

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
PLEASE READ CAREFULLY.**

# UNITHOLDERS' CIRCULAR

DATED 7 AUGUST 2018

## CIRCULAR TO UNITHOLDERS IN RELATION TO:

- 1) PROPOSED MERGER WITH VIVA INDUSTRIAL TRUST ("VIT") (THE "MERGER")
- 2) PROPOSED ISSUE OF ESR-REIT UNITS AS PART OF THE CONSIDERATION FOR THE MERGER
- 3) PROPOSED WHITWASH RESOLUTION
- 4) PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT
- 5) PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT



(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.: CMS 100132-5)

Financial Advisers in relation to the Merger and the Scheme



Independent Financial Adviser in relation to the Merger and the Whitewash Resolution



## IMPORTANT DATES AND TIMES

### Latest Date and Time for Lodgement of Proxy Form

9.00 a.m., 28 August 2018, Tuesday

### Date and Time of Extraordinary General Meeting

9.00 a.m., 31 August 2018, Friday

### Place of Extraordinary General Meeting

Stephen Riady Auditorium @ NTUC,  
Level 7, NTUC Centre,  
One Marina Boulevard,  
Singapore 018989

**YOUR VOTE COUNTS**



**Please vote in person or by proxy**

Note: All capitalised terms shall, if not otherwise defined, have the same meanings as ascribed to them in this Circular.

### IMPORTANT NOTICE

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 or any of your units in ESR-REIT, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form 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 the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.





# 1 What is the background of the Merger?

## 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<sup>(1)</sup>**

- 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<sup>(2)</sup>**

## Who is Viva Industrial Trust?



Viva Business Park



UE BizHub EAST



6 Chin Bee Avenue



Jackson Square



30 Pioneer Road



29 Tai Seng Street



11 Ubi Road 1



19 Tai Seng Avenue



81 Tuas Bay Drive

68%<sup>(3)</sup>

Business  
Parks

as a % of total portfolio

9<sup>(4)</sup>

Properties  
across Singapore

S\$1.3<sup>(3)</sup>  
billion

Total Assets

3.9<sup>(4)</sup>  
million

sq ft GFA

### Notes:

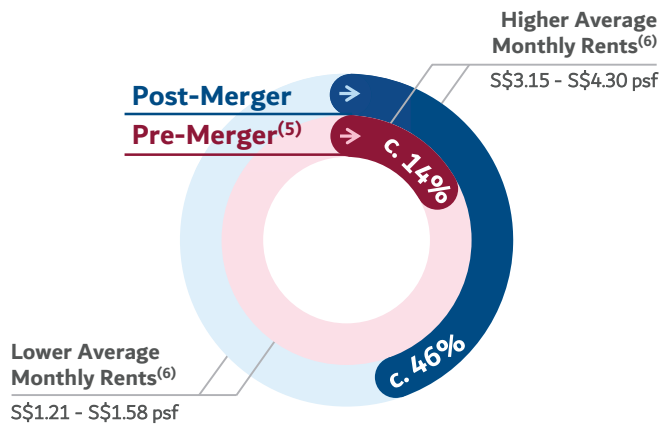
(1) On an ex-distributions basis.

(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.

(3) Based on valuation of VIT assets as at 31 March 2018.

(4) As at 31 March 2018.

## 2 Why should ESR-REIT merge with VIT?



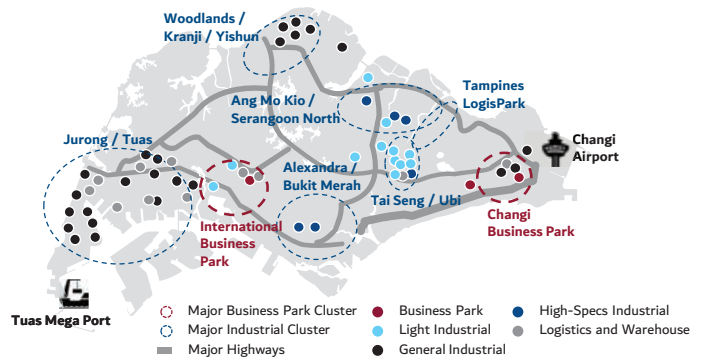
Portfolio exposure to Business Park and High-Specs sectors will increase to approximately S\$1.4bn

### Immediate Access to a Large Proportion of Business Parks

Business Parks are an industrial asset class that is expected to be low in supply in Singapore for the next three years. Post-Merger, the Business Park and High-Specs sectors will make up approximately 46% of the Enlarged Trust's portfolio. These sectors are attractive and in high demand as they have consistently commanded the highest rents<sup>(6)</sup> among industrial properties.

### Enhanced Portfolio Quality

The Merger will create an enlarged and diversified portfolio that is more resilient to market cycles with a network of 56 properties across five different sub-asset classes and strategically located across key industrial zones.



Strong island-wide coverage of the Enlarged Trust across 56 properties in Singapore



Viva Business Park – before and after AElS

### VI-REIT Manager's Track Record in AElS

VI-REIT's management team brings with them their expertise and track record in undertaking large scale Asset Enhancement Initiatives ("AElS"). This is aligned with the ESR-REIT Manager's portfolio enhancement strategy which aims to further extract value from the trust assets.

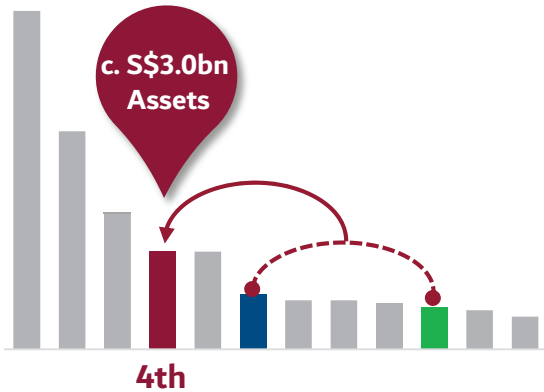
Notes:

(5) Pre-Merger refers to ESR-REIT's portfolio valuation as at 31 March 2018 and excludes adjustments for the valuation of the property at 7000 Ang Mo Kio Avenue 5 (pursuant to the 7000 AMK Acquisition).

(6) Sources: JTC, CBRE. Average monthly rents for Business Park and High-Specs sectors were S\$4.30 and S\$3.15 per sq ft respectively while the average monthly rents for the other industrial sectors were between S\$1.21 and S\$1.58 per sq ft in 1Q2018.



### 3 How do I benefit from the Merger?

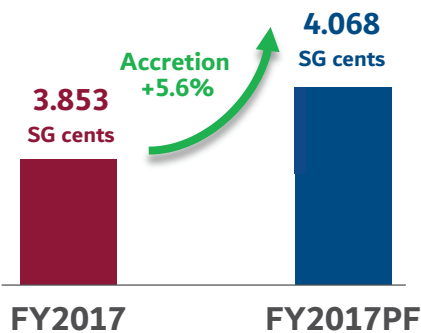


#### 4th Largest Industrial S-REIT

The Enlarged Trust is expected to become the 4th largest industrial S-REIT and may benefit from improvements in operating cost efficiencies through economies of scale and better market position. A larger, fully unencumbered portfolio with increased debt tenor also provides greater access to pools of capital and more competitive costs of capital.

#### Increased Free Float and Liquidity

ESR-REIT Unitholders could potentially enjoy a positive re-rating of the Enlarged Trust's unit price due to the significant increase in its market capitalisation, larger free float and higher trading liquidity. This could potentially lead to index inclusion and increased analyst coverage.



#### DPU Accretive on a Historical *Pro Forma* Basis

The Merger is expected to be DPU accretive on a historical *pro forma* basis. Assuming the Merger had been completed on 1 January 2017, DPU for FY2017 would have increased from 3.853 Singapore cents to 4.068 Singapore cents, translating to a DPU accretion of 5.6%<sup>(7)</sup>.

Note:

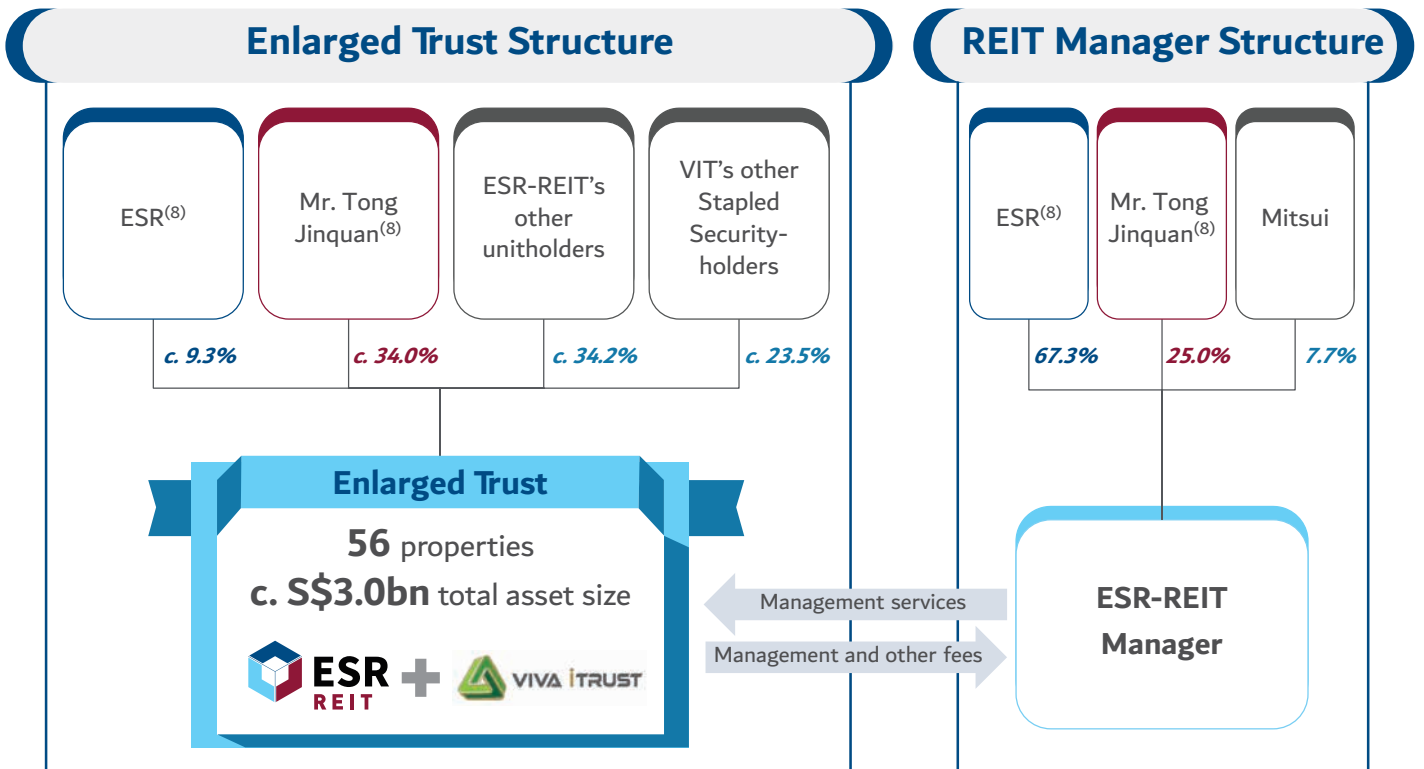
(7) Based on the assumptions set out on page 176 of this Circular. No other operational and trust level savings or potential synergies from the Merger have been taken into account in the preparation of the unaudited *pro forma* consolidated financial information of the Enlarged Trust set out in Schedule 5 to this Circular.



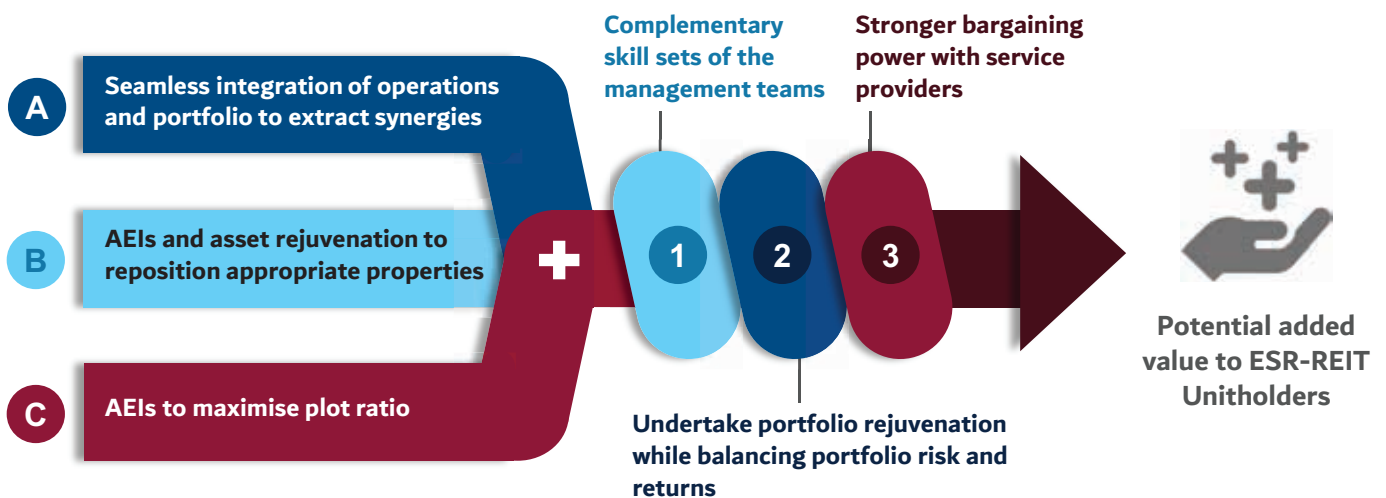
# 4 Who will be the Sponsor of the Enlarged Trust?

## Enlarged Trust's future growth will be well-supported by ESR

ESR has demonstrated its support for ESR-REIT by its proposed payment of S\$62.0 million for the acquisition of the VI-REIT Manager to facilitate the Merger, and the dilution of its stake in the ESR-REIT Manager. Its financial commitment in growing ESR-REIT and continued substantial unitholding in the Enlarged Trust represents an alignment of interest between sponsor, REIT manager and unitholders.



## ESR-REIT Manager's post-Merger strategy for the Enlarged Trust



Note:  
 (8) 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.



# 5 What will the Enlarged Trust look like?

As at 31 March 2018



**56**

Properties across  
5 different sub-asset  
classes



Total asset size of approximately

**S\$3.0bn**

▲ 79.8%

Total GFA of approximately  
**13.6m sq ft**  
▲ 40.2%

Portfolio occupancy of

**90.9%**

above JTC  
average of 89.0%



Increase in net  
property income

▲ 104.3%

Land lease expiry

**34.0**  
years



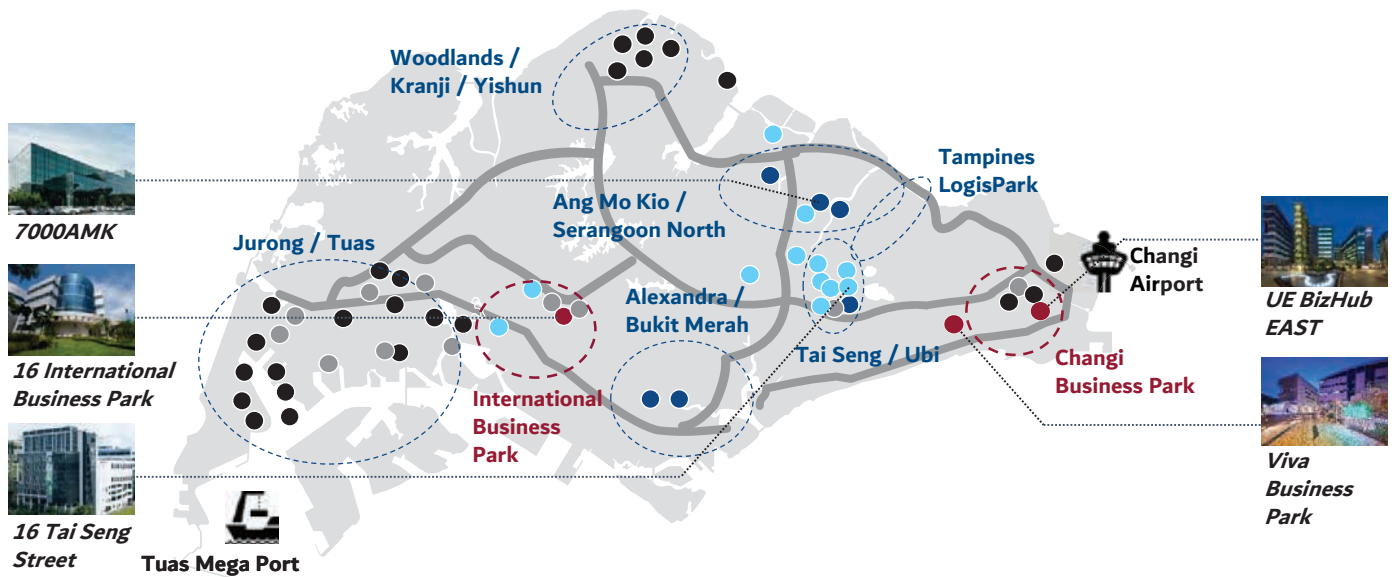
Weighted average lease expiry

**3.8**  
years



350 tenants  
from different  
business sectors  
▲ 81.3%

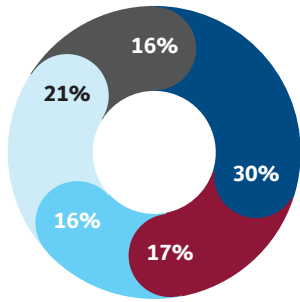
Strong island-wide coverage of the Enlarged Trust across 56 properties in Singapore



- Major Business Park Cluster
- Business Park
- High-Specs Industrial
- General Industrial
- Major Industrial Cluster
- Light Industrial
- Logistics and Warehouse
- Major Highways

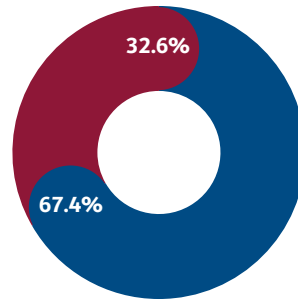


## Asset class by valuation



■ High-Specs Industrial   
 ■ Business Park   
 ■ Logistics  
■ Light Industrial   
 ■ General Industrial

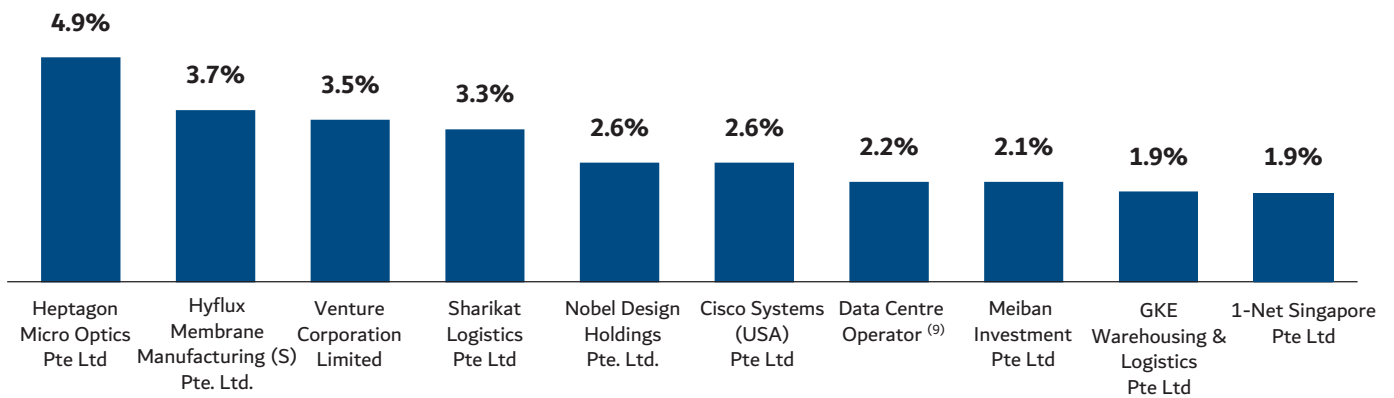
## STB v MTB by rental income



■ Multi-tenanted buildings  
■ Single-tenanted buildings

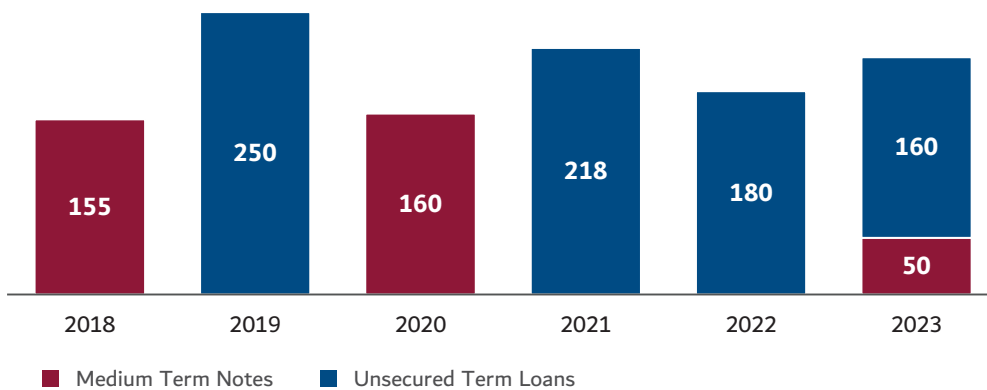
## Top 10 tenants account for 28.7% of rental income

No single tenant accounts for more than 5.0% of portfolio gross revenue



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

(S\$ million)



*Pro forma gearing*

**38.9%**

**Weighted average debt expiry**

**2.4 years**

Note:  
(9) Tenant cannot be named due to confidentiality obligations.





## 6 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”)**

**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 THIS CIRCULAR.**

<b>“ARCC”</b>	: The ESR-REIT Manager’s Audit, Risk Management and Compliance Committee, comprising Mr. Bruce Kendle Berry as the chairman and Mr. Ooi Eng Peng and Mr. Erle William Spratt as members
<b>“Recommending Directors (IPT)”</b>	: The Directors who are considered independent for the purposes of the Merger as an interested person transaction and interested party transaction, being Mr. Ooi Eng Peng, Mr. Bruce Kendle Berry, Mr. Erle William Spratt and Mr. Adrian Chui Wai Yin
<b>“Independent ESR-REIT Unitholders (IPT)”</b>	: The ESR-REIT Unitholders who are considered independent for the purposes of the Merger as an interested person transaction and interested party transaction, which, for the avoidance of doubt, excludes Mr. Tong and his associates, and also excludes the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui which are required by the SGX-ST and/or the MAS to abstain from voting on the resolutions relating to the Merger
<b>“Recommending Directors (Whitewash)”</b>	: The Directors who are considered independent for the purposes of the Whitewash Resolution, being Mr. Ooi Eng Peng, Mr. Bruce Kendle Berry, Mr. Erle William Spratt and Mr. Adrian Chui Wai Yin
<b>“Independent ESR-REIT Unitholders (Whitewash)”</b>	: 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



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 this Circular, as well as ANZ's opinion as set out in the IFA Letter in Schedule 2 to this 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 this Circular, as well as ANZ's opinion as set out in the IFA Letter in Schedule 2 to this Circular, and recommend that the Independent ESR-REIT Unitholders (Whitewash) **VOTE IN FAVOUR** of Resolution 3, the Ordinary Resolution relating to the Whitewash Resolution.



**RECOMMENDING DIRECTORS (IPT)**  
**RECOMMENDING DIRECTORS (WHITEWASH)**

**IT IS IMPORTANT THAT YOU READ THE ABOVE IN CONJUNCTION WITH THE FULL TEXT AND CONTEXT OF THE CIRCULAR.**

- "Recommending Directors (IPT)"** : The Directors who are considered independent for the purposes of the Merger as an interested person transaction and interested party transaction, being Mr. Ooi Eng Peng, Mr. Bruce Kendle Berry, Mr. Erle William Spratt and Mr. Adrian Chui Wai Yin
- "Independent ESR-REIT Unitholders (IPT)"** : The ESR-REIT Unitholders who are considered independent for the purposes of the Merger as an interested person transaction and interested party transaction, which, for the avoidance of doubt, excludes Mr. Tong and his associates, and also excludes the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui which are required by the SGX-ST and/or the MAS to abstain from voting on the resolutions relating to the Merger
- "Recommending Directors (Whitewash)"** : The Directors who are considered independent for the purposes of the Whitewash Resolution, being Mr. Ooi Eng Peng, Mr. Bruce Kendle Berry, Mr. Erle William Spratt and Mr. Adrian Chui Wai Yin
- "Independent ESR-REIT Unitholders (Whitewash)"** : 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



# 8 What must happen for the Merger to be approved?

## Latest Date and Time for Lodgement of Proxy Form

9.00 a.m., 28 August  
2018, Tuesday

## YOUR VOTE COUNTS



Please vote in person or by proxy

### Resolution 1:

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

### Resolution 2:

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

### Resolution 3:

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<sup>(10)</sup>

### Resolutions 1 and 3

#### Ordinary Resolution: >50%

*of the total number of votes cast by ESR-REIT Unitholders present and voting in person or by proxy at the EGM*

### Resolution 2

#### Extraordinary Resolution: ≥75%

*of the total number of votes cast by ESR-REIT Unitholders present and voting in person or by proxy at the EGM*

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

The Tong Group<sup>(10)</sup>, the Relevant ESR-REIT Unitholders<sup>(11)</sup>, the ESR-REIT Manager and Mitsui will abstain from voting on Resolutions 1, 2 and 3.

In addition, the Merger is also subject to the Stapled Securityholders' approval of the Scheme and the court approval for the Scheme.

#### Notes:

(10) 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 Jinqun and Mr. Tong Yu Lou.

(11) The Relevant ESR-REIT Unitholders are e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited.



# 9 What do I need to do in relation to the Merger?

## YOUR VOTE COUNTS

Please vote in person or by proxy



You now have this Circular

Extraordinary General Meeting:  
9.00 a.m. on 31 August 2018 at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989

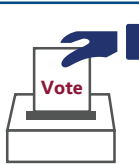


Attend the EGM in person

OR



Appoint a proxy to vote at the EGM



ESR-REIT Unitholders vote during the EGM

## 2 possible outcomes for the Merger

### Outcome 1:

ESR-REIT Unitholders vote **in favour** of all Resolutions 1, 2 and 3

The Merger **will** go through and ESR-REIT **will** acquire all the issued and paid-up Stapled Securities<sup>(12)</sup>

### Outcome 2:

ESR-REIT Unitholders vote **against** any of Resolutions 1, 2 or 3

The Merger **will not** go through and ESR-REIT **will not** acquire all the issued and paid-up Stapled Securities

Note:

(12) Conditional upon the Scheme becoming effective in accordance with its terms.



# 10 What are Resolutions 4 and 5 about?

## Resolution 4:

### The Proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed

#### Rationale

- Align the provisions of the ESR-REIT Trust Deed to the Listing Manual
- Ensure consistency with the industry's best practices
- Avoid any potentially confusing situations where the requirements under the ESR-REIT Trust Deed and the Listing Manual differ
- Enable ESR-REIT to raise funds in a prompt and efficient manner to better handle its capital requirements

Relevant components of the ESR-REIT Unit issue structure	Proposed changes / limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
1 Issue price of an ESR-REIT Unit for a <u>rights issue</u>	Removal of existing specific limits and replaced by limits set out in accordance with Rule 816 of the Listing Manual as revised and updated from time to time. Non-renounceable rights issue <ul style="list-style-type: none"> <li>• <u>No discount limits</u> (if specific ESR-REIT Unitholder approval is sought)</li> <li>• <u>10% discount limit</u> (if issuance is made in reliance on general mandate obtained under Rule 806)</li> </ul> Renounceable rights issue <ul style="list-style-type: none"> <li>• <u>No limits specified</u></li> </ul>
2 Issue price of an ESR-REIT Unit for any <u>reinvestment of distribution arrangement</u>	Removal of existing specific limits and replaced by limits set out in accordance with Rule 862 of the Listing Manual as revised and updated from time to time. <ul style="list-style-type: none"> <li>• Issue price to be determined in accordance with a formula based on the market price, but <u>any discount must not exceed 10% of the market price.</u></li> </ul>
3 Issue price of new ESR-REIT Units issued <u>other than by way of rights issue offered on a pro rata basis to all ESR-REIT Unitholders</u>	Removal of existing specific limits and replaced by limits set out in accordance with Rule 811 of the Listing Manual as revised and updated from time to time. <ul style="list-style-type: none"> <li>• Issue price to be <u>not more than 10% discount</u>, unless specific ESR-REIT Unitholders' approval is obtained pursuant to Rule 811(3).</li> </ul>
4 Number of new ESR-REIT Units issued <u>other than by way of rights issue offered on a pro rata basis to all ESR-REIT Unitholders</u>	Removal of existing specific limits and replaced by limits set out in accordance with Rule 806 of the Listing Manual as revised and updated from time to time. <ul style="list-style-type: none"> <li>• <u>Aggregate number of ESR-REIT Units shall be not more than 20%</u> of total issued ESR-REIT Units excluding treasury units.</li> </ul>
5 Parties to whom ESR-REIT Units may be issued for ESR-REIT Units issued <u>other than by way of rights issue offered on a pro rata basis to all ESR-REIT Unitholders</u>	Removal of existing specific limits and replaced by limits set out in accordance with Rule 812 of the Listing Manual as revised and updated from time to time. <ul style="list-style-type: none"> <li>• An issue must not be placed to any of the following persons:               <ol style="list-style-type: none"> <li>a) the issuer's directors and substantial unitholders;</li> <li>b) immediate family members of the directors and substantial unitholders;</li> <li>c) substantial unitholders, related companies, associated companies and sister companies of the issuer's substantial unitholders;</li> <li>d) corporations in whose shares the issuer's directors and substantial unitholders have an aggregate interest of at least 10%; and</li> <li>e) any person who, in the opinion of the SGX-ST, falls within the abovementioned categories (a) to (d).</li> </ol> </li> <li>• The above will not apply if specific ESR-REIT Unitholders' approval for such a placement has been obtained and the person, and its associates, must abstain from voting on the resolution approving the placement. Rule 812(1)(a) will not apply in certain circumstances.</li> <li>• 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 unitholders.</li> </ul>
6 Level of ESR-REIT Unitholders' approval required for issuance of ESR-REIT Units in numbers exceeding the limit (if any) set out in any applicable laws, regulations and the Listing Rules	Ordinary Resolution unless an Extraordinary Resolution is required by any applicable laws, regulations and the Listing Rules.

Please see paragraph 16 of and Schedule 9 to this Circular for details on the proposed ESR-REIT Unit Issue Supplement.

## Resolution 5:

### The Proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed

The Listing Rules were amended on 31 March 2017 to allow issuers to electronically transmit certain types of notices and documents if express consent, deemed consent or implied consent of ESR-REIT Unitholders is obtained, and subject to certain safeguards. These amendments were mainly for the purposes of alignment with certain provisions of the amended Companies Act.

#### Rationale

- Provide flexibility to choose to receive documents from ESR-REIT either in the form of electronic communications or physical notice
- Reduce operational costs and increase operational efficiency, which in turn could enhance economic returns to ESR-REIT Unitholders
- Increase speed and effectiveness of communications between ESR-REIT Unitholders and ESR-REIT

Please see paragraph 17 of and Schedule 10 to this Circular for details on the proposed ESR-REIT Electronic Communications Supplement.



If you are unable to attend the EGM in person, you may appoint someone you know, or the Chairman of the EGM, to vote on your behalf by completing the Proxy Form.

## STEP 1: Locate the Proxy Form

The Proxy Form is enclosed with this Circular, or can be obtained from:

**B.A.C.S. Private Limited**  
 8 Robinson Road #03-00  
 ASO Building  
 Singapore 048544

Operating hours: Monday to Friday, 8.30 a.m. to 5.30 p.m.

## STEP 2: Complete the Proxy Form

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

**PROXY FORM**  
 Extraordinary General Meeting

**IMPORTANT:**  
 1. For CPF investors who have used their CPF monies to buy units in ESR-REIT, this Circular is forwarded to them at the request of their Agent Banks and is sent solely FOR THEIR INFORMATION ONLY.  
 2. This Proxy Form is valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.  
 3. CPF investors who wish to attend the Extraordinary General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Unit Registrar of ESR-REIT within the time frame specified. If they also wish to vote, they must submit their requests to the Agent Bank so his Agent Bank may appoint him as its proxy within the specified timeframe. Agent Banks, please see Notes 2 and 4 on the reverse side.  
 4. PLEASE READ THE NOTES TO THE PROXY FORM.  
 Personal data privacy  
 By submitting an instrument appointing a proxy(ies) and/or representative(s), the ESR-REIT Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 August 2018.

I/We, \_\_\_\_\_ (Name and NRIC no./Passport no./Company Registration no.) of \_\_\_\_\_ (Address) being a unitholder/unitholders of ESR-REIT, hereby appoint:

Name	Address	NRIC/Passport No.	No. of ESR-REIT Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	No. of ESR-REIT Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of ESR-REIT to be held at 9.00 a.m. on 31 August 2018 at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

No.	Resolutions:	For*	Against*
1	<b>Resolution 1 (Ordinary Resolution):</b> To approve the Merger		
2	<b>Resolution 2 (Extraordinary Resolution):</b> To approve the proposed issue of approximately 1,551.2 million new ESR-REIT Units to the Staged Securityholders as part of the consideration pursuant to the Merger		
3	<b>Resolution 3 (Ordinary Resolution):</b> To approve the 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		
4	<b>Resolution 4 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed		
5	<b>Resolution 5 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature(s) of ESR-REIT Unitholder(s)/Common Seal

Total number of ESR-REIT Units held (Note 3)

**A** Fill in your name and particulars.

I/We, \_\_\_\_\_ (Name and NRIC no./Passport no./Company Registration no.) of \_\_\_\_\_ (Address) being a unitholder/unitholders of ESR-REIT, hereby appoint:

**B** You may fill in the details of the appointee(s) or leave this section blank. The Chairman of the EGM will be the appointee if this section is left blank.

Name	Address	NRIC/Passport No.	Proportion of Unitholdings (Note 1)	
			No. of ESR-REIT Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Unitholdings (Note 1)	
			No. of ESR-REIT Units	%

**C** Indicate your vote in the box labeled **FOR** or **AGAINST** for each of the Resolutions.

No.	Resolutions:	For*	Against*
1	<b>Resolution 1 (Ordinary Resolution):</b> To approve the Merger		
2	<b>Resolution 2 (Extraordinary Resolution):</b> To approve the proposed issue of approximately 1,551.2 million new ESR-REIT Units to the Staged Securityholders as part of the consideration pursuant to the Merger		
3	<b>Resolution 3 (Ordinary Resolution):</b> To approve the 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		
4	<b>Resolution 4 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed		
5	<b>Resolution 5 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed		



**D** If you are an individual, you or your attorney **MUST SIGN** and indicate the date.

If you are a corporation, the Proxy Form must be executed under your common seal or signed by a duly authorised officer or attorney.

Where the Proxy Form is signed by an attorney or a duly authorised officer, the power of attorney or other authority under which it is signed must be lodged with the Proxy Form.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature(s) of ESR-REIT Unitholder(s)/Common Seal

**E** Indicate the number of ESR-REIT Units you hold.

Total number of ESR-REIT Units held (Note 3)

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

**PROXY FORM**  
Extraordinary General Meeting

**IMPORTANT:**

- For CPF investors who have used their CPF monies to buy units in ESR-REIT, this Circular is forwarded to them at the request of their Agent Banks and is sent solely **FOR THEIR INFORMATION ONLY**.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
- Meeting as **OBSERVERS** must submit their requests through their respective Agent Banks or ask their Agent Banks and request in the appropriate form to ask their Agent Bank to register as **OBSERVERS** within the time frame specified. If they also wish to vote, they must submit their requests to the Agent Bank so the Agent Bank may appoint him as its proxy within the specified timeframe. (Agent Banks, please see Notes 2 and 4 on the enclosed details.)
- PLEASE READ THE NOTES TO THE PROXY FORM.**

**Personal data privacy**  
By submitting an instrument appointing a proxy(ies) and/or representative(s), the ESR-REIT Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 August 2018.

I/We, \_\_\_\_\_ (Name and NRIC no./Passport no./Company Registration no.) of \_\_\_\_\_ (Address) being a unitholder/unitholders of ESR-REIT, hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Unitholdings (Note 1)	
			No. of ESR-REIT Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Unitholdings (Note 1)	
			No. of ESR-REIT Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of ESR-REIT to be held at 9.00 a.m. on 31 August 2018 at Stephen Ruddy Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

No.	Resolutions:	For*	Against*
1	<b>Resolution 1 (Ordinary Resolution):</b> To approve the Merger		
2	<b>Resolution 2 (Extraordinary Resolution):</b> To approve the proposed issue of approximately 1,561.2 million new ESR-REIT Units to the Staged Securityholders as part of the consideration pursuant to the Merger		
3	<b>Resolution 3 (Ordinary Resolution):</b> To approve the 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		
4	<b>Resolution 4 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed		
5	<b>Resolution 5 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed		

\* If you wish to exercise all your votes "For" or "Against", please tick [x] within the box provided. Alternatively, please indicate the number of votes as appropriate.

**D** Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature(s) of ESR-REIT Unitholder(s)/Common Seal

**E** Total number of ESR-REIT Units held (Note 3)

## STEP 3: Return the Completed Proxy Form

Return the completed and signed Proxy Form in the endorsed pre-addressed envelope so that it arrives at B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544, by **NO LATER THAN 9.00 a.m. on 28 August 2018, Tuesday**. The envelope is prepaid for posting in Singapore only. Please affix sufficient postage if posting from outside of Singapore.

ESR-REIT

Postage will be paid by addressee. For posting in Singapore only

BUSINESS REPLY SERVICE  
PERMIT NO. 09027

ESR FUNDS MANAGEMENT (S) LIMITED  
(AS MANAGER OF ESR-REIT)  
C/O B.A.C.S. PRIVATE LIMITED  
8 ROBINSON ROAD #03-00  
ASO BUILDING  
SINGAPORE 048544

## Important Dates and Times

- **Latest Date and Time for Lodgement of Proxy Form:**

- 9.00 a.m., 28 August 2018, Tuesday

- **Details of Extraordinary General Meeting:**

- 9.00 a.m., 31 August 2018, Friday
- Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989

## Investor Contacts

### **Financial Adviser in relation to the Merger and the Scheme**

#### **Citigroup Global Markets Singapore Pte. Ltd.**

Investment Banking

Telephone: +65 6657 1959

### **Public Relations Advisers**

#### **Newgate Communications (Singapore) Pte. Ltd.**

Terence Foo

Email: [terence.foo@newgatecomms.com.sg](mailto:terence.foo@newgatecomms.com.sg)

Telephone: +65 6532 0606

#### **Ark Advisors Pte. Ltd.**

Alvina Tan

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Telephone: +65 6221 0081

### **IMPORTANT NOTICE**

The information in this section should be read with the full information contained in the Circular. If there should be any inconsistency or conflict between this section and the Circular, the Circular shall prevail. Nothing in this section is intended to be, or shall be taken as, advice, a recommendation or a solicitation to the ESR-REIT Unitholders or any other party.

ESR-REIT Unitholders are advised to be cautious when dealing in their ESR-REIT Units and not to take any action in relation to their ESR-REIT Units which may not prove to be in their best interests.





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## CORPORATE INFORMATION

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Directors of ESR Funds Management (S) Limited (the “ <b>ESR-REIT Manager</b> ”)	:	Mr. Ooi Eng Peng <i>(Independent Chairman, Member of the Audit, Risk Management and Compliance Committee, Member of the Nominating and Remuneration Committee)</i> Mr. Bruce Kendle Berry <i>(Independent Non-Executive Director, Chairman of the Audit, Risk Management and Compliance Committee)</i> Mr. Erle William Spratt <i>(Independent Non-Executive Director, Chairman of the Nominating and Remuneration Committee, Member of the Audit, Risk Management and Compliance Committee)</i> Mr. Philip John Pearce <i>(Non-Executive Director)</i> Mr. Akihiro Noguchi <i>(Non-Executive Director)</i> Mr. Jeffrey David Perlman <i>(Non-Executive Director, Member of the Nominating and Remuneration Committee)</i> Mr. Jeffrey Shen Jinchu <i>(Non-Executive Director)</i> Mr. Adrian Chui Wai Yin <i>(CEO and Executive Director)</i>
Registered Office of the ESR-REIT Manager	:	138 Market Street #26-03/04 CapitaGreen Singapore 048946
Trustee of ESR-REIT (the “ <b>ESR-REIT Trustee</b> ”)	:	RBC Investor Services Trust Singapore Limited 8 Marina View #26-01 Asia Square Tower 1 Singapore 018960
Financial Advisers in relation to the Merger and the Scheme	:	Citigroup Global Markets Singapore Pte. Ltd. 8 Marina View #21-00 Asia Square Tower 1 Singapore 018960  RHB Securities Singapore Pte. Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315  United Overseas Bank Limited 80 Raffles Place #03-01 UOB Plaza 1 Singapore 048624

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## CORPORATE INFORMATION

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Independent Financial Adviser	:	Australia and New Zealand Banking Group Limited, Singapore Branch 10 Collyer Quay #30-00 Ocean Financial Centre Singapore 049315
Legal Adviser to the ESR-REIT Manager	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the ESR-REIT Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Independent Auditor and Reporting Accountant	:	Ernst & Young LLP One Raffles Quay North Tower Level 18 Singapore 048583
Unit Registrar and Unit Transfer Office	:	B.A.C.S. Private Limited 8 Robinson Road #03-00 ASO Building Singapore 048544
Independent Valuers of the Properties of ESR-REIT and VIT	:	CBRE Pte Ltd 6 Battery Road #32-01 Singapore 049909  Edmund Tie & Company (SEA) Pte Ltd 5 Shenton Way #13-05 UIC Building Singapore 068808  Savills Valuation and Professional Services (S) Pte Ltd 30 Cecil Street #20-03 Prudential Tower Singapore 049712

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## OVERVIEW

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*The following is a summary of main points only and is qualified in its entirety by and should be read in conjunction with the full text of this Circular. Please refer to the Definitions section of this Circular for the interpretation of words and expressions used in this Overview.*

### **RESOLUTION 1: THE MERGER**

**RESOLUTION 2: THE PROPOSED ISSUE OF APPROXIMATELY 1,561.2 MILLION NEW ESR-REIT UNITS TO THE STAPLED SECURITYHOLDERS OF VIT AS PART OF THE CONSIDERATION PURSUANT TO THE MERGER**

**RESOLUTION 3: 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**

### **ESR-REIT**

ESR-REIT is a Singapore-listed REIT (“**S-REIT**”) which invests in quality income-producing industrial properties and as at 31 March 2018 has a diversified portfolio of 47 properties located across Singapore, in the following business sectors: General Industrial, Light Industrial, Logistics/Warehouse, High-Specs Industrial, and Business Park, located close to major transportation hubs and key industrial zones island-wide. ESR-REIT is managed by ESR Funds Management (S) Limited (the “**ESR-REIT Manager**”).

### **Viva Industrial Trust (“VIT”)**

VIT is a Singapore-focused business park and industrial stapled group, comprising a S-REIT and a business trust which is presently dormant, with the principal investment strategy of investing in a diversified portfolio of income-producing real estate that is predominantly for business parks and other industrial purposes in Singapore and elsewhere in the Asia Pacific region. VIT is managed by Viva Industrial Trust Management Pte. Ltd. (as manager of the S-REIT (the “**VI-REIT Manager**”)) and Viva Asset Management Pte. Ltd. (as trustee-manager of the dormant business trust) (collectively, the “**VIT Managers**”).

### **The Merger and the Scheme**

The proposed merger (the “**Merger**”) comprises a merger of all the issued and paid-up stapled securities (the “**Stapled Securities**”) of VIT held by the stapled securityholders of VIT (the “**Stapled Securityholders**”) and the units in ESR-REIT (the “**ESR-REIT Units**”) held by the unitholders of ESR-REIT (the “**ESR-REIT Unitholders**”), via the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the “**Scheme**”) in compliance with the Singapore Code on Take-overs and Mergers (the “**Code**”).

### **Summary of Approvals Sought**

The Merger constitutes a “very substantial acquisition” under Rule 1015 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and accordingly requires the approval of the ESR-REIT Unitholders and the approval of the SGX-ST under Rule 1015(1)(b) of the Listing Manual. Further, the Merger is an “interested person transaction” under Chapter 9 of the Listing Manual, as well as an “interested party

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## OVERVIEW

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transaction” under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) requiring the approval of the Independent ESR-REIT Unitholders (IPT) (as defined), as, *inter alia*, the Implementation Agreement (as defined) relating to the Scheme is entered into by the ESR-REIT Manager with the VIT Managers, and VIT and the VIT Managers are associates of a controlling ESR-REIT Unitholder, Mr. Tong Jinquan (“**Mr. Tong**”).

In addition, the issue of the Consideration Units (as defined) requires the approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution (as defined) under the ESR-REIT Trust Deed (as defined).

As a result of the allotment and issue of the Consideration Units to the Tong Group (as defined) and taking into account the ESR-REIT Units to be allotted and issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, the Tong Group’s interest in ESR-REIT Units will increase from the current approximately 18.3% to approximately 34.8% of ESR-REIT’s enlarged number of ESR-REIT Units following the Merger via the Scheme. In addition, the aggregate unitholding interest in ESR-REIT of the Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger will increase from the current approximately 33.3% to approximately 47.4% of ESR-REIT’s enlarged number of ESR-REIT Units following the Merger via the Scheme<sup>1</sup>. Such increase in aggregate unitholding interest is mainly due to the allotment and issue of the Consideration Units to the Tong Group. This will trigger the requirement to make a mandatory general offer under Rule 14 of the Code. As such, it is a condition of the Scheme that a whitewash waiver be granted by the Securities Industry Council (the “**SIC**”) and that the Independent ESR-REIT Unitholders (Whitewash) (as defined) approve a whitewash resolution (the “**Whitewash Resolution**”).

In light of the above, the ESR-REIT Manager is seeking approval from the ESR-REIT Unitholders of each of the following **inter-conditional** resolutions at an extraordinary general meeting of the ESR-REIT Unitholders (the “**EGM**”) which are also **conditional upon the Scheme becoming effective in accordance with its terms**:

- (a) Resolution 1: the Merger (Ordinary Resolution);
- (b) Resolution 2: 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 (Extraordinary Resolution); and
- (c) Resolution 3: the Whitewash Resolution (Ordinary Resolution).

### **Scheme Consideration**

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

- (a) firstly, the payment by the ESR-REIT Manager out of the assets of ESR-REIT of S\$0.096 in cash per Stapled Security (the “**Cash Consideration**”); and

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<sup>1</sup> Please refer to paragraph 15 of this Circular for further details.

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## OVERVIEW

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- (b) secondly, the allotment and issue by the ESR-REIT Manager of new ESR-REIT Units (the “**Consideration Units**”) at an issue price of S\$0.54 for each Consideration Unit.

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

The Consideration Units shall:

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

### Permitted Distributions

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

- (a) in the ordinary course of business in respect of the period from 1 January 2018 to the date on which the Scheme becomes effective in accordance with its terms and which date shall, in any event, be no later than the Long-Stop Date (the “**Effective Date**”); and
- (b) in respect of tax refunds (if any) received by VIT and ESR-REIT (as the case may be) prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid by VIT and ESR-REIT (as the case may be).

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

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

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

### Scheme Conditions

The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of certain conditions precedent which are set out in **Schedule 3** to this Circular.

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## OVERVIEW

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### Termination

The Implementation Agreement may be terminated at any time on or prior to the date falling on the Business Day (as defined) immediately preceding the Effective Date (provided that the Party (as defined) seeking termination does so only after it has had prior consultation with the SIC), in certain circumstances specified in the Implementation Agreement.

### Rationale for the Merger

#### ***(a) Creation of a Sizeable and Liquid Industrial S-REIT***

- Enlarged Trust (as defined) is Expected to Benefit from a Larger Market Capitalisation
- 100% Unencumbered Portfolio Provides Better Access to Pools of Capital and More Competitive Costs of Capital

#### ***(b) Enhanced Portfolio Quality and Scalability with Strategic Addition of High Quality Properties***

- Operational Benefits from Greater Size and Scale of Portfolio Strategically Located in Key Industrial Zones
- In Line with ESR-REIT's Portfolio Rejuvenation Strategy via Acquisition and Organic Growth
- Increased Exposure to Tenant Profiles from the Business Park Sector
- High and Stable Rents of Business Park and High-Specs Sectors Supported by Scarcity of Supply

#### ***(c) Enlarged Trust's Future Growth Well-Supported by Strong and Committed Developer-Sponsor***

#### ***(d) DPU Accretive on a Historical Pro Forma Basis***

### Key Considerations for ESR-REIT Unitholders

#### ***(a) Premium Paid for VIT Portfolio***

The Scheme Consideration represents a 26.4% premium to the net asset value ("**NAV**") of VIT as at 31 March 2018, a 2.1% premium to the closing price of Stapled Securities as at 25 January 2018, being the Last Undisturbed Trading Date (as defined), a 7.9% premium to the closing price of Stapled Securities as at 17 May 2018, being the last full market trading day prior to the Joint Announcement ("**LTD to Joint Announcement Date**"), and a 7.9% premium to the closing price of Stapled Securities as at the Latest Practicable Date (as defined). The ESR-REIT Manager believes that the Scheme Consideration reflects an appropriate level of premium for VIT.



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## OVERVIEW

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In addition, the issue price of the Consideration Units represents a 7.5% discount to the NAV of ESR-REIT as at 31 March 2018, a 4.4% discount to the closing price of ESR-REIT Units as at the Last Undisturbed Trading Date, a 2.9% premium to the closing price of ESR-REIT Units as at the LTD to Joint Announcement Date, and a 4.9% premium to the closing price of ESR-REIT Units as at the Latest Practicable Date.

**(b) *Short Land Lease Tenures of Certain VIT Properties***

The valuation of the VIT portfolio took into account the short land lease tenures of two (2) assets within the VIT portfolio which have remaining land lease tenures of less than 15 years.

Going forward, the ESR-REIT Manager intends to continue engaging with various stakeholders including the surrounding communities of the relevant properties to identify potential further Asset Enhancement Initiative (“**AEI**”) opportunities that will enable it to put forth plans for land lease extensions closer to the date of land lease expiry, and where such plans will maximise land use and achieve the objectives of various stakeholders.

**(c) *Potential Synergies that can be Achieved Post-Merger***

It is expected that the ESR-REIT Unitholders will benefit from operational cost synergies, trust level savings and better economies of scale with direct management of the Enlarged Trust’s properties by the ESR-REIT Manager (instead of relying heavily on third party facilities managers).

Leasing and marketing efforts are also expected to improve due to the wider range of products in the available product suite of the Enlarged Trust. In addition, with approximately 46% of the Enlarged Trust’s portfolio exposed to the Business Park and High-Specs sectors, 17% in the Logistics sector and ESR-REIT’s asset rejuvenation plans, the Enlarged Trust will be in a good position to leverage on Singapore’s Industry 4.0 initiatives.

With regard to capital management, the Enlarged Trust is expected to enjoy greater access to wider pools of capital, more competitive financing costs and longer debt tenors, to the benefit of ESR-REIT Unitholders.

**(d) *Jurong Town Corporation’s (“JTC”) Consent in Respect of Certain VIT Properties (Where JTC/Housing Development Board (“HDB”) is the Lessor)***

Pursuant to the terms and conditions under the leases (where JTC/HDB is the lessor) in respect of certain VIT properties, the approval of JTC to the Merger is required. Please refer to paragraph (d)(vii) of **Schedule 3** to this Circular for further details on the approval required from JTC.

As at 3 August 2018, JTC has issued in-principle consents in respect of 6 Chin Bee Avenue, 19 Tai Seng Avenue, 30 Pioneer Road, Jackson Square, UE BizHub EAST, 11 Ubi Road 1 and Viva Business Park, and in connection therewith has imposed terms and conditions including the imposition of (i) a prohibition against the sale, assignment, transfer, charge or parting with or sharing of possession of the properties for the period of five (5) years in respect of 6 Chin Bee Avenue, 30 Pioneer Road, Jackson Square and Viva Business Park and 10 years in respect of 19 Tai Seng Avenue, UE BizHub EAST and 11 Ubi Road 1, and (ii) a prohibition against reconstruction or change in ownership of the lessee in accordance with the terms therein except with the prior written consent of the lessor.

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## OVERVIEW

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In respect of 29 Tai Seng Street, JTC has indicated that in its grant it will impose terms and conditions in respect of the property including the imposition of an assignment prohibition period.

### **ESR-REIT's Strategies for Growth and Potential Value-add to Unitholders**

#### ***(a) Principal Investment Strategy and Key Objective***

The principal investment strategy of ESR-REIT is to invest in a diverse portfolio of income-producing real estate and real estate-related assets which are used mainly for industrial purposes to achieve an attractive level of return from rental income and long-term capital growth in order to deliver stable returns for ESR-REIT Unitholders.

The ESR-REIT Manager plans to achieve its objective by focusing on a three (3)-pronged approach:

- (i) Organic Growth Strategy — Actively managing ESR-REIT's properties to maintain or improve occupancy levels and net property income.
- (ii) Acquisition and Development Growth Strategy — Selectively acquiring additional properties that are yield-accretive and value-enhancing, and embarking on Build-to-Suit ("BTS") or AEI projects to rejuvenate and further diversify its existing portfolio.
- (iii) Capital Management Strategy — Employing an appropriate mix of debt and equity financing, and utilising interest rate hedging strategies where appropriate.

#### ***(b) The ESR-REIT Manager's Strategy for the Enlarged Trust Post-Merger***

With the Merger, it is intended that a number of key executives of the VI-REIT Manager will join the management team of the ESR-REIT Manager and bring their expertise and track record in undertaking large scale AEIs. This is aligned with the ESR-REIT Manager's portfolio enhancement strategy which aims to further extract value from the trust assets. The Enlarged Trust's larger portfolio and enhanced management team will provide the opportunity to re-evaluate the timing, scale and risk-return profile of the AEIs to be undertaken, for both the existing ESR-REIT portfolio and the VIT portfolio of real estate assets. This re-evaluation will include, amongst others, a review of the projected construction costs of identified AEI projects, given the better bargaining power of the Enlarged Trust with service providers and reduced portfolio financial impact when undertaking AEIs, while taking into consideration the supply and demand dynamics of the industrial market over the next two (2) to three (3) years.

### **Estimated Total Acquisition Cost**

The total cost of the Merger is estimated to be approximately S\$1,498.8 million comprising:

- (a) the Scheme Consideration of S\$936.7 million;
- (b) the refinancing of VIT's existing debt of S\$525.0 million;
- (c) the acquisition fee payable in ESR-REIT Units to the ESR-REIT Manager for the Merger which is estimated to be approximately S\$12.8 million; and

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## OVERVIEW

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- (d) the estimated professional and other fees and expenses of approximately S\$24.3 million.

### Source of Funds for the Merger

The Scheme Consideration for the Merger will be satisfied through the allotment and issue of approximately 1,561.2 million Consideration Units at S\$0.54 each and the aggregate cash payment of S\$93.7 million to the Stapled Securityholders.

In connection with the Merger and the Scheme, the ESR-REIT Trustee has obtained unsecured banking facilities from United Overseas Bank Limited, RHB Bank Berhad (Singapore Branch), The Hongkong and Shanghai Banking Corporation Limited and Malayan Banking Berhad, Singapore Branch. The proceeds of such facilities will be applied towards the following purposes:

- (a) the part refinancing of existing loan facilities granted to the ESR-REIT Trustee;
- (b) the refinancing in full of the indebtedness under the existing loan facilities and the S\$500,000,000 multicurrency medium term note programme of VIT;
- (c) the part financing of the Cash Consideration for the Scheme; and
- (d) the payment of costs, fees and expenses (including taxes) incurred by or on behalf of the ESR-REIT Trustee in connection with the Scheme.

### Appointment of Independent Financial Adviser

The ESR-REIT Manager has appointed Australia and New Zealand Banking Group Limited, Singapore Branch (“**ANZ**”) as the independent financial adviser to advise the ESR-REIT Manager’s Audit, Risk Management and Compliance Committee, the directors of the ESR-REIT Manager (the “**Directors**”) who are considered independent for the purposes of the interested person transaction and interested party transaction, and the ESR-REIT Trustee as to whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders.

In addition to the foregoing, ANZ has also been appointed as the independent financial adviser to advise the Directors who are considered independent for the purposes of the Whitewash Resolution and the ESR-REIT Trustee on the Whitewash Resolution and whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable.

Taking into consideration the factors set out in the IFA Letter (as defined) and subject to the assumptions and qualifications set out in the IFA Letter and taking into account the information available to ANZ as at the Latest Practicable Date, ANZ has opined, *inter alia*, that:

- (a) **the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and the minority ESR-REIT Unitholders; and**

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## OVERVIEW

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**(b) the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable**

and has advised, *inter alia*, that:

- (i) the ARCC (as defined) and the Recommending Directors (IPT) (as defined) may recommend that the Independent ESR-REIT Unitholders (IPT) (as defined) **vote in favour of the Merger**; and
- (ii) the ARCC and the Recommending Directors (Whitewash) (as defined) may recommend, that the Independent ESR-REIT Unitholders (Whitewash) (as defined) **vote in favour of the Whitewash Resolution**.

### **Abstentions from Voting**

#### **Mr. Tong, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd to Abstain from Voting**

Mr. Tong and his associates which are also part of the Tong Group, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, will abstain from voting on Resolutions 1, 2 and 3 at the EGM. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

#### **e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited (collectively, as the “Relevant ESR-REIT Unitholders”), the ESR-REIT Manager and Mitsui to Abstain from Voting**

The SGX-ST and the Monetary Authority of Singapore ruled on 17 May 2018 and 18 May 2018 respectively that the Relevant ESR-REIT Unitholders should abstain from voting on the resolutions relating to the Merger. The SGX-ST further ruled on 27 July 2018 that the ESR-REIT Manager, the Relevant ESR-REIT Unitholders and Mitsui are required to abstain from voting on the resolutions in connection with the Merger pursuant to Rule 748(5) of the Listing Manual. Accordingly, the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui will abstain from voting on Resolutions 1, 2 and 3. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

## OVERVIEW

### RESOLUTION 4: THE PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

#### Rationale for the Proposed ESR-REIT Unit Issue Supplement



	Relevant components of the ESR-REIT Unit issue structure	Proposed changes/limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
1	Issue price of an ESR-REIT Unit for a <u>rights issue</u>	<p>Removal of existing specific limits and replaced by limits set out in accordance with Rule 816 of the Listing Manual as revised and updated from time to time.</p> <ul style="list-style-type: none"> <li>• Non-renounceable rights issue                             <ul style="list-style-type: none"> <li>• <u>No discount limits</u> (if specific ESR-REIT Unitholder approval is sought)</li> <li>• <u>10% discount limit</u> (if issuance is made in reliance on general mandate obtained under Rule 806)</li> </ul> </li> <li>• Renounceable rights issue                             <ul style="list-style-type: none"> <li>• <u>No limits specified</u></li> </ul> </li> </ul>
2	Issue price of an ESR-REIT Unit for any <u>reinvestment of distribution arrangement</u>	<p>Removal of existing specific limits and replaced by limits set out in accordance with Rule 862 of the Listing Manual as revised and updated from time to time.</p> <ul style="list-style-type: none"> <li>• Issue price to be determined in accordance with a formula based on the market price, but <u>any discount must not exceed 10% of the market price.</u></li> </ul>
3	Issue price of new ESR-REIT Units issued other than by way of <u>rights issue offered on a pro rata basis</u> to all ESR-REIT Unitholders	<p>Removal of existing specific limits and replaced by limits set out in accordance with Rule 811 of the Listing Manual as revised and updated from time to time.</p> <ul style="list-style-type: none"> <li>• Issue price to be at <u>not more than 10% discount</u>, unless specific ESR-REIT Unitholders' approval is obtained.</li> </ul>
4	Number of new ESR-REIT Units issued other than by way of <u>rights issue offered on a pro rata basis</u> to all ESR-REIT Unitholders	<p>Removal of existing specific limits and replaced by limits set out in accordance with Rule 806 of the Listing Manual as revised and updated from time to time.</p> <ul style="list-style-type: none"> <li>• <u>Aggregate number of ESR-REIT Units shall be not more than 20%</u> of total issued ESR-REIT Units excluding treasury units.</li> </ul>

## OVERVIEW

	Relevant components of the ESR-REIT Unit issue structure	Proposed changes/limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
5	Parties to whom ESR-REIT Units may be issued for ESR-REIT Units issued other than by way of rights issue offered on a <i>pro rata</i> basis to all ESR-REIT Unitholders	<p>Removal of existing specific limits and replaced by limits set out in accordance with Rule 812 of the Listing Manual as revised and updated from time to time.</p> <ul style="list-style-type: none"> <li>• An issue must not be placed to any of the following persons:               <ul style="list-style-type: none"> <li>(a) the issuer's directors and substantial unitholders;</li> <li>(b) immediate family members of the directors and substantial unitholders;</li> <li>(c) substantial unitholders, related companies, associated companies and sister companies of the issuer's substantial unitholders;</li> <li>(d) corporations in whose shares the issuer's directors and substantial unitholders have an aggregate interest of at least 10%; and</li> <li>(e) any person who, in the opinion of the SGX-ST, falls within the abovementioned categories (a) to (d).</li> </ul> </li> <li>• The above will not apply if specific ESR-REIT Unitholders' approval for such a placement has been obtained and the person, and its associates, must abstain from voting on the resolution approving the placement. Rule 812(1)(a) will not apply in certain circumstances.</li> <li>• 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 unitholders.</li> </ul>
6	Level of ESR-REIT Unitholders' approval required for issuance of ESR-REIT Units in numbers exceeding the limit (if any) set out in any applicable laws, regulations and the Listing Rules	Ordinary Resolution unless an Extraordinary Resolution is required by any applicable laws, regulations and the Listing Rules.

Please see paragraph 16 of and **Schedule 9** to this Circular for details on the proposed ESR-REIT Unit Issue Supplement.

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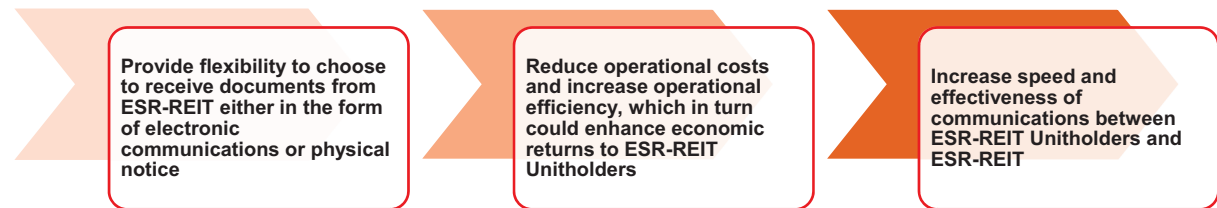
## OVERVIEW

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### RESOLUTION 5: THE PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT TO THE ESR-REIT TRUST DEED

The Listing Rules were amended on 31 March 2017 to allow issuers to electronically transmit certain types of notices and documents if express consent, deemed consent or implied consent of ESR-REIT Unitholders is obtained, and subject to certain safeguards. These amendments were mainly for the purposes of alignment with certain provisions of the amended Companies Act.

#### Rationale for the Proposed ESR-REIT Electronic Communications Supplement:



Please see paragraph 17 of and **Schedule 10** to this Circular for details on the proposed ESR-REIT Electronic Communications Supplement.

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## INDICATIVE TIMETABLE

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EGM and Scheme Meeting	31 August 2018
Expected date of Court hearing of the application to sanction the Scheme <sup>1</sup>	19 September 2018
Expected Effective Date <sup>2</sup>	3 October 2018
Expected date for the allotment and issue of the Consideration Units	4 October 2018
Expected date for the delisting of the Stapled Securities	8 October 2018

**Please note that save for the date of the EGM and the Scheme Meeting 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 the ESR-REIT Manager for the exact dates of these events.**

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<sup>1</sup> The date of the Court hearing of the application to sanction the Scheme will depend on the date that is allocated by the Court.

<sup>2</sup> 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 this Circular has been satisfied (or such other date as may be agreed between the VIT Managers and the ESR-REIT Manager).



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## DEFINITIONS

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

- “1015(1)(a)(ii) Waiver”** : The waiver from the SGX-ST of Rule 1015(1)(a)(ii) of the Listing Manual, which requires the announcement of the latest three (3) years of *pro forma* consolidated financial information of the assets to be acquired immediately after the terms of the acquisition have been agreed
- “18 May Announcement”** : The announcement released on 18 May 2018 by the board of directors of the ESR-REIT Manager titled “Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement subject to Whitewash Resolution”
- “7000 AMK Acquisition”** : ESR-REIT’s acquisition of an 80% interest in 7000 AMK Pte. Ltd., now known as 7000 AMK LLP, owner of a leasehold interest in the property known as 7000 Ang Mo Kio Avenue 5, Singapore 569877, which acquisition was completed on 14 December 2017
- “AEIs”** : Asset Enhancement Initiatives
- “ANZ”** : Australia and New Zealand Banking Group Limited, Singapore Branch, the independent financial adviser
- “ARCC”** : The ESR-REIT Manager’s Audit, Risk Management and Compliance Committee, comprising Mr. Bruce Kendle Berry as the chairman and Mr. Ooi Eng Peng and Mr. Erle William Spratt as members
- “Authorised Investments”** : Has the meaning as defined in the ESR-REIT Trust Deed
- “Books Closure Date”** : The books closure date to be announced by the VIT Managers on which the transfer books and the Register of Stapled Securityholders will be closed in order to determine the entitlements of the Stapled Securityholders in respect of the Scheme
- “BTS”** : Build-to-Suit
- “Business Day”** : A day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore
- “Cash Consideration”** : S\$0.096 in cash per Stapled Security to be paid to the Stapled Securityholders as part of the consideration pursuant to the Scheme
- “CBRE”** : CBRE Pte Ltd
- “CDP”** : The Central Depository (Pte) Limited

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## DEFINITIONS

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<b>“Circular”</b>	:	This circular to ESR-REIT Unitholders dated 7 August 2018
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Consideration Unit Price”</b>	:	The issue price of S\$0.54 per Consideration Unit
<b>“Consideration Units”</b>	:	The new ESR-REIT Units to be issued to the Stapled Securityholders as part of the consideration pursuant to the Scheme
<b>“Convertible Securities”</b>	:	Convertible securities (including but not limited to warrants) or other instruments which may be convertible into ESR-REIT Units
<b>“Court”</b>	:	The High Court of the Republic of Singapore, or where applicable, on appeal, the Court of Appeal of the Republic of Singapore
<b>“Current Unit Value”</b>	:	At any time the Net Asset Value of the Deposited Property at that time divided by the number of ESR-REIT Units in issue and deemed to be in issue at that time
<b>“Deposited Property”</b>	:	All the assets of ESR-REIT, including all its Authorised Investments for the time being held or deemed to be held upon the trusts of the ESR-REIT Trust Deed
<b>“Directors”</b>	:	The directors of the ESR-REIT Manager
<b>“DPU”</b>	:	Distribution per ESR-REIT Unit
<b>“Effective Date”</b>	:	The date on which the Scheme becomes effective in accordance with its terms and which date shall, in any event, be no later than the Long-Stop Date
<b>“EGM”</b>	:	The extraordinary general meeting of ESR-REIT Unitholders to be held on 31 August 2018 (Friday) at 9.00 a.m., notice of which is set out on pages 211 to 215 of this Circular
<b>“Encumbrances”</b>	:	Liens, equities, mortgages, charges, encumbrances, security interests, hypothecations, powers of sale, rights to acquire, options, restrictions, rights of first refusal, easements, pledges, title retentions, trust arrangements, hire purchases, judgments, preferential rights, rights of pre-emption and other third party rights and interests of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing

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## DEFINITIONS

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<b>“Enlarged Trust”</b>	:	The enlarged ESR-REIT Group, with VIT as a sub-trust of ESR-REIT, following completion of the Merger
<b>“EPU”</b>	:	Earnings per ESR-REIT Unit
<b>“ESR Group”</b>	:	ESR Cayman Limited and its subsidiaries
<b>“ESR-REIT”</b>	:	ESR-REIT, a unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended)
<b>“ESR-REIT Electronic Communications Supplement”</b>	:	The proposed amendments to the ESR-REIT Trust Deed as set out in <b>Schedule 10</b> to this Circular
<b>“ESR-REIT Group”</b>	:	ESR-REIT and its subsidiaries
<b>“ESR-REIT Manager”</b>	:	ESR Funds Management (S) Limited, solely in its capacity as manager of ESR-REIT unless otherwise stated
<b>“ESR-REIT Material Adverse Effect”</b>	:	Any event or events, whether individually or in aggregate, occurring from the date of the Joint Announcement which has or have the effect of causing a diminution in the consolidated net tangible asset value or consolidated gross revenue of the ESR-REIT Group in the manner as set out in <b>Schedule 3</b> to this Circular
<b>“ESR-REIT Permitted Distributions”</b>	:	Distributions that the ESR-REIT Manager is permitted under the Implementation Agreement to declare, make or pay to ESR-REIT Unitholders in the ordinary course of business in respect of the period from 1 January 2018 to the Effective Date and in respect of tax refunds (if any) received by ESR-REIT prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid
<b>“ESR-REIT Trust Deed”</b>	:	The deed of trust dated 31 March 2006 constituting ESR-REIT entered into between the ESR-REIT Manager and the ESR-REIT Trustee, as supplemented and amended by a first supplemental deed dated 15 August 2007, a second supplemental deed dated 28 January 2009, a third supplemental deed dated 13 November 2009, a fourth supplemental deed dated 27 January 2010, a fifth supplemental deed dated 22 April 2010, a sixth supplemental deed dated 2 February 2012, a seventh supplemental deed dated 18 November 2014, an eighth supplemental deed dated 27 May 2015, a ninth supplemental deed dated 15 March 2016, a tenth supplemental deed dated 15 March 2017 and an eleventh supplemental deed dated 20 June 2017

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## DEFINITIONS

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<b>“ESR-REIT Trustee”</b>	:	RBC Investor Services Trust Singapore Limited, solely in its capacity as trustee of ESR-REIT
<b>“ESR-REIT Unit”</b>	:	A unit representing an undivided interest in ESR-REIT
<b>“ESR-REIT Unit Issue Supplement”</b>	:	The proposed amendments to the ESR-REIT Trust Deed as set out in Part I of <b>Schedule 9</b> to this Circular
<b>“ESR-REIT Unitholder”</b>	:	The registered holder for the time being of an ESR-REIT Unit, including persons so registered as joint holders, except where the registered holder is CDP, the term <b>“ESR-REIT Unitholder”</b> shall, in relation to ESR-REIT Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with ESR-REIT Units
<b>“ESRIM”</b>	:	ESR Investment Management Pte. Ltd.
<b>“Extraordinary Resolution”</b>	:	A resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of ESR-REIT Unitholders convened in accordance with the provisions of the ESR-REIT Trust Deed
<b>“Financial Advisers”</b>	:	Citigroup Global Markets Singapore Pte. Ltd., RHB Securities Singapore Pte. Ltd. and United Overseas Bank Limited
<b>“FY”</b>	:	Financial year
<b>“GFA”</b>	:	Gross floor area
<b>“HDB”</b>	:	Housing and Development Board
<b>“HLGPL”</b>	:	Ho Lee Group Pte Ltd
<b>“HLGT Trustee”</b>	:	Perpetual (Asia) Limited, in its capacity as trustee of Ho Lee Group Trust
<b>“IFA Letter”</b>	:	The letter from ANZ to the Recommending Directors (Whitewash), Recommending Directors (IPT), the members of the ARCC and the ESR-REIT Trustee
<b>“Implementation Agreement”</b>	:	The Scheme Implementation Agreement dated 18 May 2018 entered into between the Parties

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## DEFINITIONS

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<b>“Independent ESR-REIT Unitholders (IPT)”</b>	:	The ESR-REIT Unitholders who are considered independent for the purposes of the Merger as an interested person transaction and interested party transaction, which, for the avoidance of doubt, excludes Mr. Tong and his associates, and also excludes the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui which are required by the SGX-ST and/or the MAS to abstain from voting on the resolutions relating to the Merger
<b>“Independent ESR-REIT Unitholders (Whitewash)”</b>	:	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
<b>“Independent Valuers’ Letters”</b>	:	The letters issued by CBRE Pte Ltd, Edmund Tie & Company (SEA) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd as independent valuers on the valuation of ESR-REIT’s and VIT’s properties, as set out in <b>Schedule 7</b> to this Circular
<b>“Infinity Units”</b>	:	The ESR-REIT Units which e-Shang Infinity Cayman Limited has an interest in
<b>“Joint Announcement”</b>	:	The joint announcement released on 18 May 2018 by the ESR-REIT Manager and the VIT Managers titled “Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement”
<b>“JTC”</b>	:	Jurong Town Corporation
<b>“Last Undisturbed Trading Date”</b>	:	25 January 2018, being the last full and undisturbed market trading day prior to the article published by Bloomberg on 26 January 2018 titled “Warburg-Backed ESR-REIT is said to plan Viva Industrial Merger” and the initial announcement dated 29 January 2018
<b>“Latest Practicable Date”</b>	:	Where used in this Circular in relation to any particular information, means 27 July 2018, being the latest practicable date prior to the date of this Circular
<b>“Liabilities”</b>	:	All the liabilities of ESR-REIT (including liabilities accrued but not yet paid) and any provision which the ESR-REIT Manager decides in consultation with the auditors of ESR-REIT should be taken into account in determining the liabilities of ESR-REIT
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as the same may be modified, amended, supplemented, revised or replaced from time to time

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## DEFINITIONS

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<b>“Listing Rules”</b>	:	The listing rules of the SGX-ST set out in the Listing Manual
<b>“Long-Stop Date”</b>	:	1 November 2018 (or such other date as the Parties may agree in writing)
<b>“LRE”</b>	:	Longemont Real Estate Pte. Ltd.
<b>“LTD to Joint Announcement Date”</b>	:	17 May 2018, being the last full market trading day prior to the Joint Announcement
<b>“LWG”</b>	:	Leading Wealth Global Inc
<b>“Manager Arrangements”</b>	:	The VI-REIT Manager Transaction and SSPL’s intended subscription for a 25.0% stake in the ESR-REIT Manager by utilising its portion of the consideration from the VI-REIT Manager Transaction
<b>“Market Price”</b>	:	The volume-weighted average price for an ESR-REIT Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the ESR-REIT Trust Deed) immediately preceding the relevant Business Day (as defined in the ESR-REIT Trust Deed) or (if the ESR-REIT Manager believes that such calculation does not provide a fair reflection of the market price of an ESR-REIT Unit) an amount as determined by the ESR-REIT Manager and the ESR-REIT Trustee (after consultation with a stockbroker approved by the ESR-REIT Trustee), as being the fair market price of an ESR-REIT Unit
<b>“MAS”</b>	:	The Monetary Authority of Singapore
<b>“Merger”</b>	:	The proposed merger of all the issued and paid-up Stapled Securities held by the Stapled Securityholders and the ESR-REIT Units held by the ESR-REIT Unitholders, via the acquisition by ESR-REIT of all of the Stapled Securities by way of the Scheme
<b>“Mitsui”</b>	:	Mitsui & Co., Ltd, which holds 20% of the issued shares of the ESR-REIT Manager as at the Latest Practicable Date
<b>“Mr. Tong”</b>	:	Mr. Tong Jinquan, a controlling Stapled Securityholder and a controlling ESR-REIT Unitholder as at the Latest Practicable Date
<b>“NAV”</b>	:	Net asset value
<b>“Net Asset Value of the Deposited Property”</b>	:	At any time the Value of the Deposited Property, less the Liabilities

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## DEFINITIONS

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<b>“Notice of EGM”</b>	:	The notice of EGM, found on pages 211 to 215 of this Circular
<b>“NTA”</b>	:	Net tangible asset value
<b>“Ordinary Resolution”</b>	:	A resolution proposed and passed as such by a majority being greater than 50% or more of the total number of votes cast for and against such resolution at a meeting of ESR-REIT Unitholders convened in accordance with the provisions of the ESR-REIT Trust Deed
<b>“Party”</b>	:	Each of the VIT Managers, the VI-REIT Trustee, the ESR-REIT Manager and the ESR-REIT Trustee, which is party to the Implementation Agreement
<b>“Performance Fee”</b>	:	The performance fee payable to the ESR-REIT Manager, determined pursuant to the ESR-REIT Trust Deed
<b>“Preferential Offering”</b>	:	The <i>pro rata</i> 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
<b>“Preliminary Charge”</b>	:	A charge upon the issue or sale of an ESR-REIT Unit of such amount as shall from time to time be fixed by the ESR-REIT Manager generally or in relation to any specific or class of transaction provided that it shall not exceed 5% of the issue price (excluding the Preliminary Charge) at the time of issue or sale of the ESR-REIT Unit; such expression in the context of a given date shall refer to the charge or charges fixed by the ESR-REIT Manager pursuant to the ESR-REIT Trust Deed and applicable on that date, provided further that this charge shall not apply while the ESR-REIT Units are listed
<b>“Property Funds Appendix”</b>	:	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, as the same may be modified, amended, supplemented, revised or replaced from time to time
<b>“Recommending Directors (IPT)”</b>	:	The Directors who are considered independent for the purposes of the Merger as an interested person transaction and interested party transaction, being Mr. Ooi Eng Peng, Mr. Bruce Kendle Berry, Mr. Erle William Spratt and Mr. Adrian Chui Wai Yin

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## DEFINITIONS

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<b>“Recommending Directors (Whitewash)”</b>	:	The Directors who are considered independent for the purposes of the Whitewash Resolution, being Mr. Ooi Eng Peng, Mr. Bruce Kendle Berry, Mr. Erle William Spratt and Mr. Adrian Chui Wai Yin
<b>“REIT”</b>	:	Real estate investment trust
<b>“Relevant ESR-REIT Unitholders”</b>	:	e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited
<b>“S-REIT”</b>	:	Singapore-listed REIT
<b>“Scheme”</b>	:	The trust scheme of arrangement in compliance with the Code to be proposed by the VIT Managers to the Stapled Securityholders, reflecting the terms set out in the Implementation Agreement, as set out in the Scheme Document (as may be amended or modified from time to time)
<b>“Scheme Conditions”</b>	:	The conditions precedent to the Scheme as set out in the Implementation Agreement and reproduced in <b>Schedule 3</b> to this Circular
<b>“Scheme Consideration”</b>	:	S\$0.96 per Stapled Security, being the consideration payable to the Stapled Securityholders under the Scheme
<b>“Scheme Document”</b>	:	The scheme document dated 7 August 2018 issued by the VIT Managers on behalf of VIT to all the Stapled Securityholders in relation to the Merger and the Scheme
<b>“Scheme Meeting”</b>	:	The meeting of the Stapled Securityholders to be convened to approve the VIT Trust Scheme Amendment and the Scheme, and any adjournment thereof
<b>“Securities Account”</b>	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited
<b>“SIC”</b>	:	The Securities Industry Council
<b>“SIC Conditions”</b>	:	The conditions imposed by the SIC for the grant of the Whitewash Waiver
<b>“SSG”</b>	:	Shanghai Summit (Group) Co., Ltd
<b>“SSPL”</b>	:	Shanghai Summit Pte. Ltd.



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## DEFINITIONS

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<b>“Stapled Security”</b>	:	A stapled security comprising a VI-REIT unit and a VI-BT unit stapled together pursuant to the Stapling Deed and representing an undivided interest in VIT
<b>“Stapled Securityholder”</b>	:	The registered holder for the time being of a Stapled Security, including persons so registered as joint holders, except where the registered holder is CDP, the term <b>“Stapled Securityholder”</b> shall, in relation to Stapled Securities registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Stapled Securities
<b>“Stapling Deed”</b>	:	The stapling deed dated 14 October 2013 stapling the VI-REIT units and the VI-BT units together to form the Stapled Securities
<b>“Tong Group”</b>	:	LWG, LRE, SSG, SSPL, Wealthy Fountain Holdings Inc, Skyline Horizon Consortium Ltd, Mr. Tong and Mr. Tong Yu Lou
<b>“Value”</b>	:	Except where otherwise expressly stated, means with reference to any Authorised Investment or the Deposited Property, its value for the time being as determined pursuant to the ESR-REIT Trust Deed
<b>“VI-BT”</b>	:	Viva Industrial Business Trust
<b>“VI-BT Trust Deed”</b>	:	The trust deed dated 14 October 2013 constituting VI-BT
<b>“VI-BT Trustee-Manager”</b>	:	Viva Asset Management Pte. Ltd., in its capacity as trustee-manager of VI-BT
<b>“VI-REIT”</b>	:	Viva Industrial Real Estate Investment Trust
<b>“VI-REIT Manager”</b>	:	Viva Industrial Trust Management Pte. Ltd., in its capacity as manager of VI-REIT
<b>“VI-REIT Manager Transaction”</b>	:	The put and call option agreement dated 1 August 2018 entered into between the ESR-REIT Manager, in its own capacity as purchaser, with, <i>inter alia</i> , VIM as vendor, to acquire all of the issued shares of the VI-REIT Manager held by VIM
<b>“VI-REIT Trust Deed”</b>	:	The first amended and restated trust deed dated 14 October 2013 constituting VI-REIT (amending and restating the trust deed dated 23 August 2013 constituting VI-REIT)
<b>“VI-REIT Trustee”</b>	:	Perpetual (Asia) Limited, in its capacity as trustee of VI-REIT
<b>“VIM”</b>	:	Viva Investment Management Pte. Ltd.

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## DEFINITIONS

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<b>“VIT”</b>	:	Viva Industrial Trust, a stapled group comprising VI-REIT and VI-BT which is listed on the SGX-ST
<b>“VIT Group”</b>	:	VIT and its subsidiary
<b>“VIT Managers”</b>	:	VI-REIT Manager and VI-BT Trustee-Manager
<b>“VIT Material Adverse Effect”</b>	:	Any event or events, whether individually or in aggregate, occurring from the date of the Joint Announcement which has or have the effect of causing a diminution in the consolidated net tangible asset value or consolidated gross revenue of the VIT Group in the manner as set out in <b>Schedule 3</b> to this Circular
<b>“VIT Permitted Distributions”</b>	:	Distributions that the VIT Managers are permitted under the Implementation Agreement to declare, make or pay to Stapled Securityholders in the ordinary course of business in respect of the period from 1 January 2018 to the Effective Date and in respect of tax refunds (if any) received by VIT prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid
<b>“VIT Property Manager”</b>	:	Viva Real Estate Asset Management Pte. Ltd.
<b>“VIT Trust Deeds”</b>	:	The VI-REIT Trust Deed, the VI-BT Trust Deed and the Stapling Deed
<b>“VIT Trust Scheme Amendment”</b>	:	Amendment of the VIT Trust Deeds to include provisions that will facilitate the implementation of the Scheme
<b>“Whitewash Resolution”</b>	:	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
<b>“Whitewash Waiver”</b>	:	The waiver by the SIC of the obligations of the Tong Group to make a mandatory general offer for ESR-REIT under Rule 14 of the Code by reason of the allotment and issue of Consideration Units to the Tong Group pursuant to the Merger and taking into account the ESR-REIT Units to be allotted and issued to the ESR-REIT Manager in payment of the acquisition fees for the Merger, resulting in the Tong Group acquiring ESR-REIT Units which carry more than 30.0% of the voting rights in ESR-REIT based on ESR-REIT’s enlarged number of ESR-REIT Units following the Merger via the Scheme

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## DEFINITIONS

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“WP”	:	Warburg Pincus & Co.
“WP LLC”	:	Warburg Pincus LLC
“WP Partners”	:	Warburg Pincus Partners, L.P.
“WP Partners GP”	:	Warburg Pincus Partners GP LLC
“WP X GP LP”	:	Warburg Pincus X GP L.P.
“WPP GP”	:	WPP GP LLC
“WPXGP”	:	Warburg Pincus X, L.P.
“%”	:	Per centum or percentage
“S\$” and “cents”	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
“US\$”	:	United States dollars, the lawful currency of the United States of America

All capitalised terms used and not defined in this Circular (save for **Schedule 9** and **Schedule 10** to this Circular) shall have the same meanings given to them in the Implementation Agreement. For **Schedule 9** and **Schedule 10** to this Circular, all capitalised terms referred to in the extracts of the clauses of the ESR-REIT Trust Deed shall have the meanings given to them in the ESR-REIT Trust Deed.

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 “**interested person**” shall have the meaning ascribed to it in the Listing Manual and the terms “**associate**” and “**interested party**” shall have the meanings ascribed to them in the Property Funds Appendix.

The term “**controlling Stapled Securityholder**” and “**controlling ESR-REIT Unitholder**” shall bear the same meaning as “Controlling unitholder” of VIT and ESR-REIT respectively, 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 corporations.

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 Code, 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 Code, the Companies Act, the SFA, the Listing Manual

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## **DEFINITIONS**

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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.

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## FORWARD-LOOKING STATEMENTS

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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 ESR-REIT 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. ESR-REIT Unitholders and investors should not place undue reliance on such forward-looking statements, and the ESR-REIT Manager does not undertake any obligation to update publicly or revise any forward-looking statements.

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## LETTER TO UNITHOLDERS

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### 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 ESR-REIT Manager (the “Directors”):

#### Registered Office:

Mr. Ooi Eng Peng	<i>(Independent Chairman, Member of the Audit, Risk Management and Compliance Committee, Member of the Nominating and Remuneration Committee)</i>	138 Market Street #26-03/04 CapitaGreen Singapore 048946
Mr. Bruce Kendle Berry	<i>(Independent Non-Executive Director, Chairman of the Audit, Risk Management and Compliance Committee)</i>	
Mr. Erle William Spratt	<i>(Independent Non-Executive Director, Chairman of the Nominating and Remuneration Committee, Member of the Audit, Risk Management and Compliance Committee)</i>	
Mr. Philip John Pearce	<i>(Non-Executive Director)</i>	
Mr. Akihiro Noguchi	<i>(Non-Executive Director)</i>	
Mr. Jeffrey David Perlman	<i>(Non-Executive Director, Member of the Nominating and Remuneration Committee)</i>	
Mr. Jeffrey Shen Jinchu	<i>(Non-Executive Director)</i>	
Mr. Adrian Chui Wai Yin	<i>(CEO and Executive Director)</i>	

7 August 2018

To: Unitholders of ESR-REIT

Dear Sir/Madam

## 1. INTRODUCTION

### 1.1 The Merger and the Scheme

On 18 May 2018, the respective boards of directors of ESR Funds Management (S) Limited, as manager of ESR-REIT (the “**ESR-REIT Manager**”), Viva Industrial Trust Management Pte. Ltd., as manager of Viva Industrial Real Estate Investment Trust (“**VI-REIT**”, and the manager of VI-REIT, the “**VI-REIT Manager**”) and Viva Asset Management Pte. Ltd., as trustee-manager of Viva Industrial Business Trust (“**VI-BT**” and collectively with VI-REIT, the stapled group, Viva Industrial Trust or “**VIT**”, and the trustee manager of VI-BT, the “**VI-BT Trustee-Manager**”, and collectively with the VI-REIT Manager, the “**VIT Managers**”) made a joint announcement in relation to the proposed merger (the “**Merger**”) of all

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## LETTER TO UNITHOLDERS

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the issued and paid-up stapled securities (the “**Stapled Securities**”) of VIT held by the stapled securityholders of VIT (the “**Stapled Securityholders**”) and the units in ESR-REIT (the “**ESR-REIT Units**”) held by the unitholders of ESR-REIT (the “**ESR-REIT Unitholders**”). The Merger will be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the “**Scheme**”) in compliance with the Singapore Code on Take-overs and Mergers (the “**Code**”). For further details on the Scheme, please refer to the joint announcement released on 18 May 2018 by the ESR-REIT Manager and the VIT Managers titled “Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement” (the “**Joint Announcement**”) and the scheme document dated 7 August 2018 issued by the VIT Managers on behalf of VIT to all the Stapled Securityholders in relation to the Merger and the Scheme (the “**Scheme Document**”). On 18 May 2018, the board of directors of the ESR-REIT Manager also released an announcement titled “Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement subject to Whitewash Resolution” (the “**18 May Announcement**”).

### 1.2 ESR-REIT Unit Issue Supplement and ESR-REIT Electronic Communications Supplement

The ESR-REIT Manager is also proposing to amend the ESR-REIT Trust Deed for the proposed ESR-REIT Unit Issue Supplement and the proposed ESR-REIT Electronic Communications Supplement. Please see paragraphs 16 and 17 for details on the proposed ESR-REIT Unit Issue Supplement and proposed ESR-REIT Electronic Communications Supplement.

### 1.3 Summary of Approvals Sought

The Merger constitutes a “very substantial acquisition” under Rule 1015 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and accordingly requires the approval of the ESR-REIT Unitholders and the approval of the SGX-ST under Rule 1015(1)(b) of the Listing Manual. Further, the Merger is an “interested person transaction” under Chapter 9 of the Listing Manual, as well as an “interested party transaction” under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) requiring the approval of the Independent ESR-REIT Unitholders (IPT), as, *inter alia*, the Implementation Agreement is entered into by the ESR-REIT Manager and RBC Investor Services Trust Singapore Limited (as trustee of ESR-REIT) (the “**ESR-REIT Trustee**”) with Perpetual (Asia) Limited (as trustee of VI-REIT) (the “**VI-REIT Trustee**”) and the VIT Managers, and VIT and the VIT Managers are associates of a controlling ESR-REIT Unitholder, Mr. Tong Jinqun (“**Mr. Tong**”). In addition, the issue of the Consideration Units requires approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution under the ESR-REIT Trust Deed. Also, as a result of the allotment and issue of the Consideration Units to the Tong Group and taking into account the ESR-REIT Units to be allotted and issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, the Tong Group’s interest in ESR-REIT Units will increase from the current approximately 18.3% to approximately 34.8% of ESR-REIT’s enlarged number of ESR-REIT Units following the Merger via the Scheme. In addition, the aggregate unitholding interest in ESR-REIT of the Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger will increase from the current approximately 33.3% to approximately 47.4% of ESR-REIT’s enlarged number of ESR-REIT Units following the Merger via the Scheme. Such increase in aggregate unitholding interest is mainly due to the

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## LETTER TO UNITHOLDERS

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allotment and issue of the Consideration Units to the Tong Group. This will trigger the requirement to make a mandatory general offer under Rule 14 of the Code. As such, it is a condition of the Scheme that the Whitewash Waiver be granted by the Securities Industry Council (“**SIC**”) and that the Independent ESR-REIT Unitholders (Whitewash) approve the Whitewash Resolution.

ESR-REIT Unitholders’ approval will also be required for the proposed ESR-REIT Unit Issue Supplement and proposed ESR-REIT Electronic Communications Supplement.

In light of the above, the ESR-REIT Manager is seeking approval from the ESR-REIT Unitholders on each of the following resolutions at the EGM:

- (a) Resolution 1: the Merger;
- (b) Resolution 2: 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;
- (c) Resolution 3: the Whitewash Resolution;
- (d) Resolution 4: the ESR-REIT Unit Issue Supplement; and
- (e) Resolution 5: the ESR-REIT Electronic Communications Supplement.

In respect of each of Resolution 1 and Resolution 3, the ESR-REIT Manager is seeking approval by way of Ordinary Resolutions. In respect of Resolution 2, Resolution 4 and Resolution 5, the ESR-REIT Manager is seeking approval by way of Extraordinary Resolutions.

ESR-REIT Unitholders should note that Resolution 1, Resolution 2 and Resolution 3 are inter-conditional on the passing of each other and are also conditional upon the Scheme becoming effective in accordance with its terms. For the avoidance of doubt, Resolution 4 and Resolution 5 are not inter-conditional upon each other or on the passing of Resolution 1, Resolution 2 and Resolution 3.

### 1.4 Supplemental Deed

Subject to approval from the ESR-REIT Unitholders in respect of Resolution 4 and Resolution 5, the ESR-REIT Manager intends to enter into a supplemental deed with the ESR-REIT Trustee to amend the ESR-REIT Trust Deed.

## 2. INFORMATION ON ESR-REIT AND THE ESR-REIT MANAGER

### 2.1 ESR-REIT

ESR-REIT is a Singapore-listed REIT (“**S-REIT**”) which was listed on the Main Board of the SGX-ST on 25 July 2006. ESR-REIT invests in quality income-producing industrial properties, and as at 31 March 2018, has a diversified portfolio of 47 properties located across Singapore, with a total gross floor area (“**GFA**”) of approximately 9.7 million square feet and a property value of S\$1.65 billion. The properties are in the following business sectors: General Industrial, Light Industrial, Logistics/Warehouse, High-Specs Industrial, and Business Park, and are located close to major transportation hubs and key industrial zones island-wide.



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## LETTER TO UNITHOLDERS

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As at the Latest Practicable Date, ESR-REIT has in issue an aggregate of 1,583,701,947 ESR-REIT Units.

### 2.2 The ESR-REIT Manager

The ESR-REIT Manager was incorporated in Singapore on 14 September 2005. ESR-REIT is managed by the ESR-REIT Manager, whose objective is to provide ESR-REIT Unitholders with a stable and secure income stream through the successful implementation of the following strategies: (a) acquisition of value-enhancing properties, (b) proactive asset management, (c) divestment of non-core properties, and (d) prudent capital and risk management.

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

- (a) Mr. Ooi Eng Peng (Independent Chairman);
- (b) Mr. Bruce Kendle Berry (Independent Non-Executive Director);
- (c) Mr. Erle William Spratt (Independent Non-Executive Director);
- (d) Mr. Philip John Pearce (Non-Executive Director<sup>2</sup>);
- (e) Mr. Jeffrey David Perlman (Non-Executive Director);
- (f) Mr. Jeffrey Shen Jinchu (Non-Executive Director);
- (g) Mr. Akihiro Noguchi (Non-Executive Director); and
- (h) Mr. Adrian Chui Wai Yin (Chief Executive Officer and Executive Director).

As at the Latest Practicable Date, the ESR-REIT Manager has an issued and paid-up share capital of S\$2,714,500 comprising 1,050,000 ordinary shares in issue and no treasury shares. 80% of the issued shares in the capital of ESR-REIT Manager are owned by ESR Investment Management Pte. Ltd. ("**ESRIM**") and the remaining 20% by Mitsui & Co., Ltd ("**Mitsui**").

The ESR-REIT Manager holds 6,156,390 ESR-REIT Units, which represents approximately 0.39% of the 1,583,701,947 ESR-REIT Units outstanding as at the Latest Practicable Date.

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<sup>2</sup> Mr. Philip John Pearce was re-designated as a Non-Executive Director (from an Independent Non-Executive Director) with effect from 25 April 2018.

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## LETTER TO UNITHOLDERS

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### 3. INFORMATION ON VIT AND THE VIT MANAGERS

#### 3.1 VIT

VIT is a Singapore-focused business park and industrial S-REIT which was listed on the Main Board of the SGX-ST on 4 November 2013. VIT is a stapled group comprising VI-REIT and VI-BT, which are managed by the VI-REIT Manager and the VI-BT Trustee-Manager respectively. VI-REIT has the principal investment strategy of investing in a diversified portfolio of income-producing real estate that is predominantly for business parks and other industrial purposes in Singapore and elsewhere in the Asia Pacific region. VI-BT is presently dormant.

VIT's current portfolio of assets comprises nine (9) properties, brief descriptions of each are set out in **Schedule 8** to this Circular.

As at the Latest Practicable Date, VIT has in issue an aggregate of 975,758,607 Stapled Securities.

#### 3.2 The VI-REIT Manager

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

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

As at the Latest Practicable Date, the board of directors of the VI-REIT Manager comprises the following:

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

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## LETTER TO UNITHOLDERS

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### 3.3 The VI-BT Trustee-Manager

The VI-BT Trustee-Manager was incorporated in Singapore on 20 June 2013. VI-BT is managed by the VI-BT Trustee-Manager, which has the dual responsibilities of safeguarding the interests of the Stapled Securityholders and managing the business conducted by VI-BT. The VI-BT Trustee-Manager has general powers of management over the business and assets of VI-BT for the benefit of Stapled Securityholders as a whole. As stated in paragraph 3.1, VI-BT is presently dormant.

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

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

## 4. INFORMATION ON SUBSTANTIAL STAPLED SECURITYHOLDERS

The full list of substantial Stapled Securityholders as at the Latest Practicable Date based on publicly available information is set out in **Schedule 1** to this Circular.

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

## 5. THE MERGER AND THE SCHEME

### 5.1 Implementation Agreement

In connection with the Merger, the ESR-REIT Manager, the ESR-REIT Trustee, the VIT Managers and the VI-REIT Trustee (each, a “**Party**” and collectively the “**Parties**”) entered into an implementation agreement (the “**Implementation Agreement**”) dated 18 May 2018 setting out the terms and conditions on which the Parties would implement the Scheme. Please refer to the Joint Announcement for more information on the terms of the Implementation Agreement.

### 5.2 Scheme Consideration

Pursuant to the Implementation Agreement, the ESR-REIT Manager will, upon the Scheme becoming effective in accordance with its terms, pay to the Stapled Securityholders S\$0.96 per Stapled Security (the “**Scheme Consideration**”) held by each of them as at a books closure date to be announced by the VIT Managers on which the transfer books and the

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## LETTER TO UNITHOLDERS

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Register of Stapled Securityholders will be closed in order to determine the entitlements of the Stapled Securityholders in respect of the Scheme (the “**Books Closure Date**”), which shall be satisfied by:

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

The Scheme Consideration implies a gross exchange ratio of 1.778x<sup>3</sup> taking into account the Cash Consideration.

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.

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

The Consideration Units shall:

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

The Scheme Consideration was derived based on the assessment by the ESR-REIT Manager of the relative valuation of both ESR-REIT and VIT based on their respective historical unit price performance, valuation ratios and fundamental analysis. Please see paragraph 7.1 of this Circular for further details on the Scheme Consideration.

### 5.3 Permitted Distributions

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

- (a) in the ordinary course of business in respect of the period from 1 January 2018 to the date on which the Scheme becomes effective in accordance with its terms and which date shall, in any event, be no later than the Long-Stop Date (the “**Effective Date**”); and

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<sup>3</sup> Based on the Scheme Consideration of S\$0.96 per Stapled Security divided by the issue price of S\$0.54 per Consideration Unit.

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## LETTER TO UNITHOLDERS

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- (b) in respect of tax refunds (if any) received by VIT and ESR-REIT (as the case may be) prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid by VIT and ESR-REIT (as the case may be).

The VIT Permitted Distributions and the ESR-REIT Permitted Distributions shall not include distributions declared, paid or made by the VIT Managers or the ESR-REIT Manager to the Stapled Securityholders or the ESR-REIT Unitholders respectively in respect of proceeds received in connection with the sale of any real properties. The VIT Managers and the ESR-REIT Manager (as the case may be) shall be entitled to announce, declare, pay or make the VIT Permitted Distributions and ESR-REIT Permitted Distributions (as the case may be) without any adjustment to the Scheme Consideration.

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

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

### 5.4 Scheme Conditions

The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the conditions precedent (the “**Scheme Conditions**”) as set out in the Implementation Agreement and reproduced in **Schedule 3** to this Circular. If each of the Scheme Conditions is satisfied or, as the case may be, has been waived in accordance with the terms of the Implementation Agreement, the Scheme will come into effect on the date falling 10 Business Days after the last of the Scheme Conditions set out in paragraphs (a), (b), (c), (d) and (e) of **Schedule 3** to this Circular has been satisfied (or such other date as may be agreed between the VIT Managers and the ESR-REIT Manager).

### 5.5 Termination

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

### 5.6 Manager Arrangements

In connection with the Scheme:

- (a) the ESR-REIT Manager in its own capacity as purchaser has executed a put and call option agreement with, *inter alia*, VIM as vendor, to acquire all of the issued shares of the VI-REIT Manager held by VIM (the “**VI-REIT Manager Transaction**”), for an aggregate consideration of S\$62.0 million. The right to exercise the options under the put and call option agreement is subject to the fulfilment of certain conditions precedent specified therein, including, without limitation, the Scheme having been

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## LETTER TO UNITHOLDERS

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approved by the Stapled Securityholders at the Scheme Meeting and coming into effect in accordance with its terms. The consideration for the VI-REIT Manager Transaction will be paid to VIM<sup>4</sup> by the ESR-REIT Manager by a combination of cash and promissory notes; and

- (b) Shanghai Summit Pte. Ltd. (“**SSPL**”), being an entity wholly-owned and controlled by Mr. Tong and also an indirect shareholder of VIM, will utilise its portion of the consideration from the VI-REIT Manager Transaction to subscribe for a 25.0% stake in the ESR-REIT Manager,

(collectively, the “**Manager Arrangements**”).

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

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

Shareholder	Shareholding proportion
ESRIM	67.3%
SSPL	25.0%
Mitsui	7.7%

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

The MAS approved on 18 May 2018 the acquisition by the ESR-REIT Manager of the shares of the VI-REIT Manager and the subscription of SSPL of shares in the ESR-REIT Manager pursuant to the Manager Arrangements.

The SIC also confirmed on 8 May 2018 that the Manager Arrangements do not constitute a special deal under Rule 10 of the Code, if an independent valuer publicly states that in his opinion, the price paid for the VI-REIT Manager is not above the fair market value of the VI-REIT Manager. In this regard, KPMG Corporate Finance Pte. Ltd. has been appointed as the independent valuer and its opinion is set out in the Scheme Document.

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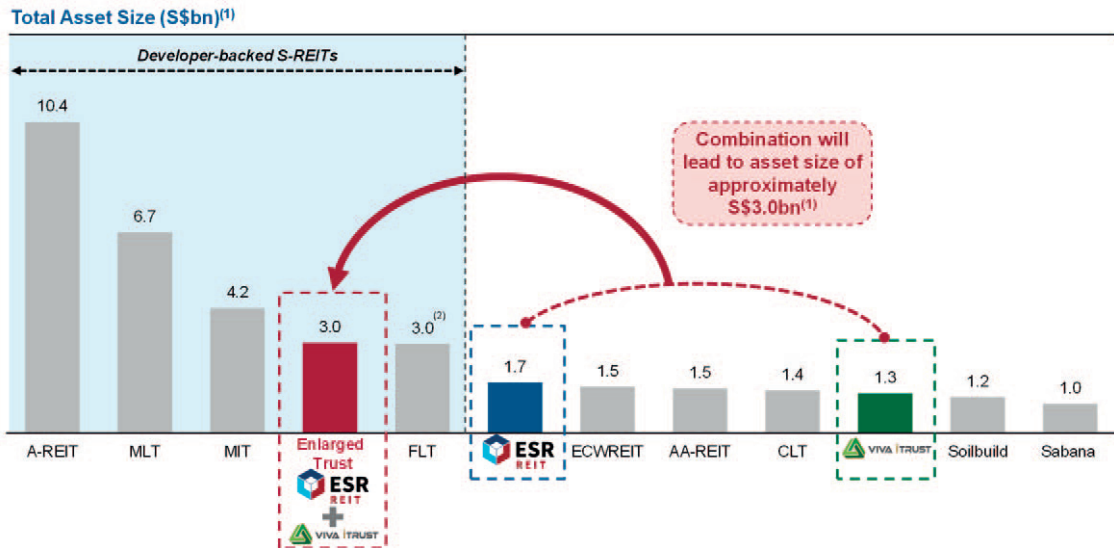
<sup>4</sup> The shareholders of VIM are Maxi Capital Pte. Ltd., Ho Lee Group Pte Ltd and Justice Offshore Holdings (BVI) Limited. Maxi Capital Pte. Ltd. is currently owned by SSPL, Mr. Wilson Ang Poh Seong, Mr. Victor Song Chern Chean and Mr. Frank Ng Tze Wei. Justice Offshore Holdings (BVI) Limited is a wholly-owned subsidiary of ESR Cayman Limited.

## LETTER TO UNITHOLDERS

### 6. RATIONALE FOR THE MERGER AND NEXT STEPS

#### 6.1 Creation of a Sizeable and Liquid Industrial S-REIT

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



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.

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

The Enlarged Trust will benefit from a significant increase in market capitalisation from S\$816 million<sup>5</sup> to S\$1.7 billion<sup>6</sup>. Similarly, the Enlarged Trust's free float, which was S\$558 million as at 17 May 2018, would increase by 75.0% to S\$977 million<sup>7</sup>. This will result in higher trading liquidity, a larger investor base and potential index inclusion. Post the Merger, the Enlarged Trust could potentially enjoy a positive re-rating of its unit price which will benefit all unitholders.

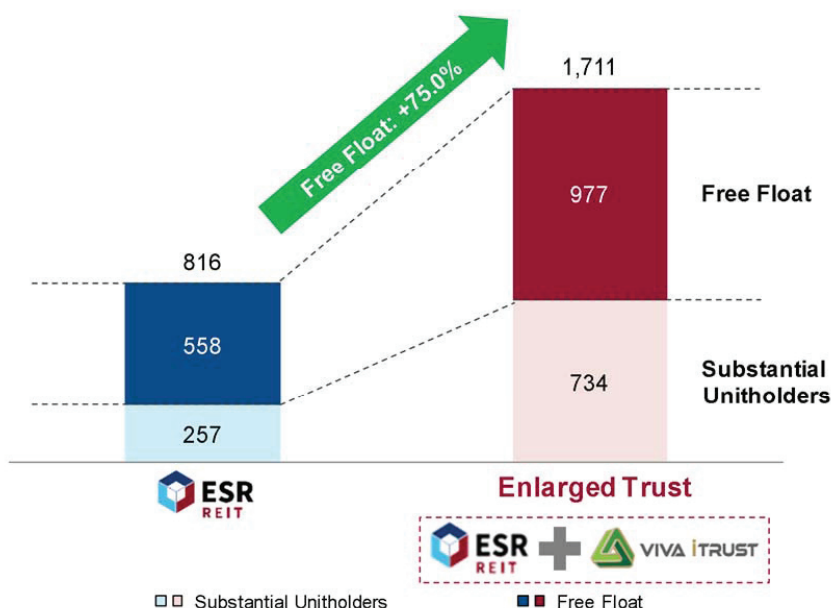
<sup>5</sup> Based on approximately 1,583.7 million ESR-REIT Units in issue as at the Latest Practicable Date and the volume weighted average price of S\$0.515 per ESR-REIT Unit with reference to the 1-month period up to and including the Latest Practicable Date.

<sup>6</sup> 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.

<sup>7</sup> 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.

## LETTER TO UNITHOLDERS

### Market Capitalisation and Free Float (\$m)

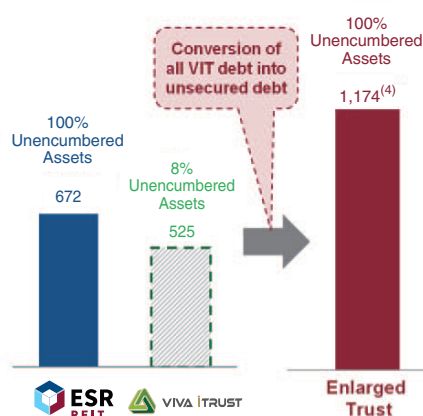


**(b) 100% Unencumbered Portfolio Provides Better Access to Pools of Capital and More Competitive Costs of Capital**

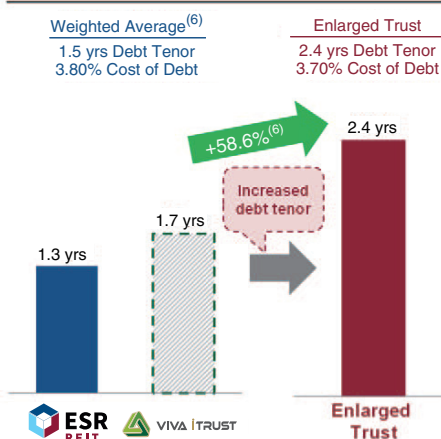
The Merger will result in the conversion of all of VIT's secured debt into unsecured debt. As a result, the Enlarged Trust will have a larger, fully unencumbered portfolio, with an increased debt tenor by 58.6%<sup>8</sup> to 2.4 years and an improved interest cost.

**FOR ILLUSTRATIVE PURPOSES ONLY — NOT A FORWARD LOOKING PROJECTION**

#### Pro Forma Gross Borrowings (\$Sm)<sup>(3)</sup>



#### Pro Forma Debt Tenor<sup>(5)</sup>



Notes: (3) As at 31 December 2017. (4) Includes the *pro forma* adjustment of debt repayment with gross proceeds raised from 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") 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. (5) As at the Effective Date, and assuming that the Scheme becomes effective in October 2018. (6) Weighted average based on ESR-REIT's and VIT's total gross debt as at 31 December 2017.

<sup>8</sup> Based on the weighted average of ESR-REIT's and VIT's total gross debt as at 31 December 2017.



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## LETTER TO UNITHOLDERS

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### 6.2 Enhanced Portfolio Quality and Scalability with Strategic Addition of High Quality Properties

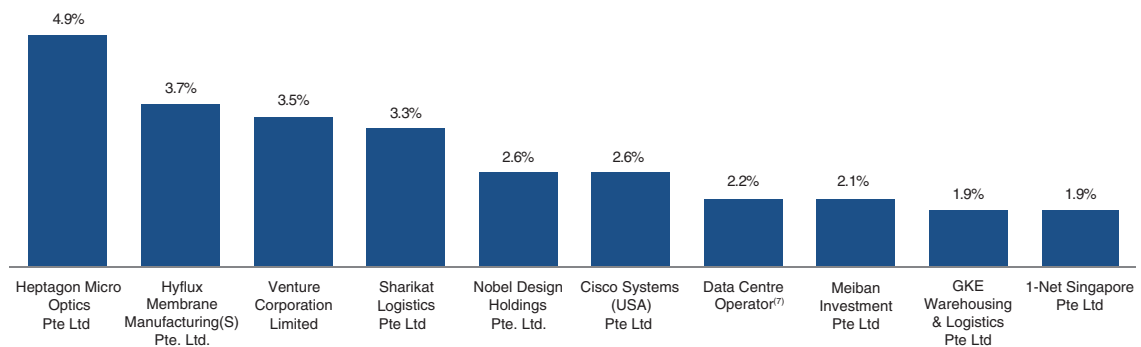
The Enlarged Trust will have a portfolio of 56 properties across five (5) different sub-asset classes. This represents an increase in total GFA by 40.2% to approximately 13.6 million square feet and an increase in total asset size by 79.8% to approximately S\$3.0 billion.

The Merger will also see an increase in net property income by 104.3% with a *pro forma* portfolio occupancy of 90.9%, above the Jurong Town Corporation (“JTC”) average of 89.0% across all industrial properties for 1Q2018. Post the Merger, the portfolio will have a total of 350 tenants from different tenant business sectors, which represents an 81.3% increase in the total number of tenants.

67.4% of the Enlarged Trust’s rental income will be derived from multi-tenanted buildings, and the remaining 32.6% from single-tenanted buildings. The top 10 tenants will account for 28.7% of rental income and no single tenant will account for more than 5.0% of the Enlarged Trust’s gross revenue.

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

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Note: (7) Tenant cannot be named due to confidentiality obligations.

In addition, the Enlarged Trust’s land lease expiry and weighted average lease expiry post the Merger will be approximately 34.0 years and 3.8 years respectively.

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

Post the Merger, the Enlarged Trust will have a diversified portfolio of scale with strong island-wide coverage across 56 properties. This will reduce ESR-REIT’s tenant concentration risk which allows the portfolio to become more resilient to market cycles. With a wider product suite, the Enlarged Trust will be able to capture a larger tenant base. The enlarged portfolio also enhances the Enlarged Trust’s ability to undertake portfolio rejuvenation while balancing portfolio risk and returns.

Additionally, the Merger provides the Enlarged Trust with economies of scale across operations, leasing and marketing, as well as stronger bargaining power with service providers.

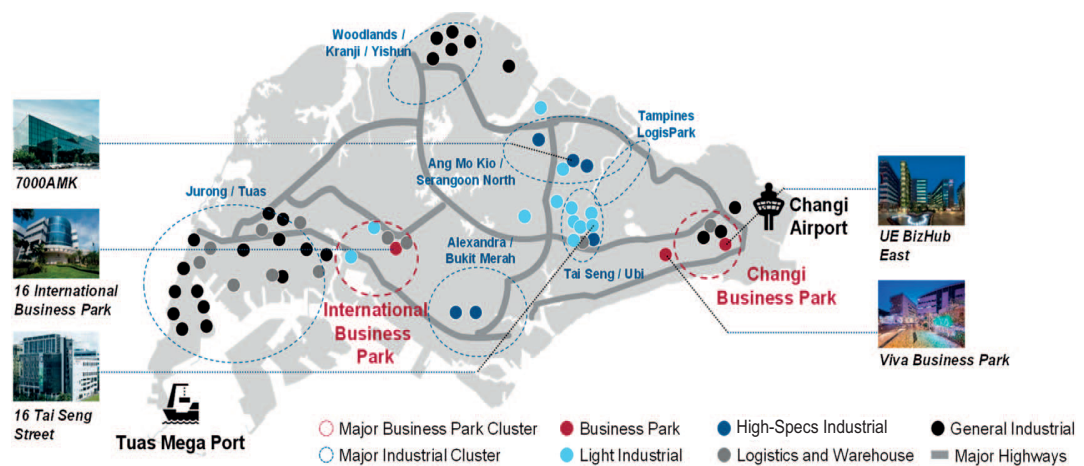
#### (b) In Line with ESR-REIT’s Portfolio Rejuvenation Strategy via Acquisition and Organic Growth

The VIT portfolio acquired through the Merger will provide immediate access to a large proportion of Business Parks. The Business Park and High-Specs sectors will make up

## LETTER TO UNITHOLDERS

approximately 46% of the Enlarged Trust's portfolio. This will allow the Enlarged Trust to successfully leverage on Singapore's Industry 4.0 initiatives amidst the low supply of Business Park space.

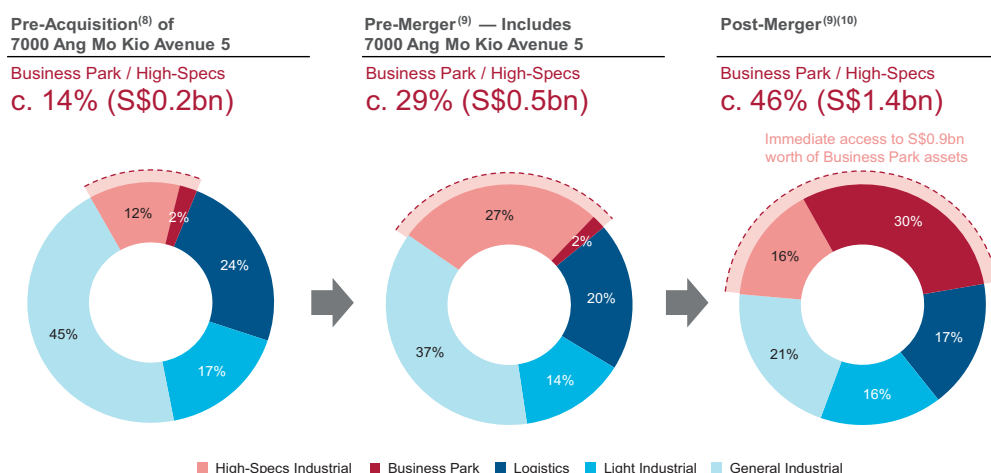
This is in addition to ESR-REIT's recent acquisitions and Asset Enhancement Initiatives ("AEIs") in three (3) key sectors of its existing portfolio: (1) General Industrial, (2) High-Specs and (3) Logistics. For example, ESR-REIT announced an AEI on 20 April 2018 to convert the property at 30 Marsiling Industrial Estate Road 8 from General Industrial into High-Specs which positions it well to attract a wider pool of industrialists. Additionally, ESR-REIT can potentially develop the unutilised plot ratio in the property at 7000 Ang Mo Kio Avenue 5 to create additional GFA of approximately 495,000 square feet to unlock value.



### (c) Increased Exposure to Tenant Profiles from the Business Park Sector

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

## LETTER TO UNITHOLDERS



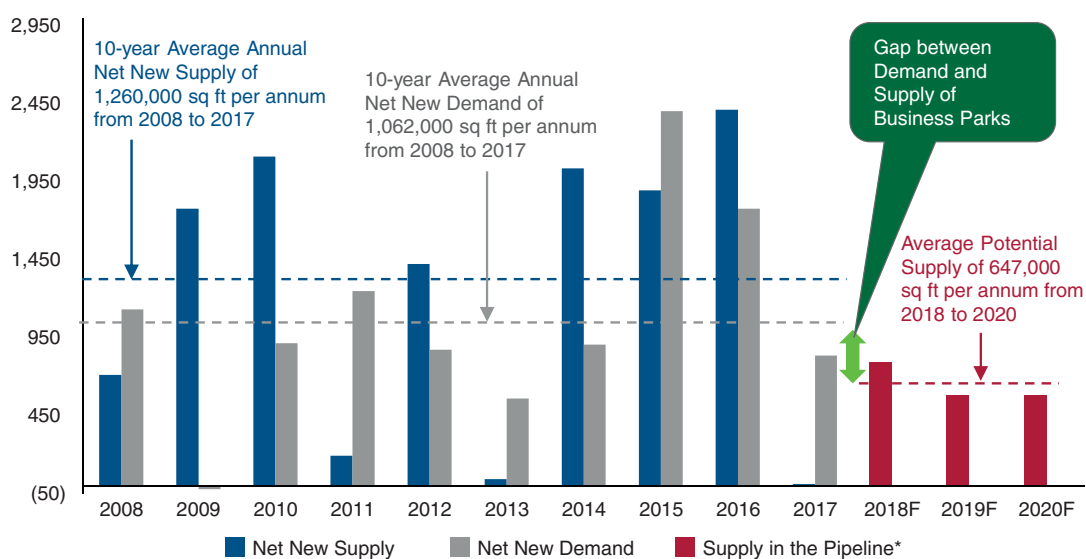
Source: Company Filings.

Notes: (8) 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). (9) Based on ESR-REIT portfolio valuation as at 31 March 2018. (10) Based on VIT portfolio valuation as at 31 March 2018.

### (d) High and Stable Rents of Business Park and High-Specs Sectors Supported by Scarcity of Supply

The scarcity of Business Park supply has created a gap between demand and supply. The expected supply of new Business Park space over the next three (3) years is significantly below the historical 10-year average demand. The Business Park and High-Specs sectors have consistently commanded the highest rental rates among industrial properties. In the first quarter of 2018, the average industrial rents of Business Park and High-Specs assets were S\$4.30 per square foot per month and S\$3.15 per square foot per month respectively, while the average rents for the other industrial sectors were between S\$1.21 and S\$1.58 per square foot per month (see graph on next page).

#### Historic and Future Pipeline of Business Parks<sup>(11)</sup> (Net Floor Area '000 sq ft)



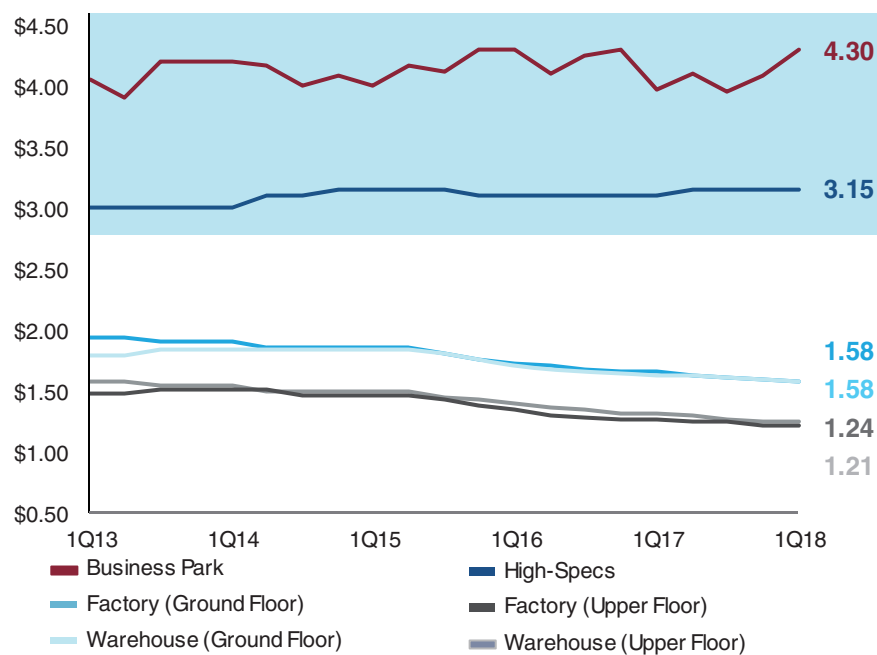
\* Gross potential supply is adjusted to net floor area based on Knight Frank's assumption of 85% space efficiency factor for Business Park Developments

Sources: JTC, Knight Frank Consultancy & Research.

Note: (11) As at 31 December 2017.

## LETTER TO UNITHOLDERS

**Average Industrial Rents (\$\$ / sqft / month)**



Sources: JTC, CBRE.

### 6.3 Enlarged Trust’s Future Growth Well-Supported by Strong and Committed Developer-Sponsor

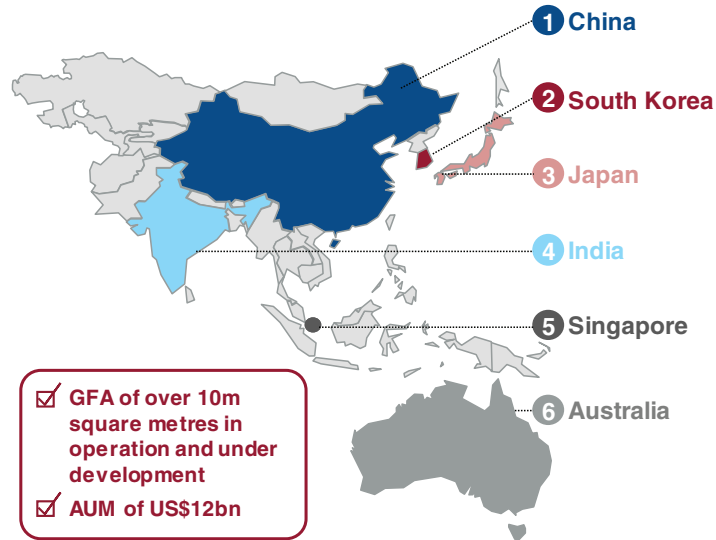
The Enlarged Trust will benefit from being well-supported by Developer-Sponsor, the ESR Group — a leading Pan-Asian logistics real estate developer, operator and fund manager. This strong backing is demonstrated by the ESR Group’s financial commitment in growing the REIT as evidenced by the ESR Group’s S\$125.0 million backstop in ESR-REIT’s recent Preferential Offering. The ESR Group’s agreement to the payment of S\$62.0 million for the acquisition of VI-REIT Manager, in order to facilitate the Merger, and the dilution of its stake in the ESR-REIT Manager arising from the investment by SSPL of SSPL’s share of the proceeds of sale of the VI-REIT Manager for a 25.0% stake in the ESR-REIT Manager, is further evidence of the ESR Group’s commitment to support the Enlarged Trust. The ESR Group’s continued substantial unitholding in the Enlarged Trust also represents an alignment of interest between sponsor, REIT Manager and unitholders.

The ESR Group has a regional presence across China, Japan, Singapore, South Korea, India and Australia, with a total GFA of over 10 million square metres in operation and under development and total assets under management of US\$12 billion.

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

# LETTER TO UNITHOLDERS

## ESR Group's Regional Presence

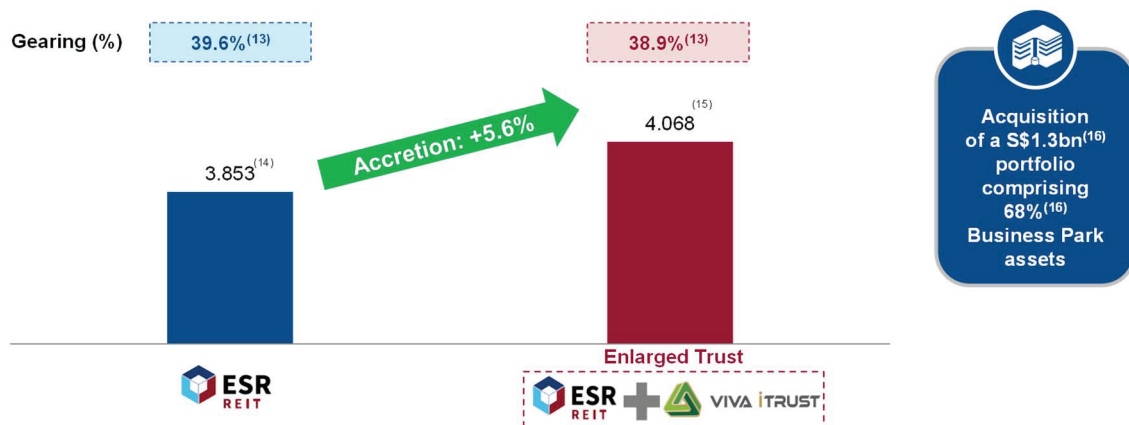


### 6.4 DPU Accretive on a Historical *Pro Forma* Basis

Assuming that the Merger had been completed on 1 January 2017, the distribution per ESR-REIT Unit (“DPU”) for the financial year ended 31 December 2017 would have increased from 3.853 Singapore cents to 4.068 Singapore cents, translating to a DPU accretion of 5.6%<sup>9</sup>.

Post the Merger, the gearing of the Enlarged Trust will be 38.9%, and no more than 22.0% of debt will expire in a single year.

#### Annualised Distribution per Unit (Singapore Cents)<sup>(12)</sup>



Notes: (12) Assumes that the Merger had been completed on 1 January 2017. (13) As at 31 December 2017. (14) 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 Preferential Offering. (15) 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. (16) Based on valuation of VIT assets as at 31 March 2018.

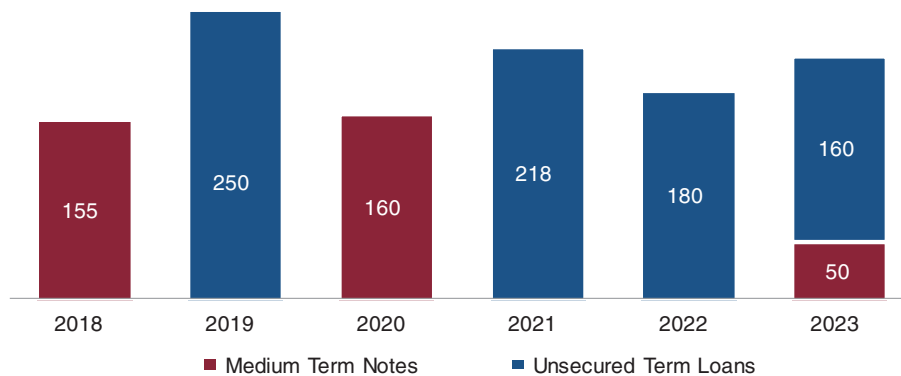
<sup>9</sup> Based on the assumptions set out on page 176 of this Circular. No other operational and trust level savings or potential synergies from the Merger have been taken into account in the preparation of the unaudited *pro forma* consolidated financial information of the Enlarged Trust set out in **Schedule 5** to this Circular.

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## LETTER TO UNITHOLDERS

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Post-Merger Debt Maturity Profile (\$Sm)



### 6.5 Next Steps following Completion of the Merger

Following completion of the Merger and the Manager Arrangements, VIT will be a sub-trust of ESR-REIT. The VI-REIT Manager will subsequently be wound up after management of VI-REIT is successfully handed over to the ESR-REIT Manager, and the ESR-REIT Manager will continue to be the manager of the enlarged ESR-REIT portfolio encompassing VIT. In the interim period where the VI-REIT Manager is still the manager of VI-REIT, the VI-REIT Manager will be entitled to receive fees under the VI-REIT Trust Deed. The ESR-REIT Manager will take steps, including effecting the passing of relevant Stapled Securityholder resolutions and seeking the relevant regulatory approvals, to amend the fees payable to the VI-REIT Manager under the VI-REIT Trust Deed to mirror the fees payable to the ESR-REIT Manager under the ESR-REIT Trust Deed, with effect from the date of completion of the Merger, as well as to wind up VI-BT (and thereby terminating the Stapling Deed). The property manager of ESR-REIT, ESR Property Management (S) Pte. Ltd., will manage the properties of VIT under the terms of the existing property management agreement of ESR-REIT.

## 7. KEY CONSIDERATIONS FOR ESR-REIT UNITHOLDERS IN EVALUATING THE MERGER

### 7.1 Premium Paid for VIT Portfolio

The Scheme Consideration represents a 26.4% premium to the net asset value (“NAV”) of VIT as at 31 March 2018, a 2.1% premium to the closing price of Stapled Securities as at 25 January 2018, being the last full and undisturbed market trading day prior to the article published by Bloomberg on 26 January 2018 titled “Warburg-Backed ESR-REIT is said to plan Viva Industrial Merger” and the initial announcement dated 29 January 2018 (the “**Last Undisturbed Trading Date**”), a 7.9% premium to the closing price of Stapled Securities as at 17 May 2018, being the last full market trading day prior to the Joint Announcement (the “**LTD to Joint Announcement Date**”), and a 7.9% premium to the closing price of Stapled Securities as at the Latest Practicable Date.

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## LETTER TO UNITHOLDERS

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In addition, the issue price of the Consideration Units represents a 7.5% discount to the NAV of ESR-REIT as at 31 March 2018, a 4.4% discount to the closing price of ESR-REIT Units as at the Last Undisturbed Trading Date, a 2.9% premium to the closing price of ESR-REIT Units as at the LTD to Joint Announcement Date, and a 4.9% premium to the closing price of ESR-REIT Units as at the Latest Practicable Date.

The Scheme Consideration took into consideration, amongst others:

- (a) the historical trading price of the Stapled Securities;
- (b) precedent price-to-NAV ratios of similar transactions;
- (c) the distribution trading yields and price-to-NAV ratios of peers in the market;
- (d) research analysts' recommendations and target prices which reflect their expectations of the value of VIT prior to the date of the initial announcement released on 29 January 2018 by the board of directors of the ESR-REIT Manager on the Merger;
- (e) the underlying valuation of VIT's properties;
- (f) the scarcity of large available portfolios for acquisition, and in particular, Business Park assets; and
- (g) the potential benefits to be derived from the combination of ESR-REIT and VIT, as well as those associated with being a larger S-REIT, for example, higher liquidity, potential inclusion in indices, the complementary nature and portfolio fit of the two (2) S-REITs, their tenant and asset risk diversification, expected improvements in operating cost efficiencies through economies of scale and better market position, and better access and lower costs of capital, among others.

The ESR-REIT Manager believes that the Scheme Consideration reflects an appropriate level of premium for VIT.

### 7.2 Short Land Lease Tenures of Certain VIT Properties

As stated in paragraph 7.1(e), the Scheme Consideration took into account, amongst others, the underlying valuation of VIT's properties. The valuation of a property as conducted by independent valuers generally takes into account the current and expected rent received from the property, rental growth expectations, demand and supply dynamics in the market, as well as the remaining land lease tenure of the property, among other factors. Typically the valuation of a property on leasehold tenure constitutes a percentage of its freehold value based on its residual land tenure.

As such, the valuation of the VIT portfolio took into account the short land lease tenures of two (2) assets which have remaining land lease tenures of less than 15 years. These are Viva Business Park with a remaining land lease tenure of approximately 13 years (as at 31 March 2018) and Jackson Square with a remaining land lease tenure of approximately 11 years (as at 31 March 2018), as set out in **Schedule 8** to this Circular.

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## LETTER TO UNITHOLDERS

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Going forward, the ESR-REIT Manager intends to continue engaging with various stakeholders including the surrounding communities of the relevant properties to identify potential further AEI opportunities that will enable it to put forth plans for land lease extensions closer to the date of land lease expiry, and where such plans will maximise land use and achieve the objectives of various stakeholders.

For example, the revitalisation of Viva Business Park, where VIT invested more than S\$80 million into AEIs to utilise the “white” component of the development, and VIT’s sustained marketing efforts and initiatives, have successfully integrated Viva Business Park into the Bedok precinct, contributed to the civic space in the Bedok neighbourhood, and positioned Viva Business Park as a shop-dine-play destination integral to the surrounding community.

### **7.3 Potential Synergies that can be Achieved Post-Merger**

It is expected that the ESR-REIT Unitholders will benefit from operational cost synergies such as improved purchasing and bargaining power in relation to contracts for services and better economies of scale with direct management of the Enlarged Trust’s properties by the ESR-REIT Manager (instead of relying heavily on third party facilities managers). With a larger portfolio that is directly managed by the ESR-REIT Manager, service quality and tenant response time are expected to improve.

ESR-REIT Unitholders will also likely benefit from trust level savings such as audit and tax advisory fees, corporate secretarial fees, listing fees, expenses related to the production of the annual report and holding of the annual general meeting, unitholder communications and investor relations expenses.

Leasing and marketing efforts are also expected to improve due to the wider range of products in the available product suite of the Enlarged Trust. In addition, with approximately 46% of the Enlarged Trust’s portfolio exposed to the Business Park and High-Specs sectors, 17% in the Logistics sector and ESR-REIT’s asset rejuvenation plans, the Enlarged Trust will be in a good position to leverage on Singapore’s Industry 4.0 initiatives.

With regard to capital management, the Enlarged Trust is expected to enjoy greater access to wider pools of capital, more competitive financing costs and longer debt tenors, to the benefit of ESR-REIT Unitholders.

### **7.4 JTC Consent In Respect of Certain VIT Properties (Where JTC/HDB is the Lessor)**

Pursuant to the terms and conditions under the leases (where JTC/HDB is the lessor) in respect of certain VIT properties, the approval of JTC to the Merger is required. Please refer to paragraph (d)(vii) of **Schedule 3** to this Circular for further details on the approval required from JTC.

As at 3 August 2018, JTC has issued in-principle consents in respect of 6 Chin Bee Avenue, 19 Tai Seng Avenue, 30 Pioneer Road, Jackson Square, UE BizHub EAST, 11 Ubi Road 1 and Viva Business Park, and in connection therewith has imposed terms and conditions including the imposition of (i) a prohibition against the sale, assignment, transfer, charge or parting with or sharing of possession of the properties for the period of five (5) years in respect of 6 Chin Bee Avenue, 30 Pioneer Road, Jackson Square and Viva Business Park and 10 years in respect of 19 Tai Seng Avenue, UE BizHub EAST and 11 Ubi Road 1, and (ii) a prohibition against reconstruction or change in ownership of the lessee in accordance with the terms therein except with the prior written consent of the lessor.



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## LETTER TO UNITHOLDERS

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In respect of 29 Tai Seng Street, JTC has indicated that in its grant it will impose terms and conditions in respect of the property including the imposition of an assignment prohibition period.

### 8. ESR-REIT'S STRATEGIES FOR GROWTH AND POTENTIAL VALUE-ADD TO UNITHOLDERS

#### 8.1 Principal Investment Strategy and Key Objective

The principal investment strategy of ESR-REIT is to invest, directly or indirectly, in income-producing real estate and real estate-related assets which are used mainly for industrial purposes.

The ESR-REIT Manager's key objective is to invest in a diverse portfolio of properties to achieve an attractive level of return from rental income and long-term capital growth in order to deliver stable returns for ESR-REIT Unitholders.

#### 8.2 Key Underlying Strategies

The ESR-REIT Manager plans to achieve its objective by focusing on a three (3)-pronged approach that leverages on synergies with ESR-REIT's strong Developer-Sponsor, the ESR Group, while developing a diversified and resilient property and tenant network across the Asia Pacific:

- (a) **Organic Growth Strategy** — Actively managing ESR-REIT's properties to maintain or improve occupancy levels and net property income.

Under this strategy, the ESR-REIT Manager will (i) focus on asset enhancements to unlock value, (ii) undertake proactive asset management to maximise returns for ESR-REIT Unitholders, (iii) regularly review the ESR-REIT portfolio to evaluate asset rejuvenation opportunities or divest non-core assets and recycle the capital into higher yielding assets in order to enhance ESR-REIT's portfolio quality, (iv) leverage on the capabilities of ESR-REIT's Developer-Sponsor, the ESR Group, by tapping onto its client network to enhance ESR-REIT's tenant quality and diversify the tenant base, and (v) explore, and where appropriate, undertake partnerships with existing ESR-REIT tenants which are keen to expand into the Asia Pacific region.

- (b) **Acquisition and Development Growth Strategy** — Selectively acquiring appropriate properties that are yield-accretive and value-enhancing, and embarking on Build-to-Suit ("BTS") or AEI projects to rejuvenate and further diversify its existing portfolio to suit tenants and market demands.

#### ***Acquisitions***

The general mandate for issue of ESR-REIT Units obtained at ESR-REIT's annual general meeting held in April 2018 provides an added measure of financial flexibility for the execution of its strategic expansion plans. The ESR-REIT Manager continues to evaluate yield-accretive, value-enhancing and risk diversification opportunities in Singapore and within the Asia Pacific region. Any expansion outside of Singapore will focus on scalability in markets where the ESR Group has a presence, which allows ESR-REIT to leverage on ESR Group's established operating platform and local property knowledge in these countries.

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## LETTER TO UNITHOLDERS

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With the ESR Group having a total of over 10 million square metres of projects owned and projects under development across China, Japan, Singapore, South Korea and India, ESR-REIT has access to a potential pipeline of possible acquisition opportunities from the ESR Group's network of properties.

### ***Development***

ESR-REIT will selectively evaluate development opportunities in which it may participate either individually or as part of a joint venture with its Developer-Sponsor, the ESR Group. These development projects (which may also come from ESR-REIT's existing portfolio as part of ESR-REIT's asset rejuvenation strategies) will provide upside benefits, while protection against downside risks will come from proceeds of stable income-generating assets.

ESR-REIT will also leverage on the ESR Group's proven track record as a developer of BTS warehousing and distribution facilities for leading global e-commerce companies.

- (c) **Capital Management Strategy** — Employing an appropriate mix of debt and equity financing, and utilising interest rate hedging strategies where appropriate.

ESR-REIT will continue to maintain a well-staggered debt maturity profile and a debt-to-total assets target range of 30% to 40% to mitigate against financial and liquidity risks.

The ESR-REIT Manager is putting in place a range of prudent capital and risk management initiatives to support stable recurring income for ESR-REIT Unitholders, and diversifying its sources of funding with a focus on tapping onto alternative pools of capital. The Enlarged Trust's assets will be 100% unencumbered.

The ESR-REIT Manager undertakes regular engagement with its banking partners in order to broaden and strengthen relationships.

### **8.3 The ESR-REIT Manager's Strategy for the Enlarged Trust Post-Merger**

Post-completion of the Merger, the ESR-REIT Manager's management team will focus on the integration of the business operations and portfolios of VIT and ESR-REIT, such as internal financial systems, operating procedures, compliance processes, enhancement and streamlining of landlord-tenant relationships, etc. This process may take at least six (6) months to complete. Successful integration will ensure that the Enlarged Trust will operate efficiently and seamlessly going forward, and extract the synergies of the enlarged portfolio thereby adding further potential value to ESR-REIT Unitholders.

A key priority of the ESR-REIT Manager post-Merger is ESR-REIT's asset rejuvenation strategy for organic growth via AEIs. The ESR-REIT Manager's management team has identified certain assets in ESR-REIT's existing portfolio for potential AEIs which will focus on two (2) key areas:

- (a) repositioning appropriate properties in order to meet the needs of industrialists of today and in the future; and

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- (b) maximising the plot ratios to the best and highest use. As part of ESR-REIT’s active asset management strategy, the ESR-REIT Manager has identified a number of assets in the portfolio with plot ratios that can be increased to generate additional leasable area so as to enhance rental yield and capital value, such as the property at 7000 Ang Mo Kio Avenue 5.

With the Merger, it is intended that a number of key executives of the VI-REIT Manager will join the management team of the ESR-REIT Manager and bring their expertise and track record in undertaking large scale AEIs. This is aligned with the ESR-REIT Manager’s portfolio enhancement strategy which aims to further extract value from the trust assets. The combined management strength of the Enlarged Trust will review the potential AEI and redevelopment opportunities within the Enlarged Trust’s portfolio, to be executed over the next two (2) to three (3) years. Successful integration will extract the synergies of the complementary skill sets of the two (2) management teams to the benefit of ESR-REIT Unitholders.

In conclusion, the Enlarged Trust’s larger portfolio and enhanced management team will provide the opportunity to re-evaluate the timing, scale and risk-return profile of the AEIs to be undertaken, for both the existing ESR-REIT portfolio and the VIT portfolio of real estate assets. This re-evaluation will include, amongst others, a review of the projected construction costs of identified AEI projects, given the better bargaining power of the Enlarged Trust with service providers and reduced portfolio financial impact when undertaking AEIs, while taking into consideration the supply and demand dynamics of the industrial market over the next two (2) to three (3) years.

### 9. CHAPTER 10 OF THE LISTING MANUAL

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

<b>Bases</b>	<b>VIT and its subsidiary (“VIT Group”) (million)</b>	<b>ESR-REIT and its subsidiaries (“ESR-REIT Group”) (million)</b>	<b>Relative figures (%)</b>
Net property income attributable to the assets acquired, compared with the group’s net property income. <sup>(1)</sup>	S\$21.1	S\$23.8	88.6
The aggregate value of the consideration given, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares. <sup>(2)</sup>	S\$936.7	S\$831.4	112.7

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Bases	VIT and its subsidiary ("VIT Group") (million)	ESR-REIT and its subsidiaries ("ESR-REIT Group") (million)	Relative figures (%)
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	1,561.2 <sup>(3)</sup>	1,583.7	98.6

**Notes:**

- (1) In the case of a REIT, net property income is a close proxy to the net profits attributable to its assets.
- (2) Market capitalisation is based on S\$0.525 per ESR-REIT Unit (as at close of trading on 17 May 2018) and 1,583,701,947 ESR-REIT Units in issue.
- (3) Aggregate number of ESR-REIT Units to be issued as consideration for the Merger.

9.2 Pursuant to Rule 1015(1)(a) of the Listing Manual, where an acquisition of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 is 100 per cent. or more, the transaction is classified as a "very substantial acquisition".

As shown in the table above, the relative figure of the Merger computed on the basis set out in Rule 1006(c) of the Listing Manual exceeds 100 per cent. Accordingly, the Merger is considered a "very substantial acquisition" under Chapter 10 of the Listing Manual, and must be made conditional upon the approval of ESR-REIT Unitholders and the SGX-ST. This has been included in the Scheme Conditions.

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

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

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The ESR-REIT Manager is pleased to confirm that all the above conditions for the 1015(1)(a)(ii) Waiver have been satisfied.

9.4 The SGX-ST has confirmed that it has no objection to the Merger. As announced by the ESR-REIT Manager on 1 August 2018, the SGX-ST has also granted its approval in-principle for the listing and quotation of (a) up to 1,562 million Consideration Units and (b) up to 24 million new ESR-REIT Units to be issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, on the Main Board of the SGX-ST, subject to:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) approval of the independent ESR-REIT Unitholders being obtained for the Merger, the issue of the Consideration Units and the whitewash resolution for the waiver of their rights to receive a mandatory general offer from Mr. Tong and his concert parties; and
- (iii) submission of the following:
  - (A) written confirmation by the financial advisers to the Merger that the Merger has complied with Listing Rule 210(4)(a);
  - (B) signed declarations by each new director and new executive officer appointed by the ESR-REIT Manager, in the form set out in paragraph 8, Part VII of the Fifth Schedule, Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005; and
  - (C) signed moratorium agreements from the new and existing controlling ESR-REIT Unitholders in compliance with Listing Rules 227, 228 and 229.

The approval of the SGX-ST shall not be taken as an indication of the merits of the Merger, the Scheme, VIT, the Enlarged Trust, the ESR-REIT Units, the Consideration Units, ESR-REIT or its subsidiaries.

## 10. VALUATIONS

### 10.1 Stapled Securities

Based on the latest announced financial statements of VIT, being the unaudited first quarter financial statements for the period ended 31 March 2018 for VIT:

- (a) the net asset value ("**NAV**") and net tangible asset value ("**NTA**") of VIT as at 31 March 2018 were S\$741.1 million and S\$739.1 million respectively; and
- (b) the quarterly net return after income tax attributable to the Stapled Securities for the financial period ended 31 March 2018 was approximately S\$12.6 million<sup>10</sup>.

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<sup>10</sup> The 18 May Announcement provided the quarterly net profit before income tax, minority interests and extraordinary items attributable to the Stapled Securities as at 31 March 2018, as approximately S\$15.5 million. The quarterly net return after income tax, which ESR-REIT considers to be a more relevant indicator, further takes into account fair value changes and income tax expense for the financial period ended 31 March 2018.

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Based on the volume weighted average price of S\$0.890 per Stapled Security with reference to the one-month period up to and including 17 May 2018 (being the last trading day on which the Stapled Securities were traded prior to the date of the Implementation Agreement), the latest available open market value of the Stapled Securities as at the date of the 18 May Announcement was approximately S\$869 million.

### 10.2 ESR-REIT's and VIT's Properties

An independent valuation exercise was conducted in December 2017 by Edmund Tie & Company (SEA) Pte Ltd on 41 of ESR-REIT's properties, and by Savills Valuation and Professional Services (S) Pte Ltd on seven (7) of ESR-REIT's properties, as at 31 December 2017 (except for the property at 7000 Ang Mo Kio Avenue 5, which was valued as at 31 October 2017). Both valuers have reviewed their valuations as at 31 March 2018 (except for the property at 9 Bukit Batok Street 22 which was divested on 5 March 2018). There was no material change to the aggregate valuation of ESR-REIT's properties as at 31 March 2018. The ESR-REIT Manager also commissioned CBRE Pte Ltd to conduct an independent valuation of VIT's properties as at 31 March 2018 for the purposes of the Merger. The foregoing valuation firms are independent valuers which are both experienced and qualified. The valuations of these properties were based on the capitalisation approach and discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate. The ESR-REIT Manager is satisfied that the valuation methods and estimates are reflective of the current market conditions.

Please refer to **Schedule 7** to this Circular for copies of the letters (the "**Independent Valuers' Letters**") issued by CBRE Pte Ltd, Edmund Tie & Company (SEA) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd as independent valuers on the valuation of ESR-REIT's and VIT's properties as at the relevant valuation dates stated above.

## 11. TOTAL ACQUISITION COST AND SOURCE OF FUNDS FOR THE MERGER

11.1 The total cost of the Merger is estimated to be approximately S\$1,498.8 million comprising:

- (a) the Scheme Consideration of S\$936.7 million;
- (b) the refinancing of VIT's existing debt of S\$525.0 million;
- (c) the acquisition fee payable in ESR-REIT Units<sup>11</sup> to the ESR-REIT Manager for the Merger which is estimated to be approximately S\$12.8 million<sup>12</sup>; and
- (d) the estimated professional and other fees and expenses of approximately S\$24.3 million.

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<sup>11</sup> As the Merger constitutes an "interested party transaction" under the Property Funds Appendix, the acquisition fee of approximately S\$12.8 million payable in ESR-REIT Units to the ESR-REIT Manager for the Merger, shall not be sold within one (1) year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

<sup>12</sup> Pursuant to the Merger, 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.

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11.2 The Scheme Consideration for the Merger will be satisfied through the allotment and issue of approximately 1,561.2 million Consideration Units at S\$0.54 each and the aggregate cash payment of S\$93.7 million to the Stapled Securityholders.

11.3 In connection with the Merger and the Scheme, the ESR-REIT Trustee has obtained unsecured banking facilities from United Overseas Bank Limited, RHB Bank Berhad (Singapore Branch), The Hongkong and Shanghai Banking Corporation Limited and Malayan Banking Berhad, Singapore Branch. The proceeds of such facilities will be applied towards the following purposes:

- (a) the part refinancing of existing loan facilities granted to the ESR-REIT Trustee;
- (b) the refinancing in full of the indebtedness under (i) the existing loan facilities granted to the VI-REIT Trustee, and (ii) the S\$500,000,000 multicurrency medium term note programme established by Viva iTrust MTN Pte. Ltd. as issuer and the VI-REIT Trustee as guarantor, on 28 August 2014;
- (c) the part financing of the Cash Consideration for the Scheme; and
- (d) the payment of costs, fees and expenses (including taxes) incurred by or on behalf of the ESR-REIT Trustee in connection with the Scheme.

11.4 The Consideration Units will be issued and credited as fully paid to the Stapled Securityholders upon the Scheme becoming effective in accordance with its terms. The issue of the Consideration Units requires approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution under the ESR-REIT Trust Deed.

## 12. PRO FORMA FINANCIAL EFFECTS OF THE MERGER

12.1 The *pro forma* financial effects of the Merger (and the related transactions in connection therewith) on (a) the DPU, (b) the earnings per ESR-REIT Unit (“**EPU**”), (c) the NAV per ESR-REIT Unit, and (d) the NTA per ESR-REIT Unit, are set out as follows:

### (a) Pro Forma DPU

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

	Before the Merger	After the Merger
<b>Distributable income (S\$'000)</b>	50,390	118,418
<b>Issued ESR-REIT Units ('000)<sup>(1)</sup></b>	1,313,623	2,910,835 <sup>(2)</sup>
<b>DPU (cents)</b>	3.853	4.068 <sup>(3)</sup>
<b>Accretion (%)</b>		5.6%

**Notes:**

- (1) Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as FY2017 financial results only include partial contribution from the 7000 AMK Acquisition (for 18 days of operations) for which the Preferential Offering was conducted.

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- (2) Pursuant to the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as part of the Scheme Consideration and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. Based on the *pro forma* assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54, ESR-REIT would have issued approximately 12.2 million new ESR-REIT Units for the financial year ended 31 December 2017.
- (3) Based on the assumptions set out on page 176 of this 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 this Circular.

### (b) *Pro Forma* EPU

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

	Before the Merger	After the Merger
<b>Total return after tax before change in fair value of investment properties, attributable to ESR-REIT Unitholders (S\$'000)</b>	47,278	100,786
<b>Change in fair value of investment properties (S\$'000)</b>	(47,779)	(261,282) <sup>(1)</sup>
<b>Net loss after tax attributable to ESR-REIT Unitholders (S\$'000)</b>	(501)	(160,496)
<b>Weighted average ESR-REIT Units ('000)<sup>(2)</sup></b>	1,306,293	2,910,835 <sup>(3)</sup>
<b>EPU (cents)</b>	(0.038)	(5.514)

#### Notes:

- (1) Includes the total write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties amounting to S\$213.5 million which has no impact on distributable income.
- (2) Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as FY2017 financial results only include partial contribution from the 7000 AMK Acquisition (for 18 days of operations) for which the Preferential Offering was conducted.
- (3) Pursuant to the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as part of the Scheme Consideration and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. Based on the *pro forma* assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54, ESR-REIT would have issued approximately 12.2 million new ESR-REIT Units for the financial year ended 31 December 2017.



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### (c) NAV per ESR-REIT Unit

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

	Before the Merger	After the Merger
<b>NAV (S\$'000)<sup>(1)</sup></b>	919,828	1,557,977
<b>Number of issued ESR-REIT Units ('000)<sup>(2)</sup></b>	1,576,473	3,161,477 <sup>(4)</sup>
<b>NAV per ESR-REIT Unit (cents)<sup>(3)</sup></b>	58.4	49.3 <sup>(5)</sup>

**Notes:**

- (1) Includes the net proceeds of S\$140.9 million raised in relation to the Preferential Offering.
- (2) Includes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as the net proceeds of the Preferential Offering were used to partially fund the 7000 AMK Acquisition.
- (3) Lower NAV per ESR-REIT Unit after the Merger due to the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties and the dilution from Consideration Units and the acquisition fee for investment properties.
- (4) As part of the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as consideration for the Merger and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. As the Merger is assumed to have been completed on 31 December 2017, VIT's asset management fees of approximately 12.2 million ESR-REIT Units (calculated based on the *pro forma* assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54) would not have been issued.
- (5) NAV per ESR-REIT Unit is restated from 49.1 cents in the 18 May Announcement to 49.3 cents in this Circular. VIT's unamortised loan transaction costs were previously recorded as an expense and this has been adjusted as all of VIT's finance costs have been replaced with the new ESR-REIT banking facilities.

### (d) NTA per ESR-REIT Unit

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

	Before the Merger	After the Merger
<b>NTA (S\$'000)<sup>(1)</sup></b>	919,828	1,555,199 <sup>(2)</sup>
<b>Number of issued ESR-REIT Units ('000)<sup>(3)</sup></b>	1,576,473	3,161,477 <sup>(4)</sup>
<b>NTA per ESR-REIT Unit (cents)<sup>(5)</sup></b>	58.4	49.2 <sup>(6)</sup>

**Notes:**

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

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- (3) Includes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as the net proceeds of the Preferential Offering were used to partially fund the 7000 AMK Acquisition.
- (4) As part of the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as consideration for the Merger and approximately 23.8 million new ESR-REIT Units as acquisition fee to the ESR-REIT Manager. As the Merger is assumed to have been completed on 31 December 2017, VIT's asset management fees of approximately 12.2 million ESR-REIT Units (calculated based on the *pro forma* assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54) would not have been issued.
- (5) Lower NTA per ESR-REIT Unit after the Merger due to the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties and the dilution from Consideration Units and the acquisition fee for investment properties.
- (6) NTA per ESR-REIT Unit is restated from 49.0 cents in the 18 May Announcement to 49.2 cents in this Circular. VIT's unamortised loan transaction costs were previously recorded as an expense and this has been adjusted as all of VIT's finance costs have been replaced with the new ESR-REIT banking facilities.

### 12.2 Bases and Assumptions Underlying the Above *Pro Forma* Financial Effects of the Merger on the Enlarged Trust

The above *pro forma* financial effects in connection with the Merger have been prepared on the same bases used to prepare the three (3)-year unaudited *pro forma* consolidated financial information set out in **Schedule 5** to this Circular, except that the above *pro forma* consolidated financial information assumes:

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

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

Please also refer to the unaudited *pro forma* consolidated financial information of the Enlarged Trust (and accompanying accountant's report) set out in **Schedule 4 and Schedule 5** to this Circular.

### 13. THE MERGER AS AN INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION

- 13.1 Mr. Tong holds an aggregate interest (deemed and direct) in 289,306,851 ESR-REIT Units, which is equivalent to approximately 18.3% of the total number of ESR-REIT Units, and is therefore regarded as a controlling ESR-REIT Unitholder under both the Listing Manual and the Property Funds Appendix. Accordingly, Mr. Tong and his associates are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of ESR-REIT.

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- 13.2 As stated in paragraph 4, Mr. Tong is the largest Stapled Securityholder holding an aggregate interest (deemed and direct) in 487,961,281 Stapled Securities, representing approximately 50.01% of all Stapled Securities. Mr. Tong is also deemed interested in a majority of the shares of the VIT Managers, as SSPL, which is wholly-owned by Mr. Tong, owns 62.0% equity interest in Maxi Capital Pte. Ltd. which in turn owns 55.55% equity interest in VIM, the holding company of the VIT Managers as well as of Viva Real Estate Asset Management Pte. Ltd. (the “**VIT Property Manager**”). The VIT Managers and the VIT Property Manager are wholly-owned by VIM. The aggregate interest of Mr. Tong in the Stapled Securities referred to above in this paragraph 13.2 includes his deemed interest in the Stapled Securities held by the VI-REIT Manager and the VIT Property Manager.
- 13.3 The VIT Managers and VIT are therefore considered as associates of Mr. Tong under the Listing Manual and the Property Funds Appendix. Accordingly, the Implementation Agreement (entered into *inter alia* with the VIT Managers and the VI-REIT Trustee) and the Merger will constitute an “interested person transaction” (for purposes of the Listing Manual) as well as an “interested party transaction” (for purposes of the Property Funds Appendix) of ESR-REIT.
- 13.4 Under Chapter 9 of the Listing Manual, where an issuer proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the listed group’s latest audited NTA, unitholders’ approval is required in respect of the transaction. Further, under Paragraph 5 of the Property Funds Appendix, a property fund is also required to make an immediate announcement and obtain a majority vote at a participants’ meeting, if the value of the transaction with an interested party is equal to or exceeds 5.0% of its NAV.
- 13.5 Based on ESR-REIT’s latest audited financial statements for FY2017, its NTA and NAV as at 31 December 2017 were approximately S\$778.9 million. The aggregate value of the Merger, being approximately S\$936.7 million, represents approximately 120.3% of the latest audited NTA and NAV of ESR-REIT. Accordingly, as this value exceeds 5.0% of the NTA and NAV of ESR-REIT, the Merger will require the approval of the ESR-REIT Unitholders. Pursuant to Rule 919 of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix, Mr. Tong and his associates, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, will abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Merger at the EGM.
- 13.6 In addition, e-Shang Infinity Cayman Limited also owns and/or controls an aggregate of 36,629,800 Stapled Securities, representing approximately 3.75% of the total number of issued Stapled Securities. The SGX-ST and the MAS ruled on 17 May 2018 and 18 May 2018 respectively that e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited (collectively, the “**Relevant ESR-REIT Unitholders**”), should abstain from voting on the resolutions relating to the Merger. The SGX-ST further ruled on 27 July 2018 that the ESR-REIT Manager, the Relevant ESR-REIT Unitholders and Mitsui are required to abstain from voting on the resolutions in connection with the Merger pursuant to Rule 748(5) of the Listing Manual. As such, the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui will abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Merger at the EGM.
- 13.7 There were no interested person transactions entered into between ESR-REIT and Mr. Tong (and/or his associates) during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

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13.8 The total value of interested person transactions, excluding transactions which are less than S\$100,000, involving ESR-REIT with interested persons other than Mr. Tong and his associates, during the course of the current financial year up to 30 June 2018, is approximately S\$8.3 million, comprising fees payable to the ESR-REIT Manager under the ESR-REIT Trust Deed, fees and commissions payable to the property manager of ESR-REIT under the property management agreement, and fees payable to the ESR-REIT Trustee.

### 14. PROPOSED ISSUE OF CONSIDERATION UNITS UNDER THE ESR-REIT TRUST DEED

14.1 Under the ESR-REIT Trust Deed, for as long as ESR-REIT is listed, an issue of ESR-REIT Units (other than by way of rights issue offered on a *pro rata* basis to all existing ESR-REIT Unitholders) exceeding certain specified thresholds will require specific prior approval of the ESR-REIT Unitholders by an Extraordinary Resolution. Rule 805(1) of the Listing Manual also provides that an issuer must obtain prior approval of unitholders in general meeting for the issue of units unless such issue of units is covered under a general mandate obtained from unitholders of the issuer.

14.2 The ESR-REIT Trust Deed also provides that for as long as ESR-REIT is listed, the ESR-REIT Trustee, the ESR-REIT Manager, their respective related parties, the Directors and the directors of the ESR-REIT Trustee and their respective immediate family members (unless otherwise permitted by the MAS in writing) may only participate in such issue of ESR-REIT Units with the prior specific approval of the ESR-REIT Unitholders by an Ordinary Resolution at which the following persons (unless otherwise permitted by the MAS in writing) must abstain from voting: the person to which the issue is to be made, its directors and immediate family members, and its related parties, where "related parties" in relation to an entity means its related corporations (as defined in the Companies Act) and companies in which at least 20% but not more than 50% of its shares are held by such entity and its related corporations.

### 15. PROPOSED WHITEWASH RESOLUTION

#### 15.1 Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, except with SIC's consent, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in a period of six (6) months additional shares carrying more than 1.0% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

In the context of a REIT, references to company, shares and shareholders would, as appropriate, refer to the real estate investment trust, units and unitholders respectively.

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### 15.2 General Offer Requirement

The Tong Group holds an aggregate interest in 503,793,281 VIT Stapled Securities, representing approximately 51.6% of all VIT Stapled Securities<sup>13</sup>. As a result of the Merger and the Scheme, the Tong Group will be allotted and issued 783,133,534 Consideration Units, representing approximately 24.7% of the enlarged number of ESR-REIT Units upon completion of the Merger. After taking into account the ESR-REIT Units to be allotted and issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, the Tong Group's interest in ESR-REIT Units will increase from the current approximately 18.3% to approximately 34.8% of the enlarged number of ESR-REIT Units upon completion of the Merger. In addition, the aggregate unitholding interest in ESR-REIT of the Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger will increase from the current approximately 33.3% to approximately 47.4% of ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme. Such increase in aggregate unitholding interest is mainly due to the allotment and issue of the Consideration Units to the Tong Group. This will trigger the requirement to make a mandatory general offer under Rule 14 of the Code for the remaining ESR-REIT Units not already owned, controlled or agreed to be acquired by the Tong Group and its concert parties upon completion of the Merger and the Scheme (unless otherwise waived).

As such, under the Implementation Agreement, it is a Scheme Condition that the SIC confirms that the Tong Group is exempted from the requirements to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme, and that the Independent ESR-REIT Unitholders (Whitewash) approve the waiver of their rights to receive a mandatory general offer from the Tong Group in connection with the allotment and issue of the Consideration Units pursuant to the Merger.

### 15.3 SIC Confirmation and Whitewash Waiver

In light of the above, the ESR-REIT Manager made an application to the SIC to seek, *inter alia*, a waiver of the obligations of the Tong Group to make a mandatory general offer for ESR-REIT under Rule 14 of the Code by reason of the allotment and issue of Consideration Units to the Tong Group resulting in the Tong Group acquiring ESR-REIT Units which carry more than 30.0% of the voting rights in ESR-REIT based on ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme, as well as the increase in the aggregate unitholding interest in ESR-REIT of the Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger described in paragraph 15.2 above.

The SIC had on 8 May 2018 granted a waiver of the obligation under Rule 14 of the Code for the Tong Group to make a general offer for ESR-REIT in the event that the Merger via the Scheme results in the Tong Group acquiring ESR-REIT Units which carry 30.0% or more of the voting rights in ESR-REIT based on ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme, subject to the satisfaction of the following conditions (collectively, the "**SIC Conditions**"):

- (a) a majority of holders of voting rights of ESR-REIT approve at a general meeting, before the Merger via the Scheme, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Tong Group;

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<sup>13</sup> This includes the total interests of Mr. Tong set out in paragraph 4 and 15,832,000 Stapled Securities held by Tong Yu Lou.

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- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Tong Group, parties acting in concert with it and parties not independent of it abstain from voting on the Whitewash Resolution;
- (d) the Tong Group and its concert parties did not acquire or are not to acquire any ESR-REIT Units or instruments convertible into and options in respect of ESR-REIT Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new ESR-REIT Units which have been disclosed in this Circular, including the subscription by the Tong Group of ESR-REIT Units pursuant to the Preferential Offering):
  - (i) during the period between the date of the initial announcement of the proposed Merger of VIT and ESR-REIT (i.e. 29 January 2018) and the date ESR-REIT Unitholders' approval is obtained for the Whitewash Resolution; and
  - (ii) in the six (6) months prior to the date of the initial announcement of the proposed Merger of VIT and ESR-REIT (i.e. 29 January 2018), but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Merger via the Scheme;
- (e) ESR-REIT appoints an independent financial adviser to advise the Independent ESR-REIT Unitholders (Whitewash) on the Whitewash Resolution;
- (f) ESR-REIT sets out clearly in this Circular:
  - (i) details of the Merger via the Scheme;
  - (ii) the dilution effect of the Tong Group's acquisition of new ESR-REIT Units as a result of the Merger via the Scheme to existing holders of voting rights in ESR-REIT;
  - (iii) the number and percentage of voting rights in ESR-REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of ESR-REIT Units held by the Tong Group and its concert parties as at the Latest Practicable Date;
  - (iv) the number and percentage of voting rights to be issued to the Tong Group as a result of the Merger via the Scheme; and
  - (v) that ESR-REIT Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Tong Group at the highest price paid by the Tong Group and its concert parties for ESR-REIT Units in the past six (6) months preceding the commencement of the offer;
- (g) this Circular states that the Whitewash Waiver is subject to the SIC Conditions stated in paragraphs 15.3(a) to 15.3(f);
- (h) the Tong Group obtains the SIC's approval in advance for the parts of this Circular that refer to the Whitewash Resolution; and

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

The ESR-REIT Manager understands that the Tong Group does not intend to, or wish to be subject to the obligation to, make a mandatory general offer for ESR-REIT as a result of the Merger and the Scheme. As such, in accordance with the SIC Condition set out in paragraph 15.3(a), ESR-REIT will be seeking the approval of the Independent ESR-REIT Unitholders (Whitewash) on the Whitewash Resolution at the EGM.

As at the Latest Practicable Date, save for the SIC Conditions in paragraphs 15.3(a) and (i), all the SIC Conditions have been satisfied.

With respect to the SIC Condition in paragraph 15.3(d), an application was submitted to the SIC in respect of the acquisition of 245,500 ESR-REIT Units and 342,956 ESR-REIT Units by DMI Holdings Pte. Ltd., a company wholly-owned by Mr. Michael Patrick Dwyer (who is presumed to be acting in concert with the ESR-REIT Manager in connection with the Merger and the Scheme), on 15 March 2018 and 20 March 2018 respectively (collectively, the “Dealings”). As the Dealings occurred after 29 January 2018 (being the date of the initial announcement of the proposed Merger of VIT and ESR-REIT), there was a breach of Rule 11.3 of the Code and the SIC Condition in paragraph 15.3(d). The Dealings were inadvertently made by DMI Holdings Pte. Ltd./Mr. Dwyer as prior to the Joint Announcement, DMI Holdings Pte. Ltd./Mr. Dwyer were not informed of the Merger and/or the Scheme. DMI Holdings Pte. Ltd./Mr. Dwyer are also not involved in the Merger, the Scheme and/or any decision making process of the ESR-REIT Manager in relation to the Merger or the Scheme. On the basis that the Dealings were made by DMI Holdings Pte. Ltd./Mr. Dwyer who were not involved in the Merger, the Scheme and/or any decision making process of the ESR-REIT Manager in relation to the Merger or the Scheme, and the Dealings amounted to an aggregate of approximately 0.037% of the total issued ESR-REIT Units, the SIC has ruled that:

- (a) it will not be taking any further action on the breach of Rule 11.3 of the Code; and
- (b) the breach of the SIC Condition in paragraph 15.3(d) will not invalidate the Whitewash Waiver.

### 15.4 Interests of the Tong Group

As at the Latest Practicable Date, the names of the members of the Tong Group and their interests in ESR-REIT are as follows:

Member of Tong Group	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†
Mr. Tong Jinquan	85,210,531 <sup>(1)</sup>	5.4	204,096,320 <sup>(2)</sup>	12.9	289,306,851	18.3
Leading Wealth Global Inc	—	—	—	—	—	—
Longemont Real Estate Pte. Ltd.	—	—	—	—	—	—
Shanghai Summit (Group) Co., Ltd	—	—	—	—	—	—
Shanghai Summit Pte. Ltd.	—	—	204,096,320 <sup>(3)</sup>	12.9	204,096,320	12.9
Wealthy Fountain Holdings Inc	190,924,226 <sup>(4)</sup>	12.1	— <sup>(5)</sup>	—	190,924,226	12.1
Skyline Horizon Consortium Ltd	13,172,094 <sup>(6)</sup>	0.8	—	—	13,172,094	0.8
Mr. Tong Yu Lou	—	—	—	—	—	—

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### Notes:

- \* Based on substantial ESR-REIT Unitholders' disclosures in respect of interests in securities.
- † The percentage interest is based on ESR-REIT Units in issue as at the Latest Practicable Date, being 1,583,701,947 ESR-REIT Units.
- (1) This includes 31,688,007 ESR-REIT Units which were subscribed for pursuant to the Preferential Offering.
- (2) Mr. Tong Jinquan is the sole shareholder of Shanghai Summit Pte. Ltd. which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly and Wealthy Fountain Holdings Inc holds 190,924,226 ESR-REIT Units directly.
- (3) Shanghai Summit Pte. Ltd. is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly and Wealthy Fountain Holdings Inc holds 190,924,226 ESR-REIT Units directly.
- (4) This includes 14,142,531 ESR-REIT Units which were subscribed for pursuant to the Preferential Offering.
- (5) Wealthy Fountain Holdings Inc is wholly-owned by Mr. Tong Jinquan through Shanghai Summit Pte. Ltd.
- (6) This includes 2,186,194 ESR-REIT Units which were subscribed for pursuant to the Preferential Offering.

### 15.5 Interests of the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and parties acting in concert or presumed to be acting in concert with them in connection with the Merger

The Relevant ESR-REIT Unitholders and the ESR-REIT Manager are acting in concert with the Tong Group in connection with the Merger. As at the Latest Practicable Date, based on the latest information available to the ESR-REIT Manager, the interests of the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and parties acting in concert or presumed to be acting in concert with them in connection with the Merger in ESR-REIT are as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†
ESR Funds Management (S) Limited	6,156,390 <sup>(1)</sup>	0.39	—	—	6,156,390	0.39
ESR Investment Management Pte. Ltd.	—	—	6,156,390 <sup>(2)</sup>	0.39	6,156,390	0.39
Infinitysub Pte. Ltd.	—	—	6,156,390 <sup>(3)</sup>	0.39	6,156,390	0.39
Sunrise (BVI) Limited	41,535,834 <sup>(4)</sup>	2.62	—	—	41,535,834	2.62
e-Shang Infinity Cayman Limited	163,019,650 <sup>(5)</sup>	10.29	47,692,224 <sup>(6)</sup>	3.01	210,711,874	13.31
e-Shang Jupiter Cayman Limited	—	—	210,711,874 <sup>(7)</sup>	13.31	210,711,874	13.31
ESR Cayman Limited	—	—	210,711,874 <sup>(8)</sup>	13.31	210,711,874	13.31
WP OCIM One LLC	—	—	210,711,874 <sup>(9)</sup>	13.31	210,711,874	13.31
WP X Investment VI Ltd.	—	—	210,711,874 <sup>(10)</sup>	13.31	210,711,874	13.31
Warburg Pincus Private Equity X, L.P.	—	—	210,711,874 <sup>(11)</sup>	13.31	210,711,874	13.31
Warburg Pincus X, L.P.	—	—	210,711,874 <sup>(12)</sup>	13.31	210,711,874	13.31
Warburg Pincus LLC	—	—	210,711,874 <sup>(13)</sup>	13.31	210,711,874	13.31
Warburg Pincus X GP L.P.	—	—	210,711,874 <sup>(14)</sup>	13.31	210,711,874	13.31
WPP GP LLC	—	—	210,711,874 <sup>(15)</sup>	13.31	210,711,874	13.31
Warburg Pincus Partners, L.P.	—	—	210,711,874 <sup>(16)</sup>	13.31	210,711,874	13.31
Warburg Pincus Partners GP LLC	—	—	210,711,874 <sup>(17)</sup>	13.31	210,711,874	13.31
Warburg Pincus & Co.	—	—	210,711,874 <sup>(18)</sup>	13.31	210,711,874	13.31
Charles R. Kaye	—	—	210,711,874 <sup>(19)</sup>	13.31	210,711,874	13.31
Joseph P. Landy	—	—	210,711,874 <sup>(20)</sup>	13.31	210,711,874	13.31



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Name	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†	No. of ESR-REIT Units	%*†
Citigroup Global Markets Limited	50	—	—	—	50	—
DMI Holdings Pte Ltd	2,311,856	0.15	—	—	2,311,856	0.15
Michael Patrick Dwyer	—	—	2,311,856 <sup>(21)</sup>	0.15	2,311,856	0.15
Mitsui & Co., Ltd	25,201,075	1.59	6,156,390 <sup>(22)</sup>	0.39	31,357,465	1.98

### Notes:

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

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

- (1) This includes 1,021,786 ESR-REIT Units which were subscribed for pursuant to the Preferential Offering.
- (2) 6,156,390 ESR-REIT Units are held by the ESR-REIT Manager. 80% of the shares in the ESR-REIT Manager are directly owned by ESR Investment Management Pte. Ltd.
- (3) Infinitysub Pte. Ltd. owns the entire issued share capital of ESR Investment Management Pte. Ltd. As Infinitysub Pte. Ltd. has control of ESR Investment Management Pte. Ltd., it is deemed to have interests in the 6,156,390 ESR-REIT Units which ESR Investment Management Pte. Ltd. has interests in.
- (4) This includes 6,893,770 ESR-REIT Units which were subscribed for pursuant to the Preferential Offering and a total of 1,533,956 ESR-REIT Units issued pursuant to ESR-REIT's distribution reinvestment plan on 4 September 2017, 24 November 2017 and 28 February 2018.
- (5) This includes 37,945,664 ESR-REIT Units which were subscribed for pursuant to the Preferential Offering and a total of 5,538,298 ESR-REIT Units issued pursuant to ESR-REIT's distribution reinvestment plan on 4 September 2017, 24 November 2017 and 28 February 2018.
- (6) 41,535,834 ESR-REIT Units are held by Sunrise (BVI) Limited, a wholly-owned subsidiary of e-Shang Infinity Cayman Limited. 6,156,390 ESR-REIT Units are held by the ESR-REIT Manager. 80% of the shares in the ESR-REIT Manager are indirectly owned by e-Shang Infinity Cayman Limited.
- (7) e-Shang Jupiter Cayman Limited owns the entire issued share capital of e-Shang Infinity Cayman Limited. As e-Shang Jupiter Cayman Limited has control of e-Shang Infinity Cayman Limited, it is deemed to have interests in the 210,711,874 ESR-REIT Units which e-Shang Infinity Cayman Limited has interests in (the "Infinity Units").
- (8) ESR Cayman Limited owns 95.2% of the issued share capital of e-Shang Jupiter Cayman Limited, which in turn owns the entire issued share capital of e-Shang Infinity Cayman Limited. As ESR Cayman Limited has control of e-Shang Infinity Cayman Limited, it is deemed to have interests in the 210,711,874 Infinity Units.
- (9) ESR Cayman Limited has control of e-Shang Infinity Cayman Limited and is deemed to have interests in the 210,711,874 Infinity Units. As WP OCIM One LLC has an interest in more than 20% of the issued share capital of ESR Cayman Limited, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (10) WP OCIM One LLC has an interest in more than 20% of the issued share capital of ESR Cayman Limited and is deemed to have interests in the 210,711,874 Infinity Units. As WP X Investment VI Ltd. has a controlling interest in WP OCIM One LLC, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (11) WP X Investment VI Ltd. has a controlling interest in WP OCIM One LLC and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Private Equity X, L.P. has a controlling interest in WP X Investment VI Ltd., it is also deemed to have interests in the 210,711,874 Infinity Units.
- (12) Warburg Pincus Private Equity X, L.P. has a controlling interest in WP X Investment VI Ltd. and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus X, L.P. ("WPXGP") is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (13) WPXGP is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership ("WPX") and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus LLC ("WP LLC") is the manager having control of WPX, it is also deemed to have interests in the 210,711,874 Infinity Units.

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- (14) WPXGP is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus X GP L.P. ("**WP X GP LP**") is the general partner having control of WPXGP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (15) WP X GP LP is the general partner having control of WPXGP, and is deemed to have interests in the 210,711,874 Infinity Units. As WPP GP LLC ("**WPP GP**") is the general partner having control of WP X GP LP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (16) WPP GP is the general partner having control of WP X GP LP, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Partners, L.P. ("**WP Partners**") is the managing member having control of WPP GP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (17) WP Partners is the managing member having control of WPP GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Partners GP LLC ("**WP Partners GP**") is the general partner having control of WP Partners, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (18) WP Partners GP is the general partner having control of WP Partners, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus & Co. ("**WP**") is the managing member having control of WP Partners GP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (19) WP is the managing member having control of WP Partners GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Charles R. Kaye is the Managing General Partner having control of WP and Managing Member and Co-Chief Executive Officer having control of WP LLC, he is also deemed to have interests in the 210,711,874 Infinity Units.
- (20) WP is the managing member having control of WP Partners GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Joseph P. Landy is the Managing General Partner having control of WP and Managing Member and Co-Chief Executive Officer having control of WP LLC, he is also deemed to have interests in the 210,711,874 Infinity Units.
- (21) Michael Patrick Dwyer is the sole shareholder of DMI Holdings Pte Ltd and is deemed to have interests in the 2,311,856 ESR-REIT Units held by DMI Holdings Pte Ltd.
- (22) Mitsui directly owns 20% of the shares in the ESR-REIT Manager and is deemed to have interests in the 6,156,390 ESR-REIT Units held by the ESR-REIT Manager.



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- (2) Shanghai Summit Pte. Ltd. is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly and Wealthy Fountain Holdings Inc holds 190,924,226 ESR-REIT Units directly.
- (3) Wealthy Fountain Holdings Inc is wholly-owned by Mr. Tong Jinquan through Shanghai Summit Pte. Ltd.
- (4) 41,535,834 ESR-REIT Units are held by Sunrise (BVI) Limited, a wholly-owned subsidiary of e-Shang Infinity Cayman Limited. 6,156,390 ESR-REIT Units are held by the ESR-REIT Manager. 80% of the shares in the ESR-REIT Manager are indirectly owned by e-Shang Infinity Cayman Limited.
- (5) After the Merger, Shanghai Summit Pte Ltd will own 25.0% of the shares of the ESR-REIT Manager and accordingly, will be deemed to be interested in the 6,156,390 ESR-REIT Units held by the ESR-REIT Manager. Notwithstanding the foregoing, it has been agreed that the 6,156,390 ESR-REIT Units held by the ESR-REIT Manager will be distributed only to ESRIM and Mitsui (being the existing shareholders of the ESR-REIT Manager as at the Latest Practicable Date).
- (6) Pursuant to the Merger, 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. After the Merger, Shanghai Summit Pte. Ltd. will own 25.0% of the shares of the ESR-REIT Manager and accordingly, will be deemed to be interested in the approximately 23.8 million ESR-REIT Units to be allotted and issued to the ESR-REIT Manager. Notwithstanding the foregoing, it has been agreed that the approximately 23.8 million ESR-REIT Units held by the ESR-REIT Manager will be distributed only to ESRIM and Mitsui (being the existing shareholders of the ESR-REIT Manager as at the Latest Practicable Date).

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### 15.7 Whitewash Resolution

The Independent ESR-REIT Unitholders (Whitewash) are requested to vote, by way of a poll, on the Whitewash Resolution set out as Resolution 3 (Ordinary Resolution) in the Notice of EGM, waiving their rights to receive a mandatory general offer from the Tong Group for the remaining ESR-REIT Units not already owned, controlled or agreed to be acquired by the Tong Group and its concert parties upon completion of the Merger and the Scheme.

### 15.8 Note to Independent ESR-REIT Unitholders (Whitewash)

**Independent ESR-REIT Unitholders (Whitewash) should note that:**

- (a) by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer for their ESR-REIT Units from the Tong Group at the highest price paid by the Tong Group and its concert parties for ESR-REIT Units in the six (6) months preceding the commencement of the offer which the Tong Group would have otherwise been obliged to make for the ESR-REIT Units in accordance with Rule 14 of the Code; and**
- (b) approval of the Whitewash Resolution is a condition precedent to the completion of the Merger and the Scheme and in the event that the Whitewash Resolution is not passed by the Independent ESR-REIT Unitholders (Whitewash), the Merger will not take place and the Scheme will not become effective.**

**ESR-REIT Unitholders are advised to read the advice from ANZ to the Recommending Directors (Whitewash) and the recommendations of the Recommending Directors (Whitewash) in relation to the Whitewash Resolution and the financial terms of the Merger (that is the subject of the Whitewash Resolution), which are set out in paragraphs 20 and 21 respectively.**

## 16. PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

### 16.1 The ESR-REIT Unit Issue Supplement

The ESR-REIT Trust Deed currently provides, among others, that for so long as ESR-REIT is listed, without prior approval of ESR-REIT Unitholders:

- (a) the issue price of an ESR-REIT Unit for a rights issue offered on a *pro rata* basis to all ESR-REIT Unitholders must not be less than 50% (or such other percentage as may be permitted by, *inter alia*, the SGX-ST) of the prevailing Market Price;**
- (b) the issue price of an ESR-REIT Unit for any reinvestment of distribution arrangement must not be less than 90% of the prevailing Market Price;**

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- (c) new ESR-REIT Units may be issued other than by way of a rights issue offered on a *pro rata* basis to all ESR-REIT Unitholders provided that:
- (i) the issue (together with any other issue of ESR-REIT Units other than by way of a rights issue offered on a *pro rata* basis to all ESR-REIT Unitholders in the same financial year) would not, immediately after the issue, exceed 10% of the Value of the Deposited Property provided that the number of ESR-REIT Units which would be represented by such percentage does not exceed 20% of the total ESR-REIT Units<sup>14</sup>; and
  - (ii) where such an issue is made at a discount to the Market Price, the discount does not exceed 5%; and
- (d) except in the case of an issue of ESR-REIT Units to the ESR-REIT Manager in payment of the ESR-REIT Manager's base fee and/or Performance Fee:
- (i) the ESR-REIT Trustee and/or its related parties;
  - (ii) the ESR-REIT Manager and/or its related parties; and
  - (iii) the directors of the ESR-REIT Trustee, the Directors and/or their immediate family members,

may not participate in the issue of ESR-REIT Units other than by way of a rights issue offered on a *pro rata* basis to all existing ESR-REIT Unitholders.

In addition, the ESR-REIT Trust Deed also provides that where specific approval of ESR-REIT Unitholders is required in respect of the issue of ESR-REIT Units in certain circumstances (such as where the thresholds under paragraph 16.1(c) above are exceeded<sup>15</sup>), the ESR-REIT Manager is required to obtain ESR-REIT Unitholders' approval by way of an Extraordinary Resolution instead of an Ordinary Resolution.

In connection with the above, and subject to the approval of ESR-REIT Unitholders, the ESR-REIT Manager proposes to supplement the ESR-REIT Trust Deed with the ESR-REIT Unit Issue Supplement by:

- (A) removing the existing specific limits on the issue price of an ESR-REIT Unit offered by way of a *pro rata* rights issue, a distribution reinvestment plan or other than by way of a *pro rata* rights issue and instead requiring the ESR-REIT Manager to comply with the Listing Manual as revised and updated from time to time, when determining the issue price of an ESR-REIT Unit;

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<sup>14</sup> As at the Latest Practicable Date, 10% of the Value of the Deposited Property would amount to approximately S\$167.6 million, while 20% of the total ESR-REIT Units would amount to approximately 316.7 million ESR-REIT Units.

<sup>15</sup> For the avoidance of doubt, the current ESR-REIT Trust Deed does not provide that ESR-REIT Unitholders' approval by way of an Extraordinary Resolution is required in respect of the issue of ESR-REIT Units in the circumstances set out in paragraphs 16.1(a) to (d) above, save where the thresholds under paragraph 16.1(c) are exceeded.

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- (B) removing the provisions which restrict the number of ESR-REIT Units which may be issued other than by way of a rights issue offered on a *pro rata* basis without ESR-REIT Unitholders' approval, to 10% of the Value of the Deposited Property and limit the corresponding discount, if any, to 5% of the Market Price of an ESR-REIT Unit. The ESR-REIT Manager will instead be required to comply with the Listing Manual which sets out when specific ESR-REIT Unitholders' approval is required for an issue of new ESR-REIT Units and/or Convertible Securities;
- (C) removing the provisions which restrict the issue of ESR-REIT Units to the ESR-REIT Manager and/or its related parties, and the Directors and/or their immediate family members. The ESR-REIT Manager will instead be required to comply with the Listing Manual which sets out when placements of ESR-REIT Units may be made to certain restricted places; and
- (D) removing the provisions which require specific approval of ESR-REIT Unitholders in respect of an issue of ESR-REIT Units (whether in situations where the thresholds under paragraph 16.1(c) above are exceeded or where the issuance of ESR-REIT Units in numbers exceeds the limit (if any) set out in any applicable laws, regulations and the Listing Rules) to be by way of an Extraordinary Resolution.

The proposed changes to the ESR-REIT Trust Deed are summarised in the table below.

Relevant components of the ESR-REIT Unit issue structure	Specific limits under the current ESR-REIT Unit issue structure	Proposed changes/limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
<p>Issue price of an ESR-REIT Unit for a <u>rights issue</u></p>	<p>Must <u>not be less than 50%</u> (or such other percentage permitted by, <i>inter alia</i>, the SGX-ST) of the prevailing Market Price.</p> <p>No distinction is made between non-renounceable and renounceable rights issue.</p>	<p>Removal of existing specific limits and replaced by the limits set out in the Listing Manual as revised and updated from time to time.</p> <p>As at the Latest Practicable Date, the limits set out in the Listing Manual on issue price for rights issues are as follows:</p> <ul style="list-style-type: none"> <li>- Non-renounceable rights issue: <ul style="list-style-type: none"> <li>• Rule 816(2)(a)(i) — <u>no discount limits</u> if specific ESR-REIT Unitholder approval is sought.</li> <li>• Rule 816(2)(a)(ii) — <u>10% discount limit</u> if issuance is made in reliance on general mandate obtained under Rule 806.</li> </ul> </li> <li>- Renounceable rights issue: <ul style="list-style-type: none"> <li>• <u>No limits</u> specified as to issue price.</li> </ul> </li> </ul>

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Relevant components of the ESR-REIT Unit issue structure	Specific limits under the current ESR-REIT Unit issue structure	Proposed changes/limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
Issue price of an ESR-REIT Unit for any <u>reinvestment of distribution arrangement</u>	Must <u>not be less than 90%</u> of the prevailing Market Price.	<p>Removal of existing specific limits and replaced by the limits set out in the Listing Manual (applicable under Part IX Scrip Dividend Schemes of the Listing Manual) as revised and updated from time to time.</p> <p>As at the Latest Practicable Date, the limits set out in the Listing Manual on issue price are as follows:</p> <ul style="list-style-type: none"> <li>- Scrip Dividend Schemes (as applicable to any reinvestment of distribution arrangement): <ul style="list-style-type: none"> <li>• Rule 862(4) — The issue price of ESR-REIT Units allotted pursuant to the reinvestment of distribution arrangement must be determined in accordance with a formula based on the market price, but any <u>discount must not exceed 10% of the market price.</u></li> </ul> </li> </ul>
Issue price of new ESR-REIT Units issued <u>other than by way of rights issue offered on a <i>pro rata</i> basis</u> to all ESR-REIT Unitholders	Where such an issue is made at a discount to the Market Price, the <u>discount does not exceed 5%.</u>	<p>Removal of existing specific limits and replaced by the limits set out in the Listing Manual as revised and updated from time to time.</p> <p>As at the Latest Practicable Date, the limits set out in the Listing Manual on issue price are as follows:</p> <ul style="list-style-type: none"> <li>- Issue of ESR-REIT Units other than by way of rights issue offered on a <i>pro rata</i> basis: <ul style="list-style-type: none"> <li>• Rule 811(1) — <u>not more than 10% discount, unless specific ESR-REIT Unitholders' approval is obtained pursuant to Rule 811(3).</u></li> </ul> </li> </ul>
Number of new ESR-REIT Units issued <u>other than by way of rights issue offered on a <i>pro rata</i> basis</u> to all ESR-REIT Unitholders	The issue (together with any other issue of ESR-REIT Units other than by way of a rights issue in the same financial year) must <u>not, immediately after the issue, exceed 10% of the Value of Deposited Property provided that the number of ESR-REIT Units which would be represented by such percentage does not exceed 20% of the total ESR-REIT Units.</u>	<p>Removal of existing specific limits and replaced by the limits set out in the Listing Manual as revised and updated from time to time.</p> <p>As at the Latest Practicable Date, the limits set out in the Listing Manual on the number of new ESR-REIT Units to be issued are as follows:</p> <ul style="list-style-type: none"> <li>- Issue of ESR-REIT Units other than by way of rights issue offered on a <i>pro rata</i> basis: <ul style="list-style-type: none"> <li>• Rule 806(2) — <u>aggregate number of ESR-REIT Units shall be not more than 20% of total issued ESR-REIT Units excluding treasury units.</u></li> </ul> </li> </ul>



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Relevant components of the ESR-REIT Unit issue structure	Specific limits under the current ESR-REIT Unit issue structure	Proposed changes/limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
<p>Parties to whom ESR-REIT Units may be issued for ESR-REIT Units issued <u>other than by way of rights issue offered on a <i>pro rata</i> basis</u> to all ESR-REIT Unitholders</p>	<p>The existing restrictions provide, <i>inter alia</i>, that except for an issuance of ESR-REIT Units to the ESR-REIT Manager in payment of its base fee and/or performance fee, the following persons may not participate in an issue of ESR-REIT Units other than by way of a rights issue offered on a <i>pro rata</i> basis:</p> <ul style="list-style-type: none"> <li>- the ESR-REIT Trustee and/or its related parties;</li> <li>- the ESR-REIT Manager and/or its related parties; and</li> <li>- the directors of the ESR-REIT Trustee, the Directors and/or their immediate family members,</li> </ul> <p>unless specific ESR-REIT Unitholders' approval by Ordinary Resolution (at which certain persons are to abstain from voting) has been obtained.</p>	<p>Removal of existing restrictions on placements of ESR-REIT Units to the ESR-REIT Manager and/or its related parties, and the Directors and/or their immediate family members. Such persons will be subject to the restrictions set out in the Listing Manual as revised and updated from time to time.</p> <p>As at the Latest Practicable Date, the Listing Manual restrictions on placements of ESR-REIT Units to certain persons are as follows:</p> <ul style="list-style-type: none"> <li>- Issue of ESR-REIT Units other than by way of rights issue: <ul style="list-style-type: none"> <li>• Rule 812(1) — an issue must not be placed to any of the following persons: <ul style="list-style-type: none"> <li>(a) the issuer's directors and substantial unitholders;</li> <li>(b) immediate family members of the directors and substantial unitholders;</li> <li>(c) substantial unitholders, related companies, associated companies and sister companies of the issuer's substantial unitholders;</li> <li>(d) corporations in whose shares the issuer's directors and substantial unitholders have an aggregate interest of at least 10%; and</li> <li>(e) any person who, in the opinion of the SGX-ST, falls within the abovementioned categories (a) to (d).</li> </ul> </li> <li>• Rule 812(2) — Rule 812(1) will not apply if specific ESR-REIT Unitholders' approval for such a placement has been obtained. The abovementioned persons, and their associates (as defined under the Listing Manual) must abstain from voting on the resolution approving the placement.</li> <li>• Rule 812(3) — Rule 812(1)(a) will not apply in certain circumstances.</li> </ul> </li> </ul>
		<p>Rule 812(4) — 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 unitholders.</p>

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Relevant components of the ESR-REIT Unit issue structure	Specific limits under the current ESR-REIT Unit issue structure	Proposed changes/limits set out in the Listing Manual under the proposed ESR-REIT Unit issue structure
Level of ESR-REIT Unitholders' approval required for issuance of ESR-REIT Units in numbers exceeding the limit (if any) set out in any applicable laws, regulations and the Listing Rules	<u>Extraordinary Resolution</u>	Ordinary Resolution unless an Extraordinary Resolution is required by any applicable laws, regulations and the Listing Rules.

For so long as ESR-REIT is listed, the ESR-REIT Manager will comply with any applicable laws, regulations and the rules of the SGX-ST for the time being applicable in relation to issuances of ESR-REIT Units.

For the avoidance of doubt, the current provisions in the ESR-REIT Trust Deed restricting the issue of ESR-REIT Units to the ESR-REIT Trustee and/or its related parties and the directors of the ESR-REIT Trustee and/or their immediate family members remain unchanged.

In the event that ESR-REIT is delisted, Clause 5.4 of the ESR-REIT Trust Deed currently provides, *inter alia*, that the ESR-REIT Manager may issue ESR-REIT Units at an issue price equal to the Current Unit Value on the date of the issue of the ESR-REIT Unit plus, if so determined by the ESR-REIT Manager, an amount equal to the Preliminary Charge and an amount to adjust the resultant total upwards to the nearest whole cent. The Preliminary Charge shall be retained by the ESR-REIT Manager for its own benefit and the amount of the adjustment shall be retained as part of the Deposited Property. There are no proposed amendments to Clause 5.4 of the ESR-REIT Trust Deed.

### 16.2 Rationale for the ESR-REIT Unit Issue Supplement

The ESR-REIT Manager is of the view that the proposed amendments are consistent with the industry's best practices and will also serve to align the provisions of the ESR-REIT Trust Deed to the Listing Manual. This is intended to enable ESR-REIT to raise funds in a prompt and efficient manner and to better handle its capital requirements, as well as to avoid any potentially confusing situations where the requirements under the ESR-REIT Trust Deed and the Listing Manual differ.

Accordingly, the ESR-REIT Manager proposes to supplement the ESR-REIT Trust Deed with the ESR-REIT Unit Issue Supplement to provide the ESR-REIT Manager with the flexibility to, among others:

- (a) determine the issue price for new ESR-REIT Units, regardless of whether such ESR-REIT Units are issued pursuant to a *pro rata* rights issue, a reinvestment of distribution arrangement or other than by way of a *pro rata* rights issue, so long as such issue price complies with the Listing Manual;

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- (b) determine the number of new ESR-REIT Units to be issued, regardless of whether such ESR-REIT Units are issued other than by way of a *pro rata* rights issue, so long as such issuance of new ESR-REIT Units complies with the Listing Manual; and
- (c) obtain ESR-REIT Unitholders' approval for the issue of ESR-REIT Units, where such approval is required by way of an Extraordinary Resolution, by way of an Ordinary Resolution instead.

Please see **Part I of Schedule 9** to this Circular for further details of the ESR-REIT Unit Issue Supplement. For reference, Clauses 5.2 to 5.4 of the ESR-REIT Trust Deed have been reproduced in full in **Part II of Schedule 9** to this Circular.

### **17. PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT TO THE ESR-REIT TRUST DEED**

#### **17.1 Background**

The Listing Rules were amended on 31 March 2017 to allow issuers to electronically transmit certain types of notices and documents if express consent, deemed consent or implied consent of ESR-REIT Unitholders is obtained, and subject to certain safeguards. These amendments were mainly for the purposes of alignment with certain provisions of the Companies (Amendment) Act 2014 which amended the Companies Act.

#### **17.1.1 Electronic Communications Regime**

Under Part IV of Chapter 12 of the Listing Rules:

- (a) Express consent: an ESR-REIT Unitholder has given express consent if he expressly agrees that such notice or document may be given, sent or served to him using electronic communications.
- (b) Deemed consent: an ESR-REIT Unitholder shall be deemed to have consented to the use of electronic communications of documents, including circulars and annual reports, if the ESR-REIT Trust Deed (i) provides for the use of electronic communications; (ii) specifies the manner in which electronic communications is to be used; and (iii) specifies that the ESR-REIT Unitholder will be given an opportunity to elect within a specified period of time, whether to receive such documents by way of electronic communications or as a physical copy. In addition, the ESR-REIT Unitholder must have been separately notified directly in writing on at least one occasion that (A) the ESR-REIT Unitholder can elect within the specified time whether to receive documents either electronically or by way of a physical copy; (B) if an ESR-REIT Unitholder does not make an election, documents will be sent to the ESR-REIT Unitholder electronically; (C) electronic communications will be used in the manner specified in the ESR-REIT Trust Deed; (D) that the election is a standing election, but the ESR-REIT Unitholder may make a fresh election at any time; and (E) until the ESR-REIT Unitholder makes a fresh election, the ESR-REIT Unitholder's latest election to receive documents will prevail over the ESR-REIT Unitholder's earlier elections.

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- (c) Implied consent: an ESR-REIT Unitholder has given implied consent to the use of electronic communications of documents, including circulars and annual reports, if the ESR-REIT Trust Deed (i) provides for the use of electronic communications; (ii) specifies the manner in which electronic communications are to be used; and (iii) specifies that the ESR-REIT Unitholder shall agree to receive such document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such documents.

### 17.1.2 Safeguards for ESR-REIT Unitholders

The Listing Rules contain provisions to safeguard the interests of ESR-REIT Unitholders. These include:

- (a) excluding the use of electronic communications for certain documents, such as forms or acceptance letters that ESR-REIT Unitholders may be required to complete, notices of meetings (excluding circulars or letters referred to in that notice), notices and documents relating to takeover offers and rights issues, and notices relating to paragraph 17.1.2(b) below; and
- (b) where implied consent or deemed consent is obtained from the ESR-REIT Unitholder and an issuer uses electronic communications to send a document to an ESR-REIT Unitholder, it is provided that an issuer shall:
  - (i) inform the ESR-REIT Unitholder as soon as practicable of how to request a physical copy of the document that has been transmitted by electronic communications, and to provide a physical copy upon any such requests; and
  - (ii) where it uses website publication as the form of electronic communications, give separate physical notification to ESR-REIT Unitholders to notify of the following:
    - (A) the publication of the document on the website;
    - (B) if the document is not available on the website on the date of the notification, the date on which it will be available;
    - (C) the address of the website;
    - (D) the place on the website where the document may be accessed; and
    - (E) how to access the document.

**ESR-REIT UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE RESOLUTION IN RELATION TO THE PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT, THEY ARE ALSO DEEMED TO HAVE APPROVED TO HAVE THE ESR-REIT MANAGER ADOPT THE USE OF THE IMPLIED CONSENT REGIME AND DEEMED CONSENT REGIME, SUBJECT TO ANY SUBSEQUENT AMENDMENTS TO THE LISTING RULES.**

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### 17.2 The ESR-REIT Electronic Communications Supplement

Based on the existing terms of the ESR-REIT Trust Deed, any notices required to be served upon ESR-REIT Unitholders shall be sent to ESR-REIT Unitholders by way of physical copies. The ESR-REIT Trust Deed does not currently contain any provisions to give, send or serve notices or documents to ESR-REIT Unitholders through electronic communications.

In connection with the above, and subject to the approval of ESR-REIT Unitholders, the ESR-REIT Manager proposes to supplement the ESR-REIT Trust Deed with the ESR-REIT Electronic Communications Supplement by:

- (a) providing that notices or documents may be sent by electronic communications to the current address of an ESR-REIT Unitholder, or by making such notices or documents available on a website;
- (b) the ESR-REIT Manager may at its discretion give an ESR-REIT Unitholder an opportunity to elect within a timeframe whether to receive notices or documents by way of electronic communications or physical copy. Where the ESR-REIT Unitholder fails to respond within the said timeframe, he is deemed to have consented to such notices or documents by electronic communications (for the avoidance of doubt, this relates to “Deemed Consent” as described in paragraph 17.1.1(b) above); and
- (c) an ESR-REIT Unitholder shall be deemed to have agreed to receive notices or documents by way of electronic communications and shall not have a right to elect to receive physical copies of the same (for the avoidance of doubt, this relates to “Implied Consent” as described in paragraph 17.1.1(c) above).

The amendments proposed in the ESR-REIT Electronic Communications Supplement will be subject to the safeguards for ESR-REIT Unitholders provided under the Listing Rules (as described in paragraph 17.1.2 above). Please see **Schedule 10** to this Circular for further details of the ESR-REIT Electronic Communications Supplement.

### 17.3 Rationale for the ESR-REIT Electronic Communications Supplement

The ESR-REIT Manager believes that the ESR-REIT Electronic Communications Supplement will provide flexibility for ESR-REIT Unitholders to choose to receive documents given, sent or served by ESR-REIT either in the form of electronic communications or physical notice.

Allowing for the use of electronic communications to give, send or serve documents to ESR-REIT Unitholders will also enable ESR-REIT to reduce operational costs and increase operational efficiency, which in turn could enhance the economic returns to ESR-REIT Unitholders. This would also allow for an increase in the speed of communications, which could provide for more effective communications between ESR-REIT Unitholders and ESR-REIT.

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### 18. DIRECTORS' SERVICE CONTRACTS

On completion of the Manager Arrangements, SSPL will subscribe for new shares in the ESR-REIT Manager, taking a stake of 25.0% in the ESR-REIT Manager. As stated in paragraph 5.6, it is intended that following such completion and subject to evaluation by the Nominating and Remuneration Committee of the ESR-REIT Manager and approval of the board of directors of the ESR-REIT Manager and the MAS, as required, certain directors and key management staff of the VI-REIT Manager will be joining the ESR-REIT Manager.

### 19. INTERESTS OF DIRECTORS AND SUBSTANTIAL ESR-REIT UNITHOLDERS

#### 19.1 Directors' Interests in ESR-REIT Units

As at the Latest Practicable Date, none of the Directors hold any interests in ESR-REIT Units.

#### 19.2 Interests of Substantial ESR-REIT Unitholders in ESR-REIT Units

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

Substantial ESR-REIT Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. of ESR-REIT Units	% <sup>†</sup>	No. of ESR-REIT Units	% <sup>†</sup>	No. of ESR-REIT Units	% <sup>†</sup>
Mr. Tong Jinqun	85,210,531	5.4	204,096,320 <sup>(1)</sup>	12.9	289,306,851	18.3
Shanghai Summit Pte. Ltd.	—	—	204,096,320 <sup>(2)</sup>	12.9	204,096,320	12.9
Wealthy Fountain Holdings Inc	190,924,226	12.1	— <sup>(3)</sup>	—	190,924,226	12.1
e-Shang Infinity Cayman Limited	163,019,650	10.3	47,692,224 <sup>(4)</sup>	3.0	210,711,874	13.3
e-Shang Jupiter Cayman Limited	—	—	210,711,874 <sup>(5)</sup>	13.3	210,711,874	13.3
ESR Cayman Limited	—	—	210,711,874 <sup>(6)</sup>	13.3	210,711,874	13.3
WP OCIM One LLC	—	—	210,711,874 <sup>(7)</sup>	13.3	210,711,874	13.3
WP X Investment VI Ltd.	—	—	210,711,874 <sup>(8)</sup>	13.3	210,711,874	13.3
Warburg Pincus Private Equity X, L.P.	—	—	210,711,874 <sup>(9)</sup>	13.3	210,711,874	13.3
Warburg Pincus X, L.P.	—	—	210,711,874 <sup>(10)</sup>	13.3	210,711,874	13.3
Warburg Pincus LLC	—	—	210,711,874 <sup>(11)</sup>	13.3	210,711,874	13.3
Warburg Pincus X GP L.P.	—	—	210,711,874 <sup>(12)</sup>	13.3	210,711,874	13.3
WPP GP LLC	—	—	210,711,874 <sup>(13)</sup>	13.3	210,711,874	13.3
Warburg Pincus Partners, L.P.	—	—	210,711,874 <sup>(14)</sup>	13.3	210,711,874	13.3
Warburg Pincus Partners GP LLC	—	—	210,711,874 <sup>(15)</sup>	13.3	210,711,874	13.3
Warburg Pincus & Co.	—	—	210,711,874 <sup>(16)</sup>	13.3	210,711,874	13.3
Mr. Charles R. Kaye	—	—	210,711,874 <sup>(17)</sup>	13.3	210,711,874	13.3
Mr. Joseph P. Landy	—	—	210,711,874 <sup>(18)</sup>	13.3	210,711,874	13.3

**Notes:**

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

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

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- (1) Mr. Tong Jinquan is the sole shareholder of Shanghai Summit Pte. Ltd. which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly and Wealthy Fountain Holdings Inc holds 190,924,226 ESR-REIT Units directly.
- (2) Shanghai Summit Pte. Ltd. is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly, is deemed to be interested in the 204,096,320 ESR-REIT Units which Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd hold. Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT Units directly and Wealthy Fountain Holdings Inc holds 190,924,226 ESR-REIT Units directly.
- (3) Wealthy Fountain Holdings Inc is wholly-owned by Mr. Tong Jinquan through Shanghai Summit Pte. Ltd.
- (4) 41,535,834 ESR-REIT Units are held by Sunrise (BVI) Limited, a wholly-owned subsidiary of e-Shang Infinity Cayman Limited. 6,156,390 ESR-REIT Units are held by the ESR-REIT Manager. 80% of the shares in the ESR-REIT Manager are indirectly owned by e-Shang Infinity Cayman Limited.
- (5) e-Shang Jupiter Cayman Limited owns the entire issued share capital of e-Shang Infinity Cayman Limited. As e-Shang Jupiter Cayman Limited has control of e-Shang Infinity Cayman Limited, it is deemed to have interests in the 210,711,874 ESR-REIT Units which e-Shang Infinity Cayman Limited has interests in (the **"Infinity Units"**).
- (6) ESR Cayman Limited owns 95.2% of the issued share capital of e-Shang Jupiter Cayman Limited, which in turn owns the entire issued share capital of e-Shang Infinity Cayman Limited. As ESR Cayman Limited has control of e-Shang Infinity Cayman Limited, it is deemed to have interests in the 210,711,874 Infinity Units.
- (7) ESR Cayman Limited has control of e-Shang Infinity Cayman Limited and is deemed to have interests in the 210,711,874 Infinity Units. As WP OCIM One LLC has an interest in more than 20% of the issued share capital of ESR Cayman Limited, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (8) WP OCIM One LLC has an interest in more than 20% of the issued share capital of ESR Cayman Limited and is deemed to have interests in the 210,711,874 Infinity Units. As WP X Investment VI Ltd. has a controlling interest in WP OCIM One LLC, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (9) WP X Investment VI Ltd. has a controlling interest in WP OCIM One LLC and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Private Equity X, L.P. has a controlling interest in WP X Investment VI Ltd., it is also deemed to have interests in the 210,711,874 Infinity Units.
- (10) Warburg Pincus Private Equity X, L.P. has a controlling interest in WP X Investment VI Ltd. and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus X, L.P. (**"WPXGP"**) is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (11) WPXGP is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership (**"WPX"**), and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus LLC (**"WP LLC"**) is the manager having control of WPX, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (12) WPXGP is the general partner having control of Warburg Pincus Private Equity X, L.P., together with its affiliated partnership, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus X GP L.P. (**"WP X GP LP"**) is the general partner having control of WPXGP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (13) WP X GP LP is the general partner having control of WPXGP, and is deemed to have interests in the 210,711,874 Infinity Units. As WPP GP LLC (**"WPP GP"**) is the general partner having control of WP X GP LP, it is also deemed to have interests in the 210,711,874 Infinity Units.

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- (14) WPP GP is the general partner having control of WP X GP LP, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Partners, L.P. (“**WP Partners**”) is the managing member having control of WPP GP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (15) WP Partners is the managing member having control of WPP GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus Partners GP LLC (“**WP Partners GP**”) is the general partner having control of WP Partners, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (16) WP Partners GP is the general partner having control of WP Partners, and is deemed to have interests in the 210,711,874 Infinity Units. As Warburg Pincus & Co. (“**WP**”) is the managing member having control of WP Partners GP, it is also deemed to have interests in the 210,711,874 Infinity Units.
- (17) WP is the managing member having control of WP Partners GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Charles R. Kaye is the Managing General Partner having control of WP and Managing Member and Co-Chief Executive Officer having control of WP LLC, he is also deemed to have interests in the 210,711,874 Infinity Units.
- (18) WP is the managing member having control of WP Partners GP, and is deemed to have interests in the 210,711,874 Infinity Units. As Joseph P. Landy is the Managing General Partner having control of WP and Managing Member and Co-Chief Executive Officer having control of WP LLC, he is also deemed to have interests in the 210,711,874 Infinity Units.

**19.3 Directors’ Holdings in Stapled Securities.** As at the Latest Practicable Date, none of the Directors owns, controls or has agreed to acquire any Stapled Securities.

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

19.5 Save as disclosed in this Circular, none of the Directors or substantial ESR-REIT Unitholders has any interest, direct or indirect, in the Merger.

## 20. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

20.1 Pursuant to Chapter 9 of the Listing Manual, the ESR-REIT Manager has appointed Australia and New Zealand Banking Group Limited, Singapore Branch (“**ANZ**”) as the independent financial adviser to advise the ESR-REIT Manager’s Audit, Risk Management and Compliance Committee (the “**ARCC**”), the Directors who are considered independent for the purposes of the interested person transaction and interested party transaction (the “**Recommending Directors (IPT)**”) and the ESR-REIT Trustee as to whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders.

20.2 In addition to the foregoing, ANZ has also been appointed as the independent financial adviser to advise the Directors who are considered independent for the purposes of the Whitewash Resolution (the “**Recommending Directors (Whitewash)**”) and the ESR-REIT Trustee on the Whitewash Resolution and whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable.

20.3 A copy of the letter from ANZ to the Recommending Directors (Whitewash), Recommending Directors (IPT), the members of the ARCC and the ESR-REIT Trustee (the “**IFA Letter**”) is appended as **Schedule 2** to this Circular.



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## LETTER TO UNITHOLDERS

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### 20.4 Factors Taken Into Consideration by ANZ

In arriving at its opinion, ANZ evaluated whether the gross exchange ratio of 1.778x is fair and reasonable based on whether the Stapled Securities and Consideration Units are fairly valued based on the Scheme Consideration and the issue price of S\$0.54 per Consideration Unit (the “**Consideration Unit Price**”) respectively, and considered, *inter alia*, certain factors. An extract of the IFA Letter is reproduced below in italics for ESR-REIT Unitholders’ ease of reference, which should be read in conjunction with the full text and context of the IFA Letter and the words and expressions defined in the IFA Letter:

- “(a) Based on the FY2017 Pro forma Financials, the Merger is accretive to ESR-REIT Unitholders on a DPU basis but dilutive on an EPU, a NAV per ESR-REIT Unit and an NTA per ESR-REIT Unit basis;*
- (b) As disclosed in the Circular, the completion of the Merger will result in the creation of the fourth largest industrial S-REIT listed on SGX-ST, with the overall asset size increasing to approximately S\$3.0 billion from approximately S\$1.7 billion prior to the Merger. As a result of an increase in market capitalisation, the Enlarged Trust may experience an increase in trading liquidity, investor coverage and inclusion in indices. Based on publicly available information, we note that the Large-Size Industrial S-REITs are included in major stock market indices and typically have relatively larger research analyst coverage bases than their smaller peers;*
- (c) The Merger may also potentially provide ESR-REIT Unitholders with asset class diversification benefits, better access to alternative funds and pools of capital, as well as property management efficiencies, supporting the future growth of the Enlarged Trust as compared to ESR-REIT on a standalone basis;*

*In the evaluation of the Scheme Consideration:*

- 1. Liquidity analysis of the Stapled Securities and the Top 15 STI Companies indicates that there is reasonable liquidity in the Stapled Securities and that the market prices of the Stapled Securities should generally reflect the fundamental, market-based value of the Stapled Securities;*
- 2. The historical market performance and trading activity of the Stapled Securities indicate that:*
  - the Scheme Consideration of S\$0.960 represents a premium of 2.1% to the closing price of the Stapled Securities on the Last Undisturbed Trading Date;*
  - the Scheme Consideration of S\$0.960 represents a premium of 2.1%, 0.7%, 1.5% and 8.0% to the 1-month, 3-month, 6-month and 12-month VWAPs of the Stapled Securities up to the Last Undisturbed Trading Date, respectively;*
  - the average daily trading volume of the Stapled Securities as a percentage of the free float ranged between 0.23% and 0.26%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;*
  - the average daily trading volume of the Stapled Securities as a percentage of the market capitalisation ranged between 0.09% and 0.11%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;*

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3. *The comparison of the Latest P/NAV multiple implied by the Scheme Consideration of 1.26x to the trailing Latest P/NAV multiples of the Stapled Securities indicates that the Latest P/NAV multiple of 1.26x implied by the Scheme Consideration is:*
  - *within the range of the trailing Latest P/NAV multiples of the Stapled Securities of 1.16x to 1.27x but above the mean and median of 1.20x over the 6-month period up to and including the Last Undisturbed Trading Date;*
  - *within the range of the trailing Latest P/NAV multiples of the Stapled Securities of 0.96x to 1.27x but above the mean and median of 1.11x and 1.16x, respectively, over the 12-month period up to and including the Last Undisturbed Trading Date;*
4. *The comparison of the LTM DY of the Stapled Securities implied by the Scheme Consideration of 7.8% to the trailing LTM DYs of the Stapled Securities indicates that the LTM DY of 7.8% implied by the Scheme Consideration is:*
  - *within the range of the trailing LTM DYs of the Stapled Securities of 7.4% to 8.0% over the 6-month period up to and including the Last Undisturbed Trading Date and in line with the mean and median of 7.8%;*
  - *within the range of the trailing LTM DYs of the Stapled Securities of 7.4% to 9.1% over the 12-month period up to and including the Last Undisturbed Trading Date but below the mean and median of 8.2% and 8.0%, respectively;*
5. *The comparison of valuation multiples implied by the Scheme Consideration to those of the Comparable Industrial S-REITs indicates that:*
  - *the Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is within the range of the Latest P/NAV multiples of the Large-Size Industrial S-REITs of 1.13x to 1.38x and is below the mean of 1.27x and the median of 1.29x;*
  - *the LTM DY implied by the Scheme Consideration of 7.8% is above the range of the LTM DYs of the Large-Size Industrial S-REITs — this implies a lower valuation (on a yield basis) of the Stapled Securities implied by the Scheme Consideration as compared to the Large-Size Industrial S-REITs;*
  - *the Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is above the range of the Latest P/NAV multiples of the Other Industrial S-REITs;*
  - *The LTM DY implied by the Scheme Consideration of 7.8% is within the range of the LTM DYs of the Other Industrial S-REITs of 5.8% to 8.4% and within the mean and median of 7.4% and 7.9%, respectively;*
6. *The comparison of premium/discount to the prevailing P/NAV implied by the Scheme Consideration to those implied in the Precedent Transactions indicates that:*
  - *the premium of 2.1% implied by the Scheme Consideration over the prevailing VIT P/NAV as at the Last Undisturbed Trading Date is within the range of the premia implied by the Precedent Transactions and is below the mean and median;*

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- *the premium of 0.7% implied by the Scheme Consideration over the prevailing VIT P/NAV for the 3-month VWAP prior to the Last Undisturbed Trading Date is within the range of the premia implied by the Precedent Transactions and is below the mean and median;*
7. *The comparison of the premium/discount implied by the Scheme Consideration to that implied by the Precedent Takeovers Premia indicates that the premia implied by the Scheme Consideration in connection with the Merger to the VWAPs over the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date are lower than the mean and median of the Precedent Takeovers Premia.*
  8. *The comparison of the Scheme Consideration to broker target prices of the Stapled Securities indicates that the Scheme Consideration of S\$0.960 is:*
    - *within the range of the target prices issued by brokerage and research entities in the 6-month period up to the Last Undisturbed Trading Date and below the mean and median of S\$0.975 and S\$0.970, respectively;*
    - *below the range of the target prices issued by brokerage and research entities in the period from the Initial Announcement Date up to the LTD to Joint Announcement Date;*
    - *within the range of the target prices issued by brokerage and research entities in the period from the Joint Announcement Date up to the Latest Practicable Date and below the mean of S\$0.964;*
  9. *The comparison of independent valuations of VIT's properties indicates that the CBRE VIT Portfolio Valuation (ESR-REIT's valuer) is 5.1% lower than the Cushman & Wakefield VIT Portfolio Valuation (VIT's valuer);*

*In the evaluation of the Consideration Unit Price:*

1. *Liquidity analysis of the ESR-REIT Units and the Top 15 STI Companies indicate that there is reasonable liquidity in the ESR-REIT Units and that the market prices of the ESR-REIT Units should generally reflect the fundamental, market-based value of the ESR-REIT Units;*
2. *The historical market performance and trading activity of the ESR-REIT Units indicate that:*
  - *the Consideration Unit Price of S\$0.540 represents a discount of 4.4% to the closing price of the ESR-REIT Units on the Last Undisturbed Trading Date;*
  - *the Consideration Unit Price of S\$0.540 represents a discount of 5.9%, 4.6%, 4.4% and 5.6% to the 1-month, 3-month, 6-month and 12-month VWAPs of the ESR-REIT Units up to the Last Undisturbed Trading Date, respectively;*
  - *the average daily trading volume of the ESR-REIT Units as a percentage of the free float ranged between 0.12% and 0.16%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;*

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3. *The comparison of the Latest P/NAV multiple implied by the Consideration Unit Price of 0.93x to the trailing Latest P/NAV multiples of the ESR-REIT Units indicates that the Latest P/NAV multiple of 0.93x implied by the Consideration Unit Price is:*
  - *within the range of the trailing Latest P/NAV multiples of the ESR-REIT Units of 0.87x to 0.98x over the 6-month period up to and including the Last Undisturbed Trading Date and above the mean and median of 0.90x and 0.89x, respectively;*
  - *within the range of the trailing Latest P/NAV multiples of the ESR-REIT Units of 0.86x to 0.98x over the 12-month period up to and including the Last Undisturbed Trading Date and above the mean and median of 0.91x and 0.90x, respectively;*
4. *The comparison of the LTM DY of the ESR-REIT Units implied by the Consideration Unit Price of 6.8% to the trailing LTM DYs of the ESR-REIT Units indicates that the LTM DY of 6.8% implied by the Consideration Unit Price is:*
  - *within the range of the trailing LTM DYs of the ESR-REIT Units of 6.6% to 7.2% over the 6-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 7.0%;*
  - *within the range of the trailing LTM DYs of the ESR-REIT Units of 6.5% to 7.7% over the 12-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 7.0%;*

*Other relevant considerations which have a significant bearing on our assessment, in relation to:*

1. *the Merger being an interested person transaction and interested party transaction; and*
2. *the Whitewash Resolution.”*

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A table extracted from the IFA Letter which summarises the abovementioned key financial analyses performed is reproduced below for ESR-REIT Unitholders' ease of reference, which should be read in conjunction with the full text and context of the IFA Letter and the words and expressions defined in the IFA Letter:

Summary of key financial analyses <sup>(1)</sup> performed					Merger as at LUTD relative to:			See sub-section for more details	Merger as at LTD to Joint Announcement Date <sup>(2)</sup>
	Min <sup>(2)</sup>	Max <sup>(2)</sup>	Mean <sup>(2)</sup>	Median <sup>(2)</sup>	* Merger as at LUTD <sup>(3)</sup>	Min. - Max. Range <sup>(4)</sup>	Mean - Median Range <sup>(4)</sup>		
<b>Whether the Stapled Securities as implied by the Scheme Consideration are fairly valued:</b>									
<b>Historical trading range of the Stapled Securities</b>									
Closing price (\$S) - 12-month period up to the LUTD	0.765	1.000	0.882	0.915	0.960	Within (F)	Above (U)		
Closing price (\$S) - 12-month period up to the LTD to Joint Announcement Date	0.800	1.000	0.912	0.920	-	-	-		
<b>Trailing P/NAV multiples</b>								13.1.3.	
6 months up to the LUTD	1.16x	1.27x	1.20x	1.20x	1.26x	Within (F)	In line (F)		
12 months up to the LUTD	0.96x	1.27x	1.11x	1.16x	1.26x	Within (F)	Above (U)		
6 months up to the LTD to Joint Announcement Date	1.11x	1.27x	1.18x	1.18x	-	-	-		
12 months up to the LTD to Joint Announcement Date	1.01x	1.27x	1.17x	1.18x	-	-	-		
<b>Trailing Distribution Yields</b>								13.1.4.	
6 months up to the LUTD	7.4%	8.0%	7.8%	7.8%	7.8%	Within (F)	In line (F)		Same metrics as at LUTD (refer to column with *)
12 months up to the LUTD	7.4%	9.1%	8.2%	8.0%	7.8%	Within (F)	Below (U)		
6 months up to the LTD to Joint Announcement Date	7.4%	8.8%	8.2%	8.3%	-	-	-		
12 months up to the LTD to Joint Announcement Date	7.4%	9.0%	8.1%	8.0%	-	-	-		
<b>Selected Comparable Industrial S-REITs relative to the Scheme Consideration (as at the Latest Practicable Date)</b>								13.1.5.	
<b>Large-Size Industrial S-REITs</b>									
P / NAV (Latest)	1.13x	1.38x	1.27x	1.29x	1.26x	Within (F)	Below (F)		
DY (12M Trailing)	5.7%	5.9%	5.8%	5.9%	7.8%	Above (F)	Above (F)		
<b>Other Industrial S-REITs</b>									
P / NAV (Latest)	0.82x	1.22x	1.11x	1.10x	1.26x	Above (U)	Above (U)		
DY (12M Trailing)	5.8%	8.4%	7.4%	7.9%	7.8%	Within (F)	Within (F)		
<b>Precedent Transactions relative to the Scheme Consideration</b>									
Premium to P/NAV as at the last trading date	0.4%	35.9%	23.3%	28.4%	2.1%	Within (F)	Below (F)		7.9%
Premium to P/NAV for 3M VWAP	0.2%	49.7%	30.3%	35.7%	0.7%	Within (F)	Below (F)		9.1%
<b>Precedent Takeovers Premia relative to the Scheme Consideration</b>									
Premium to Closing 1-day	1.6%	115.1%	32.5%	25.0%	2.1%	Within (F)	Below (F)		7.9%
Premium to 1-month VWAP	6.2%	121.4%	39.1%	37.9%	2.1%	Within (F)	Below (F)		7.9%
Premium to 3-month VWAP	10.7%	104.5%	41.7%	37.3%	0.7%	Within (F)	Below (F)		9.1%
Premium to 6-month VWAP	8.7%	105.3%	41.2%	34.5%	1.5%	Within (F)	Below (F)		4.5%
Premium to 12-month VWAP	(2.2%)	113.2%	41.2%	35.7%	8.0%	Within (F)	Below (F)		5.1%
<b>Broker target prices of the Stapled Securities relative to the Scheme Consideration</b>									
<b>6-month period up to the LUTD</b>									
From the Initial Announcement Date up to the LTD to Joint Announcement Date	0.960	1.000	0.975	0.970	0.960	Within (F)	Below (F)		
From the Joint Announcement Date up to the Latest Practicable Date	1.005	1.005	1.005	1.005	0.960	Below (F)	Below (F)		
<b>From the Joint Announcement Date up to the Latest Practicable Date</b>									
	0.960	0.968	0.964	0.964	0.960	Within (F)	Below (F)		
<b>Whether the ESR-REIT Units as implied by the Consideration Unit Price are fairly valued:</b>									
<b>Historical trading range of the ESR-REIT Units</b>									
Closing price (\$S) - 12-month period up to the LUTD	0.545	0.605	0.571	0.570	0.540	Below (U)	Below (U)		
Closing price (\$S) - 12-month period up to the LTD to Joint Announcement Date	0.530	0.605	0.565	0.565	-	-	-		
<b>Trailing P/NAV multiples</b>								13.2.3.	
6 months up to the LUTD	0.87x	0.98x	0.90x	0.89x	0.93x	Within (F)	Above (F)		Same metrics as at LUTD (refer to column with *)
12 months up to the LUTD	0.86x	0.98x	0.91x	0.90x	0.93x	Within (F)	Above (F)		
6 months up to the LTD to Joint Announcement Date	0.88x	1.00x	0.93x	0.93x	-	-	-		
12 months up to the LTD to Joint Announcement Date	0.87x	1.00x	0.92x	0.91x	-	-	-		
<b>Trailing Distribution Yields</b>								13.2.4.	
6 months up to the LUTD	6.6%	7.2%	7.0%	7.0%	6.8%	Within (F)	Below (F)		
12 months up to the LUTD	6.5%	7.7%	7.0%	7.0%	6.8%	Within (F)	Below (F)		
6 months up to the LTD to Joint Announcement Date	6.5%	7.2%	6.9%	6.8%	-	-	-		
12 months up to the LTD to Joint Announcement Date	6.5%	7.2%	6.9%	6.9%	-	-	-		

**Legend (applied to LUTD):**  
(F): Favourable  
(U): Unfavourable

### Notes:

- (1) Summary of key analyses set out in sub-sections 13.1.3. — 13.1.8. and 13.2.3. — 13.2.4 of the IFA Letter.
- (2) Minimum, mean, median and maximum of the respective benchmarks.
- (3) Implied by the Merger.
- (4) Parameters implied by the Merger relative to the minimum and maximum, and mean and median range of the respective benchmarks.

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### 20.5 ANZ's Recommendation

Taking into consideration the factors set out in the IFA Letter and subject to the assumptions and qualifications set out in the IFA Letter and taking into account the information available to ANZ as at the Latest Practicable Date, ANZ has made certain recommendations to the ARCC, the Recommending Directors (IPT) and the Recommending Directors (Whitewash). An extract of the IFA Letter is reproduced below in italics for ESR-REIT Unitholders' ease of reference, which should be read in conjunction with the full text and context of the IFA Letter and the words and expressions defined in the IFA Letter:

- “(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.**”*

**ESR-REIT UNITHOLDERS SHOULD READ THE ABOVE IN CONJUNCTION WITH, AND IN THE FULL CONTEXT OF, THE IFA LETTER.**

ESR-REIT Unitholders should further note that ANZ's opinion on the Merger and Whitewash Resolution cannot and does not take into account the future trading activity or patterns or price levels that may be established for the ESR-REIT Units and the Stapled Securities as these are governed by factors beyond the scope of ANZ's review and would not fall within ANZ's terms of reference in connection with the Merger and Whitewash Resolution. ESR-REIT Unitholders should not rely on ANZ's opinion as the sole basis for deciding whether or not to vote in favour of the Merger and the Whitewash Resolution.

## 21. RECOMMENDATIONS

### 21.1 The Merger and the Issue of Approximately 1,561.2 Million Consideration Units Pursuant to the Merger

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, as well as ANZ's opinion as set out in the IFA Letter in **Schedule 2** to this 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.

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## LETTER TO UNITHOLDERS

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### 21.2 The Whitewash Resolution

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, as well as ANZ's opinion as set out in the IFA Letter in **Schedule 2** to this Circular, and recommend that the Independent ESR-REIT Unitholders (Whitewash) **VOTE IN FAVOUR** of Resolution 3, the Ordinary Resolution relating to the Whitewash Resolution.

### 21.3 No Regard to Specific Objectives

ESR-REIT Unitholders, in deciding whether to vote in favour of the resolutions set out in the Notice of EGM, should read carefully the terms, rationale and *pro forma* financial effects of the Merger and the Whitewash Resolution, and consider carefully ANZ's advice. In giving the above recommendations, the Directors have not had regard to any general or specific investment objectives, financial situations, tax positions or particular needs or constraints of any individual ESR-REIT Unitholder or any specific group of ESR-REIT Unitholders. As different ESR-REIT Unitholders have different investment profiles and objectives, the Directors recommend that any Independent ESR-REIT Unitholder (IPT) or Independent ESR-REIT Unitholder (Whitewash) who may require specific advice in relation to his/her investment portfolio should consult his/her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

### 21.4 The ESR-REIT Unit Issue Supplement

The Directors have considered the relevant factors, including the terms of the ESR-REIT Unit Issue Supplement and the rationale for the ESR-REIT Unit Issue Supplement as set out in paragraph 16.2 above, and recommend that ESR-REIT Unitholders **VOTE IN FAVOUR** of Resolution 4, the Extraordinary Resolution relating to the ESR-REIT Unit Issue Supplement.

### 21.5 The ESR-REIT Electronic Communications Supplement

The Directors have considered the relevant factors, including the terms of the ESR-REIT Electronic Communications Supplement and the rationale for the ESR-REIT Electronic Communications Supplement as set out in paragraph 17.3 above, and recommend that ESR-REIT Unitholders **VOTE IN FAVOUR** of Resolution 5, the Extraordinary Resolution relating to the ESR-REIT Electronic Communications Supplement.

## 22. STATEMENT OF THE AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Based on ANZ's opinion as set out in the IFA Letter in **Schedule 2** to this Circular and the rationale for the Merger as set out in paragraph 6, the ARCC is of the opinion that the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders.

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### 23. ABSTENTIONS FROM VOTING

#### 23.1 Mr. Tong, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd to Abstain from Voting

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

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

Accordingly, Mr. Tong and his associates which are also part of the Tong Group, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, will abstain from voting on Resolutions 1, 2 and 3 at the EGM. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

#### 23.2 The Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui to Abstain from Voting

e-Shang Infinity Cayman Limited owns and/or controls an aggregate of 36,629,800 Stapled Securities, representing approximately 3.75% of the total number of Stapled Securities. The SGX-ST and the MAS ruled on 17 May 2018 and 18 May 2018 respectively that the Relevant ESR-REIT Unitholders comprising e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited, should abstain from voting on the resolutions relating to the Merger. The SGX-ST further ruled on 27 July 2018 that the ESR-REIT Manager, the Relevant ESR-REIT Unitholders and Mitsui are required to abstain from voting on the resolutions in connection with the Merger pursuant to Rule 748(5) of the Listing Manual.

Accordingly, the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui will abstain from voting on Resolutions 1, 2 and 3. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

#### 23.3 ESR-REIT will disregard any votes cast on a resolution by persons required to abstain from voting.



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### 24. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 211 to 215 of this Circular, will be held at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 on 31 August 2018 (Friday) at 9.00 a.m. for the purpose of considering and, if thought fit, passing, the resolutions set out in the Notice of EGM.

A depositor shall not be regarded as an ESR-REIT Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have ESR-REIT Units entered against his name in the Depository Register, as certified by CDP as at 72 hours before the EGM.

### 25. ACTION TO BE TAKEN BY ESR-REIT UNITHOLDERS

An ESR-REIT Unitholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach ESR-REIT's Unit Registrar's office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not later than 9.00 a.m. on 28 August 2018 (Tuesday). The completion and return of the proxy form by an ESR-REIT Unitholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

### 26. 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 Merger, the Whitewash Resolution, the ESR-REIT Unit Issue Supplement, the ESR-REIT Electronic Communications Supplement and the ESR-REIT Group, opinions expressed in this Circular have been arrived at after due and careful consideration, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where any information in this Circular 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 has been to ensure that such information has been accurately and correctly extracted from such sources and/or reflected or reproduced in this Circular in its proper form and context.

### 27. FINANCIAL ADVISERS' RESPONSIBILITY STATEMENT

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

To the best of each of the Financial Advisers' knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Merger, the Whitewash Resolution and the ESR-REIT Group, and each Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

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## LETTER TO UNITHOLDERS

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### 28. CONSENTS

The independent financial adviser, ANZ, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter set out in **Schedule 2** to this Circular and all references thereto and in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

Each of the Financial Advisers (being Citigroup Global Markets Singapore Pte. Ltd., RHB Securities Singapore Pte. Ltd. and United Overseas Bank Limited) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto and in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

Each of the independent valuers, CBRE Pte Ltd, Edmund Tie & Company (SEA) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its names, the Independent Valuers' Letters set out in **Schedule 7** to this Circular, and all references thereto and in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

The independent auditor and reporting accountant to ESR-REIT, Ernst and Young LLP, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its report in **Schedule 4** to this Circular and all references thereto and in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

The legal adviser to the ESR-REIT Manager, WongPartnership LLP, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto and in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

The legal adviser to the ESR-REIT Trustee, Dentons Rodyk & Davidson LLP, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto and in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

Each of WongPartnership LLP and Dentons Rodyk & Davidson LLP does not make, or purport to make, any statement in this Circular or any statement upon which a statement in this Circular is based, and makes no representation express or implied regarding, and to the maximum extent permitted by law expressly disclaims and takes no responsibility for, any statements, information or opinion in or any omission from this Circular.

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## LETTER TO UNITHOLDERS

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### 29. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Implementation Agreement;
- (b) the IFA Letter set out in **Schedule 2** to this Circular;
- (c) the Independent Valuers' Letters set out in **Schedule 7** to this Circular;
- (d) the reporting accountant's report on the compilation of *pro forma* consolidated financial information of the Enlarged Trust set out in **Schedule 4** to this Circular; and
- (e) the written consents of each of ANZ, the Financial Advisers, CBRE Pte Ltd, Edmund Tie & Company (SEA) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Ernst and Young LLP, Wong Partnership LLP and Dentons Rodyk & Davidson LLP as set out in paragraph 28.

The ESR-REIT Trust Deed will be available for inspection during normal business hours at the registered office of the ESR-REIT Manager for so long as ESR-REIT is in existence.

Yours faithfully

ESR Funds Management (S) Limited  
(Company Registration No.: 200512804G,  
Capital Markets Services Licence No.: CMS 100132-5)  
As manager of ESR-REIT

Adrian Chui Wai Yin  
Chief Executive Officer and Executive Director  
7 August 2018

## SCHEDULE 1 - SUBSTANTIAL STAPLED SECURITYHOLDERS

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

**Notes:**

(1) The percentages are calculated based on 975,758,607 issued Stapled Securities as at the Latest Practicable Date.

(2) LWG is a wholly-owned subsidiary of LRE, which is in turn wholly-owned by SSG, which is in turn wholly-owned by Mr. Tong Jinquan. Therefore, each of Mr. Tong Jinquan, LRE and SSG is deemed to be interested in the Stapled Securities held by LWG.

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## SCHEDULE 1 - SUBSTANTIAL STAPLED SECURITYHOLDERS

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- (3) Shanghai Summit Pte. Ltd. (which is wholly-owned by Mr. Tong Jinquan) owns 62.0% equity interest in Maxi Capital Pte. Ltd., which in turn owns 55.55% equity interest in VIM, which in turn owns 100.0% equity interest in the VI-REIT Manager and the VIT Property Manager. Therefore, Mr. Tong Jinquan is deemed to be interested in the 14,334,822 Stapled Securities held by the VI-REIT Manager and the VIT Property Manager.
- (4) Each of Tan Thuan Teck, Tan Hai Seng Benjamin, Tan Hai Peng Micheal, Ong Yew Lee, Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwey Min, Seow Whye Teck, Seow Hwey Tiong and Loh Guik Kiang is a beneficiary of Ho Lee Group Trust and is therefore, deemed to be interested in the Stapled Securities held by HLG T Trustee.
- (5) Each of Tan Thuan Teck, Tan Hai Seng Benjamin and Tan Hai Peng Micheal owns not less than 20.0% equity interest in Teck Lee Holdings Pte. Ltd., which in turn owns 81.25% equity interest in Ho Lee Group Pte Ltd ("**HLGPL**"). HLGPL owns 27.78% equity interest in VIM, which in turn owns 100.0% equity interest in both the VI-REIT Manager and the VIT Property Manager. Therefore, each of Tan Thuan Teck, Tan Hai Seng Benjamin and Tan Hai Peng Micheal is deemed to be interested in the 16,980,326 Stapled Securities held by HLGPL, the VI-REIT Manager and the VIT Property Manager.

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## SCHEDULE 2 - IFA LETTER

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### INDEPENDENT FINANCIAL ADVISER'S LETTER

**Australia and New Zealand Banking Group Limited, Singapore Branch**  
(Incorporated in Australia)  
Australian Company Number: 005357522

7 August 2018

The Recommending Directors (IPT) (as defined in the Circular), the Recommending Directors (Whitewash) (as defined in the Circular) and the Audit, Risk Management and Compliance Committee ("ARCC"), of  
ESR Funds Management (S) Limited (as Manager of ESR-REIT)  
138 Market Street #26-03/04  
CapitaGreen  
Singapore 048946

RBC Investor Services Trust Singapore Limited  
(as Trustee of ESR-REIT)  
8 Marina View #26-01  
Asia Square Tower 1  
Singapore 018960

Dear Sirs,

#### INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO:

- (1) THE PROPOSED ACQUISITION BY ESR-REIT OF ALL THE ISSUED AND PAID-UP STAPLED SECURITIES OF VIVA INDUSTRIAL TRUST ("VIT") (THE "MERGER");
- (2) THE PROPOSED ISSUE OF APPROXIMATELY 1,561.2 MILLION NEW ESR-REIT UNITS TO THE STAPLED SECURITYHOLDERS OF VIT AS PART OF THE CONSIDERATION PURSUANT TO THE MERGER; AND
- (3) 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

*For the purpose of this letter ("Letter"), capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 7 August 2018 to the ESR-REIT Unitholders (the "Circular").*

*Please refer to section 13 on page 22 for a summary of the key financial analyses performed in this Letter, which should be considered in the context of the entirety of this letter and the Circular.*

#### 1. INTRODUCTION

##### 1.1. The Merger and the Scheme

On 18 May 2018, the respective boards of directors of ESR Funds Management (S) Limited, as manager of ESR-REIT (the "ESR-REIT Manager"), Viva Industrial Trust Management Pte. Ltd., as manager of Viva Industrial Real Estate Investment Trust ("VI-REIT", and the manager

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## SCHEDULE 2 - IFA LETTER

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of VI-REIT, the “**VI-REIT Manager**”) and Viva Asset Management Pte. Ltd., as trustee-manager of Viva Industrial Business Trust (“**VI-BT**” and collectively with VI-REIT, the stapled group, Viva Industrial Trust or “**VIT**”, and the trustee manager of VI-BT, the “**VI-BT Trustee-Manager**”, and collectively with the VI-REIT Manager, the “**VIT Managers**”) made a joint announcement in relation to the proposed merger (the “**Merger**”) of all the issued and paid-up stapled securities (the “**Stapled Securities**”) of VIT held by the stapled securityholders of VIT (the “**Stapled Securityholders**”) and the units in ESR-REIT (the “**ESR-REIT Units**”) held by the unitholders of ESR-REIT (the “**ESR-REIT Unitholders**”). The Merger will be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the “**Scheme**”) in compliance with the Singapore Code on Take-overs and Mergers (the “**Code**”). For further details on the Scheme, please refer to the joint announcement released on 18 May 2018 by the ESR-REIT Manager and the VIT Managers titled “Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement” (the “**Joint Announcement**”) and the scheme document dated 7 August 2018 issued by the VIT Managers on behalf of VIT to all the Stapled Securityholders in relation to the Merger and the Scheme (the “**Scheme Document**”). On 18 May 2018, the board of directors of the ESR-REIT Manager also released an announcement titled “Proposed Merger of Viva Industrial Trust and ESR-REIT by way of a Trust Scheme of Arrangement subject to Whitewash Resolution” (the “**18 May Announcement**”).

### 1.2. Proposed ESR-REIT Unit Issue Supplement and Proposed ESR-REIT Electronic Communications Supplement

The ESR-REIT Manager is also proposing to amend the ESR-REIT Trust Deed for the proposed ESR-REIT Unit Issue Supplement and the proposed ESR-REIT Electronic Communications Supplement. Please see paragraphs 16 and 17 of the Circular for details on the proposed ESR-REIT Unit Issue Supplement and proposed ESR-REIT Electronic Communications Supplement.

### 1.3. Summary of Approvals Sought

The Merger constitutes a “very substantial acquisition” under Rule 1015 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and accordingly requires the approval of the ESR-REIT Unitholders and the approval of the SGX-ST under Rule 1015(1)(b) of the Listing Manual. Further, the Merger is an “interested person transaction” under Chapter 9 of the Listing Manual, as well as an “interested party transaction” under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) requiring the approval of the Independent ESR-REIT Unitholders (IPT), as, *inter alia*, the Implementation Agreement is entered into by the ESR-REIT Manager and RBC Investor Services Trust Singapore Limited (as trustee of ESR-REIT) (the “**ESR-REIT Trustee**”) with Perpetual (Asia) Limited (as trustee of VI-REIT) (the “**VI-REIT Trustee**”) and the VIT Managers, and VIT and the VIT Managers are associates of a controlling ESR-REIT Unitholder, Mr. Tong Jinquan (“**Mr. Tong**”). In addition, the issue of the Consideration Units requires approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution under the ESR-REIT Trust Deed. Also, as a result of the allotment and issue of the Consideration Units to the Tong Group and taking into account the ESR-REIT Units to be allotted and issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, the Tong Group’s interest in ESR-REIT Units will increase from the current approximately 18.3% to approximately 34.8% of ESR-REIT’s enlarged number of ESR-REIT Units following the Merger via the Scheme. In addition, the aggregate unitholding interest in ESR-REIT of the

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## SCHEDULE 2 - IFA LETTER

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Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger will increase from the current approximately 33.3% to approximately 47.4% of ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme. Such increase in aggregate unitholding interest is mainly due to the allotment and issue of the Consideration Units to the Tong Group. This will trigger the requirement to make a mandatory general offer under Rule 14 of the Code. As such, it is a condition of the Scheme that the Whitewash Waiver be granted by the Securities Industry Council ("SIC") and that the Independent ESR-REIT Unitholders (Whitewash) approve the Whitewash Resolution.

ESR-REIT Unitholders' approval will also be required for the proposed ESR-REIT Unit Issue Supplement and proposed ESR-REIT Electronic Communications Supplement as the ESR-REIT Manager is proposing to amend the ESR-REIT Trust Deed.

In light of the above, the ESR-REIT Manager is seeking approval from the ESR-REIT Unitholders of each of the following resolutions at the EGM:

- (a) Resolution 1: the Merger;
- (b) Resolution 2: 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;
- (c) Resolution 3: the Whitewash Resolution;
- (d) Resolution 4: the ESR-REIT Unit Issue Supplement; and
- (e) Resolution 5: the ESR-REIT Electronic Communications Supplement.

In respect of each of Resolution 1 and Resolution 3, the ESR-REIT Manager is seeking approval by way of Ordinary Resolutions. In respect of Resolution 2, Resolution 4 and Resolution 5, the ESR-REIT Manager is seeking approval by way of Extraordinary Resolutions.

ESR-REIT Unitholders should note that Resolution 1, Resolution 2 and Resolution 3 are inter-conditional on the passing of each other and are also conditional upon the Scheme becoming effective in accordance with its terms. For the avoidance of doubt, Resolution 4 and Resolution 5 are not inter-conditional upon each other or on the passing of Resolution 1, Resolution 2 and Resolution 3.

### **1.4. Supplemental Deed**

Subject to approval from the ESR-REIT Unitholders in respect of Resolution 4 and Resolution 5, the ESR-REIT Manager intends to enter into a supplemental deed with the ESR-REIT Trustee to amend the ESR-REIT Trust Deed.

### **1.5. Appointment of the Independent Financial Adviser ("IFA")**

Pursuant to Chapter 9 of the Listing Manual, the ESR-REIT Manager has appointed Australia and New Zealand Banking Group Limited, Singapore Branch ("**ANZ**") as the IFA to advise the ARCC and the Directors who are considered independent for the purposes of the interested person transaction and interested party transaction (the "**Recommending Directors (IPT)**")



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## SCHEDULE 2 - IFA LETTER

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and the ESR-REIT Trustee as to whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and the Independent ESR-REIT Unitholders.

In addition to the foregoing, ANZ has also been appointed as the IFA to advise the Directors who are considered independent for the purposes of the Whitewash Resolution (the “**Recommending Directors (Whitewash)**”) and the ESR-REIT Trustee on the Whitewash Resolution and whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable.

This Letter sets out our evaluation and advice, has been prepared for the use of the Recommending Directors (IPT), the Recommending Directors (Whitewash), the members of the ARCC and the ESR-REIT Trustee in connection with the Merger via an interested person transaction and interested party transaction and the Whitewash Resolution, and their recommendation to the Independent ESR-REIT Unitholders arising thereof.

For the avoidance of doubt, the independent financial advice in this Letter does not address the ESR-REIT Unit Issue Supplement (Resolution 4) and the ESR-REIT Electronic Communications Supplement (Resolution 5) which are described in section 1.2, 1.3 and 1.4 of this Letter.

### 2. TERMS OF REFERENCE

ANZ has been appointed as the IFA, in compliance with the Listing Manual, to advise the Recommending Directors (IPT), the ARCC as well as the ESR-REIT Trustee as to whether the Merger is on normal commercial terms and not prejudicial to the interests of ESR-REIT and its minority ESR-REIT Unitholders. ANZ has been appointed as the IFA to advise the Recommending Directors (Whitewash) and the ESR-REIT Trustee, in compliance with the provisions of the Code, whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable.

Our terms of reference do not require us to evaluate or comment on the strategic or commercial merits and/or risks of the Merger or on the future prospects of the Enlarged Trust and any of its related or associated companies. Such evaluation or comment, if any, remains the sole responsibility of the Directors and the management of the ESR-REIT Manager, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us and provided that such has been disclosed to us) in arriving at our view as set out in this Letter. We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Merger. We are therefore not addressing the relative merits of the Merger as compared to any alternative transaction (if any) previously considered by the ESR-REIT Manager or that otherwise may be available to ESR-REIT, or as compared to any alternative offer that might otherwise be available in the future. We are not and were not involved in any aspect of the negotiations entered into by ESR-REIT or in the deliberations leading up to the decision of the Directors to undertake, *inter alia*, the Merger and the Whitewash Resolution in connection with the Merger.

We have relied upon certain publicly available information relating to ESR-REIT and VIT and the accuracy and completeness of all information given to us by the management of the ESR-REIT Manager and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, expressly or implied, and do

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## SCHEDULE 2 - IFA LETTER

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not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information.

We have been furnished with the independent property valuation reports with regards to the valuation of VIT's properties as at 31 March 2018 issued by Cushman & Wakefield VHS Pte. Ltd. ("**Cushman & Wakefield**"), which was appointed by VIT, and as at 31 March 2018 issued by CBRE Pte. Ltd. ("**CBRE**"), which was commissioned by the ESR-REIT Manager in connection with the Merger, (collectively, the "**Property Valuation Reports**"), which we have considered in our analysis. Please refer to the Scheme Document for copies of the independent valuer's letter issued by Cushman & Wakefield and **Schedule 7** to the Circular for copies of the independent valuer's letter issued by CBRE. The independent valuers' letters are a summary of the valuations reflected in the Property Valuation Reports. With respect to such Property Valuation Reports, we are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on these Property Valuation Reports for such asset appraisal and have not made any independent verification of the contents thereof in respect of the assets held by the VIT and ESR-REIT, respectively, nor have we evaluated the solvency of VIT and ESR-REIT under any applicable laws relating to bankruptcy, insolvency or similar matters. We have not made an independent evaluation or appraisal of the assets and liabilities of VIT and ESR-REIT, respectively, and we have not been furnished with any such evaluation or appraisal, except for the Property Valuation Reports as stated above.

The management of the ESR-REIT Manager has confirmed to us that, to the best of their knowledge and belief, all material information relating to ESR-REIT, the Merger and the Whitewash Resolution has been disclosed to us, that such information provided and representations made to us by the management of the ESR-REIT Manager are true, complete and accurate in all material respects as at 27 July 2018, being the latest practicable date prior to the submission of the Letter to the Recommending Directors (IPT), the Recommending Directors (Whitewash), the ARCC as well as the ESR-REIT Trustee (the "**Latest Practicable Date**" or "**LPD**") (except as disclosed in the Circular where the Circular expressly specifies a different date), and that there are no omissions of which would cause any information disclosed to us to be inaccurate, incomplete or misleading as at the Latest Practicable Date.

Our opinion, as set out in this Letter, is based upon the market, economic, industry, monetary, regulatory and other prevailing conditions on, and the information made available to us, as of the Latest Practicable Date. As conditions may change significantly over a short period of time, accordingly, we assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may in any way affect our opinion, factors or assumptions contained herein. Unitholders should take note of any announcement relevant to their consideration of the Merger and the Whitewash Resolution which may be released by or on behalf of the Manager other relevant sources after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any ESR-REIT Unitholder. **As each ESR-REIT Unitholder would have different investment objectives and profiles, we would advise that any individual ESR-REIT Unitholder who may require specific advice in relation to his investment portfolio should consult his**

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## SCHEDULE 2 - IFA LETTER

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**stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

This Letter and our opinion are in compliance with Rule 921(4)(a) of the Listing Manual as well as addressed to and for the use and benefit of the Recommending Directors (IPT), the Recommending Directors (Whitewash), the ARCC and the ESR-REIT Trustee in connection with and for the purpose of their consideration of the Merger and the Whitewash Resolution, and the recommendation made by the Recommending Directors (IPT) and the Recommending Directors (Whitewash) to the ESR-REIT Unitholders shall remain their responsibility.

**A copy of this Letter will be reproduced in the Circular. However, neither the ESR-REIT Manager nor the Recommending Directors (IPT), the Recommending Directors (Whitewash), the ARCC and the ESR-REIT Trustee may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than the intended purpose in relation to the Merger and the Whitewash Resolution, at any time or in any manner without the prior written consent of ANZ.**

**The ESR-REIT Manager has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter).**

**Our opinion in relation to the Merger and the Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.**

### **3. INFORMATION ON ESR-REIT AND THE ESR-REIT MANAGER**

#### **3.1 ESR-REIT**

ESR-REIT is a Singapore-listed REIT ("**S-REIT**") which was listed on the Main Board of the SGX-ST on 25 July 2006. ESR-REIT invests in quality income-producing industrial properties, and as at 31 March 2018, has a diversified portfolio of 47 properties located across Singapore, with a total gross floor area ("**GFA**") of approximately 9.7 million square feet and a property value of S\$1.65 billion. The properties are in the following business sectors: General Industrial, Light Industrial, Logistics/Warehouse, High-Specs Industrial, and Business Park, and are located close to major transportation hubs and key industrial zones island-wide.

As at the Latest Practicable Date, ESR-REIT has in issue an aggregate of 1,583,701,947 ESR-REIT Units.

#### **3.2 The ESR-REIT Manager**

The ESR-REIT Manager was incorporated in Singapore on 14 September 2005. ESR-REIT is managed by the ESR-REIT Manager, whose objective is to provide ESR-REIT Unitholders with a stable and secure income stream through the successful implementation of the following strategies: (a) acquisition of value-enhancing properties, (b) proactive asset management, (c) divestment of non-core properties, and (d) prudent capital and risk management.

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## SCHEDULE 2 - IFA LETTER

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

- (a) Mr. Ooi Eng Peng (Independent Chairman);
- (b) Mr. Bruce Kendle Berry (Independent Non-Executive Director);
- (c) Mr. Erle William Spratt (Independent Non-Executive Director);
- (d) Mr. Philip John Pearce (Non-Executive Director)<sup>1</sup>;
- (e) Mr. Jeffrey David Perlman (Non-Executive Director);
- (f) Mr. Jeffrey Shen Jinchu (Non-Executive Director);
- (g) Mr. Akihiro Noguchi (Non-Executive Director); and
- (h) Mr. Adrian Chui Wai Yin (Chief Executive Officer and Executive Director).

As at the Latest Practicable Date, the ESR-REIT Manager has an issued and paid-up share capital of S\$2,714,500 comprising 1,050,000 ordinary shares in issue and no treasury shares. 80% of the issued shares in the capital of ESR-REIT Manager are owned by ESR Investment Management Pte. Ltd. (“**ESRIM**”) and the remaining 20% by Mitsui & Co., Ltd (“**Mitsui**”).

The ESR-REIT Manager holds 6,156,390 ESR-REIT Units, which represents approximately 0.39% of the 1,583,701,947 ESR-REIT Units outstanding as at the Latest Practicable Date.

#### 4. INFORMATION ON VIT AND THE VIT MANAGERS

##### 4.1 VIT

VIT is a Singapore-focused business park and industrial S-REIT which was listed on the Main Board of the SGX-ST on 4 November 2013. VIT is a stapled group comprising VI-REIT and VI-BT, which are managed by the VI-REIT Manager and the VI-BT Trustee-Manager respectively. VI-REIT has the principal investment strategy of investing in a diversified portfolio of income-producing real estate that is predominantly for business parks and other industrial purposes in Singapore and elsewhere in the Asia Pacific region. VI-BT is presently dormant.

VIT's current portfolio of assets comprises nine (9) properties, brief descriptions of each are set out in **Schedule 8** to the Circular.

As at the Latest Practicable Date, VIT has in issue an aggregate of 975,758,607 Stapled Securities.

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<sup>1</sup> Mr Philip John Pearce was re-designated as a Non-Executive Director (from an Independent Non-Executive Director) with effect from 25 April 2018.

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## SCHEDULE 2 - IFA LETTER

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### 4.2 The VI-REIT Manager

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

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

As at the Latest Practicable Date, the board of directors of the VI-REIT Manager comprises the following:

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

### 4.3 The VI-BT Trustee-Manager

The VI-BT Trustee-Manager was incorporated in Singapore on 20 June 2013. VI-BT is managed by the VI-BT Trustee-Manager, which has the dual responsibilities of safeguarding the interests of the Stapled Securityholders and managing the business conducted by VI-BT. The VI-BT Trustee-Manager has general powers of management over the business and assets of VI-BT for the benefit of Stapled Securityholders as a whole. As stated in section 4.1 of this Letter, VI-BT is presently dormant.

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

As at the Latest Practicable Date, the board of directors of the VI-BT Trustee-Manager is the same as that of the VI-REIT Manager, save that Mr. Tong is not a director of the VI-BT Trustee-Manager. As previously announced by the VIT Managers on 13 November 2017, as VI-BT is presently inactive, the composition of the board of directors of the VI-BT Trustee Manager was not changed to include Mr. Tong so that the majority of the board of directors of

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the VI-BT Trustee-Manager would comprise independent directors as required under the Business Trusts Regulations 2005.

### 5. INFORMATION ON THE SUBSTANTIAL STAPLED SECURITYHOLDERS

The full list of substantial Stapled Securityholders as at the Latest Practicable Date based on publicly available information is set out in **Schedule 1** to the Circular.

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

### 6. THE MERGER AND THE SCHEME

#### 6.1. Implementation Agreement

In connection with the Merger, the ESR-REIT Manager, the ESR-REIT Trustee, the VIT Managers and the VI-REIT Trustee (each, a **"Party"** and collectively the **"Parties"**) entered into an implementation agreement (the **"Implementation Agreement"**) dated 18 May 2018 setting out the terms and conditions on which the Parties would implement the Scheme. Please refer to the Joint Announcement for more information on the terms of the Implementation Agreement.

#### 6.2. Scheme Consideration

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

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

The Scheme Consideration implies a gross exchange ratio of 1.778x<sup>ii</sup> taking into account the Cash Consideration.

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,

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<sup>ii</sup> Based on the Scheme Consideration of S\$0.96 per Stapled Security divided by the issue price of S\$0.54 per Consideration Unit.

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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.

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

The Consideration Units shall:

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

The Scheme Consideration was derived based on the assessment by the ESR-REIT Manager of the relative valuation of both ESR-REIT and VIT based on their respective historical unit price performance, valuation ratios and fundamental analysis. Please see paragraph 5.2 of the Circular for further details on the Scheme Consideration.

### 6.3. Permitted Distributions

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

- (a) in the ordinary course of business in respect of the period from 1 January 2018 to the date on which the Scheme becomes effective in accordance with its terms and which date shall, in any event, be no later than the Long-Stop Date (the “**Effective Date**”); and
- (b) in respect of tax refunds (if any) received by VIT and ESR-REIT (as the case may be) prior to the Effective Date from the Inland Revenue Authority of Singapore in relation to taxes previously paid by VIT and ESR-REIT (as the case may be).

The VIT Permitted Distributions and the ESR-REIT Permitted Distributions shall not include distributions declared, paid or made by the VIT Managers or the ESR-REIT Manager to the Stapled Securityholders or the ESR-REIT Unitholders respectively in respect of proceeds received in connection with the sale of any real properties. The VIT Managers and the ESR-REIT Manager (as the case may be) shall be entitled to announce, declare, pay or make the VIT Permitted Distributions and ESR-REIT Permitted Distributions (as the case may be) without any adjustment to the Scheme Consideration.

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

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

### 6.4. Scheme Conditions

The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the conditions precedent (the “**Scheme Conditions**”) as set out in the Implementation Agreement and reproduced in **Schedule 3** to the Circular. If each of the Scheme Conditions is satisfied or, as the case may be, has been waived in accordance with the terms of the Implementation Agreement, the Scheme will come into effect on the date falling 10 Business Days after the last of the Scheme Conditions set out in paragraphs (a), (b), (c), (d) and (e) of **Schedule 3** to the Circular has been satisfied (or such other date as may be agreed between the VIT Managers and the ESR-REIT Manager).

### 6.5. Termination

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

### 6.6. Manager Arrangements

In connection with the Scheme:

- (a) the ESR-REIT Manager in its own capacity as purchaser has executed a put and call option agreement with, inter alia, VIM as vendor, to acquire all of the issued shares of the VI-REIT Manager held by VIM (the “**VI-REIT Manager Transaction**”), for an aggregate consideration of S\$62.0 million. The right to exercise the options under the put and call option agreement is subject to the fulfilment of certain conditions precedent specified therein, including, without limitation, the Scheme having been approved by the Stapled Securityholders at the Scheme Meeting and coming into effect in accordance with its terms. The consideration for the VI-REIT Manager Transaction will be paid to VIM<sup>IV</sup> by the ESR-REIT Manager by a combination of cash and promissory notes; and
- (b) Shanghai Summit Pte. Ltd. (“**SSPL**”), being an entity wholly-owned and controlled by Mr. Tong and also an indirect shareholder of VIM, will utilise its portion of the consideration from the VI-REIT Manager Transaction to subscribe for a 25% stake in the ESR-REIT Manager,

(collectively, the “**Manager Arrangements**”).

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



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

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

Shareholder	Shareholding proportion
ESRIM	67.3%
SSPL	25.0%
Mitsui	7.7%

It is also intended that, following such completion and subject to evaluation by the Nominating and Remuneration Committee of the ESR-REIT Manager and approval of the board of directors of the ESR-REIT Manager and the Monetary Authority of Singapore (the “MAS”), as required, certain directors and key management staff of the VI-REIT Manager will be joining the ESR-REIT Manager, further details of which are contained in the Scheme Document.

The MAS approved on 18 May 2018 the acquisition by the ESR-REIT Manager of the shares of the VI-REIT Manager and the subscription of SSPL of shares in the ESR-REIT Manager pursuant to the Manager Arrangements.

The SIC also confirmed on 8 May 2018 that the Manager Arrangements do not constitute a special deal under Rule 10 of the Code, if an independent valuer publicly states that in his opinion, the price paid for the VI-REIT Manager is not above the fair market value of the VI-REIT Manager. In this regard, KPMG Corporate Finance Pte. Ltd. has been appointed as the independent valuer and its opinion is set out in the Scheme Document.

### 7. CHAPTER 10 OF THE LISTING MANUAL

Paragraph 9.1 of the Circular sets out the relative figures of the Merger computed on the bases set out in Rule 1006 (b) to (d) of the Listing Manual. ESR-REIT Unitholders are advised to read such paragraph of the Circular carefully.

Pursuant to Rule 1015(1)(a) of the Listing Manual, where an acquisition of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 is 100% or more, the transaction is classified as a “very substantial acquisition”.

As shown in paragraph 9.1 of the Circular, the relative figure of the Merger computed on the basis set out in Rule 1006(c) of the Listing Manual exceeds 100%. Accordingly, the Merger is considered a “very substantial acquisition” under Chapter 10 of the Listing Manual, and must be made conditional upon the approval of ESR-REIT Unitholders and the SGX-ST. This has been included in the Scheme Conditions.

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

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

As at the Latest Practicable Date, the ESR-REIT Manager confirms that all the above conditions for the 1015(1)(a)(ii) Waiver have been satisfied.

The SGX-ST has confirmed that it has no objection to the Merger. As announced by the ESR-REIT Manager on 1 August 2018, the SGX-ST has also granted its approval in-principle for the listing and quotation of (a) up to 1,562 million Consideration Units and (b) up to 24 million new ESR-REIT Units to be issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, on the Main Board of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the independent ESR-REIT Unitholders being obtained for the Merger, the issue of the Consideration Units and the whitewash resolution for the waiver of their rights to receive a mandatory general offer from Mr. Tong and his concert parties;
- (c) submission of the following:
  - (i) written confirmation by the financial advisers to the Merger that the Merger has complied with Listing Rule 210(4)(a);
  - (ii) signed declarations by each new director and new executive officer appointed by the ESR-REIT Manager, in the form set out in paragraph 8, Part VII of the Fifth Schedule, Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005; and
  - (iii) signed moratorium agreements from the new and existing controlling ESR-REIT Unitholders in compliance with Listing Rules 227, 228 and 229.

The approval of the SGX-ST shall not be taken as an indication of the merits of the Merger, the Scheme, VIT, the Enlarged Trust, the ESR-REIT Units, the Consideration Units, ESR-REIT or its subsidiaries.

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### 8. TOTAL ACQUISITION COST AND SOURCE OF FUNDS FOR THE MERGER

The total cost of the Merger is estimated to be approximately S\$1,498.8 million comprising:

- (a) the Scheme Consideration of S\$936.7 million;
- (b) the refinancing of VIT's existing debt of S\$525.0 million;
- (c) the acquisition fee payable in new ESR-REIT Units<sup>V</sup> to the ESR-REIT Manager for the Merger which is estimated to be approximately S\$12.8 million<sup>VI</sup>; and
- (d) the estimated professional and other fees and expenses of approximately S\$24.3 million.

The Scheme Consideration for the Merger will be satisfied through the allotment and issue of approximately 1,561.2 million Consideration Units at S\$0.54 each and the aggregate cash payment of S\$93.7 million to the Stapled Securityholders.

In connection with the Merger and the Scheme, the ESR-REIT Trustee has obtained unsecured banking facilities from United Overseas Bank Limited, RHB Bank Berhad (Singapore Branch), The Hongkong and Shanghai Banking Corporation Limited and Malayan Banking Berhad, Singapore Branch. The proceeds of such facilities will be applied towards the following purposes:

- (a) the part refinancing of existing loan facilities granted to the ESR-REIT Trustee;
- (b) the refinancing in full of the indebtedness under (i) the existing loan facilities granted to the VI-REIT Trustee, and (ii) the S\$500,000,000 multi-currency medium term note programme established by Viva iTrust MTN Pte. Ltd. as issuer and the VI-REIT Trustee as guarantor, on 28 August 2014;
- (c) the part financing of the Cash Consideration for the Scheme; and
- (d) the payment of costs, fees and expenses (including taxes) incurred by or on behalf of the ESR-REIT Trustee in connection with the Scheme.

The Consideration Units will be issued and credited as fully paid to the Stapled Securityholders upon the Scheme becoming effective in accordance with its terms. The issue of the Consideration Units requires approval of the ESR-REIT Unitholders by way of an Extraordinary Resolution under the ESR-REIT Trust Deed.

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<sup>V</sup> As the Merger constitutes an "interested party transaction" under the Property Funds Appendix, the acquisition fee of approximately S\$12.8 million payable in ESR-REIT Units to the ESR-REIT Manager for the Merger, shall not be sold within one (1) year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

<sup>VI</sup> Pursuant to the Merger, 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.

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

Mr. Tong holds an aggregate interest (deemed and direct) in 289,306,851 ESR-REIT Units, which is equivalent to approximately 18.3% of the total number of ESR-REIT Units, and is therefore regarded as a controlling ESR-REIT Unitholder under both the Listing Manual and the Property Funds Appendix. Accordingly, Mr. Tong and his associates, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, are (for the purposes of the Listing Manual) “interested persons” and (for the purposes of the Property Funds Appendix) “interested parties” of ESR-REIT.

As stated in section 5 of this Letter, Mr. Tong is the largest Stapled Securityholder holding an aggregate interest (deemed and direct) in 487,961,281 Stapled Securities, representing approximately 50.01% of all Stapled Securities. Mr. Tong is also deemed interested in a majority of the shares of the VIT Managers, as SSPL, which is wholly-owned by Mr. Tong, owns 62.0% equity interest in Maxi Capital Pte. Ltd. which in turn owns 55.55% equity interest in VIM, the holding company of the VIT Managers as well as of Viva Real Estate Asset Management Pte. Ltd. (the “**VIT Property Manager**”). The VIT Managers and the VIT Property Manager are wholly-owned by VIM. The aggregate interest of Mr. Tong in the Stapled Securities referred to above includes his deemed interest in the Stapled Securities held by the VI-REIT Manager and the VIT Property Manager.

The VIT Managers and VIT are therefore considered as associates of Mr. Tong under the Listing Manual and the Property Funds Appendix. Accordingly, the Implementation Agreement (entered into *inter alia* with the VIT Managers and the VI-REIT Trustee) and the Merger will constitute an “interested person transaction” (for purposes of the Listing Manual) as well as an “interested party transaction” (for purposes of the Property Funds Appendix) of ESR-REIT.

Under Chapter 9 of the Listing Manual, where an issuer proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the listed group's latest audited NTA, unitholders' approval is required in respect of the transaction. Further, under paragraph 5 of the Property Funds Appendix, a property fund is also required to make an immediate announcement and obtain a majority vote at a participants' meeting, if the value of the transaction with an interested party is equal to or exceeds 5.0% of its NAV.

Based on ESR-REIT's latest audited financial statements for FY2017, its NTA and NAV as at 31 December 2017 were approximately S\$778.9 million. The aggregate value of the Merger, being approximately S\$936.7 million, represents approximately 120.3% of the latest audited NTA and NAV of ESR-REIT. Accordingly, as this value exceeds 5.0% of the NTA and NAV of ESR-REIT, the Merger will require the approval of the ESR-REIT Unitholders. Pursuant to Rule 919 of the Listing Manual and paragraph 5.2(b) of the Property Funds Appendix, Mr. Tong and his associates, Wealthy Foundation Holdings Inc and Skyline Horizon Consortium Ltd, will abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Merger at the EGM.

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In addition, e-Shang Infinity Cayman Limited also own and/or control an aggregate of 36,629,800 Stapled Securities, representing approximately 3.75% of the total issued Stapled Securities. The SGX-ST and the MAS ruled on 17 May 2018 and 18 May 2018 respectively that e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited (collectively, the “**Relevant ESR-REIT Unitholders**”), should abstain from voting on the resolutions relating to the Merger. The SGX-ST further ruled on 27 July 2018 that the ESR-REIT Manager, the Relevant ESR-REIT Unitholders and Mitsui are required to abstain from voting on the resolutions in connection with the Merger pursuant to Rule 748(5) of the Listing Manual. As such, the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui will abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Merger at the EGM.

There were no interested person transactions entered into between ESR-REIT and Mr. Tong (and/or his associates) during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

The total value of interested person transactions, excluding transactions which are less than S\$100,000, involving ESR-REIT with interested persons other than Mr. Tong and his associates, Wealthy Foundation Holdings Inc and Skyline Horizon Consortium Ltd, during the course of the current financial year up to 30 June 2018, is approximately S\$8.3 million, comprising fees payable to the ESR-REIT Manager under the ESR-REIT Trust Deed, fees and commissions payable to the property manager of ESR-REIT under the property management agreement, and fees payable to the ESR-REIT Trustee.

### **10. PROPOSED ISSUE OF CONSIDERATION UNITS UNDER THE ESR-REIT TRUST DEED**

Under the ESR-REIT Trust Deed, for as long as ESR-REIT is listed, an issue of ESR-REIT Units (other than by way of rights issue offered on a *pro rata* basis to all existing ESR-REIT Unitholders) exceeding certain specified thresholds will require specific prior approval of the ESR-REIT Unitholders by an Extraordinary Resolution. Rule 805(1) of the Listing Manual also provides that an issuer must obtain prior approval of unitholders in general meeting for the issue of units unless such issue of units is covered under a general mandate obtained from unitholders of the issuer.

The ESR-REIT Trust Deed also provides that for as long as ESR-REIT is listed, the ESR-REIT Trustee, the ESR-REIT Manager, their respective related parties, the Directors and the directors of the ESR-REIT Trustee and their respective immediate family members (unless otherwise permitted by the MAS in writing) may only participate in such issue of ESR-REIT Units with the prior specific approval of the ESR-REIT Unitholders by an Ordinary Resolution at which the following persons (unless otherwise permitted by the MAS in writing) must abstain from voting: the person to which the issue is to be made, its directors and immediate family members, and its related parties, where “related parties” in relation to an entity means its related corporations (as defined in the Companies Act) and companies in which at least 20% but not more than 50% of its shares are held by such entity and its related corporations.

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### 11. PROPOSED WHITEWASH RESOLUTION

#### 11.1. Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, except with SIC's consent, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in a period of six (6) months additional shares carrying more than 1.0% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

In the context of a REIT, references to company, shares and shareholders would, as appropriate, refer to the real estate investment trust, units and unitholders respectively.

#### 11.2. General Offer Requirement

The Tong Group holds an aggregate interest in 503,793,281 VIT Stapled Securities, representing approximately 51.6% of all VIT Stapled Securities<sup>vii</sup>. As a result of the Merger and the Scheme, the Tong Group will be allotted and issued 783,133,534 Consideration Units, representing approximately 24.7% of the enlarged number of ESR-REIT Units upon completion of the Merger. After taking into account the ESR-REIT Units to be allotted and issued to the ESR-REIT Manager in payment of the acquisition fee for the Merger, the Tong Group's interest in ESR-REIT Units will increase from the current approximately 18.3% to approximately 34.8% of the enlarged number of ESR-REIT Units upon completion of the Merger. In addition, the aggregate unitholding interest in ESR-REIT of the Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger will increase from the current approximately 33.3% to approximately 47.4% of ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme. Such increase in aggregate unitholding interest is mainly due to the allotment and issue of the Consideration Units to the Tong Group. This will trigger the requirement to make a mandatory general offer under Rule 14 of the Code for the remaining ESR-REIT Units not already owned, controlled or agreed to be acquired by the Tong Group and its concert parties upon completion of the Merger and the Scheme (unless otherwise waived).

As such, under the Implementation Agreement, it is a Scheme Condition that the SIC confirms that the Tong Group is exempted from the requirements to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme, and that the Independent ESR-REIT Unitholders (Whitewash) approve the waiver of

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<sup>vii</sup> This includes the total interests of Mr. Tong set out in section 5 of this Letter and 15,832,000 Stapled Securities held by Tong Yu Lou.

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their rights to receive a mandatory general offer from the Tong Group in connection with the allotment and issue of the Consideration Units pursuant to the Merger.

### 11.3. SIC Confirmation and Whitewash Waiver

In light of the above, the ESR-REIT Manager made an application to the SIC to seek, *inter alia*, a waiver of the obligations of the Tong Group to make a mandatory general offer for ESR-REIT under Rule 14 of the Code by reason of the allotment and issue of Consideration Units to the Tong Group resulting in the Tong Group acquiring ESR-REIT Units which carry more than 30.0% of the voting rights in ESR-REIT based on ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme, as well as the increase in the aggregate unitholding interest in ESR-REIT of the Tong Group and parties acting in concert or presumed to be acting in concert with it in connection with the Merger described in section 11.2 of this Letter.

The SIC had on 8 May 2018 granted a waiver of the obligation under Rule 14 of the Code for the Tong Group to make a general offer for ESR-REIT in the event that the Merger via the Scheme results in the Tong Group acquiring ESR-REIT Units which carry 30.0% or more of the voting rights in ESR-REIT based on ESR-REIT's enlarged number of ESR-REIT Units following the Merger via the Scheme, subject to the satisfaction of the following conditions (collectively, the "**SIC Conditions**"):

- (a) a majority of holders of voting rights of ESR-REIT approve at a general meeting, before the Merger via the Scheme, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Tong Group;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Tong Group, parties acting in concert with it and parties not independent of it abstain from voting on the Whitewash Resolution;
- (d) the Tong Group and its concert parties did not acquire or are not to acquire any ESR-REIT Units or instruments convertible into and options in respect of ESR-REIT Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new ESR-REIT Units which have been disclosed in the Circular, including the subscription by the Tong Group of ESR-REIT Units pursuant to the Preferential Offering):
  - (i) during the period between the date of the initial announcement of the Merger of VIT and ESR-REIT (i.e. 29 January 2018) and the date ESR-REIT Unitholders' approval is obtained for the Whitewash Resolution; and
  - (ii) in the six (6) months prior to the date of the initial announcement of the Merger of VIT and ESR-REIT (i.e. 29 January 2018), but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Merger via the Scheme;
- (e) ESR-REIT appoints an independent financial adviser to advise the Independent ESR-REIT Unitholders (Whitewash) on the Whitewash Resolution;

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- (f) ESR-REIT sets out clearly in the Circular:
  - (i) details of the Merger via the Scheme;
  - (ii) the dilution effect of the Tong Group's acquisition of new ESR-REIT Units as a result of the Merger via the Scheme to existing holders of voting rights in ESR-REIT;
  - (iii) the number and percentage of voting rights in ESR-REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of ESR-REIT Units held by the Tong Group and its concert parties as at the Latest Practicable Date;
  - (iv) the number and percentage of voting rights to be issued to the Tong Group as a result of the Merger via the Scheme; and
  - (v) that ESR-REIT Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Tong Group at the highest price paid by the Tong Group and its concert parties for ESR-REIT Units in the past six (6) months preceding the commencement of the offer;
- (g) the Circular states that the Whitewash Waiver is subject to the SIC Conditions stated in sections 11.3(a) to 11.3(f) of this Letter;
- (h) the Tong Group obtains the SIC's approval in advance for the parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the issue of Consideration Units to the Tong Group pursuant to the Merger via the Scheme must be completed within three (3) months of the approval of the Whitewash Resolution.

The ESR-REIT Manager understands that the Tong Group does not intend to, or wish to be subject to the obligation to, make a mandatory general offer for ESR-REIT as a result of the Merger and the Scheme. As such, in accordance with the SIC Condition set out in section 11.3(a) of this Letter, ESR-REIT will be seeking the approval of the Independent ESR-REIT Unitholders (Whitewash) on the Whitewash Resolution at the EGM.

As at the Latest Practicable Date, save for the SIC Conditions in sections 11.3(a) and (i) of this Letter, all the SIC Conditions have been satisfied.

With respect to the SIC Condition in section 11.3(d) of this Letter, an application was submitted to the SIC in respect of the acquisition of 245,500 ESR-REIT Units and 342,956 ESR-REIT Units by DMI Holdings Pte. Ltd., a company wholly-owned by Mr. Michael Patrick Dwyer (who is presumed to be acting in concert with the ESR-REIT Manager in connection with the Merger and the Scheme), on 15 March 2018 and 20 March 2018 respectively (collectively, the "**Dealings**"). As the Dealings occurred after 29 January 2018 (being the date of the initial announcement of the Merger of VIT and ESR-REIT), there was a breach of Rule 11.3 of the Code and the SIC Condition in section 11.3(d) of this Letter. The Dealings were inadvertently made by DMI Holdings Pte. Ltd./Mr. Dwyer as prior to the Joint Announcement,



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DMI Holdings Pte. Ltd./Mr. Dwyer was not informed of the Merger and/or the Scheme. DMI Holdings Pte. Ltd./Mr. Dwyer is also not involved in the Merger, the Scheme and/or any decision making process of the ESR-REIT Manager in relation to the Merger or the Scheme. On the basis that the Dealings were made by DMI Holdings Pte. Ltd./Mr. Dwyer who were not involved in the Merger, the Scheme and/or any decision making process of the ESR-REIT Manager in relation to the Merger or the Scheme, and the Dealings amounted to an aggregate of approximately 0.037% of the total issued ESR-REIT Units, the SIC has ruled that:

- (a) it will not be taking any further action on the breach of Rule 11.3 of the Code; and
- (b) the breach of the SIC Condition in paragraph 15.3(d) will not invalidate the Whitewash Waiver.

### 11.4. Whitewash Resolution

The Independent ESR-REIT Unitholders (Whitewash) are requested to vote, by way of a poll, on the Whitewash Resolution set out as Resolution 3 (Ordinary Resolution) in the Notice of EGM, waiving their rights to receive a mandatory general offer from the Tong Group for the remaining ESR-REIT Units not already owned, controlled or agreed to be acquired by the Tong Group and its concert parties upon completion of the Merger and the Scheme.

Independent ESR-REIT Unitholders (Whitewash) should note that:

- (a) by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer for their ESR-REIT Units from the Tong Group at the highest price paid by the Tong Group and its concert parties for ESR-REIT Units in the six (6) months preceding the commencement of the offer which the Tong Group would have otherwise been obliged to make for the ESR-REIT Units in accordance with Rule 14 of the Code; and
- (b) approval of the Whitewash Resolution is a condition precedent to the completion of the Merger and the Scheme and in the event that the Whitewash Resolution is not passed by the Independent ESR-REIT Unitholders (Whitewash), the Merger will not take place and the Scheme will not become effective.

**The Independent ESR-REIT Unitholders should note that:**

- (a) **The approval of the Whitewash Resolution is a condition precedent to completion pursuant to the terms of the Scheme, and if the Independent ESR-REIT Unitholders do not vote in favour of the Whitewash Resolution, the Merger will not take place; and**
- (b) **By voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for all of their ESR-REIT Units from the Tong Group.**

Further details on the Whitewash Resolution are set out in paragraph 15 of the Circular and ESR-REIT Unitholders are advised to read the information carefully.

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### 12. ABSTENTIONS FROM VOTING

#### 12.1. Mr. Tong, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd to abstain from voting

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

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

Accordingly, Mr. Tong and his associates which are also part of the Tong Group, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, will abstain from voting on Resolutions 1, 2 and 3 at the EGM. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

#### 12.2. The Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui to abstain from voting

e-Shang Infinity Cayman Limited owns and/or controls an aggregate of 36,629,800 Stapled Securities, representing approximately 3.75% of the total Stapled Securities. The SGX-ST and the MAS ruled on 17 May 2018 and 18 May 2018 respectively that the Relevant ESR-REIT Unitholders comprising e-Shang Infinity Cayman Limited and its wholly-owned subsidiary, Sunrise (BVI) Limited, should abstain from voting on the resolutions relating to the Merger. The SGX-ST further ruled on 27 July 2018 that the ESR-REIT Manager, the Relevant ESR-REIT Unitholders and Mitsui are required to abstain from voting in the resolutions in connection with the Merger pursuant to Rule 748(5) of the Listing Manual.

Accordingly, the Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui will abstain from voting on Resolutions 1, 2 and 3. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

ESR-REIT will disregard any votes cast on a resolution by persons required to abstain from voting.

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### 13. FINANCIAL EVALUATION OF THE TERMS OF THE MERGER AND THE WHITEWASH RESOLUTION

As part of our evaluation of whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority ESR-REIT Unitholders and whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable, we have evaluated whether the gross exchange ratio of 1.778x is fair and reasonable based on whether the Stapled Securities and the Consideration Units are fairly valued based on the Scheme Consideration and Consideration Unit Price, respectively. In this Letter we have considered the following factors:

Factors	Details see page
<b>13.1. Whether the Stapled Securities as implied by the Scheme Consideration are fairly valued</b>	
1. Liquidity analysis of the Stapled Securities and companies that make up the top 15 constituents of the Straits Times Index (“ <b>STI</b> ”) traded on the SGX-ST based on market capitalisation (the “ <b>Top 15 STI Companies</b> ”)	28
2. Historical market performance and trading activity of the Stapled Securities	30
3. Trailing Latest P/NAV multiples of the Stapled Securities relative to the Latest P/NAV multiples implied by the Scheme Consideration	34
4. Trailing Distribution Yields of the Stapled Securities relative to the Distribution Yields implied by the Scheme Consideration	35
5. Valuation multiples of selected Singapore-listed industrial S-REITs (the “ <b>Comparable Industrial S-REITs</b> ”) relative to those implied by the Scheme Consideration	36
6. The premium/discount to the prevailing P/NAV implied by selected precedent transactions involving mergers and acquisitions of SGX-ST listed investment trusts (the “ <b>Precedent Transactions</b> ”) relative to those implied by the Scheme Consideration	38
7. Premium/discount implied by selected substantive/change of control acquisitions involving target companies listed on the SGX-ST (“ <b>Precedent Takeovers Premia</b> ”)	39
8. Broker target prices of the Stapled Securities	42
9. Independent valuation of VIT’s properties	46

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### 13.2. Whether the ESR-REIT Units as implied by the Consideration Unit Price are fairly valued

1.	Liquidity analysis of the ESR-REIT Units and the Top 15 STI Companies	47
2.	Historical market performance and trading activity of the ESR-REIT Units	48
3.	Trailing Latest P/NAV multiples of the ESR-REIT Units relative to the Latest P/NAV multiples implied by the Consideration Unit Price	53
4.	Trailing Distribution Yields of the ESR-REIT Units relative to the Distribution Yields implied by the Consideration Unit Price	54

### 13.3. Other factors

1.	The FY2017 <i>pro forma</i> consolidated financial effects of the Merger	55
2.	Other relevant considerations which have a significant bearing on our assessment, in relation to <ul style="list-style-type: none"><li>the Merger being an interested person transaction and interested party transaction; and</li><li>the whitewash resolution</li></ul>	61

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### Summary of key financial analyses<sup>(1)</sup> performed

	Min <sup>(2)</sup>	Max <sup>(2)</sup>	Mean <sup>(2)</sup>	Median <sup>(2)</sup>	* Merger as at LUTD <sup>(3)</sup>	Merger as at LUTD relative to:		See sub-section for more details	Merger as at LUTD to Joint Announcement Date <sup>(3)</sup>
						Min. - Max. Range <sup>(4)</sup>	Mean - Median Range <sup>(4)</sup>		
<b>Whether the Stapled Securities as implied by the Scheme Consideration are fairly valued:</b>									
<b>Historical trading range of the Stapled Securities</b>									
Closing price (\$S) - 12-month period up to the LUTD	0.765	1.000	0.882	0.915	0.960	Within (F)	Above (U)		
Closing price (\$S) - 12-month period up to the LTD to Joint Announcement Date	0.800	1.000	0.912	0.920	-	-	-		
<b>Trailing P/NAV multiples</b>									
6 months up to the LUTD	1.16x	1.27x	1.20x	1.20x	1.26x	Within (F)	In line (F)	13.1.3.	
12 months up to the LUTD	0.96x	1.27x	1.11x	1.16x	1.26x	Within (F)	Above (U)		
6 months up to the LTD to Joint Announcement Date	1.11x	1.27x	1.18x	1.18x	-	-	-		
12 months up to the LTD to Joint Announcement Date	1.01x	1.27x	1.17x	1.18x	-	-	-		
<b>Trailing Distribution Yields</b>									
6 months up to the LUTD	7.4%	8.0%	7.8%	7.8%	7.8%	Within (F)	In line (F)	13.1.4.	
12 months up to the LUTD	7.4%	9.1%	8.2%	8.0%	7.8%	Within (F)	Below (U)		
6 months up to the LTD to Joint Announcement Date	7.4%	8.8%	8.2%	8.3%	-	-	-		
12 months up to the LTD to Joint Announcement Date	7.4%	9.0%	8.1%	8.0%	-	-	-		
<b>Selected Comparable Industrial S-REITs relative to the Scheme Consideration (as at the Latest Practicable Date)</b>									
<b>Large-Size Industrial S-REITs</b>									
P/NAV (Latest)	1.13x	1.38x	1.27x	1.29x	1.26x	Within (F)	Below (F)		
DY (12M Trailing)	5.7%	5.9%	5.8%	5.9%	7.8%	Above (F)	Above (F)		
<b>Other Industrial S-REITs</b>									
P/NAV (Latest)	0.82x	1.24x	1.12x	1.10x	1.26x	Above (U)	Above (U)		
DY (12M Trailing)	5.8%	8.4%	7.4%	7.9%	7.8%	Within (F)	Within (F)		
<b>Precedent Transactions relative to the Scheme Consideration</b>									
Premium to P/NAV as at the last trading date	0.4%	35.9%	23.3%	28.4%	2.1%	Within (F)	Below (F)		7.9%
Premium to P/NAV for 3M VWAP	0.2%	49.7%	30.3%	35.7%	0.7%	Within (F)	Below (F)		9.1%
<b>Precedent Takeovers Premia relative to the Scheme Consideration</b>									
Premium to Closing 1-day	1.6%	115.1%	32.5%	25.0%	2.1%	Within (F)	Below (F)		7.9%
Premium to 1-month VWAP	6.2%	121.4%	39.1%	37.9%	2.1%	Within (F)	Below (F)		7.9%
Premium to 3-month VWAP	10.7%	104.5%	41.7%	37.3%	0.7%	Within (F)	Below (F)		9.1%
Premium to 6-month VWAP	8.7%	105.3%	41.2%	34.5%	1.5%	Within (F)	Below (F)		4.5%
Premium to 12-month VWAP	(2.2%)	113.2%	41.2%	35.7%	8.0%	Within (F)	Below (F)		5.1%
<b>Broker target prices of the Stapled Securities relative to the Scheme Consideration</b>									
6-month period up to the LUTD	0.960	1.000	0.975	0.970	0.960	Within (F)	Below (F)		
From the Initial Announcement Date up to the LTD to Joint Announcement Date	1.005	1.005	1.005	1.005	0.960	Below (F)	Below (F)		
From the Joint Announcement Date up to the Latest Practicable Date	0.960	0.968	0.964	0.964	0.960	Within (F)	Below (F)		
<b>Whether the ESR-REIT Units as implied by the Consideration Unit Price are fairly valued:</b>									
<b>Historical trading range of the ESR-REIT Units</b>									
Closing price (\$S) - 12-month period up to the LUTD	0.545	0.605	0.571	0.570	0.540	Below (U)	Below (U)		
Closing price (\$S) - 12-month period up to the LTD to Joint Announcement Date	0.530	0.605	0.565	0.565	-	-	-		
<b>Trailing P/NAV multiples</b>									
6 months up to the LUTD	0.87x	0.98x	0.90x	0.89x	0.93x	Within (F)	Above (F)	13.2.3.	
12 months up to the LUTD	0.86x	0.98x	0.91x	0.90x	0.93x	Within (F)	Above (F)		
6 months up to the LTD to Joint Announcement Date	0.88x	1.00x	0.93x	0.93x	-	-	-		
12 months up to the LTD to Joint Announcement Date	0.87x	1.00x	0.92x	0.91x	-	-	-		
<b>Trailing Distribution Yields</b>									
6 months up to the LUTD	6.6%	7.2%	7.0%	7.0%	6.8%	Within (F)	Below (F)	13.2.4.	
12 months up to the LUTD	6.5%	7.7%	7.0%	7.0%	6.8%	Within (F)	Below (F)		
6 months up to the LTD to Joint Announcement Date	6.5%	7.2%	6.9%	6.8%	-	-	-		
12 months up to the LTD to Joint Announcement Date	6.5%	7.2%	6.9%	6.9%	-	-	-		

**Legend (applied to LUTD):**

(F): Favourable  
(U): Unfavourable

**Note:**

- (1) Summary of key analyses set out in sub-sections 13.1.3. – 13.1.8. and 13.2.3. – 13.2.4.
- (2) Minimum, mean, median and maximum of the respective benchmarks.
- (3) Implied by the Merger.
- (4) Parameters implied by the Merger relative to the minimum and maximum, and mean and median range of the respective benchmarks.

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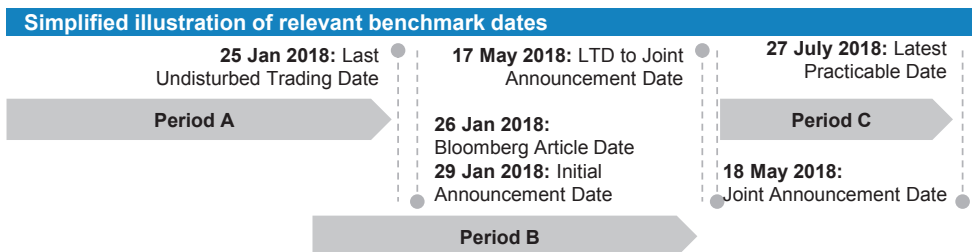
### General bases and assumptions

The figures and underlying financial data used in our analyses in this Letter, including unit prices, trading volumes, and broker research, have been extracted from, *inter alia*, SGX-ST, Bloomberg, Capital IQ, Mergermarket, and other public filings and documents. ANZ has not independently verified (nor assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, as to the accuracy, completeness or adequacy of such information. We have made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information.

### Relevant benchmark dates

For the purpose of our analyses, apart from the Latest Practicable Date, we have referred to the relevant benchmark dates, where required, as shown below:

- (i) 25 January 2018: The last full and undisturbed market trading day (“**Last Undisturbed Trading Date**” or “**LUTD**”) prior to the article published by Bloomberg on 26 January 2018 (“**Bloomberg Article Date**”) titled “Warburg-Backed ESR-REIT is said to plan Viva Industrial Merger” and the initial announcement dated 29 January 2018 (“**Initial Announcement Date**”) by the ESR-REIT Manager that it had submitted a proposal for the Merger by way of the Scheme; and
- (ii) 17 May 2018: The last full market trading day (“**LTD to Joint Announcement Date**”) prior to the announcement dated 18 May 2018 (“**Joint Announcement Date**”) released by both ESR-REIT and VIT in relation to the Merger.



### Comparable Companies

The summary description of the Comparable Industrial S-REITs we have reviewed for our evaluation of the Scheme Consideration is set out in the following table:

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Company	Company Description	Market Cap <sup>(1)</sup> (S\$M)
Ascendas Real Estate Investment Trust ("Ascendas REIT")	Largest S-REIT by market capitalisation and total assets. Since its listing in 2002, Ascendas REIT has grown from eight to 131 properties. Property type encompasses business and science parks, high-tech industrial/data centres, light industrial factories, logistics and distribution centres, and warehouse facilities. The trust is externally managed by Ascendas Group.	7,998
Mapletree Industrial Trust	S-REIT with principal investment strategy of investing in a diversified portfolio of income-producing real estate used primarily for industrial purposes in Singapore and data centres worldwide beyond Singapore. Its property portfolio comprises 85 industrial properties in Singapore and 14 data centres in the US.	3,806
Mapletree Logistics Trust	Listed in 2005 and an externally managed REIT specialising in investment in logistics properties. It has a portfolio of 124 assets across eight countries with an aggregate leasable area of approximately 4.1 million sqm.	4,119
Frasers Logistics & Industrial Trust	The first Singapore-listed REIT with a pure-play Australian industrial portfolio. The portfolio comprises 82 logistics and industrial properties located across the major cities with an aggregate GLA of 1.89 million sqm.	2,087
Ascendas India Trust	Singapore-based India property trust which owns seven IT parks and six modern warehouses in India with total floor area of 12.8 million sq ft.	1,150
AIMS AMP Capital Industrial REIT ("AIMS AMP")	S-REIT with the investment mandate to invest in high quality income-producing industrial real estate throughout Asia Pacific. Portfolio comprises of 26 properties including warehouses, business parks, light industry and manufacturing properties.	960
Cache Logistics Trust	Invests in income-producing real estate used for logistics purposes as well as real estate-related assets in Asia-Pacific. Portfolio comprises 28 modern logistics warehouse properties located in Singapore, Australia and China.	830
Soilbuild Business Space REIT ("Soilbuild REIT")	Singapore-focused S-REIT listed in 2013 with a portfolio of business parks and industrial properties. The portfolio comprises 11 business space properties with a total net lettable area of 3.69 million sq. ft.	671
Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT")	Listed in 2010 as Singapore's first listed Shari'ah compliant REIT. Owns and invests in income-producing real estate used for industrial purposes and has a portfolio of 19 industrial properties across Singapore.	463

Source: Capital IQ and broker reports.

Notes:

(1) Market capitalisation is calculated based on unit prices as at the LPD.

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For the purpose of our analyses in this Letter, the Comparable Industrial S-REITs are divided into two categories: industrial S-REITs with total asset size of S\$3.0 billion or above (“**Large-Size Industrial S-REITs**”) and other industrial S-REITs (“**Other Industrial S-REITs**”) with total asset size of less than S\$3.0 billion.

### Precedent Transactions

For the purpose of evaluating the Scheme Consideration, we have also reviewed selected precedent transactions between 1 January 2013 and the Latest Practicable Date involving the mergers and acquisitions of SGX-ST listed investment trusts. A brief description of the Precedent Transactions is set out below:

Target	Announcement Date	Description
Croesus Retail Trust	26 April 2017 <sup>(1)</sup>	<ul style="list-style-type: none"> <li>▪ Croesus Retail Trust is an Asia-Pacific retail business trust focused on investing in a diversified portfolio of predominantly retail real estate assets located in Japan and the Asia-Pacific region;</li> <li>▪ On 28 June 2017, the trustee-manager of Croesus Retail Trust announced the proposed acquisition by Blackstone Group.</li> </ul>
Saizen REIT	23 October 2015	<ul style="list-style-type: none"> <li>▪ Saizen REIT’s portfolio comprises of 136 residential properties located in 14 Japanese cities;</li> <li>▪ On 22 October 2015, the manager of Saizen REIT received an offer for the acquisition of its entire portfolio by Triangle TMK (a Japanese affiliate of Lone Star Funds).</li> </ul>
Keppel Infrastructure Trust (“KIT”)	18 November 2014	<ul style="list-style-type: none"> <li>▪ KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Corporation;</li> <li>▪ KIT’s existing portfolio comprises the Senoko Waste-to-Energy Plant, Keppel Seghers Tuas Waste-to-Energy Plant and Keppel Seghers Ulu Pandan NEWater Plant in Singapore;</li> <li>▪ On 18 November 2014, the trustee-manager of KIT announced the entry into two separate transactions:               <ul style="list-style-type: none"> <li>(i) the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd which owns the Keppel Merlimau Cogen power plant;</li> <li>(ii) the disposal of the business undertaking and assets of KIT to CitySpring Infrastructure Trust (“CIT”). CIT will be the surviving trust and will be renamed KIT.</li> </ul> </li> </ul>
Forterra Real Estate Trust (“ <b>Forterra</b> ”)	4 November 2014 <sup>(2)</sup>	<ul style="list-style-type: none"> <li>▪ Forterra (formerly Treasury China Trust) is an investment holding company and acts as an owner, developer and manager of commercial real estate in China;</li> <li>▪ The principal activity of the trust is to own, invest in and manage income-producing real estate used primarily for office, retail, industrial/logistics purposes as well as hotels and serviced apartments;</li> <li>▪ On 4 November 2014, the trustee-manager of Forterra received an offer from New Precise Holdings in relation to the potential acquisition of all the issued units in Forterra.</li> </ul>

Source: Relevant SGX-ST filings and the respective companies’ announcements, circulars and offer documents.

Note:

- (1) Date of initial holding announcement in connection with a potential acquisition of all the units of Croesus Retail Trust.
- (2) On 4 November 2014, offeror announced its intentions to make a mandatory conditional cash offer to acquire all the units of Forterra, at a price of S\$1.85 per unit. On 24 November 2014, the offeror announced the revision of the offer price to S\$2.25 per unit.



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### Valuation ratios

For the purpose of our evaluation of the financial terms of the Merger and for illustration, we have applied the following valuation metrics to the ESR Units and the Stapled Securities in our analysis of the financial terms of the Merger:

Valuation Metrics	Description
<b>P/NAV</b>	“NAV” or “net asset value” is the book value of a company’s shareholders’ equity (excluding minority interest). The “ <b>P/NAV</b> ” or “price-to-NAV” ratio illustrates the ratio of the market price of a company’s units relative to its historical book value per unit as recorded in its latest reported financial statements. Comparisons of companies using their book value are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
<b>12-month trailing Distribution Yield (“DY”)</b>	The “12-month trailing Distribution Yield” is the aggregate dividend per unit amount that has been declared for distribution over the prior 12 months, divided by the current unit price.

In relation to the P/NAV multiple, we note that this type of asset-based valuation approach provides an estimate of the value of a trust assuming the hypothetical sale of all its assets over a reasonable period of time, repayment of its liabilities and obligations, and with the balance being available for distribution to its unitholders. While the asset base of a trust can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

As part of our evaluation of the financial terms of the Merger, we have compared the P/NAV multiple and DY as implied by the Scheme Consideration and the Consideration Unit Price, as applicable, to relevant mean and median values as well as relevant minimum and maximum ranges as set out in this Letter.

### **13.1. Evaluation of the Scheme Consideration**

#### **13.1.1. Liquidity analysis of the Stapled Securities**

In order to evaluate whether the historical market prices of the Stapled Securities provide a meaningful reference point for comparison with the Scheme Consideration, we have considered the liquidity and free float of VIT relative to the Top 15 STI Companies as at the Last Undisturbed Trading Date, as outlined below:

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Liquidity analysis of VIT and the Top 15 STI Companies						
Company Name	Market capitalisation (\$m)	Free Float (%) <sup>(2)</sup>	Past 12 months ADTV ('000 shares) <sup>(3)</sup>	Past 12 months ADTV (\$'000)	12-mth ADTV / Free Float (%) <sup>(4)</sup>	12-mth ADTV / Market cap. (%) <sup>(5)</sup>
DBS Group Holdings	68,468	70.6%	3,973	84,634	0.22%	0.12%
Singapore Telecommunications	59,112	50.1%	18,103	68,405	0.22%	0.12%
OCBC Limited	54,873	79.8%	4,678	50,754	0.14%	0.09%
UOB Limited	46,532	85.6%	1,957	46,050	0.14%	0.10%
Jardine Matheson Holdings	46,422	34.3%	212	13,637	0.09%	0.03%
Jardine Strategic Holdings	44,807	16.4%	370	14,908	0.20%	0.03%
Thai Beverage Public Company	23,352	32.2%	17,228	15,855	0.21%	0.07%
Wilmar International	20,306	31.2%	5,578	19,209	0.28%	0.09%
Hongkong Land Holdings	16,870	49.8%	1,511	11,065	0.13%	0.07%
Genting Singapore	16,373	47.0%	19,919	22,996	0.35%	0.14%
CapitaLand	16,309	59.9%	9,566	34,662	0.38%	0.21%
Jardine Cycle & Carriage	16,137	25.0%	221	9,355	0.22%	0.06%
Keppel Corporation	15,558	99.9%	3,903	27,151	0.22%	0.17%
Singapore Airlines	13,587	44.3%	1,183	12,189	0.23%	0.09%
City Developments	12,003	64.6%	1,581	17,715	0.27%	0.15%
<b>Max</b>	<b>68,468</b>	<b>99.9%</b>	<b>19,919</b>	<b>84,634</b>	<b>0.38%</b>	<b>0.21%</b>
<b>Mean</b>	<b>31,381</b>	<b>52.7%</b>	<b>5,999</b>	<b>29,906</b>	<b>0.22%</b>	<b>0.10%</b>
<b>Median</b>	<b>20,306</b>	<b>49.8%</b>	<b>3,903</b>	<b>19,209</b>	<b>0.22%</b>	<b>0.09%</b>
<b>Min</b>	<b>12,003</b>	<b>16.4%</b>	<b>212</b>	<b>9,355</b>	<b>0.09%</b>	<b>0.03%</b>
<b>VIT</b>	<b>912</b>	<b>42.7%</b>	<b>948</b>	<b>843</b>	<b>0.23%</b>	<b>0.09%</b>

Source: Bloomberg and Capital IQ.

Notes:

- (1) All figures are as of the Last Undisturbed Trading Date. Great Eastern Holdings Limited has been excluded from the list as it is an outlier with 11.2% free float and 12-mth ADTV/free float of 0.02% and 12-mth ADTV/market capitalisation of 0.002%.
- (2) Free float percentages are based on Bloomberg.
- (3) Average daily traded volume for the past 12 months prior to the Last Undisturbed Trading Date expressed in thousands of shares.
- (4) 12-month average daily trading volume leading up to the Last Undisturbed Trading Date, divided by free float number of shares.
- (5) 12-month average daily trading value leading up to the Last Undisturbed Trading Date, divided by market capitalisation.

With respect to the above table, we note that in the 12-month period leading up to the Last Undisturbed Trading Date, VIT's average daily trading volume represented 0.23% of its free float and 0.09% of its market capitalisation. These values are within the ranges of the Top 15 Largest SGX Companies (between 0.09% to 0.38%, and 0.03% to 0.21%, respectively) for the same 12-month period leading up to the Last Undisturbed Trading Date, above the mean and median average daily trading volume to free float of 0.22%, and in line with the mean and median average daily trading volume to market capitalisation of 0.10% and 0.09%, respectively.

The above analysis suggests that the Stapled Securities did not suffer from illiquid trading conditions in the 12-month period up to the Last Undisturbed Trading Date.

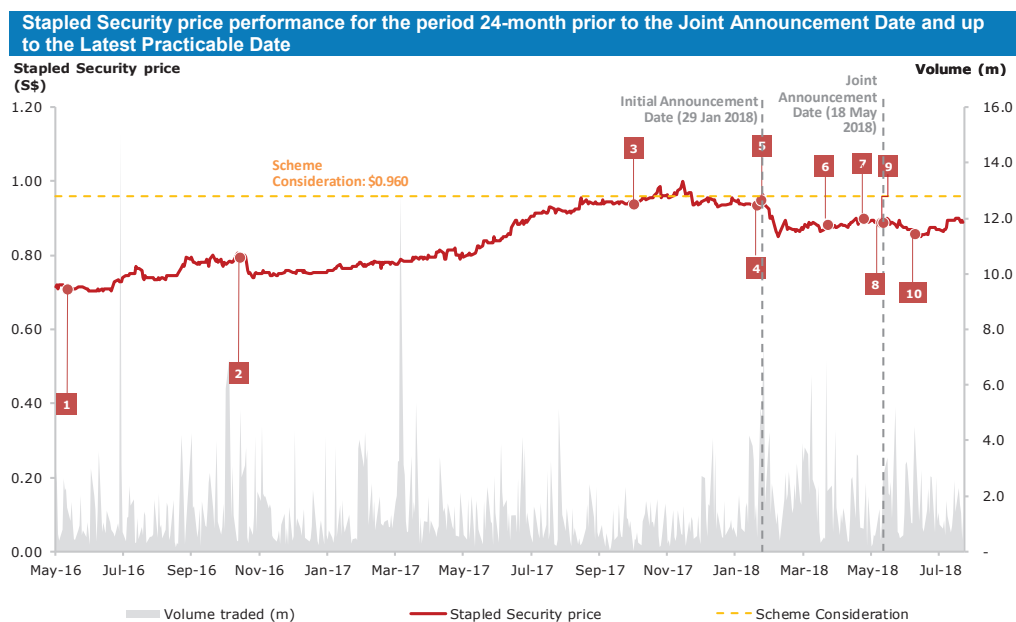
Based on our analysis of the average daily trading volume relative to the Top 15 STI Companies, it appears that there is reasonable liquidity in the Stapled Securities. This suggests that the market prices of the Stapled Securities should generally reflect the fundamental, market-based value of the Stapled Securities.

**We wish to highlight that the above analysis of the historical trading liquidity of the Stapled Securities serves only as an illustrative guide and is not an indication of the future trading liquidity of the Stapled Securities, which will be governed by amongst other factors, the performance and prospects of the trust, prevailing economic conditions, economic outlook, and stock market conditions and sentiment.**

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### 13.1.2. Market Prices and Trading Activity of the Stapled Securities

We set out below a chart outlining the daily closing prices and trading volume of the Stapled Securities for the period between the 24-month prior to the Joint Announcement Date and up to the Latest Practicable Date.



Source: Capital IQ, VIT announcements.

A summary of the salient announcements made by VIT during the period between the 24-month prior to the Joint Announcement Date and up to the Latest Practicable Date is set out below:

- |                     |   |
|---------------------|---|
| (1) 27 May 2016     | The VIT Managers announced that VIM, the holding company of the VIT Managers, had acquired the remaining 10% of the issued share capital in each of the VIT Managers from United Engineers Ltd. Following the acquisition, VIM owned 100% of the VIT Managers.  |
| (2) 26 October 2016 | The VIT Managers announced that the VIT Trustee had entered into an option agreement with Sharikat National (Pte) Limited to acquire a newly completed high specifications ramp-up logistics development located at 6 Chin Bee Avenue Singapore 619930 for a purchase consideration of S\$87.3 million. In addition to the purchase consideration, VIT was required to pay an upfront land premium for the balance of the 30-year JTC lease term estimated at S\$5.7 million. The agreed purchase price was arrived at after taking into consideration the property's independent valuation of S\$94.3 million. |
| (3) 9 October 2017  | The VIT Managers announced that they had declined an offer from Ho Lee Group Pte Ltd for the acquisition of the property located at 7000 Ang Mo Kio Avenue 5 Singapore 569877 at a purchase consideration of S\$300 million. The offer was made pursuant to the right of first refusal agreement entered into on 14 October 2013.   |
| (4) 26 January 2018 | Bloomberg Article Date – Bloomberg published an article titled “Warburg-Backed ESR-REIT is said to plan Viva Industrial Merger”, which cited that   |

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## SCHEDULE 2 - IFA LETTER

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	ESR-REIT was in talks to merge with VIT to expand its portfolio of Singapore warehouses and business parks.
(5) 29 January 2018	The VIT Managers announced that they had received a proposal from the ESR-REIT Manager in relation to the Merger. In connection with the proposal, the ESR-REIT Manager and VIT Managers had entered into an exclusive discussion that would expire on the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 31 March 2018 (or such other date as the ESR-REIT Manager and the VIT Managers may agree in writing).
(6) 30 March 2018	The VIT Managers announced that the ESR-REIT Manager and VIT Managers had agreed to extend the period of exclusivity to the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 30 April 2018 (or such other date as the VIT Managers and the ESR-REIT Manager may agree in writing).
(7) 30 April 2018	The VIT Managers announced it was at an advanced stage of discussions with the ESR-REIT Manager on the Merger and that the VIT Managers and the ESR-REIT Manager had agreed to extend the period of exclusivity to the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 15 May 2018 (or such other date as the VIT Managers and the ESR-REIT Manager may agree in writing).
(8) 15 May 2018	The VIT Managers announced it was at an advanced stage of discussions with the ESR-REIT Manager on the Merger and that the VIT Managers and the ESR-REIT Manager had agreed to extend the period of exclusivity to the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 31 May 2018 (or such other date as the VIT Managers and the ESR-REIT Manager may agree in writing). The VIT Managers also announced the appointment of KPMG Corporate Finance Pte Ltd as the independent financial adviser to advise the directors of the VIT Managers who are considered independent for the purposes of the Scheme (if any).
(9) 18 May 2018	Joint Announcement Date: The ESR-REIT Manager and the VIT Managers announced the Merger of all the Stapled Securities held by the Stapled Securityholders and the ESR-REIT Units held by the ESR-REIT Unitholders which would be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of the Scheme in compliance with the Code.
(10) 14 June 2018	The VIT Managers announced that the VIT Managers and the VI-REIT Trustee had filed an application in HC/OS 6872018 (the " <b>Application</b> ") with the Court for leave to convene the Scheme meeting and that the Court had directed that the Application be fixed for hearing at 10.00 a.m. on 3 July 2018.

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Source: VIT announcements.

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### Historical VWAPs of the Stapled Securities

We set out in the table below the historical volume weighted average prices (“VWAPs”) of the Stapled Securities for various reference periods up to and including the Last Undisturbed Trading Date, the LTD to Joint Announcement Date and the Latest Practicable Date, respectively.

Historical VWAPs of the Stapled Securities							
Evaluation of the Scheme Consideration (S\$0.960 per Stapled Security)							
Reference period	Price Basis	Historical VIT VWAPs (S\$) <sup>(1)</sup>	Premium / (discount) to historical VIT VWAPs	ADTV ('000 shares) <sup>(2)</sup>	ADTV / free float (%) <sup>(3)</sup>	ADTV (S\$'000) <sup>(4)</sup>	ADTV / market cap (%)
<b>A) Periods up to the Last Undisturbed Trading Date (25 Jan 2018):</b>							
Last Undisturbed Trading Date	Closing Price	0.940	2.1%	385	0.09%	361	0.04%
1-month	VWAP <sup>(1)</sup>	0.940	2.1%	1,066	0.26%	1,002	0.11%
3-month	VWAP <sup>(1)</sup>	0.953	0.7%	1,089	0.26%	1,038	0.11%
6-month	VWAP <sup>(1)</sup>	0.946	1.5%	998	0.24%	944	0.10%
12-month	VWAP <sup>(1)</sup>	0.889	8.0%	948	0.23%	843	0.09%
<b>B) Periods up to the LTD to Joint Announcement Date (17 May 2018):</b>							
LTD to Joint Announcement Date	Closing Price	0.890	7.9%	626	0.15%	556	0.06%
1-month	VWAP <sup>(1)</sup>	0.890	7.9%	473	0.11%	421	0.05%
3-month	VWAP <sup>(1)</sup>	0.880	9.1%	564	0.14%	496	0.06%
6-month	VWAP <sup>(1)</sup>	0.919	4.5%	995	0.24%	914	0.11%
12-month	VWAP <sup>(1)</sup>	0.913	5.1%	995	0.24%	909	0.10%
<b>C) Period from the Joint Announcement Date up to the Latest Practicable Date (18 May 2018 to 27 July 2018):</b>							
From the Joint Announcement Date up to the Latest Practicable Date	VWAP <sup>(1)</sup>	0.884	8.6%	814	0.20%	720	0.08%
As at the Latest Practicable Date	Closing Price	0.890	7.9%	378	0.09%	338	0.04%

Source: Bloomberg.

Notes:

- (1) The VWAP is weighted based on the volume of the Stapled Securities traded and transacted prices of the Stapled Securities for the Market Days in the reference periods. VWAP figures shown are rounded to the nearest three decimal places. No adjustments to unit prices have been made for dividends, bonus issues or other corporate transactions in each respective reference period.
- (2) The average daily trading volume of the Stapled Securities is calculated based on the total volume of Stapled Securities traded divided by the number of Market Days during the relevant periods.
- (3) Free float is based on Bloomberg and refers to the number of Stapled Securities that are available to the public. This figure is calculated by subtracting the Stapled Securities held by insiders and those deemed to be stagnant shareholders from the Stapled Securities outstanding. Stagnant holders include ESOP's, ESOT's, QUEST's, employee benefit trusts, corporations not actively managing money, venture capital companies and Stapled Securities held by governments.
- (4) The average daily traded value of the Stapled Securities is calculated based on the total value of Stapled Securities traded divided by the number of Market Days during the relevant periods.

Based on the above table, we note that:

#### A. Periods up to the Last Undisturbed Trading Date (25 January 2018):

- (i) The Scheme Consideration of S\$0.960 represents a premium of 2.1% to the closing price of the Stapled Securities on the Last Undisturbed Trading Date;
- (ii) The Scheme Consideration of S\$0.960 represents a premium of 2.1%, 0.7%, 1.5% and 8.0% to the 1-month, 3-month, 6-month and 12-month VWAPs of the Stapled Securities, respectively;

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## SCHEDULE 2 - IFA LETTER

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- (iii) The average daily trading volume of the Stapled Securities as a percentage of the free float ranged between 0.23% and 0.26%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;
- (iv) The average daily trading volume of the Stapled Securities as a percentage of the market capitalisation ranged between 0.09% and 0.11%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;

**B. Periods up to the LTD to Joint Announcement Date (17 May 2018):**

- (i) *The Scheme Consideration of S\$0.960 represents a premium of 7.9% to the closing price of the Stapled Securities on the LTD to Joint Announcement Date;*
- (ii) *The Scheme Consideration of S\$0.960 represents a premium of 7.9%, 9.1%, 4.5% and 5.1% to the 1-month, 3-month, 6-month and 12-month VWAPs of the Stapled Securities, respectively;*
- (iii) *The average daily trading volume of the Stapled Securities as a percentage of the free float ranged between 0.11% and 0.24%, in the 1-month, 3-month, 6-month and 12-month periods up to the LTD to Joint Announcement Date;*
- (iv) *The average daily trading volume of the Stapled Securities as a percentage of the market capitalisation ranged between 0.05% and 0.11%, in the 1-month, 3-month, 6-month and 12-month periods up to the LTD to Joint Announcement Date;*

**C. Period from the Joint Announcement Date up to the Latest Practicable Date (18 May 2018 to 27 July 2018):**

- (i) *The Scheme Consideration of S\$0.960 represents a premium of 7.9% to the closing price of the Stapled Securities on the Latest Practicable Date;*
- (ii) *The Scheme Consideration of S\$0.960 represents a premium of 8.6% over the VWAP of the Stapled Securities for the period from the Joint Announcement Date up to the Latest Practicable Date;*
- (iii) *The average daily trading volume of the Stapled Securities as a percentage of the free float ranged between 0.09% and 0.20% for the period from the Joint Announcement Date to the Latest Practicable Date; and*
- (iv) *The average daily trading volume of the Stapled Securities as a percentage of the market capitalisation ranged between 0.04% and 0.08% for the period from the Joint Announcement Date to the Latest Practicable Date.*

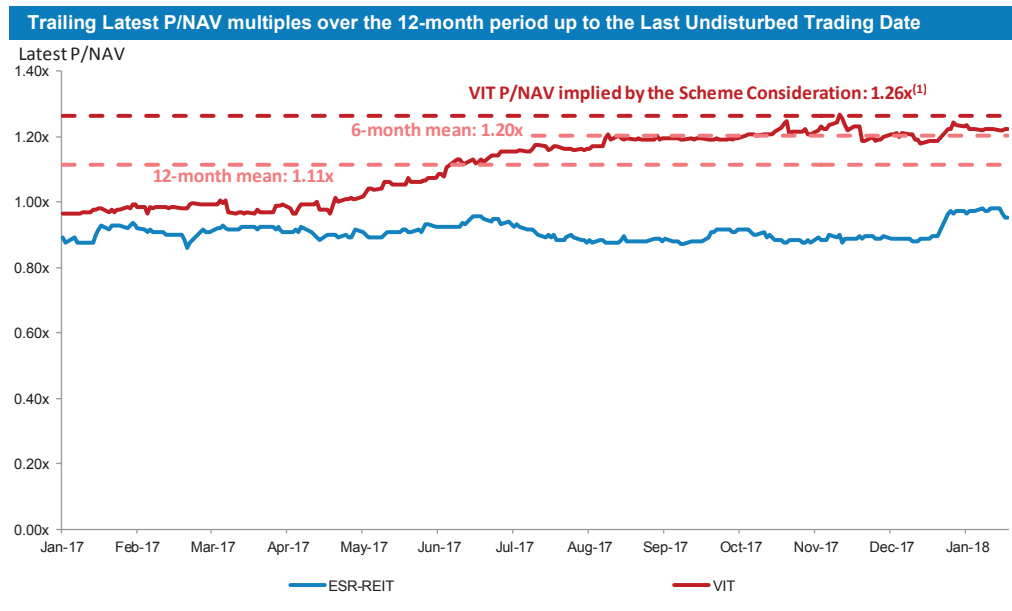
**We wish to highlight that our analysis of the past price performance of the Stapled Securities is not indicative of their future price performance, which will be governed by other factors such as, *inter alia*, the performance and prospects of the Enlarged Trust, prevailing economic conditions, economic outlook, market conditions and sentiments.**

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### 13.1.3. Trailing Latest P/NAV multiples of the Stapled Securities relative to the Latest P/NAV multiple implied by the Scheme Consideration

For the purpose of evaluating the financial terms of the Merger, we have made reference to the trailing latest (“Latest”) P/NAV multiples (based on the latest reported net asset values) of the Stapled Securities to evaluate how the Latest P/NAV multiple implied by the Scheme Consideration compares to them.

In the chart below we have compared the Latest P/NAV multiple implied by the Scheme Consideration to the trailing Latest P/NAV multiples of the Stapled Securities over the 12-month period up to and including the Last Undisturbed Trading Date.



Source: Capital IQ.

Note:

(1) Based on the Scheme Consideration of S\$0.960 and NAV per Stapled Security of S\$0.760.

	Last close	6-month period			12-month period			P/NAV implied by the Merger		
		Min	Max	Mean	Median	Min	Max		Mean	Median
<b>Up to the LUTD</b>	<b>1.22x</b>	<b>1.16x</b>	<b>1.27x</b>	<b>1.20x</b>	<b>1.20x</b>	<b>0.96x</b>	<b>1.27x</b>	<b>1.11x</b>	<b>1.16x</b>	<b>1.26x</b>
<i>Up to the LTD to Joint Announcement Date</i>	<i>1.17x</i>	<i>1.11x</i>	<i>1.27x</i>	<i>1.18x</i>	<i>1.18x</i>	<i>1.01x</i>	<i>1.27x</i>	<i>1.17x</i>	<i>1.18x</i>	

Based on the above, we note that:

- (i) The Stapled Securities have consistently traded at a higher Latest P/NAV multiple compared to the ESR-REIT Units over the 6-month and 12-month periods up to and including the Last Undisturbed Trading Date;
- (ii) The Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is within the range of the trailing Latest P/NAV multiples of the Stapled Securities of 1.16x to 1.27x but above the mean and median of 1.20x over the 6-month period up to and including the Last Undisturbed Trading Date; and

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- (iii) The Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is within the range of the trailing Latest P/NAV multiples of the Stapled Securities of 0.96x to 1.27x but above the mean and median of 1.11x and 1.16x, respectively, over the 12-month period up to and including the Last Undisturbed Trading Date.

**We wish to highlight that the historical trading patterns or performance of the ESR-REIT Units and the Stapled Securities should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by, inter alia, the performance and prospects of the trusts, prevailing economic conditions, economic outlook and market conditions and sentiments.**

### 13.1.4. Trailing LTM DYs of the Stapled Securities relative to the DY implied by the Scheme Consideration

For the purposes of evaluating the financial terms of the Merger, we have made reference to the trailing last 12-month (“LTM”) DYs of the Stapled Securities to evaluate how the LTM DY implied by the Scheme Consideration compares to them.

In the chart below we have compared the LTM DY implied by the Scheme Consideration to the trailing LTM DYs of the Stapled Securities over the 12-month period up to and including the Last Undisturbed Trading Date.

**Trailing LTM DYs<sup>(1)</sup> of the Stapled Securities over the 12-month period up to the Last Undisturbed Trading Date**



Source: Capital IQ.

Note:

(1) DYs are based on the trailing 12-month DPU.

	Last close	6-month period				12-month period				DY implied by the Merger
		Min	Max	Mean	Median	Min	Max	Mean	Median	
<b>Up to the LUTD</b>	7.9%	7.4%	8.0%	7.8%	7.8%	7.4%	9.1%	8.2%	8.0%	<b>7.8%</b>
<i>Up to the LTD to Joint Announcement Date</i>	8.4%	7.4%	8.8%	8.2%	8.3%	7.4%	9.0%	8.1%	8.0%	



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Based on the above, we note that:

- (i) The LTM DY implied by the Scheme Consideration of 7.8% is within the range of the trailing LTM DYs of the Stapled Securities of 7.4% to 8.0% over the 6-month period up to and including the Last Undisturbed Trading Date and in line with the mean and median of 7.8%; and
- (ii) The LTM DY implied by the Scheme Consideration of 7.8% is within the range of the trailing LTM DYs of the Stapled Securities of 7.4% to 9.1% over the 12-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 8.2% and 8.0%, respectively.

**We wish to highlight that the historical trading patterns or performance of the Stapled Securities should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by, inter alia, the performance and prospects of the trust, prevailing economic conditions, economic outlook and market conditions and sentiments.**

### **13.1.5. Valuation Multiples of the selected Comparable Industrial S-REITs**

For the purpose of evaluating the Scheme Consideration, references were made to SGX-ST listed REITs which are engaged in the business and industrial real estate investment and are considered to be broadly comparable to VIT to provide an indication of the current market expectation with regards to the valuation of such trusts, as implied by their respective closing market prices as at the Latest Practicable Date.

The statistics for the Comparable Industrial S-REITs are based on their closing prices as at the Latest Practicable Date and their latest publicly available financial results.

We have conducted our analysis based on the Latest P/NAV and LTM DY as key parameters for the comparison of the implied valuation metrics for the Comparable Industrial S-REITs along with certain other financial parameters as set out below:

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Company	Market Cap (\$m)	EV (\$m)	Latest P/NAV <sup>(2)</sup>	LTM DY <sup>(3)</sup>
<b>Large-Size Industrial S-REITs</b>				
Ascendas REIT	7,998	11,945	1.29x	5.9%
Mapletree Industrial Trust	3,809	5,029	1.38x	5.7%
Mapletree Logistics Trust	4,119	6,813	1.13x	5.9%
<b>High</b>			<b>1.38x</b>	<b>5.9%</b>
<b>Mean</b>			<b>1.27x</b>	<b>5.8%</b>
<b>Median</b>			<b>1.29x</b>	<b>5.9%</b>
<b>Low</b>			<b>1.13x</b>	<b>5.7%</b>
<b>Other Industrial S-REITs</b>				
Frasers Logistics & Industrial Trust	2,087	2,651	1.22x <sup>(4)</sup>	6.9%
Ascendas India Trust	1,150	1,630	1.22x	5.8%
AIMS AMP	960	1,461	1.02x	7.9%
Cache Logistics Trust	830	1,191	1.10x	8.2%
Soilbuild REIT	671	1,081	1.00x	8.4%
Sabana REIT	463	809	0.82x	7.6%
<b>High</b>			<b>1.22x</b>	<b>8.4%</b>
<b>Mean<sup>(1)</sup></b>			<b>1.11x</b>	<b>7.4%</b>
<b>Median<sup>(1)</sup></b>			<b>1.10x</b>	<b>7.9%</b>
<b>Low</b>			<b>0.82x</b>	<b>5.8%</b>
<b>Scheme Consideration<sup>(5)</sup></b>			<b>1.26x</b>	<b>7.8%</b>

Source: Capital IQ, published financial statements of the respective Comparable Industrial S-REITs.

Notes:

- (1) Sabana REIT is excluded from the calculation of mean and median values. Over the past 12-18 months, Sabana REIT had undergone a series of corporate and shareholder actions which may have an impact on the market valuation of its units.
- (2) NAV per unit based on units issued at the end of the relevant period.
- (3) DY is calculated using the weighted average number of units issued and issuable during the relevant periods.
- (4) Following the release of the financial statements for the financial quarter ended 31 March 2018 on 8 May 2018, Frasers Logistics & Industrial Trust on 10 May 2018 raised gross proceeds of c.S\$329 million through a private placement of 333,199,000 units at an issue price of S\$0.987 per unit ("FLT Private Placement"). The gross proceeds were used to partially acquire freehold interests in 21 industrial properties in Germany and the Netherlands from Frasers Property Investments (Holland) B.V for approximately €580 million which is expected to be completed on 25 May 2018 ("FLT Acquisition"). NAV of Frasers Logistics & Industrial Trust has been adjusted by S\$329 million to account for the FLT Private Placement.
- (5) NAV per Stapled Security is calculated based on the total issued and issuable Stapled Securities of 975,758,607 as at 31 March 2018. DY implied by the Scheme Consideration based on the LTM actual distribution per Stapled Security of S 7.456 cents.

Based on the above, we note that:

- (i) The Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is within the range of the P/NAV multiples of the Large-Size Industrial S-REITs of 1.13x to 1.38x and is below the mean of 1.27x and the median of 1.29x;
- (ii) The LTM DY implied by the Scheme Consideration of 7.8% is above the range of the LTM DY of the Large-Size Industrial S-REITs - this implies a lower valuation (on a yield basis) of the Stapled Securities implied by the Scheme Consideration as compared to the Large-Size Industrial S-REITs;
- (iii) The Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is above the range of the P/NAV multiples of the Other Industrial S-REITs; and
- (iv) The LTM DY implied by the Scheme Consideration of 7.8% is within the range of the LTM DYs of the Other Industrial S-REITs of 5.8% to 8.4% and within the mean and median of 7.4% and 7.9%, respectively.

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We recognise, however, that the list of the Comparable Industrial S-REITs is not exhaustive and there may not be any companies listed on the SGX-ST or other stock exchanges that is directly comparable to VIT in terms of business activities, scale of operations, types of products, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria. We also note that the accounting principles used by the respective Comparable Industrial S-REITs and VIT may be different. Such differences may therefore render any comparisons carried out less useful than if the same accounting principles were being used. As such, any comparison made with respect to the Comparable Industrial S-REITs is therefore intended to serve as an illustrative guide only.

### 13.1.6. Analysis of the premium/(discount) to prevailing P/NAV of the Precedent Transactions

We have conducted our analysis on the basis of premium to prevailing P/NAV as at their respective last undisturbed trading dates and premium to prevailing P/NAV based on the 3-month VWAP prior to their respective last undisturbed trading dates as the key parameters for comparison.

We wish to highlight that the list of target companies set out under the Precedent Transactions are not directly comparable with VIT in terms of business activities, market capitalisation, size of operations, accounting policies, financial performance, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, inter alia, the offeror's intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets and existing and desired level of control in the target company. Therefore, the comparison of the Scheme Consideration with the Precedent Transactions set out below is for illustrative purposes only.

Premium / (discount) to prevailing P/NAV of the Precedent Transactions				
Announcement Date	Target	Acquirer	Premium to P/NAV as at last undisturbed trading date (%)	Premium to P/NAV for 3M VWAP (%) prior to the last undisturbed trading date
26-Apr-17 <sup>(1)</sup>	Croesus Retail REIT <sup>(2)</sup>	Blackstone Group	24.5%	32.1%
23-Oct-15	Saizen REIT <sup>(3)</sup>	Lone Star	35.9%	39.3%
18-Nov-14	KIT <sup>(4)</sup>	CIT	0.4%	0.2%
4-Nov-14 <sup>(5)</sup>	Forterra Trust	Nan Fung Group	32.4%	49.7%
<b>High</b>			<b>35.9%</b>	<b>49.7%</b>
<b>Mean</b>			<b>23.3%</b>	<b>30.3%</b>
<b>Median</b>			<b>28.4%</b>	<b>35.7%</b>
<b>Low</b>			<b>0.4%</b>	<b>0.2%</b>
<b>Scheme Consideration (implied based on valuation as at the Last Undisturbed Trading Date)<sup>(6)</sup></b>			<b>2.1%</b>	<b>0.7%</b>
<i>Scheme Consideration (implied based on valuation as at the LTD to Joint Announcement Date)<sup>(7)</sup></i>			7.9%	9.1%

Source: Relevant SGX-ST filings and the respective companies' announcements, circulars and offer documents.

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Notes:

- (1) Date of initial holding announcement in connection with a potential acquisition of all the units of Croesus Retail Trust.
- (2) Based on the consideration offer price of S\$1.17 in cash per unit.
- (3) The estimated implied net offer price per unit of S\$1.162 is based on the NAV per unit attributable to unitholders as at 30 June 2015 (including cash and cash equivalents) and adjusted for property transactions of Saizen REIT in August 2015, distributions paid by Saizen REIT on 28 September 2015, capital expenditures after 30 June 2015, provisions for claims on remediation works, non-cash and fair value adjustments, and costs and expenses related to the transaction.
- (4) The last traded price of the KIT units on the last trading day was S\$1.0400. The transaction unit price is based on the swap ratio which was derived using the 180-day VWAP of CIT units (being approximately S\$0.4960 per CIT unit) and KIT units (being approximately S\$1.0446 per KIT unit).
- (5) On 4 November 2014, offeror announced its intentions to make a mandatory conditional cash offer to acquire all the units of Forterra, at a price of S\$1.85 per unit. On 24 November 2014, the offeror announced the revision of the offer price to S\$2.25 per unit.
- (6) Premium to P/NAV is based on the closing price of S\$0.940 on the Last Undisturbed Trading Date and NAV per Stapled Security of S\$0.760 as at 31 March 2018. Premium to P/NAV for 3-month VWAP is based on VWAP of the 3-month period up to the Last Undisturbed Trading Date of the Stapled Securities of S\$0.953 and NAV per Stapled Security of S\$0.760 as at 31 March 2018.
- (7) Premium to P/NAV is based on the closing price of S\$0.890 on the LTD to Joint Announcement Date and NAV per Stapled Security of S\$0.760 as at 31 March 2018. Premium to P/NAV for 3-month VWAP is based on VWAP of the 3-month period up to the LTD to Joint Announcement Date of the Stapled Securities of S\$0.880 and NAV per Stapled Security of S\$0.760 as at 31 March 2018.

Based on the above, we note that:

- (i) The premium of 2.1% implied by the Scheme Consideration over the prevailing VIT P/NAV as at the Last Undisturbed Trading Date is within the range of the premia implied by the Precedent Transactions of 0.4% to 35.9% and is below the mean and median of 23.3% and 28.4%, respectively; and
- (ii) The premium of 0.7% implied by the Scheme Consideration over the prevailing VIT P/NAV for the 3-month VWAP prior to the Last Undisturbed Trading Date is within the range of the premia implied by the Precedent Transactions of 0.2% to 49.7% and below the mean and median of 30.3% and 35.7%, respectively.

### 13.1.7. Precedent Takeovers Premia

We have reviewed selected completed takeovers in Singapore and control premiums paid between 1 January 2015 and the Latest Practicable Date which are set out below:

Announcement date	Target	Acquirer	Premium/(discount) to VWAP prior to announcement				
			Closing	1-month	3-month	6-month	12-month
10-Nov-17	Tat Hong Holdings Ltd <sup>(1)</sup>	THSC Investments Pte. Ltd.	42.9%	47.5%	49.1%	40.3%	44.0%
3-Nov-17	Cogent Holdings <sup>(2)</sup>	COSCO Shipping	5.2%	6.2%	12.7%	20.3%	30.6%
22-Sep-17	GP Batteries <sup>(3)</sup>	GP Industries Limited	62.5%	62.9%	62.7%	61.1%	61.5%
20-Sep-17	Poh Tiong Choon <sup>(4)</sup>	Respond Logistics	1.6%	32.5%	43.2%	48.7%	58.1%
8-Sep-17	BRC Asia Limited <sup>(5)</sup>	Toptip Holding	33.1%	30.3%	35.3%	42.0%	47.0%
13-Jul-17	Global Logistic Properties <sup>(6)</sup>	Nesta Investment Holdings	64.1%	67.4%	72.4%	76.5%	80.6%
29-May-17	Changtian Plastic <sup>(7)</sup>	United Tech Industries	45.3%	46.6%	48.2%	49.6%	62.9%
2-May-17	Nobel Design <sup>(8)</sup>	Grand Slam RF18	8.5%	9.4%	15.9%	18.6%	22.6%
26-Apr-17	Croesus Retail Trust <sup>(9)</sup>	Blackstone Group	24.5%	26.2%	32.1%	34.5%	37.6%
9-Apr-17	CWT Limited <sup>(10)</sup>	HNA Belt and Road	5.9%	6.4%	14.8%	27.3%	30.9%
23-Feb-17	Global Premium Hotels <sup>(11)</sup>	JK Global Capital	14.1%	18.1%	21.7%	23.3%	22.5%
7-Feb-17	Auric Pacific <sup>(12)</sup>	Silver Creek Capital	13.4%	17.8%	23.8%	35.8%	59.6%
8-Nov-16	ARA Asset Management <sup>(13)</sup>	Athena Investment	26.2%	29.6%	30.3%	31.7%	43.9%
3-Nov-16	Super Group <sup>(14)</sup>	Jacobs Douwe Egberts	62.5%	60.5%	62.5%	55.9%	51.0%
24-Oct-16	China Auto Electronics <sup>(15)</sup>	THB Auto Electronics	23.1%	56.9%	65.0%	65.0%	86.1%
6-Sep-16	China Minzhong Food <sup>(16)</sup>	Pure Gold Investment	25.0%	24.8%	23.1%	25.9%	35.4%
8-Aug-16	Sim Lian Group <sup>(17)</sup>	Coronation 3G	14.9%	16.6%	19.5%	21.3%	23.0%
15-Jul-16	SMRT <sup>(18)</sup>	Temasek	8.7%	10.8%	10.7%	8.7%	15.5%
30-May-16	Neptune Orient Lines <sup>(19)</sup>	CMA CGM	48.6%	51.0%	32.9%	30.7%	35.1%

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Announcement date	Target	Acquirer	Premium/(discount) to VWAP prior to announcement				
			Closing	1-month	3-month	6-month	12-month
16-May-16	Eu Yan Sang <sup>(20)</sup>	Righteous Crane Holding	2.6%	8.5%	16.5%	24.7%	22.5%
9-May-16	China Merchants Holdings <sup>(21)</sup>	Easton Overseas Ltd	22.9%	21.8%	25.3%	20.2%	8.0%
21-Apr-16	Pteris Global <sup>(22)</sup>	Sharp Vision Holdings	32.4%	38.0%	44.1%	49.6%	45.3%
7-Apr-16	Innovalues Limited <sup>(23)</sup>	Precision Solutions	13.5%	19.0%	21.6%	27.8%	30.5%
28-Mar-16	GMG <sup>(24)</sup>	Halcyon Agri	13.6%	121.4%	95.1%	85.6%	10.3%
23-Mar-16	Select Group <sup>(25)</sup>	International Culinary	23.5%	37.9%	43.4%	31.6%	27.0%
7-Mar-16	Osim <sup>(26)</sup>	Vision Three	27.0%	40.9%	42.5%	16.7%	(2.2%)
25-Feb-16	Xinren Aluminium <sup>(27)</sup>	Merit Stand Inc	66.7%	63.9%	63.5%	57.9%	35.7%
27-Jan-16	LantroVision (S) <sup>(28)</sup>	MIRAIT Singapore	47.7%	42.8%	46.2%	56.6%	42.1%
23-Dec-15	Interplex <sup>(29)</sup>	Baring Private Equity Asia	15.5%	11.1%	13.1%	16.5%	11.4%
22-Dec-15	Li Heng Chemical Fibre <sup>(30)</sup>	Precious Joy Management	115.1%	100.8%	104.5%	60.3%	58.7%
18-Nov-15	HTL International Holdings <sup>(31)</sup>	Ideal Homes	46.0%	69.2%	98.4%	105.3%	113.2%
6-Nov-15	Tiger Airways <sup>(32)</sup>	Singapore Airlines	45.2%	48.5%	56.3%	50.0%	46.1%
23-Oct-15	Saizen REIT <sup>(33)</sup>	Lone Star	35.9%	39.5%	39.3%	36.7%	34.3%
17-Aug-15	Lizhong Wheel Group <sup>(34)</sup>	Berkley International	96.1%	87.3%	79.2%	92.3%	96.1%
23-Jan-15	Keppel Land <sup>(35)</sup>	Keppel Corp	20.0%	25.0%	28.8%	28.2%	29.6%
14-Jan-15	Popular Holdings <sup>(36)</sup>	Grand Apex Holdings	39.1%	39.7%	37.3%	32.2%	28.5%
12-Jan-15	LCD Global Investments <sup>(37)</sup>	Aspial Corporation	10.0%	11.5%	13.4%	13.4%	41.0%
		<b>High</b>	<b>115.1%</b>	<b>121.4%</b>	<b>104.5%</b>	<b>105.3%</b>	<b>113.2%</b>
		<b>Mean</b>	<b>32.5%</b>	<b>39.1%</b>	<b>41.7%</b>	<b>41.2%</b>	<b>41.2%</b>
		<b>Median</b>	<b>25.0%</b>	<b>37.9%</b>	<b>37.3%</b>	<b>34.5%</b>	<b>35.7%</b>
		<b>Low</b>	<b>1.6%</b>	<b>6.2%</b>	<b>10.7%</b>	<b>8.7%</b>	<b>(2.2%)</b>
<b>Scheme Consideration<sup>(38)</sup></b>			<b>2.1%</b>	<b>2.1%</b>	<b>0.7%</b>	<b>1.5%</b>	<b>8.0%</b>
<i>Scheme Consideration<sup>(39)</sup></i>			<i>7.9%</i>	<i>7.9%</i>	<i>9.1%</i>	<i>4.5%</i>	<i>5.1%</i>

Source: Capital IQ, Bloomberg and relevant offer documents.

Notes:

- (1) Date reference in calculating the premia is 20 September 2017, being the last full trading day of Tat Hong Holdings Ltd on SGX-ST prior to the making of the announcement that the company had been approached by certain parties in connection with a potential transaction in relation to the securities of the company and the company had appointed Rippledote Capital Advisers Pte. Ltd. as its financial adviser in connection with such approaches. The market premia is calculated based on the revised offer price of S\$0.55 per share.
- (2) Date reference in calculating the premia is 2 November 2017, being the last full trading day of Cogent Holdings on SGX-ST prior to the making of the announcement of the voluntary conditional cash offer for all the issued ordinary shares in the capital of Cogent Holdings. The market premia is calculated based on the offer price of S\$1.02 per share.
- (3) Date reference in calculating the premia is 10 August 2017, being the pre-conditional offer announcement date by GP Batteries. The market premia is calculated based on the offer price of S\$1.30 per share.
- (4) Date reference in calculating the premia is 19 September 2016, being the last undisturbed trading day and last full trading day prior to the announcement on 23 September 2016 regarding a strategic review by Poh Tiong Choon. The market premia is calculated based on the offer price of S\$1.30 per share.
- (5) Date reference in calculating the premia is 30 May 2017, being the last full trading day of BRC Asia on SGX-ST prior to the holding announcement date. The market premia is calculated based on the offer price of S\$0.925 per share.
- (6) Date reference in calculating the premia is 30 November 2016, being the unaffected share price date, which is the last trading day immediately before 1 December 2016, being the date on which the company released the announcement in respect of the undertaking of an independent strategic review. The market premia is calculated based on the offer price of S\$3.38 per share.
- (7) Date reference in calculating the premia is 29 May 2017, being the offer announcement date by Changtian Plastic & Chemical. The market premia is calculated based on the offer price of S\$1.30 per share.
- (8) Date reference in calculating the premia is 2 May 2017, being the offer announcement date by Nobel Design. The market premia is calculated based on the offer price of S\$0.51 per share.
- (9) Date reference in calculating the premia is 26 April 2017, being the date of the initial holding announcement. The respective VWAPs are with reference to the relevant periods up to and including 25 April 2017. The market premia is calculated based on the offer price of S\$1.17 in cash for each unit.
- (10) Date reference in calculating the premia is 3 August 2015, being the unaffected date and the last traded date prior to the announcement regarding a strategic review. The market premia is calculated based on the offer price of S\$2.33 per share.
- (11) Date reference in calculating the premia is 20 February 2017, being the last trading date prior to the offer announcement by Global Premium Hotels. The market premia is calculated based on the offer price of S\$0.365 per share.
- (12) Date reference in calculating the premia is 3 February 2017, being the last trading day of the shares of Auric Pacific on the SGX-ST preceding the announcement by Silver Creek Capital in making a voluntary conditional cash offer for all the issued ordinary shares in the capital of Auric Pacific Group Limited. The market premia is calculated based on the offer price of S\$1.65 per share.
- (13) Date reference in calculating the premia is 2 November 2016, being the last full trading day of the ARA Asset Management Ltd shares prior to the date on which trading in the shares was halted following a query regarding

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- trading activity received on 3 November 2016 from the SGX-ST. The market premia is calculated based on the Scheme Consideration of S\$1.78 per share.
- (14) Date reference in calculating the premia is 4 October 2016, being the last full day of trading of Super Group Ltd shares prior to the date on which a query regarding trading activity was received on 5 October from the SGX-ST. The market premia is calculated based on the offer price of S\$1.30 per share.
  - (15) Date reference in calculating the premia is 18 October 2016, being the last trading day of the shares of China Auto Electronics Group Limited on the SGX-ST preceding the announcement by THB Auto Electronics Limited in making a mandatory unconditional cash offer for all the issued ordinary shares in the capital of China Auto Electronics Group Limited. The market premia is calculated based on the offer price of S\$0.16 per share.
  - (16) Date reference in calculating the premia is 30 August 2016, being the last trading day prior to the pre-Conditional offer by Pure Gold Investment Holdings in respect of the voluntary conditional offer to acquire all the issued and paid-up ordinary shares in the capital of China Minzhong Food Corporation Limited. The market premia is calculated based on the offer price of S\$1.20 per share.
  - (17) Date reference in calculating the premia is 4 August 2016, being the last full market day immediately prior to the date of the announcement of the offer from Coronation 3G Pte Ltd in respect of the voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Sim Lian Group Limited. The market premia is calculated based on the offer price of S\$1.08 per share.
  - (18) Date reference in calculating the premia is 15 July 2016, being the last trading day of the shares of SMRT Corporation Limited on the SGX-ST preceding the holding announcement. Belford Investments Private Limited subsequently announced a proposed acquisition of SMRT Corporation Limited by way of a scheme. The market premia is calculated based on the scheme consideration of S\$1.68 per share.
  - (19) Date reference in calculating the premia is 16 July 2015, being the last full day of trading in the Neptune Oriental Lines Ltd ("NOL") shares on the SGX-ST immediately preceding the announcement by NOL on 19 July 2015 in relation to media reports regarding a potential sale of the company. On 7 December 2015, the offeror announced, for and on behalf of CMA CGM, that subject to the satisfaction or waiver of the pre-conditions, CMA CGM intends to make an offer for NOL. On 30 May 2016, the offeror announced, for and on behalf of CMA CGM, that all the pre-conditions had been satisfied or waived and accordingly, announced the offeror's firm intention to make the offer for all the shares at the offer price of S\$1.30 per share.
  - (20) Date reference in calculating the premia is 9 May 2016, being the last full market day immediately prior to the date of offer announcement by Eu Yan Sang International Ltd in respect of the voluntary conditional cash offer by Righteous Crane Holding Pte Ltd to acquire all the issued and paid-up ordinary shares in the capital of Eu Yan Sang International Ltd. The market premia is calculated based on the offer price of S\$0.60 per share.
  - (21) Date reference in calculating the premia is 5 May 2016, being the last trading day of the shares of China Merchant Holdings (Pacific) Limited on the SGX-ST preceding the announcement by Easton Overseas Limited in making a voluntary conditional cash offer for all the issued ordinary shares in the capital of China Merchant Holdings (Pacific) Limited. The market premia is calculated based on the offer price of S\$1.02 per share.
  - (22) Date reference in calculating the premia is 20 April 2016, being the last trading day of the shares of Pteris Global Limited on the SGX-ST preceding the announcement by Sharp Vision Holdings Limited in making a voluntary unconditional cash offer for all the issued ordinary shares in the capital of Pteris Global Limited. The market premia is calculated based on the revised offer price of S\$0.85 per share.
  - (23) Date reference in calculating the premia is 6 April 2016, being the last trading day of the shares of Innovalues Limited on the SGX-ST preceding the holding announcement. Precious Solutions Limited subsequently announced a proposed acquisition of Innovalues Limited by way of a scheme. The market premia is calculated based on the scheme consideration of S\$1.01 per share.
  - (24) Date reference in calculating the premia is 11 January 2016, being the last trading day of the shares of GMG Global Limited on the SGX-ST preceding the announcement by Halcyon Agri Corporation Limited on 15 January 2016 on a proposed potential transactions. The market premia is calculated based on the implied offer price of S\$0.695 per share, based on exchange ratio of 0.9333 Halcyon Agri Corporation Limited shares for each GMG Global Limited share.
  - (25) Date reference in calculating the premia is 18 March 2016, being the last market day on which Select Group shares were transacted prior to the offer announcement. The market premia is calculated based on the offer price of S\$0.525 per share.
  - (26) Date reference in calculating the premia is 29 February 2016, being the last trading day of the shares of OSIM International Limited on the SGX-ST preceding the SGX-ST query regarding trading activity to the company. Vision Three Private Limited subsequently announced a voluntary unconditional cash offer for all the issued ordinary shares in the capital of OSIM International Limited. The market premia is calculated based on the revised offer price of S\$1.39 per share.
  - (27) Date reference in calculating the premia is 22 February 2016, being the last trading day of the shares of Xinren Aluminium Holdings Limited on the SGX-ST preceding the significant increase in share price and volume. Subsequently, Merit Stand Inc announced a voluntary unconditional cash offer for all the issued ordinary shares in the capital of Xinren Aluminium Holdings Limited. The market premia is calculated based on the offer price of S\$0.60 per share.
  - (28) Date reference in calculating the premia is 26 January 2016, being the last full trading day of LanTroVision (S) Ltd on the SGX-ST prior to the date of the joint announcement by LanTroVision (S) Ltd and Mirat Singapore Pte Ltd of the proposed acquisition of LanTroVision (S) Ltd by Mirat Singapore Pte Ltd by way of a scheme of arrangement. The market premia is calculated based on the offer price of S\$3.25 per share.
  - (29) Date reference in calculating the premia is 22 December 2015, being the last full day of trading of Interplex Holdings Ltd shares on the SGX-ST prior to the announcement date of the pre-conditional offer by Baring Private Equity Asia. The market premia is calculated based on the offer price of S\$0.82 per share.
  - (30) Date reference in calculating the premia is 21 December 2015, being the last trading day of the shares of Li Heng Chemical Fibre Technologies Limited on the SGX-ST preceding the announcement by Precious Joy Management Limited in making a voluntary unconditional general offer for all the issued ordinary shares in the capital of Li Heng Chemical Fibre Technologies Limited. The market premia is calculated based on the offer price of S\$1.00 per share.

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- (31) Date reference in calculating the premia is 28 December 2015, being the last market day preceding the announcement date of a possible offer by Ideal Homes International for all shares of HTL International Holdings by way of a scheme of arrangement. The market premia is calculated based on the offer price of S\$1.00 per share.
- (32) Date reference in calculating the premia is 5 November 2015, being the last trading day of the shares of Tiger Airways Holdings Limited on the SGX-ST preceding the announcement by Singapore Airlines Limited in making a voluntary conditional general offer for all the issued ordinary shares in the capital of Tiger Airways Holdings Limited. The market premia is calculated based on the revised offer price of S\$0.45 per share.
- (33) Date reference in calculating the premia is 22 October 2015, being the last market day preceding the announcement date of the offer. The market premia is calculated based on the offer price of S\$0.855 per unit.
- (34) Date reference in calculating the premia is 6 August 2015, being the last trading day of the shares of Lihong Wheel Group Limited on the SGX-ST preceding the announcement by Berkley International Limited in making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Lihong Wheel Limited. The market premia is calculated based on the offer price of S\$0.50 per share.
- (35) Date reference in calculating the premia is 20 January 2015, being the last trading day of the shares of Keppel Land Limited on the SGX-ST preceding the announcement by Keppel Corporation Limited in making a voluntary unconditional cash offer for all the issued ordinary shares in the capital of Keppel Land Limited. The market premia is calculated based on the offer price of S\$4.38 per share.
- (36) Time reference in calculating the premia is 13 January 2015, being the last trading day of the shares of Popular Holdings Limited on the SGX-ST preceding the announcement by Grand Apex Holdings Private Limited in making a voluntary conditional cash offer for all the issued ordinary shares in the capital of Popular Holdings Limited. The market premia is calculated based on the offer price of S\$0.32 per share.
- (37) Date reference in calculating the premia is 9 January 2015, being the last trading day of LCD Global Investments shares prior to the release of the announcement by AF Global Pte Ltd of a voluntary conditional cash offer for all the issued and paid-up ordinary shares (other than treasury shares) in the capital of LCD Global Investments Ltd. The market premia is calculated based on the offer price of S\$0.33 per share.
- (38) The respective VWAPs are computed with reference to the relevant periods up to and including the 25 January 2018, being the Last Undisturbed Trading Date.
- (39) The respective VWAPs are computed with reference to the relevant periods up to and including the 17 May 2018, being the LTD to Joint Announcement Date.

We note that the premia implied by the Scheme Consideration in connection with the Merger to the VWAPs over the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date are lower than the mean and median of the Precedent Takeovers Premia. We observe that the Scheme Consideration in connection with the Merger does not include a control premium typically seen in the Precedent Takeovers Premia.

### 13.1.8. Broker target prices of the Stapled Securities

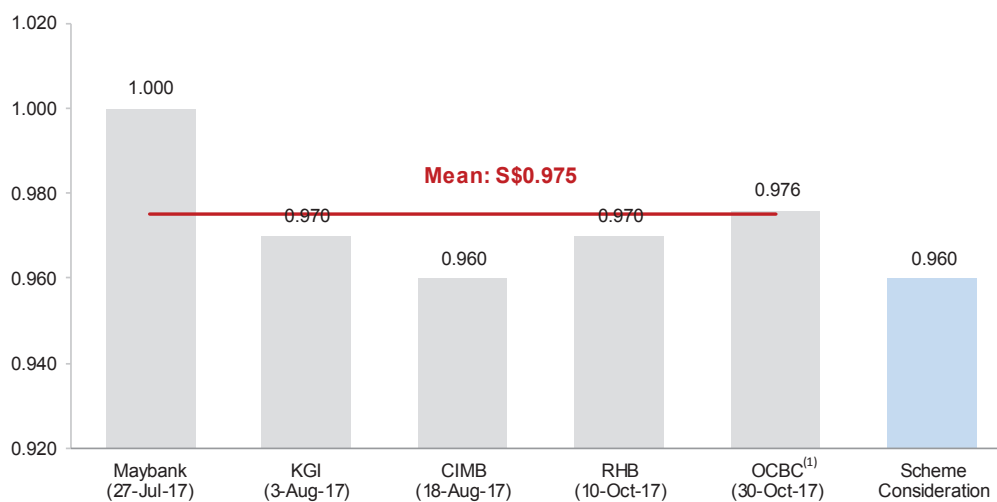
As part of our evaluation of the Scheme Consideration, we have reviewed the price targets for the Stapled Securities issued by brokerage and research entities in the 6-month period up to and including the Last Undisturbed Trading Date, the period from the Initial Announcement Date to the LTD to Joint Announcement Date as well as the period from the Joint Announcement Date up to the Latest Practicable Date, which are set out below:

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### 13.1.8.1. Broker target prices of the Stapled Securities (6-month period up to the Last Undisturbed Trading Date)

#### Stapled Securities broker target prices (6-month period up to the LUTD)

Stapled Security target price (S\$) / Unit



	Broker target price (S\$) per Stapled Security	Premium/ (discount) implied by the Scheme Consideration
<b>High</b>	1.000	(4.0%)
<b>Mean</b>	0.975	(1.6%)
<b>Median</b>	0.970	(1.0%)
<b>Low</b>	0.960	0.0%

Source: Broker reports as extracted from Bloomberg and Thomson ONE.

Notes:

(1) Estimated price target for OCBC includes 12-month dividend forecast of S 7.6 cents.

Based on the above, we note that the Scheme Consideration of S\$0.960 is within the range of the target prices issued by brokerage and research entities in the 6-month period up to the Last Undisturbed Trading Date and below the mean and median of S\$0.975 and S\$0.970, respectively.

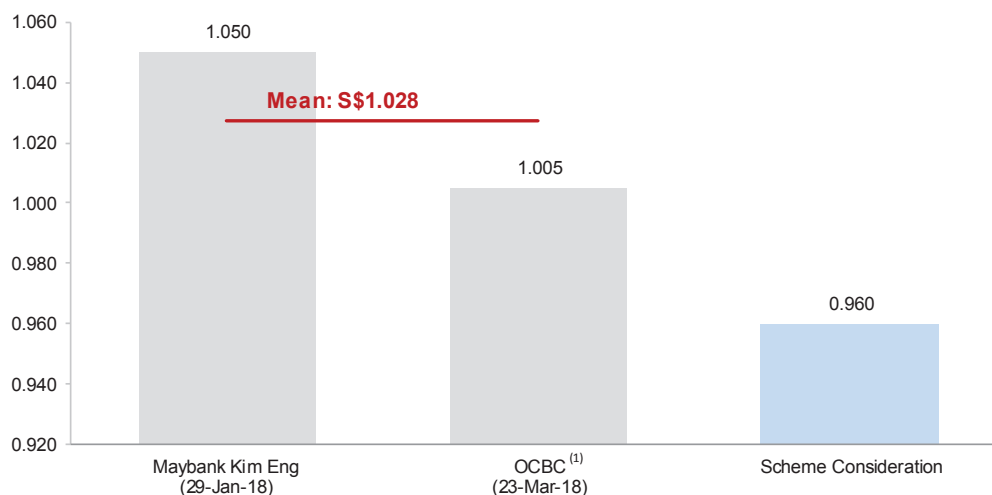


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### 13.1.8.2. Broker target prices of the Stapled Securities (from the Initial Announcement Date up to the LTD to Joint Announcement Date)

Stapled Securities broker target prices (from the Initial Announcement Date up to the LTD to Joint Announcement Date)

Stapled Security target price (S\$) / Unit



	Broker target price (S\$) per Stapled Security	Premium/ (discount) implied by the Scheme Consideration
<b>High</b>	<b>1.050</b>	<b>(8.6%)</b>
<b>Mean</b>	<b>1.028</b>	<b>(6.6%)</b>
<b>Low</b>	<b>1.005</b>	<b>(4.5%)</b>

Source: Broker reports as extracted from Bloomberg and Thomson ONE.

Notes:

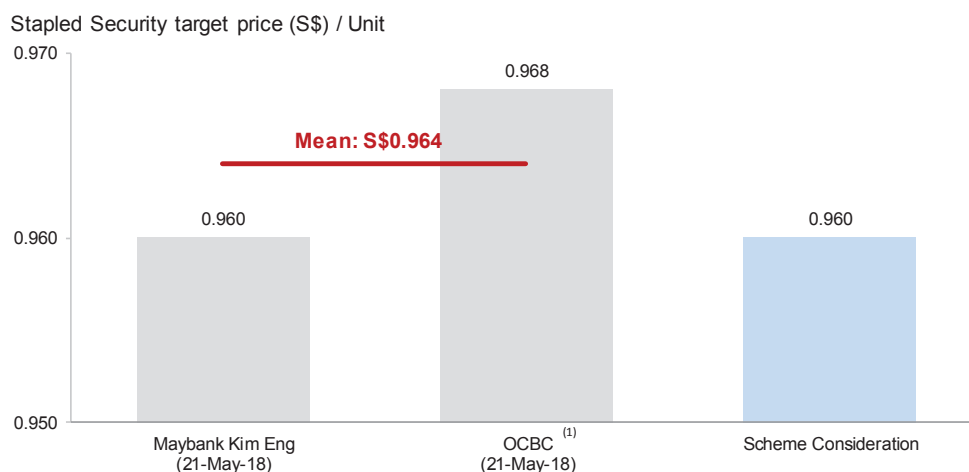
(1) Estimated price target for OCBC includes 12-month dividend forecast of S 7.5 cents.

Based on the above, we note that the Scheme Consideration of S\$0.960 is below the range of the target prices issued by brokerage and research entities in the period from the Initial Announcement Date up to the LTD to Joint Announcement Date of S\$1.005 to S\$1.050.

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### 13.1.8.3. Broker Target Prices of the Stapled Securities (from the Joint Announcement Date up to the Latest Practicable Date)

Stapled Security broker target prices (from the Joint Announcement Date up to the LPD)



	Broker target price (S\$) per Stapled Security	Premium/ (discount) implied by the Scheme Consideration
<b>High</b>	<b>0.968</b>	<b>(0.8%)</b>
<b>Mean</b>	<b>0.964</b>	<b>(0.4%)</b>
<b>Low</b>	<b>0.960</b>	<b>0.0%</b>

Source: Broker reports as extracted from Bloomberg and Thomson ONE.

Notes:

(1) Estimated price target for OCBC includes 12-month dividend forecast of S 6.8 cents.

Based on the above, we note that the Scheme Consideration is within the range of the target prices issued by brokerage and research entities in the period from the Joint Announcement Date up to the Latest Practicable Date of S\$0.960 to S\$0.968 and below the mean of S\$0.964.

We wish to highlight that the above broker research report universe may not be exhaustive and price targets for the Stapled Securities and other statements and opinions contained in the reports within the universe used represent the individual views of the broker research analyst based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Stapled Securities) prevailing at the date of the publication of the respective broker research reports. The opinions of the brokers may change over time as a result of, among other things, changes in market conditions, VIT's market development and the emergence of new information relevant to VIT. As such, the above price targets may not be an accurate prediction of future market prices of the Stapled Securities.

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### 13.1.9. Independent valuation of VIT's properties

We set out below a summary of the carrying value of the property portfolio (the “**VIT Portfolio**”) owned by VIT, on the following basis:

- (i) the independent valuations of the VIT Property Portfolio as at 31 March 2018 by Cushman & Wakefield, appointed by VIT (the “**Cushman & Wakefield VIT Portfolio Valuation**”); and
- (ii) the independent property valuation by CBRE, commissioned by the ESR-REIT Manager in connection with the Merger, as at 31 March 2018 (refer to **Schedule 7** to the Circular) (the “**CBRE VIT Portfolio Valuation**”).

The carrying value of the VIT Property Portfolio is S\$1,284.7 million based on the Cushman & Wakefield VIT Portfolio Valuation and S\$1,219.3 million based on the CBRE VIT Portfolio Valuation. We note the CBRE VIT Portfolio Valuation is S\$65.4 million or 5.1% lower than the Cushman & Wakefield VIT Portfolio Valuation.

Carrying value of the VIT Property Portfolio (in S\$ million)					
#	Location	Effective Percentage of VIT Shareholding	A: Cushman & Wakefield VIT Portfolio Valuation (VIT's valuer)	B: CBRE VIT Portfolio Valuation (ESR-REIT's valuer)	Differential (B vs. A)
<b>A Business Park Properties</b>					
1	6 & 8 Changi Business Park Avenue 1	100%	358.0	360.0	2.0
2	Blocks 750 to 750E Chai Chee Road	100%	350.0	313.0	(37.0)
<b>Subtotal</b>			<b>708.0</b>	<b>673.0</b>	<b>(35.0)</b>
<b>B Hotel Property</b>					
3	2 & 4 Changi Business Park Avenue 1	100%	160.0	150.0	(10.0)
<b>Subtotal</b>			<b>160.0</b>	<b>150.0</b>	<b>(10.0)</b>
<b>C Logistics Properties</b>					
4	81 Tuas Bay Drive	100%	28.0	26.7	(1.3)
5	30 Pioneer Road	100%	55.0	52.0	(3.0)
6	6 Chin Bee Avenue	100%	94.3	93.3	(1.0)
<b>Subtotal</b>			<b>177.3</b>	<b>172.0</b>	<b>(5.3)</b>
<b>D Light Industrial Properties</b>					
7	11 Lorong 3 Toa Payoh	100%	73.2	60.0	(13.2)
8	29 Tai Seng Street	100%	33.4	32.9	(0.5)
9	11 Ubi Road 1	100%	85.0	83.9	(1.1)
10	19 Tai Seng Avenue	100%	47.8	47.5	(0.3)
<b>Subtotal</b>			<b>239.4</b>	<b>224.3</b>	<b>(15.1)</b>
<b>VIT Property Portfolio</b>			<b>1,284.7</b>	<b>1,219.3</b>	<b>(65.4)</b>
<b>% differential (B vs. A)</b>					<b>(5.1%)</b>

Source: VIT audited financial statements, Property Valuation Reports.

Based on the above, we note that the CBRE VIT Portfolio Valuation is 5.1% lower than the Cushman & Wakefield VIT Portfolio Valuation.

The above analysis serves as one factor considered by us in our evaluation and may not on its own be meaningful. Consequently, the Recommending Directors (IPT), the Recommending Directors (Whitewash), the ARCC and the ESR-REIT Trustee should note that the above comparison serves as a general guide only.

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### 13.2. Evaluation of the Consideration Unit Price

#### 13.2.1. Liquidity analysis of the ESR-REIT Units

In order to evaluate whether the historical market prices of the ESR-REIT Units provide a meaningful reference point for comparison with the Consideration Unit Price, we have considered the liquidity and free float of ESR-REIT relative to the Top 15 STI Companies as at the Last Undisturbed Trading Date, as outlined below:

Liquidity analysis of ESR-REIT and the Top 15 STI Companies						
Company Name	Market capitalisation (\$m)	Free Float (%) <sup>(2)</sup>	Past 12 months ADTV ('000 shares) <sup>(3)</sup>	Past 12 months ADTV (\$S'000)	12-mth ADTV / Free Float (%) <sup>(4)</sup>	12-mth ADTV / Market cap. (%) <sup>(5)</sup>
DBS Group Holdings	68,468	70.6%	3,973	84,634	0.22%	0.12%
Singapore Telecommunications	59,112	50.1%	18,103	68,405	0.22%	0.12%
OCBC Limited	54,873	79.8%	4,678	50,754	0.14%	0.09%
UOB Limited	46,532	85.6%	1,957	46,050	0.14%	0.10%
Jardine Matheson Holdings	46,422	34.3%	212	13,637	0.09%	0.03%
Jardine Strategic Holdings	44,807	16.4%	370	14,908	0.20%	0.03%
Thai Beverage Public Company	23,352	32.2%	17,228	15,855	0.21%	0.07%
Wilmar International	20,306	31.2%	5,578	19,209	0.28%	0.09%
Hongkong Land Holdings	16,870	49.8%	1,511	11,065	0.13%	0.07%
Genting Singapore	16,373	47.0%	19,919	22,996	0.35%	0.14%
CapitaLand	16,309	59.9%	9,566	34,662	0.38%	0.21%
Jardine Cycle & Carriage	16,137	25.0%	221	9,355	0.22%	0.06%
Keppel Corporation	15,558	99.9%	3,903	27,151	0.22%	0.17%
Singapore Airlines	13,587	44.3%	1,183	12,189	0.23%	0.09%
City Developments	12,003	64.6%	1,581	17,715	0.27%	0.15%
<b>Max</b>	<b>68,468</b>	<b>99.9%</b>	<b>19,919</b>	<b>84,634</b>	<b>0.38%</b>	<b>0.21%</b>
<b>Mean</b>	<b>31,381</b>	<b>52.7%</b>	<b>5,999</b>	<b>29,906</b>	<b>0.22%</b>	<b>0.10%</b>
<b>Median</b>	<b>20,306</b>	<b>49.8%</b>	<b>3,903</b>	<b>19,209</b>	<b>0.22%</b>	<b>0.09%</b>
<b>Min</b>	<b>12,003</b>	<b>16.4%</b>	<b>212</b>	<b>9,355</b>	<b>0.09%</b>	<b>0.03%</b>
<b>ESR</b>	<b>742</b>	<b>69.2%</b>	<b>1,307</b>	<b>748</b>	<b>0.14%</b>	<b>0.10%</b>

Source: Bloomberg and Capital IQ.

Notes:

- (1) All figures are as of the Last Undisturbed Trading Date. Great Eastern Holdings Limited has been excluded from the list as it is an outlier with 11.2% free float and 12-mth ADTV/free float of 0.02% and 12-mth ADTV/market capitalisation of 0.002%.
- (2) Free float percentages are based on Bloomberg.
- (3) Average daily traded volume for the past 12 months prior to the Last Undisturbed Trading Date expressed in thousands of shares.
- (4) 12-month average daily trading volume leading up to the Last Undisturbed Trading Date, divided by free float number of shares.
- (5) 12-month average daily trading value leading up to the Last Undisturbed Trading Date, divided by market capitalisation.

With respect to the above table, we note that in the 12-month period leading up to the Last Undisturbed Trading Date, ESR-REIT's average daily trading volume represented 0.14% of its free float and 0.10% of its market capitalisation. These values are within the ranges of the Top 15 STI Companies (between 0.09% to 0.38% and 0.03% to 0.21%, respectively) for the same 12-month period leading up to the Last Undisturbed Trading Date, below the mean and median average daily trading volume to free float of 0.22%, and in line with the mean and median average daily trading volume to market capitalisation of 0.10% and 0.09%, respectively; and

The above analysis suggests that the ESR-REIT Units did not suffer from illiquid trading conditions in the 12-month period up to the Last Undisturbed Trading Date.

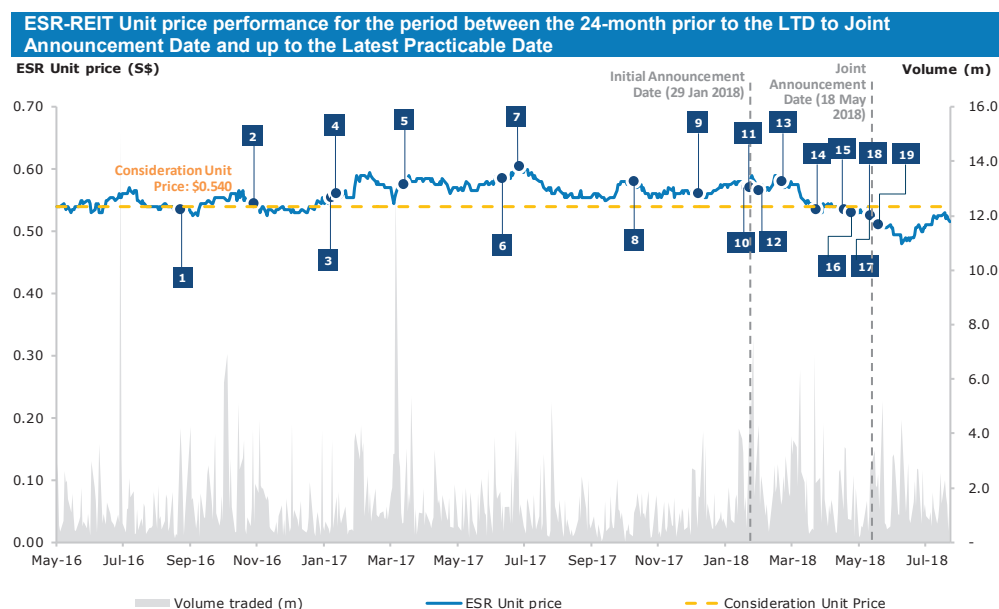
Based on our analysis of the average daily trading volume relative to the Top 15 STI Companies, it appears that there is reasonable liquidity in the ESR-REIT Units. This suggests that the market prices of the ESR-REIT Units should generally reflect the fundamental, market-based value of the ESR-REIT Units.

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We wish to highlight that the above analysis of the historical trading liquidity of the ESR-REIT Units serves only as an illustrative guide and is not an indication of the future trading liquidity of the ESR-REIT Units, which will be governed by amongst other factors, the performance and prospects of the trust, prevailing economic conditions, economic outlook, and stock market conditions and sentiment.

### 13.2.2. Market Prices and Trading Activity of the ESR-REIT Units

Pursuant to the Implementation Agreement and subject to the Scheme becoming effective in accordance with its terms, the Scheme Consideration shall be satisfied by the allotment and issue by ESR-REIT of new Consideration Units. Accordingly, we have considered the current and historical trading performance of the ESR-REIT Units for the period between the 24-month prior to the LTD to Joint Announcement Date and up to the Latest Practicable Date.



A summary of the salient events and announcements made by ESR-REIT during the 24-month period prior to the Joint Announcement Date and up to the Latest Practicable Date is set out below:

- |                      |   |
|----------------------|---|
| (1) 5 September 2016 | Cambridge Industrial Trust Management Limited, the manager (the “ <b>CIT Manager</b> ”) of Cambridge Industrial Trust (“ <b>CIT</b> ”), announced that the CIT Trustee (now defined as ESR-REIT Trustee) had entered into an agreement with UBZ System Pte. Ltd. by way of an option to purchase granted by the CIT Trustee on 22 August 2016 for the proposed sale of the remaining leasehold interest in 2 Ubi View Singapore 408556 for a consideration of S\$10.5 million (excluding divestment costs and applicable goods and services tax, if any). |
| (2) 10 November 2016 | The CIT Manager announced the resignation of Mr. Philip Levinson as CEO and Executive Director. Chief Operating Officer and Chief Financial Officer Shane Hagan was appointed Acting CEO by the Board of Directors.   |

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- |      |                  |   |
|------|------------------|---|
| (3)  | 18 January 2017  | The CIT Manager announced that e-Shang Redwood Limited had, through its subsidiary e-Shang Infinity Cayman Limited, completed the acquisition of an aggregate indirect 80% stake in the CIT Manager and 100% indirect interest in Cambridge Industrial Property Management Pte. Ltd., the property manager of CIT from National Australia Bank and Oxley Global.  |
| (4)  | 23 January 2017  | The CIT Manager announced that the CIT Trustee, had on 20 January 2017 entered into an agreement by way of an option to purchase for the proposed sale of the remaining leasehold interest in 55 Ubi Avenue 3 Singapore 408864 for a consideration of S\$22.1 million (excluding divestment costs and applicable goods and services, if any).   |
| (5)  | 24 March 2017    | The CIT Manager announced the appointment of Mr. Adrian Chui as CEO and Executive Director, effective 24 March 2017. Mr. Shane Hagan, who served as the Acting CEO since Mr. Philip Levinson's resignation in November 2016, resumed his original role of Chief Operating Officer and Chief Financial Officer.  |
| (6)  | 21 June 2017     | The CIT Manager announced that the REIT would change its name to "ESR-REIT", effective on 23 June 2017. The CIT Manager was also renamed to "ESR Funds Management (S) Limited" (the ESR-REIT Manager).  |
| (7)  | 6 July 2017      | The ESR-REIT Manager announced that the ESR-REIT Trustee, had on 6 July 2017, entered into an agreement with NC Precision Pte. Ltd. by way of an option to purchase for the proposed sale of the remaining leasehold interest in 87 Defu Lane 10 Singapore 539219 for S\$17.5 million (excluding divestment costs and applicable goods and services tax, if any).   |
| (8)  | 18 October 2017  | The ESR-REIT Manager announced that the ESR-REIT Trustee, had on 17 October 2017, entered into an option agreement with Hyflux Membrane Manufacturing (S) Pte. Ltd. in connection with the proposed acquisition of 8 Tuas South Lane Singapore 637302 (together with the mechanical and electrical equipment) for a purchase consideration of S\$95.0 million.  |
| (9)  | 14 December 2017 | The ESR-REIT Manager announced the acquisition of an 80% interest in 7000 AMK Pte. Ltd., which owns a leasehold interest in 7000 Ang Mo Kio Avenue 5 Singapore 569877 for a purchase consideration of S\$240.0 million. The ESR-REIT Manager also proposed to undertake an equity fund raising to issue up to 263.0 million new ESR-REIT Units to balance its capital structure.  |
| (10) | 26 January 2018  | Bloomberg Article Date – Bloomberg published an article titled "Warburg-Backed ESR-REIT is said to plan Viva Industrial Merger", which cited that ESR-REIT was in talks to merge with VIT to expand its portfolio of Singapore warehouses and business parks.   |
| (11) | 29 January 2018  | Initial Announcement Date – The ESR-REIT Manager announced that it had submitted a proposal to the VIT Managers for the Merger of ESR-REIT and VIT. In connection with the proposal, the ESR-REIT Manager and VIT Managers had entered into an exclusive discussion that would expire on the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 31 March 2018 (or such other date as the ESR-REIT Manager and the VIT Managers may agree in writing). |
| (12) | 6 February 2018  | The ESR-REIT Manager announced that the ESR-REIT Trustee had entered into an Option to Purchase with MSS Bukit Batok Pte. Ltd. and/or its subsidiary(ies) for the sale of 9 Bukit Batok Street 22 Singapore 659585  |

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	for S\$23.9 million (excluding divestment costs and applicable goods and services tax).
(13) 27 February 2018	The ESR-REIT Manager announced the <i>pro rata</i> and non-renounceable preferential offering of up to approximately 262.8 million new Units in ESR-REIT on the basis of 199 new Units for every 1,000 existing Units in ESR-REIT at an issue price of S\$0.540 per new Unit to raise gross proceeds of up to approximately S\$141.9 million.
(14) 30 March 2018	The ESR-REIT Manager announced that the ESR-REIT Manager and VIT Managers had agreed to extend the period of exclusivity to the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 30 April 2018 (or such other date as the VIT Managers and the ESR-REIT Manager may agree in writing).
(15) 24 April 2018	The ESR-REIT Manager announced that the ESR-REIT Trustee had entered into a conditional put and call option agreement with Tampines Distrihub Pte. Ltd. in connection with the proposed acquisition of 15 Greenwich Drive Singapore 534022 (together with the mechanical and electrical equipment). The estimated purchase price of the acquisition is S\$95.8 million which includes the consideration of S\$86.2 million and estimated upfront land premium payable of S\$9.6 million for the balance lease term.
(16) 30 April 2018	The ESR-REIT Manager announced that it was at an advanced stage of discussions with the VIT Managers on the Merger and that the ESR-REIT Manager and the VIT Managers had agreed to extend the period of exclusivity to the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 15 May 2018 (or such other date as the ESR-REIT Manager and VIT Managers may agree in writing).
(17) 15 May 2018	The ESR-REIT Manager announced that it was at an advanced stage of discussions with the VIT Managers on the Merger and that the ESR-REIT Manager and the VIT Managers had agreed to extend the period of exclusivity to the earlier of (a) the date of execution of a definitive implementation agreement between the parties in relation to the Scheme, and (b) 31 May 2018 (or such other date as the ESR-REIT Manager and VIT Managers may agree in writing).
(18) 18 May 2018	Joint Announcement Date – The ESR-REIT Manager and the VIT Managers announced the Merger of all the Stapled Securities held by the Stapled Securityholders and the ESR-REIT Units held by the ESR-REIT Unitholders which would be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of the Scheme in compliance with the Code.
(19) 24 May 2018	In connection to an announcement released by Hyflux Ltd (“ <b>Hyflux</b> ”) on 22 May 2018 entitled “Commencement of Court Supervised Process for Reorganisation” (the “ <b>Hyflux Announcement</b> ”), the ESR-REIT Manager made an announcement that Hyflux Membrane Manufacturing (S) Pte. Ltd. (“ <b>Hyflux Membrane</b> ”), one of the five subsidiaries named in the Hyflux Announcement, is a tenant of ESR-REIT at the property at 8 Tuas South Lane and certain related details. Please refer to the announcement released by the ESR-REIT Manager on 24 May 2018 entitled “Announcement Regarding Hyflux Membrane Manufacturing (S) Pte. Ltd.”.

Source: ESR-REIT announcements.

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### Historical VWAPs of the ESR-REIT Units

We set out in the table below the historical volume weighted average prices (“VWAPs”) of the ESR-REIT Units for various reference periods up to the Last Undisturbed Trading Date, LTD to Joint Announcement Date and the Latest Practicable Date, respectively.

Historical VWAPs of ESR-REIT							
Evaluation of the Consideration Unit Price (S\$0.540 per ESR-REIT Unit)							
Reference period	Price Basis	Historical ESR-REIT VWAPs (S\$) <sup>(1)</sup>	Premium / (discount) to historical ESR-REIT VWAPs	ADTV ('000 shares) <sup>(2)</sup>	ADTV / free float (%) <sup>(3)</sup>	ADTV (S\$'000) <sup>(4)</sup>	ADTV / market cap (%)
<b>A) Periods up to the Last Undisturbed Trading Date (25 Jan 2018):</b>							
Last Undisturbed Trading Date	Closing Price	0.565	(4.4%)	1,667	0.18%	945	0.13%
1-month	VWAP <sup>(1)</sup>	0.574	(5.9%)	1,458	0.16%	837	0.11%
3-month	VWAP <sup>(1)</sup>	0.566	(4.6%)	1,213	0.13%	687	0.09%
6-month	VWAP <sup>(1)</sup>	0.565	(4.4%)	1,082	0.12%	611	0.08%
12-month	VWAP <sup>(1)</sup>	0.572	(5.6%)	1,307	0.14%	748	0.10%
<b>B) Periods up to the LTD to Joint Announcement Date (17 May 2018):</b>							
LTD to Joint Announcement Date	Closing Price	0.525	2.9%	2,671	0.23%	1,423	0.17%
1-month	VWAP <sup>(1)</sup>	0.534	1.1%	1,351	0.12%	721	0.09%
3-month	VWAP <sup>(1)</sup>	0.554	(2.5%)	1,886	0.17%	1,044	0.13%
6-month	VWAP <sup>(1)</sup>	0.562	(3.9%)	1,804	0.16%	1,013	0.12%
12-month	VWAP <sup>(1)</sup>	0.566	(4.6%)	1,433	0.13%	811	0.10%
<b>C) Period from the Joint Announcement Date up to the Latest Practicable Date (18 May 2018 to 27 July 2018):</b>							
From the Joint Announcement Date up to the Latest Practicable Date	VWAP <sup>(1)</sup>	0.505	6.9%	1,694	0.15%	856	0.10%
As at the Latest Practicable Date	Closing Price	0.515	4.9%	1,451	0.13%	752	0.09%

Source: Bloomberg.

Notes:

- (1) The VWAP is weighted based on the volume of the ESR-REIT Units traded and transacted prices of the ESR-REIT Units for the Market Days in the reference periods. VWAP figures shown are rounded to the nearest three decimal places. No adjustments to unit prices have been made for dividends, bonus issues or other corporate transactions in each respective reference period.
- (2) The average daily trading volume of the ESR-REIT Units is calculated based on the total volume of ESR-REIT Units traded divided by the number of Market Days during the relevant periods.
- (3) Free float is based on Bloomberg and refers to the number of ESR-REIT Units that are available to the public. This figure is calculated by subtracting the ESR-REIT Units held by insiders and those deemed to be stagnant shareholders from the ESR-REIT Units outstanding. Stagnant holders include ESOP's, ESOT's, QUEST's, employee benefit trusts, corporations not actively managing money, venture capital companies and ESR-REIT Units held by governments.
- (4) The average daily traded value of the ESR-REIT Units is calculated based on the total value of ESR-REIT Units traded divided by the number of Market Days during the relevant periods.

Based on the above table, we note that:

#### A. Periods up to the Last Undisturbed Trading Date (25 January 2018):

- (i) The Consideration Unit Price of S\$0.540 represents a discount of 4.4% to the closing price of the ESR-REIT Units on the Last Undisturbed Trading Date;
- (ii) The Consideration Unit Price of S\$0.540 represents a discount of 5.9%, 4.6%, 4.4% and 5.6% to the 1-month, 3-month, 6-month and 12-month VWAPs of the ESR-REIT Units, respectively;



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- (iii) The average daily trading volume of the ESR-REIT Units as a percentage of the free float ranged between 0.12% and 0.16%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;
- (iv) The average daily trading volume of the ESR-REIT Units as a percentage of the market capitalisation ranged between 0.08% and 0.11%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;

**B. Periods up to the LTD to Joint Announcement Date (17 May 2018):**

- (i) *The Consideration Unit Price of S\$0.540 represents a premium of 2.9% to the closing price of the ESR-REIT Units on the LTD to Joint Announcement Date;*
- (ii) *The Consideration Unit Price of S\$0.540 represents a premium of 1.1% to the 1-month VWAP, and a discount of 2.5%, 3.9% and 4.6% to the 3-month, 6-month and 12-month VWAPs of the ESR-REIT Units, respectively;*
- (iii) *The average daily trading volume of the ESR-REIT Units as a percentage of the free float ranged between 0.12% and 0.17%, in the 1-month, 3-month, 6-month and 12-month periods up to the LTD to Joint Announcement Date;*
- (iv) *The average daily trading volume of the ESR-REIT Units as a percentage of the market capitalisation ranged between 0.09% and 0.13%, in the 1-month, 3-month, 6-month and 12-month periods up to the LTD to Joint Announcement Date;*

**C. Period from the Joint Announcement Date up to the Latest Practicable Date (18 May 2018 to 27 July 2018):**

- (i) *The Consideration Unit Price of S\$0.540 represents a premium of 4.9% to the closing price of the ESR-REIT Units on the Latest Practicable Date;*
- (ii) *The Consideration Unit Price of S\$0.540 represents a premium of 6.9% over the VWAP of the ESR-REIT Units for the period from the Joint Announcement Date up to the Latest Practicable Date;*
- (iii) *The average daily trading volume of the ESR-REIT Units as a percentage of the free float ranged between 0.13% and 0.15% for the period from the Joint Announcement Date to the Latest Practicable Date; and*
- (iv) *The average daily trading volume of the ESR-REIT Units as a percentage of the market capitalisation ranged between 0.09% and 0.10% for the period from the Joint Announcement Date to the Latest Practicable Date.*

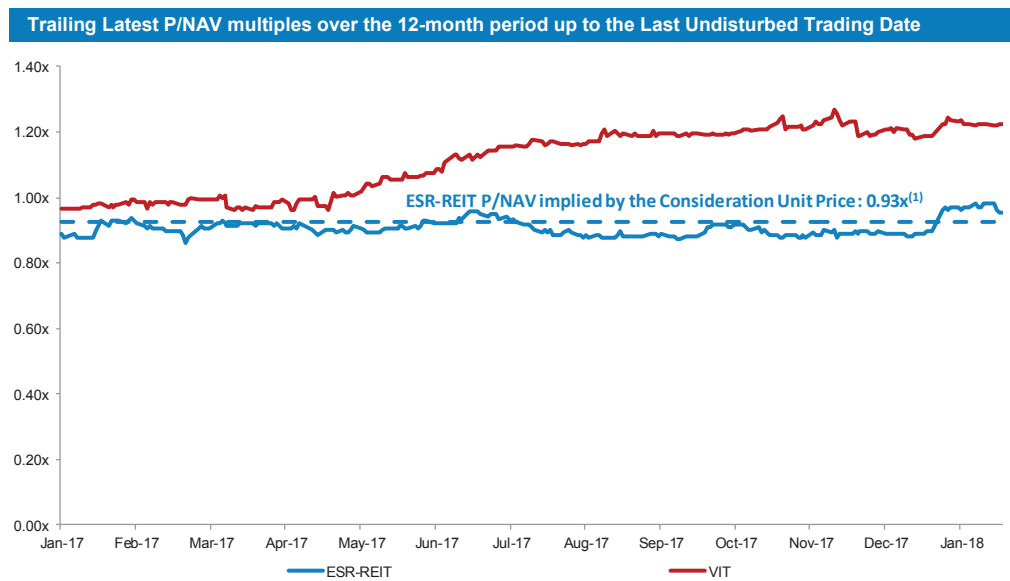
**We wish to highlight that our analysis of the past price performance of the ESR-REIT Units is not indicative of their future price performance, which will be governed by other factors such as, *inter alia*, the performance and prospects of the trust, prevailing economic conditions, economic outlook, market conditions and sentiments.**

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### 13.2.3. Trailing Latest P/NAV multiples of the ESR-REIT Units relative to the Latest P/NAV multiple implied by the Consideration Unit Price

For the purpose of evaluating the financial terms of the Merger, we have made reference to the trailing Latest P/NAV multiples (based on the latest reported net asset values) of the ESR-REIT Units to evaluate how the Latest P/NAV multiple implied by the Consideration Unit Price compare to them.

In the chart below we have compared the Latest P/NAV multiple implied by the Consideration Unit Price to the trailing Latest P/NAV multiples of the ESR-REIT Units over the 12-month period up to and including the Last Undisturbed Trading Date.



Source: Capital IQ

Note:

(1) Based on the Consideration Unit Price of S\$0.540 and NAV per ESR-REIT Unit of S\$0.5835 as at 31 March 2018.

	Last close	6-month period				12-month period				P/NAV implied by the Merger
		Min	Max	Mean	Median	Min	Max	Mean	Median	
<b>Up to the LUTD</b>	<b>0.95x</b>	<b>0.87x</b>	<b>0.98x</b>	<b>0.90x</b>	<b>0.89x</b>	<b>0.86x</b>	<b>0.98x</b>	<b>0.91x</b>	<b>0.90x</b>	<b>0.93x</b>
<i>Up to the LTD to Joint Announcement Date</i>	<i>0.90x</i>	<i>0.88x</i>	<i>1.00x</i>	<i>0.93x</i>	<i>0.93x</i>	<i>0.87x</i>	<i>1.00x</i>	<i>0.92x</i>	<i>0.91x</i>	

Based on the above, we note that:

- (i) The ESR-REIT Units have consistently traded at a lower Latest P/NAV multiple compared to the Stapled Securities over the 6-month and 12-month periods up to and including the Last Undisturbed Trading Date;
- (ii) The Latest P/NAV multiple implied by the Consideration Unit Price of 0.93x is within the range of the trailing Latest P/NAV multiples of the ESR-REIT Units of 0.87x to 0.98x over the 6-month period up to and including the Last Undisturbed Trading Date and above the mean and median of 0.90x and 0.89x, respectively; and

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- (iii) The Latest P/NAV multiple implied by the Consideration Unit Price of 0.93x is within the range of the trailing Latest P/NAV multiples of the ESR-REIT Units of 0.86x to 0.98x over the 12-month period up to and including the Last Undisturbed Trading Date and above the mean and median of 0.91x and 0.90x, respectively.

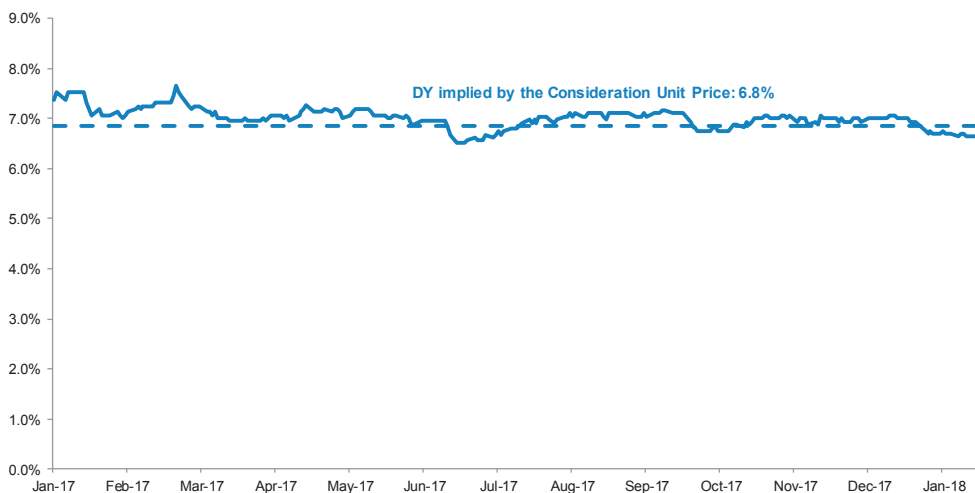
**We wish to highlight that the historical trading patterns or performance of the ESR-REIT Units and the Stapled Securities should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by, inter alia, the performance and prospects of the trusts, prevailing economic conditions, economic outlook and market conditions and sentiments.**

### 13.2.4. Trailing LTM DYs of the ESR-REIT Units relative to the LTM DY implied by the Consideration Unit Price

For the purposes of evaluating the financial terms of the Merger, we have made reference to the trailing LTM DYs of the ESR-REIT Units to evaluate how the LTM DY implied by the Consideration Unit Price compares to them.

In the chart below we have compared the LTM DY implied by the Consideration Unit Price to the trailing DYs of the ESR-REIT Units over the 12-month period up to and including the Last Undisturbed Trading Date.

**Trailing LTM DYs<sup>(1)</sup> of the ESR-REIT over the 12-month period up to the Last Undisturbed Trading Date**



Source: Capital IQ.

Note:

- (1) DYs are based on the trailing 12-month DPU as at 31 March 2018.

	Last close	6-month period			12-month period			DY implied by the Merger		
		Min	Max	Mean	Median	Min	Max		Mean	Median
<b>Up to the LUTD</b>	<b>6.8%</b>	<b>6.6%</b>	<b>7.2%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>6.5%</b>	<b>7.7%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>6.8%</b>
<i>Up to the LTD to Joint Announcement Date</i>	<i>7.0%</i>	<i>6.5%</i>	<i>7.2%</i>	<i>6.9%</i>	<i>6.8%</i>	<i>6.5%</i>	<i>7.2%</i>	<i>6.9%</i>	<i>6.9%</i>	

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Based on the above, we note that:

- (i) The LTM DY implied by the Consideration Unit Price of 6.8% is within the range of the trailing DYs of the ESR-REIT Units of 6.6% to 7.2% over the 6-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 7.0%; and
- (ii) The LTM DY implied by the Consideration Unit Price of 6.8% is within the range of the trailing DYs of the ESR-REIT Units of 6.5% to 7.7% over the 12-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 7.0%.

**We wish to highlight that the historical trading patterns or performance of the ESR-REIT Units should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by, inter alia, the performance and prospects of the trust, prevailing economic conditions, economic outlook and market conditions and sentiments.**

### **13.3. Other evaluation relating to the Merger**

#### **13.3.1. Unaudited *pro forma* consolidated financial effects of the Merger**

##### **13.3.1.1. Basis and assumptions underlying the unaudited *pro forma* consolidated financial information of the Enlarged Trust**

Please refer to **Schedule 5** to the Circular for the unaudited *pro forma* consolidated financial information of the Enlarged Trust (and accompanying accountant's report) for the years ended 31 December 2015, 2016 and 2017 (collectively, the "***Pro forma Financials***") prepared by the management of the ESR-REIT Manager, which has been reviewed by Ernst & Young LLP ("***EY***"). Summarised extracts are set out in italics below:

#### ***"BASIS AND ASSUMPTIONS UNDERLYING THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST"***

##### ***Basis of Preparation***

*The unaudited pro forma consolidated financial information of the Enlarged Trust has been prepared for illustrative purposes only, and is based on certain pro forma adjustments to show the pro forma financial effects on:*

- (a) *the unaudited pro forma consolidated statement of financial position of the Enlarged Trust as at 31 December 2017 as if the Merger had occurred on 31 December 2017;*
- (b) *the unaudited pro forma consolidated statement of total return and distributable income of the Enlarged Trust for the years ended 31 December 2015, 2016 and 2017 as if the Merger had occurred on 1 January 2015; and*
- (c) *the unaudited pro forma consolidated statement of cash flow of the Enlarged Trust for the year ended 31 December 2017 as if the Merger had occurred on 1 January 2017.*

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

*The unaudited pro forma consolidated financial information of the Enlarged Trust for the years ended 31 December 2015, 2016 and 2017 have been compiled based on the following:*

- (i) the audited consolidated financial statements of ESR-REIT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts";*
- (ii) the audited consolidated financial statements of VI-REIT and VIT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"; and*
- (iii) the audited consolidated financial statements of VI-BT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with the provision of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards.*

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

### **Assumptions**

*The unaudited pro forma consolidated financial information of the Enlarged Trust has been prepared on the following key assumptions:*

*Assuming that:*

- (a) the consideration for the Merger is settled by way of the issuance of approximately 1,561.2 million new ESR-REIT Units at an illustrative issue price of S\$0.54 and an aggregate Cash Consideration of S\$93.7 million. The premium over net assets of VIT is allocated to VIT's investment properties and is written off on 1 January 2015;*
- (b) VIT's borrowings and related interest rate swaps are replaced with new banking facilities, which include a S\$142.9 million revolving credit facility and S\$500.0 million term loans at a weighted average "all-in" interest rate of 3.7% per annum;*
- (c) the acquisition fee in respect of the acquisition of VIT's investment properties pursuant to the Merger are paid by way of the issuance of approximately 23.8 million new ESR-REIT Units at an illustrative issue price of S\$0.54 each on 1 January 2015;*
- (d) VIT's fee structure for the asset management fees, property management fees and trustee fees are replaced with the fee structure in the ESR-REIT Trust Deed with effect from 1 January 2015 and all the asset management fees for VIT are paid in units;*

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- (e) *the Preferential Offering at S\$0.54 per ESR-REIT Unit to raise gross proceeds of S\$141.9 million was completed on 31 December 2017 and such proceeds were used to repay debts related to the 7000 AMK Acquisition; and*
- (f) *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.”*

The above assumptions relating to the *Pro forma* Financials are referred to in this Letter as “**Pro forma Assumptions**”.

We also note that the *pro forma* consolidated statement of total return of the Enlarged Trust includes VIT’s rental support income from its vendors for the following properties: UE BizHub EAST and Jackson Square.

We note that in connection with the *Pro forma* Financials, EY, being the external auditor of ESR-REIT, had issued the “REPORTING ACCOUNTANT’S REPORT ON THE COMPILATION OF *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST” dated 7 August 2018 (refer to **Schedule 4** to the Circular). EY’s opinion on the compilation of the *Pro forma* Financials is extracted and set out in italics below:

*“In our opinion:*

- (a) *the Unaudited Pro forma Consolidated Financial Information has been compiled:*
  - (i) *in a manner consistent with the accounting policies adopted by ESR-REIT and its subsidiaries in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants;*
  - (ii) *on the basis of the applicable criteria stated in **Schedule 5** to the Circular; and*
- (b) *each material adjustment made to the information used in the preparation of the Unaudited Pro forma Consolidated Financial Information is appropriate for the purpose of preparing such unaudited financial information.”*

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### 13.3.1.2. Pro forma consolidated financial effects of the Merger for the year ended 31 December 2017

The full text of the financial effects of the Merger on: (i) the earnings per ESR-REIT Unit (“**EPU**”), (ii) the distribution per ESR-REIT Unit (“**DPU**”), (iii) the NAV per ESR-REIT Unit, and (iv) the NTA per ESR-REIT Unit of the Enlarged Trust based on the audited financial statements for ESR-REIT and VIT for the financial year ended 31 December 2017 (“**FY2017 Pro forma Financials**”) is set out in paragraph 12.1 to the Circular and has been reproduced in italics below. Unitholders should note that the financial effects have been prepared for illustrative purposes only and they do not reflect the future actual financial position of the Enlarged Trust post-Merger. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

For the avoidance of doubt, such financial effects do not take into account (i) any corporate actions announced and undertaken by ESR-REIT subsequent to 1 January 2018 or (ii) the expenses incurred in relation to the Merger.

#### Pro forma DPU

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

	Before the Merger	After the Merger
<b>Distributable income (S\$'000)</b>	50,390	118,418
<b>Issued ESR-REIT Units ('000)<sup>(1)</sup></b>	1,313,623	2,910,835 <sup>(2)</sup>
<b>DPU (cents)</b>	3.853	4.068 <sup>(3)</sup>
<b>Accretion (%)</b>		5.6%

*Source: Paragraph 12.1 to the Circular.*

*Notes:*

- (1) Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as FY2017 financial results only include partial contribution from the 7000 AMK Acquisition (for 18 days of operations) for which the Preferential Offering was conducted.*
- (2) Pursuant to the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as part of the Scheme Consideration and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. Based on the pro forma assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54, ESR-REIT would have issued approximately 12.2 million new ESR-REIT Units for the financial year ended 31 December 2017.*
- (3) 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 this Circular.”*

Based on the FY2017 *Pro forma* Financials, we note that the *pro forma* DPU of the Enlarged Trust of S 4.068 cents is 5.6% higher than the stand-alone DPU of S 3.853 cents as at 31 December 2017.

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### Pro forma EPU

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

	Before the Merger	After the Merger
<b>Total return after tax before change in fair value of investment properties, attributable to ESR-REIT Unitholders (S\$'000)</b>	47,278	100,786
<b>Change in fair value of investment properties (S\$'000)</b>	(47,779)	(261,282) <sup>(1)</sup>
<b>Net loss after tax attributable to ESR-REIT Unitholders (S\$'000)</b>	(501)	(160,496)
<b>Weighted average ESR-REIT Units ('000)<sup>(2)</sup></b>	1,306,293	2,910,835 <sup>(3)</sup>
<b>EPU (cents)</b>	(0.038)	(5.514)

Source: Paragraph 12.1 to the Circular.

Notes:

- (1) Includes the total write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties amounting to S\$213.5 million which has no impact on distributable income.
- (2) Excludes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as FY2017 financial results only include partial contribution from the 7000 AMK Acquisition (for 18 days of operations) for which the Preferential Offering was conducted.
- (3) Pursuant to the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as part of the Scheme Consideration and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. Based on the pro forma assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54, ESR-REIT would have issued approximately 12.2 million new ESR-REIT Units for the financial year ended 31 December 2017."

Based on the FY2017 Pro forma Financials, we note that the pro forma EPU of the Enlarged Trust of –S 5.514 cents is lower than the stand-alone EPU of –S 0.038 cents as at 31 December 2017.

### NAV per ESR-REIT Unit

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

	Before the Merger	After the Merger
<b>NAV (S\$'000)<sup>(1)</sup></b>	919,828	1,557,977
<b>Number of issued ESR-REIT Units ('000)<sup>(2)</sup></b>	1,576,473	3,161,477 <sup>(4)</sup>
<b>NAV per ESR-REIT Unit (cents)<sup>(3)</sup></b>	58.4	49.3 <sup>(5)</sup>

Source: Paragraph 12.1 to the Circular.

Notes:

- (1) Includes the net proceeds of S\$140.9 million raised in relation to the Preferential Offering.
- (2) Includes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as the net proceeds of the Preferential Offering were used to partially fund the 7000 AMK Acquisition.
- (3) Lower NAV per ESR-REIT Unit after the Merger due to the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties and the dilution from Consideration Units and the acquisition fee for investment properties.



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- (4) As part of the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as consideration for the Merger and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. As the Merger is assumed to have been completed on 31 December 2017, VIT's asset management fees of approximately 12.2 million ESR-REIT Units (calculated based on the pro forma assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54) would not have been issued.
- (5) NAV per ESR-REIT Unit is restated from 49.1 cents in the 18 May Announcement to 49.3 cents in this Circular. VIT's unamortised loan transaction costs were previously recorded as an expense and this has been adjusted as all of VIT's finance costs have been replaced with the new ESR-REIT banking facilities."

Based on the FY2017 *Pro forma* Financials, we note that the *pro forma* NAV per ESR-REIT Unit of the Enlarged Trust of S 49.3 cents is 15.6% lower than the stand-alone NAV per ESR-REIT Unit of S 58.4 cents as at 31 December 2017.

### NTA per ESR-REIT Unit

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

	Before the Merger	After the Merger
<b>NTA (S\$'000)<sup>(1)</sup></b>	919,828	1,555,199 <sup>(2)</sup>
<b>Number of issued ESR-REIT Units ('000)<sup>(3)</sup></b>	1,576,473	3,161,477 <sup>(4)</sup>
<b>NTA per ESR-REIT Unit (cents)<sup>(5)</sup></b>	58.4	49.2 <sup>(6)</sup>

Source: Paragraph 12.1 to the Circular.

Notes:

- (1) Includes the net proceeds of S\$140.9 million raised in relation to the Preferential Offering.
- (2) NTA excludes intangible assets of S\$2.8 million representing VIT's contractual rights to a rental support arrangement.
- (3) Includes approximately 262.8 million new ESR-REIT Units issued in relation to the Preferential Offering as the net proceeds of the Preferential Offering were used to partially fund the 7000 AMK Acquisition.
- (4) As part of the Merger, ESR-REIT would have issued approximately 1,561.2 million new ESR-REIT Units as consideration for the Merger and approximately 23.8 million new ESR-REIT Units as the acquisition fee to the ESR-REIT Manager. As the Merger is assumed to have been completed on 31 December 2017, VIT's asset management fees of approximately 12.2 million ESR-REIT Units (calculated based on the pro forma assumption that all of VIT's asset management fees are paid in ESR-REIT Units at the illustrative issue price of S\$0.54) would not have been issued.
- (5) Lower NTA per ESR-REIT Unit after the Merger due to the write-off of acquisition-related costs and premium over net assets of VIT allocated to VIT's investment properties and the dilution from Consideration Units and the acquisition fee for investment properties.
- (6) NTA per ESR-REIT Unit is restated from 49.0 cents in the 18 May Announcement to 49.2 cents in this Circular. VIT's unamortised loan transaction costs were previously recorded as an expense and this has been adjusted as all of VIT's finance costs have been replaced with the new ESR-REIT banking facilities."

Based on the FY2017 *Pro forma* Financials, we note that the *pro forma* NTA per ESR-REIT Unit of the Enlarged Trust of S 49.2 cents is 15.8% lower than the stand-alone NTA per ESR-REIT Unit of S 58.4 cents as at 31 December 2017.

**Based on the FY2017 *Pro forma* Financials, the Merger is accretive to ESR-REIT Unitholders on a DPU basis but dilutive on an EPU, a NAV per ESR-REIT Unit and an NTA per ESR-REIT Unit basis.**

The FY2017 *Pro forma* Financials only take into consideration the effects from a refinancing of VIT indebtedness. Refinancing of ESR-REIT indebtedness (credit facilities at more favourable terms than the existing ones have been secured) would likely have further positive effects on the Enlarged Trust.

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**ESR-REIT Unitholders are advised to read the relevant paragraph of the Circular carefully. ESR-REIT Unitholders should note that the financial effects have been prepared for illustrative purposes only and do not reflect the future financial position of the Enlarged Trust.**

### 13.3.1.3. Impact of the Merger on the *pro forma* gearing ratio of the Enlarged Trust

The Scheme Consideration for the Merger will be satisfied through the allotment and issue of approximately 1,561.2 million Consideration Units at S\$0.54 each and the aggregate cash payment of S\$93.7 million to the Stapled Securityholders. The source of funds for the Merger, as outlined in section 8 of this Letter, is expected to have the following impact on the gearing ratio of the Enlarged Trust on a FY2017 *pro forma* basis:

FY2017 <i>pro forma</i> gearing ratio of the Enlarged Trust (as at 31 December 2017)			
	ESR-REIT stand-alone	VIT stand-alone	Enlarged Trust
Total gross debt (S\$ million)	530.1	525.0	1,173.0
Total assets (S\$ million)	1,694.8	1,318.4	3,013.2
Gearing ratio (%)	31.3%	39.8%	38.9%

Source: *Pro forma Financials per Schedule 5 to the Circular.*

Based on the above, the *pro forma* gearing ratio of the Enlarged Trust would be 38.9% as at 31 December 2017.

We note that an aggregate Cash Consideration of S\$93.7 million in relation to the Scheme is funded via debt financing.

We note that the aforementioned *pro forma* gearing ratio is below the aggregate leverage limit of 45% as stipulated in Appendix 6 of the Property Funds Appendix issued by the Monetary Authority of Singapore.

### 13.3.2. Other relevant considerations which have a bearing on our assessment

We wish to further highlight the following additional considerations which we consider relevant for the attention of the Recommending Directors (IPT), the Recommending Directors (Whitewash), the ARCC and the ESR-REIT Trustee, in relation to:

In relation to the Merger being an interested person transaction and interested party transaction:

#### 13.3.2.1. Rationale for the Merger

We have considered the rationale and key benefits that the ESR-REIT Manager believes the Merger will bring to the ESR-REIT Unitholders, key points of which have been extracted from the Circular and are set out in italics below:

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- (i) *“Creation of a Sizeable and Liquid Industrial S-REIT”;*
- (ii) *“Enhanced Portfolio Quality and Scalability with Strategic Addition of High Quality Properties”;*
- (iii) *“Enlarged Trust’s Future Growth Well-Supported by Strong and Committed Developer-Sponsor”;* and
- (iv) *“DPU Accretive on a Historical Pro Forma Basis”.*

### **13.3.2.2. The Enlarged Trust will continue to be managed by the same management team as ESR-REIT**

At the completion of the Merger, ESR-REIT Manager will continue to be the manager of the enlarged ESR-REIT portfolio encompassing VIT.

We note that ESRIM will fund the VI-REIT Manager Transaction and ESR-REIT and ESR-REIT Unitholders will not be required to bear any part of the consideration for the VI-REIT Manager.

### **13.3.2.3. ESR sponsorship for the Enlarged Trust**

VIT will be combined with ESR-REIT to form the Enlarged Trust which will be backed by the ESR Group as the sponsor which has a large asset portfolio and a strong pipeline. A description of the sponsor has been extracted from paragraph 6.3 of the Circular and is set out in italics below:

*“The ESR Group has a regional presence across China, Japan, Singapore, South Korea, India and Australia, with a total GFA of over 10 million square metres in operation and under development and total assets under management of US\$12 billion.*

*This regional footprint provides the opportunity for the Enlarged Trust to leverage off the ESR Group’s strong network of strategic relationships with leading global e-commerce companies, retailers, logistics service providers and manufacturers and at the same time, have the opportunity to acquire the ESR Group’s visible pipeline of assets. This will facilitate the Enlarged Trust’s scalable growth and overseas expansion in the future.”*

### **13.3.2.4. Financing**

We note that ESR-REIT has secured the refinancing in full of the indebtedness under (i) existing loan facilities granted to the VI-REIT Trustee, and (ii) the S\$500,000,000 multi-currency medium term note programme established by Viva iTrust MTN Pte. Ltd. as issuer and the VI-REIT Trustee as guarantor, on 28 August 2014, at more favourable terms in respect to cost of debt and debt tenor. ESR-REIT has obtained the financing terms without securing any of VIT’s assets (compared to VIT’s existing financing arrangements where 92% of VIT’s assets are secured).

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### 13.3.2.5. Change in the fair value of investment properties

Based on the *Pro forma* Financials, we note the following commentary in relation to the fair value loss of the Enlarged Trust. The full text of the comment has been extracted from **Schedule 6** to the Circular and is set out in italics below:

*“The fair value loss of the Enlarged Trust of S\$216.1 million for FY2015 comprised the following:*

<i>Items</i>	<i>Enlarged Trust 2015 (S\$'000)</i>
<i>Fair value adjustments relating to the Merger</i>	<i>(213,503)</i>
<i>Fair value loss from the annual valuation of ESR-REIT's investment properties</i>	<i>(2,645)</i>
<b><i>Fair value loss</i></b>	<b><i>(216,148)</i></b>

*Included in the fair value adjustments relating to the Merger are fair value adjustments relating to acquisition related cost and the write-off of the premium over net assets of VIT that are allocated to VIT's investment properties.*

*This fair value loss is non-tax deductible and has no impact on the distributable income.”*

### 13.3.2.6. Break fee and reverse break fee

Paragraph 7.3 of the Joint Announcement sets out certain information relating to the break fee and reverse break fee applicable to VIT and ESR-REIT, respectively.

#### Break fee (payable to ESR-REIT)

*“The VIT Managers agree and undertake that the VIT Managers shall fully compensate the ESR-REIT Trustee and/or the ESR-REIT Manager for all the costs and expenses reasonably incurred by or on behalf of the ESR-REIT Trustee and/or the ESR-REIT Manager in connection with the Merger and/or the Scheme (including without limitation, the fees and disbursements of counsel, auditors and advisers engaged by or on behalf of the ESR-REIT Trustee and/or the ESR-REIT Manager in connection with the Merger and/or the Scheme), subject to a maximum amount of 0.75% of the aggregate Scheme Consideration if any of the following occurs (“**Break Fee**”):*

- (i) in the event of a breach or non-compliance by the VIT Managers of certain specified obligations agreed to by the Parties; and/or*
- (ii) in the event a VIT Competing Proposal becomes or is declared unconditional in all respects or becomes effective.”*

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### Reverse break fee (payable to VIT)

*“The ESR-REIT Manager agrees and undertakes that the ESR-REIT Manager shall fully compensate the VIT Trustee and/or the VIT Managers for all the costs and expenses reasonably incurred by or on behalf of the VIT Trustee and/or the VIT Managers in connection with the Merger and/or the Scheme (including without limitation, the fees and disbursements of counsel, auditors and advisers engaged by or on behalf of the VIT Trustee and/or the VIT Managers in connection with the Merger and/or the Scheme), subject to a maximum amount of 0.25% of the aggregate Scheme Consideration in the event of a breach or non-compliance by the ESR-REIT Manager of certain specified obligations agreed to by the Parties (the “Reverse Break Fee”).”*

We note that the cap of the Break Fee (payable to ESR-REIT) of 0.75% is higher than the cap of the Reverse Break Fee (payable to VIT) of 0.25% pursuant to the Implementation Agreement.

### **13.3.2.7. Conditions to complete the Merger**

We note that the completion of the Merger is conditional upon certain condition precedents being satisfied. **We wish to highlight to ESR-REIT Unitholders that should any of these conditions not be met (or where applicable, waived), the Scheme might not proceed notwithstanding that the Scheme has been approved by ESR-REIT Unitholders at the Scheme Meeting. Please refer to Schedule 3 of the Circular for the full list of conditions precedent to the Scheme.**

### **13.3.2.8. Permitted distribution**

Paragraph 5.3 of the Circular sets out certain information relating to permitted distributions.

We note that, in the event the VIT Managers declare, pay or make any distributions in excess of the distributions in the ordinary course of business on or after the date of the Implementation Agreement, the ESR-REIT Manager reserves the right to adjust the Scheme Consideration.

### **13.3.2.9. ESR-REIT Manager acquisition fees**

The ESR-REIT Manager's fees in respect of the acquisition of VIT's assets pursuant to the Merger amounting to approximately S\$12.8 million are payable by way of approximately 23.8 million ESR-REIT Units at an illustrative price of S\$0.54 as soon as practicable after the date of the completion of the Merger. We note that such acquisition fees are determined in accordance with ESR-REIT's trust deed.

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### 13.3.2.10. VIT Facilitation Fee

Paragraph 2.6 of the Joint Announcement sets out certain information relating to the VIT Facilitation Fee.

We note that the payment of the VIT Facilitation Fee and the implementation of the Scheme are not inter-conditional on each other and the Scheme may be implemented without the payment of the VIT Facilitation Fee.

### 13.3.2.11. Manager Arrangements

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

Details on Manager Arrangements are set out in section 6.6 of this Letter and ESR-REIT Unitholders are advised to read the information carefully.

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

ESR-REIT Unitholders are also advised to read the opinion by the independent valuer, KPMG Corporate Finance Pte. Ltd., on the Manager Arrangements, which will be set out in the Scheme Document, carefully in its entirety.

#### The Whitewash Resolution

### 13.3.2.12. Conditionality of the Whitewash Resolution

As set out in section 11.4 of this Letter we note that the resolution relating to the Merger is subject to, and contingent upon, the passing of the Whitewash Resolution. In the event that the Independent ESR-REIT Unitholders do not vote in favour of the Whitewash Resolution, the Merger will not take place.

### 13.3.2.13. Grant of the Whitewash Waiver by the SIC

On 8 May 2018, the SIC granted the Whitewash Waiver, subject to, *inter alia*, the satisfaction of the SIC Conditions (as defined in sections 11.3(a) to 11.3(i) of this Letter).

### 13.3.2.14. Satisfaction of the SIC Conditions

As at the Latest Practicable Date, save for the SIC Conditions in sections 11.3(a) and 11.3(i) of this Letter, all the SIC Conditions have been satisfied.

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### 13.3.2.15. Abstention from voting

Mr. Tong and his associates which are also part of the Tong Group, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, will abstain from voting on Resolutions 1, 2 and 3 at the EGM. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast. Please refer to paragraph 23.1 of the Circular for further details.

The Relevant ESR-REIT Unitholders, the ESR-REIT Manager and Mitsui will abstain from voting on Resolutions 1, 2 and 3. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Resolutions 1, 2 and 3 unless the ESR-REIT Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast. Please refer to paragraph 23.2 of the Circular for further details.

ESR-REIT will disregard any votes cast on a resolution by persons required to abstain from voting.

### 13.3.2.16. Implications of the Whitewash Resolution

The Independent ESR-REIT Unitholders should note that by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for all of their Units from the Tong Group.

## 14. RECOMMENDATION

In arriving at our opinion whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority ESR-REIT Unitholders and whether the financial terms of the Merger (that is the subject of the Whitewash Resolution) are fair and reasonable, we evaluated whether the gross exchange ratio of 1.778x is fair and reasonable based on whether the Stapled Securities and Consideration Units are fairly valued based on the Scheme Consideration and Consideration Unit Price, respectively, and have considered, inter alia, the following factors below which should be read in conjunction with, and interpreted, in the full context of this Letter:

- (a) Based on the FY2017 *Pro forma* Financials, the Merger is accretive to ESR-REIT Unitholders on a DPU basis but dilutive on an EPU, a NAV per ESR-REIT Unit and an NTA per ESR-REIT Unit basis;
- (b) As disclosed in the Circular, the completion of the Merger will result in the creation of the fourth largest industrial S-REIT listed on SGX-ST, with the overall asset size increasing to approximately S\$3.0 billion from approximately S\$1.7 billion prior to the Merger. As a result of an increase in market capitalisation, the Enlarged Trust may experience an increase in trading liquidity, investor coverage and inclusion in indices. Based on publicly available information, we note that the Large-Size Industrial S-REITs are included in major stock market indices and typically have relatively larger research analyst coverage bases than their smaller peers;

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- (c) The Merger may also potentially provide ESR-REIT Unitholders with asset class diversification benefits, better access to alternative funds and pools of capital, as well as property management efficiencies, supporting the future growth of the Enlarged Trust as compared to ESR-REIT on a standalone basis;

In the evaluation of the Scheme Consideration:

1. Liquidity analysis of the Stapled Securities and the Top 15 STI Companies indicates that there is reasonable liquidity in the Stapled Securities and that the market prices of the Stapled Securities should generally reflect the fundamental, market-based value of the Stapled Securities;
2. The historical market performance and trading activity of the Stapled Securities indicate that:
  - the Scheme Consideration of S\$0.960 represents a premium of 2.1% to the closing price of the Stapled Securities on the Last Undisturbed Trading Date;
  - the Scheme Consideration of S\$0.960 represents a premium of 2.1%, 0.7%, 1.5% and 8.0% to the 1-month, 3-month, 6-month and 12-month VWAPs of the Stapled Securities up to the Last Undisturbed Trading Date, respectively;
  - the average daily trading volume of the Stapled Securities as a percentage of the free float ranged between 0.23% and 0.26%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;
  - the average daily trading volume of the Stapled Securities as a percentage of the market capitalisation ranged between 0.09% and 0.11%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;
3. The comparison of the Latest P/NAV multiple implied by the Scheme Consideration of 1.26x to the trailing Latest P/NAV multiples of the Stapled Securities indicates that the Latest P/NAV multiple of 1.26x implied by the Scheme Consideration is:
  - within the range of the trailing Latest P/NAV multiples of the Stapled Securities of 1.16x to 1.27x but above the mean and median of 1.20x over the 6-month period up to and including the Last Undisturbed Trading Date;
  - within the range of the trailing Latest P/NAV multiples of the Stapled Securities of 0.96x to 1.27x but above the mean and median of 1.11x and 1.16x, respectively, over the 12-month period up to and including the Last Undisturbed Trading Date;
4. The comparison of the LTM DY of the Stapled Securities implied by the Scheme Consideration of 7.8% to the trailing LTM DYs of the Stapled Securities indicates that the LTM DY of 7.8% implied by the Scheme Consideration is:
  - within the range of the trailing LTM DYs of the Stapled Securities of 7.4% to 8.0% over the 6-month period up to and including the Last Undisturbed Trading Date and in line with the mean and median of 7.8%;



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## SCHEDULE 2 - IFA LETTER

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- within the range of the trailing LTM DYs of the Stapled Securities of 7.4% to 9.1% over the 12-month period up to and including the Last Undisturbed Trading Date but below the mean and median of 8.2% and 8.0%, respectively;
5. The comparison of valuation multiples implied by the Scheme Consideration to those of the Comparable Industrial S-REITs indicates that:
- the Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is within the range of the Latest P/NAV multiples of the Large-Size Industrial S-REITs of 1.13x to 1.38x and is below the mean of 1.27x and the median of 1.29x;
  - the LTM DY implied by the Scheme Consideration of 7.8% is above the range of the LTM DYs of the Large-Size Industrial S-REITs - this implies a lower valuation (on a yield basis) of the Stapled Securities implied by the Scheme Consideration as compared to the Large-Size Industrial S-REITs;
  - the Latest P/NAV multiple implied by the Scheme Consideration of 1.26x is above the range of the Latest P/NAV multiples of the Other Industrial S-REITs;
  - The LTM DY implied by the Scheme Consideration of 7.8% is within the range of the LTM DYs of the Other Industrial S-REITs of 5.8% to 8.4% and within the mean and median of 7.4% and 7.9%, respectively;
6. The comparison of premium/discount to the prevailing P/NAV implied by the Scheme Consideration to those implied in the Precedent Transactions indicates that:
- the premium of 2.1% implied by the Scheme Consideration over the prevailing VIT P/NAV as at the Last Undisturbed Trading Date is within the range of the premia implied by the Precedent Transactions and is below the mean and median;
  - the premium of 0.7% implied by the Scheme Consideration over the prevailing VIT P/NAV for the 3-month VWAP prior to the Last Undisturbed Trading Date is within the range of the premia implied by the Precedent Transactions and is below the mean and median;
7. The comparison of the premium/discount implied by the Scheme Consideration to that implied by the Precedent Takeovers Premia indicates that the premia implied by the Scheme Consideration in connection with the Merger to the VWAPs over the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date are lower than the mean and median of the Precedent Takeovers Premia.
8. The comparison of the Scheme Consideration to broker target prices of the Stapled Securities indicates that the Scheme Consideration of S\$0.960 is:
- within the range of the target prices issued by brokerage and research entities in the 6-month period up to the Last Undisturbed Trading Date and below the mean and median of S\$0.975 and S\$0.970, respectively;

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- below the range of the target prices issued by brokerage and research entities in the period from the Initial Announcement Date up to the LTD to Joint Announcement Date;
  - within the range of the target prices issued by brokerage and research entities in the period from the Joint Announcement Date up to the Latest Practicable Date and below the mean of S\$0.964;
9. The comparison of independent valuations of VIT's properties indicates that the CBRE VIT Portfolio Valuation (ESR-REIT's valuer) is 5.1% lower than the Cushman & Wakefield VIT Portfolio Valuation (VIT's valuer);

In the evaluation of the Consideration Unit Price:

1. Liquidity analysis of the ESR-REIT Units and the Top 15 STI Companies indicate that there is reasonable liquidity in the ESR-REIT Units and that the market prices of the ESR-REIT Units should generally reflect the fundamental, market-based value of the ESR-REIT Units;
2. The historical market performance and trading activity of the ESR-REIT Units indicate that:
  - the Consideration Unit Price of S\$0.540 represents a discount of 4.4% to the closing price of the ESR-REIT Units on the Last Undisturbed Trading Date;
  - the Consideration Unit Price of S\$0.540 represents a discount of 5.9%, 4.6%, 4.4% and 5.6% to the 1-month, 3-month, 6-month and 12-month VWAPs of the ESR-REIT Units up to the Last Undisturbed Trading Date, respectively;
  - the average daily trading volume of the ESR-REIT Units as a percentage of the free float ranged between 0.12% and 0.16%, in the 1-month, 3-month, 6-month and 12-month periods up to the Last Undisturbed Trading Date;
3. The comparison of the Latest P/NAV multiple implied by the Consideration Unit Price of 0.93x to the trailing Latest P/NAV multiples of the ESR-REIT Units indicates that the Latest P/NAV multiple of 0.93x implied by the Consideration Unit Price is:
  - within the range of the trailing Latest P/NAV multiples of the ESR-REIT Units of 0.87x to 0.98x over the 6-month period up to and including the Last Undisturbed Trading Date and above the mean and median of 0.90x and 0.89x, respectively;
  - within the range of the trailing Latest P/NAV multiples of the ESR-REIT Units of 0.86x to 0.98x over the 12-month period up to and including the Last Undisturbed Trading Date and above the mean and median of 0.91x and 0.90x, respectively;

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## SCHEDULE 2 - IFA LETTER

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4. The comparison of the LTM DY of the ESR-REIT Units implied by the Consideration Unit Price of 6.8% to the trailing LTM DYs of the ESR-REIT Units indicates that the LTM DY of 6.8% implied by the Consideration Unit Price is:
  - within the range of the trailing LTM DYs of the ESR-REIT Units of 6.6% to 7.2% over the 6-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 7.0%;
  - within the range of the trailing LTM DYs of the ESR-REIT Units of 6.5% to 7.7% over the 12-month period up to and including the Last Undisturbed Trading Date and below the mean and median of 7.0%;

Other relevant considerations which have a significant bearing on our assessment, in relation to:

1. the Merger being an interested person transaction and interested party transaction;  
and
2. the Whitewash Resolution.

## SCHEDULE 2 - IFA LETTER

The below table summarises the abovementioned key financial analyses performed:

Summary of key financial analyses <sup>(1)</sup> performed					Merger as at LUTD relative to:			See sub-section for more details	Merger as at LTD to Joint Announcement Date <sup>(3)</sup>
	Min <sup>(2)</sup>	Max <sup>(2)</sup>	Mean <sup>(2)</sup>	Median <sup>(2)</sup>	* Merger as at LUTD <sup>(3)</sup>	Min. - Max. Range <sup>(4)</sup>	Mean - Median Range <sup>(4)</sup>		
<b>Whether the Stapled Securities as implied by the Scheme Consideration are fairly valued:</b>									
<b>Historical trading range of the Stapled Securities</b>									
Closing price (S\$) - 12-month period up to the LUTD	0.765	1.000	0.882	0.915	0.960	Within (F)	Above (U)		
Closing price (S\$) - 12-month period up to the LTD to Joint Announcement Date	0.800	1.000	0.912	0.920	-	-	-		
<b>Trailing P/NAV multiples</b>									
6 months up to the LUTD	1.16x	1.27x	1.20x	1.20x	1.26x	Within (F)	In line (F)	13.1.3.	
12 months up to the LUTD	0.96x	1.27x	1.11x	1.16x	1.26x	Within (F)	Above (U)		
6 months up to the LTD to Joint Announcement Date	1.11x	1.27x	1.18x	1.18x	-	-	-		
12 months up to the LTD to Joint Announcement Date	1.01x	1.27x	1.17x	1.18x	-	-	-		
<b>Trailing Distribution Yields</b>									
6 months up to the LUTD	7.4%	8.0%	7.8%	7.8%	7.8%	Within (F)	In line (F)	13.1.4.	
12 months up to the LUTD	7.4%	9.1%	8.2%	8.0%	7.8%	Within (F)	Below (U)		
6 months up to the LTD to Joint Announcement Date	7.4%	8.8%	8.2%	8.3%	-	-	-		
12 months up to the LTD to Joint Announcement Date	7.4%	9.0%	8.1%	8.0%	-	-	-		
<b>Selected Comparable Industrial S-REITs relative to the Scheme Consideration (as at the Latest Practicable Date)</b>									
<b>Large-Size Industrial S-REITs</b>									
P/NAV (Latest)	1.13x	1.38x	1.27x	1.29x	1.26x	Within (F)	Below (F)		
DY (12M Trailing)	5.7%	5.9%	5.8%	5.9%	7.8%	Above (F)	Above (F)		
<b>Other Industrial S-REITs</b>									
P/NAV (Latest)	0.82x	1.24x	1.12x	1.10x	1.26x	Above (U)	Above (U)		
DY (12M Trailing)	5.8%	8.4%	7.4%	7.9%	7.8%	Within (F)	Within (F)		
<b>Precedent Transactions relative to the Scheme Consideration</b>									
Premium to P/NAV as at the last trading date	0.4%	35.9%	23.3%	28.4%	2.1%	Within (F)	Below (F)	13.1.6.	7.9%
Premium to P/NAV for 3M VWAP	0.2%	49.7%	30.3%	35.7%	0.7%	Within (F)	Below (F)		9.1%
<b>Precedent Takeovers Premia relative to the Scheme Consideration</b>									
Premium to Closing 1-day	1.6%	115.1%	32.5%	25.0%	2.1%	Within (F)	Below (F)	13.1.7.	7.9%
Premium to 1-month VWAP	6.2%	121.4%	39.1%	37.9%	2.1%	Within (F)	Below (F)		7.9%
Premium to 3-month VWAP	10.7%	104.5%	41.7%	37.3%	0.7%	Within (F)	Below (F)		9.1%
Premium to 6-month VWAP	8.7%	105.3%	41.2%	34.5%	1.5%	Within (F)	Below (F)		4.5%
Premium to 12-month VWAP	(2.2%)	113.2%	41.2%	35.7%	8.0%	Within (F)	Below (F)		5.1%
<b>Broker target prices of the Stapled Securities relative to the Scheme Consideration</b>									
6-month period up to the LUTD	0.960	1.000	0.975	0.970	0.960	Within (F)	Below (F)	13.1.8.	
From the Initial Announcement Date up to the LTD to Joint Announcement Date	1.005	1.005	1.005	1.005	0.960	Below (F)	Below (F)		
From the Joint Announcement Date up to the Latest Practicable Date	0.960	0.968	0.964	0.964	0.960	Within (F)	Below (F)		
<b>Whether the ESR-REIT Units as implied by the Consideration Unit Price are fairly valued:</b>									
<b>Historical trading range of the ESR-REIT Units</b>									
Closing price (S\$) - 12-month period up to the LUTD	0.545	0.605	0.571	0.570	0.540	Below (U)	Below (U)		
Closing price (S\$) - 12-month period up to the LTD to Joint Announcement Date	0.530	0.605	0.565	0.565	-	-	-		
<b>Trailing P/NAV multiples</b>									
6 months up to the LUTD	0.87x	0.98x	0.90x	0.89x	0.93x	Within (F)	Above (F)	13.2.3.	
12 months up to the LUTD	0.86x	0.98x	0.91x	0.90x	0.93x	Within (F)	Above (F)		
6 months up to the LTD to Joint Announcement Date	0.88x	1.00x	0.93x	0.93x	-	-	-		
12 months up to the LTD to Joint Announcement Date	0.87x	1.00x	0.92x	0.91x	-	-	-		
<b>Trailing Distribution Yields</b>									
6 months up to the LUTD	6.6%	7.2%	7.0%	7.0%	6.8%	Within (F)	Below (F)	13.2.4.	
12 months up to the LUTD	6.5%	7.7%	7.0%	7.0%	6.8%	Within (F)	Below (F)		
6 months up to the LTD to Joint Announcement Date	6.5%	7.2%	6.9%	6.8%	-	-	-		
12 months up to the LTD to Joint Announcement Date	6.5%	7.2%	6.9%	6.9%	-	-	-		

Legend (applied to LUTD):

(F): Favourable  
(U): Unfavourable

Note:

- (1) Summary of key analyses set out in sub-sections 13.1.3. – 13.1.8. and 13.2.3. – 13.2.4. of this Letter.
- (2) Minimum, mean, median and maximum of the respective benchmarks.
- (3) Implied by the Merger.
- (4) Parameters implied by the Merger relative to the minimum and maximum, and mean and median range of the respective benchmarks.

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## SCHEDULE 2 - IFA LETTER

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Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as at the Latest Practicable Date:

- (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**.

The Recommending Directors (IPT), the Recommending Directors (Whitewash), the members of the ARCC and the ESR-REIT Trustee should note that we have arrived at these conclusions based on information made available to us prior to and including the Latest Practicable Date. ESR-REIT Unitholders should also note that our opinion on the Merger and Whitewash Resolution cannot and does not take into account the future trading activity or patterns or price levels that may be established for the ESR-REIT Units and the Stapled Securities as these are governed by factors beyond the scope of our review and would not fall within our terms of reference in connection with the Merger and Whitewash Resolution. ESR-REIT Unitholders should not rely on our opinion as the sole basis for deciding whether or not to vote in favour of the Merger and the Whitewash Resolution.

Yours faithfully

For and on behalf of

**Australia and New Zealand Banking Group Limited, Singapore Branch**



Ben Gledhill  
Head of Corporate Advisory, Asia

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## SCHEDULE 3 - SCHEME CONDITIONS

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All capitalised terms used in this **Schedule 3** shall have the same meanings given to them in the Implementation Agreement or as defined in this Circular.

The Merger is conditional upon the following:

- (a) Amendment of VIT Trust Deeds: the approval of Stapled Securityholders holding in aggregate not less than three-fourths of the total number of votes cast for and against the resolution at the Scheme Meeting for the amendment of the VIT Trust Deeds to include provisions that will facilitate the implementation of the Scheme as set out in the Implementation Agreement;
- (b) Stapled Securityholders' Approval for the Scheme: the approval of a majority in number of the Stapled Securityholders representing at least three-fourths in value of the Stapled Securities held by the Stapled Securityholders present and voting either in person or by proxy at the Scheme Meeting to approve the Scheme;
- (c) Court Approval for the Scheme: the Scheme Court Order being obtained;
- (d) Regulatory Approvals: all the Regulatory Approvals having been obtained or granted and remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Record Date, including without limitation, the following:
  - (i) confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code shall not apply to the Scheme, subject to any conditions the SIC may deem fit to impose;
  - (ii) confirmation from the SIC that it has no objections to the Scheme Conditions;
  - (iii) confirmation from the SIC that the Manager Arrangements will not be regarded as a prohibited special deal under the Code, subject to any conditions that the SIC may deem fit to impose and the satisfaction of any conditions imposed by the SIC in its ruling;
  - (iv) confirmation from the SIC that the Tong Group be exempted from the requirements to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme;
  - (v) approval-in-principle from the SGX-ST for the Scheme Document and for the proposed delisting of VIT from the SGX-ST;
  - (vi) the approval-in-principle from the SGX-ST for the listing and quotation for the Consideration Units on the Main Board of the SGX-ST;
  - (vii) approval of HDB or JTC (as the case may be) under the Head Leases in respect of the following VIT Real Properties to the Merger (including, if applicable, the final written confirmation by HDB or JTC (as the case may be) that it has no objection to the Parties proceeding with completion of the implementation of the Scheme):
    - (a) the whole of Lot 8134N of Mukim 27 together with the building(s) thereon and known as 750 to 750E Chai Chee Road;
    - (b) the whole of Lot 5085T of Mukim 23 together with the building(s) thereon and known as 11 Ubi Road 1 and Lot 6392X of Mukim 23; and

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### SCHEDULE 3 - SCHEME CONDITIONS

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- (c) the whole of Lots 2681M and 2682W of Mukim 17 together with the building(s) thereon and known as 11 Lorong 3 Toa Payoh;
- (viii) the approval from the MAS:
  - (a) pursuant to Section 97A of the Securities and Futures Act (Chapter 289 of Singapore) and Condition 1 of the VI-REIT Manager's capital markets services licence for the acquisition by the ESR-REIT Manager of all the issued and paid up shares in the capital of the VI-REIT Manager; and
  - (b) pursuant to Section 97A of the Securities and Futures Act (Chapter 289 of Singapore) and Condition 1 of the ESR-REIT Manager's capital markets services licence for the subscription by the Tong Group of a 25.0% shareholding interest in the ESR-REIT Manager; and
- (ix) the approval from the SGX-ST for the acquisition by ESR-REIT of all the Stapled Securities pursuant to the Scheme (if required);
- (e) ESR-REIT Unitholders' Approval for the Merger: the approval of the ESR-REIT Unitholders for:
  - (i) the Merger;
  - (ii) the issue of ESR-REIT Units in consideration for the Merger; and
  - (iii) the waiver of the requirement for the Tong Group to make a mandatory general offer for ESR-REIT as a result of the increase in its unitholding in ESR-REIT pursuant to the Scheme;
- (f) No Legal or Regulatory Restraint: between the date of the Implementation Agreement and up to the Record Date, no issuance of any order, injunction, judgment, decree or ruling issued by any Governmental Authority or by any court of competent jurisdiction preventing the implementation of the Scheme, being in effect as at the Record Date;
- (g) No Prescribed Occurrence: between the date of the Implementation Agreement and up to the Record Date, no Prescribed Occurrence in relation to the VIT Group and/or the ESR-REIT Group (as the case may be) occurs other than as required or contemplated by the Implementation Agreement or the Merger;
- (h) VIT Representations, Warranties and Covenants:
  - (i) there being no breach of the Warranties in relation to VIT which is material in the context of the Scheme as at the date of the Implementation Agreement and as at the Record Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date); and
  - (ii) each of the VIT Managers having, as at the Record Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Record Date and which is material in the context of the Scheme;

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## SCHEDULE 3 - SCHEME CONDITIONS

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



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### SCHEDULE 3 - SCHEME CONDITIONS

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(ii) in relation to the ESR-REIT Group:

- (A) in the consolidated net tangible asset value of the ESR-REIT Group by more than 10 per cent. as compared to the consolidated net tangible asset value of S\$924,098,000 as at 31 March 2018 as stated in the unaudited financial statements announcement for the first quarter ended 31 March 2018 of ESR-REIT as announced on 20 April 2018, and as reflected in the later of (1) the latest publicly released consolidated unaudited financial statement of ESR-REIT prior to the Record Date, and (2) the consolidated unaudited management balance sheet (prepared using the same accounting policies and methods of computation with those applied in the ESR-REIT Financial Statements) as at the calendar month-end of at least 28 calendar days prior to Record Date; or
  
- (B) in the consolidated gross revenue of the ESR-REIT Group for the 12-month period prior to the later of (1) the latest publicly released consolidated unaudited financial statement of ESR-REIT prior to Record Date, and (2) the consolidated unaudited management income statements (prepared using the same accounting policies and methods of computation with those applied in the ESR-REIT Financial Statements) as at the calendar month-end falling at least 28 calendar days prior to the Record Date, by more than 10 per cent. as compared to the consolidated gross revenue of the ESR-REIT Group of S\$115,571,000 for the 12-month period prior to 31 March 2018,

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

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

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## SCHEDULE 4 - REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST

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The Board of Directors  
ESR Funds Management (S) Limited  
(in its capacity as Manager of ESR-REIT) (the "Manager")  
138 Market Street  
#26-03/04 CapitaGreen  
Singapore 048946

### Report on the Compilation of *Pro Forma* Consolidated Financial Information Included in the Circular (as defined below)

We have completed our assurance engagement to report on the compilation of *pro forma* consolidated financial information of ESR-REIT (the "Trust") and its subsidiaries (collectively, the "Group") in relation to the proposed merger with Viva Industrial Trust (as defined in the circular issued by the Trust in connection thereto (the "Circular")). The *pro forma* consolidated financial information consists of the *pro forma* consolidated statement of financial position as at 31 December 2017, the *pro forma* consolidated statement of total returns and distributable income for the years ended 31 December 2015, 2016 and 2017, the *pro forma* consolidated statement of cash flow for the year ended 31 December 2017 and related notes (the "Unaudited *Pro Forma* Consolidated Financial Information") as set out in **Schedule 5** to the Circular. The applicable criteria on the basis of which the Manager has compiled the Unaudited *Pro Forma* Consolidated Financial Information are described in **Schedule 5** to the Circular.

The Unaudited *Pro Forma* Consolidated Financial Information has been compiled by the Manager to illustrate the impact of the Merger with Viva Industrial Trust on the Group's consolidated statement of financial position as at 31 December 2017, as if the Merger had occurred on 31 December 2017, on its financial performance for the years ended 31 December 2015, 2016 and 2017 and on its cash flows for the year ended 31 December 2017, as if the Merger had occurred on 1 January 2015 and 1 January 2017 respectively. As part of this process, information about the Unaudited *Pro Forma* Consolidated Financial Information has been compiled by the Manager based on the following:

- (a) the audited consolidated financial statements of the Group for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts";
- (b) the audited consolidated financial statements of Viva Industrial Real Estate Investment Trust and Viva Industrial Trust for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"; and
- (c) the audited consolidated financial statements of Viva Industrial Business Trust for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with the provision of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards.

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## SCHEDULE 4 - REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST

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### The Manager's Responsibility for the Unaudited *Pro Forma* Consolidated Financial Information

The Manager is responsible for compiling the Unaudited *Pro Forma* Consolidated Financial Information on the basis of the criteria.

### Reporting Accountant's Responsibilities

Our responsibility is to express an opinion on whether the Unaudited *Pro Forma* Consolidated Financial Information has been compiled, in all material respects, by the Manager on the basis of the criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Manager has compiled, in all material respects, the Unaudited *Pro Forma* Consolidated Financial Information on the basis of the criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited *Pro Forma* Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited *Pro Forma* Consolidated Financial Information.

The purpose of *pro forma* consolidated financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited *Pro Forma* Consolidated Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Manager in the compilation of the Unaudited *Pro Forma* Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (a) the related *pro forma* adjustments give appropriate effect to those criteria; and
- (b) the Unaudited *Pro Forma* Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the entity, the event or transaction in respect of which the *pro forma* consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited *Pro Forma* Consolidated Financial Information.

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**SCHEDULE 4 - REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST**

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited *Pro Forma* Consolidated Financial Information has been compiled:
  - (i) in a manner consistent with the accounting policies adopted by ESR-REIT and its subsidiaries in its latest audited financial statements, which are prepared in accordance with Singapore Financial Reporting Standards and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants; and
  - (ii) on the basis of the applicable criteria stated in **Schedule 5** to the Circular; and
- (b) each material adjustment made to the information used in the preparation of the Unaudited *Pro Forma* Consolidated Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This letter has been prepared for inclusion in the Circular.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

7 August 2018 (Date)

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**SCHEDULE 5 - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST**

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**Statement of Total Return of the Enlarged Trust**

*Assuming the Merger had occurred on 1 January 2015*

	<b>Year Ended 31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Gross revenue</b>	221,363	207,206	186,233
Property expenses	(61,110)	(56,455)	(49,239)
Net property income	160,253	150,751	136,994
Rental support	14,719	12,719	13,540
Management fees	(13,580)	(13,125)	(12,798)
Amortisation of intangible assets	(3,300)	(3,300)	(4,057)
Trust expenses	(4,007)	(3,290)	(3,498)
Interest income	132	102	164
Borrowing costs	(44,102)	(42,272)	(45,995)
<b>Net income</b>	110,115	101,585	84,350
Share of profits in jointly-controlled entity	—	—	123
Gain on disposal of investment properties	221	1,231	—
Change in fair value of financial derivatives	—	(493)	395
Change in fair value of investment properties	(47,779)	(45,894)	(216,148) <sup>16</sup>
<b>Total return/(loss) for the year before income tax</b>	62,557	56,429	(131,280)
Income tax expense	(2,481)	(2,145)	(2,227)
<b>Total return/(loss) for the year after income tax</b>	60,076	54,284	(133,507)
<b>Return/(Loss) attributable to:</b>			
Unitholders of the Trust and perpetual securities holders	59,294	54,284	(133,507)
Non-controlling interest	782	—	—
	60,076	54,284	(133,507)

<sup>16</sup> Includes the total write-off of acquisition-related costs and premium over the net assets of VIT allocated to VIT's investment properties amounting to S\$213.5 million.

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**SCHEDULE 5 - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL  
INFORMATION OF THE ENLARGED TRUST**

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**Distributable Income of the Enlarged Trust**

*Assuming the Merger had occurred on 1 January 2015*

	<b>Year Ended 31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Total return/(loss) after income tax, before distribution for the year	59,294	54,284	(133,507)
Add: Distribution adjustments (Note A)	62,018	57,844	234,803
<b>Net income available for distribution to Unitholders</b>	<b>121,312</b>	<b>112,128</b>	<b>101,296</b>
Retention of distributable income	(1,779)	—	—
Amount reserved for distribution to perpetual securities holders	(1,115)	—	—
Distribution from capital	—	—	2,093
<b>Total amount available for distribution</b>	<b>118,418</b>	<b>112,128</b>	<b>103,389</b>

**Note A - Distribution adjustments**

	<b>Year Ended 31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-tax deductible items and other adjustments:</b>			
Trustee's fees	744	727	712
Acquisition fees paid/payable in units	—	—	60
Manager's fees paid/payable in units	6,592	6,065	8,348
Debt related transaction costs	3,985	4,536	9,112
Change in fair value of investment properties	48,379	45,894	216,148
Change in fair value of financial derivatives	—	493	(395)
Legal and professional fees	532	343	580
Adjustment for straight line rent and lease incentives	(2,714)	(3,355)	(4,073)
Share of profits in jointly-controlled entity	—	—	(123)
Dividend income from jointly-controlled entity/subsidiary	(718)	—	156
Returns attributable to perpetual securities holders	1,115	—	—
Amortisation of intangible assets	3,300	3,300	4,057
Provision for doubtful debts	—	—	175
Miscellaneous expenses	1,024	1,072	46
	62,239	59,075	234,803
<b>Income not subject to tax:</b>			
Gain on disposal of investment properties	(221)	(1,231)	—
<b>Net effect of distribution adjustments</b>	<b>62,018</b>	<b>57,844</b>	<b>234,803</b>

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**SCHEDULE 5 - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL  
INFORMATION OF THE ENLARGED TRUST**

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Statement of Financial Position of the Enlarged Trust as at 31 December 2017

*Assuming the Merger had occurred on 31 December 2017*

	<b>As at 31 December 2017 S\$'000</b>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Investment properties	2,936,900
Intangible assets	<u>2,778</u>
<b>Total non-current assets</b>	<u>2,939,678</u>
<b>Current assets</b>	
Investment properties held for divestment	23,600
Trade and other receivables	29,819
Cash and cash equivalents	<u>20,129</u>
<b>Total current assets</b>	<u>73,548</u>
<b>Total assets</b>	<u>3,013,226</u>
<b>Current liabilities</b>	
Trade and other payables	60,056
Interest-bearing borrowings	154,665
Provision for income tax	8,581
Amount due to non-controlling interest	<u>60,600</u>
<b>Total current liabilities</b>	<u>283,902</u>
<b>Non-current liabilities</b>	
Trade and other payables	15,483
Interest-bearing borrowings	<u>1,004,749</u>
<b>Total non-current liabilities</b>	<u>1,020,232</u>
<b>Total liabilities</b>	<u>1,304,134</u>
<b>Net assets</b>	<u>1,709,092</u>
<b>UNITHOLDERS' FUNDS</b>	
Unitholders' funds	1,557,977
Perpetual securities holders' funds	<u>151,115</u>
<b>Total unitholders' funds</b>	<u>1,709,092</u>

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**SCHEDULE 5 - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL  
INFORMATION OF THE ENLARGED TRUST**

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**Statement of Cash Flows of the Enlarged Trust**

*Assuming the Merger had occurred on 1 January 2017*

	<b>2017 \$'000</b>
<b>Cash flows from operating activities</b>	
Total loss before income tax for the year	(155,309)
Adjustments for:	
Effects of recognising rental income on a straight-line basis over the lease term	(1,587)
Borrowing costs	48,462
Change in fair value of investment properties	261,282
Gain on disposal of investment properties	(221)
Interest income	(133)
Amortisation of intangible assets	3,300
Manager's fee paid/payable in units	6,592
<b>Operating income before working capital changes</b>	162,386
Changes in working capital:	
Trade and other receivables	(2,146)
Trade and other payables	879
<b>Cash generated from operating activities</b>	161,119
Income tax paid	(2,235)
<b>Net cash generated from operating activities</b>	158,884
 <b>Cash flows from investing activities</b>	
Interest received	136
Deposits pledged	(230)
Capital expenditure on investment properties	(23,179)
Net cash outflow on purchase of investment properties (including acquisition-related costs)	(184,091)
Proceeds from disposal of investment properties	57,318
Payment for divestment costs	(433)
Acquisition of subsidiary, net of cash acquired	(237,712)
Payment for acquisition costs of subsidiary	(2,826)
Purchase consideration for Merger (Note A)	(93,673)
Payment for Merger costs	(10,505)
<b>Net cash used in investing activities</b>	(495,195)
 <b>Cash flows from financing activities</b>	
Proceeds from issuance of new units	141,939
Proceeds from issuance of perpetual securities	150,000
Issue costs for perpetual securities paid	(1,227)
Borrowing costs paid	(55,755)
Equity issue costs paid	(1,173)
Proceeds from borrowings	941,947
Repayment of borrowings	(748,439)
Distributions paid to Unitholders	(109,844)
<b>Net cash generated from financing activities</b>	317,448
 Net decrease in cash and cash equivalents	(18,863)

**Note (A):**

This represents 10% of the total purchase consideration of S\$936.7 million for the Merger paid in cash. The remaining 90% consideration is payable with new ESR-REIT Units.



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## SCHEDULE 5 - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST

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### INTRODUCTION

The unaudited *pro forma* consolidated financial information has been prepared in connection with the Merger with VIT which will be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement to form the Enlarged Trust. Upon the completion of the Merger, VIT will become a wholly-owned sub-trust of ESR-REIT.

### BASES AND ASSUMPTIONS UNDERLYING THE UNAUDITED *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST

#### Basis of Preparation

The unaudited *pro forma* consolidated financial information of the Enlarged Trust has been prepared for illustrative purposes only, and is based on certain *pro forma* adjustments to show the *pro forma* financial effects on:

- (a) the unaudited *pro forma* consolidated statement of financial position of the Enlarged Trust as at 31 December 2017 as if the Merger had occurred on 31 December 2017;
- (b) the unaudited *pro forma* consolidated statement of total return and distributable income of the Enlarged Trust for the years ended 31 December 2015, 2016 and 2017 as if the Merger had occurred on 1 January 2015; and
- (c) the unaudited *pro forma* consolidated statement of cash flow of the Enlarged Trust for the year ended 31 December 2017 as if the Merger had occurred on 1 January 2017.

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

The unaudited *pro forma* consolidated financial information of the Enlarged Trust for the years ended 31 December 2015, 2016 and 2017 has been compiled based on the following:

- (i) the audited consolidated financial statements of ESR-REIT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”;
- (ii) the audited consolidated financial statements of VI-REIT and VIT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”; and
- (iii) the audited consolidated financial statements of VI-BT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with the provision of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards.

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

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## SCHEDULE 5 - UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED TRUST

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### Assumptions

The unaudited *pro forma* consolidated financial information of the Enlarged Trust has been prepared on the following key assumptions:

- (a) the consideration for the Merger is settled by way of the issuance of approximately 1,561.2 million new ESR-REIT Units at an illustrative issue price of S\$0.54 and an aggregate Cash Consideration of S\$93.7 million. The premium over net assets of VIT is allocated to VIT's investment properties and is written off on 1 January 2015;
- (b) VIT's borrowings and related interest rate swaps are replaced with new banking facilities, which include a S\$142.9 million revolving credit facility and S\$500.0 million term loans at a weighted average "all-in" interest rate of 3.7% per annum;
- (c) the acquisition fee in respect of the acquisition of VIT's investment properties pursuant to the Merger are paid by way of the issuance of approximately 23.8 million new ESR-REIT Units at an illustrative issue price of S\$0.54 each on 1 January 2015;
- (d) VIT's fee structure for the asset management fees, property management fees and trustee fees are replaced with the fee structure in the ESR-REIT Trust Deed with effect from 1 January 2015 and all the asset management fees for VIT are paid in units;
- (e) the Preferential Offering at S\$0.54 per ESR-REIT Unit to raise gross proceeds of S\$141.9 million was completed on 31 December 2017 and such proceeds were used to repay debts related to the 7000 AMK Acquisition; and
- (f) 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.

### OTHER NOTES

#### Change in fair value of investment properties

Included in the change in fair value of investment properties for the year ended 31 December 2015 are fair value adjustments of S\$213.5 million, which relate to acquisition-related costs and the premium over the net assets of VIT allocated to VIT's investment properties, assuming the Merger had occurred on 1 January 2015.

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## SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

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The following discussion of the business, financial condition and results of operation of the Enlarged Trust was prepared by the management of the ESR-REIT Manager and should be read in conjunction with the following which can be accessed from the SGX-ST website at [www.sgx.com](http://www.sgx.com):

- (a) the audited consolidated financial statements of ESR-REIT and its subsidiaries for the financial years ended 31 December 2015, 2016 and 2017;
- (b) the audited consolidated financial statements of VI-REIT and VIT for the financial years ended 31 December 2015, 2016 and 2017;
- (c) the audited consolidated financial statements of VI-BT for the financial years ended 31 December 2015, 2016 and 2017; and
- (d) the “Unaudited *Pro Forma* Consolidated Financial Information of the Enlarged Trust” as set out in **Schedule 5** to this Circular.

### **Basis of Preparation of the Enlarged Trust**

The unaudited *pro forma* consolidated financial information for the Enlarged Trust has been prepared for illustrative purposes only, and based on certain assumptions directly attributable to the Merger after making certain *pro forma* adjustments, to show the *pro forma* financial effects on:

- (a) the unaudited *pro forma* consolidated statement of financial position of the Enlarged Trust as at 31 December 2017 as if the Merger had occurred on 31 December 2017;
- (b) the unaudited *pro forma* consolidated statement of total return and distributable income of the Enlarged Trust for the years ended 31 December 2015, 2016 and 2017 as if the Merger had occurred on 1 January 2015; and
- (c) the unaudited *pro forma* consolidated statement of cash flow of the Enlarged Trust for the year ended 31 December 2017 as if the Merger had occurred on 1 January 2017.

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

The unaudited *pro forma* consolidated financial information of the Enlarged Trust for the years ended 31 December 2015, 2016 and 2017 has been compiled based on the following:

- (i) the audited consolidated financial statements of ESR-REIT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”;

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## SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

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- (ii) the audited consolidated financial statements of VI-REIT and VIT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”; and
- (iii) the audited consolidated financial statements of VI-BT for the years ended 31 December 2015, 2016 and 2017, which were prepared in accordance with the provision of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards.

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

### OVERVIEW

The Enlarged Trust comprises:

- (a) VIT, a stapled trust group comprising VI-REIT and its subsidiary and VI-BT. VI-BT is a Singapore-based business trust which has remained inactive since its constitution on 14 October 2013. VIT has a portfolio of nine (9) properties as at 31 December 2017; and
- (b) ESR-REIT, a group comprising ESR-REIT and its subsidiaries. ESR-REIT has a portfolio of 48 properties as at 31 December 2017.

Both ESR-REIT and VIT are Singapore-based real estate investment trusts, established to invest, directly and indirectly in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth.

The *pro forma* consolidated Statement of Total Return of the Enlarged Trust included VIT’s rental support income from its vendors for the following properties:

- (i) UE BizHub EAST (“**UEBH**”)

In the UEBH rental support arrangement, the vendor, United Engineers Developments Pte Ltd (“**UED**”), agreed to top up the rent difference if the actual net rental income derived from UEBH (excluding the hotel leased premises) is less than S\$26 million per annum for each of the first two (2) years and with a step-up of 5% in each the third and fifth year of the term. Any actual net rental income received in excess of the rental guarantee will be refunded to UED. The duration of the UEBH rental support arrangement is five (5) years from November 2013.

- (ii) Jackson Square (“**JS**”)

In the JS rental support arrangement, the vendor, Jackson International Private Limited (“**JIPL**”), agreed to top up the rent difference if the aggregate gross rental income derived from JS is less than S\$58 million over the rental support period for five (5) years from the acquisition date of JS in November 2014.

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## SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

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The JS rental support arrangement was terminated in May 2017 after JIPL went into liquidation in April 2017. The JS rental support arrangement was terminated with a receipt of S\$1.0 million cash payment and the drawdown of S\$3.9 million from the JS rental support bank guarantee. The total settlement sum of S\$4.9 million was fully recognised as rental support income in the Statement of Total Return. The full remaining undistributed settlement amount was subsequently distributed to the Stapled Securityholders in VIT's 1Q2018 distribution.

(iii) Viva Business Park (“VBP”)

In the VBP rental support arrangement, the vendor, Wan Tien Realty (Pte) Ltd (“WTR”), agreed to top up the rent difference if the actual gross rental income derived from VBP is less than S\$2.15 million per month and the aggregate amount of the rental support to be provided is capped at S\$2.3 million. The said aggregate amount of rental support had been received in advance by VI-REIT in November 2013. If VI-REIT did not fully utilise the rental support amount of S\$2.3 million by the end of the rental support period, the remaining unutilised balance of the rental support amount would be refunded to WTR after the expiry of the VBP rental support arrangement on 3 November 2015.

The VBP rental support amount of S\$2.3 million was fully utilised by VI-REIT in the third quarter of FY2015.

### REVIEW OF PAST OPERATING PERFORMANCE OF THE ENLARGED TRUST

#### I. YEAR ENDED 31 DECEMBER 2017 (“FY2017”) VERSUS YEAR ENDED 31 DECEMBER 2016 (“FY2016”)

##### *Net Return and Distributable Income Analysis*

##### (a) Gross revenue

The Enlarged Trust's gross revenue for FY2017 was S\$221.4 million, S\$14.2 million higher than FY2016. The net increase was predominantly due to additional rental income contribution from acquisitions and any incidental income received from the holding of these industrial properties. This was partially offset by loss of revenue during the transition phase of some properties moving from single-tenanted to multi-tenanted and property divestments in ESR-REIT.

##### (b) Property expenses

Property expenses are incurred to maintain ESR-REIT's and VIT's property portfolio in tenable conditions such as repair and maintenance and insurance expenses, marketing service commission expenses incurred for securing new leases and lease renewals, and property operating expenses such as land rent, property tax and property manager's fees.

The Enlarged Trust's property expenses for FY2017 was S\$61.1 million, S\$4.7 million higher than FY2016 due to property acquisitions and higher property expenses (such as marketing service commission fees, land rent and maintenance expenses) from lease conversions of properties.

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**SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

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**(c) Rental support**

Rental support income came from VIT's vendors of UEBH and JS. Please see the "Overview" above in this **Schedule 6** for more information. The higher rental support for FY2017 over FY2016 by S\$2.0 million came from the rental top-up under the JS rental support arrangement.

**(d) Management fees**

The Enlarged Trust's management fee expense comprised base fee paid/payable to the managers of ESR-REIT and VIT. The management fee is paid approximately 50% in cash and approximately 50% in units.

**(e) Amortisation of intangible assets**

The intangible assets represent the contractual rights of VIT to receive payments from the vendor of UEBH pursuant to the UEBH rental support arrangement. These intangible assets are amortised on a straight-line basis over the duration of the UEBH rental arrangement of five (5) years from November 2013. Please see the "Overview" above in this **Schedule 6** for more details.

This amount is non-tax deductible and has no impact on the distributable income.

**(f) Trust expenses**

Trust expenses include statutory expenses such as annual listing fees, secretarial fees, trustee fees, distribution-related costs, audit and tax compliance fees, valuation fees and other non-property-related expenses such as legal and professional fees and investor relations costs.

The Enlarged Trust's trust expense for FY2017 of S\$4.0 million was S\$0.7 million higher than FY2016 due to higher legal and consultancy fees and investor relations costs incurred.

**(g) Borrowing costs**

Borrowing costs generally include expenses such as interest expense, loan commitment fees and amortisation of debt-related transaction costs.

The Enlarged Trust's FY2017 borrowing costs of S\$44.1 million was S\$1.8 million higher than FY2016 due to the interest costs from incremental loans to refinance VIT's existing borrowings and acquisitions.

**(h) Gain on disposal of investment properties**

ESR-REIT divested three (3) properties in FY2017 for a divestment gain of S\$0.2 million and two (2) properties in FY2016 for a divestment gain of S\$1.2 million. These gains are non-taxable and have no impact on the distributable income.

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**SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

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**(i) Change in the fair value of financial derivatives**

This relates to the change in fair value of interest rate swaps entered into by ESR-REIT to fix the floating rate borrowings. The interest rate swaps were unwound in FY2016.

**(j) Change in the fair value of investment properties**

This represents the fair value change of investment properties in ESR-REIT. The fair value change of VIT's property portfolio for FY2015 to FY2017 is assumed to be written off as part of the premium over net assets since 1 January 2015 in the *pro forma*.

**(k) Income tax expense**

Income tax expense is attributable to VIT's rental income support from the UEBH rental arrangement and the JS rental support arrangement. As the Inland Revenue Authority of Singapore (the "IRAS") will determine if tax transparency treatment will be accorded to these rental income support payments at the tax assessment stage, tax provisions are made pending the outcome of the tax assessment.

**(l) Distribution adjustments**

Distribution to unitholders is based on taxable income (i.e. the net income available for distribution). Distribution adjustments are made to derive the net income available for distribution.

Distribution from VIT in the Enlarged Trust represents the aggregate of distributions by VI-REIT and its subsidiary and VI-BT.

**(m) Retention of distributable income**

This represents VIT's remaining undistributed amount of the settlement received for the termination of the JS rental support arrangement (please see the "Overview" above in this **Schedule 6** for more details) and is distributable to VIT's unitholders. VIT has subsequently distributed the full remaining undistributed settlement amount to the Stapled Securityholders in its 1Q2018 distribution.

**II. YEAR ENDED 31 DECEMBER 2016 ("FY2016") VS YEAR ENDED 31 DECEMBER 2015 ("FY2015")**

***Net Return and Distributable Income Analysis***

**(a) Gross revenue**

The Enlarged Trust's gross revenue for FY2016 was S\$207.2 million, S\$21.0 million higher than FY2015. The increase was mainly due to additional rental income contribution from acquisitions and completion of AEs, better property performance in terms of leasing up and rent escalations from the existing portfolio and any incidental income received from the holding of these industrial properties. This was partially offset by the negative effect of master lease expiries and divestments.

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## SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

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### (b) Property expenses

Property expenses are incurred to maintain ESR-REIT's and VIT's property portfolio in tenable conditions such as repair and maintenance and insurance expenses, marketing service commission expenses incurred for securing new leases and lease renewals, and property operating expenses such as land rent, property tax and property manager's fees.

The Enlarged Trust's property expenses for FY2016 was S\$56.5 million, S\$7.2 million higher than FY2015 due to property acquisitions and higher property expenses (such as marketing service commission fees, land rent and maintenance expenses) as a result of ongoing conversion of properties from single-tenancy to multi-tenancy.

### (c) Rental support

Rental support income came from VIT's vendors of UEBH and JS. Please see the "Overview" above in this **Schedule 6** for more information. The lower rental support for FY2016 over FY2015 by S\$0.8 million resulted from the expiry of the rental top-up arrangement for VBP and lower rental top-up under the JS rental support arrangement.

### (d) Management fees

The Enlarged Trust's management fee expense comprised base fee paid/payable to the managers of ESR-REIT and VI-REIT. The management fee is paid approximately 50% in cash and approximately 50% in units.

### (e) Amortisation of intangible assets

The intangible assets represent the contractual rights of VIT to receive payments from the vendor of UEBH and VBP pursuant to the UEBH and VBP rental support arrangement. These intangible assets are amortised on a straight-line basis over the duration of the UEBH and VBP rental arrangement.

The contractual right pertaining to the VBP rental arrangement was fully amortised in November 2015. This amount is non-tax deductible and has no impact on the distributable income.

Please see the "Overview" above in this **Schedule 6** for more details.

### (f) Trust expenses

Trust expenses include statutory expenses such as annual listing fees, secretarial fees, trustee fees, distribution-related costs, audit and tax compliance fees, valuation fees and other non-property-related expenses such as legal and professional fees and investor relations costs.

The Enlarged Trust's trust expense for FY2016 of S\$3.3 million was S\$0.2 million lower than FY2015 due to lower legal and professional fees incurred.

### (g) Borrowing costs

Borrowing costs generally include expenses such as interest expense, loan commitment fees and amortisation of debt-related transaction costs.



**SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

The Enlarged Trust's FY2016 borrowing costs of S\$42.2 million was S\$3.7 million lower than FY2015 due to the absence of accelerated amortisation of loan transaction cost from debt refinancing in FY2015 for ESR-REIT and the *pro forma* adjustment for prepayment cost from refinancing VIT's existing borrowings on 1 January 2015.

**(h) Share of profits in jointly-controlled entity**

This relates to the share of profits from ESR-REIT's subsidiary.

**(i) Change in the fair value of financial derivatives**

This relates to the change in fair value of interest rate swaps entered into by ESR-REIT to fix the floating rate borrowings.

**(j) Change in the fair value of investment properties**

The fair value loss of the Enlarged Trust of S\$216.1 million for FY2015 comprised the following:

<b>Items</b>	<b>Enlarged Trust FY2015 (S\$'000)</b>
Fair value adjustments relating to the Merger	(213,503)
Fair value loss from the annual valuation of ESR-REIT's investment properties	(2,645)
<b>Fair value loss</b>	<b>(216,148)</b>

Included in the fair value adjustments relating to the Merger are fair value adjustments relating to acquisition-related cost and the write-off of the premium over net assets of VIT that are allocated to VIT's investment properties.

This fair value loss is non-tax deductible and has no impact on the distributable income.

**(k) Income tax expense**

Income tax expense is attributable to VIT's rental income support arrangement from its vendors, UEBH, JS and VBP. As the IRAS will determine if tax transparency treatment will be accorded to these rental income support payments at the tax assessment stage, tax provisions are made pending the outcome of the tax assessment.

**(l) Distribution adjustments**

Distribution to unitholders is based on taxable income (i.e. the net income available for distribution). Distribution adjustments are made to derive the net income available for distribution.

Distribution from VIT in the Enlarged Trust represents the aggregate of distributions by VI-REIT and its subsidiary and VI-BT.

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## SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

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### (m) Distribution from capital

This refers to the capital distribution of S\$2.1 million from ESR-REIT to its unitholders for FY2015.

## STATEMENT OF FINANCIAL POSITION

### *Financial Position Analysis*

#### **Total Assets**

Total assets of the Enlarged Trust amount to S\$3,013.2 million as at 31 December 2017. Investment properties of S\$2,936.9 million (comprising investment properties and investment properties held for divestment) represent the single largest asset category of the Enlarged Trust.

#### **(a) Investment properties and properties held for divestment**

The investment properties, comprising 48 properties from ESR-REIT and nine (9) properties from VIT, are based in Singapore and have a diversified tenant base across sub-sectors which include Logistics/Warehouse, High-Specs Industrial, Light Industrial, General Industrial and Business Park. The investment properties are stated at their values based on independent external valuations as at 31 December 2017.

VIT's business park at UEBH has a hotel component which is leased to a single tenant.

ESR-REIT classified an investment property, the property at 9 Bukit Batok Street 22, as held for divestment as at 31 December 2017 as ESR-REIT was in advanced stages of negotiation with the purchaser on the divestment of this property. The divestment was considered highly probable and expected to be completed within the next 12 months from the reporting date. This property was subsequently divested in March 2018.

#### **(b) Intangible assets**

The intangible assets represent the contractual rights of VIT to receive payments from the vendor of UEBH pursuant to the UEBH rental support arrangement. These intangible assets are amortised on a straight-line basis over the duration of the UEBH rental arrangement of five (5) years from November 2013. Please see the "Overview" above in this **Schedule 6** for more details.

This amount is non-tax deductible and has no impact on the distributable income.

#### **(c) Trade and other receivables**

This includes mainly rent receivable from the leasing of the property portfolio, utilities deposits to utilities providers, prepayments and property expenses recoverable from tenants.

#### **(d) Cash and cash equivalents**

This comprises mainly cash at banks and fixed deposits placed with banks.

**SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

***Total Liabilities***

Total liabilities of the Enlarged Trust amount to S\$1,304.1 million as at 31 December 2017. Interest-bearing borrowings of S\$1,159.4 million (comprising current and non-current and net of unamortised loan transaction costs) represent the single largest liability category of the Enlarged Trust.

**(a) Interest-bearing borrowings**

This comprises ESR-REIT's existing borrowings of S\$527.9 million and borrowings of S\$631.5 million arranged to refinance VIT's existing borrowings and to finance the transaction costs of the Merger.

The interest-bearing borrowings are presented net of unamortised loan transaction costs.

Details of the borrowings are shown below:

	<b>Enlarged Trust FY2017 S\$'000</b>
<b>Current liabilities</b>	
Fixed rate notes (unsecured)	155,000
Unamortised loan transaction costs	(105)
	154,895
<b>Non-current liabilities</b>	
Unsecured loans	808,008
Fixed rate notes (unsecured)	210,000
Unamortised loan transaction costs	(13,489)
	1,004,519
<b>Total interest-bearing borrowings</b>	<b>1,159,414</b>

**(b) Trade and other payables**

This represents mainly the trade payable, accrual and provision for property expenses, capital expenditure and trust expenses, security deposits and rental received in advance from tenants.

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**SCHEDULE 6 - MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST BASED ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

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**(c) Provision for income tax**

Provision for income tax is attributable to VIT's rental income support from the UEBH rental arrangement and the JS rental support arrangement.

**(d) Amount due to non-controlling interest**

This amount payable to non-controlling interest of S\$60.6 million relates to the put option that was irrevocably granted to the previous owner of 7000 AMK Pte. Ltd. in relation to the remaining 20% interest in 7000 AMK Pte. Ltd. that is not owned by ESR-REIT.

***Unitholders' Funds***

**(a) Perpetual securities holders' funds**

On 3 November 2017, ESR-REIT issued S\$150 million of subordinated perpetual securities (the "**Perps**") under Series 006 of its S\$750 million Multicurrency Debt Issuance Programme ("**Series 006 PS**"). The Perps confer a right to receive distribution at a rate of 4.60% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five (5) years thereafter. The distribution will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative in accordance with the terms and conditions of the Perps. Payment to ordinary unitholders can only be made if the payment to Perp holders has already been made.

The Series 006 PS may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance. The Series 006 PS is classified as equity instruments and recorded as equity in the financial statements.

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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CBRE Pte. Ltd.

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Singapore 049909

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Co. Reg. No.: 197701161R  
Agency License No.: L3002163I

31 March 2018

Our Ref: 17-SGL-0191-1 to 2 & 17-SGL-0214-1 to 7/CHH/JC/JL

ESR Funds Management (S) Limited  
(as Manager of ESR-REIT)  
138 Market Street #26-03/04  
CapitaGreen  
Singapore 048946

RBC Investor Services Trust Singapore Limited  
(as Trustee of ESR-REIT)  
8 Marina View  
#26-01 Asia Square Tower 1  
Singapore 018960

Dear Sirs,

### Valuation Summary of

- 1) **81 Tuas Bay Drive**
- 2) **30 Pioneer Road**
- 3) **6 Chin Bee Avenue**
- 4) **19 Tai Seng Avenue**
- 5) **29 Tai Seng Street**
- 6) **11 Ubi Road 1**
- 7) **11 Lorong 3 Toa Payoh, Jackson Square**
- 8) **6 & 8 Changi Business Park Avenue 1, UE Bizhub East (Business Park Component)**  
**2 & 4 Changi Business Park Avenue 1, UE BizHub East (Hotel Component)**
- 9) **Viva Business Park, 750 -750E Chai Chee Road**

### Instructions

We refer to your instructions to provide a valuation summary letter in respect of the abovementioned Properties, valued by us as an independent valuer as at 31 March 2018, for inclusion in the Circular to Unitholders (the "Circular") in relation to, inter alia, the proposed acquisition by ESR-REIT of all the issued and paid-up stapled securities of Viva Industrial Trust ("Merger") and the proposed Whitewash Resolution (as defined in the Circular). We confirm that we have made enquiries and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Values of the Properties as at 31 March 2018 of the remaining leasehold interest in the Properties, subject to the existing tenancies and occupational arrangements.

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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31 March 2018

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We have prepared comprehensive formal valuation reports (individually a "Report" and collectively the "Reports") in accordance with the requirements of our instructions. The valuation included a property inspection, along with comprehensive property and market enquiries.

For the purposes of this Circular, we have prepared this letter which summarises our Reports and outlines key factors which have been considered in arriving at our opinions of value. This letter alone does not contain the necessary data and support information included in our Reports. For further information to that contained herein, reference should be made to the Reports, copies of which are held by the Manager.

### **Valuation Basis and Assumptions**

In accordance with the International Valuation Standards, the definition of Market Value is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation has been made on the assumption that the owner sells the Properties on the open market in its existing state taking into account the existing tenancy and occupational arrangements and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the price of the Properties.

Where market value is assessed, it reflects the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The Properties are valued on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations.

No structural survey has been made of the building and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the building was tested.

We have relied on property information provided in October 2017 by ESR Funds Management (S) Limited in relation to such matters as land rent, annual values, tenancy details, operating expenses etc. CBRE Pte. Ltd. ("CBRE") accepts no responsibility for subsequent changes in information to income, expenses or market conditions.

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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31 March 2018

Page 3

We provide a Summary of the Reports outlining key factors that have been considered in arriving at our opinions of value. The value conclusions reflect all information known by the valuers of CBRE Pte. Ltd. ("CBRE") who worked on the valuations in respect to the Properties, market conditions and available data.

### **Extension of Liability & Confidentiality**

This report may only be relied upon by RBC Investor Services Trust Singapore Limited (in its capacity as the Trustee of ESR-REIT), ESR Funds Management (S) Limited (in its capacity as the Manager of ESR-REIT), the Independent Financial Adviser ("IFA") appointed in relation to the Merger and the Whitewash Resolution for the purposes of the IFA Letter (as defined in the Circular).

Use by, or reliance upon this document by anyone other than RBC Investor Services Trust Singapore Limited (in its capacity as the Trustee of ESR-REIT), ESR Funds Management (S) Limited (in its capacity as the Manager of ESR-REIT) and the IFA is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority, save for inclusion in the Circular.

### **Limitation of Liability**

The liability of CBRE and its directors and employees is limited to the addressee of the valuation report only. No accountability, obligation or liability to any third parties is accepted. In recognition of the relative risks and benefits of this engagement to the Instructing Party, the Reliant Party(ies) and CBRE, the risks have been allocated such that the Instructing Party shall procure that the Reliant Party(ies) agrees, to the fullest extent permitted by law, the total liability, in the aggregate, of CBRE and its professionals, officers, directors, employees, agents and sub-consultants, and any of them, to the Instructing Party, Reliant Party(ies) and anyone claiming by, through or under the Instructing Party or Reliant Party(ies), for any and all claims, losses, costs or damages of any nature whatsoever arising out of, resulting from or in any way related to this engagement from any cause or causes, including but not limited to the negligence, professional errors or omissions, strict liability, breach of contract or warranty, express or implied, of CBRE or its professionals, officers, directors, employees, agents or sub-consultants, or any of them, shall to the Instructing Party or Reliant Party(ies), limited to three (3) times the total compensation received by CBRE under this engagement, for any and all injuries, damages, claims, losses, expenses or claim expenses (including attorneys' fees) arising out of this engagement from any cause or causes.

This provision is standard with valuation engagements and is not provided to waive our professional responsibility but as a mechanism to appropriately reflect the risk and benefits of the parties to the engagement.

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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31 March 2018

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### Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and have investigated recent sales and leasing transactions of comparable properties that have occurred in the broader commercial and industrial property market. We have primarily utilised the Capitalisation Approach and Discounted Cash Flow analysis in undertaking our assessment for each of the Properties.

### Capitalisation Approach

We have utilised a capitalisation approach in which the sustainable net income on a fully leased basis has been estimated having regard to the current passing rental income. From this figure, we have deducted property management fee and all other outgoings including property tax.

The resultant net income has thereafter been capitalised for the remaining tenure of the respective Properties to produce a core capital value. The yields adopted reflect the nature, location and tenancy profile of the Properties together with current market investment criteria, as evidenced by the sales evidence considered. Thereafter, appropriate capital adjustments have been included relating to rental reversion adjustments and capital expenditure requirements.

### Discounted Cash Flow analysis

This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.



## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS



31 March 2018

Page 5

### Summary of Values

The table below summarises the key property details for each of the Properties:

S/N	Property Address	GFA (sf)	Assessed Market Value as at 31 Mar 2018 (S\$)
1	81 Tuas Bay Drive	107,566	26,700,000
2	30 Pioneer Road	281,090	52,000,000
3	6 Chin Bee Avenue	324,166	93,300,000
4	19 Tai Seng Avenue	120,556	47,500,000
5	29 Tai Seng Street	85,070	32,900,000
6	11 Ubi Road 1	253,058	83,900,000
7	Jackson Square	418,585	60,000,000
8	UE Bizhub East (Business Park Component)	626,018	510,000,000
	UE Bizhub East (Hotel Component)	157,397	
9	Viva Business Park	1,526,762	313,000,000
	<b>Total</b>		<b>1,219,300,000</b>

### Assessment of Value

We are of the opinion that the Market Value of the Properties as at 31 March 2018, as disclosed is:

**Total Portfolio: S\$1,219,300,000/-**

**(Singapore Dollars: One Billion, Two Hundred Nineteen Million and Three Hundred Thousand only)**

### Disclaimer

Ms Chia Hui Hoon, Mr Zhang Jiahao, Mr. James Crawford and Mr Robert McIntosh and CBRE have prepared this Valuation Summary Letter which appears in this Circular and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within this Valuation Summary Letter. Ms Chia Hui Hoon, Mr Zhang Jiahao, Mr. James Crawford and Mr Robert McIntosh and CBRE do not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by CBRE in this Valuation Summary Letter.

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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**CBRE**

31 March 2018

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CBRE has relied upon property data supplied by ESR Funds Management (S) Limited (as Manager of ESR-REIT) which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. Messrs Chia Hui Hoon, Zhang Jiahao, James Crawford and Robert McIntosh have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party/s involved.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorized to practice as valuers and have at least 8 years continuous experience in valuation.

Yours sincerely  
**CBRE PTE. LTD.**



**Chia Hui Hoon**  
BSc (Est Mgt) Hons MSISV  
Senior Director  
Valuation & Advisory Services



**Zhang Jiahao**  
BSc (Real Estate) Hons  
Manager  
CBRE Hotels, Valuation & Advisory Services



**James Crawford**  
AAPI MRICS  
RICS Registered Valuer  
Executive Director  
Valuation & Advisory Services



**Robert McIntosh**  
BSc, FRICS, FAPI  
RICS Registered Valuer (Reviewer)  
Executive Director  
CBRE Hotels, Asia Pacific

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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Our Ref : PKE:CT/HN/CWK/CL/AWL/JH:ao:3.496:18060065-104

12 June 2018

RBC Investor Services Trust Singapore Limited  
(as trustee of ESR-REIT)  
8 Marina View #26-01  
Asia Square Tower 1  
Singapore 018960

ESR Funds Management (S) Limited  
(as manager of ESR-REIT)  
138 Market Street #26-03/04  
CapitaGreen  
Singapore 048946

Attention: Ms Nancy Tan

Dear Madam

**RE: VALUATION OF VARIOUS PROPERTIES BELONGING TO  
RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED  
(TOTAL : 40 PROPERTIES)**

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We refer to our valuation reports (Our ref: PKE:CT/HN/CWK/CL/AWL/JH:171100097-109/111-119/142-158 & NC:CWK/CL:ao:3.496:171000007) relating to the 40 properties listed on the next page, which were valued by us as independent valuers as at 31 December 2017. We wish to confirm that we have reviewed our valuations as at 31 March 2018 using the Capitalisation Approach and Discounted Cash Flow Analysis.

We further advise that Edmund Tie & Company (SEA) Pte Ltd nor any of its employees have any pecuniary interest that would conflict with the valuation of the properties.

A summary of the market values is appended.

Please do not hesitate to contact us if you have any queries on the above.

Yours faithfully

**EDMUND TIE & COMPANY (SEA) PTE LTD**

A handwritten signature in blue ink, appearing to read 'Poh Kwee Eng', written over a light blue horizontal line.

Poh Kwee Eng (Ms)  
Executive Director  
Head, Valuation Advisory

## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS



### APPENDIX

	<b>Property Address</b>	<b>Market Value as at 31 March 2018</b>
1	160 Kallang Way	S\$ 26,500,000/-
2	120 Pioneer Road	S\$ 40,500,000/-
3	4/6 Clementi Loop	S\$ 47,500,000/-
4	3C Toh Guan Road East	S\$ 30,300,000/-
5	31 Changi South Avenue 2	S\$ 12,000,000/-
6	21B Senoko Loop	S\$ 26,500,000/-
7	45 Changi South Avenue 2	S\$ 12,200,000/-
8	2 Tuas South Avenue 2	S\$ 36,200,000/-
9	511 & 513 Yishun Industrial Park A	S\$ 26,000,000/-
10	60 Tuas South Street 1	S\$ 4,200,000/-
11	30 Marsiling Industrial Estate Road 8	S\$ 36,600,000/-
12	43 Tuas View Circuit	S\$ 16,100,000/-
13	15 Jurong Port Road	S\$ 37,300,000/-
14	128 Joo Seng Road	S\$ 11,800,000/-
15	130 Joo Seng Road	S\$ 15,600,000/-
16	136 Joo Seng Road	S\$ 12,800,000/-
17	2 Jalan Kilang Barat	S\$ 27,400,000/-
18	11 Chang Charn Road	S\$ 29,600,000/-
19	24 Jurong Port Road	S\$ 90,200,000/-
20	3 Pioneer Sector 3	S\$ 96,300,000/-
21	16 International Business Park	S\$ 31,500,000/-
22	160A Gul Circle	S\$ 18,200,000/-
23	1 Third Lok Yang Road and 4 Fourth Lok Yang Road	S\$ 11,600,000/-
24	31 Tuas Avenue 11	S\$ 12,200,000/-
25	25 Changi South Avenue 2	S\$ 12,600,000/-
26	16 Tai Seng Street	S\$ 57,300,000/-
27	9 Tuas View Crescent	S\$ 10,200,000/-
28	28 Senoko Drive	S\$ 13,600,000/-
29	5/7 Gul Street 1	S\$ 14,900,000/-
30	28 Woodlands Loop	S\$ 17,100,000/-
31	25 Pioneer Crescent	S\$ 16,300,000/-
32	11 Woodlands Walk	S\$ 17,100,000/-
33	3 Tuas South Avenue 4	S\$ 43,000,000/-
34	30 Teban Gardens Crescent	S\$ 39,000,000/-
35	30 Toh Guan Road	S\$ 60,600,000/-
36	21/23 Ubi Road 1	S\$ 36,700,000/-
37	54 Serangoon North Avenue 4	S\$ 22,900,000/-
38	12 Ang Mo Kio Street 65	S\$ 38,200,000/-
39	86/88 International Road	S\$ 43,200,000/-
40	8 Tuas South Lane	S\$ 115,000,000/-

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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Our Ref: 2018/1313/CORP



Savills Valuation and  
Professional Services (S) Pte Ltd  
Reg No.: 200402411G

12 June 2018

30 Cecil Street  
#20-03 Prudential Tower  
Singapore 049712

**RBC Investor Services Trust Singapore Limited**

As Trustee of ESR-REIT  
8 Marina View  
#26-01 Asia Square Tower 1  
Singapore 018960

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**ESR Funds Management (S) Limited**

As Manager of ESR-REIT  
138 Market Street  
#26-03/04 CapitaGreen  
Singapore 048946

Dear Sirs

**ESR-REIT'S PORTFOLIO OF 7 PROPERTIES ("the Properties") IN SINGAPORE**

We refer to the instructions of ESR Funds Management (S) Limited (in its capacity as manager of ESR-REIT) ("ESR-REIT Manager") and RBC Investor Services Trust Singapore Limited (in its capacity as Trustee of ESR-REIT ("Clients")) to provide the updated values of the Properties, for which we had provided independent valuations to the Clients as at 31 December 2017 (except for the property at 7000 Ang Mo Kio Avenue 5 for which we had provided an independent valuation as at 31 October 2017).

Accordingly, we have made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the Market Values as at 31 March 2018 of the un-expired leasehold interest in the Properties, subject to existing tenancies as provided to us. An external inspection of the property has been conducted and no title searches and legal requisitions have been carried out.

This letter has been prepared for inclusion in the Circular to ESR-REIT unitholders ("Circular") in relation to, inter alia, the proposed acquisition by ESR-REIT of all the issued and paid-up stapled securities of Viva Industrial Trust ("Merger") and the proposed Whitewash Resolution (as defined in the Circular), as well as the letter ("Offeror's Letter") from the ESR-REIT Manager to stapled securityholders of Viva Industrial Trust ("Stapled Securityholders") in the scheme document to Stapled Securityholders in relation to, inter alia, the Merger, and can only be relied on by the Clients and by the Independent Financial Adviser ("IFA") appointed by the ESR-REIT Manager in relation to the Merger and the Whitewash Resolution, for the purposes of the IFA Letter (as defined in the Circular). Use by, or reliance upon this report by anyone other than the Clients and the IFA is not authorised by Savills and Savills is not liable for any unauthorised use or reliance. Save for inclusion in the Circular and the Offeror's Letter, our letter should not be reproduced without our prior written consent and is subject to the attached limiting conditions.

We confirm that we do not have any conflict of interest that would interfere with our ability to give an independent and professional opinion of the Properties.

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## SCHEDULE 7 - INDEPENDENT VALUERS' LETTERS

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In arriving at our opinion of market values, we have adopted the Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method.

Our opinion of values and the key assumptions for the Properties are summarised as follows:

No.	Property	Capitalisation Rate	Discount Rate	Terminal Capitalisation Rate	Market Value as at 31/03/2018
1	79 Tuas South Street 5	6.50%	8.00%	6.75%	\$ 10,700,000
2	1 and 2 Changi North Street 2	6.50%	8.00%	6.75%	\$ 22,000,000
3	70 Seletar Aerospace View	6.75%	8.00%	7.25%	\$ 9,200,000
4	22 Chin Bee Drive	7.00%	8.00%	7.50%	\$ 14,800,000
5	31 Kian Teck Way	6.50%	8.00%	7.00%	\$ 5,700,000
6	11 Serangoon North Avenue 5	6.50%	8.00%	6.75%	\$ 20,000,000
7	7000 Ang Mo Kio Avenue 5	6.25%	8.00%	6.50%	\$303,000,000
<b>Total Market Value</b>					<b>\$385,400,000</b>

Yours faithfully  
For and behalf of  
**Savills Valuation and Professional Services (S) Pte Ltd**

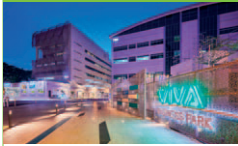
  
**Cynthia Ng**  
**Managing Director**

KH/DE/CYC/CS/LHS/CN/pt

## SCHEDULE 8 - VIT'S PROPERTIES

### QUALITY PORTFOLIO (as at 31 March 2018)

#### VIVA BUSINESS PARK



Value: S\$350.0m  
 GFA: 1,526,762 sq ft  
 Remaining land lease: 13.0 years  
 Occupancy: 81%  
 No. of tenants: 86

- Only business park development in the vicinity
- Diverse mix of tenants from multiple trade sectors
- Close proximity to Bedok Town Centre with easy access to MRT stations and bus interchange
- Successful AEI converted c.15% of GFA to "white" space and created a shop-dine-play destination

#### UE BizHub EAST (BUSINESS PARK COMPONENT)



Value: S\$358.0m  
 GFA: 626,018 sq ft  
 Remaining land lease: 19.9 years with option to renew for 30 years  
 Occupancy: 90%  
 No. of tenants: 33

- Strategically located at the heart of the Changi Business Park adjacent to Expo MRT station and with direct link to the Down Town Line Station
- Unique integrated mixed-use business park development

#### UE BizHub EAST (HOTEL COMPONENT)



Value: S\$160.0m  
 GFA: 157,397 sq ft  
 Remaining land lease: 19.9 years with option to renew for 30 years  
 Occupancy: 100%  
 No. of tenants: 6 (Includes hotel)

- One of the only two hotels at the heart of Changi Business Park adjacent to Expo MRT station and with direct link to the Down Town Line Station
- Managed under the award-winning "Park Avenue" brand

#### 81 TUAS BAY DRIVE



Value: S\$28.0m  
 GFA: 107,566 sq ft  
 Remaining land lease: 48.3 years  
 Occupancy: 100%  
 No. of tenants: 1

- Relatively new 2-storey ramp-up logistics facility
- Ramp increases operational efficiency and reduces long-term maintenance cost
- Benefit from expected consolidation of container port activities in Tuas

#### 30 PIONEER ROAD



Value: S\$55.0m  
 GFA: 281,090 sq ft  
 Remaining land lease: 18.9 years  
 Occupancy: 100%  
 No. of tenants: 1

- 4-storey warehouse with high specifications and a 7-storey ancillary office
- Strategically located at junction of Pioneer Road and Benoi Road
- Close proximity to Jurong Port and Tuas Checkpoint
- Easy access to the PIE and AYE
- A vehicular link connecting to the adjoining property with a vehicular ramp has transformed 30 Pioneer Road into a ramp-up logistics facility

#### JACKSON SQUARE



Value: S\$73.2m  
 GFA: 418,586 sq ft  
 Remaining land lease: 11.1 years  
 Occupancy: 90%  
 No. of tenants: 23

- 4 blocks of 2 to 6-storey light industrial complex in Toa Payoh
- Major refurbishment completed in 2008
- Located within densely populated area with easy access to amenities and labour supply
- Well-served by arterial roads and expressways (PIE and CTE)
- Walking distance to Braddell and Toa Payoh MRT stations

#### 29 TAI SENG STREET



Value: S\$33.4m  
 GFA: 85,070 sq ft  
 Remaining land lease: 19.1 years with option to renew for 30 years  
 Occupancy: 100%  
 No. of tenants: 1

- 5-storey modern light industrial building with basement carpark
- Located within Paya Lebar iPark, a location master-planned as an industrial park for the 21<sup>st</sup> century
- Short walking distance to Tai Seng MRT station

#### 19 TAI SENG AVENUE



Value: S\$47.8m  
 GFA: 120,556 sq ft  
 Remaining land lease: 19.5 years with option to renew for 30 years  
 Occupancy: 100%  
 No. of tenants: 1

- 7-storey modern light industrial building with covered carpark
- Located within Paya Lebar iPark, a location master-planned as an industrial park for the 21<sup>st</sup> century
- Walking distance to Tai Seng MRT station; easy access to PIE and KPE

#### 11 UBI ROAD 1



Value: S\$85.0m  
 GFA: 253,058 sq ft  
 Remaining land lease: 7.4 years with option to renew for 30 years  
 Occupancy: 100%  
 No. of tenants: 5

- 7-storey building and 2-storey building with a basement carpark
- Walking distance to MacPherson MRT station, which serves the Circle Line and the Down Town Line
- Easy access to PIE and KPE

#### 6 CHIN BEE AVENUE



Value: S\$94.3m  
 GFA: 324,166 sq ft  
 Remaining land lease: 25.6 years  
 Occupancy: 100%  
 No. of tenants: 1

- A 10-Storey ramp up logistic development with warehouse and cold room facilities
- Strategically located within mature Jurong Industrial Estate
- Easy access to PIE and AYE

Business Park
  Light Industrial
  Logistics

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## SCHEDULE 9 - PART I PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

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For the purpose of this **Schedule 9**, all capitalised terms used in the extracts of the clauses of the ESR-REIT Trust Deed shall have the meanings given to them in the ESR-REIT Trust Deed.

The proposed form of the amendments to the ESR-REIT Trust Deed upon ESR-REIT Unitholders' approval of the ESR-REIT Unit Issue Supplement is as follows:

- that Clause 5.3.2 of the ESR-REIT Trust Deed (as shown by the strikethrough below) be deleted in its entirety and replaced with the underlined text below:

~~"5.3.2 Subject to the Listing Rules and this Clause 5 and for so long as the Trust is Listed, the Manager may issue Units at an Issue Price other than calculated in accordance with Clause 5.3.1 without prior approval of Holders in a meeting of Holders PROVIDED THAT:~~

- ~~(i) the Issue Price of a Unit for a rights issue offered on a pro rata basis to all existing Holders must not be less than 50% (or such other percentage as may be permitted by the SGX-ST or relevant Recognised Stock Exchange) of the Market Price of Units determined pursuant to Clause 5.3.1 (if applicable, of the same Class) on the Business Day preceding the day on which the intention to make the offer or issue is announced. Any such rights entitlement must be tradable on the SGX-ST or any other Recognised Stock Exchange on which the Trust is Listed, unless the Authority by notice in writing allows otherwise. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this Clause 5.3.2(i);~~
- ~~(ii) the Issue Price of a Unit for any reinvestment of distribution arrangement under Clause 11.11 must not be less than 90% (or such other percentage as may be permitted by the SGX-ST or relevant Recognised Stock Exchange) of the Market Price of a Unit determined pursuant to Clause 5.3.1 as at the Business Day immediately following the Record Date for the determination of Distribution Entitlements. The Trustee must ensure that such an issue is made at a price that is in accordance with the terms specified in this Clause 5.3.2(ii);~~
- ~~(iii) the Issue Price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Holders must be determined in accordance with the conditions set out in Clauses 5.3.3 and 5.3.4; and~~
- ~~(iv) where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by the Trust in conjunction with an issue of Units pursuant to Clause 5.3.2(i) or Clause 5.3.3 to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the Issue Price of a Unit so issued as partial consideration shall be the same as the Issue Price for the Units issued in conjunction therewith pursuant to Clause 5.3.2(i) or (as the case may be) Clause 5.3.3.~~

Subject to the Listing Rules and for so long as the Trust is Listed, the Manager may issue Units at an Issue Price other than as calculated in accordance with Clause 5.3.1 without prior approval of Holders in a meeting of Holders, provided that the Manager complies with the Listing Rules in determining the Issue Price, including the Issue Price



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## SCHEDULE 9 - PART I PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

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of a Unit for a rights issue offered on a pro rata basis to all existing Holders, the Issue Price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Holders, and the Issue Price of a Unit for any reinvestment or distribution arrangement.”

- that Clause 5.3.3 of the ESR-REIT Trust Deed (as shown by the strikethrough below) be deleted in its entirety and replaced with the underlined text below:

~~“5.3.3 Subject to Clause 5.3.5, for so long as the Trust is Listed, new Units may be issued other than by way of a rights issue offered on a pro rata basis to all existing Holders without the prior approval of Holders in a meeting of Holders PROVIDED THAT:~~

- (i) ~~the issue (together with any other issue of Units other than by way of a rights issue offered on a pro rata basis to all existing Holders in the same Financial Year, including Units issued to the Manager in payment of the Manager’s Base Fee and/or Performance Fee) would not, immediately after the issue, exceed 10% (or such other percentage as may, from time to time, be prescribed by the Authority) of the Value of the Deposited Property including any Authorised Investment acquired or to be acquired by the Trust, for which the new Units are to be issued PROVIDED THAT the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20% of the outstanding Units (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SGX-ST or relevant Recognised Stock Exchange); and~~
- (ii) ~~where such an issue is made at a discount to the Market Price, the discount does not exceed 5% or such other percentage as may, from time to time, be prescribed by the Authority.~~

~~For the purposes of this Clause 5.3.3, **Market Price** shall mean the volume weighted average price for trades done on the SGX-ST or relevant Recognised Stock Exchange on the day the placement agreement (or equivalent agreement) is signed. The volume weighted average price shall be calculated based on the trades done for a full market day, or if trading in the Listed Units is not available for a full market day, the volume weighted average price shall be calculated based on the trades done on the preceding market day up to the time the placement agreement (or equivalent agreement) is signed.~~

~~The Trustee must ensure that an issue of new Units other than by way of a rights issue offered on a pro rata basis to all existing Holders without the prior approval of Holders in a meeting of Holders complies with the terms specified in this Clause 5.3.3.~~

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## SCHEDULE 9 - PART I PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

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Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by the Trust in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the Issue Price of a Unit so issued as full or partial consideration shall be the same as the Issue Price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

- that Clause 5.3.4 of the ESR-REIT Trust Deed (as shown by the strikethrough below) be deleted in its entirety and replaced with the underlined text below:

~~“5.3.4 Subject to Clause 5.3.5, for so long as the Trust is Listed, an issue of Units (other than by way of rights issue offered on a pro rata basis to all existing Holders) exceeding any of the above thresholds in Clauses 5.3.3(i) and 5.3.3(ii) will require specific prior approval of Holders by Extraordinary Resolution at a meeting of Holders to be convened by the Manager in accordance with Schedule 1. If relevant in the circumstances, specific prior approval of Holders by Extraordinary Resolution must also have been obtained to permit the issue of Units to the Manager in payment of the Manager’s Base Fee and/or Performance Fee if the issue of Units contemplated thereunder exceeds any of the thresholds in Clauses 5.3.3(i) and 5.3.3(ii). For the avoidance of doubt, any issue of Units pursuant to:~~

~~(i) such approval of Holders; and~~

~~(ii) Clause 5.2.4;~~

~~shall not be taken into account in determining whether a subsequent proposed issue of Units in the same financial year will exceed any of the thresholds in Clauses 5.3.3(i) and 5.3.3(ii).~~

For so long as the Trust is Listed, subject to any applicable laws, regulations and the Listing Rules, the Manager shall not issue any Units in numbers exceeding the limit (if any) set out in any applicable laws, regulations and the Listing Rules, relating to the issue of Units unless the Holders approve the issue of Units exceeding the aforesaid limit in general meeting.”

- that Clause 5.3.5 of the ESR-REIT Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough and additions indicated by the underlined text below:

~~“5.3.5 (Except in the case of an issue of Units to the Manager in payment of the Manager’s Base Fee and/or Performance Fee) f~~For so long as the Trust is Listed:

~~(i) the Trustee and/or its related parties; and~~

~~(ii) the Manager and/or its related parties; and~~

~~(iii)~~(ii) the directors and/or immediate family members of the directors of the Trustee ~~and the Manager,~~

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## SCHEDULE 9 - PART I PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

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(unless otherwise permitted by the Authority in writing) may only participate in the issue of Units pursuant to ~~Clauses 5.3.3 or 5.3.4~~ (which, for the avoidance of doubt, shall not include any issue of Units by way of a preferential offering of Units on a pro rata basis to all existing Holders or an offering of Units to the public through the internet or through the automated teller machines of participating banks which is carried out without preference to any particular group of investors) with the prior specific approval of Holders by Ordinary Resolution at a meeting to be convened by the Manager in accordance with Schedule 1 at which the following persons (unless otherwise permitted by the Authority in writing) must abstain from voting:

- (aa) the person to which the issue is to be made;
- (bb) where such person is a corporation, its directors and the immediate family members of its directors; and
- (cc) where such person is a corporation, its related parties.

For the purpose of this Clause 5.3.5, **related parties** in relation to an entity shall mean its related corporations (as defined in the Companies Act) and companies in which at least 20% but not more than 50% of its shares are held by such entity and its related corporations.”

- that Clause 15.1.1(iv) of the ESR-REIT Trust Deed be amended in accordance with the following deletion indicated by the text in strikethrough below:

“(iv) The Base Fee may at the discretion of the Manager be structured at the initial public offering of Units and subsequently as payable in the form of cash or Units or a combination of both cash and Units in such proportions as may be determined at the option of the Manager, and be based generally in relation to the Value of the Deposited Property as a whole. If payment is in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Base Fee at the Issue Price with reference to the Market Price determined under Clause 5.3.1 or, if applicable, ~~Clause 5.3.34~~ determined as at the end of each calendar quarter. In the event the payment or part thereof is to be made in the form of Units and Holders’ prior approval is required for the issue of such Units pursuant to Clause 5.3.4 but is not obtained, then the payment to the Manager for that portion of the Base Fee shall be made in the form of cash.”

- that Clause 15.2.4 of the ESR-REIT Trust Deed be amended in accordance with the following deletion indicated by the deleted text below:

“~~15.2.4~~ The Manager may opt to receive the Acquisition Fee in the form of cash or Units or a combination of both cash and Units, Provided that in respect of any acquisition under Clause 15.2.1 from a Related Party such Acquisition Fee shall be in the form of Units. Where the Acquisition Fee is to be received in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the Issue Price with reference to the Market Price determined under Clause 5.3.1 or, if applicable, ~~Clause 5.3.34~~. In the event the payment or part thereof is to be made in the form of Units and the Holders’ prior approval was required for the issue of such Units pursuant to Clause 5.3.4 but was not obtained, then the payment to the Manager for that portion of that Acquisition Fee shall be made in the form of cash.”

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## SCHEDULE 9 - PART I PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED

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- that Clause 15.3.4 of the ESR-REIT Trust Deed be amended in accordance with the following deletion indicated by the deleted text below:

"15.3.4 The Manager may opt to receive the Disposal Fee in the form of cash or Units or a combination of both cash and Units, Provided that in respect of any disposal under Clause 15.3.1 from a Related Party such Disposal Fee shall be in the form of Units. Where the Disposal Fee is to be received in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Disposal Fee at the Issue Price with reference to the Market Price determined under Clause 5.3.1 or, if applicable, Clause 5.3.34. In the event the payment or part thereof is to be made in the form of Units and the Holders' prior approval was required for the issue of such Units pursuant to Clause 5.3.4 but was not obtained, then the payment to the Manager for that portion of that Disposal Fee shall be made in the form of cash."

- that Paragraph 5 of Schedule 1 to the ESR-REIT Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough and additions indicated by the underlined text below:

"5. A meeting of Holders duly convened and held in accordance with the provisions of this Schedule shall be competent by:

(i) Extraordinary Resolution to:

- (a) sanction any modification, alteration or addition to the provisions of this Deed which shall be agreed by the Trustee and the Manager as provided in Clause 28 of this Deed;
- (b) sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Management Fee (including the Base Fee and the Performance Fee), the Acquisition Fee, the Disposal Fee and the Trustee's remuneration as provided in Clause 15 of this Deed;
- ~~(c)~~ ~~sanction any issue of Units by the Manager under the circumstances set out for an issue of Units other than by way of an issue of Units pursuant to Clauses 5.2 to 5.4 of this Deed;~~

~~(d)~~(c) remove the Auditors as provided in Clause 22.1 of this Deed;

~~(e)~~(d) remove the Trustee as provided in Clause 23.3.4 of this Deed; and

~~(f)~~(e) direct the Trustee to take any action pursuant to Section 295 of the Securities and Futures Act; and

(ii) an Ordinary Resolution to remove the Manager as provided in Clause 24.1.4 of this Deed;

(iii) a resolution duly proposed and passed as such by a majority representing 80% or more of the total number of votes cast for and against such resolution to delist the Trust after it has been Listed as provided in Clause 9.2 of this Deed,

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**SCHEDULE 9 - PART I PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT  
TO THE ESR-REIT TRUST DEED**

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and shall have such further or other powers under such terms and conditions as may be determined by the Manager with the prior written approval of the Trustee. Any decision to be made by resolution of the Holders other than those specified in this paragraph 5(i) to (iii), shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the (where applicable) Securities and Futures Act, the Regulations, the Property Funds Guidelines, the Code or the Listing Rules.”

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## SCHEDULE 9 - PART II CLAUSES 5.2 TO 5.4 OF THE CURRENT ESR-REIT TRUST DEED

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Clauses 5.2 to 5.4 of the current ESR-REIT Trust Deed are reproduced in full below for reference:

### “5.2 Issue Price of Units Prior to the Listing Date and the Initial Offering Price

- 5.2.1 Prior to and including the time of Listing on the Listing Date, the Manager may issue Units at any time to any person at any Issue Price and on such terms and conditions as the Manager may determine in its absolute discretion.
- 5.2.2 The issue of Units for the purpose of an initial public offering of Units shall be at an Issue Price to be determined by the Manager, or within such range to be determined by the Manager, on or before the Listing Date for such Units, PROVIDED THAT the Manager may cede the right to make such determination to any underwriter, issue manager or placement agent engaged in connection with the initial public offering. The actual Issue Price shall be determined by the Manager and/or such underwriter, issue manager or placement agent following a book building process or through such other method of price determination as may be decided upon and agreed by the relevant persons. The manner of and amount payable and any applicable refund on an application for Units during the initial public offering will be stated in the relevant Prospectus. Any such offer of Units for the purpose of an initial public offering may remain open for a period not exceeding 60 days (or such longer period as may be agreed between the Manager and the Trustee).
- 5.2.3 Subject to Clause 5.2.2, the Manager may extend a discount to the Issue Price per Unit under an initial public offering of Units, to any applicant who successfully applies to purchase more than such number of Units (as determined by the Manager in its absolute discretion) in a single application, subject to compliance with any applicable law or regulation and the Listing Rules.
- 5.2.4 The Manager may issue Units at the Issue Price determined in accordance with Clause 5.2.2 to the vendor of any Authorised Investments to be purchased by the Trust in conjunction with an initial public offering of Units, or to any person nominated by such vendor, in full or partial satisfaction of the consideration or any deferred purchase consideration payable by the Trust for such Authorised Investments.

### 5.3 Issue Price of Units when the Trust Is Listed

- 5.3.1 Subject to Clauses 5.3.2 and 5.3.3 and for so long as the Trust is Listed, the Manager may issue Units on any Business Day at an Issue Price equal to the Market Price. For this purpose **Market Price** shall mean:
- (i) the volume weighted average price for a Unit (if applicable, of the same Class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which the Trust is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day; or

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## SCHEDULE 9 - PART II CLAUSES 5.2 TO 5.4 OF THE CURRENT ESR-REIT TRUST DEED

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- (ii) if the Manager believes that the calculation in Clause 5.3.1(i) does not provide a fair reflection of the market price of a Unit, an amount as determined by the Manager and the Trustee (after consultation with a Stockbroker approved by the Trustee), as being the fair market price of a Unit.

5.3.2 Subject to the Listing Rules and this Clause 5 and for so long as the Trust is Listed, the Manager may issue Units at an Issue Price other than calculated in accordance with Clause 5.3.1 without prior approval of Holders in a meeting of Holders PROVIDED THAT:

- (i) the Issue Price of a Unit for a rights issue offered on a pro rata basis to all existing Holders must not be less than 50% (or such other percentage as may be permitted by the SGX-ST or relevant Recognised Stock Exchange) of the Market Price of Units determined pursuant to Clause 5.3.1 (if applicable, of the same Class) on the Business Day preceding the day on which the intention to make the offer or issue is announced. Any such rights entitlement must be tradable on the SGX-ST or any other Recognised Stock Exchange on which the Trust is Listed, unless the Authority by notice in writing allows otherwise. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this Clause 5.3.2(i);
- (ii) the Issue Price of a Unit for any reinvestment of distribution arrangement under Clause 11.11 must not be less than 90% (or such other percentage as may be permitted by the SGX-ST or relevant Recognised Stock Exchange) of the Market Price of a Unit determined pursuant to Clause 5.3.1 as at the Business Day immediately following the Record Date for the determination of Distribution Entitlements. The Trustee must ensure that such an issue is made at a price that is in accordance with the terms specified in this Clause 5.3.2(ii);
- (iii) the Issue Price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Holders must be determined in accordance with the conditions set out in Clauses 5.3.3 and 5.3.4; and
- (iv) where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by the Trust in conjunction with an issue of Units pursuant to Clause 5.3.2(i) or Clause 5.3.3 to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the Issue Price of a Unit so issued as partial consideration shall be the same as the Issue Price for the Units issued in conjunction therewith pursuant to Clause 5.3.2(i) or (as the case may be) Clause 5.3.3.

5.3.3 Subject to Clause 5.3.5, for so long as the Trust is Listed, new Units may be issued other than by way of a rights issue offered on a pro rata basis to all existing Holders without the prior approval of Holders in a meeting of Holders PROVIDED THAT:

- (i) the issue (together with any other issue of Units other than by way of a rights issue offered on a pro rata basis to all existing Holders in the same Financial Year, including Units issued to the Manager in payment of the Manager's Base Fee and/or Performance Fee) would not, immediately after the issue, exceed 10% (or such other percentage as may, from time to time, be prescribed by the

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## SCHEDULE 9 - PART II CLAUSES 5.2 TO 5.4 OF THE CURRENT ESR-REIT TRUST DEED

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Authority) of the Value of the Deposited Property including any Authorised Investment acquired or to be acquired by the Trust, for which the new Units are to be issued PROVIDED THAT the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20% of the outstanding Units (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SGX-ST or relevant Recognised Stock Exchange); and

- (ii) where such an issue is made at a discount to the Market Price, the discount does not exceed 5% or such other percentage as may, from time to time, be prescribed by the Authority.

For the purposes of this Clause 5.3.3, **Market Price** shall mean the volume weighted average price for trades done on the SGX-ST or relevant Recognised Stock Exchange on the day the placement agreement (or equivalent agreement) is signed. The volume weighted average price shall be calculated based on the trades done for a full market day, or if trading in the Listed Units is not available for a full market day, the volume weighted average price shall be calculated based on the trades done on the preceding market day up to the time the placement agreement (or equivalent agreement) is signed.

The Trustee must ensure that an issue of new Units other than by way of a rights issue offered on a pro rata basis to all existing Holders without the prior approval of Holders in a meeting of Holders complies with the terms specified in this Clause 5.3.3.

5.3.4 Subject to Clause 5.3.5, for so long as the Trust is Listed, an issue of Units (other than by way of rights issue offered on a pro rata basis to all existing Holders) exceeding any of the above thresholds in Clauses 5.3.3(i) and 5.3.3(ii) will require specific prior approval of Holders by Extraordinary Resolution at a meeting of Holders to be convened by the Manager in accordance with Schedule 1. If relevant in the circumstances, specific prior approval of Holders by Extraordinary Resolution must also have been obtained to permit the issue of Units to the Manager in payment of the Manager's Base Fee and/or Performance Fee if the issue of Units contemplated thereunder exceeds any of the thresholds in Clauses 5.3.3(i) and 5.3.3(ii). For the avoidance of doubt, any issue of Units pursuant to:

- (i) such approval of Holders; and
- (ii) Clause 5.2.4,

shall not be taken into account in determining whether a subsequent proposed issue of Units in the same financial year will exceed any of the thresholds in Clauses 5.3.3(i) and 5.3.3(ii).

5.3.5 (Except in the case of an issue of Units to the Manager in payment of the Manager's Base Fee and/or Performance Fee) for so long as the Trust is Listed:

- (i) the Trustee and/or its related parties;
- (ii) the Manager and/or its related parties; and



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## SCHEDULE 9 - PART II CLAUSES 5.2 TO 5.4 OF THE CURRENT ESR-REIT TRUST DEED

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(iii) the directors and/or immediate family members of the directors of the Trustee and the Manager,

(unless otherwise permitted by the Authority in writing) may only participate in the issue of Units pursuant to Clauses 5.3.3 or 5.3.4 (which, for the avoidance of doubt, shall not include any issue of Units by way of a preferential offering of Units on a pro rata basis to all existing Holders or an offering of Units to the public through the internet or through the automated teller machines of participating banks which is carried out without preference to any particular group of investors) with the prior specific approval of Holders by Ordinary Resolution at a meeting to be convened by the Manager in accordance with Schedule 1 at which the following persons (unless otherwise permitted by the Authority in writing) must abstain from voting:

- (aa) the person to which the issue is to be made;
- (bb) where such person is a corporation, its directors and the immediate family members of its directors; and
- (cc) where such person is a corporation, its related parties.

For the purpose of this Clause 5.3.5, **related parties** in relation to an entity shall mean its related corporations (as defined in the Companies Act) and companies in which at least 20% but not more than 50% of its shares are held by such entity and its related corporations.

### 5.4 Issue Price of Units where the Units are Suspended or the Trust is Delisted

Where the Units have been suspended from quotation or trading on the SGX-ST for more than 60 consecutive calendar days or the Trust has been delisted from the Official List of the SGX-ST, the Manager may issue Units at an Issue Price equal to the Current Unit Value on the date of the issue of the Unit plus, if so determined by the Manager, an amount equal to the Preliminary Charge and an amount to adjust the resultant total upwards to the nearest whole cent. The Preliminary Charge shall be retained by the Manager for its own benefit and the amount of the adjustment shall be retained as part of the Deposited Property.”

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## SCHEDULE 10 - PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT TO THE ESR-REIT TRUST DEED

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For the purpose of this **Schedule 10**, all capitalised terms used in the extracts of the clauses of the ESR-REIT Trust Deed shall have the meanings given to them in the ESR-REIT Trust Deed.

The proposed form of the amendments to the ESR-REIT Trust Deed upon ESR-REIT Unitholders' approval of the ESR-REIT Electronic Communications Supplement is as follows:

- that Clause 1.1 of the ESR-REIT Trust Deed be amended to reflect the additions as indicated by the underlined text below:

### **"1.1 Definitions**

**electronic communications** means communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):

- (i) by means of a telecommunication system (as defined in the Telecommunications Act, Chapter 323 of Singapore); or
- (ii) by other means but while in an electronic form,

such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form;"

- that Clause 27.1 of the ESR-REIT Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough and additions indicated by the underlined text below:

### **"27.1 Notices to Holders and Depositors**

27.1.1 Any notice required to be served upon a Holder shall be deemed to have been duly given if sent by post to or left, in the case of Units not credited into a Securities Account, at his address as appearing in the Register or in the case of Joint Holders, to the Joint Holder whose name stands first in the Register and, in the case of Units credited into a Securities Account, at his address on record with the Depository, or in the case of Joint Depositors, to the Joint Depositor whose name stands first in the record of the Depository Register. Any notice so served by post shall be deemed to have been served two days after posting, and in proving such service it shall be sufficient to prove that the letter containing the same was properly addressed, stamped and posted. Any charges payable to the Depository for serving notices or other documents to Holders shall be borne out of the Deposited Property.

27.1.2 Without prejudice to the provisions of Clause 27.1.1, but subject otherwise to any Listing Rules relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under this Trust Deed, or by the Directors, to a Holder may be given, sent or served using electronic communications:

- (i) to the current address of the Holder; or

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## SCHEDULE 10 - PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT TO THE ESR-REIT TRUST DEED

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- (ii) by making it available on a website prescribed by the Manager from time to time, in accordance with the provisions of this Trust Deed, the Listing Rules and any other applicable rules of any other relevant Recognised Stock Exchange on which the Trust may be Listed.
- 27.1.3 For the purposes of Clause 27.1.2 above, a Holder shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive the physical copy of such notice or document.
- 27.1.4 Notwithstanding Clause 27.1.3, the Manager may, at its discretion, at any time give a Holder an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a Holder shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.
- 27.1.5 Before giving, sending or serving any notice or document by way of electronic communications to a Holder who is deemed to have consented pursuant to Clause 27.1.4, the Manager must have given separate notice to the Holder in writing on at least one occasion that:
- (i) the Holder has a right to elect, within a time specified in the notice, whether to receive notices and documents by way of electronic communications or as a physical copy;
  - (ii) if the Holder does not make an election, notices and documents will be given, sent or served to the Holder by way of electronic communications;
  - (iii) the manner in which electronic communications will be used is the manner specified in the Trust Deed;
  - (iv) the election is a standing election, but the Holder may make a fresh election at any time to receive notices or documents by way of electronic communications or as a physical copy; and
  - (v) the Holder's election to receive notices or documents by way of electronic communications or as a physical copy that is conveyed to the Trust last in time prevails over all previous elections as the Holder's valid and subsisting election in relation to all documents and notices to be given, sent or served to the Holder until the Holder makes a fresh election.
- 27.1.6 Where a notice or document is given, sent or served by electronic communications:
- (i) to the current address of a person pursuant to Clause 27.1.2(i), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Manager or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error

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## SCHEDULE 10 - PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT TO THE ESR-REIT TRUST DEED

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message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures; and

- (ii) by making it available on a website pursuant to Clause 27.1.2(ii), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures.

27.1.7 Where a notice or document is given, sent or served to a Holder by making it available on a website pursuant to Clause 27.1.2(ii), the Manager shall give separate notice to the Holder in accordance with the Listing Rules and/or any applicable regulations or procedures.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ESR-REIT

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

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING (“**EGM**”) of the holders of units of ESR-REIT (“**ESR-REIT Unitholders**”) will be held at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 on 31 August 2018 (Friday) at 9.00 a.m. to consider and, if thought fit, to pass, with or without any modifications, the following resolutions:

#### **RESOLUTION 1 (ORDINARY RESOLUTION): THE MERGER**

That subject to and contingent upon the passing of Resolutions 2 and 3 as well as the Scheme (as defined below) becoming effective in accordance with its terms:

- (a) approval be and is hereby given for the merger (the “**Merger**”) of all the issued and paid-up stapled securities (the “**Stapled Securities**”) of Viva Industrial Trust (“**VIT**”) held by the stapled securityholders of VIT (the “**Stapled Securityholders**”) and the units in ESR-REIT (the “**ESR-REIT Units**”) held by the ESR-REIT Unitholders, effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the “**Scheme**”) in compliance with the Singapore Code on Take-overs and Mergers (the “**Code**”), on the terms and conditions set out in the implementation agreement (the “**Implementation Agreement**”) dated 18 May 2018 (as amended from time to time) made between Viva Asset Management Pte. Ltd., in its capacity as trustee-manager of VI-BT (the “**VI-BT Manager**”), Viva Industrial Trust Management Pte. Ltd., in its capacity as manager of Viva Industrial Real Estate Investment Trust (the “**VI-REIT Manager**”), Perpetual (Asia) Limited, in its capacity as trustee of VI-REIT (the “**VI-REIT Trustee**”), ESR Funds Management (S) Limited, in its capacity as manager of ESR-REIT (the “**ESR-REIT Manager**”) and RBC Investor Services Trust Singapore Limited, in its capacity as trustee of ESR-REIT (the “**ESR-REIT Trustee**”), as described in the circular to the ESR-REIT Unitholders dated 7 August 2018 (the “**Circular**”), and the entry into the Implementation Agreement be and is hereby approved and ratified;
- (b) approval be and is hereby given for the payment of all fees and expenses relating to the Merger; and
- (c) the ESR-REIT Manager, any director of the ESR-REIT Manager, and the ESR-REIT Trustee be and are hereby authorised to complete and do any and all such acts and things (including executing any and all such documents) as the ESR-REIT Manager or, as the case may be, the ESR-REIT Trustee may consider expedient or necessary or in the interests of ESR-REIT to give effect to the Merger as they may deem fit.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**RESOLUTION 2 (EXTRAORDINARY RESOLUTION):  
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  
MERCER**

That subject to and contingent upon the passing of Resolutions 1 and 3 as well as the Scheme becoming effective in accordance with its terms:

- (a) approval be and is hereby given for the issue of approximately 1,561.2 million new ESR-REIT Units (the “**Consideration Units**”) to the Stapled Securityholders, as part of the consideration pursuant to the Merger, credited as fully paid and ranking *pari passu* in all respects with the other ESR-REIT Units in issue, except that such Consideration Units shall not be entitled to any distributions on any record date which falls prior to the date of their issue; and
- (b) the ESR-REIT Manager, any director of the ESR-REIT Manager, and the ESR-REIT Trustee be and are hereby authorised to complete and do any and all such acts and things (including executing any and all such documents) as the ESR-REIT Manager or, as the case may be, the ESR-REIT Trustee may consider expedient or necessary or in the interest of ESR-REIT to give effect to the matters contemplated by this extraordinary resolution as they may deem fit.

**RESOLUTION 3 (ORDINARY RESOLUTION):  
THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT  
ESR-REIT UNITHOLDERS (WHITEWASH) (AS DEFINED IN THE CIRCULAR) OF THEIR  
RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE TONG GROUP (AS  
DEFINED IN THE CIRCULAR)**

That subject to and contingent upon (a) the passing of Resolutions 1 and 2; (b) the Scheme becoming effective in accordance with its terms and (c) the conditions in the letter from the Securities Industry Council dated 8 May 2018 being fulfilled, the Independent ESR-REIT Unitholders (Whitewash) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Tong Group under Rule 14 of the Code for the ESR-REIT Units not already owned, controlled or agreed to be acquired by the Tong Group and its concert parties upon completion of the Merger and the Scheme, at the highest price paid by the Tong Group and its concert parties for ESR-REIT Units in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the ESR-REIT Units in accordance with Rule 14 of the Code as a result of the allotment and issue of the Consideration Units to the Tong Group pursuant to the Merger.

**RESOLUTION 4 (EXTRAORDINARY RESOLUTION):  
THE PROPOSED ESR-REIT UNIT ISSUE SUPPLEMENT TO THE ESR-REIT TRUST DEED**

That:

- (a) approval be and is hereby given to amend ESR-REIT’s trust deed dated 31 March 2006 (as amended) (the “**ESR-REIT Trust Deed**”) with the ESR-REIT Unit Issue Supplement (as defined in the Circular) in the manner set out in Part I of **Schedule 9** to the Circular; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) the ESR-REIT Manager, any director of the ESR-REIT Manager, and the ESR-REIT Trustee be and are hereby authorised to complete and do any and all such acts and things (including executing any and all such documents) as the ESR-REIT Manager or, as the case may be, the ESR-REIT Trustee may consider expedient or necessary or in the interests of ESR-REIT to give effect to the ESR-REIT Unit Issue Supplement as they may deem fit.

**RESOLUTION 5 (EXTRAORDINARY RESOLUTION):  
THE PROPOSED ESR-REIT ELECTRONIC COMMUNICATIONS SUPPLEMENT TO THE  
ESR-REIT TRUST DEED**

That:

- (a) approval be and is hereby given to amend the ESR-REIT Trust Deed with the ESR-REIT Electronic Communications Supplement (as defined in the Circular) in the manner set out in **Schedule 10** to the Circular; and
- (b) the ESR-REIT Manager, any director of the ESR-REIT Manager, and the ESR-REIT Trustee be and are hereby authorised to complete and do any and all such acts and things (including executing any and all such documents) as the ESR-REIT Manager or, as the case may be, the ESR-REIT Trustee may consider expedient or necessary or in the interests of ESR-REIT to give effect to the ESR-REIT Electronic Communications Supplement as they may deem fit.

BY ORDER OF THE BOARD  
ESR Funds Management (S) Limited  
(Company Registration No.: 200512804G,  
Capital Markets Services Licence No.: CMS 100132-5)  
As manager of ESR-REIT

Adrian Chui Wai Yin  
Chief Executive Officer and Executive Director  
7 August 2018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Important Notice:

The value of 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 the ESR-REIT Manager, the ESR-REIT Trustee, or any of their respective related corporations and 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 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 ESR-REIT Manager to redeem or purchase their ESR-REIT Units for so long as the ESR-REIT Units are listed on the SGX-ST. It is intended that the ESR-REIT Unitholders may only deal in their ESR-REIT Units through trading on the SGX-ST. Listing of the ESR-REIT Units on the SGX-ST does not guarantee a liquid market for the ESR-REIT Units.

### Notes:

1. An ESR-REIT Unitholder who is not a relevant intermediary (as defined below) entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be an ESR-REIT Unitholder. Where an ESR-REIT Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.
2. An ESR-REIT Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM instead of the ESR-REIT Unitholder, but each proxy must be appointed to exercise the rights attached to a different ESR-REIT Unit or Units held by such ESR-REIT Unitholder. Where such ESR-REIT Unitholder appoints more than two proxies, the appointments shall be invalid unless the ESR-REIT Unitholder specifies the number of ESR-REIT Units in relation to which each proxy has been appointed.

“**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds ESR-REIT Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds ESR-REIT Units in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of ESR-REIT Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those ESR-REIT Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies must be lodged at the Unit Registrar’s office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 72 hours before the time appointed for the EGM.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, an ESR-REIT Unitholder (i) consents to the collection, use and disclosure of the ESR-REIT Unitholder's personal data by the ESR-REIT Manager and the ESR-REIT Trustee (or their agents) for the purpose of the processing and administration by the ESR-REIT Manager and the ESR-REIT Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the ESR-REIT Manager and the ESR-REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the ESR-REIT Unitholder discloses the personal data of the ESR-REIT Unitholder's proxy(ies) and/or representative(s) to the ESR-REIT Manager and the ESR-REIT Trustee (or their agents), the ESR-REIT Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the ESR-REIT Manager and the ESR-REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the ESR-REIT Unitholder will indemnify the ESR-REIT Manager and the ESR-REIT Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the ESR-REIT Unitholder's breach of warranty.

## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes to proxy form:

1. An ESR-REIT Unitholder who is not a relevant intermediary (as defined below) entitled to attend and vote at the Extraordinary General Meeting of ESR-REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be an ESR-REIT Unitholder. Where an ESR-REIT Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.
2. An ESR-REIT Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting instead of the ESR-REIT Unitholder, but each proxy must be appointed to exercise the rights attached to a different ESR-REIT Unit or Units held by such ESR-REIT Unitholder. Where such ESR-REIT Unitholder appoints more than two proxies, the appointments shall be invalid unless the ESR-REIT Unitholder specifies the number of ESR-REIT Units in relation to which each proxy has been appointed.

“**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds ESR-REIT Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds ESR-REIT Units in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of ESR-REIT Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those ESR-REIT Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. An ESR-REIT Unitholder should insert the total number of ESR-REIT Units held. If the ESR-REIT Unitholder only has ESR-REIT Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he/she should insert that number of ESR-REIT Units. If the ESR-REIT Unitholder only has ESR-REIT Units registered in his/her name in the Register of Unitholders of ESR-REIT, he/she should insert that number of ESR-REIT Units. If the ESR-REIT Unitholder has ESR-REIT Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of ESR-REIT Units. If no number is inserted, this proxy form will be deemed to relate to all the ESR-REIT Units held by the ESR-REIT Unitholder in both the Depository Register and the Register of Unitholders.
  4. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at ESR-REIT’s unit registrar office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time set for the Extraordinary General Meeting.
  5. Completion and return of the Proxy Form shall not preclude an ESR-REIT Unitholder from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if an ESR-REIT Unitholder attends the Extraordinary General Meeting in person, and in such event, ESR Funds Management (S) Limited, as manager of ESR-REIT (the “**ESR-REIT Manager**”), reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the Extraordinary General Meeting.
  6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the ESR-REIT Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
  8. The ESR-REIT Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of ESR-REIT Units entered in the Depository Register, the ESR-REIT Manager may reject a Proxy Form if the ESR-REIT Unitholder, being the appointor, is not shown to have ESR-REIT Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the ESR-REIT Manager.
  9. All ESR-REIT Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
  10. Every ESR-REIT Unitholder who is present in person or by proxy shall have one vote for every ESR-REIT Unit of which he/she is the ESR-REIT Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

## ESR-REIT

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

## PROXY FORM

### Extraordinary General Meeting

#### IMPORTANT:

1. For CPF investors who have used their CPF monies to buy units in ESR-REIT, this Circular is forwarded to them at the request of their Agent Banks and is sent solely **FOR THEIR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF investors who wish to attend the Extraordinary General Meeting as **OBSERVERS** must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Unit Registrar of ESR-REIT within the time frame specified. If they also wish to vote, they must submit their requests to the Agent Bank so his Agent Bank may appoint him as its proxy within the specified timeframe. (Agent Banks, please see Notes 2 and 4 on the required details.)
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**  
Personal data privacy  
By submitting an instrument appointing a proxy(ies) and/or representative(s), the ESR-REIT Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 August 2018.

I/We, \_\_\_\_\_ (Name and NRIC no./Passport no./Company Registration no.) of \_\_\_\_\_ (Address) being a unitholder/unitholders of ESR-REIT, hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Unitholdings (Note 1)	
			No. of ESR-REIT Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Unitholdings (Note 1)	
			No. of ESR-REIT Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of ESR-REIT to be held at 9.00 a.m. on 31 August 2018 at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

No.	Resolutions:	For*	Against*
1	<b>Resolution 1 (Ordinary Resolution):</b> To approve the Merger		
2	<b>Resolution 2 (Extraordinary Resolution):</b> To approve 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		
3	<b>Resolution 3 (Ordinary Resolution):</b> To approve the 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		
4	<b>Resolution 4 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Unit Issue Supplement to the ESR-REIT Trust Deed		
5	<b>Resolution 5 (Extraordinary Resolution):</b> To approve the proposed ESR-REIT Electronic Communications Supplement to the ESR-REIT Trust Deed		

\* If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

<b>Total number of ESR-REIT Units held (Note 3)</b>

\_\_\_\_\_  
Signature(s) of ESR-REIT Unitholder(s)/Common Seal



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ASO BUILDING  
SINGAPORE 048544

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