

ESR-REIT

(a real estate investment trust constituted on 31 March 2006 under the laws of the Republic of Singapore)

Managed by

ESR Funds Management (S) Limited

(Company Registration No: 200512804G)

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)

Managed by

Sabana Real Estate Investment Management Pte. Ltd.

(Company Registration No: 201005493K)

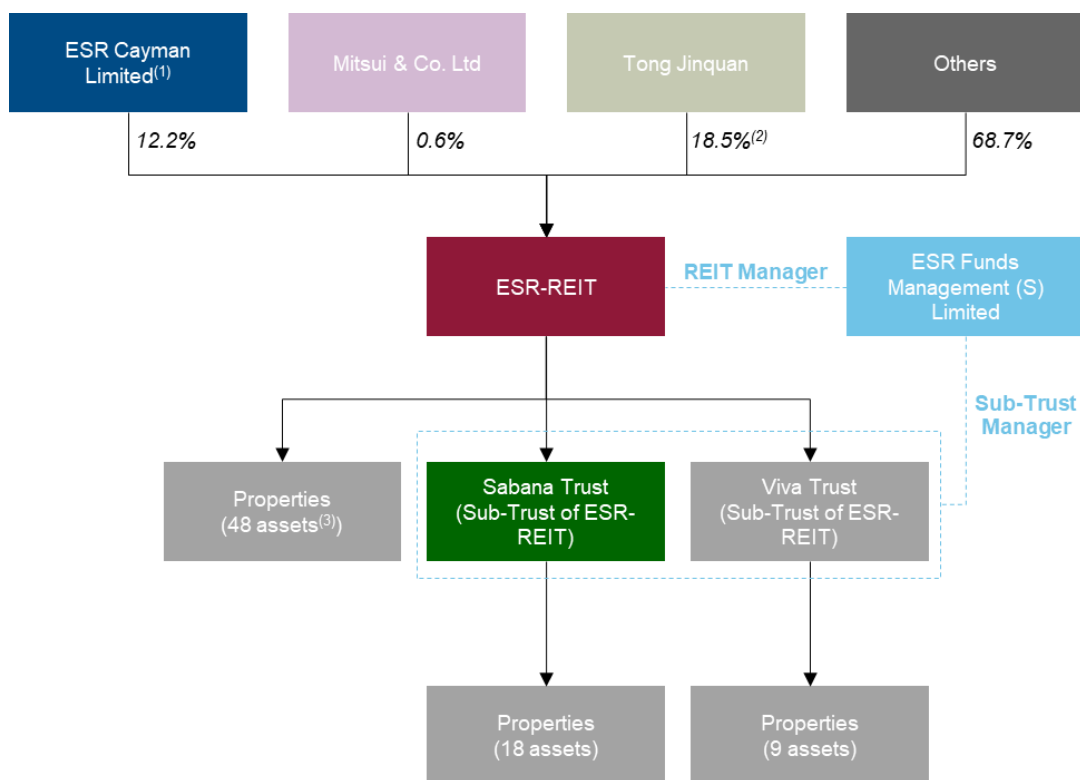
JOINT ANNOUNCEMENT

PROPOSED MERGER OF ESR-REIT AND SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST BY WAY OF A TRUST SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 **The Merger and the Scheme.** The respective boards of directors of ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**ESR-REIT Manager**"), 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**"), are pleased to announce the proposed merger (the "**Merger**") of ESR-REIT and Sabana REIT. The Merger will be effected through the acquisition by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the "**ESR-REIT Trustee**") of all the units of Sabana REIT (the "**Sabana Units**") held by the unitholders of Sabana REIT (the "**Sabana Unitholders**"), in exchange for units in ESR-REIT (the "**ESR-REIT Units**")¹, by way of a trust scheme of arrangement (the "**Scheme**") in compliance with the Singapore Code on Take-overs and Mergers (the "**Code**").
- 1.2 **Implementation Agreement.** In connection with the Merger, the ESR-REIT Manager, the ESR-REIT Trustee, the Sabana Manager and HSBC Institutional Trust Services (Singapore) Limited (as trustee of Sabana REIT) (the "**Sabana Trustee**") (each, a "**Party**" and collectively the "**Parties**") have today entered into an implementation agreement (the "**Implementation Agreement**") setting out the terms and conditions on which the Parties will implement the Scheme.
- 1.3 **Enlarged REIT Structure.** Upon completion of the Merger, it is currently envisaged that the structure of the enlarged ESR-REIT (the "**Enlarged REIT**") will be as follows:

¹ Please refer to paragraph 4.2 for details on the Scheme Consideration.



Notes:

- (1) Refers to ESR Cayman Limited's direct interests and/or deemed interests through holding entities.
- (2) Excludes deemed interest held through the ESR-REIT Manager.
- (3) Includes (a) 80% ownership of 7000 AMK LLP (Ho Lee Properties Pte Ltd owns the remaining 20%); and (b) 49% ownership of PTC Logistics Hub LLP (Poh Tiong Choon Logistics Limited owns the remaining 51%).

2. INFORMATION ON ESR-REIT AND THE ESR-REIT MANAGER

2.1 **ESR-REIT.** ESR-REIT is a Singapore-based real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 25 July 2006. The principal activity of ESR-REIT is to invest in quality income-producing industrial properties in Singapore. ESR-REIT has a diversified portfolio which currently comprises 57 properties located across Singapore, close to major transportation hubs and key industrial zones island-wide, with a total gross floor area ("**GFA**") of approximately 15.1 million square feet and an aggregate property value of S\$3.1 billion² as at 30 June 2020. The properties are in the following business sectors: Business Park³, High-Specs Industrial, Logistics / Warehouse and General Industrial. ESR-REIT has a diversified tenant base of 343 tenants (as at 30 June 2020) and is listed on the SGX-ST.

As at the Joint Announcement Date, ESR-REIT has in issue an aggregate of 3,530,945,472 ESR-REIT Units.

² Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

³ "**Business Parks**" refers to properties that cater to industries or businesses relating to high-technology, research and development value-added and knowledge-intensive sectors.

Based on the unaudited consolidated financial statements with respect to ESR-REIT and its subsidiaries (the "**ESR-REIT Group**") for the half year ended 30 June 2020 ("**1H2020**"), certain key financial information with respect to the ESR-REIT Group is set out as follows:

ESR-REIT Group (as at 30 June 2020)	S\$
Total assets	3,158.6 million
Net asset value (" NAV ")	1,448.7 million
NAV per ESR-REIT Unit	41.0 cents
Distributable income for 1H2020	47.8 million ⁽¹⁾
Distribution per unit (" DPU ") for 1H2020	1.359 cents ⁽¹⁾
Aggregate valuation of portfolio ⁽²⁾	3,117.1 million

Notes:

- (1) The DPU of 1.359 cents is computed based on ESR-REIT's total distributable income of S\$47.8 million for 1H2020. Of this amount, approximately S\$40.8 million has been announced as distribution to ESR-REIT Unitholders, translating to 1.162 cents per ESR-REIT Unit. The remaining S\$7.0 million has been retained by ESR-REIT for prudent cash flow management in view of the COVID-19 uncertainties.
- (2) Please refer to paragraph 11 of this Joint Announcement for updated valuations of ESR-REIT's properties as at 30 June 2020.

2.2 **The ESR-REIT Manager.** The ESR-REIT Manager was incorporated in Singapore on 14 September 2005 and currently holds a capital market services licence ("**CMS Licence**") for REIT management pursuant to the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). ESR-REIT is managed by the ESR-REIT Manager, whose objective is to provide unitholders of ESR-REIT ("**ESR-REIT Unitholders**") with a stable and secure income stream through the successful implementation of the following strategies: (a) acquisition of value-enhancing properties, (b) proactive asset management, (c) divestment of non-core properties and (d) prudent capital and risk management.

As at the date of this Joint Announcement (the "**Joint Announcement Date**"):

- (i) the shareholders of the ESR-REIT Manager are:
- (A) ESR Investment Management Pte. Ltd. ("ESRIM") (67.3%);
 - (B) Mitsui & Co. Ltd (7.7%); and
 - (C) Shanghai Summit Pte. Ltd. (25.0%);
- (ii) the directors of the ESR-REIT Manager are:
- (A) Mr. Ooi Eng Peng (Independent Chairman);
 - (B) Mr. Khor Un-Hun (Independent Non-Executive Director);
 - (C) Dr. Leong Horn Kee (Independent Non-Executive Director);

- (D) Mr. Ronald Lim Cheng Aun (Independent Non-Executive Director);
- (E) Ms. Stefanie Yuen Thio (Independent Non-Executive Director)
- (F) Mr. Philip John Pearce (Non-Executive Director);
- (G) Mr. Jeffrey David Perlman (Non-Executive Director);
- (H) Mr. Tong Jinquan (Non-Executive Director) ("**Mr. Tong**");
- (I) Mr. Wilson Ang Poh Seong (Non-Executive Director); and
- (J) Mr. Adrian Chui Wai Yin (Chief Executive Officer and Executive Director).

3. **INFORMATION ON SABANA REIT AND THE SABANA MANAGER**

3.1 **Sabana REIT.** Sabana REIT is a real estate investment trust listed on the Main Board of the SGX-ST since 26 November 2010, which principally invests in a portfolio of income-producing real estate assets used for industrial purposes, as well as real-estate related assets, in line with Shari'ah investment principles. As at the Joint Announcement Date, Sabana REIT has a diversified portfolio of 18 industrial properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors, with an estimated total assets value of approximately S\$0.9 billion as at 30 June 2020.

As at the Joint Announcement Date, Sabana REIT has in issue an aggregate of 1,053,083,530 Sabana Units.

Based on the unaudited consolidated financial statements with respect to Sabana REIT and its subsidiary (the "**Sabana Group**") for 1H2020, certain key financial information with respect to the Sabana Group is set out as follows:

Sabana Group (as at 30 June 2020)	S\$
Total assets	927.4 million
NAV	539.1 million
NAV per Sabana Unit	51.2 cents
Distributable income for 1H2020	11.1 million ⁽¹⁾
DPU for 1H2020	1.052 cents ⁽¹⁾
Aggregate valuation of portfolio ⁽²⁾	836.9 million

Notes:

- (1) The DPU of 1.052 cents is computed based on Sabana REIT's total distributable income of S\$11.1 million for 1H2020. Of this amount, approximately S\$5.0 million has been announced as distribution to Sabana Unitholders, translating to 0.470 cents per Sabana Unit. The remaining S\$6.1 million has been retained by Sabana REIT for prudent cash flow management in view of the COVID-19 uncertainties.

- (2) Please refer to paragraph 11 of this Joint Announcement for updated valuations of Sabana REIT's properties as at 30 June 2020.

3.2 **The Sabana Manager.** Sabana REIT is managed by the Sabana Manager, which was incorporated in Singapore on 15 March 2010 and currently holds a CMS Licence for REIT management pursuant to the SFA.

As at the Joint Announcement Date:

- (a) the Sabana Manager is wholly-owned by Sabana Investment Partners Pte. Ltd. ("**SIP**"), which in turn is wholly-owned by Perpetual Asia (Limited), acting in its capacity as trustee of Blackwood Trust. The sole beneficiary of Blackwood Trust is InfinitySub Pte. Ltd. (the parent company of ESRIM, which also holds 67.3% of the shares in the ESR-REIT Manager); and
- (b) the directors of the Sabana Manager are:
- (i) Mr. Tan Cheong Hin (Chairman and Independent Non-Executive Director);
 - (ii) Mr. Wong Heng Tew (Independent Non-Executive Director); and
 - (iii) Ms. Ng Shin Ein (Independent Non-Executive Director).

4. **KEY TERMS OF THE MERGER AND THE SCHEME**

4.1 **The Scheme.** The Scheme is proposed to be effected in accordance with the Code and the Sabana Trust Deed (as defined in paragraph 4.6 below, and to be amended and supplemented as described in paragraph 4.6 below), subject to the terms and conditions of the Implementation Agreement. Under the Scheme:

- (a) following the Scheme becoming effective and binding in accordance with its terms, all the Sabana Units held by the Sabana Unitholders, as at a books closure date (to be announced before the Effective Date (as defined in paragraph 4.4 below) by the Sabana Manager on which the Register of Unitholders of Sabana REIT will be closed in order to determine the entitlements of the Sabana Unitholders in respect of the Scheme (the "**Books Closure Date**")), will be transferred to the ESR-REIT Trustee:
- (i) fully paid;
 - (ii) free from any liens, equities, mortgages, charges, encumbrances, security interests, hypothecations, powers of sale, rights to acquire, options, restrictions, rights of first refusal, easements, pledges, title retention, trust arrangement, hire purchase, judgment, preferential right, rights of pre-emption and other third party rights and interests of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing ("**Encumbrances**"); and

- (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all rights and distributions (if any) declared by the Sabana Manager on or after the Joint Announcement Date, except for the Sabana Permitted Distributions (as defined in paragraph 4.3 below),

such that on and from the date of the settlement of the Scheme Consideration (as defined in paragraph 4.2 below), the ESR-REIT Trustee will hold 100 per cent. (100%) of the Sabana Units; and

- (b) in consideration for such transfer of the Sabana Units, each of the ESR-REIT Trustee and the ESR-REIT Manager agrees to allot and issue or procure the allotment and issuance (as the case may be) of the Consideration Units (as defined in paragraph 4.2 to each Sabana Unitholder as at the Books Closure Date, in accordance with the terms and conditions of the Implementation Agreement.

4.2 **Scheme Consideration.**

Pursuant to the Implementation Agreement, each of the ESR-REIT Trustee and the ESR-REIT Manager will, following the Scheme becoming effective in accordance with its terms, pay or procure the payment of a consideration (the "**Scheme Consideration**") for each Sabana Unit held by each of the Sabana Unitholders as at the Books Closure Date, which shall be satisfied by the allotment and issuance of 0.940 new ESR-REIT Units (the "**Consideration Units**"), such Consideration Units to be credited as fully paid. No fractions of a Consideration Unit shall be allotted and issued to any Sabana Unitholder and fractional entitlements shall be disregarded in the calculation of the Consideration Units to be allotted and issued to any Sabana Unitholder pursuant to the Scheme.

The Scheme Consideration was determined based on commercial negotiations between the ESR-REIT Manager and the Sabana Manager. Factors taken into account in arriving at the Scheme Consideration by determining the exchange ratio include (without limitation): (a) the prevailing and historical relative market prices of the ESR-REIT Units and Sabana Units; (b) the NAVs of each of ESR-REIT and Sabana REIT; (c) the market value of the respective property portfolios; (d) relevant precedent trust scheme transactions in Singapore; (e) the prevailing and historical price to NAV per unit of each REIT; (f) the prevailing and historical distribution yield of each REIT; (g) the market capitalisation and trading liquidity of each REIT; (h) the capital structure, debt costs and tenor of each REIT; and (i) the resulting pro forma financial impact of the Merger on ESR-REIT and Sabana REIT.

By way of illustration, if the Scheme becomes effective in accordance with its terms, a Sabana Unitholder will receive 94 Consideration Units for every 100 Sabana Units held by it as at the Books Closure Date.

Based on the illustrative issue price of \$0.401 per Consideration Unit ("**Reference Price**")⁴,

⁴ The Reference Price is determined based on the one-month volume weighted average price of the ESR-REIT Units ending on and including the last trading day one (1) week prior to the Joint Announcement Date, being the 30 calendar day period from 10 June 2020 up to and including 9 July 2020. The implied Scheme Consideration of S\$0.377 per Sabana Unit is derived from the gross exchange ratio of 0.940x and the Reference Price of S\$0.401.

the implied aggregate Scheme Consideration is approximately S\$396.9 million.

The Consideration Units shall:

- (i) when issued, be duly authorised, validly issued and credited as fully paid-up and shall rank *pari passu* in all respects with the existing ESR-REIT Units as at the date of their issue (and not as at the Joint Announcement Date)⁵;
- (ii) be issued at the volume weighted average price of the ESR-REIT Units for the one (1) month period ending on and including the last trading day prior to the Effective Date; and
- (iii) be issued free from all and any Encumbrances and restrictions or transfers and no person has or shall have any rights of pre-emption over the Consideration Units.

4.3 Permitted Distributions.

Subject to the terms and conditions of the Implementation Agreement:

- (a) the Sabana Manager is permitted to announce, declare, pay or make distributions to the Sabana Unitholders (the "**Sabana Permitted Distributions**") in the ordinary course of business, in respect of the period from 1 January 2020 up to the day immediately before the Effective Date (including any clean-up distribution in respect of the period from the day following the latest completed financial half year of Sabana REIT preceding the Effective Date for which a distribution has been made, up to the day immediately before the Effective Date); and
- (b) the ESR-REIT Manager is permitted to announce, declare, pay or make distributions to the ESR-REIT Unitholders (the "**ESR-REIT Permitted Distributions**") (i) in respect of the unpaid distribution income that has been announced and retained by the ESR-REIT Manager in respect of the period from 1 January 2020 to 31 March 2020; and (ii) in the ordinary course of business, in respect of the period from 1 April 2020 up to the day immediately before the Effective Date (including any clean-up distribution in respect of the period from the day following the latest completed financial quarter of ESR-REIT preceding the Effective Date for which a distribution has been made, up to the day immediately before the Effective Date).

The Sabana Permitted Distributions and the ESR-REIT Permitted Distributions shall not include distributions declared, paid or made by the Sabana Manager or the ESR-REIT Manager to the Sabana Unitholders or the ESR-REIT Unitholders respectively in respect of (i) proceeds received in connection with the sale of any real properties; and/or (ii) gains arising from disposals of investment properties prior to the date of the Implementation Agreement and which have not been distributed to Sabana Unitholders or ESR-REIT Unitholders (as the case may be) prior to the date of the Implementation Agreement.

⁵ For the avoidance of doubt, the Consideration Units shall be issued with all rights, benefits and entitlements attaching on and from the date of their issue (and not as at the Joint Announcement Date), including the right to receive and retain all rights and other distributions (if any) declared or to be declared by the ESR-REIT Manager on or after the date of their issue.

The Parties shall be entitled to announce, declare, pay or make the Sabana Permitted Distributions and ESR-REIT Permitted Distributions (as the case may be) without any adjustment to the Scheme Consideration.

The Sabana Unitholders shall have the right to receive and retain the Sabana Permitted Distributions in addition to the Scheme Consideration.

The ESR-REIT Manager reserves the right to adjust the Scheme Consideration by reducing the unit component of the Scheme Consideration, if and to the extent that any distribution in excess of the Sabana Permitted Distributions is announced, declared, paid or made by the Sabana Manager on or after the date of the Implementation Agreement.

- 4.4 **Effective Date.** The Scheme will become effective on the date the written notification to the Monetary Authority of Singapore ("**MAS**") of the grant of the order of the Court⁶ (the "**Effective Date**") sanctioning the Scheme under Order 80 of the Rules of Court, Chapter 322, R 5 of Singapore (the "**Scheme Court Order**"), which shall be effected by or on behalf of the ESR-REIT Manager on a date to be mutually agreed in writing between the ESR-REIT Manager and the Sabana Manager, being a date within 25 Business Days⁷ from the date on which the last Scheme Condition (as defined in paragraph 7.1 below) set out in paragraphs (a), (b), (c), (d) and (e) of **Schedule 2** to this Joint Announcement is satisfied in accordance with the terms of the Implementation Agreement, provided that the rest of the Scheme Conditions are satisfied or waived on the date falling on the Business Day immediately preceding the Effective Date (the "**Record Date**"), as the case may be, in accordance with the terms of the Implementation Agreement.
- 4.5 **Delisting.** Upon the Scheme becoming effective in accordance with its terms, Sabana REIT will be wholly-owned by the ESR-REIT Trustee and will, subject to the approval of the SGX-ST, be delisted and removed from the Official List of the SGX-ST.
- 4.6 **Amendment of Sabana Trust Deed.** The Scheme will require, *inter alia*, the approval of the Sabana Unitholders holding in aggregate 75.0% or more of the total number of votes cast for and against the resolution at a meeting of the Sabana Unitholders or (as the case may be) depositors named in the depository register as at 72 hours before the time of such meeting as certified by the depository to the Sabana Manager to amend the trust deed dated 29 October 2010 constituting Sabana REIT entered into between the Sabana Manager and the Sabana Trustee (as amended and supplemented from time to time) (the "**Sabana Trust Deed**") to include provisions that will facilitate the implementation of the Scheme, in such form and substance as agreed in writing by the Parties (the "**Sabana Trust Deed Amendments**"), at the extraordinary general meeting of the Sabana Unitholders to be convened immediately prior to the Scheme Meeting (as defined in paragraph 4.7 below) (the "**Sabana EGM**").
- 4.7 **Approval of the Sabana Unitholders.** The Scheme will require, *inter alia*, the approval of a majority in number of the Sabana Unitholders representing at least three-fourths in value of

⁶ "**Court**" means the High Court of the Republic of Singapore or where applicable on appeal, the Court of Appeal of the Republic of Singapore.

⁷ "**Business Day**" means a day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore.

the Sabana Units held by the Sabana Unitholders present and voting either in person or by proxy at the meeting of the Sabana Unitholders to be convened pursuant to the order of the Court to approve the Scheme and any adjournment thereof (the "**Scheme Meeting**").⁸

Further details in respect of the approvals required in connection with the Scheme are set out in paragraph 9 of this Joint Announcement.

- 4.8 **Scheme Document and Expected Indicative Timeline.** Detailed information on the Merger, the Scheme and the terms and conditions upon which the Scheme will be implemented by the Sabana Manager and the ESR-REIT Manager will be set out in the the document to be issued by the Sabana Manager on behalf of Sabana REIT to all the Sabana Unitholders (the "**Scheme Document**").

An expected indicative timeline is also set out in **Schedule 1** to this Joint Announcement.

- 4.9 **Switch Option.** Pursuant to the terms of the Implementation Agreement and subject to prior consultation with the Securities Industry Council of Singapore (the "**SIC**"):

- (a) in the event of a Sabana Competing Proposal⁹ or an intention to make a Sabana Competing Proposal is announced (whether or not such Sabana Competing Proposal is pre-conditional), the ESR-REIT Trustee and the ESR-REIT Manager have the right at their discretion to elect to proceed by way of a voluntary conditional offer for the Sabana Units (the "**Offer**") (in lieu of proceeding with the Merger by way of the Scheme) (the "**Switch Option**"), provided that the ESR-REIT Trustee and the ESR-REIT Manager shall not be entitled to exercise the Switch Option in the event that the prior written consent of the ESR-REIT Trustee and the ESR-REIT Manager was obtained in respect of such Sabana Competing Proposal;
- (b) in such event, the ESR-REIT Trustee and the ESR-REIT Manager will make the Offer on the same or better terms as those which apply to the Scheme or the Sabana Competing Proposal (whichever is higher), including the same or a higher consideration than the Scheme Consideration (being the implied dollar value of the Consideration Units, based on the fixed number of Consideration Units issued for each Sabana Unit and the volume weighted average price of the ESR-REIT Units for the one (1) month period ending on and including the last trading day prior to the date on which the Switch Option is exercised), and conditional upon a level of acceptances set at only more than 50 per cent. of the Sabana Units to which the Offer relates and not conditional on a higher level of acceptances; and

⁸ Please refer to paragraph 10 of this Joint Announcement on the persons who are required to abstain from voting on the Scheme.

⁹ "**Sabana Competing Proposal**" means any offer by any person other than the ESR-REIT Trustee involving (a) a sale, conveyance, transfer, assumption or other disposal of any direct or indirect interest in all or substantially all of the assets, business and/or undertakings of the Sabana Group; (b) a general offer for the Sabana Units; (c) a scheme of arrangement involving any of the entities in the Sabana Group or the merger of any entities in the Sabana Group with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); (d) any other arrangement having an effect similar to any of (a) to (c); or (e) a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Merger and/or the Scheme. For the purpose of this definition, a Sabana Competing Proposal will be deemed to be for all or substantially all of the assets, business and/or undertakings of the Sabana Group if the relevant assets, business and/or undertakings in question constitute a "material amount" as defined in Note 2 on Rule 5 of the Code.

- (c) if the Switch Option is exercised, the Implementation Agreement (save for certain surviving provisions) shall terminate with effect from the date of announcement by or on behalf of the ESR-REIT Trustee and/or the ESR-REIT Manager of a firm intention to make the Offer, and none of the Parties shall have any claim against the others under the Implementation Agreement, including any claim in respect of the Break Fee (as defined in paragraph 8.4 below).

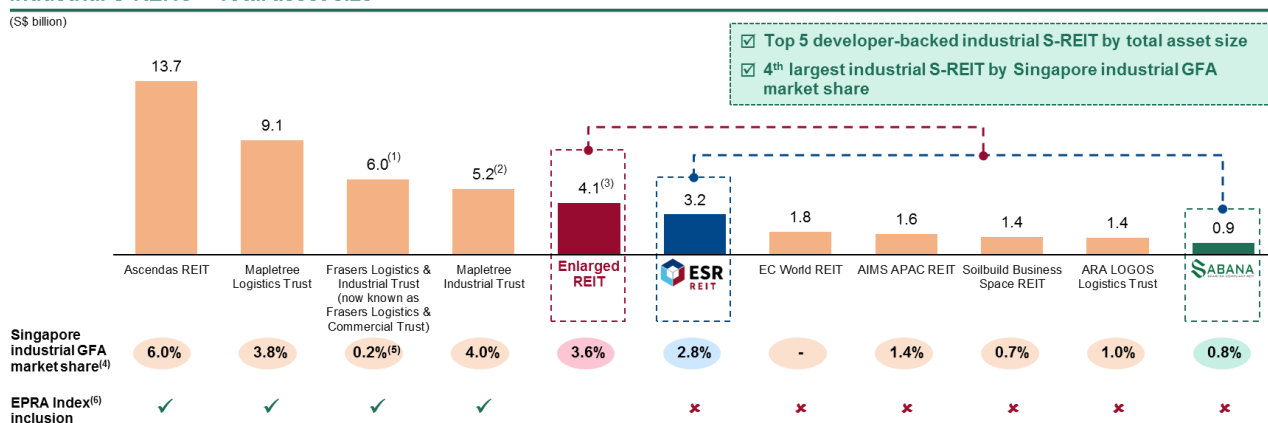
5. SABANA MANAGER'S RATIONALE FOR THE MERGER

- (a) **Creation of a sizeable and liquid industrial real estate investment trust in Singapore ("S-REIT")**

The Merger will result in the creation of a sizeable and liquid industrial S-REIT, offering the following benefits to the Sabana Unitholders:

- (i) The Merger will reinforce the Enlarged REIT's position amongst the top five developer-backed industrial S-REITs, with total asset size increasing to approximately S\$4.1 billion. The Enlarged REIT will also become the fourth largest industrial S-REIT by Singapore industrial GFA market share;

Industrial S-REITs – Total asset size



Source: Latest company information available as at 9 July 2020.

Notes:

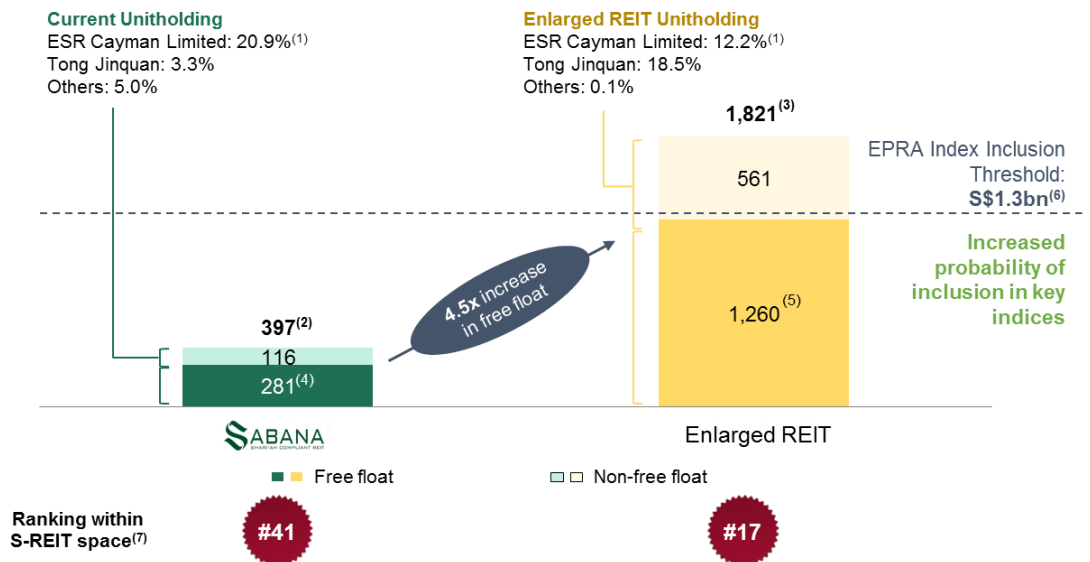
- (1) Represents pro forma total asset size from the scheme document of Frasers Commercial Trust dated 14 February 2020.
- (2) Excludes proposed acquisition of the remaining 60% stake in 14 data centres located in the US, announced in June 2020.
- (3) Represents the Enlarged REIT's pro forma total assets as at 30 June 2020.
- (4) Industrial GFA market share calculated based on the respective REIT's latest available GFA divided by total available space in Singapore industrial real estate (public and private) from URA Realis database as at 31 March 2020.
- (5) Based on Alexandra Technopark's net lettable area ("**NLA**") as at 30 September 2019.
- (6) Refers to FTSE EPRA Nareit Developed Asia Index as at 30 June 2020.

- (ii) The enhanced scale of the combined portfolio will improve the Enlarged REIT's visibility and competitiveness within the industrial S-REIT universe and will allow the Enlarged REIT to access a larger and more diversified investor base.

In particular, the Merger will lead to a larger market capitalisation and free float. The Enlarged REIT's market capitalisation will materially increase to approximately S\$1.8 billion, approximately 4.6 times of Sabana REIT's market capitalisation¹⁰ as at 9 July 2020. Correspondingly, the Enlarged REIT's free float market capitalisation will increase to approximately S\$1.3 billion, approximately 4.5 times of Sabana REIT's free float¹⁰ as at 9 July 2020. Larger free float increases the probability of inclusion in key indices which offers the benefits of higher trading liquidity, a wider investor base, and broader research coverage, eventually leading to a potential re-rating of the Enlarged REIT, which would be beneficial for all unitholders; and

Market capitalisation and free float

(S\$ million)



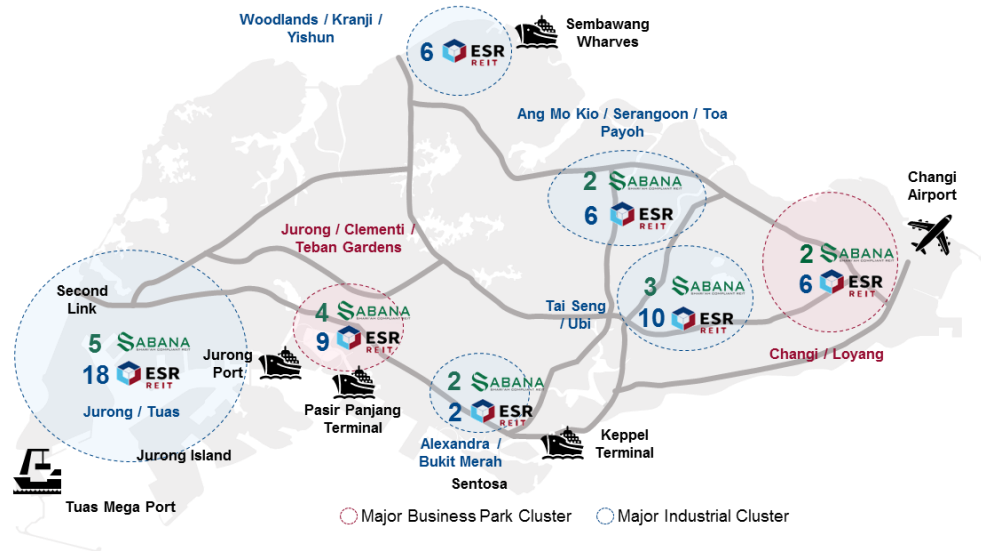
Source: Company information.

Notes:

- (1) Including direct interests and/or deemed interests through holding entities.
 - (2) Based on the implied Scheme Consideration of S\$0.377 per Sabana Unit and 1,053,083,530 Sabana Units in issue as at 9 July 2020.
 - (3) Based on the issuance of approximately 989.9 million new ESR-REIT Units as the aggregate Scheme Consideration and the manager acquisition fee to be paid in approximately 20.7 million ESR-REIT Units for the Merger at the illustrative issue price of S\$0.401 per ESR-REIT Unit.
 - (4) Excludes units held by ESR Cayman Limited, the Sabana Manager, Mr. Tong, the directors of the Sabana Manager, other substantial unitholders, and their respective associates.
 - (5) Excludes units held by ESR Cayman Limited, the managers of ESR-REIT and Sabana REIT (the "**ESR-REIT and Sabana REIT Managers**"), Mr. Tong, the directors of the ESR-REIT and Sabana REIT Managers, other substantial unitholders, and their respective associates
 - (6) As at June 2020, regular entry threshold for the EPRA Index is approximately US\$0.9 billion, equivalent to approximately S\$1.3 billion.
 - (7) Based on market capitalisations as at 9 July 2020.
- (iii) The Enlarged REIT will be able to utilise operational advantages from the increased scale of the portfolio of 75 assets, located close to major transportation hubs and within key strategic industrial zones across

¹⁰ Based on the implied Scheme Consideration of S\$0.377 per Sabana Unit and 1,053,083,530 Sabana Units in issue as at 9 July 2020.

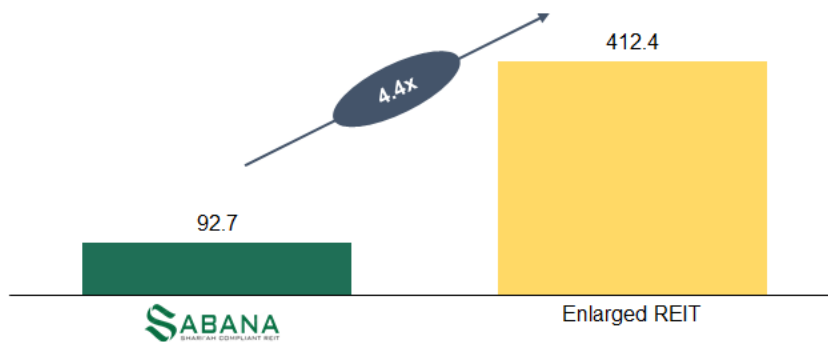
Singapore. These advantages include a more extensive product suite and the ability to leverage on the ESR-REIT Group's tenant base and network to capture a larger tenant base, improved cost synergies, positioning from tenant leasing and marketing initiatives, as well as greater bargaining power with tenants and service providers;



Source: Company information.

- (iv) With an enlarged asset base, the Enlarged REIT's asset enhancement initiative ("**AEI**") and development headroom is expected to increase by approximately 4.4 times from approximately S\$92.7 million to approximately S\$412.4 million. This will enhance the Enlarged REIT's ability to undertake more AEIs and deliver more organic growth for unitholders; and

AEI and development headroom increases significantly⁽¹⁾
 (S\$ million)



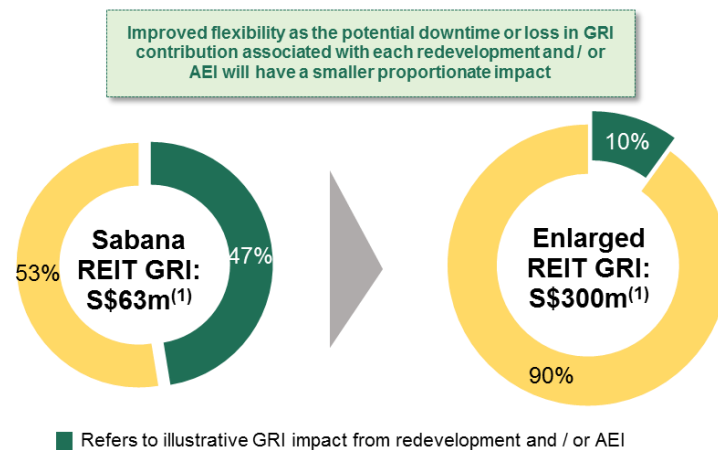
Source: Company information.

Note:

- (1) Based on 10% of the Deposited Property value of each of Sabana REIT and ESR-REIT, as at 30 June 2020.

- (v) The enlarged asset base will improve the Enlarged REIT's flexibility to undertake AEs and portfolio reconstruction as the potential downtime or loss in gross rental income ("**GRI**") contribution associated with each redevelopment and/or AEI will have a smaller proportionate impact. In addition, following the Merger, Sabana REIT will be able to tap into the tenant base and network of the larger ESR-REIT Group to seek optimal use and identify potential anchor tenants for pre-commitments in order to reduce leasing risk and at lower cost of capital. This will better position the Enlarged REIT to create value, enhance returns and reduce risk for unitholders in the longer term while maintaining a stable distribution to unitholders in the near term.

Illustrative GRI contribution of top 3 Sabana REIT assets by FY2019 GRI contribution



Source: Company information.

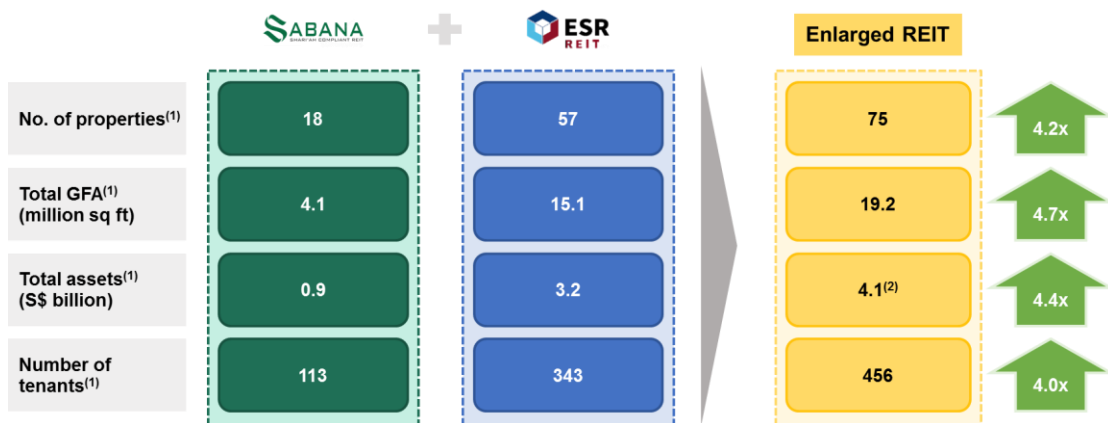
Note:

- (1) Computed based on the GRI of Sabana REIT, or as the case may be, the pro forma GRI of the Enlarged REIT which is based on the sum of ESR-REIT and Sabana REIT's respective GRI, in each case for the financial year ended 31 December 2019.

(b) Enhanced portfolio diversification, strength, and resilience

- (i) The Merger will result in an enhanced portfolio for the Enlarged REIT, comprising 75 properties, a total GFA of approximately 19.2 million square feet and a total asset size of approximately S\$4.1 billion¹¹. The number of tenants also increases from 113 (for Sabana REIT) and 343 (for ESR-REIT) to 456, resulting in better diversification of portfolio across industrial sub-sectors and number of tenants;

¹¹ Represents the Enlarged REIT's pro forma total assets as at 30 June 2020.



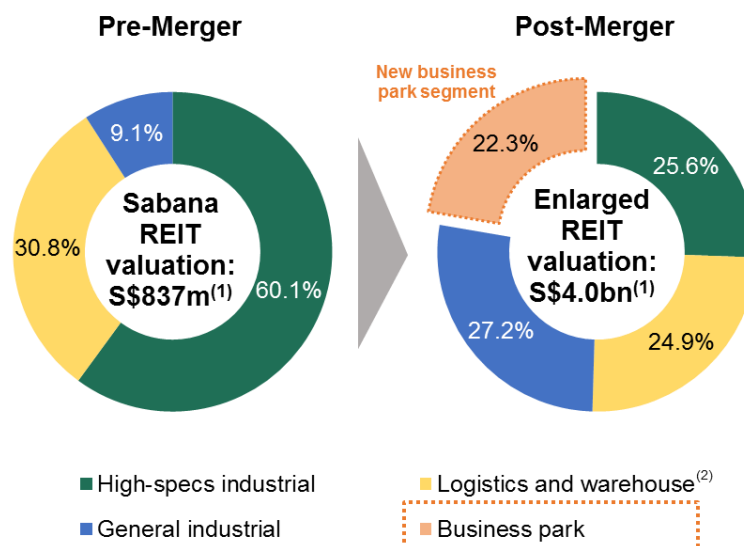
Source: Company information.

Notes:

(1) As at 30 June 2020.

(2) Represents the Enlarged REIT's pro forma total assets as at 30 June 2020.

- (ii) The Merger will also expand Sabana REIT's existing industrial portfolio to include the Business Park asset class, as this segment is currently a part of ESR-REIT's portfolio. Post-Merger, Sabana REIT will gain immediate access to three business parks nationwide, located in prime industrial clusters across Singapore, and is expected to benefit from the reduced segment concentration risk.



Source: Company information.

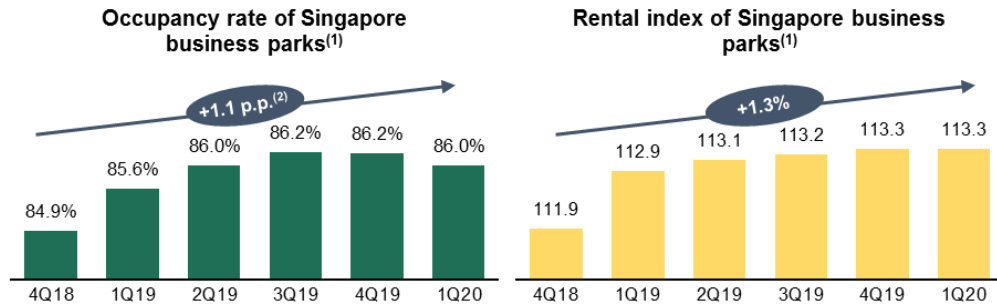
Notes:

(1) Valuation as at 30 June 2020. ESR-REIT valuation in the Enlarged REIT includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standards (FRS) 116 Leases which became effective on 1 January 2019.

(2) Includes Sabana REIT's chemical warehouse and logistics segments.

Outlook for business parks situated in prime locations is expected to be sustained by cost-conscious companies looking to decentralise their

operations and lease a sizeable amount of space at lower rent. Business parks in Singapore have shown improving occupancy rates and rental index over the past few quarters, based on data from JTC Corporation ("**JTC**"). The Enlarged REIT is well positioned to capture the growth and demand from the evolving Singapore business parks sector, which caters to industries/businesses relating to high-technology, research and development, value-added and knowledge-intensive sectors;



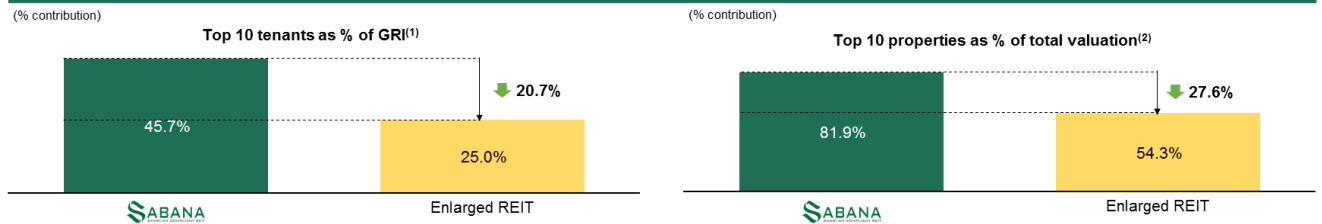
Source: JTC.

Notes:

- (1) Based on JTC data as at 31 March 2020.
- (2) Refers to percentage points.

- (iii) The Enlarged REIT is also expected to benefit from increased tenant and asset diversification. The contribution of top 10 tenants and properties to the Enlarged REIT's GRI and valuation will reduce by 20.7% and 27.6% respectively; and

Reduced concentration from top 10 tenants by GRI contribution and properties by contribution to total valuation



Source: Company information.

Notes:

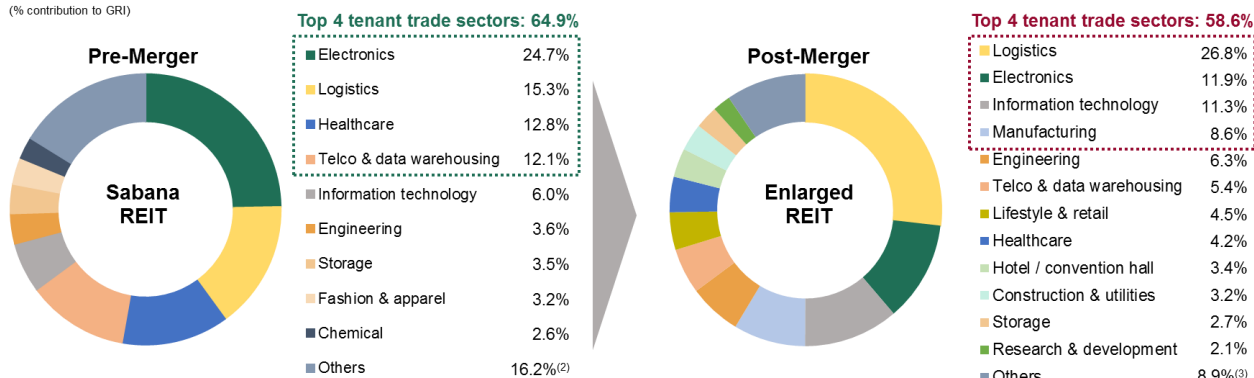
- (1) Based on GRI of Sabana REIT, or as the case may be, the pro forma GRI of the Enlarged REIT which is based on the sum of ESR-REIT and Sabana REIT's respective GRI, in each case as at 30 June 2020.
- (2) Valuation as at 30 June 2020. ESR-REIT valuation in the Enlarged REIT includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standards (FRS) 116 Leases which became effective on 1 January 2019.

With a larger portfolio, the concentration of the top four tenant trade sectors decreases from 64.9% to 58.6%. The contribution to GRI of Sabana REIT's largest single tenant decreases from 11.2% to 2.4% in the Enlarged REIT and no single tenant in the Enlarged REIT will contribute more than 4.1% to

GRI¹², thereby reducing its reliance on any particular tenant and tenant trade sector.

Increased diversification of tenant trade sectors by GRI contribution⁽¹⁾

(% contribution to GRI)



Source: Company information.

Notes:

- (1) Based on GRI of Sabana REIT, or as the case may be, the pro forma GRI of the Enlarged REIT which is based on the sum of ESR-REIT and Sabana REIT's respective GRI, in each case as at 30 June 2020.
- (2) Includes construction and utilities, printing, food and beverage, manufacturing, research and development, and others.
- (3) Includes food and beverage, childcare and education, fashion and apparel, chemical, printing, and others.

Reduced reliance on top 10 tenants

Sabana REIT top 10 tenants by GRI	% of GRI contribution ⁽¹⁾	Enlarged REIT top 10 tenants by GRI	% of GRI contribution ⁽¹⁾
Subsidiaries of Vibrant Group Limited	11.2%	AMS Sensors Singapore Pte. Ltd.	4.1%
Advanced Micro Devices (Singapore) Pte Ltd	7.9%	United Engineers Developments Pte Ltd	3.4%
Avnet Asia Pte Ltd	5.2%	Sharikat Logistics Pte. Ltd.	2.7%
ASM Advanced Packaging Materials Pte. Ltd.	4.0%	Poh Tiong Choon Logistics Limited	2.7%
VWR Singapore	3.6%	Meiban Investment Pte Ltd	2.5%
Cotton On Singapore Pte Ltd	3.0%	Subsidiaries of Vibrant Group Limited	2.4%
Life Technologies Holdings Pte Ltd	3.0%	Venture Corporation Limited	2.0%
Epsilon Telecommunications SP) Pte. Ltd.	2.8%	Data Centre Operator	1.8%
Skyworks Global Pte Ltd	2.6%	Ceva Logistics Singapore Pte Ltd	1.7%
Home Box Office (Singapore) Pte Ltd	2.4%	GKE Warehousing & Logistics Pte Ltd	1.7%
Top 10 tenants GRI contribution	45.7%	Top 10 tenants GRI contribution	25.0%

Source: Company information.

Note:

- (1) Based on GRI of Sabana REIT, or as the case may be, the pro forma GRI of the Enlarged REIT which is based on the sum of ESR-REIT and Sabana REIT's respective GRI, in each case as at 30 June 2020.

(c) Improved growth outlook

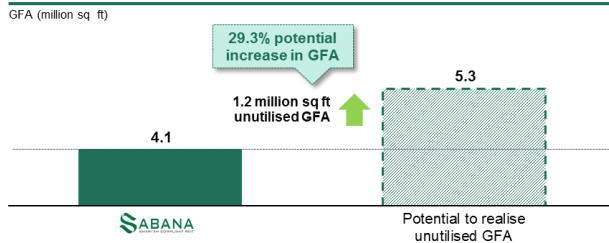
The Merger is expected to unlock growth opportunities for the Enlarged REIT with respect to AElS (by developing unutilised plot ratios for new GFA) and/or potential asset redevelopment. Such assets present an attractive opportunity for the Enlarged

¹² Based on GRI of Sabana REIT, or as the case may be, the pro forma GRI of the Enlarged REIT which is based on the sum of ESR-REIT and Sabana REIT's respective GRI, in each case as at 30 June 2020.

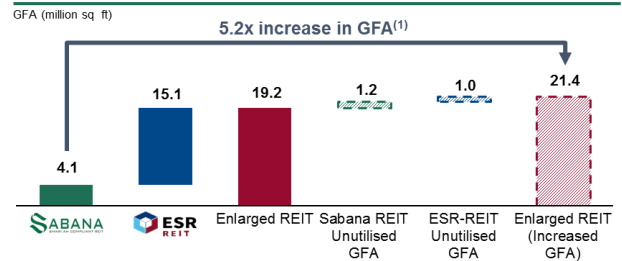
REIT to further grow the portfolio's value, which is expected to be accomplished by following the following key strategies:

- (i) Upgrading and improvement of building specifications;
- (ii) Change of building use to align with current and expected market trends; and
- (iii) Realisation of Sabana REIT's unutilised GFA.

Realisation of Sabana REIT's unutilised GFA



Build-up of Enlarged REIT's GFA potential



Source: Company information.

Note:

- (1) Assumes 100% realisation of Sabana REIT and ESR-REIT's unutilised GFA.

Following the Merger, the Enlarged REIT will be able to undertake value-enhancing AEIs and/or redevelopments at lower cost and with lower execution risks. Greater access to a larger tenant base will also help to identify optimal use for unutilised GFA, reduce leasing risks and develop in-demand space for emerging industries.

The Enlarged REIT will be able to leverage on ESR-REIT's established track record and experience in unlocking value through AEI, as evidenced by its recent upgrading of the asset located at 30 Marsiling Industrial Estate Road 8:

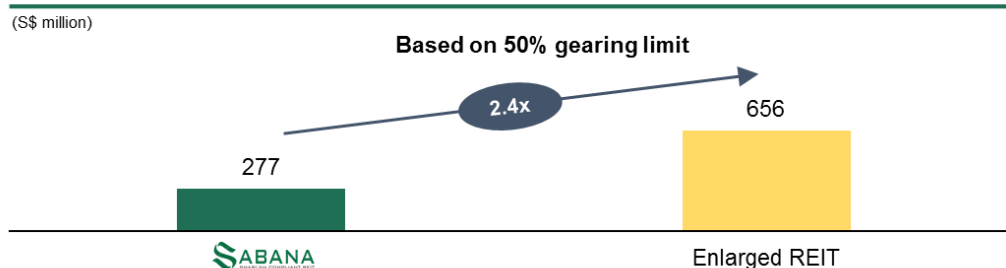
- (i) The asset has been upgraded from General Industrial to High-specs;
- (ii) Two quality tenants from high-value added manufacturing sectors were secured prior to the receipt of the temporary occupation permit ("**TOP**") in January 2019;
- (iii) The asset will enjoy 100% occupancy over the next five years; and
- (iv) AEI was completed earlier than expected (in 9 months) and within cost estimates.

Further, the lower cost of capital of the Enlarged REIT is expected to enhance returns for future AEIs as compared to the Sabana REIT's current cost of capital.

(d) **Enhanced balance sheet flexibility and cost of capital**

- (i) Following the Merger, the Enlarged REIT is expected to benefit from having a higher debt headroom and access to more diversified funding sources. The stronger balance sheet and greater financial flexibility would better position it to drive value-accretive acquisitions and organic growth for unitholders;

Debt headroom⁽¹⁾



Source: Company information.

Note:

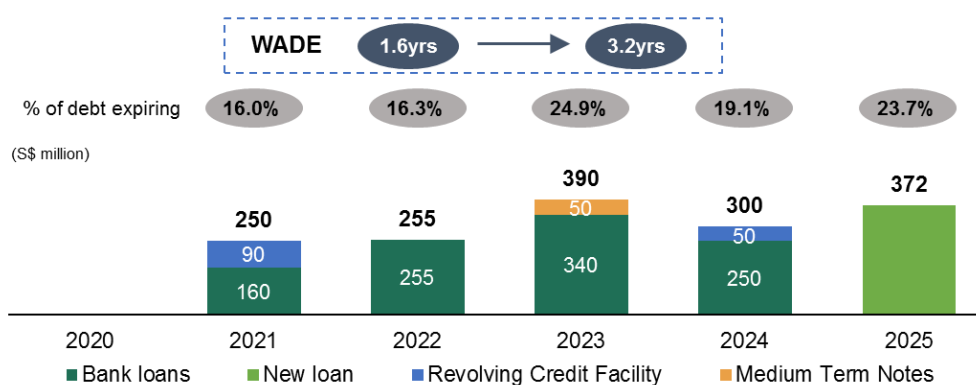
- (1) Debt headroom calculated based on a regulatory aggregate leverage limit of 50.0%. Includes potential additional debt that can be used for asset acquisitions.

- (ii) The Enlarged REIT is expected to have a more evenly-distributed and resilient debt maturity profile, longer debt tenor and at a lower weighted average cost of debt following the Merger.

As at 30 June 2020, Sabana REIT has 53.8% of total debt maturing in FY2021. Following the Merger, the percentage of total debt maturing in each year will decrease to a maximum of approximately 25% in any given year for the Enlarged REIT.

Furthermore, the Enlarged REIT will have a longer weighted average debt expiry ("**WADE**") profile of 3.2 years, providing it with a more resilient capital structure. It will also have a fully unencumbered portfolio (vs. 6.2% unencumbered assets in Sabana REIT as at 30 June 2020), providing the Enlarged REIT with enhanced financial flexibility and better access to wider pools of capital and lower cost of funding; and

Pro forma debt maturity profile

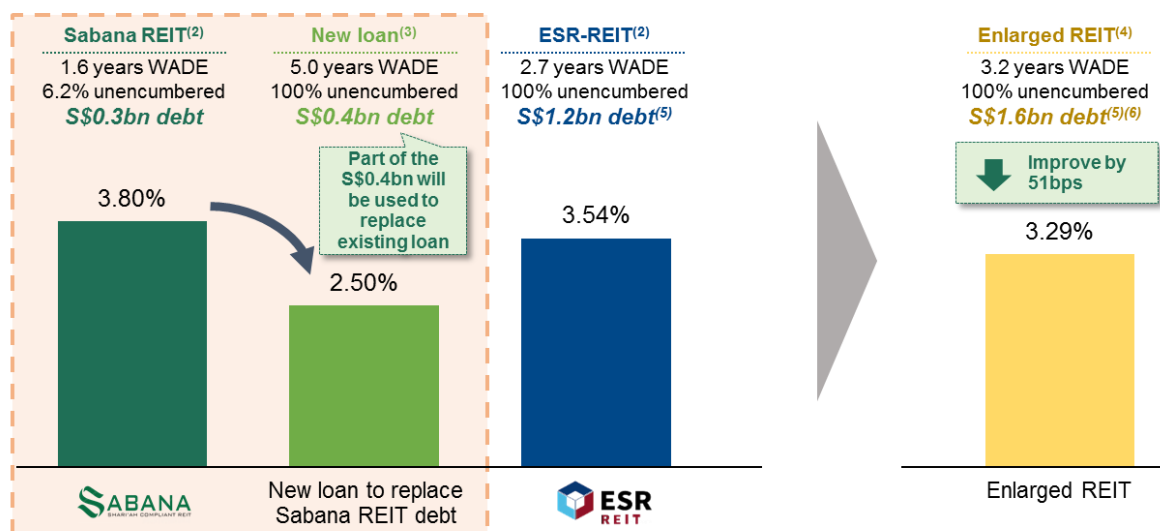


Source: Company information.

Note: For illustrative purposes only – not a forward-looking projection.

- (iii) The Enlarged REIT is also expected to have a more competitive cost of debt while retaining balance sheet flexibility with a fully unencumbered portfolio. Unitholders will benefit from the Enlarged REIT's lower cost of funding, longer debt tenor and its fully unencumbered portfolio, as well as access to wider pools of capital. The Enlarged REIT is expected to have a lower weighted average cost of debt by around 51 basis points.

Pro forma cost of debt⁽¹⁾



Source: Company information.

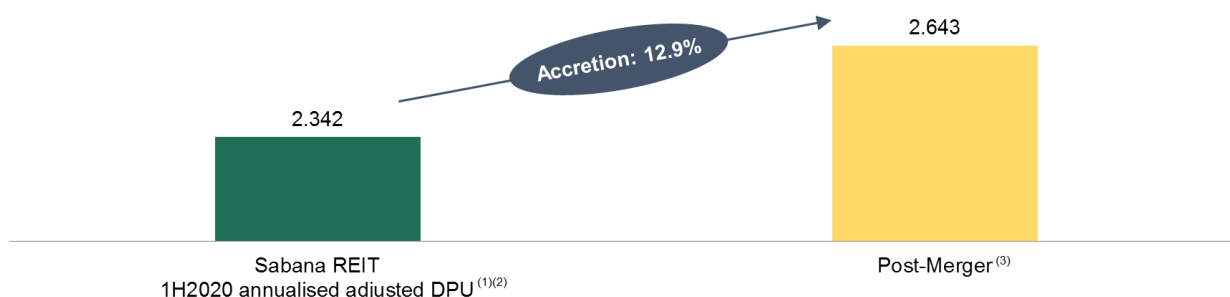
Notes: For illustrative purposes only – not a forward-looking projection

- (1) Represents all-in interest cost.
- (2) Information as at 30 June 2020.
- (3) Unsecured five-year hedged loan of up to S\$460 million, at an expected all-in interest cost of 2.5% provided by Malayan Banking Berhad (Singapore Branch), RHB Bank Berhad, Sumitomo Mitsui Banking Corporation (Singapore Branch) and United Overseas Bank Limited.
- (4) Illustrative Enlarged REIT pro forma debt metrics as at 30 June 2020.
- (5) Excludes share of borrowings from joint ventures.
- (6) Includes the new debt facilities for the refinancing of Sabana REIT's existing debt, upfront land premium and estimated professional and other fees and expenses relating to the Merger.

(e) DPU accretive to Sabana Unitholders on a historical pro forma basis

Assuming the Merger had been completed on 1 January 2019, the pro forma annualised 1H2020 DPU attributable to Sabana Unitholders would have increased from 2.342 cents to 2.643 cents, translating to a DPU accretion of 12.9% for Sabana Unitholders on a pro forma basis.

Pro forma Distribution per Unit (Singapore cents)



Notes: For illustrative purposes only – not a forward-looking projection

- (1) Assumes 60.0% of Sabana REIT's asset management fees are paid in units as per the proportion that ESR-REIT paid out for 1H2020 at an illustrative issue price of S\$0.341 per unit determined based on the six-month volume weighted average price of the Sabana Units ending on and including 30 June 2020. Sabana Unitholders should note that the illustrative issue price is used in the context of calculating the management fee payable to the Sabana Manager for the purposes of the relevant illustrations.
- (2) Assumes Sabana REIT does not retain distributable income of S\$6.1 million and distributes 100% of its total distributable income of S\$11.1 million for 1H2020.
- (3) Based on the Enlarged REIT's pro forma DPU for 1H2020 on an annualised basis of 2.812 cents multiplied by the gross exchange ratio of 0.940x. Please refer to **Schedule 4** to this Joint Announcement for further details of the pro forma financial effects of the Merger.

The Enlarged REIT will continue to benefit from a strong developer-sponsor, ESR Cayman Limited, which is a leading Asia Pacific-focused integrated logistics real estate platform with over US\$22 billion in assets under management ("**AUM**") and 17 million square metres in GFA. Following the Merger, the Enlarged REIT will have a "first look" at ESR Cayman Limited's extensive portfolio of assets in an environment where quality logistics assets are becoming increasingly scarce. Further, the Enlarged REIT will benefit from ESR Cayman Limited's regional pipeline, which presents opportunities for growth and geographical expansion in countries where ESR Cayman Limited has a footprint and established "on the ground" expertise. This better positions the Enlarged REIT to capitalise on further expansion opportunities and participate in the continued growth of the industrial sector as the global economy emerges from the COVID-19 pandemic.

6. ESR-REIT MANAGER'S FUTURE INTENTIONS FOR THE ENLARGED REIT

Assuming the completion of the Merger:

- (a) the ESR-REIT Manager will be the manager of the Enlarged REIT after completion of the Merger and Mr. Adrian Chui will continue to be the Chief Executive Officer ("**CEO**") of the ESR-REIT Manager. The ESR-REIT Manager intends to engage the current CEO of Sabana Manager, Mr. Donald Han, as an advisor to the ESR-REIT Manager. The Nominating and Remuneration Committee of the ESR-REIT Manager will also review the composition of the board of directors and management of the ESR-REIT Manager;
- (b) the fee structure of Sabana REIT with respect to fees payable to the Sabana Manager will be amended in the trust deed of Sabana REIT such that the existing fee structure of ESR-REIT is adopted;

- (c) the ESR-REIT Manager does not intend to retain Sabana REIT's Shari'ah compliant status; and
- (d) it is intended that the existing outstanding loan facilities granted to Sabana REIT will be refinanced.

7. **SCHEME CONDITIONS**

7.1 **Scheme Conditions.** The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the conditions precedent (the "**Scheme Conditions**") set out in the Implementation Agreement and reproduced in **Schedule 2** to this Joint Announcement.

7.2 **Benefit of Scheme Conditions.**

- (a) **ESR-REIT's Benefit.** The ESR-REIT Trustee and the ESR-REIT Manager may waive the Scheme Conditions in paragraph (g) (in relation to any Prescribed Occurrences set out in **Schedule 3** to this Joint Announcement relating to the Sabana Group), paragraph (h), and paragraph (j)(i) of **Schedule 2** to this Joint Announcement.
- (b) **Sabana REIT's Benefit.** The Sabana Trustee and the Sabana Manager may waive the Scheme Conditions at paragraph (g) (in relation to any Prescribed Occurrences set out in **Schedule 3** to this Joint Announcement relating to the ESR-REIT Group), paragraph (i) and paragraph (j)(ii) of **Schedule 2** to this Joint Announcement.
- (c) **No Waiver.** The Scheme Conditions set out in paragraphs (a), (b), (c), (d), (e) and (f) of **Schedule 2** to this Joint Announcement are not capable of being waived by any or all of the Parties.

8. **TERMINATION**

8.1 **Right to Terminate.** The Implementation Agreement may be terminated with immediate effect by giving notice in writing at any time on or prior to the Record Date (subject to the prior consultation with the SIC, and the SIC giving its approval for, or stating that it has no objection to, such termination):

- (a) **Regulatory Action.** By any Party, if any court of competent jurisdiction or governmental authority has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, the Merger or any part thereof, or has refused to do anything necessary to permit the Scheme, the Merger or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) **Breach or Prescribed Occurrence.** By either:
 - (i) the ESR-REIT Trustee and the ESR-REIT Manager, if (A) any of the Sabana Trustee or the Sabana Manager is in breach of the representations and

- warranties of the Sabana Trustee or the Sabana Manager set out in the Implementation Agreement which is material in the context of the Scheme; or
- (B) a Prescribed Occurrence relating to the Sabana Group has occurred which is material in the context of the Scheme, and such defaulting party fails to remedy such breach (if capable of remedy) within 14 days after being given notice by either of the the ESR-REIT Trustee and the ESR-REIT Manager to do so; or
- (ii) the Sabana Trustee and the Sabana Manager, if (A) any of the ESR-REIT Trustee or the ESR-REIT Manager is in breach of the representations and warranties of the ESR-REIT Trustee or the ESR-REIT Manager set out in the Implementation Agreement which is material in the context of the Scheme; or (B) a Prescribed Occurrence relating to the ESR-REIT Group has occurred which is material in the context of the Scheme, and such defaulting party fails to remedy such breach (if capable of remedy) within 14 days after being given notice by either of the the Sabana Trustee and the Sabana Manager to do so;
- (c) **Material Adverse Effect.** By either:
- (i) the ESR-REIT Trustee and the ESR-REIT Manager, if there has been an occurrence of a Sabana Material Adverse Effect (as defined in **Schedule 2** to this Joint Announcement); or
- (ii) the Sabana Trustee and the Sabana Manager, if there has been an occurrence of an ESR-REIT Material Adverse Effect (as defined in **Schedule 2** to this Joint Announcement);
- (d) **Sabana Unitholders' Approval.** By any Party, if the resolutions in respect of the Sabana Trust Deed Amendments and/or the Scheme are not approved (without amendment) by the requisite majorities of the Sabana Unitholders at the Sabana EGM and/or the Scheme Meeting; or
- (e) **ESR-REIT Unitholders' Approval.** By any Party, if the resolutions in respect of the ESR-REIT Unitholders' Approval (as defined in paragraph 9.4 below) are not approved (without amendment) by the requisite majorities of the ESR-REIT Unitholders at the meeting to be convened by the ESR-REIT Manager (the "**ESR-REIT EGM**"); or
- (f) **Sabana Competing Proposal or ESR-REIT Competing Proposal.** By either:
- (i) the ESR-REIT Trustee and the ESR-REIT Manager, if a Sabana Competing Proposal becomes or is declared unconditional in all respects (or its equivalent) or is completed or becomes effective (or the equivalent in respect of any of the foregoing), save in respect of any Sabana Competing Proposal effected with the ESR-REIT Trustee's and the ESR-REIT Manager's prior written consent; or

- (ii) the Sabana Trustee and the Sabana Manager, if an ESR-REIT Competing Proposal¹³ becomes or is declared unconditional in all respects (or its equivalent) or is completed or becomes effective (or the equivalent in respect of any of the foregoing), save in respect of any ESR-REIT Competing Proposal effected with the Sabana Trustee's and the Sabana Manager's prior written consent.

8.2 **Non-fulfilment of Scheme Conditions.** Notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement shall terminate if any of the Scheme Conditions set out in **Schedule 2** to this Joint Announcement has not been satisfied (or, where applicable, has not been waived) by 31 December 2020 or such other date as the Parties may agree in writing, except that:

- (a) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (a), (b), (c), (d), and/or (e) of **Schedule 2** to this Joint Announcement, any Party may only rely on such non-fulfilment of any such condition precedent to terminate the Implementation Agreement;
- (b) in the event of any non-fulfilment of the Scheme Conditions in paragraph (g) (in relation to any Prescribed Occurrences set out in **Schedule 3** to this Joint Announcement relating to the Sabana Group), paragraph (h), and paragraph (j)(i) of **Schedule 2** to this Joint Announcement, the ESR-REIT Trustee and the ESR-REIT Manager may rely on such non-fulfilment of any such condition precedent to terminate the Implementation Agreement; and
- (c) in the event of any non-fulfilment of the Scheme Conditions in paragraph (g) (in relation to the Prescribed Occurrences set out in **Schedule 3** to this Joint Announcement relating to the ESR-REIT Group), paragraph (i) and paragraph (j)(ii) of **Schedule 2** to this Joint Announcement, the Sabana Trustee and the Sabana Manager may rely on such non-fulfilment of any such condition precedent to terminate the Implementation Agreement,

in each case, provided that prior consultation with the SIC has been conducted and the SIC has granted its approval for such termination.

8.3 **Consultation with Other Parties.** In the event any Party intends to consult the SIC in relation to the termination of the Implementation Agreement, it shall give prior written notice of such intention to the other Parties.

¹³ "**ESR-REIT Competing Proposal**" means any offer by any person other than the Sabana Trustee (a) a sale, conveyance, transfer, assumption or other disposal of any direct or indirect interest in all or substantially all of the assets, business and/or undertakings of the ESR-REIT Group; (b) a general offer for the ESR-REIT Units; (c) a scheme of arrangement involving any of the entities in the ESR-REIT Group or the merger of any entities in the ESR-REIT Group with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); (d) any other arrangement having an effect similar to any of (a) to (c); or (e) a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Merger and/or the Scheme. For the purpose of this definition, an ESR-REIT Competing Proposal will be deemed to be for all or substantially all of the assets, business and/or undertakings of the ESR-REIT Group if the relevant assets, business and/or undertakings in question constitute a "material amount" as defined in Note 2 on Rule 5 of the Code.

8.4 **Break Fee.** Pursuant to the terms of the Implementation Agreement:

- (a) subject to paragraph 4.9(c) above, the Sabana Trustee agrees and undertakes that it shall compensate the ESR-REIT Trustee and/or the ESR-REIT Manager for costs and expenses reasonably incurred by or on behalf of the ESR-REIT Trustee and/or the ESR-REIT Manager in connection with the Merger and/or the Scheme (including without limitation, the fees and disbursements of counsel, auditors and advisers engaged by or on behalf of the ESR-REIT Trustee and/or the ESR-REIT Manager in connection with the Merger and/or the Scheme) (the "**Break Fee**"), if any of the following (the "**Break Fee Events**") occurs:
- (i) in the event the ESR-REIT Trustee or the ESR-REIT Manager terminates the Implementation Agreement pursuant to paragraph 8.1(b)(i) above; and/or
 - (ii) in the event a Sabana Competing Proposal becomes or is declared unconditional in all respects or is completed or becomes effective (or the equivalent in respect of any of the foregoing),

provided that the Break Fee shall be subject to a maximum amount of 1% of the value of the aggregate Scheme Consideration (which, for purposes of determining the Break Fee, shall be calculated based on the volume weighted average price of the ESR-REIT Units for the one (1) month period ending on and including the last trading day prior to the date of the relevant Break Fee Event multiplied by the number of ESR-REIT Units that would have otherwise been issued pursuant to the Scheme (assuming the Scheme became effective and the Books Closure Date falls on the date of the relevant Break Fee Event)); and

- (b) the obligation to pay the Break Fee as described in this paragraph 8.4 shall survive termination of the Implementation Agreement and remain in effect until all liabilities of the Sabana Trustee described in this paragraph 8.4, if any, have been satisfied.

8.5 **Reverse Break Fee.** Pursuant to the terms of the Implementation Agreement:

- (a) the ESR-REIT Trustee agrees and undertakes that it shall compensate the Sabana Trustee and/or the Sabana Manager for costs and expenses reasonably incurred by or on behalf of the Sabana Trustee and/or the Sabana Manager in connection with the Merger and/or the Scheme (including without limitation, the fees and disbursements of counsel, auditors and advisers engaged by or on behalf of the Sabana Trustee and/or the Sabana Manager in connection with the Merger and/or the Scheme) (the "**Reverse Break Fee**"), if any of the following (the "**Reverse Break Fee Events**") occurs:
- (i) in the event the Sabana Trustee or the Sabana Manager terminates the Implementation Agreement pursuant to paragraph 8.1(b)(ii) above; and/or
 - (ii) in the event an ESR-REIT Competing Proposal becomes or is declared unconditional in all respects or is completed or becomes effective (or the equivalent in respect of any of the foregoing),

provided that the Reverse Break Fee shall be subject to a maximum amount of 1% of the value of the aggregate Scheme Consideration (which, for purposes of determining the Reverse Break Fee, shall be calculated based on the volume weighted average price of the ESR-REIT Units for the one (1) month period ending on and including the last trading day prior to the date of the relevant Reverse Break Fee Event multiplied by the number of ESR-REIT Units that would have otherwise been issued pursuant to the Scheme (assuming the Scheme became effective and the Books Closure Date falls on the date of the relevant Reverse Break Fee Event)); and

- (b) the obligation to pay the Reverse Break Fee as described in this paragraph 8.5 shall survive termination of the Implementation Agreement and remain in effect until all liabilities of the ESR-REIT Trustee described in this paragraph 8.5, if any, have been satisfied.

8.6 **Effect of Termination.** In the event of termination of the Implementation Agreement by any Party pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and none of the Parties shall have any claim against the others under the Implementation Agreement, save for claims in respect of the Break Fee or the Reverse Break Fee, as the case may be. Each of the Sabana Trustee and/or the Sabana Manager on one hand or the ESR-REIT Trustee and/or the ESR-REIT Manager on the other agrees that the only remedy it has under the Implementation Agreement for any breach or non-compliance by the Sabana Trustee and/or the Sabana Manager or the ESR-REIT Trustee and/or ESR-REIT Manager (as the case may be) shall be the right to terminate the Implementation Agreement in the manner prescribed in the Implementation Agreement and there shall be no other liability on any Party save for claims in respect of the Break Fee or the Reverse Break Fee.

9. APPROVALS REQUIRED

9.1 **Sabana EGM, Scheme Meeting and Court Sanction.** The Scheme will require, *inter alia*, the following approvals:

- (a) the approval of the Sabana Unitholders holding in aggregate 75.0% or more of the total number of votes cast for and against the resolution at the Sabana EGM for the Sabana Trust Deed Amendments (the "**Trust Deed Amendments Resolution**");
- (b) the approval of a majority in number of the Sabana Unitholders representing at least three-fourths in value of the Sabana Units held by the Sabana Unitholders present and voting either in person or by proxy at the Scheme Meeting to approve the Scheme (the "**Scheme Resolution**"); and
- (c) the Scheme Court Order being obtained.

The Scheme Resolution is contingent upon the approval of the Trust Deed Amendments Resolution at the Sabana EGM. In the event that the Trust Deed

Amendments Resolution is not passed, the Sabana Manager will not proceed with the Scheme Meeting. This means that the Scheme cannot be implemented by the Sabana Manager and the ESR-REIT Manager unless both the Trust Deed Amendments Resolution and the Scheme Resolution are passed at the Sabana EGM and the Scheme Meeting respectively.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement.

9.2 **SIC Confirmations.** Pursuant to the application made by the ESR-REIT Manager to the SIC to seek SIC's rulings and confirmations on certain matters in relation to the Scheme, the SIC has confirmed, *inter alia*, that:

- (a) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
 - (i) the ESR-REIT Manager, its concert parties as well as the common substantial ESR-REIT Unitholders/Sabana Unitholders (i.e. those holding 5% or more interests in both ESR-REIT and Sabana REIT) abstain from voting on the Scheme;
 - (ii) Sabana REIT appoints an independent financial adviser to advise the Sabana Unitholders on the Scheme;
 - (iii) the Scheme is approved by a majority in number representing three-fourths in value of the Sabana Units held by the Sabana Unitholders present and voting either in person or by proxy at the Scheme Meeting; and
 - (iv) the Sabana Manager obtains the Scheme Court Order; and
- (b) it has no objections to the Scheme Conditions.

9.3 **Rule 1309(1)(b) Waiver.**

- (a) An application was made to the SGX-ST to, *inter alia*, seek approval for a waiver to comply with Rule 1309(1)(b) of the listing manual of the SGX-ST (the "**Listing Manual**"), which requires a cash alternative be offered as a default alternative for delisting (the "**Rule 1309(1)(b) Waiver**"). The Rule 1309(1)(b) Waiver was sought for the following reasons:
 - (i) ESR-REIT is listed on the Main Board of the SGX-ST and the Consideration Units will be listed on the SGX-ST. Accordingly, the Consideration Units are readily tradable and the Sabana Unitholders have the ability to exit their investment after the Merger if they wish to do so;
 - (ii) the Scheme process provides sufficient safeguards for the Sabana Unitholders:

- (A) an independent financial adviser would be appointed to advise on the Scheme, and their advice will be made known to Sabana Unitholders in the Scheme Document;
 - (B) the Scheme will require, *inter alia*, the approval of a majority in number of the Sabana Unitholders representing at least 75.0% in value of the Sabana Units present and voting in person or by proxy at the Scheme Meeting; and
 - (C) assuming that the Scheme is approved by the Sabana Unitholders at the Scheme Meeting, the Scheme will still be subject to sanction by the Court.
- (b) The SGX-ST has advised that it has no objection to the application for the Rule 1309(1)(b) Waiver, subject to the following conditions:
- (i) Sabana REIT announcing the Rule 1309(1)(b) Waiver granted, the reasons for seeking the Rule 1309(1)(b) Waiver, the conditions to the Rule 1309(1)(b) Waiver, and if the Rule 1309(1)(b) Waiver conditions have been satisfied. If the Rule 1309(1)(b) Waiver conditions have not been met on the Joint Announcement Date, Sabana REIT must make an update announcement when the conditions have all been met; and
 - (ii) an unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the Sabana Unitholders.

9.4 **ESR-REIT EGM.** An extraordinary general meeting of ESR-REIT will also be convened to seek the approval of the ESR-REIT Unitholders for (a) the Merger, and (b) the issue of ESR-REIT Units in consideration for the Merger (collectively, the "**ESR-REIT Unitholders' Approvals**").

9.5 **Other Regulatory Approvals.** The Scheme will also require other regulatory approvals, as described in **Schedule 1** to this Joint Announcement, from Jurong Town Corporation, the Inland Revenue Authority of Singapore, the SGX-ST and the MAS.

10. **ABSTENTION FROM VOTING**

In accordance with the SIC's rulings as set out in paragraph 9.2(a)(i) above, the ESR-REIT Manager, its concert parties as well as the common substantial ESR-REIT Unitholders/Sabana Unitholders, including Mr. Tong, Wealthy Fountain Holdings Inc, e-Shang Infinity Cayman Limited and ESR Cayman Limited, will abstain from voting on the Scheme.

In addition, the Sabana Manager will abstain from voting on the Scheme pursuant to Rule 748(5) of the Listing Manual.

Accordingly, each of the parties named above shall decline to accept appointment as proxy to attend and vote at the Scheme Meeting.

11. **PROPERTY VALUATION**

11.1 **Valuations commissioned by the Sabana Manager**

- (a) The Sabana Manager has commissioned Cushman & Wakefield VHS Pte. Ltd., Savills Valuation and Professional Services (S) Pte Ltd and SRE Global Pte Ltd (the "**Sabana Independent Valuers (Sabana Portfolio)**") to conduct a desktop independent valuation of Sabana REIT's properties, as at 30 June 2020. As stated by the Sabana Independent Valuers (Sabana Portfolio) in the valuation certificates on the valuation of Sabana REIT's properties as at 30 June 2020 (the "**Sabana Independent Valuation Certificates (Sabana Portfolio)**"), the aggregate open market value of Sabana REIT's properties as at 30 June 2020 is S\$836.9 million.
- (b) The Sabana Manager and the Sabana Trustee have commissioned Colliers International Consultancy & Valuation (S) Pte Ltd and Cushman & Wakefield VHS Pte. Ltd. (the "**Sabana Independent Valuers (ESR-REIT Portfolio)**") to conduct a full independent valuation of ESR-REIT's properties, as at 30 June 2020 for the purposes of the Merger. As stated by the Sabana Independent Valuers (ESR-REIT Portfolio) in the valuation certificates on the valuation of ESR-REIT's properties as at 30 June 2020 (the "**Sabana Independent Valuation Certificates (ESR-REIT Portfolio)**"), the aggregate open market value of ESR-REIT's properties as at 30 June 2020 is S\$3,109.5 million.¹⁴
- (c) The valuations of these properties were based on discounted cash flow analysis, the income capitalisation approach and the comparison method. The Sabana Manager is satisfied that the valuation methods and estimates are reflective of the current market conditions.
- (d) Copies of the Sabana Independent Valuation Certificates (ESR-REIT Portfolio) and the Sabana Independent Valuation Certificates (Sabana Portfolio), and reports issued by the Sabana Independent Valuers (ESR-REIT Portfolio) on the valuation of ESR-REIT's properties as at 30 June 2020 (the "**Sabana Independent Valuation Reports (ESR-REIT Portfolio)**") are available for inspection¹⁵ during normal business hours at the registered office of the Sabana Manager at 151 Lorong Chuan, #02-03 New Tech Park, Singapore 556741 from the Joint Announcement Date up to and including the Effective Date.

11.2 **Valuations commissioned by the ESR-REIT Manager.**

- (a) The ESR-REIT Manager has commissioned CBRE Pte Ltd, Knight Frank Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd (the "**ESR-REIT Independent Valuers (ESR-REIT Portfolio)**") to conduct a full independent valuation of ESR-

¹⁴ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road.

¹⁵ Prior appointment is required in light of the COVID-19 situation.

REIT's properties, as at 30 June 2020 for the purposes of the Merger. As stated by the ESR-REIT Independent Valuers (ESR-REIT Portfolio) in the valuation certificates on the valuation of ESR-REIT's properties as at 30 June 2020, the aggregate open market value of ESR-REIT's properties as at 30 June 2020 is S\$3,117.1 million.¹⁶

- (b) The ESR-REIT Manager has also commissioned Edmund Tie & Company (SEA) Pte Ltd (the "**ESR-REIT Independent Valuer (Sabana Portfolio)**") to conduct a full independent valuation of Sabana REIT's properties, as at 30 June 2020 for the purposes of the Merger. As stated by the ESR-REIT Independent Valuer (Sabana Portfolio) in the valuation certificates on the valuation of Sabana REIT's properties as at 30 June 2020, the aggregate open market value of Sabana REIT's properties as at 30 June 2020 is S\$829.5 million.
- (c) For further details, please refer to the announcement released today by the ESR-REIT Manager titled "Proposed Merger of ESR-REIT and Sabana Shari'ah Compliant Industrial Real Estate Investment Trust and by way of a Trust Scheme of Arrangement".

12. **FINANCIAL ADVISERS**

- 12.1 **Financial Adviser to the Sabana Manager.** Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch are the financial advisers to the Sabana Manager in respect of the Merger and the Scheme.
- 12.2 **Financial Advisers to the ESR-REIT Manager.** Citigroup Global Markets Singapore Pte. Ltd., Maybank Kim Eng Securities Pte. Ltd., RHB Securities Singapore Pte. Ltd.¹⁷ and United Overseas Bank Limited are the financial advisers to the ESR-REIT Manager in respect of the Merger and the Scheme (the "**ESR-REIT Financial Advisers**").
- 12.3 **Independent Financial Adviser to the Sabana Independent Directors.** Deloitte & Touche Corporate Finance Pte Ltd has been appointed as the independent financial adviser (the "**Sabana IFA**") to advise the directors of the Sabana Manager who are considered independent for the purposes of the Scheme (the "**Sabana Independent Directors**").

Full details of the Merger and the Scheme, including the recommendation of the Sabana Independent Directors along with the advice of the Sabana IFA (the "**Sabana IFA Letter**"), will be included in the Scheme Document.

¹⁶ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

¹⁷ On 29 June 2020, RHB Bank Berhad ("**RHB Bank**") announced on Bursa Malaysia that it entered into a conditional share purchase agreement with Philip Securities Pte. Ltd. to dispose of its entire equity interest in RHB Securities Singapore Pte. Ltd. ("**RHBSEC**"), an indirect wholly-owned subsidiary of RHB Bank (the "**Proposed Disposal**"). The Corporate Finance Department of RHBSEC which undertakes the engagement as joint financial adviser to the ESR-REIT Manager will be transferred to RHB Bank Berhad through its Singapore branch ("**RHB Singapore**") prior to the completion of the Proposed Disposal (the "**Proposed Transfer**"). RHBSEC's engagement will be novated to RHB Singapore, and RHB Singapore will replace RHBSEC as a joint financial adviser to ESR-REIT Manager ("**Replacement**") if the Proposed Transfer occurs during the offer period of the Merger. An announcement will be made when the Replacement becomes effective.

- 12.4 **Independent Financial Adviser to the ESR-REIT Independent Directors.** Pursuant to Chapter 9 of the Listing Manual, the ESR-REIT Manager has appointed Rothschild & Co Singapore Limited as the independent financial adviser (the "**ESR-REIT IFA**") to advise the ESR-REIT Manager's Audit, Risk Management and Compliance Committee (the "**ARCC**") and its directors who are considered independent for the purposes of the interested person transaction and interested party transaction (the "**ESR-REIT Independent Directors**") as to whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders.

A copy of the letter from the ESR-REIT IFA to the ESR-REIT Independent Directors and the members of the ARCC will be included in the circular to be made available to the ESR-REIT Unitholders in due course.

13. **SCHEME DOCUMENT**

Scheme Document. A copy of the notice of the Scheme Meeting to approve the Scheme will be included in the Scheme Document containing full details of the Merger and the Scheme (including the recommendation of the Sabana Independent Directors along with the Sabana IFA Letter) will be despatched or made available to Sabana Unitholders in due course.

Sabana Unitholders are advised to refrain from taking any action in relation to their Sabana Units which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Sabana Independent Directors on the Scheme as well as the advice of the Sabana IFA set out in the Scheme Document.

Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

14. **DISCLOSURE OF INTERESTS**

- 14.1 **Sabana Manager.** As at the Joint Announcement Date, based on the latest information available to the Sabana Manager, the interests in Sabana Units held by the directors of the Sabana Manager are set out below:

Directors	Direct Interest		Deemed Interest	
	No. of Sabana Units	% ⁽¹⁾	No. of Sabana Units	% ⁽¹⁾
Mr. Tan Cheong Hin	-	-	-	-
Mr. Wong Heng Tew	-	-	-	-
Ms. Ng Shin Ein	378,500	0.04	-	-

Note:

- (1) All references to percentage shareholding of the issued Sabana Units in this paragraph 14.1 of this Joint Announcement are based on the total issued Sabana Units as at the Joint Announcement Date, being 1,053,083,530 Sabana Units in issue. Percentages are rounded to the nearest two decimal places.

Save as disclosed in this Joint Announcement, no director of the Sabana Manager or controlling Sabana Unitholder has any interest in the Scheme (other than by reason only of being a director of the Sabana Manager or a Sabana Unitholder).

14.2 **Offeror.**

- (a) **Holdings.** Save as disclosed in paragraph 14.2(b) and 14.20 below, as at the Joint Announcement Date, based on the latest information available to the ESR-REIT Manager, none of (i) ESR Cayman Limited, (ii) the members of the investment strategy committee of ESR Cayman Limited, (iii) ESR-REIT Manager and its directors, and (iv) the ESR-REIT Financial Advisers (each, a "**Relevant Person**" and collectively, the "**Relevant Persons**") owns, controls or has agreed to acquire any:
- (A) (1) Sabana Units; (2) securities which carry voting rights in Sabana REIT; and (3) convertible securities, warrants, options or derivatives in respect of such Sabana Units and/or securities which carry voting rights in Sabana REIT (collectively, the "**Sabana Securities**"); or
- (B) (1) ESR-REIT Units; (2) securities which carry voting rights in ESR-REIT; and (3) convertible securities, warrants, options or derivatives in respect of such ESR-REIT Units or securities which carry voting rights in ESR-REIT.
- (b) **Holdings of Sabana Units.** As at the Joint Announcement Date, based on the latest information available to the ESR-REIT Manager, the interests in the Sabana Units held by the Relevant Persons are set out below:

Relevant Person	Direct Interest		Deemed Interest	
	No. of Sabana Units	% ⁽¹⁾	No. of Sabana Units	% ⁽¹⁾
ESR Cayman Limited	12,141,800	1.15	207,755,509	19.73
Mr. Tong	16,930,200	1.61	17,806,800	1.69
Maybank Kim Eng Securities Pte. Ltd. (" MKES ")	10,000 ⁽²⁾	-(³)	-	-

Notes:

- (1) All references to percentage shareholding of the issued Sabana Units in this paragraph 14.2(b) of this Joint Announcement are based on the total issued Sabana Units as at the Joint Announcement Date, being 1,053,083,530 Sabana Units. Percentages are rounded to the nearest two decimal places.
- (2) MKES is the counterparty to certain derivatives products known as contracts for difference ("**CFDs**") which were opened by MKES' clients. The relevant CFDs represent purchases of 10,000 Sabana Units by the clients, and provide them with a synthetic economic exposure that is similar to them holding Sabana Units directly. As the counterparty to CFDs opened by these clients, MKES would be economically exposed to market price fluctuations. MKES maintains a neutral exposure to the 10,000 Sabana Units referenced under the relevant CFDs by directly purchasing and holding such number of Sabana Units equal to the number of referenced units under the relevant CFDs when the clients opened them.
- (3) Not meaningful.

- (c) **Holdings of ESR-REIT Units.** As at the Joint Announcement Date, based on the latest information available to the ESR-REIT Manager, the interests in ESR-REIT Units held by the Relevant Persons are set out below:

Relevant Person	Direct Interest		Deemed Interest	
	No. of ESR-REIT Units	% ⁽¹⁾	No. of ESR-REIT Units	% ⁽¹⁾
ESR Cayman Limited	-	-	326,436,566	9.25
ESR-REIT Manager	35,831,904	1.01	-	-
Dr. Leong Horn Kee	105,369	n.m.	-	-
Mr. Ronald Lim Cheng Aun	155,423	n.m.	-	-
Ms. Stefanie Yuen Thio	148,527	n.m.	-	-
Mr. Wilson Ang Poh Seong	3,793,387	0.11	-	-
Mr. Tong	172,802,987	4.89	670,956,736	19.00
MKES	15,000 ⁽²⁾	- ⁽³⁾	-	-

Notes:

- (1) All references to percentage shareholding of the issued ESR-REIT Units in this paragraph 14.20 of this Joint Announcement are based on the total issued ESR-REIT Units as at the Joint Announcement Date, being 3,530,945,472 ESR-REIT Units in issue. Percentages are rounded to the nearest two decimal places.
- (2) MKES is the counterparty to certain derivatives products known as CFDs which were opened by MKES' clients. The relevant CFDs represent purchases of 15,000 ESR-REIT Units by the clients, and provide them with a synthetic economic exposure that is similar to them holding ESR-REIT Units directly. As the counterparty to CFDs opened by these clients, MKES would be economically exposed to market price fluctuations. MKES maintains a neutral exposure to the 15,000 ESR-REIT Units referenced under the relevant CFDs by directly purchasing and holding such number of ESR-REIT Units equal to the number of referenced units under the relevant CFDs when the clients opened them.
- (3) Not meaningful.
- (d) **Other Arrangements.** Save for (i) the charge granted in favour of Deutsche Bank Aktiengesellschaft and UBS AG over all the Sabana Units owned directly or indirectly by Mr. Tong, and (ii) the charge granted to RHB Bank Berhad (as Security Agent) over 200,649,603 Sabana Units owned by e-Shang Infinity Cayman Limited (which ESR Cayman Limited is deemed interested in), as at the Joint Announcement Date, based on the latest information available to the ESR-REIT Manager, none of the Relevant Persons has:
- (A) granted a security interest over any Sabana Securities to another person, whether through a charge, pledge or otherwise;
- (B) borrowed from another person any Sabana Securities (excluding borrowed securities which have been on-lent or on-sold); or
- (C) lent to another person any Sabana Securities.
- (e) **Irrevocable Undertaking.** As at the Joint Announcement Date, based on the latest information available to the ESR-REIT Manager, none of the Relevant Persons has received any irrevocable commitment or undertakings from any party to vote and/or

procure the voting of all of the Sabana Units to approve the Scheme and any other matter necessary or proposed to implement the Scheme.

- (f) **Confidentiality.** In the interests of confidentiality, save for the Relevant Persons, the ESR-REIT Manager has not made any enquiries in respect of certain other parties who are or who may be deemed to be acting in concert with it in connection with the Scheme. Similarly, in the interests of confidentiality, the ESR-REIT Financial Advisers have not made any enquiries in respect of the other members of its respective groups. Further enquiries will be made of such persons subsequent to this Joint Announcement and the relevant disclosures will be made in due course and in the Scheme Document.

15. **OVERSEAS SABANA UNITHOLDERS**

The applicability of the Scheme to Sabana Unitholders whose addresses are outside Singapore, as shown on the Register of Unitholders of Sabana REIT, or as the case may be, in the records of The Central Depository (Pte) Limited (each, an "**Overseas Sabana Unitholder**"), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Sabana Unitholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the ESR-REIT Manager and the Sabana Manager reserve the right not to send such document to the Sabana Unitholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all the Sabana Unitholders (including the Overseas Sabana Unitholders), including those to whom the Scheme Document will not be, or may not be, sent, provided that the Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

Overseas Sabana Unitholders who are in doubt as to their positions should consult their own professional advisers in the relevant jurisdictions.

Further details in relation to the Overseas Sabana Unitholders will be contained in the Scheme Document.

16. **DOCUMENTS FOR INSPECTION**

Copies of the following documents will be made available for inspection¹⁸ by Sabana Unitholders during normal business hours at the office of the Sabana Manager in Singapore at 151 Lorong Chuan, #02-03 New Tech Park, Singapore 556741, from the Joint Announcement Date up until the Effective Date:

- (a) the Implementation Agreement;

¹⁸ Prior appointment is required in light of the COVID-19 situation.

- (b) the Sabana Independent Valuation Certificates (ESR-REIT Portfolio);
- (c) the Sabana Independent Valuation Certificates (Sabana Portfolio); and
- (d) the Sabana Independent Valuation Reports (ESR-REIT Portfolio).

17. **RESPONSIBILITY STATEMENTS**

- 17.1 **ESR-REIT Manager.** The directors of the ESR-REIT Manager (including those who may have delegated detailed supervision of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement (other than those relating to Sabana REIT and/or the Sabana Manager) are fair and accurate and that there are no other material facts not contained in this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading. The directors of the ESR-REIT 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 Sabana REIT, the Sabana Manager, the ESR-REIT Independent Valuers (ESR-REIT Portfolio), the ESR-REIT Independent Valuer (Sabana Portfolio), the Sabana Independent Valuers (Sabana Portfolio) and/or Sabana Independent Valuers (ESR-REIT Portfolio) (collectively, the "**Valuers**")), the sole responsibility of the directors of the ESR-REIT 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 Joint Announcement. The directors of the ESR-REIT Manager do not accept any responsibility for any information relating to Sabana and/or the Sabana Manager or any opinion expressed by Sabana, the Sabana Manager and/or the Valuers.

- 17.2 **Sabana Manager.** The directors of the Sabana Manager (including those who may have delegated detailed supervision of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint 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 Joint Announcement, the omission of which would make any statement in this Joint 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, the ESR-REIT Manager, the ESR-REIT Independent Valuers (ESR-REIT Portfolio), the ESR-REIT Independent Valuer (Sabana Portfolio), the Sabana Independent Valuers (Sabana Portfolio) and/or Sabana Independent Valuers (ESR-REIT Portfolio)), 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 Joint 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 or any opinion expressed by ESR-REIT, the ESR-REIT Manager and/or the Valuers.

16 July 2020

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited
as Manager of ESR-REIT
(Company Registration No. 200512804G)

BY ORDER OF THE BOARD

Sabana Real Estate Investment Management Pte. Ltd.
as Manager of Sabana Shari'ah Complaint Industrial Real Estate Investment Trust
(Company Registration No. 201005493K)

Any queries relating to this Joint Announcement, the Merger or the Scheme should be directed to one of the following:

ESR Funds Management (S) Limited

Sabana Real Estate Investment Management Pte. Ltd.

Citigroup Global Markets Singapore Pte. Ltd.

Tel: +65 6657 1959

Credit Suisse (Singapore) Limited

Tel: +65 6212 2000

Forward-Looking Statements

All statements other than statements of historical facts included in this Joint Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the ESR-REIT Manager's and the Sabana Manager's current view of future events, and neither the ESR-REIT Manager nor the Sabana Manager undertakes any obligation to update publicly or revise any forward-looking statements.

*The value of the ESR-REIT Units or Sabana Units (the "**Units**") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the ESR-REIT Manager, the Sabana Manager or any of their affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.*

Investors should note that they have no right to request the ESR-REIT Manager or the Sabana Manager to redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This Joint Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Sabana REIT and the Sabana Manager is not necessarily indicative of the future performance of Sabana REIT and the Sabana Manager. The past performance of ESR-REIT and the ESR-REIT Manager is not necessarily indicative of the future performance of ESR-REIT and the ESR-REIT Manager.

SCHEDULE 1

EXPECTED INDICATIVE TIMELINE

Key Event	Date
Expected date of first Court Hearing of the application to convene the Scheme Meeting ⁽¹⁾	▪ September 2020
Expected date of ESR-REIT EGM (AM)	▪ October 2020
Expected date of Sabana EGM and Scheme Meeting (PM)	
Expected date of second Court Hearing for Court Approval of Scheme ⁽¹⁾	▪ October / November 2020
Expected Effective Date of Scheme	▪ October / November 2020
Expected allotment and issuance of Consideration Units to Sabana Unitholders	▪ November 2020
Expected commencement date of trading of Consideration Units	▪ November 2020
Expected delisting of Sabana REIT	▪ November 2020

Note:

(1) The dates of the Court hearings of the application to (i) convene the Scheme Meeting and (ii) approve the Scheme will depend on the dates that are allocated by the Court.

All dates and times referred to above are to Singapore dates and times. Please note that the above timeline is indicative only and may be subject to change. Please refer to future SGXNET announcement(s) by the Sabana Manager and/or the ESR-REIT Manager for the exact dates of these events.

SCHEDULE 2

SCHEME CONDITIONS

All capitalised terms used and not defined in this Joint Announcement shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the office of the Sabana Manager in Singapore from the Joint Announcement Date up until the Effective Date.

The Merger is conditional upon the following:

- (a) **Amendment of Sabana Trust Deed**: the approval of the Sabana Unitholders holding in aggregate 75.0% or more of the total number of votes cast for and against the resolution at the extraordinary general meeting for the amendment of the Sabana Trust Deed to include provisions that will facilitate the implementation of the Scheme, in such form and substance as agreed in writing by the Parties;
- (b) **Sabana Unitholders' Approval for the Scheme**: the approval of a majority in number of the Sabana Unitholders representing at least three-fourths in value of the Sabana Units held by the Sabana Unitholders present and voting either in person or by proxy at the Scheme Meeting to approve the Scheme;
- (c) **Court Approval for the Scheme**: the Scheme Court Order being obtained;
- (d) **Regulatory Approvals**: all the Regulatory Approvals having been obtained or granted and remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Record Date, including without limitation, the following:
 - (i) confirmation from the SIC that:
 - (A) Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code shall not apply to the Scheme, subject to any conditions the SIC may deem fit to impose;
 - (B) it has no objections to the Scheme Conditions; and
 - (C) it has no objections to the Switch Option;
 - (ii) approval-in-principle from the SGX-ST for the Scheme, the Scheme Document and for the proposed delisting of Sabana REIT from the SGX-ST;
 - (iii) approval-in-principle from the SGX-ST for the ESR-REIT Circular, and the listing and quotation for the Consideration Units on the Main Board of the SGX-ST;

- (iv) a waiver from the SGX-ST to comply with Rule 1309(1) of the Listing Manual, which requires a cash alternative to be offered as a default alternative for a delisting of Sabana REIT;
 - (v) approval of JTC under the Head Leases in respect of relevant Sabana Real Properties to the Merger (including, if applicable, the final written confirmation by JTC that it has no objection to the Parties proceeding with completion of the Scheme);
 - (vi) there being no objections from the MAS:
 - (A) to the withdrawal of the authorisation of Sabana REIT as an authorised collective investment scheme in the event the Merger is implemented and Sabana REIT is delisted from the Main Board of the SGX-ST; and
 - (B) to grant an exemption to Sabana REIT from the requirements set out in Section 295(2) of the SFA in the event the authorisation of Sabana REIT as an authorised collective investment scheme is withdrawn;
 - (vii) an exemption granted by the MAS to ESRFM from the requirements set out in Subdivision (3) of Division 2 (Collective Investment Schemes) of Part XIII (Offers of Investments) of the SFA, which relates to prospectus requirements, for the purposes of the Scheme; and
 - (viii) confirmation from the Inland Revenue Authority of Singapore that stamp duty is not chargeable on the transfer of Sabana Units held by the Sabana Unitholders to the Offeror Trustee (as trustee of ESR-REIT) and a tax ruling from the Inland Revenue Authority of Singapore that Sabana REIT will be an approved sub-trust and enjoy tax transparency;
- (e) **ESR-REIT Unitholders' Approvals for the Merger:** the approval of the ESR-REIT Unitholders for:
- (i) the Merger;
 - (ii) the issue of Consideration Units in consideration for the Merger; and
 - (iii) such other resolutions as may be necessary to give effect to and implement the Merger and the Scheme,
- (f) **No Legal or Regulatory Restraint:** between the date of this Agreement and up to the Record Date, no issuance of any order, injunction, judgment, decree or ruling issued by any Governmental Authority or by any court of competent jurisdiction preventing the Merger or the implementation of the Scheme, being in effect as at the Record Date;
- (g) **No Prescribed Occurrence:** between the date of this Agreement and up to the Record Date, no Prescribed Occurrence in relation to the Sabana Group and/or the ESR-REIT Group (as the case may be) occurs other than as required or contemplated by this Agreement, the Scheme or the Merger;

- (h) **Sabana REIT Representations and Warranties**: there being no breach of the Warranties of SREIM and the Offeree Trustee in relation to Sabana REIT which is material in the context of the Scheme as at the date of this Agreement and as at the Record Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date);
- (i) **ESR-REIT Representations and Warranties**: there being no breach of the Warranties of ESRFM and the Offeror Trustee in relation to ESR-REIT which is material in the context of the Scheme as at the date of this Agreement and as at the Record Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date);
- (j) **Material Adverse Effect**: there being no event or events, whether individually or in aggregate, occurring from the date of the Joint Announcement which has or have the effect of causing a diminution:
- (i) in relation to the Sabana Group:
- (A) in the consolidated net asset value of the Sabana Group by more than S\$53,912,600, being 10 per cent. of the consolidated net asset value of the Sabana Group of S\$539,126,000 as at 30 June 2020 as stated in the Sabana 1H2020 Financial Statements, as determined by reference to the later of (1) the latest publicly released unaudited consolidated financial statement of Sabana REIT prior to the Record Date, and (2) the unaudited consolidated management balance sheet (prepared using the same accounting policies and methods of computation with those applied in the Sabana Financial Statements) as at the calendar month-end falling at least 28 calendar days prior to the Record Date or the Long-Stop Date, whichever is the earlier; or
- (B) in the consolidated gross revenue (excluding straight line rent adjustments) of the Sabana Group by more than S\$3,401,400, being 10 per cent. of the consolidated gross revenue (excluding straight line rent adjustments) of the Sabana Group of S\$34,014,000¹⁹ for the six-month period ended 30 June 2020 as stated in the Sabana 1H2020 Financial Statements, as determined by reference to the unaudited consolidated management income statement (prepared using the same accounting policies and methods of computation with those applied in the Sabana Financial Statements) for the six-month period ending on the calendar month-end falling at least 28 calendar days prior to the Record Date or the Long-Stop Date, whichever is the earlier,

(in each case, a "**Sabana Material Adverse Effect**"); and

- (ii) in relation to the ESR-REIT Group:

¹⁹ This number is derived from the "Gross Revenue" of S\$34,263,000 set out in the Sabana 1H2020 Financial Statements and adjusted for straight line rent adjustments of S\$249,000.

- (A) in the consolidated net asset value of the ESR-REIT Group by more than S\$144,872,100, being 10 per cent. of the consolidated net asset value of the ESR-REIT Group of S\$1,448,721,000 as at 30 June 2020 as stated in the ESR-REIT 1H2020 Financial Statements, as determined by reference to the later of (1) the latest publicly released unaudited consolidated financial statement of ESR-REIT prior to the Record Date, and (2) the unaudited consolidated management balance sheet (prepared using the same accounting policies and methods of computation with those applied in the ESR-REIT Financial Statements) as at the calendar month-end falling at least 28 calendar days prior to the Record Date or the Long-Stop Date, whichever is the earlier; or
- (B) in the consolidated gross revenue (excluding straight line rent adjustments) of the ESR-REIT Group by more than S\$11,356,400, being 10 per cent. of the consolidated gross revenue (excluding straight line rent adjustments) of the ESR-REIT Group of S\$113,564,000²⁰ for the six-month period ended 30 June 2020 as stated in the ESR-REIT 1H2020 Financial Statements, as determined by reference to the unaudited consolidated management income statement (prepared using the same accounting policies and methods of computation with those applied in the ESR-REIT Financial Statements) for the six-month period ending on the calendar month-end falling at least 28 calendar days prior to the Record Date or the Long-Stop Date, whichever is the earlier,

(in each case, an "**ESR-REIT Material Adverse Effect**").

For the avoidance of doubt, distributions that have already been paid to the Sabana Unitholders or ESR-REIT Unitholders prior to the date of this Agreement, as well as the Sabana Permitted Distributions and ESR-REIT Permitted Distributions shall not be taken into account in determining if there has been a Sabana Material Adverse Effect or ESR-REIT Material Adverse Effect.

²⁰ This number is derived from the "Gross Revenue" of S\$113,754,000 set out in the ESR-REIT 1H2020 Financial Statements and adjusted for straight line rent adjustments of S\$190,000.

SCHEDULE 3

THE PRESCRIBED OCCURRENCES

For the purpose of the Implementation Agreement, "**Prescribed Occurrence**", in relation to the Sabana Group and the ESR-REIT Group, as the case may be, means any of the following:

- (a) Securities Buy-back
- (b) Allotment of Units/Shares
- (c) Conversion of Sabana Units / ESR-REIT Units
- (d) Amendment of Trust Deeds
- (e) Issuance of Debt Securities
- (f) Distributions
- (g) Injunctions
- (h) Cessation of Business
- (i) Investigations and Proceedings
- (j) Resolution for Winding Up
- (k) Order of Court for Winding Up
- (l) Appointment of Liquidator and Judicial Manager
- (m) Composition
- (n) Appointment of Receiver
- (o) Insolvency
- (p) Suspension or delisting from the SGX-ST
- (q) Analogous Event

SCHEDULE 4
PRO FORMA FINANCIAL EFFECTS OF THE MERGER

Purely for illustrative purposes only, the pro forma financial effects of the Merger on Sabana REIT and the Enlarged REIT are set out in the tables below.

1. DPU for 1H2020

The pro forma financial effects of the Merger on Sabana REIT's DPU for 1H2020, assuming that the Merger had been completed on 1 January 2019, are as follows:

	Effects of the Merger			
	Before the Merger			After the Merger
	Including retained distributable income	Excluding retained distributable income	Adjusted DPU excluding retained distributable income	Excluding retained distributable income
1H2020 DPU (Singapore cents)	0.470	1.052 ⁽¹⁾	1.171 ⁽¹⁾⁽²⁾	1.322 ⁽³⁾⁽⁴⁾
1H2020 annualised DPU (Singapore cents)	0.940	2.104	2.342	2.643

Notes:

- (1) Assumes Sabana REIT does not retain distributable income of S\$6.1 million and distributes 100% of its total distributable income of S\$11.1 million for 1H2020.
- (2) Assumes 60.0% of Sabana REIT's asset management fees are paid in units as per the proportion that ESR-REIT paid out for 1H2020 at an illustrative issue price of S\$0.341 per unit determined based on the six-month volume weighted average price of the Sabana Units ending on and including 30 June 2020. Sabana Unitholders should note that the illustrative issue price is used in the context of calculating the management fee payable to the Sabana Manager for the purposes of the relevant illustrations.
- (3) Based on the Enlarged REIT's pro forma DPU for 1H2020 of 1.406 cents multiplied by the gross exchange ratio of 0.940x.
- (4) The Enlarged REIT's pro forma DPU for 1H2020:
 - (i) assumes ESR-REIT does not retain distributable income of S\$7.0 million and distributes 100% of its total distributable income of S\$47.8 million for 1H2020;
 - (ii) assumes Sabana REIT does not retain distributable income of S\$6.1 million and distributes 100% of its total distributable income of S\$11.1 million for 1H2020;
 - (iii) the consideration for the Merger is settled by way of approximately 989.9 million new ESR-REIT Units at the Reference Price of S\$0.401 with no cash consideration;
 - (iv) Sabana REIT draws down an additional S\$6.0 million of debt to finance its Merger-related transaction fees prior to the Merger;
 - (v) Sabana REIT's total borrowings and related interest rate swaps of approximately S\$295.0 million are replaced with new banking facilities at a weighted average "all-in" finance cost of 2.5% per annum;
 - (vi) estimated upfront land premium of approximately S\$58.6 million is paid to JTC at completion of the Merger and the Enlarged REIT does not incur land rent expenses for the Sabana REIT portfolio for 1H2020;
 - (vii) acquisition fees of approximately S\$8.3 million in respect of the acquisition of Sabana REIT's assets pursuant to the Merger are paid by way of approximately 20.7 million new ESR-REIT Units at the Reference Price of S\$0.401;
 - (viii) Sabana REIT's fee structures for the asset management, property management and trustee fees are replaced with the fee structures in the ESR-REIT Trust Deed and approximately 60.0% of Sabana REIT's asset management fees are paid in units as per the proportion that ESR-REIT paid out for 1H2020; and
 - (ix) estimated professional and other fees and expenses of approximately S\$18.6 million are funded by new banking facilities at a weighted average "all-in" finance cost of 2.5% per annum.

2. NAV per Sabana Unit for 1H2020

The pro forma financial effects of the Merger on the NAV per Sabana Unit as at 30 June 2020, assuming that the Merger had been completed on 30 June 2020, are as follows:

	Effects of the Merger	
	Before the Merger	After the Merger
NAV per unit (Singapore cents)	51.2	40.6 ⁽¹⁾⁽²⁾

Notes:

- (1) Based on the Enlarged REIT's pro forma NAV per unit for 1H2020 of 43.2 cents multiplied by the gross exchange ratio of 0.940x.
- (2) The Enlarged REIT's pro forma NAV per unit for 1H2020:
 - (i) Assumes the consideration for the Merger is settled by way of approximately 989.9 million new ESR-REIT Units at the Reference Price of S\$0.401 with no cash consideration;
 - (ii) Sabana REIT draws down an additional S\$6.0 million of debt to finance its Merger-related transaction fees prior to the Merger;
 - (iii) Sabana REIT's total borrowings and related interest rate swaps of approximately S\$295.0 million are replaced with new banking facilities at a weighted average "all-in" finance cost of 2.5% per annum;
 - (iv) estimated upfront land premium of approximately S\$58.6 million is paid to JTC at completion of the Merger and the Enlarged REIT does not incur land rent expenses for the Sabana REIT portfolio for 1H2020;
 - (v) acquisition fees of approximately S\$8.3 million in respect of the acquisition of Sabana REIT's assets pursuant to the Merger are paid by way of approximately 20.7 million new ESR-REIT Units at the Reference Price of S\$0.401;
 - (vi) Sabana REIT's fee structures for the asset management, property management and trustee fees are replaced with the fee structures in the ESR-REIT Trust Deed and approximately 60.0% of Sabana REIT's asset management fees are paid in units as per the proportion that ESR-REIT paid out for 1H2020; and
 - (vii) estimated professional and other fees and expenses of approximately S\$18.6 million are funded by new banking facilities at a weighted average "all-in" finance cost of 2.5% per annum.

3. Aggregate Leverage for 1H2020

The pro forma financial effects of the Merger on the aggregate leverage of Sabana REIT and the Enlarged REIT (as the case may be) as at 30 June 2020, assuming that the Merger had been completed on 30 June 2020, are as follows:

	Effects of the Merger	
	Before the Merger	After the Merger
Aggregate leverage (%)	33.7% ⁽¹⁾	41.7% ⁽²⁾

Notes:

- (1) Ratio of total borrowings and deferred payment over deposited property as defined in the Appendix 6 of the Code on Collective Investment Schemes issued by the MAS.
- (2) The Enlarged REIT's pro forma aggregate leverage for 1H2020:
 - (i) Assumes the consideration for the Merger is settled by way of approximately 989.9 million new ESR-REIT Units at the Reference Price of S\$0.401 with no cash consideration;
 - (ii) Sabana REIT draws down an additional S\$6.0 million of debt to finance its Merger-related transaction fees prior to the Merger;
 - (iii) Sabana REIT's total borrowings and related interest rate swaps of approximately S\$295.0 million are replaced with new banking facilities at a weighted average "all-in" finance cost of 2.5% per annum;
 - (iv) estimated upfront land premium of approximately S\$58.6 million is paid to JTC at completion of the Merger and the Enlarged REIT does not incur land rent expenses for the Sabana REIT portfolio for 1H2020;
 - (v) acquisition fees of approximately S\$8.3 million in respect of the acquisition of Sabana REIT's assets pursuant to the Merger are paid by way of approximately 20.7 million new ESR-REIT Units at the Reference Price of S\$0.401;
 - (vi) Sabana REIT's fee structures for the asset management, property management and trustee fees are replaced with the fee structures in the ESR-REIT Trust Deed and approximately 60.0% of Sabana REIT's asset management fees are paid in units as per the proportion that ESR-REIT paid out for 1H2020; and
 - (vii) estimated professional and other fees and expense of approximately S\$18.6 million are funded by new banking facilities at a weighted average "all-in" finance cost of 2.5% per annum.