



SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

Response to Business Times Article

The Board of Directors (the "**Board**") of Sabana Real Estate Investment Management Pte. Ltd., as manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**", and the manager of Sabana REIT, the "**Sabana Manager**"), refers to the proposed merger (the "**Merger**") of ESR-REIT and Sabana REIT to be effected through the acquisition by the ESR-REIT Trustee of all the units in Sabana REIT ("**Sabana Units**") by way of a trust scheme of arrangement (the "**Scheme**"), the terms of which are set out in the scheme document issued by Sabana REIT on 12 November 2020 (the "**Scheme Document**").

Unless otherwise defined, all capitalised terms in this Announcement shall bear the same meaning as set out in the Scheme Document.

The Board notes that *The Business Times* has published an article dated 1 December 2020 entitled "Activist funds opposed to Sabana-ESR merger slam one-proxy rule" (the "**Article**") and sets out below its responses to the Article.

(i) The Sabana Trust Deed Amendments

As set out in the Scheme Document, the Sabana Manager has proposed the Sabana Trust Deed Amendments to facilitate the implementation of the Scheme, including provisions requiring that a Sabana Unitholder that is entitled to attend and vote at the Scheme Meeting is, unless the Court orders otherwise, entitled to appoint only one proxy to attend and vote at the Scheme Meeting.

In order for the Scheme Resolution to be passed at the Scheme Meeting, (a) more than 50% of the total number of Sabana Unitholders (including relevant intermediaries) present and voting, in person or by proxy at the Scheme Meeting (the "**Headcount Condition**") and (b) at least 75% of the value of the Sabana Units which are voted by Sabana Unitholders (including relevant intermediaries) present and voting, in person or by proxy at the Scheme Meeting (the "**Value Condition**"), have to approve the Scheme.

The voting procedures and instructions in the Scheme Document and Proxy Form B¹ (for the Scheme Meeting), which were issued to Sabana Unitholders on 12 November 2020, clearly set out that a Sabana Unitholder, who wishes to exercise its vote in relation to the Scheme, shall be entitled to appoint only one proxy at the Scheme Meeting and may only cast all the votes it uses at the Scheme Meeting in one way.

1 Proxy Form B was enclosed together with the Notice of Scheme Meeting issued to Sabana Unitholders on 12 November 2020.

Requiring Sabana Unitholders to appoint only one proxy and to cast all the votes they use at the Scheme Meeting in one way for the Scheme Meeting ensures that each proxy submitted will count as one for the purposes of the Headcount Condition. This will enable the Sabana Manager to determine clearly if the Sabana Unitholder is voting for or against the Scheme for the purposes of the Headcount Condition.

(ii) Voting Procedures in Line with Previous Transactions

There is nothing unusual or improper about the voting procedures adopted for this Merger and Scheme. They apply equally to all Sabana Unitholders and are the same as the voting procedures adopted in all REIT mergers in Singapore to-date, in that unitholders (including nominee companies and custodians) were only allowed to appoint one proxy and unitholders were only permitted to vote their units in one direction only.

The approach for this Merger and Scheme has also been adopted for schemes of arrangement relating to public take-over transactions involving SGX-ST listed companies.

(iii) No Control over the Internal Processes of Nominee Companies and Custodians

The Sabana Manager is not privy to nor has any control over the internal processes of the nominee companies and custodians or how they take instructions from their clients. As such, the Sabana Manager is not in a position to comment on the internal processes of the nominee companies and custodians.

The Sabana Manager will act upon the proxy forms which are duly completed and submitted by Sabana Unitholders (including nominee companies and custodians). A proper process is in place to ensure that the proxy forms are counted and verified. The Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., will receive and count the proxy forms. The scrutineer, DrewCorp Services Pte Ltd, will then scrutinise and verify the proxy forms. The Sabana Manager will announce the results of the Scheme Meeting only after they have been duly certified by the scrutineer.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.

(Company registration number: 201005493K, Capital markets services licence number: CMS100169)

As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Han Yong Lee (Donald)

Chief Executive Officer

2 December 2020

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Sabana REIT

Sabana REIT was listed on the SGX-ST on 26 November 2010. It was established principally to invest in income-producing real estate used for industrial purposes, as well as real estate-related assets, in line with Shari'ah investment principles. As at 30 September 2020, Sabana REIT has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to approximately S\$0.9 billion as at 30 September 2020.

Sabana REIT is listed in several indices within the SGX S-REIT Index, Morgan Stanley Capital International, Inc (MSCI) Index and FTSE index. Sabana REIT is one of the constituents of the FTSE ST Singapore Shariah Index.

Sabana REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended). Sabana REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana REIT, please visit www.sabana-reit.com.

Directors' Responsibility Statement

The directors of the Sabana Manager (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this announcement (other than those relating to ESR-REIT and/or the ESR-REIT Manager) are fair and accurate and that there are no other material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading. The directors of the Sabana Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including ESR-REIT and the ESR-REIT Manager), the sole responsibility of the directors of the Sabana Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement. The directors of the Sabana Manager do not accept any responsibility for any information relating to ESR-REIT and/or the ESR-REIT Manager.

Important Notice

The value of units in Sabana REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Sabana Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Sabana Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders of Sabana REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.