

CIRCULAR DATED 7 APRIL 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular. If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in ESR-REIT, you should immediately forward this Circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

MANAGED BY
ESR FUNDS MANAGEMENT (S) LIMITED
(Company Registration No.: 200512804G)
(Capital Markets Services Licence No. 100132)
(Incorporated in the Republic of Singapore)

CIRCULAR TO UNITHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

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IMPORTANT NOTICE

The value of 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 the Manager, the Trustee, or any of their respective related corporations and 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 their 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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that the Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

All statements other than statements of historical facts included in this Circular 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". These statements reflect the Manager's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Unitholders and investors should not place undue reliance on such forward-looking statements, and the Manager does not undertake any obligation to update publicly or revise any forward-looking statements.

DEFINITIONS

The following definitions shall apply throughout this Circular unless the context otherwise requires or unless otherwise stated:

- "2020 Unit Buy-Back Mandate"** : Has the meaning ascribed to it at paragraph 1.2 of this Circular
- "AGM"** : The annual general meeting of ESR-REIT to be held on Thursday, 22 April 2021, at 10.00 a.m.
- "Average Closing Price"** : The average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and on the date of the Market Repurchase
- "CDP"** : The Central Depository (Pte) Limited
- "Circular"** : This circular to Unitholders dated 7 April 2021
- "Code"** : The Singapore Code on Take-overs and Mergers
- "Companies Act"** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- "date of the making of the offer"** : The date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase
- "Directors"** : The directors of the Manager
- "DPU"** : Distribution per Unit
- "ESR-REIT"** : ESR-REIT, a unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended)
- "FY 2020"** : Financial year ended 31 December 2020
- "FY 2020 Audited Financial Statements"** : The audited consolidated financial statements of the Group for FY 2020
- "Group"** : ESR-REIT and its subsidiaries
- "Latest Practicable Date"** : Where used in this Circular in relation to any particular information, means 19 March 2021, being the latest practicable date prior to the finalisation of this Circular in relation to such information
- "Listing Manual"** : The Listing Manual of the SGX-ST, as the same may be modified,

amended, supplemented, revised or replaced from time to time

"Manager"	:	ESR Funds Management (S) Limited, solely in its capacity as manager of ESR-REIT, and shall also refer to the manager of ESR-REIT from time to time, where the context so requires or permits
"Mandate Duration"	:	The period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates: <ul style="list-style-type: none">(a) the date on which the next annual general meeting of ESR-REIT is or is required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier;(b) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated; or(c) the date on which the authority conferred by the Unit Buy-Back Mandate is revoked or varied
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Repurchases"	:	Repurchases of Units made by way of market repurchases
"Maximum Price"	:	Means 105.0% of the Average Closing Price of the Units in accordance with Rule 884 of the Listing Manual
"NAV"	:	Net asset value
"Off-Market Repurchases"	:	Repurchases of Units made by way of off-market repurchases
"Ordinary Resolution"	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
"Property Funds Appendix"	:	Appendix 6 to the Code on Collective Investment Schemes, which applies to a scheme which invests or proposes to invest primarily in real estate and real estate-related assets
"Public Float"	:	Refers to the percentage of Units held by the public (as defined in the Listing Manual)
"Related Expenses"	:	Brokerage, stamp duty, commission, applicable goods and services tax and other related expenses
"Resolution 4"	:	Has the meaning ascribed to it at paragraph 1.1 of this Circular
"Securities Account"	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time

"SGX-ST"	:	The Singapore Exchange Securities Trading Limited
"Sponsor"	:	ESR Cayman Limited
"Substantial Unitholder"	:	A person which has an interest or interests in Units where the total votes attached to such Units are not less than 5.0% of the total votes attached to all Units
"Trust Deed"	:	The deed of trust dated 31 March 2006 constituting ESR-REIT entered into between the Manager and the Trustee, as amended, varied or supplemented from time to time
"Trustee"	:	RBC Investor Services Trust Singapore Limited, solely in its capacity as trustee of ESR-REIT
"Unit"	:	A unit representing an undivided interest in ESR-REIT
"Unit Buy-Back "	:	The repurchase or acquisition of Units pursuant to the Unit Buy-Back Mandate
"Unit Buy-Back Mandate"	:	The proposed unit buy-back mandate to be given to the Manager by way of an Ordinary Resolution in a general meeting, to give the Manager the authority to exercise its power to repurchase or otherwise acquire Units from time to time for and on behalf of ESR-REIT, without the prior specific approval of Unitholders at a general meeting, in accordance with the Trust Deed
"Unitholder"	:	The registered holder for the time being of an Unit, including persons so registered as joint holders, except where the registered holder is CDP, the term " Unitholder " shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
"%"	:	Per centum or percentage
"S\$" and "cents"	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

A reference to "**paragraph**" is a reference to a paragraph of this Circular unless the context otherwise requires.

The terms "**depositor**", "**depository agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term "**associate**" shall have the meaning ascribed to it in the Property Funds Appendix.

The term "**controlling Unitholder**" shall bear the same meaning as "Controlling unitholder" as defined in the Property Funds Appendix.

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

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Listing Manual or the Property Funds Appendix and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or the Property Funds Appendix, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Code, the Companies Act, the SFA, the Listing Manual and the Property Funds Appendix) contained in this Circular are of such laws and regulations (including the Code, the Companies Act, the SFA, the Listing Manual and the Property Funds Appendix) as at the Latest Practicable Date.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof, or discrepancies between figures included in the tables and figures in the text of this Circular, are due to rounding.

The headings in this Circular are for ease of reference only and are not to be taken into account in the interpretation or construction of this Circular or any of its contents.

WongPartnership LLP is the Singapore legal adviser to the Company for this Circular.

ESR-REIT

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

Directors of the Manager (the "Directors"):

Mr. Ooi Eng Peng	<i>(Independent Chairman, Chairman of the Nominating and Remuneration Committee, Member of the Audit, Risk Management and Compliance Committee)</i>
Mr. Khor Un-Hun	<i>(Independent Non-Executive Director, Chairman of the Audit, Risk Management and Compliance Committee)</i>
Dr. Leong Horn Kee	<i>(Independent Non-Executive Director, Member of the Audit, Risk Management and Compliance Committee)</i>
Mr. Ronald Lim Cheng Aun	<i>(Independent Non-Executive Director, Member of the Audit, Risk Management and Compliance Committee, Member of the Nominating and Remuneration Committee)</i>
Ms. Stefanie Yuen Thio	<i>(Independent Non-Executive Director, Member of the Audit, Risk Management and Compliance Committee)</i>
Mr. Philip John Pearce	<i>(Non-Executive Director)</i>
Mr. Jeffrey David Perlman	<i>(Non-Executive Director, Member of the Nominating and Remuneration Committee)</i>
Mr. Tong Jinquan	<i>(Non-Executive Director)</i>
Mr. Wilson Ang Poh Seong	<i>(Non-Executive Director)</i>
Mr. Adrian Chui Wai Yin	<i>(Chief Executive Officer and Executive Director)</i>

Registered Office:
138 Market Street
#26-03/04
CapitaGreen
Singapore 048946

7 April 2021

To: Unitholders of ESR-REIT

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

1. INTRODUCTION

- 1.1 We refer to proposed Ordinary Resolution 4 ("**Resolution 4**") under the "Special Business" section of the notice dated 7 April 2021 convening the annual general meeting of ESR-REIT on Thursday, 22 April 2021 at 10.00 a.m. ("**AGM**").
- 1.2 Unitholders had, at the annual general meeting of ESR-REIT held on 5 June 2020, approved a unit buy-back mandate to give the Manager the authority to exercise its power to repurchase or otherwise acquire Units from time to time for and on behalf of ESR-REIT, without the prior specific approval of the Unitholders in a general meeting, in accordance with the Trust Deed ("**2020 Unit Buy-Back Mandate**"). Particulars of the 2020 Unit Buy-Back Mandate were set out in the letter to Unitholders dated 13 May 2020. The authority conferred under the 2020 Unit Buy-Back Mandate will expire on the date of the AGM.

- 1.3 The Directors propose that the Unit Buy-Back Mandate be renewed at the AGM to give the Manager the authority to exercise its power to repurchase or otherwise acquire Units from time to time for and on behalf of ESR-REIT, without the prior specific approval of the Unitholders in a general meeting, in accordance with the Trust Deed ("**Unit Buy-Back Mandate**"). Accordingly, Unitholders' approval is being sought for the renewal of the Unit Buy-Back Mandate at the AGM.
- 1.4 Unitholders should note that by approving the resolution relating to the Unit Buy-Back Mandate, they will give the Manager the mandate to procure the repurchases of Units on the terms and conditions set out in paragraph 2 of this Circular and in accordance with all applicable laws and regulations, including but not limited to the provisions of the Trust Deed and the Listing Manual.
- 1.5 **If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**
- If you have sold or transferred all your Units, you should immediately forward this Circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.
- 1.6 The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED RENEWAL OF THE UNIT BUY-BACK MANDATE

2.1 The Proposed Renewal of the Unit Buy-Back Mandate

The Manager intends to seek the approval of Unitholders for the proposed renewal of the Unit Buy-Back Mandate at the AGM under Resolution 4.

UNITHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF RESOLUTION 4 RELATING TO THE RENEWAL OF THE UNIT BUY-BACK MANDATE, THEY WILL BE AUTHORISING THE MANAGER TO PROCURE THE REPURCHASE OF UNITS ON THE TERMS AND CONDITIONS SET OUT IN THIS PARAGRAPH 2 AND IN ACCORDANCE WITH THE PROVISIONS OF THE TRUST DEED AND ALL APPLICABLE LAWS AND REGULATIONS, INCLUDING BUT NOT LIMITED TO THE LISTING MANUAL.

2.2 Rationale for the Unit Buy-Back Mandate

The approval of the Unit Buy-Back Mandate authorising the Manager to repurchase Units for and on behalf of ESR-REIT would give the Manager the flexibility to undertake repurchases or acquisitions of Units ("**Unit Buy-Back**") of up to the 10.0% limit described in paragraph 2.3(a) of this Circular at any time, during the period when the Unit Buy-Back Mandate is in force.

The rationale for seeking the Unit Buy-Back Mandate is as follows:

- (a) the Unit Buy-Back Mandate would be a flexible and cost-effective capital management tool to enhance return on equity for Unitholders and/or the net asset value ("**NAV**") per Unit; and
- (b) the Unit Buy-Back Mandate, when exercised at appropriate times, would help mitigate short-term market volatility, off-set the effects of short-term speculative trading of the Units, and bolster market confidence in the Units.

While the Unit Buy-Back Mandate would authorise Unit Buy-Backs of up to the said 10.0% limit during the period when the Unit Buy-Back Mandate is in force, Unitholders should note that Unit Buy-Backs may not necessarily be carried out to the entire 10.0% limit as authorised by Unitholders.

Repurchases of Units will be made only when the Manager considers it to be in the best interests of ESR-REIT and the Unitholders.

Rule 723 of the Listing Manual requires ESR-REIT to ensure that at least 10.0% of its Units are at all times held by the public (the "**Public Float**"). As at the Latest Practicable Date, the Public Float is approximately 61.5%, and accordingly, the Manager is of the view that the orderly trading and the listing status of the Units on the SGX-ST is not likely to be affected by the Unitholders' approval of the Unit Buy-Back Mandate and the repurchases of Units thereunder.

2.3 **Authority and Limits on the Unit Buy-Back Mandate**

The authority conferred on the Manager and the limits placed on the repurchases of Units by the Manager under the Unit Buy-Back Mandate are set out below:

(a) **Maximum Limit**

The total number of Units which may be repurchased pursuant to the Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the AGM¹.

FOR ILLUSTRATIVE PURPOSES ONLY: On the basis of 3,591,125,531 Units in issue as at the Latest Practicable Date, and assuming that no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved, not more than 359,112,553 Units (representing 10.0% of the total number of issued Units) may be repurchased by the Manager pursuant to the Unit-Buy Back Mandate during the Mandate Duration.

(b) **Duration of Authority**

The Unit Buy-Back Mandate, if approved by Unitholders, will be in force from the period commencing from the date on which the AGM is held and the renewal of the Unit Buy-Back Mandate is approved, and expiring on the earliest of the following dates:

- (i) the date on which the next annual general meeting of ESR-REIT is or is required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier;
- (ii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Unit Buy-Back Mandate is revoked or varied,

(the "**Mandate Duration**").

¹ Pursuant to the Listing Manual, a unit buy-back shall not exceed 10.0% of the total number of issued units excluding treasury units and subsidiary holdings in each class as at the date of the resolution passed by unitholders for the unit buy-back. For the avoidance of doubt, ESR-REIT does not hold any treasury units and there are no subsidiary holdings as none of the subsidiaries of ESR-REIT hold any Units. There is also only one class of units in ESR-REIT.

Under the Trust Deed and applicable laws and regulations, ESR-REIT is required to convene an annual general meeting of Unitholders once every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, and in any case within four months from the financial year end of ESR-REIT.

The authority conferred on the Manager under the Unit Buy-Back Mandate to repurchase Units may be renewed at the next annual general meeting of Unitholders. When seeking the approval of Unitholders for any subsequent Unit buy-back mandate, the Manager shall disclose details of each Unit buy-back made during the Mandate Duration in respect of the Unit buy-back mandate immediately preceding such Unit buy-back mandate being sought, including the total number of Units repurchased, the repurchase price per Unit or the highest and lowest prices paid for such repurchases of Units, where relevant, and the total consideration paid for such repurchases.

(c) **Manner of Repurchase**

Repurchases of Units may be made by way of:

- (i) market repurchase(s) ("**Market Repurchases**"); and/or
- (ii) off-market repurchase(s) ("**Off-Market Repurchases**").

Market Repurchases refer to repurchases or acquisitions of Units by the Manager through the trading system of the SGX-ST, through one or more duly licensed stockbrokers appointed by the Manager for the purpose.

Off-Market Repurchases refer to repurchases of Units by the Manager, otherwise than on a securities exchange and made under an "equal access scheme" for the repurchase of Units from Unitholders in accordance with the Trust Deed. In this regard, an Off-Market Repurchase must satisfy all the following conditions:

- (i) offers for the repurchase or acquisition of Units shall be made to every person who holds Units to repurchase or acquire the same percentage of their Units;
- (ii) all of the above-mentioned persons shall have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (A) differences in consideration attributable to the fact that offers may relate to Units with different accrued distribution entitlements;
 - (B) differences in consideration attributable to the fact that the offers may relate to Units with different amounts remaining unpaid; and
 - (C) differences in the offers introduced solely to ensure that each Unitholder is left with a whole number of Units.

Additionally, the Listing Manual provides that, in making an Off-Market Repurchase, the Manager must issue an offer document to all Unitholders which must contain, *inter alia*:

- (i) the terms and conditions of the offer;

- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Unit repurchases;
- (iv) the consequences, if any, of Unit repurchases by the Manager that will arise under the Code or other applicable takeover rules;
- (v) whether the Unit repurchases, if made, could affect the listing of the Units on the SGX-ST;
- (vi) details of any Unit repurchases made by the Manager in the previous 12 months (whether Market Repurchases or Off-Market Repurchases in accordance with an equal access scheme), giving the total number of Units repurchased, the repurchase price per Unit or the highest and lowest prices paid for the repurchases, where relevant, and the total consideration paid for the repurchases; and
- (vii) whether the Units repurchased by the Manager will be cancelled or kept as treasury Units.

(d) **Repurchase Price**

The Manager has the discretion to determine the repurchase price for a repurchase of Units under a Unit buy-back mandate, subject to such repurchase price not exceeding 105.0% of the Average Closing Price (as defined herein) of the Units for both a Market Repurchase (in accordance with Rule 884 of the Listing Manual) and an Off-Market Repurchase (the "**Maximum Price**"), excluding Related Expenses of such repurchase.

For the purposes of this paragraph 2.3(d):

"Average Closing Price" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and on the date of the Market Repurchase.

"date of the making of the offer" means the date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase.

2.4 **Status of Repurchased Units**

Under the Trust Deed, a Unit repurchased by way of a Unit buy-back shall be deemed cancelled immediately on repurchase (and all rights and privileges attached to such Unit will expire on such cancellation).

2.5 **Reporting Requirements**

Rule 886 of the Listing Manual and Clause 7.10 of the Trust Deed require that the Manager shall notify the SGX-ST of all repurchases or acquisitions of Units not later than 9.00 a.m.:

- (a) in the case of a Market Repurchase, on the Market Day following the day on which the Market Repurchase was made; or
- (b) in the case of an Off-Market Repurchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Repurchase,

The notification of any such repurchases of Units to the SGX-ST (in the form of an announcement on the SGXNet) shall be in such form and shall include such details as the SGX-ST may prescribe.

The Manager shall make arrangements with the appointed stockbrokers and/or custodians to ensure that they provide the Manager in a timely fashion the necessary information which will enable the Manager to make the notifications to the SGX-ST.

2.6 Sources of Funds

The Manager may only apply funds for the repurchase of Units as provided in the Trust Deed and in accordance with applicable laws and regulations. The Manager may not repurchase Units for a consideration other than in cash.

The Manager intends to utilise ESR-REIT's internal sources of funds, external borrowings or a combination of both to finance the Manager's repurchase of Units on behalf of ESR-REIT pursuant to the Unit Buy-Back Mandate, subject always to the requirements of the applicable laws and/or regulations in force at the relevant time.

2.7 Financial Effects

It is not possible for the Manager to calculate realistically or quantify the impact of repurchases of Units that may be made pursuant to the Unit Buy-Back Mandate on the NAV per Unit and DPU as the resultant effect would depend on, among others, the aggregate number of Units repurchased and the repurchase prices paid for such Units.

ESR-REIT's total number of issued Units will be diminished by the total number of Units repurchased by way of a Unit Buy-Back as such Units will be cancelled.

The Manager will only exercise the Unit Buy-Back Mandate when it considers it to be in the best interests of ESR-REIT and the Unitholders. The Manager will consider factors such as the working capital requirements, availability of financial resources, the investment and growth strategies of ESR-REIT and the prevailing market conditions before repurchasing Units under the Unit Buy-Back Mandate. The Manager will exercise the Unit Buy-Back Mandate with a view to enhancing the DPU and/or the NAV per Unit. The Manager does not intend to exercise the Unit Buy-Back Mandate to such an extent as would have a material adverse effect on the financial position or listing status of ESR-REIT.

FOR ILLUSTRATIVE PURPOSES ONLY: The financial effects of a Unit buy-back on ESR-REIT are based on the assumptions set out below:

- (a) 359,112,553 Units (representing approximately 10.0% of the total number of issued Units as at the Latest Practicable Date) are repurchased by the Manager pursuant to the Unit Buy-Back Mandate on 1 January 2020;
- (b) 3,591,125,531 Units are in issue as at the Latest Practicable Date (assuming no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved);

- (c) Units are repurchased by the Manager at the Maximum Price of S\$0.4053 per Unit (being 105.0% of the Average Closing Price of the Units immediately preceding the Latest Practicable Date), and accordingly, the maximum amount of funds required for the repurchase of the 359,112,553 Units, representing 10.0% of the total number of issued Units as at the Latest Practicable Date (excluding Related Expenses) is approximately S\$145.5 million;
- (d) the Unit Buy-Back Mandate has been effective since 1 January 2020;
- (e) all Units repurchased under the Unit Buy-Back Mandate are cancelled;
- (f) the repurchases of Units are funded solely by internal sources of funds of ESR-REIT; and
- (g) there are no changes to the distribution policy to Unitholders.

Based on the assumptions set out above, the *pro forma* financial effects of the repurchase of 359,112,553 Units (representing 10.0% of the total number of issued Units as at the Latest Practicable Date) by the Manager pursuant to the Unit Buy-Back Mandate are set out below based on the FY 2020 Audited Financial Statements of the Group:

	FY 2020 Audited Financial Statements	<i>Pro forma</i> financial effects of Unit repurchases on the FY 2020 Audited Financial Statements
Net Assets (S\$ million)	1,447.0	1,301.4
Current Assets (S\$ million)	30.3	30.3
Current Liabilities (S\$ million)	319.2	319.2
Number of issued Units (as at the Latest Practicable Date) (million)	3,591.1	3,232.0
<u>Financial Ratios</u>		
Adjusted NAV per Unit (excluding outstanding distributable income) (cents)	39.6	39.5
DPU (cents)	2.800	3.116
Aggregate Leverage (%)	41.6	43.7

Unitholders should note that the *pro forma* financial effects set out in the table above are based on the FY 2020 Audited Financial Statements and are presented strictly for illustrative purposes only. The results of the Group for FY 2020 may not be representative of future performance. Although the Unit Buy-Back Mandate would authorise the Manager to repurchase up to 10.0% of the total number of issued Units, the Manager may not necessarily repurchase or be able to repurchase the entire 10.0% of the total number of issued Units at any time while the Unit Buy-Back Mandate is in force.

2.8 Taxation

Unitholders who are in doubt as to their respective tax positions or the tax implications of Unit repurchases by the Manager, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 Black-Out Periods

The Manager will not repurchase any Units for and on behalf of ESR-REIT at any time after a material price sensitive development has occurred or has been the subject of a decision until such time the price sensitive information has been publicly announced. In addition, the Manager will not repurchase Units for and on behalf of ESR-REIT during the period commencing one month before the announcement of the Group's half year and full year financial statements.

2.10 Take-over Implications

The circumstances under which Unitholders and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code after a repurchase of Units by the Manager are set out in Appendix 2 to the Code. The take-over implications which may arise from any repurchase by the Manager of Units by way of a Unit buy-back are set out below.

(a) Obligation to make a Take-over Offer

If, as a result of any repurchase by the Manager of the Units, the percentage of voting rights held by a Unitholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, a Unitholder or a group of Unitholders acting in concert could obtain or consolidate effective control of ESR-REIT and become obliged to make a mandatory take-over offer under Rule 14 of the Code.

(b) Persons Acting in Concert

Applying the Code to ESR-REIT, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Units (or otherwise), to obtain or consolidate effective control of ESR-REIT.

Without prejudice to the general application of the foregoing definition, unless the contrary is established, the following persons will be presumed to be acting in concert with each other:

- (i) the following companies:
 - (A) a company ("**A**");

- (B) the parent company of (A) ("**B**");
 - (C) the subsidiaries of (A) (each, "**C**");
 - (D) the fellow subsidiaries of (A) (each, "**D**");
 - (E) the associated companies of any of (A), (B), (C), or (D) (each, "**E**");
 - (F) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (G) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
 - (iii) a company with any of its pension funds and employee share schemes;
 - (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
 - (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
 - (vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
 - (vii) partners; and
 - (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, a company is an "associated company" (as defined in the Code) of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company.

The circumstances under which Unitholders, including the Directors and their concert parties respectively, will incur an obligation to make a take-over offer under Rule 14 of the Code after a purchase or acquisition of Units by the Manager by way of a Unit buy-back are set out in Appendix 2 to the Code.

(c) Effect of Rule 14 and Appendix 2 to the Code

In general terms, the effect of Rule 14 and Appendix 2 to the Code is that, unless exempted², Unitholders and/or persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Manager repurchasing Units by way of a Unit buy-back, the voting rights of such Unitholders and/or persons acting in concert with them would increase to 30.0% or more, or in the event that such Unitholders and/or persons acting in concert with them hold between 30.0% and 50.0% of the voting rights in ESR-REIT, if the voting rights of such Unitholders and/or persons acting in concert with them would increase by more than 1.0% in any period of six months.

Under Appendix 2 to the Code, a Unitholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Manager repurchasing Units by way of a Unit buy-back, the voting rights of such Unitholder would increase to 30.0% or more, or, if such Unitholder holds between 30.0% and 50.0% of the voting rights in ESR-REIT, the voting rights of such Unitholder would increase by more than 1.0% in any period of six months. Such Unitholder need not abstain from voting in respect of the resolution relating to the Unit Buy-Back Mandate.

Based on the above and on the interests of the Substantial Unitholders in Units recorded in the Register of Substantial Unitholders as at the Latest Practicable Date, the unitholdings of the Sponsor and persons acting in concert with it before the repurchase of Units is 1,273,102,470 Units (35.5%). The unitholdings of the Sponsor and persons acting in concert with it after the repurchase of Units assuming (a) the Manager repurchases 359,112,553 Units, being the maximum limit of 10.0% of the total number of issued Units under the Unit Buy-Back Mandate and (b) there is no change in the number of Units held by the Sponsor and persons acting in concert with it as at the Latest Practicable Date, will be 1,273,102,470 Units (39.4%).

In the above illustration, as at the Latest Practicable Date, the voting rights of the Sponsor and persons acting in concert with it may increase from 35.5% to 39.4% in the event the Manager repurchases 359,112,553 Units, being the maximum limit of 10.0% of the total number of issued Units under the Unit Buy-Back Mandate. In the event that their voting rights increase by more than 1.0% in any period of six months, the Sponsor and persons acting in concert with it will become obliged to make a mandatory take-over offer under Rule 14 of the Code.

The Manager intends to monitor and limit the extent of its repurchases under the Unit Buy-Back Mandate such that the voting rights of the Sponsor and persons acting in concert with it will not increase by more than 1.0% of the total number of issued Units in any period of six months.

Save as disclosed above, none of the Substantial Unitholders would become obliged to make a take-over offer for ESR-REIT under Rule 14 of the Code as a result of any repurchase of Units by the Manager pursuant to the Unit Buy-Back Mandate of the maximum limit of 10.0% of the total number of issued Units as at the Latest Practicable Date.

² Unitholders and/or persons acting in concert with them will be exempt from the requirement to make a mandatory take-over offer under Rule 14 of the Code upon the satisfaction of the conditions set out in paragraph 3(a) of Appendix 2 to the Code.

Important:

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all the implications that may arise under the Code. Unitholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a mandatory take-over offer would arise by reason of any Unit repurchases by the Manager.

2.11 Units Repurchased by the Manager

As at the Latest Practicable Date, the Manager has not repurchased any Units under the 2020 Unit Buy-Back Mandate.

2.12 Unitholders' Approval

In view of the foregoing, the Manager is seeking Unitholders' approval under the resolution relating to the Unit Buy-Back Mandate.

Important:

Unitholders should note that by voting in favour of the resolution relating to the Unit Buy-Back Mandate, they will be authorising the Manager to procure the repurchase of Units on the terms and conditions set out in paragraph 2 of this Circular and in accordance with the provisions of the Trust Deed and all applicable laws and regulations, including but not limited to the Listing Manual.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

3.1 Interests of Directors in Units

The interests of the Directors in the Units, as recorded in ESR-REIT's Register of Directors' Unitholdings as at the Latest Practicable Date, are set out below.

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	%*†	No. of Units	%*†	No. of Units	%*†
Mr. Ooi Eng Peng	-	-	-	-	-	-
Mr. Khor Un-Hun	-	-	-	-	-	-
Mr. Philip John Pearce	-	-	-	-	-	-
Mr. Jeffrey David Perlman	-	-	-	-	-	-
Dr. Leong Horn Kee	-	-	-	-	-	-
Mr. Ronald Lim Cheng Aun	158,757	0.0044	-	-	158,757	0.0044

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	%*†	No. of Units	%*†	No. of Units	%*†
Ms. Stefanie Yuen Thio	148,527	0.0041	35,804	0.0010	184,331	0.0051
Mr. Wilson Ang Poh Seong	3,793,387	0.1056	-	-	3,793,387	0.1056
Mr. Tong Jinquan	172,802,987	4.8119	664,861,279	18.5140	837,664,266	23.3260
Mr. Adrian Chui Wai Yin	-	-	-	-	-	-

Note:

* Based on Directors' disclosures in respect of interests in securities.

† The percentage interest is computed based on the number of Units in issue as at the Latest Practicable Date, being 3,591,125,531 Units.

3.2 Interests of Substantial Unitholders in Units

The interests of the Substantial Unitholders in Units as recorded in ESR-REIT's Register of Substantial Unitholders as at the Latest Practicable Date, are set out below.

Substantial Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	%*†	No. of Units	%*†	No. of Units	%*†
Mr. Tong Jinquan	172,802,987	4.8119	664,861,279 ⁽¹⁾	18.5140	837,664,266	23.3260
Shanghai Summit (Group) Co., Ltd	-	-	621,952,678 ⁽²⁾	17.3192	621,952,678	17.3192
Longemont Real Estate Pte. Ltd.	-	-	621,952,678 ⁽²⁾	17.3192	621,952,678	17.3192
Leading Wealth Global Inc	621,952,678	17.3192	-	-	621,952,678	17.3192
ESR Cayman Limited	-	-	355,331,099 ⁽³⁾	9.8947	355,331,099	9.8947
e-Shang Jupiter Cayman Limited	-	-	355,331,099 ⁽³⁾	9.8947	355,331,099	9.8947
e-Shang Infinity Cayman Limited	315,302,679	8.7801	40,028,420 ⁽⁴⁾	1.1146	355,331,099	9.8947

Notes:

- * Based on Substantial Unitholders' disclosures in respect of interests in securities.
- † The percentage interest is computed based on the number of Units in issue as at the Latest Practicable Date, being 3,591,125,531 Units.
- (1) Mr. Tong Jinqian is the sole shareholder of Shanghai Summit (Group) Co., Ltd and Shanghai Summit Pte. Ltd. Each of Shanghai Summit (Group) Co., Ltd and Shanghai Summit Pte. Ltd. is deemed to be interested in 621,952,678 Units and 42,908,601 Units, respectively. Therefore, Mr. Tong Jinqian is deemed to be interested in the 664,861,279 Units held by Shanghai Summit (Group) Co., Ltd and Shanghai Summit Pte. Ltd.
- (2) Shanghai Summit (Group) Co., Ltd is the sole shareholder of Longemont Real Estate Pte. Ltd., which is in turn the sole shareholder of Leading Wealth Global Inc. Therefore, each of Shanghai Summit (Group) Co., Ltd and Longemont Real Estate Pte. Ltd. is deemed to be interested in the 621,952,678 Units held by Leading Wealth Global Inc.
- (3) ESR Cayman Limited is the sole shareholder of e-Shang Jupiter Cayman Limited, which is in turn the sole shareholder of e-Shang Infinity Cayman Limited. Therefore, each of ESR Cayman Limited and e-Shang Jupiter Cayman Limited is deemed to be interested in the 355,331,099 Units held by e-Shang Infinity Cayman Limited.
- (4) e-Shang Infinity Cayman Limited indirectly owns 67.3% equity interest in the Manager and 100.0% equity interest in ESR Property Management (S) Pte. Ltd. Each of the Manager and ESR Property Management (S) Pte. Ltd. holds 29,736,447 Units and 10,291,973 Units, respectively. Therefore, e-Shang Infinity Cayman Limited is deemed to be interested in the 40,028,420 Units held by the Manager and ESR Property Management (S) Pte. Ltd.

4. DIRECTORS' RECOMMENDATIONS

Having considered the relevant factors, including the rationale for the proposed renewal of the Unit Buy-Back Mandate as set out in paragraph 2 of this Circular, the Directors recommend that Unitholders **VOTE IN FAVOUR** of the resolution relating to the proposed renewal of the Unit Buy-Back Mandate.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Unit Buy-Back Mandate, ESR-REIT and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reflected and reproduced in this Circular in its proper form and context.

6. DOCUMENT AVAILABLE FOR INSPECTION

The Trust Deed will be available for inspection during normal business hours at the registered office of the Manager at 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946 for so

long as ESR-REIT is in existence³. Unitholders should contact the Manager at ir@esr-reit.com.sg to make a prior appointment for the inspection of the Trust Deed.

Yours faithfully

ESR Funds Management (S) Limited

As manager of ESR-REIT

(Company Registration No.: 200512804G, Capital Markets Services Licence No.: CMS 100132)

Adrian Chui

Chief Executive Officer and Executive Director

7 April 2021

³ Inspection shall be subject to compliance with the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and any applicable control order or regulatory restriction relating to safe distancing which may be issued by the relevant authorities.

