



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

**PROPOSED MERGER OF VIVA INDUSTRIAL TRUST AND ESR-REIT
BY WAY OF A TRUST SCHEME OF ARRANGEMENT SUBJECT TO WHITEWASH
RESOLUTION**

1. INTRODUCTION

- 1.1 **The Merger and the Scheme.** The board of directors of ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**ESR-REIT Manager**") is pleased to announce the proposed merger (the "**Merger**") of all the issued and paid-up stapled securities (the "**Stapled Securities**") of Viva Industrial Trust ("**VIT**") held by the stapled securityholders of VIT (the "**Stapled Securityholders**") and the units in ESR-REIT (the "**ESR-REIT Units**") held by the unitholders of ESR-REIT (the "**ESR-REIT Unitholders**"). The Merger will be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the "**Scheme**") in compliance with the Singapore Code on Take-overs and Mergers (the "**Code**"). For further details on the Scheme, please refer to the joint announcement released today by the ESR-REIT Manager and the VIT Managers (as defined in paragraph 2.1 below) titled "Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement" (the "**Joint Announcement**").
- 1.2 **ESR-REIT Unitholders' Approval.** The Merger requires approval of the ESR-REIT Unitholders under Chapter 10 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Further, the Merger is an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") requiring the approval of the independent ESR-REIT Unitholders, as, *inter alia*, the Implementation Agreement (as defined in paragraph 3.1 below) is entered into by the ESR-REIT Manager and the ESR-REIT Trustee (as defined below) with Perpetual (Asia) Limited (as trustee of Viva Industrial Real Estate Investment Trust ("**VI-REIT**") (the "**VI-REIT Trustee**") and the VIT Managers, and VIT and the VIT Managers are associates of a controlling ESR-REIT Unitholder, Mr. Tong Jinquan ("**Mr. Tong**"). In addition, the issue of the Consideration Units (as defined in paragraph 3.2 below) requires approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution under the ESR-REIT Trust Deed. Also, as a result of the allotment and issue of the Consideration Units to Mr. Tong and his associates, on completion of the Merger and the Scheme, Mr. Tong's unitholding interest in ESR-REIT will increase from 18.27% to more than 30%, which will trigger the requirement to make a mandatory general offer under Rule 14 of the Code. As such, it is a condition of the Scheme that a whitewash waiver be granted by the Securities Industry Council ("**SIC**") and that the independent ESR-REIT Unitholders approve the waiver of their rights to receive a mandatory general offer from Mr. Tong and his concert parties.
- 1.3 The defined terms used in and rules of interpretation applicable to this Announcement have been set out in a Glossary at the end of this Announcement.

2. **INFORMATION ON VIT AND THE STAPLED SECURITYHOLDERS**

- 2.1 **VIT.** VIT is a Singapore-focused business park and industrial real estate investment trust listed on the Main Board of the SGX-ST on 4 November 2013. VIT is a stapled group comprising VI-REIT and Viva Industrial Business Trust ("**VI-BT**"), which are managed by Viva Industrial Trust Management Pte. Ltd. (the "**VI-REIT Manager**") and Viva Asset Management Pte. Ltd. (the "**VI-BT Trustee-Manager**") respectively (collectively, the "**VIT Managers**"). VI-REIT has the principal investment strategy of investing in a diversified portfolio of income-producing real estate that is predominantly for business parks and other industrial purposes in Singapore and elsewhere in the Asia Pacific region. VI-BT is presently dormant.

As at the date of this Announcement (the "**Announcement Date**"), VIT has in issue an aggregate of 975,758,607 Stapled Securities.

Please refer to **Schedule 4** to this Announcement for key extracts of VIT's audited financial statements for the financial years ended 31 December 2017, 31 December 2016 and 31 December 2015.

- 2.2 **The VI-REIT Manager.** The VI-REIT Manager was incorporated in Singapore on 21 February 2012. VI-REIT is managed by the VI-REIT Manager, whose main responsibility is to manage VI-REIT's assets and liabilities for the benefit of Stapled Securityholders, through setting the strategic direction of VI-REIT and making recommendations to the VI-REIT Trustee on the acquisition, divestment, development and/or enhancement of the assets of VI-REIT.

As at the Announcement Date, the VI-REIT Manager has an issued and paid-up share capital of S\$2,520,000 comprising 2,500,000 ordinary shares in issue and no treasury shares. All of the issued shares of the VI-REIT Manager are held by Viva Investment Management Pte. Ltd. ("**VIM**").

The board of directors of the VI-REIT Manager comprises the following:

- (a) Dr. Leong Horn Kee (Chairman and Independent Non-Executive Director);
- (b) Mr. Richard Teo Cheng Hiang (Independent Non-Executive Director);
- (c) Dr. Choong Chow Siong (Independent Non-Executive Director);
- (d) Mr. Ronald Lim Cheng Aun (Independent Non-Executive Director);
- (e) Mr. Tong (Non-Executive Director);
- (f) Mr. Micheal Tan Hai Peng (Non-Executive Director);
- (g) Mr. Tan Kim Seng (Non-Executive Director); and
- (h) Mr. Wilson Ang Poh Seong (Chief Executive Officer and Executive Director).

- 2.3 **The VI-BT Trustee-Manager.** The VI-BT Trustee-Manager was incorporated in Singapore on 20 June 2013. VI-BT is managed by the VI-BT Trustee-Manager, which has the dual responsibilities of safeguarding the interests of the Stapled Securityholders and managing the business conducted by VI-BT. The VI-BT Trustee-Manager has general powers of management over the business and assets of VI-BT for the benefit of Stapled Securityholders as a whole. VI-BT is presently inactive.

As at the Announcement Date, the VI-BT Trustee-Manager has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares in issue and no treasury shares. All of the issued shares of the VI-BT Trustee-Manager are held by VIM.

As at the Announcement Date, the board of directors of the VI-BT Trustee-Manager is the same as that of the VI-REIT Manager, save that Mr. Tong is not a director of the VI-BT Trustee-Manager. As previously announced by the VIT Managers on 13 November 2017, as VI-BT is presently inactive, the composition of the board of directors of the VI-BT Trustee-Manager was not changed to include Mr. Tong so that the majority of the board of directors of the VI-BT Trustee-Manager will comprise independent directors as required under the Business Trusts Regulations 2005.

- 2.4 **Substantial Stapled Securityholders.** The full list of substantial Stapled Securityholders based on publicly available information is set out in **Schedule 1** to this Announcement.

As at the Announcement Date, Mr. Tong is the largest Stapled Securityholder holding an aggregate interest (deemed and direct) in 487,961,281 Stapled Securities, representing approximately 50.01% of all Stapled Securities.

3. **THE MERGER AND THE SCHEME**

- 3.1 **Implementation Agreement.** In connection with the Merger, the ESR-REIT Manager, RBC Investor Services Trust Singapore Limited (as trustee of ESR-REIT) (the "**ESR-REIT Trustee**"), the VIT Managers and the VI-REIT 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. Please refer to the Joint Announcement for more information on the terms of the Implementation Agreement.

3.2 **Scheme Consideration.**

Pursuant to the Implementation Agreement, the ESR-REIT Manager will, upon the Scheme becoming effective in accordance with its terms, pay to the Stapled Securityholders S\$0.96 per Stapled Security (the "**Scheme Consideration**") held by each of them as at a books closure date to be announced by the VIT Managers on which the transfer books and the Register of Stapled Securityholders of VIT will be closed in order to determine the entitlements of the Stapled Securityholders in respect of the Scheme (the "**Books Closure Date**"), which shall be satisfied by:

- (a) firstly, the payment by the ESR-REIT Manager of S\$0.096 in cash per Stapled Security (the "**Cash Consideration**"); and
- (b) secondly, the allotment and issue by the ESR-REIT Manager of new ESR-REIT Units (the "**Consideration Units**") at an issue price of S\$0.54 for each Consideration Unit.

The Scheme Consideration implies a gross exchange ratio of 1.778x post-adjustment for the Cash Consideration¹.

¹ Based on the Scheme Consideration of S\$0.96 per Stapled Security divided by issue price of S\$0.54 per Consideration Unit.

No fractions of a Consideration Unit shall be issued to any Stapled Securityholder and fractional entitlements shall be disregarded in the calculation of the Consideration Units to be issued to any Stapled Securityholder pursuant to the Scheme.

By way of illustration, if the Scheme becomes effective in accordance with its terms, a Stapled Securityholder will receive S\$9.60 in cash and 160 Consideration Units for every 100 Stapled Securities held by it as at the Books Closure Date.

The Consideration Units shall:

- (i) when issued, be duly authorised, validly issued and credited as fully paid and shall rank *pari passu* in all respects with the existing ESR-REIT Units as at the date of their issue; and
- (ii) be issued free from all and any Encumbrances (as defined below) and restrictions or transfers and no person has or shall have any rights of pre-emption over the Consideration Units.

The Scheme Consideration was derived based on the assessment by the ESR-REIT Manager of the relative valuation of both ESR-REIT and VIT based on their respective historical unit price performance, valuation ratios and fundamental analysis.

3.3 Permitted Distributions.

Subject to the terms and conditions of the Implementation Agreement, the VIT Managers and the ESR-REIT Manager are permitted to declare, pay or make distributions to Stapled Securityholders and ESR-REIT Unitholders (as the case may be) (respectively, the "**VIT Permitted Distributions**" and "**ESR-REIT Permitted Distributions**"):

- (a) in the ordinary course of business in respect of the period from 1 January 2018 to the date on which the Scheme becomes effective in accordance with its terms (the "**Effective Date**"); and
- (b) in respect of tax refunds (if any) received by VIT and ESR-REIT (as the case may be) prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid by VIT and ESR-REIT (as the case may be).

The VIT Permitted Distributions and the ESR-REIT Permitted Distributions shall not include distributions declared, paid or made by the VIT Managers or the ESR-REIT Manager to the Stapled Securityholders or the ESR-REIT Unitholders respectively in respect of proceeds received in respect of the sale of any real properties.

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

The Stapled Securityholders shall have the right to receive and retain the VIT Permitted Distributions in addition to the Scheme Consideration.

The ESR-REIT Manager reserves the right to adjust the Scheme Consideration if any distribution in excess of the VIT Permitted Distributions is declared, paid or made by the VIT Managers on or after the date of the Implementation Agreement.

3.4 Scheme Conditions. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver by the relevant party as stated in the Implementation Agreement) of the conditions

precedent (the "**Scheme Conditions**") set out in **Schedule 2** to this Announcement. If each of the Scheme Conditions is satisfied or, as the case may be, has been waived in accordance with the terms of the Implementation Agreement, the Scheme will come into effect on the date falling 10 Business Days after the last of the Scheme Conditions set out in paragraphs (a), (b), (c), (d) and (e) of **Schedule 2** to this Announcement has been satisfied (or such other date as may be agreed between the VIT Managers and the ESR-REIT Manager).

3.5 **Termination.** The Implementation Agreement may be terminated at any time on or prior to the date falling on the Business Day immediately preceding the Effective Date (provided that the Party seeking termination does so only after it has had prior consultation with the SIC), in certain circumstances specified in the Implementation Agreement. For details on the effect of termination of the Implementation Agreement, please refer to the Joint Announcement.

3.6 **Manager Arrangements.** In connection with the Scheme, it is also intended that, subject to the receipt of regulatory approvals:

- (a) the ESR-REIT Manager in its own capacity as purchaser will execute a put and call option agreement with, *inter alia*, VIM as vendor, to acquire all of the issued shares of the VI-REIT Manager held by VIM (the "**VI-REIT Manager Transaction**"), for an aggregate consideration of S\$62.0 million. The consideration for the VI-REIT Manager Transaction will be paid to VIM² by the ESR-REIT Manager by a combination of cash and promissory notes; and
- (b) Shanghai Summit Pte. Ltd. ("**SSPL**"), being an entity wholly-owned and controlled by Mr. Tong and also an indirect shareholder of VIM, will utilise its portion of the consideration from the VI-REIT Manager Transaction to subscribe for a 25.0% stake in the ESR-REIT Manager,

(collectively, the "**Manager Arrangements**").

Upon completion of the Manager Arrangements, the VI-REIT Manager will be wholly-owned by the ESR-REIT Manager and the resultant shareholding of the ESR-REIT Manager will be as follows³:

Shareholder	Shareholding proportion
ESR Investment Management Pte. Ltd. (" ESRIM ")	67.3%
SSPL	25.0%
Mitsui & Co., Ltd (" Mitsui ")	7.7%

It is also intended that, following such completion and subject to evaluation by the Nominating and Remuneration Committee of the ESR-REIT Manager and approval of the board of directors of the ESR-REIT Manager and the Monetary Authority of Singapore (the "**MAS**"), certain directors and key management staff of the VI-REIT Manager will be joining the ESR-REIT Manager, further details of which will be contained in the document to be issued by the

² The shareholders of VIM are Maxi Capital Pte. Ltd., Ho Lee Group Pte Ltd and Justice Offshore Holdings (BVI) Limited. Maxi Capital Pte. Ltd. is currently owned by SSPL, Mr. Wilson Ang Poh Seong, Mr. Victor Song Chern Chean and Mr. Frank Ng Tze Wei. Justice Offshore Holdings (BVI) Limited is a wholly-owned subsidiary of ESR Cayman Limited.

³ The ESR-REIT Manager is currently owned by ESRIM (80%) and Mitsui (20%).

VIT Managers on behalf of VIT to all the Stapled Securityholders in relation to the Merger and the Scheme.

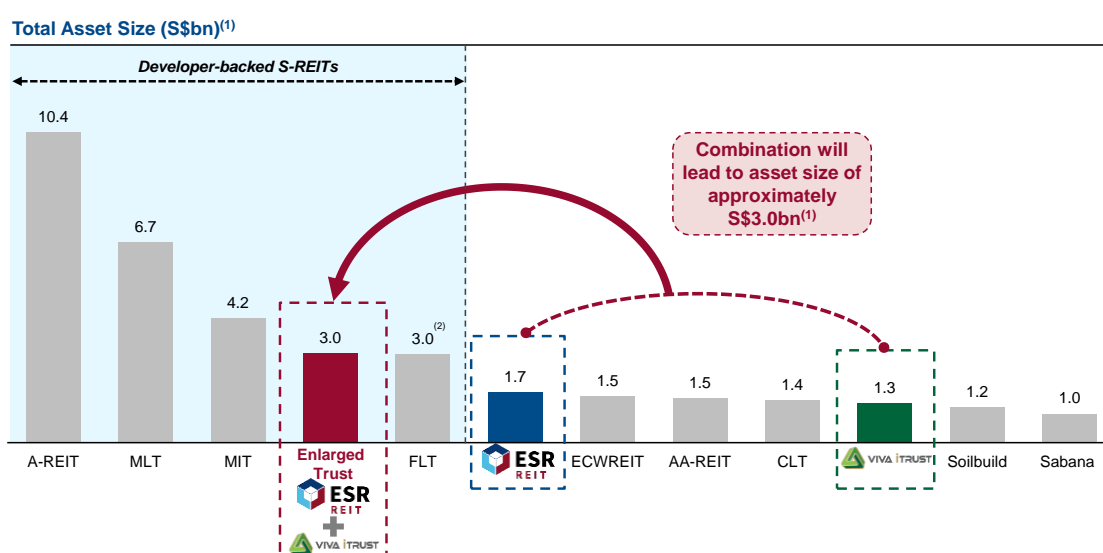
Following completion of the Manager Arrangements, VI-REIT will be managed by the ESR-REIT Manager. Accordingly, the ESR-REIT Manager will continue to be the manager of the enlarged ESR-REIT portfolio.

The VI-REIT Manager Transaction will be funded by ESRIM via a capital injection into the ESR-REIT Manager and, for the avoidance of doubt, ESR-REIT and the ESR-REIT Unitholders will not be required to bear any part of the consideration to be paid pursuant to the VI-REIT Manager Transaction.

The SIC has confirmed on 8 May 2018 that the Manager Arrangements do not constitute a special deal under Rule 10 of the Code, if an independent valuer publicly states that in his opinion the price paid for the VI-REIT Manager is not above the fair market value of the VI-REIT Manager.

4. **RATIONALE FOR THE MERGER AND ESR-REIT'S CURRENT INTENTIONS FOR VIT**

4.1 **Creation of a Sizeable and Liquid Industrial Singapore-listed REIT ("S-REIT")**



Post the Merger, the Enlarged Trust (as defined below) is expected to become the 4th largest industrial S-REIT, with a combined asset size of approximately S\$3.0 billion. This is part of ESR-REIT's strategy to create a sizeable and more liquid industrial REIT backed by a strong Developer-Sponsor.

Source: Company Filings.

(1) As at 31 March 2018. (2) Represents pro forma total asset size as at 31 March 2018, after adjusting for the proposed acquisition of interests in 21 properties in Germany and the Netherlands. Assumes exchange rate based on AUD:SGD of 1.00:1.00 as at 8 May 2018.

(a) **Enlarged Trust is Expected to Benefit from a Larger Market Capitalisation**

The Enlarged Trust will benefit from a significant increase in market capitalisation from S\$846 million⁴ to S\$1.7 billion⁵. Similarly, the Enlarged Trust's free float, which is S\$579 million as at 17 May 2018, will increase by 68.8% to S\$977 million⁶. This will result in higher trading liquidity, a larger investor base and potential index inclusion. Post the Merger, the Enlarged Trust could potentially enjoy a positive re-rating of its unit price which will benefit all unitholders.

(b) **100% Unencumbered Portfolio Provides Better Access to Pools of Capital and More Competitive Costs of Capital**

The Merger will result in the conversion of all of VIT's secured debt into unsecured debt. As a result, the Enlarged Trust will have a larger fully unencumbered portfolio, with an increased debt tenor by 55.5%⁷ to 2.5 years and an improved interest cost.

4.2 **Enhanced Portfolio Quality and Scalability with Strategic Addition of High Quality Properties**

The Enlarged Trust will have a portfolio of 56 properties across five (5) different sub-asset classes. This represents an increase in total gross floor area ("**GFA**") by 40.2% to approximately 13.6 million square feet and an increase in total asset size by 79.8% to approximately S\$3.0 billion.

The Merger will also see an increase in net property income by 104.3% with a pro forma portfolio occupancy of 90.9%, above the Jurong Town Corporation ("**JTC**") average of 89.0% across all industrial properties for 1Q2018. Post the Merger, the portfolio will have a total of 350 tenants from different tenant business sectors.

(a) **Operational Benefits from Greater Size and Scale of Portfolio Strategically Located in Key Industrial Zones**

Post the Merger, the Enlarged Trust will have a diversified portfolio of scale with strong island-wide coverage across 56 properties. This enhances the Enlarged Trust's ability to undertake asset portfolio rejuvenation with limited portfolio financial impact, successfully diversifying its asset and tenant concentration risk.

Additionally, the Merger provides the Enlarged Trust with economies of scale across operations, leasing and marketing. With a wider product suite, the Enlarged Trust would be able to capture a larger tenant base and enjoy stronger bargaining power with service providers.

(b) **In line with ESR-REIT's Portfolio Rejuvenation Strategy via Acquisition and Organic Growth**

⁴ Based on 1,583.7 million ESR-REIT Units in issue as at 17 May 2018 and the volume weighted average price of S\$0.534 per ESR-REIT Unit with reference to the 1-month period up to and including 17 May 2018.

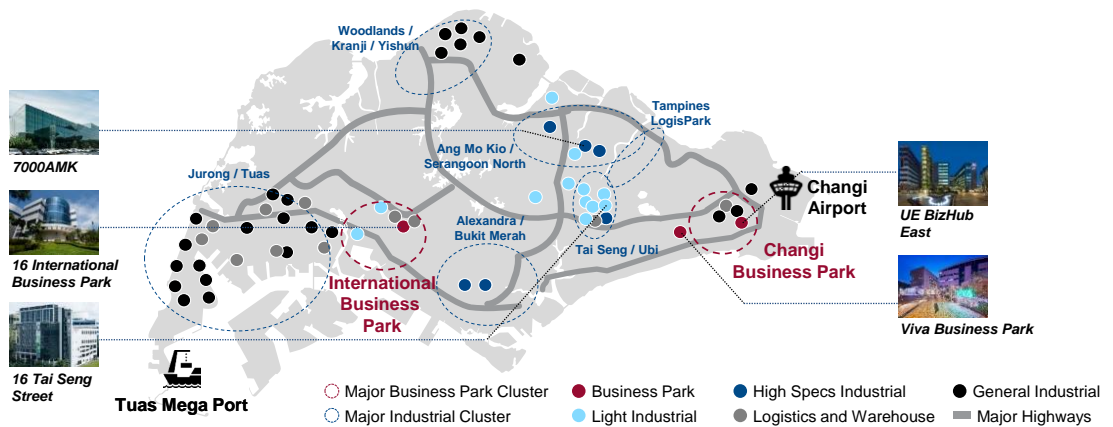
⁵ Based on the issuance of approximately 1,585.0 million new ESR-REIT Units as part of the Scheme Consideration and manager acquisition fee paid in ESR-REIT Units for the Merger at the issue price of S\$0.54 per ESR-REIT Unit.

⁶ Excludes the stakes of the directors and chief executive officer of the ESR-REIT Manager, the substantial unitholders of the Enlarged Trust, the controlling unitholders of the Enlarged Trust, and their respective associates. Based on 1,583.7 million ESR-REIT Units in issue as at 17 May 2018, the issue of approximately 1,585.0 million new ESR-REIT Units as part of the Scheme Consideration and manager acquisition fee paid in ESR-REIT Units for the Merger at the issue price of S\$0.54 per ESR-REIT Unit.

⁷ Based on the weighted average of ESR-REIT's and VIT's total gross debt as at 31 December 2017.

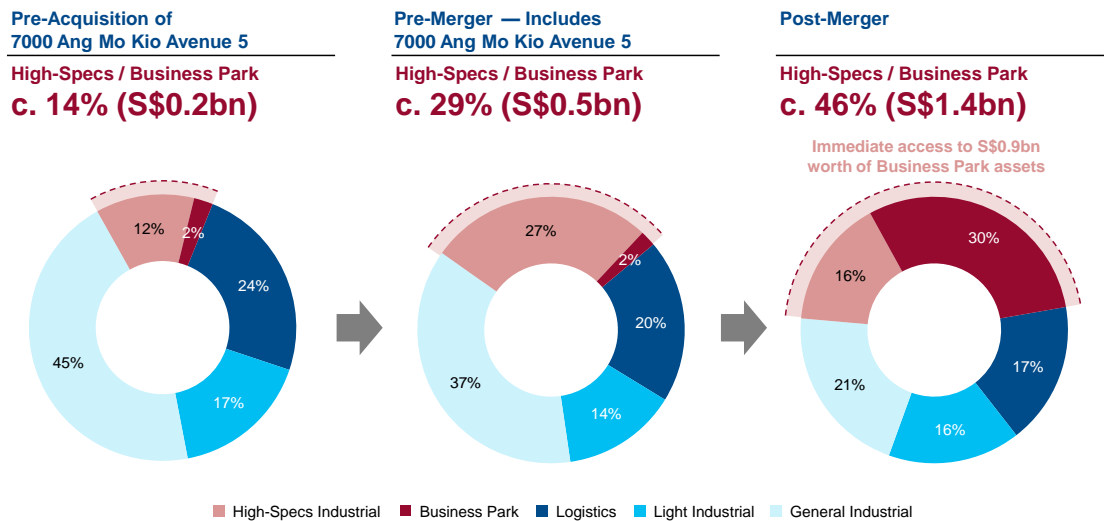
The VIT portfolio acquired through the Merger will provide immediate access into the Business Parks and High-Specs sectors. The Business Parks and High-Specs sectors will make up approximately 46% of the Enlarged Trust's portfolio. This will allow the Enlarged Trust to successfully leverage on Singapore's Industry 4.0 initiatives amidst the low supply of Business Parks.

This is in line with ESR-REIT's strategy of acquisitions and Asset Enhancement Initiatives ("**AEI**") in three (3) key sectors: (1) General Industrial, (2) High-Specs and (3) Logistics. ESR-REIT had announced an untapped GFA of approximately 495,000 square feet in the property at 7000 Ang Mo Kio Avenue 5 which could potentially unlock value, on top of an AEI to convert the property at 30 Marsiling Industrial Estate Road 8 from a General Industrial asset into a High-Specs asset which may potentially provide a higher yield.



(c) **Increased Exposure to Tenant Profiles from High-Specs and Business Parks Sectors from approximately 14% to approximately 46%**

Post the Merger, the Enlarged Trust's exposure to the High-Specs and Business Parks sectors would increase from approximately 14% (approximately S\$0.2 billion) to approximately 46% (approximately S\$1.4 billion) out of a total pro forma portfolio valuation of approximately S\$2.9 billion.



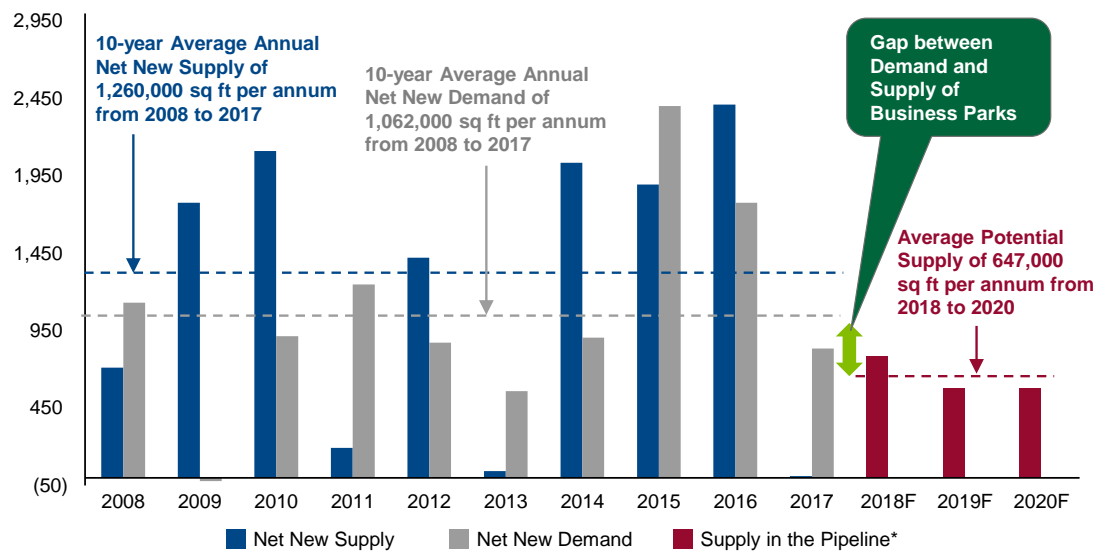
Source: Company Filings.

Notes: (3) Based on ESR-REIT portfolio valuation as at 31 March 2018, excluding adjustments for 100% of the valuation of 7000 Ang Mo Kio Avenue 5 (the acquisition of an 80% interest in 7000 AMK LLP, formerly known as 7000 AMK Pte. Ltd., which was completed on 14 December 2017). (4) Based on ESR-REIT portfolio valuation as at 31 March 2018. (5) Based on VIT portfolio valuation as at 31 March 2018.

(d) **High and Stable Rents of High-Specs / Business Parks Sector Supported by Scarcity of Supply**

The scarcity of Business Parks supply has created a gap between demand and supply. The expected supply of Business Parks over the next three (3) years is significantly below the historical 10-year average demand. The Business Parks and High-Specs sectors have consistently commanded the highest rental rates among industrial properties. In the 1st quarter of 2018, the average industrial rents of Business Parks and High-Specs assets were S\$4.30 per square foot per month and S\$3.15 per square foot per month respectively (see graph on next page).

Historic and Future Pipeline of Business Parks⁽⁶⁾ (Net Floor Area '000 sq ft)

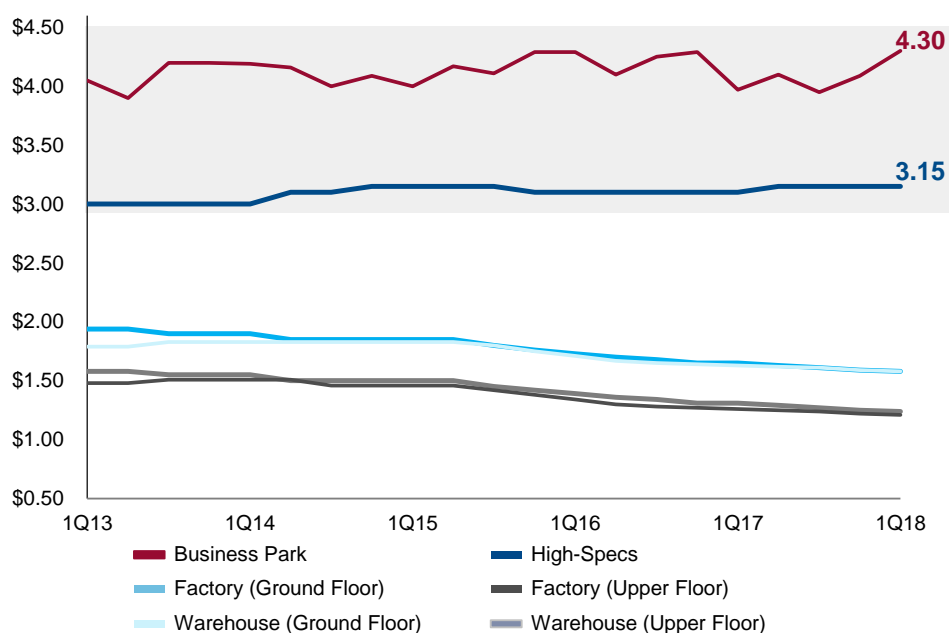


* Gross potential supply is adjusted to net floor area based on Knight Frank's assumption of 85% space efficiency factor for Business Park Developments

Sources: JTC, Knight Frank Consultancy & Research, CBRE.

Note: (6) As at 31 December 2017.

Average Industrial Rents (\$\$ / sq ft / month)



Sources: JTC, Knight Frank Consultancy & Research, CBRE.

4.3 Enlarged Trust's Future Growth Well-Supported by Strong and Committed Developer-Sponsor

The Enlarged Trust will benefit from being well-supported by Developer-Sponsor, ESR – a leading Pan-Asian logistics real estate developer, operator and fund manager. ESR's S\$125 million backstop in ESR-REIT's equity fund raising via the issue of up to 262.8 million new ESR-REIT Units, launched on 27 February 2018 and completed on 28 March 2018 (the "**Preferential Offering**") is a validation of ESR's financial commitment.

ESR has a regional presence across China, Japan, Singapore, South Korea, India and Australia, with a total GFA of approximately 10 million square metres in operation and under development and total external assets under management of more than US\$11 billion.

With ESR's support, the Enlarged Trust will be able to leverage off ESR's strong network of strategic relationships with leading global e-commerce companies, retailers, logistics service providers and manufacturers and at the same time, have the opportunity to acquire ESR's visible pipeline of assets. This will facilitate the Enlarged Trust's scalable growth and overseas expansion in future.

4.4 DPU Accretive on a Historical Pro Forma Basis

Assuming that the Merger had been completed on 1 January 2015, the distribution per ESR-REIT Unit ("**DPU**") for the financial year ended 31 December 2017 would have increased from 3.853 Singapore cents to 4.068 Singapore cents, translating to a DPU accretion of 5.6%.

Post the Merger, the gearing of the Enlarged Trust will be 38.9%.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1 For the purposes of Chapter 10 of the Listing Manual, the relative figures of the Merger computed on the bases set out in Rule 1006(b) to (d) of the Listing Manual are as follows. The figures are based on the unaudited first quarter financial statements for the period ended 31 March 2018 for ESR-REIT (being the latest announced financial statements of ESR-REIT) and the unaudited financial statements for the first quarter ended 31 March 2018 for VIT (being the latest announced financial statements of VIT):

Bases	VIT and its subsidiaries ("VIT Group") (million)	ESR-REIT and its subsidiaries ("ESR-REIT Group") (million)	Relative figures (%)
Net property income attributable to the assets acquired, compared with the group's net property income. ⁽¹⁾	S\$21.1	S\$23.8	88.6
The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. ⁽²⁾	S\$936.7	S\$831.4	112.7
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	1,561.2	1,583.7	98.6

Notes:

(1) In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.

(2) Market capitalisation is based on S\$0.525 per ESR-REIT Unit (as at close of trading on 17 May 2018) and 1,583,701,947 ESR-REIT Units in issue.

5.2 Pursuant to Rule 1015(1)(a) of the Listing Manual, where an acquisition of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 is 100 per cent. or more, or is one which will result in a change of control of the issuer, the transaction is classified as a "very substantial acquisition" or "reverse takeover" respectively.

As shown in the table above, the relative figure of the Merger computed on the basis set out in Rule 1006(c) of the Listing Manual exceeds 100 per cent. Accordingly, the Merger is considered a "very substantial acquisition" under Chapter 10 of the Listing Manual.

5.3 The ESR-REIT Manager has sought, and obtained on 17 May 2018, a waiver from the SGX-ST of Rule 1015(1)(a)(ii) of the Listing Manual, which requires the announcement of the latest three (3) years of pro forma financial information of the assets to be acquired immediately after the terms of the acquisition have been agreed (the "**1015(1)(a)(ii) Waiver**"), subject to the satisfaction of the following conditions:

- (a) ESR-REIT announcing the 1015(1)(a)(ii) Waiver, the reasons for seeking the 1015(1)(a)(ii) Waiver, the conditions as required under Rule 107 of the Listing Manual and if the 1015(1)(a)(ii) Waiver conditions have been satisfied. If the 1015(1)(a)(ii) Waiver conditions have not been met on the date of the Announcement, ESR-REIT must make an update announcement when the conditions have all been met;
- (b) ESR-REIT providing the key historical financial information on VIT for the past three (3) financial years in the Announcement on the Merger; and
- (c) disclosure of the 1015(1)(a)(ii) Waiver in ESR-REIT's circular to ESR-REIT Unitholders in relation to the Merger.

This Announcement contains the information required to be announced under paragraph 5.3(a) above. The 1015(1)(a)(ii) Waiver conditions have been satisfied, save for the condition in paragraph 5.3(c) above which can only be satisfied when the circular to ESR-REIT Unitholders in relation to the Merger is issued. The ESR-REIT Manager confirms that the 1015(1)(a)(ii) Waiver will also be disclosed in the said circular as required by the condition in paragraph 5.3(c) above.

In relation to the condition in paragraph 5.3(b) above, the key historical financial information on VIT for the past three (3) financial years is set out in **Schedule 4** to this Announcement.

The 1015(1)(a)(ii) Waiver was sought in light of the fact that VIT had acquired a considerable number of assets and committed significant capital expenditure to its properties in FY2015 and FY2016. The number of adjustments required to prepare the pro forma financial information for FY2015 and FY2016 would hence be significant and such pro forma financial information would show materially different and non-comparable outcomes to the actual audited information. Furthermore, in almost all cases with REIT acquisitions, it is not possible to obtain relevant audited financial information for newly-acquired properties prior to acquisition in order to make the necessary pro forma adjustments. For the foregoing reasons, the 1015(1)(a)(ii) Waiver was sought.

6. VALUE OF THE STAPLED SECURITIES

- 6.1 Based on the latest announced financial statements of VIT, being the unaudited financial statements for the first quarter ended 31 March 2018 for VIT:
 - (a) the net asset value ("**NAV**") and net tangible asset value ("**NTA**") of VIT as at 31 March 2018 were S\$741,087,000 and S\$739,134,000 respectively; and
 - (b) the quarterly net profit before income tax, minority interests and extraordinary items attributable to the Stapled Securities as at 31 March 2018 was approximately S\$15.5 million.
- 6.2 Based on the volume weighted average price of \$0.890 per Stapled Security with reference to the 1-month period up to and including 17 May 2018 (being the last trading day on which the Stapled Securities were traded prior to the date of the Implementation Agreement), the latest available open market value of the Stapled Securities is approximately S\$869 million.

7. SOURCE OF FUNDS FOR THE MERGER

- 7.1 The Scheme Consideration for the Merger will be satisfied through the allotment and issue of approximately 1,561.2 million Consideration Units at S\$0.54 each and the aggregate cash payment of S\$93.7 million to the Stapled Securityholders.
- 7.2 In connection with the Merger and the Scheme, the ESR-REIT Trustee has obtained unsecured banking facilities from United Overseas Bank Limited, RHB Bank Berhad (Singapore Branch), The Hongkong and Shanghai Banking Corporation Limited and Malayan Banking Berhad, Singapore Branch. The proceeds of such facilities will be applied towards the following purposes:
- (a) the part refinancing of existing loan facilities granted to the ESR-REIT Trustee;
 - (b) the refinancing in full of the indebtedness under (i) existing loan facilities granted to the VI-REIT Trustee, and (ii) the S\$500,000,000 multicurrency medium term note programme established by Viva iTrust MTN Pte. Ltd. as issuer and the VI-REIT Trustee as guarantor, on 28 August 2014;
 - (c) the part financing of the Cash Consideration for the Scheme; and
 - (d) the payment of costs, fees and expenses (including taxes) incurred by or on behalf of the ESR-REIT Trustee in connection with the Scheme.
- 7.3 The Consideration Units will be issued and credited as fully paid to the Stapled Securityholders upon the Scheme becoming effective in accordance with its terms. The issue of the Consideration Units requires approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution under the ESR-REIT Trust Deed.
- 7.4 The ESR-REIT Manager will be submitting an additional listing application to the SGX-ST for the listing and quotation of the Consideration Units on the Main Board of the SGX-ST. An announcement will be made in due course to notify the ESR-REIT Unitholders when the approval-in-principle from the SGX-ST is obtained.

8. FINANCIAL EFFECTS OF THE MERGER

- 8.1 The pro forma financial effects of the Merger (and the related transactions in connection therewith) on (a) the DPU; (b) the earnings per ESR-REIT Unit ("**EPU**"); (c) the NAV per ESR-REIT Unit; and (d) the NTA per ESR-REIT Unit are set out in **Schedule 3** to this Announcement.
- 8.2 The financial effects of the Merger on ESR-REIT as set out in **Schedule 3** to this Announcement are for illustrative purposes only and do not reflect the actual financial performance or position of ESR-REIT after the Merger. The financial effects of the Merger have been prepared based on ESR-REIT's and VIT's audited financial statements for FY2017, after making certain adjustments that are directly attributable to the Merger.

For the avoidance of doubt, such financial effects do not take into account any corporate actions announced and undertaken by the ESR-REIT Group subsequent to 1 January 2018 (save for the Preferential Offering).

Please refer to the Joint Announcement for full details on the pro forma financial effects of the Merger.

9. THE MERGER AS AN INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION

- 9.1 Mr. Tong holds an aggregate interest (deemed and direct) in 289,306,851 ESR-REIT Units, which is equivalent to approximately 18.27% of the total number of ESR-REIT Units, and is therefore regarded as a controlling ESR-REIT Unitholder under both the Listing Manual and the Property Funds Appendix. Accordingly, Mr. Tong and his associates are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of ESR-REIT.
- 9.2 As stated in paragraph 2.4, Mr. Tong is the largest Stapled Securityholder holding an aggregate interest (deemed and direct) in 487,961,281 Stapled Securities, representing approximately 50.01% of all Stapled Securities. Mr. Tong is also deemed interested in a majority of the shares of the VIT Managers, as SSPL, which is wholly-owned by Mr. Tong, owns 62.0% equity interest in Maxi Capital Pte. Ltd. which in turn owns 55.55% equity interest in VIM, the holding company of the VIT Managers as well as of Viva Real Estate Asset Management Pte. Ltd. (the "**VIT Property Manager**"). The VIT Managers and the VIT Property Manager are wholly-owned by VIM. The aggregate interest of Mr. Tong in the Stapled Securities referred to above in this paragraph 9.2 includes his deemed interest in the Stapled Securities held by the VI-REIT Manager and the VIT Property Manager. The VIT Managers and VIT are therefore considered as associates of Mr. Tong under the Listing Manual and the Property Funds Appendix.
- 9.3 Accordingly, the Implementation Agreement (entered into *inter alia* with the VIT Managers and the VI-REIT Trustee) and the Merger will constitute an "interested person transaction" (for purposes of the Listing Manual) as well as an "interested party transaction" (for purposes of the Property Funds Appendix) of ESR-REIT. In addition, as Sunrise (BVI) Limited and e-Shang Infinity Cayman Limited are Stapled Securityholders, holding an aggregate interest in 36,629,800 Stapled Securities, representing approximately 3.75% of all Stapled Securities, the SGX-ST has indicated that it considers them to be (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of ESR-REIT in connection with the Merger.
- 9.4 Under Chapter 9 of the Listing Manual, where an issuer proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the listed group's latest audited NTA, unitholders' approval is required in respect of the transaction. Further, under Paragraph 5 of the Property Funds Appendix, a property fund is also required to make an immediate announcement and obtain a majority vote at a participants' meeting, if the value of the transaction with an interested party is equal to or exceeds 5.0% of its NAV.
- 9.5 Based on ESR-REIT's latest audited financial statements for FY2017, its NTA and NAV as at 31 December 2017 was approximately S\$778.9 million. The aggregate value of the Merger, being approximately S\$936.7 million, represents approximately 120.3% of the latest audited NTA and NAV of ESR-REIT. Accordingly, as this value exceeds 5.0% of the NTA and NAV of ESR-REIT, the Merger will require the approval of the ESR-REIT Unitholders. Pursuant to Rule 919 of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix, Mr. Tong and his associates and e-Shang Infinity Cayman Limited and its associates will abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Merger at an extraordinary general meeting of ESR-REIT to be convened (the "**EGM**").

10. OTHER INTERESTED PERSON TRANSACTIONS FOR THE CURRENT FINANCIAL YEAR

- 10.1 There were no interested person transactions entered into between ESR-REIT and Mr. Tong (and/or his associates) during the course of the current financial year up to the Announcement Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.
- 10.2 The total value of interested person transactions, excluding transactions which are less than S\$100,000, involving ESR-REIT with e-Shang Infinity Cayman Limited and its associates, during the course of the current financial year up to 30 April 2018, is approximately S\$4.3 million, comprising fees payable to the ESR-REIT Manager under the ESR-REIT Trust Deed and fees and commissions payable to the property manager of ESR-REIT under the property management agreement.
- 10.3 The total value of interested person transactions, excluding transactions which are less than S\$100,000, involving ESR-REIT with interested persons other than Mr. Tong, e-Shang Infinity Cayman Limited and their respective associates, during the course of the current financial year up to 30 April 2018, is approximately S\$139,000, comprising fees payable to the ESR-REIT Trustee.

11. THE WHITEWASH RESOLUTION IN RELATION TO MR. TONG AND HIS CONCERT PARTIES

- 11.1 As set out in paragraph 2.4, Mr. Tong holds an aggregate interest in 50.01% of all Stapled Securities. Accordingly, as a result of the allotment and issue of the Consideration Units on completion of the Merger and the Scheme, Mr. Tong's unitholding interest in ESR-REIT will increase to more than 30% and this will trigger the requirement to make a mandatory general offer under Rule 14 of the Code for the remaining ESR-REIT Units not already owned, controlled or agreed to be acquired by Mr. Tong and his concert parties upon completion of the Merger and the Scheme (unless otherwise waived). As such, under the Implementation Agreement, it is a Scheme Condition that the SIC confirms that the Tong Group (which comprises Leading Wealth Global Inc, Longemont Real Estate Pte. Ltd., Shanghai Summit (Group) Co. Ltd, SSPL, Wealthy Fountain Holdings Inc, Skyline Horizon Consortium Ltd, and Mr. Tong Yu Lou) is exempted from the requirements to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme, and that the independent ESR-REIT Unitholders approve the waiver of their rights to receive a mandatory general offer from the Tong Group in connection with the allotment and issue of the Consideration Units pursuant to the Merger.
- 11.2 In light of the above, the ESR-REIT Manager has made an application to the SIC to seek, *inter alia*, a waiver of the obligations of the Tong Group to make a mandatory general offer for ESR-REIT under Rule 14 of the Code by reason of the allotment and issue of Consideration Units to the Tong Group resulting in the Tong Group acquiring ESR-REIT Units which carry more than 30% of the voting rights in ESR-REIT. On 8 May 2018, the SIC waived the obligation under Rule 14 of the Code for the Tong Group to make a general offer for ESR-REIT in the event that the Merger via the Scheme results in the Tong Group acquiring ESR-REIT Units which carry 30% or more of the voting rights in ESR-REIT based on ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme (the "**Whitewash Waiver**"), subject to the satisfaction of the following conditions (collectively, the "**SIC Conditions**"):
- (a) a majority of holders of voting rights of ESR-REIT approve at a general meeting, before the Merger via the Scheme, a resolution (the "**Whitewash Resolution**") by way of a poll to waive their rights to receive a general offer from the Tong Group;

- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Tong Group, parties acting in concert with them and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Tong Group and its concert parties did not acquire or are not to acquire any ESR-REIT Units or instruments convertible into and options in respect of ESR-REIT Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new ESR-REIT Units which have been disclosed in the circular to be despatched to the ESR-REIT Unitholders in due course, including the subscription by the Tong Group of ESR-REIT Units pursuant to the Preferential Offering):
 - (i) during the period between the date of the initial announcement of the proposed Merger of VIT and ESR-REIT (i.e. 29 January 2018) and the date ESR-REIT Unitholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the initial announcement of the proposed Merger of VIT and ESR-REIT (i.e. 29 January 2018), but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the ESR-REIT Manager in relation to the Merger via the Scheme;
- (e) ESR-REIT appoints an independent financial adviser to advise the independent ESR-REIT Unitholders on the Whitewash Resolution;
- (f) ESR-REIT sets out clearly in the circular to be despatched to the ESR-REIT Unitholders in due course:
 - (i) details of the Merger via the Scheme;
 - (ii) the dilution effect of the Tong Group's acquisition of Consideration Units as a result of the Merger via the Scheme to existing holders of voting rights in ESR-REIT;
 - (iii) the number and percentage of voting rights in ESR-REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of ESR-REIT Units held by the Tong Group and their concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Tong Group as a result of the Merger via the Scheme; and
 - (v) that ESR-REIT Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Tong Group at the highest price paid by the Tong Group and their concert parties for ESR-REIT Units in the past six (6) months preceding the commencement of the offer;
- (g) the circular by ESR-REIT to the ESR-REIT Unitholders states that the Whitewash Waiver is subject to the SIC Conditions stated in paragraphs 11.2(a) to 11.2(f);
- (h) the Tong Group obtains the SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and

- (i) to rely on the Whitewash Resolution, the issue of Consideration Units to the Tong Group pursuant to the Merger via the Scheme must be completed within three (3) months of the approval of the Whitewash Resolution.

The ESR-REIT Manager understands that the Tong Group does not intend to, or wish to be subject to the obligation to, make a mandatory general offer for ESR-REIT as a result of the Merger and the Scheme. As such, in accordance with the SIC Condition set out in paragraph 11.2(a), ESR-REIT will be seeking the independent ESR-REIT Unitholders' approval of the Whitewash Resolution at the EGM.

12. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

- 12.1 Pursuant to Chapter 9 of the Listing Manual, the ESR-REIT Manager has appointed Australia and New Zealand Banking Group Limited, Singapore Branch ("**ANZ**") as the independent financial adviser 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 "**Independent Directors (IPT)**") as to whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders.
- 12.2 In addition to the foregoing, ANZ has also been appointed as the independent financial adviser to advise the directors who are considered independent for the purposes of the Whitewash Resolution (the "**Independent Directors (Whitewash)**") as to whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable.
- 12.3 A copy of the letter from ANZ to the Independent Directors (IPT), Independent Directors (Whitewash) and the members of the ARCC will be included in the circular to be despatched to the ESR-REIT Unitholders in due course.

13. STATEMENT OF AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The ARCC will obtain an opinion from ANZ before forming its view on whether the Merger as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders. The ARCC's views on the Merger will be set out in the circular to be despatched to the ESR-REIT Unitholders in due course.

14. FINANCIAL ADVISERS

Citigroup Global Markets Singapore Pte. Ltd., RHB Securities Singapore Pte. Ltd. and United Overseas Bank Limited are the financial advisers to the ESR-REIT Manager in respect of the Merger and the Scheme.

15. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

- 15.1 ESR-REIT will convene an EGM to seek the approval of the ESR-REIT Unitholders for:
 - (a) the Merger;
 - (b) the issue of approximately 1,561.2 million new ESR-REIT Units to the Stapled Securityholders as Consideration Units for the Merger; and

(c) the Whitewash Resolution,

and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Independent Directors (Whitewash) and the Independent Directors (IPT) in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the ESR-REIT Unitholders in due course.

15.2 In respect of each of the resolutions referred to in paragraphs 15.1(a) and (c), the ESR-REIT Manager is seeking approval by way of Ordinary Resolutions. In respect of the resolution referred to in paragraph 15.1(b), the ESR-REIT Manager is seeking approval by way of an Extraordinary Resolution. Each of the resolutions shall be conditional upon the passing of the other resolutions.

16. ABSTENTIONS FROM VOTING

Mr. Tong, e-Shang Infinity Cayman Limited and their Respective Associates to Abstain from Voting

Under Rule 919 of the Listing Manual, where a meeting is held to obtain unitholders' approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

Pursuant to the SIC Conditions, the Tong Group as well as parties acting in concert with them and parties not independent of the Tong Group must also abstain from voting on the Whitewash Resolution.

Accordingly, Mr. Tong and his associates will abstain from voting on any of the resolutions at the EGM. e-Shang Infinity Cayman Limited and its associates will abstain from voting on the resolutions listed in paragraphs 15.1(a) and (b). Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of any of the resolutions set out above unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

17. DIRECTORS' SERVICE CONTRACTS

It is intended that pursuant to the Manager Arrangements and subject to the receipt of regulatory approvals, SSPL will subscribe for new shares in the ESR-REIT Manager on completion of the Merger, taking a stake of 25.0% in the ESR-REIT Manager. As stated in paragraph 3.6, it is also intended that following such completion and subject to evaluation by the Nominating and Remuneration Committee of the ESR-REIT Manager and approval of the board of directors of the ESR-REIT Manager and the MAS, certain directors and key management staff of the VI-REIT Manager will be joining the ESR-REIT Manager.

18. INTERESTS OF DIRECTORS AND SUBSTANTIAL ESR-REIT UNITHOLDERS

18.1 Directors' Interests in ESR-REIT Units

The interests of the directors of the ESR-REIT Manager in ESR-REIT Units, as recorded in the Register of Directors' Unitholdings as at the Announcement Date, are set out below.

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	%*	No. of ESR-REIT Units	%*	No. of ESR-REIT Units	%*
Mr Ooi Eng Peng	–	–	–	–	–	–
Mr Bruce Kendle Berry	–	–	–	–	–	–
Mr Erle William Spratt	–	–	–	–	–	–
Mr Philip John Pearce	–	–	–	–	–	–
Mr Akihiro Noguchi	–	–	–	–	–	–
Mr Jeffrey David Perlman	–	–	–	–	–	–
Mr Jeffrey Shen Jinchu	–	–	–	–	–	–
Mr Adrian Chui Wai Yin	–	–	–	–	–	–

Notes:

* The percentage interest is based on ESR-REIT Units in issue as the Announcement Date, being 1,583,701,947 ESR-REIT Units.

18.2 Interests of Substantial ESR-REIT Unitholders in ESR-REIT Units

The interests of the substantial ESR-REIT Unitholders in ESR-REIT Units, as recorded in the Register of Substantial Unitholders as at the Announcement Date, are set out below.

Substantial ESR-REIT Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†
Tong Jinquan	85,210,531	5.4	204,096,320 ⁽¹⁾	12.9	289,306,851	18.3
Shanghai Summit Pte. Ltd.	–	–	204,096,320 ⁽²⁾	12.9	204,096,320	12.9
Wealthy Fountain Holdings Inc	190,924,226	12.1	– ⁽³⁾	–	190,924,226	12.1
e-Shang Cayman Limited	163,019,650	10.3	47,692,224 ⁽⁴⁾	3.0	210,711,874	13.3
e-Shang Cayman Limited	–	–	210,711,874 ⁽⁵⁾	13.3	210,711,874	13.3
ESR Cayman Limited	–	–	210,711,874 ⁽⁶⁾	13.3	210,711,874	13.3
WP OCIM One LLC	–	–	210,711,874 ⁽⁷⁾	13.3	210,711,874	13.3
WP X Investment VI Ltd.	–	–	210,711,874 ⁽⁸⁾	13.3	210,711,874	13.3
Warburg Pincus Private Equity X, L.P.	–	–	210,711,874 ⁽⁹⁾	13.3	210,711,874	13.3

Substantial ESR-REIT Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†
Warburg Pincus X, L.P.	–	–	210,711,874 ⁽¹⁰⁾	13.3	210,711,874	13.3
Warburg Pincus LLC	–	–	210,711,874 ⁽¹¹⁾	13.3	210,711,874	13.3
Warburg Pincus X GP L.P.	–	–	210,711,874 ⁽¹²⁾	13.3	210,711,874	13.3
WPP GP LLC	–	–	210,711,874 ⁽¹³⁾	13.3	210,711,874	13.3
Warburg Pincus Partners, L.P.	–	–	210,711,874 ⁽¹⁴⁾	13.3	210,711,874	13.3
Warburg Pincus Partners GP LLC	–	–	210,711,874 ⁽¹⁵⁾	13.3	210,711,874	13.3
Warburg Pincus & Co.	–	–	210,711,874 ⁽¹⁶⁾	13.3	210,711,874	13.3
Charles R. Kaye	–	–	210,711,874 ⁽¹⁷⁾	13.3	210,711,874	13.3
Joseph P. Landy	–	–	210,711,874 ⁽¹⁸⁾	13.3	210,711,874	13.3

Notes:

* Based on substantial ESR-REIT Unitholders' disclosures in respect of interests in securities.

† The percentage interest is based on ESR-REIT Units in issue as at the Announcement Date, being 1,583,701,947 ESR-REIT Units.

- (1) Mr. Tong Jinquan is the sole shareholder of Shanghai Summit Pte. Ltd. which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly.
- (2) Shanghai Summit Pte. Ltd. is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly.
- (3) Wealthy Fountain Holdings Inc is wholly-owned by Mr. Tong Jinquan through Shanghai Summit Pte. Ltd.
- (4) 41,535,834 ESR-REIT Units are held by Sunrise (BVI) Limited, a wholly-owned subsidiary of e-Shang Infinity Cayman Limited. 6,156,390 ESR-REIT Units are held by the ESR-REIT Manager, of which 80% of the shares are indirectly owned by e-Shang Infinity Cayman Limited.
- (5) e-Shang Jupiter Cayman Limited owns the entire issued share capital of e-Shang Infinity Cayman Limited. As e-Shang Jupiter Cayman Limited has control of e-Shang Infinity Cayman Limited, it is deemed to have interests in the 210,711,874 ESR-REIT Units which e-Shang Infinity Cayman Limited has interests in (the "**Infinity Units**").
- (6) ESR Cayman Limited owns 95.2% of the issued share capital of e-Shang Jupiter Cayman Limited, which in turn owns the entire issued share capital of e-Shang Infinity Cayman Limited. As ESR Cayman Limited has control of e-Shang Infinity Cayman Limited, it is deemed to have interests in the 210,711,874 Infinity Units.
- (7) ESR Cayman Limited has control of e-Shang Infinity Cayman Limited and is deemed to have interests in the 210,711,874 Infinity Units. As WP OCIM One LLC has an interest in more than 20% of the issued share capital of ESR Cayman Limited, it is also deemed to have interests in the 210,711,874 Infinity Units.

- (8) WP OCIM One LLC has an interest in more than 20% of the issued share capital of ESR Cayman Limited and is deemed to have interests in the 210,711,874 Infinity Units. As WP X Investment VI Ltd. has a controlling interest in WP OCIM One LLC, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (9) WP X Investment VI Ltd. has a controlling interest in WP OCIM One LLC and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Private Equity X, L.P. has a controlling interest in WP X Investment VI Ltd., it is also deemed to have interests in the 210,711,874 Infinity Units.
- (10) Warburg Pincus Private Equity X, L.P. has a controlling interest in WP X Investment VI Ltd. and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus X, L.P. ("**WPXGP**") is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership ("**WPX**"), it is also deemed to have interests in the 210,711,874 Infinity Units.
- (11) WPXGP is the general partner having control of WPX and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus LLC ("**WP LLC**") is the manager having control of WPX, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (12) WPXGP is the general partner having control of WPX and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus X GP L.P. ("**WP X GP LP**") is the general partner having control of WPXGP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (13) WP X GP LP is the general partner having control of WPXGP, and is deemed to have interests in the 210,711,874 Infinity Units. As WPP GP LLC ("**WPP GP**") is the general partner having control of WP X GP LP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (14) WPP GP is the general partner having control of WP X GP LP, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Partners, L.P. ("**WP Partners**") is the managing member having control of WPP GP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (15) WP Partners is the managing member having control of WPP GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Partners GP LLC ("**WP Partners GP**") is the general partner having control of WP Partners, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (16) WP Partners GP is the general partner having control of WP Partners, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus & Co. ("**WP**") is the managing member having control of WP Partners GP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (17) WP is the managing member having control of WP Partners GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Charles R. Kaye is the Managing General Partner having control of WP and Managing Member and Co-Chief Executive Officer having control of WP LLC, he is also deemed to have interests in the 210,711,874 Infinity Units.
- (18) WP is the managing member of WP Partners GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Joseph P. Landy is the Managing General Partner having control of WP and Managing Member and Co-Chief Executive Officer having control of WP LLC, he is also deemed to have interests in the 210,711,874 Infinity Units.

18.3 **Directors' Holdings in Stapled Securities.** As at the Announcement Date, none of the directors of the ESR-REIT Manager owns, controls or has agreed to acquire any Stapled Securities.

18.4 **Substantial ESR-REIT Unitholders' Holdings in Stapled Securities.** As at the Announcement Date, Mr. Tong, a controlling ESR-REIT Unitholder, owns and/or controls an aggregate of 487,961,281 Stapled Securities, representing approximately 50.01% of the total issued Stapled Securities, the details of which are set out in **Schedule 1** to this Announcement. e-Shang Infinity Cayman Limited also owns and/or controls an aggregate of 36,629,800 Stapled Securities, representing approximately 3.75% of the total issued Stapled Securities.

18.5 Save as disclosed in this Announcement, none of the directors of the ESR-REIT Manager or substantial ESR-REIT Unitholders has any interest, direct or indirect, in the Merger.

19. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the ESR-REIT Manager at 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946 from the Announcement Date up to and including the date falling three (3) months after the Announcement Date:

- (a) the Implementation Agreement; and
- (b) the ESR-REIT Trust Deed.

20. FURTHER ANNOUNCEMENTS

The ESR-REIT Manager will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Merger, the Scheme, the Implementation Agreement and/or other matters contemplated by this Announcement.

21. RESPONSIBILITY STATEMENT

The directors of the ESR-REIT Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to VIT and/or the VIT Managers) are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from VIT and/or the VIT Managers, 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 Announcement. The directors of the ESR-REIT Manager jointly and severally accept responsibility accordingly.

22. CAUTION IN TRADING

ESR-REIT Unitholders and potential investors should note that the Merger is subject to the fulfilment of, *inter alia*, the Scheme Conditions set out above, including the obtaining of the relevant regulatory approvals, and accordingly, should exercise caution when trading in the ESR-REIT Units. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

18 May 2018

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited

as Manager of ESR-REIT

(Company Registration No. 200512804G,

Capital Markets Services Licence No. 100132-5)

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

ESR Funds Management (S) Limited

Citigroup Global Markets Singapore Pte. Ltd.

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Forward-Looking Statements

All statements other than statements of historical facts included in this 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 current view of future events, and the ESR-REIT Manager does not undertake any obligation to update publicly or revise any forward-looking statements.

SCHEDULE 1

SUBSTANTIAL STAPLED SECURITYHOLDERS

No.	Name	Direct Interest ⁽¹⁾	Deemed Interest ⁽¹⁾	Total Interest ⁽¹⁾
1.	Leading Wealth Global Inc ("LWG")	418,881,174 (42.93%)	-	418,881,174 (42.93%)
2.	Tong Jinquan	54,745,285 (5.61%)	433,215,996 ⁽²⁾⁽³⁾ (44.40%)	487,961,281 (50.01%)
3.	Longemont Real Estate Pte. Ltd. ("LRE")	-	418,881,174 ⁽²⁾ (42.93%)	418,881,174 (42.93%)
4.	Shanghai Summit (Group) Co., Ltd ("SSG")	-	418,881,174 ⁽²⁾ (42.93%)	418,881,174 (42.93%)
5.	Perpetual (Asia) Limited, in its capacity as trustee of Ho Lee Group Trust (" <u>HLGT Trustee</u> ")	65,941,771 (6.76%)	-	65,941,771 (6.76%)
6.	Tan Thuan Teck	342,900 (0.04%)	82,922,097 ⁽⁴⁾⁽⁵⁾ (8.50%)	83,264,997 (8.53%)
7.	Tan Hai Seng Benjamin	-	82,922,097 ⁽⁴⁾⁽⁵⁾ (8.50%)	82,922,097 (8.50%)
8.	Tan Hai Peng Micheal	-	82,922,097 ⁽⁴⁾⁽⁵⁾ (8.50%)	82,922,097 (8.50%)
9.	Ong Yew Lee	-	65,941,771 ⁽⁴⁾ (6.76%)	65,941,771 (6.76%)
10.	Tan Yong Hiang Priscilla	-	65,941,771 ⁽⁴⁾ (6.76%)	65,941,771 (6.76%)
11.	Seow Whye Pheng	-	65,941,771 ⁽⁴⁾ (6.76%)	65,941,771 (6.76%)
12.	Seow Hwye Min	-	65,941,771 ⁽⁴⁾ (6.76%)	65,941,771 (6.76%)
13.	Seow Whye Teck	355,000 (0.04%)	65,941,771 ⁽⁴⁾ (6.76%)	66,296,771 (6.79%)
14.	Seow Hwye Tiong	-	65,941,771 ⁽⁴⁾ (6.76%)	65,941,771 (6.76%)

15.	Loh Guik Kiang	-	65,941,771 ⁽⁴⁾ (6.76%)	65,941,771 (6.76%)
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Notes:

- (1) The percentages are calculated based on 975,758,607 issued Stapled Securities as at 4 April 2018.
- (2) LWG is a wholly-owned subsidiary of LRE, which is in turn wholly-owned by SSG, which is in turn wholly-owned by Tong Jinquan. Therefore, each of Tong Jinquan, LRE and SSG is deemed to be interested in the Stapled Securities held by LWG.
- (3) Shanghai Summit Pte. Ltd. (which is wholly-owned by Mr. Tong) owns 62.0% equity interest in Maxi Capital Pte. Ltd., which in turn owns 55.55% equity interest in VIM, which in turn owns 100.0% equity interest in the VI-REIT Manager and the VIT Property Manager. Therefore, Mr. Tong is deemed to be interested in the 14,334,822 Stapled Securities held by the VI-REIT Manager and the VIT Property Manager.
- (4) Each of Tan Thuan Teck, Tan Hai Seng Benjamin, Tan Hai Peng Micheal, Ong Yew Lee, Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwye Min, Seow Whye Teck, Seow Hwye Tiong and Loh Guik Kiang is a beneficiary of Ho Lee Group Trust and is therefore, deemed to be interested in the Stapled Securities held by HLGTT Trustee.
- (5) Each of Tan Thuan Teck, Tan Hai Seng Benjamin and Tan Hai Peng Micheal owns not less than 20.0% equity interest in Teck Lee Holdings Pte. Ltd., which in turn owns 81.25% equity interest in Ho Lee Group Pte Ltd ("**HLGPL**"). HLGPL owns 27.78% equity interest in VIM, which in turn owns 100.0% equity interest in both the VI-REIT Manager and the VIT Property Manager. Therefore, each of Tan Thuan Teck, Tan Hai Seng Benjamin and Tan Hai Peng Micheal is deemed to be interested in the 16,980,326 Stapled Securities held by HLGPL, the VI-REIT Manager and the VIT Property Manager.

SCHEDULE 2

SCHEME CONDITIONS

All capitalised terms used in this **Schedule 2** shall have the same meanings given to them in the Implementation Agreement or as defined in the Glossary.

The Merger is conditional upon the following:

- (a) Amendment of VIT Trust Deeds: the approval of Stapled Securityholders holding in aggregate not less than three-fourths of the total number of votes cast for and against the resolution at the Scheme Meeting for the amendment of the VIT Trust Deeds to include provisions that will facilitate the implementation of the Scheme as set out in the Implementation Agreement;
- (b) Stapled Securityholders' Approval for the Scheme: the approval of a majority in number of the Stapled Securityholders representing at least three-fourths in value of the Stapled Securities held by the Stapled Securityholders 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 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;
 - (ii) confirmation from the SIC that it has no objections to the Scheme Conditions;
 - (iii) confirmation from the SIC that the Manager Arrangements will not be regarded as a prohibited special deal under the Code, subject to any conditions that the SIC may deem fit to impose and the satisfaction of any conditions imposed by the SIC in its ruling;
 - (iv) confirmation from the SIC that the Tong Group be exempted from the requirements to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme;
 - (v) approval-in-principle from the SGX-ST for the Scheme Document and for the proposed delisting of VIT from the SGX-ST;
 - (vi) the approval-in-principle from the SGX-ST for the listing and quotation for the Consideration Units on the Main Board of the SGX-ST;
 - (vii) approval of HDB or JTC (as the case may be) under the Head Leases in respect of the following VIT Real Properties to the Merger (including, if applicable, the final written confirmation by HDB or JTC (as the case may be) that it has no objection to the Parties proceeding with completion of the implementation of the Scheme):
 - (A) the whole of Lot 8134N of Mukim 27 together with the building(s) thereon and known as 750 to 750E Chai Chee Road;

- (B) the whole of Lot 5085T of Mukim 23 together with the building(s) thereon and known as 11 Ubi Road 1 and Lot 6392X of Mukim 23; and
 - (C) the whole of Lots 2681M and 2682W of Mukim 17 together with the building(s) thereon and known as 11 Lorong 3 Toa Payoh;
- (viii) the approval from the MAS:
 - (A) pursuant to Section 97A of the Securities and Futures Act (Chapter 289 of Singapore) and Condition 1 of the VI-REIT Manager's capital markets services licence for the acquisition by the ESR-REIT Manager of all the issued and paid up shares in the capital of the VI-REIT Manager; and
 - (B) pursuant to Section 97A of the Securities and Futures Act (Chapter 289 of Singapore) and Condition 1 of the ESR-REIT Manager's capital markets services licence for the subscription by the Tong Group of a 25.0% shareholding interest in the ESR-REIT Manager; and
- (ix) the approval from the SGX-ST for the acquisition by ESR-REIT of all the Stapled Securities pursuant to the Scheme (if required);
- (e) ESR-REIT Unitholders' Approval for the Merger: the approval of the ESR-REIT Unitholders for:
 - (i) the Merger;
 - (ii) the issue of ESR-REIT Units in consideration for the Merger; and
 - (iii) the waiver of the requirement for the Tong Group to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme;
- (f) No Legal or Regulatory Restraint: between the date of the Implementation 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 implementation of the Scheme, being in effect as at the Record Date;
- (g) No Prescribed Occurrence: between the date of the Implementation Agreement and up to the Record Date, no Prescribed Occurrence in relation to the VIT Group and/or the ESR-REIT Group (as the case may be) occurs other than as required or contemplated by the Implementation Agreement or the Merger;
- (h) VIT Representations, Warranties and Covenants:
 - (i) there being no breach of the Warranties in relation to VIT which is material in the context of the Scheme as at the date of the Implementation 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); and
 - (ii) each of the VIT Managers having, as at the Record Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Record Date and which is material in the context of the Scheme;

- (i) ESR-REIT Representations, Warranties and Covenants:
- (i) there being no breach of the Warranties in relation to ESR-REIT which is material in the context of the Scheme as at the date of the Implementation 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); and
 - (ii) the ESR-REIT Manager having, as at the Record Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Record Date and which is material in the context of the Scheme;
- (j) Irrevocable Undertaking: contemporaneous with or prior to the execution of the Implementation Agreement, each of the Undertaking Stapled Securityholders enters into the VIT Deed of Undertaking with ESR-REIT, to, *inter alia*, vote all their Stapled Securities in favour of the Scheme at the Scheme Meeting; and
- (k) 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 VIT Group:
 - (A) in the consolidated net tangible asset value of the VIT Group by more than 10 per cent. as compared to the consolidated net tangible asset value of S\$739,134,000 as at 31 March 2018 as stated in the unaudited financial statements announcements for the first quarter ended 31 March 2018 of VIT as announced on 15 May 2018, and as reflected in the later of (1) the latest publicly released consolidated unaudited financial statement of VIT prior to the Record Date, and (2) the consolidated unaudited management balance sheet (prepared using the same accounting policies and methods of computation with those applied in the VIT Financial Statements) as at the calendar month-end of at least 28 calendar days prior to the Record Date; or
 - (B) in the consolidated gross revenue of the VIT Group for the 12-month period prior to the later of (1) the latest publicly released consolidated unaudited financial statement of VIT prior to Record Date, and (2) the consolidated unaudited management income statements (prepared using the same accounting policies and methods of computation with those applied in the VIT Financial Statements) as at the calendar month-end falling at least 28 calendar days prior to the Record Date, by more than 10 per cent. as compared to the consolidated gross revenue of the VIT Group of S\$112,976,000 for the 12-month period prior to 31 March 2018,

(in each case, a "**VIT Material Adverse Effect**"); and
 - (ii) in relation to the ESR-REIT Group:
 - (A) in the consolidated net tangible asset value of the ESR-REIT Group by more than 10 per cent. as compared to the consolidated net tangible asset value of S\$924,098,000 as at 31 March 2018 as stated in the unaudited financial statements announcement for the first quarter ended 31 March 2018 of ESR-REIT as announced on 20 April 2018, and as reflected in the later of (1) the

latest publicly released consolidated unaudited financial statement of ESR-REIT prior to the Record Date, and (2) the consolidated unaudited 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 of at least 28 calendar days prior to Record Date; or

- (B) in the consolidated gross revenue of the ESR-REIT Group for the 12-month period prior to the later of (1) the latest publicly released consolidated unaudited financial statement of ESR-REIT prior to Record Date, and (2) the consolidated unaudited management income statements (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, by more than 10 per cent. as compared to the consolidated gross revenue of the ESR-REIT Group of S\$115,571,000 for the 12-month period prior to 31 March 2018,

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

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

SCHEDULE 3

PRO FORMA FINANCIAL EFFECTS OF THE MERGER

1. DPU

The pro forma financial effects of the Merger on the DPU for the financial year ended 31 December 2017, assuming that the Merger had been completed on 1 January 2017, are as follows:

	Before the Merger	After the Merger
Distributable income (\$'000)	50,390	118,418
Issued ESR-REIT Units ('000)⁽¹⁾	1,313,623	2,910,835
DPU (cents)	3.853	4.068
Accretion (%)		5.6%

Notes:

(1) Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering.

2. EPU

The pro forma financial effects of the Merger on the EPU for the financial year ended 31 December 2017, assuming that the Merger had been completed on 1 January 2017, are as follows:

	Before the Merger	After the Merger
Total return after tax before change in fair value of investment properties, attributable to ESR-REIT Unitholders (\$'000)	47,278	100,786
Change in fair value of investment properties (\$'000)	(47,779)	(261,282) ⁽¹⁾
Net loss after tax attributable to ESR-REIT Unitholders (\$'000)	(501)	(160,496)
Weighted average ESR-REIT Units ('000)⁽²⁾	1,306,293	2,910,835
EPU (cents)	(0.038)	(5.514)

Notes:

- (1) Includes the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties which has no impact on distributable income.
- (2) Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering.

3. NAV per ESR-REIT Unit

The pro forma financial effects of the Merger on the NAV per ESR-REIT Unit as at 31 December 2017, assuming the Merger had been completed on 31 December 2017, are as follows:

	Before the Merger	After the Merger
NAV (S\$'000)⁽¹⁾	919,828	1,553,521
Number of issued ESR-REIT Units ('000)⁽²⁾	1,576,473	3,161,476
NAV per ESR-REIT Unit (cents)⁽³⁾	58.4	49.1

Notes:

- (1) Includes the net proceeds of S\$140.9 million raised in relation to the Preferential Offering.
- (2) Includes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering.
- (3) Lower NAV per ESR-REIT Unit after the Merger due to the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties and the dilution from Consideration Units and the acquisition fees for investment properties.

4. NTA per ESR-REIT Unit

The pro forma financial effects of the Merger on the NTA per ESR-REIT Unit as at 31 December 2017, assuming the Merger had been completed on 31 December 2017, are as follows:

	Before the Merger	After the Merger
NTA (S\$'000)⁽¹⁾	919,828	1,550,743 ⁽²⁾
Number of issued ESR-REIT Units ('000)⁽³⁾	1,576,473	3,161,476
NTA per ESR-REIT Unit (cents)⁽⁴⁾	58.4	49.0

Notes:

- (1) Includes the net proceeds of S\$140.9 million raised in relation to the Preferential Offering.
- (2) NTA excludes intangible assets of S\$2.8 million representing VIT's contractual rights to a rental support arrangement.
- (3) Includes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering.

- (4) Lower NAV per ESR-REIT Unit after the Merger due to the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties and the dilution from Consideration Units and the acquisition fees for investment properties.

INTRODUCTION

These pro forma financial effects have been prepared in connection with the Merger.

BASES AND ASSUMPTIONS UNDERLYING PRO FORMA FINANCIAL EFFECTS OF THE MERGER ON THE ENLARGED TRUST

Basis of Preparation

The unaudited pro forma consolidated financial effects of the Merger on the Enlarged Trust have been prepared for illustrative purposes only, and based on certain assumptions directly attributable to the Merger after making certain adjustments ("pro forma adjustments"), to show the pro forma financial effects of the Merger on:

- (a) the unaudited pro forma consolidated financial position of the Enlarged Trust as at 31 December 2017 as if the Merger had occurred on 31 December 2017; and
- (b) the unaudited pro forma consolidated statement of total return and distributable income of the Enlarged Trust for the year ended 31 December 2017 as if the Merger had occurred on 1 January 2015.

The unaudited pro forma consolidated financial effects, because of its nature, may not give a true picture of the actual financial position and financial results of the Enlarged Trust.

The unaudited pro forma consolidated financial effects of the Merger on the Enlarged Trust for the year ended 31 December 2017 have been compiled based on the following:

- (i) the audited consolidated financial statements of ESR-REIT for the year ended 31 December 2017, which were prepared in accordance with Singapore Financial Reporting Standards and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts";
- (ii) the audited consolidated financial statements of VI-REIT and VIT for the year ended 31 December 2017, which were prepared in accordance with Singapore Financial Reporting Standards and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"; and
- (iii) the audited consolidated financial statements of VI-BT for the year ended 31 December 2017, which were prepared in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore, and Singapore Financial Reporting Standards.

The auditors' reports on the consolidated financial statements of ESR-REIT and VIT do not contain any qualifications.

Assumptions

The pro forma financial effects of the Merger on the Enlarged Trust have been prepared on the following key assumptions:

Assuming that:

- (A) the consideration for the Merger is settled by way of approximately 1,561.2 million new ESR-REIT Units at an illustrative price of S\$0.54 and cash consideration of S\$93.7 million. The premium over net assets of VIT are allocated to VIT's investment properties;
- (B) VIT's borrowings and related interest rate swaps are replaced with new banking facilities, which include a S\$142.9 million revolving credit facility and S\$500 million term loans at a weighted average "all-in" finance cost of 3.7% per annum;
- (C) acquisition fees in respect of the acquisition of VIT's assets pursuant to the Merger are paid by way of approximately 23.8 million ESR-REIT Units at an illustrative price of S\$0.54;
- (D) VIT's fee structure for the asset and property management fees and trustee fees are replaced with the fee structure in the ESR-REIT Trust Deed and all of VIT's asset management fees are paid in units; and
- (E) the Preferential Offering at S\$0.54 per new ESR-REIT Unit to raise gross proceeds of S\$141.9 million was completed on 31 December 2017 and such proceeds were used to repay debts related to the acquisition of an 80% interest in 7000 AMK LLP (formerly known as 7000 AMK Pte. Ltd.) which was completed on 14 December 2017.

OTHER NOTES

Changes in fair value of investment properties

Included in the changes in fair value of investment properties are fair value adjustments of S\$213.5 million, which relate to acquisition-related costs and premium over net assets of VIT are allocated to VIT's investment properties, which have been made to record the investment properties at their carrying values as at 31 December 2017.

SCHEDULE 4

VIT'S AUDITED FINANCIAL INFORMATION

The summary of the financial information of VIT set out below is extracted from the audited financial statements of VIT for the financial years ended 31 December 2017, 31 December 2016 and 31 December 2015:

Viva Industrial Trust
Statement of Total Return of the Stapled Group
Year ended 31 December

	2017	2016	2015
	S\$'000	S\$'000	S\$'000
Gross revenue	111,663	95,119	73,989
Property expenses	(29,857)	(26,641)	(23,150)
Net property income	81,806	68,478	50,839
Rental support/rental arrangement	14,719	12,719	13,540
REIT Manager's fees	(8,743)	(6,163)	(5,100)
REIT Trustee's fees	(194)	(183)	(180)
Amortisation of intangible assets	(3,300)	(3,300)	(4,057)
Other trust expenses	(1,468)	(1,077)	(845)
Finance income	20	55	15
Finance expenses	(20,488)	(21,669)	(15,604)
Net income/(loss)	62,352	48,860	38,608
Change in fair value of investment properties	(20,457)	172	61,123
Change in fair value of derivative financial instruments	(811)	(4,092)	2,636
Total return for the year before income tax	41,084	44,940	102,367
Income tax expense	(2,481)	(2,145)	(2,227)
Total return for the year after income tax	38,603	42,795	100,140
Earnings per Stapled Security/Unit (cents)			
Basic	3.990	4.885	14.662
Diluted	3.990	4.885	14.662
Distribution per Stapled Security/Unit (cents)	7.472	6.958	7.000

Viva Industrial Trust
Statement of Financial Position of the Stapled Group

As at 31 December

	2017	2016	2015
	S\$'000	S\$'000	S\$'000
Non-current assets			
Subsidiary	–	–	–
Investment properties	1,284,700	1,199,700	1,123,200
Intangible assets	2,778	6,078	9,378
	<u>1,287,478</u>	<u>1,205,778</u>	<u>1,132,578</u>
Current assets			
Trade and other receivables	21,445	17,666	14,546
Derivative financial instruments	–	–	2,314
Cash and cash equivalents	9,472	30,462	48,884
	<u>30,917</u>	<u>48,128</u>	<u>65,744</u>
Total assets	<u>1,318,395</u>	<u>1,253,906</u>	<u>1,198,322</u>
Non-current liabilities			
Trade and other payables	8,700	7,986	8,444
Interest-bearing borrowings	420,774	461,509	305,173
Derivative financial instruments	2,476	1,778	–
	<u>431,950</u>	<u>471,273</u>	<u>313,617</u>
Current liabilities			
Trade and other payables	35,364	39,306	26,806
Interest-bearing borrowings	99,770	–	154,044
Derivative financial instruments	113	–	–
Income tax payable	4,626	4,380	2,235
	<u>139,873</u>	<u>43,686</u>	<u>183,085</u>
Total liabilities	<u>571,823</u>	<u>514,959</u>	<u>496,702</u>
Net assets	<u>746,572</u>	<u>738,947</u>	<u>701,620</u>
Represented by:			
Stapled Securityholders' funds			
Unitholders' funds of VI-REIT	746,549	738,919	701,589
Unitholders' funds of VI-BT	23	28	31
	<u>746,572</u>	<u>738,947</u>	<u>701,620</u>
Stapled Securities/ Units issued and issuable ('000)	975,759	934,090	863,119
Net asset value per Stapled Security/ Unit (cents)	<u>76.512</u>	<u>79.109</u>	<u>81.289</u>

Glossary

In this Announcement, the following definitions apply throughout unless otherwise stated or the context otherwise requires:

"1015(1)(a)(ii) Waiver"	:	The waiver from the SGX-ST of Rule 1015(1)(a)(ii) of the Listing Manual, which requires the announcement of the latest three (3) years of pro forma financial information of the assets to be acquired immediately after the terms of the acquisition have been agreed
"AEI"	:	Asset Enhancement Initiatives
"Announcement"	:	This announcement dated 18 May 2018
"Announcement Date"	:	The date of this Announcement
"ANZ"	:	Australia and New Zealand Banking Group Limited, Singapore Branch
"ARCC"	:	The ESR-REIT Manager's Audit, Risk Management and Compliance Committee
"Books Closure Date"	:	The books closure date to be announced by the VIT Managers on which the transfer books and the Register of Stapled Securityholders of VIT will be closed in order to determine the entitlements of the Stapled Securityholders in respect of the Scheme
"Business Day"	:	A day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore
"Cash Consideration"	:	S\$0.096 in cash per Stapled Security to be paid to the Stapled Securityholders as part of the consideration pursuant to the Scheme
"Code"	:	The Singapore Code on Take-overs and Mergers
"Consideration Units"	:	The new ESR-REIT Units to be issued to the Stapled Securityholders as part of the consideration pursuant to the Scheme
"DPU"	:	Distribution per ESR-REIT Unit
"Effective Date"	:	The date on which the Scheme becomes effective in accordance with its terms
"EGM"	:	Extraordinary general meeting of ESR-REIT
"Encumbrances"	:	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

- "Enlarged Trust"** : The enlarged ESR-REIT Group, with VIT as a sub-trust of ESR-REIT, following completion of the Merger
- "EPU"** : Earnings per ESR-REIT Unit
- "ESR-REIT Group"** : ESR-REIT and its subsidiaries
- "ESR-REIT Manager"** : ESR Funds Management (S) Limited, as manager of ESR-REIT
- "ESR-REIT Material Adverse Effect"** : Any 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 in the consolidated net tangible asset value or consolidated gross revenue of the ESR-REIT Group in the manner as set out in **Schedule 2** to this Announcement
- "ESR-REIT Permitted Distributions"** : Distributions that the ESR-REIT Manager is permitted under the Implementation Agreement to declare, make or pay to ESR-REIT Unitholders in the ordinary course of business in respect of the period from 1 January 2018 to the Effective Date and in respect of tax refunds (if any) received by ESR-REIT prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid
- "ESR-REIT Trust Deed"** : The deed of trust dated 31 March 2006 constituting ESR-REIT entered into between the ESR-REIT Manager and the ESR-REIT Trustee, as supplemented and amended by a first supplemental deed dated 15 August 2007, a second supplemental deed dated 28 January 2009, a third supplemental deed dated 13 November 2009, a fourth supplemental deed dated 27 January 2010, a fifth supplemental deed dated 22 April 2010, a sixth supplemental deed dated 2 February 2012, a seventh supplemental deed dated 18 November 2014, an eighth supplemental deed dated 27 May 2015, a ninth supplemental deed dated 15 March 2016, a tenth supplemental deed dated 15 March 2017 and an eleventh supplemental deed dated 20 June 2017
- "ESR-REIT Trustee"** : RBC Investor Services Trust Singapore Limited, as trustee of ESR-REIT
- "ESR-REIT Unit"** : Unit of ESR-REIT
- "ESR-REIT Unitholders"** : Unitholders of ESR-REIT
- "ESRIM"** : ESR Investment Management Pte. Ltd.
- "Extraordinary Resolution"** : A resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of ESR-REIT Unitholders convened in accordance with the provisions of the ESR-REIT Trust Deed

"FY"	:	Financial year
"GFA"	:	Gross floor area
"HLGPL"	:	Ho Lee Group Pte Ltd
"HLGT Trustee"	:	Perpetual (Asia) Limited, as trustee of Ho Lee Group Trust
"Implementation Agreement"	:	The Scheme Implementation Agreement dated 18 May 2018 entered into between the Parties
"Independent Directors (IPT)"	:	The directors of the ESR-REIT Manager who are considered independent for the purposes of the interested person transaction and interested party transaction
"Independent Directors (Whitewash)"	:	The directors of the ESR-REIT Manager who are considered independent for the purposes of the Whitewash Resolution
"Infinity Units"	:	The 210,711,874 ESR-REIT Units which e-Shang Infinity Cayman Limited has an interest in
"Joint Announcement"	:	The joint announcement dated 18 May 2018 released by the ESR-REIT Manager and the VIT Managers titled "Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement"
"JTC"	:	Jurong Town Corporation
"Listing Manual"	:	The listing manual of the SGX-ST
"LRE"	:	Longemont Real Estate Pte. Ltd.
"LWG"	:	Leading Wealth Global Inc
"Manager Arrangements"	:	The VI-REIT Manager Transaction and SSPL's intended acquisition of a 25.0% stake in the ESR-REIT Manager by utilising its portion of the consideration from the VI-REIT Manager Transaction
"MAS"	:	The Monetary Authority of Singapore
"Merger"	:	The proposed merger of all the issued and paid-up Stapled Securities held by the Stapled Securityholders and the ESR-REIT Units held by the ESR-REIT Unitholders by way of the Scheme, via the acquisition by ESR-REIT of all of the Stapled Securities
"Mitsui"	:	Mitsui & Co., Ltd
"Mr. Tong"	:	Mr. Tong Jinquan, a controlling Stapled Securityholder and a controlling ESR-REIT Unitholder as at the Announcement Date
"NAV"	:	Net asset value

"NTA"	:	Net tangible asset value
"Ordinary Resolution"	:	A resolution proposed and passed as such by a majority being greater than 50% or more of the total number of votes cast for and against such resolution at a meeting of ESR-REIT Unitholders convened in accordance with the provisions of the ESR-REIT Trust Deed
"Parties"	:	The VIT Managers, the VI-REIT Trustee, the ESR-REIT Manager and the ESR-REIT Trustee
"Preferential Offering"	:	The equity fund raising by ESR-REIT via the allotment and issue of up to 262.8 million new ESR-REIT Units, launched on 27 February 2018 and completed on 28 March 2018
"pro forma adjustments"	:	The adjustments made to show the pro forma financial effects of the Merger as set out in Schedule 3 to this Announcement
"Property Funds Appendix"	:	Appendix 6 of the Code on Collective Investment Schemes
"REIT"	:	Real estate investment trust
"S-REIT"	:	Singapore-listed REIT
"Scheme"	:	The trust scheme of arrangement in compliance with the Code
"Scheme Conditions"	:	The conditions precedent to the Scheme
"Scheme Consideration"	:	S\$0.96 per Stapled Security payable to the Stapled Securityholders under the Scheme
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited
"SIC"	:	The Securities Industry Council
"SIC Conditions"	:	The conditions imposed by the SIC for the grant of the Whitewash Waiver
"SSG"	:	Shanghai Summit (Group) Co., Ltd
"SSPL"	:	Shanghai Summit Pte. Ltd.
"Stapled Securities"	:	Stapled securities of VIT
"Stapled Securityholders"	:	Stapled securityholders of VIT
"Tong Group"	:	Mr. Tong and his concert parties (being Leading Wealth Global Inc, Longemont Real Estate Pte. Ltd., Shanghai Summit (Group) Co. Ltd, Shanghai Summit Pte. Ltd., Wealthy Fountain Holdings Inc, Skyline Horizon Consortium Ltd, and Mr. Tong Yu Lou)
"VI-BT"	:	Viva Industrial Business Trust
"VI-BT Trustee-Manager"	:	Viva Asset Management Pte. Ltd., as trustee-manager of VI-BT

"VI-REIT"	:	Viva Industrial Real Estate Investment Trust
"VI-REIT Manager"	:	Viva Industrial Trust Management Pte. Ltd., as manager of VI-REIT
"VI-REIT Manager Transaction"	:	The put and call option agreement intended to be entered into between the ESR-REIT Manager, in its own capacity as purchaser, with, <i>inter alia</i> , VIM as vendor, to acquire all of the issued shares of the VI-REIT Manager held by VIM
"VIM"	:	Viva Investment Management Pte. Ltd.
"VIT"	:	Viva Industrial Trust, a stapled group comprising VI-REIT and VI-BT
"VIT Group"	:	VIT and its subsidiaries
"VIT Managers"	:	The VI-REIT Manager and the VI-BT Trustee-Manager
"VIT Material Adverse Effect"	:	Any 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 in the consolidated net tangible asset value or consolidated gross revenue of the VIT Group in the manner as set out in Schedule 2 to this Announcement
"VIT Permitted Distributions"	:	Distributions that the VIT Managers are permitted under the Implementation Agreement to declare, make or pay to Stapled Securityholders in the ordinary course of business in respect of the period from 1 January 2018 to the Effective Date and in respect of tax refunds (if any) received by VIT prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid
"VIT Property Manager"	:	Viva Real Estate Asset Management Pte. Ltd.
"VI-REIT Trustee"	:	Perpetual (Asia) Limited, as trustee of VI-REIT
"Whitewash Resolution"	:	A resolution, by way of a poll, by a majority of holders of voting rights of ESR-REIT to waive their rights to receive a general offer from the Tong Group at a general meeting before the Merger via the Scheme
"Whitewash Waiver"	:	The waiver by the SIC of the obligations of the Tong Group to make a mandatory general offer for ESR-REIT under Rule 14 of the Code by reason of the allotment and issue of Consideration Units to the Tong Group resulting in the Tong Group acquiring ESR-REIT Units which carry more than 30% of the voting rights in ESR-REIT
"WP"	:	Warburg Pincus & Co.
"WP LLC"	:	Warburg Pincus LLC

"WP Partners"	: Warburg Pincus Partners, L.P.
"WP Partners GP"	: Warburg Pincus Partners GP LLC
"WP X GP LP"	: Warburg Pincus X GP L.P.
"WPP GP"	: WPP GP LLC
"WPX"	: Warburg Pincus Private Equity X, L.P., together with its affiliated partnership
"WPXGP"	: Warburg Pincus X, L.P.

All capitalised terms used and not defined in this 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 ESR-REIT Manager in Singapore from the Announcement Date up until the Effective Date.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

Any reference in this Announcement to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Announcement Date. Any term defined under the Listing Manual, the Code, the Property Funds Appendix or any modification thereof and used in this Announcement shall, where applicable, have the meaning assigned to it under the Listing Manual, the Code, the Property Funds Appendix or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Announcement are inserted for convenience only and shall be ignored in construing this Announcement.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof and respective percentages (if any), or discrepancies between figures included in the tables and figures in the text of this Announcement, are due to rounding. Accordingly, figures shown as totals in this Announcement may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day or date in this Announcement shall be a reference to time of day or date, as the case may be, in Singapore, unless otherwise stated.