



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

FAQ ON ESR-REIT'S DISTRIBUTION REINVESTMENT PLAN ("DRP")

1. WHAT ARE THE BENEFITS OF THE DRP?

The DRP is beneficial to ESR-REIT and its Unitholders. The DRP allows Unitholders to acquire new units without having to incur transaction or other related costs. The issue of DRP units in lieu of cash distributions under the DRP enlarges ESR-REIT's capital base, strengthens its working capital reserves and improves the liquidity of units.

The DRP is a means of incrementally raising equity over time in a less dilutionary manner than other forms of equity fund raising.

2. WHO IS ELIGIBLE?

All Unitholders are eligible to participate in the DRP with the exception of Overseas Unitholders and Unitholders with registered addresses outside Singapore. To be eligible to participate, the Overseas Unitholders and Unitholders with registered addresses outside Singapore are required to provide the Central Depository (Pte) Limited ("CDP") with a locally registered address for the service of notices and documents within 5 market days prior to the books closure date.

Exceptions are made for practical reasons and to avoid any violation of the securities laws applicable in countries outside Singapore where the Unitholders may have their registered addresses. These Unitholders which are not offered DRP participation will receive their distribution in cash and shall not have any claims whatsoever against ESR-REIT as a result of DRP not applying to them.

The Overseas Unitholders and Unitholders with registered addresses outside Singapore who receive or have in their possession the Notice of Election may not treat the document as invitation to them and are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to DRP as may be applicable to them.

3. WHAT ARE YOUR ELECTIONS?

An eligible Unitholder can elect to receive his distribution as follows:

- cash for his entire distribution
- new units issued and credited as fully paid for his entire distribution
- a combination of cash and new units for his distribution.

4. HOW MANY NEW UNITS WILL YOU GET?

The number of new units to be allotted under the DRP will be based on the established issue price of that particular DRP exercise. The issue price represents a discount of 2% to the volume-weighted average traded price per unit in ESR-REIT on the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the assessed period.

It is unlikely that the entitlement will give rise to an exact number of new units and the fractions of a unit cannot be issued. The entitlements to the DRP units will thus be rounded down to the nearest whole unit, with the residual balance retained as part of ESR-REIT's deposited property. This rounding down impact will apply to each distribution component separately.

If the distribution for a particular quarter consists of more than one distribution component, eg distribution derived from taxable income, tax-exempt income or capital, the DRP calculation is applied to each component separately and rounded down to the nearest whole number. The DRP units calculated for each component are added together to derive the total DRP units entitlement.

5. CALCULATION OF DRP UNITS

When distributions are made up of both income and capital components, Unitholders who wish to know how the DRP units are being calculated can refer to the example shown in the following paragraph.

For example, if a Unitholder holds 25,558 units and wishes to receive distributions in DRP Units. If the amount of Income Distribution per unit is 0.954 Singapore cents and the amount of Capital Distribution per unit is 0.275 Singapore cents. Assuming the issue price of each DRP Unit to be issued to a Unitholder under the DRP is S\$0.6940 and assuming that there are no applicable income taxes applied to the Unitholder.

For the Income Component:

$$\begin{aligned} \text{DRP Units from Income Component} &= \frac{25,558 \times \text{S\$}0.00954}{\text{S\$}0.6940} \\ &= \frac{\text{S\$}243.82 \text{ (rounded to the nearest 2 decimal places)}}{\text{S\$}0.6940} \\ &= 351.33 \\ &= 351 \text{ (rounded down to the nearest whole unit)} \end{aligned}$$

For the Capital Component:

$$\begin{aligned} \text{DRP Units from Capital Component} &= \frac{25,558 \times \text{S\$}0.00275}{\text{S\$}0.6940} \\ &= \frac{\text{S\$}70.28 \text{ (rounded to the nearest 2 decimal places)}}{\text{S\$}0.6940} \\ &= 101.27 \\ &= 101 \text{ (rounded down to the nearest whole unit)} \end{aligned}$$

$$\begin{aligned} \text{Total DRP Units} &= 351+101 \\ &= \underline{452 \text{ Units}} \end{aligned}$$

Fractional entitlements to the DRP Units for each distribution component (Income and Capital) will be rounded down to the nearest whole Unit, with the residual balance retained as part of the ESR-REIT's Deposited Property.

6. WHAT ACTION DO YOU NEED TO TAKE TO DO THE ELECTION?

Direct Securities Account Holders

(i) To receive the entitled distribution in cash in respect of entire unitholdings

You are not required to act on or return the Notice of Election.

However, you are required to return any Tax Declaration Form that you may have received together with the Notice of Election to declare your tax status. The Tax Declaration Form is applicable to the Corporate Account holders only, and not to individual account holders.

(ii) To receive the entitled distribution entirely in DRP units

You may elect to do so by ticking the box in Option 1 in the Notice of Election. You will sign and return the Notice of Election in accordance to the instructions on the notice with Tax Declaration Form if you have to declare your tax status.

(iii) To receive the entitled distribution in a combination of cash and DRP units

You may elect to do so by:

- (i) ticking the box in Option 2; and
- (ii) inserting in Box (i) and Box (ii) the respective proportion of your total unitholding in number of units as at Book Closure Date.

For example, assume you have a total unitholding of 10,000 units as at Books Closure Date. Out of these 10,000 units, you wish to receive, the distribution of 4,000 DRP units and 6,000 units in cash. You may elect to do so with the following steps:

- Step 1: Tick the box in Option 2.
- Step 2: Insert 4,000 units in Box (i) to receive the distribution for these 4,000 units in DRP Units.
- Step 3: Insert 6,000 units in Box (ii) to receive the distribution for these 6,000 units in cash.
- Step 4: Add up the number of units in Box (i) and Box (ii) and insert the total units in Box (iii)
- Step 5: Ensure total units in Box (iii) agrees to your total unitholding of 10,000 units as at Books Closure Date.

You will sign and return the Notice of Election in accordance to the instruction on the notice together with any Tax Declaration Form (if applicable), to declare your tax status. For a corporation, the Notice of Election must be executed under Seal (if any) in accordance with its constative documents or signed by at least two authorised officer or attorneys.

Sub Account Holders of a Depository Agent

As there will be only one Notice of Election and Tax Declaration Form (if applicable) per Depository Agent, please contact your Depository Agent, which acts as the collating agent for your election and tax status declaration, for arrangement to make election for DRP Units and/or cash and tax declaration (if applicable).

Depository Agents

While collating the response from your sub account holders on election and tax status, it is important for the Depository Agents to note that the Notice of Election must be read and completed in conjunction with the Tax Declaration Form (if applicable) together with its Annexes.

As part of a final check before submission of the completed forms to our Unit Registrar for processing, please ensure the following:

- Step 1: Your total number of units inserted in Box (i) – Proportion of unitholding (in number of existing units held) to be paid in DRP Units in the Notice of Election equals to the total of all the column totals for “ Election in DRP Units “ in Annex B1- B4 of the Tax Declaration Form
- Step 2: Your number of units inserted in Box (ii) – Proportion of unitholding (in number of existing units held) to be paid in cash in the Notice of Election equals to the total of all the column totals for “ Election in cash “ in Annex B1- B4 of the Tax Declaration Form
- Step 3: Add up the number of units in Box (i) and Box (ii) and insert total units in Box (iii)
- Step 4: Ensure total units in Box (iii) tallies with your total unitholding as at Books Closure Date.

7. WHAT IF I UNDER PARTICIPATE?

Under participation occurs when you have made election for a number of units less than your total unitholding as at Books Closure Date.

Example 1 - Assuming your total unitholding as at Books Closure Date is 10,000 units and you have elected 6,000 units of the total 10,000 units to receive the distribution in DRP Units and forgetting about the election for the remaining 4,000 units.

In this case, the distribution for the 6,000 units will be payable to you in DRP Units and the remaining 4,000 units in cash less any applicable tax rate (if applicable) you have declared.

Example 2 - Assuming your total unitholding as at Books Closure Date is 10,000 units and you have elected 6,000 units and 2,000 units to receive the distribution in DRP Units and in cash respectively.

In this case, the entire distribution will be payable in cash as the intention of the Unitholders is not easily ascertainable.

8. WHAT IF I OVER PARTICIPATE?

Over participation occurs when you have made an election or a combination of elections with a total number of units more than your total unitholding as at Books Closure Date.

Example 1 – Assuming your total unitholding as at Books Closure date is 10,000 units and you have elected 9,000 units of the total 10,000 units to receive the distribution in DRP Units and 3,000 units in cash. You have made an election for a total of 12,000 units which exceeded your unitholding as at Books Closure Date.

Example 2 – Assuming your total unitholding as at Books Closure date is 10,000 units and you have elected 11,000 units to receive the distribution in DRP Units or cash.

In both examples above, the entire distribution will be payable in cash as the intention of the Unitholders is not easily ascertainable.

9. CAN I DO PERMANENT ELECTION?

There is presently no permanent election feature available. The Manager will make an announcement containing the relevant details should it choose to offer this feature to the Unitholders in the future.

10. WHAT ARE THE FORMS TO COMPLETE AND RETURN?

You will receive the following documents on the date of despatch:

- (i) Letter to Unitholders
- (ii) Notice of Election - to elect distribution in DRP Units and/or cash
- (iii) Tax Declaration Form - to declare your tax status and applicable tax rate for DRP Units computation
- (iv) Prepaid return envelopes

All direct account holders with the exception of individual account holders, will receive the above items (i) - (iv). An individual direct account holder will receive all the above except for the tax declaration forms in item (iii) as they are not required to declare their tax status.

It is important to note that the Notice of Election and Tax Declaration Form (if applicable) must be read and returned together as DRP Units entitlements are computed based on distribution net of any applicable tax.

It is also important to note that if you are a Corporate Account holder, you are expected to declare your tax status and return any Tax Declaration Form you may have received even if you wish to receive your distribution entirely in cash by not taking any action on the Notice of Election.

Your distribution will be subject to a default tax rate if you do not return your Tax Declaration Form (if applicable) as required to declare your applicable tax rate.

The Manager takes no responsibility for the taxation liabilities of the participating Unitholders or the tax consequences of any election made by the Unitholders. As individual circumstances and laws vary considerably, specific tax advice should be obtained by Unitholders if required.

11. WHEN AND WHERE TO RETURN THE FORMS?

Where?

The completed forms, which include Notice of Election and Tax Declaration Form, must be returned in the prepaid return envelope provided to our Unit Registrar at the following address:

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

Tel: 65934848
Fax: 65934847
Email: main@zicoholdings.com

The completed Notice of Election and Tax Declaration Forms received by the Unit Registrar may not be withdrawn or cancelled upon receipt.

When?

The completed forms which include Notice of Election and Tax Declaration Form (if applicable) must be returned to the Unit Registrar at the above address **no later than 5pm on the date indicated on your election form.**

12. WHAT CONSTITUTES INVALID NOTICE OF ELECTION?

Invalid Notice of Election include:

- (i) Forms which are not completed and/or signed in accordance to the instructions on the forms.
- (ii) Receipt of forms by the Unit Registrar, BACS Pte Ltd after the cut-off date of 5pm as indicated on your election form.
- (iii) Intention of the Unitholders on their election is not ascertainable from their returned Notice of Election.
- (iv) Over participation of units – see details in point 8
- (v) Forms with no original signatures although the forms need not be original.

Any invalid Notice of Election will be rejected for processing and sent back to the sender with the following documents by the Registrar via post:

- a rejection letter with reason
- a new Notice of Election and/ or Tax Declaration Form

Unitholders are encouraged to complete and sign the reissued /replacement forms at the Unit Registrar's office earlier than the indicated cutoff date on the election form, in order to meet the submission deadline of the forms.

13. HOW DO I TRADE ODD LOTS?

A Unitholder who elects to receive the DRP Units in lieu of the cash amount of the Qualifying Distribution may receive such DRP Units in odd lots. Unitholders who receive odd lots of DRP Units and who wish to trade such odd lots should do so at the SGX-ST which allows trading of odd lots in multiple of 100 Units, with a minimum of 100 Units.

14. WHAT IS THE EXPIRY DATE FOR THE CONCESSIONARY TAX RATE FOR FOREIGN NON INDIVIDUALS?

The 10% tax concession applies to distributions made by ESR-REIT to foreign non individuals for the period from 18 February 2015 to 31 March 2020, with the submission of the tax declaration form.

In the event that the above tax concession is not extended by the Singapore Government after 31 March 2020 or if the submission of tax declaration form is omitted, the Manager will deduct tax from such distribution at the prevailing corporate tax rate.

15. WHERE CAN I OBTAIN A REPLACEMENT FORM?

Replacement Notice of Election and Tax Declaration Form may be obtained from our Unit Registrar at:

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

Tel: 65934848
Fax: 65934847
Email: main@zicoholdings.com

16. HOW CAN I KNOW WHETHER MY ELECTION IS SUCCESSFUL AND HOW MANY UNITS WILL BE CREDITED INTO MY SECURITIES ACCOUNT?

CDP will send to each Participating Unitholder a notification letter on or about the distribution payment date in respect of the number of DRP Units to be credited to the Securities Account maintained with CDP.

17. WHERE CAN I FIND A COPY OF THE DRP STATEMENT?

The terms and conditions of the DRP in the DRP statement are available at ESR-REIT's website at www.esr-reit.com.sg

18. WHERE CAN I MAKE ENQUIRIES ON DRP?

For further enquiries, please contact:

ESR Funds Management (S) Limited
Ms Cheryl Lim (Marketing Communications Manager)
Tel: +65 6827 9332
cheryl.lim@esr-reit.com.sg