



9 April 2024

Sabana Real Estate Investment Management Pte. Ltd.
(in its capacity as manager of Sabana Industrial Real Estate Investment Trust ("Sabana Industrial REIT")) (the "Manager")
151 Lorong Chuan, #02-03
New Tech Park
Singapore 556741

Attention: Mr Donald Han, Chief Executive Officer

Dear Sirs

UPDATE TO UNITHOLDERS OF SABANA INDUSTRIAL REIT FROM HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED (IN ITS CAPACITY AS TRUSTEE OF SABANA INDUSTRIAL REIT) (THE "TRUSTEE") – 9 APRIL 2024

1. We refer to the Trustee's Statements dated 21 July 2023, 29 August 2023, 4 October 2023, 7 November 2023, 6 December 2023, 15 December 2023, 9 January 2024, 23 January 2024, 30 January 2024, 20 February 2024, 29 February 2024, 22 March 2024 and 26 March 2024 (collectively, the "**Trustee's Statements**"), all of which were published via SGXNet, and the requisition notice (the "**2nd Requisition Notice**") from certain unitholders ("**Unitholders**") of Sabana Industrial REIT (the "**Requisitionists**") dated 25 March 2024 to the Manager to convene an extraordinary general meeting and table certain resolutions (the "**2nd Requisitioned Resolutions**") to the Unitholders.
2. In this regard, the Trustee wishes to provide the following update and the Trustee's views on the 2nd Requisitioned Resolutions to all Unitholders as set out in the Appendix to this letter.
3. Terms defined in the Trustee's Statements shall, unless the context otherwise requires, have the same meanings when used in this letter.
4. Please publish this letter as an announcement via SGXNet and to the extent that the Manager intends to convene an extraordinary general meeting pursuant to the 2nd Requisition Notice, include the Trustee's Statement in relation to the 2nd Requisition Notice in the circular to be despatched to Unitholders.
5. The Trustee urges Unitholders to carefully consider all the information that has been publicly disclosed in respect of the 2nd Requisitioned Resolutions.

Yours faithfully

For and on behalf of
HSBC Institutional Trust Services (Singapore) Limited
(in its capacity as trustee of Sabana Industrial Real Estate Investment Trust)

RAHUL DESOUSA
Authorised Signatory

APPENDIX

Trustee's Update to Unitholders of Sabana Industrial REIT

A. Trustee's Message to Unitholders

1. The Trustee continues to progress the internalisation in the best interest of Unitholders and to work with relevant parties to implement the resolutions passed at the extraordinary general meetings ("EGMs") of Sabana Industrial REIT held on 7 August 2023 and 8 March 2024 (the "**7 August 2023 EGM**" and the "**8 March 2024 EGM**", respectively, and the resolutions passed at the 8 March 2024 EGM, the "**8 March 2024 Resolutions**") in accordance with its duties. Please see the relevant updates below.
2. The Trustee wishes to address the 2nd Requisitioned Resolutions, the majority of which relate to the proposed amendments (the "**Proposed Trust Deed Amendments**") to the trust deed constituting Sabana Industrial REIT (the "**Trust Deed**") (which is one of the key subject matters of the originating application filed by the Trustee on 9 January 2024 under Order 32 of the Rules of Court 2021 of Singapore (the "**Order 32 Application**")). Please see further elaboration in **Section D** below.
3. The Trustee would also like to take this opportunity to update Unitholders on the Trustee's rationale for the Proposed Trust Deed Amendments. Please see further elaboration in **Section E** below.

B. Indicative Internalisation Timeline and Update on Costs

4. As requested by Unitholders at the 8 March 2024 EGM, the Trustee would like to provide an indicative timeline for the internalisation ("**Indicative Internalisation Timeline**") as well as an update on costs incurred to date, for the consideration of Unitholders.
5. Please refer to **Annex A** for the Indicative Internalisation Timeline up to September 2024, as well as the Trustee's current progress and the relevant dependencies on the same, based on information known to date. The Indicative Internalisation Timeline remains subject to change from time to time and is being reviewed by the Trustee on an ongoing basis with input from its advisers.
6. The Trustee would like to reiterate that the Order 32 Application is an important dependency for the Indicative Internalisation Timeline. As mentioned in the previous Trustee's Statements, obtaining guidance from the Court will provide Unitholders with clarity on important issues, including, amongst others, (a) whether the Proposed Trust Deed Amendments are required to implement the internalisation, (b) whether an EGM may be convened to consider these amendments and, subsequently, (c) whether certain Unitholders are permitted to vote on any resolution to approve these amendments at an EGM.
7. Contingencies and events beyond the Trustee's control which pertain to the subject matters of the Order 32 Application, such as the 2nd Requisitioned Resolutions (and any future requisitioned resolutions that may be put forth by Unitholders for consideration), will result in additional costs and delay in the progress of the Order 32 Application.
8. Additionally, the Trustee would like to update that the costs incurred between 1 January 2024 and 31 March 2024 in connection with the implementation of the internalisation process, are approximately S\$2.13 million¹, of which:
 - (a) the Trustee's expenses on a cost recovery basis accounted for approximately 1%. For the avoidance of doubt, as mentioned during the 8 March 2024 EGM, the Trustee's fees, as set out in the Trust Deed, have not changed as a result of the internalisation process; and

¹ On an unaudited basis.

- (b) fees incurred for legal advisers, financial analysis, tax analysis, change management and project management accounted for approximately 99%.
9. The costs of implementing the internalisation process to date comprise:
- (a) the costs incurred in connection with implementing the internalisation in accordance with the resolutions passed at the 7 August 2023 EGM;
 - (b) the costs incurred in connection with the Order 32 Application (which, as noted above, will provide clarity in circumstances where there are divergent views amongst Unitholders, such as whether the Proposed Trust Deed Amendments are required to implement the internalisation); and
 - (c) the costs incurred in considering and responding to correspondence and proposals from certain Unitholders in relation to the internalisation, including proposals for requisitioned resolutions.

In particular, this includes additional resources that were (and must continue to be) dedicated to executing (i) the 8 March 2024 Resolutions and (ii) any additional EGMs that are not contemplated in the Trustee's Indicative Internalisation Timeline (including, to the extent that the Manager intends to convene another EGM pursuant to the 2nd Requisition Notice, that upcoming EGM).

10. The Trustee would like to reiterate that the resolutions passed at the 7 August 2023 EGM were worded in general terms, and without disclosing any specific steps which supporting Unitholders expected to be undertaken to implement the internalisation. Accordingly, the Trustee has been working with its professional advisers to progress the detailed analysis, due diligence, and steps necessary to implement the internalisation within the scope of relevant laws, regulations, fiduciary duties, and governance frameworks. For additional information on the timelines of key workstreams, please refer to **Annex A**.

C. Update on Resolution 1 of the 8 March 2024 EGM

11. Following the passing of Resolution 1 at the 8 March 2024 EGM, the Trustee had, in accordance with this resolution, written to ESR Group Limited and its relevant related entities (collectively "ESR"), to seek ESR's views on, amongst others, whether ESR would be willing to consider and discuss any potential acquisition of the Manager (fully functioning with the necessary licences, personnel, assets and an undertaking from ESR to fully support the internalisation) for a maximum all-in purchase price of not more than S\$10,000,000.
12. The Trustee wishes to update that, as at 8 April 2024, being one month after the passing of Resolution 1 of the 8 March 2024 EGM, the Trustee has not received a response from ESR in respect of the above.
13. Accordingly, the Trustee will cease its engagement with ESR on a potential acquisition of the Manager and resume the existing workstreams to incorporate and resource a new entity to act as the new internal manager. The Trustee will provide further updates to Unitholders in respect of material developments on this workstream.

D. 2nd Requisitioned Resolutions

Trustee's Clarifications on the 2nd Requisitioned Notice

14. The Trustee notes that the Requisitionists for the 2nd Requisition Notice are members of the Internalisation Committee formed by the Trustee pursuant to the 8 March 2024 Resolutions.
15. The Trustee further notes the statements in the 2nd Requisition Notice that the Internalisation Committee is "*supporting and working hand in hand with the Trustee*" and the intent of the 2nd Requisitioned Resolutions is to "*support the Trustee by providing clear directions and clarifications to enable it to successfully implement the Internalisation process ...*".

16. **The Trustee wishes to clarify that the Internalisation Committee did not notify or discuss the 2nd Requisitioned Resolutions with the Trustee prior to its issuance. The Trustee is concerned that if the 2nd Requisitioned Resolutions are passed, this could create uncertainty and prejudice for Sabana Industrial REIT and its Unitholders. Further elaboration is provided below.**

Trustee's Views on the 2nd Requisitioned Resolutions

17. Most of the 2nd Requisitioned Resolutions seek to circumvent the need to table Proposed Trust Deed Amendments for Unitholders' consideration and approval by way of an extraordinary resolution, by directing the Trustee to, amongst others, (a) consult regulatory authorities for other alternatives, (b) take steps to enable it to exercise its discretion under the Trust Deed to certify these Proposed Trust Deed Amendments, and/or (c) incorporate these Proposed Trust Deed Amendments elsewhere and not in the Trust Deed.
18. The Trustee considers that **these 2nd Requisitioned Resolutions, if passed, may not be capable of being implemented in full or may cause prejudice to Sabana Industrial REIT and its Unitholders**, for the following reasons:
- (a) The Proposed Trust Deed Amendments have been carefully formulated by the Trustee and its advisers to implement a compliant, functional and sustainable internalised management structure, for the protection of all Unitholders. The removal of the Proposed Trust Deed Amendments from the Trust Deed may result in ambiguities in the Trust Deed and cause prejudice to the operation and management of Sabana Industrial REIT and accordingly, its Unitholders.
 - (b) Regulators are the appropriate authorities for regulatory matters within their jurisdiction but not necessarily for issues of law. Issues of law relating to the interpretation and application of the Trust Deed are appropriately heard and should be resolved by the Court as the appropriate forum.
 - (c) Some of the 2nd Requisitioned Resolutions disregard the very issues of law and legal interpretation to be put forth for consideration by the Court pursuant to the Order 32 Application. For example, some of these key issues of law and legal interpretation relate to:
 - (i) whether amendments to the Trust Deed are required to provide for the new internal management structure; and/or
 - (ii) whether it is appropriate for the Trustee to certify the Proposed Trust Deed Amendments.

The Trustee urges all Unitholders to respect the ongoing Court process and to allow for these issues relating to the Proposed Trust Deed Amendments to be appropriately heard by the Court via the Order 32 Application and decided in an orderly manner.

Piecemeal proposals that are not fully formed, just to avoid an EGM which will allow all Unitholders to properly consider all matters relating to the internalisation (including the set of Proposed Trust Deed Amendments) on an informed and holistic basis, do not serve the interests of Sabana Industrial REIT and its Unitholders.

19. The Trustee's further specific views in respect of each of the 2nd Requisitioned Resolutions are set out in **Annex B**.

E. Trustee's Rationale for the Proposed Trust Deed Amendments

20. In order to provide Unitholders full context in their consideration of issues relating to the Proposed Trust Deed Amendments, **Annex C** sets out an updated summary of the Proposed Trust Deed Amendments, which have taken into account the clarifications and waivers from the Monetary Authority of Singapore ("**MAS**") to-date as well as the relevant 8 March 2024 Resolutions.

Annex C also contains (a) a brief rationale for each Proposed Trust Deed Amendment, (b) certain identified risks which may affect Sabana Industrial REIT and/or its Unitholders in the event such amendment is not adopted, and (c) a brief explanation of why it would not be appropriate for the Trustee to certify such amendments. **Unitholders are advised to carefully consider and evaluate the information set out in Annex C.**

21. 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.
22. In addition to the communication channels established by the Manager for Sabana Industrial REIT, Unitholders may direct their enquiries to sabana.trustee@hsbc.com.sg.

ANNEX A

Indicative Internalisation Timeline

Reference Key:

● Completed
 ● In Progress
 ● Not Started

Activity:	Status:	Workplan over the next 6 months						Comments
		Q2 2024			Q3 2024			
1. Appointment of Professional Advisers	●							
2. Seek ESR's views in relation to Resolution 1 passed at the 8 March 2024 EGM	●							Please refer to Section C (above) of this Statement for further details.
3. Establish entity for New Internalised Manager	●							
4. Establish personnel for New Internalised Manager	●							Subject to the availability of suitable and qualified candidates.
5. Establish functionality for New Internalised Manager	●							
6. Establish budget and operating plan for New Internalised Manager	●							Subject to, among other things, confirmation of the hiring of senior management for the New Internalised Manager.
7. Review applicable regulations	●							
8. Establish Trust Deed amendments	●							Please refer to Annex C of this Statement for further details.
9. Order 32 application	●							Timing of this workstream is indicative and at the discretion of the Court, and may be impacted by any future requisitioned resolutions put forth by Unitholders for consideration.
10. Unitholder communications	●							
11. Licensing and applications	●							Subject to the licensing process and confirmation of the hiring of senior management and directors for the New Internalised Manager.
12. Extraordinary general meeting(s) to implement and effect internalisation	●							Subject to the completion of the licensing process and Order 32 Application.
13. Transition and operationalisation	●							

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Company Registration No : 194900022R

ANNEX B

Trustee's Views on each of the 2nd Requisitioned Resolutions

Resolution 1: *That, if the Trustee does not provide written certification pursuant to Clause 28.2 of the Trust Deed for its new proposed Trust Deed amendments relating to the incorporation of relevant safeguards "on the manner of the Trustee's holding of the shares of the internal manager for the benefit of Unitholders, and the governance structure put in place to ensure that the Trustee would not be able to exercise control over the internal manager's REIT management activities" (as described by the Trustee in its presentation on 8 March 2024), the Trustee be directed to consult with and seek regulatory waivers and/or directions from the regulatory authorities to (a) enable the Trustee to provide the said written certification, and/or (b) allow the incorporation of the above in the Company's constitution, management contract of the Internal Manager, and/or any other means, such that no Trust Deed amendments are required.*

Trustee's Views	
(a)	The Trustee wishes to clarify that the "relevant safeguards" referred to in this resolution relate to the governance rights which enable Unitholders to appoint, vote in, remove and re-elect directors as well as Unitholder's rights to approve any change of control in the internal manager (the " Governance Provisions "). These Governance Provisions were disclosed in a previous Trustee's Statement ² .
(b)	Resolutions 7 and 8 passed at the 8 March 2024 EGM had already directed the Trustee to (i) remove the Governance Provisions from the Proposed Trust Deed Amendments, and (ii) instead incorporate them into the constitution of the new internalised manager (the " New Internalised Manager ") or the management agreement with the New Internalised Manager (as the case may be).
(c)	The Trustee has already previously stated ³ that it will act in accordance with these resolutions. Furthermore, the Trustee's updated summary of the Proposed Trust Deed Amendments as set out in Annex C below no longer includes the Governance Provisions.
(d)	Accordingly, the Trustee is of the view that this Resolution 1 of the 2nd Requisitioned Resolutions is not required.

Resolution 2: *That, if the Trustee still deems it necessary to amend Clause 16.4 of the Trust Deed, but does not provide written certification pursuant to Clause 28.2 of the Trust Deed despite the MAS waivers allowing Sabana REIT to invest in the Internal Manager and to provide initial and subsequent capital injections, the Trustee be directed to consult with and seek regulatory waivers and/or directions from the regulatory authorities to (a) enable the Trustee to provide the said written certification, and/or (b) propose and implement any other alternative solutions, such that no Trust Deed amendments are required.*

Resolution 3: *That, if the Trustee does not provide written certification pursuant to Clause 28.2 of the Trust Deed for their new proposed Trust Deed amendments relating to the compliance with the Regulatory Requirements of the shareholders of the Internal Manager (as defined and described by the Trustee in its presentation on 8 March 2024), the Trustee be directed to consult with and seek regulatory waivers and/or directions from the regulatory authorities to (a) enable the Trustee to provide the said written certification, and/or (b) allow the incorporation of the above in the Company's constitution, management contract of the Internal Manager, and/or any other means, such that no Trust Deed amendments are required.*

² Please see the Trustee's Statement dated 9 January 2024.

³ Please see the Trustee's Statement dated 22 March 2024.

Trustee's Views

The Proposed Trust Deed Amendments are Necessary to Effect the Internalisation

- (a) The Proposed Trust Deed Amendments to (i) Clause 16.4 of the Trust Deed; and (ii) provide for compliance with certain legal and regulatory requirements in respect of the shareholders of the New Internalised Manager as a capital markets services licence holder (the "**Regulatory Requirements**"), have been identified by the Trustee, in consultation with its advisers, as part of the suite of amendments to the Trust Deed that as a whole are necessary to effect the internalisation in a prudent and compliant manner.

In particular, if Clause 16.4 of the Trust Deed is not amended, trust monies will not be permitted to be invested into securities of the New Internalised Manager. Please refer to **Annex C** for further details in this regard.

Summary of the Trustee's Views on Resolutions 2 and 3

- (b) In summary:
- (i) **there is no certainty that Resolutions 2 and 3 of the 2nd Requisitioned Resolutions, if passed, can be implemented to circumvent the need to table the relevant Proposed Trust Deed Amendments for Unitholders' approval;**
 - (ii) **in fact, these resolutions, if implemented, may cause prejudice to Unitholders and Sabana Industrial REIT; and**
 - (iii) **the Trustee may have to incur further costs and expenses to seek clarification, including from the Court, as to their implementation if these resolutions are passed.**

Further elaboration is set out below.

Trustee's Power of Certification

- (c) The Trustee's power to certify the Proposed Trust Deed Amendments pursuant to Clause 28.2 of the Trust Deed is in the nature of a discretion, rather than an obligation. The Trustee has repeatedly emphasised its view that **the Proposed Trust Deed Amendments should be considered holistically, and should be subject to Unitholders' due consideration and approval at an extraordinary general meeting.** This is one of the key subject matters before the Court pursuant to the Order 32 Application.

Reliance on MAS Waivers

- (d) The Trustee disagrees with the suggestion in Resolution 2 of the 2nd Requisitioned Resolutions that the Proposed Trust Deed Amendment to Clause 16.4 of the Trust Deed may no longer be necessary in view of MAS' waivers allowing Sabana Industrial REIT to invest in the New Internalised Manager.
- (e) **A regulatory waiver does not mean waiving the need to comply with the existing provisions of the Trust Deed of Sabana Industrial REIT** (in this case, Clause 16.4 of the Trust Deed which expressly restricts investments into the securities of, and lending of trust monies to, the New Internalised Manager or its related corporations). Therefore, the Proposed Trust Deed Amendments are necessary to effect the internalisation in a prudent and compliant manner.

Incorporation into New Internalised Manager's Constitution, Management Contract, and/or By Any Other Means

- (f) The Trustee disagrees with the suggestion in Resolution 3 of the 2nd Requisitioned Resolutions to incorporate the Regulatory Requirements in the New Internalised Manager's constitution, management contract, and/or by any other means. The Trustee is of the view that **these provisions ought to be incorporated into the Trust Deed to bind all Unitholders to the Regulatory Requirements, for the protection and stability of the New Internalised Manager and Sabana Industrial REIT.**

Resolution 4: *That the Trustee be directed not to incorporate any Trust Deed amendment under the existing Clause 10.12 of the Trust Deed relating to external borrowings, unless the Trustee is prepared to provide written certification pursuant to Clause 28.2 of the Trust Deed for its proposed amendment.*

Trustee's Views

The Proposed Trust Deed Amendments are Necessary to Effect the Internalisation

- (a) The Proposed Trust Deed Amendments to Clause 10.12 of the Trust Deed have been identified by the Trustee, in consultation with its advisers, as part of the suite of amendments to the Trust Deed that as a whole are necessary to effect the internalisation in a prudent and compliant manner.

Trustee's Views on Resolution 4

Trustee's Power of Certification

- (b) As stated above, the Trustee's power to certify the Proposed Trust Deed Amendments pursuant to Clause 28.2 of the Trust Deed is in the nature of a discretion, rather than an obligation.
- (c) **It is unclear to the Trustee how an important issue such as the funding structure of the New Internalised Manager can be implemented without approval by Unitholders.** Please also refer to **Annex C** which sets out reasons why it would not be appropriate for the Trustee to certify the Proposed Trust Deed Amendments to Clause 10.12 of the Trust Deed.

Removing Proposed Trust Deed Amendments to Clause 10.12

- (d) **The Trustee is of the view that the implementation of Resolution 4 of the 2nd Requisitioned Resolutions if passed, to remove the Proposed Trust Deed Amendments to Clause 10.12, may not be appropriate and could even prejudice Unitholders and Sabana Industrial REIT.**
- (e) To provide further context:
- (i) In the Trust Deed, there are presently no express provisions allowing for (A) Sabana Industrial REIT to borrow or raise money from external lenders to fund the operations of the New Internalised Manager, and (B) Sabana Industrial REIT to lend money to the New Internalised Manager.
- (ii) If Sabana Industrial REIT is not expressly permitted under the Trust Deed to borrow or raise money to fund the operations of the New Internalised Manager, it may pose challenges to the operations of Sabana Industrial REIT under the new internalised

structure going forward, in the event that Sabana Industrial REIT otherwise does not have sufficient income to sustain the operations of the New Internalised Manager and no alternative options emerge to address this shortfall.

- (iii) **In the event that the Proposed Trust Deed Amendments relating to Clause 10.12 are removed, this may create additional constraints on the ability of the New Internalised Manager to support its operations on a sustainable basis.**

Resolution 5: *That the Trustee be directed not to incorporate any Trust Deed amendment under the existing Clause 19.9 of the Trust Deed relating to the establishment and/or acquisition of subsidiaries by the Manager held directly or indirectly by the Manager in or outside of Singapore unless the Trustee is prepared to provide written certification pursuant to Clause 28.2 of the Trust Deed for its proposed amendment.*

Trustee's Views

The Proposed Trust Deed Amendments are Necessary to Effect the Internalisation

- (a) The Proposed Trust Deed Amendments to Clause 19.9 of the Trust Deed have been identified by the Trustee, in consultation with its advisers, as part of the suite of amendments to the Trust Deed that as a whole are necessary to effect the internalisation in a prudent and compliant manner.

Trustee's Views on Resolution 5

Trustee's Power of Certification

- (b) Please see above for the Trustee's views, and **Annex C**, in respect of reasons why it would not be appropriate for the Trustee to certify the Proposed Trust Deed Amendments to Clause 19.9 of the Trust Deed.

Removing Proposed Trust Deed Amendments to Clause 19.9

- (c) **The Trustee is of the view that the implementation of Resolution 5 of the 2nd Requisitioned Resolutions, if passed, to remove the Proposed Trust Deed Amendments to Clause 19.9, will not provide the New Internalised Manager the flexibility to replicate the existing property management structure.**
- (d) To provide further context:
- (i) The property manager of Sabana Industrial REIT is currently a wholly-owned subsidiary of the existing Manager.
 - (ii) The purpose of these Proposed Trust Deed Amendments is to give Sabana Industrial REIT the flexibility if it so chooses, to replicate the existing structure of the existing Manager to allow the New Internalised Manager to own a new property manager entity as a wholly-owned subsidiary of the New Internalised Manager as part of the internalisation.
 - (iii) Without such amendments, replicating the existing structure will not be feasible as the Trust Deed does not expressly allow for the New Internalised Manager to hold subsidiaries (including a new property manager entity) for so long as the New Internalised Manager is held under Sabana Industrial REIT.

Resolution 6: That the Trustee be directed to provide a clear timeline for when Internalisation can be completed.

Trustee's Views

- (a) Please refer to **Annex A** for Indicative Internalisation Timeline for the implementation of the internalisation.
- (b) **Accordingly, the Trustee is of the view that Resolution 6 of the 2nd Requisitioned Resolutions is not required.**

Resolution 7: That the Trustee be directed to consult with MAS on all proposed Trust Deed amendments, and seek regulatory waivers and/or directions from MAS, such that Internalisation can be successfully implemented.

Trustee's Views

- (a) **The Trustee is of the view that Resolution 7 of the 2nd Requisitioned Resolutions is not required given the Trustee's ongoing engagement and consultation with the MAS.** The Trustee has already been engaging with the relevant authorities, including the MAS, on the implementation of the internalisation where appropriate.
- (b) The successful implementation of the internalisation is subject to various dependencies, including the outcome of Unitholders' vote at the EGM to be convened by the Trustee to approve matters associated with the implementation of the internalisation. Accordingly, even if Resolution 7 of the 2nd Requisitioned Resolutions is passed, there is no certainty that internalisation will be successfully implemented if it is not approved by Unitholders at that EGM.

ANNEX C

Updated Summary of the Proposed Trust Deed Amendments

These draft Proposed Trust Deed Amendments remain subject to ongoing review by the Trustee and its advisers, as well as related workstreams including the Order 32 Application and ongoing regulatory consultations, as the internalisation process progresses.

The summary below also sets out certain risks that which may affect Sabana Industrial REIT and/or its Unitholders in the event the Proposed Trust Deed Amendments are not adopted into the Trust Deed. This summary is not intended to be exhaustive and is not presented in any particular order of importance. Unitholders are advised to carefully consider and evaluate the information set out in this Annex C.

S/N	Category of Proposed Trust Deed Amendment	(I) Rationale for Proposed Trust Deed Amendment; and (II) Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted	Why it would not be appropriate for the Trustee to unilaterally certify the Proposed Trust Deed Amendment
1.	Treatment of the New Internalised Manager as an Authorised Investment of the REIT	<p>(I) <u>Rationale for Proposed Trust Deed Amendment</u></p> <p>Under an internal REIT manager model, the New Internalised Manager will be held by the Trustee on trust for and on behalf of Sabana Industrial REIT.</p> <p>The Trust Deed does not clearly and expressly authorise Sabana Industrial REIT to (a) hold unlisted shares in a company providing internal REIT management functions and (b) invest monies of Sabana Industrial REIT in its own manager.</p> <p>The Trust Deed of Sabana Industrial REIT must be clear that it is permitted to operate under an internal REIT manager model and invest monies of Sabana Industrial REIT in the New Internalised Manager.</p> <p>(II) <u>Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted</u></p> <p>If this Proposed Trust Deed Amendment is not adopted, there is no certainty or clarity under the Trust Deed of Sabana Industrial REIT that Sabana Industrial REIT is authorised to hold and/or invest monies into the shares of the New Internalised Manager. A lack of clarity under the Trust Deed may negatively impact</p>	<p>These amendments result in a material change to the nature of the investments of Sabana Industrial REIT as a whole, from one that is focused on passive income-generating real-estate to one that also includes an internal REIT management company with substantive operations and management functions.</p> <p>The risk profile of a REIT with an internalised manager model is different from that of an external manager model. The New Internalised Manager is subject to the risks of a going concern operating company and is subject to enhanced capital requirements as an entity holding a capital markets services licence for REIT management.</p> <p>These amendments (and the consequences of them) were not contemplated at the time of passing of the extraordinary general meeting held on 7 August 2023 approving the internalisation (the "7 August 2023 EGM").</p> <p>The MAS has provided clarifications and granted the requested waivers in respect of, amongst others, Sabana Industrial REIT</p>

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S/N	Category of Proposed Trust Deed Amendment	(I) Rationale for Proposed Trust Deed Amendment; and (II) Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted	Why it would not be appropriate for the Trustee to unilaterally certify the Proposed Trust Deed Amendment
		<p>the proper functioning of Sabana Industrial REIT and/or its New Internalised Manager, which may result in disruption in the operations of Sabana Industrial REIT and adversely affect its business, results of operations and prospects.</p> <p>In particular, if Clause 16.4 of the Trust Deed is not amended, there is a risk that Sabana Industrial REIT is operating in breach of its Trust Deed by investing trust monies in the New Internalised Manager through the implementation of the internalisation. Any breach of the Trust Deed may result in action being taken (such as by unitholders and/or other interested stakeholders) against Sabana Industrial REIT and/or the New Internalised Manager, which may have a material adverse effect on its regulatory status, reputation, business, financial condition, results of operations and prospects.</p>	<p>investing into the securities of the New Internalised Manager. However, this does not detract from the fact that the amendments (a) are necessary to set out clearly and expressly that Sabana Industrial REIT is permitted to operate under an internal REIT manager model, and (b) constitute a structural change to the nature of Sabana Industrial REIT.</p> <p>It is therefore not appropriate for the Trustee to unilaterally certify these Proposed Trust Deed Amendments.</p>
2.	Restriction on Holding 20% or More of the Units	<p>(I) <u>Rationale for Proposed Trust Deed Amendment</u></p> <p>Upon internalisation, Unitholders will be regarded as having an interest in the shares of the New Internalised Manager in proportion to their respective unitholding in Sabana Industrial REIT, in accordance with the Securities and Futures Act 2001 of Singapore ("SFA").</p> <p>Accordingly, a Unitholder will have to meet and maintain certain qualifications (the "Regulatory Qualifications") prescribed by the MAS if it acquires, holds or controls 20% or more of the units of Sabana Industrial REIT ("Units"), such as being a fit and proper person. MAS has clarified that the abovementioned requirements will apply to Unitholders upon implementation of the internalisation.</p> <p>In order for there to be stability in the functioning of Sabana Industrial REIT, the Trust Deed should be amended to (a) bind and impose obligations on Unitholders to comply with the necessary qualifications related to their unitholding, and (b) empower the New Internalised Manager and/or Trustee to ensure compliance by the relevant Unitholders of the applicable legal and regulatory obligations.</p>	<p>These amendments require certain Unitholders to comply with applicable legal and regulatory requirements on an ongoing basis if they hold or control a certain number of Units, which were not previously applicable under an external REIT manager model and are being introduced as a consequence to the implementation of the internalisation.</p> <p>The amendments change Unitholders' and investors' expectations when investing and trading in the Units and under certain circumstances impose additional obligations onto Unitholders, such as entry requirements, regulatory pre-clearance, and continued disclosure requirements in respect of their unitholding (in proportion to their interest in the shares of the New Internalised Manager).</p> <p>These amendments (and the consequences of them) were not contemplated at the time of passing of the 7 August 2023 EGM approving the internalisation. In addition, Unitholders were not informed at the 7 August 2023 EGM that these legal and regulatory requirements may apply to them as a consequence of the internalisation.</p>

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10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983

Company Registration No : 194900022R

S/N	Category of Proposed Trust Deed Amendment	(I) Rationale for Proposed Trust Deed Amendment; and (II) Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted	Why it would not be appropriate for the Trustee to unilaterally certify the Proposed Trust Deed Amendment
		<p>These proposed amendments are broadly consistent with provisions in the trust deeds of other REITs and/or business trusts in Singapore where there are unitholding restrictions imposed on such REITs and/or business trusts.</p> <p>(II) <u>Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted</u></p> <p>If this Proposed Trust Deed Amendment is not adopted, the New Internalised Manager will not have the ability to "clawback" Units that were acquired above the permitted limit without MAS approval so as to resolve the relevant breaches of the Regulatory Requirements under the SFA and its capital markets services licence.</p> <p>The Regulatory Qualifications must be satisfied at all times in order for the New Internalised Manager to not be in breach of its capital markets services licence for REIT management and be at risk of losing its licence as a result thereof.</p> <p>Failure by any Unitholder to comply with the Regulatory Qualifications without any appropriate recourse available to the New Internalised Manager and/or Trustee under the Trust Deed to remedy the same may result in fines, penalties or sanctions being imposed or other enforcement action being taken against the relevant Unitholder or the New Internalised Manager. This may adversely affect the regulatory status, business, financial condition, results of operations and prospects of Sabana Industrial REIT and/or the New Internalised Manager.</p>	<p>It is therefore not appropriate for the Trustee to unilaterally certify these Proposed Trust Deed Amendments.</p>
3.	Disclosure of Interests	<p>(I) <u>Rationale for Proposed Trust Deed Amendment</u></p> <p>As stated above, Unitholders will be regarded as having an interest in the shares of the New Internalised Manager in proportion to their respective unitholding in Sabana Industrial REIT, in accordance with the SFA.</p>	

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		<p>Accordingly, a Unitholder will have to comply with certain legal and regulatory requirements in respect of any applicable changes in unitholding (being proportionate to its interest in the shares of the New Internalised Manager). MAS has clarified that the abovementioned requirements will apply to Unitholders upon implementation of the internalisation.</p> <p>The Trust Deed should therefore be amended to bind and impose obligations on Unitholders to comply with the necessary notification requirements related to their unitholding (in proportion to their interest in the shares of the New Internalised Manager).</p> <p>(II) <u>Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted</u></p> <p>Unitholders who fail to comply with such applicable legal and regulatory requirements may be subject to penalties under the SFA. This will also mean that the New Internalised Manager may not be able to comply with its corresponding licensing condition in relation to the notification of changes in interests in its shares to the MAS, which may result in sanctions being imposed or other enforcement action being taken against the New Internalised Manager. This may adversely affect the regulatory status, business, financial condition, results of operations and prospects of Sabana Industrial REIT and/or the New Internalised Manager.</p> <p>Furthermore, the reputation of Sabana Industrial REIT and/or the New Internalised Manager may suffer as a result of any failure on the part of a Unitholder to comply with the applicable legal and regulatory requirements, which in turn may have a material adverse effect on its business and operating results.</p>	
4.	Lending, Borrowing and Raising Money for the Manager	<p>(I) <u>Rationale for Proposed Trust Deed Amendment</u></p> <p>In an external manager model, external borrowings by a REIT are primarily intended for, amongst others, meeting the liabilities of the REIT itself and funding</p>	These amendments result in a material change to the nature of the borrowings / fund raisings undertaken by Sabana Industrial REIT, and exposes Sabana Industrial REIT to credit risks that are not ordinarily characteristic of passive real-estate investments.

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		<p>the acquisition of real estate assets. In such event, the shareholders of an external REIT manager ensures that there is sufficient funding available to the REIT manager in order to (a) support its ongoing operating expenses, and (b) maintain its minimum capital and funding requirements required for a capital markets services licence holder as prescribed under the SFA.</p> <p>In an internalised manager model, the New Internalised Manager is expected to be an asset light entity. External borrowings and/or other forms of funding from Sabana Industrial REIT may be required to support the function of the New Internalised Manager, in addition to the New Internalised Manager's fee income. However, the existing external borrowing provisions in the Trust Deed do not allow for this.</p> <p>It may be beneficial for the Trust Deed to expressly allow Sabana Industrial REIT the flexibility to extend funding to the New Internalised Manager by way of lending, so as to facilitate the proper discharge of and compliance by the New Internalised Manager of its duties and with applicable regulatory requirements.</p> <p>The Trust Deed should therefore be amended to allow for lending, borrowing or raising of money by Sabana Industrial REIT for the purposes of funding the New Internalised Manager.</p> <p>(II) <u>Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted</u></p> <p>If this Proposed Trust Deed Amendment is not adopted, Sabana Industrial REIT and the New Internalised Manager may face additional constraints in supporting the operations of the New Internalised Manager on a sustainable basis.</p> <p>In particular, if Sabana Industrial REIT is not expressly permitted under the Trust Deed to borrow or raise money to fund the operations of the New Internalised Manager, it may pose challenges to the operations of Sabana Industrial REIT</p>	<p>As a consequence of implementing the internalisation, the risk profile of Sabana Industrial REIT with an internalised manager model is different from its previous externally managed model.</p> <p>These amendments (and the consequences of them) were not contemplated at the time of passing of the 7 August 2023 EGM approving the internalisation.</p> <p>It is therefore not appropriate for the Trustee to unilaterally certify these Proposed Trust Deed Amendments.</p>

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		<p>under the new internalised structure going forward. In the event that Sabana Industrial REIT otherwise does not have sufficient income to sustain the operations of the New Internalised Manager and no alternative options emerge to address this shortfall, this may have an adverse effect on Sabana Industrial REIT's business, financial condition and results of operations.</p> <p>Furthermore, in the event the New Internalised Manager is unable to maintain its minimum capital and funding requirements required for a capital markets services licence holder as prescribed under the SFA, it will be operating in breach of the SFA. Such non-compliance may result in enforcement action being taken against the New Internalised Manager, which may adversely affect the regulatory status, business, financial condition, results of operations and prospects of Sabana Industrial REIT.</p>	
5.	Establishment of, acquisition of and/or investments into subsidiaries of the Manager	<p>(I) <u>Rationale for Proposed Trust Deed Amendment</u></p> <p>Under the existing externalised management structure, the property manager of Sabana Industrial REIT is a wholly-owned subsidiary of the REIT manager. Under an internalised management model, the set-up of the property management function will have to be considered and provided for, which may include a replication of the existing structure, i.e. the property manager of Sabana Industrial REIT may continue to be a wholly-owned subsidiary of the New Internalised Manager ("Existing Property Management Structure").</p> <p>If Clause 16.4 of the Trust Deed is not amended, the New Internalised Manager would not be permitted to invest trust monies into securities of, or lend trust monies to, the New Internalised Manager or its subsidiaries.</p> <p>The Trust Deed should give Sabana Industrial REIT the flexibility, if it chooses to replicate the Existing Property Management Structure, to permit the New Internalised Manager to hold and provide funding from Sabana Industrial REIT to a property manager subsidiary.</p>	<p>As stated above, these amendments result in a material change to the nature of the investments of, and the borrowings / fund raisings undertaken by, Sabana Industrial REIT.</p> <p>This results in, amongst others, a change to the risk profile of Sabana Industrial REIT as a result of the implementation of the internalisation.</p> <p>These amendments (and the consequences of them) were not contemplated at the time of passing of the 7 August 2023 EGM approving the internalisation.</p> <p>It is therefore not appropriate for the Trustee to unilaterally certify these Proposed Trust Deed Amendments.</p>

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		<p>The Trust Deed should therefore be amended to permit the establishment, acquisition and/or investments into subsidiaries of the New Internalised Manager.</p> <p>(II) <u>Certain identified risks in the event the Proposed Trust Deed Amendment is not adopted</u></p> <p>If this Proposed Trust Deed Amendment is not adopted, Sabana Industrial REIT will not have the flexibility to replicate the Existing Property Management Structure under the internalised manager model, the consequence of which is that it will not have access to the potential benefits such Existing Property Management Structure may provide (including, for example, the benefits that may arise from confining risks associated with property management within a legal entity that is separate from the New Internalised Manager).</p> <p>Alternatively, if the New Internalised Manager decides not to provide for the property management function internally, a new external property manager will have to be sourced to manage the assets of Sabana Industrial REIT. There is no assurance that the New Internalised Manager will be able to engage an appropriately qualified external property manager with the relevant experience and knowledge. In such circumstances, if the New Internalised Manager is unable to engage an adequate external property manager, Sabana Industrial REIT's business, results of operations and financial condition may be adversely affected.</p>	

HSBC Institutional Trust Services (Singapore) Limited

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