Proposed Merger with Viva Industrial Trust (the “Merger”)

- Part 1: Merger
- Part 2: Proposed ESR-REIT Trust Deed Amendments

21 August 2018
Important Notice

This material shall be read in conjunction with ESR-REIT's annual report and audited financial statements for the financial period ended 31 December 2017 released on 2 April 2018, and the circular dated 7 August 2018 (the “Circular”).

Important Notice

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

Investors have no right to request that the ESR-REIT Manager redeem or purchase their ESR-REIT Units while the ESR-REIT Units are listed. It is intended that investors may only deal in their ESR-REIT Units through trading on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the ESR-REIT Units on the SGX-ST does not guarantee a liquid market for the ESR-REIT Units.

This material may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future ESR-REIT business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the ESR-REIT Manager’s current view of future events.

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

The directors of the ESR-REIT Manager (including those who may have delegated detailed supervision of this material) collectively and individually accept full responsibility for the accuracy of the information given in this material and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this material constitutes full and true disclosure of all material facts about the Merger, the whitewash resolution and the ESR-REIT Group, opinions expressed in this material have been arrived at after due and careful consideration, and the directors of the ESR-REIT manager are not aware of any facts, the omission of which would make any statement in this material misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the VIT Managers or its advisers or a named source, the sole responsibility of the directors of the ESR-REIT Manager has been to ensure that such information has been accurately and correctly extracted from such sources and/or reflected or reproduced in this material in its proper form and context.
Part 1: Merger
What are the Resolutions to be Approved?

Ordinary Resolution 1 (>50%)

The proposed merger of all the Stapled Securities held by the Stapled Securityholders and the ESR-REIT Units held by the ESR-REIT Unitholders, via the acquisition by ESR-REIT of all of the Stapled Securities by way of a Scheme

Ordinary Resolution 2 (>75%)

The proposed issue of approximately 1,561.2 million new ESR-REIT Units to the Stapled Securityholders as part of the consideration pursuant to the Merger

Ordinary Resolution 3 (>50%)

The proposed Whitewash Resolution(1) for the waiver by the Independent ESR-REIT Unitholders (Whitewash)(2) of their rights to receive a mandatory general offer from the Tong Group(3)

Extraordinary Resolution 2 (≥75%)

Resolutions 1, 2 and 3 are inter-conditional on the passing of each other and are also conditional upon the Scheme becoming effective(6)

The Tong Group, the Relevant ESR-REIT Unitholders(4), the ESR-REIT Manager and Mitsui(5) will abstain from voting on Resolutions 1, 2 and 3

Notes: Unless otherwise defined, defined terms in this material shall have the same meanings ascribed to them in the Circular. (1) The Ordinary Resolution proposed as Resolution 3 in the Notice of EGM to be approved, by way of a poll, by a majority of the Independent ESR-REIT Unitholders (Whitewash) at a general meeting of ESR-REIT to waive their rights to receive a mandatory general offer from the Tong Group who would incur an obligation to make a mandatory general offer under Rule 14 of the Code. (2) The ESR-REIT Unitholders who are considered independent for the purposes of the Whitewash Resolution, which, for the avoidance of doubt, excludes the Tong Group, parties acting in concert with the Tong Group and parties not considered independent of the Tong Group. (3) The Tong Group means 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, Mr. Tong Jinquan and Mr. Tong Yu Lou. (4) The Relevant ESR-REIT Unitholders are e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited. (5) Refers to Mitsui & Co., Ltd. which holds 20% of the issued shares of the ESR-REIT Manager as at the Latest Practicable Date. (6) Please refer to Schedule 3 to the Circular for the list of conditions precedent for the Scheme. This includes VIT Stapled Securityholders’ approval of the Scheme and court approval for the Scheme.
Advisers to ESR-REIT for the Merger

Financial Advisers

Legal Adviser

Public Relations Advisers

Auditor

Independent Financial Adviser
What has Happened?

- On 18 May 2018, the managers of ESR-REIT and VIT issued a joint announcement on the Merger by way of a trust scheme of arrangement.

- The Scheme Consideration payable to the Stapled Securityholders is: 

  **S$0.96 per Stapled Security**

- The Scheme Consideration will be satisfied via:

  - **10% in cash, 90% in new ESR-REIT Units**

  - **New ESR-REIT Units to be issued at S$0.54 per ESR-REIT Unit**

Notes: (1) On an ex-distributions basis. (2) Prior to the issuance of new ESR-REIT Units to the Stapled Securityholders, the ESR-REIT Unitholders will receive distributions declared for the period from 1 January 2018 to the effective date of the Scheme. The cash amount to be paid to a Stapled Securityholder will be rounded down to the nearest S$0.01. No fractions of a Consideration Unit shall be issued to any Stapled Securityholder. The number of Consideration Units which Stapled Securityholders will be entitled to pursuant to the Scheme, based on their holdings of Stapled Securities as at the Books Closure Date, will be rounded down to the nearest whole Consideration Unit and fractional entitlements shall be disregarded in the calculation of the Consideration Units to be issued to any Stapled Securityholder pursuant to the Scheme.
Who is Viva Industrial Trust?

Notes: (1) Based on valuation of VIT assets as at 31 March 2018. (2) As at 31 March 2018.
Why should ESR-REIT Merge with VIT?

1. Immediate Access to a Large Proportion of Business Parks

2. Enhanced Portfolio Quality

3. VI-REIT Manager’s Track Record in AEIs\(^{(1)}\)

Note: (1) Asset Enhancement Initiatives.
Immediate Access to a Large Proportion of Business Parks

Immediate access to S$0.9bn worth of Business Park assets, which are of an asset class that is expected to be low in supply in Singapore for the next three years.

Pre-Acquisition of 7000 Ang Mo Kio Avenue 5\(^{(1)}\)

- Business Park / High-Specs: c.14%
- Logistics: 24%
- Light and General Industrial: 45%
- High-Specs Industrial: 17%

Post-Merger\(^{(2)(3)}\)

- Business Park / High-Specs: c.46%
- Logistics: 30%
- Light and General Industrial: 16%
- High-Specs Industrial: 16%
- General Industrial: 2%

Average Monthly Rents
- Business Park / High-Specs: S$3.15 – S$4.30 psf
- Logistics: S$1.21 – S$1.58 psf
- Light and General Industrial: S$1.24 – S$1.58 psf

Sources: JTC, CBRE. Notes: (1) Based on ESR-REIT portfolio valuation as at 31 March 2018, excluding adjustments for the valuation of the property at 7000 Ang Mo Kio Avenue 5 (pursuant to the 7000 AMK Acquisition). (2) Based on ESR-REIT portfolio valuation as at 31 March 2018. (3) Based on VIT portfolio valuation as at 31 March 2018. (4) Logistics based on “Warehouse (Ground Floor)” and “Warehouse (Upper Floor)”, while Light and General Industrial is based on “Factory (Ground Floor)” and Factory (Upper Floor)” as defined by JTC. Please refer to page 10.
Scarcity of Supply in the Business Park Sector

Historical and Future Pipeline (Net Floor Area m sqft)

All Industrial Property

- 10y Average Supply: c.15.0m
- 10y Average Demand: c.12.3m

Business Parks (1)

- 10y Average Supply: c.1.3m
- 10y Average Demand: c.1.1m

Average Industrial Rents (S$ / sqft / month)

- Potential Average Supply: c.0.6m

Gap between Demand and Supply of Business Parks

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

Notes: (1) As at 31 December 2017. (2) Forecasted gross potential supply (2018F – 2020F) is adjusted to net floor area based on Knight Frank’s assumption of 85% space efficiency factor for Business Park Developments.
Enhanced Portfolio Quality

Diversified portfolio that is more resilient to market cycles with a network of 56 properties across Singapore

1. Undertake Asset Rejuvenation while Balancing Portfolio Risk and Returns

2. Diversify Asset and Tenant Concentration Risk

3. Economies of Scale Across Operations, Leasing and Marketing

4. Wider Product Suite Captures Larger Tenant Base

5. Stronger Bargaining Power with Service Providers

ESR REIT
3 VI-REIT Manager’s Track Record in AEIs

VI-REIT Management Team’s Expertise & Track Record

+ Aligned with ESR-REIT Manager’s Portfolio Enhancement Strategy

☑ Potential Value Add to Unitholders

Viva Business Park – before and after AEIs
ESR-REIT Portfolio Rejuvenation through AEIs

1. Reposition appropriate properties

Potentially Higher Yields Post AEI

Artist impression post AEI

30 Marsiling Industrial Estate Road 8

“General Industrial”

+AEI

“High-Specs”

2. Maximise plot ratio

Untapped GFA of c.495,000 sq ft potentially unlocks value

7000 Ang Mo Kio Ave 5
How do I Benefit from the Merger?

1. 4th Largest Industrial S-REIT

2. Increased Free Float and Liquidity

3. DPU Accretive on a Historical *Pro Forma* Basis
4th Largest Industrial S-REIT

Total Asset Size (S$bn)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Developer-backed S-REITs</th>
<th>Economies of Scale</th>
<th>Better Market Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-REIT</td>
<td>MLT</td>
<td>MIT</td>
</tr>
<tr>
<td>10.4</td>
<td>6.7</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: Company filings.
Notes: (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 1.00:1.01 as at the Latest Practicable Date.
2 Increased Free Float and Liquidity

Market Capitalisation and Free Float (S$m)

<table>
<thead>
<tr>
<th>Substantial Unitholders</th>
<th>Free Float</th>
<th>Enlarged Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3)</td>
<td>734</td>
<td>ESR REIT</td>
</tr>
<tr>
<td>(3)</td>
<td>977</td>
<td>VIVA iTRUST</td>
</tr>
<tr>
<td>(1)</td>
<td>558</td>
<td></td>
</tr>
<tr>
<td></td>
<td>816</td>
<td></td>
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<tr>
<td></td>
<td>257</td>
<td></td>
</tr>
</tbody>
</table>

Free Float: +75.0%

1,711

Notes: (1) Based on approximately 1,583.7 million ESR-REIT Units in issue as at the Latest Practicable Date and the volume weighted average price of S$0.515 per ESR-REIT Unit with reference to the 1-month period up to and including the Latest Practicable Date. (2) Based on the issuance of approximately 1,585.0 million new ESR-REIT Units as part of the Scheme Consideration and the acquisition fee paid to the ESR-REIT Manager in ESR-REIT Units for the Merger at the illustrative issue price of S$0.54 per ESR-REIT Unit. (3) 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 approximately 1,583.7 million ESR-REIT Units in issue as at the Latest Practicable Date, the issue of approximately 1,585.0 million new ESR-REIT Units as part of the Scheme Consideration and the acquisition fee paid to the ESR-REIT Manager in ESR-REIT Units for the Merger at the illustrative issue price of S$0.54 per ESR-REIT Unit.
DPU Accretive on a Historical Pro Forma Basis

FOR ILLUSTRATIVE PURPOSES ONLY – NOT A FORWARD LOOKING PROJECTION

Annualised Distribution per Unit (Singapore Cents)\(^{(1)}\)

**Pro Forma Gearing (%)**

\[
\begin{array}{c|c|c}
\text{FY2017} & 3.853\(^{(3)}\) & \text{Accretion} +5.6\%\(^{(5)}\) \\
\text{FY2017PF} & 4.068\(^{(4)}\) & 38.9\%\(^{(2)}\) \\
\end{array}
\]

Notes: (1) Assumes that the Merger had been completed on 1 January 2017. (2) As at 31 December 2017. (3) Based on 1,313.6 million ESR-REIT Units in issue as at 31 December 2017. Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the pro rata and non-renounceable equity fund raising by ESR-REIT via the allotment and issue of approximately 262.8 million new ESR-REIT Units, launched on 27 February 2018 and completed on 28 March 2018 (the “Preferential Offering”). (4) Based on 2,910.8 million ESR-REIT Units in issue after the Merger as at 31 December 2017. Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering. (5) Based on the assumptions set out on page 176 of the Circular. No other operational and trust level savings or potential synergies from the Merger have been taken into account in the preparation of the unaudited pro forma consolidated financial information of the Enlarged Trust set out in Schedule 5 to the Circular.
100% Unencumbered Portfolio Provides Better Access to Pools of Capital and More Competitive Costs of Capital

FOR ILLUSTRATIVE PURPOSES ONLY – NOT A FORWARD LOOKING PROJECTION

**Pro Forma Gross Borrowings (S$m)**

<table>
<thead>
<tr>
<th></th>
<th>ESR-REIT</th>
<th>VIT</th>
<th>Enlarged Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Unencumbered Assets</td>
<td>672</td>
<td>525</td>
<td>1,174</td>
</tr>
<tr>
<td>8% Unencumbered Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Conversion of all VIT debt into unsecured debt**

**Pro Forma Debt Tenor**

<table>
<thead>
<tr>
<th></th>
<th>1.5 yrs Debt Tenor</th>
<th>2.4 yrs Debt Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Average</td>
<td>3.80% Cost of Debt</td>
<td>3.70% Cost of Debt</td>
</tr>
<tr>
<td>Enlarged Trust</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**100% Unencumbered Assets**

- **Weighted Average**
  - 1.5 yrs Debt Tenor
  - 3.80% Cost of Debt

**Enlarged Trust**

- **2.4 yrs Debt Tenor**
  - 3.70% Cost of Debt

**Notes:**

1. As at 31 December 2017.
2. Includes the pro forma adjustment of debt repayment with gross proceeds raised from the Preferential Offering and the pro forma adjustment of new debt facilities drawn to refinance VIT’s existing debt and payment of acquisition and transaction fees relating to the Merger.
3. As at the Effective Date, and assuming that the Scheme becomes effective in October 2018.
4. Weighted average based on ESR-REIT’s and VIT’s total gross debt as at 31 December 2017.
## Enlarged Trust’s Future Growth will Continue to be Well Supported by ESR Group

A leading Pan-Asian logistics real estate developer, operator and fund manager focusing on developing and managing institutional-quality logistics facilities with a high-quality tenant base

<table>
<thead>
<tr>
<th>Selected Equity Investors</th>
<th>Selected Fund Level Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>WARBURG PINCUS</td>
<td>CPP INVESTMENT BOARD</td>
</tr>
<tr>
<td>StepStone</td>
<td>PGGM</td>
</tr>
<tr>
<td>Goldman Sachs</td>
<td>apg</td>
</tr>
<tr>
<td>JD.COM</td>
<td>Invesco</td>
</tr>
<tr>
<td>SK</td>
<td>State Oil Fund of the Republic of Azerbaijan</td>
</tr>
</tbody>
</table>

### China
- One of the top players by logistics facilities area and a leading landlord of key global e-commerce players

### South Korea
- One of the largest modern warehouse developers in Korea upon completion of projects under development

### Japan
- A top 5 institutional operator with an established and experienced team, as well as one of the highest new development starts over the past 24 months

### India
- A top industrial real estate developer with best-in-class management team with initial focus on Tier-1 cities

### Singapore
- Invested in ESR-REIT, an early industrial S-REIT player with >9m sq ft of GFA across key industrial zones
- c.13% stake in ESR-REIT; c.80% stake in ESR-REIT Manager and c.100% stake in its Property Manager

### Australia
- The largest shareholder of PropertyLink and Centuria Capital which collectively have over A$6b of AUM
- Acquired CIP, the leading industrial developer, and secured Philip Pearce as CEO of Australia

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**Notes:** Information above as of 30 June 2018. (1) ESR Cayman Limited and its subsidiaries.
Enlarged Trust’s Future Growth will Continue to be Well Supported by ESR Group (Cont’d)

ESR Group’s Regional Presence

1. China
2. South Korea
3. Japan
4. India
5. Singapore
6. Australia

ESR Group’s Demonstration of Support for ESR-REIT

- Proposed payment of S$62m for the VI-REIT Manager to facilitate the Merger
- Financial commitment to grow ESR-REIT via S$125m backstop in recent Preferential Offering
- GFA of over 10m square metres in operation and under development
- AUM of US$12bn

Opportunities to acquire ESR Group’s visible pipeline of assets – Scalable growth and potential overseas expansion in the future

China
South Korea
Japan

Notes: (1) Selected properties from the ESR Group’s regional portfolio.
Enlarged Trust’s Future Growth will Continue to be Well Supported by ESR Group (Cont’d)

Alignment of interest between sponsor, REIT manager and unitholders

Enlarged Trust Structure

<table>
<thead>
<tr>
<th>ESR(1)</th>
<th>Mr. Tong Jinquan(1)</th>
<th>ESR-REIT’s other unitholders</th>
<th>VIT’s other Stapled Security-holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>c. 9.3%</td>
<td>c. 34.0%</td>
<td>c. 34.2%</td>
<td>c. 23.5%</td>
</tr>
</tbody>
</table>

Enlarged Trust

56 properties

c. S$3.0bn total asset size

REIT Manager Structure

<table>
<thead>
<tr>
<th>ESR(1)</th>
<th>Mr. Tong Jinquan(1)</th>
<th>Mitsui</th>
</tr>
</thead>
<tbody>
<tr>
<td>67.3%</td>
<td>25.0%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Management services

ESR-REIT Manager

Management and other fees

Note: (1) Including direct interests and/or deemed interests through holding entities. Both ESR’s and Mr. Tong Jinquan’s unitholdings include their deemed interest in the 29,947,131 ESR-REIT Units to be held by the ESR-REIT Manager, which represents approximately 0.9% of the total number of ESR-REIT Units of the Enlarged Trust.
ESR-REIT Manager’s Post-Merger Strategy for the Enlarged Trust

Strategy to extract further added value to ESR-REIT Unitholders

A. Seamless integration of operations and portfolio to extract synergies
B. AEIs and asset rejuvenation to reposition appropriate properties
C. AEIs to maximise plot ratio

1. Complementary skill sets of the management teams
2. Stronger bargaining power with service providers
3. Undertake portfolio rejuvenation while balancing portfolio risk and returns

Potential added value to ESR-REIT Unitholders
Enhanced Portfolio Quality and Scalability with Strategic Addition of High Quality Properties

- Total asset size of approximately S$3.0bn (79.8%)
- Portfolio occupancy of 90.9% (above JTC average of 89.0%)
- Increase in net property income: 104.3%
- Land lease expiry: 34.0 years
- Weighted average lease expiry: 3.8 years
- 350 tenants from different business sectors (81.3%)

Source: JTC, Company Filings.
Notes: Figures as at 31 March 2018.
What does the Independent Financial Adviser Recommend?

An extract of the IFA Letter is reproduced below:

“a) Based on the Scheme Consideration and the Consideration Unit Price, the Stapled Securities and Consideration Units are both fairly valued and the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority ESR-REIT Unitholders. Accordingly, we advise the ARCC of the ESR-REIT Manager and the Recommending Directors (IPT) may recommend that the Independent ESR-REIT Unitholders (IPT) VOTE IN FAVOUR OF THE MERGER; and

b) the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable. Accordingly, we advise the ARCC of the ESR-REIT Manager and the Recommending Directors (Whitewash) may recommend that the Independent ESR-REIT Unitholders (Whitewash) VOTE IN FAVOUR OF THE WHITEWASH RESOLUTION.”

INDEPENDENT FINANCIAL ADVISER (“IFA”)

Note: It is important that you read the above in conjunction with the full text and context of the IFA Letter, which can be found in Schedule 2 to the Circular.
What do the Directors Recommend?

The Recommending Directors (IPT) have considered the relevant factors, including the terms of the Merger and the rationale for the Merger as set out in paragraph 6 of the Circular, as well as ANZ’s opinion as set out in the IFA Letter in Schedule 2 to the Circular, and recommend that the Independent ESR-REIT Unitholders (IPT) **VOTE IN FAVOUR** of Resolution 1, the Ordinary Resolution relating to the Merger and Resolution 2, the Extraordinary Resolution relating to the issue of approximately 1,561.2 million Consideration Units pursuant to the Merger.

The Recommending Directors (Whitewash) have considered the relevant factors, including the terms of the Merger and the rationale for the Merger as set out in paragraph 6 of the Circular, as well as ANZ’s opinion as set out in the IFA Letter in Schedule 2 to the Circular, and recommend that the Independent ESR-REIT Unitholders (Whitewash) **VOTE IN FAVOUR** of Resolution 3, the Ordinary Resolution relating to the Whitewash Resolution.

Note: It is important that you read the above in conjunction with the full text and context of the Circular.
Expected Indicative Timeline

1. Latest date and time for lodgement of ESR-REIT proxy form (9.00 a.m.)
   - 28 August 2018

2. ESR-REIT EGM (9.00 a.m.)
   - 31 August 2018

3. Expected date of Court hearing of the application to sanction the Scheme\(^{(1)}\)
   - 19 September 2018

4. VIT EGM (2.30 p.m.)
   - 3 October 2018
   Scheme Meeting (4.00 p.m.)

5. Expected date for the allotment and issue of the Consideration Units
   - 4 October 2018

6. Expected date of delisting of the Stapled Securities
   - 8 October 2018

Please note that the above timeline is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by ESR-REIT for the exact dates of these events.

The Merger is expected to be completed by October 2018

Notes: (1) The date of the Court hearing of the application to approve the Scheme will depend on the date that is allocated by the Court. (2) If each of the Scheme Conditions is satisfied or, as the case may be, has been waived in accordance with 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 3 to the Circular has been satisfied (or such other date as may be agreed between the VIT Managers and the ESR-REIT Manager).
Summary of Key Takeaways for the Merger

1. Strengthens ESR-REIT’s Market Position with all Stakeholders
   Due to an enlarged and enhanced portfolio which is well supported by ESR Group

2. Enhances Returns while Diversifying Risks
   DPU accretive on a historical pro forma basis while creating a diversified portfolio that is more resilient to market cycles

3. Increases Flexibility to Undertake Value-Adding AEIs
   Reduced portfolio financial impact when undertaking AEIs, while taking into consideration the favourable supply and demand dynamics of the industrial market over the next 2 years

4. Broadens Pools and Reduces Cost of Capital
   Greater access to pools of capital at more competitive costs
Part 2:
ESR-REIT
Trust Deed
Amendments
What are the Other Resolutions?

<table>
<thead>
<tr>
<th>Extraordinary Resolution 4 (≥75%)</th>
<th>The proposed ESR-REIT Unit Issue Supplement(^{(1)}) to the ESR-REIT Trust Deed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary Resolution 5 (≥75%)</td>
<td>The proposed ESR-REIT Electronic Communications Supplement(^{(2)}) to the ESR-REIT Trust Deed</td>
</tr>
</tbody>
</table>

These Resolutions are **not** inter-conditional on the passing of each other or Resolutions 1, 2 and 3.

Notes: (1) The proposed amendments to the ESR-REIT Trust Deed as set out in Part I to Schedule 9 to the Circular. (2) The proposed amendments to the ESR-REIT Trust Deed as set out in Schedule 10 to the Circular.
Rationale for the Proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed

- **Align** the provisions of the ESR-REIT Trust Deed to the Listing Manual
- **Consistent** and in line with industry’s best practices
- **Avoid** any potentially confusing situations

- **Flexibility** to determine the issue price and number of new ESR-REIT Units to be issued

- Enables ESR-REIT to raise funds in a **prompt and efficient manner** to better handle its capital requirements
# Changes / Limits in the Proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed

## Relevant Components

<table>
<thead>
<tr>
<th></th>
<th>Proposed Changes / Limits as set out in the Listing Manual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To replace existing limits and align with Listing Manual Rule 816:</td>
</tr>
<tr>
<td></td>
<td><strong>Non-Renounceable Rights Issue</strong></td>
</tr>
<tr>
<td></td>
<td><strong>No discount limit</strong> (with specific ESR-REIT Unitholders’ approval sought)</td>
</tr>
<tr>
<td></td>
<td><strong>10% discount limit</strong> (based on general mandate under Rule 806)</td>
</tr>
<tr>
<td>2</td>
<td>To replace existing limits and align with Listing Manual Rule 862:</td>
</tr>
<tr>
<td></td>
<td>▪ Issue price to be based on the market price</td>
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<tr>
<td></td>
<td>▪ Issue price discount must not exceed 10%</td>
</tr>
<tr>
<td>3</td>
<td>To replace existing limits and align with Listing Manual Rule 811:</td>
</tr>
<tr>
<td></td>
<td>▪ Issue price discount not more than 10%</td>
</tr>
<tr>
<td></td>
<td>▪ Unless specific ESR-REIT Unitholders’ approval is obtained pursuant to Rule 811(3)</td>
</tr>
</tbody>
</table>
### Changes / Limits in the Proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed (Cont’d)

<table>
<thead>
<tr>
<th>Relevant Components</th>
<th>Proposed Changes/ Limits as set out in the Listing Manual</th>
</tr>
</thead>
</table>
| 4 Number of ESR-REIT Units issued (other than by way of Rights Issue offered on a *pro rata* basis) | To replace existing limits and align with Listing Manual Rule 806:  
  ▪ No more than 20% of total issued ESR-REIT Units (excluding treasury units) |
| 5 Parties to whom ESR-REIT Units may be issued (other than by way of Rights Issue offered on a *pro rata* basis) | To align with Listing Manual Rule 812; restricted parties\(^{(1)}\) include:  
  \(\text{(a)}\) Issuer's Directors or substantial unitholders  
  \(\text{(b)}\) Immediate families of persons in (a)  
  \(\text{(c)}\) Substantial unitholders / related companies and sister companies of substantial unitholders  
  \(\text{(d)}\) Corporations in whose shares persons in (a) have aggregate interest of at least 10% |
| 6 ESR-REIT Unitholders’ approval for issuance of ESR-REIT Units in numbers exceeding the limit | **Ordinary Resolution** unless an Extraordinary Resolution is required by any applicable laws, regulations and the Listing Rules |

Note: (1) Full definitions in the appendix. Restricted parties include any persons that the SGX-ST may determine to fall into categories (a) to (d). SGX-ST may agree to a placement to a person in Rule 812(1)(b), (c) or (d) if it is satisfied that the person is independent and is not under the control or influence of any of the issuer’s directors or substantial shareholders.
Rationale for the Proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed

- **Provide flexibility** to ESR-REIT Unitholders
- Choose to receive documents either in the form of electronic communications or physical notice

- **Reduce operational costs** and increase operational efficiency

- **Increase speed and effectiveness** of communications between ESR-REIT Unitholders and ESR-REIT
Amendments in the Proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed

Current ESR-REIT Trust Deed

Unitholder Communications by way of Physical Copies

Proposed Amendments
(as per Chapter 12 of the Listing Manual)

01 Electronic communications

02 Adopt use of Consent Regimes which are always subject to safeguards in the Listing Manual:

ESR-REIT Unitholders will be given a choice to choose between physical or electronic copies

(i) Deemed Consent
Deemed consent is given to receive electronic copies if ESR-REIT Unitholder does not respond within a specific timeframe

(ii) Implied Consent
ESR-REIT Unitholders have given implied consent to receive electronic copies
### Conclusion

#### Part 1: Merger

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Resolution 1</strong> (&lt;50%)</td>
<td>The proposed merger of all the Stapled Securities held by the Stapled Securityholders and the ESR-REIT Units held by the ESR-REIT Unitholders, via the acquisition by ESR-REIT of all of the Stapled Securities by way of a Scheme.</td>
</tr>
<tr>
<td><strong>Extraordinary Resolution 2</strong> (≥75%)</td>
<td>The proposed issue of approximately 1,561.2 million new ESR-REIT Units to the Stapled Securityholders as part of the consideration pursuant to the Merger.</td>
</tr>
<tr>
<td><strong>Ordinary Resolution 3</strong> (&lt;50%)</td>
<td>The proposed Whitewash Resolution for the waiver by the Independent ESR-REIT Unitholders (Whitewash) of their rights to receive a mandatory general offer from the Tong Group.</td>
</tr>
</tbody>
</table>

#### Part 2: Proposed ESR-REIT Trust Deed Amendments

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Extraordinary Resolution 4</strong> (≥75%)</td>
<td>The proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed.</td>
</tr>
<tr>
<td><strong>Extraordinary Resolution 5</strong> (≥75%)</td>
<td>The proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed.</td>
</tr>
</tbody>
</table>

**Notes: (1)** The Tong Group means Leading Wealth Global Inc., Longmont Real Estate Pte. Ltd., Shanghai Summit (Group) Co. Ltd., Shanghai Summit Pte. Ltd., Wealthy Fountain Holdings Inc., Skyline Horizon Consortium Ltd., Mr. Tong Jinquan and Mr. Tong Yu Lou. **(2)** The proposed amendments to the ESR-REIT Trust Deed as set out in Part 1 of Schedule 9 to the Circular. **(3)** The proposed amendments to the ESR-REIT Trust Deed as set out in Schedule 10 to the Circular.
Appendix
Well Spaced Out Debt Maturity Profile

No more than 22.0% of debt expiring in a single year

Post-Merger Debt Maturity Profile (S$m)

Weighted average debt expiry
2.4 years
Diversified and Well-Balanced Tenant Base with Appropriately Managed Concentration Risk

Post-Merger Top 10 Tenants (as at 31 March 2018)

Top 10 tenants account for 28.7% of rental income, with no single tenant accounting for more than 5.0% of portfolio gross revenue

Note: (1) Tenant cannot be named due to confidentiality obligations.
Addition of a High Quality Portfolio of Scale to ESR-REIT’s Current Portfolio

Portfolio Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>ESR REIT</th>
<th>VIVA TRUST</th>
<th>Enlarged Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Properties</td>
<td>47</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td>Total GFA</td>
<td>c. 9.7m sq ft</td>
<td>c. 3.9m sq ft</td>
<td>c. 13.6m sq ft</td>
</tr>
<tr>
<td>Asset Size</td>
<td>S$1.7bn</td>
<td>S$1.3bn</td>
<td>S$3.0bn</td>
</tr>
<tr>
<td>No. of Tenants</td>
<td>193</td>
<td>157</td>
<td>350</td>
</tr>
</tbody>
</table>

Note: (1) As at 31 March 2018.
## Financing Considerations

### Illustrative Uses

<table>
<thead>
<tr>
<th>Total Acquisition Cost</th>
<th>Illustrative Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Approximately S$1,498.8 million comprising:</td>
</tr>
<tr>
<td></td>
<td>− Scheme Consideration of S$936.7 million</td>
</tr>
<tr>
<td></td>
<td>− Refinancing of VIT’s existing debt of S$525.0 million</td>
</tr>
<tr>
<td></td>
<td>− Acquisition fees payable in ESR-REIT Units to the ESR-REIT Manager for the Merger which is estimated to be approximately S$12.8 million</td>
</tr>
<tr>
<td></td>
<td>− The estimated professional and other fees and expenses of approximately S$24.3 million</td>
</tr>
</tbody>
</table>

### Illustrative Sources

<table>
<thead>
<tr>
<th>Consideration Units</th>
<th>• Approximately S$843.1 million:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>− 1,561.2 million new ESR-REIT Units to be issued at an issue price of S$0.54 per ESR-REIT Unit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Debt</th>
<th>• Approximately S$642.9 million including:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>− Financing of 10% of Scheme Consideration in cash of S$93.7 million</td>
</tr>
<tr>
<td></td>
<td>− Refinancing of VIT’s existing debt of S$525.0 million</td>
</tr>
<tr>
<td></td>
<td>− Debt taken to fund professional and other fees and expenses</td>
</tr>
<tr>
<td></td>
<td>− 100% unsecured</td>
</tr>
</tbody>
</table>

| Acquisition Fee in Units | • Approximately 23.8 million ESR-REIT Units will be allotted and issued to the ESR-REIT Manager as an acquisition fee for the Merger based on an illustrative issue price of S$0.54 per ESR-REIT Unit |
### Full Definitions for Restricted Parties

<table>
<thead>
<tr>
<th>Relevant Components</th>
<th>Proposed Changes/ Limits as set out in the Listing Manual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parties to whom ESR-REIT Units may be issued</strong>  (other than by way of Rights Issue offered on a <em>pro rata</em> basis)</td>
<td>Replaced existing limits to align with Rule 812 of the Listing Manual: Must not be placed to the following persons unless specific ESR-REIT Unitholders’ approval obtained or under circumstances stipulated under Rule 812(3): (a) issuer's directors and substantial unitholders; (b) immediate family members of the directors and substantial unitholders; (c) substantial unitholders, related companies, associated companies and sister companies of the issuer's substantial unitholders; (d) corporations in whose shares the issuer's directors and substantial unitholders have an aggregate interest of at least 10%; and (e) any person who, in the opinion of the SGX-ST, falls within the abovementioned categories (a) to (d). The SGX-ST may agree to a placement to a person in Rule 812(1)(b), (c) or (d) if it is satisfied that the person is independent and is not under the control or influence of any of the issuer's directors or substantial shareholders.</td>
</tr>
</tbody>
</table>