

Quarz Refutes Biased & False Allegations and Reiterates Long-Term and Full Alignment of Interest with Sabana Independent Unitholders

ALL RECIPIENTS ARE ADVISED TO READ
"IMPORTANT DISCLOSURE INFORMATION"
AT THE END OF THE ATTACHED LETTER

12 April 2022

We refer to the article "Amidst Quarz's demands, a buyer emerges for its stake in Sabana REIT". We wish to point out several inaccuracies, false and misleading statements in the abovementioned article that, in our view, have the risk of misleading the public and defaming Quarz Capital.

We therefore demand an immediate correction of the statements below or a full retraction of the article both in print and the online version on The Edge's website.

1) The headline "*Amidst Quarz's demands, a buyer emerges for its stake in Sabana REIT*" suggests that Quarz Capital has been approached by a potential buyer or is in talks to sell its stake in Sabana Industrial REIT ("Sabana REIT", "Sabana", "SSREIT SP", "SGX:M1GU" or "Trust"). **Neither of this is true. We currently have no intention to sell our stake, nor have we been approached by a potential buyer.** The article also does not identify any such potential buyer. This headline is highly misleading and is not backed by the content of the article.

2) The first paragraph of the article says that Quarz Capital is "*a hedge fund focused on short-term gains*". **This is again misleading.** The author makes no attempt in the article to explain what "*short-term*" means. Contrary to what she suggests, our corporate presentation shows that we seek "*potential upside opportunities of +30% returns over 24 months*". In our view, it is wrong and damaging to our reputation to suggest that we are focusing on "*short-term gains*". **We started engaging with Sabana and the REIT manager as early as in 2019 and it has been more than 2 years since. These efforts can hardly be described as "short-term".**

3) The first paragraph of the article also suggests that we would "*surely have interested buyers*" if we offered our stake to buyers "*at a discount*". This claim is completely speculative. **Firstly, we never said that we would be interested in divesting our stake, much less sell it at a discount. On the contrary, over the past two years we have constantly reminded the manager of Sabana REIT to take measures to increase Sabana's Net Asset Value ("NAV"). Since campaigning for the increase in NAV has been front and center of our strategy in order to increase shareholder value, it is misleading and damaging to our reputation to now insinuate we would be willing to sell our stake at a discount. We have repeatedly said in public that we would only consider a full takeover offer if the offer is at or above NAV and made available to all Sabana units, including independent unitholders.**

4) The article also says: "*On June 28, Quarz requisitioned an EGM to put Chan's appointment as an independent director to independent unitholders' vote in order to remove him, and to appoint Jan Moermann, the CIO of Quarz Capital as director. Moermann, as CIO of Quarz, would not be independent.*"

We strongly object to the insinuation in the above passage that we had intended to replace an independent director by a non-independent director. These statements paint an incomplete and false picture of what had actually happened.

The truth of the matter is that we had doubts about the independence of Chan Wai Kheong ("Chan") for reasons further explained below. As such, we suggested putting his appointment as independent director to a vote of unitholders and, in addition, have the unitholders also vote on 2 board appointments: an independent and a non-independent director. To this end, we proposed the nomination of Mr. Moerman as a non-independent director and the nomination of Peter Kennan as an independent director.

In the past, we have repeatedly communicated to Chan that we would not be able to vote in favor of his appointment as an independent director due to his prior business dealings with ESR Cayman as well as his significant unitholding in AIMS APAC REIT, which is a key Sabana competitor.

As a director of Sabana REIT, Chan will be privy to confidential information regarding Sabana REIT which would conflict with his personal economic interest and the interest of AIMS APAC REIT at the expense of Sabana REIT unitholders.

We have also repeatedly communicated to the CEO and the board of directors of Sabana REIT even before Chan was appointed that, due to the above, we do not consider that Chan is suitable for his appointment as independent director.

Thus, as a compromise, we proposed to have directors for 2 board seats as the board has seemingly decided on appointing Chan. This is to ensure that independent unitholders are sufficiently represented on the board and that these representatives will act to protect independent unitholders' interests.

We would also like to mention that Mr. Chan called Quarz more than 30 times to sway and persuade us on appointing him as a director and other topics.

Finally, we would like to point out that although we are one of the main subjects of the article, we were never approached by Goola Warden nor were we given the opportunity by The Edge to comment on the statements made about us prior to the publication of the article. We are seriously troubled by this and question the journalistic professionalism and ethics of the author and The Edge.

We are also shocked that the statements that we have outlined above, in which we are specifically named, have not been verified with us before they were published even though these statements could have the risk of influencing market behaviour. We seriously question the motives of The Edge and the author, Goola Warden for publishing the article in its present form.

We therefore reiterate our demand for The Edge to immediately correct the matters in the article as stated above or to fully retract both the print and online versions of the article with immediate effect. Given the severity of the false and misleading information with the



risk of misleading the public and defaming our reputation, we reserve our rights to commence legal action.

Jan Frederic Moermann
Chief Investment Officer

Havard Chi
Head of Research

Please visit and register at our website at WWW.SAVESABANAREIT.COM for more information.

IMPORTANT DISCLOSURE INFORMATION
SPECIAL NOTE REGARDING THIS LETTER

THIS LETTER CONTAINS OUR CURRENT VIEWS ON THE VALUE OF SABANA INDUSTRIAL REIT'S SECURITIES AND ACTION THAT SABANA REIT'S BOARD MAY TAKE TO ENHANCE THE VALUE OF SABANA REIT'S SECURITIES. OUR VIEWS ARE BASED ON OUR ANALYSIS OF PUBLICLY AVAILABLE INFORMATION AND ASSUMPTIONS WE BELIEVE TO BE REASONABLE. THERE CAN BE NO ASSURANCE THAT THE INFORMATION WE CONSIDERED IS ACCURATE OR COMPLETE, NOR CAN THERE BE ANY ASSURANCE THAT OUR ASSUMPTIONS ARE CORRECT. SABANA REIT'S ACTUAL PERFORMANCE AND RESULTS MAY DIFFER MATERIALLY FROM OUR ASSUMPTIONS AND ANALYSIS. WE HAVE NOT SOUGHT, NOR HAVE WE RECEIVED, PERMISSION FROM ANY THIRD-PARTY TO INCLUDE THEIR INFORMATION IN THIS LETTER. ANY SUCH INFORMATION SHOULD NOT BE VIEWED AS INDICATING THE SUPPORT OF SUCH THIRD PARTY FOR THE VIEWS EXPRESSED HEREIN. WE DO NOT RECOMMEND OR ADVISE, NOR DO WE INTEND TO RECOMMEND OR ADVISE, ANY PERSON TO PURCHASE OR SELL SECURITIES AND NO ONE SHOULD RELY ON THIS LETTER OR ANY ASPECT OF THIS LETTER TO PURCHASE OR SELL SECURITIES OR CONSIDER PURCHASING OR SELLING SECURITIES. NOTHING HEREIN SHALL CONSTITUTE OR BE REGARDED AS INVESTMENT ADVICE. ALTHOUGH WE STATE IN THIS LETTER WHAT WE BELIEVE SHOULD BE THE VALUE OF SABANA REIT'S SECURITIES, THIS LETTER DOES NOT PURPORT TO BE, NOR SHOULD IT BE READ, AS AN EXPRESSION OF ANY PROJECTION, FORECAST OR PREDICTION AS TO THE PRICE AT WHICH SABANA REIT'S SECURITIES MAY TRADE OR MAY BE LIKELY TO TRADE AT ANY TIME. AS NOTED, THIS LETTER EXPRESSES OUR CURRENT VIEWS ON SABANA REIT. IT ALSO DISCLOSES OUR CURRENT HOLDINGS OF SABANA REIT SECURITIES. OUR VIEWS AND OUR HOLDINGS COULD CHANGE AT ANY TIME. WE MAY SELL ANY OR ALL OF OUR HOLDINGS OR INCREASE OUR HOLDINGS BY PURCHASING ADDITIONAL SECURITIES. WE MAY TAKE ANY OF THESE OR OTHER ACTIONS REGARDING SABANA REIT WITHOUT UPDATING THIS LETTER OR PROVIDING ANY NOTICE WHATSOEVER OF ANY SUCH CHANGES. INVESTORS SHOULD MAKE THEIR OWN DECISIONS REGARDING SABANA REIT AND ITS PROSPECTS WITHOUT RELYING ON, OR EVEN CONSIDERING, ANY OF THE INFORMATION CONTAINED IN THIS LETTER.

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