



(Constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

NEWS RELEASE

For immediate release

Merger of ESR-REIT and Sabana REIT Presents Significant Benefits

Singapore, 31 August 2020 – ESR Funds Management (S) Limited, the manager of ESR-REIT (the “**Manager**”) refers to the proposed merger (the “**Merger**”) of ESR-REIT and Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (“**Sabana REIT**”) announced on 16 July 2020 (the “**Joint Announcement**”).

Unless otherwise defined, all capitalised terms used in this news release shall bear the same meaning as in the Joint Announcement.

The Manager would like to highlight that the Scheme Consideration payable to Sabana REIT unitholders, to be satisfied in full via the issuance of new ESR-REIT units, is based on a fixed gross exchange ratio of 0.940x, and not a fixed offer price. As such, the implied offer price is directly correlated to ESR-REIT’s unit price performance during the one-month period leading up and prior to the Effective Date, and may rise or decline accordingly. The Manager believes that the terms of the Merger are fair and will result in a win-win outcome for unitholders of both ESR-REIT and Sabana REIT.

The Manager would also like to reiterate certain benefits of the Merger for both ESR-REIT and Sabana REIT unitholders, as stated in the Joint Announcement, should the Merger successfully complete:

- Larger free float and higher expected trading liquidity, thus solidifying the Enlarged REIT’s position as a benchmark developer-backed industrial S-REIT
- Improved portfolio diversification and resilience

- Improved growth outlook from potential operational synergies, as well as lease-up and asset enhancement initiative opportunities
- Enlarged asset base and enhanced balance sheet flexibility, better positioning the Enlarged REIT to pursue further growth opportunities
- Support of a strong developer-sponsor, the ESR Group, which will provide the Enlarged REIT with a visible pipeline of quality assets and an “on the ground” network across Asia
- DPU-accretion for both ESR-REIT and Sabana REIT unitholders on a historical pro forma basis

In addition, the Manager believes that the Merger is timely, especially given the ongoing COVID-19 pandemic, which has presented a very challenging economic and operating environment globally. A larger and more resilient REIT will be able to better navigate this crisis to emerge stronger and will also be better positioned to capitalise on attractive growth opportunities as and when they arise.

Independent unitholders of ESR-REIT and Sabana REIT will get to decide on the Merger, as they deem fit, and it is important that they vote at ESR-REIT’s extraordinary general meeting (“**EGM**”) as well as Sabana REIT’s EGM and scheme meeting respectively, to decide the outcome.

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager said: “We believe the proposed terms of the Merger are fair. They take into account the portfolio risk, capital structure, and historical trading price of the two REITs.

“More importantly, the Merger presents significant benefits, both immediately and over the long term. The increased diversification will make the REIT more resilient, which is crucial as we battle the impact of the pandemic. In the longer term, our aim is to create sustainable value for unitholders. The Merger will better position us to achieve this.”

“The Enlarged REIT will have an expanded network of assets, allowing us to realise potential synergies and take advantage of economies of scale, for growth. It will also have greater financial flexibility. Crucially, the larger market capitalisation and free float would increase the Enlarged REIT’s likelihood of being included in key indices, which could lead to greater investor interest, trading liquidity, and a positive re-rating in the future.”

– END –

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Responsibility Statement

ESR-REIT Manager. The directors of the ESR-REIT manager (including those who may have delegated detailed supervision of this news release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this news release (other than those relating to Sabana REIT and/or the Sabana REIT manager) are fair and accurate and that there are no other material facts not contained in this news release, the omission of which would make any statement in this news release 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 REIT manager and/or the respective independent valuers engaged by the ESR-REIT manager and/or the Sabana REIT manager), 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 news release. The directors of the ESR-REIT manager do not accept any responsibility for any information relating to Sabana REIT and/or the Sabana REIT manager or any opinion expressed by Sabana REIT, the Sabana REIT manager and/or the abovementioned independent valuers.

About ESR-REIT

ESR-REIT has been listed on the Singapore Exchange Securities Trading Limited since 25 July 2006.

ESR-REIT invests in quality income-producing industrial properties and as at 30 June 2020 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S\$3.1 billion¹. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide.

The Manager's objective is to provide Unitholders with a stable income stream through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Proactive asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, ESR Cayman Limited ("**ESR**") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

For further information on ESR-REIT, please visit www.esr-reit.com.sg.

¹ 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.

About the Sponsor, ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area (“**GFA**”) and by value of the assets owned directly and by the funds and investment vehicles it manages. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world’s preeminent investors including APG, SK Holdings, JD.com, CPP Investments, OMERS, PGGM and Ping An. The ESR platform spans across the People’s Republic of China, Japan, South Korea, Singapore, Australia and India. As of 30 June 2020, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$26.5 billion, and GFA of properties completed and under development, as well as GFA to be built on land held for future development comprised 18.7 million sqm in total. ESR has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 November 2019.

For more information on ESR, please visit www.esr.com.

Important Notice

The value of units in ESR-REIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations, of ESR Funds Management (S) Limited (“**Manager**”), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (“**Trustee**”), or any of their respective related corporations and affiliates (individually and collectively “**Affiliates**”). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither ESR-REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-REIT, any particular rate of return from investing in ESR-REIT, or any taxation consequences of an investment in ESR-REIT. Any indication of ESR-REIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This news release may contain forward-looking statements that involve assumptions, risks and uncertainties. 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, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT’s future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

This news release is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this material is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in ESR-REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.