



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

LETTER FROM QUARZ CAPITAL ASIA (SINGAPORE) PTE LTD REGARDING UPCOMING ISSUANCE OF SGD100 MILLION SUSTAINABILITY-LINKED GUARANTEED BONDS DUE 2029 (“BOND ISSUANCE”)

Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Industrial Real Estate Investment Trust (as the “**Manager**” and “**Sabana Industrial REIT**” respectively), refers to the following in relation to the Bond Issuance:

- Preliminary Information Memorandum dated 12 June 2024 and Supplement dated 14 June 2024 made available on Bloomberg; and
- Investor Presentation dated 5 June 2024 made available on <https://dealroadshow.com>

The Manager wishes to inform Unitholders that on 14 June 2024, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Industrial REIT (the “**Trustee**”), received a letter from Quarz Capital Asia (Singapore) Pte Ltd (“**Quarz**”), a unitholder of Sabana Industrial REIT, concerning the Bond Issuance. A copy of the letter from Quarz dated 14 June 2024 is annexed to this announcement as **Appendix 2**.

In its letter, Quarz alleges that there is no reason or urgency for the Bond Issuance and that the Bond Issuance “*might substantially complicate and impede the internalisation process to potentially entrench the current REIT manager and its sponsor from being removed*”. Quarz thus asks, among other things, that the Trustee “*relook into [sic] the bond terms and stop the bond issuance if necessary to safeguard unitholders’ interest [sic]*”.

The Manager wishes to clarify that the Manager has been working towards the Bond Issuance since June 2022, even before Quarz requested the Manager to convene an extraordinary general meeting to table the resolution to internalise the management function of Sabana Industrial REIT on 7 June 2023. The Bond Issuance is currently being undertaken by the Manager in accordance with its fiduciary duty to act in the interests of the Unitholders to ensure the continued operation of Sabana Industrial REIT amidst the Trustee’s ongoing exercise of internalising the management function of the REIT (the “**Internalisation Exercise**”). As part of the Manager’s capital management efforts, the Bond Issuance seeks to stabilise the cost of funding, diversify the sources of funding, and mitigate the refinancing risks for Sabana Industrial REIT.

Contrary to Quarz’s allegation that the Bond Issuance may put Sabana Industrial REIT in “*financial jeopardy*”, such refinancing exercise is essential to the capital management planning for the Sabana Industrial REIT. It is part of the role and responsibility of a responsible REIT manager to ensure that Sabana Industrial REIT continues to operate on a sound footing pending the completion of the Internalisation Exercise, the timing of the conclusion of which remains uncertain. It is not in the interest of Sabana Industrial REIT for such refinancing



exercise to be put on hold on account of the ongoing Internalisation Exercise, especially in view of the attendant uncertainties and in the current high interest rate environment.

The Manager's full response to the matters raised by Quarz in its letter is set out in the **Appendix 1** to this announcement.

Unitholders and investors are advised to refrain from taking any action in respect of their Units which may be prejudicial to their interests, and to exercise caution when dealing in the Units.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company Registration No: 201005493K, Capital Markets Services Licence No: CMS100169)

As Manager of Sabana Industrial Real Estate Investment Trust

Han Yong Lee (Donald)

Chief Executive Officer

17 June 2024

For enquiries, please contact:

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Sabana Industrial REIT

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2023, Sabana Industrial REIT has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than S\$1.0 billion as at 31 December 2023. Sabana Industrial REIT is a constituent of the SGX S-REIT Index and MSCI Singapore Micro Cap Index.

Sabana Industrial REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana Industrial REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended, varied or supplemented from time to time). Sabana Industrial REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana Industrial REIT, please visit www.sabana-reit.com.

Important Notice

The value of units in Sabana Industrial REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana Industrial REIT, or any of their respective affiliates.



An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

APPENDIX 1

MANAGER'S RESPONSES TO ALLEGATIONS IN LETTER FROM QUARZ CAPITAL ASIA (SINGAPORE) PTE LTD DATED 14 JUNE 2024

Quarz's Claim 1

"We view this bond issuance at this time as highly abnormal and extraordinary as Sabana REIT currently has zero refinancing needs [sic] as the next refinancing only is [sic] in October and November 2025."

"[T]here is also no reason and urgency for the bond issuance given that the next refinancing is in October and November 2025, which is more than 1 year away ...!"

Manager's response to Quarz's Claim 1

As Unitholders will know, it is a common and prudent practice for refinancings in the Singapore market that borrowers will plan ahead for their refinancing requirements and these are commonly undertaken at least a year before expiry of current financings. This is to provide flexibility for the borrower and cater for ample time to negotiate terms, as opposed to seeking refinancing at the last minute, which may result in the borrower being subject to more unfavourable terms imposed by the lenders and/or any high interest rate environment prevailing at such time. This is particularly so where the borrowing is in the form of tapping the capital markets, as the window to issue securities depends on a host of factors and will not always be available, particularly in light of the prolonged uncertain and unfavourable geopolitical situation. Additionally, the commercial benefits of a bonds offering and issuance as compared to conventional unsecured facilities include a longer tenure, cost savings and natural hedge against interest rate increases.

The Manager adopts a prudent capital and risk management approach in respect of Sabana Industrial REIT. The Manager is undertaking the Bond Issuance with a view to ensuring that the debt tranche expiring in 2025 is refinanced well ahead of expiry. If the refinancing is carried out too late, any liabilities which are not refinanced and mature or accrue within 12 months will have to be classified as "current liabilities" on the balance sheet, which may pose unnecessary risks to the balance sheet strength of Sabana Industrial REIT. Without the refinancing by way of the Bond Issuance, Sabana Industrial REIT would be in a net current liabilities position by 31 December 2024. It would not be prudent for the REIT to defer the refinancing exercise past December 2024. Delays may also attract attention from auditors who could flag the REIT's debt profile as an emphasis of matter on going concern for the REIT. This could cause uncertainty to the REIT, which will not be at the best interest of all Unitholders.

As the Manager is not involved in carrying out the Internalisation Exercise, while the Manager has some awareness over the timelines based on various Trustee statements issued by the Trustee, ultimately, it has no control over and cannot speculate as to the timelines for the completion of the same. Ongoing prudent capital and risk management efforts, including the refinancing of Sabana Industrial REIT's debts, should not be held in abeyance on account of the ongoing Internalisation Exercise.

Contrary to Quarz's suggestion that the Bond Issuance may put Sabana Industrial REIT in "*financial jeopardy*", such refinancing exercise is essential to the capital management planning for the REIT to ensure its longevity. It is part of the role and responsibility of a responsible

REIT manager to ensure that the Sabana Industrial REIT continues to operate pending the completion of the Internalisation Exercise. In fact, the Manager has been working towards this Bond Issuance since June 2022 as part of the Manager's capital management strategy in diversifying the source of funding for the REIT after the Manager had successfully converted all the REIT's secured financing facilities to unsecured financing facilities, well before the Internalisation Exercise commenced. Furthermore, in contrast to Quarz's view that there is no reason and urgency for the Bond Issuance, if the Bond Issuance is delayed beyond June 2024, there can be no certainty that such financing opportunity guaranteed by CGIF (as defined below) presently available to the REIT may be obtained on the same commercial terms, or in fact, remain available.

The Bond Issuance seeks to lower the overall cost of funding for the REIT amidst the current high interest rate environment. As reported previously in our 1Q24 Interim Business Update, the Sabana Industrial REIT has faced operational challenges in obtaining hedging arrangements in light of the ongoing Internalisation Exercise. As a result, Sabana Industrial REIT's proportion of fixed rate borrowing has dropped to 51.8%. Contrary to Quarz's claim that the use of proceeds disclosures are ambiguous and that the offering will result in additional interest payments and reduction in DPU, with the completion of the Bond Issuance, this will improve the REIT's proportion of fixed rate borrowing to more than 80.0%, and significantly reduces the risks of Sabana Industrial REIT being subject to the volatility of the interest rate market and will provide stability to the REIT's cost of funding. As the primary use of proceeds from the Bond Issuance is to refinance the debt tranche expiring in 2025, this is expected to have neutral impact to the REIT's gearing ratio upon the completion.

Quarz's Claim 2

"We are worried that the Bond Issue might impede Internalisation and in the worst case entrench the current REIT manager and its sponsor especially because there are explicit change of control clauses specifying that the Sponsor has to own 50.1% of the manager in the presentation and information memorandum."

"This bond Issuance might potentially create further obstacles and substantially complicate and impede the Internalisation process. It also potentially entrenches the current REIT manager and makes its potential removal more difficult due to the many Change of Control terms."

Manager's response to Quarz's Claim 2

Contrary to Quarz's allegation, the bond documentation does not "*entrench the current REIT Manager and its sponsor*".

Under the Conditions of the Bonds, it is an event of default if the REIT manager resigns or is removed **and** no replacement or substitute manager of Sabana Industrial REIT is appointed in accordance with the terms of the REIT Trust Deed or any relevant order(s) made by a court of law in Singapore concerning the manager of Sabana Industrial REIT. Accordingly, in the event of a replacement of a REIT manager, the Bonds will still continue to their scheduled maturity.

Under the Reimbursement and Indemnity Agreement (“**RIA**”), which is entered into bilaterally between Credit Guarantee & Investment Facility² (“**CGIF**”) and the Trustee (in its capacity as trustee of Sabana Industrial REIT) (as issuer of the Bonds), if internalisation of the management function of the REIT occurs, the issuer and CGIF will enter into discussions with regards to the Change of Control event. In the event that CGIF is not agreeable to the replacement REIT Manager, that in itself does not allow CGIF to terminate the Bonds early ahead of their scheduled maturity. While, in such a situation, the RIA gives rights to CGIF to impose additional conditions to its guarantee (including imposing undertakings with which it requires the REIT to comply, enforcing any of the security interests granted by the REIT in favour of CGIF, requiring the REIT to pay an increased guarantee fee, or requiring the REIT to provide or procure the provision in favour of the CGIF of additional credit support in the form of guarantees, standby letters of credit, security, additional cash or other forms of collateral acceptable to CGIF) and/or to be indemnified subject to the terms of the RIA, the critical point from the REIT’s perspective is that the Bonds will still continue to their scheduled maturity regardless of the imposition of such conditions and/or such indemnification. The CGIF guarantee in relation to the Bond Issuance will also remain intact, as the issuer’s payment obligations will remain unconditionally and irrevocably guaranteed by CGIF, in accordance with and subject to the terms of the CGIF guarantee.

The scope of the “Change of Control” provisions under the Standby Letter of Credit (“**SBLC**”) Facility Agreement are in line with the REIT’s existing financings, including financings taken out with the lenders under the SBLC Facility Agreement. These provisions comprise the same review event provisions already present in the REIT’s existing unsecured loan facilities³, and in fact incorporate further concessions requiring lenders to not unreasonably withhold or delay their consent to any event which would otherwise constitute a review event. Unitholders should note in this regard that Quarz’s claim that it would be “a mandatory prepayment event under the SBLC Facility Agreement if the current REIT manager ceases to be the manager of Sabana Industrial REIT” is incorrect and does not reflect the terms of the SBLC Facility Agreement. In any case, the total facility amount under the SBLC Facility Agreement (being

² CGIF is a trust fund of the Asian Development Bank.

³ The review event provisions in the REIT’s existing unsecured loan facilities are set out in the REIT Manager’s announcements:

- (a) [dated 22 July 2021](#) in relation to the S\$225,000,000 unsecured facility agreement dated 21 July 2021 entered into between the Trustee (as borrower) and United Overseas Bank Limited (as mandated lead arranger, underwriter and bookrunner), the Original Lenders (as defined in the above-mentioned facility agreement) and United Overseas Bank Limited (as facility agent);
- (b) [dated 30 November 2021](#) in relation to the S\$40,000,000 unsecured facility agreement dated 30 November 2021 entered into between the Trustee (as borrower) and The Hongkong and Shanghai Banking Corporation Limited (as lender) and HSBC Amanah Malaysia Berhad (as structuring bank);
- (c) [dated 28 February 2022](#) in relation to the S\$150,000,000 unsecured facility agreement dated 28 February 2022 entered into between the Trustee (as borrower) and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (as mandated lead arranger, underwriter and bookrunner), The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (as sole sustainability coordinator), the Original Lenders (as defined in the above-mentioned facility agreement) and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (as facility agent); and
- (d) [dated 30 June 2023](#) in relation to the S\$100,000,000 unsecured facility agreement dated 30 June 2023 entered into between the Trustee (as borrower) and United Overseas Bank Limited (as lender), the Original Lenders (as defined in the above-mentioned unsecured facility agreement) and United Overseas Bank Limited (as facility agent).

S\$10.0 million) is not material compared to the total existing borrowings (as of 31 March 2024: \$333.0 million) of the REIT. On balance, the Manager is of the view that the REIT's entry into the SBLC Facility Agreement would not be prejudicial to unitholders.

Further, no new terms and conditions have been introduced under this Bond Issuance that will or might substantially complicate or impede the internalisation process, as claimed by Quarz. In fact, the bond documentation has taken into account, and has incorporated concessions for, the internalisation process (including allowing the Trustee to make amendments to its principal business activities and borrowing powers in relation to the internalisation of the REIT manager).

In totality, the Manager is of the view that it is in the interest of the REIT for the Bonds to be issued and the bond documentation to be entered into notwithstanding the "Change of Control" provisions therein.

APPENDIX 2

Date: Friday 14th June 2024

Attention: Ms Jacqueline Liau
CEO and Head of Securities Services, ASEAN, Markets & Securities Services

Mr Rahul Desousa
Head of Trustee & Fiduciary Services – Singapore

HSBC Institutional Trust Services (Singapore) Limited
(in its capacity as trustee of Sabana Industrial REIT)
10 Marina Boulevard
48-01 Marina Bay Financial Centre
Singapore 018983

Ms Ho Hern Shin
Deputy Managing Director

Mr Lim Tuang Lee
Assistant Managing Director

Mr Teo Kok Ming
Executive Director

Monetary Authority of Singapore
10 Shenton Way MAS Building
Singapore 079117

Dear Ms Ho, Mr Lim, Mr Teo, Mr Desousa and Ms Liau,

Sabana Unitholders' Urgent and Serious Concerns that Key Change of Control Terms in the New Bond Issue Might Substantially Complicate and Impede the Internalisation Process to potentially Entrench the Current REIT Manager and its Sponsor from Being Removed

1. Sabana unitholders are highly appreciative of the Trustee's statement dated 12 June 2024 where it said that it has already incorporated an entity to act as the New Internalised Manager and is progressing with the remaining outstanding workstreams.
2. The requisitionists and Internalisation Committee also noted the Trustee's proposal to potentially table all the resolutions together and its intention to engage with the relevant parties to achieve an orderly and efficient EGM. We look forward to engaging with the Trustee on the EGM to support the Trustee's effort to effect the internalisation expeditiously and with as little distractions and costs as possible in order to benefit Sabana unitholders.

3. It has come to our attention that the current Sabana Manager is in the process of issuing a 5-year (till 2029) sustainability-linked guarantee bond with an issue size of S\$100million with CIMB Bank as the global coordinator. We are worried that the Bond Issue might impede Internalisation and in the worst case entrench the current REIT manager and its sponsor especially because there are explicit change of control clauses specifying that the Sponsor has to own 50.1% of the manager in the presentation and information memorandum.
4. We view this bond issuance at this time as highly abnormal and extraordinary as Sabana REIT currently has zero refinancing needs as the next refinancing only is in October and November 2025. Secondly the Internalisation process is ongoing, and a potential new manager might be incoming if the necessary amendment is voted through.
5. **We understand the bond information memorandum and prospectus have already been issued and the bond is now open to investors for bookbuilding with the closing date today - 14 June 2024!**
6. While unitholders are in general supportive of the REIT's sustainability strategy, we are seriously concerned about the bond terms, which could potentially result in substantial disruptions to Sabana REIT if the Sponsor is to cease holding at least 50.1% of the REIT manager ("Change of Control").
7. This bond issuance might potentially create further obstacles and substantially complicate and impede the Internalisation process. It also potentially entrenches the current REIT manager and makes its potential removal more difficult due to the many Change of Control terms. **As mentioned, there is also no reason and urgency for the bond issuance given that the next refinancing is in October and November 2025, which is more than 1 year away (charts below)!**
8. The Trustee is the issuer of this bond. The Trustee is also executing the Internalisation, which would result in the removal of the current REIT manager if the amendment necessary to effect the Internalisation is voted through by unitholders.
9. One of the bond term states that *it is an event of default under the Reimbursement and Indemnity Agreement if there is a Change of Control in a manner or to an extent which would result in a material adverse effect* (as defined in the Reimbursement and Indemnity Agreement) *and the Guarantor has not provided its consent to such Change of Control within the stipulated review period.* If this event of default happens, the Guarantor may, among others, specify additional undertakings which require Sabana REIT to comply. ***The Guarantor can require Sabana REIT to pay an increased guarantee fee or require Sabana REIT to provide or procure the provision in favor of the Guarantor of additional credit support in the form of guarantees, standby letter of credit, security additional cash or other forms of collateral acceptable to the Guarantor under the terms of the***

Reimbursement and Indemnity Agreement. If this cannot be resolved, this would mean that the Change of Control cannot occur, and Internalisation cannot be completed, which potentially entrenches the current REIT manager.

10. Another term states **that it is a mandatory prepayment event under the Standby Letter of Credit (“SBLC”) Facility Agreement if the current REIT manager ceases to be the manager of Sabana Industrial REIT.** From our understanding, CIMB Bank and HSBC Limited are the parties providing this standby letter of credit in favor of the Guarantor.
11. The terms above can result in potential disruptions to the REIT’s financing activities in the case that the Internalisation is executed successfully, and the change of control situation materializes.
12. If the current REIT manager is removed, the SBLC facility will have to be prepaid due to the mandatory prepayment, which will result in the REIT having to face financial difficulties to source for the funding or to even step in to provide the collateral and guarantee. We are also worried that the Guarantor would also potentially demand further increases in fees, collateral or choose to invalidate the guarantee agreement. If this cannot be resolved, it will further entrench the current REIT manager, and prevent the manager from being removed while jeopardizing and hurting the REIT and unitholders’ interest.
13. It is also surprising that the REIT Manager is planning to issue this bond with such a long tenure of 5 years and substantial bond size of close to S\$100million with restrictive bond terms tied to the Change of Control when the next refinancing is effectively more than 1 year away in Oct 2025. The manager has already stated that the refinancing of the S\$100 million term loan maturing in October 2024 with a new \$100 million 4-year unsecured facility has already been completed in 31 May 2024.

Pg 154 of Sabana Industrial REIT 2023 Annual Report

10. BORROWINGS (CONTINUED)

Terms and borrowings repayment schedule (continued)

(a) Unsecured Term Loan Facility

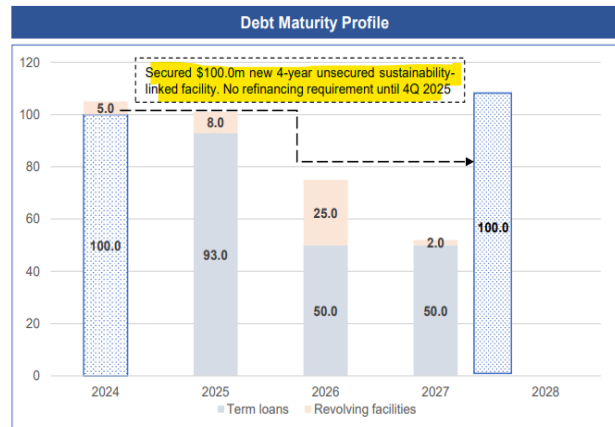
As of 31 December 2023, the outstanding unsecured Term Loan Facility consisted of:

- (i) 3-year term loan facilities of \$100.0 million maturing in October 2024. (On 30 June 2023, the REIT has entered into a new 4-year term and revolving loan facilities of \$100.0 million to refinance this facility)
- (ii) 4-year term loan facilities of \$75.0 million maturing in October 2025.
- (iii) 4-year term loan facilities of \$18.0 million maturing in November 2025.
- (iv) 4-year term loan facilities of \$50.0 million maturing in March 2026.
- (v) 5-year term loan facilities of \$50.0 million maturing in March 2027.

CAPITAL MANAGEMENT

- Leverage ratio has increased mainly due to the drawdown of loan for CAPEX and liquidity buildup for capital management purposes
- Proportion of total borrowings on fixed rates have decreased due to operational constraints amid the internalisation process

Key Credit Metrics		
	As at 31 March 2024	As at 31 December 2023
Total borrowings	\$333.0m ⁽¹⁾	\$318.0m
- Term loans	\$293.0m	\$293.0m
- Revolving facilities	\$40.0m	\$25.0m
Aggregate leverage ⁽²⁾	35.6%	34.3%
Interest coverage ratio ⁽³⁾	3.4x	3.5x
Weighted average tenor of borrowings	2.7 years	2.9 years
Average all-in financing cost	4.01%	3.89%
Proportion of total borrowings on fixed rates ⁽⁴⁾	51.8%	76.3%
Weighted average fixed debt expiry	1.2 years	1.0 years
Debt Headroom ⁽⁵⁾	\$134.9m	\$145.7m
Unencumbered assets	100%	100%



Notes:

- (1) Borrowings have increased due to the working capital required for capital expenditure, asset enhancement initiatives and distribution payments
- (2) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes
- (3) Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes
- (4) Every potential 50 bps increase in interest rates may result in a \$0.80m decrease in distributable income or 2.6% reduction (equivalent to 0.07 cents) on DPU per annum. Based on 1,111,788,330 units as at 31 December 2023 and FY2023 DPU
- (5) On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix, inclusive of committed and undrawn facilities of \$80.0m

14. The REIT manager is also highly ambiguous about the use of the proceeds, stating that the proceeds is for “*capital expenditures, encompassing the acquisitions of new property(ies) and/or asset enhancement initiatives for existing properties owned by the Group, and for the refinancing of existing term loans (including loans made by the Joint Lead Managers)*” This fully and clearly reflects that there is no reason for the bond issuance right now!
15. If the bonds are issued at 4.2% p.a., this would mean interest payment of more than S\$4million a year which will substantially reduce unitholders’ DPU by more than 10% a year.
16. Given that the current REIT manager will be removed in the next few months if the Internalisation is successful due to the EGM vote, we believe that such a significant bond exercise should be delayed until after the Internalisation EGM and potentially left for the new Internal Manager to decide (if the vote is passed).
17. **As mentioned above, the Trustee is the issuer of this bond. The Trustee is also executing on Internalisation which would result in the removal of the current REIT manager if the necessary amendment of the Trust Deed for Internalisation is voted through by unitholders.**

18. **As such, if the bond potentially results in significant complications, impediments to Internalisation and entrench the current REIT manager to the detriment of Sabana Unitholders, and put the REIT in financial jeopardy, the fault will fall squarely on the Trustee. This is as the Trustee is the party which signs off, approves and undertakes the bond issuance.**
19. **Due to the urgency of this matter as we understand that the bond is already in book building phase which will close today, we urgently seek the Trustee to relook into the bond terms and stop the bond issuance if necessary to safeguard unitholders' interest.**
20. As mentioned, there is no urgent need for such a substantial S\$100million bond issuance for any refinancing, or capex requirements.
21. **As such, we put the Trustee on notice for the matter above. We also urge the Trustee to ensure that there should not be any Change of Control terms in the bond which can potentially entrench the current manager included in the bond terms and complicate and delay the Internalisation process.**
22. If the Trustee does not take steps on this to safeguard unitholders' interest, unitholders will unfortunately have to resort to EGM requisitions again to point out the issues above as well as the Trustee's role in the bond issuance.
23. We would also have to highlight that the Trustee approved and issued this substantial bond despite there being zero need for this, and also knowing that the bond terms would potentially entrench the current manager and impede the Internalisation of the Sabana REIT management function. This is as the Trustee has been tasked by unitholders to effect the internalization and it has also committed to expedite the Internalisation.
24. The Sponsor has appealed the Court decision such that it can potentially vote against internalisation which would potentially consequently entrench itself. A substantial bond is now being issued despite there being no immediate refinancing needs and contains several Change of Control Clauses.
25. In our view it is highly uncommon to choose this timing for a substantial Bond issuance and the Trustee needs to carefully review the Bond terms to protect the interests of the REIT!
26. We assume that the Trustee would have carefully reviewed and approved all the Bond Terms including potential change of control clauses and therefore appreciate if the trustee can explain to unitholders if those terms are in line with the Trustees Mandate to effect internalisation without delay and impediment.
27. Unitholders thank the Trustee again for its work in the Internalisation process. We seek the Trustee urgent response to the above matter to ensure that the bond issue does not contain



change of control clauses which can potentially entrench the current REIT manager and stop Internalisation to safeguard and protect the interest of Sabana unitholders.

Thank you.

Yours faithfully,

Quarz Capital