



SINGAPORE, 23 September 2020 – HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (“**Sabana REIT**” and in such capacity, the “**Trustee**”) refers to the letter dated 3 September 2020 from Quarz Capital Management Limited and Black Crane Capital regarding the Proposed Merger of ESR-REIT and Sabana REIT by way of a trust scheme of arrangement (the “**Proposed Merger**”).

The Trustee notes the concerns of the Sabana REIT unitholders and wishes to provide its responses to some of the points raised.

1. Process surrounding the Proposed Merger

Following on from the receipt of the formal offer, the Trustee notes that the Proposed Merger had undergone due process where:

- (i) Sabana Real Estate Investment Management Pte. Ltd. (as manager of Sabana REIT) (in such capacity, the “**Sabana Manager**”) (and its board of directors (the “**Board**”) followed due process and, together with its financial advisors who were engaged to evaluate the commercial terms of the Proposed Merger, undertook an assessment of the formal offer;
- (ii) an independent financial advisor, Deloitte & Touche Corporate Finance Pte Ltd (the “**Independent Financial Advisor**”), has been appointed to opine on the terms of the Proposed Merger and its opinion will be contained in the Scheme Document which will be despatched to Sabana REIT unitholders in due course;
- (iii) following such evaluation, the Sabana Manager and its Board are recommending that the independent unitholders of Sabana REIT consider and vote on the Proposed Merger with the benefit of the information set out in the Scheme Document; and
- (iv) the Sabana Manager, the ESR-REIT Manager and its concert parties, as well as the common substantial unitholders of Sabana REIT and ESR-REIT including ESR Cayman, will abstain from voting on the Proposed Merger.

2. Conflicts of Interest

The Trustee notes that in line with disclosure obligations, the Sabana Manager had issued various announcements via SGXNet in May 2019 to inform the public of the change(s) in ownership of the Sabana Manager.

The Monetary Authority of Singapore, in its 28 August 2020 response to queries on the Proposed Merger, clarified amongst other things that (a) the Singapore regulatory framework does not prohibit a shareholder group from owning substantial stakes in two REIT managers managing REITs invested in the same property class, (b) there are regulatory safeguards under the Securities and Futures Act, Chapter 289 of Singapore to mitigate potential conflicts of interest and (c) in the case of ESR-REIT and Sabana REIT, it had required that additional measures be put in place to address specific risks where needed (including conflicts of interests).

The Trustee encourages Sabana REIT unitholders to carefully consider the information that will be provided in the Scheme Document including the assessment and advice of the Independent Financial Advisor before deciding whether or not to vote in favour of the Proposed Merger.