

**QUARZ CAPITAL MANAGEMENT AND BLACK CRANE CAPITAL ISSUE OPEN LETTER  
TO THE MANAGEMENT AND BOARD OF SABANA REIT (SGX: M1GU)**

ALL RECIPIENTS ARE ADVISED TO READ  
**“IMPORTANT DISCLOSURE INFORMATION”**  
AT THE END OF THE ATTACHED LETTER

26 March 2021

**NEW DIRECTORS’ RESIGNATION SHOULD BE EFFECTIVE IMMEDIATELY  
PROPOSAL OF DIRECTOR CANDIDATES FULLY COMMITTED TO PROTECTING  
UNITHOLDERS’ INTEREST**

Dear Mr. Han, Management and Members of the Board of Sabana REIT Manager,

Independent unitholders applaud MAS for enabling the endorsement of the new independent directors to safeguard and align the interest of Sabana REIT manager with independent unitholders (who hold more than 75% of the units of Sabana REIT (SSREIT SP Equity)). The protection of independent unitholders’ interests further increases the confidence of global investors in the Singapore REIT market and enhances the reputation of Singapore as a pre-eminent financial center in Asia.

This ‘bizarre debacle’ where two new independent directors resigned within 3 months of their appointments **clearly demonstrates the lack of engagement and seeming misalignment of interest between Sabana REIT Manager and Sabana independent unitholders. It again reflects poorly on Sabana REIT Manager, the sponsor ESR Cayman and the directors.**

As clearly stated in the Securities and Future Act, ***REIT managers and their directors have a legal obligation to act in the best interests of unitholders, and prioritise unitholders’ interests over those of the REIT manager and its shareholders.***

We reiterate our demands which should be aligned and represent the interest and intentions of all unitholders:

- 1) Return of fees (S\$2.7million) for the ‘failed merger’ as it is fully the responsibility of Sabana REIT Manager
- 2) Sabana REIT Manager to commit to clear targets and deliverables to improve Sabana REIT and close the substantial valuation gap including exploring options beyond business as usual
- 3) Appointment of independent board members who are committed to prioritize unitholders’ interests over those of the REIT manager and its shareholders.

**If the directors are unable to fully commit to their fundamental responsibility of adhering to the regulation and their fiduciary duties to unitholders, it is correct for them to resign.**

**WE ALSO CALL ON THE RESIGNATION OF THE NEW DIRECTORS TO BE EFFECTIVE IMMEDIATELY (INSTEAD OF ON 26<sup>th</sup> APRIL 2021).**

**This is so that Sabana REIT Manager can immediately nominate new directors to be endorsed by independent unitholders in the AGM in 2021. We question the intention to**

make the resignation effective on 26<sup>th</sup> April 2021 despite the clear intentions of the 2 directors to not commit to their directorship role.

Is this a tactic by Sabana REIT Manager to bypass the endorsement requirements in April 2021 AGM and ‘outmaneuver’ MAS regulation which has been put in place to safeguard unitholders’ interest to only benefit Sabana REIT Manager and its shareholders?

If this is so, isn’t Sabana REIT Manager in outright breach of both the Securities and Futures act to prioritize unitholders’ interests and the MAS implemented safeguard to protect unitholders?

Our decision not to endorse the new directors until further discussions was based on our observations from our meeting with them.

As stated in our previous letter and communications with the REIT Manager, **we are still open to further discussion and engagement with Sabana REIT Manager and have already separately proposed suitable director candidates to the REIT Manager whom we believe are fully committed to protect unitholders’ interest and increase the unitholder value of Sabana REIT. We believe that directors who can explore the full range of options for Sabana REIT to close the substantial valuation gap are required and not just directors who are suited to the continuation of ‘business as usual’.**

We want to make Sabana REIT Manager aware, that ‘simply’ nominating another 2 directors without independent unitholders endorsement and support to serve until the next AGM is unacceptable to us. **We would consider this to be a ‘circumvention’ and ‘exploitation of loopholes’ of the safeguarding measures and regulation put in place by MAS to protect independent unitholders.**

**WE AGAIN URGE SABANA REIT MANAGER TO ‘ENGAGE AND LISTEN’ TO INDEPENDENT UNITHOLDERS IN THEIR SEARCH FOR SUITABLE DIRECTOR CANDIDATES NOW.** Independent unitholders collectively own more than 75% of Sabana REIT and want only the best for the REIT. It is puzzling to us how the REIT Management and directors continue to act against its own independent unitholders.

**We also call on ESR Cayman as the sponsor of Sabana REIT Manager to finally stop ‘hiding’ under the pretext of independence and commit to be fully aligned with and support independent unitholders. The full alignment of interest will only serve to benefit all Sabana REIT unitholders.**

**WE INVITE ALL SABANA REIT UNITHOLDERS TO VISIT AND REGISTER AT THE WEBSITE WE HAVE PREPARED FOR INFORMATIONAL PURPOSES AT [WWW.SAVESABANAREIT.COM](http://WWW.SAVESABANAREIT.COM)**

We look forward to our further discussions and working together to increase unitholder value and return at Sabana REIT.

Sincerely yours,

Jan F. Moermann  
CIO, Quarz Capital Management

Peter Kennan  
CIO, Black Crane Capital

***For further information, please contact:***

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***Or visit:***

[www.savesabanareit.com](http://www.savesabanareit.com)

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**SPECIAL NOTE REGARDING THIS LETTER**

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