



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 CERTAIN UNITHOLDERS DATED 29 JULY 2024

Sabana Real Estate Investment Management Pte. Ltd. (“**SREIM**”), as manager of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**”, and the manager of Sabana Industrial REIT, the “**Manager**”), wishes to announce that on 29 July 2024, it received a letter from Unitholders, Imran Chng Pia Ser, Lim Hock Chuan, Havard Chi Cher Pan, Low Chin Yee, Jan Frederic Moermann and Saha Anshuman Manabendranath (the “**Six Unitholders**”, and the letter from the Six Unitholders, the “**29 July Letter**”). A copy of the 29 July Letter is annexed to this Announcement.

Please note that the Manager assumes no responsibility for any of the contents of the 29 July Letter, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the 29 July Letter. The views expressed in the 29 July Letter should not be construed in any way as representing the views of Sabana Industrial REIT or the Manager.

That said, the Manager notes that the 29 July Letter contains statements which may not be correct and needs to be put in context. In this regard, the Manager wishes to set out its clarifications on certain of these statements made in the 29 July Letter.

In the 29 July Letter, the Six Unitholders have urged “*the manager and Trustee to return the entire setup cost of S\$9-10million to unitholders. This would potentially result in more than 0.9 cents (S\$0.009) of DPU returned to unitholders, which will potentially drive ~12-13% of dividend yield in 2H2024 and 1H2025 (returned DPU + usual recurring dividend yield).*”

The Manager wishes to clarify that the cumulative expenses of S\$8.92 million incurred up to 30 June 2024 was funded via:

- (i) the retention of S\$4.82 million (excluding applicable taxes) being approximately 10% of the total income available for distribution in the full year from 1 January 2023 to 31 December 2023 and the first half financial year ended 30 June 2024 (“**1H 2024**”); and
- (ii) cash flow generated from the Distribution Reinvestment Plan applied to the distribution for the distribution period from 1 July 2023 to 31 December 2023. As this cash flow amount represents the amount which was distributed to unitholders (in the form of Units instead of cash pursuant to the Distribution Reinvestment Plan), such amount would not be available for any further distribution for the distribution period from 1 July 2023 to 31 December 2023.

Unitholders should note that as stated in Sabana Industrial REIT’s 1H 2024 financial results announcement by the Manager on 23 July 2024 (the “**1H 2024 Financial Results Announcement**”), further retention of distributable income may be required for the second half financial year ended 31 December 2024 and the full year from 1 January 2025 to 31 December 2025 for prudent capital management given the costs incurred and to be incurred



in connection with the internalisation of the real estate investment trust management function of Sabana Industrial REIT (the “**Internalisation**”).

Unitholders should also note that it is not possible for Sabana Industrial REIT to fund the cost of the Internalisation out of debt at the current juncture. Under Sabana Industrial REIT’s existing financing arrangements with various lenders (the “**Unsecured Facility Agreements**”) and/or Sabana Industrial REIT’s five-year senior unsecured sustainability-linked guaranteed bonds due in 2029 (the “**Bonds**”) (collectively, the “**Existing Facilities**”), the Manager is not permitted to use the loan monies to fund the cost of the Internalisation. It is also further noted that once the removal of SREIM as manager of Sabana Industrial REIT is effected, it would trigger the removal of manager clause that constitutes a review event under the Existing Facilities, which if triggered, may result in mandatory prepayment by Sabana Industrial REIT of its outstanding loans and interest under the Existing Facilities, and/or the imposition by Credit Guarantee & Investment Facility of additional conditions as part of its agreement to provide its guarantee for the Bonds. As announced previously in the 1H 2024 Financial Results Announcement and the announcement pursuant to Rule 704(5) of the Listing Manual of the Singapore Securities Exchange Trading Limited dated 23 July 2024, while the Manager had previously written to the relevant lenders at the material time to seek a waiver from the abovementioned review event under Sabana Industrial REIT’s Unsecured Facility Agreements in the event that SREIM is removed as the manager of Sabana Industrial REIT, the lenders had then replied that they were unable to grant the relevant waivers at that juncture.

The Manager and Trustee envisages that the new internal manager, once appointed, will review the financing arrangements of the REIT after the Internalisation, including the set-up costs of the internal manager.

Unitholders and investors are advised to refrain from taking any action in respect of their Sabana Industrial REIT units (“**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

1 August 2024



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Sabana Industrial REIT

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

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

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

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

Internalisation Committee Urges Sabana Unitholders to VOTE FOR ALL Resolutions at the 6 Aug 2024 EGM

- Court Ruling Strengthens Investor Protection in Singapore
- Manager Should Return Cost of Internalisation to Unitholders to Boost DPU
- Unitholders Respectfully Request Sponsor to Protect Jobs and Allow Staff to Join New Manager

The Appellate Division of the Singapore High Court on 25 July 2024 upheld the High Court's ruling from 23 May 2024 that the sponsor of Sabana REIT is prohibited from voting on amendments to the Sabana REIT Trust Deed necessary to effect the internalisation of the management function.

The Court Ruling clarifies and strengthens investor protection in Singapore. It affirms MAS' fundamental key pillar of unitholder protection, which is the removal of the REIT manager and the internalisation.

The entire setup cost of the internal manager is currently charged to existing unitholders, resulting in reduced distribution per unit (DPU) for 2H2023 and 1H2024. Future unitholders would get to own and benefit from the internal manager “for free”. As the internal manager will be a long-term asset for all Sabana unitholders, it is more equitable that the setup cost is shared by all current and future unitholders – we propose the cost be entirely financed by debt. This would only increase the leverage from ~35.8% to a still low level of ~36.8%.

Given the above, Sabana unitholders urge the manager and Trustee to return the entire setup cost of S\$9-10million to unitholders. This would potentially result in more than 0.9 cents (S\$0.009) of DPU returned to unitholders, which will potentially drive ~12-13% of dividend yield in 2H2024 and 1H2025 (returned DPU + usual recurring dividend yield).

MAS and the Singapore High Court have provided a clear pathway for internalisation. If Resolution 1 is passed at the 6 Aug 2024 EGM, Sabana unitholders respectfully request the owner of the current manager to waive all non-compete clauses and allow the staff to join the new internal manager.

Permitting the employees to transition to the new manager protects jobs, upholds sound corporate governance and demonstrates strong commitment to employee welfare. It is also in line with the Singapore government's and NTUC's policy of using layoffs only as a measure of last resort.



Insisting on clauses and agreements that do not allow staff to join the new internal manager will have lasting negative consequences for the employees, their well-being and their families.

The final major step is the Extraordinary General Meeting on August 6. It is important **that all unitholders VOTE FOR all the resolutions in favor of the internalisation.** The successful internalisation of Sabana REIT will allow all unitholders to own the manager. It will bring about stronger corporate governance, better investor protection, higher DPU and the revival of the Singapore REIT market.

Sincerely,

Members of the Internalisation Committee:

Imran Chng Pia Ser

Lim Hock Chuan

Havard Chi Cher Pan

Low Chin Yee

Jan Frederic Moermann

Saha Anshuman Manabendranath

The Internalisation Committee was voted in by Sabana unitholders at the 8 March 2024 EGM as the authorised representative of all unitholders. Its purpose is to be consulted by the Trustee and supervise the implementation of the internalisation.