above the current Work Plan. Some of the Requisitioned Resolutions will also require further clarifications and modifications,

and may not be actionable as proposed. Additional time and resources will be needed for this work, and at this critical juncture where the internalisation workstreams have gained increasing momentum and require significant time and attention, such additional work will divert resources, result in additional costs, likely cause distraction and may be counter-productive to ongoing efforts to implement the internalisation as expeditiously as possible; and

- (b) some of the Requisitioned Resolutions pertain to issues relating to the Proposed Trust Deed Amendments, which are the subject matter of the Order 32 Application. Accordingly, it may not be meaningful for these Requisitioned Resolutions to be tabled to Unitholders before the Court provides guidance and clarity on the prayers sought in the Order 32 Application (as set out in paragraph 7 above).
14. Having regard to the above, the Trustee believes that it would not be beneficial to the progress of the internalisation for an extraordinary general meeting to be convened or to consider the Requisitioned Resolutions at this juncture.
  15. The Trustee will provide further updates and engage with Unitholders as and when there are material developments. All updates from the Trustee will be in the form of announcements via SGXNet.
  16. In addition to the communication channels established by the Manager for Sabana Industrial REIT, Unitholders may direct their enquiries to [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg).

## Annex

### Summary of the Proposed Trust Deed Amendments

S/N	Proposed Trust Deed Amendment	Rationale for Proposed Trust Deed Amendment	Why it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders
1.	<p>Definition of "Authorised Investments" (Clause 1.1)</p> <p>Valuation of Investments (Clause 6.1)</p>	<p><u>Authorised Investments</u></p> <p>Sabana Industrial REIT, being a real estate investment trust regulated under the Code on Collective Investment Schemes ("<b>CIS Code</b>"), is subject to a prescribed list of permissible investments under paragraph 6 of Appendix 6 of the CIS Code, which are in turn reflected in the definition of "Authorised Investments" under the Trust Deed.</p> <p>In particular, under the CIS Code, unlisted shares in non-property related entities (such as a company providing internal REIT management functions) are not expressly set out as a class of permitted investments. Likewise, the definition of "Authorised Investments" under the Trust Deed does not clearly authorise Sabana Industrial REIT to hold unlisted shares in a company providing internal REIT management functions.</p> <p>A waiver will have to be sought from the relevant regulatory authorities from the restrictions under the CIS Code in order for the Trustee to be able to hold shares in the Internal Manager.</p> <p>Accordingly, the definition of "Authorised Investments" in the Trust Deed ought to be amended to also expressly allow Sabana Industrial REIT to hold shares in the Internal Manager and subsidiaries of the Internal Manager.</p>	<p>These amendments change the nature and complexion of the asset portfolio of Sabana Industrial REIT from one that is focused on income-generating real-estate passive holding to one that also includes holdings in a REIT management company which is licensed for real estate investment trust management under Singapore law, with substantive operations and management functions.</p> <p>This arguably constitutes a fundamental change from what Unitholders have invested into when investing in Sabana Industrial REIT prior to the extraordinary general meeting held on 7<sup>th</sup> August 2023 ("<b>7<sup>th</sup> August 2023 EGM</b>"), and where the proposed amendments to the Trust Deed were not fleshed out in the resolutions passed at the 7<sup>th</sup> August 2023 EGM.</p> <p>Such a structural change has a number of follow-on implications. For instance, the Internal Manager, being a capital markets services licence holder subject to the regulatory oversight by the MAS, will be subject to a prescribed set of regulatory requirements.</p> <p>For example, the Internal Manager will need to maintain a base capital of at least S\$1 million at all times and must always maintain financial resources at or above the relevant total risk</p>

HSBC Institutional Trust Services (Singapore) Limited

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

Company Registration No : 194900022R

RESTRICTED

S/N	Proposed Trust Deed Amendment	Rationale for Proposed Trust Deed Amendment	Why it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders
		<p><u>Valuation of the Internal Manager</u></p> <p>Consequential amendments are required to Clause 6.1 of the Trust Deed to expressly provide that shares in the Internal Manager are to be similarly valued as part of Sabana Industrial REIT's portfolio.</p>	<p>requirement. Such regulatory capital requirements and the ongoing operations of the Internal Manager will need to be funded out of REIT deposited property or borrowings. This means that REIT assets may be diverted from its primary real-estate investment purpose to fund the operations of the Internal Manager and will be exposed to risks of a going concern operating company.</p> <p>Given such structural changes and risks, it cannot be said with certainty that these amendments do not materially prejudice the interests of the Unitholders.</p>
2.	<p>Governance Structure – inclusion of new provisions on the governance structure of the Internal Manager</p> <p>(new provisions to be added)</p>	<p>In an external REIT management model, the REIT manager is typically directly owned by the corporate sponsor of the REIT, and such corporate sponsor will generally have the ability to influence the REIT manager's decision-making and governance as a result of the corporate sponsor's majority ownership of the shares (directly or indirectly) in the external REIT manager, subject to relevant laws and regulations.</p> <p>In the context of the internalisation, the intention is for the shares of the Internal Manager to be held by the Trustee on trust for Unitholders. As such, it follows that Unitholders should be entitled to exercise certain key shareholder rights over the Internal Manager. This is in line with the intention for the benefit of the Internal Manager to rest with Unitholders as a whole <i>pari passu</i>, each of whom has an undivided interest in the Deposited Property in accordance with the provisions of the Trust Deed.</p>	<p>The proposed amendments to include the Governance Structure in the Trust Deed introduces significant changes to the governance of the REIT manager of Sabana Industrial REIT from the existing external REIT management model.</p> <p>Subject to ongoing regulatory consult, the introduction of the Governance Structure, taken together with the Internal Manager's obligations as a regulated capital markets services licence holder, could also necessitate further amendments to require Unitholders to meet certain regulatory requirements relating to the Internal Manager, which includes, amongst others, requirements related to the change of control of regulated licence holders and disclosures of substantial interests.</p>

HSBC Institutional Trust Services (Singapore) Limited

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

Company Registration No : 194900022R

RESTRICTED

S/N	Proposed Trust Deed Amendment	Rationale for Proposed Trust Deed Amendment	Why it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders
		<p>Accordingly, a governance structure (“<b>Governance Structure</b>”) will need to be instituted such that shareholder rights over the Internal Manager may be exercised by Unitholders, in proportion to their respective unitholding in Sabana Industrial REIT. The Trustee will then give effect to Unitholders’ directions at the Internal Manager level as legal owner of the Internal Manager.</p> <p>As the provisions relating to the Governance Structure are intended to confer additional rights and impose additional obligations on all Unitholders, they will have to be included in the Trust Deed in order to bind the Internal Manager, the Trustee and all Unitholders to the same. The Governance Structure cannot be solely dealt in the constitution of the Internal Manager and/or management agreement (if any) with the Internal Manager as Unitholders are not party to these agreements, and as such Unitholders will not be able to directly exercise their rights or be bound by the relevant obligations under the Governance Structure.</p> <p>Matters to be subject to Unitholders’ directions under the Governance Structure include those that:</p> <ul style="list-style-type: none"> <li>(a) are necessitated by the resolutions passed by Unitholders at the 7<sup>th</sup> August 2023 EGM, specifically Resolutions 2(d) and (e) pertaining to the appointment, re-appointment and removal of directors; and</li> <li>(b) are otherwise matters which require an ordinary or special resolution under the Companies Act 1967 of Singapore or the Insolvency, Restructuring and</li> </ul>	<p>The Trustee is not in a position to ascertain whether such amendments would be materially prejudicial to the interests of Unitholders, and accordingly such amendments are more appropriately approved by a unitholder vote pursuant to a general meeting of unitholders.</p>

S/N	Proposed Trust Deed Amendment	Rationale for Proposed Trust Deed Amendment	Why it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders
		<p>Dissolution Act 2018 of Singapore to be passed (for example, matters pertaining to share issuance, capital reduction, and the appointment and removal of auditors),</p> <p>in respect of which the Trustee will only exercise its voting rights in the Internal Manager in accordance with the direction provided by the Unitholders by an ordinary or special resolution to be passed at a general meeting of Unitholders (as the case may be).</p> <p>Amendments also need to be made to include a specific restriction on the disposal of shares in the Internal Manager unless it is approved by ordinary resolution of Unitholders. This is a specific amendment required pursuant to Resolution 2(f) passed at the 7<sup>th</sup> August 2023 EGM.</p>	
3.	<p>Manager's Right to Determine How Voting Rights are Exercised (Clause 13.1)</p>	<p>Please refer to #2 above in relation to the Governance Structure.</p> <p>The Trust Deed currently provides that all rights of voting conferred by any "Deposited Property" (as defined in the Trust Deed) of Sabana Industrial REIT shall be exercised in such manner as the manager of Sabana Industrial REIT may direct.</p> <p>The shares of the Internal Manager will fall within the scope of "Deposited Property" of Sabana Industrial REIT.</p> <p>However, in view of the Governance Structure, where Unitholders will be entitled to exercise certain key shareholder rights over the Internal Manager, the Trust Deed needs to be amended to carve out the Internal</p>	<p>Please refer to #2 above in relation to the Governance Structure.</p>

HSBC Institutional Trust Services (Singapore) Limited

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

Company Registration No : 194900022R

RESTRICTED



S/N	Proposed Trust Deed Amendment	Rationale for Proposed Trust Deed Amendment	Why it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders
		<p>Manager's ability to exercise voting rights in respect of itself, so that these rights will be exercised in accordance with Unitholders' directions.</p>	
4.	<p>Manager May Require Trustee to Lend, Borrow or Raise Money (Clause 10.12)</p> <p>Certain Dealings with Related Corporations of the Manager (Clause 16.4)</p>	<p>The Internal Manager is expected to be an asset light entity. In order to meet its regulatory and working capital requirements, external borrowings or funding from Sabana Industrial REIT may be required to provide the Internal Manager with the necessary funds to support its operating expenses.</p> <p>However, the existing external borrowing provisions in the Trust Deed restrict borrowing to specific purposes (i.e. to meet liabilities under Sabana Industrial REIT, funding the acquisition of real estate assets and the redemption of units), and do not allow external borrowings for the purposes of funding the operating expenses of a going concern company such as the Internal Manager.</p> <p>Furthermore, the existing provisions of the Trust Deed provide that for so long as Sabana Industrial REIT is listed, no moneys of Sabana Industrial REIT can be invested into the securities of, or lent to, its REIT manager or related corporations of the REIT manager.</p> <p>Accordingly, the Trust Deed will need to be amended to provide for flexibility to allow for (a) lending, borrowing or raising of money by Sabana Industrial REIT and/or the Internal Manager and (b) the provision of capital by Sabana Industrial REIT to the Internal Manager, in order to facilitate operations of the Internal Manager.</p> <p>In the absence of such flexibility, there is a risk that the</p>	<p>Under the Trust Deed, external borrowings are primarily intended for, among others: (a) meeting the liabilities of Sabana Industrial REIT, (b) funding the acquisition of real estate assets, and (c) the redemption of units. These activities carry a different risk profile as compared to funding an Internal Manager.</p> <p>To allow Sabana Industrial REIT to take on debt to fund the operations of a REIT management company exposes Sabana Industrial REIT to credit risks which are not ordinarily characteristic of passive real-estate investments. Given that an internalised REIT management model is untested in the Singapore market, there is currently no visibility on the viability of the Internal Manager as well as the extent of the credit and cost of financing risks that it may be exposed to.</p> <p>Accordingly, it cannot be said with certainty that the proposed amendments do not materially prejudice the interests of the Unitholders.</p>

S/N	Proposed Trust Deed Amendment	Rationale for Proposed Trust Deed Amendment	Why it cannot be said with certainty that the Proposed Trust Deed Amendments do not materially prejudice the interests of the Unitholders
		Internal Manager will face resource and operational constraints in the event it requires additional working capital but is not otherwise able to have access to the internal resources or external borrowings of Sabana Industrial REIT.	