



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 2 August 2021 received a letter (the "**Requisition Notice**") from Quarz Capital Management ("**Quarz**") and Black Crane Capital ("**Black Crane**", together with Quarz, the "**requisitionists**") requesting the Manager to convene an extraordinary general meeting ("**EGM**") to consider the following ordinary resolution:

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

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. A comprehensive and transparent explanation on why the Manager will not be convening an EGM has been published in our Announcement dated 28 June 2021 (the "**28 June 2021 Announcement**").

We note that the requisitionists have in the Requisition Notice repeated their previous allegations in relation to Mr Chan Wai Kheong and would like to reiterate our responses as set out in the 28 June 2021 Announcement.

In particular, we would like to address the below allegation raised by the requisitionists in the Requisition Notice.

"By postponing the endorsement to the next AGM which is 9 months' away, the board of Sabana REIT Manager is effectively 'circumventing' and 'bypassing' MAS' specific directions and safeguards to protect Sabana unitholders."

As mentioned in the 28 June 2021 Announcement, the timing for seeking Unitholders' endorsement is to be determined by the Manager at its sole discretion. In this regard, the Manager has decided to seek Unitholders' endorsement of Mr Chan Wai Kheong as independent director at the next Annual General Meeting ("**AGM**"). The Manager wishes to

categorically state that this is certainly not with a view to bypass any direction and safeguards as alleged by the requisitionists.

The Manager would like to reassure Unitholders that they will have the opportunity to vote in relation to the endorsement of Mr Chan Wai Kheong as independent director by the next AGM.

We believe that it would be in the best interest of Unitholders for the Manager to be allowed to focus on improving Sabana REIT's performance and results instead of convening an EGM for the sole purpose of seeking Unitholders' endorsement of Mr Chan Wai Kheong's appointment as an independent director, as this will be done by the next AGM.

Focused on executing Refreshed Strategy

The Manager would like to work amicably and constructively with our Unitholders so that together we can help Sabana REIT to achieve much more. The Manager has been focusing its efforts on executing Sabana REIT's Refreshed Strategy to deliver improved performance as reflected in Sabana REIT's financial results for the first half of 2021.

Furthermore, the Manager believes that it is appropriate to provide Mr Chan Wai Kheong or any new independent director of the Manager a reasonable amount of time to understand in detail matters relating to, among others, Sabana REIT's business, operations and properties and to demonstrate his ability to serve as an independent director, before his appointment is subject to the vote of the Unitholders. This way, Unitholders are in a better position to form a view of the director and vote accordingly.

The Manager also wishes to reiterate that it is puzzled by the requisitionists' objections to Mr Chan Wai Kheong's suitability as independent director of the Manager given that Mr Chan was one of the nominees for independent director proposed by Quarz to the Manager.

Committed to engagement with Unitholders

The Manager remains committed to being open to constructive suggestions and understand that not all stakeholders will agree with its decisions that are ultimately for the good of all, and not just select, Unitholders.

As part of its ongoing efforts to engage with all Unitholders, the Manager has already increased, and will continue to increase the frequency of its Investor Relations activities to provide the latest updates on developments of the REIT, in accordance with SGX's regulations. They include as follows:

- SGX announcements on material updates about the REIT
- Dialogue sessions with Unitholders
- Direct engagement with large Unitholders

All Unitholders, regardless of unitholding size are encouraged to provide any feedback or input to the Manager directly for its consideration.

In light of the above, the Manager believes that it would be in the interest of Unitholders as a whole, for the Manager to be allowed to focus on executing its Refreshed Strategy and to continue to improve the performance and results of Sabana REIT.

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

6 August 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: 2 August 2021

BY E-MAIL & REGISTERED POST

Pages: 4

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 resolution: -

Ordinary resolution

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 direction from the Monetary Authority of Singapore (MAS).

3. We are proposing the above resolution in order to give due effect to the direction from MAS for the endorsement of the new director by independent unitholders in a timely manner instead of at the next annual general meeting (AGM) which is more than 9 months away.
4. Till date, Sabana REIT Manager has not provided any clear and concrete reasons why they need to delay the endorsement of Mr Chan Wai Kheong by independent unitholders until the next AGM other than a bold statement that the timing for seeking unitholders' endorsement is a "matter to be determined by the Manager at its discretion".
5. The endorsement requirement was put in place in line with the direction from MAS after the failure of the value destructive merger proposed by the board which was comprehensively rejected by more than ~60% of all independent unitholders (despite it requiring 75% supermajority of independent unitholders support) and cost unitholders more than ~\$2.1million in fees.
6. By postponing the endorsement to the next AGM which is 9 months' away, the board of Sabana REIT Manager is effectively 'circumventing' and 'bypassing' MAS' specific directions and safeguards to protect Sabana unitholders. Sabana REIT Manager could repeatedly appoint a director who is 'aligned to its view' instead of prioritizing independent

unitholders' interests right after an AGM. The REIT Manager can then refuse to conduct any EGM until the next AGM (which is 12 months away), which is exactly what is happening now. When the director is not endorsed in the next AGM, the REIT Manager can simply appoint another director 'aligned to its view' without getting endorsement from unitholders and repeatedly exploit this loophole.

7. It is public information that Mr Chan had received a substantial premium of ~S\$22million over market price from ESR Cayman and is also a substantial unitholder of AIMS APAC REIT, a major competitor to Sabana REIT. These are clearly prior business relationships and interests that would be perceived by any reasonable person to place Mr Chan in a position of conflict and non-independence. As such, we see no reason why Mr Chan's appointment should not be put up for endorsement by independent unitholders in a prompt manner.
8. We highlight that rule 2.1 of the Code of Corporate Governance 2018 ("**CG Code**") states that:
*"An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, **or be reasonably perceived to interfere**, with the exercise of the director's independent business judgement in the best interests of the company."*
9. Practice Guidance 2 of the Practice Guidance dated 1 July 2021 to the CG Code also makes it clear that the specific circumstances in which a director is deemed non-independent as set out in Rule 210(5)(d) of the SGX Listing Rules are **not exhaustive**. The Board is responsible for determining "*whether there is any circumstance or relationship which might **impact a director's independence, or the perception of his or her independence***". The Board has also failed to explain or provide any reasons for regarding Mr. Chan as independent despite Mr Chan's perceived lack of independence.
10. Given that the Board has strongly promoted Mr Chan's credentials and backed his appointment despite his potential conflict of interests, we as independent unitholders are puzzled by the board's clear reluctance to put Mr Chan's appointment up for endorsement promptly and the continued lack of any reason for delaying such endorsement.
11. Is the refusal to hold the EGM promptly a clear admission by the board that Mr Chan's appointment is strongly rejected by most independent unitholders due to his significant prior business relationships with ESR Cayman and substantial stake in a competitor?
12. Is it a public acknowledgement by the board that it has appointed a director who is unsuitable to represent and safeguard independent unitholders' interests? This would make it even more critical that the EGM to vote on the endorsement of Mr Chan is held as soon as possible.

The (lack of) courage to face independent unitholders

13. We call on Mr Chan to "stop hiding" and put himself up for endorsement immediately. Given Mr Chan's desire to be a director of Sabana REIT Manager, he should have the courage to face independent unitholders in an EGM to be held in a timely and prompt manner and adhere to the direction from MAS. This will show that Mr Chan is committed to his fiduciary and director's duties. We further call on the Board to 'do the right thing' and comply fully with the spirit and intent of MAS' directions for independent directors to be endorsed by the unitholders in a timely manner in order to safeguard unitholders' interests.

14. If the Board does not put Mr Chan Wai Kheong up for endorsement now, it begs the question why! If Mr Chan does not come forward to face the unitholders now, this immediately denies independent unitholders of their rights and is a clear indication to us that he is not interested in safeguarding the interest of unitholders at all.
15. More importantly, given Mr Chan's substantial economic interest in AIMS APAC REIT and his prior business transaction with ESR Cayman, there is a real and a significant risk that the potential conflict of interests issues due to his appointment can be considerable and detrimental to the interests of independent unitholders.

Stop “circumventing” the regulation and start fulfilling your duties!

16. We remind Mr Tan Cheong Hin and Mr Wong Heng Tew of their fiduciary duties specifically with reference 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 prioritize unitholders' interests over those of the REIT manager and its shareholders.
17. The EGM must be held in a prompt manner in order for the Board to discharge their fiduciary duties, specifically under Sections 286 (10A) and 286(10B) of the Securities and Futures Act. We reiterate our request for the requisitioned EGM to be held as soon as possible to allow independent unitholders who hold over 75% of Sabana REIT's total unitholdings to timely evaluate and promptly endorse / vote on whether the new board member can represent and safeguard unitholders' interests.
18. The need to endorse the new director was put in place for the specific purpose of ensuring that the current board will appoint a director who is truly independent from the sponsor and can safeguard independent unitholders' interests, ensure good corporate governance and prevent the potential conflict of interest issues created through ESR Cayman's ownership of 2 REIT Managers operating in the same sector.
19. Against this background, it is all the more pertinent and critical for the Board to take all necessary actions, both to discharge their statutory and fiduciary duties and to satisfy the unitholders that a truly independent director is appointed to safeguard their interests.

- 20. Any further delays in convening an EGM for endorsement of Mr Chan will only further accentuate and heighten any perceived lack of independence of Mr Chan.**
- 21. We urge the board of Sabana REIT Manager to fulfill their directors' and fiduciary duties and hold the requisitioned EGM to put Mr Chan's appointment up for endorsement by independent unitholders in accordance with the direction from MAS as soon as practicable and without delay, and not later than 2 months after the receipt by the Company of our requisition notice of 2 August 2021.**
- 22. Should Sabana REIT Manager fail to timely convene the requisitioned EGM for independent unitholders, we reserve all our rights and remedies, including against the directors.**



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) HSBC Institutional Trust Services (Singapore) Limited as Trustee of Sabana REIT