

CIRCULAR DATED 21 JULY 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have sold or transferred all your units (“Units”) in Sabana Industrial Real Estate Investment Trust (“Sabana Industrial 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.

This Circular has not been examined or approved by Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 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 INDUSTRIAL REIT AS SOON AS PRACTICABLE AFTER THIS RESOLUTION IS PASSED (ORDINARY RESOLUTION)
- (2) THE PROPOSED DIRECTION TO THE TRUSTEE (AS DEFINED HEREIN) TO:
 - (I) EFFECT THE INTERNALISATION OF THE REIT (AS DEFINED HEREIN) MANAGEMENT FUNCTION BY INCORPORATING A SUBSIDIARY WHOLLY OWNED BY THE TRUSTEE AND APPOINTING SUCH A SUBSIDIARY TO ACT AS THE MANAGER OF SABANA INDUSTRIAL REIT;
 - (II) HIRE AND APPOINT QUALIFIED CANDIDATES AS DIRECTORS AND STAFF OF THE INTERNAL MANAGER IN ACCORDANCE WITH THE APPLICABLE REQUIREMENTS OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE;
 - (III) CONSIDER THE RETENTION OF SABANA INDUSTRIAL REIT’S EXISTING STAFF IN ORDER TO MAINTAIN THE CONTINUITY OF SABANA INDUSTRIAL REIT’S OPERATIONS;
 - (IV) AMEND THE PROVISIONS OF THE TRUST DEED (AS DEFINED HEREIN) SUCH THAT EACH DIRECTOR OF THE INTERNAL MANAGER MAY BE APPOINTED AND/OR REMOVED BY A SIMPLE MAJORITY OF UNITHOLDERS;
 - (V) AMEND THE PROVISIONS OF THE TRUST DEED SUCH THAT EACH DIRECTOR OF THE INTERNAL MANAGER MUST BE ENDORSED OR RE-ENDORSED BY UNITHOLDERS (AS DEFINED HEREIN) AT EVERY THIRD ANNUAL GENERAL MEETING OF SABANA INDUSTRIAL REIT; AND
 - (VI) AMEND THE PROVISIONS OF THE TRUST DEED SUCH THAT ANY CHANGE OF CONTROL IN THE INTERNAL MANAGER MAY ONLY BE EFFECTED UPON APPROVAL OF A SIMPLE MAJORITY OF UNITHOLDERS

(ORDINARY RESOLUTION)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

| | | |
|---|---|---|
| Last date and time for lodgement of Proxy Forms | : | 4 August 2023 at 10.00 a.m. |
| Date and time of the Extraordinary General Meeting (“EGM”) ⁽¹⁾ | : | 7 August 2023 at 10.00 a.m. |
| Place of EGM ⁽¹⁾ | : | Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 |

Note:

- (1) The EGM will be held in a wholly physical format. **There will be no option for Unitholders of Sabana Industrial REIT to participate virtually.** (See paragraph 7 of the Letter to Unitholders and the Notice of EGM for further details.)

TABLE OF CONTENTS

| | Page |
|---|-------------|
| IMPORTANT NOTICE | ii |
| LETTER TO UNITHOLDERS | |
| 1. Executive Summary | 1 |
| 2. Resolution 1 – The Proposed Removal of Sabana Real Estate Investment Management Pte. Ltd. as the Manager of Sabana Industrial REIT | 9 |
| 3. Resolution 2 – The Proposed Direction to the Trustee to, among others, Effect the Internalisation of the REIT Management Function | 23 |
| 4. Steps Required for Implementation | 30 |
| 5. Directors’ Recommendations | 38 |
| 6. Interests of Directors and Substantial Unitholders | 39 |
| 7. Extraordinary General Meeting | 39 |
| 8. No Abstention from Voting | 39 |
| 9. Action to be Taken by Unitholders | 39 |
| 10. Directors’ Responsibility Statement | 40 |
| GLOSSARY | 41 |
| APPENDIX | |
| Appendix A – Requisition Letter and Clarification Letter | A-1 |
| Appendix B – Trustee Letter (including the Draft Trustee Statement) | B-1 |
| Appendix C – Sabana Industrial REIT’s Track Record and Performance since 2018 | C-1 |
| NOTICE OF EXTRAORDINARY GENERAL MEETING | D-1 |
| PROXY FORM | |

IMPORTANT NOTICE

Unitholders should review this Circular carefully. The risks described in this Circular relating to the Requisition (as defined herein) are by no means exhaustive or comprehensive, and there may be other risks in addition to those identified in this Circular which are not known to the Manager (as defined herein), or which may not be material now but which may turn out to be material in the future. Additional risks, whether known or unknown, may in the future have an impact on the implementation of the Resolution(s) (as defined herein) or the business, financial condition, operations and prospects of Sabana Industrial REIT.

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 Industrial REIT is not indicative of the future performance of Sabana Industrial 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 EGM 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.



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

Managed by Sabana Real Estate Investment Management Pte. Ltd.

(Company Registration No. 201005493K)

Directors of the Manager

Mr Tan Cheong Hin
(Chairman and Independent Non-Executive Director)
Mr Wong Heng Tew
(Independent Non-Executive Director)
Ms Lee Kia Jong Elaine (Mrs Elaine Lim)
(Non-Independent Non-Executive Director)

Registered Office

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

21 July 2023

To: Unitholders of Sabana Industrial REIT

Dear Sir/Madam

1. EXECUTIVE SUMMARY

1.1 Background

On 8 June 2023, Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the manager of Sabana Industrial REIT) (the “**Manager**”) announced that it had on 7 June 2023 received a letter (“**Requisition Letter**”) from Quarz Capital ASIA (Singapore) Pte. Ltd. (“**Quarz**”) via email requesting the Manager to convene an extraordinary general meeting of unitholders of Sabana Industrial REIT (“**Unitholders**”, and the request to convene the extraordinary general meeting, the “**Requisition**”). The Requisition Letter was subsequently deposited at the registered office of the Manager on 9 June 2023.

Quarz has proposed to remove Sabana Real Estate Investment Management Pte. Ltd. (“**SREIM**”), being an external real estate investment trust (“**REIT**”) manager, and to replace SREIM with an internal manager of Sabana Industrial REIT (the “**Internal Manager**”), and internalise the REIT management function of Sabana Industrial REIT (the “**Internalisation**”).

In connection with the Internalisation, Quarz has proposed that HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the “**Trustee**”) be directed to, among others, incorporate a wholly-owned subsidiary to act as the Internal Manager, to hire and appoint qualified candidates as directors and staff of the Internal Manager, to consider retaining Sabana Industrial REIT’s existing staff, and to amend the provisions of the trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time) (the “**Trust Deed**”) relating to the appointment and removal of the directors of the Manager (the “**Directors**”) and relating to how any change of control in the Internal Manager may be effected.

A copy of the Requisition Letter is set out in Appendix A(1) of this Circular. The Manager assumes no responsibility for any of the contents of the Requisition Letter, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Requisition Letter. The views expressed in the Requisition Letter should not be construed in any way as representing the views of Sabana Industrial REIT or the Manager.

1.2 Chronology of Key Events

The following sets out a chronology of key events that took place in relation to the Requisition up to 19 July 2023 (the “**Latest Practicable Date**”):

- on 7 June 2023, the Manager received the Requisition Letter from Quarz;
- on 22 June 2023, the Manager issued an announcement setting out important clarifications and responses to the Requisition Letter highlighting, among others, the Manager’s initial assessment of the potential risks of Quarz’s proposal (the “**Clarification Announcement**”);
- on 25 June 2023, ESR Group Limited (“**ESR Group**” or the “**Sponsor**”) issued an open letter concerning the Requisition;
- on 28 June 2023, the Manager issued an announcement stating, among others, its intention to convene the extraordinary general meeting pursuant to the Requisition with the meeting to be held in accordance with paragraph 4.2 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”, and Appendix 6 of the Code on Collective Investment Schemes, the “**Property Funds Appendix**”) read with Section 176 of the Companies Act 1967;
- on 28 June 2023, Quarz issued an open letter in response to ESR Group’s open letter dated 25 June 2023;
- on 30 June 2023, ESR Group issued an open letter in response to Quarz’s open letter dated 28 June 2023;
- on 30 June 2023, as the removal of SREIM as the manager of Sabana Industrial REIT would trigger the removal of manager clause (the “**Removal of Manager Clause**”) that constitutes a review event under the Unsecured Facilities (as defined herein) of Sabana Industrial REIT, the Manager wrote to the lenders of Sabana Industrial REIT to seek their waiver from the review event;
- on 3 July 2023 and 4 July 2023, the Manager was informed by the lenders that they were unable to grant the waiver from the review event at the current juncture as they would require more information before a decision could be made. Please refer to paragraph 2.1.4 below for further details of the review event;
- on 4 July 2023, Quarz issued an open letter in response to ESR Group’s open letter dated 30 June 2023;
- on 6 July 2023, ESR Group issued an open letter in response to Quarz’s open letter dated 4 July 2023;
- on 7 July 2023, ESR Group and e-Shang Infinity Cayman Limited¹ (being an indirect wholly-owned subsidiary of ESR Group) (collectively, the “**ESR Applicants**”) filed an application in the General Division of the High Court of the Republic of Singapore (the “**High Court**”), in case no. HC/OA 682/2023 (the “**Originating Application**”). In the Originating Application, the ESR Applicants sought, among others, orders that the Requisition was invalid and/or ineffectual and that the Manager be restrained from convening the extraordinary general meeting pursuant to the Requisition;

¹ ESR Group and e-Shang Infinity Cayman Limited are Substantial Unitholders of Sabana Industrial REIT. “**Substantial Unitholder**” means a person with an interest in Units constituting not less than 5.0% of all the Units in issue. Please refer to paragraph 6 below for further information.

- on 7 July 2023, in connection with the Originating Application, the ESR Applicants filed an application to the High Court in case no. HC/SUM 2013/2023, for, among others, an interim injunction restraining the Manager from taking any steps to convene the extraordinary general meeting pending the final determination of the Originating Application (the “**Interim Injunction Application**”) with the hearing of the Interim Injunction Application being fixed on 11 July 2023 (the “**Interim Injunction Application Hearing**”);
- on 7 July 2023, in connection with the Interim Injunction Application, the High Court ordered an interim-interim injunction for the Manager to be restrained from taking any steps to convene the extraordinary general meeting pending the Interim Injunction Application Hearing (the “**Interim-Interim Injunction**”);
- on 11 July 2023, the High Court dismissed the Interim Injunction Application and the Interim-Interim Injunction against the Manager was lifted;
- on 14 July 2023, Quarz was added as a party to the Originating Application by way of a joinder application taken out by the ESR Applicants;
- on 14 July 2023, the Trustee issued a letter to the Manager (“**Trustee Letter**”) regarding the Resolutions which sets out a draft of the statement from the Trustee to Unitholders in relation to how the Trustee intends to implement the Resolutions if one or both of them are passed as well as to highlight the potential risks and uncertainties associated with the implementation of the Resolution(s) (the “**Trustee Statement**”, and the draft of the Trustee Statement, the “**Draft Trustee Statement**”).

A copy of the Trustee Letter (including the Draft Trustee Statement) is set out in its entirety in Appendix B of this Circular. Unitholders are advised to read the Trustee Letter (including the Draft Trustee Statement) carefully. Unitholders should note that the Draft Trustee Statement appended to the Trustee Letter is in draft form and is subject to changes, and that accordingly, all references in this Circular to the Draft Trustee Statement are to a document which is in draft form and is subject to changes. The Trustee is expected to issue the Trustee Statement in final form after this Circular has been issued. Unitholders are advised to read the final Trustee Statement carefully which is expected to be released on SGXNET following the issuance of this Circular.

The Manager assumes no responsibility for any of the contents of the Trustee Letter (including the Draft Trustee Statement), including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Trustee Letter (including the Draft Trustee Statement);

- on 19 July 2023, the High Court dismissed the Originating Application²;
- on 19 July 2023, the Manager issued an announcement on Sabana Industrial REIT’s interim financial statements for the period from 1 January 2023 to 30 June 2023 (“**1H 2023 Financial Statements**”)³ and an announcement⁴ (the “**Rule 704(5) Announcement**”) pursuant to Rule 704(5) of the Listing Manual of the SGX-ST (the “**Listing Manual**”). As stated in the Rule 704(5) Announcement, the independent auditor’s review report (the “**Independent Auditor’s Review Report**”) issued by

² The ESR Applicants have the right to file an appeal against the decision of the High Court. Any appeal must be filed within 28 days of the High Court’s decision. Unitholders should note that if the ESR Applicants succeed in their appeal, i.e. the High Court’s decision is overturned, which may be at a time after the EGM, this may affect the validity of the Resolutions, even if passed at the EGM.

³ https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.1.pdf

⁴ https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

Sabana Industrial REIT's independent external auditors, Ernst & Young LLP, in relation to the 1H 2023 Financial Statements, has included an emphasis of matter in respect of a material uncertainty that may cast significant doubt on the Sabana Industrial REIT Group's and Sabana Industrial REIT's ability to continue as a going concern depending on the outcome of the EGM, and such material uncertainty has arisen from the inability of the lenders of Sabana Industrial REIT to grant a waiver to Sabana Industrial REIT from a review event at the current juncture that could arise under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans, as a result of the removal of the Manager should Resolution 1 be passed pursuant to the Requisition;⁵ and

- on 19 July 2023, the Manager received a clarification letter from Quarz (the "**Clarification Letter**") clarifying a typographical error in the Requisition Letter that the increase in dividend "... would mainly come from cost savings from the S\$7.25 million of fees", instead of "... would mainly come from cost savings of about S\$7.25 million of fees",⁶

(collectively, the "**Relevant Announcements, Open Letters and Court Orders**").

1.3 Purpose of this Circular

Having taken into consideration the Requisition Letter, the Relevant Announcements, Open Letters and Court Orders, the Manager is convening an extraordinary general meeting of Unitholders ("**EGM**") to be held at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on 7 August 2023 at 10.00 a.m. pursuant to the Requisition for Unitholders to consider the following resolutions, details of which are contained in the Notice of EGM set out on pages D-1 to D-4 of this Circular.

Resolution 1 (Ordinary Resolution⁷): That SREIM be removed as the manager of Sabana Industrial REIT as soon as practicable after this resolution is passed.

Resolution 2 (Ordinary Resolution): That the Trustee be directed to:

- (i) effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT;
- (ii) hire and appoint qualified candidates as directors and staff of the Internal Manager in accordance with the applicable requirements of the Securities and Futures Act 2001 of Singapore;
- (iii) consider the retention of Sabana Industrial REIT's existing staff in order to maintain the continuity of Sabana Industrial REIT's operations;
- (iv) amend the provisions of the Trust Deed such that each director of the Internal Manager may be appointed and/or removed by a simple majority of Unitholders;

5 Please refer to paragraph 2.1.4 below for further details of the review event and to the Rule 704(5) Announcement. https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

6 Please refer to **Appendix A(2)** for the full Clarification Letter.

7 "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% 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.

- (v) amend the provisions of the Trust Deed such that each director of the Internal Manager must be endorsed or re-endorsed by Unitholders at every third annual general meeting of Sabana Industrial REIT; and
- (vi) amend the provisions of the Trust Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of Unitholders,

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

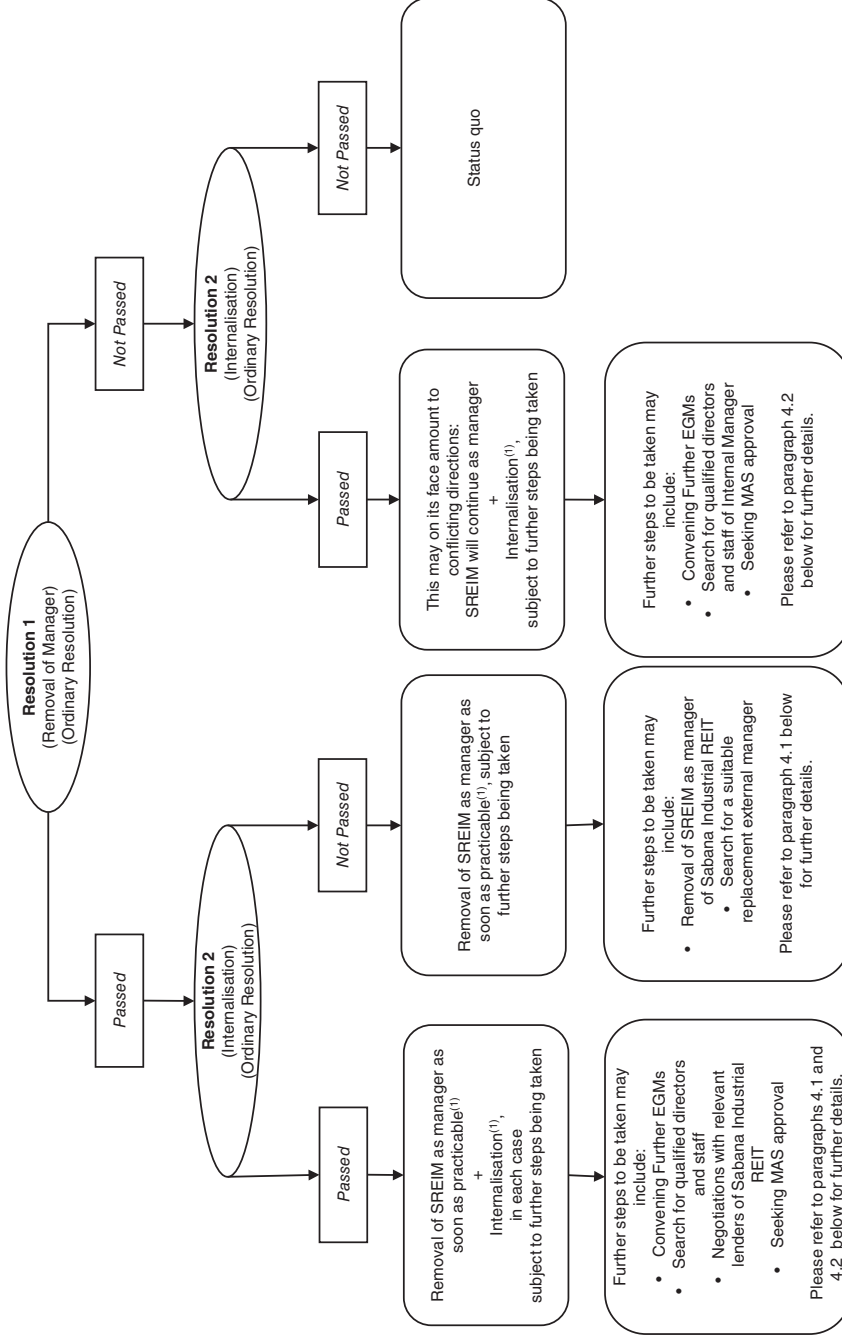
The purpose of this Circular is to provide Unitholders with relevant information relating to the Resolutions (including the Manager’s responses to the Requisition Letter). **Unitholders are advised to read carefully this Circular in its entirety before deciding whether to vote for or against each of the Resolutions.**

Unitholders should note that:

- **Resolution 1 and Resolution 2 are standalone resolutions, and each is not conditional on the other also passing.**
- **If Resolution 1 and Resolution 2 are passed, further steps will still be required to effect the removal of SREIM as the manager of Sabana Industrial REIT as well as for the implementation of the Internalisation. Please refer to paragraphs 4.1 and 4.2 below for further details.**
- **If Resolution 1 is passed but Resolution 2 is not passed, further steps will still be required to effect the removal of SREIM as the manager of Sabana Industrial REIT. Please refer to paragraph 4.1 below for further details.**
- **If Resolution 1 is not passed and only Resolution 2 is passed, this may on their face amount to conflicting directions from Unitholders as, on the one hand, Unitholders would have approved the continuing appointment of SREIM as the manager of Sabana Industrial REIT, and on the other hand, they have also approved the direction to the Trustee to effect the internalisation of the REIT management function which would require the removal of the incumbent manager in order for the Internal Manager to be appointed to act as manager of Sabana Industrial REIT. Given the potentially conflicting directions from Unitholders, the Trustee may have to take steps to resolve the conflicting directions, including convening further extraordinary general meetings of Unitholders (“Further EGMs”) to seek further directions from Unitholders, before the Trustee may proceed to implement the Internalisation. Please refer to paragraph 4.2 below for further details.**

Accordingly, Unitholders should note that (i) even if Resolution 1 is passed, it does NOT mean that the removal of SREIM as the manager of Sabana Industrial REIT will automatically and immediately occur, and (ii) even if Resolution 2 is passed, it does NOT mean that the Internalisation will automatically and immediately occur. As further steps will be required to implement the Resolutions even if passed, potential uncertainties could arise from the actual implementation. Please refer to paragraphs 4.1 and 4.2 below for further details and Appendix B which sets out the Trustee Letter (including the Draft Trustee Statement).

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



Note:

(1) The removal of SREIM as the manager of Sabana Industrial REIT will NOT occur automatically and immediately following the passing of Resolution 1. Neither will the Internalisation occur automatically and immediately following the passing of Resolution 2. This is because the removal of SREIM as the manager of Sabana Industrial REIT and the Internalisation will each be subject to further steps to be implemented (even if Resolution 1 or Resolution 2 is passed). Please refer to paragraphs 4.1 and 4.2 below for details. As mentioned above, if Resolution 1 is not passed and only Resolution 2 is passed, these would reflect potentially conflicting directions from Unitholders and the Trustee may have to take steps to resolve the conflicting directions, before the Trustee may proceed to implement the Internalisation.

1.4 Overview of the Resolutions

Quarz has in the Requisition Letter proposed that SREIM be removed as the manager of Sabana Industrial REIT and that the Trustee be directed to, among others, effect the Internalisation by incorporating a wholly-owned subsidiary which would act as the manager of Sabana Industrial REIT.

The Requisition was proposed by Quarz in spite of the efforts of the current management team of the Manager and the improvements in the performance of Sabana Industrial REIT since 2020 following the implementation of Sabana Industrial REIT's Refreshed Strategy as set out in **Appendix C** from 2018 onwards.

In considering the proposed Resolutions, unitholders should also take into account the track record and performance of Sabana Industrial REIT since the current management team of the Manager embarked on the Refreshed Strategy in 2018 to build a resilient portfolio and deliver long-term and sustainable value for Unitholders. As can be seen from Sabana Industrial REIT's financial results, under the management of the Manager, Sabana Industrial REIT has, among others, made improvements on its gross revenue, portfolio occupancy rates and quarterly rental reversion rates and has delivered strong total unitholder returns. Unitholders should also refer to paragraphs 2.1.1 and 2.2.7 and **Appendix C** for further details on Sabana Industrial REIT's track record and performance since 2018.

In the Requisition Letter, Quarz has made a number of misleading and/or unsubstantiated claims, speculating on the benefits of the Internalisation while being silent on or downplaying the inherent risks and potential repercussions if the Resolutions relating to the proposed removal of SREIM as the manager of Sabana Industrial REIT and/or the Internalisation are passed. Quarz has also not given Unitholders a complete and balanced picture nor highlighted the inherent risks associated with the proposed removal of SREIM as the manager of Sabana Industrial REIT and the Internalisation, some of which have been outlined by the Manager in the Clarification Announcement and are also set out in this Circular.

In addition, further steps will have to be taken by the Trustee (and/or any Professional Adviser(s) (as defined herein) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) to implement the Resolution(s) after they are passed. According to the Draft Trustee Statement set out in **Appendix B** of this Circular, the Trustee has stated that if Resolution 1 is passed and Resolution 2 is not passed, a replacement external manager will need to be appointed. If Resolution 2 is passed, an internalised management structure which does not currently exist will need to be identified, established and then approved by Unitholders.⁸

The new manager (whether the replacement external manager or the Internal Manager) will have to obtain regulatory approval and the Capital Markets Services Licence for REIT management ("**CMS Licence**") from the Monetary Authority of Singapore ("**MAS**"). If Resolution 2 for the Internalisation is also passed, as stated by the Trustee in the Draft Trustee Statement set out in **Appendix B** of this Circular, an internalised management structure that does not currently exist will need to be identified, established and then approved by Unitholders.⁹ Further steps may have to be taken by the Trustee (and/or any Professional Adviser(s)) that may be appointed by the Trustee under the Trust Deed to

⁸ Please refer to bullet points 4 and 5 of the Draft Trustee Statement in **Appendix B** for further details.

⁹ Please refer to bullet point 5 of the Draft Trustee Statement in **Appendix B** for further details.

assist the Trustee) in this regard. According to the Draft Trustee Statement,¹⁰ the Trustee currently expects to have to hold two or more Further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s), potentially including but not limited to:

- (i) if Resolution 2 is passed, to approve the necessary and specific amendments to the Trust Deed by way of Extraordinary Resolution(s)¹¹ of the Unitholders;
- (ii) to obtain further directions from Unitholders on the implementation of the Resolution(s) or ongoing operation of Sabana Industrial REIT; and
- (iii) to approve the appointment of a replacement external manager or the internalised management structure, once identified or established (as relevant).

In relation to Resolution 2, many of these steps are not within the usual scope of a REIT trustee's work.

According to the Draft Trustee Statement,¹² the Trustee has stated that an estimate of the time involved in the exercise to remove SREIM as manager and/or set up an internalised management structure is not available. In relation to the internalisation of the REIT management function,¹³ the Trustee has also stated that Unitholders should be aware that a considerable amount of time (it is not currently possible to estimate although the Trustee expects it to be at least 12 months and potentially significantly longer) and cost will be required to internalise the REIT management function.

Further, according to the Draft Trustee Statement,¹⁴ the Trustee has stated that an estimate of the costs involved in the exercise to remove SREIM as manager and/or set up an internalised management structure is not available. In this regard, the Trustee has noted that all fees, costs and expenses in relation to such exercise will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.¹⁵ The steps to be taken to implement the Resolutions include, but are not limited to, the Trustee appointing professional adviser(s) (which may include investment, legal, financial, tax, property and other advisers) ("**Professional Adviser(s)**") to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana Industrial REIT.¹⁶

Unitholders should note that the above-mentioned costs incurred by Sabana Industrial REIT will be in addition to the fees payable to the Manager pursuant to the Trust Deed in respect of the period where SREIM continues to remain as the interim manager of Sabana Industrial REIT until the time the Trustee gives written notice to SREIM to remove it as the manager of Sabana Industrial REIT in accordance with the Trust Deed.¹⁷

In light of the foregoing, Quarz has not assured Unitholders that its proposals are viable and will not destroy the value of Sabana Industrial REIT in the potentially unstable transition

10 Please refer to bullet point 7 of the Draft Trustee Statement in **Appendix B** for further details.

11 "**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.

12 Please refer to bullet point 3 of the Draft Trustee Statement in **Appendix B** for further details.

13 Please refer to bullet point 5 of the Draft Trustee Statement in **Appendix B** for further details.

14 Please refer to bullet point 3 of the Draft Trustee Statement in **Appendix B** for further details.

15 Please refer to bullet point 3 of the Draft Trustee Statement in **Appendix B** for further details.

16 Please refer to bullet point 6 of the Draft Trustee Statement in **Appendix B** for further details.

17 Please refer to paragraphs 2.3.2 and 3.1.4 below for further details on the risk that the staff of SREIM may not remain.

should Resolution 1 and/or Resolution 2 be passed. Given the serious issues and uncertainties elaborated in paragraphs 2.3 and 3.2 below should any of the Resolutions be passed, there is no certainty if any of the Resolutions can be successfully implemented on a timely basis, if at all, and this could result in a serious risk to the continuity of Sabana Industrial REIT and a real risk that the value of Sabana Industrial REIT will be severely affected.¹⁸ Therefore, Unitholders are urged to consider and vote in relation to each of the Resolutions very carefully. This has also been highlighted by the Trustee in the Draft Trustee Statement set out in **Appendix B** of this Circular where it stated that “[i]t is important that Unitholders carefully consider the Resolutions and note that there is uncertainty and risks associated with either or both the Resolutions”.¹⁹

Key Risks arising from the Resolution(s)

Unitholders should take note that the key risks relating to the potential serious adverse consequences and implications arising from the Resolutions, if any one or both are passed, include, among others, the following:

- **the Requisition Letter lacks clarity as to the practical steps that need to be taken after the Resolutions are passed (see paragraphs 2.1.4 and 3.1.5 below for further details);**
- **the removal of SREIM as the manager of Sabana Industrial REIT could result in mandatory prepayment of all outstanding loans, together with, among others, all accrued interest under Sabana Industrial REIT’s existing financing arrangements (see paragraphs 2.1.4 and 2.3.3 below for further details);**
- **potential consequences of a “Removal of Manager” event represent a real risk and are not a ‘scare tactic’ (see paragraph 2.2.10 below for further details);**
- **there is no certainty or assurance in timing and costs that may be incurred by Sabana Industrial REIT in relation to the removal of SREIM as the manager of Sabana Industrial REIT (see paragraph 2.3.1 below for further details);**
- **there is a real risk of disruptions to the operations of Sabana Industrial REIT and Sabana Industrial REIT eventually being wound up and the disposal of its properties at potentially a significant discount (see paragraphs 2.3.2 and 3.2.2 below for further details); and**
- **the proposed internalisation of the REIT manager is a complex process that will take considerable amount of time and costs to implement, with considerable uncertainty and many inherent risks, and no certainty of success (see paragraphs 3.1.4, 3.2.1 and 3.2.3 below for further details).**

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

Quarz has proposed to remove SREIM as the manager of Sabana Industrial REIT and has set out its reasons in the Requisition Letter.

¹⁸ While in the Draft Trustee Statement, the Trustee has indicated that it will look to ensure the ongoing and stable operations of Sabana Industrial REIT during the transition period, the Trustee has also requested Unitholders to note that there is a range of potential outcomes, which may include the Resolution(s) not being successfully implemented and/or the winding up of Sabana Industrial REIT. Please refer to bullet points 8 and 10 of the Draft Trustee Statement in **Appendix B** for further details.

¹⁹ Please also refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

2.1 Manager’s Response to Resolution 1

In the Requisition Letter, Quarz provided various reasons for the removal of SREIM as the manager of Sabana Industrial REIT. The Manager wishes to clarify and set out its responses below to the reasons cited by Quarz in the Requisition Letter which are misleading and/or unsubstantiated.

2.1.1 Contrary to what Quarz has suggested, the Manager has delivered strong total unitholder returns following the reconstitution of its board of directors (the “Board”) and appointment of its current Chief Executive Officer in early 2018.

Quarz has stated that the current performance of Sabana Industrial REIT has caused Unitholders substantial loss in terms of distribution per Unit (“DPU”) and Unit price. Contrary to Quarz’s claim, Sabana Industrial REIT under the management of the Manager has delivered strong total unitholder returns as set out in the table below.

| | |
|---|---------------------|
| Sabana Industrial REIT Total Unitholder Returns since 2018 | 59.2% ²⁰ |
| Sabana Industrial REIT Total Unitholder Returns since its initial public offering (“IPO”) on 22 November 2010 | 21.7% ²⁰ |

Sabana Industrial REIT achieved total unitholder returns of 6.8% in 2018, 37.4% in 2021, 4.9% in 2022 and 3.4% in the first six months of 2023, thus outperforming the iEdge S-REIT Index for each of the above periods. Sabana Industrial REIT has also ranked among the top five in total unitholder returns among S-REITs in 2018, 2021 and 2022.²⁰

Unitholders should note that there is no guarantee that the replacement manager (whether external or internal) would be able to deliver a performance or track record which is on par with, or better than, SREIM’s.

2.1.2 The Manager is in the midst of carrying out an asset enhancement initiative (“AEI”) at 1 Tuas Avenue 4 to be completed in 2024. This is not a new strategy as Quarz claims.

As previously announced by Sabana Industrial REIT on 4 April 2023,²¹ the Manager has obtained provisional permission from the Urban Redevelopment Authority (“URA”) for additions and alterations works at 1 Tuas Avenue 4.

The project is scheduled to obtain its Temporary Occupation Permit by the first half of 2024 and the Manager is currently in discussions with prospective tenants, including companies in the logistics and manufacturing trade sectors.

The Manager is on track to complete the asset enhancement of 1 Tuas Avenue 4. Any expected upside from this AEI carried out by the Manager is not dependent on, nor should it be credited to, the replacement manager upon the removal of SREIM as the manager of Sabana Industrial REIT.

20 Source: Bloomberg, as at 30 June 2023. Total unitholder returns were calculated by Bloomberg based on an equation representing the additional number of Units purchased in the period for each Unit at the beginning of the period, assuming distributions are reinvested through buying more Units.

21 https://sabana.listedcompany.com/newsroom/20230404_180647_M1GU_URF3A190N8UN0NQ8.1.pdf.

2.1.3 'Upside' referred to on page 3 of the Requisition Letter is unsubstantiated. The Manager has already announced further AEI plans for New Tech Park

As indicated on page 14 of Sabana Industrial REIT's annual report for the financial year ended 31 December 2022 published on 27 March 2023 (the "**Annual Report 2022**"), the Phase 3 AEI plans for New Tech Park involve gross floor area ("**GFA**") intensification as part of the Manager's existing strategy to extract value organically from existing assets, and the Manager plans to disclose more details in the next few months. Any upside derived from the AEI plans carried out by the Manager would be the direct result of the Manager's implementation of its ongoing strategy. It is incorrect for Quarz to attribute any upside from AEI plans for New Tech Park to an Internal Manager. Further, the upside stated by Quarz on page 3 of the Requisition Letter is based on unsubstantiated assumptions.

2.1.4 The Requisition Letter lacks clarity as to the practical steps that need to be taken after Resolution 1 is passed

The Requisition Letter lacks clarity as to the practical steps that need to be taken by Sabana Industrial REIT should Resolution 1 be passed. It does not explain how the proposals can be implemented or the timeline required.

Further steps needed to implement removal of SREIM as manager of Sabana Industrial REIT

If Resolution 1 is passed, under the Trust Deed, the removal of SREIM as the manager of Sabana Industrial REIT will only take effect upon the Trustee giving written notice to SREIM to remove it as the manager,²² and until then, SREIM will remain as the interim manager of Sabana Industrial REIT. Further steps will have to be taken by the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) to implement Resolution 1, including sourcing for a replacement external manager (if only Resolution 1 is passed) or sourcing for the board and management team for the new Internal Manager (if both Resolution 1 and Resolution 2 are passed) and the new manager will have to obtain regulatory approval and the CMS Licence from MAS. There is no assurance that these steps can be successfully carried out on a timely basis or at all. Please refer to paragraph 4.1 for further details on the steps required.

Potential effect on Sabana Industrial REIT's financing arrangements

In addition, until such time the Trustee gives written notice to SREIM to remove it as the manager, the Manager, as the interim manager, and the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) would have to, among others, enter into negotiations with Sabana Industrial REIT's counterparties in respect of certain provisions under the existing financing arrangements of Sabana Industrial REIT which may be triggered or breached when SREIM is removed as the manager of Sabana Industrial REIT, with no certainty that the foregoing can be resolved.

²² The removal of SREIM as the manager of Sabana Industrial REIT is also subject to the replacement manager entering into a deed of retirement and appointment of new manager (and/or such other amendment to the Trust Deed and/or any other agreement as may be required or necessary) with, among others, the Trustee, in order to secure the due performance of the duties and obligations of the replacement manager.

As at 30 June 2023, Sabana Industrial REIT has total outstanding financial indebtedness of approximately S\$295.0 million, arising from:

- (i) an unsecured facility agreement dated 21 July 2021 with a total commitment of S\$225,000,000 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);
- (ii) an unsecured facility agreement with a total commitment of S\$40,000,000 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);
- (iii) an unsecured facility agreement with a total commitment of S\$150,000,000 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
- (iv) an unsecured facility agreement with a total commitment of S\$100,000,000 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),²³

(collectively, the “**Unsecured Facilities**”).

Under the terms of the Unsecured Facilities, the removal of SREIM as the manager of Sabana Industrial REIT would trigger the Removal of Manager Clause that constitutes a review event in the Unsecured Facilities. If such review event is triggered (in the event that Resolution 1 is passed and/or further steps are later taken to remove SREIM as the manager of Sabana Industrial REIT), the Manager, as the interim manager, and the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) and the relevant lenders shall enter into discussions as regards the review event for a specified period (of not more than 30 days or such longer period as the relevant lenders may agree) with a view to agreeing to any amendments to be made to the terms of the Unsecured Facilities arising from that event, and if no such agreement is reached, the Unsecured Facilities will be cancelled and Sabana Industrial REIT shall within a stipulated period prepay all outstanding loans, together with, among others, all accrued interest.

Unitholders should note that there is no certainty or assurance that such agreement will be reached with any of the relevant lenders.

In this regard, the Manager has written to the lenders to seek their waiver from the above-mentioned review event under the Unsecured Facilities in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the Manager has been informed that the lenders are unable to grant

²³ The unsecured facility referred to in paragraph 2.1.4(iv) will be utilised, among other purposes, to partially refinance existing indebtedness under the unsecured facility referred to in paragraph 2.1.4(i).

the relevant waivers at the current juncture. The relevant lenders will require more information before a decision can be made. From the Manager's understanding, such information may include the track record of the replacement manager and its personnel.

Unitholders also should note that the Independent Auditor's Review Report on the 1H 2023 Financial Statements has included an emphasis of matter in respect of a material uncertainty that may cast significant doubt on the ability of the Sabana Industrial REIT Group and Sabana Industrial REIT to continue as a going concern depending on the outcome of the EGM, and that such material uncertainty has arisen from the inability of the lenders of Sabana Industrial REIT to grant a waiver to Sabana Industrial REIT from a review event at the current juncture that could arise under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans, as a result of the removal of the Manager should Resolution 1 be passed pursuant to the Requisition.²⁴

Further, under the Unsecured Facilities, any event or circumstance which the relevant lenders (acting reasonably) determine might have a material adverse effect will constitute an event of default. For this purpose, a material adverse effect means, among others, a material adverse effect on the business or financial condition of Sabana Industrial REIT or the consolidated business or financial condition of the Sabana Industrial REIT Group taken as a whole.

If an event of default is continuing and is not waived by the relevant lenders, the relevant lenders will be entitled to cancel the commitments under the respective Unsecured Facilities and declare that all or part of the loans, together with, among others, accrued interest, be immediately due and payable.

In the scenario that the relevant lenders under the Unsecured Facilities (acting reasonably) determine that events or circumstances arising from the Resolutions might have a material adverse effect for the purposes of the relevant Unsecured Facilities, it is possible that they may call an event of default. In this scenario, the Manager, as the interim manager, and the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee), will need to engage with the relevant lenders under the Unsecured Facilities to obtain the relevant waivers to ensure that any event of default is not continuing, with no certainty that the foregoing can be resolved.

As the practical steps to be taken are dependent on external third parties (including external lenders) 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 (which may potentially be on terms less favourable to Sabana Industrial REIT than what Sabana Industrial REIT currently enjoys), there is no certainty that any of these steps would be successfully carried out (including successfully negotiating with the relevant counterparties to obtain their consent in respect of the cessation of SREIM as the manager of Sabana Industrial REIT) or at all.

If any such steps cannot be successfully implemented, there is a risk that the relevant lenders may not agree to continue with their financing arrangements with Sabana Industrial REIT.

²⁴ Please refer to the Rule 704(5) Announcement.
https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

Furthermore, the overall refinancing risks faced by Sabana Industrial REIT could potentially be heightened by the current high interest rate environment and credit-tightening environment amidst challenging macroeconomic conditions globally.

Please refer to paragraph 2.3 below for details on the serious consequences for Sabana Industrial REIT and its Unitholders if Resolution 1 is passed and the Manager is removed (regardless of whether Resolution 2 is passed).

2.2 Manager's Response to Other Claims made by Quarz in the Requisition Letter

Quarz has also made various misleading or inaccurate claims against the Manager and the performance of Sabana Industrial REIT. The Manager would like to address and clarify them below.

2.2.1 The Manager will pursue accretive acquisitions and continue to execute AEIs as part of the GROW VALUE phase of Sabana Industrial REIT's Refreshed Strategy

On page 3 of the Requisition Letter, Quarz stated that the Internal Manager would be able to undertake "S\$~85m of acquisitions funded with yield of ~7.2% fully by debt (Additional DPU) S\$0.002 with upside of ~6.7%)".

The Manager wishes to clarify that it has been carefully evaluating potential acquisition opportunities taking into account, among others, the high interest rate environment, the lack of suitable properties that fit the acquisition criteria and budget of Sabana Industrial REIT and for the potential acquisitions to be DPU-accretive for Unitholders. This is part of the Manager's existing prudent capital management strategy.

In addition to the focus on DPU-accretive acquisitions, the Manager also takes into account other considerations to ensure that Sabana Industrial REIT will have a portfolio of good quality and defensive assets, which include, but are not limited to, the following:

- (i) alternative industrial asset classes, for example, ramp-up warehouses and business parks;
- (ii) land lease tenure;
- (iii) location of the asset;
- (iv) existing condition of the building;
- (v) existing tenant(s) profiles;
- (vi) existing lease terms including weighted average lease expiry;
- (vii) cost of funding; and
- (viii) implication on Sabana Industrial REIT's gearing ratio.

Please refer to **Appendix C** which sets out Sabana Industrial REIT's track record and performance since 2018 and its Refreshed Strategy.

2.2.2 Quarz's reference to untapped GFA/landbank is misleading

33 & 35 Penjuru Lane and 26 Loyang Drive are currently fully leased and collectively account for between 7.0% and 9.0% of Sabana Industrial REIT's annual net property income for the financial year ("FY") ended 31 December 2022.

Quarz's assertion of "untapped GFA" in item 6 on page 3 of the Requisition Letter is misleading.

The Manager wishes to clarify that for most of Sabana Industrial REIT's properties, there is limited "excess" land capable of independent development for Sabana Industrial REIT to develop a second or third property. In order to create new GFA and develop into a bigger property, Sabana Industrial REIT will first have to evict its tenants and tear down the existing property. Construction of new properties usually takes approximately 24 to 30 months, during which Sabana Industrial REIT will not be able to lease out the property and collect any rent while it will at the same time be incurring huge capital outlay for the redevelopment costs and related expenses.

Given that Sabana Industrial REIT has a considerably smaller portfolio than some other industrial REITs, it is critical for the Manager to find a balance between current and future returns for Unitholders, while pursuing long-term sustainable growth for Sabana Industrial REIT. As such, the Manager carefully evaluates all potential redevelopment projects based on their risk-to-reward ratio to ensure appropriate return on investments, and to generate value for Unitholders. Given the elevated construction costs since 2020, the Manager is of the view that undertaking redevelopment projects without proper cash flow planning would have a severe impact on the DPU for Unitholders.

2.2.3 Misleading for Quarz to use occupancy rates as at 31 December 2022, when the occupancy rates as of 31 March 2023 were already publicly available

In relation to 15 Jalan Kilang Barat, as announced on 10 April 2023²⁵, Sabana Industrial REIT had provided an interim update via SGXNET that there was an improvement in leasing activities in the first quarter of 2023 ("1Q 2023"), where three new leases totalling 9,100 sq ft were secured. Occupancy for 15 Jalan Kilang Barat had increased from 66% as at 31 December 2022 to 81.0% as at 31 March 2023. However, Quarz chose to cite the 31 December 2022 occupancy rate instead of the 31 March 2023 occupancy rate, which was already publicly available.

Since 31 March 2023, the occupancy rate for 15 Jalan Kilang Barat now stands at 68.7% as at 30 June 2023 due to the non-renewal of an anchor tenant which relocated to its headquarters in May 2023.²⁶ The Manager is actively marketing the vacant spaces in 15 Jalan Kilang Barat.

In relation to 10 Changi South Street 2, as announced on 10 April 2023²⁵, Sabana Industrial REIT had provided an interim update that it had secured new leases totalling 24,300 sq ft. Occupancy stood at 84.4% as at 31 March 2023 and has increased to 100% as at 30 June 2023.²⁷ However, in the Requisition Letter, Quarz had instead chosen to cite the lower occupancy of 74% in the fourth quarter of 2022 ("4Q 2022").

25 https://sabana.listedcompany.com/newsroom/20230410_184020_M1GU_GB9H161UTTU5GONQ.1.pdf.

26 See Sabana Industrial REIT's 1H 2023 Results Presentation announced on 19 July 2023. https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.3.pdf

27 See Sabana Industrial REIT's 1H 2023 Financial Statements announced on 19 July 2023. https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.1.pdf

The occupancy rate of New Tech Park, including NTP+ mall (akin to Business Parks²⁸), was approximately 79.1% as at 31 March 2023 and has stayed constant as at 30 June 2023²⁹. This is a near comparable to the occupancy rate of Business Parks which is at 81.3%.³⁰ The Manager has maintained a strategic focus on rentals to support valuations and net asset value. The Manager also notes that New Tech Park has been a major driver of Sabana Industrial REIT's quarterly positive rental reversions since the first quarter of 2021 ("1Q 2021").

Sabana Industrial REIT achieved an overall portfolio occupancy of 92.6% as at 31 March 2023 and this rose further to 93.9% as at 30 June 2023³¹, which is at a multi-year high.³² However, the 31 March 2023 overall portfolio occupancy was not mentioned in the Requisition Letter and Quarz had instead cited the REIT's previous lower occupancy rate of 88.2% in 4Q 2022.

2.2.4 Misleading occupancy rate of NTP+ mall

Quarz has stated on page 4 of the Requisition Letter that the occupancy rate of NTP+ mall had fallen from "81% --> 77%" in 4Q 2022. This is misleading as the occupancy rate of NTP+ mall was 98.7% at 31 March 2023 and has stayed constant as at 30 June 2023.³³

2.2.5 The Manager holds a CMS Licence and operates under stringent regulatory controls, independent of ESR Group

The Manager operates independently of ESR Group. The Directors constituting the Board are also independent of ESR Group and are independently appointed by the Board and approved by the relevant regulator.

All the Directors comply with the criteria of independence set out in (a) the Singapore Code of Corporate Governance 2018, (b) the Securities and Futures (Licensing and Conduct of Business) Regulations, and (c) the Listing Manual.

The appointment of Ms Lee Kia Jong Elaine (Mrs Elaine Lim) as Director was approved by the relevant regulator. Ms Lee Kia Jong Elaine's (Mrs Elaine Lim) re-designation as a Non-Independent Non-Executive Director of the Manager (despite her satisfying the various criteria of independence under the applicable laws and regulations) is in line with the approval.

The Manager is dedicated to obtaining, taking into consideration prevailing market considerations, competitive rental terms from existing and new tenants for Sabana Industrial REIT's properties. All leasing rates, terms and property marketing information are determined based on prevailing market conditions, common market practices and commercial considerations.

28 Source: <https://www.ura.gov.sg/Corporate/Guidelines/Development-Control/Non-Residential/Business-Park/Introduction>. According to the URA, Business Parks are for businesses engaged in high-technology, research and development (R&D), high value-added and knowledge intensive activities.

29 See Sabana Industrial REIT's 1H 2023 Financial Statements announced on 19 July 2023. https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.1.pdf

30 Source: JTC Quarterly Market Report – Industrial Properties 1Q 2023 (<https://stats.jtc.gov.sg/content/static/Documents/Quarterly%20Market%20Report%202023Q1.pdf>).

31 See Sabana Industrial REIT's 1H 2023 Results Presentation announced on 19 July 2023. https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.3.pdf

32 https://sabana.listedcompany.com/newsroom/20230419_072738_M1GU_W6HYRTDIX6HREYR9.1.pdf.

33 See Sabana Industrial REIT's 1H 2023 Results Presentation announced on 19 July 2023. https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.3.pdf

Sabana Industrial REIT does not transact with, including acquire from or divest properties to, with ESR-LOGOS REIT despite having the same sponsor.

Further, should there be any potential transaction with the Sponsor or its related entities, the Manager has in place interested person/party transaction (“IPT”) procedures which are reviewed by the Audit and Risk Committee (“ARC”) to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the Trustee also has the right to review such audit reports. The ARC periodically reviews all IPTs to ensure compliance with the Manager’s internal control procedures and with the relevant provisions of the Property Funds Appendix and/or the Listing Manual. The review includes the examination of the nature of the transactions and the supporting documents or such other data deemed necessary by the ARC.

2.2.6 Sabana Industrial REIT’s corporate governance ratings have improved significantly

According to the Governance Index for Trusts (“GIFT”) 2022 report, Sabana Industrial REIT’s overall GIFT score improved to 71.5 points in 2022, from 54 points in 2021. Sabana Industrial REIT’s 17.5-point improvement was the largest among all trusts in the study and its ranking improved by 24 positions to the 14th position.³⁴

Sabana Industrial REIT’s Singapore Governance and Transparency Index score improved to 74.4 points in 2022, from 61.1 points a year ago. Sabana Industrial REIT’s ranking improved by eight positions to the 35th position, from 2021 to 2022.³³

2.2.7 The Manager’s interests are aligned with Unitholders

All fees payable to SREIM by Sabana Industrial REIT have been consistently adopted since its IPO on 22 November 2010. Moreover, SREIM does not charge any project management fees for the AELs it carries out for Sabana Industrial REIT, unlike some other REIT managers.

Since 2020, the performance of Sabana Industrial REIT has improved and the Manager’s current focus is to intensify Sabana Industrial REIT’s GROW VALUE phase of its Refreshed Strategy. Sabana Industrial REIT has received awards that attest to its performance. For instance, The Edge Singapore Billion Dollar Club (“BDC”) recognised Sabana Industrial REIT as the top performer in total unitholder returns in the REITs sector for the Centurion Club 2022.³⁵

Based on metrics from BDC, which showcases excellence in issuers listed on the SGX-ST, Sabana Industrial REIT outperformed other REITs with a market capitalisation of under S\$1 billion in total unitholder returns to investors over the three years from 31 March 2019 to 31 March 2022.

³⁴ Sabana Industrial REIT’s Annual Report 2022, page 23.

³⁵ Source: The Edge Singapore, 14 November 2022.

2.2.8 Quarz was the party that recommended Mr. Charlie Chan as an Independent Director

Quarz was the party that had recommended Mr Charlie Chan as an Independent Director of the Manager to the Board of the Manager, and yet they subsequently mounted a public campaign to remove Mr Charlie Chan from the Board within a few weeks of his appointment on grounds of his alleged non-independence.

2.2.9 Inaccurate and misleading statement

Contrary to what Quarz has stated on page 11 of the Requisition Letter, the implied offer price for the previously proposed scheme of arrangement as stated in the scheme document dated 12 November 2020 was S\$0.377, and not S\$0.30.³⁶

2.2.10 Potential consequences of a “Removal of Manager” event represent a real risk and are not a ‘scare tactic’

If Resolution 1 is passed and SREIM is removed as the manager of Sabana Industrial REIT, the removal would trigger the Removal of Manager Clause which constitutes a review event under the terms of the Unsecured Facilities and could potentially also be determined by the relevant lenders to constitute a material adverse effect for the purpose of the relevant Unsecured Facilities, thus resulting in the risk of an event of default under the relevant Unsecured Facilities. See paragraph 2.1.4 above for further details on the consequences which may be triggered as a result of the proposed removal of the Manager under the Unsecured Facilities.

Unitholders also should note that the Independent Auditor’s Review Report on the 1H 2023 Financial Statements has included an emphasis of matter in respect of a material uncertainty that may cast significant doubt on the ability of the Sabana Industrial REIT Group and Sabana Industrial REIT to continue as a going concern depending on the outcome of the EGM, and that such material uncertainty has arisen from the inability of the lenders of Sabana Industrial REIT to grant a waiver to Sabana Industrial REIT from a review event at the current juncture that could arise under Sabana Industrial REIT’s existing financing arrangements of totally unsecured loans, as a result of the removal of the Manager should Resolution 1 be passed pursuant to the Requisition.³⁷

Unitholders should note that there could therefore be serious consequences for Sabana Industrial REIT and its Unitholders arising from its existing financing arrangements if Resolution 1 is passed for the removal of the Manager.

³⁶ https://sabana.listedcompany.com/newsroom/20201112_080021_M1GU_55U1SSA79AYWU931.3.pdf.

³⁷ Please refer to paragraph 2.1.4 above for further details of the review event and to the Rule 704(5) Announcement. https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

2.3 Serious Consequences if Resolution 1 is Passed

There will be serious consequences for Sabana Industrial REIT and its Unitholders if Resolution 1 is passed and the Manager is removed (regardless of whether Resolution 2 is passed). These are elaborated below.

2.3.1 No certainty or assurance in timing and costs that may be incurred by Sabana Industrial REIT in relation to the removal of SREIM as the manager of Sabana Industrial REIT

Unitholders should note that the passing of Resolution 1 (regardless of whether Resolution 2 is passed) would not immediately and automatically result in the removal of the Manager. Under the Trust Deed, the removal of SREIM as the manager of Sabana Industrial REIT will only take effect upon the Trustee giving written notice to SREIM to remove it as the manager.³⁸

These steps may include, among others, the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) identifying a replacement manager of Sabana Industrial REIT and the replacement manager obtaining the requisite approvals from the relevant regulator (including the CMS Licence) and potentially from third parties (such as the lenders of Sabana Industrial REIT) (see paragraph 4.1 below for further details on the expected steps required for implementation).

Unitholders should note that there is no clarity as to how long it may take to put in place a suitable replacement manager of Sabana Industrial REIT.³⁹

According to the Draft Trustee Statement⁴⁰, the Trustee has stated that it is not possible to estimate the amount of time it would take to identify a replacement manager or to internalise the REIT management function although (in relation to the internalisation of the REIT management function) Unitholders should be aware that a considerable amount of time would be required and it is expected to be at least 12 months and potentially significantly longer and costs will be required to internalise the REIT management function.

38 The removal of SREIM as the manager of Sabana Industrial REIT is also subject to the replacement manager entering into a deed of retirement and appointment of new manager (and/or such other amendment to the Trust Deed and/or any other agreement as may be required or necessary) with, among others, the Trustee, in order to secure the due performance of the duties and obligations of the replacement manager.

39 According to the Draft Trustee Statement, "If Resolution 1 is passed and Resolution 2 is not passed, a replacement external manager will need to be appointed. There is no estimate available of the time it would take to identify a replacement external manager and there can be no assurance that such replacement manager will agree to the same fee structure as SREIM." Please refer to bullet point 4 of the Draft Trustee Statement in **Appendix B** for further details.

40 Please refer to bullet points 4 and 5 of the Draft Trustee Statement in **Appendix B** for further details.

Further, according to the Draft Trustee Statement,⁴¹ the Trustee has stated that an estimate of the costs involved in the exercise to remove SREIM as manager and/or set up an internalised management structure is not available. In this regard, the Trustee has noted that all fees, costs and expenses in relation to such exercise will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁴² The steps to be taken to implement the Resolutions include, but are not limited to, the Trustee appointing Professional Adviser(s) to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana Industrial REIT.⁴³

Unitholders should note that the above-mentioned costs incurred by Sabana Industrial REIT will be in addition to the fees payable to the Manager pursuant to the Trust Deed in respect of the period where SREIM continues to remain as the interim manager of Sabana Industrial REIT until the time the Trustee gives written notice to SREIM to remove it as the manager of Sabana Industrial REIT in accordance with the Trust Deed.⁴⁴

2.3.2 Real risk of disruptions to the operations of Sabana Industrial REIT and Sabana Industrial REIT eventually being wound up and the disposal of its properties at potentially a significant discount

Given the uncertainties surrounding the implementation of the removal of SREIM as the manager of Sabana Industrial REIT as highlighted above, while the Manager will comply with its obligations under the relevant law, including providing such reasonable assistance as it is able to the Trustee during the interim period, there is no guarantee that the existing staff of SREIM will remain during the interim period when the resolution is being implemented. Similarly, there is no assurance or certainty that the existing staff of the property manager of Sabana Industrial REIT, Sabana Property Management Pte. Ltd. (the “**Property Manager**”), a wholly-owned subsidiary of SREIM, will remain during the interim period.

In the event that SREIM and/or the Property Manager are unable to retain their staff and lose their capability to serve as the manager or property manager of Sabana Industrial REIT during this interim period, the responsibility of managing Sabana Industrial REIT and its properties would potentially fall onto the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee).

During such interim period, if the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) is unable to undertake the active management of Sabana Industrial REIT and its properties, this could result in significant disruptions to the operations and management of Sabana Industrial REIT’s business. In the event that Resolution 1 is passed, the longer it takes for the removal of SREIM as the manager of Sabana Industrial REIT to be implemented, the greater the risk to the ongoing viability of Sabana Industrial REIT.

41 Please refer to bullet point 3 of the Draft Trustee Statement in **Appendix B** for further details.

42 Please refer to bullet point 3 of the Draft Trustee Statement in **Appendix B** for further details.

43 Please refer to bullet point 6 of the Draft Trustee Statement in **Appendix B** for further details.

44 Please also refer to paragraphs 2.3.2, 3.1.4 and 3.2.2 below for further details on the risk that the staff of SREIM may not remain.

While the Trustee has stated in the Draft Trustee Statement that if there is any actual or potential disruption to the management of Sabana Industrial REIT during the transition period, the Trustee will, together with its Professional Adviser(s), oversee the management of Sabana Industrial REIT in the interests of Unitholders and work with SREIM (if possible) to seek to minimise such disruption risks,⁴⁵ the Trustee has also stated in the Draft Trustee Statement, that in the event the Resolution(s) are passed and cannot be implemented at all or within a reasonable timeframe (for example, because the resolutions put to Unitholders at the Further EGM(s) do not pass or the necessary regulatory approvals are unable to be obtained) or the operations or management of Sabana Industrial REIT are materially disrupted during the transition period (for example, because financing does not remain in place), the Trustee will, together with its Professional Adviser(s), assess all options in the best interests of Unitholders, including the options of an orderly winding-up of Sabana Industrial REIT and/or applying for court orders to take such actions as required or necessary in relation to Sabana Industrial REIT. The fees, costs and expenses of such actions will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁴⁶

In the event that Sabana Industrial REIT has to be wound up, the disposal of its assets in such circumstances could potentially be at a significant discount.

2.3.3 The removal of SREIM as the manager of Sabana Industrial REIT could result in mandatory prepayment under Sabana Industrial REIT's existing financing arrangements

The passing of Resolution 1 and the removal of SREIM as the manager of Sabana Industrial REIT would trigger the Removal of Manager Clause which constitutes a review event under the Unsecured Facilities and could potentially also be determined by the relevant lenders to constitute a material adverse effect for the purpose of the relevant Unsecured Facilities, thus resulting in the risk of an event of default under the relevant Unsecured Facilities. See paragraph 2.1.4 above for further details on the consequences which may be triggered as a result of the proposed removal of the Manager under the Unsecured Facilities.

The Manager has written to the lenders to seek their waiver from the above-mentioned review event under the Unsecured Facilities in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the Manager has been informed that the lenders are unable to grant the relevant waivers at the current juncture. The relevant lenders will require more information before a decision can be made. From the Manager's understanding, such information may include the track record of the replacement manager and its personnel.

As such, based on the Manager's discussions with the relevant lenders, there is no certainty that the relevant lenders will agree to continue with their financing arrangements with Sabana Industrial REIT if Resolution 1 is passed.

According to the Draft Trustee Statement, the Trustee has also requested Unitholders to note the uncertainty and risks associated with either or both the Resolutions.⁴⁷ The Trustee has emphasised in the section titled "Important Information" in the Draft Trustee Statement, that there is no

⁴⁵ Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

⁴⁶ Please refer to bullet point 9 of the Draft Trustee Statement in **Appendix B** for further details.

⁴⁷ Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

certainty or assurance as at the date of its statement that any discussion or prospects to implement the Resolution(s) will be successfully concluded or any definitive agreements or arrangements in relation to any matters set out in its statement will materialise or be entered into and that any additional risks, whether known or unknown, may in the future have an impact on the implementation of the Resolution(s) or the business, financial condition, operations and prospects of Sabana Industrial REIT.

Unitholders also should note that the Independent Auditor's Review Report on the 1H 2023 Financial Statements has included an emphasis of matter in respect of a material uncertainty that may cast significant doubt on the ability of the Sabana Industrial REIT Group and Sabana Industrial REIT to continue as a going concern depending on the outcome of the EGM, and that such material uncertainty has arisen from the inability of the lenders of Sabana Industrial REIT to grant a waiver to Sabana Industrial REIT from a review event at the current juncture that could arise under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans, as a result of the removal of the Manager should Resolution 1 be passed pursuant to the Requisition.⁴⁸

2.4 Approval required from Unitholders

Resolution 1 will be passed by an Ordinary Resolution⁴⁹ 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.

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 1 IS A STANDALONE RESOLUTION AND IS NOT CONDITIONAL UPON RESOLUTION 2 BEING PASSED.

ACCORDINGLY, IF RESOLUTION 1 IS PASSED BUT RESOLUTION 2 IS NOT PASSED, UNITHOLDERS WOULD EFFECTIVELY HAVE VOTED FOR THE REMOVAL OF THE MANAGER WITHOUT A NEW REPLACEMENT MANAGER. THE TRUSTEE WILL STILL PROCEED TO TAKE STEPS TO REMOVE SREIM AS THE MANAGER OF SABANA INDUSTRIAL REIT WITH FURTHER STEPS BEING REQUIRED TO EFFECT THE IMPLEMENTATION.

WHEN DECIDING WHETHER TO VOTE FOR OR AGAINST RESOLUTION 1, UNITHOLDERS SHOULD CAREFULLY CONSIDER AND TAKE INTO CONSIDERATION (I) THE STEPS REQUIRED TO IMPLEMENT RESOLUTION 1 (REGARDLESS OF WHETHER RESOLUTION 2 IS PASSED) (SEE PARAGRAPH 4.1 BELOW FOR DETAILS) AND (II) THE SERIOUS CONSEQUENCES THAT COULD ARISE IF RESOLUTION 1 IS PASSED (REGARDLESS OF WHETHER RESOLUTION 2 IS PASSED) (SEE PARAGRAPH 2.3 ABOVE).

AS HIGHLIGHTED BY THE TRUSTEE IN THE DRAFT TRUSTEE STATEMENT SET OUT IN APPENDIX B OF THIS CIRCULAR,⁵⁰ "IT IS IMPORTANT THAT UNITHOLDERS CAREFULLY CONSIDER THE RESOLUTIONS AND NOTE THAT THERE IS UNCERTAINTY AND RISKS ASSOCIATED WITH EITHER OR BOTH THE RESOLUTIONS".

48 Please refer to paragraph 2.1.4 above for further details of the review event and to the Rule 704(5) Announcement. https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

49 "Ordinary Resolution" means a resolution proposed and passed as such by a majority being greater than 50.0% 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.

50 Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

3. RESOLUTION 2 – THE PROPOSED DIRECTION TO THE TRUSTEE TO, AMONG OTHERS, EFFECT THE INTERNALISATION OF THE REIT MANAGEMENT FUNCTION

Quarz has proposed that the Trustee be directed to, among others, effect the Internalisation and to appoint the Internal Manager as the manager of Sabana Industrial REIT in place of SREIM, and has set out its reasons in the Requisition Letter.

3.1 Manager's Response to Resolution 2

The Requisition Letter makes several misleading and/or unsubstantiated claims about the Manager and the performance of Sabana Industrial REIT. The Manager has set out its responses to these claims at paragraphs 2.2.1 to 2.2.10 above in relation to Resolution 1 for the removal of SREIM as the manager of Sabana Industrial REIT, which Unitholders should also note and have regard to when considering this Resolution 2.

Further, the Manager wishes to make the clarifications and responses set out below to the reasons provided by Quarz to support their case for the Internalisation.

3.1.1 Misleading assumptions used in Quarz's financial projections

The cost savings assumption underlying Quarz's assertion of immediate cost savings for Unitholders arising from the Internalisation as set out on page 2 of the Requisition Letter where SREIM is replaced by an Internal Manager is based on the average of the operating margins achieved by external managers listed in its Chart 2 (as set out on page 2 of the Requisition Letter). Please refer to **Appendix A(1)** for a copy of the Requisition Letter.

However, this average operating margin assumption which is used in the calculation of the pro-forma DPU upside arising from the Internalisation in the Requisition Letter, is hypothetical and not substantiated.

Additionally, the Manager would like to clarify that the operating profit margin of SREIM or, any increase in operating costs incurred by SREIM, does not affect the fees which it charges in managing the REIT. The current structure of the fees payable to the Manager is fixed and is set out in the Trust Deed and is generally in line with the fee structure of other Singapore industrial REITs.

Quarz has not provided supporting data on the annual operating budget of the new Internal Manager, nor any estimate of the financial costs of implementing the Internalisation such as those relating to the setting up of the Internal Manager's new office, installing systems and processes, purchasing hardware as well as licensing software and intellectual property. The Requisition Letter also did not mention the financial capital requirements and/or operating expenditure requirements of the Internal Manager following the Internalisation. For instance, the Internal Manager is required to hold a CMS Licence issued by the MAS and is accordingly required to, among others, maintain a base capital of at least S\$1 million and as well as other risk-based capital requirements on an ongoing basis pursuant to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations. The abovementioned financial costs of implementing the Internalisation as well as the ongoing financial capital requirements and operating expenditure of the Internal Manager following the Internalisation, will have to be borne entirely by Sabana Industrial REIT and its Unitholders through the internalised structure.

Furthermore, there is no estimate of the costs required to recruit the full internal management team for the REIT management (currently carried out by SREIM) or the day-to-day management of the properties of Sabana Industrial REIT (currently carried out by the Property Manager, a wholly-owned subsidiary of SREIM). Significant resources may be required to implement some or all of the processes,

including, among others, resources to establish the Internal Manager and to convene Further EGMs as may be required. All fees, costs and expenses of such exercise will be reimbursed out of the assets of Sabana Industrial REIT (and hence, indirectly, by the Unitholders) in accordance with the terms of the Trust Deed.

Under the current external management model of Sabana Industrial REIT, the financial capital requirements and operating expenditure incurred by the Manager in carrying on its business as a manager of Sabana Industrial REIT, which include, among others, staff costs, rental costs, SREIM's compliance costs as a holder of a CMS Licence, are borne directly and personally by SREIM. Sabana Industrial REIT is responsible only to pay SREIM its fees calculated based on the fixed fee structure prescribed under the Trust Deed and is not responsible for the operating costs of SREIM. This has helped to provide certainty to Unitholders in the costs incurred by Sabana Industrial REIT. Internalisation may not necessarily translate to overall cost savings as the above-mentioned operating costs which are now borne by SREIM personally will, following the Internalisation, be directly borne by Sabana Industrial REIT, and this will expose Sabana Industrial REIT to inflationary cost pressures which Sabana Industrial REIT and its Unitholders do not presently need to be concerned with under the external management model.

3.1.2 Internalising the REIT management function will not result in immediate gains to Unitholders

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

A REIT manager must hold a CMS Licence issued by the MAS and operates under stringent regulatory controls. Even after the Internal Manager has successfully obtained a CMS Licence, it will still have to continue to comply with the regulatory requirements to maintain its CMS Licence at the cost of Sabana Industrial REIT.

3.1.3 Both examples of internalisation cited in the Requisition Letter are not REITs

Both examples of internalisation listed on pages 8 and 9 of the Requisition Letter are business trusts, which are built upon a different legal structure as compared to REITs. There is no precedent for the voluntary internalisation of a REIT manager in Singapore.

3.1.4 The proposed internalisation of the REIT manager is a complex process that will take considerable amount of time and resources to effect, with considerable uncertainty and many inherent risks

It will take time for the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) to assemble a new team of directors and staff of the Internal Manager who are experienced and qualified. There is no assurance that experienced directors and staff will be readily available, and this may result in a period of uncertainty for Sabana Industrial REIT and its Unitholders between the passing of Resolution 2 and the actual identification and appointment of the suitably qualified directors and management team for the Internal Manager which are required to effect the Internalisation. Such uncertainty will not be in the interest of Unitholders.

While the Requisition Letter envisages that the Trustee be directed to consider retaining the existing staff of SREIM in the Internal Manager to maintain continuity of Sabana Industrial REIT's operations, there is no assurance that the existing staff of the Manager would be willing to join the Internal Manager. The success of a REIT manager's performance is dependent on the experienced leadership of its directors and stable performance of its staff with the requisite experience in the relevant asset class and the relevant financial, technical and corporate credentials in REIT management. Time and costs will also likely be incurred in searching for qualified directors and staff for the Internal Manager.

As the Internal Manager must hold a CMS Licence, the appointment of a new REIT manager entity (including any new CEO and directors) will be subject to the rigorous review and screening by the MAS and this will take time before approval may be given.

3.1.5 The Requisition Letter lacks clarity as to the practical steps that need to be taken after the Resolutions are passed

As regards Quarz's proposal for the Trustee to be directed to effect the Internalisation, the Requisition Letter lacks clarity on the practical steps needed to be taken by Sabana Industrial REIT after Resolution 2 is passed. It does not explain how the removal of SREIM as manager can be implemented or the timeline required. The risks and uncertainties in this regard are set out in full at paragraph 3.2.1 below.

Uncertainty regarding investment in the Internal Manager

Unitholders should note that under the Trust Deed, Sabana Industrial REIT is restricted from making investments, among others, which would result in non-compliance with the Property Funds Appendix. While both internally and externally managed REIT structures are allowed in Singapore,⁵¹ the investment in the unlisted shares of a management company, such as the Internal Manager, is presently not a category of permissible investments under paragraph 6.1 of the Property Funds Appendix. In this regard, approval from the MAS will still have to be obtained.

As such, even if Resolution 2 is passed, approval by the MAS is required under Clause 10.3 of the Trust Deed and paragraph 6.1 of the Property Funds Appendix to allow Sabana Industrial REIT to invest in the shares of an unlisted REIT management company for the purposes of implementing the Internalisation. This is in addition to the CMS Licence which the Internal Manager will be required to apply for in order to act as the manager of Sabana Industrial REIT, as mentioned above.

Uncertainty regarding implementation of amendments to the Trust Deed

Further, it is noted that Resolution 2 directs the Trustee to not only effect the Internalisation but also to, among others, (i) amend the provisions of the Trust Deed such that each director of the Internal Manager may be appointed and/or removed by a simple majority of Unitholders; (ii) amend the provisions of the Trust Deed such that each director of the Internal Manager must be endorsed or re-endorsed by Unitholders at every third annual general meeting of Sabana Industrial REIT; and (iii) amend the provisions of the Trust Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of Unitholders (collectively, the "**Relevant Trust Deed Amendments**").

51 MAS, "Response to Feedback Received – Consultation on Enhancements to the Regulatory Regime Governing REITs and REIT Managers" dated 2 July 2015, paragraph 9.2.

However, Resolution 2 as proposed by Quarz does not stipulate the further specific modifications to be made to the provisions of the Trust Deed in order to effect the Relevant Trust Deed Amendments. In other words, Resolution 2 is merely a direction to the Trustee to take further steps to effect the Relevant Trust Deed Amendments.

As such, Unitholders should note that even if Resolution 2 is passed, this does not automatically mean that the Trust Deed will be amended to reflect the Relevant Trust Deed Amendments.

Further steps will still be required to be taken by the Trustee to modify the Trust Deed to effect the Relevant Trust Deed Amendments. **According to the Draft Trustee Statement,⁵² the Trustee has indicated that it currently expects to have to hold two or more Further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s), potentially including but not limited to the approval of the necessary and specific amendments to the Trust Deed by way of Extraordinary Resolution(s)⁵³ of the Unitholders.**

Unitholders should refer to paragraph 4.2 below for further details on the expected implementation steps if Resolution 2 is passed. Many of these steps are not within the usual scope of a REIT trustee's work and there is no assurance that these steps can be successfully carried out on a timely basis or at all.

3.2 Serious Consequences if Resolution 2 is Passed

There could be serious consequences for Sabana Industrial REIT and its Unitholders if Resolution 2 is passed (regardless of whether Resolution 1 is passed).

3.2.1 No certainty or assurance in timing and costs that may be incurred by Sabana Industrial REIT in relation to the implementation of Internalisation

Unitholders should note that, even if Resolution 2 is passed, it would not immediately and automatically result in the Internalisation. Internalisation can take place only after the removal of the Manager, to allow the Internal Manager to take its place. Under the Trust Deed, the removal of SREIM as the manager of Sabana Industrial REIT will only take effect upon the Trustee giving written notice to SREIM to remove it as manager.⁵⁴

In this regard, while the Trustee has indicated in the Draft Trustee Statement that it will expect SREIM to continue to serve as interim manager until a replacement external or internal manager is appointed⁵⁵ (see paragraph 4.2 below for further details on the implementation steps required and see paragraph 3.1.4 above for further details on the risk that the staff of SREIM may not remain) and the Manager will comply with its obligations under the relevant law, including providing such reasonable assistance as it is able to the Trustee, there is no assurance that the existing staff of SREIM, will remain during such an interim period.

52 Please refer to bullet point 7 of the Draft Trustee Statement in **Appendix B** for further details.

53 "**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.

54 The removal of SREIM as the manager of Sabana Industrial REIT is also subject to the replacement manager entering into a deed of retirement and appointment of new manager (and/or such other amendment to the Trust Deed and/or any other agreement as may be required or necessary) with, among others, the Trustee, in order to secure the due performance of the duties and obligations of the replacement manager.

55 Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

The Trustee has also stated in the Draft Trustee Statement that “the timeframe and costs to implement the Resolution(s) are not currently known and the implementation of the Resolution(s) is subject to dependencies beyond the control of the Trustee (for example, the passing of resolutions (including extraordinary resolutions) at Further EGM(s), regulatory approvals, availability of suitable candidates for key roles, financing remaining in place), resulting in a range of potential outcomes, which may include the Resolution(s) not being successfully implemented and/or the winding up of Sabana [Industrial] REIT”. Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

Further, in the event that Resolution 2 is passed but Resolution 1 is not passed, this may on their face amount to conflicting directions from Unitholders as, on the one hand, Unitholders would have approved the continuing appointment of SREIM as the manager of Sabana Industrial REIT and, on the other hand, they have also approved the direction to the Trustee to effect the internalisation of the REIT management function which would require the removal of the incumbent manager in order for the Internal Manager to be appointed to act as manager of Sabana Industrial REIT. Given the potentially conflicting directions from Unitholders, the Trustee may have to take steps to resolve the conflicting directions, including seeking further directions from Unitholders, before the Trustee may proceed to implement the Internalisation.

3.2.2 Real risk of disruptions to the operations of Sabana Industrial REIT and Sabana Industrial REIT eventually being wound up and the disposal of its properties at a potentially significant discount

The assembling of a team for the Internal Manager will require time. There is no clarity as to how long it will take the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) to find a suitable team to form the Internal Manager which may potentially disrupt the continuity of Sabana Industrial REIT’s operations if a suitable team cannot be formed within a reasonable period of time.

Additionally, while Quarz has proposed that the Trustee be directed to consider retaining the existing staff of SREIM in the Internal Manager to maintain continuity of Sabana Industrial REIT’s operations, there is no guarantee that the existing staff will join the Internal Manager’s team nor is there any certainty that the SREIM staff will remain given the uncertainties surrounding the implementation of the Internalisation as highlighted in paragraph 4.3 below. Likewise, while the Manager will comply with its obligations under the relevant law, including providing such reasonable assistance as it is able to the Trustee during the interim period, there can be no assurance or certainty that during the interim period, the existing staff of the Property Manager, being a wholly-owned subsidiary of SREIM, would be willing to stay on, given the uncertainties during the interim period.

The longer it takes for the Internalisation to be implemented, the greater the risk to the ongoing viability of Sabana Industrial REIT.

While the Trustee has indicated in the Draft Trustee Statement that it will expect SREIM to continue to serve as interim manager until a replacement external or internal manager is appointed and will have to rely on the Property Manager for continuity of the operational and day-to-day aspects of Sabana Industrial REIT,⁵⁶ in the event that SREIM and/or the Property Manager are unable to retain their staff and no suitable team is formed for the Internal Manager or the Internal

⁵⁶ Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

Manager is unable to obtain the CMS Licence to manage Sabana Industrial REIT, and the Trustee is unable to successfully implement the Internalisation despite having used its reasonable endeavours to do so, there is a real risk that the Trustee may have no other alternative but to take steps to wind up Sabana Industrial REIT, and the disposal of the assets of Sabana Industrial REIT in such circumstances could potentially be at a significant discount.

3.2.3 Considerable amount of time and costs will be incurred at the expense of Sabana Industrial REIT and its Unitholders to implement the Internalisation with no certainty of success

Considerable amount of time and costs will have to be incurred by the Trustee at the expense of Sabana Industrial REIT and its Unitholders to take steps to implement the Internalisation (in addition to there being no certainty that Internalisation can eventually be successfully implemented), which may include:

- (i) the Trustee convening Further EGMs to seek Unitholders' directions on specific matters to carry out Resolution 2.⁵⁷ For further details, please refer to paragraph 4.2 below;
- (ii) the obtaining of the approval from the MAS to allow Sabana Industrial REIT to invest in the shares of an unlisted REIT management company for the purposes of implementing the Internalisation; and
- (iii) the Internal Manager applying for a CMS Licence from the MAS in order to be appointed as the manager of Sabana Industrial REIT. This process will require time, and, in addition, the costs of the Internal Manager applying for the CMS Licence from the MAS and, even if the Internal Manager is able to obtain the CMS Licence, the costs of compliance with all requirements imposed on the Internal Manager as a holder of the CMS Licence on an ongoing basis, would be borne by Sabana Industrial REIT (and ultimately, its Unitholders), given that the Internal Manager would be a wholly-owned subsidiary of the Trustee as trustee of Sabana Industrial REIT.

In view of the foregoing, the Manager wishes to reiterate that the Requisition Letter and its proposed Internalisation are incomplete, lack clarity and fail to outline the many inherent risks in execution which ought to have been clearly disclosed by Quarz to provide Unitholders with a balanced picture of its proposals. Quarz has not put forth clear strategies, a detailed roadmap with timelines or specific proposals to successfully effect the Internalisation.

Quarz has not assured Unitholders that their proposals are viable and will not destroy the value of Sabana Industrial REIT during the potentially unstable transition should Resolution 2 be passed.

According to the Draft Trustee Statement, the Trustee has also requested Unitholders to note the uncertainty and risks associated with either or both the Resolutions.⁵⁸ The Trustee has emphasised in the section titled "Important Information" in the Draft Trustee Statement, that there is no certainty or assurance as at the date of its statement that any discussion or prospects to implement the Resolution(s) will be successfully concluded or any definitive agreements or arrangements in relation to any matters set out in its statement will materialise or be entered into and that any additional risks, whether known or unknown, may in the future have an impact on the implementation of the Resolution(s) or the business, financial condition, operations and prospects of Sabana Industrial REIT.

⁵⁷ Please refer to bullet point 7 of the Draft Trustee Statement in **Appendix B** for further details.

⁵⁸ Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

Accordingly, the Trustee has highlighted in the Draft Trustee Statement set out in Appendix B of this Circular that⁵⁹ “[i]t is important that Unitholders carefully consider the Resolutions and note that there is uncertainty and risks associated with either or both the Resolutions”.

3.3 Approval required from Unitholders

Resolution 2 is to be passed by an Ordinary Resolution⁶⁰ pursuant to paragraph 5 of Schedule 1 (Meetings of Holders) to the Trust Deed. Unitholders should note that Resolution 2 does not specifically seek to effect amendments to the Trust Deed. Instead, Resolution 2 as proposed by Quarz seeks to give direction to the Trustee to carry out certain actions, including, among others, taking steps in order to amend the provisions of the Trust Deed in the manner referred to in sub-paragraphs (iv), (v) and (vi) of Resolution 2. Accordingly, Resolution 2 is tabled as an Ordinary Resolution given that the direction which it proposes to make to the Trustee is not one of the matters which the Trust Deed requires to be an Extraordinary Resolution.⁶¹

RESOLUTION 2 IS A STANDALONE RESOLUTION AND IS NOT CONDITIONAL UPON RESOLUTION 1 BEING PASSED.

IF RESOLUTION 2 IS PASSED BUT NOT RESOLUTION 1, THIS MAY ON THEIR FACE AMOUNT TO CONFLICTING DIRECTIONS FROM UNITHOLDERS AS, ON THE ONE HAND, UNITHOLDERS WOULD HAVE APPROVED THE CONTINUING APPOINTMENT OF SREIM AS THE MANAGER OF SABANA INDUSTRIAL REIT AND, ON THE OTHER HAND, UNITHOLDERS HAVE ALSO APPROVED THE DIRECTION TO THE TRUSTEE TO EFFECT THE INTERNALISATION OF THE REIT MANAGEMENT FUNCTION WHICH WOULD REQUIRE THE REMOVAL OF THE INCUMBENT MANAGER IN ORDER FOR THE INTERNAL MANAGER TO BE APPOINTED TO ACT AS MANAGER OF SABANA INDUSTRIAL REIT. GIVEN THE POTENTIALLY CONFLICTING DIRECTIONS FROM UNITHOLDERS, THE TRUSTEE MAY HAVE TO TAKE STEPS TO RESOLVE THE CONFLICTING DIRECTIONS, INCLUDING CONVENING FURTHER EGMS TO SEEK FURTHER DIRECTIONS FROM UNITHOLDERS, BEFORE THE TRUSTEE MAY PROCEED TO IMPLEMENT THE INTERNALISATION. PLEASE REFER TO PARAGRAPH 4.2 BELOW FOR FURTHER DETAILS.

EVEN ASSUMING THAT BOTH RESOLUTION 1 AND RESOLUTION 2 ARE PASSED, FURTHER STEPS WILL HAVE TO BE TAKEN BY THE TRUSTEE (AND/OR ANY PROFESSIONAL ADVISER(S) THAT MAY BE APPOINTED BY THE TRUSTEE UNDER THE TRUST DEED TO ASSIST THE TRUSTEE) TO IMPLEMENT THE RESOLUTIONS, INCLUDING SOURCING FOR THE BOARD AND MANAGEMENT TEAM FOR THE NEW INTERNAL MANAGER AND THE INTERNAL MANAGER WILL HAVE TO OBTAIN REGULATORY APPROVAL AND THE CMS LICENCE FROM THE MAS. SUCH STEPS MAY ALSO INCLUDE THE TRUSTEE CONVENING FURTHER EGMS TO SEEK FURTHER DIRECTIONS FROM UNITHOLDERS FOR THE IMPLEMENTATION OF THE INTERNALISATION. (SEE PARAGRAPH 4.2 BELOW FOR THE STEPS ENVISAGED TO IMPLEMENT THE INTERNALISATION).

59 Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

60 “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% 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.

61 “**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.

IN LIGHT OF THE ABOVE, WHEN DECIDING WHETHER TO VOTE FOR OR AGAINST RESOLUTION 2, UNITHOLDERS SHOULD CAREFULLY CONSIDER AND TAKE INTO CONSIDERATION (I) THE STEPS REQUIRED TO IMPLEMENT THE INTERNALISATION (SEE PARAGRAPH 4.2 BELOW) AND (II) THE SERIOUS CONSEQUENCES THAT COULD ARISE IF RESOLUTION 2 IS PASSED (SEE PARAGRAPH 3.2 ABOVE).

AS HIGHLIGHTED BY THE TRUSTEE IN THE DRAFT TRUSTEE STATEMENT SET OUT IN APPENDIX B OF THIS CIRCULAR,⁶² “IT IS IMPORTANT THAT UNITHOLDERS CAREFULLY CONSIDER THE RESOLUTIONS AND NOTE THAT THERE IS UNCERTAINTY AND RISKS ASSOCIATED WITH EITHER OR BOTH THE RESOLUTIONS”.

4. STEPS REQUIRED FOR IMPLEMENTATION

Unitholders should note that, even if Resolution 1 is passed, it would NOT immediately and automatically result in the removal of the Manager, and that even if Resolution 2 is passed, it would NOT immediately and automatically result in the Internalisation. There is no certainty or assurance that the removal of the Manager or the Internalisation will take place successfully, and neither is there certainty on how long it will take for any of the foregoing to be implemented as further steps will first need to be undertaken by the Trustee. This paragraph 4 sets out some of the steps which will need to be undertaken, although it is not intended to be exhaustive in nature as it remains uncertain whether any other steps may be required by the Trustee.

According to the Draft Trustee Statement, if one or both of the Resolutions are passed, the Trustee has stated that it expects to take the following steps:⁶³

- if either or both Resolutions are passed, the Trustee will be directed by Unitholders to remove SREIM as manager and/or set up an internalised management structure;
- if Resolution 1 is passed and Resolution 2 is not passed, a replacement external manager will need to be appointed;
- if Resolution 2 is passed, an internalised management structure that does not currently exist will need to be identified, established and then approved by Unitholders;
- if either or both Resolutions are passed, the Trustee will appoint Professional Adviser(s) to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana Industrial REIT;
- the Trustee expects to hold two or more Further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s); and
- during the transition period, the Trustee will expect SREIM to continue to serve as interim manager until a replacement external or internal manager is appointed,⁶⁴ including to engage with lenders and regulatory authorities, as required. The Trustee has also indicated in the Draft Trustee Statement that it will have to rely on the Property Manager⁶⁵ for continuity of the operational and day-to-day aspects of Sabana Industrial REIT. If there is any actual or potential disruption to the management of Sabana Industrial REIT, the Trustee will, together with its Professional Adviser(s), oversee the management of Sabana Industrial REIT in the interests of Unitholders and work with SREIM (if possible) to seek to minimise such disruption risks.

⁶² Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

⁶³ Please refer to bullet points 3 to 8 of the Draft Trustee Statement in **Appendix B** for further details.

⁶⁴ Please refer to paragraphs 2.3.2, 3.1.4 and 3.2.2 above for further details on the risk that the staff of SREIM may not remain.

⁶⁵ Please refer to paragraphs 2.3.2 and 3.2.2 above for further details on the risk that the staff of the Property Manager may not remain.

According to the Draft Trustee Statement, the Trustee has also stated, “In the event the Resolution(s) are passed and cannot be implemented at all or within a reasonable timeframe (for example, because the resolutions put to Unitholders at the Further EGM(s) do not pass or the necessary regulatory approvals are unable to be obtained) or the operations or management of Sabana [Industrial] REIT are materially disrupted during the transition period (for example, because financing does not remain in place), the Trustee will, together with its Professional Adviser(s), assess all options in the best interests of Unitholders, including the options of an orderly winding-up of Sabana [Industrial] REIT and/or applying for court orders to take such actions as required or necessary in relation to Sabana [Industrial] REIT. The fees, costs and expenses of such actions will be reimbursed out of the assets of Sabana [Industrial] REIT in accordance with the terms of the Trust Deed”.⁶⁶

4.1 Expected Steps Required to remove the Manager (Assuming Resolution 1 is passed)

According to the Draft Trustee Statement, the Trustee has stated that if either or both Resolutions are passed, the Trustee will be directed by Unitholders to remove SREIM as manager and/or set up an internalised management structure.⁶⁷

If Resolution 1 is passed and Resolution 2 is not passed, according to the Draft Trustee Statement, the Trustee has stated that a replacement external manager will need to be appointed. There is no estimate available of the time it would take to identify a replacement external manager and there can be no assurance that such replacement manager will agree to the same fee structure as SREIM.⁶⁸

According to the Draft Trustee Statement, the Trustee also has stated that if either or both Resolutions are passed, the Trustee will appoint Professional Advisers to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana Industrial REIT. The fees, costs and expenses of such Professional Adviser(s) will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁶⁹

Unitholders should note that the above-mentioned costs incurred by Sabana Industrial REIT will be in addition to the fees payable to the Manager pursuant to the Trust Deed in respect of the period where SREIM continues to remain as the interim manager of Sabana Industrial REIT until the time the Trustee gives written notice to SREIM to remove it as the manager of Sabana Industrial REIT in accordance with the Trust Deed.⁷⁰

Unitholders should note that the passing of Resolution 1 would not immediately and automatically result in the removal of the Manager. Instead, under the Trust Deed, the removal of SREIM as the manager of Sabana Industrial REIT will only take effect upon the Trustee giving written notice to SREIM to remove it as manager.⁷¹

66 Please refer to bullet point 9 of the Draft Trustee Statement in **Appendix B** for further details.

67 Please refer to bullet point 3 of the Draft Trustee Statement in **Appendix B** for further details.

68 Please refer to bullet point 4 of the Draft Trustee Statement in **Appendix B** for further details.

69 Please refer to bullet point 6 of the Draft Trustee Statement in **Appendix B** for further details.

70 Please refer to paragraphs 2.3.2 and 3.1.4 above for further details on the risk that the staff of SREIM may not remain.

71 The removal of SREIM as the manager of Sabana Industrial REIT is also subject to the replacement manager entering into a deed of retirement and appointment of new manager (and/or such other amendment to the Trust Deed and/or any other agreement as may be required or necessary) with, among others, the Trustee, in order to secure the due performance of the duties and obligations of the replacement manager.

In this regard, the Trustee has indicated in the Draft Trustee Statement that it will expect SREIM to continue to serve as interim manager until a replacement external or internal manager is appointed, including to engage with lenders and regulatory authorities, as required. The Trustee has also indicated in the Draft Trustee Statement that it will have to rely on the Property Manager for continuity of the operational and day-to-day aspects of Sabana Industrial REIT.⁷²

However, while the Manager will comply with its obligations under the relevant law, including providing such reasonable assistance as it is able to the Trustee during the interim period, there is no certainty or assurance that the existing staff of the Manager (or of the Property Manager, being a wholly-owned subsidiary of SREIM) would be willing to stay on, given the uncertainties during the interim period.

In the event that SREIM and/or the Property Manager (being a wholly-owned subsidiary of SREIM) are unable to retain their staff and lose their capability to serve as the manager or property manager of Sabana Industrial REIT during this interim period, the responsibility of managing Sabana Industrial REIT and its properties would potentially fall onto the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee). During such interim period, if the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) is unable to undertake the active management of Sabana Industrial REIT and its properties, this could result in significant disruptions to the operations and management of Sabana Industrial REIT's business. **The longer it takes for the Trustee to implement and effect the change, the greater the risk to the ongoing viability of Sabana Industrial REIT.**

While the Trustee has stated in the Draft Trustee Statement that if there is any actual or potential disruption to the management of Sabana Industrial REIT during the transition period, the Trustee will, together with its Professional Adviser(s), oversee the management of Sabana Industrial REIT in the interests of Unitholders and work with SREIM (if possible) to seek to minimise such disruption risks,⁷³ that in the event the Resolution(s) are passed and cannot be implemented at all or within a reasonable timeframe (for example, because the resolutions put to Unitholders at the Further EGM(s) do not pass or the necessary regulatory approvals are unable to be obtained) or the operations or management of Sabana Industrial REIT are materially disrupted during the transition period (for example, because financing does not remain in place), the Trustee will, together with its Professional Adviser(s), assess all options in the best interests of Unitholders, including the options of an orderly winding-up of Sabana Industrial REIT and/or applying for court orders to take such actions as required or necessary in relation to Sabana Industrial REIT. The fees, costs and expenses of such actions will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁷⁴

Further, the Manager, as the interim manager and the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) may be required to enter into negotiations with Sabana Industrial REIT's counterparties in respect of certain provisions under the Unsecured Facilities which may be triggered or breached when SREIM is removed as the manager of Sabana Industrial REIT, with no certainty that the foregoing can be resolved. **Unitholders also should note that the Independent Auditor's Review Report on the 1H 2023 Financial Statements has included an emphasis of matter in respect of a material uncertainty that may cast significant doubt on the ability of the Sabana Industrial REIT Group and Sabana Industrial REIT to continue as a going concern depending on the outcome of the EGM, and that such material uncertainty has arisen from the inability of the lenders**

⁷² Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

⁷³ Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

⁷⁴ Please refer to bullet point 9 of the Draft Trustee Statement in **Appendix B** for further details.

of Sabana Industrial REIT to grant a waiver to Sabana Industrial REIT from a review event at the current juncture that could arise under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans, as a result of the removal of the Manager should Resolution 1 be passed pursuant to the Requisition.⁷⁵

For instance, the removal of SREIM as the manager of Sabana Industrial REIT is a review event under the Unsecured Facilities. This is a standard requirement imposed by banks on REIT loans in Singapore and was not included in the Unsecured Facilities at the Manager's request. Please refer to paragraphs 2.1.4 and 2.2.10 above for further details on the Removal of Manager Clause and its serious consequences.

In addition, according to the Draft Trustee Statement,⁷⁶ the Trustee has stated that it currently expects to have to hold two or more Further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s), potentially including but not limited to:

- (i) to obtain further directions from Unitholders on the implementation of the Resolution(s) or ongoing operation of Sabana Industrial REIT; and
- (ii) to approve the appointment of a replacement external manager or the internalised management structure, once identified or established (as relevant).

4.2 Expected Steps Required to Remove the Manager, Facilitate the Internalisation and the Relevant Trust Deed Amendments (Assuming Resolution 2 is Passed)

4.2.1 Steps for the removal of the Manager for the Internalisation

As mentioned in paragraph 4.1 above, Unitholders should note that the passing of Resolution 1 and Resolution 2, or the passing of Resolution 2 only, would not immediately and automatically result in the Internalisation. Instead, even if both Resolution 1 and Resolution 2 are passed, under the Trust Deed, the removal will only take effect upon the Trustee giving written notice to SREIM to remove it as manager.⁷⁷ As mentioned in paragraph 4.1 above, according to the Draft Trustee Statement, the Trustee has stated that if either or both Resolutions are passed, the Trustee will appoint Professional Adviser(s) to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana Industrial REIT. The fees, costs and expenses of such Professional Adviser(s) will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁷⁸

Unitholders should note that the above-mentioned costs incurred by Sabana Industrial REIT will be in addition to the fees payable to the Manager pursuant to the Trust Deed in respect of the period where SREIM continues to remain as the interim manager of Sabana Industrial REIT until the time the Trustee gives written notice to SREIM to remove it as the manager of Sabana Industrial REIT in accordance with the Trust Deed.⁷⁹

⁷⁵ Please refer to paragraph 2.1.4 above for further details of the review event and to the Rule 704(5) Announcement. https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

⁷⁶ Please refer to bullet point 7 of the Draft Trustee Statement in **Appendix B** for further details.

⁷⁷ The removal of SREIM as the manager of Sabana Industrial REIT is also subject to the replacement manager entering into a deed of retirement and appointment of new manager (and/or such other amendment to the Trust Deed and/or any other agreement as may be required or necessary) with, among others, the Trustee, in order to secure the due performance of the duties and obligations of the replacement manager.

⁷⁸ Please refer to bullet point 6 of the Draft Trustee Statement in **Appendix B** for further details.

⁷⁹ Please refer to paragraphs 2.3.2 and 3.1.4 above for further details on the risk that the staff of SREIM may not remain.

In the event that Resolution 2 is passed but Resolution 1 is not passed, this may on their face amount to conflicting directions from Unitholders as, on the one hand, Unitholders would have approved the continuing appointment of SREIM as the manager of Sabana Industrial REIT and on the other hand, they have also approved the direction to the Trustee to effect the internalisation of the REIT management function which would require the removal of the incumbent manager in order for the Internal Manager to be appointed to act as manager of Sabana Industrial REIT. Given the potentially conflicting directions from Unitholders, the Trustee may have to take steps to resolve the conflicting directions, including convening further EGMs to seek further directions from Unitholders before the Trustee may proceed to implement the Internalisation.

4.2.2 Steps for facilitating and implementing the Internalisation

Assuming that both Resolution 1 and Resolution 2 are passed, according to the Draft Trustee Statement, the Trustee has stated that it will be directed by Unitholders to remove SREIM as manager and/or set up an internalised management structure. An internalised management structure that does not currently exist will need to be identified, established and then approved by Unitholders. According to the Draft Trustee Statement, the Trustee has also stated that Unitholders should be aware that a considerable amount of time (it is not currently possible to estimate, although the Trustee expects it to be at least 12 months and potentially significantly longer) and cost will be required to internalise the REIT management function.⁸⁰

According to the Draft Trustee Statement, the Trustee has stated if either or both Resolutions are passed, the Trustee will appoint Professional Adviser(s) to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana Industrial REIT. The fees, costs and expenses of Professional Adviser(s) will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁸¹

Unitholders should note that the above-mentioned costs incurred by Sabana Industrial REIT will be in addition to the fees payable to the Manager pursuant to the Trust Deed in respect of the period where SREIM continues to remain as the interim manager of Sabana Industrial REIT until the time the Trustee gives written notice to SREIM to remove it as the manager of Sabana Industrial REIT in accordance with the Trust Deed.⁸²

In addition, according to the Draft Trustee Statement, the Trustee has stated it currently expects to have to hold two or more Further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s), potentially including but not limited to:

- (i) to approve the necessary and specific amendments to the Trust Deed by way of Extraordinary Resolution(s)⁸³ of the Unitholders;

80 Please refer to bullet points 3, 4 and 5 of the Draft Trustee Statement in **Appendix B** for further details.

81 Please refer to bullet point 6 of the Draft Trustee Statement in **Appendix B** for further details.

82 Please refer to paragraphs 2.3.2 and 3.1.4 above for further details on the risk that the staff of SREIM may not remain.

83 "**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.

- (ii) to obtain further directions from Unitholders on the implementation of the Resolution(s) or ongoing operation of Sabana Industrial REIT; and
- (iii) to approve the appointment of a replacement external manager or the internalised management structure, once identified or established (as relevant).⁸⁴

Assuming that both Resolution 1 and Resolution 2 are passed, in order to implement the Internalisation, the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee), among other things, is expected to apply for approval from the MAS to, among others, allow Sabana Industrial REIT to invest in the shares of an unlisted REIT management company for the purposes of implementing the Internalisation. As set out in paragraph 3.1.5 above, under the Trust Deed, Sabana Industrial REIT is restricted from making investments, among others, which would result in the non-compliance with the Property Funds Appendix. While both internally and externally managed REIT structures are allowed in Singapore,⁸⁵ the investment in the unlisted shares of a management company, such as the Internal Manager, is presently not a category of permissible investments under paragraph 6.1 of the Property Funds Appendix. In this regard, approval from the MAS will still have to be obtained.

There is no clarity as to how long it will take to implement the removal of the Manager and the Internalisation. The Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) will need to invest time and resources to constitute the Internal Manager and to ensure that there are qualified individuals who can serve as the directors and staff of the Internal Manager. In this regard, the Trustee has also requested Unitholders to note the uncertainty and risks associated with either or both the Resolutions.⁸⁶

Internal Manager to apply for CMS Licence

For the avoidance of doubt, the Internal Manager will be required to apply for a CMS Licence from the MAS in order to be appointed as the manager of Sabana Industrial REIT, and there is no certainty or assurance that it would successfully obtain such licence. Unitholders should note that the licensing regime of the MAS is rigorous and will require potential applicants of a CMS Licence, and in the present case the Internal Manager, to be assessed on, among others, various factors such as (i) the fitness and propriety of the Internal Manager and its directors, (ii) the track record and management expertise of the Internal Manager and its parent company; and (iii) the business model, business plans and projections and associated risks of the Internal Manager.

Interim management and the uncertainties

The Trustee has indicated in the Draft Trustee Statement that it will expect SREIM to continue to serve as interim manager until a replacement external or internal manager is appointed, including to engage with lenders and regulatory authorities, as required. The Trustee has also indicated in the Draft Trustee Statement that it

84 Please refer to bullet point 7 of the Draft Trustee Statement in **Appendix B** for further details.

85 MAS, "Response to Feedback Received – Consultation on Enhancements to the Regulatory Regime Governing REITs and REIT Managers" dated 2 July 2015, paragraph 9.2.

86 Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

will have to rely on the Property Manager for continuity of the operational and day-to-day aspects of Sabana Industrial REIT.⁸⁷

However, while the Manager will comply with its obligations under the relevant law, including providing such reasonable assistance as it is able to the Trustee during the interim period, there is no certainty or assurance that the existing staff of the Manager (or of the Property Manager, being a wholly-owned subsidiary of SREIM) would be willing to stay on, given the uncertainties during the interim period.

In the event that SREIM and/or the Property Manager are unable to retain their staff and lose their capability to serve as the manager or property manager of Sabana Industrial REIT and its properties during this interim period, the responsibility of managing Sabana Industrial REIT would potentially fall onto the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee). While the Trustee has stated in the Draft Trustee Statement that if there is any actual or potential disruption to the management of Sabana Industrial REIT during the transition period, the Trustee will, together with its Professional Adviser(s), oversee the management of Sabana Industrial REIT in the interests of Unitholders and work with SREIM (if possible) to seek to minimise such disruption risks,⁸⁸ during such interim period, if the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) is unable to undertake the active management of Sabana Industrial REIT and its properties, this could result in significant disruptions to the operations and management of Sabana Industrial REIT's business. The longer it takes for the Trustee to implement and effect the change, the greater the risk to the ongoing viability of Sabana Industrial REIT.

Negotiations with lenders

Further, the Manager, as the interim manager, and the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) may be required to enter into negotiations with Sabana Industrial REIT's counterparties in respect of certain provisions under the Unsecured Facilities which may be triggered or breached when SREIM is removed as the manager of Sabana Industrial REIT, with no certainty that the foregoing can be resolved.

For instance, the removal of SREIM as the manager of Sabana Industrial REIT is a review event under the Unsecured Facilities. This is a standard requirement imposed by banks on REIT loans in Singapore and was not included in the Unsecured Facilities at the Manager's request. Please refer to paragraph 2.3.3 above for further details on the Removal of Manager Clause and its serious consequences.

If the review event is triggered, the Manager, as the interim manager, and the Trustee (and/or any Professional Adviser(s) that may be appointed by the Trustee under the Trust Deed to assist the Trustee) and the relevant lenders shall enter into discussions as regards the review event for a specified period of not more than 30 days (or such longer period as the relevant lenders may agree) with a view to agreeing to any amendments to be made to the terms of the Unsecured Facilities arising from that event, and if no such agreement is reached, the

87 Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

88 Please refer to bullet point 8 of the Draft Trustee Statement in **Appendix B** for further details.

Unsecured Facilities will be cancelled and Sabana Industrial REIT will be required within a specified period to prepay all outstanding loans, together with, among others, all accrued interest.

Unitholders should note that there is no certainty or assurance that such agreement will be reached with any of the relevant lenders. In this regard, the Manager has written to the lenders to seek their waiver from the above-mentioned review event under the Unsecured Facilities in the event that SREIM is removed as the manager of Sabana Industrial REIT. However, the Manager has been informed that the lenders are unable to grant the relevant waivers at the current juncture as they would require more information before a decision can be made. Based on the Manager's understanding, such information may include, among others, the track record of the replacement manager and its personnel.

Unitholders also should note that the Independent Auditor's Review Report on the 1H 2023 Financial Statements has included an emphasis of matter in respect of a material uncertainty that may cast significant doubt on the ability of the Sabana Industrial REIT Group and Sabana Industrial REIT to continue as a going concern depending on the outcome of the EGM, and that such material uncertainty has arisen from the inability of the lenders of Sabana Industrial REIT to grant a waiver to Sabana Industrial REIT from a review event at the current juncture that could arise under Sabana Industrial REIT's existing financing arrangements of totally unsecured loans, as a result of the removal of the Manager should Resolution 1 be passed pursuant to the Requisition.⁸⁹

Implementation of amendments to the Trust Deed

Further, Resolution 2 as proposed by Quarz does not stipulate the further specific modifications to be made to the provisions of the Trust Deed in order to effect the Relevant Trust Deed Amendments.

As such, Unitholders should note that even if Resolution 2 is passed, this does NOT automatically mean that the Trust Deed will be amended to reflect the Relevant Trust Deed Amendments.

According to the Draft Trustee Statement, the Trustee has stated it currently expects to have to hold two or more Further EGMs to seek Unitholders' directions on specific matters to carry out the Resolution(s), potentially including but not limited to the approval of the necessary and specific amendments to the Trust Deed by way of Extraordinary Resolution(s)⁹⁰ of the Unitholders.⁹¹

4.3 Uncertainty Surrounding Time and Costs Required to Implement Above Steps

Unitholders should note that there is no clarity as to how long the processes outlined in paragraphs 4.1 and 4.2 above will take, nor is there any assurance that they will be successfully implemented. Additionally, significant resources may be required to implement some or all of the processes, including, among others, resources to constitute the Internal

⁸⁹ Please refer to paragraph 2.1.4 above for further details of the review event and to the Rule 704(5) Announcement. https://sabana.listedcompany.com/newsroom/20230719_182742_M1GU_PA1PFMVHPBFS3ZU1.1.pdf

⁹⁰ "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.

⁹¹ Please refer to bullet point 7 of the Draft Trustee Statement in **Appendix B** for further details.

Manager, apply for a CMS Licence from the MAS and to convene such Further EGMs as may be required. Such costs will be borne by Sabana Industrial REIT (and therefore, indirectly, the Unitholders).

According to the Draft Trustee Statement, the Trustee has stated that “the timeframe and costs to implement the Resolution(s) are not currently known and the implementation of the Resolution(s) is subject to dependencies beyond the control of the Trustee (for example, the passing of resolutions (including extraordinary resolutions) at Further EGM(s), regulatory approvals, availability of suitable candidates for key roles, financing remaining in place), resulting in a range of potential outcomes, which may include the Resolution(s) not being successfully implemented and/or the winding up of Sabana [Industrial] REIT”.⁹²

4.4 Risk of Winding-up in the event that the Removal of the Manager or Internalisation is Unsuccessful

In addition to the reasons set out in paragraph 2.3.2 and 3.2.2 above, if only Resolution 1 or Resolution 2 is passed or if both Resolution 1 and Resolution 2 are passed and the Trustee is unable to successfully implement the removal of SREIM as the manager of Sabana Industrial REIT and, as the case may be, the Internalisation, despite having used its reasonable endeavours to do so, **there is a risk that the Trustee may have no other alternative but to take steps to ultimately wind up Sabana Industrial REIT** and the disposal of the assets of Sabana Industrial REIT under such circumstances could potentially be at a significant discount.

As stated by the Trustee in the Draft Trustee Statement, in the event the Resolution(s) are passed and cannot be implemented at all or within a reasonable timeframe (for example, because the resolutions put to Unitholders at the Further EGM(s) do not pass or the necessary regulatory approvals are unable to be obtained) or the operations or management of Sabana Industrial REIT are materially disrupted during the transition period (for example, because financing does not remain in place), the Trustee will, together with its Professional Adviser(s), assess all options in the best interests of Unitholders, including the options of an orderly winding-up of Sabana Industrial REIT and/or applying for court orders to take such actions as required or necessary in relation to Sabana Industrial REIT. The fees, costs and expenses of such actions will be reimbursed out of the assets of Sabana Industrial REIT in accordance with the terms of the Trust Deed.⁹³

5. DIRECTORS’ RECOMMENDATIONS

In light of the Manager’s responses to Quarz’s rationale for the Resolutions and the serious consequences and potential implications arising from such resolutions as described above, **the Board of Directors is of the view that both Resolution 1 and Resolution 2 would be prejudicial to the interests of Sabana Industrial REIT and its Unitholders as a whole, and accordingly recommend that Unitholders vote AGAINST both Resolution 1 and Resolution 2.**

In the interest of transparency, Unitholders should note that as the Manager is the subject of both Resolution 1 and Resolution 2, the Directors of the Manager may be affected by the outcome of the Resolutions as the passing of the Resolutions could result in the removal of the Manager, which may then result in the cessation of their appointments as Directors of the Manager.

⁹² Please refer to bullet point 10 of the Draft Trustee Statement in **Appendix B** for further details.

⁹³ Please refer to bullet point 9 of the Draft Trustee Statement in **Appendix B** for further details.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Mr Tan Cheong Hin is the Chairman and Independent Non-Executive Director of the Manager. Mr Wong Heng Tew is an Independent Non-Executive Director of the Manager. Ms Lee Kia Jong Elaine (Mrs Elaine Lim) is a Non-Independent Non-Executive Director of the Manager.

Based on the Register of Directors' Unitholdings maintained by the Manager, none of the Directors currently holds any interest (direct or deemed) in the Units as at the Latest Practicable Date.

Based on the information available to the Manager as at the Latest Practicable Date, the Substantial Unitholders of Sabana Industrial 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) | | |
| ESR Group ⁽²⁾ | 12,524,228 | 1.14 | 214,299,143 | 19.44 | 226,823,371 | 20.58 |
| Volare Group AG | 176,466,646 | 16.01 | – | – | 176,466,646 | 16.01 |
| Quarz Capital ASIA (Singapore) Pte. Ltd. | – | – | 154,450,145 | 14.01 | 154,450,145 | 14.01 |

Notes:

- (1) The percentage is based on 1,102,156,128 Units in issue as at the Latest Practicable Date.
- (2) In addition to its direct interest in 12,524,228 Units held as at the Latest Practicable Date, ESR Group is deemed to be interested in 214,299,143 Units directly held by its indirect wholly-owned subsidiary e-Shang Infinity Cayman Limited as at the Latest Practicable Date. 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. ES Jupiter, a company established in the Cayman Islands, is in turn a 100% owned subsidiary of ESR Group, a company established in the Cayman Islands.

7. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on 7 August 2023 at 10.00 a.m., 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 D-1 to D-4 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.

8. NO ABSTENTION FROM VOTING

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

9. 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 office of Boardroom Corporate & Advisory Services Pte. Ltd. (the “**Unit Registrar**”) at

1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632, not later than 4 August 2023 at 10.00 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 for any Unitholder 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 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.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Save for the information and documents provided to Sabana Industrial REIT and the Manager by Quarz (including the Requisition Letter) and the Trustee (including the Trustee Letter which includes the Draft Trustee Statement), 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 Industrial REIT and its subsidiaries, and the Directors are not aware of any material facts the omission of which would make any statement in this Circular (save for the information and documents provided to the Manager by Quarz and the Trustee) 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.

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

The Manager assumes no responsibility for any of the contents of the Trustee Letter (including the Draft Trustee Statement), including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Trustee Letter (including the Draft Trustee Statement).

Yours faithfully

Sabana Real Estate Investment Management Pte. Ltd.
(as manager of Sabana Industrial Real Estate Investment Trust)
(Company Registration Number: 201005493K)

Mr Tan Cheong Hin
Chairman and Independent Non-Executive Director

GLOSSARY

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

| | | |
|--------------------------------|---|---|
| “%” | : | Per centum or percentage |
| “1H 2023” | : | The financial period from 1 January 2023 to 30 June 2023 |
| “1H 2023 Financial Statements” | : | The interim financial statements of Sabana Industrial REIT for 1H 2023 |
| “1Q 2021” | : | The first quarter of 2021 |
| “1Q 2023” | : | The first quarter of 2023 |
| “4Q 2022” | : | The fourth quarter of 2022 |
| “AEI” | : | Asset enhancement initiative |
| “Annual Report 2022” | : | Sabana Industrial REIT’s annual report for the financial year ended 31 December 2022 published on 27 March 2023 |
| “ARC” | : | Audit and Risk Committee |
| “BDC” | : | The Edge Singapore Billion Dollar Club |
| “Board” | : | The board of directors of the Manager |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Unitholders dated 21 July 2023 |
| “Clarification Announcement” | : | The Manager’s announcement dated 22 June 2023 |
| “Clarification Letter” | : | Quarz’s Clarification Letter dated 19 July 2023 |
| “CMS Licence” | : | Capital Markets Services Licence for REIT management |
| “Directors” | : | The directors of the Manager |
| “DPU” | : | Distribution per Unit |
| “Draft Trustee Statement” | : | The draft of the Trustee Statement, which is currently in draft form and is subject to changes |

| | | |
|---|---|---|
| “EGM” | : | The Extraordinary General Meeting of Unitholders to be held at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on 7 August 2023 at 10.00 a.m., to approve the matters set out in the Notice of Extraordinary General Meeting on pages D-1 to D-4 of this Circular |
| “ES Jupiter” | : | e-Shang Jupiter Cayman Limited |
| “ESR Applicants” | : | ESR Group and e-Shang Infinity Cayman Limited (being an indirect wholly-owned subsidiary of ESR Group) |
| “ESR Group” | : | ESR Group Limited |
| “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 |
| “Further EGMs” | : | Further extraordinary general meetings of Unitholders which may be convened from time to time |
| “FY” | : | Financial year |
| “GFA” | : | Gross floor area |
| “GIFT” | : | Governance Index for Trusts |
| “High Court” | : | The General Division of the High Court of the Republic of Singapore |
| “Independent Auditor’s Review Report” | : | The independent auditor’s review report issued by Sabana Industrial REIT’s independent external auditors, Ernst & Young LLP, in relation to the 1H 2023 Financial Statements |
| “Interim-Interim Injunction” | : | The interim-interim injunction for the Manager to be restrained from taking any steps to convene the EGM pending the hearing of the Interim Injunction Application Hearing |
| “Interim Injunction Application” | : | The application to the High Court, in case no. HC/SUM 2013/2023, for an order for the Manager to be restrained from taking any steps to convene the EGM pending the hearing of the Originating Application |
| “Interim Injunction Application Hearing” | : | The hearing of the Interim Injunction Application heard on 11 July 2023 |
| “Internal Manager” | : | The wholly-owned subsidiary of the Trustee to be incorporated in order to replace the Manager to act as the manager of Sabana Industrial REIT |

| | | |
|----------------------------------|---|--|
| “Internalisation” | : | The internalisation of the REIT management function of Sabana Industrial REIT |
| “IPO” | : | Initial public offering |
| “IPT” | : | Interested person/party transaction |
| “Latest Practicable Date” | : | 19 July 2023, being the latest practicable date prior to the printing of this Circular |
| “Listing Manual” | : | The Listing Manual of the SGX-ST |
| “Manager” | : | Sabana Real Estate Investment Management Pte. Ltd., in its capacity as manager of Sabana Industrial REIT |
| “MAS” | : | Monetary Authority of Singapore |
| “Notice of EGM” | : | Notice of Extraordinary General Meeting |
| “Ordinary Resolution” | : | A resolution proposed and passed as such by a majority being greater than 50.0% 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 |
| “Originating Application” | : | Case no. HC/OA 682/2023 in the High Court |
| “Professional Adviser(s)” | : | The professional adviser(s) which may be appointed by the Trustee, which may include investment, legal, financial, tax, property and other advisers |
| “Property Funds Appendix” | : | Appendix 6 of the Code on Collective Investment Schemes issued by the MAS |
| “Property Manager” | : | Sabana Property Management Pte. Ltd., a wholly-owned subsidiary of SREIM, being the property manager of the properties of Sabana Industrial REIT |
| “Quarz” | : | Quarz Capital ASIA (Singapore) Pte. Ltd. |
| “REIT” | : | Real estate investment trust |
| “Refreshed Strategy” | : | Sabana Industrial REIT’s Refreshed Strategy as set out in Appendix C |

| | | |
|--|---|---|
| “Relevant Trust Deed Amendments” | : | The potential amendments to the Trust Deed such that (i) each director of the Internal Manager may be appointed and/or removed by a simple majority of Unitholders; (ii) each director of the Internal Manager must be endorsed or re-endorsed by Unitholders at every third annual general meeting of Sabana Industrial REIT; and (iii) any change of control in the Internal Manager may only be effected upon approval of a simple majority of Unitholders |
| “Relevant Announcements, Open Letters and Court Orders” | : | The relevant announcements, open letters and court orders as referred to in paragraph 1.2 of the Letter to Unitholders |
| “Removal of Manager Clause” | : | The removal of manager clause that constitutes a review event under the Unsecured Facilities |
| “Requisition” | : | The request put forth by Quarz to the Manager for the holding of an extraordinary general meeting to consider the proposals set out in the Requisition Letter |
| “Requisition Letter” | : | The letter of requisition dated 7 June 2023 received by the Manager from Quarz |
| “Rule 704(5) Announcement” | : | The Manager’s announcement dated 19 July 2023 made on SGXNET pursuant to Rule 704(5) of the Listing Manual |
| “Resolutions” | : | The resolutions as set out in the Notice of EGM |
| “Resolution 1” | : | The Ordinary Resolution relating to the proposed removal of SREIM as the manager of Sabana Industrial REIT as soon as practicable after this resolution is passed, as described in paragraph 1.3 above |
| “Resolution 2” | : | The Ordinary Resolution relating to the proposed direction to the Trustee to, among others, effect the internalisation of the REIT management function, as described in paragraph 1.3 above |
| “S\$” and “cents” | : | Singapore dollars and cents |
| “Sabana Industrial REIT” | : | Sabana Industrial Real Estate Investment Trust |
| “Sabana Industrial REIT Group” | : | Sabana Industrial REIT and its subsidiary |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Sponsor” | : | ESR Group Limited |
| “SREIM” | : | Sabana Real Estate Investment Management Pte. Ltd. |

| | | |
|---------------------------------|---|---|
| “Substantial Unitholder” | : | A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue |
| “Trust Deed” | : | The trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time) |
| “Trustee” | : | HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Industrial REIT |
| “Trustee Letter” | : | The letter issued by the Trustee to the Manager dated 14 July 2023 |
| “Trustee Statement” | : | The statement intended to be issued by the Trustee to Unitholders in relation to how the Trustee intends to implement the Resolutions if one or both of them are passed as well as to highlight the potential risks and uncertainties associated with the implementation of the Resolution(s) |
| “Unit” | : | A unit representing an undivided interest in Sabana Industrial REIT |
| “Unit Registrar” | : | Boardroom Corporate & Advisory Services Pte. Ltd. |
| “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 |
| “Unsecured Facilities” | : | The unsecured facilities to which the unsecured facility agreements referred to in paragraph 2.1.4 of the Letter to Unitholders relate |
| “URA” | : | Urban Redevelopment Authority |

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 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.

This page has been intentionally left blank.

REQUISITION LETTER AND CLARIFICATION LETTER

- The Manager assumes no responsibility for any of the contents of the Requisition Letter and the Clarification Letter, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Requisition Letter and the Clarification Letter. The views expressed in the Requisition Letter and the Clarification Letter should not be construed in any way as representing the views of Sabana Industrial REIT or the Manager.
- Unitholders should note that the Requisition Letter contained in **Appendix A(1)** should be read in conjunction with the Clarification Letter contained in **Appendix A(2)**.

Date: Wednesday 7 June 2023

Attention: The Board of Directors

Sabana Real Estate Investment Management Pte. Ltd.
(As Manager of Sabana Industrial REIT)
151 Lorong Chuan
2-03 New Tech Park
Singapore 556741

Dear Sirs,

RE: REQUISITION TO CONVENE AN EXTRAORDINARY GENERAL MEETING FOR REMOVAL OF MANAGER PURSUANT TO CLAUSE 24.1.4 READ WITH SCHEDULE 1, PARAGRAPH 2 OF THE SECOND AMENDING AND RESTATED DEED DATED 24 MARCH 2016

1. We are unitholders holding more than 10% of the total units of SGX-listed Sabana Industrial Trust (“**Sabana REIT**”, “**Sabana**” or “**Trust**”) managed by Sabana Real Estate Investment Pte Ltd (“**Sabana REIT Manager**”, “**SREI**”, “**Manager**” or “**Sabana Manager**”).
2. We hereby give you notice pursuant to Clause 24.1.4 read with Schedule 1, paragraph 2 of the Second Amending and Restating Deed dated 24 March 2016 (“**Deed**”) to convene an Extraordinary General Meeting (“**EGM**”) and table the following resolutions to unitholders for the purposes of passing the following resolutions: -

ORDINARY RESOLUTIONS

RESOLVED:

RESOLUTION 1: That Sabana Real Estate Investment Management Pte. Ltd. be removed as the Manager of Sabana Industrial REIT as soon as practicable after this resolution is passed.

RESOLUTION 2: That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to:

- i) effect the internalization of the REIT Management function by incorporating a subsidiary (“Internal Manager”) wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT (the “Management Subsidiary”);
 - ii) hire and appoint qualified candidates as directors and staff of the Internal Manager in accordance with the applicable requirements of the *Securities and Futures Act 2001*;
 - iii) consider the retention of Sabana REIT’s existing staff in order to maintain the continuity of Sabana REIT’s operations;
 - iv) amend the provisions of the Deed such that each director of the Internal Manager may be appointed and/or removed by a simple majority of unitholders;
 - v) amend the provisions of the Deed such that each director of the Internal Manager must be endorsed or re-endorsed by unitholders at every 3rd annual general meeting of Sabana REIT; and
 - vi) amend the provisions of the Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of unitholders.
3. Our reasoning for the proposed resolutions is outlined in the following pages:

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 FOR THE ADOPTION OF ALL THE RESOLUTIONS.

Please register at: www.savesabanareit.com

Join Telegram Group: <https://t.me/savesabanareit> for more updates and information.

Quarz will hold a webinar for all unitholders on **Thursday 6th of July 2023 at 8.00pm**

Link to webinars is: <https://us02web.zoom.us/j/88970799227> (Meeting ID 889 7079 9227)

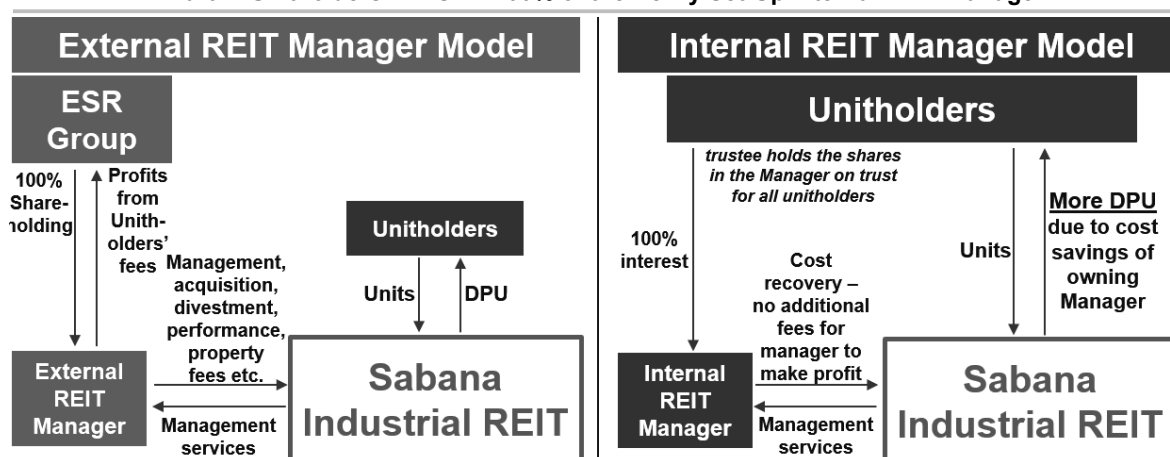
YouTube link to video: <https://youtube.com/@quartzcapital2614>

Please contact us: **+65 8684 6968** for any assistance.

HOW DO UNITHOLDERS BENEFIT FROM REPLACING THE CURRENT EXTERNAL MANAGER WITH A NEW INTERNAL MANAGER?

Unitholders are proposing to remove the current External REIT Manager (“External Manager”), Sabana Real Estate Investment Pte Ltd, and to replace it with a newly set-up Internal REIT Manager (“Internal Manager”) owned by all unitholders. This process is known as “internalization”.

Chart 1: Unitholders will Own 100% of the Newly Set-Up Internal REIT Manager



The internalization is projected to increase the dividend paid to unitholders by more than ~7.2% to S\$0.0327 per unit (~7.6% Dividend Yield¹) once the External Manager is removed.

This increase would mainly come from cost savings of about ~S\$7.25 million of fees² (of which S\$4.4 million are management fees, equivalent to ~14% of distributable income) and net profit which unitholders currently pay to the External Manager and its shareholder, ESR Group.

The removal of the External Manager will also likely eliminate all other fees such as performance, acquisition, divestment, lease and property management fees which needs to be paid by unitholders to the External Manager.

As the Internal Manager will be fully owned by and aligned with all unitholders, its sole goal will be to increase dividend growth, unit price and corporate governance for unitholders as fast as possible.

Chart 2: Profits of External Manager Eliminated with Immediate Cost Savings for Unitholders

| Name | Market Cap (S\$m) | Total Assets 2021 (S\$m) | Total Assets 2022 (S\$m) | Operating Profit Margin 2021 (%) | Average Operating Profit Margin (%) of ~64% for External REIT Managers. |
|-----------------|-------------------|--------------------------|--------------------------|----------------------------------|---|
| AIMS APAC REIT | 950 | 2,404 | 2,336 | 83.1 | Ops Profit Margin for Sabana REIT Manager is currently the lowest due to <u>paying the directors and CEO one of the highest salaries and fees among SGX-listed REITs</u> when adjusted for Sabana's Market Cap & portfolio size |
| IREIT Global | 561 | 1,589 | 1,490 | 46.0 | |
| FIRST REIT | 527 | 1,050 | 1,199 | 57.7 | |
| Elite Comm REIT | 254 | 963 | 789 | 68.5 | |
| Average | 573 | 1,501 | 1,454 | 63.8 | |
| Sabana REIT | 474 | 972 | 983 | 29.8 | |

**all dividend/income/gain from units held by REIT Managers are excluded from revenue and operating profit to ensure fair comparison*

¹ Based on unit price of S\$0.430.

² Sabana Industrial REIT Annual Report 2022

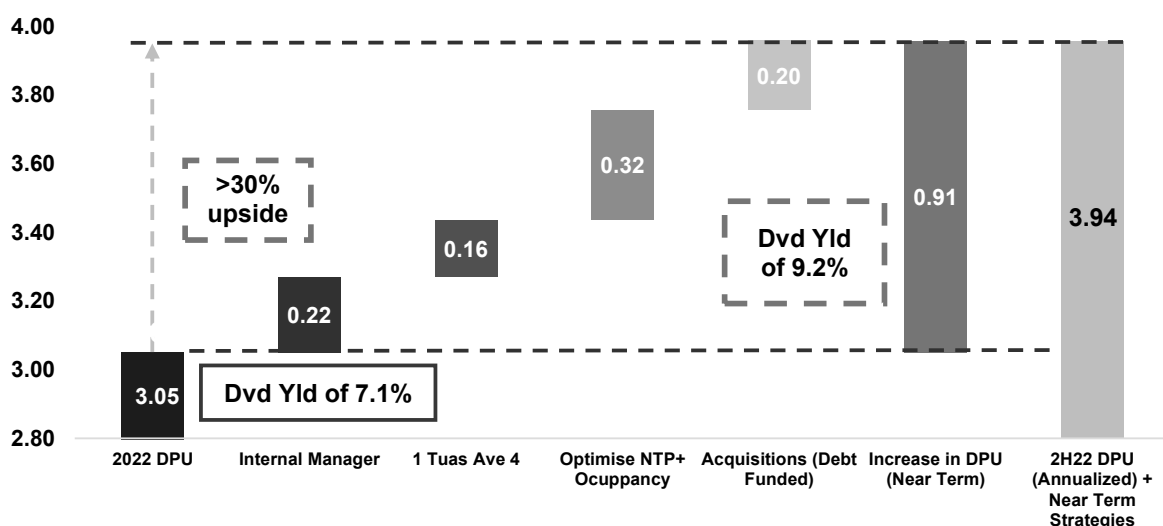
MAIN GOAL OF THE NEW INTERNAL MANAGER IS TO INCREASE DPU AND UNIT PRICE ABOVE S\$0.53 (NAV)

The new Internal Manager will be owned by and work for the benefit of all unitholders with the **sole goal of increasing dividend and unit price above S\$0.53 by quickly executing on key strategies.**

The new Internal Manager can immediately execute on the following key strategies to potentially increase DPU and unit price by ~30% to more than ~S\$0.55 (potential dividend yield of >9.2% at current price):

1. Immediate cost savings of ~S\$2.4³ million per year through the internalization of the REIT manager (Additional DPU of S\$0.0022 with upside of ~7.2%);
2. Complete the asset enhancement of 1 Tuas Ave 4 and rent out ~90% of the asset at net rent of at least S\$1.45psf/month (Additional DPU of S\$0.0017 with upside of ~5.4%);
3. Increase occupancy rate at NTP+ to ~90% by capitalizing on excellent location (next to MRT) and innovative space usage e.g., subdividing space to increase rentability to technology (software development, electronics) and E-Commerce clients (Additional DPU of S\$0.0032⁴ with upside of ~10.5%); and
4. Undertaking S\$~85m of acquisitions funded with yield of ~7.2% fully by debt (Additional DPU S\$0.002 with upside of ~6.7%).

Chart 3: Internal Manager's Execution of Key Strategies to Increase DPU by ~30%



In addition, the Internal Manager can execute other attractive and executable mid-term strategies which can potentially further drive Sabana REIT's unit price beyond S\$0.55, such as the following:

5. Develop ~200,000 square feet of new space at NTP+ (Additional DPU of S\$0.0048⁵ with upside of ~15.7%); and
6. Develop more than 1 million square feet of untapped GFA/landbank with focus on sizeable key assets such as 33&35 Penjuru Lane, 26 Loyang Drive which can be transformed into New Economy ramp up logistic hubs or data centres (Additional DPU of S\$0.0039⁶ with upside of ~12.9%).

³ Assume Internal manager's cost structure is equivalent to External Manager with Operating Profit Margin of ~55% (Average Operating Profit Margin of ~64% achieved by External Managers in Chart 2)

⁴ Assume net rent of at least ~S\$3.3/psf/month

⁵ Assume construction cost of ~\$300psf and net rent of at least ~\$3.5psf/month with occupancy rate of ~90%

⁶ Assume construction cost of ~\$180psf and net rent of at least ~\$1.4psf/month with occupancy rate of ~90%

The Internal Manager's complete execution of all the above catalysts in the short and mid-term can deliver a potential total DPU upside of almost ~60% to S\$0.0483 (potential dividend yield of ~11.2%).

IN ADDITION, THE RESOLUTION ALSO SEEKS TO EMPOWER UNITHOLDERS TO APPOINT, APPROVE AND RE-ELECT DIRECTORS TO REPRESENT THEIR INTERESTS. THIS RESULTS IN THE COMPLETE ALIGNMENT OF INTERESTS BETWEEN THE INTERNAL MANAGER AND UNITHOLDERS.

By removing the current External Manager and appointing an Internal Manager, unitholders will finally benefit from a “win-win” solution which potentially results in higher DPU, unit price and better corporate governance!

UNDERPERFORMANCE OF SABANA REIT AND THE EXTERNAL MANAGER

Sabana REIT is the only SGX-listed REIT with predominately Singapore industrial properties that is trading at a substantial discount of ~20% to its NAV of S\$0.53.

Since ESR Group took control of the REIT manager in 3Q2019, the occupancy rate of Sabana REIT has constantly been below its REIT peers as well as the JTC national average.

Sabana REIT's Dividend per unit (“DPU”) in 2H2022 has already declined by more than 7% and 8% when compared to 2H2021 and 1H2022, whereas its SGX-listed peers have either nearly flat or increasing DPUs.

Despite the favourable industrial market in 2022, occupancy rates in key buildings with higher rental rates in Sabana REIT's portfolio have fallen significantly in 4Q2022 (e.g., Frontech Centre 94%→66%, 8 Commonwealth Lane 100%→82%, 10 Changi South St 2 80%→74% and NTP+ (81%→77%).

Sabana REIT's NAV has also plummeted by ~8% from S\$0.57 in 4Q2019 to S\$0.53 in 4Q2023.

Due to these failures in maintaining occupancies, Sabana REIT's DPU and unit price are forecasted to further decline in 2023. The current performance of the REIT as described above is already costing unitholders substantial loss in terms of DPU and unit price.

If substantial unitholders have not increased their stakes over the last 2-3 years, Sabana REIT's unit price might have potentially decreased to <S\$0.40 given the worsening DPU, NAV and continuing bad performance of the External Manager

If such performance continues, this may result in a further decline of DPU and unit price, especially when measured against the NAV of S\$0.53.

Chart 4: Sabana REIT Manager has Performed the Worst Among Listed Peers

| Name | Occupancy Rate % | | | | | NAV Per Unit | Price | Premium to NAV % | Change in DPU 2H22 YoY % | Change in DPU 2H22 HoH % |
|--------------------------|------------------|------|------|------|------|--------------|-------|------------------|--------------------------|--------------------------|
| | 4Q18 | 4Q19 | 4Q20 | 4Q21 | 4Q22 | | | | | |
| JTC National Average | 89.3 | 89.2 | 89.9 | 90.2 | 89.4 | | | | | |
| AIMS APAC REIT | 93.9 | 89.4 | 95.7 | 97.6 | 97.8 | 1.35 | 1.24 | -7.9 | 11.3 | 11.6 |
| CapL Ascendas REIT (SG) | 87.3 | 87.2 | 88.4 | 90.2 | 92.1 | 2.37 | 2.69 | 13.5 | 4.3 | 0.7 |
| ESR Logos REIT | 93.0 | 90.5 | 91.0 | 93.7 | 92.7 | 0.35 | 0.32 | -8.0 | 7.5 | 5.5 |
| Mapletree Ind Trust (SG) | 87.7 | 90.5 | 92.2 | 93.7 | 96.9 | 1.85 | 2.22 | 20.0 | -3.7 | -1.9 |
| Mapletree Log Trust (SG) | 97.0 | 97.2 | 98.1 | 98.1 | 98.3 | 1.44 | 1.68 | 16.7 | 0.9 | -0.5 |
| Average of Peers | 91.8 | 91.0 | 93.1 | 94.7 | 95.6 | | | 6.8 | 4.1 | 3.1 |
| Sabana REIT | 84.4 | 75.4 | 76.5 | 85.4 | 88.2 | 0.53 | 0.43 | -18.9 | -7.0 | -8.2 |

**(SG) – occupancy rate of Singapore portfolio of the respective REITs/Trust*

Occupancy rate of Sabana REIT includes 1 Tuas Ave 4 which is vacant & under AEI. While some peer REITs/Trust exclude properties under AEI when calculating occupancy rate, these are insignificant omissions (<1.5%) vs Sabana REIT where 1 Tuas Ave 4 is ~3.8% of total GFA

Since ESR took control of Sabana REIT Manager in 3Q2019, Sabana REIT's occupancy and discount to NAV have been the worst among its S-REIT peers. Its DPU suffered the biggest decline in 2H2022

POTENTIAL CONFLICTS OF INTEREST ON THE PART OF THE EXTERNAL MANAGER

ESR Group has 100% ownership in the External Manager of Sabana REIT. Yet at the same time, ESR Group is the 99% owner of the manager of ESR Logos REIT. It is also the largest unitholder in the REIT with a 16.4% stake.

As both ESR Logos REIT and Sabana REIT primarily invest in Singapore industrial properties, ESR Group's significant ownership of the managers in both REITs results in the overlap of investment mandates which can potentially cause critical conflicts of interest issues relating to asset acquisitions, divestment, and strategic decisions between the REITs.

These potential conflicts of interest can seriously and negatively impact Sabana unitholders' unit price and DPU.

In addition, ESR Group's stake in ESR REIT at ~S\$401m⁷ is ~4.1x more than its ~S\$98m stake in Sabana REIT. ESR Logos REIT's manager also earns nearly 5 times of the management fee as compared to Sabana REIT's External Manager.

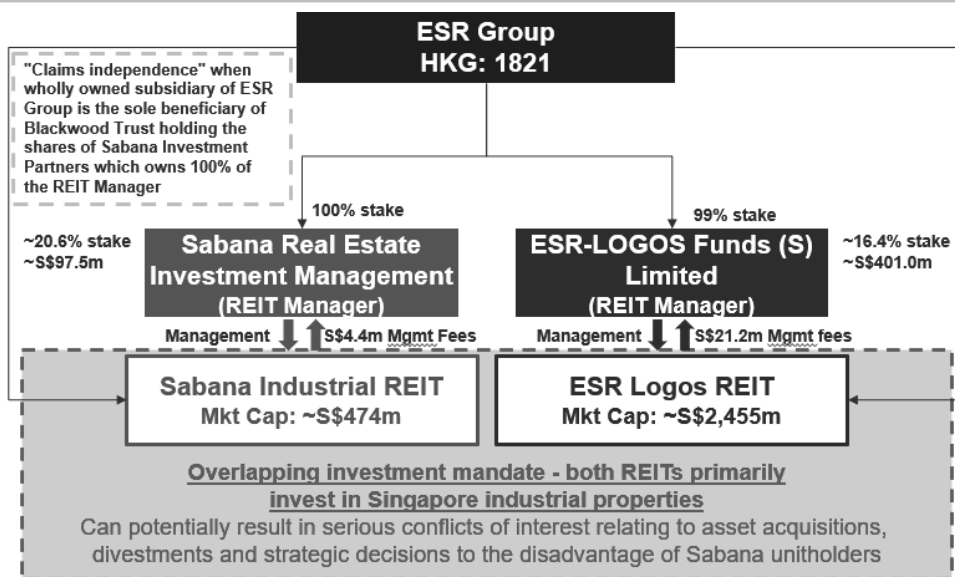
As a HK listed company with fiduciary duties towards its own investors, it is unsurprising that ESR Group would prioritise the interests of ESR Logos REIT over those of Sabana REIT which, if true, would be to the detriment of Sabana REIT unitholders.

One such example was in 2020, when Sabana REIT had been offered what was, in our view, an unexpectedly low implied price of S\$0.30⁸ to merge with ESR Logos REIT, which potentially benefited ESR Logos REIT and ESR Group at the expense of Sabana REIT unitholders.

The potential conflicts of interest and corporate governance flaws can depress Sabana REIT's DPU and unit price.

The removal of the current REIT Manager and the setup of a new Internal Manager will immediately end this issue relating to corporate governance. With an independent mandate, an Internal Manager can make strategic decisions that would serve unitholders' interests and achieve a higher DPU and unit price for unitholders.

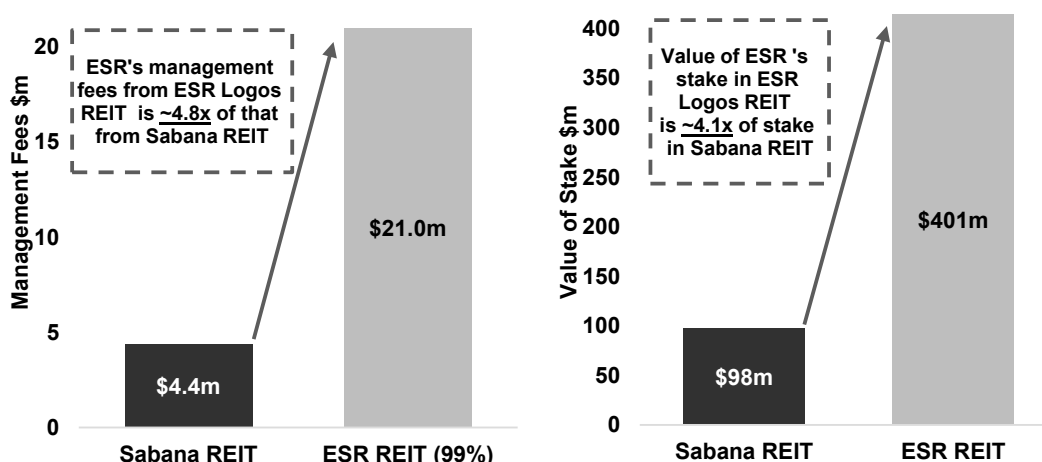
Chart 5: Overlapping Investment Mandate and Potential Conflicts of Interests due to ESR Group's ownership of Sabana and ESR Logos REIT Managers



⁷ Unit price of S\$0.32 on 5 June 2023

⁸ Merger offer of 0.94x ESR Logos REIT unit for 1 Sabana REIT unit (ESR Logos REIT unit price of S\$0.32 on 5 June 2023)

Chart 6: ESR Group's Significantly Higher Fees and Value of Stake in ESR Logos REIT



THE EXTERNAL MANAGER MODEL PRESENTS A POTENTIAL MISALIGNMENT OF INTERESTS BETWEEN THE EXTERNAL MANAGER AND UNITHOLDERS

More than ~97% and ~90% of REITs in the US and Australia with market capitalizations exceeding ~S\$1.4 trillion⁹ are managed by Internal Managers. By comparison, the Singapore-listed REIT market only started in 2002¹⁰ and has a total market capitalization of ~S\$100 billion¹¹.

As the REIT market in US and Australia have been in existence since 1970s, the general investors' sentiments backed by numerous academic studies is that the External Manager Model tends to underperform the Internal Manager Model, especially in terms of DPU and unit price.

This is because the External Manager Model suffers from a misalignment of interests between the External Manager in question and unitholders of a REIT.

While an Internal Manager works to increase the DPU and unit price of unitholders, an External Manager tends to serve the interests of its owner, namely the Sponsor, by increasing its profitability where possible.

An External Manager can increase the profitability of its Sponsor by:

- A. increasing Acquisition Fees from doing more acquisitions;
- B. increasing Management Fees by acquiring and enlarging the portfolio; or
- C. acquiring the Sponsor's properties at a profit for the Sponsor's benefit.

The External Manager could increase its fees by acquisitions, which is funded by increasing borrowings and/or doing placements and rights to raise capital from unitholders and new investors.

However, excessive acquisitions financed by borrowings and higher leverage levels can put the REIT on a weaker financial footing.

Consistent placements and rights offerings, which are often done at a discount from the market price, may cause downward pressure on the unit price.

Both such options may lower DPU and unit price and, would be in direct conflict with unitholders' interests.

Due to the above and the preference of investors towards the Internal Manager Model, many REITs in the US and Australia have converted from External to an Internal Manager Model.

⁹ NAREIT NYSE listed REITs equity market capitalization in April 2023

¹⁰ First REIT to list in Singapore was CapitalLand Mall Trust in 2002

¹¹ REITAS Overview of the S-REIT Industry

Chart 7: Misalignment of Interests between Sabana External REIT Manager and Unitholders

| Sabana REIT External Manager | New Internal REIT Manager | <p>New Internal Manager- Unitholders Are the <u>No. 1</u> Priority</p> |
|---|---|---|
| <p>Owned By ESR Group</p> <p>Works for ESR Group</p> <p>'Board' Claims it Appoints Directors and not ESR Group</p> <p>Earn Fees and Profits from Unitholders</p> <p><u>Increase Profit for ESR by:</u></p> <ul style="list-style-type: none"> • Increasing Acquisitions Fees • Increasing Management Fees • Buying Sponsor's assets at a profit for Sponsor <p>Lack Alignment of Interest with Unitholders</p> <p>Weak Corporate Governance</p> <p>Overlapping Investment Mandate</p> <p>Potential Conflicts of Interest</p> | <p>Owned by All Unitholders</p> <p>Works for the Unitholders</p> <p>Unitholders Appoint Directors</p> <p>Cost Recovery – Cost Savings Pass Back to Unitholders</p> <p><u>Increase Profit for Unitholders by:</u></p> <ul style="list-style-type: none"> • Increase in DPU (dividend) • Increase in Unit Price <p>Full Alignment of Interest with Unitholders</p> <p>Strong Corporate Governance</p> | |

EXAMPLES WHERE THE EXTERNAL REIT MANAGER MODEL HAS NEGATIVELY IMPACTED THE UNIT PRICE AND DPU OF UNITHOLDERS

Manulife US REIT, Eagle Hospitality Trust and Dasin Retail Trust are three such examples of how the misalignment of interests between an External manager and unitholders can substantially reduce unit prices by more than 80%.

As pointed out in a BT article by Ben Paul¹², the current high leverage problem at Manulife US REIT can be attributed to its External Manager's persistence in acquiring properties despite the already high leverage of 41% in 2021. Since its IPO in May 2016¹³, the External REIT Manager has collected more than S\$80m¹⁴ of management, performance, and acquisitions fees from unitholders. This is while unitholders suffered a plunge of ~80%¹⁵ in their unit price.

Despite the distressed situation which the REIT is currently in, its External Manager, instead of supporting the REIT, is now currently in discussion with Mirae to enable the sponsor and the External manager's owner to cash out at a substantial profit.

Over at Eagle Hospitality Trust, the sponsor who owned the External Manager injected their hotel assets into the REIT at inflated valuations through the usage of master leases with the sponsor.

The sponsor subsequently defaulted on these master leases, which resulted in financial distress to the REIT and it was eventually wound up.

While unitholders' investments were completely wiped out, the sponsor and the owner of the manager of Eagle Hospital Trust benefited from monies used to purchase the properties even though the REIT closed down.

At Dasin Retail Trust ("DRT"), Mr. Zhang Zhencheng, a minority shareholder of DRT's trustee-manager, and major unitholder of DRT filed a claim in the High Court against the lead independent director of the DRT's External Manager. Zhang alleged that the lead independent director pushed for a legally binding MOU which required DRT to buy assets in China from the foreign seller. This is when the REIT is potentially

¹² Paul, Ben. "Manulife US Reit's manager and sponsor group need to deliver real value rather than just words" Business Times, 13 Feb 2023

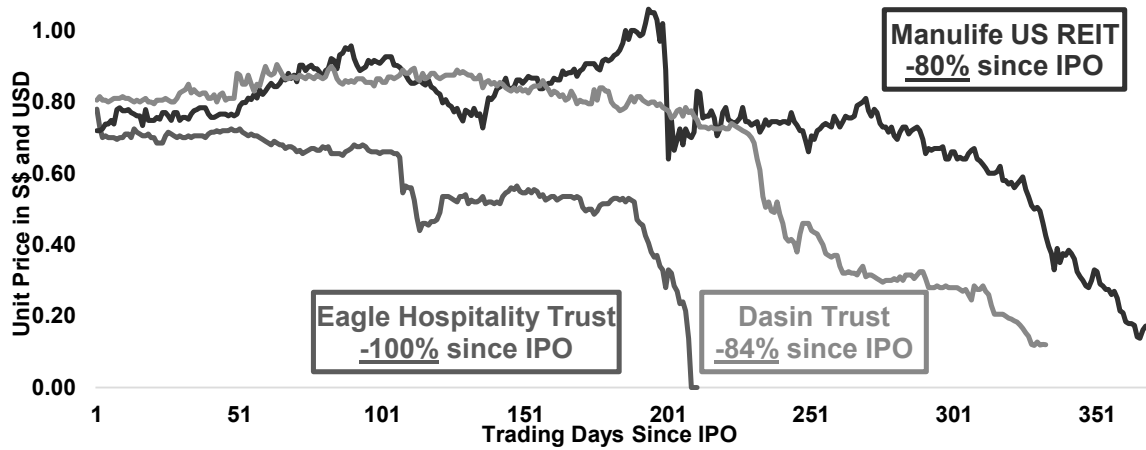
¹³ Manulife US REIT IPO price of USD0.83 per unit

¹⁴ USD61.6million of acquisition, management and performance fees from unitholders, annual reports 2016-2022

¹⁵ Unit price of USD0.17 on 5 June 2023

in distress with the unit price collapsing by more than 80%¹⁶ since IPO and should be disposing assets to repay bank loans.

Chart 8: Examples of REITs Badly Managed with External REIT Manager Model



SUCCESSFUL EXAMPLES OF THE INTERNAL MANAGER MODEL IN SINGAPORE

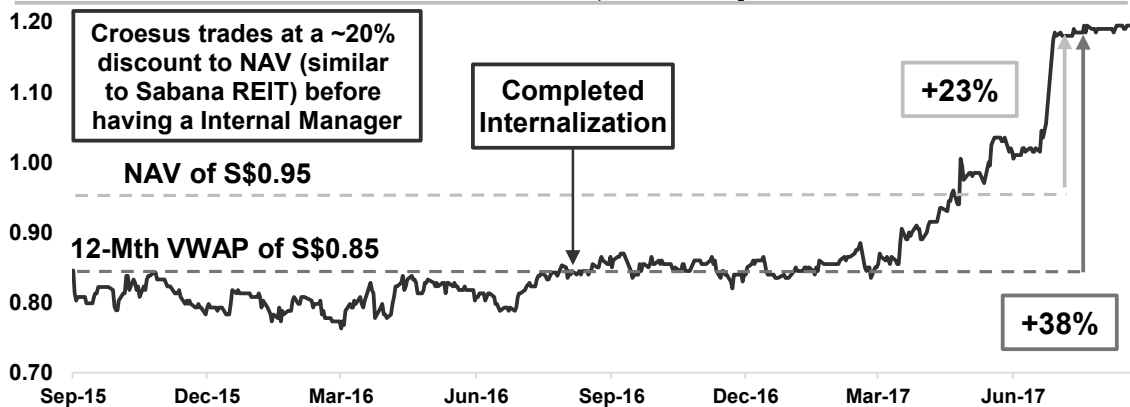
Similar to Sabana REIT, Croesus Retail Trust’s unit price had consistently traded at a sharp discount of ~20% to its book value of ~S\$0.95 prior to their internalisation.

Croesus Retail Trust conducted the internalization of its manager in August 2016 to align the manager’s interest with its unitholders and to increase DPU, unit price and corporate governance.

Croesus Retail Trust saw its 4Q2017 (Quarter end June 2017) DPU increase by more than 18% year-on-year as its internal manager worked hard to increase rental income and reduce interest cost.

In less than 10 months after the manager was internalized, Croesus Retail Trust sold itself to Blackstone at a premium of ~23% to its book value and a premium of ~38% to its VWAP in the last 12 months.

Chart 9: 10 Months After Croesus Internalization, Takeover by Blackstone at 23% above NAV

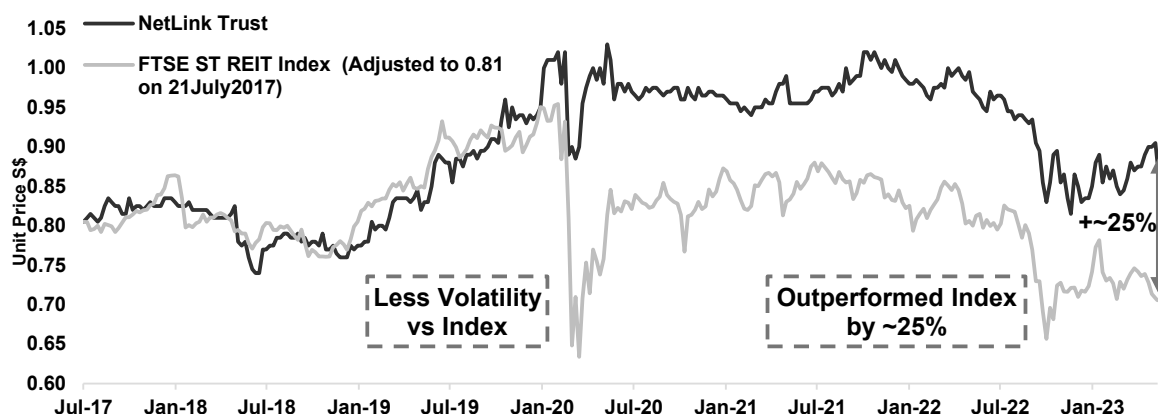


Another example is NetLink Trust, which also has an internal Trust Manager since its IPO. NetLink Trust has outperformed the benchmark FTSE ST REIT Index by more than 25% and has also successfully grown DPU without any need for acquisitions and with low net gearing level of ~20%.

¹⁶ Unit price of S\$0.127 on 5 June 2023 and IPO price of S\$0.80

The Trust has been ranked No. 1 in ASEAN Corporate Governance Scorecard as well as the Governance Index for Trusts.

Chart 9: NetLink Trust has Outperformed Benchmark Index (All with External Managers)



ARE THE RISKS REGARDING THE CHANGE OF CONTROL PROVISIONS AND THE BANK LOAN “REAL”?

The current External Manager, in its desperation to make unitholders continue paying fees, may resort to ‘scare tactics’ such as ‘change of control provisions’ to preserve its own interest.

This is despite the Internal Manager being able to deliver dividend and unit price upside to unitholders fairly quickly in the near future.

Sabana REIT’s leverage, at only 33.1%, is the 6th lowest leverage level among ~40 SGX-listed REITs. With the low leverage, it would take Sabana REIT less than 6 years to pay off the entire loan from Sabana’s net property income (“NPI”). In comparison, it will take Keppel and Suntec REIT more than 11 years to pay off its entire loan from NPI¹⁷.

Chart 10: Sabana REIT has the 6th Lowest Leverage Among SGX-listed REITs

| SGX REITs with Lowest Leverage | | | | SGX REITs with Highest Leverage | | | |
|--------------------------------|--------------------------|--------------|---------------------|---------------------------------|-------------------------|--------------|---------------------|
| Rank | Name | Leverage (%) | Fixed Rate Debt (%) | Rank | Name | Leverage (%) | Fixed Rate Debt (%) |
| 1 | Sasseur REIT | 25.7 | 77.2 | 33 | Mapletree PanAsia Trust | 40.9 | 75.5 |
| 2 | Fraser Log Trust | 27.8 | 76.2 | 34 | CapLand Int Trust | 40.9 | 77.0 |
| 3 | Paragon REIT | 29.8 | 84.0 | 35 | ESR Logos REIT | 41.6 | 72.7 |
| 4 | Far East Hosp Trust | 32.0 | 47.3 | 36 | Suntec REIT | 42.8 | 72.0 |
| 5 | IREIT Global | 32.3 | 96.9 | 37 | Lippo Malls | 42.9 | 38.7 |
| 6 | Sabana REIT | 33.1 | 82.8 | 38 | Prime US REIT | 43.7 | 79.0 |
| 7 | Digital Core | 34.4 | 74.0 | 39 | Elite Comm REIT | 46.6 | 68.0 |
| 8 | Fraser Hospitality Trust | 35.2 | 86.5 | 40 | Manulife US REIT | 49.5 | 80.2 |

**Leverage in 1Q2023*

The loans are backed by strong rental income from its property portfolio which is entirely in Singapore.

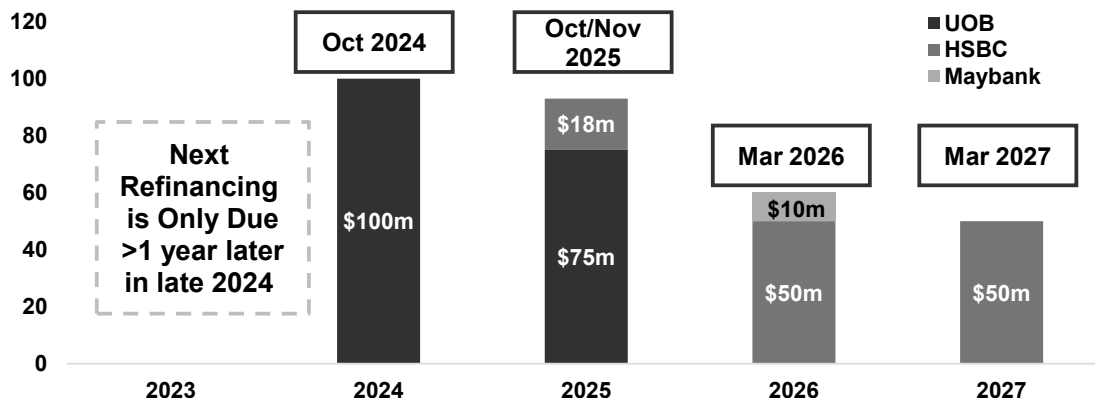
Singapore is a highly transparent and attractive market with a substantial number of institutional investors and sovereign funds looking to invest in attractive and high yielding industrial assets with similar attributes to properties owned by Sabana REIT.

¹⁷ 2022 Annual Reports of Suntec REIT and Keppel REIT

All these further improve the high-quality collateral of Sabana REIT to UOB, HSBC and Maybank, which are the Trust's main financiers.

As such, we are highly confident that Sabana REIT's current financiers which strongly uphold ESG (Environmental Social and Corporate Governance), will choose to support good corporate governance and ~10,000 Sabana REIT unitholders (many of whom are Singaporeans and also their clients) over an External Manager, especially if the latter is removed by unitholders via the EGM due to potential corporate governance concerns and conflicts of interest.

Chart 11: Sabana REIT's Leverage is only 33.1% with Next Refinancing More Than 1 Year Later



Once an Internal Manager is appointed that solely focuses on quickly improving occupancy rate and dividend per unit above all else, this will be a win-win for the banks as they will be supporting a REIT with an even stronger portfolio and cashflow.

ESR GROUP IS THE “BIGGEST LOSER” IF A CHANGE OF CONTROL PROVISION PROBLEM OCCURS

If the “threat” of the change of control provision materializes, ESR Group, as the largest unitholder with a ~21% stake (valued at ~S\$98million), would be the biggest loser as they have more than ~S\$130million at risk including the Sabana External Manager.

The potential loss of Sabana REIT Manager will also cast serious doubts on ESR Group's entire REIT management business model where it and its associates own more than 13 REIT Managers.

It may also potentially result in ESR Group 'ESG hungry' capital partners such as GIC, OMERS and APG to reconsider and/or stop new and existing investments with the firm given the negative corporate governance implications.

This can potentially result in the further substantial loss of ESR Group's market capitalization and valuation. ESR Group's share price has already collapsed nearly -30% and -55% since its IPO and late 2021¹⁸.

If ESR's share price was to correct severely due to the above, it could expose the board of directors to potential lawsuits from its shareholders.

¹⁸ ESR Group's share price of HKD11.94 on 5th of June 2023, IPO price of HKD16.8 and 31st Dec 2021 price of HKD 26.35

RETAINING EXISTING STAFF AND HIRING BEST CANDIDATES IN THE MARKET

Once unitholders cease all payment of fees to Sabana's External Manager, it is very likely that the External Manager will have to terminate most of its employees. This is as 100% of all revenue and profits of the External Manager are contributed by Sabana REIT and unitholders.

The new Internal Manager welcomes all management and staffs who prioritise the interest of and are aligned with unitholders to join the refreshed team.

In addition, Singapore is the 3rd largest listed REIT market in Asia Pacific with a ready and deep talent pool of professionals. The ongoing consolidation in the SGX-listed REIT market with more than 10 mergers and the privatization acquisitions in the SGX-listed REIT space over the last 7 years have resulted in highly qualified personnel being let go due to duplicity, despite their substantial REIT expertise.

We look forward to the new Internal Manager hiring the best and the brightest from this strong talent pool, complemented by hires from the old External Manager, so that it is best placed to achieve the goal of increasing DPU and unit price with a target of at least S\$0.53.

UPHOLDING HIGH STANDARDS OF CORPORATE GOVERNANCE VIA INTERNALIZATION

The MAS has previously affirmed that "high standards of corporate governance, characterised by strong accountability and transparency, are critical in upholding investor confidence in our Singapore's capital markets".

ESR Group has had nearly 4 years to resolve the potentially critical overlapping investment mandate which leads to conflicts of interest issues.

However, they seem to have shown little to no interest in resolving these issues besides a 'lowball' merger offer from ESR Logos REIT at an implied price of S\$0.30¹⁹ which is at a ~42% discount to the NAV of Sabana REIT then.

The External Manager's board of directors actively promoted the offer to the benefit of ESR Group and ESR Logos REIT despite its hugely negative impact on Sabana REIT unitholders.

The External Manager then passed on the entire cost of the failed merger to unitholders. This is despite unitholders already publicly informing the Manager that the transaction will be overwhelmingly voted down by unitholders due to its inferior price.

In April 2022, the board of the External Manager attempted to appoint Mr Charlie Chan as an 'independent director' despite him receiving a substantial premium of ~S\$22 million over market price from ESR Group. This appointment was rejected by more than 77% of unitholders at the AGM.

Additionally, in April 2023, even though about 90% of all unitholders at the AGM rejected the endorsement of Ms Elaine Lim, instead of respecting the votes of unitholders and upholding corporate governance, the board of the External Manager decided to go through a convoluted process of appointing her as a 'non independent director'.

The internalization of the Sabana REIT Manager will once and for all resolve the above corporate governance issues. It will also substantially improve accountability and corporate governance at Sabana REIT.

The regulators, by supporting this Internalization proposal, may also clearly demonstrate to existing External Managers of REITs listed on SGX that actions which damage unitholders' interest and confidence

¹⁹ Merger offer of 0.94 ESR Logos REIT unit for 1 Sabana REIT unit. Assuming ESR Logos REIT price of S\$0.32 as of 5th June 2023.

of investors, as well as lower the corporate governance standards and the reputation of Singapore's financial market, will no longer be tolerated.

We are confident that MAS and SGX RegCo will safeguard the interest of unitholders' interest and act swiftly if the board and the owner of the Sabana REIT's External Manager were to prioritise the interest of ESR Group and protect the value of their stake in the Manager over those of independent unitholders.

VOTE FOR THE REMOVAL OF THE CURRENT EXTERNAL MANAGER

**VOTE FOR THE SETUP OF A NEW INTERNAL MANAGER THAT IS
ALIGNED WITH ALL UNITHOLDERS' INTERESTS TO INCREASE DPU,
UNIT PRICE AND CORPORATE GOVERNANCE**

**Increase Sabana REIT's DPU, Unit Price and
Corporate Governance through:
VOTE FOR the Removal of The Current Manager
VOTE FOR the Setup of An Internal Manager**

This presentation is a research report and is for informational purposes only. Opinions expressed are solely those of Quarz Capital and this is not a recommendation to purchase securities discussed herein. This presentation is confidential and may not be reproduced or distributed without the expressed consent of Quarz Capital. Please refer to the next slide for additional disclosures.



**Quarz Capital
LEGAL DISCLAIMER**

DISCLAIMER

As of the publication date of this report, Quarz Capital and its affiliates (collectively "Quarz"), others that contributed research to this report and others that we have shared our research with (collectively, the "Authors") have long positions in and own options on the stock of the company covered herein (Sabana Industrial REIT) and stand to realize gains in the event that the price of the stock increases. Following publication of the report, the Authors may transact in the securities of the company covered herein. All content in this report represent the opinions of Quarz. The Authors have obtained all information herein from sources they believe to be accurate and reliable. However, such information is presented "as is", without warranty of any kind – whether express or implied. The Authors make no representation, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results obtained from its use. All expressions of opinion are subject to change without notice, and the Authors do not undertake to update or supplement this report or any information contained herein.

This document is for informational purposes only and it is not intended as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. The information included in this document is based upon selected public market data and reflects prevailing conditions and the Authors' views as of this date, all of which are accordingly subject to change. The Authors' opinions and estimates constitute a best efforts judgment and should be regarded as indicative, preliminary and for illustrative purposes only.

Any investment involves substantial risks, including, but not limited to, pricing volatility, inadequate liquidity, and the potential complete loss of principal. This report's estimated fundamental value only represents a best efforts estimate of the potential fundamental valuation of a specific security, and is not expressed as, or implied as, assessments of the quality of a security, a summary of past performance, or an actionable investment strategy for an investor.

This document does not in any way constitute an offer or solicitation of an offer to buy or sell any investment, security, or commodity discussed herein or of any of the affiliates of the Authors. Also, this document does not in any way constitute an offer or solicitation of an offer to buy or sell any security in any jurisdiction in which such an offer would be unlawful under the securities laws of such jurisdiction. To the best of the Authors' abilities and beliefs, all information contained herein is accurate and reliable. The Authors reserve the rights for their affiliates, officers, and employees to hold cash or derivative positions in any company discussed in this document at any time. As of the original publication date of this document, investors should assume that the Authors are long units of Sabana Industrial REIT and have positions in financial derivatives that reference this security and stand to potentially realize gains in the event that the market valuation of the company's common equity is higher than prior to the original publication date. These affiliates, officers, and individuals shall have no obligation to inform any investor about their historical, current, and future trading activities. In addition, the Authors may benefit from any change in the valuation of any other companies, securities, or commodities discussed in this document. Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of the Authors' operations and their affiliates. The compensation structure for the Authors' analysts is generally a derivative of their effectiveness in generating and communicating new investment ideas and the performance of recommended strategies for the Authors. This could represent a potential conflict of interest in the statements and opinions in the Authors' documents.

The information contained in this document may include, or incorporate by reference, forward-looking statements, which would include any statements that are not statements of historical fact. Any or all of the Authors' forward-looking assumptions, expectations, projections, intentions or beliefs about future events may turn out to be wrong. These forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors, most of which are beyond the Authors' control. Investors should conduct independent due diligence, with assistance from professional financial, legal and tax experts, on all securities, companies, and commodities discussed in this document and develop a stand-alone judgment of the relevant markets prior to making any investment decision.

**VOTE FOR the below resolutions at EGM**

| ORDINARY RESOLUTIONS | | FOR | AGAINST |
|-----------------------------|---|------------|----------------|
| 1 | That Sabana Real Estate Investment Management Pte. Ltd. be removed as the manager of Sabana Industrial REIT as soon as practicable after this resolution is passed | ✓ | |
| 2 | That the Trustee of Sabana Industrial REIT, HSBC Institutional Trust Services (Singapore) Limited, be directed to: <ul style="list-style-type: none"> i. effect the internalization of the REIT Management function by incorporating a subsidiary ("Internal Manager") wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT (the "Management Subsidiary"); ii. hire and appoint qualified candidates as directors and staff of the Internal Manager in accordance with the applicable requirements of the <i>Securities and Futures Act 2001</i>; iii. consider the retention of Sabana REIT's existing staff in order to maintain the continuity of Sabana REIT's operations; iv. amend the provisions of the Deed such that each director of the Internal Manager may be appointed and/or removed by a simple majority of unitholders; v. amend the provisions of the Deed such that each director of the Internal Manager must be endorsed or re-endorsed by unitholders at every 3rd annual general meeting of Sabana REIT; and vi. amend the provisions of the Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of unitholders. | ✓ | |

3

**Join to receive updates and information**

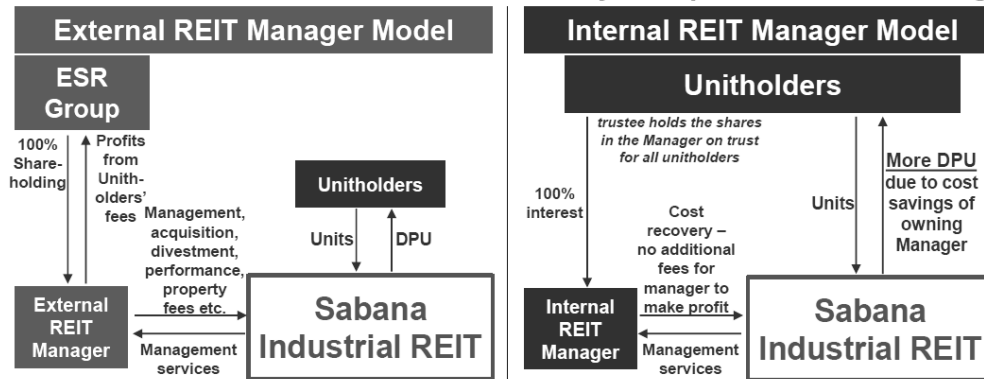
| Join to receive information on how to take action and vote to improve the DPU, unit price and corporate governance at Sabana REIT | |
|--|---|
| Register at website | WWW.SAVESABANAREIT.COM |
| Join Telegram Group | https://t.me/savesabanareit |
| Zoom Webinars Timings, Links and ID | Thursday 6th of July 2023 at 8.00pm https://us02web.zoom.us/j/88970799227 (meeting ID 889 7079 922) |
| Youtube Video | https://youtube.com/@quarzcapital2614 |
| Contact No. | +65 8684 6968 |

4



Benefits and upside from internalization – (1/2)

Unitholders will own 100% of the newly set-up Internal REIT Manager



Unitholders are proposing to remove the current External REIT Manager (“External Manager”) and to replace it with a newly set-up Internal REIT Manager (“Internal Manager”) owned by all unitholders (referred to as “internalization”)

DPU will increase mainly from cost savings of eliminating ~\$7.25 million of fees (\$4.4 million management fees, ~14% of distributable income) and net profit which unitholders currently pay to the External Manager owned by ESR

Removal of the External Manager will also eliminate all other fees (e.g. performance, acquisition, divestment, lease and management fees) paid by unitholders to the External Manager.

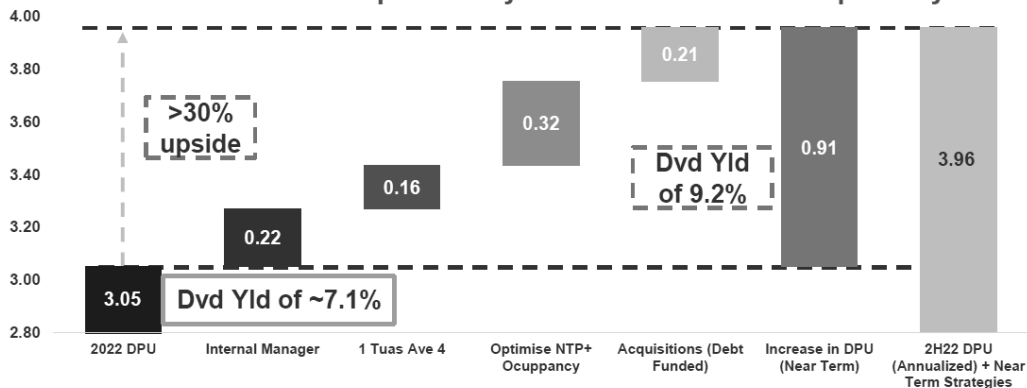
The internalization is projected to increase the DPU to unitholders by more than ~7.2% to S\$0.0327 per unit (~7.6% Dividend Yield) once the External Manager is removed.

5



Benefits and upside from internalization – (2/2)

Internalization can potentially increase DPU and unit price by ~30%



1. Cost savings of ~\$2.4million p.a. through elimination of fees charged by current manager (+DPU of S\$0.0022, upside of ~7.2%)
2. Complete the asset enhancement of 1 Tuas Ave 4 and rent out 90% of the asset at net rent of S\$1.45psf/mth (+DPU of S\$0.0017, upside of ~5.4%)
3. Increase occupancy rate at NTP+ to ~90% through innovative space usage (+DPU of S\$0.0032, upside of ~10.5%)
4. Undertaking ~ S\$85m of acquisition funded with yield of 7.2% fully by debt (+DPU of S\$0.002, upside of ~6.7%)

Cost savings & Internal Manager’s prompt execution of key strategies can potentially increase DPU and unit price by ~30% to more than ~S\$0.55 (potential dividend yield of >9.2%).

6



Current Manager Should Be Removed

Sabana External REIT Manager is the worst performing among peers

| Name | Occupancy Rate % | | | | | NAV Per Unit | Price | Premium to NAV % | Change in DPU 2H22 YoY % | Change in DPU 2H22 HoH % |
|--------------------------|------------------|------|------|------|------|--------------|-------|------------------|--------------------------|--------------------------|
| | 4Q18 | 4Q19 | 4Q20 | 4Q21 | 4Q22 | | | | | |
| JTC National Average | 89.3 | 89.2 | 89.9 | 90.2 | 89.4 | | | | | |
| AIMS APAC REIT | 93.9 | 89.4 | 95.7 | 97.6 | 97.8 | 1.35 | 1.24 | -7.9 | 11.3 | 11.6 |
| CapL Ascendas REIT (SG) | 87.3 | 87.2 | 88.4 | 90.2 | 92.1 | 2.37 | 2.69 | 13.5 | 4.3 | 0.7 |
| ESR Logos REIT | 93.0 | 90.5 | 91.0 | 93.7 | 92.7 | 0.35 | 0.32 | -8.0 | 7.5 | 5.5 |
| Mapletree Ind Trust (SG) | 87.7 | 90.5 | 92.2 | 93.7 | 96.9 | 1.85 | 2.22 | 20.0 | -3.7 | -1.9 |
| Mapletree Log Trust (SG) | 97.0 | 97.2 | 98.1 | 98.1 | 98.3 | 1.44 | 1.68 | 16.7 | 0.9 | -0.5 |
| Average of Peers | 91.8 | 91.0 | 93.1 | 94.7 | 95.6 | | | 6.8 | 4.1 | 3.1 |
| Sabana REIT | 84.4 | 75.4 | 76.5 | 85.4 | 88.2 | 0.53 | 0.43 | -18.9 | -7.0 | -8.2 |

Since ESR took over Sabana External Manager in 3Q2019, Sabana REIT's occupancy rate & discount to NAV at -19% has been the worst among its listed S-REIT peers

NAV per unit fell ~8% from S\$0.57 in 2019 to S\$0.53, 2H2022 DPU suffered largest YoY/HoH decline

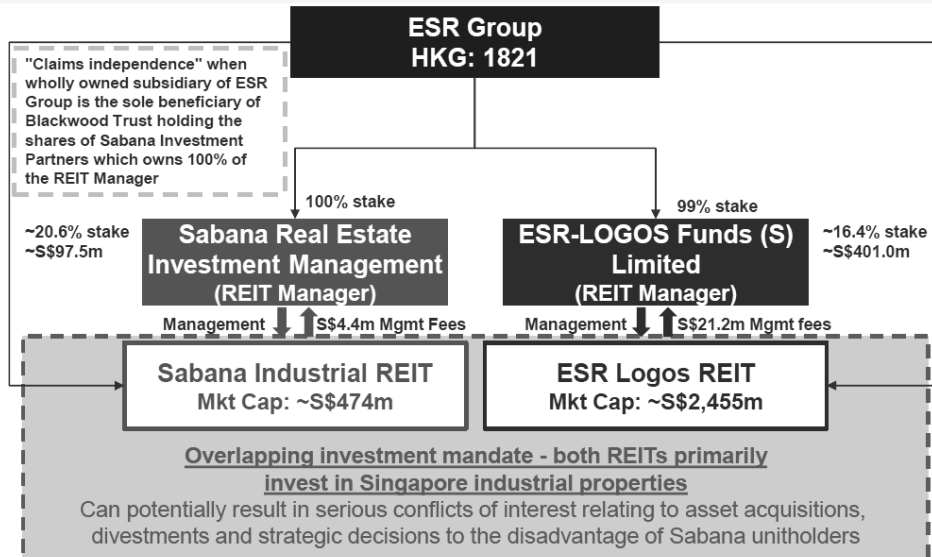
Occupancy rate in key assets plummeted in 4Q2022: Frontech Centre 94%→66%, 8 Commonwealth Lane 100%→82%, 10 Changi South St 2 80%→74% and NTP+ (81%→77%)

If substantial unitholders did not increase their stakes, Sabana REIT unit price could have potentially decreased to <S\$0.40 given the worsening performance of the External Manager

*(SG) – occupancy rate of Singapore portfolio of the respective REITs/Trust
Occupancy rate of Sabana REIT includes 1 Tuas Ave 4 which is vacant & under AEI. While some peer REITs/Trust exclude properties under AEI when calculating occupancy rate, these are insignificant omissions (<1.5%) vs Sabana REIT where 1 Tuas Ave 4 is ~3.8% of total GFA



Current manager continues to underperform – (1/2)



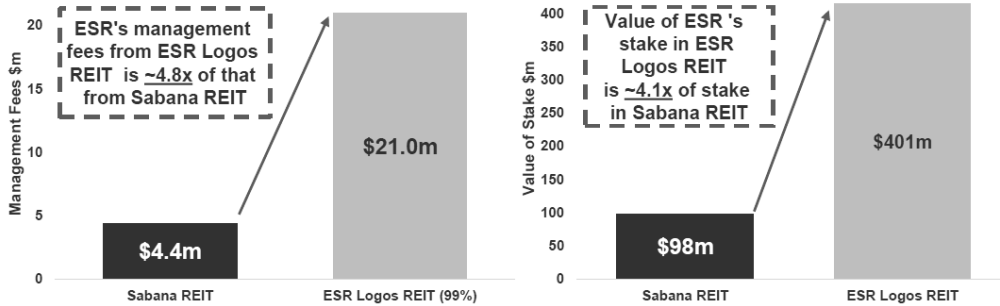
After nearly ~4 years, ESR Group continues to show **ZERO INTEREST** in resolving the potential serious conflicts of interest issues which can depress Sabana unitholders' DPU and unit price

* Management fees from ESR Logos REIT and Sabana REIT 2022 Annual Reports



Current manager continues to underperform – (2/2)

ESR Group prioritizing ESR Logos REIT due to larger stake and fees?



ESR Group's management fees and value of its stake in ESR Logos REIT is ~4.8x and ~4.1x larger than its management fees and value of stake in Sabana REIT

As a Hong Kong listed company with fiduciary duties towards its investors, ESR Group will potentially prioritize ESR Logos REIT over Sabana REIT due to the above

This could be seen in 2020 when the directors of the External Manager of Sabana REIT recommended a lowball merger at implied price of S\$0.30 a discount of >40% to NAV

Offer was potentially beneficial to ESR REIT & ESR and disadvantageous to Sabana unitholders

As a result of the above corporate governance flaws, Sabana REIT's DPU and unit price can continue to potentially stay depressed or even fall further

* Management fees from ESR Logos REIT and Sabana REIT 2022 Annual Reports, merger offer of 0.94x ESR Logos REIT (current price of S\$0.32) unit for 1 Sabana REIT Unit. ESR Logos REIT unit price of S\$0.32 on 5 June 2023

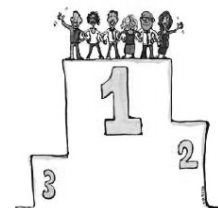


Misalignment of interest of Sabana External Manager

Misalignment of interests between External Manager and unitholders?

| Sabana REIT External Manager | New Internal REIT Manager |
|---|--|
| Owned By ESR Group | Owned by All Unitholders |
| Works for ESR Group | Works for the Unitholders |
| 'Board' Claims it Appoints Directors and not ESR Group | Unitholders Appoint Directors |
| Earn Fees and Profits from Unitholders | Cost Recovery – Cost Savings Pass Back to Unitholders |
| <u>Increase Profit for ESR by:</u> | <u>Increase Profit for Unitholders by:</u> |
| <ul style="list-style-type: none"> Increasing Acquisitions Fees Increasing Management Fees Buying Sponsor's assets at a profit for Sponsor | <ul style="list-style-type: none"> Increase in DPU (dividend) Increase in Unit Price |
| Lack Alignment of Interest with Unitholders | Full Alignment of Interest with Unitholders |
| Weak Corporate Governance | Strong Corporate Governance |
| Overlapping Investment Mandate | |
| Potential Conflicts of Interest | |

**New Internal Manager-
Unitholders Are the
No. 1 Priority**

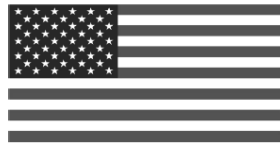


The replacement of the ESR Group owned External Manager by an Internal Manager will resolve the potential corporate governance flaws and can potentially result in higher DPU and unit price to Sabana unitholders in the future



Internally managed REITs - the norm

Internally managed REIT is the norm in developed REIT markets



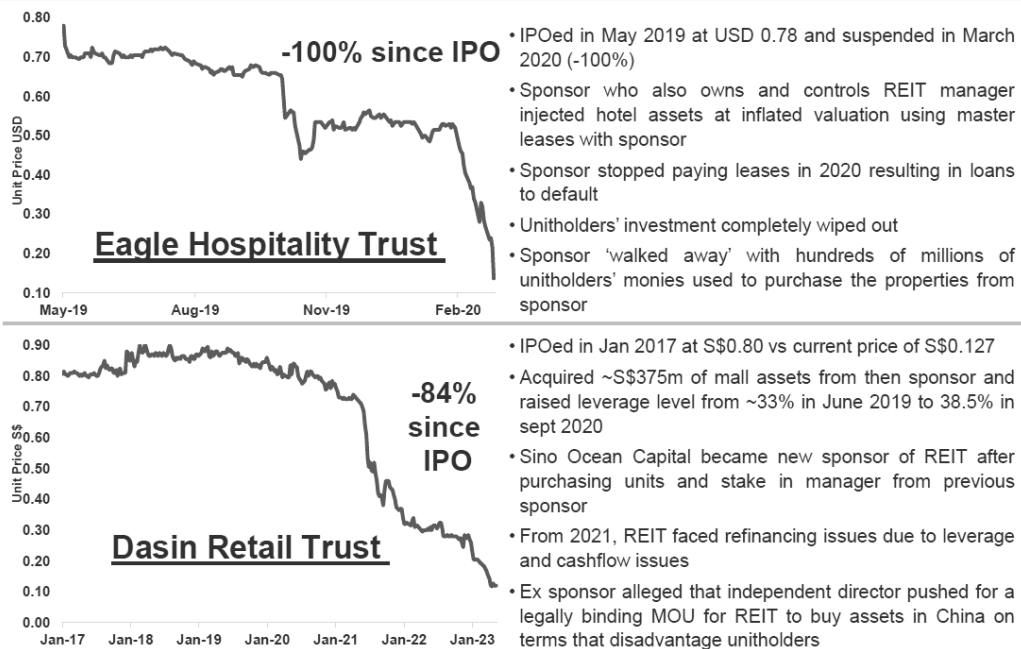
- Market capitalization of REIT sector in US and Australia (“AU”) exceeds ~\$1.4 trillion vs (~\$100 billion for Singapore), REIT markets in existence since 1970s vs 2002 in Singapore
- ~97% and ~90% of REITs in US and AU managed by internal managers
- While Internal Managers works to increase the DPU and unit price of unitholders, External Managers also works for its owner, the sponsor, by increasing its profitability where possible.
- **An External Manager can increase the profitability of its sponsor by:**
 - A. Increasing acquisition fees from doing more acquisitions;
 - B. Increasing management fees by acquiring and enlarging the portfolio; and/or
 - C. Acquiring the sponsor’s properties at a profit for the sponsor’s benefit

Unitholders in Australia and US have strong preference for Internal Manager Model due to its complete alignment of interests with unitholders, better performance and stronger corporate governance

As such, most of the REITs converted to the Internal Manager Model to benefit unitholders



External REIT managers performing badly – (1/2)



*Unit prices as of 1 June 2023



External REIT Managers performing badly – (2/2)



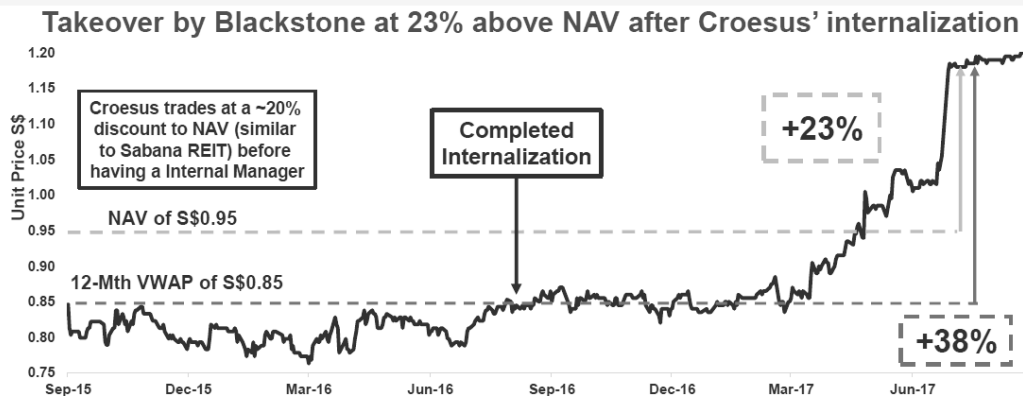
- IPOed in May 2016 at USD 0.83 vs current price of USD 0.170 (-80%)
- Sponsor sold more than ~USD 1.4billion of assets to the REIT
- External Manager also collected more than ~S\$80million of fees from unitholders since IPO.
- Despite already high leverage of ~41% in 2021, External Manager continued acquiring assets
- When unit price collapsed in 2022, sponsor started discussion with Mirae to sell External REIT Manager at a potentially substantial profit

Manulife US REIT, Eagle Hospitality Trust and Dasin Retail Trust are three examples of how misaligned interests between External Managers and unitholders can substantially negatively impact unit prices and DPU

Unit prices as of 1 June 2023



Successful examples of Internal Managers – (1/2)

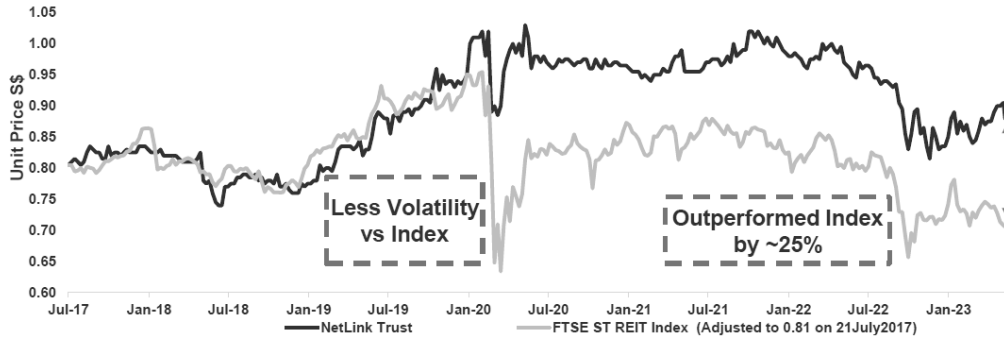


- Croesus Retail Trust's unit price had consistently traded at a sharp discount of 20% to its book value of ~S\$0.95 (similar to the situation at Sabana REIT)
- Trust conducted the internalization of its manager in August 2016 to align the manager's interest with unitholders and focus on increasing DPU, unit price and corporate governance
- DPU increase by more than 15% YoY in 3Q2017 as the Internal Manager worked hard to reduce interest cost by 12% to 1.69% and increase rental income
- In less than 10 months after the manager was internalized, Croesus Trust sold itself to Blackstone at a premium of ~23% to its book value and a premium of ~38% to its VWAP in the last 12 months



Successful examples of Internal Managers – (2/2)

NetLink Trust has outperformed its benchmark index by 25% since IPO



- NetLink Trust has delivered a total return (including dividend) of 44% since IPO
- DPU increased by ~8% without any need for acquisitions
- Unit price has outperformed index (REITs/Trusts with External Managers) with low net gearing of ~20%
- Complete alignment of interest with unitholders
- Best in class corporate governance – appointment and re-election of directors (every 3 years) are all subjected to unitholders' approval
- Ranked No 1 in ASEAN Corporate Governance Scorecard, Governance Index for Trusts

15



Fabricated "scare tactics" – (1/2)

Sabana REIT has the 6th lowest leverage among SGX-listed REITs

| SGX REITs with Lowest Leverage | | | | SGX REITs with Highest Leverage | | | |
|--------------------------------|--------------------------|--------------|---------------------|---------------------------------|-------------------------|--------------|---------------------|
| Rank | Name | Leverage (%) | Fixed Rate Debt (%) | Rank | Name | Leverage (%) | Fixed Rate Debt (%) |
| 1 | Sasseur REIT | 25.7 | 77.2 | 33 | Mapletree PanAsia Trust | 40.9 | 75.5 |
| 2 | Fraser Log Trust | 27.8 | 76.2 | 34 | CapLand Int Trust | 40.9 | 77.0 |
| 3 | Paragon REIT | 29.8 | 84.0 | 35 | ESR Logos REIT | 41.6 | 72.7 |
| 4 | Far East Hosp Trust | 32.0 | 47.3 | 36 | Suntec REIT | 42.8 | 72.0 |
| 5 | IREIT Global | 32.3 | 96.9 | 37 | Lippo Malls | 42.9 | 38.7 |
| 6 | Sabana REIT | 33.1 | 82.8 | 38 | Prime US REIT | 43.7 | 79.0 |
| 7 | Digital Core | 34.4 | 74.0 | 39 | Elite Comm REIT | 46.6 | 68.0 |
| 8 | Fraser Hospitality Trust | 35.2 | 86.5 | 40 | Manulife US REIT | 49.5 | 80.2 |

*Leverage in 1Q2023

- External Manager might use "change of control provisions" as "scare tactics" to make unitholders continue paying fees (manager can generate profit for ESR Group, CEO and directors can continue to be paid one of the highest salaries and fees among SGX-listed REITs)
- Sabana has the 6th lowest leverage and strong cashflow - takes less than 6 years to pay off its entire loan from Net property income (vs >11 years for Keppel and Suntec REITs)
- Property portfolio entirely in Singapore –transparent, stable and attractive market where institutional investors/sovereigns fund are looking to invest in attractive and high yielding industrial properties

Sabana REIT's low leverage is backed by its strong cashflow (<6 years to pay off loan from property income) and high quality "Singapore only" property portfolio

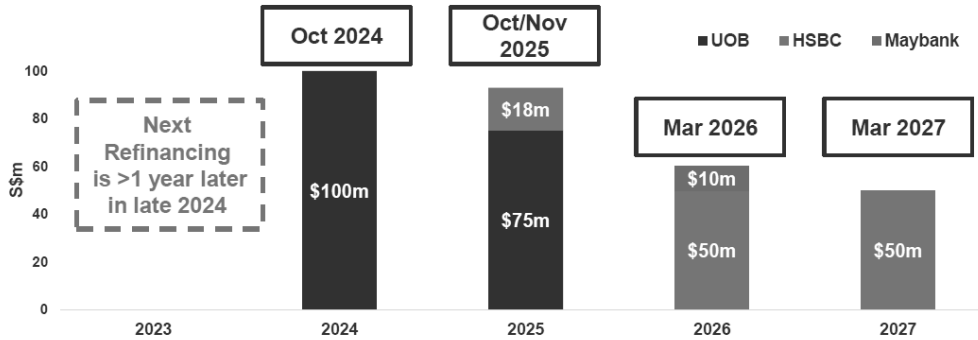
*as of 31st March 2023

16



Fabricated "scare tactics" – (2/2)

Leverage of only 33.1% with next refinancing >1 year later



- Internal Manager will focus on quickly improving occupancy rate and dividend per unit above all else
- Win-Win for main financiers as they will be supporting a REIT with even stronger portfolio and cashflow

Confident that Sabana REIT's current bankers (UOB, HSBC, Maybank) will choose to support corporate governance and >10,000 Sabana unitholders many of whom are Singaporeans and also their clients over an External Manager which has been removed by unitholders due to potential conflict of interest, corporate governance concerns and severe underperformance



ESR loses the most from "change of control" issue

ESR Group would be "biggest loser" in a "change of control" situation

- ESR Group's investment in Sabana REIT ~21% stake (valued at ~S\$98million), External Manager (purchased for >\$30million)
- Stand to lose entire investment if there is any change of control provision issue
- Potential loss may cast serious doubts on ESR Group's entire REIT management business model where it and its associates own more than 13 REIT managers.
- May potentially result in ESR Group 'ESG hungry' capital partners such as GIC, OMERS and APG to reconsider and/or stop new and existing investments with the firm given the negative corporate governance implications
- This can potentially result in the further substantial loss of ESR Group's market capitalization and valuation. ESR Group's share price has already collapsed nearly -30% and -55% since its IPO and late 2021

If ESR's share price was to correct severely due to the above, it could expose the board of directors to potential lawsuits from its shareholders.

ESR Group's share price of HKD11.94 on 5th of June 2023, IPO price of HKD16.8 and 31st Dec 2021 price of HKD 26.35



Hire best team for Internal Manager

1) retaining existing staff & 2) hire best candidates in the market

Retain existing staff from External Manager:

- 100% of revenue and profit of External Manager from Sabana REIT and unitholders – fees will cease once External Manager is removed
- External Manager will likely terminate most employees
- Welcome all management and staffs who prioritize the interests of and are aligned with unitholders to join the new Internal Manager

Hire "best and brightest" candidates in the market:

- Singapore is the 3rd largest listed REIT market in Asia Pacific with a ready and deep talent pool of professionals.
- ongoing consolidation in the SGX-listed REIT market with more than 10 mergers and the privatization acquisitions in the SGX-listed REIT space over the last 7 years have resulted in highly qualified personnel being let go due to duplicity, despite their substantial REIT expertise.

By hiring the best and the brightest from market to complement hires from the old External Manager, the Internal Manager is potentially the best placed to achieve the goal of increasing DPU and unit price to at least S\$0.53

19



Regulators should support internalization at Sabana

MAS has affirmed that “*high standards of corporate governance, characterized by strong accountability and transparency, are critical in upholding investor confidence in our Singapore’s capital markets*”

- ESR Group has had nearly 4 years to resolve the potentially critical overlapping investment mandate which leads to conflicts of interest issues.
- Seem to have shown little to no interest in resolving these issues besides a ‘lowball’ merger offer from ESR Logos REIT at an implied price of S\$0.30 at a 40% discount to the NAV of Sabana REIT.
- The External Manager passed on the entire cost of the failed merger to unitholders.
- In April 2022, the board of the External Manager attempted to appoint Mr. Charlie Chan as an ‘independent director’ despite him receiving a substantial premium of ~\$22 million over market price from ESR Group. This appointment was rejected by more than 77% of unitholders.
- In April 2023, even though ~90% of all unitholders rejected the endorsement of Ms. Elaine Lim, instead of respecting the votes of unitholders and corporate governance, the board went through convoluted process to continue appointing her as a director.

Internalization of the Sabana REIT manager will once and for all resolve the above corporate governance issues. It will also substantially improve accountability and corporate governance at Sabana REIT.

The regulators, by supporting this internalization proposal, may also clearly demonstrate to existing External Managers of REITs listed on SGX that actions which damage unitholders’ interest and confidence of investors, as well as lower the corporate governance standards and the reputation of Singapore’s financial market, will no longer be tolerated

20

Frequently Asked Questions on EGM Resolutions

1. What are the 2 resolutions to be voted on?

The first resolution is to remove the current External Manager due to its poor performance and potential conflicts of interest. Once removed, unitholders will not need to pay any fees to the External Manager.

The second resolution is to setup a new Internal Manager which will be owned by all unitholders. In addition, the resolution also seeks to empower unitholders to appoint, approve and re-elect directors to represent their interests. This results in the complete alignment of interests between the Internal Manager and unitholders.

If these resolutions are passed and implemented, we project that these would increase unitholders' DPU by more than ~7% to S\$0.033 per unit (~7.6% Dividend Yield) through the elimination of fees paid to the External Manager.

The main goal of the new Internal Manager would be to increase DPU and unit price by more than 30% to above S\$0.53 (NAV per unit).

The new Internal Manager will be able to achieve the above by executing on key strategies such as increasing occupancy rate, asset enhancements and development projects for the benefit of Sabana REIT unitholders.

2. What are the disadvantages of the current model of Sabana External Manager?

Sabana unitholders currently pay more than S\$7.25 million per year, including S\$4.4 million of management fees (~14% of annual dividend per unit), to Sabana REIT Manager which is 100% owned by ESR Group.

These fees from unitholders go toward paying the directors and CEO of the External Manager some of the highest salaries and fees among SGX-listed REITs. Even after paying these salaries, the External Manager makes another S\$1.2 million in profit, which ESR Group benefits from as its 100% owner.

If Sabana REIT makes acquisitions, divestments and increases its portfolio size, unitholders will have to pay even more fees to the External Manager.

These fees paid to Sabana External Manager still have to be paid regardless of the performance of DPU and unit price.

This means that even if the unit price and DPU decreases after the acquisitions, unitholders will have to pay even more fees to the External Manager.

For example, the management fees paid by ESR Logos REIT unitholders to its External Manager (which is also owned by ESR Group, similar to Sabana REIT) increased by more than ~222% from S\$6.5 million in 2013 to S\$21.2 million in 2022.

However, the DPU paid to unitholders plunged by ~40% from 5 cents in 2014 to 3 cents in 2022. The unitholders' NAV per unit also declined by ~48% from S\$0.681 to S\$0.348 in first quarter 2023.

It is clear that this arrangement does not make sense for us as unitholders.

3. What is internalization and will I receive more dividend per unit?

Internalization means the end of the payment of management fees and profits to the Sabana External Manager owned by ESR Group. All other fees such as acquisition, divestment, performance and property management fees paid to External Manager will be eliminated, resulting in significant cost savings.

The Trustee will setup a new manager which is owned by and for all unitholders.

The CEO, directors and staffs will be employed in-house and directly by the REIT's Internal Manager.

It is also envisaged that the REIT will be able to control the salaries paid to the CEO and directors of the Internal Manager which, if implemented, will result in enormous cost savings.

4. How does internalization get unitholders' unit price back to Sabana REIT's NAV of S\$0.53?

As the fees and profit paid to the External Manager would be eliminated and the cost of the CEO, directors and staff can be better managed, unitholders are projected to see a ~7% jump in dividend per unit from S\$0.0305 to S\$0.0327, increasing the dividend yield to ~7.6%.

The new Internal Manager can immediately execute the strategies below which, if implemented, may potentially increase DPU and unit price by another ~30% to more than ~S\$0.55 (potential dividend yield of >9.2% at current price):

1. Immediate cost savings of ~S\$2.4 million per year through the internalization of the REIT manager (Additional DPU of S\$0.0022 with upside of ~7.2%);
2. Complete the asset enhancement of 1 Tuas Ave 4 and rent out ~90% of the asset at net rent of at least S\$1.45psf/month (Additional DPU of S\$0.0017 with upside of ~5.4%);
3. Increase occupancy rate at NTP+ to ~90% by capitalizing on excellent location (next to MRT) and innovative space usage e.g., subdividing space to increase rentability to technology (software development, electronics) and E-Commerce clients (Additional DPU of S\$0.0032 with upside of ~10.5%); and
4. Undertaking S\$~85m of acquisition funded with yield of 7.2% fully by debt (Additional DPU S\$0.002 with upside of ~6.7%).

In addition, the Internal Manager can execute other attractive and executable mid-term strategies which can potentially further drive Sabana REIT's unit price beyond S\$0.55, such as the following:

1. Develop ~200,000 square feet of new space at NTP+ (Additional DPU of S\$0.0048 with upside of ~15.7%); and
2. Develop more than 1 million square feet of untapped GFA/landbank with focus on sizeable key assets such as 33&35 Penjuru Lane, 51 Penjuru Road, 26 Loyang Drive which can be transformed into New Economy ramp up logistic hubs or data centres (Additional DPU of S\$0.0039 with upside of ~12.9%).

The Internal Manager's complete execution of all the above catalysts in the short and mid-term can deliver a potential total DPU upside of more than 58% to S\$0.0483 (potential dividend yield of ~11.2%).

5. Are there any examples of internalization in Singapore? Did unitholders benefit from such an arrangement?

Yes. Croesus Retail Trust successfully internalized its Manager in August 2016.

Croesus Trust saw its 4Q2017 (Quarter end June 2017) DPU increase by more than 18% year-on-year as its Internal Manager worked hard to rental income and reduce interest cost.

In just a short 10 months after internalization, Blackstone offered to buy Croesus Retail REIT at S\$1.17 in cash at a premium of 38% to its 12-month volume average price of S\$0.85. The offer was also at a 23% premium to its NAV of S\$0.95.

This demonstrates the potential benefit that unitholders can stand to gain under an Internal Manager who is fully devoted to increasing the DPU and unit price of unitholders.

The press and analysts were also highly supportive of the internalization undertaken by Croesus Retail Trust:

"The proposal is a 'good step in the right direction' and may also prompt smaller REITs to move towards a similar direction." Straits Times (14 June 2016)

"Good show of commitment to unitholders that they are keeping their 'skin in the game'... Studies have shown that internal managed trusts tend to trade at a premium to externally managed ones." Business Time (24 June 2016)

"Higher valuations garnered by internally managed REITs reflect great investor confidence. The markets for stocks of REITs with better corporate governance tends to be more liquid and efficient than those for other REITs." The Edge (week of 20-26 June 2016)

6. How common is having an Internal Manager in the REIT sector?

In the US and Australia, which are more developed REIT markets when compared to Singapore, more than ~97% and ~90% of the REITs managing more than S\$1.4 trillion of market capitalization are managed by Internal Managers. The Singapore REIT market only started in 2002 and only has a market capitalization of ~S\$100 billion.

When REITs started in the US and Australia in the 1970s, it was mostly managed by External Managers. However, it soon became clear to investors that externally-managed REITs performed worse in terms of DPU and unit price than internally-managed REITs.

This is because External Managers may tend to serve the interests of its owners, namely the Sponsor, by increasing its profitability where possible.

To increase fees and profits, External Managers may resort to undertaking unnecessary acquisitions, increasing leverage, and purchasing the pipeline assets of its sponsor.

Eventually, most investors in these developed markets are not inclined to accept the External Manager Model anymore.

As a result, many externally-managed REITs had to adopt the Internal Manager Model due to its superior performance in unit price and dividend as well as robust corporate governance.

7. ESG (Environmental, social governance) and corporate governance is very important to me. Is the Internal Manager better in this?

Absolutely Yes. The Internal Manager will have a much higher level of ESG and corporate governance compared to the current structure for the following reasons:

Firstly, there is no potential or actual conflicts of interest as the Internal Manager is owned by all unitholders.

The resolutions envisage that a simple majority of unitholders will have the ability to vote in directors who can protect their interest and increase the DPU and unit price. As such, these would incentivise the management team and directors of the Internal Manager to work fully for the benefit of unitholders.

8. Internalization seems great for unitholders. Why is the directors and management of the External Manager saying no to this?

The ESR Group-owned External Manager has made its CEO and directors some of the most highly paid personnel among SGX-listed REITs despite the drop in DPU to unitholders and despite the unit price of the REIT trading at a ~20% discount to its NAV of S\$0.53.

By contrast, almost all of Sabana REIT's industrial peers trade closer to their NAV.

If the External Manager is voted out, the directors and CEO might be terminated or otherwise might have to reduce their salaries or have them pegged to the share price and DPU of the REIT.

9. Do we have to pay ESR Group for the manager?

No. We do not have to pay ESR Group for the manager.

10. Are the risks regarding the change of control provisions and the bank loan "real"?

No. The External Manager may try to create "fear" in unitholders to prevent itself from being voted out. This is because it knows that internalization is much more beneficial and increases DPU for unitholders, but is not in the interest of the External Manager.

If internalization happens, the External Manager will no longer be able to collect fees which are equivalent to more than ~15% of DPU from unitholders.

Firstly, Sabana REIT's leverage at 33.1% is the 6th lowest among SGX-listed REITs. It would take less than 6 years to pay off the entire loan from Sabana REIT's net property income. In comparison, it would take Keppel and Suntec REIT potentially more than 15 years to pay off their entire loans from NPI.

Sabana REIT's entire portfolio is in Singapore which is a highly developed market with substantial number of institutional investors and sovereign funds looking to invest in attractive and high yielding industrial property assets. These assets share similar attributes with properties owned by Sabana REIT. As such, the banks know that the loans are backed by these high-quality properties.

Sabana REIT's next financing is only due in November 2024.

Given the high-quality collateral in its portfolio, we are highly confident that the REIT's current reputable bankers such as UOB, HSBC and Maybank, which strongly uphold ESG, will choose to support good corporate governance and the more than ~10,000 unitholders (many of whom are Singaporeans and are also their clients) over an External Manager, especially if the latter has been removed by unitholders due to potential conflicts of interest, corporate governance flaws and underperformance as a result of the EGM.

Should the new Internal Manager focus on improving occupancy rate and dividend per unit above all else, this would be a clear win-win for these banks as the loans to the REIT will be backed by even stronger properties and cashflow.

11. Who will lose the most if there are any issues with the change of control provisions?

ESR has a ~21% stake in Sabana REIT valued at ~S\$98 million, and it also bought the External Manager for more than S\$30 million.

If there are any issues with the change of control provisions, ESR has potentially more than ~S\$130 million of investment at risk.

This will also cast serious doubts on ESR Group's entire REIT management business model, considering ESR Group and its associates own more than 13 REIT managers.

ESR Group's capital partners such as GIC, OMERS and APG might potentially stop and/or re-consider new and existing investments with the firm given the negative implications that this would have on its corporate governance.

This could potentially result in further substantial loss of ESR Group's market capitalization and valuation. ESR Group's share price has already collapsed -30% and -55% since its IPO and since late 2021.²⁰

If ESR's share price was to correct severely due to the above, it could expose the board of directors to potential lawsuits from its shareholders.

12. How do you find good people to run Sabana REIT after internalization?

In the event of an internalization, the External Manager will likely have to cease its operations once it is removed from managing Sabana REIT. As such, it is highly likely that the External Manager will terminate most of the staff.

The new Internal Manager will target to retain all competent staff and directors from the current External Manager who have the relevant expertise in managing and operating the REIT and are motivated to increase the unit price and DPU to all unitholders.

Additionally, there have been more than 10 mergers and privatisations in the SGX-listed REIT market which have resulted in highly qualified staff of REIT Managers being let go due to duplicity. Singapore also has a deep talent pool of real estate professionals as the 3rd largest listed REIT market in Asia Pacific and as a regional financial hub.

The new Internal Manager can hire the best and the brightest from this strong talent pool, complemented by previous hires from the External Manager, to continue running Sabana REIT with the goal of increasing DPU and unit price for unitholders.

²⁰ ESR Group's share price of HKD11.94 on 5th of June 2023, IPO price of HKD16.8 and 31st Dec 2021 price of HKD 26.35

13. Why is Quarz pushing for Internalization? Are they paid to do this?

No, we are not paid to do this. Our interests are aligned with all unitholders. If the DPU and unit price goes up, we and all unitholders win together.

Quarz has been an investor in Sabana REIT since 2019, before ESR Group's purchase of the controlling stake in Sabana REIT Manager.

We invested in Sabana REIT due to the multiple attractive catalysts such as the increase in occupancy rate, asset enhancement opportunities and development of more than 1 million square feet of untapped GFA/landbank which can together potentially increase dividend yield and unit price substantially to more than S\$0.53 if the External Manager can execute well.

However, the External Manager's execution has continued to remain weak. This can potentially be attributed to the overlapping investment mandate and potential conflicts of interest due to ESR Group's ownership of the External Manager.

By removing the External Manager and replacing it with an Internal Manager, Sabana REIT can potentially increase its DPU and unit price for all unitholders.

14. Sounds good. How do I make sure internalization happens?

Please take action to VOTE FOR Resolutions 1 and 2 at the EGM.

ESR and its affiliates which hold more than 25% unitholding will most probably vote against the resolutions as they want to continue to benefit from the management fees and profits that unitholders pay to the REIT manager.

If all unitholders VOTE FOR Resolutions 1 and 2, and the internationalization occurs successfully, we will be able to increase our DPU and unit price all together.

Based on our projections, the internalization will increase the DPU of unitholders by more than 7%. Together with the prompt execution of the other strategies, the new Internal Manager may potentially increase DPU and unit price upside by ~30% to more than ~S\$0.55 (potential dividend yield of >9.2% at current price).

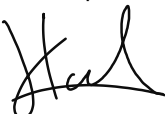
15. Where do I get more information?

- Please register at: www.sabanareit.com
- Join Telegram Group: <https://t.me/savesabanareit> for more updates and information.
- Quarz will hold a webinars for all unitholders on Thursday 6th of July 2023 at 8.00pm
- The link to the webinar is: <https://us02web.zoom.us/j/88970799227> (Meeting ID 889 7079 9227)
- YouTube link to video: <http://youtube.com/@quarzcapital2614>
- Please contact us at +65 8684 6968 for any assistance.

Sincerely yours,



Jan F. Moermann
Chief Investment Officer
Quarz Capital ASIA (Singapore) Pte. Ltd.



Havard Chi Cher Pan
Unitholder and Head of Research
Quarz Capital ASIA (Singapore) Pte. Ltd.



Date: Wednesday 19 July 2023

Attention: The Board of Directors

Sabana Real Estate Investment Management Pte. Ltd.
(As Manager of Sabana Industrial REIT)
151 Lorong Chuan
2-03 New Tech Park
Singapore 556741

Dear Mr Han and the Board of Directors,

Clarification

In our EGM requisition notice dated 7 June 2023 and our 8 June 2023 website commentary, we stated that the increase in dividend “...*would mainly come from cost savings of about S\$7.25 million of fees*” and net profit which unitholders currently pay to the External Manager and its shareholder.

We intended to say that the increase in dividend “...*would mainly come from cost savings from the S\$7.25 million of fees*” and net profit which unitholders currently pay to the External Manager and its shareholder.

We apologize for the typographical error.

Yours faithfully,

Quarz Capital

This page has been intentionally left blank.

TRUSTEE LETTER (INCLUDING THE DRAFT TRUSTEE STATEMENT)

- Unitholders are advised to read the Trustee Letter (including the Draft Trustee Statement) carefully. Unitholders should note that the Draft Trustee Statement appended to the Trustee Letter is in draft form and is subject to changes. The Trustee is expected to issue the Trustee Statement in final form after this Circular has been issued. Unitholders should also refer to the final Trustee Statement which is expected to be released on SGXNet after the issuance of this Circular.
- The Manager assumes no responsibility for any of the contents of the Trustee Letter (including the Draft Trustee Statement), including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Trustee Letter (including the Draft Trustee Statement).



14 July 2023

Sabana Real Estate Investment Management Pte. Ltd.
(in its capacity as manager of Sabana Industrial Real Estate Investment Trust ("Sabana REIT"))
(the "Manager")

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

Attention: Mr Donald Han, Chief Executive Officer

Dear Sirs

DRAFT STATEMENT BY HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED (IN ITS CAPACITY AS TRUSTEE OF SABANA REIT) (THE "TRUSTEE") IN RELATION TO THE RESOLUTIONS (AS DEFINED BELOW)

1. We refer to the resolutions (the "**Resolutions**") contained in the requisition notice by Quarz Capital ASIA (Singapore) Pte. Ltd. ("**Quarz**") on 7 June 2023 requesting the Manager to convene an extraordinary general meeting ("**EGM**") of Sabana REIT (the "**Requisition**").
2. We note that there have been queries raised by certain unitholders of Sabana REIT ("**Unitholders**") as to how the Trustee intends to proceed if one or both Resolution(s) are passed by Unitholders at an EGM.
3. It was the Trustee's intention to issue a statement to all Unitholders in relation to how it will respond if one or both Resolution(s) are passed as well as to highlight the potential risks and uncertainties associated with the implementation of the Resolution(s) (the "**Statement**"). The Statement was expected to be made available to all Unitholders in the form of an announcement on SGXNet shortly after the Manager issued the Notice of EGM and the circular to Unitholders in relation to the Resolutions (the "**EGM Documents**").
4. We further note the application filed by ESR Group Limited and e-Shang Infinity Cayman Limited (the "**Applicants**") in the General Division of the High Court of the Republic of Singapore (the "**High Court**") in case no. HC/OA 682/2023 (the "**Originating Application**"). Further details on these proceedings can be found in the various announcements made by the Manager on SGXNet and we do not propose to elaborate further on these proceedings.
5. The Trustee notes that the hearing for the Originating Application has been fixed for 19 July 2023, as disclosed in the Manager's announcement dated 13 July 2023.
6. In view of the imminent hearing and the potential uncertainty around the timing of the issue of the EGM Documents, the Trustee considers that it would now be appropriate for a draft of the Statement to be shared with the parties to the Originating Application (including the Manager and the Applicants) (the "**Parties**"). The Trustee requests the Parties draw to the attention of the High Court the draft Statement and its contents, in order to assist the High Court in its deliberations on the Originating Application.
7. In this regard and for the purpose stated above, we attach the draft Statement in the Appendix to this letter. Please note that the draft Statement:

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983
Company Registration No : 194900022R

Page 1 of 2

RESTRICTED

B-2



- a) has been drafted on the basis that the Resolutions would be tabled at the EGM in the manner set out in the Requisition, i.e. as two standalone ordinary resolutions (see the Manager's announcement dated 12 July 2023); and
 - b) remains in draft form and is subject to changes.
8. The Trustee has no objections to this letter and the draft Statement being published as an announcement via SGXNet, subject to this letter and the draft Statement being published together and in its entirety.

Yours faithfully

For and on behalf of

HSBC Institutional Trust Services (Singapore) Limited

(in its capacity as trustee of Sabana Industrial Real Estate Investment Trust)

A handwritten signature in black ink, appearing to read 'R Desousa', followed by a horizontal line.

Name: Rahul Desousa

Authorised signatory

APPENDIX

Draft 14072023

[DRAFT]

TRUSTEE'S STATEMENT TO UNITHOLDERS OF SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST ("SABANA REIT")

HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial Real Estate Investment Trust) (the "**Trustee**") refers to the Resolutions 1 and 2 (each a "**Resolution**" and together, the "**Resolutions**") in the notice of extraordinary general meeting dated [XX] July 2023 issued by Sabana Real Estate Investment Management Pte. Ltd. ("**SREIM**") set out in Appendix C of the Unitholders Circular dated [XX] July 2023.

TRUSTEE'S VIEW

- The purpose of this statement is to:
 - (i) provide unitholders of Sabana REIT ("**Unitholders**") with a summary on how the Trustee currently intends to respond if one or both Resolutions are passed; and
 - (ii) highlight to Unitholders that there are risks and uncertainties associated with the implementation of the Resolution(s), which should be carefully considered before voting.
- It is important to note that the Trustee does not provide any advice or recommendation to Unitholders either in support of, or against, the Resolutions including whether the passing of the Resolution(s) and the implementation of them by the Trustee will lead to a better outcome for Sabana REIT.
- If either or both Resolutions are passed, the Trustee will be directed by Unitholders to remove SREIM as manager and/or set up an internalised management structure, without a replacement manager having been identified or an internalised management structure in place to transition the management of Sabana REIT to. An estimate of time and costs involved in this exercise is not available. All fees, costs and expenses of such exercise will be reimbursed out of the assets of Sabana REIT in accordance with the terms of the trust deed constituting the Sabana REIT ("**Trust Deed**").
- If Resolution 1 is passed and Resolution 2 is not passed, a replacement external manager will need to be appointed. There is no estimate available of the time it would take to identify a replacement external manager and there can be no assurance that such replacement manager will agree to the same fee structure as SREIM.
- If Resolution 2 is passed, an internalised management structure that does not currently exist will need to be identified, established and then approved by Unitholders. Unitholders should be aware that a considerable amount of time (it is not currently possible to estimate, however it is expected to be at least 12 months and potentially significantly longer) and cost will be required to internalise the REIT management function.
- If either or both Resolutions are passed, the Trustee will appoint professional advisers, which may include investment, legal, financial, tax, property and other advisers ("**professional advisers**"), to advise it on the implementation of the Resolution(s) and (if applicable) to provide guidance and support on the ongoing management of Sabana REIT. The fees, costs and expenses of professional advisers will be reimbursed out of the assets of Sabana REIT in accordance with the terms of the Trust Deed.

RESTRICTED

- In addition, the Trustee currently expects to have to hold two or more further extraordinary general meetings (“**Further EGM(s)**”) to seek Unitholders’ directions on specific matters to carry out the Resolution(s), potentially including but not limited to:
 - (i) If Resolution 2 is passed, to approve the necessary and specific amendments to the Trust Deed by way of extraordinary resolution(s) of the Unitholders.
 - (ii) To obtain further directions from Unitholders on the implementation of the Resolution(s) or ongoing operation of Sabana REIT.
 - (iii) To approve the appointment of a replacement external manager or the internalised management structure, once identified or established (as relevant).

- During the transition period, the Trustee will look to ensure the ongoing and stable operations of Sabana REIT. The Trustee will expect SREIM to continue to serve as interim manager until a replacement external or internal manager is appointed, including to engage with lenders and regulatory authorities, as required. The Trustee will have to rely on the existing property manager for continuity of the operational and day-to-day aspects of Sabana REIT. If there is any actual or potential disruption to the management of Sabana REIT, the Trustee will, together with its professional advisers, oversee the management of Sabana REIT in the interests of Unitholders and work with SREIM (if possible) to seek to minimise such disruption risks. In doing so, the Trustee is, and will remain, neutral and independent of any particular group of Unitholders and the lenders of Sabana REIT.

- In the event the Resolution(s) are passed and cannot be implemented at all or within a reasonable timeframe (for example, because the resolutions put to Unitholders at the Further EGM(s) do not pass or the necessary regulatory approvals are unable to be obtained) or the operations or management of Sabana REIT are materially disrupted during the transition period (for example, because financing does not remain in place), the Trustee will, together with its professional advisers, assess all options in the best interests of Unitholders, including the options of an orderly winding-up of Sabana REIT and/or applying for court orders to take such actions as required or necessary in relation to Sabana REIT. The fees, costs and expenses of such actions will be reimbursed out of the assets of Sabana REIT in accordance with the terms of the Trust Deed.

- It is important that Unitholders carefully consider the Resolutions and note that there is uncertainty and risks associated with either or both the Resolutions, including but not limited to the risk of actual or potential disruption to the management or operations of Sabana REIT while the Resolution(s) are being implemented. Further, the timeframe and costs to implement the Resolution(s) are not currently known and the implementation of the Resolution(s) is subject to dependencies beyond the control of the Trustee (for example, the passing of resolutions (including extraordinary resolutions) at Further EGM(s), regulatory approvals, availability of suitable candidates for key roles, financing remaining in place), resulting in a range of potential outcomes, which may include the Resolution(s) not being successfully implemented and/or the winding up of Sabana REIT.

- The risks outlined in this statement are not exhaustive or comprehensive and the Trustee recommends Unitholders carefully consider, together with their financial, legal or other advisers, all the information that has been publicly disclosed in respect of the Resolutions.

- For completeness:
 - If Resolution 2 is passed but Resolution 1 is not passed, the same considerations outlined in this statement with regard to the passing of Resolution 2 will apply and the Trustee will expect SREIM to continue to serve as manager of Sabana REIT until an internal manager is appointed to replace SREIM.

- If neither Resolution is passed, the Trustee will not proceed to implement the Resolutions and SREIM will remain as the manager of Sabana REIT.

CONCLUSION

The Trustee is, and will remain, neutral and independent of SREIM, any particular group of Unitholders and the lenders of Sabana REIT. If either or both Resolutions are passed, the Trustee will support the Unitholders through this period of transition, while bearing in mind the range of risks referred to above. The Trustee will, in implementing the Resolution(s), in all instances act in the best interests of Unitholders.

Important Information

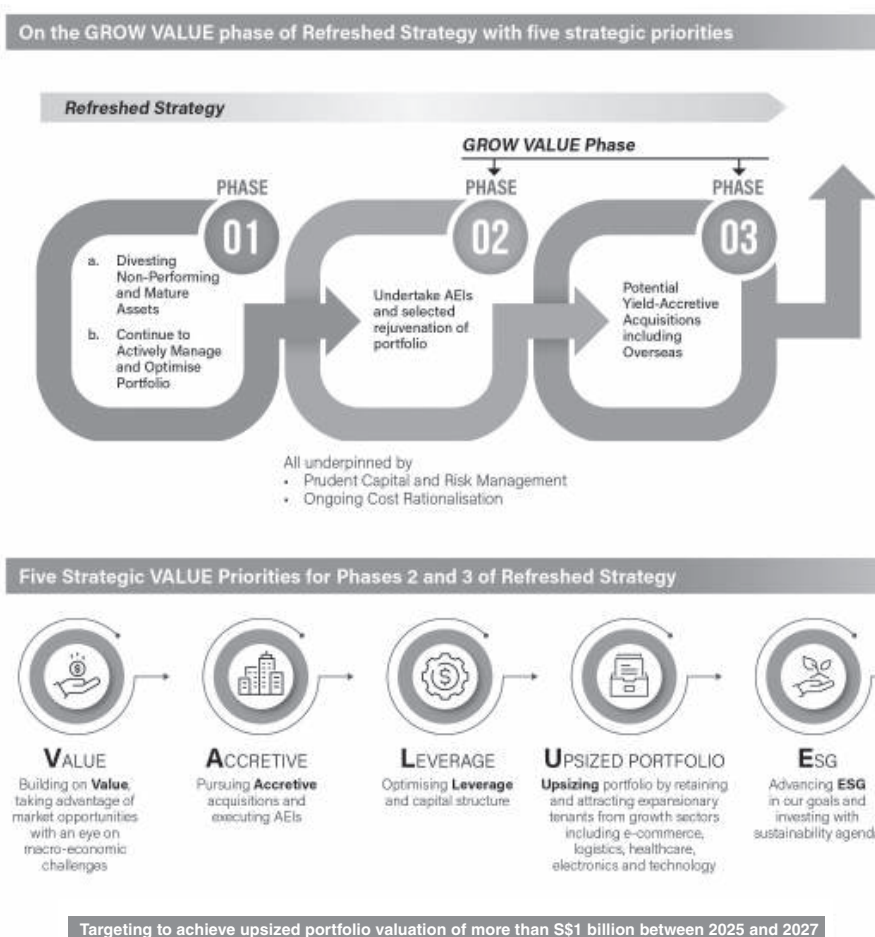
Unitholders are advised to read this statement carefully. Unitholders should consider carefully the information contained in this statement before voting on the Resolutions. The risks described in this statement are by no means exhaustive or comprehensive, and there may be other risks in addition to those in this statement which are not known to the Trustee, or which may not be material now but may turn out to be material in the future. Additional risks, whether known or unknown, may in the future have an impact on the implementation of the Resolution(s) or the business, financial condition, operations and prospects of Sabana REIT.

The Trustee wishes to emphasise that there is no certainty or assurance as at the date of this statement that any discussion or prospects to implement the Resolution(s) will be successfully concluded or any definitive agreements or arrangements in relation to any matters set out in this statement will materialise or be entered into. The Trustee does not hold a capital markets services licence for real estate investment trust management. In particular, the implementation of Resolution 2 is not within the usual scope of work and expertise of professional trustees in Singapore. Before voting on the Resolutions, Unitholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

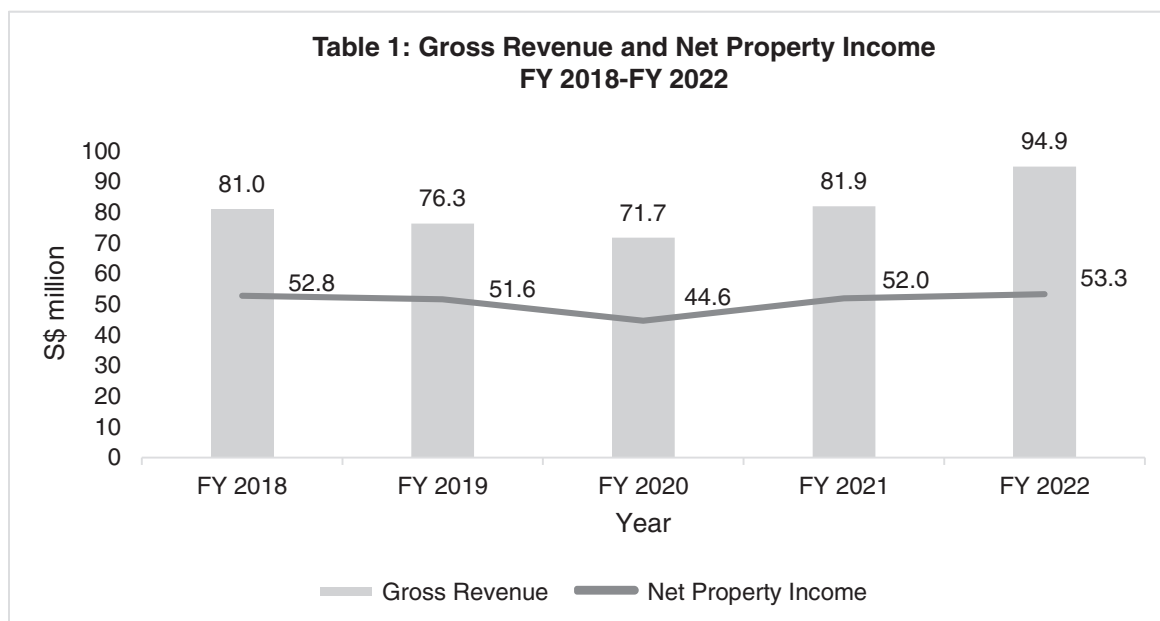
SABANA INDUSTRIAL REIT’S TRACK RECORD AND PERFORMANCE SINCE 2018

SABANA INDUSTRIAL REIT HAS CONSISTENTLY DELIVERED PERFORMANCE SINCE 2020 FOLLOWING THE IMPLEMENTATION OF THE REFRESHED STRATEGY FROM 2018 ONWARDS

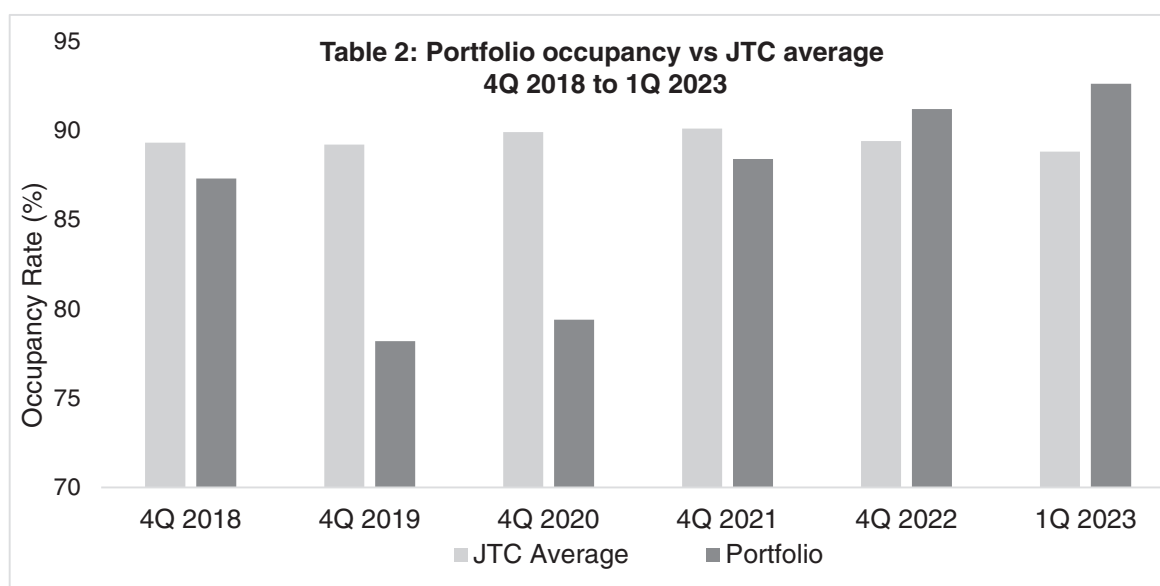
The Refreshed Strategy was launched by the current management team of the Manager in 2018 to build a resilient portfolio and deliver long-term and sustainable value for Unitholders. The Refreshed Strategy is set out in three phases: Phase 1 involves divesting non-performing and mature assets, while continuing to actively manage and optimise Sabana Industrial REIT’s portfolio. Phase 2 relates to AElS and rejuvenation of selected assets. Phase 3 sets the stage for yield-accretive acquisitions in Singapore and overseas. The Manager’s current focus is to further intensify Sabana Industrial REIT’s progress under Phase 2 and move into Phase 3 to GROW VALUE for Unitholders.



Underpinned by the Refreshed Strategy, Sabana Industrial REIT has delivered on its strategy despite the challenging and volatile conditions in the past few years. The REIT recovered from the pandemic to register steadfast performance and achieved resilient DPU in the financial years ended 31 December 2021 and 31 December 2022. This is despite a decline in portfolio properties from 20 properties in early 2018 to the current 18 properties (Table 1). Additionally, the successful completion of NTP+ AEI has resulted in higher rentals for new and renewed leases in New Tech Park.



Sabana Industrial REIT has achieved a portfolio occupancy of 92.6% as at 31 March 2023 and rose further to 93.9% as at 30 June 2023¹ – both represent new highs since 1Q 2021. Based on JTC data publicly available as at the Latest Practicable Date, portfolio occupancy² exceeded JTC average in 4Q 2022 and 1Q 2023³, underpinned by strong demand in the Warehouse and Logistics segment (Table 2).

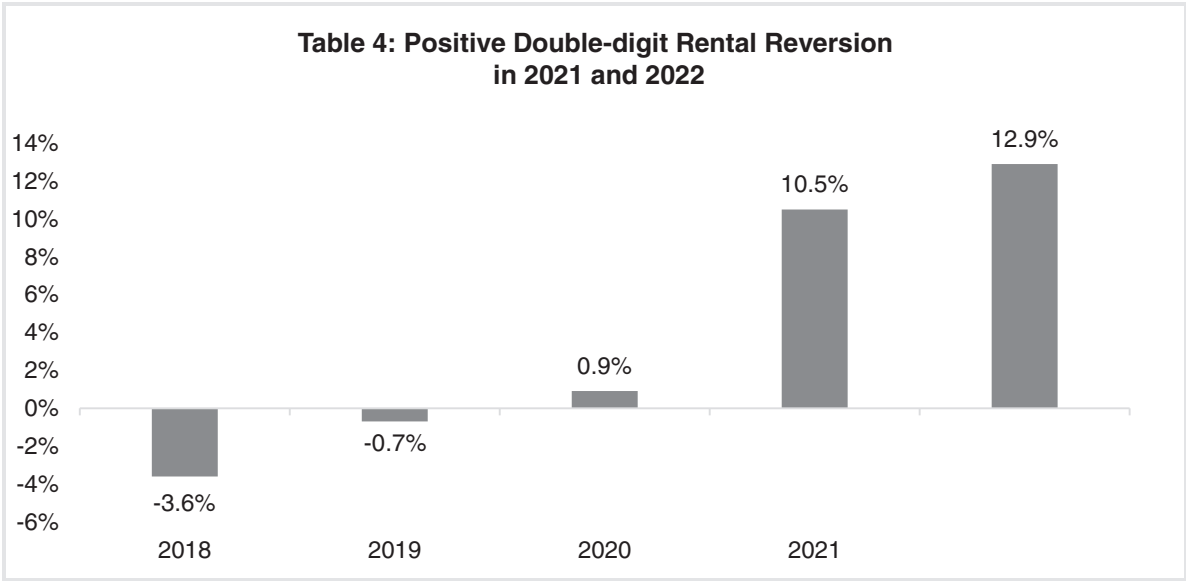
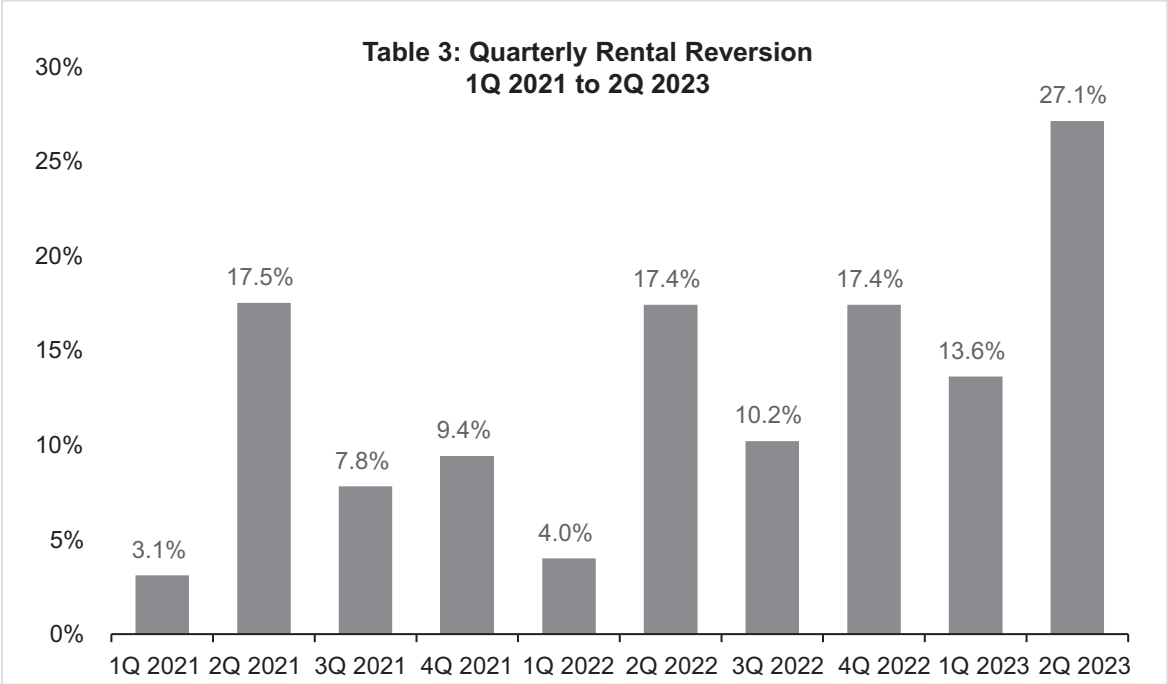


1 See Sabana Industrial REIT's 1H 2023 Results Presentation announced on 19 July 2023. https://sabana.listedcompany.com/newsroom/20230719_181456_M1GU_UN4BKW7UKUB3CF01.3.pdf

2 Excluding 1 Tuas Avenue 4.

3 Source: JTC Quarterly Market Report – Industrial Properties 1Q 2023; <https://stats.jtc.gov.sg/content/static/Documents/Quarterly%20Market%20Report%202023Q1.pdf>. As at the Latest Practicable Date, the JTC Quarterly Market Report for 2Q 2023 is not yet available.

Besides achieving record high portfolio occupancy rate since 1Q 2021, the Manager has consistently delivered positive rental reversion rate, one of the highest amongst Singapore industrial REITs. This is contributed by the Manager’s ability to obtain lease renewal from tenants in the expansionary sectors, and reflective of the Manager’s proactive tenant management and leasing strategy. (Tables 3 and 4)



Furthermore, the Manager has strengthened the financial fundamentals of Sabana Industrial REIT. The Manager procured the conversion of all of Sabana Industrial REIT’s borrowings from secured to unsecured facilities in less than six months following the completion of Sabana Industrial REIT’s de-Shariah process in October 2021. The Manager also helped to secure Sabana Industrial REIT’s maiden sustainability-linked loan in February 2022 and an unsecured sustainability-linked term loan and revolving credit facilities of up to S\$100 million in June 2023. Sabana Industrial REIT’s gearing ratio of 32.5% as at 30 June 2023 is amongst the lowest for Singapore-listed REITs.

This page has been intentionally left blank.



NOTICE OF EXTRAORDINARY GENERAL MEETING

SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

Managed by Sabana Real Estate Investment Management Pte. Ltd.
(Company Registration No. 201005493K)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of the holders of units of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**”) and the holders of units of Sabana Industrial REIT, “**Unitholders**”) will be held at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on Monday, 7 August 2023 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. That Sabana Real Estate Investment Management Pte. Ltd. be removed as the manager of Sabana Industrial REIT as soon as practicable after this resolution is passed; and
2. That HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the “**Trustee**”) be directed to:
 - (a) effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT (the “**Internal Manager**”);
 - (b) hire and appoint qualified candidates as directors and staff of the Internal Manager in accordance with the applicable requirements of the Securities and Futures Act 2001 of Singapore;
 - (c) consider the retention of Sabana industrial REIT’s existing staff in order to maintain the continuity of Sabana Industrial REIT’s operations;
 - (d) amend the provisions of the trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time) (the “**Trust Deed**”) such that each director of the Internal Manager may be appointed and/or removed by a simple majority of Unitholders;
 - (e) amend the provisions of the Trust Deed such that each director of the Internal Manager must be endorsed or re-endorsed by Unitholders at every third annual general meeting of Sabana Industrial REIT; and
 - (f) amend the provisions of the Trust Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of Unitholders.

Details of the above resolutions are set out in the circular to Unitholders dated 21 July 2023 (the “**Circular**”).

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

Cho Form Po

Company Secretary

Singapore

21 July 2023

Notes:

1. A Unitholder who is not a relevant intermediary and entitled to attend, speak and vote at the EGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a Unitholder.
2. 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.
3. A Unitholder who is a relevant intermediary and entitled to attend, speak and vote at the EGM is entitled to appoint more than one proxy to attend, speak 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 one proxy, 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 1970 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 2001 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 1953 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.
4. The EGM will be held in a wholly physical format at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on Monday, 7 August 2023 at 10.00 a.m.. There will be no option for Unitholders to participate virtually.
 5. Attendees must bring their original NRIC/Passport for verification and registration on the day of the EGM.
 6. Documents and information relating to the EGM (including the Circular, this Notice of EGM, and the Proxy Form) are electronically available on Sabana Industrial REIT’s website at <https://sabana.listedcompany.com/agm-egm.html> and on SGXNET at <https://www.sgx.com/securities/company-announcements>. Alternatively, Unitholders may also access electronic copies of the documents and information relating to the EGM by scanning the QR code below.



Printed copies of the Circular will not be despatched to Unitholders, unless otherwise requested. For Unitholders’ convenience, printed copies of this Notice of EGM, the Proxy Form and the request form for Unitholders to request for a printed copy of the Circular (the “**Request Form**”) have been despatched to Unitholders. Unitholders may request for printed copies of the Circular by completing and returning the Request Form to the Manager by Friday, 28 July 2023. A printed copy of the Circular will then be sent to the address specified by the Unitholder at his/her/its own risk.

7. Question and answer and EGM minutes

Unitholders and persons who hold Units through a relevant intermediary (including CPFIS and SRS investors), or where applicable, their appointed proxy(ies) are strongly encouraged to submit to the Manager, questions related to the resolutions to be tabled for approval at the EGM in advance of the EGM. In order to do so, their questions must be received by the Manager no later than 10.00 a.m. on Saturday, 29 July 2023. Such questions may be submitted in the following manner:

- (a) Unitholders (including CPFIS and SRS investors) may submit their questions electronically via Sabana Industrial REIT’s email to sabana-EGM2023@boardroomlimited.com, by post or by depositing at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632;
- (b) persons who hold Units through relevant intermediaries (other than CPFIS and SRS investors) may submit questions through their relevant intermediary, who in turn may submit a consolidated list of questions to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by email at sabana-EGM2023@boardroomlimited.com; or
- (c) Unitholders and persons who hold Units through a relevant intermediary (including CPFIS and SRS investors) who submit questions in advance of the EGM should provide the following information to the Manager (or, in the case of persons who hold Units through a relevant intermediary, their relevant intermediary) for verification purposes:
 - (i) your full name;
 - (ii) your address, contact number and email; and
 - (iii) the manner in which you hold Units (if you hold Units directly, please provide your NRIC/Passport No.; otherwise, please state if you hold your Units through CPFIS or SRS, or through a relevant intermediary).

Unitholders attending the EGM may also ask questions at the EGM. The Manager will endeavour to address all substantial and relevant questions (which are related to the resolutions to be tabled for approval at the EGM) submitted in advance of the EGM and received by 10.00 a.m. on Saturday, 29 July 2023, by 10.00 a.m. on Wednesday, 2 August 2023, being 48 hours before the closing date and time for the lodgment of Proxy Forms. The Manager will publish the responses to those questions which the Manager will not be addressing during the EGM, on Sabana Industrial REIT's website and on SGXNET prior to the EGM. Where substantially similar questions are received, the Manager will consolidate such questions and consequently not all questions may be individually addressed.

The Manager will publish the minutes of the EGM within one month after the EGM on Sabana Industrial REIT's website at <https://sabana.listedcompany.com/agm-egm.html> and on SGXNET at <https://www.sgx.com/securities/company-announcements> and the minutes will include the responses to the substantial and relevant questions received from Unitholders which are addressed during the EGM.

8. Voting, or appointing proxy(ies) to vote, at the EGM

A Unitholder who wishes to exercise his/her/its voting rights at the EGM may: (a) vote at the EGM in person or (b) appoint proxy(ies) to vote on his/her/its behalf at the EGM.

A Unitholder who wishes to submit an instrument appointing proxy(ies) must complete the accompanying Proxy Form before submitting it in the manner set out below. Printed copies of the Proxy Form have been despatched to Unitholders and the Proxy Form may also be accessed at Sabana Industrial REIT's website at <https://sabana.listedcompany.com/agm-egm.html> and on SGXNET at <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the EGM.

The Proxy Form must be deposited at the office of Sabana Industrial REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- A. if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
- B. if submitted electronically, be submitted via email to sabana-EGM2023@boardroomlimited.com,

no later than **10.00 a.m. on Friday, 4 August 2023**, being 72 hours before the time fixed for the EGM.

Note: Please refer to the Notes to the Proxy Form for additional documentary requirements in the event the Proxy Form is signed by an attorney or duly authorised officer or executor(s) on behalf of a deceased individual's estate.

Proxy Forms can be downloaded from Sabana Industrial REIT's website at <https://sabana.listedcompany.com/agm-egm.html> and on SGXNET at <https://www.sgx.com/securities/company-announcements>. In the Proxy Form, a Unitholder should specifically direct the proxy on how he/she is to vote for, vote against, or abstain from voting on, each of the resolutions to be tabled at the EGM. All valid votes cast via proxy on each resolution will be counted. If no specific direction as to voting is given, the proxy (including the Chairman of the EGM) may vote or abstain from voting at his/her discretion.

Completion and submission of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the EGM. Any appointment of a proxy or proxies (including the Chairman of the EGM) shall be deemed to be revoked if a Unitholder attends the EGM, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

9. Relevant intermediaries

Persons who hold Units through relevant intermediaries, other than CPFIS and SRS investors, and who wish to participate in the EGM should contact the relevant intermediary through which they hold such Units as soon as possible. Persons who hold Units through relevant intermediaries, other than CPFIS and SRS investors, may (i) vote at the EGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to/arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

In addition, CPFIS and SRS investors may (a) vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to/arrange for their votes to be submitted with their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators as soon as possible in order for the necessary arrangements to be made.

Important Notice

The value of Units and the income derived from them, if any, may fall or 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 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. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Sabana Industrial REIT is not necessarily indicative of the future performance of Sabana Industrial REIT.

Personal data privacy:

By (a) submitting an instrument appointing a proxy(ies) to vote at the EGM and/or any adjournment thereof, and/or (b) submitting any question to the Manager prior to or during the EGM in accordance with this Notice of EGM, a Unitholder (including CPFIS and SRS investors):

- (i) consents to the collection, use and disclosure of the personal data of the Unitholder by the Manager and the Trustee (or their agents or service providers) for the following purposes (collectively, the **"Purposes"**):
 - (aa) the processing and administration by Sabana Industrial REIT, the Manager and/or the Trustee (or their agents) of the appointment of a proxy(ies) to vote at the EGM (including any adjournment thereof),
 - (bb) the processing of any registration for purposes of verifying the status of Unitholders, granting access to Unitholders to the EGM and providing them with any technical assistance where necessary,
 - (cc) the addressing of relevant and substantial questions received from Unitholders in advance of the EGM and, if necessary, the following up with the relevant Unitholders in relation to such questions,
 - (dd) the preparation and compilation of the attendance lists, minutes, and other documents relating to the EGM (including any adjournment thereof), and
 - (ee) in order for Sabana Industrial REIT, the Manager and/or the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines; and
- (ii) (where the Unitholder is a relevant intermediary and discloses the personal data of a person (who holds Units through the Unitholder as relevant intermediary) to the Manager or the Trustee (or their agents or service providers)) (aa) warrants that the Unitholder has obtained the prior consent of such person for the collection, use and disclosure by the Manager or the Trustee (or their agents or service providers) of the personal data of such person for the Purposes and (bb) agrees to provide the Manager and the Trustee with written evidence of such prior consent upon reasonable request.

SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

Managed by Sabana Real Estate Investment Management Pte. Ltd.
(Company Registration No. 201005493K)

PROXY FORM
EXTRAORDINARY GENERAL MEETING
(Before completing this form, please read the notes behind)

NOTE: This Proxy Form may be accessed at Sabana Industrial Real Estate Investment Trust's ("Sabana Industrial REIT") website at <https://sabana.listedcompany.com/agm-egm.html>, and will be made available on the SGXNET at <https://www.sgx.com/securities/company-announcements>.

PERSONAL DATA PRIVACY

By submitting an instrument appointing one proxy 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 21 July 2023.

- IMPORTANT:**
- The Extraordinary General Meeting ("EGM") is being convened and will be held in a wholly physical format. **There will be no option for unitholders of Sabana Industrial REIT ("Unitholders") to participate virtually.** In addition to printed copies of the Notice of EGM that will be sent by post to Unitholders, this Proxy Form and the Notice of EGM will also be sent to Unitholders by electronic means via publication on Sabana Industrial REIT's website at <https://sabana.listedcompany.com/agm-egm.html> and on the SGXNET at <https://www.sgx.com/securities/company-announcements>. Please refer to the Notice of EGM for the meeting venue of the EGM.
 - Arrangements relating to (a) attendance at the EGM; (b) submission of questions related to the resolution to be tabled for approval at the EGM, in advance of the EGM, or at the EGM itself, and addressing of substantial and relevant questions in advance of, or at the EGM itself; and (c) voting at the EGM by the Unitholder in person or by his/her/its duly appointed proxy(ies), are set out in the Notice of EGM.
 - A Unitholder who wishes to exercise his/her/its voting rights at the EGM may: (a) vote at the EGM in person or (b) appoint proxy(ies) to vote on his/her/its behalf at the EGM.
 - A relevant intermediary may appoint more than one proxy to attend, speak and vote at the EGM (please see note 3 for the definition of "relevant intermediary").
 - For investors holding units in Sabana Industrial REIT ("Units") through relevant intermediaries (including CPFIS or SRS investors), this Proxy Form is **NOT VALID FOR USE** and shall be ineffective for all intents and purposes if used or purported to be used by such investors. Investors holding Units through relevant intermediaries who wish to participate/vote in the EGM should contact their respective relevant intermediary as soon as possible. CPFIS and SRS investors may (a) vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to/arrange for their votes to be submitted with their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators as soon as possible in order to ensure their votes are submitted.
 - Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies) to vote on the Unitholders' behalf at the EGM.**
 - PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We, _____ (Name) _____ (NRIC/Passport No. where applicable)
of _____ (Address)
being a Unitholder of Sabana Industrial REIT, hereby appoint:

| Name | Address | NRIC/Passport No. | Proportion of Unitholdings | |
|------|---------|-------------------|----------------------------|---|
| | | | No. of Units | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport No. | Proportion of Unitholdings | |
|------|---------|-------------------|----------------------------|---|
| | | | No. of Units | % |
| | | | | |

or failing him/her/them, the Chairman of the EGM, as my/our proxy/proxies to attend, to speak (as applicable) and to vote for me/us on my/our behalf at the EGM of Sabana Industrial REIT to be held at Hope@New Tech Park, 151 Lorong Chuan, #02-06 (Lobby F) Singapore 556741 on Monday, 7 August 2023 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be tabled at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the EGM.

| No. | Resolutions | For* | Against* | Abstain* |
|-----------------------------|--|------|----------|----------|
| ORDINARY RESOLUTIONS | | | | |
| 1. | That Sabana Real Estate Investment Management Pte. Ltd. be removed as the manager of Sabana Industrial REIT as soon as practicable after this resolution is passed. | | | |
| 2. | That HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the "Trustee") be directed to: <ul style="list-style-type: none"> (a) effect the internalisation of the REIT management function by incorporating a subsidiary wholly owned by the Trustee and appointing such a subsidiary to act as the manager of Sabana Industrial REIT ("Internal Manager"); (b) hire and appoint qualified candidates as directors and staff of the Internal Manager in accordance with the applicable requirements of the Securities and Futures Act 2001 of Singapore; (c) consider the retention of Sabana industrial REIT's existing staff in order to maintain the continuity of Sabana industrial REIT's operations; (d) amend the provisions of the trust deed dated 29 October 2010 constituting Sabana Industrial REIT (as amended, varied, or supplemented from time to time) (the "Trust Deed") such that each director of the Internal Manager may be appointed and/or removed by a simple majority of Unitholders; (e) amend the provisions of the Trust Deed such that each director of the Internal Manager must be endorsed or re-endorsed by Unitholders at every third annual general meeting of Sabana Industrial REIT; and (f) amend the provisions of the Trust Deed such that any change of control in the Internal Manager may only be effected upon approval of a simple majority of Unitholders. | | | |

* Voting will be conducted by poll. If you wish for your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a tick (✓) or a cross (X) in the "For" or "Against" boxes provided. Alternatively, please indicate the number of votes as appropriate. If you wish for your proxy to abstain from voting on a resolution, please indicate with a tick (✓) or a cross (X) in the "Abstain" box provided. Alternatively, please indicate the number of Units that your proxy is directed to abstain from voting.

Dated this _____ day of _____ 2023

| TOTAL NUMBER OF UNITS HELD |
|----------------------------|
| |

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

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON THE REVERSE PAGE

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM BELOW

Notes to the Proxy Form

1. A Unitholder who is not a relevant intermediary and entitled to attend, speak and vote at the EGM, is entitled to appoint one or two proxies to attend, speak and vote in his/her stead.
2. 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.
3. A Unitholder who is a relevant intermediary and entitled to attend, speak and vote at the EGM is entitled to appoint more than one proxy to attend, speak 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 one proxy, 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 1970 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 2001 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 1953 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.
4. A proxy need not be a Unitholder.
5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may appoint a proxy(ies) to attend, speak and vote on his/her/its behalf at the EGM. This Proxy Form may be accessed at Sabana Industrial REIT's website <https://sabana.listedcompany.com/agm-egm.html> and on the SGXNET at <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this Proxy Form will also be sent by post to Unitholders. Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of the resolution in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the EGM. Persons who have an interest in the approval of a resolution in the Proxy Form must decline to accept appointments as proxies unless the Unitholder concerned has specific instructions in his/her/its Proxy Form as to the manner in which his/her/its votes are to be cast in respect of such resolution.
6. **This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by persons who hold Units of Sabana Industrial REIT through relevant intermediaries (including CPFIS or SRS investors).** Persons who hold units of Sabana Industrial REIT through relevant intermediaries (other than CPFIS and SRS investors) who wish to participate in the EGM should approach their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their votes to be submitted. CPFIS and SRS investors who wish to participate in the EGM should approach their respective CPF Agent Banks or SRS Operators as soon as possible in order for the necessary arrangements to be made.
7. 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 Industrial 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, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
8. The Proxy Form must be deposited at the office of Sabana Industrial REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
 - A. if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
 - B. if submitted electronically, be submitted via email at sabana-EGM2023@boardroomlimited.com, no later than **10.00 a.m. on Friday, 4 August 2023**, being 72 hours before the time fixed for the EGM.

1st fold here



Postage will be paid by addressee. For posting in Singapore only.

**BUSINESS REPLY SERVICE
PERMIT NO. 08807**



SABANA REAL ESTATE INVESTMENT MANAGEMENT PTE. LTD.

(As Manager of Sabana Industrial Real Estate Investment Trust)

c/o Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue #14-07

Keppel Bay Tower

Singapore 098632

2nd fold here

9. Completion and return of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the EGM. Any appointment of proxy(ies) shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person(s) appointed under the Proxy Form to the EGM.
10. 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 under its common seal or under the hand of its attorney or a duly authorised officer.
11. 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), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
12. Any reference to a time of day is made by reference to Singapore time.
13. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or 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 a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
14. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
15. 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.
16. Completion and submission of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the EGM. Any appointment of a proxy or proxies (including the Chairman of the EGM) shall be deemed to be revoked if a Unitholder attends the EGM, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
17. By (a) submitting an instrument appointing a proxy(ies) to vote at the EGM and/or any adjournment thereof, and/or (b) submitting any question to the Manager prior to or during the EGM in accordance with the Notice of EGM, a Unitholder (including CPFIS and SRS investors):
 - (i) consents to the collection, use and disclosure of the personal data of the Unitholder by the Manager and the Trustee (or their agents or service providers) for the following purposes (collectively, the "Purposes"):
 - a. the processing and administration by Sabana Industrial REIT, the Manager and/or the Trustee (or their agents) of the appointment of a proxy(ies) to vote at the EGM (including any adjournment thereof),
 - b. the processing of any registration for purposes of verifying the status of Unitholders, granting access to Unitholders to the EGM and providing them with any technical assistance where necessary,
 - c. the addressing of relevant and substantial questions received from Unitholders in advance of the EGM and, if necessary, the following up with the relevant Unitholders in relation to such questions,
 - d. the preparation and compilation of the attendance lists, minutes, and other documents relating to the EGM (including any adjournment thereof), and
 - e. in order for Sabana Industrial REIT, the Manager and/or the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines; and
 - (ii) (where the Unitholder is a relevant intermediary and discloses the personal data of a person (who holds Units through the Unitholder as relevant intermediary) to the Manager or the Trustee (or their agents or service providers)) (aa) warrants that the Unitholder has obtained the prior consent of such person for the collection, use and disclosure by the Manager or the Trustee (or their agents or service providers) of the personal data of such person for the Purposes and (bb) agrees to provide the Manager and the Trustee with written evidence of such prior consent upon reasonable request.

3rd fold and glue overleaf. Do not staple.

This page has been intentionally left blank.

This page has been intentionally left blank.

