

Five scenarios

A 'watershed' EGM?

Unitholders of Sabana Reit will meet on Friday to consider four resolutions put forth by a group of unitholders looking to give the existing manager the boot. Depending on the outcome of the votes, it could result in the installation of an internalised Reit manager, or the winding-up of the Reit vehicle. The resolutions are inter-dependent and five possible scenarios can occur.

The FOUR resolutions are:

- 1

Remove Sabana Real Estate Investment Management (SREIM) as Reit manager (Ordinary¹)
- 2

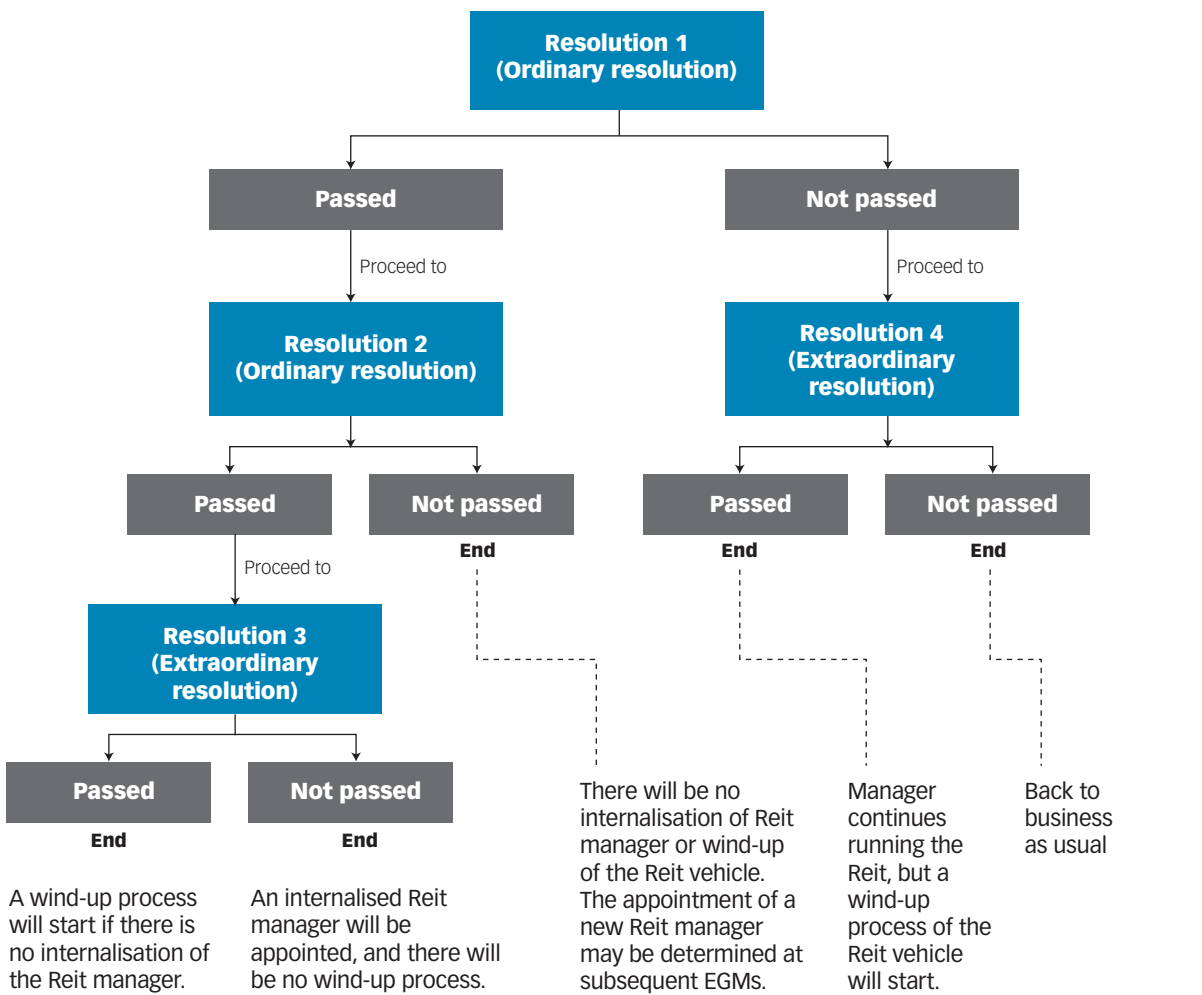
Direct trustee to incorporate a 100%-owned subsidiary to replace SREIM for the purpose of internalising the Reit management function, and search for qualified candidates to be directors of the internalised Reit manager (Ordinary¹)
- 3

Wind up Sabana Reit and divest its properties, if the internalised Reit manager in Resolution 2 is not approved by the Monetary Authority of Singapore (MAS) (Extraordinary²)
- 4

Wind up Sabana Reit if Resolution 1 is not passed (Extraordinary¹)

¹ An Ordinary Resolution needs to be passed by 50% or more of the total votes cast.
² An Extraordinary Resolution needs to be passed by 75% or more of the total votes cast.

The FIVE possible outcomes are:



Watershed event for Reit sector:

"We think this could be a watershed event for Singapore Reits, as it not only represents the first act of shareholder activism within the sector after eight years, but will also potentially expedite the pace of consolidation, internalisation and sale of Reit managers after a few successful/failed ones in 2016."

Brandon Lee, J.P.Morgan analyst