



18 June 2024

**Sabana Real Estate Investment Management Pte. Ltd.**  
**(in its capacity as manager of Sabana Industrial Real Estate Investment Trust ("Sabana Industrial REIT")) (the "Manager")**  
151 Lorong Chuan, #02-03  
New Tech Park  
Singapore 556741

Attention: Mr Donald Han, Chief Executive Officer

Dear Sirs

**UPDATE TO UNITHOLDERS OF SABANA INDUSTRIAL REIT FROM HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED (IN ITS CAPACITY AS TRUSTEE OF SABANA INDUSTRIAL REIT) (THE "TRUSTEE") – 18 JUNE 2024**

1. We refer to:
  - (a) the Preliminary Information Memorandum dated 12 June 2024 and Supplement dated 14 June 2024 made available on Bloomberg and the Investor Presentation dated 5 June 2024 made available on <https://dealroadshow.com> in respect of the issuance ("**Bond Issuance**") by Sabana Industrial REIT of the 5-year senior unsecured Sustainability-Linked Guaranteed Bonds due 2029 (the "**Bonds**"); and
  - (b) the Manager's SGXNet announcement dated 17 June 2024 in connection with the receipt of a letter from Quarz Capital ASIA (Singapore) Pte. Ltd. ("**Quarz**") dated 14 June 2024 ("**Quarz's 14 June 2024 Letter**") in respect of the Bonds and the Bond Issuance (the "**Manager's 17 June 2024 Announcement**").
2. The Trustee wishes to provide further information in respect of the matters discussed in Quarz's 14 June 2024 Letter and the Manager's 17 June Announcement as set out in the Appendix to this letter. Terms defined in the Quarz's 14 June 2024 Letter and the Manager's 17 June 2024 Announcement shall, unless the context otherwise requires, have the same meanings when used in this letter.
3. Please publish this letter as an announcement via SGXNet.

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)**

RAHUL DESOUSA  
Authorised Signatory

## APPENDIX

### Trustee's Update to Unitholders of Sabana Industrial REIT

1. Further to the Manager's 17 June 2024 Announcement, which sets out the Manager's views, commercial rationale and benefits of the Bond Issuance to Sabana Industrial REIT, the Trustee wishes to provide Unitholders with further information and additional matters which it had taken into consideration in its independent assessment of the Manager's recommendation to proceed with the Bond Issuance.
2. The Trustee urges all Unitholders not to consider the Bond Issuance in isolation but with appropriate regard to Sabana Industrial REIT's overall financing profile, interaction with other financing parties and the external environment which may impact refinancing opportunities for Sabana Industrial REIT.

*The Bond Issuance does not additionally prohibit the Internalisation Process or entrench the Manager*

3. In addition to the Manager's response on this issue as set out in the Manager's 17 June 2024 Announcement, the Trustee notes the following regarding the provisions which Quarz considers may "*entrench the current REIT Manager and its sponsor*":

(a) Review Event under the Reimbursement and Indemnity Agreement ("**RIA**")

- (i) The RIA is entered into bilaterally between Credit Guarantee & Investment Facility<sup>1</sup> ("**CGIF**") as guarantor and the Trustee as issuer of the Bonds, which is separate to the terms and conditions of the Bonds.
- (ii) Whilst it is a review event under the RIA if (i) ESR Cayman Limited ceases to hold, whether directly or indirectly, at least 50.1 per cent. of the issued share capital of the Manager, or (ii) the Manager ceases to be the manager of Sabana Industrial REIT, in a manner or to an extent which would result in a material adverse effect (as defined in the RIA), the Trustee wishes to highlight that the RIA requires the issuer and CGIF to enter into discussions with regards to such events. Where such discussions do not result in CGIF's consent to the change, CGIF may impose additional conditions (details of which are set out in the Manager's 17 June 2024 Announcement) on the issuer as part of its agreement to provide the guarantee and/or to be indemnified subject to the terms of the RIA. Such additional provisions however have no bearing on the scheduled maturity of the Bonds, with the CGIF guarantee for the benefit of the Bond investors remaining intact.
- (iii) In any case, the Trustee believes that eventual commercial discussions with CGIF on the abovementioned issue would likely benefit from an orderly and stable Internalisation process, with such process being in line with the Trustee's objective to achieve a compliant, functional and sustainable internalised management structure for Sabana Industrial REIT.

(b) Review Event under the SBLC Facility Agreement

- (i) Under the SBLC Facility Agreement, the joint lead managers of the Bond Issuance provide a standby letter of credit facility in an amount of S\$10 million in favour of the Trustee as issuer of the Bonds. It bears noting at the outset that this amount is not material as compared to the total existing borrowings (as at 31 March 2024: \$333.0 million) of Sabana Industrial REIT.

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<sup>1</sup> CGIF is a trust fund of the Asian Development Bank.

- (ii) Whilst it is a review event under the SBLC Facility Agreement if (i) ESR Cayman Limited ceases to hold, whether directly or indirectly, at least 50.1 per cent. of the issued share capital of the Manager, (ii) the Manager ceases to be the manager of Sabana Industrial REIT and/or (iii) Sabana Property Management Pte. Ltd. ceases to be the property manager of Sabana Industrial REIT, in each case, without the prior consent in writing of the lenders, which is not to be unreasonably withheld or delayed, the Trustee wishes to highlight that there are already similar restrictions relating to the change of Manager or change of control of the Manager in the existing facility agreements.
- (iii) The current restrictions in financing documents pertaining to the change of manager/control have previously been highlighted in SGXNet announcements.<sup>2</sup> Unitholders are reminded that it should be expected that the new Internal Manager will need to engage with all financiers in respect of these restrictions and future financing terms.
- (iv) The terms of the SBLC Facility Agreement do not change or add to these considerations. The lenders under the SBLC Facility Agreement are already existing lenders of Sabana Industrial REIT and therefore, no new lenders are being introduced whose consent would be required for purposes of the Internalisation over and above the consents already being required of the existing lenders of Sabana Industrial REIT under the existing facility agreements.
- (v) Furthermore, the Trustee had negotiated for and secured an additional requirement under the SBLC Facility Agreement that where prior consent in writing was to be sought from the lenders for any future change of manager which triggers this review event, such consent is not to be unreasonably withheld or delayed.

This is a more favourable position for Sabana Industrial REIT as compared to the financing terms under its existing facilities, including those that were entered into before the Internalisation process commenced.

(c) Amendments to the Trust Deed

As stated in the Trustee's Statement dated 12 June 2024, the Trustee intends to work expeditiously to convene an EGM for Unitholders to approve Trust Deed amendments pertaining to the Internalisation. Bearing in mind such upcoming EGM, the Trustee had in its review of the Bonds documentation exercised considerable efforts to negotiate for a position where the progress of the Internalisation will not be impeded by the Bond Issuance and had specifically negotiated with all relevant parties to agree that any amendments to the Trust Deed relating to the Internalisation will not be subject to the consent of such relevant parties and/or the bondholders.

This is notwithstanding that it is customary for lenders to require for their consent to be sought for trust deed amendments that impact a REIT's borrowing and/or principal business activities.

4. The terms of the Bond Issuance do not place more restrictions on the Internalisation than are already existing under the terms of the current financing. The Trustee therefore does not agree with Quarz's views that the "*Bond Issue might impede Internalisation*" and it is unclear how Quarz has arrived at its conclusion, taking into account the reasons set out in the Manager's 17 June 2024 Announcement and the matters stated above.
5. In addition to the communication channels established by the Manager for Sabana Industrial REIT, Unitholders may direct their enquiries to [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg).

<sup>2</sup> For example, see the Manager's circular dated 21 July 2023 at pages 12 and 13.