



## SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

### RECEIPT OF REQUISITION NOTICE

Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**”, and the manager of Sabana Industrial REIT, the “**Manager**”), wishes to announce that it has received a letter (the “**Requisition Notice**”) from several unitholders of Sabana Industrial REIT (having an aggregate unitholding in Sabana Industrial REIT of more than 10%), requesting the Manager to convene an extraordinary general meeting of Sabana Industrial REIT to consider certain resolutions, details of which are set out in the copy of the Requisition Notice annexed to this Announcement. The Requisition Notice was deposited at the registered office of the Manager on 16 January 2025.

The Manager is considering the Requisition Notice, consulting with the Trustee and seeking legal advice. Further announcements will be made on SGXNET in due course.

Unitholders and investors are advised to refrain from taking any action in respect of their Sabana Industrial REIT units (“**Units**”) which may be prejudicial to their interests, and to exercise caution when dealing in the Units.

By Order of the Board  
Sabana Real Estate Investment Management Pte. Ltd.  
(Company Registration No: 201005493K,  
Capital Markets Services Licence No: CMS100169)  
As Manager of Sabana Industrial Real Estate Investment Trust

Han Yong Lee (Donald)  
Chief Executive Officer  
17 January 2025

#### **For enquiries, please contact:**

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Investor Relations and Corporate Communications  
Sabana Real Estate Investment Management Pte. Ltd.  
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## **Sabana Industrial REIT**

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2024, Sabana Industrial REIT has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than \$1.0 billion as at 31 December 2023. Sabana Industrial REIT is a constituent of the SGX S-REIT Index and MSCI Singapore Micro Cap Index.

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

For further information on Sabana Industrial REIT, please visit [www.sabana-reit.com](http://www.sabana-reit.com).

## **Important Notice**

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

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



**APPENDIX**

Date: 14 January 2025

**By Hand and Email**

To: The Board of Directors  
Sabana Real Estate Investment Management Pte. Ltd.  
151 Lorong Chuan  
#02-03, New Tech Park  
Singapore 556741

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

Dear Sirs

**REQUISITION NOTICE ("REQUISITION NOTICE") TO CONVENE EXTRAORDINARY GENERAL MEETING OF SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST ("SABANA REIT") PURSUANT TO THE TRUST DEED CONSTITUTING SABANA REIT (THE "TRUST DEED")**

I am a long-term unitholder of Sabana REIT and am deeply concerned with the current state of affairs of Sabana REIT. With the support of the other unitholders and pursuant to paragraph 2 of Schedule 1 of the Trust Deed, I hereby request that you convene an extraordinary general meeting of Sabana REIT ("**EGM**") for the purposes of considering and if deemed fit, passing with or without any modifications, the following ordinary resolutions:

**Ordinary Resolution 1**

That HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the "**Trustee**") and the manager of Sabana REIT (the "**Manager**") be directed to commence and undertake a price discovery process (the "**Price Discovery Process**") with a view to achieving a possible sale ("**Sale**") of all or majority of the assets of Sabana REIT (the "**Sabana Assets**").

**Ordinary Resolution 2**

That an internationally reputable firm of property consultants with a track record of selling Singapore industrial properties (the "**IPC**") be appointed by the Trustee and/or the Manager to undertake the Price Discovery Process on the following terms:

- (a) the fees of the IPC shall be based on market rates and shall be paid to the IPC on a success basis upon the completion of a Sale approved by the Unitholders; and
- (b) any reimbursable out-of-pocket expenses incurred by the IPC in connection with the Price Discovery Process shall be capped at S\$8,000.

**Ordinary Resolution 3**

That the Trustee and/or the Manager be directed to complete the Price Discovery Process within a period of three (3) months from the passing of these resolutions, which may be extended by one (1) month if so required by the Trustee or the Manager, and to provide an update to the unitholders of Sabana REIT ("**Unitholders**") on the outcome of the Price Discovery Process (including any proposed price and terms and conditions of a Sale).

The Unitholders in support of this Requisition Notice hold in aggregate more than 10% of the units of Sabana REIT ("**Units**") as at the date of this Requisition Notice.

The above resolutions are being proposed in the interests of Sabana REIT and the Unitholders. Details of the rationale for the above resolutions can be found in the Schedule to this letter.

Yours faithfully

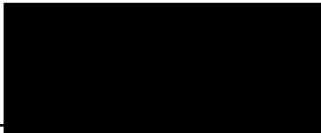


\_\_\_\_\_  
Name of Unitholder: **Chan Wai Kheong**

Number of Sabana REIT Units Held:



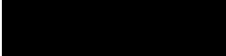
We agree with and hereby provide our support for the Requisition Notice submitted by Mr. Chan Wai Kheong



Name of Unitholder:



Number of Sabana REIT Units Held:



We agree with and hereby provide our support for the Requisition Notice submitted by Mr. Chan Wai Kheong



Name of Unitholder: [REDACTED]  
Number of Sabana REIT Units Held: [REDACTED]



We agree with and hereby provide our support for the Requisition Notice submitted by Mr. Chan Wai Kheong

[Redacted]

Name: [Redacted]  
Designation: [Redacted]

For and on behalf of [Redacted]  
Name of Unitholder: [Redacted]  
Number of Sabana REIT Units Held: [Redacted]

We agree with and hereby provide our support for the Requisition Notice submitted by Mr. Chan Wai Kheong

[Redacted]  
Name: [Redacted]  
Designation: [Redacted]

For and on behalf of  
Name of Unitholder: [Redacted]  
Number of Sabana REIT Units Held: [Redacted]  
[Redacted]

We agree with and hereby provide our support for the Requisition Notice submitted by Mr. Chan Wai Kheong

[Redacted]

Name: [Redacted]

Designation: [Redacted]

For and on behalf of  
Name of Unitholder: [Redacted]

Number of Sabana REIT Units Held: [Redacted]

We agree with and hereby provide our support for the Requisition Notice submitted by Mr. Chan Wai Kheong

[Redacted]

Name of Unitholder: [Redacted]  
Number of Sabana REIT Units Held: [Redacted]

[Redacted]

## SCHEDULE RATIONALE FOR THE REQUISITION

The rationale for putting forward the resolutions in the Requisition Notice dated 14 January 2025 is as follows:

**1. Significant costs have been and continue to be incurred by Sabana REIT in connection with the Internalisation**

On or around 7 June 2023, Quarz Capital ASIA (Singapore) Pte. Ltd. submitted a requisition notice (the "**7 June Notice**") to Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as manager of Sabana REIT) ("**SREIM**") seeking to requisition an EGM to pass resolutions (the "**7 June Resolutions**") to remove SREIM as manager of Sabana REIT, and direct the trustee of Sabana REIT (the "**Trustee**") to effect the internalisation of the REIT management function of Sabana REIT (the "**Internalisation**"). On 8 August 2023, the 7 June Resolutions were passed by the Unitholders.

As stated in the 7 June Notice, the key rationale for proposing the Internalisation was an increase in distributions per Unit ("**DPU**") and Unit price, that was expected from the cost savings and alignment of interests that would result from the Internalisation. However, subsequent statements on 19 July 2023 and 5 April 2024 later clarified that the quantum of cost savings cited as arising from the removal of SREIM as manager was in fact not correct.

As stated in the 3Q2024 Interim Business Update released by SREIM on 18 October 2024, SREIM and the Trustee have incurred cumulative expenses of S\$10.19 million up to 30 September 2024 in connection with the Internalisation. Given the costs incurred and to be incurred in connection with the Internalisation, approximately 10% of distributable income for 1H2024 was retained for prudent capital management and further retention may be required for subsequent periods, which will result in a reduction in DPU. In the meantime, the Units continue to trade at an approximately 31.1% discount to net asset value ("**NAV**") as at 29 November 2024 with poor trading liquidity.

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**2. Sabana REIT's Unit price and DPU have performed poorly relative to FTSE ST All-Share REIT Index since the Internalisation was proposed**

In the period from the 7 June Notice up to 29 November 2024 (the "**Relevant Period**"), Sabana REIT's Unit price has fallen by 17.4% with a total return of -8.1%, and has performed worse when compared to the overall performance of the FTSE ST All-Share REIT Index, which registered a fall in unit price of 8.5% and a total return of +0.1% over the Relevant Period.

During the Relevant Period, Sabana REIT's trailing 12-month DPU had also fallen approximately 18.9% from 3.07 cents as at 30 June 2023 to 2.49 cents as at 30 June 2024, which can be primarily attributed to the costs of the Internalisation incurred up to 30 June 2024.



Source: Bloomberg

**3. Poor trading liquidity of Sabana REIT means unitholders are unable to realise their investments in Sabana REIT without impact on its unit price**

Year to date 2024, Sabana REIT traded a total of approximately 58.3 million units at a volume weighted average price of S\$0.3584 per unit which equates to approximately S\$20.9 million. This equates to an average daily trading volume of approximately 365,400 units or approximately S\$130,900.

Based on data available on Bloomberg, Sabana REIT has the smallest market capitalisation amongst the industrial S-REITs and is consequently the lowest traded industrial S-REIT by average daily volume and value.

**Table 1: Industrial S-REITs ranked by their 3-month average daily value from highest to lowest**

Name	Market Cap:202411...	Average Volume:202...	Avg D Val, Traded 3M:M-3	Avg D Val Traded 6M:M-6
Investable Universe (11)	3.99B	8.68M	13.64M	12.29M
CAPITALAND ASCENDAS REIT	11.52B	12.76M	35.35M	33.07M
MAPLETREE LOGISTICS TRUST	6.47B	23.42M	31.76M	29.18M
FRASERS LOGISTICS & COMMERCI	3.42B	13.65M	21.85M	16.29M
MAPLETREE INDUSTRIAL TRUST	6.60B	6.03M	14.18M	14.60M
ESR-REIT	2.08B	11.60M	4.02M	3.32M
AIMS APAC REIT	1.03B	964.17k	1.34M	1.27M
DAIWA HOUSE LOGISTICS TRUST	411.79M	651.97k	411.04k	415.84k
SABANA INDUSTRIAL REAL ESTAT	399.39M	365.37k	235.93k	155.04k

Source: Bloomberg



Compared with the bigger group of all S-REITs, Sabana REIT also ranks amongst the top 15 lowest traded S-REIT by average daily volume and value.

**Table 2: Top 15 lowest traded S-REITs ranked by their 3-month average daily value from lowest to highest**

Name	Market Cap:202411...	Average Volume:202...	Avg D Val↑ Traded 3M:M-3	Avg D Val Traded 6M:M-6
<Enter Filter>				
Investable Universe (44)	2.28B	4.72M	6.96M	6.10M
IREIT GLOBAL EUR	266.05M	14.75k	77.34	74.82
BHG RETAIL REIT	233.82M	9.91k	1.57k	2.60k
DASIN RETAIL TRUST	26.55M	78.70k	3.06k	2.34k
LIPPO MALLS INDONESIA RET...	138.54M	2.25M	47.55k	48.05k
ELITE UK REIT	176.13M	166.26k	53.34k	52.20k
CROMWELL REIT SGD	1.29B	48.58k	68.25k	91.49k
ACROPHYTE HOSPITALITY TR...	107.90M	820.02k	81.67k	371.31k
IREIT GLOBAL	376.55M	379.67k	129.29k	136.92k
UNITED HAMPSHIRE US REIT	262.55M	319.79k	129.90k	115.61k
SABANA INDUSTRIAL REAL ES...	399.39M	365.37k	235.93k	155.04k
FIRST REAL ESTATE INVT TR...	534.08M	1.22M	351.65k	325.30k
FRASERS HOSPITALITY TRUST	808.95M	596.93k	389.81k	325.71k
DAIWA HOUSE LOGISTICS TR...	411.79M	651.97k	411.04k	415.84k
KEPPEL PACIFIC OAK US REIT	229.78M	4.35M	431.93k	617.65k
FAR EAST HOSPITALITY TRUST	1.24B	1.23M	569.59k	669.22k

Source: Bloomberg

One of the key proposition of investing in REITs is to allow a wider range of investors to invest in a pool of physical real estate assets. Unitholders can easily buy and sell the REIT units in smaller dollar amounts with higher liquidity as compared to investing directly in physical real estate assets with a much higher investment quantum and a less liquid market.

However, given Sabana REIT's poor trading liquidity, unitholders of Sabana may not be able to realise their investments by selling their units easily without significant impact to the unit price of Sabana REIT.

#### 4. Potential increase in future refinancing costs for Sabana REIT following the Bond Issuance

On 25 June 2024, the Trustee issued S\$100.0 million in aggregate principal amount of 4.15% sustainability-linked guaranteed bonds due 2029 (the "**Bonds**") and such issuance, the "**Bond Issuance**"), the net proceeds of which are to be used for the refinancing of existing term loans and capital expenditures. As part of the Bond Issuance, a guarantee was provided by Credit Guarantee and Investment Facility ("**CGIF**"), a trust fund of the Asian Development Bank (the "**CGIF Guarantee**") to guarantee the payment obligations of the Trustee.

Based on market intelligence, the costs incurred by Sabana REIT to procure the CGIF Guarantee are likely to be in the region of approximately 1.0% per annum<sup>1</sup> and assuming this is the case, the aggregate costs incurred in respect of the Bonds are likely to be in the region of approximately 5.15% per annum.

Based on publicly available information and announcements released on SGXNET in 2023 and YTD 2024, it is noted that guarantees from external parties are typically not required for bond issuances by S-REITs, particularly those holding assets located in Singapore. The table below shows that out of all the bond and perpetual securities issuances by S-REITs in 2023 and YTD 2024, only Sabana REIT had an external bank, namely CGIF, as guarantor.

Issuer Name	Issue Date	Cpn	Maturity	Mty Type	Guarantor	Guarantor Type
Average		4.125				
IMPACT Treasury Co Pte Ltd	03/29/2023	4.250	03/29/2030	AT MATURITY	Mapletree Pan Asia Commercial Trust	Parent
CMT MTN Pte Ltd	06/19/2023	3.938	06/19/2030	AT MATURITY	CapitalLand Integrated Commercial Trust	Parent
Ascott REIT MTN Pte Ltd	09/06/2023	4.200	09/06/2028	AT MATURITY	CapitalLand Ascott Trust	Parent
Keppel REIT MTN Pte Ltd	11/15/2023	3.720	11/15/2026	AT MATURITY	Keppel REIT	Parent
Keppel DC Reit Mtn Pte Ltd	12/08/2023	3.557	12/03/2026	AT MATURITY	Perpetual Asia Ltd	Parent
Mapletree Industrial Trust Treasury Co Pte Ltd	02/16/2024	3.751	02/16/2027	AT MATURITY	Mapletree Industrial Trust	Parent
IMPACT Treasury Co Pte Ltd	03/07/2024	3.900	03/07/2034	AT MATURITY	Mapletree Pan Asia Commercial Trust	Parent
Ascott REIT MTN Pte Ltd	03/15/2024	3.690	03/15/2029	AT MATURITY	CapitalLand Ascott Trust	Parent
FLCT Treasury Pte Ltd	03/26/2024	3.830	03/26/2029	AT MATURITY	Frasers Logistics & Commercial Trust	Parent
MapletreeLog Treasury Co Pte Ltd	04/04/2024	3.810	04/04/2031	AT MATURITY	Mapletree Logistics Trust	Parent
CapitalLand Ascendas REIT	05/29/2024	3.730	05/29/2034	AT MATURITY		
OUE REIT Treasury Pte Ltd	06/14/2024	4.100	06/14/2027	AT MATURITY	OUE Real Estate Investment Trust	Parent
Sabana Industrial Real Estate Investment Trust	06/25/2024	4.150	06/25/2029	AT MATURITY	Credit Guarantee & Investment Facility	Bank
Keppel REIT MTN Pte Ltd	06/26/2024	5.084	06/26/2027	AT MATURITY	Keppel REIT	Parent
CMT MTN Pte Ltd	07/10/2024	3.750	07/10/2034	AT MATURITY	CapitalLand Integrated Commercial Trust	Parent
CapitalLand Ascott Trust	08/07/2024	4.600	--	PERP/CALL		
ESR-LOGOS REIT	08/20/2024	6.000	--	PERP/CALL		
Mapletree Logistics Trust	08/22/2024	4.300	--	PERP/CALL		
OUE REIT Treasury Pte Ltd	09/26/2024	3.900	09/26/2031	AT MATURITY	OUE Real Estate Investment Trust	Parent
CMT MTN Pte Ltd	10/30/2024	3.300	04/30/2035	AT MATURITY	CapitalLand Integrated Commercial Trust	Parent
Keppel REIT MTN Pte Ltd	11/19/2024	5.074	11/19/2027	AT MATURITY	Keppel REIT	Parent

Source: Bloomberg

There is concern that the Bond Issuance has set a precedent whereby any future refinancing exercises by Sabana REIT would similarly require an external guarantee from CGIF or another similar AA-rated institution, which would significantly increase the costs of refinancing going forward.

##### 5. Potential higher-for-longer interest rate environment results in higher refinancing costs and higher capitalisation rates for valuation which will further reduce DPU and NAV

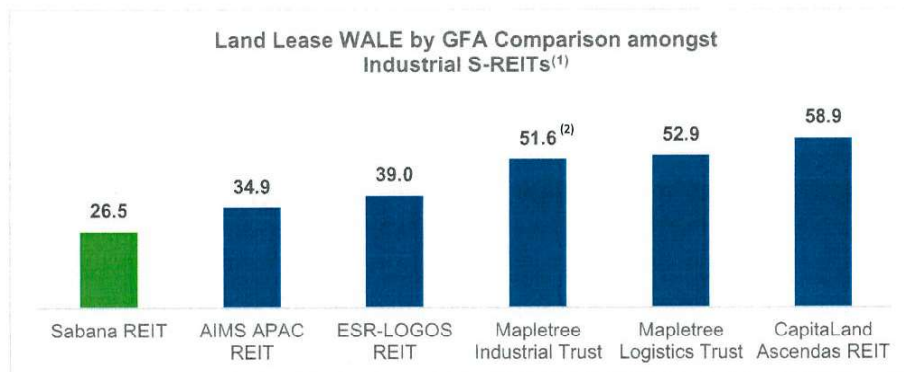
Since the conclusion of the 2024 United States elections, the expected inflationary economic policies of the incoming Trump administration have increased uncertainties around the level and pace of interest rate cuts, increasing the likelihood of a higher-for-longer interest rate environment which may increase interest costs and negatively impact Sabana REIT's refinancing costs and as a result, reduce DPU.

A higher interest rate environment may also result in higher capitalisation rates used by property valuers for asset valuations, which will further negatively impact Sabana REIT's NAV for the following reasons:

- (a) With Sabana REIT having one of the shortest land lease tenures amongst all industrial S-REITs, its NAV is expected to suffer from land lease decay as the lease gets shorter.

<sup>1</sup> While the Trustee and the Manager have not publicly disclosed the costs incurred in procuring the CGIF Guarantee, we have estimated the likely cost to be in the region of approximately 1.0% per annum based on market intelligence on the cost of procuring similar guarantees from CGIF.





**Notes:**

- (1) Based on the respective REITs' latest annual reports and updated to 29 November 2024.  
 (2) The land lease weighted average lease expiry ("**WALE**") for Mapletree Industrial Trust is based on net lettable area due to availability of information.

- (b) Higher capitalisation rates will also compound the reduction in asset valuation due to land lease decay, thereby accelerating the reduction in Sabana REIT's asset valuation and therefore, its NAV.

**6. Price Discovery Process would allow the true intrinsic value of the Sabana Assets to be uncovered**

Based on estimates published by Knight Frank and other publicly available information, the Singapore industrial market registered an aggregate asset sale value of S\$2.5 billion<sup>2</sup> in 2023 and an estimated S\$3.3 billion<sup>2</sup> as at 3Q2024. This indicates that there is an active and liquid market for quality Singapore industrial assets. Based on publicly available information, depending on asset quality and the land lease tenure remaining, such assets tend to be sold at or near book value.

A Price Discovery Process undertaken by an IPC with a track record of selling Singapore industrial assets would provide Unitholders with an objective view of the true intrinsic value of the Sabana Assets. Unitholders equipped with such reliable information will then be able to properly consider whether an exit option to all Unitholders at the best possible price is viable.

Accordingly, it is proposed that the Trustee and the Manager appoint an IPC to conduct a Price Discovery Process, based on the following terms:

- (a) the Price Discovery Process will be completed within a period of three (3) months, which may be extended by one (1) month if so required by the Trustee or the Manager;
- (b) the fees of the IPC will be based on market rates and paid on a success basis upon the completion of a Sale approved by the Unitholders, with any reimbursable out-of-pocket

<sup>2</sup> Based on Knight Frank Singapore Research Investment Report Q42023 and Q32024, which included private investment sales, comprising terrace factories and industrial strata sales exceeding S\$10.0 million.

expenses incurred by the IPC in connection with the Price Discovery Process to be capped at S\$8,000; and

- (c) following the completion of the Price Discovery Process, the Trustee and/or the Manager will provide an update to Unitholders on the outcome of the Price Discovery Process (including any proposed price and terms and conditions of a Sale).

## **7. Conclusion**

Certain Unitholders may have voted for the Internalisation back in August 2023 on the basis of the potential cost savings arising from an Internalisation exercise, when the quantum of cost savings initially cited was in fact not correct. In the Relevant Period, Sabana REIT's Unit price has fallen by 17.4% with a total return of -8.1%, and has performed worse when compared to the overall performance of the FTSE ST All-Share REIT Index. In addition, Sabana REIT suffers from poor trading liquidity which affects the ability for unitholders to realise their investments without negatively affecting the unit price.

At the same time, Sabana REIT's refinancing costs are likely to remain high if guarantees from CGIF or another similar AA-rated institution will continue to be required for any future bond issuances. The expected inflationary policies of the incoming Trump administration are also likely to keep interest rates high, which would negatively impact Sabana REIT's refinancing costs and thereby result in lower DPU. A higher interest rate environment may also likely to result in higher capitalisation rates for valuation, which further compounds the negative land lease decay impact on Sabana REIT's assets valuation as it has one of the shortest land leases remaining among all of the industrial S-REITs.

Nevertheless, it is noted that over the Relevant Period, Sabana REIT's NAV per Unit remained consistent between S\$0.52 and S\$0.53. In view of the above, this is an appropriate time to explore a trade sale of all or majority of the Sabana Assets as a viable option to realise the underlying asset value of Sabana REIT.

A Price Discovery Process managed by an IPC with a track record of selling Singapore industrial assets will allow Unitholders to ascertain the intrinsic value of the Sabana Assets in a liquid Singapore industrial asset sale market. With information that is reliable, Unitholders will have an opportunity to make an objective, fair and informed decision on whether a sale of the Sabana Assets would be the appropriate exit option to realise their investments in Sabana REIT at the best possible price, given the uncertainties and negative DPU and NAV impact brought about by the Internalisation and the expected inflationary economic climate.

