

**SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST**

(a real estate investment trust constituted on 29 October 2010  
under the laws of the Republic of Singapore (as amended)  
Managed by Sabana Real Estate Investment Management Pte. Ltd.)  
(Company Registration No. 201005493K)

**QUESTIONS / COMMENTS RAISED AT THE ANNUAL GENERAL MEETING HELD ON 23 APRIL 2024**

<b>Comment/ Question 1</b> Unitholder No. 1	:	In response to the presentation, Unitholder No. 1 disagreed that internalisation was the reason for the high staff attrition. He opined that it was due to the current economic situation resulting in a national shortage of labour and the increasing preference of people to work from home.
<b>Response 1</b> CEO (Mr Donald Han)	:	CEO acknowledged the industry's high staff turnover rate, noting the acceleration of staff attrition after the requisition of EGM in June 2023. Management's priority currently was to ensure a sustainable career path for staff to enhance retention efforts.
<b>Comment/ Question 2</b> Unitholder No. 1	:	Unitholder No. 1 asked if the 1 Tuas Avenue 4 has been awarded with Green Mark Certification.
<b>Response 2</b> CEO (Mr Donald Han)	:	CEO confirmed that 1 Tuas Avenue 4 was awarded the BCA Green Mark Super Low Energy Certification in April 2024.
<b>Comment/ Question 3</b> Unitholder No. 1	:	Unitholder No. 1 asked on the possibility of attracting AI data centre tenants to earn higher rental income.
<b>Response 3</b> CEO (Mr Donald Han)	:	CEO explained that the REIT is open to tenants with different requirements.
<b>Comments/ Question 4</b> Unitholder No. 1	:	Unitholder No. 1 inquired whether the partnership with Keppel EaaS for the installation of solar panels at the REIT's selected assets was a build-operate-transfer contract.
<b>Response 4</b> HRE (Ms Jessica Yap)	:	HRE clarified that the REIT had entered into a Power Purchase Agreement with Keppel EaaS. Capital expenditure and maintenance costs of the solar panels would be borne by Keppel EaaS. Tenants would pay the REIT for the consumption of the energy while the REIT would pay a lower solar tariff on the energy generated from the solar panels to Keppel EaaS. At the end of the lease period of the solar panels, the legal ownership of the solar panels would be transferred to the REIT for a nominal fee.
<b>Comments/ Question 5</b> Unitholder No. 2	:	Unitholder No. 2 inquired on the solvency of tenant Kleio One-Solution Pte. Ltd. and the reason that it took more than one year for the REIT to repossess 33 & 35 Penjuru Lane.
<b>Response 5</b> CEO (Mr Donald Han)	:	CEO opined that the tenant appeared solvent as it had moved its operations to a different location and was still appealing against the judgements by the Singapore High Court. The Manager had announced in November 2023 that it took legal action against the tenant as the tenant was starting to show increased debt delinquency particularly in the recent few months prior to November 2023 when the landlord exhausted all means for debt collection efforts. CEO added that the REIT is pursuing legal proceedings to claim circa S\$4 million from the tenant.

# SABANA INDUSTRIAL REIT

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore (as amended)  
Managed by Sabana Real Estate Investment Management Pte. Ltd.)  
(Company Registration No. 201005493K))

## QUESTIONS / COMMENTS RAISED AT THE ANNUAL GENERAL MEETING HELD ON 23 APRIL 2024

		Aside from this tenant, the REIT does not have rental collection problems with other tenants.
<b>Comments/ Question 6</b> Unitholder No. 2	:	Unitholder No. 2 inquired on the progress of approvals from the authorities for the Proposed New Tech Park Phase 3 AEI and if approval for the budget has been sought. He also asked if the team is confident with this new project and whether budget has been prepared for this new development. He hoped that internalisation process would not affect the future projects as planned.
<b>Response 6</b> CEO (Mr Donald Han)	:	In response to Question No. 6, CEO explained that the project was still 'work in progress' and was dependent on URA's urban plans for the area. CEO added that the gearing of REIT is considered low and approval for the budget would be sought only after the necessary approvals has been obtained from the Relevant Authorities.
<b>Comment/ Question 7</b> Unitholder No. 3	:	Unitholder No. 3 pointed out that even prior to internalisation, the attrition rates were notably high at 53% and 61% according to the 2021 and 2022 Annual Reports respectively. In fact, the 2023 Annual Report showed an improved attrition rate of 40% (Post Meeting Note: 2021, 2022 and 2023 Annual Reports stated turnover rates of 52.8%, 61.3% and 42.9% respectively). He suggested that the Manager could address the challenge of the high attrition by offering higher salaries or incentives.
<b>Response 7</b> CEO (Mr Donald Han)	:	In response to Question 7, CEO explained that the REIT had taken steps to reward the employees. However, based on exit interviews with the employees who had resigned, it was understood that the reason for leaving was mainly due to the uncertainty of the future of the REIT and internalisation.
<b>Question 8</b> Unitholder No. 3	:	Unitholder No. 3 inquired on the expected date of receipt of the Temporary Occupation Permit ("TOP") and plans to source for tenancy and rental income expected to be generated for Sabana@1 Tuas Avenue 4 ("Sabana@1TA4").
<b>Response to Question 8</b> CEO (Mr Donald Han)	:	In response to Question 8, CEO informed that Sabana@1TA4's TOP will be circa June 2024 as announced during the Interim Business Update. Depending on factors like tenant type and lease duration, in some cases especially where tenants put in a lot of capital expenditure under a longer lease, the Manager anticipated having to offer longer fitting out period. Due to the strategic location near a MRT station, CEO was optimistic that Sabana@1TA4 would generate stable rental income. CEO also wanted to manage unitholders' expectation that the effective contribution from Sabana@1TA4 could possibly only be in 2025 on a full year basis.  Management remains committed in securing quality tenants and ensuring punctual rental payment.
<b>Question 9</b> Unitholder No. 3	:	Unitholder No. 3 inquired about the number of late rent payments that constituted the S\$4 million claim and whether it included the deposit, and whether it would contribute to the DPU after the REIT receives the payment of the claim.
<b>Response to Question 9</b> CEO & CFO (Mr Donald Han & Mr Lim Wei Huang)	:	In response to Question 9, the CEO said that the S\$4 million encompassed the actual rental owed to date, penalties for late payment of rent and adjustments to the rental rate resulting from non-payment of rent. CFO explained that the claim amount was not included into the calculation of FY2023 DPU as the necessary impairment provision for its FY2023 rental owing had been made. Once the REIT received the claim amount, it would then contribute to the DPU.

# SABANA INDUSTRIAL REIT

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore (as amended)  
Managed by Sabana Real Estate Investment Management Pte. Ltd.)  
(Company Registration No. 201005493K)

## QUESTIONS / COMMENTS RAISED AT THE ANNUAL GENERAL MEETING HELD ON 23 APRIL 2024

<b>Question 10</b> Unitholder No. 4	:	Unitholder No. 4 commented that he appreciates the effort contributed by the Management. He inquired on the reason for the positive rental reversion for FY2023, but a decrease in the fair value of investment properties in reference to page 124 of the Annual Report and the factors affecting the valuation.
<b>Response to Question 10</b> CFO (Mr Lim Wei Huang)	:	In response to Question No. 10, the CFO explained that the decline in fair value of investment of properties was attributed mainly to the inherent decaying tenure of the leasehold properties. The decline was however mitigated by the capital expenditure on asset enhancement initiatives, rejuvenation and M&E upgrades during the year. He noted that the capitalisation rate used by valuers had been stable for the past one to two years and was of the view that that such rate did not affect the fair value significantly. In addition, the positive rental reversion helped offset the decrease in fair value.
<b>Question 11</b> Unitholder No. 4	:	Unitholder No. 4 asked about the best course of action for properties that has less than 10 years remaining on their lease, seeking opinion on whether selling off the property would be advisable.
<b>Response to Question 11</b> CEO (Mr Donald Han)	:	While CEO agreed that it makes sense selling off properties with less than 10 years of lease period, he clarified that it posed a challenge due to the lack of interested buyers, citing 34 Penjuru Lane as an example. Other industrial SREITs also have problems selling shorter tenure leasehold assets.
<b>Question 12</b> Unitholder No. 4	:	Unitholder No. 4 inquired about the anticipated rental income from Sabana@1TA4 and its expected rental commencement date.
<b>Response to Question 12</b> CEO (Mr Donald Han)	:	In response to Question 12, the CEO mentioned that information regarding the average rental price in the area could be found online. While Management was eager to lease the property promptly, CEO emphasised the importance of securing favourable rental rate and ensuring that potential tenants possess strong credentials in the best interest of the REIT.
<b>Question 13</b> Unitholder No. 1	:	Unitholder No. 1 asked when would the rental income expected to commence for Sabana@1TA4 and whether it would be single or multi-tenanted.
<b>Response to Question 13</b> CEO (Mr Donald Han)	:	In response to Question 13, the CEO said that rental income was expected to commence in 2025 and that it would likely be multi-tenanted asset based on prospective tenants' interest.
<b>Question 14</b> Unitholder No. 3	:	Unitholder No. 3 asked whether Management had plans to seek Jurong Town Council's ("JTC") approval for the extension of lease period of 34 Penjuru Lane.
<b>Response to Question 14</b> CEO (Mr Donald Han)	:	In response to Question 14, the CEO explained that JTC would normally consider discussions only when there was one or two years left on the remaining lease, as per industry standard.
<b>Question 15</b> Unitholder No. 5	:	Unitholder No. 5 commented that it was an understatement to say that it was a very difficult year for the REIT. She added that the Board, Management and staff had worked very hard when morale was understandably very low. She added that it would not be easy to hire replacements and cited the example that even if she were to be offered a job at a company, she would want the firm to have more

# SABANA INDUSTRIAL REIT

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore (as amended)  
Managed by Sabana Real Estate Investment Management Pte. Ltd.)  
(Company Registration No. 201005493K)

## QUESTIONS / COMMENTS RAISED AT THE ANNUAL GENERAL MEETING HELD ON 23 APRIL 2024

		<p>certainty. She extended her appreciation to the Sabana team for delivering the results for last year.</p> <p>She proceeded to inquire about the impact on profit and loss and DPU as the lease for 34 Penjuru Lane approaches its expiry and value of the property should drop after accounting for rental income offsetting the interest expenses and all associated costs for the property.</p>
<b>Response to Question 15</b> CFO (Mr Lim Wei Huang)	:	<p>In response to Question 15, the CFO explained that as long as the property remained tenanted until the expiry of the lease and rent payments were made up till the end of the lease, there should not be any impact on the cashflow. However, once the property lease expires, it will cease to contribute to the DPU.</p>
<b>Question 16</b> Unitholder No. 5	:	<p>Unitholder No. 5 asked regarding the percentage of borrowings on fixed rates had dropped from 76% to 52% and last year the interest rate difference was only 0.03%.</p> <p>She commented that in the 2023 Annual Report showed that the interest expenses was \$12.3 million in 2023 versus was \$11 million in 2022 and enquired about the higher interest rate in 2023.</p>
<b>Response to Question 16</b> CFO (Mr Lim Wei Huang)	:	<p>In response to Question 16, the CFO explained that the Manager had computed the percentage based on the average for the past 12 months. CFO added that proportion of total borrowings on fixed rates had decreased due to operational constraints amid the internalisation process. The Manager will continue to monitor the interest rate closely.</p>