



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)

ANNOUNCEMENT

RESPONSES TO ADDITIONAL SUBSTANTIAL AND RELEVANT QUESTIONS FROM SABANA UNITHOLDERS

DEADLINE FOR SUBMISSION OF PROXY FORMS ON 1 DECEMBER 2020

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:

- (a) the scheme document (the "**Scheme Document**") despatched electronically to the unitholders of Sabana REIT ("**Sabana Unitholders**") on 12 November 2020 in relation to the proposed amendments to the Sabana Trust Deed and the merger (the "**Merger**") of ESR-REIT and Sabana REIT by way of a trust scheme of arrangement (the "**Scheme**");
- (b) the announcement dated 20 November 2020 in relation to Sabana Manager's response to the first set of substantial and relevant questions received from the Sabana Unitholders;
- (c) the announcement dated 27 November 2020 in relation to the SIAS-Sabana REIT Virtual Dialogue Session held on 25 November 2020 and facilitated and moderated by Securities Investors Association (Singapore);
- (d) the announcement dated 28 November 2020 in relation to Sabana Manager's response to the second set of substantial and relevant questions received from the Sabana Unitholders; and
- (e) the announcement dated 1 December 2020 in relation to Sabana Manager's response to the second set of substantial and relevant questions received from the Sabana Unitholders.

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

Responses to additional queries from Sabana Unitholders

The Sabana Manager wishes to thank Sabana Unitholders for their questions in advance of the extraordinary general meeting ("**EGM**") and the scheme meeting ("**Scheme Meeting**"), which will be held by electronic means on **Friday, 4 December 2020** at **2.00 p.m.** and **2.30 p.m.** respectively. Sabana Manager's responses to the fourth set of substantial and relevant questions received to date from the Sabana Unitholders are set out in the Appendix to this Announcement. Sabana Manager values the questions which have been raised by Sabana Unitholders and has sought to respond to all substantial and relevant questions to the best of the Sabana Manager's knowledge and based on the latest information available.

By Order of the Board

Sabana Real Estate Investment Management Pte. Ltd.
(Company registration no: 201005493K, Capital markets services licence no: CMS100169)
As Manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust

Han Yong Lee (Donald)
Chief Executive Officer
3 December 2020

For enquiries, please contact:

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Appendix

Question 1:

Will there be any distribution payout to Sabana Reit unit holder prior to the merger? If yes how many cents per unit.

- If the Merger is approved, clean-up distribution accruing up to the day before the Scheme becomes effective (the “**Effective Date**”) will be declared in favour of existing Sabana Unitholders. Based on the Expected Timetable in the Scheme Document (Pg 19), payment of clean-up distribution is expected to be made on 5 January 2021, assuming an expected 31 December 2020 Effective Date and a 30 December 2020 books closure date for determining Sabana Unitholders’ entitlement to the clean-up distribution.
- Kindly note that the above dates are indicative only and may be subject to change due to the approval of the Merger and the Scheme by the Court after the EGM/Scheme Meeting. Please refer to future announcements by Sabana REIT for the exact dates of these events.
- The clean-up distribution includes (i) the distribution for 1 July 2020 to the day immediately before the Effective Date and (ii) the S\$6.1 million, to the extent unutilised, which was previously retained in 1H2020 for prudent cashflow management in view of uncertainties arising from the COVID-19 pandemic.
- Such clean-up distribution is payable in addition to the Scheme Consideration. The amount of the distribution payout will be announced in due course.

Question 2:

Is the manager able to share detailed developments concerning the pricing negotiations (if any) prior to its arrival at the current proposed exchange ratio for this merger?

- The Board went through a thorough process to evaluate the terms of the Merger. This involved lengthy and careful deliberations with the management team of Sabana Manager as well as the financial advisers that were engaged to evaluate the commercial terms of the Merger. The Merger terms were arrived at after extensive negotiations between the Sabana Manager and the ESR-REIT Manager to secure the best possible terms for Sabana Unitholders.
- The current proposed exchange ratio for the Merger (the “**GXR**”) is derived from both the REIT’s respective unit prices, which is the market’s reflection of the REIT’s valuation. This methodology is generally accepted by the finance practitioners and is consistent with various precedent S-REIT mergers.
- As stated in Paragraph 4 of Appendix A to the Scheme Document, factors taken into account before arriving at the GXR include:
 - (a) the prevailing and historical relative market prices of the Sabana Units and the ESR-REIT Units;
 - (b) the NAVs of Sabana REIT and ESR-REIT, prevailing and historical prices to NAV per unit, distribution yield, market capitalisation, trading liquidity, capital structure, debt costs and debt tenor of each of Sabana REIT and ESR-REIT;
 - (c) the market conditions and market value of the respective property portfolios;
 - (d) relevant precedent trust scheme transactions in Singapore; and
 - (e) the resulting pro forma financial impact of the Merger on Sabana REIT and ESR-REIT.

Question 3:

Why custodian bank only allows for one proxy form to submit?

- 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.
- 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.
- The voting procedures and instructions in the Scheme Document and Proxy Form B (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. Proxy Form B was enclosed together with the Notice of Scheme Meeting issued to Sabana Unitholders on 12 November 2020.
- The Sabana Manager wishes to highlight that the usual and proper voting procedures have been 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.
- Please refer to Sabana REIT’s announcement titled “**Response to Business Times Article**” issued on 2 December 2020 for more details.

Question 4:

I represent Sabana REIT unitholders who hold Sabana REIT units under the CPF Investment Scheme (CPFIS). I refer to Sabana REIT’s Scheme Document dated 12 November 2020 and the Business Times article published on 01 December 2020 concerning proposed changes to the Trust Deed.

We note that on page 62 of the Scheme Document (excerpt provided below for reference), it is proposed that a Unitholder be only entitled to appoint one proxy to attend and vote at the Scheme Meeting. We wish to highlight that one of the criteria for inclusion under the CPFIS is that CPFIS agent banks are allowed to appoint multiple CPF members as proxies to attend and vote at meetings.

As CPFIS investments are custodised by the agent banks, this change is expected to have a negative impact on CPFIS investors. Should the amendments be passed (regardless of the outcome of the merger with ESR REIT), the CPF Board may remove Sabana REIT from the list of CPFIS-included property funds. We would like to have your confirmation that the above interpretation of the proposed amendments is accurate and that Sabana REIT intends to proceed with the proposed changes to the Trust Deed.

<p>(b) a Sabana Unitholder 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;</p>
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- The proposed amendments to the Trust Deed (the “**Sabana Trust Deed Amendments**”), including the amendment as highlighted in your email below, apply **only** to a scheme meeting (including the present Scheme Meeting), and will not affect the voting procedure applicable to CPFIS agent banks for all other general meetings (which remain unchanged under the Trust Deed and for which the multiple proxies regime will apply).
- The proposed Sabana Trust Deed Amendments are solely intended to facilitate the implementation of a scheme of arrangement (including the present Scheme). As the Sabana Manager has announced on the SGX-ST today:
 - (i) 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; and
 - (ii) 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.
- Please refer to Sabana REIT’s announcement titled “**Response to Business Times Article**” issued on 2 December 2020 for more details.
- Given that the proposed amendment to the Trust Deed is for a specific purpose (which is in line with the approach taken by other SGX-ST listed issuers, both REITs and companies) and do not affect the voting procedures applicable for all other general meetings, whether they are annual general meetings or extraordinary general meetings, the CPF board should not remove Sabana REIT from the list of CPFIS-included property funds.
- The Sabana Manager wishes to highlight that the usual and proper voting procedures have been 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.

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 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 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 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 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 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 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.