



## SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

### SABANA INDUSTRIAL REIT ENGAGES UNITHOLDERS ON EGM RESOLUTIONS AT SIAS DIALOGUE SESSION

#### Manager asserts independence from ESR Group and full alignment of interests with Unitholders

- Manager was sued by ESR Group which sought a Court injunction to stop the Manager from convening the EGM; Manager's objective and candid submissions were appreciated by Court
- Continuous improvement in SGTI ranking and overall score for three consecutive years – Sabana Industrial REIT climbed **5 positions** to rank 30<sup>th</sup> with an overall score of 84.2 in 2023, along with our GIFT ranking which made the largest jump of **24 positions** in the November 2022 study to 14<sup>th</sup> place
- Manager's fees maintained since IPO in 2010
- In view of some commentary in the market, Trustee reiterates in a letter dated 2 August 2023 that its position has not changed. If Resolution 2 is passed, Trustee expects a considerable amount of time of at least 12 months or potentially significantly longer, with additional costs required, to internalise the REIT management function

**Singapore, 3 August 2023** – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**” or the “**REIT**”), would like to provide Unitholders key takeaways from recent events, in view of the upcoming Extraordinary General Meeting (“**EGM**”) on 7 August 2023.

*Mr Donald Han, Chief Executive Officer of the Manager of Sabana Industrial REIT said, “We continue to reiterate that the Manager is fully independent of ESR and have adopted differing views from ESR which had sought Court injunction to stop the Manager from convening the EGM. Our objective and candid views were appreciated by the High Court. The Manager’s fees, which have not been raised since IPO in 2010, are aligned with industry fee levels. We also do not charge project management fees for AEIs, including the NTP+ mall AEI at NTP, which has contributed to our positive rental reversions for the office component at NTP. As highlighted by the Manager, Auditor and Trustee, there will be uncertainties and risks if either or both Resolutions are passed. There is also no certainty or assurance that the existing staff of SREIM would be willing to stay on, given the uncertainties during the interim period. We urge all unitholders to vote with prudence, keep the performing Manager and protect your investments.”*

#### KEY TAKEAWAYS FROM SIAS-SABANA INDUSTRIAL REIT DIALOGUE WITH UNITHOLDERS

Sabana Industrial REIT held a dialogue session with Unitholders on 1 August 2023, moderated by Mr David Gerald, Founder, President and Chief Executive Officer of SIAS. Mr Donald Han, Chief Executive Officer of the Manager delivered a presentation on the resolutions for the upcoming EGM and explained the significant risks and uncertainties involved. This was followed by a Q&A session, during which the Board and Senior Management of the Manager addressed questions posed by Mr David Gerald and Unitholders of Sabana Industrial REIT.

#### The Manager would like to reiterate key takeaways highlighted during the event:

##### 1. Manager is fair, objective and independent of ESR –

- The Manager was sued by ESR who had sought Court injunction to stop the Manager from convening the EGM.
- The Manager differed from ESR's views and informed the Court that its view was that EGM had to proceed in accordance with the resolutions as set out in the Requisition Notice.
- Court said it appreciated the Manager's “objective and candid” submissions to the Court.

- Court dismissed ESR’s application for injunction and upheld Manager’s view that EGM had to proceed.

## 2. Manager’s Fees and actions are aligned with Unitholders’ interests –

- The Manager did not increase its fees since Sabana Industrial REIT’s IPO in 2010. The current fees payable is disclosed on page 120 - 121 of Sabana Industrial REIT Annual Report 2022<sup>1</sup> and tabled below. These fees are in line with industry fee levels and supported by independent research done by The Edge Singapore<sup>2</sup>. Moreover, Sabana Industrial REIT does not charge Project Management Fee for Asset Enhancement Initiatives (“AEI”), which is typically charged by some other listed REITs.

Payable by the REIT	Amount payable
<b>Management fee</b>	<p><b>Base fee</b></p> <p>A fee not exceeding the rate of 0.5% per annum of the value of the Deposited Property</p> <p><b>Performance fee</b></p> <p>0.5% per annum of the Net Property Income of the REIT in each financial year, provided the REIT achieves 10.0% annual growth in DPU over the previous financial year</p> <p><i>The above to be read in conjunction with information found on pages 120 – 121 of Sabana Industrial REIT’s Annual Report 2022.</i></p>

- No acquisitions made since 2018 and hence no acquisition fees charged to the REIT. Given the macroeconomic uncertainties during the past few financial years, the Manager has chosen to exercise prudence and focused on AEIs at existing properties as part of the Manager’s Grow Value Phase. This has led to an increase in portfolio valuation since the pandemic to \$887.5 million despite declining land tenure, and net asset value has risen to \$0.53 per unit as at 30 June 2023, from \$0.51 per unit as at 30 June 2020.
- The Manager has not undertaken rights issues or placement exercises since 2018, with no resulting dilution impact on units.

We invite all Unitholders to view the recording at this link [https://youtu.be/MZ\\_j-Ov6Rbk](https://youtu.be/MZ_j-Ov6Rbk) and to view the presentation at this link:

[https://sabana.listedcompany.com/newsroom/20230801\\_214156\\_M1GU\\_5RMCPO74C2JRKCMV.1.pdf](https://sabana.listedcompany.com/newsroom/20230801_214156_M1GU_5RMCPO74C2JRKCMV.1.pdf).

## FURTHER IMPROVEMENTS IN CORPORATE GOVERNANCE PRACTICES

Sabana Industrial REIT has further improved its corporate governance practices, based on the 2023 Singapore Governance and Transparency Index (“SGTI”) released on 2 August 2023<sup>3</sup>. The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies and a joint initiative of CPA Australia, NUS Business School’s Centre for Governance and Sustainability (NUS CGS), and the Singapore Institute of Directors (SID).

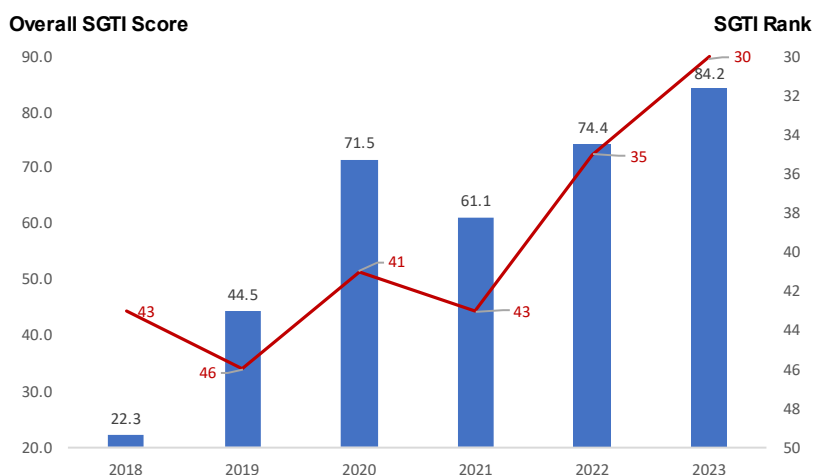
<sup>1</sup> [https://sabana.listedcompany.com/newsroom/20230327\\_074442\\_M1GU\\_878BYE52M01J8BU3.1.pdf](https://sabana.listedcompany.com/newsroom/20230327_074442_M1GU_878BYE52M01J8BU3.1.pdf)

<sup>2</sup> <https://www.theedgesingapore.com/news/reits/your-reit-manager-worth-its-fees>

<sup>3</sup> <https://bschool.nus.edu.sg/cgs/wp-content/uploads/sites/7/2023/08/CGS-SGTI-2023-REIT-and-Business-Trust-Category-Ranking-Results-by-Scores.pdf>

Sabana Industrial REIT has moved up **5 positions** to rank 30 in SGTI 2023's REITs and Business Trusts Category, with an overall score of 84.2 (including 10 bonus points), 9.8 points higher than the score of 74.4 in SGTI 2022. Since 2018, Sabana Industrial REIT has steadily increased its overall score and improved its ranking, a testament of its improving corporate governance practices.

## IMPROVEMENTS IN CORPORATE GOVERNANCE



The SGTI ranking of **Sabana Industrial REIT** has steadily improved from 43<sup>rd</sup> place in 2018<sup>1</sup> to 30<sup>th</sup> in 2023<sup>2</sup>.

20	IREIT GLOBAL	75.9	12	879	68.6	41
21	KEPPEL REIT	74.4	13	874	85.6	23
22	UNITED HAMPSHIRE US REIT	70.2	11	872	77.6	29
23	DIGITAL CORE REIT	75.3	19	86.9		
24	COL HOSPITALITY TRUSTS	74.2	15	86.2	85.3	24
25	FRASERS HOSPITALITY TRUST	73.4	12	85.4	89.0	17
26	DAE COMMERCIAL REIT	72.3	13	85.3	77.7	28
27	SIATVIC REIT	68.1	17	85.1	74.1	36
28	MAPLE TREE INDUSTRIAL TRUST	71.8	13	84.8	83.6	25
29	PRIME US REIT	72.7	12	84.7	65.9	42
30	<b>SABANA INDUSTRIAL REIT</b>	<b>84.2</b>	<b>10</b>	<b>84.7</b>	<b>74.4</b>	<b>30</b>
31	FIRST REIT	71.0	12	83.0	76.8	27
32	PARKWAY LIFE REIT	71.0	11	82.0	85.7	22
33	ESR LOGOS REIT	74.4	7	81.4	70.6	39
34	MAPLE TREE PAN ASIA COMMERCIAL TRUST	71.1	10	81.1	77.0	31
35	SHING TAI REIT	70.8	10	80.8	74.7	32
36	FIRST SHIP LEASE TRUST	64.8	15	79.8	74.5	34
37	HUTCHISON PORT HOLDINGS TRUST	63.7	16	79.7	71.3	38
38	FRASERS CENTREPOINT TRUST	73.4	5	78.4	77.1	30
39	ASA US HOSPITALITY TRUST	69.6	15	77.6	72.8	37
40	ELITE COMMERCIAL REIT	65.6	11	76.6	53.6	44

**Notes:**

1. Singapore Governance and Transparency Index 2018 - REIT and Business Trust Category <https://bschool.nus.edu.sg/cgs/wp-content/uploads/sites/2018/10/CGIO-SGTI-REITs-and-BTs-Ranking-Results-by-Scores-2018.pdf>
2. Singapore Governance and Transparency Index 2023 - REIT and Business Trust Category <https://bschool.nus.edu.sg/cgs/wp-content/uploads/sites/2023/08/CGIO-SGTI-2023-REIT-and-Business-Trust-Category-Ranking-Results-by-Scores.pdf>

18

**Mr Tan Cheong Hin, Chairman of the Board of Directors commented,** "We are heartened to see Sabana Industrial REIT being recognised for its improving corporate governance practices, having climbed 5 positions, from 35<sup>th</sup> to 30<sup>th</sup> position in the SGTI 2023 ranking. This follows the Governance Index for Trusts ("GIFT") 2022 report, which saw our ranking improve by 24 positions to rank 14<sup>th</sup> among all trusts in the study. We are committed to upholding best corporate governance practices and will continue to work towards further improvements."

### LATEST TRUSTEE STATEMENT REITERATED UNCERTAINTY AND DIFFICULTIES OF INTERNALISATION

The Manager continues to highlight that the proposed internalisation is a complex process that has considerable uncertainty and many inherent risks, with no certainty of success. There is real risk of disruptions to the REIT operations and the REIT may eventually be wound up with its properties disposed of at a potentially significant discount if the Resolution(s) cannot be implemented. This could potentially destroy value for Unitholders.

In view of some commentary in the market, the Trustee had issued another letter on 2 August 2023<sup>4</sup>, which further reiterated uncertainties and risks, and included the following extracts from its earlier Statement to Unitholders on 21 July 2023:

*"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*

<sup>4</sup> [https://sabana.listedcompany.com/newsroom/20230802\\_200105\\_M1GU\\_LK8ZWFKQPWDQT2WU.1.pdf](https://sabana.listedcompany.com/newsroom/20230802_200105_M1GU_LK8ZWFKQPWDQT2WU.1.pdf)

*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.*

*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.”*

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.

**=== END ===**

**For enquiries, please contact:**

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

Ms Low Hooi Hoon

Tel: +65 6580 7857

Email: hooihoon.low@sabana.com.sg

**Citigate Dewe Rogerson**

Ms Chia Hui Kheng/ Ms Dolores Phua/ Ms Jass Lim

Tel: +65 6534 5122

Email: sabana@citigatedewerogerson.com

**Sabana Industrial REIT**

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2022, Sabana Industrial REIT has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than S\$0.9 billion as at 31 December 2022. Sabana Industrial REIT is a constituent of the SGX S-REIT Index, MSCI Singapore Micro Cap Index, and FTSE ST Singapore Shariah 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 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.