Appendix 1

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

QUESTIONS / COMMENTS RAISED AT THE ANNUAL GENERAL MEETING HELD ON 22 APRIL 2025

Comment/ Question 1 Unitholder No. 1	:	Unitholder No. 1 congratulated the management for good performance. He referred to Note 4 in terms of property valuation and noted that the Manager's achievement of higher rental reversion has mitigated the effect of lease decay on valuation. He asked how the management intends to continue handling the inevitable lease decay and achieve higher rental reversion and whether property recycling has to be carried out, or will management let the shorter term lease properties continue to decay?
Response 1 CEO (Mr Donald Han)	:	Market practice by other landlords typically is to divest properties with shorter term land lease tenure and replace with longer land lease tenure or freehold properties (mostly found in foreign countries), as part of asset recycling strategy. Comparatively, land lease tenure for new industrial land sales by JTC ranges between 20 and 30 years. Another way to help mitigate 'decaying' of values is through Sabana's proactive asset enhancement and asset rejuvenation works which help to support rental demand. In the last four years, this has resulted in positive rental reversions. The Manager continues to proactively engage JTC to extend existing shorter-term land leases. A new land lease extension policy is expected to be announced by JTC and will take effect from the second half of 2025.
Comment/ Question 2 Unitholder No. 1	:	The REIT's finance costs had gone up in FY 2024, which was inevitable as interest rates had been higher. Would finance costs be reduced during the current financial year given that interest rates are pegging lower? Is there an intention to re-jig from fixed to floating rates?
Response 2 CFO (Mr Lim Wei Huang)	:	The CFO explained that apart from the elevated interest rates environment, higher financing costs for FY 2024 as compared to FY 2023 was also attributed to the higher drawn loan amount to support capital expenditure and operations of the REIT. Currently, the market remains uncertain and interest rates continue to fluctuate. On our part, we have to exercise discipline in terms of our draw down and hedging. We will continue to take a prudent approach for appropriate hedging to shelter the REIT. We will try our best to get our fixed component above 70%.
Comment/ Question 3 Unitholder No. 2	:	He thanked the CEO for the detailed presentation presented to the Unitholders. Of the 18 properties, he noted while there were some properties with occupancy rates that either at 100% or exceeding 90%, there were others that were below 80%, including one that was at 63.8%. He then asked how the Management would increase the occupancy rate for the properties and what are the strategies in a competitive market?
Response 3 CEO (Mr Donald Han)	:	The CEO made references to two properties with occupancy rates below 80%, namely, 23 Serangoon North Avenue 5 and 8 Commonwealth Lane. Both properties are within the high-tech industrial segment, with rentals ranging between \$3 and \$4 per square foot ("**psf**"). They are in direct competition (rental-wise) with the business park segment, which (as presented in the earlier AGM presentation) is in a huge state of oversupply.

		The CEO further explained that key marketing strategies adopted for these properties include to continue upgrading building amenities, keeping maintenance charges stable (as many tenants/ businesses are facing rising costs challenges) and rentals competitive. It is important to always keep an eye on rental comparables of surrounding market competitors. With the progressive wage model in place by the Government in the midst of higher inflationary cost pressures - maintenance costs for buildings are likely to trend upwards. The main components of such maintenance costs comprise labour, materials (cleaning) costs, among others, which have spiraled upwards over the years. We are fortunate that the REIT had started planning for alternative energy in a form of solar panels as early as in 2022. With the completion of nine properties with solar panels on their rooftops, we managed to defray some inflationary costs pressures and in tandem, help to stabilise our maintenance charges for common areas. Industrial maintenance charge psf vis-à-vis gross rental psf ratio commands a higher percentage compared to other sectors like office and retail sectors. Solar energy installed in the majority of the REIT's multi-tenanted buildings will help to defray common area costs increases and keep the REIT's rental rates competitive.
Comment/ Question 4 Unitholder No. 2	:	What will be the impact of the weakening US dollar on the company?
Response 4 CEO (Mr Donald Han)	:	The CEO explained that the strength of the US dollar does not really matter to the REIT as all of the REIT's properties are located in Singapore. Instead, a strong Sing dollar may bring more foreign direct investments ("**FDI**") into Singapore, as Singapore is deemed as a safe haven, protecting wealth and investment values. With increasing FDI, we think more industries may set up operations in Singapore, bringing greater user demand for the REIT's properties. Lastly the US tariff of 10% imposed on Singapore's exports to the US - are amongst the lowest in the world, which suggests that we may see rebalancing/relocation of industries and supply chain operations into Singapore.
Comments/ Question 5 Unitholder No. 3	:	Has the Board considered performing sensitivity analysis in terms of rental performance in view of the current situation?
Response 5 CEO (Mr Donald Han)	:	The CEO explained that the management constantly marked to market its rentals based on market comparables for competitor buildings and benchmarking against JTC's quarterly percentile rental rates for the various property locations. In the case of our crown jewel New Tech Park (akin to business park segment), it has secured an occupancy rate of 85%, outperforming JTC's islandwide Business Park's occupancy rate of 77.9% (for 4Q 2024). In addition, as reported in 1Q 2025, we have a high tenant retention rate of above 99% and strong rental reversion of 15.3% and 20.6% for 1Q2025 and FY 2024 respectively. We will continue to monitor the market.

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Comments/ Question 6 Unitholder No. 4	:	Unitholder No. 4 inquired if Management had conducted checks against the profile of the tenants and if the trade war continues, how will it affect their businesses?
Response 6 CEO (Mr Donald Han)	:	The CEO referred to page 19 of the Annual Report, which highlighted that the top 10 tenants are led by Electronics and Logistics & Supply Chain Management trade sectors, totaling approx. 50% of the REIT's gross rental income. Logistics had proven to be the most resilient sector even during Covid-19 pandemic, as goods had to be stored in warehouses when trade and port activities came to a standstill. As for electronic companies, they form a different picture. The largest semiconductor firms are already operating in Singapore. Some of them are located at the REIT's properties. At the moment, Singapore electronic exports to US are non-tariffable. We do not know how that will shape out in future. However, on a macro-economic note, we know that Singapore Government (ie. EDB) cannot allow the semiconductor sector to fail (downsize or relocate out of Singapore) as this sector contributes about 8% to Singapore's gross domestic product, which represents a critical level. The Manager will monitor the situation.

Disclaimer:

The Manager assumes no responsibility for accuracy or completeness or correctness of any information, statements or opinion made by any Unitholder.

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