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.$346.1m)
- Portfolio increased by 28%; now worth $1.68b\(^{(1)}\)

Diversified Pools of Capital
- Issued $150m Perpetual Securities at 4.6% coupon in Nov 2017
- Proposed EFR; Sponsor commitment to subscribe for up to $125m\(^{(2)}\)

Notes:
\(^{(1)}\) As at 31 December 2017. Includes valuation of 7000 Ang Mo Kio Avenue 5 (“7000 AMK”) on a 100% basis, in line with accounting policy.
\(^{(2)}\) If the EFR includes a Preferential Offering, the Sponsor ESR, will undertake to subscribe in full its pro-rata entitlement and excess units up to a total subscription amount of $125.0 million.
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

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

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

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)
Resolution 3:
Enabling Continued Equity Support from the Sponsor ESR

SGX Listing Manual Rule 803:
If resultant Unitholding is ≥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**

<table>
<thead>
<tr>
<th></th>
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**Aggregate Leverage as at 31 December 2017**

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<td>(%)</td>
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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

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Resolution 3: Enabling Continued Equity Support from the Sponsor ESR (cont’d)

**Resolution 3: Enabling Continued Equity Support from the Sponsor ESR (cont’d)**

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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:

01 Accept, or procure the acceptance, in full its entitlement

Sponsor’s Unitholding 12.4%

02 Apply for the Sponsor Excess Units so that it will hold 14.9% of the total number of Units

Sponsor’s Unitholding 14.9%

03 Apply for the Sponsor Excess Units up to a maximum subscription amount of S$125.0m

Sponsor’s Unitholding 25.7% (1)

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

Note:
(1) Subject to Unitholders’ approval; assuming Sponsor is fully allotted the Sponsor Excess Units
Resolution 3: Enabling Continued Equity Support from the Sponsor ESR (cont’d)

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

<table>
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<tr>
<th>If Unitholders Approve Resolution 3</th>
<th>Total Amount Raised in the EFR</th>
<th>Aggregate Leverage</th>
<th>Debt Headroom&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S$125.1 million&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>32.5%</td>
<td>S$387.4 million</td>
<td></td>
</tr>
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<th>If Unitholders Do Not Approve Resolution 3</th>
<th>Total Amount Raised in the EFR</th>
<th>Aggregate Leverage</th>
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<td>S$20.7 million</td>
<td>38.6%</td>
<td>S$203.3 million</td>
<td></td>
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Notes:
(1) Illustrative EFR scenario assumes gross proceeds of S$125.1 million at an illustrative issue price of S$0.530 per unit
(2) Debt headroom assumes maximum aggregate leverage of 45%
Thank you
Appendix
### Appendix 1

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

#### Total Deposited Property as at 31 December 2017

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<tr>
<td>Excluding the Acquisition&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1,445.6</td>
</tr>
<tr>
<td>Including the Acquisition&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>1,695.3</td>
</tr>
<tr>
<td>After the Equity Fund Raising&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,695.3</td>
</tr>
</tbody>
</table>

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

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<tbody>
<tr>
<td>Excluding the Acquisition&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>59.4</td>
</tr>
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<td>Including the Acquisition&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>59.3</td>
</tr>
<tr>
<td>After the Equity Fund Raising&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>58.1</td>
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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.