

Q&A Shee Atiká Land Trust

The Board of Directors of Shee Atiká, Incorporated (“Shee Atiká”) has developed an ANCSA Settlement Trust to provide long-term protection of Shee Atiká’s lands at Katlian Bay, Alaska. This trust, known as the Shee Atiká Land Trust (or “SALT”), will be voted on by Shee Atiká’s Shareholders at the Annual Meeting to be held June 28, 2025. Specifically, Shareholders will vote “YES” or “NO” on the following Shareholder Resolution 2025-01: *Resolved that the Shee Atiká Land Trust shall be established as an ANCSA Settlement Trust effective June 28, 2025.* Below are some of the more commonly asked questions about the Shee Atiká Land Trust.

- 1. What is an ANCSA Settlement Trust and how many already exist?** An ANCSA settlement trust is a special type of trust authorized by ANCSA to hold Native lands and to provide certain benefits to the shareholders of a specific Native Corporation. As of June 30, 2024, about 40 Settlement Trusts have been established by other Native Corporations and together hold about \$500 million in assets. Shee Atiká has previously established two ANCSA settlement trusts which provide our shareholders with benefits, the Shee Atiká Fund Endowment (“SAFE”) and the Shee Atiká Benefits Trust (“SABT”).
- 2. What is the principal purpose of the Shee Atiká Land Trust?** The principal purpose of SALT is to provide permanent protection of Shee Atiká’s surface estate lands at Katlian Bay, Alaska (the “Katlian Lands”) against sale or encumbrance. The new state road being built into the Katlian area makes this protection an absolute priority. The Katlian Lands consist of approximately 3,000 surface estate acres which were conveyed to Shee Atiká in the mid-1980s. If Shee Atiká’s shareholders approve the establishment of SALT as an ANCSA Settlement Trust, the Katlian Lands will be conveyed to SALT soon thereafter. Other real estate owned by Shee Atiká could also be placed in SALT and protected.
- 3. Who owns the subsurface of the Katlian Lands?** The subsurface lands at Katlian Bay are owned by Sealaska Corporation and will not be affected by the transfer of the Katlian Lands into SALT.
- 4. What are the long-term plans for the Katlian Bay Lands?** Shee Atiká’s Board is currently evaluating options for the Katlian Lands. SALT itself is prohibited from operating as a business, and it is likely that SALT will lease the Katlian Lands back to Shee Atiká, with Shee Atiká then undertaking any future development. The Board is committed that any development of the Katlian Lands will be done in a manner that is consistent with the sacred status of the Katlian Lands within the customs, traditions and heritage of the Alaska Native people of Sitka.
- 5. If funds become available to the SALT Trustees, what benefits could be provided through the Trust?** Payment of any benefits from the Trust is subject to the Trust having the funds to pay those benefits. These funds could be provided through future cash contributions by Shee Atiká to the Trust, or could come from the Trust activities such as leasing the Katlian Lands back to Shee Atiká. The benefits that the Trustees could provide to Shee Atiká’s shareholders include a cash distribution benefit similar to the cash distribution benefit provided currently by SAFE, educational and funeral benefits similar to those provided by SABT, and/or an elders benefits. The benefits provided by SALT are not intended to replace the benefits provided by SAFE and SABT, and are instead, intended to provide flexibility as to how these benefits are made available to Shee Atiká’s shareholders. Whether these benefits are provided and the amount will be decided by SALT’s Trustees. These categories of benefits are independent of each other, and a SALT beneficiary must satisfy the qualification requirements for a specific type of benefit to be eligible to receive that benefit.
- 6. What is the Shareholder Voting Process to establish the Trust?** A majority of Shee Atiká’s voting stock voting on Shareholder Resolution 2025-01 must vote to approve Shareholder Resolution 2025-01 to establish SALT as an ANCSA Settlement Trust. Each share will have one vote. Cumulative voting will

not apply to the settlement trust vote. Proxy materials for the 2025 Annual Meeting, including the shareholder vote on Resolution 2025-01, will be mailed in May 2025.

- 7. Who will be the Trustee(s) of the Shee Atiká Land Trust?** Shee Atiká's Directors are the Trustees of SALT. When a Shee Atiká Director is elected, that person automatically becomes a Trustee. When a person is no longer a Shee Atiká Director, that person will cease to be a Trustee of SALT.
- 8. What will be contributed to the Shee Atiká Land Trust?** If Shee Atiká's shareholders approve the establishment of SALT as an ANCSA Settlement Trust, the Shee Atiká Board presently intends to contribute the Katlian Lands to SALT immediately after the shareholder vote. Other assets (including other Shee Atiká real property) could be transferred by Shee Atiká's Board to the Trust from time to time so that the purposes of the Trust can be achieved. Any such future contributions to the Trust (other than the Katlian Lands) are not certain at this time, as Shee Atiká's future financial status (including its future profits) is unknown and will depend on a wide variety of factors such as the actual cash flow from Shee Atiká's business operations. The present Board intends to retain sufficient assets in Shee Atiká so that Shee Atiká can conduct its operations and pay all its debts and obligations following any and all Trust contributions.
- 9. How long will the Shee Atiká Land Trust last?** The Trust will last forever unless two-thirds of the Trustees and a majority of the Trust Units with voting rights vote to terminate SALT. Upon termination, the Katlian Lands return to Shee Atiká.
- 10. What Are the Tax Rules Related to the Shee Atiká Land Trust?** The Trust will make a special tax election, which permits the Trust to be taxed at rates of 10% on ordinary income such as rent or interest income and 0% on capital gains and dividends. Shee Atiká is taxed presently at rates of about 28% on all these types of income. This difference in tax rates alone produces a significant tax savings on income earned by the Trust versus income earned by Shee Atiká. Shareholders also receive an important tax break, which is that benefits provided by the Trust (including cash distributions) are normally not taxable to the shareholder and do not even have to be reported on their individual tax returns. Benefits provided by Shee Atiká (including dividend distributions) are normally fully taxable to Shee Atiká's shareholders due to Shee Atiká's profitability. Although a 10% tax is normally applicable to contributions to a settlement trust such as SALT, a special tax election allows the Trustees to defer payment of this 10% contribution tax until such time as the contributed assets are sold. The SALT Trustees likely will make this deferral election. However, because the Katlian Lands will never be sold by SALT, the 10% contribution tax will never become payable by SALT as to the Katlian Lands.
- 11. If Shee Atiká's Shareholders approve the establishment of SALT, how does a Shareholder receive units in the Trust?** Upon shareholder approval of the Shee Atiká Land Trust, every Shee Atiká Shareholder will automatically own the same number of Trust Units in SALT as that Shareholder owns Shee Atiká shares. Thus, if you own 100 Shee Atiká shares, you will own 100 Trust Units in SALT. If a shareholder's Shee Atiká's shares are voting, the Trust Units of that shareholder will be voting, and if a shareholder's Shee Atiká shares are non-voting, that shareholder's Trust Units will be non-voting. The SALT Trust Units are inseparable from the underlying Shee Atiká shares, the same as the Trust Units of SAFE and SABT, so when Shee Atiká shares are transferred, such as through a gift of shares or upon the death of a shareholder, the same number of Trust Units will automatically be transferred to the same person who receives the Shee Atiká shares.