

CIRCULAR DATED 6 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have sold or transferred all your units (“Units”) in Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (“**Sabana REIT**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting (the “**Notice of EGM**”) and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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(a real estate investment trust constituted
on 29 October 2010 (as amended) under the laws of the Republic of Singapore)

MANAGED BY

SABANA REAL ESTATE INVESTMENT MANAGEMENT PTE. LTD.

(Company Registration No. 201005493K)

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) **THE PROPOSED REMOVAL OF SABANA REAL ESTATE INVESTMENT MANAGEMENT PTE. LTD. AS THE MANAGER OF SABANA REIT (ORDINARY RESOLUTION)**
- (2) **THE PROPOSED DIRECTION TO HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED (IN ITS CAPACITY AS TRUSTEE OF SABANA REIT) TO (I) INCORPORATE A WHOLLY-OWNED SUBSIDIARY TO REPLACE SABANA REAL ESTATE INVESTMENT MANAGEMENT PTE. LTD. AS THE MANAGER OF SABANA REIT FOR THE PURPOSE OF INTERNALISING THE REIT MANAGEMENT FUNCTION AND (II) SEARCH FOR QUALIFIED CANDIDATES TO BE APPOINTED AS THE DIRECTORS OF THE INTERNALISED REIT MANAGER (ORDINARY RESOLUTION)**
- (3) **THE PROPOSED DIRECTION OF THE ORDERLY WINDING-UP OF SABANA REIT AND PURSUANT THERETO, FOR THE DIVESTMENT OF ALL PROPERTIES OF SABANA REIT, IN THE EVENT THAT THE NEWLY-INCORPORATED SUBSIDIARY (SPECIFIED IN RESOLUTION 2(I)) IS NOT APPROVED BY THE RELEVANT AUTHORITIES TO ACT AS THE MANAGER OF SABANA REIT, FOR WHATEVER REASON (EXTRAORDINARY RESOLUTION)**
- (4) **THE PROPOSED DIRECTION OF THE ORDERLY WINDING-UP OF SABANA REIT IN THE EVENT THAT RESOLUTION (1) IS NOT PASSED (EXTRAORDINARY RESOLUTION)**

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	: 25 April 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting (“EGM”)	: 28 April 2017 at 10.30 a.m. (or immediately after the conclusion of the annual general meeting of Sabana REIT to be held at 9.00 a.m. on the same day and at the same place)
Place of EGM	: Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4, 1 Raffles Boulevard, Suntec City, Singapore 039593

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CORPORATE INFORMATION

Directors of Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the manager of Sabana REIT) (the “Manager”)	:	Mr Steven Lim Kok Hoong (Chairman and Independent Non-Executive Director) Mr Yong Kok Hoon (Independent Non-Executive Director) Mr Henry Chua Tiong Hock (Non-Executive Director) Mr Kevin Xayaraj (Chief Executive Officer and Executive Director)
Registered Office of the Manager	:	151 Lorong Chuan #02-03 New Tech Park Singapore 556741
Trustee of Sabana REIT	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #13-02 HSBC Building Singapore 049320
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623



(a real estate investment trust constituted
on 29 October 2010 under the laws of the Republic of Singapore)

Directors of the Manager

Mr Steven Lim Kok Hoong
(Chairman and Independent Non-Executive Director)
Mr Yong Kok Hoon
(Independent Non-Executive Director)
Mr Henry Chua Tiong Hock
(Non-Executive Director)
Mr Kevin Xayaraj
(Chief Executive Officer and Executive Director)

Registered Office

151 Lorong Chuan
#02-03 New Tech Park
Singapore 556741

6 April 2017

To: Unitholders of Sabana REIT

Dear Sir/Madam

1. INTRODUCTION

1.1 Background

On 7 February 2017, the Manager announced that it had on 6 February 2017 received a letter (“**Requisition Letter**”) from 66 unitholders of Sabana REIT (the “**Requisitionists**”) requesting the Manager to convene an EGM of unitholders of Sabana REIT (“**Unitholders**”). As at 24 March 2017, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), only 61 of the Requisitionists remain as Unitholders and these remaining Requisitionists collectively hold approximately 0.7% of the total issued units of Sabana REIT (“**Units**”).

Annexed to the Requisition Letter was a note (“**Requisition Note**”) setting out the reasons behind the request to convene the EGM to consider the proposals set out in the Requisition Letter (the “**Requisition**”). A copy of the Requisition Letter and the Requisition Note is set out in Appendix A of this Circular.

On 17 February 2017, the Board announced the establishment of a strategic review committee (the “**Strategic Review Committee**”) to undertake a review of options available for Sabana REIT to enhance Unitholder value. The Strategic Review Committee, led by a majority of independent directors, comprises Mr Yong Kok Hoon (Independent Non-Executive Director, Chairman of the Strategic Review Committee), Mr Steven Lim Kok Hoong (Independent Non-Executive Director) and Mr Henry Chua (Non-Executive Director). The terms of reference of the Strategic Review Committee include the following:

- (a) reviewing various options to improve the performance of Sabana REIT; and
- (b) sourcing and considering the proposals from potential strategic partners, and shortlisting partners who can enhance Sabana REIT’s performance in terms of:
 - (i) ability to contribute pipeline of quality assets to Sabana REIT to improve current property portfolio mix;
 - (ii) improving the borrowing ability of Sabana REIT; and
 - (iii) ability to enhance the capability of the management team.

On 24 February 2017, the Manager announced its appointment of Morgan Stanley Asia (Singapore) Pte. (“**Morgan Stanley**”) as its financial adviser in relation to the strategic review of Sabana REIT. Morgan Stanley will assist the Strategic Review Committee in the strategic review exercise and report directly to the Strategic Review Committee. As announced on 6 March 2017, in carrying out the strategic review exercise, the Strategic Review Committee will act in the best interests of all Unitholders as a whole over the interests of both the Manager and its shareholders in the event of a conflict between the interests of (i) all Unitholders as a whole and (ii) the Manager and/or Manager’s shareholders.

As at the Latest Practicable Date, the strategic review exercise is currently in progress and the Board will make the necessary announcements as and when there are material developments.

1.2 Purpose of this Circular

The Directors are convening the EGM to be held at Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2017 at 10.30 a.m. (or immediately after the conclusion of the annual general meeting of Sabana REIT to be held at 9.00 a.m. on the same day and at the same place), to consider the proposals contained in the Requisition Letter, details of which are set out in Appendix A of this Circular.

Pursuant to the Requisition Letter, the purpose of this Circular is to provide Unitholders with information relating to the Resolutions to be tabled at the EGM, details of which are contained in the Notice of EGM set out on pages B-1 and B-2 of this Circular.

“Resolution 1: The proposed removal of Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana Shari’ah Compliant Industrial Real Estate Investment Trust.

Resolution 2: The proposed direction to HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana REIT) (the “**Trustee**”) to (i) incorporate a wholly-owned subsidiary to replace Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana REIT for the purpose of internalising the REIT management function and (ii) search for qualified candidates to be appointed as the directors of the internalised REIT manager.

Resolution 3: The proposed direction of the orderly winding-up of Sabana REIT and pursuant thereto, for the divestment of all properties of Sabana REIT, in the event the newly-incorporated subsidiary (specified in Resolution 2(i)) is not approved by the relevant authorities to act as the manager of Sabana REIT, for whatever reason.

Resolution 4: The proposed direction of the orderly winding up of Sabana REIT, in the event Resolution 1 is not passed.”

(collectively, the “**Resolutions**”).

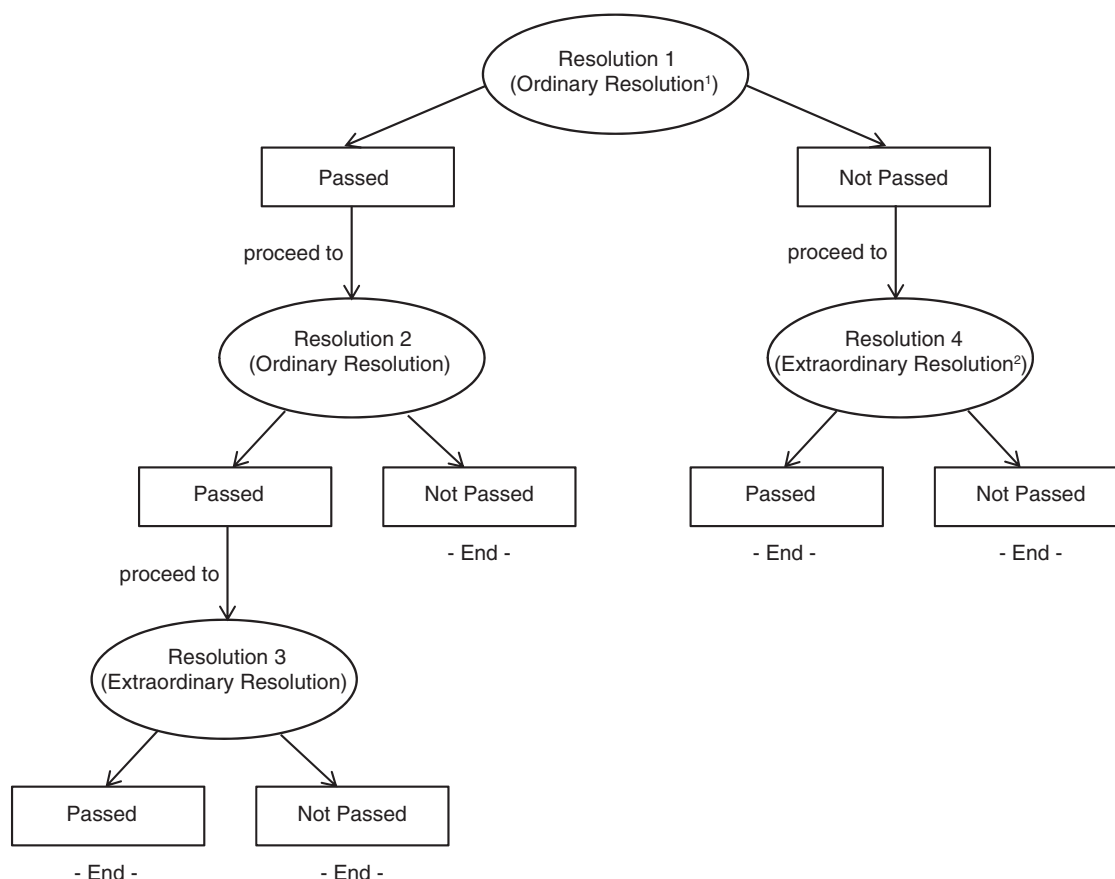
Unitholders are advised to read carefully this Letter to Unitholders in its entirety before deciding whether to vote for or against the Resolutions as elaborated in the Notice of EGM.

Unitholders should note that:

- **If Resolution 1 is passed, the Manager will proceed to put forth Resolution 2 for voting. Resolution 4 will not be put forth for voting.**
- **If Resolution 1 is not passed, the Manager will proceed to put forth only Resolution 4 for voting. Resolutions 2 and 3 will not be put forth for voting.**

- **If Resolution 2 is passed, the Manager will proceed to put forth Resolution 3 for voting.**
- **If Resolution 2 is not passed, the Manager will not proceed to put forth Resolution 3 for voting.**

The flowchart below sets out the sequence of the Resolutions to be tabled at the EGM.



2. THE REQUISITION

On 6 February 2017, the Requisitionists requisitioned the Manager to convene an EGM to consider the Resolutions.

The Requisition Note states that the overall objective of the Resolutions is to replace the existing external REIT manager with an internalised REIT manager to be wholly-owned by Sabana REIT, and if the internalised REIT manager is not approved by the Monetary Authority of Singapore (the “MAS”), for Sabana REIT to be wound up.

In light of the Requisitionists’ overall objective in proposing the Resolutions as set out in the Requisition Note, Unitholders should, when deciding whether to vote for or against Resolution 1, also carefully consider and take into consideration the serious consequences that would arise if Resolution 2 and/or Resolution 3 were passed. The effectiveness of Resolution 2 is also conditional upon the relevant authorities’ approval(s) for the proposed internalisation being obtained and if the approval(s) of the relevant authorities are not obtained, Resolution 2 is deemed not to have been passed.

1 “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

2 “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

The Requisitionists have not provided any clarity or guidance on the steps to be taken by Sabana REIT in the event that Resolution 1 is passed, including, among others, steps to search for and appoint a new management team who are suitably qualified and will be acceptable to the MAS, and enter into negotiations with Sabana REIT's counterparties in respect of the covenants and obligations under Sabana REIT's financing documents and other contractual documents which would be triggered or breached when the Manager is removed. As the steps to be taken are dependent on external third parties which may not agree to grant the necessary consents or waivers required, or which may impose their own conditions after taking into account their own interests, there is no certainty that any of these steps would be successfully carried out (including successfully negotiating with the counterparties to waive the default under the various contractual documents to which Sabana REIT is a party) or at all. If any of such steps cannot be successfully implemented (for example if waivers from the counterparties on Sabana REIT's default on its contractual obligations as a result of the removal of the Manager cannot be obtained), this will result in serious consequences for Sabana REIT and its Unitholders as set out in Section 3.3 below.

3. RESOLUTION 1 – THE PROPOSED REMOVAL OF SABANA REAL ESTATE INVESTMENT MANAGEMENT PTE. LTD. AS THE MANAGER OF SABANA REIT

The Requisitionists have proposed to remove Sabana Real Estate Investment Management Pte. Ltd. (“SREIM”) as the manager of Sabana REIT.

3.1 Rationale of the Requisitionists

As set out in the Requisition Note, the purpose of the Resolutions is to replace the existing external manager of Sabana REIT with an internalised REIT manager which is wholly-owned by Sabana REIT.

In the Requisition Note, it was alleged that the present external management model has delivered decreasing distribution per Unit (“DPU”) for Sabana REIT over the last three years and that having an internalised REIT manager will immediately increase DPU for Sabana REIT via cost savings and additional distributions from the internalised REIT manager's net profit.

3.2 Response by the Manager

In relation to the reasons for the Requisition, the Manager's responses are as follows:

- (a) The Strategic Review Committee is currently undertaking a strategic review to address Unitholders' concerns about Sabana REIT's performance.

The Strategic Review Committee is actively exploring options to further the sustainable growth of Sabana REIT and the interest of its Unitholders. It is also sourcing and considering the proposals from potential strategic partners who can help to enhance Sabana REIT's performance in various aspects. In this regard, the Manager is of the view that Unitholders should take a long-term view of their investment in Sabana REIT. Please refer to Section 7 of this Circular for more information on the strategic review.

- (b) The Requisitionists have not provided any strategy for improving Sabana REIT after the Manager is removed.

The Requisitionists do not have any clear and established strategy as to how Sabana REIT's operations and assets can be conducted and managed more efficiently for Unitholders, especially given the challenging conditions in the Singapore industrial property market. The Requisitionists have asked Unitholders to direct the Trustee to look for qualified persons who can be appointed as directors of the internalised REIT manager of Sabana REIT. However, there is no visibility as to who the management team would be and, indeed, whether a suitably qualified management team with a suitable track record would be available to take on the role. There is also no guarantee whether the new management team would be able to improve Sabana REIT's performance.

Further, any party acting as the replacement REIT manager must be approved and licensed by the MAS to carry on the REIT management business. The licensing process requires time and there is no assurance that the internalised REIT manager will be approved by the MAS.

Against the lack of visibility and clarity of the Requisitionists' strategy to improve Sabana REIT's financial performance upon the Manager's removal, Unitholders should take note that the Manager's removal will lead to serious consequences, including potentially triggering various events of default as elaborated further in Section 3.3 of this Circular.

In addition, as at the Latest Practicable Date, S\$57.8 million and S\$90.0 million of Sabana REIT's outstanding financial indebtedness will be maturing in 2017 and 2018 respectively. The uncertainty that will result from the passing of Resolution 1 to remove the Manager coupled with the lack of visibility of the replacement REIT manager may increase refinancing risks as lenders may be unwilling to enter into refinancing arrangements for the maturing financing arrangements.

- (c) The fee structures of the Manager and the Property Manager are comparable to Singapore-focused industrial and logistics REITs¹ and are aligned with the interests of Unitholders.

The Manager disagrees with the allegation that the fees payable to the Manager and the property manager, Sabana Property Management Pte. Ltd. (a wholly-owned subsidiary of SREIM) (the "**Property Manager**") are too high. As set out in Table 1 and Table 2 below which compare, in alphabetical order, Singapore-focused industrial and logistics REITs with AUM of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016, the Manager's and the Property Manager's fee rates are within the range of all the fees charged by other property managers of Singapore-focused industrial and logistics REITs with AUM of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016. Table 1 demonstrates that the management fees charged by the Manager are within the range of the fees charged by Singapore-focused industrial and logistics REITs with AUM of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016. Further, as illustrated in Table 2, the Property Manager does not charge any marketing fees for securing new leases or lease renewals which are generally charged by Singapore-focused industrial and logistics REITs with AUM of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016.

In addition, as illustrated in Table 1, the Manager's fee structure is aligned with the Unitholders' interests as the performance fee payable to the Manager is dependent on Sabana REIT achieving at least 10% growth in the annual DPU over the previous financial year. Since listing, the Manager has not received any performance fee.

Further, as announced on 7 February 2017, the Manager has always elected to receive 80% of its base fees in the form of Units since the initial public offering of Sabana REIT ("**IPO**"). As at the Latest Practicable Date, the Manager has only sold a total of 2,594,000 Units out of a total of 32,401,339 Units the Manager received to-date as payment of its management fees, to raise approximately S\$3.1 million to fund its operating expenses, and the Manager continues to hold 41,242,726 Units² as at the Latest Practicable Date to align its interests with the Unitholders. Accordingly, while the base fees may on paper have amounted to S\$5,868,000, S\$6,173,000, S\$6,263,000, and S\$5,333,000 for each year from financial year ("**FY**") 2013 to FY2016, the decline in Unit price and DPU had also affected the Manager as much as the Unitholders.

1 These refer to those Singapore-focused industrial and logistics REITs with assets under management ("**AUM**") of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016.

2 The figure of 41,242,726 Units includes the Manager's subscription of its pro rata entitlement to the new Units issued pursuant to the renounceable underwritten rights issue launched on 20 December 2016 (the "**Rights Issue**").

Table 1: Comparison of management fees between Singapore-focused industrial and logistics REITs with AUM of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016 (based on publicly available information as at the Latest Practicable Date)

	AIMS AMP Capital Industrial REIT ("AICI REIT") AIMS AMP Capital Industrial REIT Management Limited ⁽²⁾	Cache Logistics Trust ("Cache Trust") ARA-CWT Trust Management (Cache) Limited ⁽³⁾	Cambridge Industrial Trust ("CIT") Cambridge Industrial Trust Management Limited ⁽⁴⁾	Sabana REIT Sabana Real Estate Investment Management Pte. Ltd. ⁽⁵⁾	Soilbuild Business Space REIT ("Soilbuild REIT") SB REIT Management Pte. Ltd. ⁽⁶⁾	Viva Industrial Trust ("VIT") ⁽⁷⁾ Viva Industrial Trust Management Pte. Ltd. ⁽⁸⁾
Base Fee⁽¹⁾	0.5% per annum of the value of AICI REIT's deposited property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of unitholders.	0.5% per annum of the value of the consolidated assets.	0.5% per annum of the value of CIT's deposited property or such higher percentage as may be fixed by an extraordinary resolution of meeting of unitholders.	Not exceeding the rate of 0.5% per annum of the value of the deposited property of Sabana REIT ("Deposited Property").	Not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the REIT manager in its absolute discretion) of the distributable income of VIT-REIT (as defined in the trust deed of VIT-REIT) (calculated before accounting for the REIT base fee and the REIT performance fee).	Not exceeding the rate of 10% per annum (or such lower percentage as may be determined by the REIT manager in its absolute discretion) of the distributable income of VIT-REIT (calculated before accounting for the REIT base fee and the REIT performance fee).
Performance Fee⁽¹⁾	0.1% per annum of the value of AICI REIT's deposited property provided that growth in DPU in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. 0.2% per annum of the value of AICI REIT's deposited property if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%.	1.5% per annum of the net property income.	25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year. The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by CIT in the previous years for which a performance fee was payable ("Highest DPU Threshold"). Whenever a performance fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for performance fee in future, CIT would have to outperform the adjusted Highest DPU Threshold. Management fees (base fee and performance fee, including any accrued performance fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the manager in respect of a financial year are capped at an amount equivalent to 0.8% per annum of the value of CIT's deposited property as at the end of the financial year (referred to as the "annual fee cap"). If the amount of such fees for a financial year exceeds the annual fee cap, the base fee of the financial year shall be paid to the manager and only that portion of the performance fee equal to the balance of an amount up to the annual fee cap will be paid to the manager. The manager voluntarily waived any performance fee entitlement for FY2015 and FY2016.	0.5% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the net property income of Sabana REIT ("NPI") in the relevant financial year, provided Sabana REIT achieves at least 10.0% annual growth in DPU over the previous financial year (calculated after accounting for the performance fee (if any) for that financial year and after adjusting, at the discretion of the Manager, for any new Units arising from the conversion or exercise of any instruments convertible into Units which are outstanding at the time of calculation and any rights or bonus issue, consolidation, subdivision or buy-back of Units).	25.0% of the difference in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of units in issue for such financial year. If there is no growth in DPU from the preceding financial year, no performance fee will be payable to the manager.	25.0% per annum of the difference in distribution per Stapled Security ("DPS") of VIT in a financial year with the DPS of VIT in the preceding financial year (calculated before accounting for the REIT performance fee and the BT performance fee but after accounting for the REIT base fee and the BT base fee in each financial year) multiplied by the weighted average number of stapled securities in issue for such financial year. The REIT performance fee is payable if the DPS of VIT in respect of a financial year exceeds the DPS of VIT in the preceding complete financial year, notwithstanding that the DPS of VIT in the financial year where the REIT performance fee is payable may be less than the DPS of VIT in any financial year prior to the preceding complete financial year.

<p>Acquisition Fee⁽ⁱ⁾</p>	<p>1.0% of the acquisition price of any authorised investment (as defined in the trust deed of AACI REIT), acquired directly or indirectly by AACI REIT or such higher percentage as may be fixed by an extraordinary resolution at a meeting of unitholders.</p>	<p>1% of the acquisition price of any real estate purchased plus any other payments in addition to the acquisition price.</p>	<p>1.0% of each of the following as is applicable, subject to there being no double-counting:</p> <p>(a) the purchase price, excluding GST, of any real estate acquired, whether directly by CIT or indirectly through a special purpose vehicle;</p> <p>(b) the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate) where CIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:</p> <ul style="list-style-type: none"> • CIT shall hold or invest in at least 50% of the equity of such entity; or • if CIT holds or invests in 30% or more but less than 50% of the equity of such entity, CIT shall have management control of the underlying real estate and/or such entity; <p>(c) the value of any shareholder's loan extended by CIT to the entity referred to in paragraph (b) above, provided that the provision in paragraph (b) is complied with; and</p> <p>(d) the value of any investment by CIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (b)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the trust deed of CIT.</p>	<p>1.0% (or such lower percentage as may be determined by the Manager), of each of the following:</p> <ul style="list-style-type: none"> • the acquisition price of any real estate purchased, whether directly or indirectly through one or more Special Purpose Vehicles ("SPVs") by Sabana REIT; • the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any holding directly or indirectly the real estate, purchased whether directly or indirectly through one or more SPVs, by Sabana REIT; and • the acquisition price of any investment purchased by Sabana REIT, whether directly or indirectly through one or more SPVs, in any debt securities in any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured directly or indirectly by the rental income from real estate. 	<p>1.0% (or such lower percentage as may be determined by the manager in its absolute discretion) of the acquisition price of any real estate purchased, or the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, or the acquisition price of any approved investment purchased by Soilbuild REIT, whichever is applicable.</p>	<p>1.0% (or such lower percentage as may be determined by the REIT manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <p>(i) in relation to an acquisition (whether directly or indirectly through one or more SPVs of VI-REIT) of any real estate, the acquisition price of any real estate purchased by VI-REIT, plus any other payments in addition to the acquisition price made by VI-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of VI-REIT's interest);</p> <p>(ii) in relation to an acquisition (whether directly or indirectly through one or more SPVs of VI-REIT) of any SPV or holding entity which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests in any vehicle holding, directly or indirectly, the real estate purchased by VI-REIT, plus any additional payments made by VI-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of VI-REIT's interest); or</p> <p>(iii) the acquisition price of any investment by VI-REIT, whether directly or indirectly through one or more SPVs of VI-REIT, in any debt securities of any property corporation or other SPV owning or acquiring real estate.</p>
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<p>Divestment Fee⁽¹⁾</p>	<p>0.5% of the sale price of any authorised investment sold or divested by the trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of unitholders.</p>	<p>0.5% of the sale price of the real estate sold or divested, plus any other payment in addition to the sale price.</p>	<p>0.5% of each of the following as is applicable, subject to there being no double-counting:</p> <p>(a) the sale price, excluding GST, of any investment of the type referred to in paragraph (a) of the acquisition fee above;</p> <p>(b) in relation to an investment of the type referred to in paragraph (b) of the acquisition fee above, the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate);</p> <p>(c) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (c) of the acquisition fee above; and</p> <p>(d) the value of an investment referred to in paragraph (d) of the acquisition fee above.</p>	<p>0.5% (or such lower percentage as may be determined by the Manager) of each of the following:</p> <ul style="list-style-type: none"> the sale price of real estate sold or divested, whether directly or indirectly through one or more SPVs by Sabana REIT; the underlying value of any real estate which is taken into account when computing the sale price for the equity interests of any holding directly or indirectly the real estate, or the sale divested whether directly or indirectly through one or more SPVs, by Sabana REIT; and the sale price of any investment sold by Sabana REIT, whether directly or indirectly through one or more SPVs, in any debt securities in any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured directly or indirectly by the rental income from real estate. 	<p>0.5% (or such lower percentage as may be determined by the manager in its absolute discretion) of the sale price of any real estate sold or divested, or the underlying value of any real estate which is taken into account when computing the sale price receivable for the equity interests of any vehicle holding directly or indirectly the real estate, or the sale price of any approved investment sold or divested by Soilbuild REIT, whichever is applicable.</p>	<p>0.5% (or such lower percentage as may be determined by the REIT manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <p>(i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by VI-REIT (plus any other payments in addition to the sale price received by VI-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of VI-REIT's interest);</p> <p>(ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding, directly or indirectly, the real estate being sold or divested, whether directly or indirectly through one or more SPVs, by VI-REIT (plus any additional payments received by VI-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of VI-REIT's interest); or</p> <p>(iii) the sale price of any investment sold or divested by VI-REIT, whether directly or indirectly through one or more SPVs of VI-REIT, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.</p>
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Notes:

For capitalised terms not defined, please refer to the respective REITs' annual reports.

- (1) For the full details on the base fee, performance fee, acquisition fee and divestment fee, please refer to the relevant pages in the respective REITs' annual reports.

Sources:

- (2) Pages 111 to 112 of the AACI REIT Annual Report for the year ended 31 March 2016 (5) Pages 106 to 107 of the Sabana REIT Annual Report for the year ended 31 December 2015
(3) Pages 101 to 102 of the Cache Trust Annual Report for the year ended 31 December 2015 (6) Pages 99 to 101 of the Soilbuild REIT Annual Report 2015 for the year ended 31 December 2015
(4) Pages 116 to 118 of the CIT Annual Report for the year ended 31 December 2015 (7) VIT comprises Viva Industrial Real Estate Investment Trust ("VI-REIT") and Viva Industrial Business Trust ("VI-BT")
(8) Pages 99 to 101 of the VIT Annual Report for the year ended 31 December 2015

Each of AACI REIT, Cache Trust, CIT, Soilbuild REIT and VIT has not provided its consent to the inclusion of the information extracted from the relevant annual report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant annual reports published by AACI REIT, Cache Trust, CIT, Soilbuild REIT and VIT is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such reports, neither the Manager nor any other party has conducted an independent review of the information contained in such reports or verified the accuracy of the contents of the relevant information.

Table 2: Comparison of property manager's fees between Singapore-focused industrial and logistics REITs with AUM of between S\$1.0 billion to S\$2.0 billion as at 31 December 2016 (based on publicly available information as at the Latest Practicable Date)

	AACI REIT AIMS AMP Capital Property Management Pte. Ltd. ⁽³⁾	Cache Trust Cache Property Management Pte Ltd. ⁽⁴⁾	CIT Cambridge Industrial Property Management Pte. Ltd. ⁽⁵⁾	Sabana REIT Sabana Property Management Pte. Ltd. ⁽⁶⁾	Soilbuild REIT SB Property Services Pte. Ltd. ⁽⁷⁾ (unless otherwise stated)	Viva Industrial Trust ⁽⁸⁾ Viva Real Estate Asset Management Pte. Ltd. ⁽⁹⁾
Property Management Fee⁽¹⁾	2.0% per annum of the rental income of each of the relevant properties.	For Singapore Properties, 2.0% per annum of gross revenue of each property.	2.0% per annum of gross revenue of the relevant property.	2.0% per annum of gross revenue of each property under the management of the property manager.	2.0% per annum of gross revenue of each property. For as long as Solaris is leased back to Soilbuild Group Holdings Ltd. under a master lease arrangement, no property management fee will be payable in relation to Solaris.	2.0% per annum of gross revenue of each property, except for the Hotel Leased Premises of UE Bizhub EAST for which the property management fee is based on 1.0% per annum of its gross revenue.
Lease Management Fee⁽¹⁾	1.0% per annum of the rental income of each of the relevant properties.	For Singapore Properties, 1.0% per annum of gross revenue of each property.	1.0% per annum of gross revenue of the relevant property.	1.0% per annum of gross revenue of each property under the management of the property manager.	1% per annum of gross revenue of such relevant properties payable to SB REIT Management Pte. Ltd.. For as long as Solaris is leased back to Soilbuild Group Holdings Ltd. and/or its relevant subsidiaries under a master lease arrangement, no lease management fee or lease renewal commissions will be payable in relation to such property.	1.0% per annum of the gross revenue of each property, except for the Hotel Leased Premises of UE Bizhub EAST for which no lease management fee is payable to the property manager. The property manager has waived its right to the lease management fee in respect of UE Bizhub EAST and Mauser Singapore for the first three years from the Listing Date.
Marketing Fee/ Commissions⁽²⁾	Yes.	Yes.	Yes.	None.	Yes. For as long as Solaris is leased back to Soilbuild Group Holdings Ltd. and/or its subsidiary under a master lease agreement, no marketing services commissions for new leases will be payable in relation to Solaris.	Yes.

Notes:

For capitalised terms not defined, please refer to the respective REITs' annual reports.

- (1) For the full details on the property management fee and lease management fee, please refer to the relevant pages in the respective REITs' annual report.
- (2) For further details of the marketing fees and commissions, please refer to the relevant REITs' annual report. The Manager has not verified whether the marketing fees and commissions have been waived by any of the property managers of each of AACI REIT, Cache Trust, CIT, Soilbuild REIT and VIT.

Sources:

- (3) Pages 112 to 113 of the AACI REIT Annual Report for the year ended 31 March 2016 (6) Page 105 of the Sabana REIT Annual Report for the year ended 31 December 2015
- (4) Page 101 of the Cache Trust Annual Report for the year ended 31 December 2015 and pages(7) Pages 101 to 104 of the Soilbuild REIT Annual Report for the year ended 31 December 2015
19 to 22 of the Cache Trust EGM Circular 2 December 2014
- (5) Page 119 of the CIT Annual Report for the year ended 31 December 2015 (8) VIT comprises Viva Industrial Real Estate Investment Trust ("VI-REIT") and Viva Industrial Business Trust ("VI-BT")
(9) Page 102 of the VIT Annual Report for the year ended 31 December 2015

Each of AACI REIT, Cache Trust, CIT, Soilbuild REIT and VIT has not provided its consent to the inclusion of the information extracted from the relevant annual report or circular (as applicable) published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant annual reports or circulars (as applicable) published by AACI REIT, Cache Trust, CIT, Soilbuild REIT and VIT is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

- (d) The Manager has been proactive in managing Sabana REIT, but Sabana REIT's performance was affected by factors beyond its control.

The Manager has been proactive in managing Sabana REIT and its portfolio properties. However, despite the efforts put in by the Manager and the Property Manager, it was difficult for the Manager to ameliorate the impact on Sabana REIT's performance due to the confluence of challenging market conditions and expiring master leases.

At the time of IPO, Sabana REIT had adopted a business model and strategy which relied significantly on master leases so as to provide Unitholders with greater income stability. It was disclosed in the prospectus that the lease expiry profile by gross revenue as at the date of listing (excluding the property located at 9 Tai Seng Drive, Singapore 535227, which was not on a triple-net master lease) was expected to be around 59.5% in FY2013 and 40.5% in FY2015. The master leases were structured to provide both income stability and upside, with built-in annual step-ups in rent of 1.5% to 2.0% for 12 out of 14 properties that were on master leases. However, market conditions changed materially when Singapore's GDP growth started to decline after achieving 5.0% growth in 2013.¹ This affected the overall vacancy rate for industrial space which increased as a result of the oversupply of industrial space.² The confluence of deteriorating market conditions, regulatory changes in anchor/non-anchor sub-letting rules and expiring master leases consequently contributed to Sabana REIT's decline in DPU and revaluation loss. The sizeable proportion of its portfolio on master leases at IPO also made it harder for Sabana REIT to adapt to these changes. Despite these challenges, the Manager has been proactively managing Sabana REIT to improve its performance through the following measures:

- (i) The Manager has taken proactive lease management measures to ameliorate the effects of the expiring master leases and the market conditions.

To ameliorate the effects of the expiring master leases and the market conditions, the Manager adopted proactive lease management measures in the management of expiring leases and the leasing and marketing of vacant space in the portfolio of properties.

Through the Manager's proactive lease management strategy, the Manager successfully negotiated the renewal of expiring master leases and procured the signing of new master leases for 8 out of 17 expiring master leases³ from FY2013 to FY2016. The gross floor area ("GFA") secured with new master leases and renewed master leases was 295,443 sq ft in 2014, 1,073,033 sq ft in 2015 and 665,446 sq ft in 2016.

1 Sources: <https://www.mti.gov.sg/ResearchRoom/Pages/default.aspx>. The Ministry of Trade and Industry Singapore ("MTI") has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by MTI is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2 Sources: Exhibit 2a on the Occupancy Rate of Industrial Space and Exhibit 7 on the Upcoming Supply of Industrial Space in the JTC Quarterly Market Report for 4Q2016 at <http://www.jtc.gov.sg/industrial-property-market-statistics/Documents/JTC%20Quarterly%20Market%20Report%20for%204Q2016.pdf> and the Stock and Vacancy Rate of all Industrial Space (1Q2014 to 4Q2016) in the JTC Stock and Vacancy Statistics at <http://www.jtc.gov.sg/industrial-property-market-statistics/Documents/Stock%20and%20Vacancy%20Statistics%20%284Q2016%29.pdf>. JTC has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

3 The 8 master leases which were renewed does not include 3 Kallang Way 2A which was divested on 30 March 2016, and the 17 master leases that expired from FY2013 to FY2016 excludes 200 Pandan Loop which was divested on 14 March 2016 and 3 Kallang Way 2A which was divested on 30 March 2016.

For the master lease properties which were converted to multi-tenanted properties (“**Converted Multi-Tenanted Properties**”), the Manager took pre-emptive measures to soften the impact of the expiring master leases by negotiating the renewals of the underlying existing tenancies in advance of such expiries and by negotiating new leases for the Converted Multi-Tenanted Properties. With the above measures, despite the increasingly challenging market conditions, the Manager was able to successfully secure new leases and lease renewals for the Converted Multi-Tenanted Properties¹ representing the net lettable area (“**NLA**”) of 607,252 sq ft in 2013 and 2014, 656,103 sq ft in 2015 and 452,455 sq ft in 2016. The quarterly occupancies of each of these properties are shown in Table 3 below.

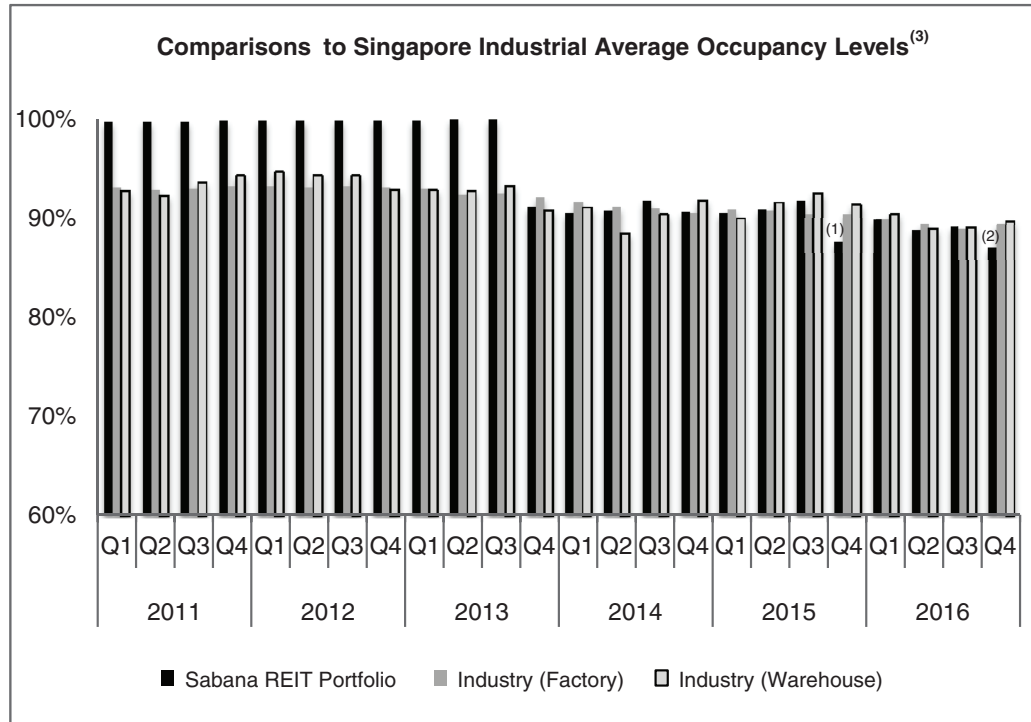
¹ Excludes 200 Pandan Loop which was divested on 30 March 2016.

Table 3: Multi-tenanted properties that were converted from master lease properties

S/No.	Property	Date of Master Lease Expiry	2013				2014				2015				2016			
			As at 31 Dec 13	As at 31 Mar 14	As at 30 Jun 14	As at 31 Dec 14	As at 31 Mar 15	As at 30 Jun 15	As at 30 Sep 15	As at 31 Dec 15	As at 31 Mar 16	As at 30 Jun 16	As at 30 Sep 16	As at 31 Dec 16				
1	151 Lorong Chuan	25-Nov-13	93.8%	95.1%	94.3%	91.7%	85.4%	86.6%	87.4%	87.4%	86.6%	88.7%	88.7%	86.6%	88.7%	87.5%		
2	8 Commonwealth Lane	25-Nov-13	68.6%	74.3%	75.7%	79.4%	79.4%	79.4%	79.4%	75.5%	93.9%	93.9%	93.9%	93.9%	93.9%	80.6%		
3	123 Genting Lane	25-Nov-13	62.8%	48.7%	48.7%	79.7%	79.7%	79.7%	79.7%	84.4%	83.3%	81.0%	78.7%	83.3%	78.7%	78.7%		
4	2 Toh Tuck Link	21-Nov-14				48.3%	77.2%	77.9%	97.9%	97.9%	98.0%	86.9%	86.9%	98.0%	86.9%			
5	23 Serangoon North Avenue 5	30-Sep-15								55.0%	55.4%	51.1%	31.0% ¹	55.4%	31.0% ¹			
6	15 Jalan Kilang Barat	25-Nov-15								77.8%	77.8%	80.2%	92.4%	77.8%	91.8%			
7	34 Penjuru Lane	25-Nov-15								90.9%	98.8%	89.7%	84.8%	98.8%	83.6%			
8	39 Ubi Road 1	6-Dec-16													63.1%			
Portfolio NLA (sq ft)			3,558,267			3,730,255				3,754,744					3,605,294			
Total New Leases / Lease Renewals (sq ft)					607,252			656,103			452,455							

1 Upon the expiry and non-renewal of a lease by an anchor tenant on 31 July 2016, the occupancy of the property located at 23 Serangoon North Avenue 5 dropped to 31.0%. The Manager had also appointed a third party property agency to market the property to increase its occupancy but it has so far not yielded results. No costs have been incurred for engaging the third party property agency as the fee payable is on a success basis.

Further, as shown in the following chart, Sabana REIT's portfolio average occupancy level is generally comparable to the general industrial real estate industry average from FY2011 to FY2016, except that for 4Q2015 and 4Q2016, the portfolio occupancy of Sabana REIT was lower than the Singapore industrial average occupancy level due to the expiry of non-renewal of four master leases at 15 Jalan Kilang Barat, 23 Serangoon North Avenue 5, 34 Penjuru Lane and 218 Pandan Loop in 4Q2015 and the non-renewal of the master lease at 39 Ubi Road 1 in 4Q2016.



Notes:

- (1) Portfolio occupancy dropped due to non-renewal of four master leases at 15 Jalan Kilang Barat on 25 November 2015, 23 Serangoon North Avenue 5 on 30 September 2015, 34 Penjuru Lane on 25 November 2015 and 218 Pandan Loop on 25 November 2015 (divestment pending completion).
- (2) Portfolio occupancy dropped due to non-renewal of master lease at 39 Ubi Road 1 on 6 December 2016.
- (3) Source: This chart has been prepared by the Manager based on information extracted from the Property Market Information by Urban Redevelopment Authority ("URA") and Quarterly Market Reports by JTC. URA and JTC have not provided their consent to the inclusion of the information extracted from the relevant reports published by them and therefore are not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by URA and JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

(ii) Decline in DPU

As explained in the Manager's announcement on 7 February 2017, the decline in DPU from FY2013 to FY2016 was primarily due to the expiry of a number of master leases in FY2013 and FY2015 and these master leases related mainly to the 15 properties acquired at IPO. However, as mentioned in Section 3.2(d)(i) above, market conditions in the Singapore industrial property market had deteriorated with an oversupply in

industrial space amidst waning demand.¹ In addition, regulatory policy changes affecting some of Sabana REIT's properties further compounded the difficulty in leasing out the vacant units in those properties whose master leases had expired.

As illustrated in Table 4 below, the properties with master leases that expired accounted for a significant portion of the decline in Sabana REIT's NPI, which consequently led to the decline in DPU. In FY2013, the five properties with master leases that expired in FY2013 represented approximately 42.1% of Sabana REIT's NPI for FY2013 and the 11 properties with master leases that expired in FY2015 represented approximately 42.2% of Sabana REIT's NPI for FY2015.

Table 4: Sabana REIT's change in NPI versus Distributable Income

	FY2013 (S\$'000)	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)
DPU (cents)	9.38	7.33	6.85	5.01 ⁽²⁾
NPI	80,360	72,946	71,605	56,942
Distributable Income⁽¹⁾	61,755	51,624	50,135	36,949
Year-on-year change in NPI	–	(7,414)	(1,341)	(14,663)
Year-on-year change in Distributable Income	–	(10,131)	(1,489)	(13,186)
NPI Change as % of Change in Distributable Income	–	73.2%	90.1%	111.2%
Year-on-year change in NPI from master leases that expired in the immediately preceding year	–	(7,644)	(1,544)	(11,632)
% of decline in NPI resulting from master leases that expired in the immediately preceding year	–	103.1%	115.1%	79.3%
Number of master leases that expired in the immediately preceding year	–	5	3	11⁽³⁾

Notes:

- (1) "Distributable Income" refers to the income generated for distribution to Unitholders during the fiscal period.
- (2) Excludes the effects of the Rights Issue.
- (3) Inclusive of one master lease that was renewed in FY2013.

The expiry of the master leases during the period between FY2013 to FY2015 contributed to lower NPI from FY2014 to FY2016 due to the following key factors:

- (1) Most of the master leases that were renewed between FY2013 to FY2015 experienced negative rental reversions.

¹ Source: Exhibit 2a on the Occupancy Rate of Industrial Space and Exhibit 7 on the Upcoming Supply of Industrial Space in the JTC Quarterly Market Report for 4Q2016 at <<http://www.jtc.gov.sg/industrial-property-market-statistics/Documents/JTC%20Quarterly%20Market%20Report%20for%204Q2016.pdf>> and the Stock and Vacancy Rate of all Industrial Space (1Q2014 to 4Q2016) in the JTC Stock and Vacancy Statistics at <<http://www.jtc.gov.sg/industrial-property-market-statistics/Documents/Stock%20and%20Vacancy%20Statistics%20%284Q2016%29.pdf>>. JTC has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

- (2) The inability to find master tenants led to the conversion of eight master-tenanted properties to multi-tenanted properties from FY2013 to FY2015, with one property temporarily left vacant while pending completion of sale. In addition, three master leases were converted from triple-net to non-triple-net lease arrangements. As a result of these conversions, additional property-related expenses such as property tax, land rent, repairs, maintenance, utilities and third party marketing commission etc., which were previously borne by the master lessees under triple-net lease arrangements would be borne by Sabana REIT under non-triple-net lease arrangements. The conversions resulted in approximately 282.1% increase in Sabana REIT's property expenses from FY2013 to FY2016, which further contributed to the decline in DPU.

(iii) Revaluation Loss

As announced on 17 February 2017, the majority of the revaluation loss of Sabana REIT occurred in FY2015 when the market conditions were challenging. In FY2015, 11 master leases expired but only six master leases were renewed, of which five were renewed with negative rental reversions. For the five master leases which were not renewed, three properties were converted into multi-tenanted properties, one has been sold and one is pending completion of sale. In FY2016, four master leases expired, of which three were renewed for one year at the previous rental rates and the fourth was converted into a multi-tenanted property.

The oversupply of industrial properties amidst waning demand and the changes in subletting rules in FY2014 also made it more difficult for Sabana REIT to lease out its available space and resulted in higher vacancy. For example, with effect from 1 October 2014, for third party facility providers such as REITs leasing properties on JTC leases within five years from the date of the property's temporary occupation permit, JTC increased the minimum sub-letting allocation for anchor tenants from 50% to 70% of the property's GFA and decreased the maximum sub-letting allocation for non-anchor tenants from 50% to 30% of the property's GFA.¹ Anchor tenants are generally more difficult to find² as they are required to satisfy JTC's criteria of value-added, remuneration per worker and skilled worker profile, with each anchor tenant being required to occupy a GFA of at least 1,000 square metres ("**sq m**").³ In light of the difficulty in securing anchor tenants which affected Sabana REIT's bargaining power in negotiating rental rates as a landlord, it became more challenging for Sabana REIT to fill up the available space at Sabana REIT's properties which were on JTC leases and at attractive rates.

All these contributed to the revaluation loss of Sabana REIT's portfolio after the expiry of the master leases.

1 Source: <http://www.jtc.gov.sg/customer-services/pages/policies-for-third-party-facility-providers.aspx#ndtn-subletting>. JTC has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2 Given JTC's prescribed criteria for anchor tenants, anchor tenants are generally more difficult to find despite the fact that the minimum GFA an anchor tenant is required to occupy was reduced from 3,000 sq m to 1,500 sq m (with effect from 5 April 2013) and subsequently to 1,000 sq m (with effect from 1 October 2014).

3 Source: <http://www.jtc.gov.sg/customer-services/pages/policies-for-third-party-facility-providers.aspx#ndtn-subletting>. JTC has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

- (e) The recent proposed acquisitions would bring long-term value to Sabana REIT and its Unitholders.

In relation to Sabana REIT's recent proposed acquisitions of 107 Eunos Avenue 3, Singapore 409837 (the "**Eunos Avenue 3 Property**"), 72 Eunos Avenue 7, Singapore 409570 (the "**Eunos Avenue 7 Property**") and 47 Changi South Avenue 2, Singapore 486148 (the "**Changi South Property**") (collectively, the "**Properties**"), of which completion of these acquisitions has yet to occur, while the acquisitions may not be yield-accretive, the Manager takes a long-term view in growing Sabana REIT and believes that the acquisitions are in the interests of Unitholders for the reasons elaborated below.

In the case of the acquisition of the Changi South Property, the Sponsor has, in order to support Sabana REIT during this period of downward cycle in the Singapore industrial property market, agreed to inject the Changi South Property into Sabana REIT on a sale and leaseback basis for a lease term of 10 years (as the existing JTC policy requires a sale and leaseback period of at least 10 years given that the remaining land tenure is greater than 30 years)¹ on the proposed rental terms (i.e. the guaranteed net property rent for the first three years and fixed rent for the next seven years for a total rent of approximately S\$17.1 million).

The Manager believes that the proposed acquisitions are in the interests of Sabana REIT and its Unitholders as a whole after taking into consideration numerous factors in its current assessment, including the details of the proposed acquisitions, such as the rationale, the key terms, financial impact and valuation. In particular, the Manager considers the income stream which Sabana REIT will derive from the properties over the term of the master leases to be favourable during this current downward cycle in Singapore's industrial property market.

The Manager takes a long-term view in growing Sabana REIT. Notwithstanding the current market conditions, the Manager is always on the look-out for quality assets which can bring potential long-term value to Sabana REIT and its Unitholders. In this regard, the Manager is of the view that the three properties are quality assets in strategic locations with good transport connectivity, and its rationale for proposing the acquisition of these three properties is set out in the announcements and the Offer Information Statement in relation to the Rights Issue.

- (f) The Rights Issue provided every eligible Unitholder with the opportunity to subscribe for new Units at an attractive discount.

The Manager wishes to reiterate that it had carefully considered its options before launching the Rights Issue to raise funds for the acquisition of the Properties. The Manager had proceeded with the Rights Issue instead of a private placement as it wanted to give every eligible Unitholder the opportunity to subscribe for new Units at an attractive discount to market price as to do otherwise would have been dilutive to the unitholdings of Unitholders who would not be able to participate in the private placement. There was strong support from the Unitholders for the Rights Issue as it was over-subscribed by approximately 209.1% and the subscription for excess rights was approximately 119.5%. For Unitholders who did not wish to participate in the Rights Issue, they were entitled to sell their provisional allotments under the Rights Issue ("**Rights Entitlements**") and receive cash from the sale of their Rights Entitlements.

Further, as at the Latest Practicable Date, the Units were trading at S\$0.480 which is above the theoretical ex-rights price ("**TERP**") of S\$0.432 as stated in the Offer Information Statement dated 30 December 2016.

¹ Source: <http://www.jtc.gov.sg/customer-services/pages/policies-for-third-party-facility-providers.aspx#fndtn-aol>. JTC has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

3.3 Serious consequences for Sabana REIT and its Unitholders if the Manager is removed

Unitholders should note that there will be serious consequences for Sabana REIT and its Unitholders arising from its existing financing arrangements if Resolution 1 is passed and the Manager is removed.

- (a) The removal of SREIM as manager of Sabana REIT may trigger various breaches of obligations, events of default and early redemption obligations under the financing arrangements implemented by Sabana REIT.

As at the Latest Practicable Date, Sabana REIT has total outstanding financial indebtedness of approximately S\$367.75 million, comprising:

- (i) S\$135.0 million outstanding under the S\$213.0 million Commodity Murabaha Facilities (the “**Commodity Murabaha Facilities**”);
- (ii) (a) S\$90.0 million outstanding under the Series 1 issue of S\$90.0 million 4.00 per cent. Trust Certificates due 2018 and (b) S\$100.0 million outstanding under the Series 2 issue of S\$100.0 million 4.25 per cent. Trust Certificates due 2019 (collectively, the “**Trust Certificates**”), under the S\$500.0 million Multicurrency Islamic Trust Certificates Programme (the “**Multicurrency Islamic Trust Certificates Programme**”); and
- (iii) S\$42.75 million outstanding under the S\$80.0 million of Convertible Sukuk issued by Sabana Treasury Pte. Ltd. (a wholly-owned subsidiary of Sabana REIT) on 24 September 2012 and due on 24 September 2017 (the “**Convertible Sukuk**”).

In addition, as at the Latest Practicable Date, Sabana REIT has a revolving commodity murabahah facility for an amount of up to S\$50.0 million which is undrawn and there is therefore no outstanding indebtedness thereunder (the “**Revolving Murabahah Facility**”).

The Manager would emphasise that its removal as the REIT manager would, unless the counterparties’ prior consent or waiver is obtained, trigger various breaches of obligations under the financing arrangements described above. Such breaches would generally result in an event of default occurring under each of these financing arrangements, giving rise to claims of damages, rights of indemnity and an obligation to immediately repay all amounts outstanding (including cost and accrued profit) in respect of such financings. These would have a material and adverse impact on Sabana REIT’s operations and financial condition, and may in turn consequently affect its ability to make distributions to Unitholders.

The Manager is unable to provide any view or assurance as to whether the counterparties to these financing arrangements would consent to a replacement of the Manager in connection with the internalisation of the REIT manager proposed by the Requisitionists. In this regard, the Manager would like to remind Unitholders that the Requisitionists have yet to propose a replacement REIT manager or propose how to avoid triggering an event of default as a result of the removal of SREIM as manager of Sabana REIT.

- (i) Commodity Murabaha Facilities and Revolving Murabahah Facility

In relation to the Commodity Murabaha Facilities, the Trustee (as purchaser) had entered into a master murabaha agreement originally dated 9 November 2010 (as amended and/or restated by the first amendment and restatement agreement dated 17 November 2011, an amendment letter dated 16 February 2012, a second amendment and restatement agreement dated 23 August 2012 and a third amendment and restatement agreement dated 12 November 2013) (the “**2010 (Amended) MMA**”) with, among others, The Hongkong and Shanghai Banking Corporation Limited (as facility agent) and The Hongkong and Shanghai Banking Corporation Limited, Malayan Banking Berhad, Singapore Branch and United Overseas Bank Limited (collectively, as participants).

Furthermore, the Trustee (as purchaser) also entered into a common terms agreement (the “**CTA**”) dated 25 November 2014 (as amended by an amendment letter dated 25 August 2016) with, among others, The Hongkong and Shanghai Banking Corporation Limited (as facility agent) and The Hongkong and Shanghai Banking Corporation Limited, Malayan Banking Berhad, Singapore Branch, HSBC Amanah Malaysia Berhad and United Overseas Bank Limited (collectively, as participants), which applies to both the S\$243.0 million master murabaha agreement dated 25 November 2014 (the “**2014 MMA**”) and the S\$108.0 million master murabaha agreement dated 25 August 2016 (the “**2016 MMA**”), and sets out, among other things, the relevant undertakings, mandatory prepayment provisions and event of default applicable to the 2014 MMA and the 2016 MMA.

In relation to the Revolving Murabahah Facility, the Trustee (as customer) and CIMB Bank Berhad, Singapore Branch (as bank) entered into a S\$50.0 million revolving commodity murabahah agreement dated 4 September 2015 (the “**2015 Revolving MMA**”) and collectively the 2015 Revolving MMA, the 2010 (Amended) MMA, the 2014 MMA, the 2016 MMA and the CTA as the “**Facility Agreements**”).

Unitholders should note that if Resolution 1 is passed and the Manager is removed, this would trigger an event of default under the Facility Agreements. The occurrence of an event of default would consequently give rise to the right of The Hongkong and Shanghai Banking Corporation Limited (as facility agent under the 2010 (Amended) MMA and the CTA) and CIMB Bank Berhad, Singapore Branch (under the 2015 Revolving MMA) to, among other things:

- (1) cancel the Commodity Murabaha Facilities and/or the Revolving Murabahah Facility (as applicable); and/or
- (2) declare all amounts payable by the Trustee (as purchaser and customer) to The Hongkong and Shanghai Banking Corporation Limited (as facility agent) and/or CIMB Bank Berhad, Singapore Branch (as the bank) (as applicable) to be immediately due and payable.

If an event of default occurs under any of the Facility Agreements, this could potentially trigger a chain of cross-defaults in Sabana REIT’s other financing arrangements (including the Convertible Sukuk and the Multicurrency Islamic Trust Certificates Programme), which would generally result in an event of default occurring under each of these other financing arrangements, and an obligation to immediately repay all amounts in respect of these other financings.

Further, as the Commodity Murabaha Facilities and the Revolving Murabahah Facility are secured by properties of Sabana REIT, an event of default would trigger an enforcement event under the various security documents (in connection with the Facility Agreements). The Hongkong and Shanghai Banking Corporation Limited (as security agent under the security documents in relation to the 2010 (Amended) MMA, the 2014 MMA and the 2016 MMA) and CIMB Bank Berhad, Singapore Branch (as chargee/mortgagee under the security documents in relation to the 2015 Revolving MMA) would have the right to, among other things, enforce their security and exercise their statutory power of sale of the properties secured under the Commodity Murabaha Facilities and the Revolving Murabahah Facility (as applicable).

(ii) *Multicurrency Islamic Trust Certificates Programme*

Under the Multicurrency Islamic Trust Certificates Programme, Sabana REIT had entered into, *inter alia*, the master trust deed containing the terms and conditions (the “**Terms and Conditions**”) of the trust certificates (the “**Trust Certificates**”) dated 16 April 2013 (the “**Programme Trust Deed**”).

Under the Terms and Conditions, the occurrence of a “Sabana Event” constitutes a “Dissolution Event” or an event of default under the Trust Certificates. The removal of SREIM as manager of Sabana REIT and the failure to appoint a replacement manager in accordance with the terms of the Programme Trust Deed amounts to a “Sabana Event”. Upon the occurrence of a “Dissolution Event”, in respect of each series of Trust Certificates issued, the Trust Certificates trustee may at its discretion, and shall upon the written instructions of the Trust Certificates holders holding not less than 25% in nominal value of the outstanding Trust Certificates or if so directed by the Trust Certificates holders by extraordinary resolution, give notice in writing to Sabana REIT that a “Dissolution Event” has occurred and declare the Trust Certificates immediately due and payable. In such case, the Trust Certificates shall be redeemed at the amount equal to the aggregate nominal value plus any accrued but unpaid periodic distribution amounts (if any) in accordance with the Terms and Conditions.

(iii) Convertible Sukuk

Under the Convertible Sukuk, Sabana REIT had entered into, *inter alia*, the subscription agreement relating to the S\$80.0 million 4.50% convertible sukuk due 2017 dated 6 September 2012 and the declaration of trust dated 24 September 2012 (the “**Declaration of Trust**”) containing the terms and conditions of the Convertible Sukuk (the “**Sukuk Terms and Conditions**”).

Under the Sukuk Terms and Conditions, the occurrence of a “Sabana Event” constitutes a “Dissolution Event” or an event of default under the Convertible Sukuk. The removal of SREIM as REIT manager of Sabana REIT and the failure to appoint a replacement REIT manager in accordance with the terms of the Sukuk Terms and Conditions would amount to a “Sabana Event”. Upon the occurrence of a “Dissolution Event”, if so requested in writing by the holders of at least 25% of the then aggregate principal amount of the Convertible Sukuk outstanding or if so directed by an extraordinary resolution of the holders of the Convertible Sukuk, the Convertible Sukuk shall become due and payable at the dissolution distribution amount in accordance with the Sukuk Terms and Conditions.

In addition, the replacement of the existing REIT manager constitutes a “Change of Control Event” if Blackwood Investment Pte. Ltd. (which is a shareholder of Sabana Investment Partners Pte. Ltd., which in turn owns 100% of SREIM) is not the largest direct or indirect shareholder of the new REIT manager. The removal of SREIM as manager of Sabana REIT and the subsequent internalisation of the REIT management function would therefore constitute a “Change of Control Event”. Upon the occurrence of such “Change of Control Event”, under the Sukuk Terms and Conditions, the holders of the Convertible Sukuk (“**Sukukholders**”) will have the right to convert their Convertible Sukuk at an adjusted conversion price (representing a premium to the prevailing conversion price) for a period of 30 days of the later of such Change of Control Event or the date on which the notice of such Change of Control Event is given to the holders. Upon the occurrence of such “Change of Control Event”, the Sukukholders will have the right to require Sabana Treasury Pte. Ltd. (a wholly-owned subsidiary of Sabana REIT, as trustee of the trusts created under the Declaration of Trust) to purchase all or some only of such Sukukholder’s Convertible Sukuk at their applicable principal amount outstanding together with accrued and unpaid profit to the relevant event redemption date in accordance with the Sukuk Terms and Conditions.

(b) The removal of SREIM as manager of Sabana REIT may adversely impact Sabana REIT’s ability to refinance the maturing borrowing facilities.

As at the Latest Practicable Date, S\$57.8 million and S\$90.0 million of Sabana REIT’s outstanding financial indebtedness will be maturing in 2017 and 2018 respectively. The uncertainty that will result from the passing of Resolution 1 to remove the Manager coupled with the lack of visibility of the replacement REIT manager may increase refinancing risks as lenders may be unwilling to enter into refinancing arrangements for the maturing financing arrangements.

- (c) Sabana REIT will not be able to leverage on the Sponsor's support following the removal of SREIM as manager of Sabana REIT.

The Sponsor granted Sabana REIT a right of first refusal at the time of IPO (“**Sponsor ROFR**”) and there are currently three Sponsor-owned properties which are subject to the Sponsor ROFR. The Sponsor ROFR shall terminate when (i) SREIM or any of its related corporations cease to be the manager of Sabana REIT or (ii) the Sponsor and/or its related corporations, alone and in aggregate, cease to be a controlling shareholder of the manager of Sabana REIT. Therefore, the removal of SREIM as the REIT manager will result in the termination of the Sponsor ROFR and Sabana REIT will not be able to leverage on the Sponsor's support after the removal of SREIM as manager of Sabana REIT.

In addition, as at the Latest Practicable Date, the Sponsor and its related corporations are the largest tenants and they contribute approximately 18.4% of Sabana REIT's NPI and lease approximately 15.1% of the total GFA of Sabana REIT's portfolio.

3.4 Approval required from Unitholders

Resolution 1 is required to be passed by an Ordinary Resolution pursuant to Clause 24.1.4 of the Trust Deed, paragraph 5(ii) of Schedule 1 (Meetings of Holders) to the Trust Deed and paragraph 4.1(a) of the Property Funds Appendix. Under Clause 24.1 of the Trust Deed, the Manager may be removed by notice in writing given by the Trustee in any one of the following events:

“24.1.4 if the Holders, by a resolution passed by a simple majority of Holders present and voting (with no Holders being disenfranchised) at a meeting of Holders duly convened and held in accordance with the provisions contained in Schedule 1, decide that the Manager is to be removed;...”

In light of the overall objective of the Requisitionists in proposing the Resolutions as set out in the Requisition Note, Unitholders should, when deciding whether to vote for or against Resolution 1, also carefully consider and take into consideration the consequences that would arise if Resolution 2 and/or 3 were passed.

The Requisitionists have not provided any clarity or guidance on the steps to be taken by Sabana REIT in the event that Resolution 1 is passed, including, among others, steps to search for and appoint a new management team who are suitably qualified and will be acceptable to the MAS, and enter into negotiations with Sabana REIT's counterparties in respect of the covenants and obligations under Sabana REIT's financing documents which would be triggered or breached when the Manager is removed. As the steps to be taken are dependent on external third parties which may not agree to grant the necessary consents or waivers required, or which may impose their own conditions after taking into account their own interests, there is no certainty that any of these steps would be successfully carried out (including successfully negotiating with the counterparties to waive the default under the various financing documents to which Sabana REIT is a party) or at all. If any of such steps cannot be successfully implemented (for example if waivers from the counterparties on Sabana REIT's default on its obligations under the financing documents as a result of the removal of the Manager cannot be obtained), this will result in serious consequences for Sabana REIT and its Unitholders as set out in Section 3.3 above.

In addition, the Requisitionists have proposed in the Requisition Letter to vote on Resolution 4 in the event Resolution 1 is not passed.

ACCORDINGLY, UNITHOLDERS SHOULD NOTE THAT IN THE EVENT RESOLUTION 1 IS NOT PASSED, UNITHOLDERS WILL PROCEED FORTHWITH TO VOTE ON RESOLUTION 4. RESOLUTION 2 AND RESOLUTION 3 WILL NOT BE PUT FORTH FOR VOTING BY UNITHOLDERS.

4. RESOLUTION 2 – THE PROPOSED INTERNALISATION OF THE REIT MANAGEMENT FUNCTION

The Requisitionists have proposed that the REIT management function be internalised by directing the Trustee (i) to incorporate a new wholly-owned subsidiary to replace SREIM as the manager of Sabana REIT and (ii) to search for qualified candidates to assume the role of directors for the internalised REIT manager.

In the Requisition Note, the justification for the Internalisation was that *“With an Internalised Manager, day-to-day management of Sabana REIT will not be contracted to external parties. The cost of an Internalised Manager is significantly lower than the operation of an External Manager. This expected cost savings and the dividend distribution from the Internalised Manager will immediately increase our DPU. In the longer term, DPU is expected to be stable with in-house management.”*

4.1 Response by the Manager

In response to the aforementioned justification, the Manager’s responses are as follows:

- (a) Internalising the REIT management function may not result in immediate gains to Unitholders.

An internalised REIT management function does not necessarily translate to higher DPU as compared to an external REIT manager as this would ultimately depend on how efficiently Sabana REIT will be managed by an internalised REIT manager.

As illustrated in greater detail at Section 4.3 of this Circular and based on the assumptions stated therein, the pro forma financial effects of the proposed internalisation on the DPU of Sabana REIT show that the proposed internalisation would not immediately increase the DPU of Sabana REIT as compared to the current external REIT management model.

In light of the foregoing, Unitholders should note that the proposed internalisation of the REIT management function may not result in immediate gains to Sabana REIT as suggested in the Requisition Note. Unitholders should also bear in mind the serious consequences that would potentially arise if the REIT manager were to be replaced by an internalised manager as elaborated in Sections 3.3 and 4.2 as well as the pro forma financial effects of the proposed internalisation as set out in Section 4.3 below.

- (b) The Manager’s interests are aligned with the interests of Unitholders.

The Requisition Note provided that *“Under the new model, we will have effective control to appoint or remove the directors of the Internalised Manager. This ensures complete alignment of interest between the Manager and us. Our rights to select the directors will enhance the level of corporate governance.”*

The Manager has aligned its interests with that of the Unitholders by electing to receive 80.0% of its management fees in the form of Units since IPO, which has been provided in greater detail in Section 3.2(c) above.

In addition, half of the Board currently comprises Independent Non-Executive Directors who have been approved by the authorities. The Manager intends to search for and appoint an additional Independent Non-Executive Director and Audit Committee member as soon as practicable after the EGM. The appointment of the additional Independent Non-Executive Director would be subject to the approval of the MAS as part of the licensing conditions of the Manager as a holder of the capital markets services licence for REIT management. Immediately following the appointment of the additional Independent Non-Executive Director and Audit Committee member, a majority of the Board will comprise Independent Non-Executive Directors and the Audit Committee will comprise entirely Independent Non-Executive Directors.

4.2 Consequences of the Proposed Internalisation

- (a) Incorporating a new wholly-owned subsidiary to replace the Manager as proposed by the Requisitionists may result in serious consequences for Sabana REIT and Unitholders.

As explained in Section 3.3 above, the removal of SREIM as manager of Sabana REIT in connection with the proposed internalisation would potentially result in serious consequences for Sabana REIT and its Unitholders, including triggering various breaches of obligations under the financing arrangements which would have a material and adverse impact on Sabana REIT's operations and financial condition. Unitholders should note that there is no certainty that the counterparties would consent to the proposed internalisation. Without such consents and/or waivers being obtained, Sabana REIT will be in default of its financing obligations should the Manager be removed and replaced by the internalised REIT manager.

- (b) A search for experienced and qualified directors and employees in the Singapore REIT management industry will have to be carried out.

The success of a REIT manager's performance is dependent on the experienced leadership of directors and stable performance of employees with the requisite experience in the industrial real estate sector and the relevant financial, technical and corporate credentials in REIT management. Time and costs will need to be incurred in searching for qualified directors and employees in the Singapore REIT management industry for the internalised REIT manager. There is no assurance that experienced directors and employees will be readily available and this may result in a prolonged period of uncertainty for Sabana REIT and its Unitholders between the passing of Resolution 2 to replace the existing Manager with an internalised REIT manager and the actual identification and appointment of the suitably qualified directors and management team. Such uncertainty will not be in the interest of Unitholders.

4.3 Pro Forma Financial Effects of the Proposed Internalisation

The pro forma financial effects of the proposed internalisation of the REIT management function of Sabana REIT on Sabana REIT's DPU presented below are strictly for illustrative purposes and have been prepared based on the FY2016 Audited Financial Statements and on the following assumptions:

- (i) there is no event of default, enforcement event, "Dissolution Event" and/or "Change of Control Event" (as applicable) under the financing arrangements, although there is no assurance that the counterparties under the financing arrangements will not trigger the event of default, enforcement event and/or "Dissolution Event" (as applicable);
- (ii) all the necessary regulatory approvals have been obtained, including but not limited to approval from the MAS to allow Sabana REIT to invest in unlisted shares of a company incorporated for the purposes of performing the REIT management function of Sabana REIT and that the new board of directors and management team have obtained the requisite licence to carry on the REIT management business issued by the MAS, although there is no assurance that such regulatory approvals and licence may be obtained without any delay, or at all, and without disruptions to Sabana REIT's current operations;
- (iii) no other contractual obligations would be breached and commercial relationships between the REIT and its existing financiers, key tenants and key suppliers would remain unaffected, although there is no assurance that such contractual obligations would not be breached and such key existing commercial relationships would not be adversely affected;
- (iv) the Rights Issue and the acquisition of the Properties (collectively, the "**Transactions**"), including an additional S\$5.2 million of borrowings drawn to partially fund the acquisitions of the Properties, were completed on 1 January 2016;

- (v) the FY2016 Manager's fees paid or payable to the internalised REIT manager is to be paid in cash as the internalised REIT manager is unable to receive Units of its parent, Sabana REIT;
- (vi) the internalised REIT manager has the same general, administrative expenses, staff costs and other operating expenses as derived from the Manager's expenses for its financial year ended 30 April 2016, and all such expenses will in turn be ultimately borne by Sabana REIT; and
- (vii) the internalised REIT manager pays a corporate tax rate of 17%.

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the proposed internalisation of the REIT management function on Sabana REIT's DPU, as if the Transactions were completed on 1 January 2016 and Sabana REIT held the Properties through to 31 December 2016, are as follows:

	No internalisation			Proposed internalisation
	As reported	With Transactions		With Transactions
		Scenario A: 80% of Manager's base fees are paid in Units and 20% in cash ⁽¹⁾	Scenario B: 50% of Manager's base fees are paid in Units and 50% in cash	100% of internalised REIT manager's operating expenses are paid in cash
Income available for distribution for the year ended 31 December 2016 (S\$'000)	36,949	43,235	41,519	40,300
Outstanding units in issue and to be issued as at 31 December 2016 (millions)	1,053.1 ⁽²⁾	1,054.3	1,050.9	1,045.2
DPU (cents)	4.64 ⁽²⁾⁽³⁾	4.11	3.95	3.86

Notes:

- (1) The Manager has always elected to receive 80% of its base fees in the form of Units since listing.
- (2) Includes the 310,712,244 new Units issued pursuant to the Rights Issue.
- (3) The DPU of 4.64 cents comprise 1.33 cents per Unit for the quarter ended 31 March 2016, 1.23 cents per Unit for the quarter ended 30 June 2016, 1.20 cents per Unit for the quarter ended 30 September 2016 and 0.88 cents per Unit for the quarter ended 31 December 2016.

The proposed internalisation will not immediately result in an increase in DPU compared to the current external REIT management model due to the higher income available for distribution arising from 80.0% of the Manager's base fees for FY2016 being paid in Units, whereas the internalised REIT manager would have to be paid in the form of cash.

The pro forma DPU of Sabana REIT post-internalisation would be approximately 3.86 cents, which is approximately 6.1% lower than the pro forma DPU of approximately 4.11 cents if the proposed internalisation did not take place.

Even if the Manager had elected to receive only 50% of its base fees for FY2016 in Units under Scenario B, the pro forma DPU of approximately 3.86 cents post-internalisation is still approximately 2.3% lower than the pro forma DPU of approximately 3.95 cents under Scenario B.

4.4 Approval required from Unitholders

The Requisitionists have proposed that the Trustee incorporates a new wholly-owned subsidiary to act as the REIT manager, thereby internalising the REIT management function within Sabana REIT.

Unlisted shares in a management company, such as a REIT manager, are not one of the permitted investments in the Property Funds Appendix. As such, even if Resolution 2 is passed, approval by the MAS is required in accordance with Clause 10.3 of the Trust Deed to allow Sabana REIT to invest in the shares of a REIT management company for the purposes of implementing the proposed internalisation of the REIT management function.

THEREFORE, WHILE RESOLUTION 2 IS PROPOSED TO BE AN ORDINARY RESOLUTION, UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2, IF PASSED, SHALL ALSO BE CONDITIONAL UPON AND SUBJECT TO THE RELEVANT AUTHORITIES' APPROVAL(S) AND WAIVER OF THE RELEVANT RESTRICTIONS AND/OR REQUIREMENTS IN THE PROPERTY FUNDS APPENDIX.

In addition, the Requisitionists have proposed in the Requisition Letter to vote on Resolution 3 in the event the newly-incorporated subsidiary specified in Resolution 2 is not approved by the relevant authorities to act as the REIT manager of Sabana REIT.

AS RESOLUTION 3 CONTEMPLATES THAT RESOLUTION 2 WOULD HAVE BEEN PASSED, UNITHOLDERS SHOULD NOTE THAT IN THE EVENT RESOLUTION 2 IS NOT PASSED, RESOLUTION 3 WILL NOT BE PUT FORTH FOR VOTING BY UNITHOLDERS.

5. RESOLUTION 3 – THE PROPOSED WINDING-UP OF SABANA REIT

The Requisitionists have proposed that if the newly-incorporated subsidiary specified in Resolution 2 is not approved by the relevant authorities to act as manager for whatever reason, Sabana REIT shall be wound up and/or all the properties of Sabana REIT be divested. As no parameters or framework have been proposed by the Requisitionists for the divestment of the entire portfolio of Sabana REIT by the Trustee or the Manager, the Requisitionists are effectively seeking Unitholders' approval to wind up the Trust in accordance with the Trust Deed.

In the event that Sabana REIT is terminated, Clause 26.5 of the Trust Deed provides that the Trustee shall proceed as follows:

- (a) sell all investments then remaining in its hands as part of the Deposited Property;
- (b) repay any borrowings effected by Sabana REIT and liabilities in respect of Sabana REIT;
- (c) retain full provision for all fees, costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee in connection with or arising out of the liquidation of Sabana REIT; and
- (d) distribute to Unitholders in proportion to their respective interests in the Deposited Property all net cash proceeds derived from the realisation of the Deposited Property and available for such distribution.

In winding-up Sabana REIT, the Trustee will realise the assets of Sabana REIT and shall repay all amounts owing under any financing arrangement effected by Sabana REIT. The Trustee will be obliged to distribute the net proceeds from realisation of Sabana REIT's assets to Unitholders, in proportion to the number of Units they hold. The net proceeds would be the amount from the sale or realisation of assets after paying or providing for all liabilities (actual or contingent) of Sabana REIT, any unpaid fees payable to the Manager and the expenses in connection with the winding-up.

5.1 Response by the Manager

- (a) Unitholders may not be able to realise the net asset value (“NAV”) per Unit upon the winding-up of Sabana REIT.

Winding-up Sabana REIT does not guarantee a specific pay-out to a Unitholder. Unitholders should take into account that the value of the net proceeds received under the winding-up are likely to differ from the NAV of Sabana REIT at the date of the EGM. This is because the net proceeds will reflect the net realisation values of the underlying portfolio at the time of the sale of the assets of Sabana REIT, and the winding-up is not immediate and is likely to occur over a prolonged period of time exceeding two years, especially given the nature of the properties of Sabana REIT, the sale of which may be prohibited or subject to restrictions as described in further detail in Section 5.1(b) below. As set out in Clause 26.5 of the Trust Deed above, Unitholders should note that the net proceeds would also have to take into account any unpaid fees payable to the Manager and the fees, costs, charges, expenses and claims in connection with the liquidation of Sabana REIT and all outstanding financial indebtedness to the creditors (which are set out in greater detail at Section 5.2(a) of this Circular) before making distributions to Unitholders.

Further, given the current weak market outlook for Singapore industrial properties where there is an over-supply of industrial space,¹ Sabana REIT may not be able to obtain the optimal price for its properties if the entire portfolio has to be sold during the liquidation process. As there will likely be a forced sale of Sabana REIT’s portfolio as part of the winding-up, the portfolio properties are likely to be sold at a substantial discount and the Unitholders may not be able receive the Adjusted Reported NAV per Unit (as defined in Section 5.3 of this Circular). The pro forma effects of the realised discount to the investment property (“IP”) values on the realised NAV per Unit upon the winding-up of Sabana REIT is set out in greater detail at Section 5.3 of this Circular.

- (b) Unitholders will not be able to realise the value of their Units readily as the sale of the properties of Sabana REIT may be prohibited or subject to restrictions, with the disposal process being protracted and uncertain.

The winding-up of Sabana REIT (and the disposal of its properties) may not allow Unitholders to readily realise the desired value of their Units, if such value is in fact realisable. The winding-up of Sabana REIT, along with the realisation of the portfolio and distribution to Unitholders, require regulatory approvals and consents from independent third parties that Sabana REIT has contracted with. Sabana REIT would also require the assistance of various professional advisers to implement the winding-up of Sabana REIT and the realising of the portfolio value and distribution to Unitholders, and incur professional fees and other expenses in the process. In the case of Sabana REIT, given the nature of its properties which are mostly under JTC and HDB leases (“**JTC/HDB Properties**”)², liquidating and disposing of these properties may be a complex and protracted process as elaborated below.

1 Source: JTC Quarterly Market Report for 4Q2016 at <<http://www.jtc.gov.sg/industrial-property-market-statistics/Documents/JTC%20Quarterly%20Market%20Report%20for%204Q2016.pdf>>. JTC has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by JTC is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2 Excluding 218 Pandan Loop (divestment pending completion). The properties that are under JTC or HDB leases comprise 8 Commonwealth Lane, 9 Tai Seng Drive, 1 Tuas Avenue 4, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 33 & 35 Penjuru Lane, 18 Gul Drive, 34 Penjuru Lane, 51 Penjuru Road, 26 Loyang Drive, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane, 30 & 32 Tuas Avenue 8, 39 Ubi Road 1, 21 Joo Koon Crescent and 6 Woodlands Loop.

The sale of JTC/HDB Properties may be subject to an absolute prohibition or moratorium period during which Sabana REIT is prohibited from selling the property. Even after the prohibition period has expired, consent from JTC or HDB would still be required for any sale of such property. If Sabana REIT wishes to sell a property which is within the prohibition period, Sabana REIT will have to engage JTC or HDB on an exceptional basis and there is no assurance that such consent will be forthcoming. Further, under the more recent JTC leases, JTC has a right of first refusal (“ROFR”) to purchase the property at the prevailing market rate. If JTC declines to take up Sabana REIT’s offer to purchase, Sabana REIT may only be able to sell the property to a third party with JTC’s prior consent. All this could severely limit the pool of potential purchasers and hence affect Sabana REIT’s ability to dispose of its JTC/HDB Properties in a timely manner, if at all possible. Having regard to the above, Unitholders should also note that there is no assurance that Sabana REIT will be able to obtain the consent of JTC or HDB for any sale of the JTC/HDB Properties.

In addition, the master leases for some of the properties contain provisions for the master lessee to either have a right of first offer to purchase the property or a ROFR to purchase the property. For example, under the master leases of 33 & 35 Penjuru Lane, 18 Gul Drive, 51 Penjuru Road and 1 Tuas Avenue 4, Sabana REIT (as the lessor) is required to give the lessee a ROFR to purchase the whole or any part of the property at the same purchase price and on terms and conditions no less favourable than as offered or received from any third party. This may affect the ability of Sabana REIT to realise full value of its properties as such restrictions may deter potential third party purchasers given the uncertainty that such acquisitions may materialise.

Therefore, Unitholders should note that the above-mentioned restrictions may complicate and lengthen the liquidation process.

5.2 Consequences of the Proposed Winding-up

- (a) The winding-up of Sabana REIT would trigger various breaches of contractual obligations, including events of default, under the contractual arrangements of Sabana REIT.

Unitholders should note that the divestment of the entire portfolio of Sabana REIT or winding-up of Sabana REIT would trigger various breaches of obligations including but not limited to, the financing documents to which the Manager and Sabana REIT are subject, including the obligations under Sabana REIT’s financing arrangements.

(i) *Commodity Murabaha Facilities and the Revolving Murabahah Facility*

Unitholders should note that the divestment of the entire portfolio of Sabana REIT or winding-up of Sabana REIT would trigger various breaches of obligations and events of default under the financing arrangements described in Section 3.3(a)(i) above. Such breaches would generally result in an event of default occurring under each of these financing arrangements, giving rise to claims of damages, rights of indemnity and an obligation to immediately repay all outstanding amounts (including cost and accrued profit) in respect of such financings.

In fact, under the Commodity Murabaha Facilities, the passing of any resolution in relation to the winding-up of Sabana REIT would lead to an event of default.

The occurrence of an event of default would consequently give rise to the right of The Hongkong and Shanghai Banking Corporation Limited (as facility agent under the 2010 (Amended) MMA and the CTA) and CIMB Bank Berhad, Singapore Branch (under the 2015 Revolving MMA) to, among other things:

- (1) cancel the Commodity Murabaha Facilities and/or the Revolving Murabahah Facility (as applicable); and/or

- (2) declare all amounts payable by the Trustee (as purchaser and customer) to The Hongkong and Shanghai Banking Corporation Limited (as facility agent) and/or CIMB Bank Berhad, Singapore Branch (as the bank) (as applicable) to be immediately due and payable.

If an event of default occurs under any of the Facility Agreements, this could potentially trigger a chain of cross-defaults in Sabana REIT's other financing arrangements (including the Convertible Sukuk and the Multicurrency Islamic Trust Certificates Programme), which would generally result in an event of default occurring under each of these other financing arrangements, and an obligation to immediately repay all amounts in respect of these other financings all at once.

Further, as the Commodity Murabaha Facilities and the Revolving Murabahah Facility are secured by properties of Sabana REIT, an event of default would trigger an enforcement event under the various security documents (in connection with the Facility Agreements). The Hongkong and Shanghai Banking Corporation Limited (as security agent under the security documents in relation to the 2010 (Amended) MMA, the 2014 MMA and the 2016 MMA) and CIMB Bank Berhad, Singapore Branch (as chargee or mortgagee under the security documents in relation to the 2015 Revolving MMA) would have the right to, among other things, enforce their security and exercise their statutory power of sale of the properties secured under the Commodity Murabaha Facilities and the Revolving Murabahah Facility (as applicable).

(ii) Multicurrency Islamic Trust Certificates Programme

Under the Terms and Conditions, the occurrence of a "Sabana Event" constitutes a "Dissolution Event" or an event of default under the Trust Certificates. Unitholders should note that the passing of Resolution 3 or Resolution 4 would consequently amount to a "Dissolution Event" as the following circumstances constitute a "Sabana Event":

- (1) an effective resolution passed for the winding-up, liquidation or dissolution of Sabana REIT or for the disposal of a substantial part of the assets of Sabana REIT;
- (2) the termination of Sabana REIT in accordance with the trust deed; and/or
- (3) the delisting of Sabana REIT.

Upon the occurrence of a "Dissolution Event", in respect of each series of Trust Certificates issued, the Trust Certificates trustee may at its discretion, and shall upon the written instructions of the Trust Certificates holders holding not less than 25% in nominal value of the outstanding Trust Certificates or if so directed by the Trust Certificates holders by extraordinary resolution, give notice in writing to Sabana REIT that a "Dissolution Event" has occurred and declare the Trust Certificates immediately due and payable. In such case, the Trust Certificates shall be redeemed at the amount equal to the aggregate nominal value plus any accrued but unpaid periodic distribution amounts (if any) in accordance with the Terms and Conditions.

(iii) Convertible Sukuk

Under the Sukuk Terms and Conditions, the occurrence of a "Sabana Event" constitutes a "Dissolution Event" or an event of default under the Convertible Sukuk. The passing of Resolution 3 or Resolution 4 for an effective resolution for the winding-up, liquidation or dissolution of Sabana REIT would constitute a "Sabana Event" and hence a "Dissolution Event". Upon the occurrence of a "Dissolution Event", if so requested in writing by the holders of at least 25% of the then aggregate principal amount of the Convertible Sukuk outstanding or if so directed by an extraordinary resolution of the holders of the Convertible Sukuk, the Convertible Sukuk shall become due and payable at the dissolution distribution amount in accordance with the Sukuk Terms and Conditions.

In addition, under the Sukuk Terms and Conditions, the delisting of Sabana REIT constitutes a “Relevant Event”. Upon the occurrence of such “Relevant Event”, this would allow the Sukukholders to have the right to require the Sabana Treasury Pte. Ltd. (a wholly-owned subsidiary of Sabana REIT, as trustee under the Declaration of Trust) to purchase all or some only of such Sukukholder’s Convertible Sukuk at their applicable principal amount outstanding, together with accrued and unpaid profit to the relevant event redemption date in accordance with the Sukuk Terms and Conditions.

(iv) Electricity Retail Agreements

Sabana REIT entered into electricity retail agreements (the “**Electricity Retail Agreements**”) for the supply of electricity for four of its properties under contestability status. Under the Electricity Retail Agreements, the relevant retailer of electricity is entitled to terminate the agreement by written notice upon the winding-up of Sabana REIT and in the case of one of the Electricity Retail Agreements, upon the passing of a resolution by the members of the consumer (in our case, Sabana REIT) for its winding-up or liquidation. The termination of these Electricity Retail Agreements will in turn result in Sabana REIT having to pay substantial amounts of early termination charges to the relevant retailer of electricity for all four of the properties.

(b) Sabana REIT is still fit for purpose and upon winding-up, Unitholders will no longer have access to the income stream afforded by Sabana REIT.

Sabana REIT is still a going concern and fit for purpose as it still generates a stream of income and has since IPO not defaulted on its regular distribution pay-outs to its Unitholders. If Unitholders choose to wind-up Sabana REIT, Unitholders would no longer have access to the income stream afforded by Sabana REIT. Furthermore, as elaborated at Section 5.1(a) and Section 5.3 of this Circular, there is no assurance that Unitholders will be able to realise the NAV as suggested in the Requisition Note and winding-up is not immediate and will occur over a prolonged period of time. As at the Latest Practicable Date, the Units were trading at S\$0.480, which is above the TERP of S\$0.432. If the REIT is wound up, Unitholders will lose the opportunity to trade in the Units of Sabana REIT.

5.3 Pro Forma Financial Effects of the Proposed Winding-up

The pro forma financial effects of the proposed winding-up of Sabana REIT on the realised NAV per Unit as at 31 December 2016 (“**Pro Forma Realised NAV per Unit**”) under various rates at which Sabana REIT’s portfolio is liquidated at discounts to their reported IP values as at 31 December 2016 (“**Liquidation Discount**”) presented below are strictly for illustrative purposes and were prepared based on the FY2016 Audited Financial Statements and on the following assumptions:

- (i) there is no event of default, enforcement event and/or “Dissolution Events” (as applicable) under the financing arrangements (although there is no assurance that the counterparties under the financing arrangements will not trigger the event of default, enforcement event and/or “Dissolution Events” (as applicable)) and any early termination charges payable under the Electricity Retail Agreements will be waived (although there is no assurance that these charges will be waived);
- (ii) there are no prepayment penalties on the early repayment of the financing arrangements;
- (iii) the Transactions, including an additional S\$5.2 million of borrowings drawn to partially fund the acquisition of the Properties, were completed on 31 December 2016;
- (iv) 218 Pandan Loop will be divested at the announced divestment price of S\$14.8 million;
- (v) the legal and duty-related transaction expenses associated with the liquidation of properties are estimated to be 0.5% of the realised IP value;
- (vi) the external agent fee associated with the liquidation of properties is estimated to be 1.0% of the realised IP value;

- (vii) the liquidators' fees are estimated to cost approximately S\$3.75 million on the assumption that the liquidation process would not exceed two years. However, there can be no assurance that the liquidation process will not take more than two years and in the event that the liquidation process takes more than two years, the liquidators' fees are likely to exceed S\$3.75 million; and
- (viii) the profit rate swap termination fees are estimated to be S\$0.7 million based on quotes provided by brokers.

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the winding-up of Sabana REIT as if the Transactions were completed on 31 December 2016 are as follows:

Liquidation Discount (%)	Assumed Liquidation Discount		
	0.0%	15.0%	30.0%
Pro forma Realised NAV per Unit (S\$)	0.576	0.426	0.277
Discount to adjusted reported NAV per Unit of S\$0.597 ⁽¹⁾ ("Adjusted Reported NAV per Unit") (%)	(3.5)	(28.6)	(53.6)
Premium/(discount) to Unit Price of S\$0.480 per Unit at at Latest Practicable Date (%)	20.0	(11.3)	(42.3)

Note:

- (1) The Adjusted Reported NAV per Unit is based on the reported NAV per Unit as at 31 December 2016 as adjusted for the effects of the Rights Issue and the acquisition of the Properties on a pro forma basis as at 31 December 2016.

Whether Sabana REIT's properties can be liquidated at their reported IP values as at 31 December 2016 or at a steep discount depends on various factors as set out above at Section 5.1 of this Circular. Unitholders may not be able to realise the reported IP values as at 31 December 2016 and may suffer losses, depending on the realisation value of each property. Further, Unitholders should note that the winding-up process may take a prolonged period of time and is likely to occur over a prolonged period of time exceeding two years.

Accordingly, the liquidation of Sabana REIT may not result in the Unitholders realising the Adjusted Reported NAV per Unit. Based on the table above, assuming Sabana REIT's properties (excluding 218 Pandan Loop) are realised at a Liquidation Discount of 15.0% to its reported IP values as at 31 December 2016, the Pro Forma Realised NAV per Unit would translate to approximately 28.6% discount to the Adjusted Reported NAV per Unit and approximately 11.3% discount to the Unit price of S\$0.480 at the Latest Practicable Date. Assuming the Liquidation Discount is 30.0%, the Pro Forma Realised NAV per Unit would translate to approximately 53.6% discount to the Adjusted Reported NAV per Unit and approximately 42.3% discount to the Unit Price of S\$0.480 at the Latest Practicable Date.

5.4 Approval Threshold for Resolution 3: The Proposed Winding-up of Sabana REIT

The Trust Deed does not give Unitholders any right to terminate the Trust except pursuant to Section 295 of the Securities and Futures Act, Chapter 249 of Singapore (the "SFA"). Apart from this, under the Trust Deed, Sabana REIT may only be terminated by the Manager or the Trustee under certain limited circumstances as set out below (emphasis in italics):

"26.2 Termination by Manager

The Manager may in its absolute discretion terminate the Trust by giving notice in writing thereof to all Holders or (as the case may be) the Depository (in respect of the Depositors), as well as to the Trustee not less than three months in advance of the termination and to the Authority not less than seven days before the termination in any of the following circumstances:

- 26.2.1 if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable for the Trust to exist;

26.2.2 if the Net Asset Value of the Deposited Property shall be less than S\$50,000,000 after the end of the first anniversary of the date of this Deed or any time thereafter; and

26.2.3 *if at any time the Trust becomes Unlisted after it has been Listed.*

26.3 Termination by Trustee

Subject to the Securities and Futures Act and any other Relevant Laws, Regulations and Guidelines, the Trust may be terminated by the Trustee by giving notice in writing as hereinafter provided in any of the following events, namely:

26.3.1 if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a Receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor Manager pursuant to Clause 24.1;

26.3.2 if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable for the Trust to exist; or

26.3.3 if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new Trustee within the terms of Clause 23.2.”

Under Section 295(3) of the SFA, it is envisaged that a collective investment scheme may be wound up upon the direction of unitholders in very limited circumstances as follows:

“295.

(3) Where —

- (a) the responsible person for a collective investment scheme authorised under section 286 is in liquidation; or
- (b) in the opinion of the trustee for a collective investment scheme authorised under section 286 which is constituted as a unit trust, the responsible person for the scheme has ceased to carry on business or has, to the prejudice of the participants of the scheme, failed to comply with any provision of the trust deed in respect of the scheme,

the trustee shall summon a meeting of the participants for the purpose of determining an appropriate course of action.”

As Sections 295(3)(a) and 295(3)(b) are not applicable, Unitholders therefore do not have the right to wind up Sabana REIT under the Trust Deed. However, under paragraph 5(i) of Schedule 1 to the Trust Deed, Unitholders have the power to delist Sabana REIT. As such, in order to make the resolution workable, the Manager shall therefore seek Unitholders’ approval to delist Sabana REIT first before the Manager proceeds to wind up Sabana REIT pursuant to Clause 26.2.3 of the Trust Deed. Therefore, pursuant to Clause 9.2 and paragraph 5(i) of Schedule 1 of the Trust Deed, Unitholders may delist the REIT by an Extraordinary Resolution.

Unitholders should note that, while Rule 1307 of the Listing Manual imposes a higher standard and requires the resolution to delist an issuer to also not be voted against by 10% or more of the total number of issued units held by Unitholders present and voting at the meeting, Rule 1307 will not be applicable for Resolution 3 pursuant to Rule 1308 of the Listing Manual as the proposed delisting is in connection with the proposed winding up of Sabana REIT.

ACCORDINGLY, UNITHOLDERS SHOULD NOTE THAT RESOLUTION 3 IS THEREFORE PROPOSED AS AN EXTRAORDINARY RESOLUTION.

Once Resolution 3 is duly passed, the Manager will proceed to terminate Sabana REIT pursuant to Clause 26.2.3 of the Trust Deed. The Trustee will realise the assets of Sabana REIT and shall repay all amounts owing under any financing arrangement effected by Sabana REIT in accordance with Clause 26.5 of the Trust Deed. The Trustee will be obliged to distribute the net proceeds from the realisation of Sabana REIT's assets to Unitholders, in proportion to the number of Units they hold. The net proceeds would be the amount from the sale or realisation of assets after paying or providing for all liabilities (actual or contingent) of Sabana REIT, any unpaid fees payable to the Manager, and the expenses in connection with the winding-up.

6. RESOLUTION 4 – THE PROPOSED WINDING-UP OF SABANA REIT

The Requisitionists have proposed that if Resolution 1 is not passed, Sabana REIT shall be wound up.

As explained in the context of Resolution 3, in the event that Resolution 4 is passed, the Manager will proceed to wind up Sabana REIT pursuant to Clause 26.2.3 of the Trust Deed and in accordance with Clause 26.5 of the Trust Deed. The Trustee will realise the assets of Sabana REIT and shall repay all amounts owing under any financing arrangement effected by Sabana REIT. The Trustee will be obliged to distribute the net proceeds from the realisation of Sabana REIT's assets to Unitholders, in proportion to the number of Units they hold. The net proceeds would be the amount from the sale or realisation of assets after paying or providing for all liabilities (actual or contingent) of Sabana REIT, any unpaid fees payable to the Manager, and the expenses in connection with the winding-up.

6.1 Response by the Manager

As explained in the context of Resolution 3, please see above at Section 5.1 for the response of the Manager in relation to the proposed winding-up of Sabana REIT.

6.2 Consequences of the Proposed Winding-up

As explained in the context of Resolution 3, please see above at Section 5.2 for the consequences of the proposed winding-up of Sabana REIT.

6.3 Pro Forma Financial Effects of the Proposed Winding-up

As explained in the context of Resolution 3, please see above at Section 5.3 for the pro forma financial effects of the proposed winding-up of Sabana REIT.

6.4 Approval Threshold for Resolution 4: The proposed winding-up of Sabana REIT

For Resolution 4, the Requisitionists have proposed that Sabana REIT be wound up in the event that Resolution 1 is not passed. As explained in Section 5.4 above in the context of Resolution 3, as Unitholders do not have the right to direct the Trustee to wind up Sabana REIT under the Trust Deed, in order to make Resolution 4 workable, a winding-up will involve delisting of Sabana REIT and will be similarly subject to the requirements set out in Resolution 3.

ACCORDINGLY, UNITHOLDERS SHOULD NOTE THAT SIMILAR TO RESOLUTION 3, RESOLUTION 4 IS THEREFORE PROPOSED AS AN EXTRAORDINARY RESOLUTION.

FURTHER, RESOLUTION 4 IS CONDITIONAL UPON RESOLUTION 1 NOT BEING PASSED. RESOLUTION 4 WILL NOT BE PUT TO THE VOTE OF UNITHOLDERS IN THE EVENT THAT RESOLUTION 1 IS PASSED.

7. STRATEGIC REVIEW OF SABANA REIT

On 2 February 2017, the Manager announced that it would be undertaking a strategic review of Sabana REIT (the “**Strategic Review**”). In this connection, the Strategic Review Committee has been established to undertake a review of options available for Sabana REIT to enhance Unitholder value. The Strategic Review Committee comprises Mr Yong Kok Hoon (Independent Non-Executive Director, Chairman of the Strategic Review Committee), Mr Steven Lim Kok Hoong (Independent Non-Executive Director) and Mr Henry Chua (Non-Executive Director). The majority of the members of the Strategic Review Committee are independent directors.

The terms of reference of the Strategic Review Committee include the following:

- (a) reviewing various options to improve the performance of Sabana REIT; and
- (b) sourcing and considering the proposals from potential strategic partners, and shortlisting partners who can enhance Sabana REIT’s performance in terms of: (i) ability to contribute pipeline of quality assets to Sabana REIT to improve current property portfolio mix; (ii) improving the borrowing ability of Sabana REIT; and (iii) ability to enhance the capability of the management team.

On 24 February 2017, the Manager announced that Morgan Stanley has been appointed as financial adviser in relation to the Strategic Review. Morgan Stanley will be assisting the Strategic Review Committee in the Strategic Review and will report directly to the Strategic Review Committee.

On 1 March 2017, the Manager announced that the Strategic Review Committee, through Morgan Stanley, is in the process of making preliminary approaches to various parties to evaluate the viability of options available for its assets and business, which may include:

- (a) a potential sale of the Units or assets of Sabana REIT and a sale of the Manager, and/or
- (b) sourcing and considering potential strategic partners who can enhance Sabana REIT’s performance in terms of, *inter alia*, the following factors:
 - (i) ability to contribute pipeline of quality assets to Sabana REIT to improve the current property portfolio mix;
 - (ii) improving the borrowing ability of Sabana REIT; and
 - (iii) ability to enhance the capability of the management team.

The Strategic Review Committee has confirmed, in an announcement on 6 March 2017, that it shall act in the best interests of all Unitholders as a whole over the interests of both the Manager and its shareholders in the event of a conflict between the interests of (i) all Unitholders as a whole and (ii) the Manager and/or Manager’s shareholders.

The Strategic Review process is still ongoing. The Board wishes to emphasise that no definitive transaction has been entered into by Sabana REIT with any party and there is no assurance that any transaction will materialise from the strategic review. The Board will make appropriate announcements in the event of any material developments.

8. DIRECTORS’ RECOMMENDATIONS

In light of the Manager’s responses to the Requisitionists’ rationale for the Resolutions and the serious consequences arising from such resolutions as described above, the Board of Directors is of the view that the Resolutions would be prejudicial to the interests of Sabana REIT and its Unitholders as a whole, and accordingly recommend that Unitholders vote against the Resolutions.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain Director(s) of the Manager collectively hold direct and deemed interests in 42,733,726 Units. Further details of the interests in Units of Directors and Substantial Unitholders¹ are set out below.

Mr Steven Lim Kok Hoong is the Chairman and an Independent Non-Executive Director of the Manager. Mr Yong Kok Hoon is an Independent Non-Executive Director and Chairman of the Audit Committee of the Manager. Mr Henry Chua Tiong Hock is a Non-Executive Director of the Manager and an Executive Director of the Sponsor. Mr Kevin Xayaraj is the Chief Executive Officer and Executive Director of the Manager.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Mr Steven Lim Kok Hoong	–	–	–	–	–	–
Mr Yong Kok Hoon	–	–	1,491,000 ⁽²⁾	0.14	1,491,000 ⁽²⁾	0.14
Mr Henry Chua Tiong Hock	–	–	–	–	–	–
Mr Kevin Xayaraj	–	–	41,242,726 ⁽³⁾	3.92	41,242,726 ⁽³⁾	3.92

Notes:

- (1) The percentage is based on 1,053,083,530 Units in issue as at the Latest Practicable Date.
- (2) Mr Yong Kok Hoon is deemed to have an interest in the Units held by his spouse, Ong Lee Choo.
- (3) Mr Kevin Xayaraj is deemed to have an interest in the Units held by Sabana Real Estate Investment Management Pte. Ltd.

¹ A "Substantial Unitholder" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Based on the information available to the Manager, the Substantial Unitholders of Sabana REIT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Singapore Enterprises Private Limited	55,461,644	5.27	–	–	55,461,644	5.27
The Sponsor ⁽²⁾	13,135,119	1.25	96,704,370	9.18	109,839,489	10.43
Vibrant Capital Pte Ltd ⁽³⁾	–	–	109,839,489	10.43	109,839,489	10.43
Lian Hup Holdings Pte Ltd ⁽⁴⁾	–	–	109,839,489	10.43	109,839,489	10.43
Khua Hock Su ⁽⁵⁾	1,745,180	0.17	109,839,489	10.43	111,584,669	10.60
Khua Kian Keong ⁽⁶⁾	18,442,960	1.75	109,839,489	10.43	128,282,449	12.18
Wealthy Fountain Holdings Inc ⁽⁷⁾	43,943,000	4.17	–	–	43,943,000	4.17
Shanghai Summit Pte Ltd ⁽⁷⁾	–	–	43,943,000	4.17	43,943,000	4.17
Tong Jinquan ⁽⁷⁾	21,075,200	2.00	43,943,000	4.17	65,018,200	6.17
e-Shang Infinity Cayman Limited ⁽⁸⁾	52,705,000	5.01	–	–	52,705,000	5.01
e-Shang Jupiter Cayman Limited ⁽⁹⁾	–	–	52,705,000	5.01	52,705,000	5.01
ESR Cayman Limited ⁽⁹⁾	–	–	52,705,000	5.01	52,705,000	5.01
WP OCIM One LLC ⁽¹⁰⁾	–	–	52,705,000	5.01	52,705,000	5.01
WP X Investment VI Ltd. ⁽¹¹⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus Private Equity X, L.P. ⁽¹²⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus X, L.P. ⁽¹³⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus LLC ⁽¹⁴⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus X GP L.P. ⁽¹⁵⁾	–	–	52,705,000	5.01	52,705,000	5.01
WPP GP LLC ⁽¹⁶⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus Partners, L.P. ⁽¹⁷⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus Partners GP LLC ⁽¹⁸⁾	–	–	52,705,000	5.01	52,705,000	5.01
Warburg Pincus & Co. ⁽¹⁹⁾	–	–	52,705,000	5.01	52,705,000	5.01
Charles R. Kaye ⁽²⁰⁾	–	–	52,705,000	5.01	52,705,000	5.01
Joseph P. Landy ⁽²⁰⁾	–	–	52,705,000	5.01	52,705,000	5.01

Notes:

- (1) The percentage is based on 1,053,083,530 Units in issue as at the Latest Practicable Date.
- (2) The Sponsor is deemed to have an interest in the Units held by Singapore Enterprises Private Limited (“**Singapore Enterprises**”) and the Manager. The Manager holds 41,242,726 Units in Sabana REIT as at the Latest Practicable Date.
- (3) Vibrant Capital Pte. Ltd. (“**Vibrant Capital**”) is deemed to have an interest in the Units held by Vibrant Capital, the Sponsor, Singapore Enterprises and the Manager.
- (4) Lian Hup Holdings Pte. Ltd. is deemed to have an interest in the Units held by Vibrant Capital, the Sponsor, Singapore Enterprises and the Manager.
- (5) Khua Hock Su is deemed to have an interest in the Units held by Vibrant Capital, the Sponsor, Singapore Enterprises and the Manager.
- (6) Khua Kian Keong is deemed to have an interest in the Units held by Lian Hup, Vibrant Capital, the Sponsor, Singapore Enterprises and the Manager.
- (7) Tong Jinquan is the sole shareholder of Shanghai Summit Pte. Ltd. which is the sole shareholder of Wealthy Fountain Holdings Inc and accordingly, is deemed to be interested in the Units which Wealthy Fountain Holdings Inc holds.
- (8) e-Shang Infinity Cayman Limited, a company established in the Cayman Islands, is a wholly-owned subsidiary of e-Shang Jupiter Cayman Limited (“**ES Jupiter**”), a company established in the Cayman Islands.
- (9) ES Jupiter, a company established in the Cayman Islands, is a 95.2% owned subsidiary of ESR Cayman Limited (“**ESR**”), a company established in the Cayman Islands.

- (10) WP OCIM One LLC (“**WP OCIM**”), a Delaware limited liability company, holds approximately 39.9% of the issued share capital of ESR.
- (11) WP X Investment VI Ltd. (“**WP X IVI**”), a company established in the Cayman Islands, is the sole member of WP OCIM.
- (12) Warburg Pincus Private Equity X, L.P., a Delaware limited partnership, owns approximately 96.9% of WP X IVI.
- (13) Warburg Pincus X, L.P. (“**WPXGP**”), a Delaware limited partnership, is the general partner of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership (“**WPX**”).
- (14) Warburg Pincus LLC (“**WP LLC**”), a New York limited liability company, is the manager of WPX.
- (15) Warburg Pincus X GP L.P. (“**WP X GP LP**”), a Delaware limited partnership, is the general partner of WPXGP.
- (16) WPP GP LLC (“**WPP GP**”), a Delaware limited liability company, is the general partner of WP X GP LP.
- (17) Warburg Pincus Partners, L.P. (“**WP Partners**”), a Delaware limited partnership, is the managing member of WPP GP.
- (18) Warburg Pincus Partners GP LLC (“**WP Partners GP**”), a Delaware limited liability company, is the general partner of WP Partners.
- (19) Warburg Pincus & Co. (“**WP**”), a New York general partnership, is the managing member of WP Partners GP.
- (20) Charles R. Kaye and Joseph P. Landy are each Managing General Partners of WP and Managing Members and Co-Chief Executive Officers of WP LLC and may be deemed to control the Warburg Pincus entities. Charles R. Kaye and Joseph P. Landy disclaim beneficial ownership of all shares held by the Warburg Pincus entities.

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2017 at 10.30 a.m. (or immediately after the conclusion of the annual general meeting of Sabana REIT to be held at 9.00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing the resolutions set out in the Notice of EGM, which is set out on pages B-1 to B-3 of this Circular.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

11. NO ABSTENTION FROM VOTING

No Unitholders are required to abstain from voting on the Resolutions at the EGM.

12. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar’s office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 25 April 2017 at 10.30 a.m., being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint any of the Directors as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolutions.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Save for the information and representations provided to Sabana REIT and the Manager by the Requisitionists in the Requisition Letter and the Requisition Note, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Requisition, Sabana REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular (save for the information and documents provided to the Manager by the Requisitionists) misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully

Sabana Real Estate Investment Management Pte. Ltd.

(as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust)
(Company Registration Number: 201005493K)

Mr Steven Lim Kok Hoong
Chairman and Independent Non-Executive Director

IMPORTANT NOTICE

The value of 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 or any of its 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 the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. 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.

The past performance of Sabana REIT is not indicative of the future performance of Sabana REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

2010 (Amended) MMA	:	The master murabaha agreement originally dated 9 November 2010 (as amended and/or restated by the first amendment and restatement agreement dated 17 November 2011, an amendment letter dated 16 February 2012, a second amendment and restatement agreement dated 23 August 2012 and a third amendment and restatement agreement dated 12 November 2013)
2014 MMA	:	The S\$243.0 million master murabaha agreement dated 25 November 2014
2015 Revolving MMA	:	The S\$50.0 million revolving credit murabahah agreement dated 4 September 2015
2016 MMA	:	The S\$108.0 million master murabaha agreement dated 25 August 2016
%	:	Per centum or percentage
AACI REIT	:	AIMS AMP Capital Industrial Trust
Adjusted Reported NAV per Unit	:	The adjusted reported NAV per Unit of S\$0.597 which is based on the reported NAV per Unit as at 31 December 2016 as adjusted for the effects of the Rights Issue and the acquisition of the Properties on a pro forma basis as at 31 December 2016
AUM	:	Assets under management
Cache Trust	:	Cache Logistics Trust
CDP	:	The Central Depository (Pte) Limited
Changi South Property	:	The property located at 47 Changi South Avenue 2, Singapore 486148
Circular	:	This circular to Unitholders dated 6 April 2017
CIT	:	Cambridge Industrial Trust
Converted Multi-Tenanted Properties	:	Master lease properties that were converted to multi-tenanted properties
Commodity Murabaha Facilities	:	Collectively, Term CMF C, Term CMF F, New Term CMF B and New Revolving CMF D
Convertible Sukuk	:	The S\$80.0 million unsecured convertible sukuk of 4.50% per annum due September 2017
CTA	:	The common terms agreement dated 25 November 2014 (as amended by an amendment letter dated 25 August 2016)
Declaration of Trust	:	The declaration of trust dated 24 September 2012 containing the Sukuk Terms and Conditions

Deposited Property	:	The gross assets of Sabana REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
Distributable Income	:	Income generated for distribution to Unitholders during the fiscal period
DPS	:	Distribution per Stapled Security
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held at Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2017 at 10.30 a.m. (or immediately after the conclusion of the annual general meeting of Sabana REIT to be held at 9.00 a.m. on the same day and at the same place), to approve the matters set out in the Notice of Extraordinary General Meeting on pages B-1 to B-2 of this Circular
Electricity Retail Agreements	:	Electricity retail agreements Sabana REIT entered into for the supply of electricity for each of its properties
ES Jupiter	:	e-Shang Jupiter Cayman Limited
ESR	:	ESR Cayman Limited
Eunos Ave 3 Property	:	The property located at 107 Eunos Avenue 3, Singapore 409837
Eunos Ave 7 Property	:	The property located at 72 Eunos Avenue 7, Singapore 409570
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Facility Agreements	:	The 2015 Revolving MMA, the 2010 (Amended) MMA, the 2014 MMA, the 2016 MMA and the CTA
FY	:	Financial year
FY2013	:	The financial year ended 31 December 2013
FY2014	:	The financial year ended 31 December 2014
FY2015	:	The financial year ended 31 December 2015
FY2016	:	The financial year ended 31 December 2016
GFA	:	Gross floor area
HDB	:	Housing and Development Board
Highest DPU Threshold	:	The highest DPU achieved in prior years for which a performance fee was payable
IP	:	Investment property
IPO	:	Initial Public Offering

JTC	:	JTC Corporation
JTC/HDB Properties	:	Properties that are on JTC or HDB leases
Latest Practicable Date	:	24 March 2017, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Liquidation Discount	:	The rate of discount at which Sabana REIT's portfolio is liquidated as compared to the reported IP values as at 31 December 2016
Management Fee	:	Base fee and performance fee
Manager	:	Sabana Real Estate Investment Management Pte. Ltd., in its capacity as manager of Sabana REIT
MAS	:	Monetary Authority of Singapore
Morgan Stanley	:	Morgan Stanley Asia (Singapore) Pte.
MTI	:	Ministry of Trade and Industry Singapore
Multicurrency Islamic Trust Certificates Programme	:	The S\$500.0 million Multicurrency Islamic Trust Certificates Programme
NAV	:	Net asset value
New Revolving CMF D	:	3.5-year revolving Commodity Murabaha Facility of up to S\$18.0 million due February 2020 to re-finance and replace the existing revolving commodity murabaha facility D
New Term CMF B	:	3.5-year Commodity Murabaha Facility of up to S\$90.0 million due February 2020 to re-finance the existing Term Commodity Murabaha Facility B
NLA	:	Net lettable area
Notice of EGM	:	Notice of extraordinary general meeting
NPI	:	Net property income
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Pro Forma Realised NAV per Unit	:	The pro forma financial effects of the proposed winding-up of Sabana REIT on the realised NAV per Unit as at 31 December 2016
Programme Trust Deed	:	Trust deed of the Multicurrency Islamic Trust Certificates Programme
Properties	:	The Eunos Ave 3 Property, the Eunos Ave 7 Property and the Changi South Property
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS

Property Manager	:	Sabana Property Management Pte. Ltd.
REIT	:	Real estate investment trust
Requisition	:	The request put forth by the Requisitionists to the Manager for the holding of an EGM to consider the proposals set out in the Requisition Letter
Requisition Letter	:	The letter of requisition dated 6 February 2017 received by the Manager from the Requisitionists
Requisition Note	:	The note dated 6 February 2017 annexed to the Requisition Letter detailing the rationale for requisitioning the EGM
Requisitionists	:	The 66 Unitholders who, at the date of the Requisition Letter, held Units and collectively requested to requisition an EGM
Resolutions	:	The ordinary resolutions and extraordinary resolutions as set out in the Notice of EGM
Revolving Murabahah Facility	:	The Revolving Murabahah Facility for an amount up to S\$50.0 million
Rights Entitlements	:	The entitlement of Unitholders who did not wish to participate in the Rights Issue to sell their provisional allotments under the Rights Issue.
Rights Issue	:	The renounceable underwritten rights issue launched on 20 December 2016
ROFR	:	Right of first refusal
S\$ and cents	:	Singapore dollars and cents
Sabana REIT	:	Sabana Shari'ah Compliant Industrial Real Estate Investment Trust
SFA	:	Securities and Futures Act, Chapter 289 of Singapore
SGX-ST	:	Singapore Exchange Securities Trading Limited
Singapore Enterprises	:	Singapore Enterprises Private Limited
Soilbuild REIT	:	Soilbuild Business Space REIT
Sponsor	:	Vibrant Group Limited
Sponsor ROFR	:	The ROFR granted by the Sponsor to Sabana REIT at the time of IPO
SPV	:	Special purpose vehicle
sq m	:	Square metre
SREIM	:	Sabana Real Estate Investment Management Pte. Ltd.
Strategic Review	:	The strategic review exercise of Sabana REIT
Strategic Review Committee	:	The strategic review board committee

Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
Sukukholders	:	The holders of the Convertible Sukuk
Sukuk Terms and Conditions	:	The terms and conditions of the Convertible Sukuk
Term CMF C	:	The five-year Commodity Murabaha Facility of up to S\$30.0 million due November 2019
Term CMF F	:	The five-year term Commodity Murabaha Facility of up to S\$75.0 million due August 2017
Terms and Conditions	:	Terms and conditions of the Multicurrency Islamic Trust Certificates Programme
TERP	:	Theoretical ex-rights price of S\$0.432 per Unit as stated in the Offer Information Statement dated 30 December 2016
TOP	:	Temporary Occupation Permit
Transactions	:	The Rights Issue and the acquisition of the Properties
Trust Certificates	:	The (a) S\$90.0 million outstanding under the Series 1 issue of S\$90.0 million 4.00 per cent. Trust Certificates due 2018 and (b) S\$100.0 million outstanding under the Series 2 issue of S\$100.0 million 4.25 per cent. Trust Certificates due 2019 under the S\$500.0 million Multicurrency Islamic Trust Certificates Programme
Trust Deed	:	The trust deed dated 29 October 2010 constituting Sabana REIT, as amended, varied, or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana REIT
Unit	:	A unit representing an undivided interest in Sabana REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
URA	:	Urban Redevelopment Authority
US\$:	United States dollars
Vibrant Capital	:	Vibrant Capital Pte. Ltd.
VI-BT	:	Viva Industrial Business Trust
VI-REIT	:	Viva Industrial Real Estate Investment Trust
VIT	:	Viva Industrial Trust
WP	:	Warburg Pincus & Co.

WP LLC	:	Warburg Pincus LLC
WP OCIM	:	WP OCIM One LLC
WP Partners	:	Warburg Pincus Partners, L.P.
WP Partners GP	:	Warburg Pincus Partners GP LLC
WPP GP	:	WPP GP LLC
WPX	:	Warburg Pincus Private Equity X, L.P., together with its affiliated partnership
WPXGP	:	Warburg Pincus X, L.P.
WP X GP LP	:	Warburg Pincus X GP L.P.
WP X IVI	:	WP X Investment VI Ltd.

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

REQUISITION LETTER

DATE: 6th FEBRUARY 2017

**SABANA SHARI'AH COMPLIANT
INDUSTRIAL REAL ESTATE INVESTMENT TRUST**
151 Lorong Chuan
#02-03, New Tech Park
Singapore 556741

Attention : The Board of Directors

Dear Sirs,

REQUISITION TO CONVENE AN EXTRAORDINARY GENERAL MEETING PURSUANT TO PARA 4.1(b) of APPENDIX 6 OF THE CODE ON COLLECTIVE INVESTMENT SCHEMES

We are unitholders, numbering not less than 50, of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust as at the date of this letter.

Pursuant to Para 4.1(b) of Appendix 6 of the Code on Collective Investment Schemes, we request you to convene a general meeting of the Sabana REIT for the object of reviewing the Manager's performance and putting forth each of the following resolutions, with or without modifications, for individual voting by the members:-

RESOLUTION 1 : REMOVAL OF SABANA REAL ESTATE INVESTMENT MANAGEMENT PTE LTD AS THE MANAGER OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST.

RESOLUTION 2 : (i) DIRECT SABANA REIT TRUSTEE TO INCORPORATE A NEW WHOLLY OWNED SUBSIDIARY TO REPLACE SABANA REAL ESTATE MANAGEMENT PTE LTD AS THE MANAGER FOR THE PURPOSE OF INTERNALISATION OF THE MANAGER FUNCTION.

(ii) DIRECT SABANA REIT TRUSTEE TO SEARCH FOR QUALIFIED CANDIDATES TO ASSUME THE ROLE OF DIRECTORS FOR THE INTERNALISED MANAGER.

RESOLUTION 3 : DIRECT THE ORDERLY WINDING UP AND/OR DIVESTMENT OF ALL PROPERTIES PORTFOLIO IN SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, IN THE EVENT THE NEWLY INCORPORATED SUBSIDIARY (SPECIFIED IN RESOLUTION 2(i)) IS NOT APPROVED BY THE RELEVANT AUTHORITIES TO ACT AS THE MANAGER OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, FOR WHATEVER REASON.

RESOLUTION 4 : DIRECT THE ORDERLY WINDING UP OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, IN THE EVENT RESOLUTION 1 IS NOT PASSED.

Annex to this letter is a note written by a unitholder explaining the rationale for the proposal. Kindly ensure a copy of this letter and the annexed note are circulated to all entitled unitholders to attend this general meeting along with the notice for this general meeting.

Kindly proceed to convene the meeting.

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RESOLUTION 3 : DIRECT THE ORDERLY WINDING UP AND/OR DIVESTMENT OF ALL PROPERTIES PORTFOLIO IN SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, IN THE EVENT THE NEWLY INCORPORATED SUBSIDIARY (SPECIFIED IN RESOLUTION 2(i)) IS NOT APPROVED BY THE RELEVANT AUTHORITIES TO ACT AS THE MANAGER OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, FOR WHATEVER REASON.

RESOLUTION 4 : DIRECT THE ORDERLY WINDING UP OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST. IN THE EVENT RESOLUTION 1 IS NOT PASSED.

Annex to this letter is a note written by a unitholder explaining the rationale for the proposal. Kindly ensure a copy of this letter and the annexed note are circulated to all entitled unitholders to attend this general meeting along with the notice for this general meeting.

Kindly proceed to convene the meeting.

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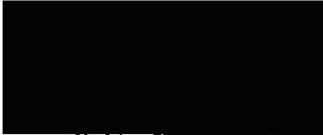
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[REDACTED]

NAME : [REDACTED]
NRIC NO : [REDACTED]

[REDACTED]

~~NAME : [REDACTED]~~
~~NRIC NO : [REDACTED]~~

Cancelled

RESOLUTION 3 : DIRECT THE ORDERLY WINDING UP AND/OR DIVESTMENT OF ALL PROPERTIES PORTFOLIO IN SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, IN THE EVENT THE NEWLY INCORPORATED SUBSIDIARY (SPECIFIED IN RESOLUTION 2(i)) IS NOT APPROVED BY THE RELEVANT AUTHORITIES TO ACT AS THE MANAGER OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, FOR WHATEVER REASON.

RESOLUTION 4 : DIRECT THE ORDERLY WINDING UP OF SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST, IN THE EVENT RESOLUTION 1 IS NOT PASSED.

Annex to this letter is a note written by a unitholder explaining the rationale for the proposal. Kindly ensure a copy of this letter and the annexed note are circulated to all entitled unitholders to attend this general meeting along with the notice for this general meeting.

Kindly proceed to convene the meeting.

44 [REDACTED]
① NAME : [REDACTED]
NRIC NO : [REDACTED]

45 [REDACTED]
③ NAME : [REDACTED]
NRIC NO : [REDACTED]

46 [REDACTED]
② NAME : [REDACTED]
NRIC NO : [REDACTED]

47 [REDACTED]
④ NAME : [REDACTED]
NRIC NO : [REDACTED]

48

[REDACTED]

NAME : [REDACTED]
NRIC NO : [REDACTED]

49

[REDACTED]

NAME : [REDACTED]
NRIC NO : [REDACTED]

50

[REDACTED]

NAME : [REDACTED]
NRIC NO : [REDACTED]

I. [REDACTED], NRIC [REDACTED], vote in favour of the proposed

4 resolutions in the Requisition letter. Thank you.

([REDACTED] has mistaken. This is only a Requisition letter)

51

[REDACTED] 31/11/17

NAME : [REDACTED]

NRIC NO : [REDACTED]

[REDACTED]
[REDACTED]



52

NAME :



NRIC NO :



53

NAME :



NRIC NO :



54

NAME :



NRIC NO :



55

NAME :



NRIC NO :



56

NAME :



NRIC NO :



57

NAME :



NRIC NO :



58



NAME : [REDACTED]
NRIC NO : [REDACTED]

59



NAME : [REDACTED]
NRIC NO : [REDACTED]

[REDACTED]

60

NAME : [REDACTED]

NRIC NO : [REDACTED]

[REDACTED]

61

NAME : [REDACTED]

NRIC NO : [REDACTED]

[REDACTED]

62

NAME : [REDACTED]

NRIC NO : [REDACTED]

[REDACTED]

63

NAME : [REDACTED]

NRIC NO : [REDACTED]

[REDACTED]

64

NAME : [REDACTED]

NRIC NO : [REDACTED]

[REDACTED]

[REDACTED]



65

NAME : [REDACTED]
NRIC NO : [REDACTED]



66

NAME : [REDACTED]
NRIC NO : [REDACTED]

NAME :
NRIC NO :

67



NAME : [REDACTED]

NRIC NO : [REDACTED]

RATIONALE FOR RESOLUTIONS TO REPLACE THE EXTERNAL MANAGER WITH AN INTERNALISED MANAGER

Dear Fellow Unitholders,

OVERVIEW

We propose to remove the external manager of Sabana REIT. We want to replace the present manager with an "Internalised Manager" wholly owned by Sabana REIT. The present external management model has delivered decreasing DPU over the last 3 years. This Internalisation will IMMEDIATELY INCREASE OUR DPU via cost savings and additional distributions from the Internalised Manager's net profit.

- RESOLUTION 1 :** We want to remove the current manager
- RESOLUTION 2 :** We want to set up our own in-house team to manage the REIT.
We want to look for qualified people to head our in-house team.
- RESOLUTION 3 :** If our in-house team is not approved by MAS, we want to wind up the REIT.
- RESOLUTION 4 :** We want to wind up the REIT if resolution 1 is not passed.

WHY DO WE WANT AN INTERNALISED MANAGER?

1. WE ARE PAYING TOO MUCH!!!

Under the present structure, the following fees are payable to the external manager/property manager:

- a. Management Base Fee (0.5% of the Property Value)
- b. Management Performance Fee (0.5% of Net Property Income)
- c. Acquisition Fee (1% of Acquired Property Value)
- d. Divestment Fee (0.5% of Divested Property Value)
- e. Property Management Fee (2% of Gross Property Revenue)
- f. Lease Management Fee (1% of Gross Property Revenue)

The Total Fees paid to the External Manager/Property Manager was \$8,513,000 in 2013, \$9,683,000 in 2014, \$9,288,000 in 2015 and \$8,333,000 in 2016!!!

2.AND WE ARE GETTING LESSER AND LESSER!!!

On the other hand, the Annual Distribution per Unit paid to us **DROPPED FROM 9.38 CENT TO 5.01 CENT** in the same period. We need to do something fast!!!

3. WE WILL GET MORE!!!

With an Internalised Manager, day-to-day management of Sabana REIT will not be contracted to external parties. The cost of an Internalised Manager is significantly lower than the operation of an External Manager. This expected cost savings and the dividend distribution from the Internalised Manager will immediately increase our DPU. In the longer term, DPU is expected to be stable with in-house management.

4. WE WILL BE IN THE SAME BOAT!!!

Under the new model, we will have effective control to appoint or remove the directors of the Internalised Manager. This ensures complete alignment of interest between the Manager and us. Our rights to select the directors will enhance the level of corporate governance.

5. IF WE CANNOT DO IT, LET'S SELL IT ALL!!!

If our internalized manager is not approved by MAS for whatever reason, we must liquidate the trust. Sabana REIT has consistently traded at a steep discount. Liquidation enables us to realise the value of our units immediately, compared to the realization of value through potential future price appreciation, which may or may not materialize.

STILL UNDECIDED??? **MAYBE THIS WILL HELP**

1. Our company's mission statement is to seek yield accretive initiatives to strengthen and grow Sabana REIT's portfolio and to satisfy Unitholders by delivering attractive DPU. **The recent purchases made by the Manager are not yield accretive and they lower the DPU yield by almost 10%.**

2. We bought the Changi South Property from our sponsor (who also owns our Manager), Vibrant Group Ltd for \$23 million. This same property sits in the Vibrant Group's book at only \$9,935,000. **The work done by the Manager is merely administrative in nature but they want \$200,000 for their effort.**

3. Colliers (for Vibrant), Savills and Knight Frank (for Sabana) separately and independently did a valuation on the Changi South Property using the Capitalization Approach and Discounted Cash Flow Analysis (DCF). All three concluded that the property is worth exactly \$23m, which is also the price sold to us. DCF is merely a mechanical valuation tool, which makes it subject to the principle "garbage in, garbage out". In order for all three to come up with the exact valuation figure, they must have used the same future rental income, same assumed discount rate, same forecasted 30 years rent renewal payable and the same estimated terminal value etc. Small changes in inputs can result in large changes in the value of the property. **Colliers, Savills and Knight Frank all agree that the Changi South Property is worth exactly \$23m. We can only hypothesize that they were given the same exact figures to value the property.** If this is true, it begs the question of objectivity and independence of these and past valuation reports.

4. The Manager of Cambridge Industrial Trust sold their 141,135 sq ft Ubi Ave 3 property (39 years remaining) at \$157 psf. In the same month, our Sabana Manager bought 69,977 sq ft Eunos Ave 7 (24 years remaining) at \$294 psf, 133,946 sq ft Eunos Ave 3 (24 years remaining) at \$258 psf and 91,573 sq ft Changi South (10 years remaining + 30 years renewal) at \$251 psf. **The price we paid is a whopping 60 – 88% higher than the price Cambridge sold their property.** And I wish to remind you that one of the valuation approach used by Savills to justify our price tag, is the Direct Comparison Method.

5. At IPO, we bought the high-tech industrial building at 15 Jalan Kilang Barat for \$34.5m. Today it is valued at \$23m. We also bought the warehouse and logistic building at 34 Penjuru Lane for \$60m. Today it is worth \$40.7m. Subsequent to the IPO, we bought 23 Serangoon North at \$61m in Aug 12 (today \$41.0m), 508 Chai Chee Lane at \$68.2m in Aug 13 (today \$56.8m) and 10 Changi South at \$55.1m in Aug 14 (today \$52.1m).

6. The CEO, Kevin Xayaraj told ST reporter, Marissa Lee recently that there are not enough suitable, qualified anchor tenants in Singapore and there is a mismatch in supply and demand in the current economic slowdown. That explains why our DPU has been on the decline for the last three years. The independent directors Mr Steven Lim Kok Hoong and Mr Yong Kok Hoon are aware that currently we have a few properties that are half empty. **However, Mr Steven Lim Kok Hoong and Mr Yong Kok Hoon did not object when the Manager went on to buy three more additional properties in Dec 2016, including one from the sponsor, Vibrant Group Ltd. They also did not question why the price we pay for these three properties are 60 – 88% higher than other market transactions.**

5. **We are officially the worst performing REIT in Singapore registering a total return of -25.4% in 2016** (source: dollarandsense.sg). Compared to our peers, Viva Industrial Trust (+16.0%) and Cambridge Industrial Trust (+3.6%), it is obvious they are doing it right and we are doing it wrong.

6. The Code of Collective Investment Scheme provides for the removal of the Manager by unitholders. Monetary Authority of Singapore has also confirmed that internally managed REIT structures are allowed in Singapore. Croesus Retail Trust is now operating with an Internalised Manager. **We do not need an External Manager who charges multiple fees at a rate they insist is in line with “industry practice”.**

7. If the Manager is removed, he will be required to serve out the remaining contract signed with the Trustee until a new Manager is installed. The Code of Collective Investment Scheme requires that at all time, there must be a Manager in Charge. **There is no chaos as there will always be a Manager mandated by the law.** MAS and HSBC Trustee oversee this transition process.

FINALLY.....

DO YOU KNOW THAT IN THE LAST 3 YEARS, THEY WROTE OFF \$215 MILLION FROM OUR CAPITAL DUE TO PROPERTY REVALUATION LOSS BUT PAID THEMSELVES \$27 MILLION IN FEES?

DO YOU KNOW THAT IN THE LAST 3 YEARS, OUR MANAGER INCURRED A \$215 MILLION PROPERTY REVALUATION LOSS BUT VIVA INDUSTRIAL TRUST MADE A REVALUATION GAIN OF \$75.4 MILLION IN THE SAME PERIOD?

DO YOU KNOW THAT THE MANAGER LOST \$90.9 MILLION OF OUR CAPITAL BUT THEY STILL FORCED US TO GIVE THEM \$80 MILLION TO BUY THREE PROPERTIES IN 2016?

DO YOU KNOW THAT OUR DPU HAS DROPPED BY 71% SINCE IPO BUT OUR BORROWING HAS INCREASED BY MORE THAN 100% IN THE SAME PERIOD? AND GLOBAL INTEREST RATE WAS LOW AND STABLE THROUGHOUT.

DO YOU KNOW THAT, UNLIKE YOU AND I, THE 5 DIRECTORS OF THE MANAGER HAS NEVER BOUGHT A SINGLE SHARE IN SABANA REIT FROM THE STOCK MARKET? INSTEAD, THE MANAGER WENT TO THE MARKET AND SOLD MILLIONS OF SHARES.

IMPORTANT: You will be making a binary decision. Remove the Manager or Keep the Manager. It is your choice. Not Voting is a Vote to Keep the Manager. Do nothing and you will continue to lose. Please attend the meeting and vote in favour of the adoption of all the resolutions at the general meeting.

Yours faithfully,

NAME: LOW CHIN YEE



www.sabanareit.blogspot.sg

1. If your shares are with CPF/SRS/Nominee Accounts, simply direct your agent banks or nominee companies to appoint you as a proxy to attend and vote OR direct your agent bank or nominee companies to vote on your behalf.
2. Direct account holders (shares with CDP) who are unable to attend the meeting, can direct the Chairman of the Meeting to vote on your behalf.

From: LOW CHIN YEE [mailto: [REDACTED]]
Sent: Sunday, February 19, 2017 8:57 AM
To: Cassandra Seet < [REDACTED] >
Subject: amendment to annex note of the requisition letter submitted on 6 feb 17

Kindly amend para 2 of STILL UNDECIDED??? MAYBE THIS WILL HELP to read as "**The work done by the Manager is merely administrative in nature but they want \$230,000 for their effort**"

I took the previous figure from the rights information statement which you are aware you put as \$0.2m. I now know it is \$230,000. tq

--

JERRY LOW CHIN YEE

go to <http://sabanareit.blogspot.sg> for more details

VOTE OUT SABANA MANAGER
<https://www.facebook.com/groups/1586399528054150/?qsefr=1>
PLEASE JOIN FOR UPDATES



(a real estate investment trust constituted
on 29 October 2010 under the laws of the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the holders of units of Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (“**Sabana REIT**”, and the holders of units of Sabana REIT, “**Unitholders**”) will be held at Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2017 at 10.30 a.m. (or immediately after the conclusion of the annual general meeting of Sabana REIT to be held at 9.00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing the following resolutions:

(All capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 6 April 2017 to Unitholders (the “Circular”).

1. **RESOLUTION 1 (ORDINARY RESOLUTION)**

That Sabana Real Estate Investment Management Pte. Ltd. be removed as the manager of Sabana REIT, details of which are set out in the Circular.

2. **RESOLUTION 2 (ORDINARY RESOLUTION)**

That direction be given to HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana REIT) (the “**Trustee**”) to:

- (i) incorporate a wholly-owned subsidiary to replace Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana REIT for the purpose of internalising the REIT management function; and
- (ii) search for qualified candidates to be appointed as the directors of the internalised REIT manager.

Resolution 2, if passed, shall be conditional upon and subject to the approval(s) of the relevant authorities for the wholly-owned subsidiary of Sabana REIT to act as the manager of Sabana REIT (including the MAS’ approval and waiver of the relevant restrictions and/or requirements in the Property Funds Appendix).

3. **RESOLUTION 3 (EXTRAORDINARY RESOLUTION)**

That:

- (i) direction be given for the orderly winding-up of Sabana REIT and pursuant thereto, for the divestment of all the properties of Sabana REIT, in the event the newly-incorporated subsidiary specified in Resolution 2 is not approved by the relevant authorities to act as the manager of Sabana REIT for whatever reason; and
- (ii) in this connection, the voluntary delisting of Sabana REIT from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) under the Trust Deed, pursuant to which the Manager will terminate Sabana REIT in accordance with Clause 26.2.3 of the Trust Deed, be and is hereby approved.

4. RESOLUTION 4 (EXTRAORDINARY RESOLUTION)

That subject to and contingent upon Resolution 1 not being passed:

- (i) direction be given for the orderly winding-up of Sabana REIT; and
- (ii) in this connection, the voluntary delisting of Sabana REIT from the Official List of the SGX-ST under the Trust Deed, pursuant to which the Manager will terminate Sabana REIT in accordance with Clause 26.2.3 of the Trust Deed, be and is hereby approved.

BY ORDER OF THE BOARD

Sabana Real Estate Investment Management Pte. Ltd.

(as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust)

(Company Registration Number: 201005493K)

Mr Steven Lim Kok Hoong
Chairman and Independent Non-Executive Director
Singapore
6 April 2017

Notes:

- (1) A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of Sabana REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

“relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The proxy form must be deposited at the Unit Registrar’s office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 no later than Tuesday, 25 April 2017 at 10.30 a.m., being 72 hours before the time fixed for the EGM of Sabana REIT.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of Sabana REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM of Sabana REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of Sabana REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.



Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

(a real estate investment trust constituted on 29 October 2010 (as amended) under the laws of the Republic of Singapore)

**PROXY FORM
Extraordinary General Meeting**

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the EGM and vote (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. A CPF/SRS Investor who wishes to attend the Extraordinary General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe (CPF Agent Bank: Please refer to Notes 2 and 4 on the reverse side of this form on the required details.)
4. **PLEASE READ THE NOTES TO THE PROXY FORM**

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 6 April 2017.

I/We _____
(Name(s) and NRIC Number(s)/Passport Numbers(s)/Company Registration Number)

of _____ (Address)
being a unitholder/unitholders of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 1)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 1)	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting of Sabana REIT ("EGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM to be held at Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2017 at 10.30 a.m. (or immediately after the conclusion of the annual general meeting of Sabana REIT to be held at 9.00 a.m. on the same day and at the same place), and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

Resolutions	Number of Votes For*	Number of Votes Against*
1 The proposed removal of Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana REIT (Ordinary Resolution)		
2 The proposed direction to HSBC Institutional Trust Services (Singapore) Limited to: (i) incorporate a wholly-owned subsidiary to replace Sabana Real Estate Investment Management Pte. Ltd. as the manager of Sabana REIT for the purpose of internalising the REIT management function and (ii) search for qualified candidates to be appointed as the directors of the internalised REIT manager (Ordinary Resolution)		
3 The proposed direction of the orderly winding-up of Sabana REIT and pursuant thereto, for the divestment of all properties of Sabana REIT, in the event that the newly-incorporated subsidiary (specified in Resolution 2(i)) is not approved by the relevant authorities to act as the manager of Sabana REIT, for whatever reason (Extraordinary Resolution)		
4 The proposed direction of the orderly winding-up of Sabana REIT, in the event that Resolution 1 is not passed (Extraordinary Resolution)		

* If you wish to exercise all your votes "For" or "Against", please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total Number of Units held

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE



Affix
Postage
Stamp

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
(as Unit Registrar of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust)

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

NOTES TO PROXY FORM:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of Sabana REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
"relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Sabana REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders of Sabana REIT, he/she should insert the aggregate number of Units. If no number is inserted, the proxy form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, no later than Tuesday, 25 April 2017 at 10.30 a.m., being 72 hours before the time fixed for the EGM.

1st fold here

5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register not less than 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
8. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the EGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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