



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

REQUISITION OF EXTRAORDINARY GENERAL MEETING

The manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**"), and the manager of Sabana REIT, the "**Manager**") wishes to announce that it had on 25 June 2021 received a letter (the "**Requisition Notice**") from Quarz Capital Management ("**Quarz**") and Black Crane Capital ("**Black Crane**", together with Quarz, the "**requisitionists**" or "**Q&BC**") requesting the Manager to convene an extraordinary general meeting ("**EGM**") to consider the following ordinary resolutions:

RESOLUTION 1: That the appointment of Mr. Chan Wai Kheong as Independent Non-Executive Director be endorsed by the independent unitholders in accordance with the requirements imposed by the Monetary Authority of Singapore (MAS).

RESOLUTION 2: That, unless endorsed by the independent unitholders in accordance with Resolution 1, Mr. Chan Wai Kheong be removed as director with effect from the date of the EGM.

RESOLUTION 3: That it be proposed to the Nominating and Remuneration Committee that Mr. Jan Frederic Moermann be appointed as Non-Independent, Non-Executive Director of the Manager.

RESOLUTION 4: That it be proposed to the Nominating and Remuneration Committee that Mr. Peter Kennan be appointed as Independent, Non-Executive Director of the Manager.

Details of which are set out in the copy of the Requisition Notice annexed to this Announcement.

The Manager has carefully considered the Requisition Notice and wishes to inform the unitholders of Sabana REIT (the "**Unitholders**") that the Manager will not be convening the Requisitioned EGM and sets out its comments to each of the resolutions proposed in the Requisition Notice as follows:

Resolution 1 – The Manager intends to seek Unitholders' endorsement of Mr Chan Wai Kheong as independent director at the next Annual General Meeting which is in line with the direction from the Monetary Authority of Singapore. The timing for seeking Unitholders' endorsement is a matter to be determined by the Manager at its discretion.

We would also like to address below the allegations (in quotes) raised by Q&BC in relation to Mr Chan in the Requisition Notice.

“Quarz and Black Crane have expressed our reservations on numerous occasions to Sabana REIT Manager (and the board) on the unsuitability of the appointment of Mr Chan Wai Kheong as a director of Sabana REIT manager. After Mr Chan was initially proposed as one of the candidates, we have conducted further due diligence which revealed several facts about Mr Chan which we have communicated to the management and board of Sabana REIT Manager.”

The Manager would like to state its total surprise by the objections raised by Q&BC in the Requisition Notice since Mr Chan Wai Kheong was one of the nominees for independent director that Quarz Capital had proposed to the Manager. These nominees were proposed after Q&BC had objected to the appointment of Mr Yeo Wee Kiong and Mr Willy Shee who had since resigned.

Further, none of the “key critical issues” raised in the Requisition Notice as the grounds for their present objection after their “further due diligence” are surprising as they are entirely public information so Quarz and Black Crane would have known this before they proposed Mr Chan as independent director for the consideration of the Nominating and Remuneration Committee (“**NRC**”) of the Manager. Mr Chan was eventually selected based on his credentials, experience and qualifications, given that Mr Chan has more than 35 years’ management and operational experience in the financial sector and was last Managing Director at Credit Suisse (Singapore) Ltd prior to founding fund management company Charlie Chan Capital Partners Pte. Ltd. in 2011.

We now address each of the “key critical issues” Q&BC have identified as reasons for the potential unsuitability of Mr Chan as independent director.

A. “Mr Chan is a substantial (4th largest) unitholder of AIMS APAC REIT, having more than 5% of direct and deemed interest in the REIT (amounting to approximately ~S\$50million). In contrast, his direct and deemed interest in Sabana REIT only amounts to ~S\$2million (~0.4% unitholding).”

Based on the independence requirements in the Securities and Futures (Licensing and Conduct of Business) Regulations (the “**SFLCBR**”) and the Code of Corporate Governance 2018 (the “**CG Code**”), the regulations and listing rules do not regard a director to be non-independent by virtue only of his investment in another REIT even if that other REIT is a competitor. This is so even though Mr Chan is a substantial unitholder in AIMS APAC REIT holding 5.04% as at 29 June 2020 as disclosed in the annual report of AIMS APAC REIT for the financial year ended 31 March 2020 as Mr Chan is not on the board of the manager of AIMS APAC REIT and is not involved in the management of AIMS APAC REIT. It is not uncommon for listed companies to appoint substantial shareholders of other companies (even if they are competitors) as independent directors, given the experience and expertise that these independent shareholders would bring to the table. There is no conflict so long as such substantial shareholders are also not involved in the management of those companies that may be competitors. Hence the concern raised by the requisitionists that Mr Chan will be privy to critical and confidential information relating to Sabana REIT’s asset portfolio, its future strategy, as well as divestment and acquisitions plans will not arise. As a director, Mr Chan

will be subject to strict fiduciary duty under the Securities and Futures Act to prioritise the interests of Sabana REIT and its unitholders.

As such, the mere fact that Mr Chan is a substantial unitholder in AIMS APAC REIT does not make him non-independent under the SFLCBB and the CG Code.

B. It appears Mr Chan had prior significant business dealings with ESR Cayman.

Its/[t] appears ESR Cayman paid Mr Chan a substantial premium of more than ~30% (premium of ~\$21.8million) for his stake in ESR REIT when compared to the market volume average weighted unit price of the REIT in 2016. The price paid by ESR Cayman to Mr Chan was also a substantial premium of ~28% to the 50-day moving average of ESR REIT's price on the date of the transaction in Feb 2017.

Under Regulation 13G(2) of the SFLCBB and the CG Code, the relevant period in assessing the business relationship between a director and a related corporation of the REIT Manager is the current year in which the director is proposed to be appointed as an independent director and the immediately preceding financial year of the REIT Manager. In this case, the business dealings mentioned in the Relevant Email took place in February 2017 which is more than four years ago before his appointment as an independent director on 2 June 2021 and hence outside the relevant period. Hence, Mr Chan's business dealings do not fall within the prescribed categories of non-independence.

Further, we wish to reiterate that in this case, Mr Chan was proposed by the requisitionists and not ESR Cayman. The fact that the requisitionists had put up his name and in less than one month after he was appointed as director on 2 June 2021, they are now objecting to his appointment as director on the ground that he has a business dealing with ESR Cayman more than 4 years ago when this is public information is irresponsible of the requisitionists.

C. Potential Lack of Independence of the Current Board of Directors

The requisitionists also alleged the potential lack of independence of the current board of directors and to improve this lack of independence of the current board of directors, they are now proposing to have their senior executives, Mr Jan Frederic Moermann, the CEO and CIO of Quarz and Mr Peter Kennan, the CEO and CIO of Black Crane appointed to the board of the Manager.

The Manager would point out that this is somewhat contradictory to their stated concern over the lack of independence of the Board. Mr Moermann is proposed to be a *non-independent director* (as he is an employee of Quarz, a substantial unitholder of Sabana REIT) while Mr Kennan is to be appointed as an independent director. One of the clear categories in which a person is regarded to be non-independent under the SFLCBB and the CG Code is where he is an employee of a substantial unitholder of a REIT or is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial unitholder.

By putting forward these two individuals who are each CEO and CIO of each requisitioner, one of whom is also a substantial unitholder, this will in fact dilute the overall independence of the board of directors of the Manager.

Resolution 2 – The Manager is of the view that this resolution is redundant as Mr Chan will cease to be a director of the Manager if the resolution to endorse Mr Chan as director is not passed.

Resolutions 3 and 4 – The Manager is of the view that these resolutions are redundant. The Manager wishes to point out that the appointment and selection of a director fall within the purview and discretion of the NRC and the Board of the Manager.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company Registration Number: 201005493K, Capital Markets Services Licence No: CMS100169)

As manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Han Yong Lee (Donald)

Chief Executive Officer

28 June 2021

Important Notice

The value of units in Sabana 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 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.

Date: 25 June 2021

By E-MAIL & REGISTERED POST

Pages: 8

Attention: The Board of Directors

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

Dear Sirs,

**RE: REQUISITION TO CONVENE AN EXTRAORDINARY GENERAL MEETING
PURSUANT TO PARA 4.1(b) OF APPENDIX 6 OF THE CODE ON COLLECTIVE
INVESTMENT SCHEMES**

1. We are unitholders holding more than 10% of the total units of SGX-listed Sabana Shariah Compliant 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 Para 4.1(b) of Appendix 6 of the Code on Collective Investment Schemes 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 the appointment of Mr. Chan Wai Kheong as Independent Non-Executive Director be endorsed by the independent unitholders in accordance with the requirements imposed by the Monetary Authority of Singapore (MAS). The potential unsuitability of Mr. Chan to serve as a Director of Sabana REIT Manager due to key critical issues are provided in paragraph 6-10 below.

RESOLUTION 2: That, unless endorsed by the independent unitholders in accordance with Resolution 1, Mr. Chan Wai Kheong be removed as director with effect from the date of the EGM.

RESOLUTION 3: That it be proposed to the Nominating and Remuneration Committee that Mr. Jan Frederic Moermann be appointed as Non-Independent, Non-Executive Director of the Manager.

RESOLUTION 4: That it be proposed to the Nominating and Remuneration Committee that Mr. Peter Kennan be appointed as Independent, Non-Executive Director of the Manager.

3. **We have proposed the above resolutions in order to give due effect to the endorsement requirements imposed by MAS in a timely manner instead of at the next annual general meeting which is more than 10 months away.**

4. We have proposed the above resolutions 3 and 4 for Mr. Jan Frederic Moermann and Mr Peter Kennan to be appointed as directors as they both possess relevant industry experience and will add much needed expertise, diversity, and alignment of interest between board and unitholders. This will help to strengthen the independence of the Board and enable it to make decisions in the best interests of Sabana REIT. **A copy of the brief curriculum vitae of Mr. Jan Frederic Moermann and Mr. Peter Kennan are attached in Annex A of this letter.**
5. We detail in paragraph 11-13 the critical issues and potential lack of independence of the current board of directors of Sabana REIT Manager. We provide in paragraph 14 - 31 below the key justifications of proposing the appointment of both Mr Jan Frederic Moermann and Mr Peter Kennan as directors of Sabana REIT Manager.

Potential Conflict of Interest of Mr Chan Wai Kheong as a director of Sabana REIT Manager

6. **Quarz and Black Crane have expressed our reservations on numerous occasions to Sabana REIT Manager (and the board) on the unsuitability of the appointment of Mr Chan Wai Kheong** as a director of Sabana REIT manager. After Mr Chan was initially proposed as one of the candidates, we have conducted further due diligence which revealed several facts about Mr Chan which we have communicated to the management and board of Sabana REIT Manager.

A. Mr Chan is a substantial (4th largest) unitholder of AIMS APAC REIT, having more than 5% of direct and deemed interest in the REIT (amounting to approximately ~S\$50million). In contrast, his direct and deemed interest in Sabana REIT only amounts to ~S\$2million (~0.4% unitholding).

AIMS APAC REIT is a key competitor of Sabana REIT with both being 2 of only 4 SGX-listed REITs which primarily invest in industrial assets in Singapore.

Given that Mr Chan has a substantially larger economic interest of more than ~25x larger in AIMS APAC REIT than in Sabana REIT, to us it is obvious that his appointment as a director of Sabana REIT Manager can potentially create substantial and significant conflict of interest issues.

As a board member of Sabana REIT Manager, Mr Chan will be privy to critical and confidential information relating to Sabana's asset portfolio, its future strategy, as well as divestment and acquisitions plans. The sensitive information can be highly valuable, critical and useful to close competitors operating in the same sector.

This potential conflict of interest is even more severe if Mr Chan is 1 of only 3 board members and holds 33% of the board vote.

- B. It appears Mr Chan had prior significant business dealings with ESR Cayman.**
Mr Chan sold his deemed and direct interest of 138,891,996 units of ESR REIT

(previously known as Cambridge Industrial Trust) to ESR Cayman at ~S\$0.70 per unit in Feb 2017 (for a sum of ~S\$97million).

Its appears ESR Cayman paid Mr Chan a substantial premium of more than ~30% (premium of ~\$21.8million) for his stake in ESR REIT when compared to the market volume average weighted unit price of the REIT in 2016. The price paid by ESR Cayman to Mr Chan was also a substantial premium of ~28% to the 50-day moving average of ESR REIT's price on the date of the transaction in Feb 2017.

- C. Sabana REIT Manager is fully owned by ESR Cayman. ESR Cayman is the largest unitholder with more than 12% stake in AIMS APAC REIT and has in various press releases, stated its firm belief in the consolidation of small, illiquid REITs to create a sizeable, large liquid REIT. Mr Chan is the 3rd largest unitholder of AIMS APAC REIT through his deemed and direct interests.
7. The appointment of Mr Chan as a Sabana board member further complicates the substantial potential conflict of interest issues that already exist with ESR Cayman being the controlling shareholder of both ESR REIT Manager and Sabana REIT Manager.
 8. **In view of the critical issues highlighted above, Quarz and Black Crane believe that Mr Chan is unsuitable to serve as a director of Sabana REIT and we have communicated to the board and manager to remove Mr Chan from the board of Sabana REIT Manager.**
 9. If the board insist on the appointment of Mr Chan as a director, **in line with MAS requirement that all directors have to be endorsed by independent unitholders, we urge Sabana REIT Manager to promptly conduct an EGM for the endorsement of Mr Chan by independent unitholders before more sensitive and confidential information on Sabana REIT is potentially revealed to a substantial unitholder of another REIT.**
 10. **Quarz and Black Crane are committed to VOTE AGAINST the endorsement of Mr Chan in order to protect and safeguard the interest of all Sabana REIT unitholders.**

Potential Lack of Independence of the Current Board of Directors

11. The potential lack of independence of the current board of directors is highly concerning based on the following observations:
 - A. Mr Tan Cheong Hin ("Mr Tan") and Mr Wong Heng Tew ("Mr Wong") continue to support Mr Chan's appointment as a director of Sabana REIT, despite the key potential conflict of interest issues which can severely damage the interest of independent Sabana unitholders.
 - B. Mr Tan and Mr Wong also strongly supported the proposed merger despite its clear detriment to Sabana REIT and its independent unitholders and which worked in favour of ESR REIT, ESR Cayman and its affiliates. They actively promoted the proposed

merger even after independent unitholders have clearly and openly pointed out key issues such as the completion of a retail component which will increase DPU by more than the merger, the potential arbitrary depress of 1H2020 DPU by one-off impairments and provisions as well as the substantially lower leverage level of Sabana REIT vs ESR REIT (which has one of the highest leverage levels). Mr Tan and Mr Wong have also failed to conduct a public sale process to provide 3rd parties with any opportunities to evaluate and conduct a proper due diligence on Sabana REIT's portfolio, with consequent potential benefits towards ESR REIT / ESR Cayman and its affiliates.

- C. Mr Tan and Mr Wong have also rejected the appointment of substantial independent unitholders to the board. During one of our discussions, Mr Tan rejected more candidates proposed by independent unitholders due to his concern and his stated need to 'maintain proportionality'. Quarz and Black Crane believe that a larger board with more members can provide a diversity of views and improve corporate governance. The insistence on a small board concentrates decision making on just a few individuals.

All SGX-listed REITs which have comparable and / or smaller real estate portfolios and market capitalizations have substantially larger board of directors than Sabana REIT. Some of them are listed below.

Name	Unit Price (Lcl Currency)	Mkt Cap (SGDm)	No of Directors
Elite Commercial REIT	0.660	580	9
United Hampshire US REIT	0.740	494	6
Sabana REIT	0.430	453	3
First REIT	0.270	434	7
ARA US Hospitality Trust	0.540	410	7
BHG Retail REIT	0.550	281	5

In fact, to further increase the alignment of interest with independent unitholders and improve corporate governance, both the REIT Managers of ARA US Hospitality and IREIT Global have board representations from key independent unitholders.

12. **It is troubling that despite the number of well qualified and strong candidates proposed as the directors of Sabana REIT, both Mr Tan and Mr Wong decided to appoint Mr Chan, who had the potentially strongest business relationship with ESR Cayman. Mr Chan had apparently received a premium of ~\$21.8million over market price from ESR Cayman when he sold his stake in ESR REIT (then Cambridge REIT).**
13. We remind Mr Tan and Mr Wong specifically to Sections 286 (10A) and 286(10B) of the Securities and Futures Act, which stipulates that REIT managers and their directors must act in the best interest of all unitholders and prioritise unitholders' interest over those of the REIT manager and its shareholders.

Appointment of Mr Jan Frederic Moermann and Mr Peter Kennan to the board of Sabana REIT Manager

14. We believe that the only way to fully and permanently resolve the potential corporate governance and conflict of interest issues is for Sabana REIT manager to have board of directors who are fully aligned with independent unitholders (which accounts for more than 75% of the total unitholding at Sabana REIT).
15. We propose that Mr Jan Frederic Moermann (“Mr Moermann”) and Mr Peter Kennan (“Mr Kennan”) be appointed as directors of Sabana REIT Manager. **Their Brief CVs are attached in Annex A.**
16. Both Mr Moermann and Mr Kennan have more than 15 years of diverse and extensive experience in investment banking, strategy, wealth and asset management. More importantly, Mr Moermann and Mr Kennan are fully aligned with independent unitholders.
17. **They have strongly and successfully campaigned against the value destructive merger of Sabana REIT and ESR REIT proposed by the board of Sabana REIT Manager which would have otherwise cost Sabana unitholders potentially more than 20% permanent loss and destruction of their capital.** Six months after the proposed merger, it has been increasingly evident through the completion of the retail component, decrease in financing cost and increase in occupancy that **the merger that was promoted by the REIT manager was value destructive to Sabana unitholders and beneficial to ESR Cayman and ESR REIT.**
18. Mr Moermann and Mr Kennan are committed to safeguard the interest of all unitholders including independent unitholders in conformance with Sections 286 (10A) and 286(10B) of the Securities and Futures Act.
19. Mr Moermann and Mr Kennan have also actively proposed numerous clear strategies to improve unitholder value at Sabana REIT.
20. The main objective of Mr Moermann and Mr Kennan after they are nominated as directors of Sabana REIT manager will be to safeguard the interest of all unitholders and pursue the implementation of strategies to close the substantial discount which Sabana REIT has consistently traded at its book value.
21. **They will also help ensure that the Sabana REIT Manager’s management team adhere to its repeated confirmation in several press statements that, 1) it has no plans to raise money at the moment and will only execute on phase 1 and 2 of its “Refreshed” Strategy, and 2) it will only explore Phase 3 at a later stage when it is suitable to do so. Sabana REIT Manager has also affirmed that any capital raising must only be done for ‘a heavenly deal with double digit yield’, ‘compelling yield-accretive opportunities that are beneficial to Unitholders’, and ‘key criteria that must be fulfilled is that the proposed investment must be yield-accretive’.**
22. Mr Moermann and Mr Kennan strongly believe in the organic growth of Sabana REIT and will direct the management team to expedite on asset enhancement strategy to further increase DPU to all unitholders.

23. **The board has put forward the argument that Quarz & Black Crane cannot propose their own directors due to their significant deemed interest in Sabana REIT. This argument is in our view both baseless and illogical. Quarz & Black Crane's deemed interest of more than 10% ensures the alignment of interest with all unitholders (unlike the board and CEO which hold few units in Sabana REIT).**
24. **A number of SGX-listed REITs such as ARA US Hospitality and IREIT Global Group also have board representation from other significant unitholders as it further increases the critical oversight and the alignment of interest between the REIT Manager and unitholders.**
25. If Mr Tan and Mr Wong are in fact neutral and independent from ESR Cayman and / or any other entities, there is no reason why they should reject the appointment of other significant independent unitholders as directors.
26. Mr Moermann and Mr Kennan have no significant unitholdings / shareholdings in other REITs or REIT managers investing in the same sector as Sabana REIT. Therefore, they do not have any potential conflict of interest unlike Mr Chan and ESR Cayman. As such, both Mr Moermann and Mr Kennan are well qualified and highly suitable candidates to the board of Sabana REIT Manager.
27. We remind the board that the main reason why ESR Cayman cannot appoint its representative as directors of Sabana REIT Manager is because it became the controlling shareholder of 2 REIT managers investing in the same sector in Singapore which created potential conflict of interest issues which can be highly detrimental to unitholders. MAS has thus put in place regulatory safeguards and measures to ensure the interest of unitholders are protected.
28. **The endorsement of Mr Moermann and Mr Kennan by independent unitholders as stipulated as MAS will ensure that both of them have the support of independent unitholders as their representatives.**
29. **The direct representation of independent unitholders as directors of Sabana REIT Manager will increase the alignment of interest between the REIT manager and independent unitholders. It also provides the stability, critical safeguards, checks and balances to ensure good corporate governance. Most importantly, it further ensures that MAS critical regulations to protect independent unitholders are strongly upheld and followed.**
30. **Quarz and Black Crane therefore requisite an EGM for independent unitholders to vote on the endorsement of Mr Chan Wai Kheong as a director of Sabana REIT Manager, and to propose that Mr Jan Frederic Moermann and Mr Peter Kennan be appointed as directors of Sabana REIT Manager as per the stipulation of MAS.**
31. **We urge the board and management of Sabana REIT Manager to conduct the EGM without delays.**



Yours faithfully,

Jan F. Moermann
CIO, Quarz Capital

Peter Kennan
CIO, Black Crane Capital

cc. (1) Singapore Exchange Regulation (SGX RegCo)
(2) Monetary Authority of Singapore (MAS)
(3) Trustee of Sabana REIT

Annex A

Mr Peter Kennan

Peter Kennan is CEO and CIO of Black Crane Capital. Prior to founding Black Crane in 2009, Peter was a leading corporate financier with UBS Asia Pacific. He has 25 years of investment and corporate finance experience across a diverse range of sectors and transactions. With UBS, Peter was Head of Asian Industrials Group for UBS Asia, a corporate finance sector team covering energy, infrastructure, resources, consumer/retail and general industrial companies.

He achieved number 1 team rating in Asia in 2006 and 2007. Peter was also the Head of Telecoms and Media sector team for UBS Australia specializing in M&A, advising on many large, complex transactions. Prior to UBS, Peter spent 7 years with BP in a variety of engineering and commercial roles.

Mr Jan Moermann

Jan Moermann is the CEO and CIO of Quarz Capital ASIA (Singapore). Quarz Capital ASIA is a value-oriented asset manager focusing on Developed Asia. The firm's bottom up, active value investment strategy has produced consistent and superior risk adjusted returns to investors since inception.

Prior to Quarz Capital ASIA, Jan has more than 10 years of diverse and extensive experience investment banking, strategy, wealth, and asset management. He was with UBS AG, Credit Suisse Group AG, LGT Investment Management and Bellevue Group.

Jan holds a Bachelor of Arts in Business Administration (B.A. HSG) from University of St. Gallen (HSG) in Switzerland as well as a Master of Arts in Banking and Finance (M.A. HSG) also from University of St. Gallen.