



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

18 May 2018



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Important Notice

This material shall be read in conjunction with ESR-REIT's annual report and audited financial statements for the financial period ended 31 December 2017 released on 2 April 2018, the unaudited financial statements for the first quarter ended 31 March 2018 released on 20 April 2018 and the announcements dated 29 January 2018, 23 February 2018, 23 March 2018, 30 March 2018 and 30 April 2018 and the joint announcement of the Merger dated 18 May 2018.

Important Notice

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

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

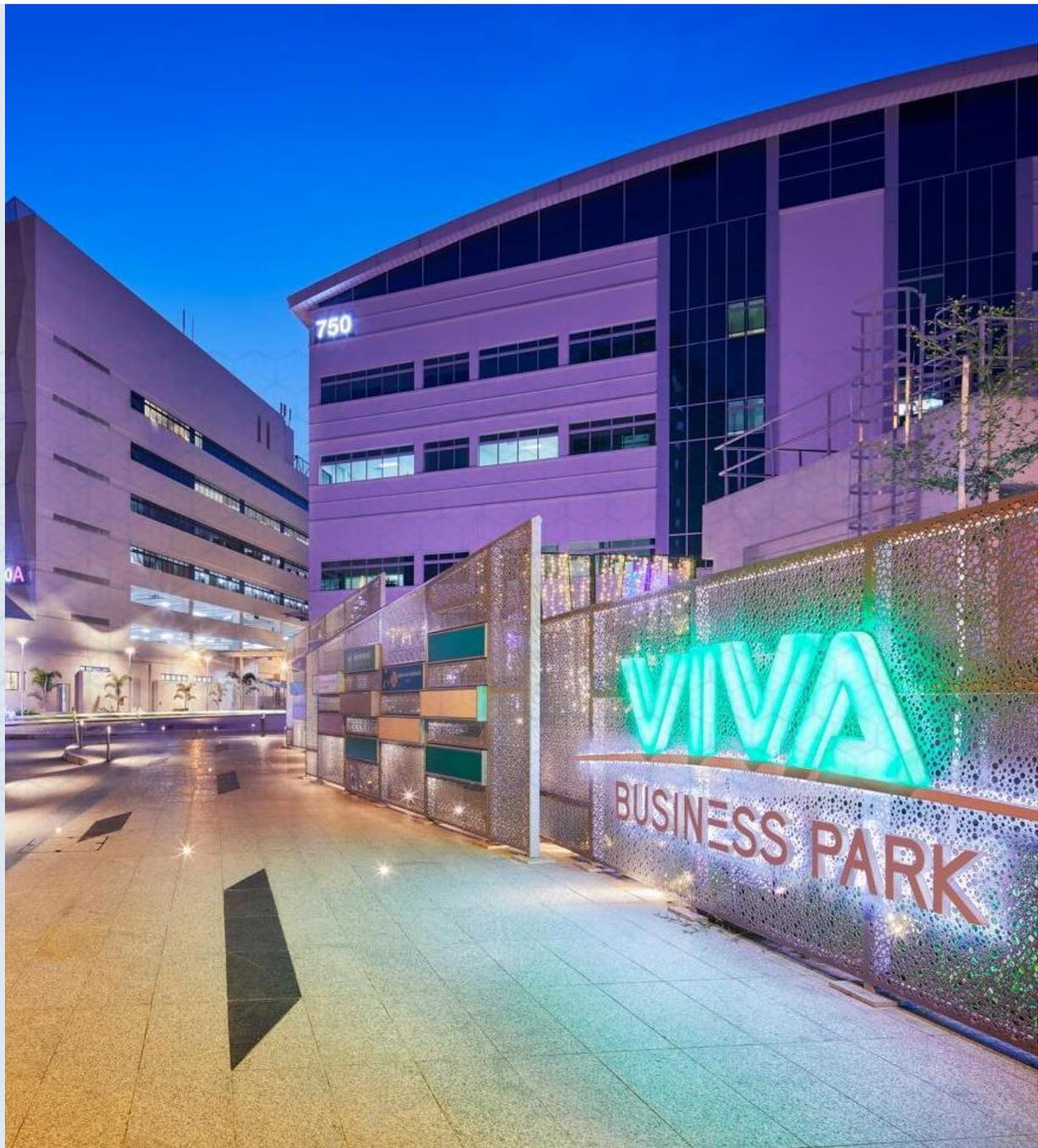
This material may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative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

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

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

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from VIT and/or the VIT Managers, the sole responsibility of the directors of the ESR-REIT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this material. The directors of the ESR-REIT Manager jointly and severally accept responsibility accordingly.

Transaction Overview



Transaction Summary



Merger by way of a Trust Scheme⁽¹⁾

Enlarged Trust

- Potentially 4th largest industrial Singapore-listed REIT (“S-REIT”) (by total asset size)
- Asset size of c.S\$3.0bn
- Larger market capitalisation of c.S\$1.7bn⁽²⁾
- ESR Funds Management (S) Ltd (“ESR-REIT Manager”) will be the manager of Enlarged Trust
- Certain key management executives and board members of Viva Industrial Trust Management Pte Ltd (“VITM”) will be joining ESR-REIT Manager⁽³⁾
- Well-supported by our Developer-Sponsor, ESR

The Scheme Consideration

1 The Scheme Consideration payable to the Stapled Securityholders is:

S\$0.96 per Stapled Security⁽¹⁾ (the “Scheme Consideration”)

2 The Scheme Consideration will be satisfied entirely via:

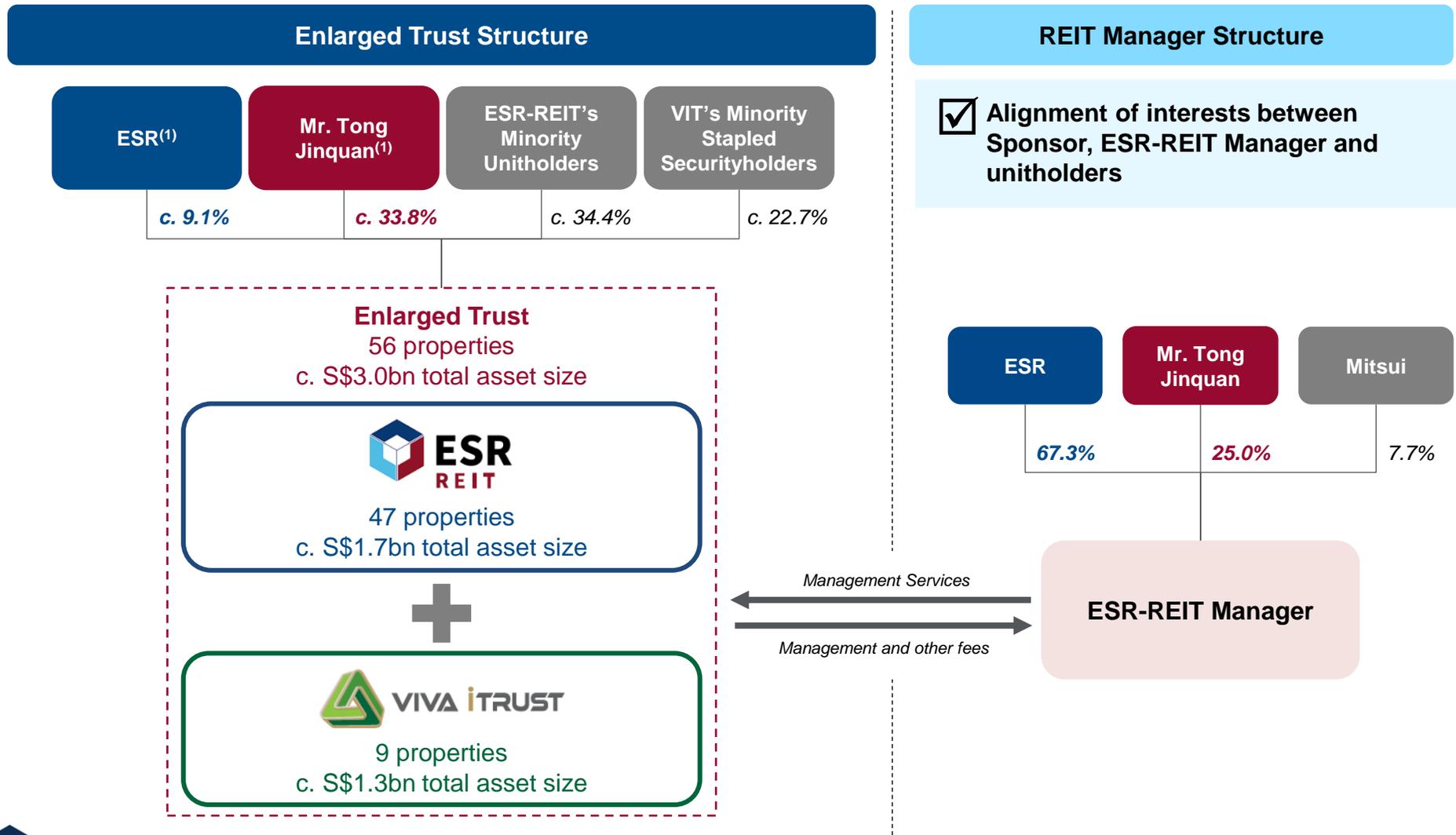
10% in cash, 90% in new ESR-REIT Units

New ESR-REIT Units to be issued at S\$0.54 per ESR-REIT Unit (“Consideration Units”)⁽²⁾

The Scheme Consideration implies a gross exchange ratio of 1.778x⁽³⁾

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

VIT will become a wholly-owned sub-trust of ESR-REIT and the Enlarged Trust will continue to be managed by the ESR-REIT Manager



Key Benefits of the Merger

UE BizHub EAST



Key Benefits of the Merger

1

Creation of a Sizeable and Liquid Industrial S-REIT

Part of ESR-REIT's strategy to create a sizeable and more liquid industrial REIT backed by our Developer-Sponsor

2

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

Enhanced portfolio with scalable benefits to improve returns for unitholders

3

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

Enlarged Trust's future growth will be supported by ESR

4

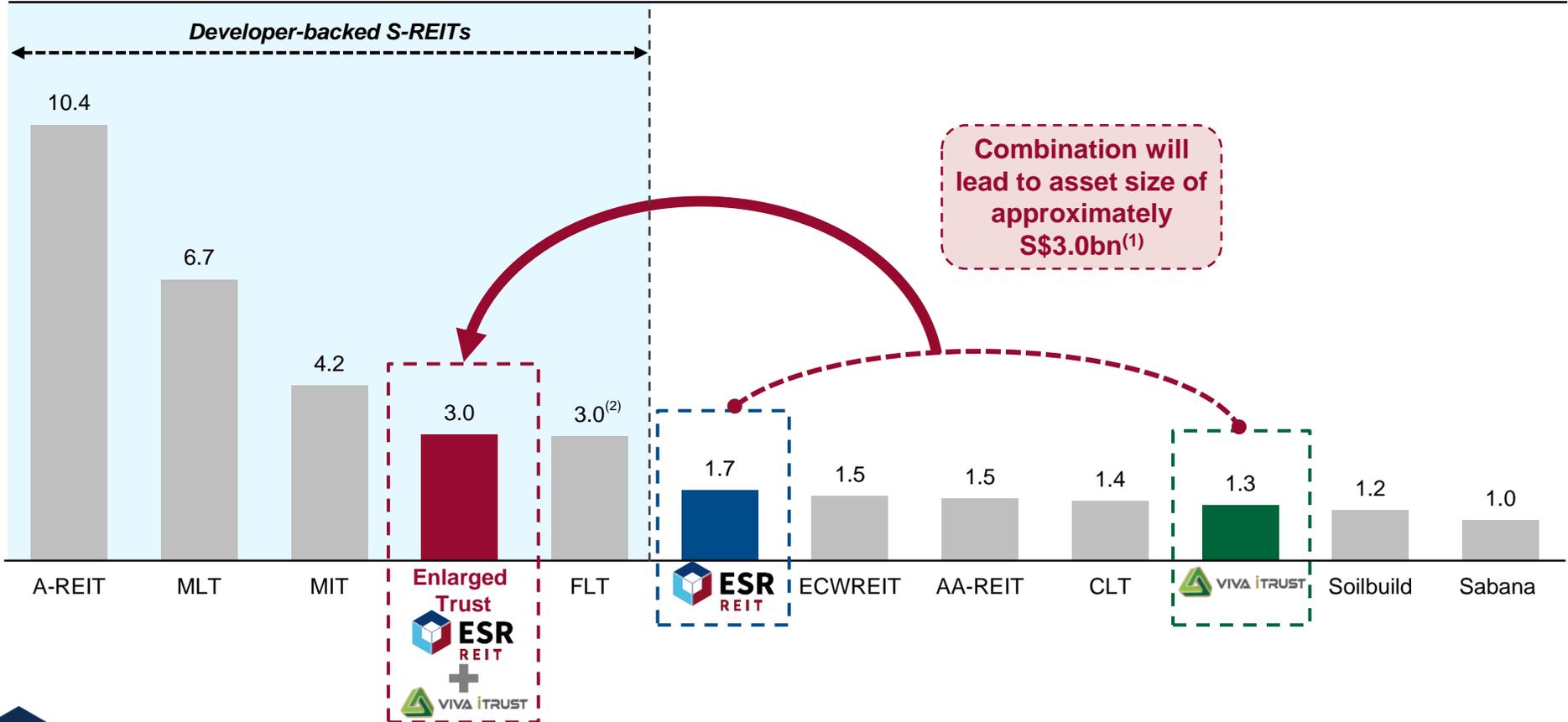
DPU Accretive on a Historical Pro Forma Basis

The Merger is DPU accretive to ESR-REIT Unitholders

1 Creation of a Sizeable and Liquid Industrial S-REIT

Following the Merger, the Enlarged Trust is expected to become the 4th largest industrial S-REIT, with a combined asset size of c. S\$3.0bn⁽¹⁾

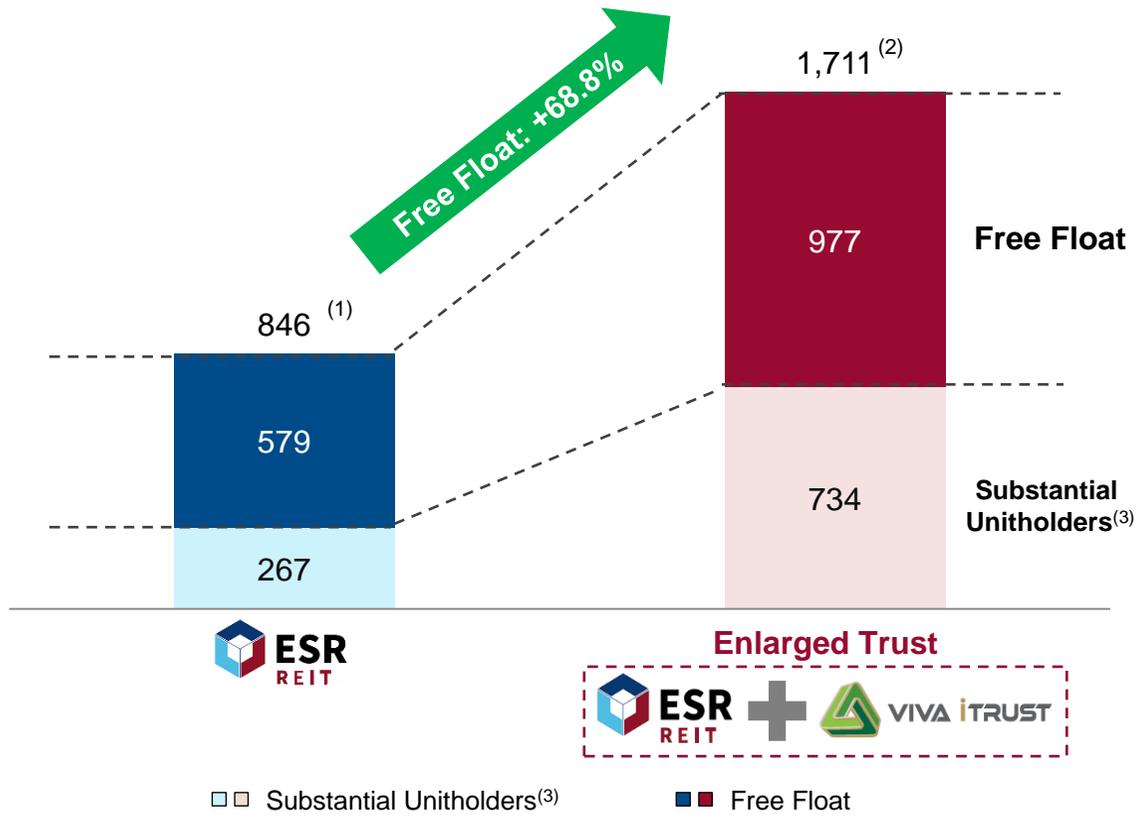
Total Asset Size (S\$bn)⁽¹⁾



1

Enlarged Trust is Expected to Benefit from a Larger Market Capitalisation

Market Capitalisation and Free Float (\$m)



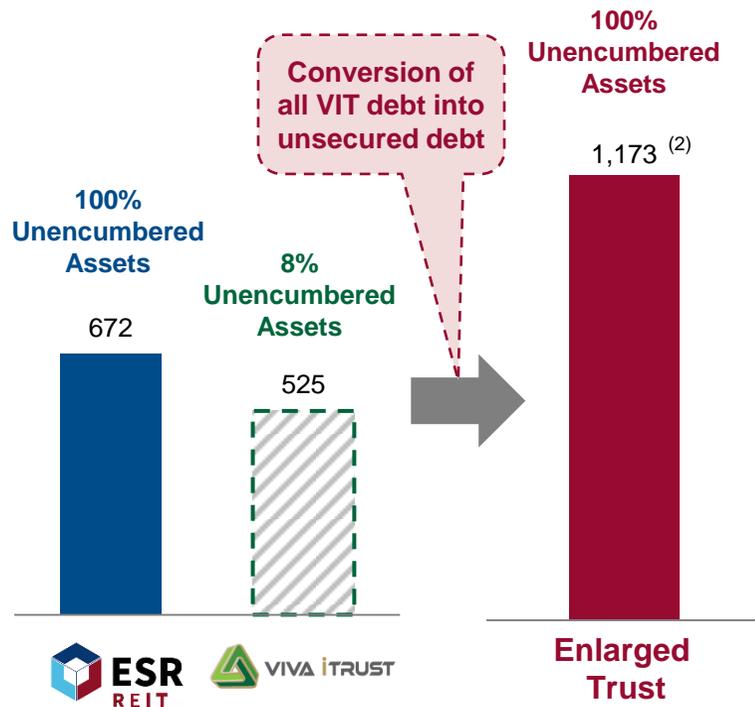
- ✓ Higher Trading Liquidity and Free Float
- ✓ Larger Investor Base
- ✓ Potential Index Inclusion

Potential positive re-rating of Enlarged Trust's unit price which will benefit all unitholders

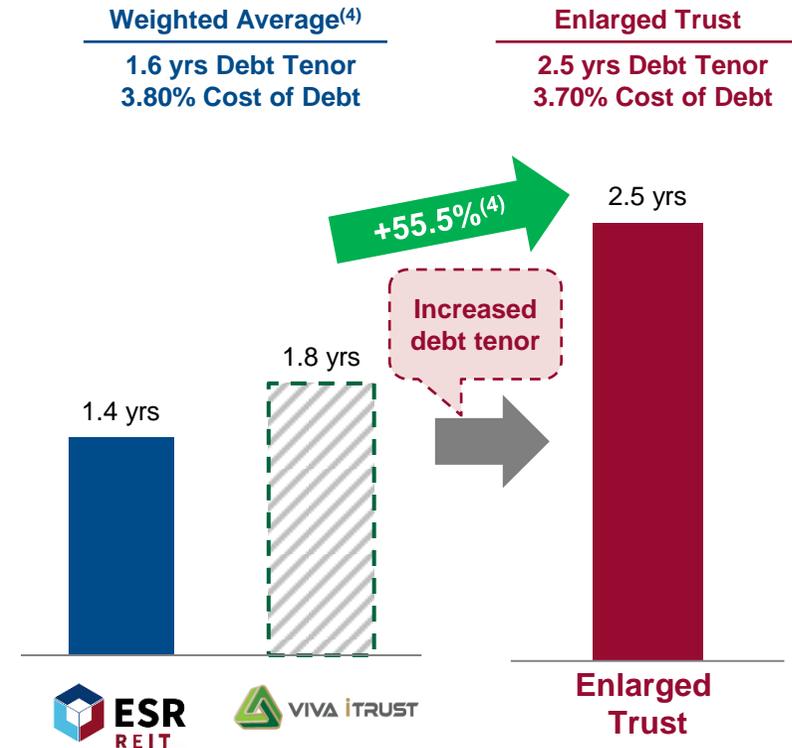
1 100% Unencumbered Portfolio Provides Better Access to Pools of Capital and More Competitive Costs of Capital

FOR ILLUSTRATIVE PURPOSES ONLY – NOT A FORWARD LOOKING PROJECTION

Pro Forma Gross Borrowings (\$m)⁽¹⁾



Pro Forma Debt Tenor⁽³⁾



Larger fully unencumbered portfolio

Increased debt tenor

Improved interest cost

2 Enhanced Portfolio Quality and Scalability with Strategic Addition of High Quality Properties



56

properties across
5 different
sub-asset
classes

Total GFA of approximately
13.6m sq ft

▲ **40.2%**



Total asset size of approximately

\$3.0bn⁽¹⁾

▲ **79.8%**

Portfolio occupancy of

90.9%

Above JTC
Average of **89.0%**⁽²⁾



Increase in NPI

▲ **104.3%**



350 Tenants
from different tenant
business sectors

▲ **81.3%**

2 Operational Benefits from Greater Size and Scale of Portfolio Strategically Located in Key Industrial Zones



Enlarged Trust will have a diversified portfolio of scale with strong island-wide coverage across 56 properties



2

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



VIT portfolio provides immediate access into Business Parks and High-Specs sectors...



VIVA Business Park



UE BizHub EAST

- Enlarged Trust better positioned in Business Parks / High-Specs sectors
 - Approximately 46% of Enlarged Trust's portfolio
- Leverage on Singapore's Industry 4.0 initiatives
- Amidst low supply of Business Parks over the next 3 years (well below historical 10 year average)

...which is in line with ESR-REIT's strategy of acquisitions and AEs into these key sectors

Recent Acquisitions



8 Tuas South Lane

(General Industrial)



7000 Ang Mo Kio

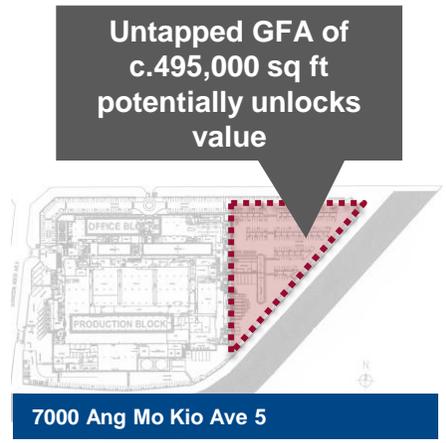
(High-Specs)



15 Greenwich Drive⁽¹⁾

(Logistics)

Asset Enhancement Initiatives ("AEI")



Potentially Higher Yields post AEI



30 Marsiling Industrial Estate Road 8



Note:
(1) Please refer to the ESR-REIT announcement dated 24 April 2018.

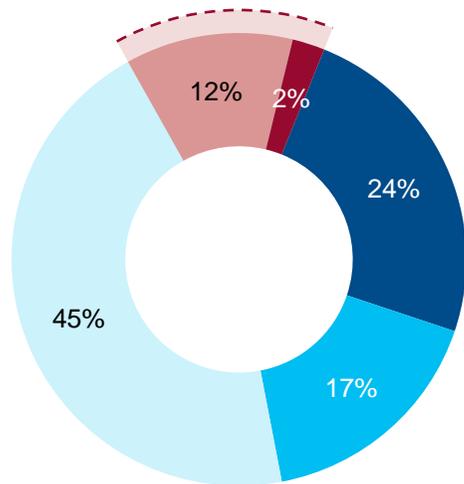
2 Increased Exposure to Tenant Profiles from High-Specs and Business Park Sectors from 14%⁽¹⁾ to 46%



Greater exposure to High-tech, R&D and high value-added tenant sectors

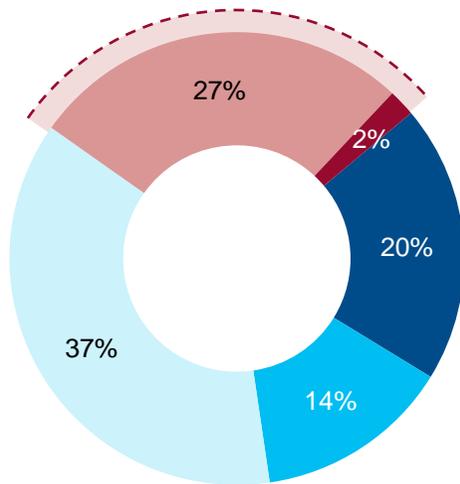
Pre-Acquisition of 7000 Ang Mo Kio Avenue 5⁽¹⁾

High-Specs / Business Park
c. 14% (S\$0.2bn)



Pre-Merger⁽²⁾ — Includes 7000 Ang Mo Kio Avenue 5

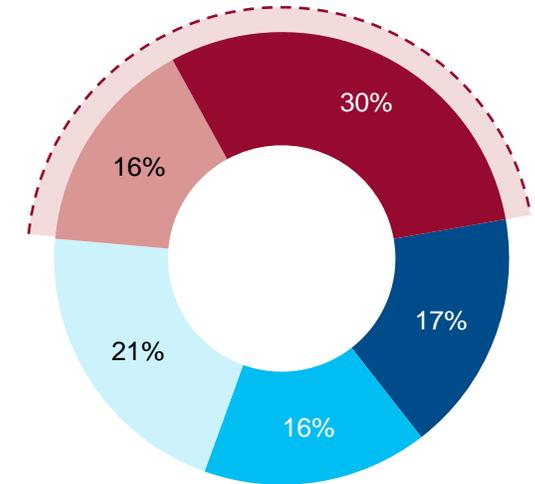
High-Specs / Business Park
c. 29% (S\$0.5bn)



Post-Merger⁽²⁾⁽³⁾

High-Specs / Business Park
c. 46% (S\$1.4bn)

Immediate access to S\$0.9bn worth of Business Park assets



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



Notes: (1) Based on ESR-REIT portfolio valuation as at 31 March 2018, excluding adjustments for 100% of the valuation of 7000 AMK (the acquisition of an 80% interest in 7000 AMK LLP, formerly known as 7000 AMK Pte. Ltd., which was completed on 14 December 2017). (2) Based on ESR-REIT portfolio valuation as at 31 March 2018. (3) Based on VIT portfolio valuation as at 31 March 2018.

High and Stable Rents of High-Specs / Business Park Sector Supported by Scarcity of Supply



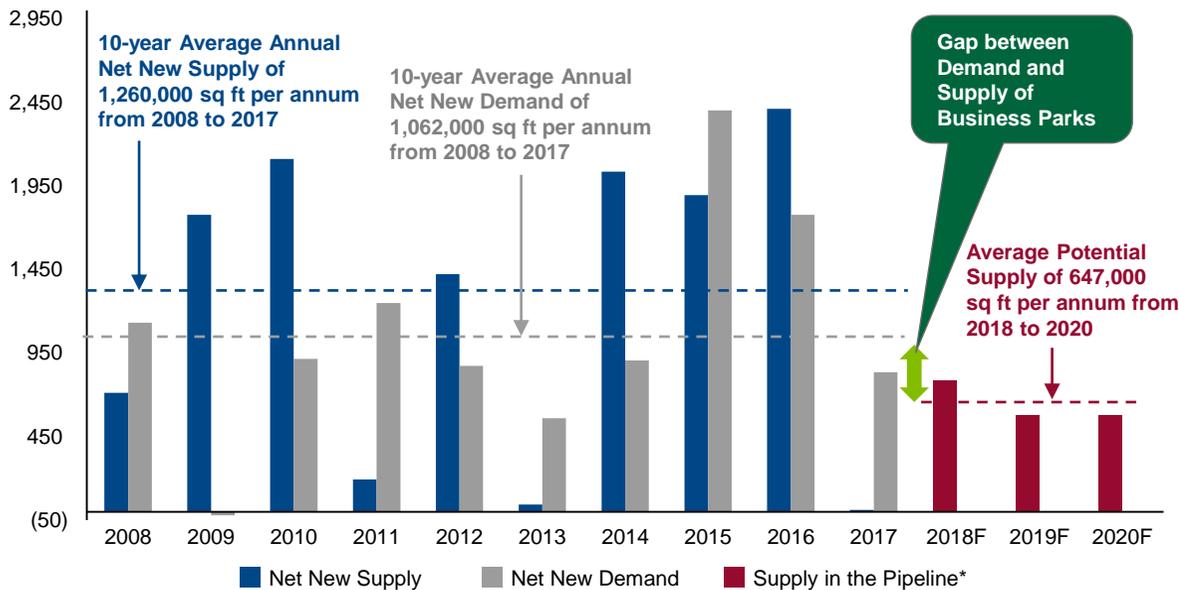
Gap between Demand and Supply of Business Park Assets

- Scarcity of Business Parks has created a gap between demand and supply
- Expected supply significantly below historical 10-year average demand

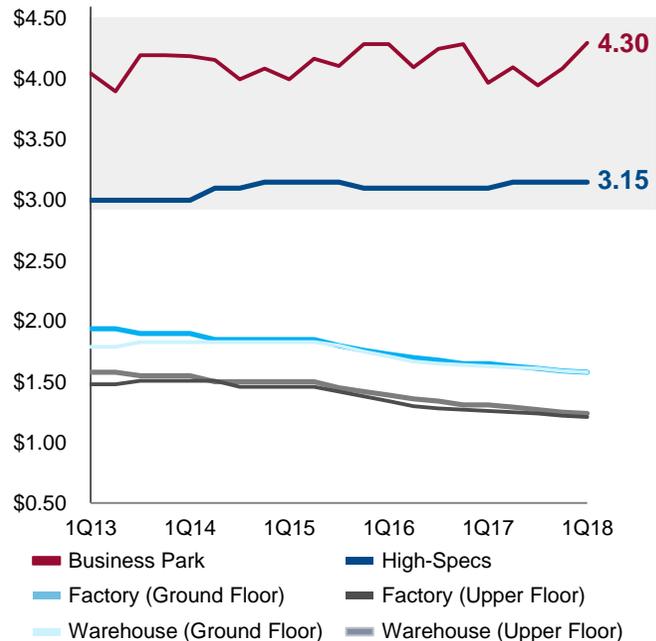
High and Stable Rents

- Business Park and High-Specs sectors consistently commanded the highest rental rates among industrial properties

Historic and Future Pipeline of Business Parks⁽¹⁾ (Net Floor Area '000 sq ft)



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



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



Sources: JTC, Knight Frank Consultancy & Research, CBRE.
 Note:
 (1) Forecast as at 31 December 2017.

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




Well-Supported by Developer-Sponsor, ESR – a leading Pan-Asian logistics real estate developer, operator and fund manager

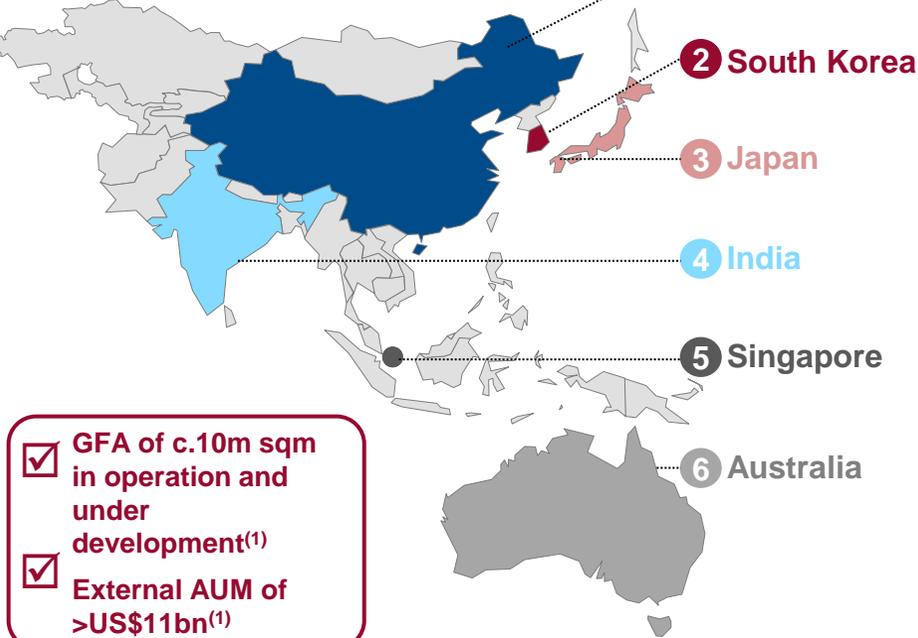
- ✓ Validation of Sponsor's Financial Commitment
- ✓ Via S\$125.0 million backstop in ESR-REIT's Preferential Offering (March 2018)



- ✓ Ability to leverage off ESR's strong network of strategic relationships with leading global e-commerce companies, retailers, logistic service providers and manufacturers



ESR Group's Regional Presence



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

- ✓ GFA of c.10m sqm in operation and under development⁽¹⁾
- ✓ External AUM of >US\$11bn⁽¹⁾

Opportunities to acquire ESR's visible pipeline of assets – Scalable Growth and Overseas Expansion⁽²⁾

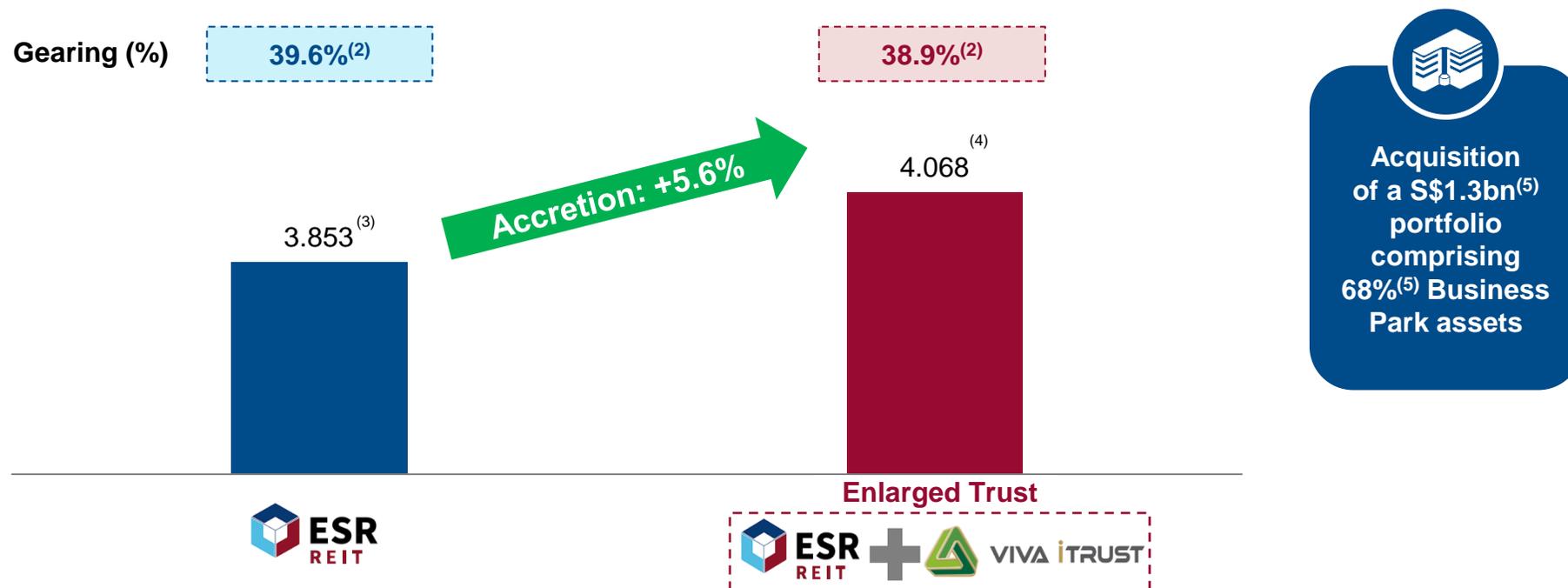


Notes:
 (1) As at 31 March 2018.
 (2) Selected properties from ESR's regional portfolio.

4 DPU Accretive on a Historical Pro Forma Basis

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Annualised Distribution per Unit (Singapore Cents)⁽¹⁾



Notes:

(1) Assumes that the Merger had been completed on 1 January 2017.

(2) As at 31 December 2017.

(3) Based on 1,313.6 million units in issue as at 31 December 2017. Excludes approximately 262.8 million new units in ESR-REIT issued in relation to the pro rata and non-renounceable preferential offering completed on 28 March 2018.

(4) Based on 2,910.8 million units in issue after the Merger as at 31 December 2017. Excludes approximately 262.8 million new units in ESR-REIT issued in relation to the pro rata and non-renounceable preferential offering completed on 28 March 2018.

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

Financing Considerations

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Illustrative Uses

Total Acquisition Cost

- Approximately S\$1,498.8 million comprising:
 - Scheme Consideration of S\$936.7 million
 - Refinancing of VIT’s existing debt of S\$525.0 million
 - Acquisition Fees payable in Units to the Manager for the Acquisition which is estimated to be approximately S\$12.8 million
 - The estimated professional and other fees and expenses of approximately S\$24.3 million⁽¹⁾

Illustrative Sources

Consideration Units

- Approximately S\$843.1 million:
 - 1,561.2 million new ESR-REIT Units to be issued at an issue price of **S\$0.54** per Unit in ESR-REIT

New Debt

- Approximately S\$642.9 million including:
 - Financing of 10% Scheme Consideration in cash of S\$93.7 million
 - Refinancing of VIT’s existing debt of S\$525.0 million
 - Debt taken to fund professional and other fees and expenses
 - 100% unsecured

Acquisition Fee in Units

- Approximately 23.8 million Acquisition Fee Units at an issue price of **S\$0.54** per Unit in ESR-REIT

Approvals Required

7000 Ang Mo Kio Avenue 5



Approvals Required for ESR-REIT

Approvals Required	Requirements
Merger	<ul style="list-style-type: none">▪ Ordinary resolution (i.e. more than 50% of the total number of votes cast⁽¹⁾)▪ The Tong Group⁽²⁾, e-Shang Infinity Cayman Limited and their respective associates are required to abstain from voting
Issuance of ESR-REIT Units in Consideration for the Merger	<ul style="list-style-type: none">▪ Extraordinary resolution (i.e. 75% or more of the total number of votes cast⁽¹⁾)▪ The Tong Group⁽²⁾, e-Shang Infinity Cayman Limited and their respective associates are required to abstain from voting
Whitewash Waiver	<ul style="list-style-type: none">▪ Approval to waive the requirement on the Tong Group⁽²⁾ to make a mandatory general offer for ESR-REIT as a result of the increase in its Unitholdings▪ Ordinary resolution (i.e. more than 50% of the total number of votes cast⁽¹⁾)▪ The Tong Group⁽²⁾, parties acting in concert with them and parties not independent of them are required to abstain from voting

Approvals Required for VIT

Approvals Required	Requirements
Amendment of the VIT Trust Deeds	<ul style="list-style-type: none">▪ Not less than 75% of total number of votes cast⁽¹⁾▪ Certain Stapled Securityholders have each provided an irrevocable undertaking to vote in favour of the Scheme, representing in aggregate c. 5.8% of the total number of Stapled Securities
Approval for the Scheme	<ul style="list-style-type: none">▪ More than 50% in number representing not less than 75% in value of Stapled Securityholders⁽¹⁾▪ The Tong Group⁽²⁾, ESR, the VI-REIT Manager, the VI-Property Manager, the Ho Lee Group and the CEO of the VIT Managers will abstain from voting on the Scheme▪ Certain Stapled Securityholders have each provided an irrevocable undertaking to vote in favour of the Scheme, representing in aggregate c. 5.8% of the total number of Stapled Securities
Court Approval	<ul style="list-style-type: none">▪ The Scheme will require the order of Court for (1) the convening of the Scheme meeting and (2) the sanction / approval of the Scheme (if approved at the Scheme meeting)

Notes:

(1) Based on Stapled Securities held by the Stapled Securityholders present and voting either in person or by proxy at the Scheme Meeting.

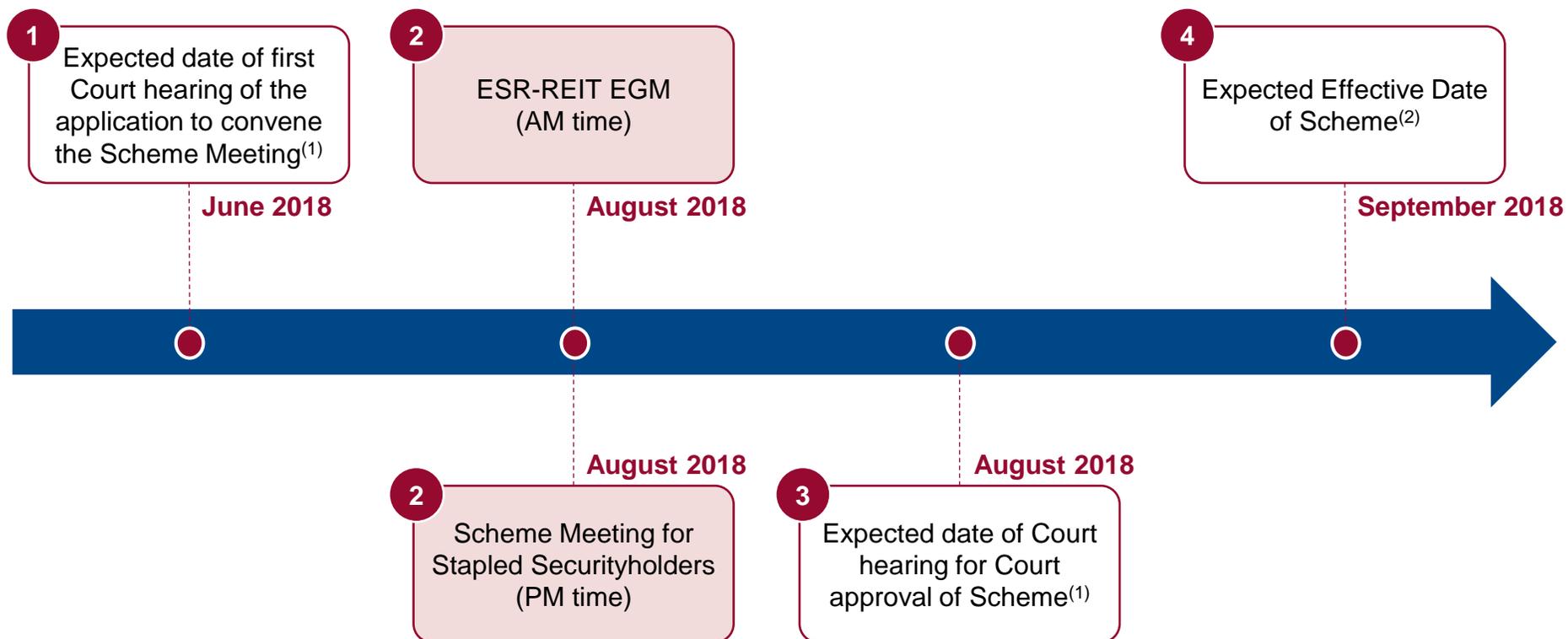
(2) Tong Group includes Leading Wealth Global Inc, Longemont Real Estate Pte. Ltd., Shanghai Summit (Group) Co. Ltd., Shanghai Summit Pte. Ltd., Wealthy Fountain Holdings Inc., Skyline Horizon Consortium Ltd, Mr. Tong Jinqun and Mr. Tong Yu Lou.

Indicative Timeline

120 Pioneer Road



Expected Indicative Timeline



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

The Merger is expected to be completed by the 3rd quarter of 2018

Conclusion

16 Tai Seng Street



Key Benefits of the Merger

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Part of ESR-REIT's strategy to create a sizeable and more liquid industrial REIT backed by our Developer-Sponsor

2

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

Enhanced portfolio with scalable benefits to improve returns for unitholders

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

Enlarged Trust's future growth will be supported by ESR

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The Merger is DPU accretive to ESR-REIT Unitholders

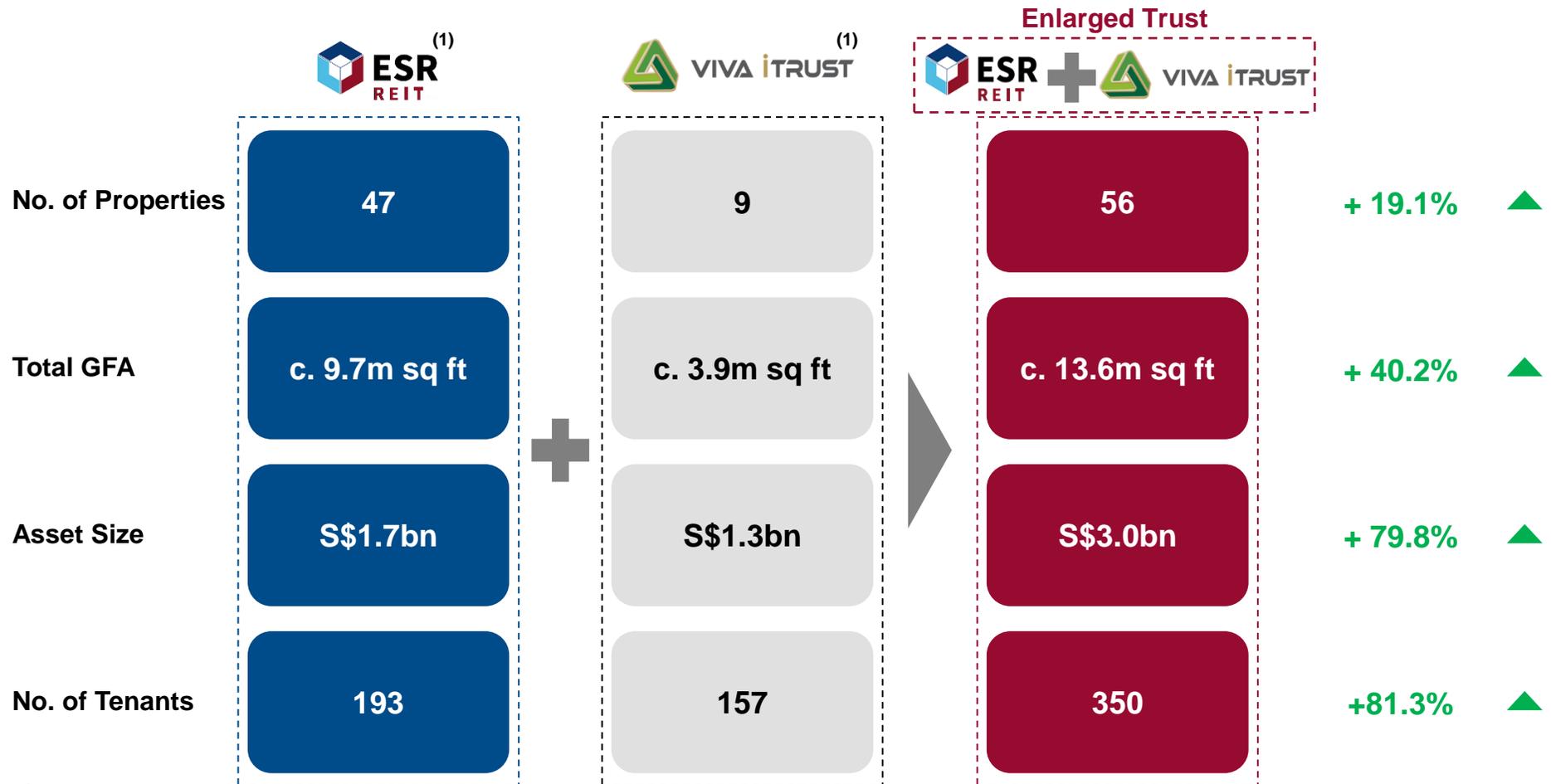
Appendix

3 Pioneer Sector 3



Addition of a High Quality Portfolio of Scale to ESR-REIT's Current Portfolio

Portfolio Metrics



Advisers to ESR-REIT for the Merger

Financial Advisers		 RHB Securities Singapore Pte. Ltd.	
Legal Adviser			
Independent Financial Adviser			
Auditor			
Public Relations Advisers	 NEWGATE COMMUNICATIONS	 ARK ADVISORS	

Investor and Media Contacts

Primary Investor Contact

Citigroup Global Markets Singapore Pte. Ltd.

Investment Banking

Telephone: +65 6657 1959

Media Contacts

Newgate Communications

Terence Foo

Email: terence.foo@newgatecomms.com.sg

Telephone: +65 6532 0606

Ark Advisors Pte. Ltd.

Alvina Tan

Email: alvina.tan@arkadvisors.com.sg

Telephone: +65 6221 0081