

2 August 2023

Sabana Real Estate Investment Management Pte. Ltd.

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

Attention: Mr Tan Cheong Hin, Chairman
Mr Donald Han, Chief Executive Officer

Dear Sirs,

OPEN LETTER FROM ESR GROUP – SAVE SABANA REIT FROM FALSEHOODS AND DESTRUCTION

1. We have prepared a short open letter to unitholders to ensure that unitholders continue to be made aware of all material facts, so that they may make an informed and considered decision at the Extraordinary General Meeting on 7 August 2023.
2. We would be grateful if you could publish a copy of the enclosed letter as an announcement via SGXNET.

Yours faithfully



ESR GROUP LIMITED

Dear Unitholders

- **The value destruction and uncertainty that we warned about has already started.**
- Unitholders now have a choice to **vote for stability and allow the Manager to focus on delivering returns, instead of dealing with ill-conceived proposals** that are motivated by self-interests but jeopardise the interests of all other unitholders.
- During the “SIAS-Sabana Industrial REIT - Dialogue with Unitholders” on 1 August 2023, the **CEO of the Sabana REIT Manager, Mr. Donald Han, stated that members of his team are already resigning.**
- This **exemplifies the disruption and worry about the future that Quarz’s resolutions have created.** Unitholders are being asked to vote themselves into an abyss of uncertainty, which will be created by the unnecessary removal of the Sabana REIT Manager.
- **Glass Lewis**, a leading independent proxy advisor, **recognized that the Manager has delivered strong performance over the past five years with total unitholder returns of 55.9% since 2018, outperforming the STI Index, iEdgeS-REIT Index and FTSE ST All-Share REIT Index¹.**
- It is by **now clear that removing the Sabana REIT Manager will not result in the size of cost savings outlined by Quarz** – it has already admitted that its earlier calculations contained a “typo”, and **Sabana REIT will still need to pay ongoing management fees to the interim manager until a replacement can be appointed.**
- According to the Trustee, **unitholders will be forced to bear all costs and weather at least 12 months of uncertainty and two or more EGMs (with an expected 75% approval threshold) related to the proposed internalisation, without any guarantee of success.**
- The process of internalisation, meanwhile, is unprecedented in Singapore, as the REIT Manager, Trustee, independent analysts and many media commentators have all outlined. They have also warned of the significant risks, costs, and time needed to implement any changes after the EGM.
- **Glass Lewis** has also **recommended** that unitholders **vote against the resolution for removing the Sabana REIT Manager and internalisation.**
- Sabana REIT’s financing is another area of concern. It would be foolhardy to think that, while unitholders prepare to make critical decisions, Sabana REIT’s lenders are not at the same time preparing to safeguard their own interests. The **lenders may take any action permitted under their loan agreements to protect their rights and interests, including demanding immediate repayment of any outstanding loans or increasing the interest rate on their loans.**
- As highlighted in our letter dated 28 July 2023, **each increase of one percentage point (100 basis points) could cost unitholders up to S\$8.3 million in interest each year, which will reduce DPU by up to 0.75 Singapore cents².**
- We call on unitholders **to vote AGAINST the two resolutions** at the EGM on 7 August 2023 to protect your investment and save Sabana REIT from value destruction.

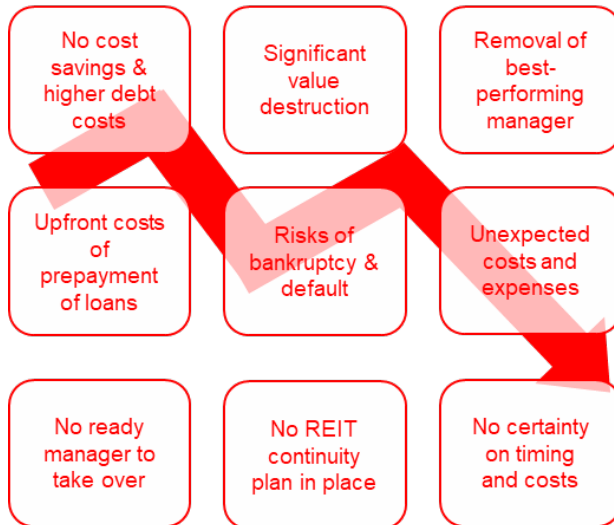
¹ Source: Bloomberg, as at 30 June 2023.

² Based on 1,102,156,128 units outstanding and if an unwinding of the existing interest rate hedges that have been put in place is triggered.

ESR Group Limited

SAVE SABANA REIT FROM FALSEHOODS AND DESTRUCTION

If unitholders vote FOR,
NEGATIVE CONSEQUENCES



VOTE CAREFULLY, VOTE AGAINST



**MAINTAIN
CERTAINTY AND
STABILITY OF
RETURNS FOR
UNITHOLDERS**

**Amid market uncertainty,
let's unite to preserve our
returns**