



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 11 October 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, 18 October 2024 at 10.30 a.m. The responses by the Manager, the Trustee and the Independently Identified Director Candidates can respectively be found in Appendices A, B and C 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

13 October 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.

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 Unitholders with Responses by Manager

Question 1: Please provide the detailed qualifications and credentials of the proposed Directors submitted by the Requisitionists and the Trustee and declare what relationship each has with any substantial unitholder

- The information relating to the director candidates of the internalised manager of Sabana Industrial REIT (“**New Internalised Manager**”) proposed by five unitholders of Sabana Industrial REIT (having an aggregate unitholding in Sabana Industrial REIT of more than 10%) (the “**Requisitionists**”, and the director candidates of the New Internalised Manager proposed by the Requisitionists, the “**Requisitionists’ Director Candidates**”), including their detailed qualifications and credentials, has been set out in paragraph 2.1(b) on pages 13 to 22 of the circular to Unitholders dated 3 October 2024 (the “**Circular**”)¹ and Schedules I and II on pages I-1 to I-7 and II-1 to II-43 of the Circular respectively.
- The information relating to the director candidates of the New Internalised Manager identified through the independent search process conducted by the change management adviser appointed by the Trustee (the “**Independently Identified Director Candidates**”), including their detailed qualifications and credentials, has been set out in paragraph 2.3(a) on pages 25 to 31 of the Circular and Schedules III and IV on pages III-1 to III-4 and IV-1 to IV-31 of the Circular respectively.
- As for the relationship that each of the Requisitionists’ Director Candidates and the Independently Identified Director Candidates has with any substantial Unitholder, please refer to the information relating to each of the director candidates under the row titled “*Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries*” as disclosed pursuant to Listing Rule 704(7) and Appendix 7.4.1 of the Listing Manual of Singapore Securities Exchange Trading Limited. Please refer to Schedule II on pages II-1 to II-43 of the Circular for the declarations made by the Requisitionists’ Director Candidates and Schedule IV on pages IV-1 to IV-31 of the Circular for the declarations made by the Independently Identified Director Candidates.
- **Unitholders should note that the Requisitionists, the Requisitionists’ Director Candidates, the Trustee and the Independently Identified Director Candidates have assumed responsibility for the information and documents which they have respectively provided. Unitholders are advised to refer to paragraph 7.2 of the Circular for the responsibility statements by the Requisitionists and the Requisitionists’ Director Candidates, paragraph 7.3 of the Circular for the responsibility statement by the Trustee and paragraph 7.4 of the Circular for the responsibility statement by the Independently Identified Director Candidates.**
- The Manager and the Directors assume no responsibility for any of the contents of the information and documents provided by the Requisitionists, the Requisitionists’ Director Candidates, the Trustee and the Independently Identified Director Candidates or for any of the views or opinions of the Requisitionists, the Requisitionists’ Director Candidates, the Trustee and the Independently Identified Director Candidates given in the Circular, including without limitation, the accuracy, completeness or correctness of any of the information, statements, views or opinions made by the Requisitionists, the Requisitionists’ Director Candidates, the Trustee and the Independently Identified Director Candidates in the Circular (including without limitation, those in paragraphs 2.1(b), 2.3(a), 7.2, 7.3 and 7.4 of the Circular and Schedules I, II, III and IV of the Circular (as the case may be) referred to above) or the reports or documents contained therein. The views of the Requisitionists, the Requisitionists’ Director Candidates, the Trustee and the Independently Identified Director Candidates expressed in the Circular (including without limitation, those in

¹ Please refer to the Circular at https://sabana.listedcompany.com/newsroom/20241003_073509_M1GU_46XVLGBM9352A1I4.5.pdf.

paragraphs 2.1(b), 2.3(a), 7.2, 7.3 and 7.4 of the Circular and Schedules I, II, III and IV of the Circular (as the case may be) referred to above) should not be construed in any way as representing the views of the Manager or the Directors.

- Unitholders are advised to refer to paragraph 7.1 of the Circular for the responsibility statement by the Directors.

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: One of the Trustee's director candidates is Dr. Chew Tuan Chiong. On 26 October 2021, he was a panelist (sic.) at a debate hosted by the Institute of Real Estate Urban Studies (IREUS) about the pros and cons of internalisation and publicly favored of the external manager model, especially as smaller REITs would benefit from a sponsor.

He was quoted as saying: "The stronger the sponsor, the more likely the REIT is going to progress faster. When REITs are small, they do not yet have economies of scale, and need support from the sponsor in terms of pipeline, management, talent pool and sufficient presence to exert a level of gravitas in the market."

My question related to that is: How can the Trustee, who was directed by unitholders to execute the internalisation, propose a candidate for the board of the internal manager, who is opposed to internalisation?

Question 2: Trustee has recommended Dr Chew Tuan Chiong. In a session held by IREUS on 24 Sep 2021, Dr Chew Tuan Chiong indicated being a proponent of REITS with sponsors. Sabana will not have a sponsor. This is fundamentally in conflict with the operating structure of the new REIT. Did the Trustee factor in the potential lack of objectivity when considering candidates for the board? How will the appointment of Dr Chew be constructive for the REIT when philosophically he is against the fundamental structure of an internalised sponsorless REIT. Did the Trustee, in their robust process, get comfort that their proposal will be compatible somehow?

As stated in the Circular dated 3 October 2024, the change management advisor had since its appointment in December 2023 commenced work on identifying potential director candidates for the New Internalised Manager, including conducting a market scan to identify a list of potential candidates based on the relevant competencies and experience required of directors of a REIT manager.

As stated in the Circular, potential candidates were identified based on robust criteria, taking into account:

- (a) the candidate's experience in the industry;
- (b) the candidate's motivation for wanting the role;
- (c) how the candidate's experience would contribute towards the new internalised management structure;
- (d) how the candidate would work with the new executive management team;
- (e) the candidate's views on strategy for unitholder engagement;
- (f) the candidate's views on opportunities and challenges for the New Internalised Manager; and
- (g) potential conflicts of interest involving the candidate.

The change management advisor also took into account functional expertise (including legal, governance, compliance, finance and audit, investment management, investor relations and sustainability and digital expertise), local and international experience and exposure, executive and board experience, and exposure and experience with REITs to seek to ensure a level of diversity of thought and background in the candidates being proposed to the New Internalised Manager's board.

Candidates shortlisted from this independent process were then interviewed by the change management advisor and the Trustee, and the three (3) Independently Identified Director Candidates were eventually identified.

Dr. Chew's experience and track record in managing and overseeing REITs was considered to meet the criteria set for the search process (as described above). Dr Chew showed an open-mindedness towards an internalised management model given the precedents in other jurisdictions where internalised REITs have been successful, and also demonstrated an understanding of the nuances, challenges and also opportunities which an internally managed REIT could potentially face throughout his assessment and interview process. Dr. Chew was therefore identified as one of the three (3) Independently Identified Director Candidates from the results of the abovementioned search and assessment process.

Question 3: According to page IV-17 of the circular, Mr. Chun Ming Jimmy Chan was the indirect sole shareholder of the Maxsen Group and the sole director of Maxsen Capital Limited, which was investigated by the Hong Kong Securities and Exchange Commission ("HK SFC"). According to the HK SFC, Maxsen held itself out and promoted itself as carrying on regulated activities in Hong Kong for about six years. In fact, Maxsen had not received approval from the HK SFC for carrying out such activities.

Also, Mr. Chun resigned as a director of another SGX-listed REIT in 2016, around the same time the HK SFC started its investigation.

Why does the Trustee propose a candidate, who, even though he was not reprimanded or fined by HK SFC, seems to have made misleading statements on his website for as much as six years?

Please refer to the responses to Questions 1 and 2 in this Appendix B above on how the Independently Identified Director Candidates were selected. Mr. Chan was similarly identified through the independent search process.

The Trustee also refers to the information provided by Mr. Chan in his responses to Appendix 7.4.1 of the Listing Manual (which are set out in full in Schedule IV of the Circular dated 3 October 2024), and sets out below an extract of the explanation which has been provided in respect of the HK SFC's investigation into Maxsen Group and Maxsen Capital Limited, for Unitholders' ease of reference:

"Based on an email sent by the legal counsel of Maxsen to the HK SFC on 27 September 2016, in response to the HK SFC's review, Maxsen Group made regulatory submissions and amendments to its website to better reflect the group's business and scope of services.

Following Maxsen's submissions, and considering all the circumstances in this case, the HK SFC concluded that no formal enforcement action was necessary and that the HK SFC did not propose to take any further action against Maxsen.

In the circumstances, it is understood from the SFC Letter that (a) the HK SFC did not impose any enforcement action against Chun Ming Jimmy Chan nor Maxsen Group nor did the HK SFC take any further action post-investigation, and (b) based on publicly available information from the HK SFC's website, Chun Ming Jimmy Chan is currently regulated by the HK SFC as a licensed representative of NFH Asset Management Limited."

Question 4: Can the Trustee give an update about who it has selected for the management of Sabana REIT.

Question 5: Has the Trustee decided on a management team? Has their names been submitted for the CMS license application?

Question 6: Does the Trustee have an indication whether the current management and staff of Sabana REIT want to stay or will they quit?

In addition to being tasked to help identify independent directors, the change management advisor was also appointed to assist in the executive management search based on appropriate criteria, and candidates have been shortlisted and identified from that search process. The Trustee has also asked the Requisitionists for proposals regarding the management roles of the New Internalised Manager for consideration as part of the hiring process. However, no proposal(s) have been received.

No submission to the Monetary Authority of Singapore (the "**MAS**") has been made in respect of the executive director/Chief Executive Officer. In this regard, the Trustee does not expect to be able to make further substantial progress on the proposal of senior management candidates until, among others, the results of the upcoming EGM are known. The uncertainty associated with Sabana Industrial REIT has not been helpful to the Trustee's extended and ongoing efforts to fill the Chief Executive Officer and key management roles. In particular:

- (a) the introduction of a further slate of director candidates for Unitholders' consideration at a late stage in the capital markets services ("**CMS**") licence application and the uncertainty in respect of the likely composition of the intended board of the New Internalised Manager has resulted in some potential management candidates expressing caution and a preference to await the outcome of the EGM and board composition; and
- (b) potential management candidates who are currently in employment will also need some clarity and certainty of outcome in respect of management appointment decisions to be made by the board of the New Internalised Manager (when constituted), in order to progress termination processes (and where required, appropriate releases from contractual obligations) with their current employers.

The Trustee would like to highlight that the CMS licence approval is contingent upon a complete application (including the Chief Executive Officer candidate) which is compliant with prescribed regulatory requirements being submitted to and approved by MAS. Please see the response to Question 10 in this Appendix B below for further details.

The Trustee would therefore like to take this opportunity to reiterate that whilst the Trustee and its advisors continue to progress this workstream, the perceived volatility and disruptive risks arising from the multiple requisitions and dissension amongst Unitholders remains one of the key risks to this workstream of attracting and hiring key management of the New Internalised Manager, and as a result, the overall Internalisation timeline.

Question 7: The Trustee learned as early as on 14 August about the Requisition for the EGM and consequently about the candidates selected by unitholders. Only one month later, on 13 September 2024, did the Trustee mention that it needs to conduct background checks on the candidates, which resulted in a considerable loss of time again. Why did the Trustee mention those background checks so late?

The Trustee has already submitted all the information provided by the Requisitionists' Candidates and the Independently Identified Director Candidates to the MAS for its review and consideration.

By way of further elaboration, time and resources were required to first seek clarifications from the Requisitionists as to their initial requisitioned resolutions stated in the requisition notice dated 12 August 2024 (which were not capable of being legally effectuated) (the "**Requisitioned Resolutions**") and for the Trustee to consider the relevant issues and prepare a fulsome response to the amendments to the Requisitioned Resolutions (which were only provided by the Requisitionists on 2 September 2024).

While the Trustee corresponded with the Requisitionists to raise its concerns as regards the original and amended iterations of the Requisitioned Resolutions, the Trustee had throughout this process sought to progress the CMS licence application process in parallel despite the lack of certainty and clarity surrounding the proposed board candidates to be submitted as part of this application.

Consultations with regulators were also required to align on an efficient and compliant approach to facilitate the submission of the further candidates' proposed appointments. A phased approach was taken to reflect developments and updates as and when they evolved.

The Trustee has, and continues to, engage with all relevant stakeholders on progressing the CMS licence application and the Internalisation process as soon as practicable in view of the ongoing developments.

Question 8: Can the Trustee give an update on the costs incurred for internalisation so far for the following items:

- costs for the selection of directors (executive search)**
- costs for the selection of management (executive search)**
- costs of financial advisor and what is the work done there**
- costs of change management advisor**

Please refer to the Trustee's statement dated 5 August 2024 for the breakdown of the costs incurred as at 30 June 2024.

As announced by the Manager on 4 October 2024, the Manager intends to release the interim business update of Sabana Industrial REIT for the period from 1 July 2024 to 30 September 2024, on 18 October 2024 after trading hours. This will include details on the costs of Internalisation for this period.

Question 9: What are the remaining tasks to be done for internalisation?

Question 10: What is the tentative timeline to complete the internalisation process if MAS potentially approves directors who are voted in by unitholders by end Nov 2024?

A brief outline of the outstanding workstreams for the Internalisation is as follows:

- (a) establishing the personnel for the New Internalised Manager;
- (b) obtaining the CMS licence for the New Internalised Manager; and
- (c) transition and operationalisation of the New Internalised Manager.²

A main dependency for the progress of the overall Internalisation timeline is the attracting and hiring of key management for the New Internalised Manager. As explained in the responses to Questions 4 to 6 in this Appendix B above, the perceived volatility and disruptive risks arising from the multiple requisitions and dissension amongst Unitholders remains one of the key risks to this workstream.

In order for the New Internalised Manager to be approved as a CMS licensee, all the usual requirements for a CMS licensee will need to be fulfilled (see the Trustee's letter to the Requisitionists dated 25 September 2024).³ As an example, regulatory approval will be needed not just for the directors, but also for key management and the business plans of the New Internalised Manager, which is typical of any manager of a REIT seeking a CMS licence. It is only if all prescribed requirements have been reviewed and approved holistically in relation to the licence application, will an approval-in-principle for a CMS licence be granted (subject to any conditions which may be imposed).

While the Trustee has already submitted the CMS licence application to the MAS in September 2024, such application will need to be further updated with the details of the proposed management team and authorised representatives of the New Internalised Manager and business plans which have been duly approved, as well as for any further developments surrounding the director candidates or as may be otherwise relevant to the CMS licence application. Accordingly, even if the director candidates are voted in by Unitholders, the progress of the CMS licence application, and ultimately the Internalisation, will still depend on the progress of the other requirements necessary for the CMS licence to be granted.

The Trustee intends to separately provide an updated indicative Internalisation timeline in due course.

Please also refer to the Trustee's responses to Question 8 in this Appendix B above as to when an update as to costs incurred in connection with the Internalisation will be provided.

² The transition and operationalisation of the New Internalised Manager may commence once the board and management is in place, and the CMS licence has been obtained.

³ See the Manager's Announcement dated 26 September 2024 published on SGXNet.

Question 11: In selecting the pool of director candidates, can the Trustee provide the date at which prospective candidates were informed of the name of the REIT they were submitting their interest for?

Initial interviews with the candidates identified by the change management advisor were conducted on a no-names and confidential basis, and the identity of the REIT was not revealed at this stage of the process.

Only shortlisted candidates were provided with further information on the identity of the REIT, and in any event only after each of such candidates had entered into a non-disclosure agreement with the change management advisor and other safeguards for the sharing of confidential information were put in place.

Question 12: How many candidates did the Trustee or its vendor interview?

Question 13: Where did the selection pool of candidates originate from?

Question 14: How many candidates out of the shortlisted candidates withdrew their interest upon knowledge that the director position was meant for Sabana?

As stated in the Circular dated 3 October 2024, and in the responses to Questions 1 and 2 in this Appendix B above, the change management advisor had conducted a market scan to identify a list of potential candidates who were then interviewed by the change management advisor. An initial pool of more than 100 candidates (including candidates resident in Singapore and elsewhere and with REIT experience in Singapore or internationally) were identified from the initial market scan.

The change management advisor subsequently narrowed this to a list of 50 candidates, and from its assessment further reduced this list, with a number of candidates withdrawing from the assessment process along the way, before the final three (3) Independently Identified Director Candidates were identified.

Question 15: Was there a formal interview conducted to assess the competence and capability?

Please refer to the responses to Questions 1 and 2 in this Appendix B above and Section 2.3 of the Circular dated 3 October 2024 on the process by which the Independently Identified Director Candidates were selected.

Question 16: Please provide specific sources (e.g. SID directors list and referrals) please provide the compensation that the HR recruiter has received for going through this process of selection?

Question 17: Will the recruiter be paid on success or on referral?

Please refer to the Trustee's statement dated 5 August 2024 for the breakdown of the total cost incurred in connection with the Internalisation process as at 30 June 2024, which includes the costs incurred from fees paid to change management advisor. Such fees cover the work done by the change management advisor in conducting the search for director candidates, assessing the incumbent management team employed by the Manager, conducting a parallel market scan of candidates in the market for key executive roles and compensation benchmarking.

The fees payable to the change management advisor include a success fee component, which is payable on the successful placement of a director or management candidate which was identified by the change management advisor under its engagement for the Internalisation.

Question 18: The Trustee has mentioned that Director compensation scheme should be comparable to other SGX listed companies. Is this being recommended by the Trustee based on any agreement with the proposed directors or recruitment agency?

Unitholders should feel comforted by a Board that is aligned with the progress of the REIT instead of driven purely by director fees.

The Trustee has not mentioned that the “*Director compensation scheme should be comparable to other SGX listed companies*”. The Trustee's letters to the Requisitionists dated 25 September 2024 and 4 October 2024 simply outlined the usual process by which listed companies determine directors' fees, whereby the Trustee stated that typically, it is the nominating and remuneration committee of the board of directors that will decide the proposed directors' fees once the board of directors is constituted. The proposed fees would then have to be approved by a resolution of the board of directors and are further subjected to the approval of shareholders at an extraordinary general meeting or annual general meeting of the listed company. The Code of Corporate Governance provides guidance on this.

For the avoidance of doubt, the Trustee has not come to any agreement with any of the Director Candidates as to the proposed compensation for the board of the New Internalised Manager.

As stated in the Trustee's previous letters to the Requisitionists, the appropriate juncture for assessing directors' fees would be after the board (and, if applicable, the nominating and remuneration committee) of the New Internalised Manager is constituted.

Question 19: The Trustee seems to be acting like it is the owner of the REIT by taking unilateral decisions without consulting the actual owners or owner representatives. There are three shareholders that own the majority of the REIT and numerous minority shareholders that agree and disagree with what is going on. Has the Trustee thought to engage with those actually impacted by the Trustees actions? If not, please explain.

Throughout the Internalisation process, the Trustee has provided and continues to provide regular updates in respect of material developments relating to the Internalisation via announcements released on SGXNet.

It should be remembered that the Unitholders had, by resolution passed at the EGM convened on 7 August 2023, tasked the Trustee to implement the Internalisation.

It should also be noted that securities law and regulations require parity of information and treatment to all Unitholders and selective disclosures or engagements are generally not possible or permitted.

The Trustee has always sought to progress the Internalisation in a compliant and constructive manner in accordance with the (at times conflicting) directions provided by Unitholders pursuant to the various EGMs which have been convened while balancing (a) its duty to act in the interests of Unitholders on the whole; and (b) its obligation to comply with the requirements of securities laws and regulations.

As the Trustee has consistently stated since as early as its first statement on the Internalisation in July 2023, throughout the process of the Internalisation, EGMs will be held to seek Unitholders' directions on specific matters relating to the implementation of the Internalisation.

The Trustee has also always been cognisant and acutely aware of differing views among various groups of Unitholders. Where Unitholders have publicly expressed divergent views or otherwise communicated their views on the Internalisation to the Trustee, the Trustee has sought to engage with such Unitholders to the extent practicable and permissible, bearing in mind the legislative and regulatory constraints.

A clear example is the Trustee's making of the Order 32 Application, the Trustee's intention of which was to provide Unitholders with differing views with an opportunity to have such views heard and considered in an appropriate forum and to provide all Unitholders with clarity as to the then key threshold issues to be decided on to progress the Internalisation.

Further, the Trustee has also repeatedly urged the Internalisation Committee (in its capacity as the authorised representative of all Unitholders) to agree to an appropriate set of non-disclosure agreements and terms of reference in order to facilitate constructive engagement.

Should Unitholders wish to provide suggestions / proposals on the Internalisation, the Trustee remains open to receiving such suggestions / proposals and will consider any suggestions / proposals received in the interests of all the Unitholders. As has been stated in all of the Trustee's statements, Unitholders may direct their enquiries to sabana.trustee@hsbc.com.sg in addition to the communication channels established by the Manager for Sabana Industrial REIT.

Question 20: Is the Trustee going to audit the hours spent by the lawyers to ensure all billable hours are directly relevant to the engagement at hand?

The Trustee (in its capacity as trustee of Sabana Industrial REIT) has sought advice from its advisors (which includes the legal advisors) as appropriate in the performance of its obligations to implement the Internalisation, including considering and responding to Unitholders' queries and proposals in relation to Sabana Industrial REIT and/or the Internalisation. Advice and work incurred by the legal advisors are only upon the instructions of the Trustee and the Trustee has a process for reviewing and checking invoices prior to approving payments.

Question 21: The Trustee mentioned there was a financial consultant. Please provide detail on FTI role in advising the Trustee that was different to what the legal team was advising. It seems the process for internalisation was heavily weighted on legal ramifications. What specific advice has FTI provided beyond financial modelling?

Given that the Trustee is not a licensed REIT manager, the Trustee required the expertise of a suitably qualified independent financial consultant to assist with the various aspects of the Internalisation, including working through the detailed steps and analysis required to progress the Internalisation. The Trustee considers this prudent and necessary in the interests of all Unitholders, to ensure that there is a smooth transition from an external to an internal manager.

In addition to preparing indicative financial models and business plans for the New Internalised Manager, FTI also provided advice in respect of other financial aspects of the Internalisation, including but not limited to:

- (a) conducting a detailed due diligence and analysis of the Manager's existing management structure, the current state and costs of operations and responsibilities, with a view to establishing the requirements for the New Internalised Manager;
- (b) analysing different alternatives to establishing the New Internalised Manager, including acquiring certain assets of the Manager (such as existing staff, as the Trustee was directed to consider in Resolution 2(c) passed at the EGM convened on 7 August 2023);
- (c) reviewing the existing lending arrangements; and
- (d) providing communication support (including for the Trustee's regular updates to Unitholders).

Given the confidentiality and sensitivities of financial and business plans, it is not possible or advisable for the financial advisor's work and advice to be publicly announced. This is in contrast to the public correspondence and court applications which are publicly disclosed. This may have resulted in the perception of some Unitholders that the Internalisation is focused on legal ramifications. It needs to be reiterated and remembered that the financial implications, sustainability and performance of Sabana Industrial REIT transitioning from an externally managed model to an internalised structure are key considerations, in the interests of all Unitholders.

Question 22: Can the Trustee confirm that the FTI team appointed is not based in Singapore? If so, can the Trustee provide detail on steps taken to mitigate expenses of engaging with a foreign team on a potentially different time zone and pay structure compared to a local team.

The FTI team comprises both members in Singapore who have familiarity with the local market, and members based overseas who have experience with internalisations and REITs with internalised management structures. The FTI team is also experienced in advising on an extensive range of domestic and international real estate financing, restructuring, and merger and acquisition transactions over the years. All work done by FTI relates to the Internalisation process, and the engagement was subject to a procurement process. Please see the response to Question 23 in this Appendix B below for further details.

Question 23: The Trustee has claimed that the internalisation process is novel and never been done in Singapore. What precedent and evaluation criteria was used in awarding the engagement to FTI and the existing legal team if they had no experience in such matters? In hindsight, can the Trustee explain what would have done differently in order to avoid incurring unnecessary costs? The Requisitionists (sic.) should do the same, however the Trustee has no apparent vested interest in saving costs.

In respect of the process for appointing its advisors, the Trustee had reached out to several professional parties as part of a comprehensive search process. This is in accordance with the Trustee's usual practice and has taken into consideration the respective advisors' track record, expertise, familiarity with the regulatory regime and knowledge of the Singapore REITs industry, and associated fees, amongst other things.

As mentioned above, FTI is familiar with and has worked on complex matters involving SGX-ST listed REITs in the local market and also brings to the table deal experience from the international markets where internalisations have been successfully completed and REITs operate with internalised management structures.

Rajah & Tann Singapore LLP, the Trustee's legal advisor, is one of the largest full service law firms in Singapore and has established expertise in a variety of relevant areas such as Singapore REITs and the applicable licensing and regulatory regimes.

Whilst the precise nature of the Internalisation is novel and unprecedented, there are established rules and practices from analogous situations and precedents, and top quality professional advisors bring invaluable insights from their past experience and track record to help seek new pathways.

The Trustee disagrees with any suggestion that it has incurred unnecessary costs or as to wrongdoing on its part. It would not have been appropriate for the Trustee to have undertaken the work for the Internalisation without seeking independent professional advice. Differences in views of Unitholders which have arisen continuously throughout the Internalisation process have necessitated additional steps and work outside of the Trustee's Internalisation work plan and the seeking of advice from the professional advisors appointed to navigate uncharted waters.

The Trustee had also clearly cautioned Unitholders from as early as the Trustee's Statement dated 21 July 2023 that a considerable amount of time and cost will be required to internalise the REIT management function and that all costs will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the trust deed. The costs incurred in the Internalisation process are also subject to events and disruptions beyond the Trustee's control, including those initiated by the Requisitionists, such as the repeated EGMs requisitioned, which divert time, attention and resources away from the Trustee's planned workstreams for the Internalisation.

The Trustee is committed to progressing the Internalisation expeditiously and believes that it is in the interests of all Unitholders for the Internalisation to be effected in an orderly, compliant and well-considered manner and as smoothly as possible. It would be in the interests of all if Unitholders could come together in the interests of the REIT, and the Trustee continues to focus resources on the implementation of the Internalisation.

Question 24: Will the new board of the internalised manager be able to negotiate a new Property Management Agreement and when does the current Property Management Agreement end?

The business plan for the New Internalised Manager (including the arrangements for the property management function of Sabana Industrial REIT) is to be prepared by the new management team of the New Internalised Manager and approved by the board of the New Internalised Manager.

Appendix C
Questions by Unitholders with Responses by
the Independently Identified Director Candidates

The information, statements or opinions contained in this Appendix C are provided by the Independently Identified Director Candidates in response to questions raised by Unitholders.

Question 1 (Dr Chew Tuan Chiong): You have always said and as recent as 8 March 2024 (after Sabana EGM) openly expressed to a group of retail investors (including me) that an external REIT manager is more superior than an internal model. You said the lack of a sponsor will disadvantage the internal manager. You also opined that internalisation of a REIT manager will likely not lead to a reduction of cost. Yet, you now put yourself up for election as a director of Sabana internalised manager, an entity you do not have faith that it will do good. Have you changed your view about the internal model being inferior compared to an external REIT manager?

The view is grounded in the understanding of the reality of the marketplace reality. A REIT that sheds a sponsor is abandoning a number of synergies and economies of scale, both tangible and nuanced. The problem is more acute for smaller REITs. One of several consequences is the likely increase in costs of debt refinancing, an issue which I am not sure was discussed in the EGMs.

As a REIT practitioner who understands and can help navigate the real business challenges, I hope to contribute to the growth of the Sabana for all unitholders, which includes myself.

Question 2 (Mr Chun Ming Jimmy Chan): As the sole shareholder and director of Maxzen (sic.) Capital Limited, your company was investigated by Hong Kong Securities and Futures Commission for possible violations pertaining to your company’s website that had improperly held and promoted that it carried on regulated activities in Hong Kong for 6 years. Can you elaborate on this investigation?

As explained in Appendix 7.4.1,⁴ Maxsen made a reply to the Hong Kong Securities and Futures Commission (HK SFC) on the investigation matter explaining the nature and scope of business of Maxsen including the description of “asset management” refers to “property asset management” which is not a regulated activity under the Securities and Futures Ordinance. Subsequently Maxsen made some amendments to its website and HK SFC accepted these amendments with no formal enforcement or further actions against Maxsen.

⁴ See Schedule IV of the Circular dated 3 October 2024 in respect of the 18 October 2024 EGM for the declarations provided by the Independently Identified Director Candidates under “SGX Appendix 7.4.1 Announcement of Appointment”.

Question 3 (Mr Sandip Talukdar): You were an independent director in LMIRT Management Ltd, the external manager of Lippo Mall Indonesia Retail Trust (LMIRT) from 2020 to 2023. Your duties included strategic oversight, evaluating property acquisitions and ensuring alignment of management and unitholders' interest. During your service at LMIRT, the share price lost 90% of its value. Distributions to the perpetual bond holders and subsequently, unitholders were stopped. Either your service is contributory to the dire state LMIRT was then in or, at best, your service did not ameliorate the adverse environment LMIRT was operating in. Can you explain how you are able to contribute positively to Sabana Reit with your dismal performance as a director at LMIRT?

The Trustee has outlined in detail in section 2.3 of the Circular the process it undertook and the criteria it used to select the three Independently Identified Director Candidates, including myself. Based on the criteria outlined, the Trustee selected the Independently Identified Director Candidates from a large pool of candidates and unitholders should refer to the complete detailed experience outlined in the Circular when making a decision.