



29 February 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 – 29 February 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, 9 January 2024, 23 January 2024, 30 January 2024 and 20 February 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)

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 continue to engage with Unitholders in respect of material developments.
2. The Trustee has outlined the progress it has made on key workstreams since its last update to Unitholders on 30 January 2024. For a complete summary of the Trustee's Work Plan ("**Work Plan**"), please refer to Annex A.
3. This statement also summarises the Trustee's stance on the resolutions (the "**Requisitioned Resolutions**") to be tabled at the upcoming extraordinary general meeting on 8 March 2024 ("**8 March 2024 EGM**") to help Unitholders make informed decisions and better understand the impact the Requisitioned Resolutions may have on the internalisation process if passed. The Trustee refers to its statement dated 20 February 2024, which highlighted, among other things, that certain Requisitioned Resolutions, if passed, are confusing, contradictory, not actionable, unnecessary and may even place Sabana Industrial REIT potentially in breach of legal considerations.
4. While the Trustee continues to advance the internalisation, the Trustee would like to re-emphasise its **caution to Unitholders that time and resources would have to be diverted from progressing the internalisation to resolving ambiguities in and disagreements over the scope and effect of the Requisitioned Resolutions, if passed**. The Trustee urges Unitholders to carefully consider whether this would be in their interests, taking into account the existing time and resources that have already been spent resolving similar issues in respect of the original resolutions passed at the extraordinary general meeting on 7 August 2023 ("**7 August 2023 EGM**"). Please refer to the Trustee's message to Unitholders below for Unitholders' additional consideration.

Updates on Summary of Work Plan and Advancement of Other Workstreams for the Internalisation

5. Further to the Trustee's Statement dated 30 January 2024, please refer to Annex A, which sets out an updated summary of the Trustee's Work Plan based on information known to date, with progress highlighted since the 30 January 2024 update. The Work Plan is subject to ongoing review by the Trustee with input from its advisers and is subject to change from time to time.
6. To date, the Trustee has made significant progress across multiple workstreams regarding the new internalised manager for Sabana Industrial REIT ("**New Internalised Manager**"), including:
 - (a) **Establishing an entity required for the New Internalised Manager** – The New Internalised Manager will need to be a capital markets services licence holder regulated by the MAS, and work is in progress to prepare for the licensing requirements. To be operational, the New Internalised Manager requires an appropriate fee structure in accordance with Singapore transfer pricing requirements, the ability to meet statutory capital requirements on an ongoing basis and mechanisms to allow it to drawdown funds from Sabana Industrial REIT.

These considerations have necessitated detailed analysis by the Trustee and its advisers, of (i) the potential structures for the internalisation; (ii) the licensing requirements; and (iii) the capital requirements of the New Internalised Manager. This preparatory work has been completed. The Trustee has also finalised the transfer pricing study with its tax advisers to determine an arm's length management fee for the New Internalised Manager.

The final step for this workstream is the actual incorporation of the New Internalised Manager with the Accounting and Corporate Regulatory Authority of Singapore. Please refer to Annex A for further details as to the implications of the passing of the Requisitioned Resolutions on the incorporation of this corporate entity.

- (b) **Establishing personnel for the New Internalised Manager** – The New Internalised Manager, as a capital markets services licensed entity, will need to be staffed with qualified management personnel and a suitable board of directors. These persons must meet applicable statutory requirements, including but not limited to having the requisite fitness and propriety, expertise, skills and track record.

The Trustee and its appointed change management adviser have made significant progress on this workstream, having (i) conducted a search for and finalised the list of qualified candidates which the Trustee is considering putting forth as directors for the New Internalised Manager; and (ii) identified a shortlist of qualified candidates for the proposed management team for the New Internalised Manager.

The Trustee continues to work towards the finalisation of the proposed management team and will share more information on these individuals with Unitholders in due course. Please refer to Annex A for further details as to the implications of the passing of the Requisitioned Resolutions on the establishment of personnel for the New Internalised Manager.

- (c) **Confirming the functional requirements for the New Internalised Manager** – Due diligence has been completed to assess the existing management structure, the current state and cost of operations, as well as the operational responsibilities of the existing Manager.

Following the conclusion of these steps, the Trustee has identified the resources and assets required by the New Internalised Manager to fulfill its function and has now commenced the assessment of commercial options to resource and build out the New Internalised Manager. Please refer to Annex A for further details as to the implications of the passing of the Requisitioned Resolutions on the resourcing of functional requirements for the New Internalised Manager.

- (d) **Regulatory Consultation** – The Trustee had consulted with the MAS to seek clarifications on the applicability of certain provisions in the Securities and Futures Act 2001, Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management and the Code on Collective Investment Schemes (collectively, the "**Relevant REIT Regulations**") to the internalisation (based on the structure contemplated under the original resolutions passed at the 7 August 2023 EGM) and where applicable, sought exemptions from and clarifications on the Relevant REIT Regulations. The Trustee has received responses from the MAS ("**MAS Responses**") and is in the process of considering their implications on the internalisation, including whether additional amendments to the Trust Deed are required and the continued applicability of the MAS Responses if certain Requisitioned Resolutions (as defined below) are passed. Please refer to Annex A for further details as to the implications of the passing of the Requisitioned Resolutions on the Trustee's consideration of the MAS Responses.

Impact of the 8 March 2024 EGM on the Trustee's Work on the Internalisation

7. The Trustee would like to reiterate that it already intends to convene an EGM when all the material workstreams of the internalisation are ready for Unitholders' consideration. The Trustee wishes to highlight that if the Requisitioned Resolutions are passed, existing workstreams that have been completed or are near completion may need to be re-examined and reconsidered, which would ultimately negate the effort and resources already expended in progressing the internalisation. Please refer to Annex A for the relevant workstreams which would have to be reconsidered / restarted if the Requisitioned Resolutions are passed at the 8 March 2024 EGM.
8. The Trustee's statement dated 20 February 2024 highlighted, among other things, the Trustee's views on the 8 March 2024 EGM and the Requisitioned Resolutions.
9. The overall effect of the Requisitioned Resolutions, if passed, may necessitate the Trustee to consider other appropriate next steps, bearing in mind the Trustee's duties (as prescribed by the Trust Deed, statute and law) and the parameters of such duties.
10. If the Trustee arrives at a view that it is not able to properly implement the Requisitioned Resolutions, if passed, in the best interest of Unitholders or that its work on the implementation cannot be discharged within the scope of its duties and the applicable legal or regulatory confines, **the Trustee may need to consider further options in the interest of moving forward**, including:
 - (a) seeking further directions from the courts of Singapore where appropriate;

- (b) inviting the Unitholders to remove the Trustee with a replacement to be appointed or exercising its rights under the Trust Deed to seek to retire as trustee for Sabana Industrial REIT; and/or
- (c) exercising its rights under the Trust Deed, including convening a further EGM for Unitholders to give directions on other proposals, especially if no replacement Trustee can be appointed.

Trustee's Message to Unitholders on the Upcoming 8 March 2024 EGM

11. The Trustee invites Unitholders to consider the following prior to casting your respective votes at the 8 March 2024 EGM:

- (a) The Trustee's fiduciary duty is to act in the interest of all Unitholders, and not only for Quarz Capital Asia (Singapore) Pte. Ltd. ("**Quarz**"), Unitholders who are members of the Sabana Growth Internalization Committee and/or the owners of the Manager. All of the Trustee's actions have been taken with this overriding fiduciary duty in mind.
- (b) From as early as a statement of 21 July 2023 and even before the 7 August 2023 EGM was convened, the Trustee has consistently stated its views that if the original resolutions were passed at the 7 August 2023 EGM:
 - (i) an internalised management structure that does not currently exist will need to be identified, established and then approved by Unitholders;
 - (ii) this internalisation process would be expected to take at least 12 months and potentially significantly longer; and
 - (iii) the amendment of the Trust Deed and more subsequent EGMs to seek Unitholders' directions on specific matters would be required to bring the internalisation to completion.
- (c) Whilst the Trustee has not wavered from its position since before the 7 August 2023 EGM was convened, the Trustee observes inconsistencies in the position of certain other Unitholders, which the Trustee has sought to clarify with best efforts.
- (d) For instance, prior to the 7 August 2023 EGM, Quarz had acknowledged that Trust Deed amendments may be required to implement the internalisation. Quarz had in its own letter to Unitholders on 4 July 2023 stated that Resolution 2 of the 7 August 2023 EGM did not need to be passed as an extraordinary resolution, as "*Resolution 2 is not seeking approval for any Trust Deed amendment but ... simply directing the Sabana Trustee to consider and take additional steps to propose amendments to the Trust Deeds [sic]. **The specific amendments may need to be proposed and approved later but are not the subject of the current requisitioned EGM***" (emphasis added). Ultimately, no specific amendments to the Trust Deed were proposed by Quarz at the 7 August 2023 EGM, and therefore none of the resolutions at the 7 August 2023 EGM were required to be proposed as extraordinary resolutions and instead the internalisation proposal was approved by ordinary resolution with the support of 55.60% of Unitholders present and voting at the 7 August 2023 EGM.
- (e) Therefore, as this fundamental question of the Trust Deed amendments required to implement the internalisation was not addressed upfront at the 7 August 2023 EGM, this now remains to be dealt with as part of the implementation (rather than initial approval) stage of the internalisation. The Trustee has sought to clarify this threshold issue through its filing of an originating application on 9 January 2024 under Order 32 of the Rules of Court 2021 of Singapore (the "**Order 32 Application**") with the Singapore High Court to ensure that the views of all Unitholders are properly considered. This is especially since certain Unitholders, including Quarz and members of the Sabana Growth Internalization Committee, have publicly taken a contrary position to the Trustee's views on the necessity of subjecting the proposed Trust Deed amendments to Unitholders' approval. The decision on the Order 32 Application is still pending.

12. Notwithstanding the above ambiguities and disagreements, or the complexities and inter-dependencies faced in the internalisation process, the Trustee has consistently and diligently worked to implement the resolutions passed by Unitholders at the 7 August 2023 EGM.
13. In discharging its duty, the Trustee must act within the regulated environment and governance parameters in which the Trustee and Sabana Industrial REIT operate. Material progress has been made to move the process forward (as has been detailed in the Trustee's Statements to date and in paragraph 6 above), and the steps taken by the Trustee have required extensive analysis, due diligence, and careful consideration across complex and interdependent workstreams.
14. The Trustee strongly disagrees with and refutes any suggestions that the Trustee has lacked transparency, clarity and progress throughout the internalisation process and that the Trustee has set the internalisation up to fail.
15. The Trustee hopes that Unitholders can appreciate that the Trustee has been committed to serving Unitholders' interests by advancing the internalisation in an orderly and compliant manner and should be allowed to focus on further progressing the substantive work of implementing the resolutions approved by Unitholders on 7 August 2023. Distractions are counter-productive to the internalisation process and only serve to undermine the Trustee's efforts and progress. The Trustee would like to caution Unitholders against history repeating itself if more time and resources are to be diverted to resolving ambiguities in and disagreements over the scope and effect of the Requisitioned Resolutions, instead of progressing the internalisation. The Trustee would also like to caution Unitholders against the potential uncertainty and issues associated with the implementation of the Requisitioned Resolutions (if passed) and urges all Unitholders to carefully consider their decisions during the upcoming 8 March 2024 EGM, bearing in mind all the information which the Trustee has disclosed on the Requisitioned Resolutions and its progress on the internalisation to date.
16. The Trustee will continue to provide further updates and engage with Unitholders in respect of material developments. All updates from the Trustee will be in the form of announcements via SGXNet.
17. 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.

Annex A










Updated Summary of Work Plan

Reference Key:

● Completed
 ● In Progress
 ● Not Started
 ● At risk if 8 March 2024 EGM Resolutions are passed

Updated Summary of Work Plan		Status as of 30 January 2024:	Current Status:	If 8 March 2024 EGM Requisitioned Resolutions are passed:	Impact of Requisitioned Resolution(s):
1. Appointment of Professional Advisers	Identify and appoint financial, legal, tax, and executive search professional advisers.	●	●	●	
2. Establish entity for internal manager	Assess tax impact of establishing new entity.	●	●	●	
	Finalise transfer pricing study to determine an arm's length management fee for the new internalised manager for Sabana Industrial REIT (" New Internalised Manager ") in accordance with Singapore transfer pricing requirements.	●	●	●	
	Incorporate a corporate entity to serve as the New Internalised Manager.	●	●	●	<p>In direct contradiction to the earlier resolutions passed at the 7 August 2023 EGM, Requisitioned Resolution 1 suggests that the Trustee can in fact acquire the shares of the existing Manager and cannot consider the acquisition of assets from the existing Manager.</p> <p>If Requisitioned Resolution 1 is passed, the Trustee will need to cease all discussions in relation to any acquisition of the assets (including employees) of the Manager.</p> <p>The Trustee will, subject to engagement with regulators as appropriate, explore the feasibility of the acquisition of shares of the existing Manager.</p> <p>The Trustee will need to concurrently consider other options to establish a functional internal manager.</p> <p>The Trustee cautions that there is no certainty that any of these options will ultimately be feasible or will materialise. There will likely be delay and additional costs for these additional proposals (which have been belatedly introduced by the Requisitionists at this stage) to be explored.</p>
3. Establish personnel for New Internalised Manager	Conduct search for and finalise qualified directors of the New Internalised Manager which the Trustee is considering putting forth as directors.	●	●	●	
	Conduct search for, assessment of and finalise management team of the New Internalised Manager.	●	●	●	Please refer to the concerns set out in the workstream titled "2. Establish entity for internal manager – Incorporate a

					corporate entity to serve as the New Internalised Manager" above.
4. Establish functionality for New Internalised Manager	Conduct due diligence of Sabana Industrial REIT including its existing management structure, the current state and cost of operations and responsibilities. Identify the requirements for the new manager in an internalised management structure.	●	●	●	
	Identify the assets required by the New Internalised Manager to fulfill its function.	●	●	●	
	Assess commercial options to resource and build out a functioning New Internalised Manager.	●	●	●	Please refer to the concerns set out in the workstream titled "2. Establish entity for internal manager – Incorporate a corporate entity to serve as the New Internalised Manager" above.
5. Establish budget and operating plan	Develop financial analysis, operating protocols, etc. to enable the New Internalised Manager to operate as a licensed entity.	●	●	●	Please refer to the concerns set out in the workstream titled "2. Establish entity for internal manager – Incorporate a corporate entity to serve as the New Internalised Manager" above.
	Establish the cost of setup.	●	●	●	
	Assessment of options for and funding of the setup of the New Internalised Manager.*	●	●	●	
6. Review applicable regulations	Review and identify applicable and affected regulations in respect of the New Internalised Manager.	●	●	●	
	Consider the application of the Relevant REIT Regulations and the applicable provisions of the Listing Manual of the SGX-ST to the current circumstances and identify waivers/amendments required (if applicable) and engaging with regulators as appropriate.	●	●	●	If Requisitioned Resolutions 1, 7, 8 or 10 are passed, further regulatory applications to the regulators may be required after the trustee has re-assessed the implications of such Requisitioned Resolutions on the MAS Responses.
7. Establish Trust Deed amendments	Identify amendments to the Trust Deed required to implement the internalisation.**	●	●	●	If Requisitioned Resolutions 4 to 8 are passed, in view of the lack of clarity on how these Requisitioned Resolutions will interplay with the Order 32 Application, these Requisitioned Resolutions will not be appropriate or actionable at this juncture before the Court provides guidance and clarity on the issues under the Order 32 Application. The Trustee may also need to seek further guidance from the Court in relation to the implementation of these Requisitioned Resolutions. This will result in delay and likely additional costs in the implementation of the internalisation.
8. Order 32 application	File Order 32 application.	●	●	●	
	Court hearing and receiving judgement.***	●	●	●	
9. Unitholder communications	Continue to provide periodic updates to unitholders on material developments.	●	●	●	

10. Licensing and applications	Prepare and submit the required applications for relevant licenses and authorisations.				Any delays to the finalisation of items 3, 4 and 5 above will invariably have an impact on the timeline by which the applications for relevant licences and authorisations can be ready for submission.
11. Extraordinary general meeting(s)	Prepare for extraordinary general meeting(s) to be convened by the Trustee in relation to the Trust Deed amendments and other internalisation related matters as set out in this workplan.				Any delays to the finalisation of any of the items above will invariably have an impact on the timeline by which the extraordinary general meeting(s) can be convened by the Trustee.
12. Transition and operationalisation	Commence handover and transition to New Internalised Manager.				

* Disbursement of funds to New Internalised Manager may be subject to Unitholder approval.

** The Trustee has, with the help of its advisers, substantially identified the amendments to the Trust Deed 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 the Trustee statement dated 9 January 2024. 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.

*** Timing of this workstream is at the discretion of The High Court of Singapore.