



## **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**

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#### **RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS**

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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 23 July 2024, 5.00 p.m. in advance of the Extraordinary General Meeting (“**EGM**”) to be held by way of a physical format at NTUC Centre, 1 Marina Boulevard, Level 8 Training Room 801, Singapore 018989 on Tuesday, 6 August 2024 at 5.00 p.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  
1 August 2024

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**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](http://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](http://www.sabana-reit.com.sg).

**Appendix A**  
**Questions by Unitholders with Responses by Manager**

**Question 1: The Sabana Manager has openly admitted in its 1Q2024 presentation that close to 40percent of its previous positions are vacant. given this, shouldn't the Trustee substantially reduce the management fees paid to the Manager as the Manager is providing its full suite of service due to only 60percent of its manpower being staffed? An example is that we pay the fees to hire 5 consultants but only 1 consultant turn up. the fees paid will be sharply reduced.**

- The management fee payable to the Manager is pursuant to the Trust Deed constituting Sabana REIT for the Manager's overall management of the REIT and its business. The management fee is based on fixed rates, regardless of the Manager's headcount.
- The Manager had reported in the REIT's interim business update for the period from 1 January 2024 to 31 March 2024 ("**1Q 2024 Interim Business Update**") that total resignation rate since 7 June 2023 (being the date of receipt of the 2023 Requisition Notice<sup>1</sup>) to 15 April 2024 was 47.6%. The high resignation rate has arisen due to the uncertainties of the internalisation of the REIT management function of Sabana Industrial REIT (the "**Internalisation**") and the future of Sabana REIT and is beyond the control of the Manager.
- Despite the high resignation rate, the Manager continued to step up with existing resources to provide services and support to the REIT and to manage the REIT's business with minimum disruption at all times. Concurrently, the Manager has been proactively hiring and onboarding new employees to fill these vacancies. As at 30 July 2024, the Manager has hired replacements for most of these positions.
- Notwithstanding the manpower challenges, the REIT has continued to achieve consistent positive rental reversions for 14 consecutive quarters for the period from 1Q 2021 to 2Q 2024. Equally significant, the REIT achieved one of its highest positive rental reversions of 23.7% in 1Q 2024. The REIT's proactive leasing strategy, higher rentals and asset enhancement initiatives have helped to improve portfolio valuation to \$914.5 million as at 30 June 2024.

**Question 2: With the court decision, does it mean that the Trustee and the Manager mistakenly allowed ESR to vote in the internalisation resolution on 7 August 2023 and also mistakenly allowed Vibrant to vote in the internalisation resolution on April 2017?**

- The decisions of the General Division of the High Court in HC/OA 19/2024 and the Appellate Division of the High Court in AD/CA 37/2024 concern the question of whether ESR Group Limited, e-Shang Jupiter Cayman Limited and e-Shang Infinity Cayman Limited are prohibited from voting on the proposed Trust Deed amendments which are necessary to effect Internalisation. The General Division of the High Court and the Appellate Division of the High Court have not made any ruling on the right of any party to vote on the resolutions considered at the extraordinary general meeting held on 7 August 2023 and/or the extraordinary general meeting held on 28 April 2017.
- Please also refer to the Trustee's response to Question 1 in Appendix B below.

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<sup>1</sup> "**2023 Requisition Notice**" refers to the requisition notice from Quarz Capital ASIA (Singapore) Pte. Ltd. dated 7 June 2023 requesting the Manager to convene an extraordinary general meeting of Sabana Industrial REIT ("**EGM**") to remove the Manager as manager of Sabana Industrial REIT and internalise the REIT management function.

**Question 3: The manager's performance is very weak, is the Trustee ensuring that the manager is operating properly or is the manager trying to make maximum profit by using the excuse of internalisation not to hire people?**

**Question 4: I find that the manager's excuse that it cannot hire people because of internalisation is very weak, is it because the manager is not paying employee's salary so that they are leaving and no people are joining to make more profit the management fees?**

**Question 5: Can the Trustee and Manager state the profit that the manager made in 2023 when it complained that it has trouble hiring people?**

- As stated in the REIT's financial results announcement for the first half financial year ended 30 June 2024 ("**1H 2024**"), the REIT reported stable net property income of \$27.2 million year-on-year. While the overall portfolio occupancy had slipped from 93.9% as at 30 June 2023 to 78.8%<sup>2</sup> as at 30 June 2024, it was mainly due to the unexpected master lease terminations and the consequential repossessions of 33 & 35 Penjuru Lane and 30 & 32 Tuas Avenue 8 which were factors beyond the REIT's control.
- On the other hand, the REIT's multi-tenanted portfolio occupancy had increased from 88.5% as at 31 March 2024 to 89.2% as at 30 June 2024. Tenant retention rate for the multi-tenanted properties was at a high of 90.5%. The REIT's portfolio valuation had improved by 1.2% from \$903.9 million as at 31 December 2023 to \$914.5 million as at 30 June 2024, as a result of the Manager's proactive lease management and portfolio rejuvenation efforts.
- Managing staff attrition has been a continuing challenge for the Manager. As reported in the 1Q 2024 Interim Business Update, the total resignation rate since 7 June 2023 (being the date of receipt of the 2023 Requisition Notice) to 15 April 2024 was 47.6%. As explained by the Manager during the annual general meeting of Sabana Industrial REIT held on 23 April 2024, based on exit interviews with the employees who had resigned, the key reason for their resignations was the uncertainties of Internalisation and the future of the REIT. That said, staff attrition has since stabilised in recent months. As at 30 July 2024, the Manager has hired replacements for majority of the roles.
- The Manager's aggregate audited profits after tax for FY 2023 was approximately \$2.1 million, as filed with the Accounting and Corporate Regulatory Authority ("**ACRA**").
- Please also refer to the Trustee's response to Question 9 in Appendix B below.

**Question 6: As the internal manager is a long-term asset, it should be financed out of debt instead of DPU. Given Sabana REIT's low leverage level, an increase of S\$7-10m of debt for the internal manager will only increase leverage by 0.1% to 35.7%. Given that it is more appropriate to use debt to finance the internal manager, should the manager and trustee do this and return all the DPU which has been used for the internal manager back to unitholders?**

- The Manager would like to clarify that an increase of "*S\$7 - \$10m of debt*" translates to an increase of 0.7% to 1.0% in leverage, not 0.1% as mentioned in the question.
- In relation to the point on "*return[ing] all the DPU which has been used for the internal manager back to unitholders*", the Manager wishes to highlight that the investment (as applicable) to be made by the REIT in the internal manager should not be confused with the cumulative expenses of S\$8.92 million incurred up to 30 June 2024, which relates to the expenses incurred in connection with the EGM held on 7 August 2023 pursuant to the 2023 Requisition Notice and the subsequent expenses incurred in connection with the implementation of the Internalisation.
- The Manager wishes to clarify that the cumulative expenses of S\$8.92 million incurred up to 30 June 2024 was funded via:
  - (i) the retention of S\$4.82 million (excluding applicable taxes) being approximately 10% of the total income available for distribution in the full year from 1 January 2023 to 31 December 2023 and the first half financial year ended 30 June 2024 ("**1H 2024**"); and

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2 As at 30 June 2024, excludes Sabana@1TA4 which obtained Temporary Occupation Permit on 9 July 2024.

- (ii) cash flow generated from the Distribution Reinvestment Plan applied to the distribution for the distribution period from 1 July 2023 to 31 December 2023. As this cash flow amount represents the amount which was distributed to unitholders (in the form of Units instead of cash pursuant to the Distribution Reinvestment Plan), such amount would not be available for any further distribution for the distribution period from 1 July 2023 to 31 December 2023.

Unitholders should note that as stated in Sabana Industrial REIT's 1H 2024 financial results announcement by the Manager on 23 July 2024 (the "**1H 2024 Financial Results Announcement**"), further retention of distributable income may be required for the second half financial year ended 31 December 2024 and the full year from 1 January 2025 to 31 December 2025 for prudent capital management given the costs incurred and to be incurred in connection with the Internalisation.

Unitholders should also note that it is not possible for Sabana Industrial REIT to fund the cost of the Internalisation out of debt at the current juncture. Under Sabana Industrial REIT's existing financing arrangements with various lenders (the "**Unsecured Facility Agreements**") and/or Sabana Industrial REIT's five-year senior unsecured sustainability-linked guaranteed bonds due in 2029 (the "**Bonds**") (collectively, the "**Existing Facilities**"), the Manager is not permitted to use the loan monies to fund the cost of the Internalisation. It is also further noted that once the removal of SREIM as manager of Sabana Industrial REIT is effected, it would trigger the removal of manager clause that constitutes a review event under the Existing Facilities, which if triggered, may result in mandatory prepayment by Sabana Industrial REIT of its outstanding loans and interest under the Existing Facilities, and/or the imposition by Credit Guarantee & Investment Facility of additional conditions as part of its agreement to provide its guarantee for the Bonds. As announced previously in the 1H 2024 Financial Results Announcement and the announcement pursuant to Rule 704(5) of the Listing Manual of the Singapore Securities Exchange Trading Limited dated 23 July 2024, while the Manager had previously written to the relevant lenders at the material time to seek a waiver from the abovementioned review event under Sabana Industrial REIT's Unsecured Facility Agreements in the event that SREIM is removed as the manager of Sabana Industrial REIT, the lenders had then replied that they were unable to grant the relevant waivers at that juncture.

The Manager and Trustee envisages that the new internal manager, once appointed, will review the financing arrangements of the REIT after the Internalisation, including the set-up costs of the internal manager.

**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.

**Question 1: With the court decision, does it mean that the Trustee and the Manager mistakenly allowed ESR to vote in the internalisation resolution on 7 August 2023 and also mistakenly allowed Vibrant to vote in the internalisation resolution on April 2017?**

- (a) The question before the Court in respect of the Voting Issue<sup>3</sup> under the Order 32 Application<sup>4</sup> was whether the ESR Entities<sup>5</sup> ought to be permitted to vote **in relation to any resolution to approve amendments to the Trust Deed**<sup>6</sup> which are necessary for the effecting of the Internalisation.
- (b) The Court's decision in respect of the Voting Issue was made in this context and in respect of the specific proposed Trust Deed amendments. The issue as to whether ESR and Vibrant ought to have been allowed to vote in August 2023 and April 2017 respectively was not the subject of the Court decision nor did any Unitholder raise any objections to their voting at the material time.
- (c) Please also refer to the Manager's response to Question 2 in Appendix A above.

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<sup>3</sup> "**Voting Issue**" means the issue of (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.

<sup>4</sup> "**Order 32 Application**" means the originating application filed by the Trustee on 9 January 2024 with the High Court of Singapore under Order 32 of the Rules of Court 2021 of Singapore.

<sup>5</sup> "**ESR Entities**" means collectively, ESR Group Limited, e-Shang Jupiter Cayman Limited and e-Shang Infinity Cayman Limited.

<sup>6</sup> "**Trust Deed**" means the trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time).

## Summary of Trustee's response to Questions 2 to 7 ("Summary")

- (a) With respect to Questions 2 to 7, the Trustee notes that the questions from Unitholders focus on the ESR Entities' right to vote and do not reflect the totality of events leading up to the Order 32 Application.
- (b) From the outset, and in light of the resolutions passed by Unitholders at the extraordinary general meeting ("**EGM**") on 7 August 2023, the Trustee acted on the mandate provided by Unitholders to implement the Internalisation. The Trustee was very clear<sup>7</sup> that amendments to the Trust Deed would be required and that the Trustee intended to convene an EGM to approve the proposed amendments, instead of certifying such amendments ("**Primary Issues**").
- (c) However, certain Unitholders disagreed with the Trustee, and took a contrary position to the Trustee's views on the Primary Issues. As the Trustee has explained in the Trustee Statement of 9 January 2024, the Trustee had therefore commenced the Order 32 Application to seek clarity on the Primary Issues, which are fundamental to the proper implementation of the Internalisation.
- (d) Unless and until the Primary Issues had been determined by the Court, including that an EGM would be required as per the Trustee's position, it would have been premature for the Trustee to raise before the Court any issue relating to whether any particular Unitholder should be prohibited from voting at an EGM to approve the proposed amendments.
- (e) Following the hearing of the Order 32 Application, the Court confirmed the Trustee's position that:
  - (i) the Trustee is not required or obliged to certify amendments to the Trust Deed;
  - (ii) the Trustee can convene an EGM of the Unitholders in accordance with the requirements of the Trust Deed and the Code on Collective Investment Schemes to consider any amendments to the Trust Deed it wishes to propose; and
  - (iii) the proposed amendments to Clause 16.4 of the Trust Deed are necessary to effect the Internalisation.
- (f) The Trustee would not have had to incur costs to clarify these issues before the Court if not for the contrary views taken by certain Unitholders.
- (g) On the Voting Issue, the Trustee had stated that it was prepared to take further steps to place the Voting Issue before the Court, subject to obtaining clarity on the Primary Issues and/or further directions from the Court. In this regard, please refer to the Trustee's Statement of 20 February 2024. The Trustee's envisaged sequence of applications to Court (first establishing the need for an EGM before establishing parties allowed to vote at any such EGM) was intended to ensure that the Court's time was not spent on any premature applications which may be established as unnecessary. Nevertheless, after the Unitholders resolved that the Voting Issue be put before the Court at the EGM of 8 March 2024, the Trustee acted upon this direction from Unitholders.
- (h) It should also be noted that the Voting Issue has not been a straightforward one with various parties (including Unitholders and regulators) taking differing positions on the issue. The Voting Issue has since been brought before the Court and was furthermore, the subject of an appeal

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<sup>7</sup> For example, please see the Trustee's Statement dated 21 July 2023.



to the Appellate Division of the High Court of Singapore (the "**Appellate Court**"). The Court has made its decision on the Voting Issue in the Order 32 Application and the Appellate Court has affirmed that decision.

- (i) In response to the queries on costs and compensation:
- (i) the provisions of the Trust Deed provide that the Trustee shall be indemnified out of Sabana Industrial REIT's assets in respect of the costs and expenses incurred in giving effect to resolutions passed by the Unitholders;
  - (ii) the Trustee has disclosed to all Unitholders upfront in its 21 July 2023 Trustee Statement (prior to Unitholders voting at the 7 August 2023 EGM), that all fees, costs and expenses of the internalisation exercise will be reimbursed out of the assets of the Sabana Industrial REIT in accordance with the terms of the Trust Deed;
  - (iii) the Court in the Order 32 Application has ordered that all parties' costs in respect of the Order 32 Application be paid out of Sabana Industrial REIT, save that Quarz Capital<sup>8</sup> may only claim 70% of its costs out of Sabana Industrial REIT;
  - (iv) the Appellate Court has ordered the ESR Entities to pay the Trustee (on behalf of Sabana Industrial REIT) costs of \$16,119.80 incurred in connection with the appeal, with the balance of the Trustee's costs and expenses in connection with the appeal to be paid out of Sabana Industrial REIT. The Appellate Court also made cost orders in respect of the other party to the appeal, which do not impact Sabana Industrial REIT; and
  - (v) it should be noted that all the parties to the proceedings, including Quarz Capital, had full opportunity to address the Court on issues of costs, and no suggestion was made by such parties that the Trustee should bear any part of the costs. The Court's decision was made only after the Court had heard all parties' submissions on costs and all parties to the proceedings, including Quarz Capital, are bound to comply with the Court's decision.

**Question 2: Very strange the Trustee did not have the question on whether ESR can vote in any resolution connected to the successful implementation of internalisation in the initial order 32 application, is it because the Trustee was scared of preventing ESR from voting that the Trustee did not add this important question in the order 32 application? Or is it because the Trustee has already confirmed that ESR can vote that's why it didn't add the question?**

The Trustee refutes the allegations raised in the question above. Please refer to the Summary above on the Trustee's explanation on the events leading up to the Order 32 Application.

**Question 3: Even as early as in December 2023, Sabana Growth Internalisation Committee has confirmed to the Trustee in a letter to MAS and the Ministry of Finance that ESR cannot vote any resolution connected to the successful implementation of internalisation. However, the Trustee refused to listen and went for the order 32 application and caused huge delay to the internalisation process. Now that the high court has now proven that SGIC is correct, can Trustee bear the full cost of the court application as it is 100% the Trustee's mistake?**

- (a) The question above does not correctly reflect the developments to date and the reason for the Order 32 Application. Please refer to the Summary above on the Trustee's explanation on the events leading up to the Order 32 Application.

- (b) Please also refer to the Summary above on costs and compensation, in particular, the cost orders by the Court.

**Question 4: The Trustee confirm multiple times that ESR can vote in the resolutions for internalisation (the trustee allowed ESR to vote in the internalisation resolution on 7 August 2023 and also confirmed it in its updates and 8 March 2024 EGM). Now, the Trustee has been proved to be wrong by the court's decision. Will the Trustee compensate unitholders for its wrong decision by covering all the legal fees for the court application?**

**Question 5: If the Trustee's erroneous decision that ESR can vote was from the Trustee's legal advisors, shouldn't the legal advisors give a discount and cover all the legal fees for the court application? After all, it is clear that their advice to the Trustee and unitholders was seriously wrong?**

- (a) The Trustee strongly disagrees with and refutes any suggestions of wrongdoing on the part of the Trustee as may be alleged in the questions set out above.
- (b) Please refer to the Trustee's response to Question 1 in this Appendix B above. The Trustee reiterates that the question as to whether the ESR Entities ought to have been allowed to vote at the 7 August 2023 EGM is separate and distinct from the specific question before the Court in respect of the Voting Issue under the Order 32 Application.
- (c) As mentioned in the Summary above, the Voting Issue has not been a straightforward one with various parties (including Unitholders and regulators) taking differing positions on the issue, and each of the Trustee, Manager, Quarz Capital and the ESR Entities were represented and independently advised by their respective counsels in the Order 32 Application.
- (d) The Trustee had always adopted a neutral position on the Voting Issue. Independent of any directions by the Unitholders, the Trustee had already written to the regulator to seek their guidance on the Voting Issue, and the Trustee's submissions to the regulator neutrally presented arguments both for and against the ESR Entities being required to abstain from voting on the proposed amendments to the Trust Deed.
- (e) The Trustee similarly maintained this position and presented all valid considerations (whether for or against) when the Voting Issue was considered by the High Court during the Order 32 Application and the ESR Appeal.
- (f) Please also refer to the Summary above on costs and compensation, and in particular, the cost orders made by the Court.

**Question 6: Very troubling that if unitholders have not passed the resolution to ask the High Court decision on whether ESR can vote in any resolution connected to the successful execution of internalisation, the Trustee would have allowed ESR to vote, and the Trustee would have singlely handedly (sic) caused internalisation to collapse and all unitholders' monies spent to be wasted. Isn't it very clear that the Trustee or the legal advisors should take responsibility and pay for the legal fees to compensate unitholders' given this mistake?**

- (a) As mentioned since the Trustee's Statement of 20 February 2024, in relation to the Trustee's views on the then proposed Resolution 10 relating to the direction to the Trustee to seek written confirmation, guidance and/or directions from the regulators and the Court on the Voting Issue, the Trustee has been prepared to take further steps to place the Voting Issue before the Court, subject to obtaining clarity on the existing prayers in the Order 32 Application relating to the Primary Issues and/or further directions from the Court. At no point in time did the Trustee resist the putting of the Voting Issue before the Court.

- (b) Please refer to the Summary and the Trustee's responses to Questions 4 and 5 in this Appendix B above on the Voting Issue as well as on the issue of costs and compensation.

**Question 7: Because the Trustee went to seek court direction even though SGIC has clearly told the Trustee that ESR cannot vote in resolution connected to the success of internalisation, this caused a huge time delay and additional cost to unitholders. As the Trustee and its advisors are responsible for the delay, can the Trustee confirm that it will compensate Sabana unitholders for all these extra cost and time delay?**

- (a) The question above does not correctly reflect the developments to date and the reason for the Order 32 Application. Please refer to the Summary and the Trustee's responses to Questions 4 and 5 in this Appendix B above for the Trustee's explanation on the events leading up to the Order 32 Application.
- (b) To reiterate, the Trustee commenced the Order 32 Application to seek clarity on the Primary Issues, as a result of certain Unitholders (including the members of the SGIC)<sup>9</sup> disagreeing with the Trustee, and taking a contrary position to the Trustee's views on the Primary Issues.
- (c) The prayer in respect of the Voting Issue was added to the Order 32 Application in accordance with directions of the Unitholders pursuant to Resolution 10 passed at the 8 March 2024 EGM, which was a resolution put forth by Unitholders themselves.

**Question 8: Very concerning that the Trustee made so many key mistakes like allowing ESR to vote in resolutions connected with successful internalisation which nearly caused internalisation to fail, is the Trustee now discussing with SGIC and unitholders who voted for internalisation on how to proceed?**

- (a) The Trustee strongly disagrees with and refutes any suggestions as to wrongdoing on the part of the Trustee as may be alleged in the question above, including that the Trustee has set out to cause the Internalisation to fail.
- (b) The Trustee has since the passing of Resolution 3 at the 8 March 2024 EGM sought to engage with the Internalisation Committee.<sup>10</sup> To facilitate this consultative process and in light of applicable securities laws, the Trustee had requested that members of the Internalisation Committee enter into non-disclosure agreements to safeguard the confidential information of Sabana Industrial REIT. The Trustee had also proposed terms of reference for the Internalisation Committee to allow for a clear, constructive and efficient framework for consultations with the Internalisation Committee which protects the interests of all Unitholders. To that end, the Trustee has had a number of correspondences with the Internalisation Committee on the necessity and importance of these safeguards, and continues to engage with the Internalisation Committee with the aim of (i) obtaining the signed non-disclosure agreements and (ii) agreeing the terms of reference.
- (c) Please also refer to the Summary and the Trustee's responses to Questions 2 to 7 in this Appendix B above.

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<sup>9</sup> Sabana Growth Internalization Committee.

<sup>10</sup> "Internalisation Committee" means the committee comprising 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.

**Question 9 (Question 3 of Appendix A above): The manager's performance is very weak, is the Trustee ensuring that the manager is operating properly or is the manager trying to make maximum profit by using the excuse of internalisation not to hire people?**

The Trustee is engaging with the Manager on a weekly basis to oversee the ongoing operations of Sabana Industrial REIT in the interests of all Unitholders. Please also see the Manager's response to Question 3 in Appendix A above.

**Question 10: Can the Trustee give a breakdown of the costs incurred so far for a) legal advice, b) tax advisor, c) financial advisor, d) executive search?**

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, as well as any statement(s) issued by the Trustee in this regard.

**Question 11: What are the additional steps needed to complete the internalisation process? When does the trustee expect the process to be completed?**

- (a) The Trustee refers Unitholders to the Trustee Statements dated 29 February 2024 and 9 April 2024, where a Summary of the key workstreams and indicative timeline for the Internalisation were provided.
- (b) The Trustee also refers Unitholders to the Trustee Statement dated 12 June 2024, where the Trustee had briefly discussed certain remaining workstreams for the Internalisation, including:
  - (i) identifying and continuing to engage with a list of qualified candidates whom the Trustee intends to propose as directors and senior management of the Internal Manager;<sup>11</sup>
  - (ii) formulating a funding and operational model for the Internal Manager, which is contingent on the confirmation of senior management; and
  - (iii) upon the finalisation of the above two workstreams, progressing work on the application for a capital markets services licence for the Internal Manager.
- (c) 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.

**Question 12: Is the Trustee discussing with unitholders on the board process or is it unilaterally deciding on who to appoint as directors?**

- (a) As stated in Section 2.2 of the circular dated 15 July 2024 in respect of the 6 August 2024 EGM, subject to Resolution 1 being passed at the 6 August 2024 EGM, the Trustee does not object in-principle to:
  - (i) consulting with the Internalisation Committee, which has been voted in by Unitholders as the authorised representative of all unitholders, including on the search, shortlisting and appointment of directors and senior management if Resolution 3 is passed. However, each of the committee members would first need to enter into a non-disclosure agreement to protect the confidentiality of the information relating to

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<sup>11</sup> "Internal Manager" means the wholly-owned subsidiary of the Trustee to be appointed as the internal manager of Sabana Industrial REIT in accordance with the Trust Deed.

potential director and senior management candidates to be shared with the Internalisation Committee and agree to the terms of reference for the Internalisation Committee. This is to allow for a clear, constructive and efficient framework for consultations with the Internalisation Committee which protects the interests of all Unitholders; and

- (ii) (A) announcing the appointment of directors of the Internal Manager; (B) putting up each director individually for the endorsement of Unitholders after they are appointed; and (C) removing any director who is not endorsed by Unitholders with immediate effect. The Trustee will put forward the relevant resolutions for Unitholders' consideration and approval at the appropriate juncture.
- (b) Further, as stated in the Trustee Statement dated 15 December 2023, a change management adviser has been appointed to help ensure that the new internal manager is adequately resourced to support the stable operations of Sabana Industrial REIT, including the recruitment of qualified directors.
- (c) Please also refer to the response to Question 8 in this Appendix B above on the Trustee's ongoing attempt to facilitate engagement with the Internalisation Committee on matters relating to the Internalisation.

**Question 13: If the Trustee was unsure on who can vote and whether there is any trust deed amendments, it should have immediately seek direction from the court after the internalisation vote in August 2023. why did the Trustee for 5 months till Jan 2024 before filing the order 32 Application?**

Please refer to the Summary and the Trustee's responses to Questions 2 and 3 in Appendix B above on the Trustee's rationale and key consideration behind the Trustee's commencement of the Order 32 Application.

**Question 14: How does the Trustee intend to compensate unitholders for this 5 months of delay in the internalisation process which is solely due to the Trustee's fault?**

The Trustee strongly disagrees with and refutes any suggestions as to wrongdoing on the part of the Trustee as may be alleged in any of the questions set out above, including that the Trustee is against the Internalisation or has set out to cause delay, incur unnecessary costs or to cause the Internalisation to fail.

Please refer to the Summary and the Trustee's response to Questions 4 to 7 of Appendix B above on costs and compensation.

**Question 15: The Trustee's failure to include the question whether ESR can vote the initial Order 32 Application as well as the Trustee's view that ESR can vote would have resulted in Internalisation to fail and all Unitholders monies wasted. how does the Trustee intend to compensate Unitholders for the Trustee's wrong decision in this?**

- (a) The Trustee strongly disagrees with and refutes any suggestions that the Trustee is against the Internalisation or has set the Internalisation up to fail. It is not for the Trustee to speculate or pre-empt how Unitholders may vote at any extraordinary general meetings, including the upcoming meeting on 6 August 2024.
- (b) The Trustee is diligently progressing the Internalisation as directed by Unitholders at the 7 August 2023 EGM and in the interests of all Unitholders.

- (c) Please refer to the Summary and the Trustee's responses to Questions 2, 3 and 13 in this Appendix B above on the Trustee's rationale and key consideration behind the Trustee's commencement of the Order 32 Application.
- (d) Please refer to the Trustee's responses to Question 4 to 7 and 14 in this Appendix B above on costs and compensation.