



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 ADDITIONAL 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**”), refers to its announcement dated 13 October 2024 in relation to the responses by the Manager, the Trustee and the Independently Identified Director Candidates to substantial and relevant questions from Unitholders.

The Manager would like to thank Unitholders of Sabana Industrial REIT (“**Unitholders**”) for submitting their questions 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 Trustee wishes to address a second set of questions from Unitholders.¹ The responses by the Trustee and the Independently Identified Director Candidates to this second set of questions can be found in Appendices A and B to this announcement.

For Unitholders who 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
15 October 2024

¹ These questions had been routed into the email junk folder of the third-party processing agent for questions received for the EGM, and the Manager and the Trustee were only notified of these questions on 14 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
Additional Questions by Unitholders with Responses by the Trustee

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

Question 1: Mr Chew has openly spoken against internalisation with Sabana shareholders and also publicly. This is when internalisation helps shareholders to own the manager, have more rights and more DPU. Now Mr Chew now wants shareholders to vote for him so that he can collect director fees from an internal manager. Isn't this hypocritical?

Dr. Chew was identified as one of the three (3) Independently Identified Director Candidates by way of an independent search process conducted by the appointed change management advisor. Please refer to the Trustee's responses to Questions 1 and 2 in Appendix B of the responses to substantial and relevant questions from Unitholders, as released by the Manager on 13 October 2024 (the "**Initial Responses**") for an outline of the general process and criteria against which the Independently Identified Director Candidates were assessed and identified.

In addition to showing an open-mindedness towards an internalised management model given the precedents in other jurisdictions where internalised REITs have been successful, and demonstrating 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 also acknowledged the challenges of an internalised REIT and demonstrated a willingness to address such challenges.

Question 2: Mr Jimmy Chun stepped down as a director of CDL H Trust in May 2016. The Hong Kong Securities and Futures Commission investigated him around the same time and completed it in Dec 2016 as seen from the Circular. As both things happened around the same time, is Mr Chun's resignation as a director of CDL H Trust related to the Hong Kong Securities and Futures Commission investigation?

The Trustee understands that the reason for Mr Chan's resignation is unrelated to any investigations by the Hong Kong Securities and Futures Commission. Please refer to the announcement made jointly by M&C REIT Management Limited (as manager of CDL Hospitality Real Estate Investment Trust ("**CDL H-REIT**")) and M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust ("**CDL H-BT**", and together with CDL H-REIT, "**CDL Hospitality Trusts**")) dated 11 May 2016 on SGXNet, which noted that Mr Chan had served more than nine (9) years as an independent director, and that Mr. Chan's resignation was "*part of the rejuvenation process of the Boards, which are also mindful of the recent regulatory changes introduced by the Monetary Authority of Singapore for Real Estate Investment Trusts (REIT) to strengthen board independence for REIT managers*".²

The Trustee further understands that the Hong Kong Securities and Futures Commission did not impose any enforcement action against Mr Chan or Maxsen Group in relation to this investigation into Maxsen Group and Maxsen Capital Limited. The Trustee sets out below an extract of the information provided by Mr. Chan in his responses to Appendix 7.4.1 of the Listing Manual³ 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."

² Please refer to the following link for more details:

https://links.sgx.com/FileOpen/Change_in_Board_Composition.ashx?App=ArchiveAnnouncement&FileID=404010&AnncID=80RK4DKPGYSZ8NOR

³ See Question 3 in Appendix B of the Initial Responses. See also Schedule IV of the Circular dated 3 October 2024, which sets out the explanation provided in respect of the HK SFC's investigation into Maxsen Group and Maxsen Capital Limited in full.

Question 3: Why is the Trustee proposing Mr Jimmy Chun as a director of Sabana REIT even when Mr Jimmy Chun stepped down as a director of CDL H Trust around the same time that the Hong Kong Securities and Futures Commission is investigating him?

Question 4: Mr Jimmy Chun is based in HK, has been investigated by Hong Kong Securities and Futures Commission and has shown no past experience in Singapore industrial properties. Why is the Trustee proposing him as a director of Sabana REIT? Why does he want to be a director of Sabana REIT when he has shown no background in Singapore industrial REIT?

Mr. Chan was identified through an independent search process conducted by the appointed change management advisor having regard to amongst others:

- (a) Mr. Chan's track record and experience with a number of real estate firms, including his appointment as a director on the boards of the managers of CDL Hospitality Trusts (which is listed on the SGX-ST) between 2007 and 2016; and
- (b) throughout the assessment process, Mr. Chan demonstrated an understanding of the local market structure and regulatory requirements in Singapore and showcased expertise in relation to the logistics and manufacturing sector. Please also refer to paragraph 2.3(a)(ii) of the Circular dated 3 October 2024, where Mr. Chan has outlined his professional experience.

Please refer to the responses to Questions 1 and 2 in Appendix B of the Initial Responses for an explanation of the general process and criteria against which the Independently Identified Director Candidates were assessed and identified.

Please also refer to the Trustee's responses to (a) Question 2 above; and (b) Question 3 in Appendix B of the Initial Responses on the explanation in relation to the investigation by the Hong Kong Securities and Futures Commission.

Question 5: Mr Talukdar was the independent director of Lippo Malls Indonesia Retail Trust who recommended unitholders to purchase Puri Mall from the sponsor and the rights raising. Looking back, this was a very bad recommendation by Mr Talukdar which made shareholders suffer huge losses. Lippo Malls share price collapsed by more than 80% when Mr Talukdar was the director there. Why should Sabana unitholder vote for Mr Talukdar given his bad track record at Lippo Malls?

Question 6: Mr Talukdar was also part of the management team of Prime US REIT until 2020 where the share price has dropped by more than 70%. Why should Sabana unitholders vote for Mr Talukdar given his track record at Prime US REIT and Lippo Malls Trust?

Mr. Talukdar was identified through an independent search process conducted by the appointed change management advisor having regard to amongst others:

- (a) Mr. Talukdar's experience in navigating challenges and working with REITs, including in difficult circumstances, such as during the COVID-19 pandemic; and
- (b) Mr. Talukdar's background in financing and capital raising is expected to complement the skillsets of other Independently Identified Director Candidates.

Please refer to the responses to Questions 1 and 2 in Appendix B of the Initial Responses for an explanation of the general process and criteria against which the Independently Identified Director Candidates were assessed and identified.

Question 7: Can I know why the Trustee proposed directors refuse to agree to receive the lowest director fees in S-REITs in line with the size of Sabana portfolio when the other proposed directors have agreed to do that? Saying that the Remuneration Committee will decide it is incorrect as the voted in directors will be the remuneration committee. So if they do not agree, it implies that they are voted in and are part of the committee, they will also not agree.

Question 8: As the Trustee's directors do not agree to receive the lowest director fees in S-REITs in line with Sabana portfolio, is this a confirmation that the Trustee proposed directors only want to be Sabana directors if they are paid high fees which is not in line with the size of Sabana assets?

The Independently Identified Director Candidates have not refused to agree to the proposals but merely indicated that compensation matters should be determined in accordance with proper governance principles. As stated in the Trustee's Statement of 15 October 2024, the Trustee has conveyed to the Independently Identified Director Candidates the Requisitionists' calls to the Independently Identified Director Candidates to accept certain "*conditions*" (as set out in the Requisitionists' letters to the Trustee dated 18 September 2024 and 1 October 2024), and notes that the Independently Identified Director Candidates views are as follows:

- (a) the candidates agree that the process for determining directors' fees should proceed through the nominating and remuneration committee of the board of directors; and
- (b) such determination of directors' fees should take into account market benchmarks.

While a candidate may have his own views, those do not in any way represent the views of the nominating and remuneration committee of the board (which has yet to be formed). The composition of the board (and any committees constituted by the board) would depend on the outcome of all nine (9) resolutions to be voted on by Unitholders, and not simply the outcome of the resolution in respect of any one particular director candidate.

Further, it should be noted that no director shall be involved in deciding his or her own remuneration (see Principle 6 of the Code of Corporate Governance 2018). It is expected that the nominating and remuneration committee of the board of the New Internalised Manager (once constituted) would meet to discuss and share their personal views as to the proposed remuneration of each director of the board of the New Internalised Manager. The committee would also be expected to make a collective recommendation on director remuneration.

The Trustee also reiterates that it has merely outlined the usual process by which listed companies determine directors' fees for Unitholders' understanding, and 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 (see the responses to Question 18 in Appendix B of the Initial Responses).

Question 9: The Trustee has elaborated on the seemingly highly laborious process to identify the right candidates, shortlisting from an initial pool of 100 to 50, assessed down to 26 and finally 3 were identified. How much monies has the Trustee spent on this process? Has the Trustee consulted the Internalization Committee on this and perhaps get some recommendations on the right candidates?

Question 10: It is very upsetting that despite the expensive process undertaken by the Trustee, it seems that the proposed candidates are far from suitable to be the directors of the new Internal Manager?

The Trustee had in December 2023 appointed a change management advisor to, amongst others, conduct a robust search and assessment process for potential directors for the New Internalised Manager, in order to give effect to resolution 2(b) passed at the 7 August 2023 EGM.

The general process and criteria against which the Independently Identified Director Candidates were assessed and identified are outlined in the response to Questions 1 and 2 in Appendix B of the Initial Responses. Unitholders may also refer to paragraph 2.3 as well as Schedules III and IV of the Circular dated 3 October 2024 for more details on the experience and credentials of the Independently Identified Director Candidates. On that basis, the Trustee disagrees with the suggestion that the Independently Identified Director Candidates "*are far from suitable*".

The Trustee has also 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. However, the Internalisation Committee has not to date agreed to the terms of the documents.

Nevertheless, the Trustee's consistent position has always been that it is open to receiving suggestions and/or proposals on the Internalisation in the interests of all Unitholders. However, despite knowing that the Trustee had commenced work on the human relations related workstreams of the Internalisation in December 2023, the SGIC and the Requisitionists had only in their requisition notice of 12 August 2024 (the "**Requisition Notice**") put forward their six Requisitionists' Candidates. The Trustee did not receive any suggestions or proposals with respect to director candidates from any member of the Internalisation Committee or any application from any of the Requisitionists' Candidates prior to the Requisition Notice.

On the costs incurred in the implementation of the Internalisation thus far, please refer to (a) the response to Question 8 in Appendix B of the Initial Responses.

Question 11: If none of the Trustee's candidates get voted in, does that mean the Trustee has again wasted more Sabana unitholders' monies down the drain?

The Trustee disagrees with any suggestion that it has "*wasted [Unitholders' monies]*", incurred unnecessary costs or as to wrongdoing on its part. The Trustee reiterates that it would not have been appropriate for the Trustee to have undertaken this workstream of sourcing for suitable director candidates in connection with the Internalisation without seeking independent neutral professional advice. The Trustee had merely discharged its duties to safeguards the interests of all Unitholders by engaging qualified professionals to identify appropriate candidates. It is simply not a reasonable expectation that a professional trustee, in the discharge of its duties, rely simply on recommendations of some Unitholders on a matter as important as board and management candidates.

In any case, the choice of director candidates which is to be appointed to the New Internalised Manager (subject to MAS approval being obtained) remains, and is ultimately, one for Unitholders to make at the EGM.

Appendix B
Additional Questions by Unitholders with Responses by
the Independently Identified Director Candidates

The information, statements or opinions contained in this Appendix B are provided by the Independently Identified Director Candidates in response to questions raised by Unitholders. 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: Mr Chew has openly spoken against internalisation with Sabana shareholders and also publicly. This is when internalisation helps shareholders to own the manager, have more rights and more DPU. Now Mr Chew now wants shareholders to vote for him so that he can collect director fees from an internal manager. Isn't this hypocritical?

Dr Chew Tuan Chiong: It is a marketplace reality that a smaller REIT without a sponsor will face additional challenges both in terms of direct costs, as well as growth prospects. It should be noted that even as higher DPU is being promised, the process of internalisation has already raked up significant costs, and seriously damaged DPU. Let us acknowledge these realities, so that Board and management can proactively navigate the challenges.

Question 2: Mr Jimmy Chun stepped down as a director of CDL H Trust in May 2016. The Hong Kong Securities and Futures Commission investigated him around the same time and completed it in Dec 2016 as seen from the Circular. As both things happened around the same time, is Mr Chun's resignation as a director of CDL H Trust related to the Hong Kong Securities and Futures Commission investigation?

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Mr Chun Ming Jimmy Chan: There is no connection between my resignation from CDL H Trust in May 2016 as this was long contemplated since I have been an INED for CDL H Trust for over 9 years. The investigation came after my resignation.

The investigation of HK Securities and Futures Commission was focused mainly on the wording of the scope of services of Maxsen Capital Limited which mentioned "Asset Management" as part of its services. This matter was clarified to the HK SFC and wording on the website was amended to clarify that the scope of services covers "real estate and hotel asset management" which is not a regulated activity and was accepted by the HK SFC so no further action was taken thereafter.

My experience covers a wide range of real estate properties including shopping center and hotels in Singapore as well as all types of commercial and hospitality properties located in China, Hong Kong, Japan, Australia and South East Asia. I was selected as a proposed candidate for the director because of my expertise in the area of structuring of acquisition and due diligence process, REIT management (compliance and risks management) and fund raising, not only in Singapore but in the Asia Pacific region.