



23 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 – 23 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, 15 December 2023, and 9 January 2024 (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.

Further Information on Costs Incurred up to 31 December 2023

2. The Trustee refers to Sabana Industrial REIT's release of its financial results for the period from 1 July 2023 to 31 December 2023 ("**2H 2023**") and for the full year from 1 January 2023 to 31 December 2023 ("**FY 2023**") on 23 January 2024 via SGXNet, where the Manager has notified Unitholders, among other things, of:
 - (a) the incurrence of approximately S\$1.37 million of expenses in connection with (and up to) the requisition of the 7 August EGM to vote on the Resolutions (prior to the Trustee's commencement of the implementation of the Internalisation process);
 - (b) the incurrence of approximately S\$3.27 million in expenses in respect of the ongoing internalisation process, since the passing of the Resolutions on 7 August 2023¹ and accrued as at 31 December 2023; and
 - (c) the decline in Sabana Industrial REITs declared distribution per unit ("**DPU**")² as 10% of FY 2023's distributable income was retained for capital management purposes in view of the additional costs incurred and to be incurred in connection with the internalisation, in addition to the decrease in distributable income mainly due to the one-off impairment loss relating to 33 & 35 Penjuru Lane.
3. In that regard, the Trustee would like to elaborate on the costs incurred since the passing of the Resolutions on 7 August 2023 and up to 31 December 2023, in connection with the implementation of the Internalisation process and the progress made across the various workstreams of the internalisation.
4. As stated in the Trustee Statement dated 7 November 2023, the issues that have been considered by the Trustee and its advisers in preparation for the establishment of the internal manager to date are interconnected and nuanced, and should not be oversimplified. As such, this precedent-setting process has required and will continue to require careful analysis and diligence on the part of the Trustee and its advisers, and costs have been incurred and will be incurred to carry out, among other things, the following:
 - (a) financial analysis of Sabana Industrial REIT's operations and costs;
 - (b) ensuring continued compliance with relevant laws and obligations;
 - (c) ongoing engagement with regulators;
 - (d) considering the impact of the internalisation from a Singapore tax perspective;
 - (e) seeking to secure the necessary regulatory licenses for the new internal manager to operate;
 - (f) an assessment of the appropriate legal structure of the new internal manager;
 - (g) identifying and appointing qualified employees and directors of the internal manager and the handling of various staffing requirements; and
 - (h) assessing funding requirements for the establishment of new internal manager and the implementation of the internalisation and for the new internal manager to commence operations.

¹ See page 9, Sabana Industrial REIT 2H 2023 and FY 2023 Financial Results presentation dated 23 January 2024 issued by Manager.

² See page 10, Sabana Industrial REIT 2H 2023 and FY 2023 Financial Results presentation dated 23 January 2024 issued by Manager.

5. Such costs incurred and to be incurred are necessary to ensure that (a) the implementation of the Resolutions proceeds in a compliant and prudent manner to protect the interests of all Unitholders, and (b) a robust, compliant, and effective management structure is created to oversee the management of Sabana Industrial REIT going forward.
6. The Trustee also wishes to update Unitholders that it anticipates additional costs to be incurred in the coming months, as work for the Internalisation continues to progress.³ The Trustee also notes that additional time and resources may be needed (and additional costs may be incurred) to address any additional work over and above the current Work Plan which may arise at Unitholders' behest, having regard to the best interests of the Unitholders as a whole. As highlighted in the Trustee Statement dated 9 January 2024, an example of such additional costs which have been incurred and will be incurred are those in relation to addressing and considering the appropriateness and actionability of the resolutions put forth by the requisitioning Unitholders in the requisition notice dated 10 January 2024 to convene a separate EGM.
7. The Trustee continues to engage with the Manager on a weekly basis to oversee the ongoing operations of Sabana Industrial REIT.

Updates on Advancement of Other Workstreams for the Internalisation

8. The Trustee continues to work closely with its legal advisers, Rajah & Tann Singapore LLP ("**Rajah & Tann**"), tax advisers ("**KPMG Services**"), financial advisers ("**FTI**") and change management adviser to progress the various workstreams in relation to the implementation of the Resolutions. Material progress has been made on these workstreams and includes the following:
 - (a) The change management adviser, having made good progress in assessing the necessary staffing requirements for the new internal manager, including supporting the hiring, appointment and retention of staff, and recruitment of qualified directors where necessary. The change management adviser has shortlisted a list of potential candidates for the Board of Directors and senior executives of the new internal manager and is working with the Trustee to evaluate the right candidates for the respective roles.
 - (b) KPMG Services having completed its Tax Advisory Report regarding the Internalisation of Sabana Industrial REIT's management function, including the (i) capitalisation of a new REIT Manager, (ii) transfer of assets, (iii) ongoing taxation of new REIT Manager.
 - (c) KPMG Services having substantially progressed its study of the transfer pricing considerations for the management fees of the internal manager and the property management fees for any internal property management and leasing functions which may be undertaken.
 - (d) The Trustee and its legal advisers, Rajah & Tann, are in communications with the Monetary Authority of Singapore ("**MAS**") and Singapore Exchange Regulation ("**SGX RegCo**") on various regulatory matters pertaining to the internalisation process. This includes seeking the necessary regulatory approvals from the MAS as well as sharing updates on the progress of the internalisation process.
 - (e) the submission of the Trustee's Order 32 Application to the High Court of Singapore (the "**Court**"). As the respondent to the Order 32 Application indicated that it wishes to seek production of documents, the Court has directed that it request the documents from the Trustee, with a subsequent case conference to be held on 20 February 2024 where further directions for the conduct of the Order 32 Application will be provided.
9. 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.

³ Given the inherent uncertainties [(including taking into account potential actions by interested stakeholders)] and the high level of complexity involved in the internalisation process, it is not possible for the Trustee to provide a projection or estimate on the cost of internalisation going forward at this stage.

10. 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.