



# **SABANA SHARI'AH COMPLIANT INDUSTRIAL REIT**

Dialogue Session with Securities Investors Association (Singapore)

21 April 2017

# Disclaimer



This presentation should be read in conjunction with the circular to Unitholders dated 6 April 2017 (the “**Circular**”).

This presentation may contain forward-looking statements that involve 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and 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 current view of management on future events.

The information contained in this presentation has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither Sabana Real Estate Investment Management Pte. Ltd. (the “**Manager**”) nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The value of units in Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (“**Sabana 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 or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). It is intended that unitholders of Sabana REIT 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.

# Agenda

I. Introduction

II. Resolutions

III. Q&A

IV. Conclusion



# Agenda

I. Introduction

II. Resolutions

III. Q&A

IV. Conclusion



# Sabana REIT's response to the resolutions



- Having **reviewed the resolutions carefully**, the Board and Manager are of the view that they are **not in the best interests of Unitholders**
- The nature of the resolutions forces a choice between:
  - Internalising the manager, with no clear strategy in place or any guarantee on the appointment of suitable replacements; or
  - Winding-up Sabana REIT, which will not allow Unitholders to realise the fair value of their Units
- As clearly outlined in the Circular, **either choice will be detrimental to Unitholders**
- The Board and Manager would therefore recommend that **Unitholders vote against the resolutions**
- The **Manager remains committed to delivering value** and managing Sabana REIT in the best interests of Unitholders
- Strategic review is in progress. To-date the Strategic Review Committee has received non-binding proposals which it is evaluating



# Agenda



I. Introduction

II. Resolutions

III. Q&A

IV. Conclusion

## Resolution 1

The proposed removal of Sabana Real Estate Investment Management Pte. Ltd. (“SREIM”) as manager of Sabana REIT  
(Ordinary Resolution)

## Resolution 2

The proposed internalisation of the REIT management function  
(Ordinary Resolution)

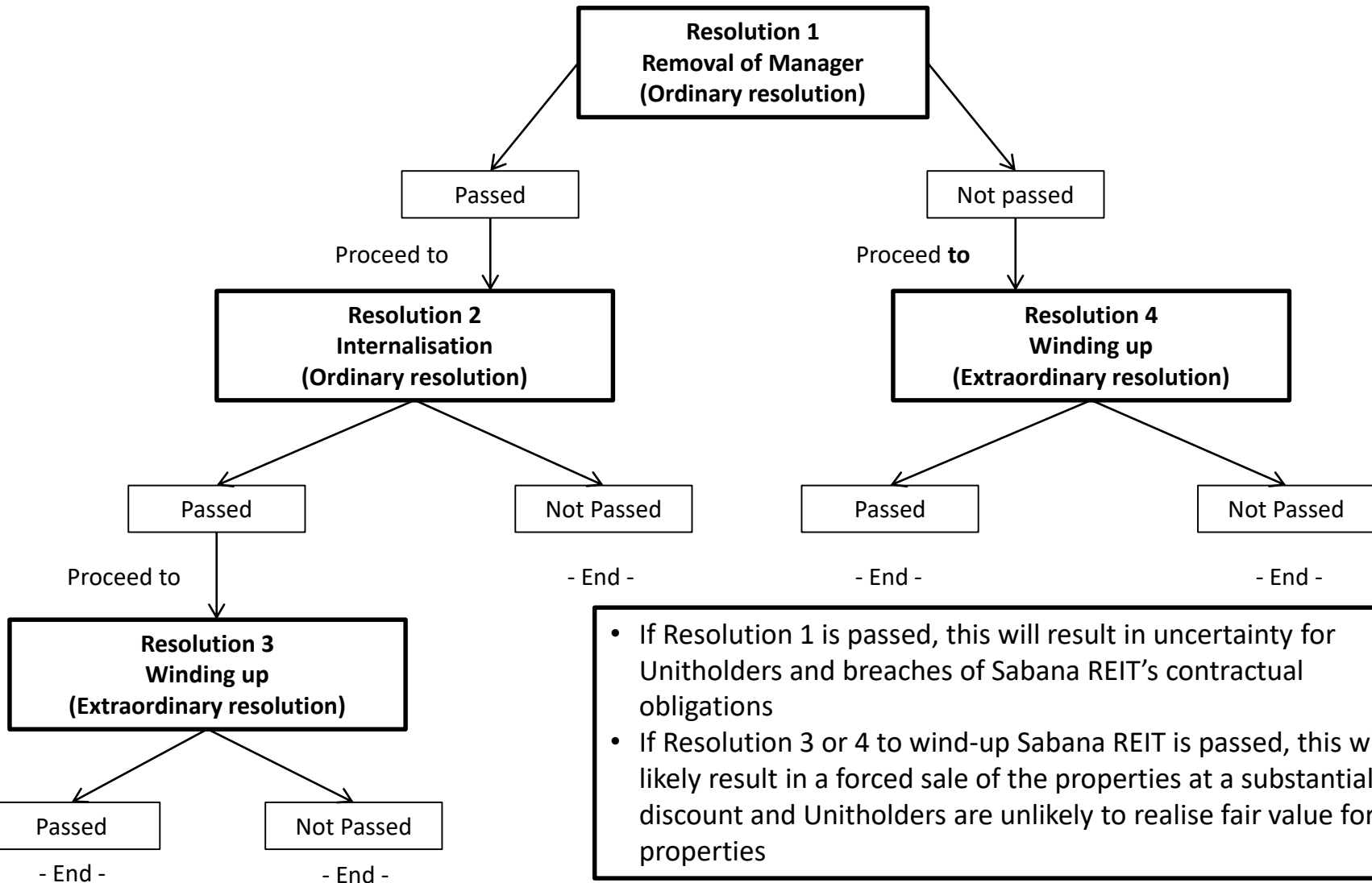
## Resolution 3

The proposed winding-up of Sabana REIT should the authorities not approve the internalisation of the REIT management function  
(Extraordinary Resolution)

## Resolution 4

The proposed winding up of Sabana REIT should Resolution 1 not be passed  
(Extraordinary Resolution)

# Resolutions



- If Resolution 1 is passed, this will result in uncertainty for Unitholders and breaches of Sabana REIT's contractual obligations
- If Resolution 3 or 4 to wind-up Sabana REIT is passed, this will likely result in a forced sale of the properties at a substantial discount and Unitholders are unlikely to realise fair value for the properties



## Proposed Removal of SREIM as Manager of Sabana REIT

### Disadvantages to Unitholders if Resolution 1 is passed

- If Resolution 1 is passed, Sabana REIT may have **difficulty refinancing its maturing borrowings** due to the uncertainty that will follow
- If SREIM is subsequently removed, this may **trigger breaches** under Sabana REIT's existing financing arrangements (see Section 3.3(a) of the Circular)
- There is **no guarantee a suitable replacement manager will be found and approved** by the authorities

# Proposed Internalisation of the REIT Management Function

## Disadvantages to Unitholders if Resolution 2 is passed

- Internalisation may not result in immediate gains for Unitholders (see Section 4.3 of the Circular)
- **Possible prolonged period of uncertainty** if Unitholders choose to proceed with internalisation
- Time and costs will need to be incurred searching for experienced and qualified Directors and employees with **no guarantee that such persons will be available**

## Proposed Winding-Up of Sabana REIT

### Prejudice to Unitholders arising from Resolutions 3 and 4

- Sabana REIT will have to be delisted before it can be wound-up
- Winding-up Sabana REIT **does not guarantee a specific pay-out to Unitholders:**
  - **Net proceeds are likely to differ from the NAV** of Sabana REIT at the date of the EGM
  - Various **professional advisers would be involved** in the process, incurring fees and expenses
  - The Trustee will realise assets of Sabana REIT and repay all amounts under financing arrangements, before distributing net proceeds to Unitholders
- Winding-up is likely to occur over a **prolonged period exceeding two years** and **require regulatory approvals** and **consents from external parties** (see Section 5.1(b) of the Circular)
- A possible forced sale, coupled with the current market outlook for industrial properties, could result in Sabana REIT's properties **being sold at substantial discounts**
- **Winding-up would trigger various breaches** under Sabana REIT's existing contractual arrangements



# Agenda

I. Introduction

II. Resolutions

III. Q&A

IV. Conclusion



# Q&A

# Agenda

I. Introduction

II. Resolutions

III. Q&A

IV. Conclusion



# Conclusion

---

- The Manager remains committed to protecting the interests of Sabana REIT and its Unitholders
- In light of the possible serious consequences arising from the four resolutions, the Manager is of the view that the resolutions (if passed) would be prejudicial to the interests of Sabana REIT and its Unitholders as a whole
- Strategic Review is in progress
- The Manager would therefore recommend that Unitholders vote against the resolutions
- Our AGM and EGM will be held on 28<sup>th</sup> April (Friday) at Suntec Singapore Convention & Exhibition Centre, Hall 404, Level 4

# Thank you

**Sabana Real Estate Investment Management Pte. Ltd.**

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

[www.sabana-reit.com](http://www.sabana-reit.com)

Tel: +65 6580 7750  
Fax: +65 6280 4700

**For enquiries, please contact:**

Mr Bobby Tay  
Chief Strategy Officer & Head of Investor Relations  
Tel: +65 6580 7750  
Email: [bobby.tay@sabana.com.sg](mailto:bobby.tay@sabana.com.sg)

Ms Cassandra Seet  
Manager, Investor Relations  
Tel: +65 6580 7857  
Email: [cassandra.seet@sabana.com.sg](mailto:cassandra.seet@sabana.com.sg)