



EXECUTING

OUR STRATEGIES

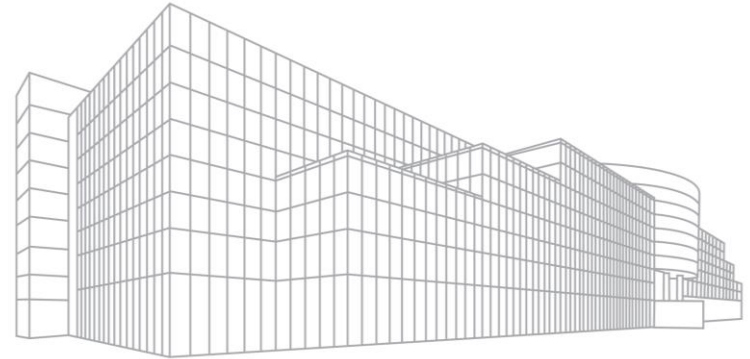


UE BizHub EAST | Business Park



STRENGTHENING

OUR PORTFOLIO



7000 Ang Mo Kio Avenue 5 | Hi-Specs Industrial

**INTEGRATING STRENGTHS
ACHIEVING GROWTH**



REVITALISING

OUR ASSETS



30 Marsiling Industrial Estate Road 8 | Hi-Specs Industrial

Extraordinary General Meeting

12 SEPTEMBER 2019

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 2018 released on 8 April 2019 and the circular dated 21 August 2019 (the "Circular")

Important Notice

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

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

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

Summary of Approvals Sought



Resolution 1: (Ordinary Resolution >50%)
Proposed Whitewash Resolution



Resolution 2: (Extraordinary Resolution $\geq 75\%$)
Proposed Development Management Fee Supplement and Authority to Issue ESR-REIT Units in Payment of the Development Management Fee



Resolution 3: (Extraordinary Resolution $\geq 75\%$)
Proposed Amendment and Restatement of the ESR-REIT Trust Deed



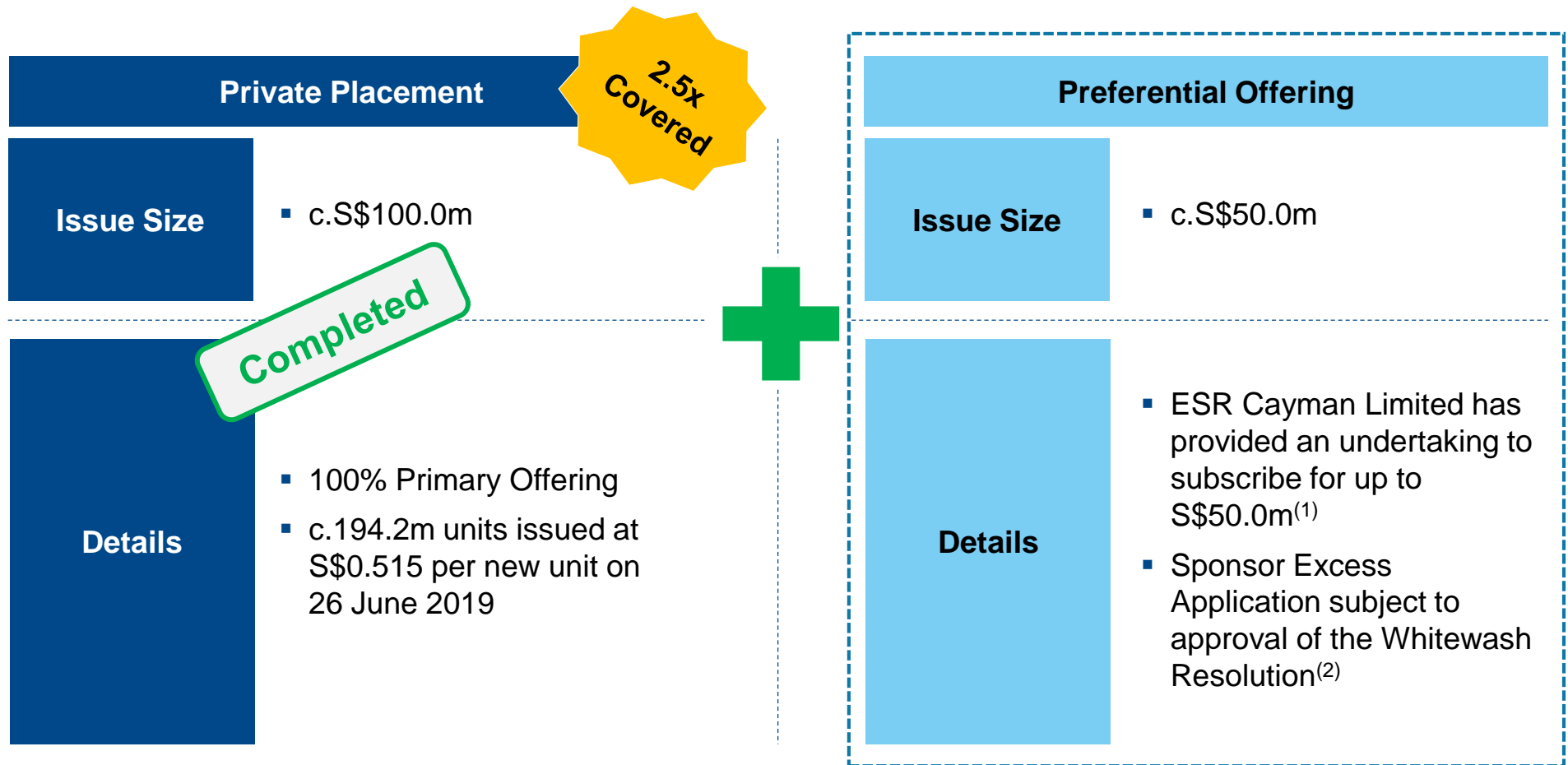
Resolution 4: (Ordinary Resolution >50%)
Authority to Issue ESR-REIT Units in Payment of Property Management Fees to the Property Manager

Resolution 1: Proposed Whitewash Resolution



*Top: UE BizHub EAST | Business Park
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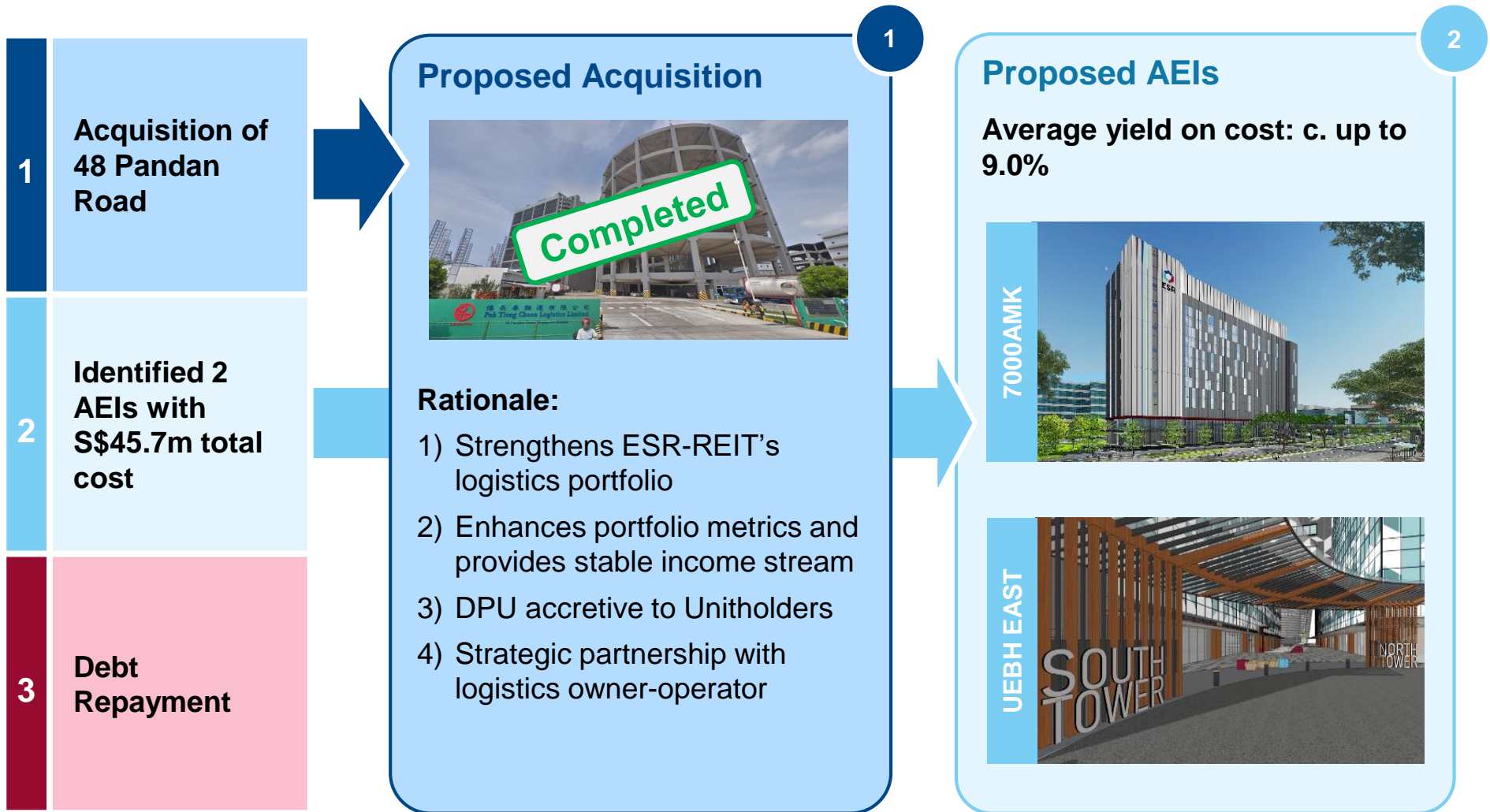
The Proposed Equity Fund Raising



Notes:

- (1) Together with the Manager's subscription
- (2) Subject to approval of the Whitewash Resolution by independent unitholders to waive their rights to receive a mandatory general offer pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers from the Sponsor and persons acting in concert or presumed to be acting in concert with it in relation to ESR-REIT.

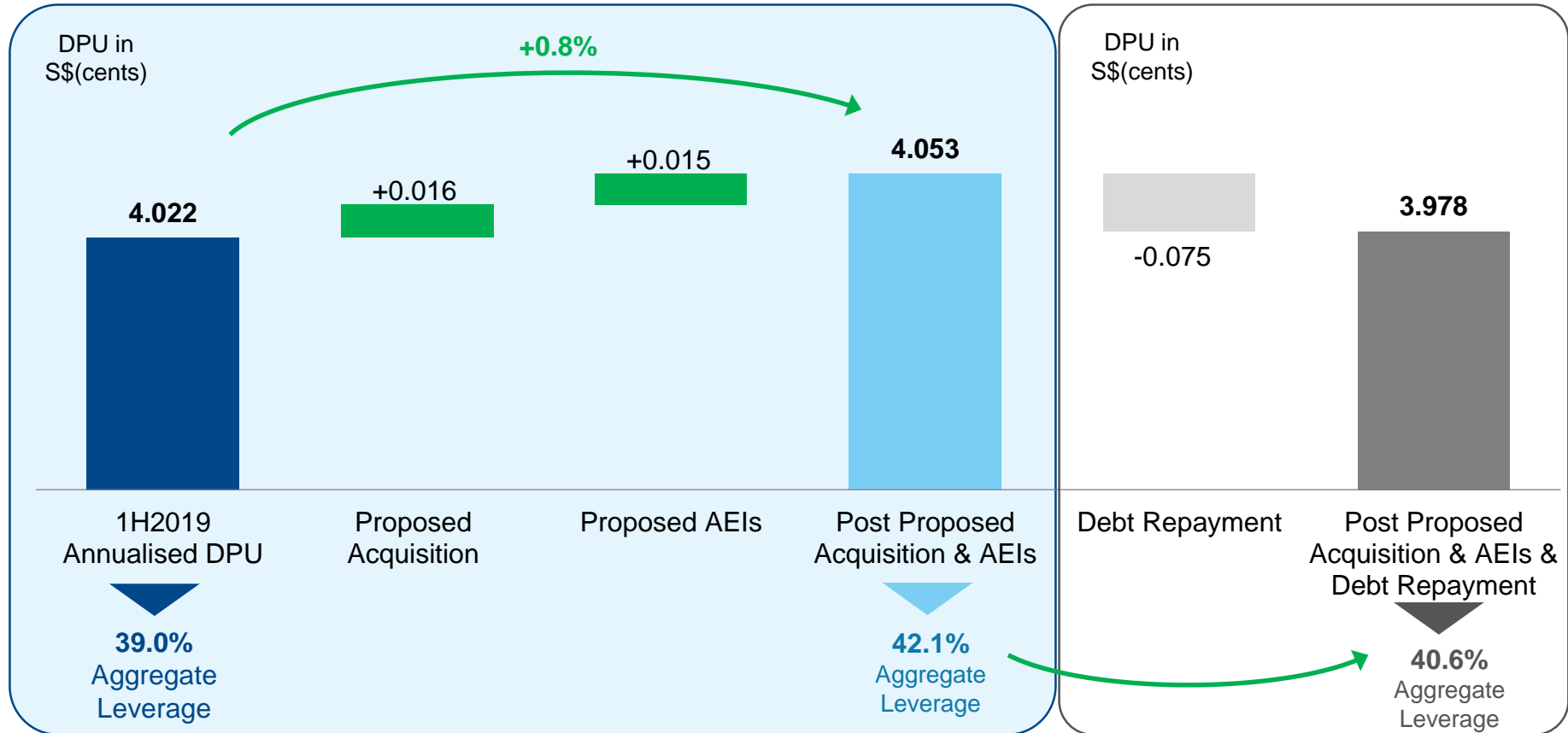
Proceeds Utilised to Fund Proposed Acquisition, Proposed AEs and Debt Repayment



Proposed Acquisition and AEIs are DPU Accretive; Debt Repayment Reduces Aggregate Leverage

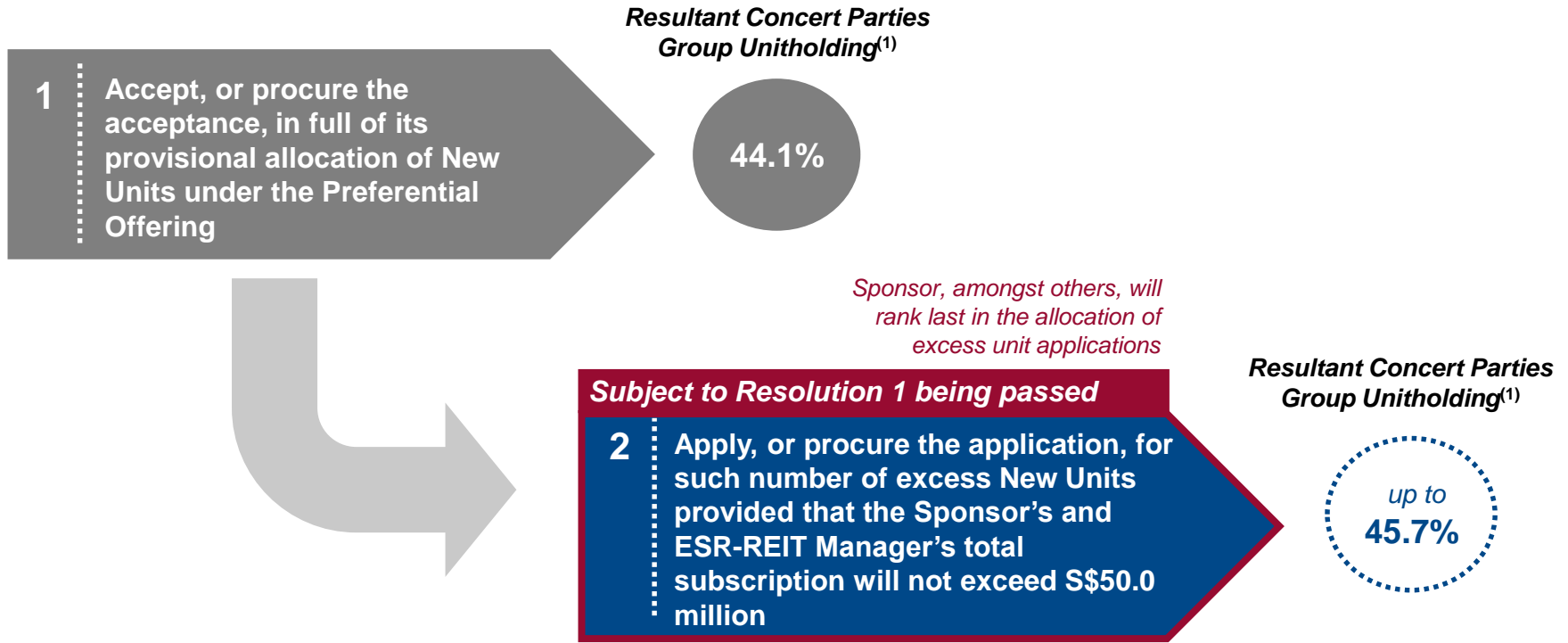
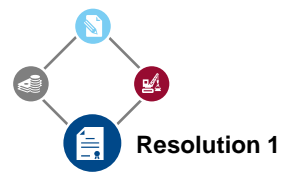
DPU Accretive Proposed Acquisition and Proposed AEIs

Reduced Aggregate Leverage



FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Transactions is based on ESR-REIT's 1H2019 annualised DPU, assumes that the Proposed Transactions and the issuance of New Units pursuant to the Equity Fund Raising were completed on 1 January 2019, ESR-REIT had held the Property through the JV LLP throughout the financial period and the lease in relation to the Proposed AEIs had generated rental income throughout the financial period

Sponsor Providing Undertaking to Subscribe for up to S\$50.0 million in the Preferential Offering



On 15 July 2019, SIC granted the Whitewash Waiver, subject to amongst others, the approval of the Whitewash Resolution by ESR-REIT Unitholders who are considered independent for the purpose of the Whitewash Waiver

What does the Independent Financial Adviser Recommend?

An extract of the IFA Letter is reproduced below:

“Having carefully considered the information available to us and our analysis set out above, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the terms of the Preferential Offering, being the subject of the Whitewash Resolution, are fair and reasonable.

Accordingly, we advise the Relevant Independent Directors (Whitewash) to recommend that Independent ESR-REIT Unitholders (Whitewash) **VOTE IN FAVOUR** of the Whitewash Resolution.”



INDEPENDENT FINANCIAL ADVISER

What do the Relevant Independent Directors (Whitewash) Recommend?



The Relevant Independent Directors (Whitewash) have considered the opinion of the IFA (as set out in the IFA Letter (Whitewash) in Appendix A to the Circular) and the rationale for the Whitewash Resolution as set out in paragraph 2.11 of the Circular, and recommend that the Independent ESR-REIT Unitholders (Whitewash) **VOTE IN FAVOUR** of Resolution 1, being the Whitewash Resolution.



RELEVANT INDEPENDENT DIRECTORS (WHITEWASH)

Resolution 2:

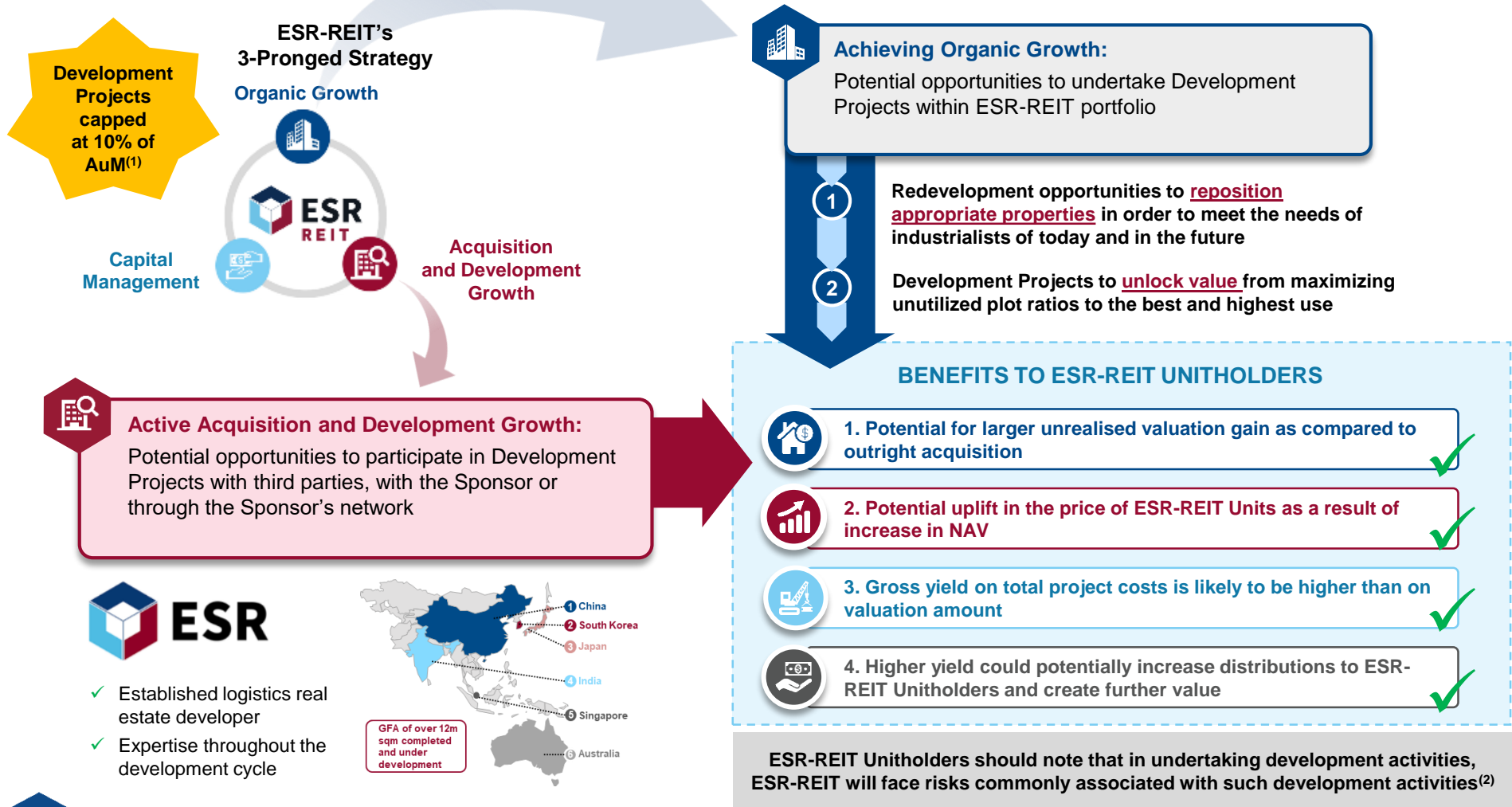
Proposed Development
Management Fee
Supplement and
Authority to Issue ESR-
REIT Units in Payment of
the Development
Management Fee

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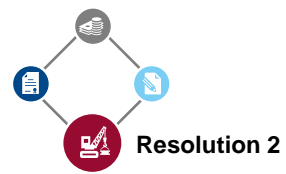


Rationale for the Development Management Fee

The proposed Development Management Fee is in line with ESR-REIT's 3-Pronged Strategy; Development and/or redevelopment projects are likely to create additional value for Unitholders



What is the Proposed Development Management Fee Supplement?




ESR-REIT Manager proposes to introduce a Development Management Fee of 3.0% of Total Project Costs, subject to the following:

- 1** Trustee's and independent directors' review and approval required where estimated Total Project Costs are greater than S\$100.0 million
- 2** Independent directors shall have the discretion to direct the ESR-REIT Manager to reduce the Development Management Fee where the market pricing for comparable development management services is materially lower
- 3** Any increase in the percentage or change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution

Proposed Development Management Fee is In Line With Market Practices of Comparable Trusts⁽¹⁾



Industrial REITs	Development Management Fee	Scope
	Proposed fee: 3.0% of the total project costs	Proposed scope: <ul style="list-style-type: none"> Development of land, or buildings, or part(s) thereof Does not include refurbishment, retrofitting and/or renovations
Ascendas REIT	≤ 3.0% of the total project costs	<ul style="list-style-type: none"> Development of land, or buildings, or part(s) thereof (including asset enhancement initiatives) Does not include refurbishment, retrofitting and renovations
Maplereet Logistics Trust	≤ 3.0% of the total project costs	<ul style="list-style-type: none"> Development of land, or buildings, or part(s) thereof Does not include refurbishment, retrofitting and renovations
Mapletree Industrial Trust	≤ 3.0% of the total project costs	<ul style="list-style-type: none"> Development of land, or buildings, or part(s) thereof Does not include refurbishment, retrofitting and renovations
Frasers Logistics & Industrial Trust	3.0% of the total project costs	<ul style="list-style-type: none"> Development of land, or buildings, or part(s) thereof Does not include refurbishment, retrofitting and renovations
Soilbuild Business Space REIT	3.0% of the total project costs	<ul style="list-style-type: none"> Development or redevelopment of land, or buildings, or part(s) thereof Does not include refurbishment, retrofitting and renovations, save for works that result in additional GFA
EC World REIT	3.0% of the total project costs	<ul style="list-style-type: none"> Development of land, or buildings, or part(s) thereof Does not include refurbishment, retrofitting and renovations

What does the Independent Financial Adviser Recommend?

An extract of the IFA Letter is reproduced below:

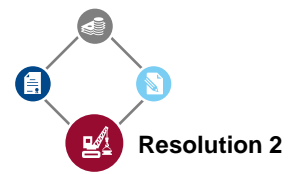
“Having carefully considered the information available to us and our analysis set out above, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Proposed Development Management Fee Supplement is on normal commercial terms and is not prejudicial to ESR-REIT and its minority ESR-REIT Unitholders.

Accordingly, we advise the Relevant Independent Directors (Development Management Fee) and the ARCC to recommend that Independent ESR-REIT Unitholders (Development Management Fee) **VOTE IN FAVOUR** of the Proposed Development Management Fee Supplement.”



INDEPENDENT FINANCIAL ADVISER

What do the Relevant Independent Directors (Development Management Fee) Recommend?



The Relevant Independent Directors (Development Management Fee) have considered the opinion of the IFA (as set out in the IFA Letter (Development Management Fee) in Appendix A to the Circular), the rationale for the Proposed Development Management Fee Supplement as set out in paragraph 3.3 of the Circular and all other relevant factors, and recommend that the Independent ESR-REIT Unitholders (Development Management Fee) **VOTE IN FAVOUR** of Resolution 2, being the Extraordinary Resolution relating to the Proposed Development Management Fee Supplement.



RELEVANT INDEPENDENT DIRECTORS (DEVELOPMENT MANAGEMENT FEE)

Resolution 3:

Proposed Amendment and Restatement of the ESR-REIT Trust Deed



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Rationale for the Proposed Amendment and Restatement of the ESR-REIT Trust Deed



Listed since July 2006



Listed in November 2013

MERGER IN 2018

- VI-REIT trust deed is **more updated and in line with market standards** than the ESR-REIT trust deed
- Proposal to amend and restate the ESR-REIT Trust Deed, the **provisions of which are closely aligned to the provisions of the VI-REIT Trust Deed**

Summary of the Proposed Amendment and Restatement of the ESR-REIT Trust Deed



- 1** Provisions which are not of present relevance to ESR-REIT will be excluded, for example:
- (a) provisions relating to stapled securities;
 - (b) provisions contemplating the listing of ESR-REIT securities on a securities exchange other than the SGX-ST; and
 - (c) provisions relating to the period prior to listing

2 Incorporate amendments that are in line with current laws and regulations and for consistency with the SGX-ST Listing Rules and other general amendments to streamline, update and rationalise provisions for greater clarity and/or to provide greater flexibility for ESR-REIT

- 3** Incorporates provisions that have more recently been updated, for example:
- (a) provisions relating to issuance of ESR-REIT Units; and
 - (b) electronic communications and provisions to facilitate multiple proxies regime

4 Fees payable to ESR-REIT Manager and ESR-REIT Trustee will remain as reflected in the existing ESR-REIT Trust Deed (apart from clarificatory amendments and editorial changes), other than (if Resolution 2 is passed) the incorporation of the Development Management Fee Supplement

What do the Directors Recommend?

The Directors having considered all relevant factors, recommend that ESR-REIT Unitholders **VOTE IN FAVOUR** of Resolution 3, being the Extraordinary Resolution relating to the proposed amendment and restatement of the ESR-REIT Trust Deed.



DIRECTORS

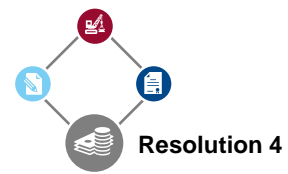
Resolution 4:

Payment of Property Management Fees in ESR-REIT Units



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Background & Rationale for the Proposed Payment of Property Management Fees in ESR-REIT Units



Background

- Subject to the passing of Resolution 3, ESR-REIT Manager is of the view that it is in the interests of ESR-REIT and the ESR-REIT Unitholders that the Property Management Fees from 1Q2019 onwards may in full or in part be payable in the form of ESR-REIT Units

Rationale



Added flexibility to manage ESR-REIT's cashflow



Better alignment of interests between the Property Manager and ESR-REIT Unitholders

What do the Directors Recommend?

The Directors, other than Mr. Philip John Pearce who is the CEO of ESR Australia and serves on the boards of ESR Real Estate (Australia) Pty Ltd and ESR Pte Ltd as at the Latest Practicable Date, and Mr. Jeffrey David Perlman, who leads Warburg Pincus's investments in Southeast Asia and serves on the board of, *inter alia*, ESR at the Latest Practicable Date, having considered all relevant factors, recommend that the Independent ESR-REIT Unitholders (Property Management Fees) **VOTE IN FAVOUR** of Resolution 4, being the Ordinary Resolution relating to the authority to issue ESR-REIT Units in payment of the Property Management Fees to the Property Manager. In light of their relationship with the ESR group, Mr. Pearce and Mr. Perlman have abstained from making any recommendation to the Independent ESR-REIT Unitholders (Property Management Fees) on Resolution 4.



DIRECTORS⁽¹⁾

Conclusion



Resolution 1: (Ordinary Resolution >50%)
Proposed Whitewash Resolution



Resolution 2: (Extraordinary Resolution \geq 75%)
Proposed Development Management Fee Supplement and Authority to Issue ESR-REIT Units in Payment of the Development Management Fee



Resolution 3: (Extraordinary Resolution \geq 75%)
Proposed Amendment and Restatement of the ESR-REIT Trust Deed



Resolution 4: (Ordinary Resolution >50%)
Authority to Issue ESR-REIT Units in Payment of Property Management Fees to the Property Manager

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