



## THE ESKAN BANK REALTY INCOME TRUST (THE "TRUST")

### Minutes of the Ordinary General Meeting of Unitholders of the Trust held on Sunday, 14 June 2020 at 10:00 a.m. Via Zoom Video Conference (the "Meeting")

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#### IN ATTENDANCE:

##### Members of the Board of Directors of the Trust:

1. Bashar Bazian (Chairman)
2. Saeed Butt (Deputy Chairman); and
3. Michael Roy Pankhurst.

##### Central Bank of Bahrain:

Represented by Ms. Fatima Akhtarzada and Mr. Wael Al Baqarah

##### Crestbridge Bahrain B.S.C (c) as Trustee of the Trust

Represented by Bashar Bazian – Managing Director

##### Eskan Bank B.S.C (c) as Investment Manager to the Trust:

Represented by Mr. Ahmad Tayara - Chief Business Officer & Deputy General Manager and Fatima Al Ansari - Manager

##### Bahrain Bourse as Registrar to the Trust:

Represented by Mr. Senan Al Sherooqi of the Listing and Disclosure Department

##### Keypoint Consulting W.L.L as Administrator to the Trust:

Represented by Mr. Nandakumar Narasimhan – Senior Director

##### Savills as Property & Facility Managers to the Trust:

Represented by Mr. Mark Gravener – Associate Director

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The Chairman welcomed all those present and duly appointed Mrs. Rania Fikry as secretary of the Meeting.

IT WAS NOTED that the Unitholders present at the Meeting represented 63.80% or 126,333,421 units in the Trust.

The Chairman noted that a quorum was present and that the Meeting was properly convened and duly declared the Meeting open.

The Chairman stated that in line with the Central Bank of Bahrain directives and in the interest of protecting shareholder's and public health, the Ordinary General meeting of the Trust was being held through visual communication, as announced in the Bahrain Bourse website and the newspapers (Akhbar Al Kahaleej & Al Ayaam).

The Chairman proposed to consider each of the agenda items as defined in the previously circulated Meeting notice.

#### 1) AGENDA ITEM 1

The Chairman briefed the Unitholders on the status of the appointment of the external auditor for the financial year ended 2020. It was referenced that during the Annual General Meeting of the Trust held on 22 April 2020, Unitholders were advised that the Management Team were conducting a tender process for the audit services to the Trust, with key audit firms in Bahrain. The agenda of appointing the External Auditor for the 2020 financial year was postponed until today.



The Chairman explained that the tender process was initiated following a proposal from Deloitte & Touche to increase their fees and this involved approaching five audit firms including Ernst & Young, KPMG, PWC, Grant Thornton and BDO.

The RFP process was managed by Eskan Bank as Investment Manager to the Trust and was based on the auditor's technical ability, experience (real estate specific), fees and reputation.

The Chairman advised that following the RFP process, the Board of Directors approved the appointment of KPMG as the auditor to the Trust, subject to a no objection from the Central Bank of Bahrain. The tender process generated BHD3,310 of savings for the Trust, compared against the costs of Deloitte, which assumes their proposed fee increase.

IT WAS NOTED that the Unitholders had no objection on the proposed appointment.

**IT WAS UNANIMOUSLY RESOLVED THAT** the appointment of KPMG as the External Auditors for the financial year ending 2020, subject to consent from the Central Bank of Bahrain, and authorization to the Board of Directors to determine their remuneration; be and are hereby approved.

## 2) AGENDA ITEM 2

Prior to discussing agenda item 2 related to the effects of the Coronavirus pandemic ("**COVID-19**") on our tenants, the Chairman highlighted that stringent preventative and precautionary measures have been implemented (through the property manager, Savills) within the Segaya Plaza and Danaat Al Madina properties to ensure they remain safe for residents, contractors or visitors.

These measures include temperature checking for all contractors and visitors, additional sanitisation, increased communication guidelines with tenants and maintenance providers, restricted usage of some of the communal facilities and constant monitoring of Government notices and relevant enforcements, as well as adopting special routines for lease viewings.

Additionally, the property's cleaning and security staff have been housed within a number of apartments at Segaya Plaza, so that they are not required to travel to and from the property.

The Chairman further summarized that COVID-19 has been affecting the entire world and that it is obvious that the Kingdom of Bahrain is not spared. The pandemic is not only affecting the health of our citizens, it is starting to take a toll on the national economy of the Kingdom and the financial standing of local businesses following measures that requires the closure of operations and social distancing. This has resulted in a high number of our tenants requesting urgent support from their landlord.

It was also highlighted to the Unitholders that the Directors and Trustee of the Trust would not normally offer any type of rent free period or grace period to its tenants, especially due to the circumstances experienced by the Trust in 2019 and the subsequent decline in performance, however considering these exceptional circumstances related to COVID-19 and to follow the Government of Bahrain's initiatives to support the community, the Directors and Trustee of the Trust (as responsible citizens) wish to approach the Unitholders to consider whether rent free periods, discounts to rents or grace periods can be offered to certain negatively impacted tenants that are able to provide evidence that support is required.

The Chairman stated that subject to Unitholders providing their consent to any measure of relief and depending on the discretion of Eskan Bank as the Investment Manager, the Trust would provide relief to certain tenants after appropriate due diligence.



Taking into consideration the impact that COVID-19 has already had on businesses and acknowledging that its impact is likely to remain for a period of at least three months. The Chairman requested the Unitholders to vote and choose one of the following proposals:

<b>OPTION</b>	<b>PROPOSAL</b>
1	Provide only impacted tenants up to three months' rent free.  (This allows the Investment Manager the discretion on whether the rent-free period is going to be one month, two months, or three months depending on the severity of each individual case.)
2	Provide only impacted tenants a rental discount of 50% for a period of up to three months.  (This allows the Investment Manager the discretion on whether the rental discount of 50% is going to be one month, two months, or three months depending on the severity of each individual case.)
3	Provide only impacted tenants a deferred rent period of up to three months.  (This allows the Investment Manager the discretion on whether the rent will be deferred for one month, two months, or three months depending on the severity of each individual case.)
4	Provide a combination of all three reliefs mentioned above for up to three months, which is applied depending on the tenant's financial position.
5	Authority is not granted for any rent-free periods, rental discounts or deferred rent periods.

Prior to voting on these Options, the Chairman invited Mr Mark Gravener representing Savills as Property & Facility Manager to the Trust to provide their view on the current Bahrain property market.

Mr Gravener summarised that generally, from March 2020 retail tenants have been specifically hit hard by the effects of COVID-19 and the Government's initiatives to minimize its spread within the community. Individuals and families had also been impacted by employers making redundancies, reducing salaries or packages, including housing allowances.

It has been widely seen that landlords within the retail sector have offered their tenants rent free periods or grace periods, as certain business have been shut or seen very little income for a considerably period of time and this has posed risks of closure to their operations.

The Segaya Plaza property saw a drop of rental income during April and this increased to approximately BD20,000 in May. The Danaat Al Madina property in Isa Town has been most significantly impacted. During April, rental income dropped by 50% and in May it dropped by 85%.

Savills continue to liaise with the tenants to assess their situation, but it was highlighted that if support is not provided, it is highly likely that these businesses will be unable to continue to trade and will likely go in to liquidation, which would be detrimental to the Trust, not only from an income position, but also from a longer term property valuation perspective.

Eskan Bank, as Investment Manager to the Trust, were invited to provide a presentation on the potential rent relief scenarios and the net impact of these Options on the Trust.



Mr Ahmad Tayara provided a detailed summary of the potential relief options and highlighted that the impact on the expected yield summarized within the presentation included only estimates of occupancy, cost, and rent that are expected to be realized during 2020.

It was highlighted that the risk of losing tenants and the ability to re-lease empty units is considered high due to the current and future economic impact of COVID-19 and as such, the decision of the Unitholders has to balance loss of income today and future loss of income from empty retail, office and residential units.

The Chairman asked the Unitholders if they had any questions and a discussion was held on the extent of the relief measures and how the potential assistance would be applied to tenants.

The Chairman proposed that the Unitholders now vote on the agenda item and considering there were five Options, advised that the vote will be deemed a poll vote. Therefore, the most votes counted by Bahrain Clear for an Option, will be passed.

The Chairman stated that before Unitholders vote, could they confirm that Bahrain Clear have informed all Unitholders on how they should vote and whether Unitholders clearly understand these instructions. The Unitholders confirmed that they were aware of the process on how to vote.

The Chairman hereby asked those Unitholders in favour of Option 1 (Provide only impacted tenants up to three months' rent free) to vote now.

It was noted that this Option allows the Investment Manager the discretion on whether the rent-free period is going to be one month, two months, or three months depending on the severity of each individual case.

The Chairman allowed one minute for voting.

The Chairman hereby asked those Unitholders in favour of Option 2 (Provide only impacted tenants a rental discount of 50% for a period of up to three months) to vote now.

It was noted that this Option allows the Investment Manager the discretion on whether the rental discount of 50% is going to be one month, two months, or three months depending on the severity of each individual case.

The Chairman allowed one minute for voting.

The Chairman hereby asked those Unitholders in favour of Option 3 (Provide only impacted tenants a deferred rent period of up to three months) to vote now.

It was noted that this Option allows the Investment Manager the discretion on whether the rent will be deferred for one month, two months, or three months depending on the severity of each individual case.

The Chairman allowed one minute for voting.

The Chairman hereby asked those Unitholders in favour of Option 4 (Provide a combination of all three reliefs mentioned above for up to three months, which is applied depending on the tenant's financial position) to vote now.

The Chairman allowed one minute for voting.

The Chairman hereby asked those Unitholders in favour of Option 5 (Authority is not granted for any rent-free periods, rental discounts or deferred rent periods) to vote now.

The Chairman allowed one minute for voting.

The Chairman confirmed that all Options for Agenda Item 2 had been presented to Unitholders for voting through a poll vote and asked Bahrain Clear to declare the results.

IT WAS NOTED that no votes were counted for Option 1, Option 2 and Option 5.

IT WAS FURTHER NOTED that Option 3 received a total of 5,885,806 votes and Option 4 received a total of 56,829,571 votes. Additionally, IT WAS NOTED that Eskan Bank as a Unitholder holding 63,618,044 units abstained from voting.

**IT WAS RESOLVED that** Option 4 (Provide a combination of all three reliefs mentioned above for up to three months, which is applied depending on the tenant's financial position) was passed based on the Unitholders poll vote, representing 56,829,571 votes.

The Unitholders queried how the Investment Manager would use its discretion on determining the application of relief for a tenant.

Following discussion, the Unitholders requested that for a tenant to qualify for relief, a tenant should be in good standing; not be in arrears in relation to its rent; and that it should be substantiated that the tenant has been impacted by COVID-19.

### 3) AGENDA ITEM 3

The Chairman asked the Unitholders present at the Meeting whether they had any questions relating to Any Other Business. No further questions were asked under Any Other Business.

The Chairman confirmed that the agenda items had been addressed and asked whether the Unitholders had any further questions. No further questions were asked, and the Chairman expressed thanks to all those present for their participation and their continued support.

There being no further business, the Chairman declared the meeting closed at 12.00pm

A handwritten signature in blue ink, appearing to be 'S. Khan', written over a dotted line.

**Chairman**

A handwritten signature in black ink, appearing to be 'P. Khan', written over a dotted line.

**Secretary of Meeting**