



# Extraordinary General Meeting

27 February 2018



# Key Developments in FY2017

## Enabling ESR-REIT to Begin 2018 From a Position of Strength



### Corporate Developments

- ESR became developer Sponsor; name changed to ESR-REIT
- Rejuvenated Board of Directors



### Non-Core Divestments

- Completed 3 non-core divestments above valuation & purchase price
- Improved portfolio metrics



### Yield Accretive Acquisitions

- Completed 2 yield-accretive acquisitions (c.S\$346.1m)
- Portfolio increased by 28%; now worth S\$1.68b<sup>(1)</sup>



### Diversified Pools of Capital

- Issued S\$150m Perpetual Securities at 4.6% coupon in Nov 2017
- Proposed EFR; Sponsor commitment to subscribe for up to S\$125m<sup>(2)</sup>

# Key Developments in FY2017

## Redeployment of Divestment Proceeds to Rejuvenate Portfolio



55 Ubi Avenue 3



87 Defu Lane 10



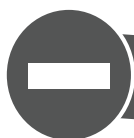
23 Woodlands Terrace



8 Tuas South Lane



7000 Ang Mo Kio Avenue 5



Divested S\$57.3m

Acquired S\$346.1m



# Summary of Approvals Sought

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Resolution 1: (Extraordinary Resolution)  
Proposed Unit Issue Supplement to the Trust Deed

**Deferred**  
(to a later date)



Resolution 2: (Extraordinary Resolution)  
Proposed Electronic Communications Supplement to the Trust Deed

**Deferred**  
(to a later date)



**Resolution 3:** (Ordinary Resolution)  
**Transfer of a Controlling Interest to the Sponsor**  
*(i.e. Enabling Continued Equity Support from the Sponsor ESR)*

## **Resolution 3:**

### **Transfer of a Controlling Interest to the Sponsor**

*(i.e. Enabling Continued  
Equity Support from the  
Sponsor ESR)*

7000 Ang Mo Kio Avenue 5



# Resolution 3:

## Enabling Continued Equity Support from the Sponsor ESR

### SGX Listing Manual Rule 803:

If resultant Unitholding is  $\geq 15\%$  due to new Units issued, approval from Unitholders is required

- Sponsor ESR currently holds 12.4% Unitholding in ESR-REIT
- Sponsor has undertaken to subscribe up to S\$125.0m in the event the EFR includes a Preferential Offering
- Sponsor's Unitholding in ESR-REIT may potentially increase from 12.4% to 15% or above 15%, as a result of the undertaking
- Unitholders' approval is sought in Resolution 3 for this transfer of controlling interest to the Sponsor

**No approval of Unitholders is sought in respect of the Equity Fund Raising**

# Resolution 3:

## Enabling Continued Equity Support from the Sponsor ESR (cont'd)

### Proposed Equity Fund Raising (“EFR”)

- Approval in-principle from SGX for the listing of **263m Units**
- Sponsor has undertaken to **subscribe for up to S\$125.0m** in the event the EFR includes a Preferential Offering

### Rationale for the Equity Fund Raising



1. Reduce Debt



2. Rebalance  
Capital Structure



3. Increase  
Debt Headroom

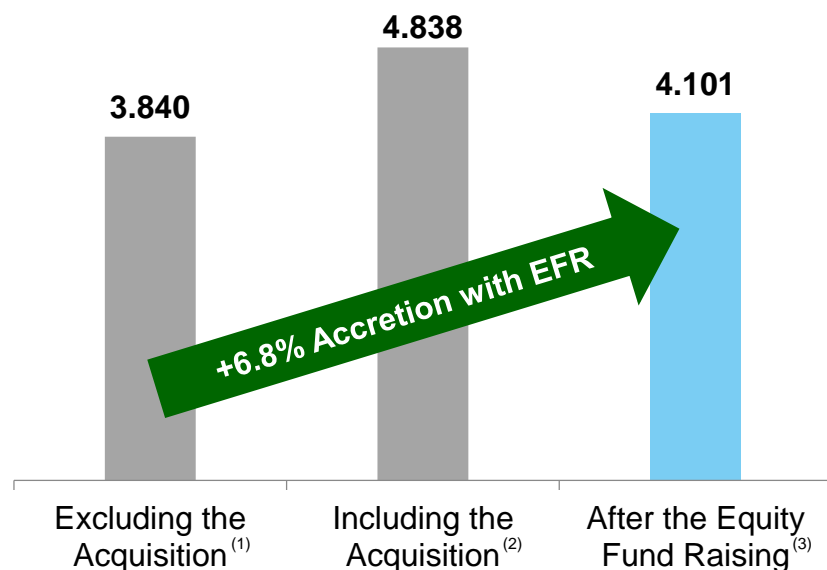
# Resolution 3:

## Enabling Continued Equity Support from the Sponsor ESR (cont'd)

### PRO FORMA FINANCIAL IMPACT – FOR ILLUSTRATIVE PURPOSES ONLY

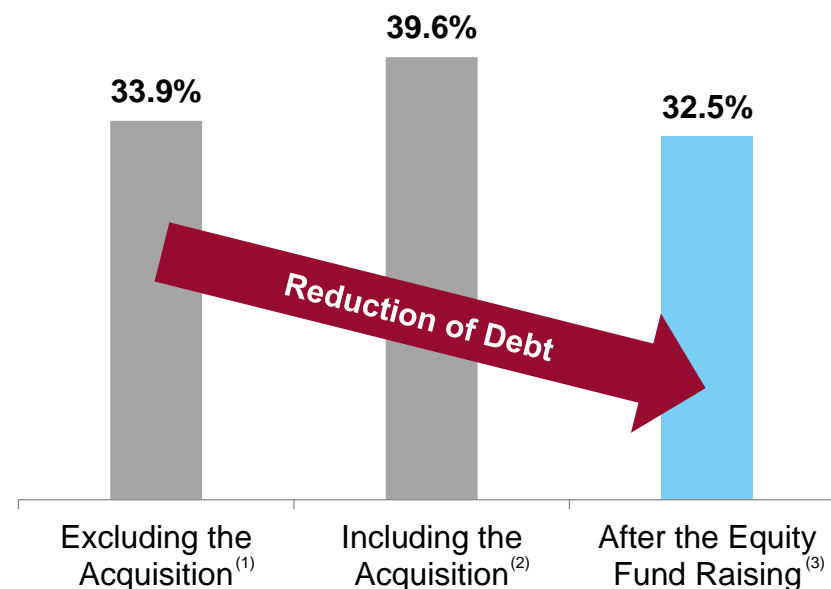
#### Distribution per Unit for FY2017

(Singapore Cents)



#### Aggregate Leverage as at 31 December 2017

(%)



Notes:

- (1) Refers to the pro forma removal of all sources of funds, revenues and expenses relating to the Acquisition
- (2) Includes revenues and expenses relating to the Acquisition, assuming that the Acquisition was completed on 1 January 2017 and funded with internal cash resources, existing debt facilities and part of the proceeds from subordinated perpetual securities which were issued on 3 November 2017
- (3) Assumes ESR-REIT issues 236.0 million new units at an illustrative issue price of S\$0.530 per new unit

Notes:

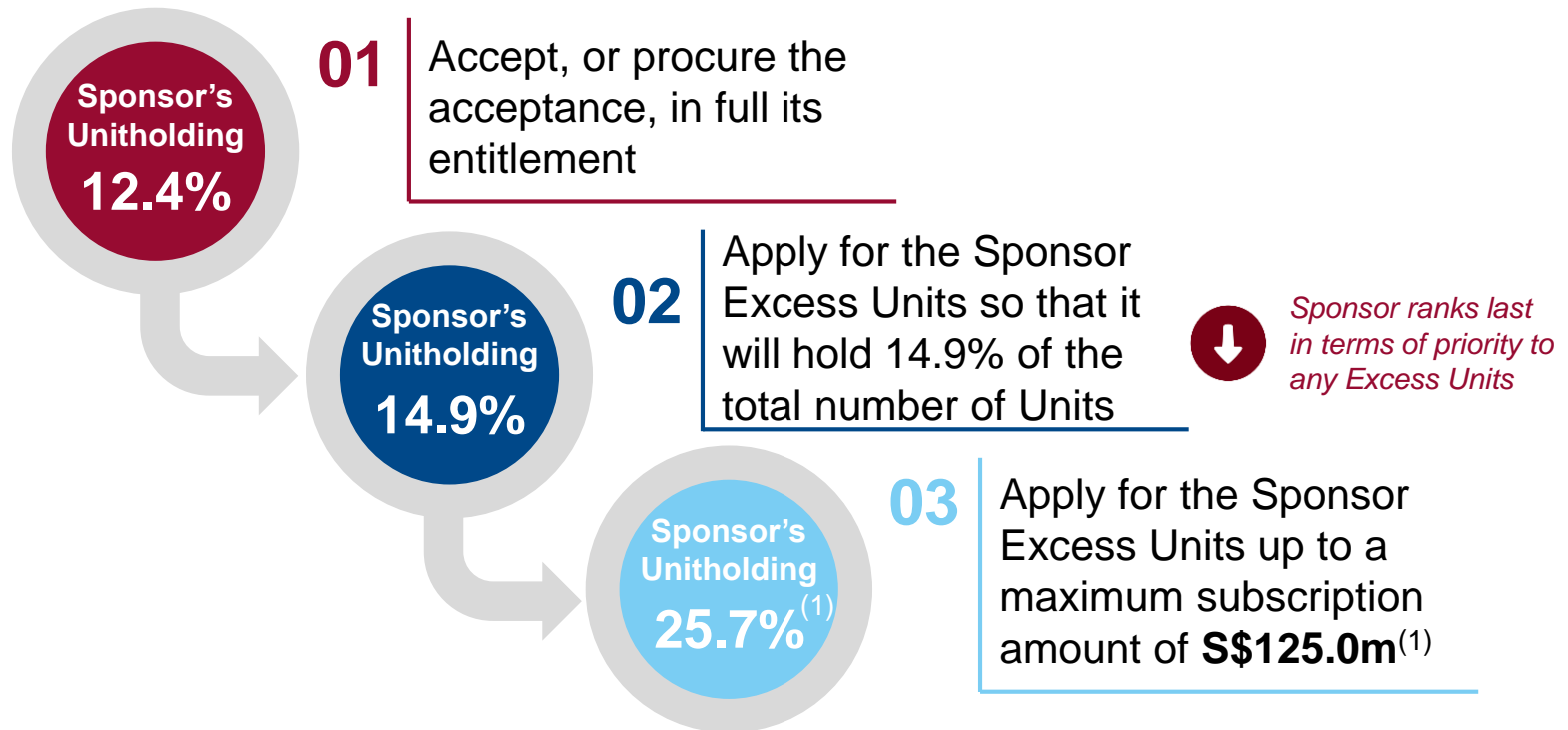
- (1) Refers to the pro forma removal of all assets, liabilities, sources of funds, revenues and expenses relating to the Acquisition
- (2) Includes the assets and liabilities relating to the Acquisition as at completion
- (3) Assumes ESR-REIT issues 236.0 million new units at an illustrative issue price of S\$0.530 per new unit, raising gross proceeds of approximately S\$125.1 million to reduce the debt facilities utilised to partially fund the total acquisition cost



# Resolution 3:

## Enabling Continued Equity Support from the Sponsor ESR (cont'd)

In the event of a Preferential Offering,  
The Sponsor has provided the Undertaking that it will:



**Demonstrates Sponsor's Commitment to ESR-REIT  
and Validates the Recent Acquisitions**

# Resolution 3:

## Enabling Continued Equity Support from the Sponsor ESR (cont'd)

- Assuming no other Unitholders accept their provisional allocations under the Preferential Offering

		Total Amount Raised in the EFR	Aggregate Leverage	Debt Headroom <sup>(2)</sup>
If Unitholders <u>Approve</u> Resolution 3	✓	S\$125.1 million <sup>(1)</sup>	32.5%	S\$387.4 million
If Unitholders <u>Do Not Approve</u> Resolution 3	✗	S\$20.7 million	38.6%	S\$203.3 million



**EGM, 27 February 2018**

**Thank you**



# Appendix

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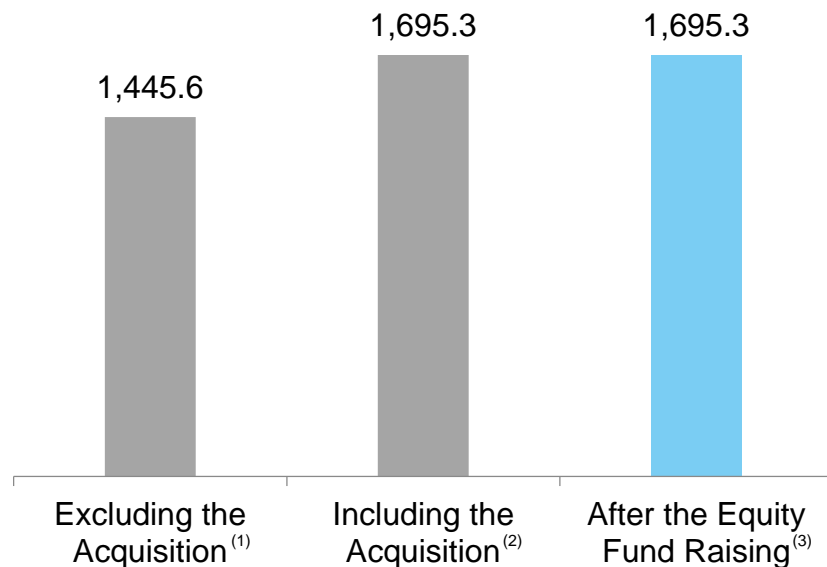


# Appendix 1

## PRO FORMA FINANCIAL IMPACT – FOR ILLUSTRATIVE PURPOSES ONLY

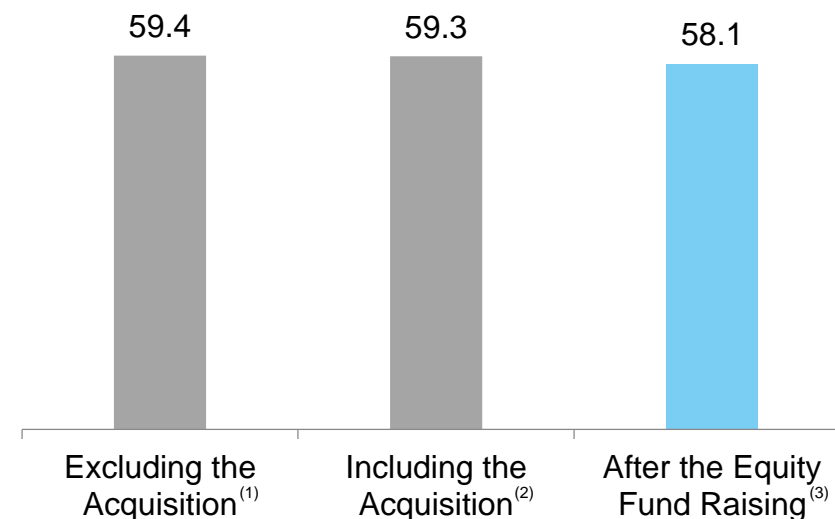
### Total Deposited Property as at 31 December 2017

(S\$ million)



### Net Asset Value per Unit as at 31 December 2017

(Singapore Cents)



Notes:

- (1) Refers to the pro forma removal of all assets, liabilities, sources of funds, revenues and expenses relating to the Acquisition
- (2) Includes the assets and liabilities relating to the Acquisition as at completion
- (3) Assumes ESR-REIT issues 236.0 million new units at an illustrative issue price of S\$0.530 per new unit, raising gross proceeds of approximately S\$125.1 million to reduce the debt facilities utilised to partially fund the total acquisition cost

Notes:

- (1) Refers to the pro forma removal of all assets, liabilities, sources of funds, revenues and expenses relating to the Acquisition
- (2) Includes the assets and liabilities relating to the Acquisition as at Completion
- (3) Assumes ESR-REIT issues 236.0 million new units at an illustrative issue price of S\$0.530 per new unit

# Important Notice

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## 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 announcement 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 (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 ESR-REIT 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 announcement is for informational purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this announcement 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.