



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

ANNOUNCEMENT

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

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**”), would like to thank Unitholders of Sabana Industrial REIT (“**Unitholders**”) for submitting their questions by the announced deadline of 1 March 2024, 10.30 a.m. in advance 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 Friday, 8 March 2024 at 10.30 a.m. The Manager’s and Trustee’s responses to the questions can be found in **Appendices A** and **B** to this announcement.

For Unitholders who were unable to meet the question submission deadline or have additional questions, you are invited to pose your questions at the EGM.

By Order of the Board
Sabana Real Estate Investment Management Pte. Ltd.
(Company Registration 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 March 2024

For enquiries, please contact:

Low Hooi Hoon
Investor Relations and Corporate Communications
Sabana Real Estate Investment Management Pte. Ltd.
DID: +65 6580 7857
Email: hooihoon.low@sabana.com.sg

Sabana Industrial REIT

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2023, 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\$1.0 billion as at 31 December 2023. Sabana Industrial REIT is a constituent of the SGX S-REIT Index and MSCI Singapore Micro Cap 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.sg.

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.

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

Appendix A Questions by Unitholder with Responses by Manager

On 23 Jan 24, the manager announced the FY2023 results together with an Ernst & Young report which now will influence the way unitholders vote on the current resolutions.

Ernst & Young said if the internalisation exercise triggers a review event under existing financing arrangements, it could result in mandatory loan prepayment. They concluded this indicates the existence of a material uncertainty which may cast significant doubt on the ability of Sabana Reit to continue as a going concern.

In the last 23 years, duly approved change of REIT Manager and/or internalisation of REIT Manager/Trustee Manager had never resulted in mandatory loan prepayment. Ernst & Young's conclusion was made despite this denial of credit having never happened in Singapore.

Ernst & Young also said the ability of Sabana Reit to continue as a going concern is dependent on the successful refinancing of its loans on a timely basis. Again, Sabana Reit Manager has never failed to refinance any of its loans since listing on SGX in 2010. In fact, the current REIT Manager has refinanced loans at more favourable terms in recent years.

My questions to Ernst & Young:

1. Why are you making such an extreme statement when your conclusion is based on an unlikely scenario which has never happened in Singapore REIT history?
2. How do you justify your conclusion when your review relied on speculation rather than concrete evidence?
3. Do you agree that relying on remote possibility can lead to flawed reasoning and unreliable conclusions?

We wish to highlight that Ernst & Young LLP (“EY”) has issued an **unqualified** review conclusion dated 23 January 2024 for Sabana Industrial REIT's Interim Financial Information¹ for YE 31 December 2023.

Note 2.2 and Note 19 of the Interim Financial Information disclosed material uncertainties arising from the internalisation exercise. First of all, the removal of manager as a result of the internalisation exercise will trigger a review event under Sabana Industrial REIT's existing financing arrangements. Secondly, if a review event is triggered, this may lead to mandatory prepayment of loans if no agreement is reached with the lender. As of 23 January 2024, both these uncertainties have not materialised, and whether they will materialise or not is dependent on the outcome of the internalisation exercise.

Sabana Real Estate Investment Management Pte. Ltd., in its capacity as the Manager of Sabana Industrial REIT (the “**Manager**”), has sought to address these uncertainties by writing to the relevant lenders for the waiver of the review event clause to which the lenders have replied that they are unable to grant the relevant waiver at that juncture.

Although these uncertainties exist at the date of the announcement of the Interim Financial Information, the Manager has reviewed the situation and having considered the complexity of the internalisation exercise, the current circumstance and the quality of the asset portfolio, the Manager is of the view that the going concern assumption is appropriate. EY has evaluated the Manager's

¹Financial Statements And Related Announcement - Full Yearly Results, 23 January 2024, SGXNet and corporate website

basis and issued an unqualified review conclusion with an Emphasis of Matter paragraph to draw the readers' attention to these uncertainties and to the disclosures under Note 2.2 and Note 19.

My question to the REIT Manager:

- 1. It is important to weigh the likelihood of the remote possibility against more probable explanations or evidence before drawing a conclusion. Ernst & Young appeared to have ignored this. Why did you not expressly object to Ernst & Young's conclusion when they said there is a material uncertainty which may cast significant doubt on the ability of Sabana Reit to continue as a going concern?**

We are committed to transparency, accountability, and are guided by the highest standards of corporate governance. It is important to emphasise that professional opinions expressed by the independent auditors are based on their expertise, independent of any influence from the REIT and are in compliance with relevant regulations and accounting standards.

The Manager values and respects the advice of the professional parties engaged, and under no circumstances is the Manager able to influence the independent auditors' views and opinions.

As the REIT Manager, we have a crucial role in safeguarding the interests of our unitholders. This includes identifying and flagging potential risks relating to the REIT, to ensure that all material information relating to the REIT is disclosed to unitholders. To recap, the Manager has announced on 22 July 2021², 30 November 2021³, 28 February 2022⁴ and 30 June 2023⁵ that the Review Event clause applies across the aforementioned Facility Agreements.

- 2. Do you agree with Ernst & Young that there is currently an existential threat to Sabana REIT when both Ernst & Young and KPMG had never qualified the financial statements?**

As stated in our response to question 1, the Manager values and respects the advice of the professional parties engaged. The opinions expressed by our independent auditors are based on their expertise and professional views, independent of any influence or views from the REIT Manager and are in compliance with relevant regulations and accounting standards.

We have explained above that the Interim Financial Information was prepared on a going concern basis as the Manager believes that the Group will be able to meet its funding requirements to enable continuation of its operations for the next twelve months. It is for the auditors to express their professional opinion in accordance with the relevant regulations and accounting standards.

- Ends -

² "Entry Into Facility Agreement and Disclosure Pursuant to Rule 704(31) of the Listing Manual", 22 July 2021, SGXNet and corporate website

³ "Entry Into Facility Agreement and Disclosure Pursuant to Rule 704(31) of the Listing Manual", 30 November 2021, SGXNet and corporate website

⁴ "Entry Into Facility Agreement and Disclosure Pursuant to Rule 704(31)", 28 February 2022, SGXNet and corporate website

⁵ "Entry Into Facility Agreement and Disclosure Pursuant to Rule 704(31) of the Listing Manual", 30 June 2023, SGXNet and corporate website

Appendix B
Questions by Unitholders with Responses by Trustee

The Manager assumes no responsibility for any of the contents of Appendix B, including the accuracy, completeness or correctness of any of the information, statements or opinions contained in Appendix B.



3 March 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

TRUSTEE'S RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

1. We refer to the Manager's notice of extraordinary general meeting dated 22 February 2024 convening an extraordinary general meeting to be held by way of a physical format at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on Friday, 8 March 2024 at 10.30 a.m (the "**8 March 2024 EGM**").
2. In this regard, the Trustee wishes to provide its responses to substantial and relevant questions received from Unitholders in relation to the Requisitioned Resolutions to be tabled at the 8 March 2024 EGM in connection with the internalisation, to all Unitholders as set out in the Appendix to this letter.
3. For Unitholders' ease of reference and reading, the Trustee had summarised and consolidated certain related and similar questions under relevant topic headings.
4. Reference is made 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, 20 February 2024 and 29 February 2024 (collectively, the "**Trustee's Statements**"), all of which were published via SGXNet. 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.
5. 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 Responses to Substantial and Relevant Questions from Unitholders

These responses should be read together with the Trustee's Statements. For ease of reference, the resolutions passed at the 7 August 2023 EGM and the Requisitioned Resolutions to be tabled at the upcoming 8 March 2024 EGM are respectively set out in Annex I and Annex II to this Appendix.

1. **Given the Trustee's 7 November 2023 statement that "it is, and will remain, neutral and independent of the Manager", why hasn't the Trustee disclosed, to the extent permitted by law, a list of all correspondence, emails, letters, meetings, calls, timing and dates with each owner or beneficiary (and/or their related parties) of the Sabana REIT Manager since 7th August 2023, together with a summary of the matters discussed?**
 - The Trustee is agreeable to provide the disclosures requested by Requisitioned Resolution 9, if passed, provided that appropriate safeguards for Sabana Industrial REIT are put in place, as disclosed in the Trustee's Statement on 20 February 2024.
 - The Trustee has not had any correspondence with the Manager and the owners or beneficiaries of the Manager in respect of the Trustee's plans and progress for the internalisation. The Trustee has only had correspondence with the Manager in respect of business-as-usual matters and has only had correspondence with the Manager and the owners or beneficiaries of the Manager as outlined below.
 - The Trustee has had initial discussions with the Manager and the owners or beneficiaries of the Manager as part of the workstreams to set up the internal manager, including personnel and other functionalities. For example, Resolution 2 passed at the 7 August 2023 EGM mandated the Trustee to "consider the retention of Sabana industrial REIT's existing staff in order to maintain the continuity of Sabana Industrial REIT's operations". No such efforts can be made by the Trustee if there are no conversations with the Manager. For the avoidance of doubt, the Trustee has not had correspondence with the owners or beneficiaries of the Manager solely in their capacity as Unitholders of Sabana Industrial REIT in relation to the internalisation following the 7 August 2023 EGM.
 - No formal offers have been made by the Trustee and a transaction (whether an acquisition of the existing assets (including existing staff) of the Manager or otherwise) may not materialise.
 - Please also refer to the Trustee's responses to Questions 32 and 33 below, in connection with the foregoing.
2. **Why does the Trustee have multiple correspondence with the owner and beneficiary of the Sabana REIT Manager, who voted against the internalization and refused to meet the Sabana Growth Internalization Committee (which wants internalization to succeed)?**
3. **What is the Trustee discussing with the Sponsor of the Sabana REIT Manager?**

4. **Why and how many times has the Trustee communicated with ESR on the Sabana REIT manager and internalisation since the 7 August 2023 EGM where ESR voted against internalisation?**

5. **Why does the Trustee refuse to meet with unitholders who vote for internalization and seek their opinions and has instead communicated multiple times with the owner of the Manager who voted against internalization?**

- The Trustee's fiduciary duty is to act in the interest of all Unitholders, and not only for Quarz, Unitholders who are members of the SGIC and/or the owners of the Manager. All of the Trustee's actions have been taken with this overriding fiduciary duty in mind.
- Please refer to the Trustee's response to Question 1 above on the extent of the Trustee's correspondence with the Manager and the owners or beneficiaries of the Manager since the 7 August 2023 EGM. Please also refer to the Trustee's responses to Questions 32 and 33 below on the Trustee's consideration of the retention of existing staff of the Manager, in connection with the foregoing.
- At no point has the Trustee refused to meet with Unitholders who voted for internalisation. In fact, the Trustee had previously met with Quarz, whom the Trustee understands to be a Requisitionist and a key member of the SGIC.

6. **What is the Trustee's position on whether the manager and its shareholders and related parties are entitled to vote on amendments to the Trust Deed ("Voting Issue") given that they are interested parties and are in a conflict of interest in the vote as the successful passing of the resolution will impact their fee income?**

- The primary issue of whether an extraordinary general meeting is required to approve the currently proposed amendments to the Trust Deed has not yet been resolved and is subject to the originating application filed by the Trustee on 9 January 2024 under Order 32 of the Rules of Court 2021 of Singapore (the "**Order 32 Application**") with the Singapore High Court.
- Accordingly, the Trustee's current view is that it is premature to finalise its view on the Voting Issue or for the Voting Issue to be placed before the Court in the absence of guidance from the Court, including on whether the Trustee is at liberty to convene an extraordinary general meeting ("**EGM**") to consider the proposed Trust Deed amendments.
- At the appropriate juncture, should a further EGM be convened to consider, *amongst others*, the proposed Trust Deed amendments, the circular to Unitholders (taking into account judicial and regulatory guidance as applicable) will state clearly whether any Unitholder is required to abstain in respect of any resolution.
- The Trustee's Statement of 20 February 2024 provides further details of the Trustee's proposed actions in relation to Requisitioned Resolution 10.

7. **Does the Trustee agree that given its position that 1) there is a need to amend the Trust Deed, 2) it does not provide the certification pursuant to Clause 28.2 of the Trust Deed, 3) it**

does not prohibit the Sponsor from voting, (the Sponsor has argued and voted against internalization previously), internalisation will fail?

8. If the Trustee knows its position will result in internalization to fail, why is it wasting unitholders' monies in the process, instead of finding alternatives?

9. The Trustee has initiated so many workstreams to effect internalization. However, some of the fundamental questions whether or not the internalization can succeed or fail have not been answered. Why is the Trustee not addressing these first? Has the Trustee not considered the scenario of what will happen if they do an EGM to amend the Trust Deed at 75% threshold and allow ESR to vote and they vote against? In that scenario, all the workstreams that the Trustee has done will be completely futile and all the monies spent will be for nothing. SGIC has raised some very valid points on this matter. Can the Trustee stop focusing on defending all its efforts on the workstreams and start addressing these questions and possible scenarios before proceeding? If it's bound to fail, why should we continue spending all these monies? Stop sitting on your high horse. If some missteps have been made, just own up, retrace and rework.

- The Trustee strongly disagrees with and refutes any suggestions that the Trustee is against the internalisation or has set the internalisation up to fail.
- The Trustee is diligently progressing the internalisation as directed by Unitholders at the 7 August 2023 EGM and in the interests of all Unitholders. The Requisitioned Resolutions themselves and the time which has been spent in addressing the questions received distract from the Trustee's efforts to progressing the internalisation prudently and efficiently.
- The Trustee must work through the necessary and detailed steps required to implement the internalisation. To do otherwise would not be acting in accordance with the direction of the Unitholders with respect to the internalisation.
- The Trustee must also take into account the law, regulations and its fiduciary duties when considering the questions of proposed amendments to the Trust Deed and certification pursuant to Clause 28.2 of the Trust Deed. Please also see the Trustee's response to Question 6 above on the Voting Issue.
- At the appropriate juncture, should a further EGM be convened to consider, amongst others, the proposed Trust Deed amendments, due process must be followed and all Unitholders who can vote should be allowed to do so as part of the governance process of a REIT. It is not for the Trustee to speculate or pre-empt the outcome of this EGM.
- Please see below further explanation from the Trustee.

The internalisation requires detailed steps

- The resolutions proposed and approved by Unitholders at the 7 August 2023 EGM had the effect of directing the Trustee to implement the internalisation. These resolutions passed at the 7 August 2023 EGM are also worded in general terms, and without the specific steps which the supporting Unitholders had expected to be undertaken to implement the

internalisation. The Trustee has been tasked with implementing the resolutions passed during the 7 August 2023 EGM in the interest of Unitholders.

- In discharging its duty, the Trustee must act within the regulated environment and governance parameters in which the Manager, the Trustee and Sabana Industrial REIT operate.

These steps include the consideration of Trust Deed amendments

- In addition, 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 (requiring the approval of 75% of Unitholders present and voting) and instead the internalisation proposal was approved by ordinary resolution (requiring the approval of 50% of Unitholders present and voting) with the support of 55.60% of Unitholders present and voting at the 7 August 2023 EGM.

Order 32 Application to seek clarity

- 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. As certain Unitholders, including Quarz and certain members of the SGIC, take a contrary position to the Trustee's views on this threshold issue, the Trustee has sought to clarify this issue through its filing of the Order 32 Application for the benefit of all Unitholders. The Trustee will comply with the final determinations issued by the courts of Singapore.

Trustee will not pre-empt the outcome of EGM

- The Trustee has consistently stated that it will convene an extraordinary general meeting when all the material workstreams of the internalisation are ready for Unitholders' consideration, subject to the outcome of the Order 32 Application.
- It is not for the Trustee to speculate or pre-empt how Unitholders may vote at subsequent extraordinary general meetings, on future resolutions or indeed whether Unitholders may acquire or dispose of units in Sabana Industrial REIT following the 7 August 2023 EGM and the effect that may have on the level of Unitholder support for future resolutions proposed.

Fear of outcome is not a valid reason

- If it is established as a matter of law that an EGM is required to approve the proposed Trust Deed amendments:
 - (a) due process must be followed and all Unitholders should be allowed their vote as part of the governance process of a REIT;
 - (b) concerns that resolutions may not be passed because the requisite voting threshold may not be met is not a valid reason to refuse to put matters to a vote

when a vote is required. It is not appropriate to seek to engineer a particular outcome by avoiding a vote entirely (or limiting legitimate rights of parties to participate in it). By analogy, fears of a "hung parliament" is not a reason to avoid calling for an election which is required constitutionally; and

- (c) Unitholders should also consider the scenario that if Unitholders are wrongfully disallowed an opportunity to consider and vote on matters, including for example the proposed Trust Deed amendments, then such Unitholders may take action to enforce their rights which could impact Sabana Industrial REIT negatively.

10. Given that the Trustee insists on its position on how to execute internalization instead of listening to unitholders, will the Trustee pay back all the unitholders' money it spent on the internalization if the process fails? After all, it keeps insisting that its position is correct.

- The Trustee understands that Unitholders are focused on the implementation of the internalisation in the most cost-efficient and quickest manner possible.
- The Trustee has previously highlighted before the 7 August 2023 EGM that as a consequence of passing of the resolutions (which do not provide the Trustee with a complete set of directions which had worked through the necessary legal, regulatory, financial and tax considerations for the internal manager to be set up):

“an internalised management structure that does not currently exist will need to be identified, established and approved by Unitholders. Unitholders should be aware that a considerable amount of time (it is not currently possible to estimate, however it is expected to be at least 12 months and potentially significantly longer) and cost will be required to internalise the REIT management function.”

- The Trustee has also in its Trustee's Statement of 21 July 2023 (i.e. prior to the 7 August 2023 EGM), clearly stated how it intends to respond if the resolutions were passed at the 7 August 2023 EGM and has clearly highlighted to Unitholders that there are risks and uncertainties associated with the implementation of the resolution(s), which should be carefully considered before voting.
- Unitholders made the decision to undertake the internalisation of Sabana Industrial REIT at the 7 August 2023 EGM. The Trustee has therefore been and will continue to operate with the goal of reaching a successful conclusion in the best interest of all Unitholders. Please also refer to the response to Questions 7, 8 and 9 above in respect of the Trustee's implementation of the internalisation given the circumstances which have arisen since the 7 August 2023 EGM.
- In accordance with the provisions of the Trust Deed, the Trustee is bound to give effect to resolutions passed by the Unitholders, and shall be indemnified out of Sabana Industrial REIT's assets in respect of the costs and expenses incurred in doing so.

11. Who is overseeing the Trustee to make sure that it is executing internalization in the best interest of unitholders to make sure it is finished properly and at cheapest cost possible? Or is nobody checking the Trustee and the Trustee also don't want anybody to check that's why they don't want the shareholder committee?

- The Trustee is a professional licensed trustee, fully authorised and regulated under the MAS as a licensed trust company and is subject to various applicable law and regulations.
- The Trustee also has an obligation under law, statute and the Trust Deed to exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of Unitholders.
- In view of these legal and regulatory obligations, it would be inappropriate for the Trustee to be "supervised" by non-licensed, non-regulated persons, such as the proposed Internalization Committee by the Requisitionists.
- Accordingly, if Requisitioned Resolution 3 is passed, the Trustee will have to exercise its independent judgment and act within the scope of its duties and obligations in considering the Internalization Committee's views. This is no different from how the Trustee currently considers the views from all Unitholders.
- Please refer to the Trustee's Statements dated 24 January 2024 and 20 February 2024, for further details on the Trustee's concerns on the proposed Internalization Committee.

12. **Why the Trustee keep talking about 'discretion' when shareholder are the ones paying their fees and they are to execute what shareholders want? Its as if Unitholders want to do A and the Trustee says that unitholders are wrong and want to do B. Usually these service providers should be fired if they do not listen to their client who is paying?**

- The Trustee is at all times acting under Unitholders' directions to implement the internalisation to give effect to resolutions duly passed by Unitholders at the 7 August 2023 EGM. However, the Trustee must do so in a manner which is compliant with applicable legal and regulatory requirements or restrictions.
- The resolutions passed at the 7 August 2023 EGM are worded in general terms, and without the specific steps which supporting Unitholders had expected to be undertaken to implement the internalisation. In fact, Quarz had acknowledged in its earlier statement dated 4 July 2023 that "*it is for the Sabana Trustee to consider the best approach and necessary steps to take to carry out the internalization process*".
- As such, the Trustee must consider the necessary and detailed steps to achieve the internalisation within the parameters set by Unitholders in the resolutions passed at the 7 August 2023 EGM and in accordance with its duties to safeguard the interests of all Unitholders (and not only those of Quarz, Unitholders who are members of the SGIC and/or the owners of the Manager). The reference to "discretion" should be considered in this context.
- With respect to the proposed Trust Deed amendments, the Trustee has already considered and come to its view that it would not be appropriate for it to exercise its certification discretion, as explained in the Trustee's Statement dated 9 January 2024.

- The Trustee acknowledges that certain Unitholders currently disagree with the Trustee's execution of the internalisation. If the Trustee arrives at a view that it is not able to properly implement the Requisitioned Resolutions pertaining to the 8 March 2024 EGM if passed, it may need to consider further options in the interest of moving forward, including inviting Unitholders to appoint a replacement trustee, as mentioned in the Trustee's Statement dated 29 February 2024.
13. **Can the Trustee give a clear breakdown of the S\$3.2 million spent on the internalisation process in 2H 2023 – how much is paid to each adviser and for what purpose?**
 14. **How much has the Trustee charged unitholders' for its own services in doing the internalization process?**
 15. **Who is the party agreeing to these charges by the Trustee, is the Trustee 'ownself determine ownself's pay' using unitholders' monies? Who agree to this arrangement?**
 16. **For transparency and accountability, how much fees has the Trustee charged to unitholders' for its role in the internalization process till date?**
 - The Trustee's fees as set out in the Trust Deed have not changed as a result of the internalisation process. The Trustee has applied a cost recovery for its role in the internalisation process.
 - All details of the financials pertaining to Sabana Industrial REIT (including fees incurred in respect of the internalisation) are disclosed in its regular financial disclosures via SGXNet. Please refer to these announcements / reports for the relevant information which has been published in accordance with applicable reporting requirements.
 17. **Did the Trustee do an open tender process to invite as many potential parties and provide as much information and time needed for these parties to tender to become the advisor/service provider and cost the lowest qualified bid to save cost for unitholders? Or did the Trustee just select the parties it has business relationship with to become the advisor/service provider paid by unitholders' monies?**
 18. **Who is overseeing the process to ensure that the Trustee chose the qualified service provider/advisors with as less cost as possible?**
 19. **Can the Trustee show unitholders that it is clearly stated in the contracts with the service providers/advisors that they are to act to the best benefit of unitholders and do everything to ensure the success of internalization, or are these service providers/advisors paid by unitholders but contracted to act for the Trustee?**
 20. **Are the advisors that the Trustee selected remunerated based on the success of internalization or based on the amount of time spent? Is it negligence on the Trustee's end that it did not act in the best interest of unitholders and incorporate the success of internalization as a key criteria to the fees payable to the advisors? This is as most advisors has a key component of their fees based on success of the project.**

21. Why does the Trustee seem to spend an unnecessary amount of unitholders' monies to have the advisors such as lawyers 'deal' with unitholders who voted for internalization instead of taking more amicable solutions to work together towards internalization? The Trustee should bear in mind that all the monies they are spending are unitholders' monies and they should be held accountable for every cent!

- The Trustee had reached out to several professional parties as part of a comprehensive search process to appoint its advisers. This is in accordance with the Trustee's usual practice and has taken into consideration the respective advisers' track record, expertise, familiarity with the regulatory regime and knowledge of the Singapore REITs industry, and associated fees, amongst other things.
- This was a competitive process, and the advisers were selected on merit and in accordance with the Trustee's usual governance processes for service provider selection.
- These appointments were made by the Trustee in its capacity as trustee of Sabana Industrial REIT and not in its own personal capacity, and acting in the best interest of Unitholders. All the professional engagements are for the purposes of implementing internalisation and not for the Trustee's own personal benefit. Professional opinions expressed by the professional advisers are based on their expertise, independent of any influence from the Trustee. The Trustee will continue to work with these service providers to progress the internalisation in a well-considered manner.
- The Trustee has no objections to providing monthly updates to Unitholders, including without limitation, the costs incurred for advisors, consultants etc., if Requisitioned Resolution 2 is passed.

22. In Rajah and Tan's contract, is it stated in the contract they are working for the Trustee? So they are serving the interest of the Trustee while unitholders are the one paying for Rajah and Tan?

23. Is the Trustee using advisors such as Rajah and Tan which are paid by unitholders' monies to answer questions from unitholders? This should not be the case as the Trustee is already paid by unitholders' to do its job which includes answering unitholders' queries. Please confirm that if Rajah and Tan is helping to answer the questions, this should be paid by the Trustee.

- The Trustee has appointed, in its capacity as trustee of Sabana Industrial REIT and for the purposes of the implementation of the internalisation, Messrs Rajah & Tann Singapore LLP ("**Rajah & Tann**") as legal advisers.
- The Trustee (in its capacity as trustee of Sabana Industrial REIT and not in its own personal capacity) has sought legal advice from Rajah & Tann as appropriate, including where Unitholder queries relate to Sabana Industrial REIT and/or the internalisation.
- The Trustee may be reimbursed out of trust assets, for fees and expenses of legal advisers employed by the Trustee in the performance of its obligations to give effect to resolutions

duly passed by Unitholders in the implementation of the internalisation, in accordance with the Trust Deed.

- Rajah & Tann has not been engaged to advise the Trustee in its personal capacity.

24. In Singapore, projects have timelines and budget but the Trustee is unable to give one, as if the project has undefined timeline (stating that it can take at least 12 months and could be longer is not acceptable and show irresponsible and no accountability) Given the slow progress, why is the Trustee still wasting unitholders monies instead of passing the project to other people who can do it faster like SGIC and the committee?

25. What is the Trustee's timeline and budget to complete the internalisation process? The Trustee's repeated statement that 'it takes at least 12 months and potentially significantly longer' is NOT A TIMELINE but rather shows repeatedly that the Trustee has no clue what it is doing??

- The Trustee's Work Plan (as shared in the Trustee's Statements) is indicative and subject to ongoing review and change because many of the internalisation workstreams are not straightforward and are inter-connected, interdependent and at times subject to dependencies (including on other parties) beyond the control of the Trustee. In light of this, the Trustee is not in a position to commit to a specific implementation timeline and doing so would risk potentially misleading Unitholders. For example, please refer to our response to Questions 32 and 33 below which discusses the hiring of staff for the new internal manager.
- The Trustee strongly disagrees with and rejects any suggestions that it has lacked transparency, clarity and progress throughout the internalisation process. Since being tasked with internalising the Manager, the Trustee has shared its views and updates on the progress on the steps required to move the process forward via SGXNet as and when material developments have emerged.

26. Besides Sabana REIT, HSBC Institutional Trust is also the Trustee for other ESR managed REITs such as Suntec REIT, Fortune REIT and Prosperity REIT. Please state clearly what other business relations and how much of annual fees does HSBC Institutional Trust have and receive per year in 2021, 2022 and 2023) from ESR managed REITs, funds, vehicles etc?

27. In the interest of transparency, please also state all the businesses that the parent of HSBC Institutional Trust, HSBC, has with ESR and the amount of fees HSBC has received from ESR?

- HSBC Institutional Trust Services (Singapore) Limited provides trustee services to a number of REITs in Singapore, including Sabana Industrial REIT. This is customary for other professional trustees in the Singapore REIT market.
- The Trustee's role as trustee to other REITs in Singapore (and the fees received for such roles) has no relation to, or impact on, the discharge of its duties as Trustee to Sabana Industrial REIT. This includes the execution of the internalisation process following the 7 August 2023 EGM.

- The Trustee, in its capacity as trustee of Sabana Industrial REIT, acts solely in the best interest of all Sabana Industrial REIT Unitholders, in line with its regulatory and fiduciary duties. The Trustee, in its capacity as trustee of Sabana Industrial REIT, is not influenced by the fees received for engagements with other REITs and disagrees with any suggestion otherwise.
- 28. Why is the Trustee spending unitholders' monies to defend its position in court which would result in the failure of internalization and would the total wastage of all unitholders' monies which the Trustee has spent on internalization? Shouldn't all these legal and court fees be paid by the Trustee instead as it is to defend the Trustee's position?**
- 29. Unitholders have given clear direction on 7 Aug 2023 to the Trustee to execute internalization successfully. If the Trustee does not want to follow unitholders' direction and go to Court, isn't it very clear that the Trustee should pay for its own legal and Court fees instead of making unitholders pay (as this is due to the Trustee not wanting to follow unitholders' direction)?**
- 30. When the Trustee refuses to execute on unitholders' direction and decide to seek direction from the court instead, why should unitholders be made to pay for these legal fees? Unless the direction is in breach of any law, why is the Trustee not executing it? If the court is in agreement with unitholders instead of the Trustee, will the Trustee bear the legal costs themselves instead of passing these fees to unitholders? After all, it is the Trustee's choice not to follow unitholders' direction.**
- The Order 32 Application has been made in the interest of clarity and to seek guidance from the Singapore High Court on threshold legal issues relating to the proposed Trust Deed amendments, as certain Unitholders, including Quarz and certain members of the SGIC, take a contrary position to the Trustee's views on these issues.
 - The Trustee is of the view that the internalisation will require Trust Deed amendments. Taking into account the wide-ranging nature of the proposed Trust Deed amendments, 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' consideration and approval by way of an extraordinary resolution (i.e., requiring the approval of 75% of Unitholders present and voting).
 - In addition, no clear direction was given at the 7 August 2023 EGM on the issue of the proposed Trust Deed amendments. Quarz, being the requisitioner for the 7 August 2023 EGM, did not propose this as an issue to be considered at the time. Accordingly, this now remains to be dealt with as part of the implementation (rather than initial approval) stage of the internalisation.
 - As the Order 32 Application is being filed by the Trustee to take directions on and resolve disagreements over a key threshold legal issue for purposes of the implementation of the internalisation, the Trustee may be indemnified out of trust assets for costs incurred in connection with the Order 32 Application, in accordance with the Trust Deed.

- Please also refer to our response to Questions 7, 8 and 9 above.

31. As unitholders are the ones paying for the documents generated by FTI, KPMG and other advisors, in the interest of transparency and accountability, can the Trustee provide all the documents to be viewed by unitholders of Sabana REIT as these documents are absolutely critical for unitholders to understand how the Trustee decide on its implementation of the internalization process?

- As mentioned in the responses above, the Trustee expects to convene a subsequent EGM, when all the material workstreams of the internalisations are ready for Unitholders' consideration. The circular that will be issued to Unitholders at this time will contain all material information relevant for the Unitholders' decision-making on a well-considered and diligently developed proposal, including the approach and substance of the analysis undertaken by various advisers.

32. The Trustee keeps arguing that the direction given by unitholders' is unclear. The Trustee could have easily checked, discussed, and sought clarity from unitholders who have voted for internalization through simple meetings. Why does the Trustee refuse to meet with unitholders who vote for internalization and seek their opinions and has instead communicated multiple times with the owner of the Manager who voted against internalization?

33. Why does the Trustee say resolution 1 is contradicting the earlier EGM? Unitholders specifically direct the Trustee to consider retaining the staff who will lose their jobs once the current manager is removed. That doesn't mean buying over their employment contracts. Does the Trustee think these staff are football players in the Premier League? If they are not willing to take up the job offers, we believe there are plenty other highly qualified people in Singapore who can fill the roles.

- Contrary to suggestions that the Trustee has not "sought clarity", the Trustee has requested for clarifications on the Requisitioned Resolutions and how they can be reconciled with the resolutions passed at the 7 August 2023 EGM. Copies of these multiple correspondences with the Requisitionists have been published on SGXNET and are appended to the circular to Unitholders dated 22 February 2024 issued by the Manager.
- Many of the Trustee's concerns on the Requisitioned Resolutions remain unaddressed despite the Requisitionists' responses. The latest Work Plan published by the Trustee on SGXNET on 29 February 2024 shows the potential impact of the Requisitioned Resolutions, if passed, on workstreams that are currently underway. Further details on the Trustee's views may be found in the Trustee's Statement dated 20 February 2024.
- In addition and as mentioned above, at no point has the Trustee refused to meet with Unitholders who voted for internalisation. In fact, the Trustee had previously met with Quarz, whom the Trustee understands to be a Requisitionist and a key member of the SGIC.
- Specifically on the acquisition of existing assets (including existing staff), the Trustee has previously and consistently stated its views that the resolutions passed at the 7 August

2023 EGM do not restrict or prevent the Trustee from acquiring the existing assets (including existing staff) of the Manager and, in fact, expressly contemplate it. For example, Resolution 2 passed at the 7 August 2023 EGM mandated the Trustee to “consider the retention of Sabana industrial REIT’s existing staff in order to maintain the continuity of Sabana Industrial REIT’s operations”.

- These existing staff members remain employees of the interim Manager and not of the Trustee or Sabana Industrial REIT. The Trustee has no visibility on or control over whether and when the existing staff’s employment will be terminated and cannot assume that their employment will be terminated by their employer once the interim Manager is removed. With this in mind, the acquisition of certain existing employees has been considered by the Trustee to continue progressing the internalisation process in a timely and prudent manner. In some cases, the acquisition of certain employees is even beneficial to other workstreams beyond just staffing considerations, including the submission of various licensing applications. Accordingly, in the current circumstances, the consideration of any “retention” of existing staff necessarily entails the transfer of their employment to the new internal manager.
- In the event that the transfer of the existing staff to the new internal manager is not viable for any reason (including in the event that Requisitioned Resolution 1 is passed at the upcoming 8 March 2024 EGM), the Trustee will consider other options to establish a functional internal manager. There is however no assurance that such other options may be viable or may materialise.

34. It also seems pretty clear on the 10million limit to acquire the shares of the manager. The phrasing is to reject any offer below. So if the Trustee doesn’t receive any offer within the one month, it seems quite straightforward that there is nothing for the Trustee to ‘explore the feasibility of the acquisition of shares of the existing Manager’. Why is the Trustee making things so complicated? We hope the Trustee can stop wasting unitholders’ monies and seek clarity from unitholders/requisitionists before making its own interpretation if it is not clear on the direction.

- The Trustee’s proposed actions on Requisitioned Resolution 1, if passed, took into account multiple rounds of clarifications and exchanges with the Requisitionists. The Trustee disagrees with suggestions that the Trustee did not “seek clarity from unitholders/requisitionists” and “[made] its own interpretation”.
- The Trustee has previously explained that the resolutions passed at the 7 August 2023 EGM do not allow a “lift and shift” of the Manager in its entirety into the Sabana Industrial REIT structure as the new internal manager, through the acquisition of the shares of the Manager. Quite the opposite, the resolutions directed the removal of the Manager and that a new subsidiary be set up as the internalised manager. On this basis, the Trustee has progressed through the various workstreams of the internalisation process and has, therefore, not set out to contemplate the acquisition of the shares of the Manager. Please also refer to the Trustee’s Statement dated 20 February 2024, which outlines the Trustee’s position and analysis of the issues surrounding Requisitioned Resolution 1.

- The Requisitionists have only in response to the Trustee's clarifications specifically amended Requisitioned Resolution 1 (to be tabled at the 8 March 2024 EGM) to contemplate an acquisition of the "fully functioning [Manager]" at a price not exceeding S\$10 million.
- Given the Requisitionists' clear intention to consider an acquisition of the shares of the Manager on the basis set out in Requisitioned Resolution 1, if this resolution is passed, the Trustee will engage with regulators to resolve regulatory concerns and consider the feasibility of the same.

35. The latest update from the Trustee on 29 Feb is not helpful at all. Why is the Trustee taking such an aggressive stance towards unitholders who just want to make the internalization a success? Why is the Trustee not working together with these unitholders and instead treating them as if they are enemies at unitholders' expense? We are not asking the Trustee to take sides, but at least be more engaging and cooperative. After all these are the same unitholders who got the internalization voted through. If you look at the breakdown, only ESR voted against internalization, for what seems to be pretty obvious reasons. That means the rest of unitholders voted FOR internalization. Can the Trustee start working collaboratively with pro-internalization unitholders on how to best implement this?

- The Trustee has maintained an open, transparent and collaborative position with all Unitholders with impartiality since being tasked to implement the resolutions passed on 7 August 2023.
- Notwithstanding the Trustee's views that the Requisitioned Resolutions may be counter-productive to the overall implementation of the internalisation, the Trustee has used its best efforts to state in clear terms what the Trustee's proposed actions in respect of each Requisitioned Resolution will be, if passed, to facilitate Unitholders' consideration of the same.
- The Trustee would like to stress that it is a fiduciary bound to uphold the interests of all Unitholders. Accordingly, the Trustee has taken every step to remain independent of any one group of Unitholders regardless of their position or opinions on the internalisation process, including, amongst others, those of Quarz, the SGIC or ESR.
- The Trustee appreciates the differing views held by various Unitholders as to the best way forward for Sabana Industrial REIT. This is why the Trustee has established an avenue to resolve conflicting views on key issues of the internalisation process through its Order 32 Application.
- 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.

ANNEX I

Resolutions passed at 7 August 2023 EGM

RESOLUTION 1: That Sabana Real Estate Investment Management Pte. Ltd. be removed as the manager of Sabana Industrial REIT as soon as practicable after this resolution is passed; and

RESOLUTION 2: That HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the “Trustee”) be directed to:

- (a) effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT (the “Internal Manager”);
- (b) hire and appoint qualified candidates as directors and staff of the Internal Manager in accordance with the applicable requirements of the Securities and Futures Act 2001 of Singapore;
- (c) consider the retention of Sabana industrial REIT’s existing staff in order to maintain the continuity of Sabana Industrial REIT’s operations;
- (d) amend the provisions of the trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time) (the “Trust Deed”) such that each director of the Internal Manager may be appointed and/or removed by a simple majority of Unitholders;
- (e) amend the provisions of the Trust Deed such that each director of the Internal Manager must be endorsed or re-endorsed by Unitholders at every third annual general meeting of Sabana Industrial REIT; and
- (f) amend the provisions of the Trust Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of Unitholders.

ANNEX II

Requisitioned Resolutions to be Tabled at the 8 March 2024 EGM

RESOLUTION 1: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be put on notice that unitholders reject: (1) any proposal to acquire the existing REIT Manager (fully functioning REIT Manager with the necessary licenses, personnel, assets and an undertaking from the direct and indirect owners to fully support internalisation) directly or indirectly for a maximum all-in offer price exceeding S\$10,000,000 and any such transaction post one month of this resolution, and (2) any proposal to acquire any assets (including the employment contracts) of the existing Manager at any price.

RESOLUTION 2: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to provide all unitholders of Sabana Industrial REIT with a written update on the internalisation process every month, including without limitation, the costs incurred for advisors, consultants etc.

RESOLUTION 3: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed, within two weeks of this resolution, to form a committee (“Internalisation Committee”) consisting of Mr. Imran Chng Pia Ser, Mr Lim Hock Chuan, Mr. Havard Chi Cher Pan, Mr. Low Chin Yee, Mr. Jan Frederic Moermann and Mr. Saha Anshuman Manabendranath, and the Internalisation Committee, in their capacity as the authorised representative of all unitholders, shall be consulted by the Trustee and supervise the implementation of internalisation.

RESOLUTION 4: That should the Trustee convene an extraordinary general meeting regarding any proposed amendments to the trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time) (the “Trust Deed”), the Trustee be directed to state, with respect to each proposed amendment (and any consequential amendments required) to the Trust Deed (if any): (a) whether each such proposed amendment (and any consequential amendments required) are strictly necessary to effect internalisation; and (b) the Trustee’s opinion, and reasons for such opinion, on whether, each such proposed amendment (and any consequential amendments required) necessary to effect internalisation may adversely affect the interests of the Manager and its sponsor[s], whether directly or indirectly, given that internalisation would affect the fee income of the Manager and its sponsor[s].

RESOLUTION 5: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to consider and confirm whether any proposed amendments to the Trust Deed (if any amendment is required at all) to effect internalisation of the REIT management function, “does not materially prejudice the interests of the Holders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Holders” according to Clause 28.2.1 of the Trust Deed, and if not, to provide the basis and reasons for coming to such conclusion.

RESOLUTION 6: That the Trustee be directed to ensure that it and its advisors undertake their best endeavours to (1) implement the internalisation process without any amendments to the Trust Deed; (2) ensure that any proposed amendments to the Trust Deed are absolutely necessary to effect internalisation; (3) seek any necessary waivers from the regulators to implement internalisation; and (4) if any amendments to the Trust Deed referred to in Resolution 5 do not materially prejudice the interests of the Holders and do not operate to release to any material extent the Trustee or the Manager from any responsibility to the Holders, the Trustee be directed to provide such certification referred to in Clause 28.2.1 of the Trust Deed.

RESOLUTION 7: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to incorporate the governance rights which enable unitholders to appoint, vote in, remove and re-elect directors in the constitution of the internal manager to be set up and no amendment to the Trust Deed is required.

RESOLUTION 8: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to incorporate unitholder's right to approve any change of control in the internal manager in the management agreement with the internal manager and no amendment to the Trust Deed is required.

RESOLUTION 9: That in view that the Trustee has indicated in its statement of 7 November 2023 that "it is and will remain, neutral and independent of the Manager", the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to disclose, to the extent permitted by law, a list of all correspondence, emails, letters, meetings, calls, timing and dates with each owner or beneficiary (and/or their related parties) of the Sabana REIT Manager (if any) since 7 August 2023, together with a summary of the matters discussed.

RESOLUTION 10: That if the Trust Deed is proposed to be amended in connection with the internalisation, the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to immediately seek written confirmation, guidance and/or directions from the MAS, the SGX-ST and the High Court of Singapore in the Trustee's ongoing application in HC/OA 19/2024 on (a) whether the Manager and its shareholders and related parties are in a conflict of interest situation where such resolution to amend the Trust Deed, if passed, will impact their fee income from the existing Manager; and (b) whether they ought to be permitted to vote in relation to any such resolution to amend the Trust Deed for the aforesaid or any other reason.