



Proposed Merger with Viva Industrial Trust

29 January 2018



Important Notice

This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 31 December 2017 released on 17 January 2018 and the announcement dated 29 January 2018.

Important Notice

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

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

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

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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.

Indicative Proposal

Proposal

- The proposed 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 held by the unitholders (the "**Proposed Merger**")
- The Proposed 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 accordance with the Singapore Code on Take-overs and Mergers; and
- The consideration under the Scheme for the Stapled Securities will be satisfied by the allotment and issue by ESR-REIT of new ESR-REIT Units to the Stapled Securityholders

Exclusivity

- The ESR-REIT Manager is currently in exclusive discussions with the VIT Managers⁽¹⁾
- The exclusivity will 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 VIT Managers and the ESR-REIT Manager may agree in writing)

Further details are set out in the respective announcements released on 29 January 2018 by ESR-REIT Manager and the VIT Managers⁽¹⁾, copies of which are available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com

Proposal Rationale



Creating a Diversified, Sizeable and Liquid Pan-Asia Industrial REIT Listed on SGX-ST Backed by a Developer Sponsor, ESR



Combination of Complementary Portfolio to Potentially Create Fourth Largest Industrial S-REIT⁽¹⁾



Larger Size and Increased Liquidity Provides Resilience, Diversification and Cost of Capital Benefits for Unitholders



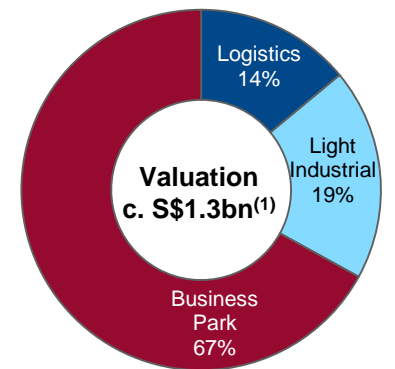
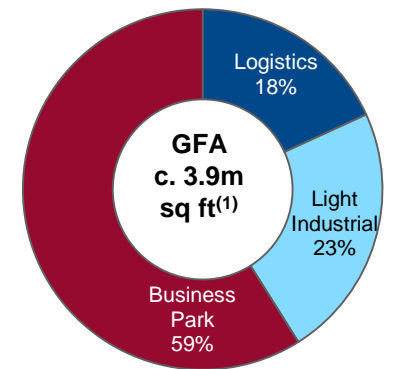
Strong and Committed Developer Sponsor with Visible Pipeline of Regional Assets and Pan-Asian Footprint

Overview of VIT

Overview of VIT's Property Portfolio⁽¹⁾



Asset Class Breakdown



9 Property Assets	3.9m sq ft GFA ⁽¹⁾	c. S\$1.3bn Total Portfolio Valuation ⁽¹⁾	c. S\$912m Market Capitalisation ⁽²⁾
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Source: Bloomberg, Company Filings.

Notes:

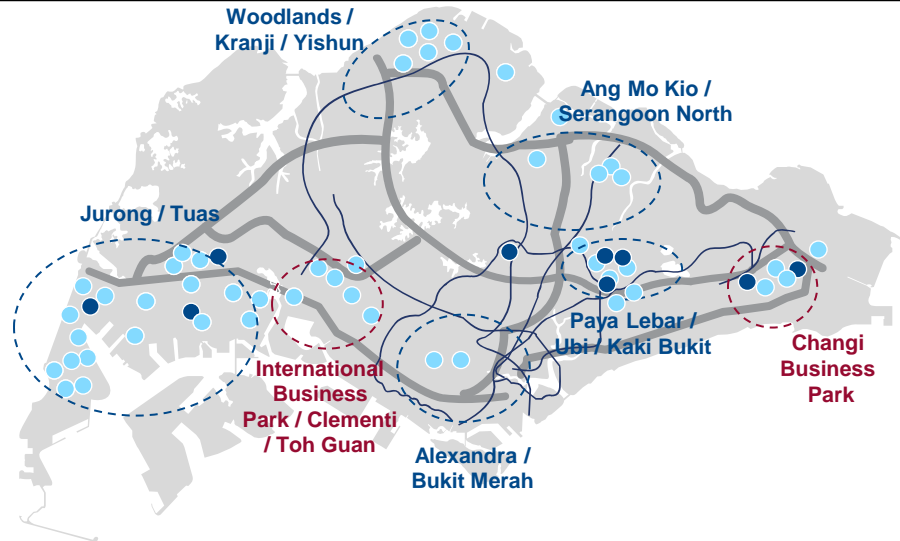
(1) As at 31 December 2017.

(2) As at 25 January 2018.

Overview of Post-Merger Portfolio

Overview of Post-Merger Property Portfolio

- Major Business Park Cluster
- Major Industrial Cluster
- ESR REIT Properties
- VIT Properties
- Major Highways
- MRT Routes



Portfolio Metrics

	ESR-REIT ⁽¹⁾	VIT ⁽¹⁾	Enlarged REIT		
No. of Properties	48	9	57	+18.8%	▲
Total GFA	c. 9.9m sq ft	c. 3.9m sq ft	c. 13.8m sq ft	+39.4%	▲
Property Value	S\$1.7bn	S\$1.3bn	S\$3.0bn	+76.7%	▲
No. of Tenants	207	155	362	+74.9%	▲



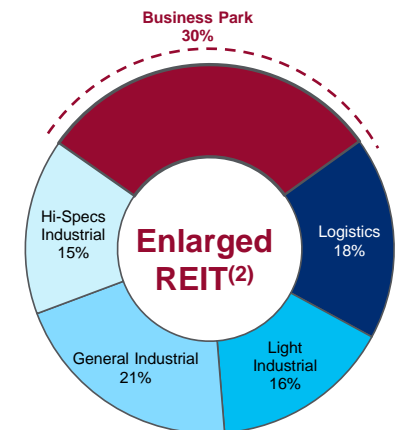
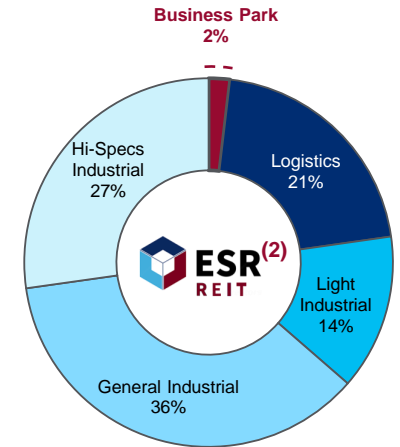
Source: Company Filings

Notes:

(1) As at 31 December 2017.

(2) Asset class breakdown by valuation.

Increased Exposure to Attractive Business Park Segment



1 Creating a Diversified, Sizeable and Liquid Pan-Asia Industrial REIT Listed on SGX-ST Backed by a Developer Sponsor, ESR

Proposed Merger



Part of ESR-REIT's strategy to create a diversified, sizeable and liquid Pan-Asia developer-backed Singapore-based industrial property REIT

Well-supported by a developer sponsor financially and across the real estate value chain

A sizeable and liquid industrial REIT is expected to have cost of capital and stable growth advantages for the benefit of all unitholders

Greater Financial Strength



Larger Market Capitalisation



Higher Liquidity



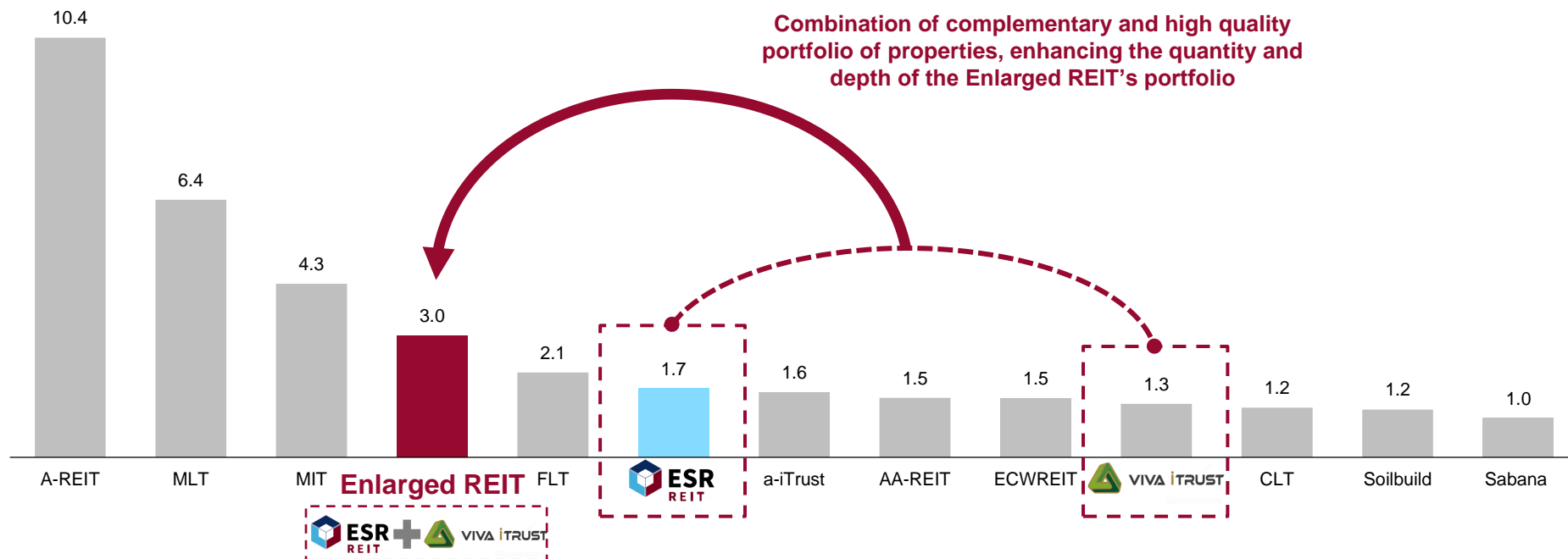
Visible Pipeline of Regional Assets



2 Combination of Complementary Portfolio

Enlarged REIT will Potentially be the Fourth Largest Industrial S-REIT

Total Asset Size (\$\$bn)⁽¹⁾



Post the Proposed Merger, the Enlarged REIT is expected to become the fourth largest industrial S-REIT, with its overall asset size increasing to approximately S\$3.0bn



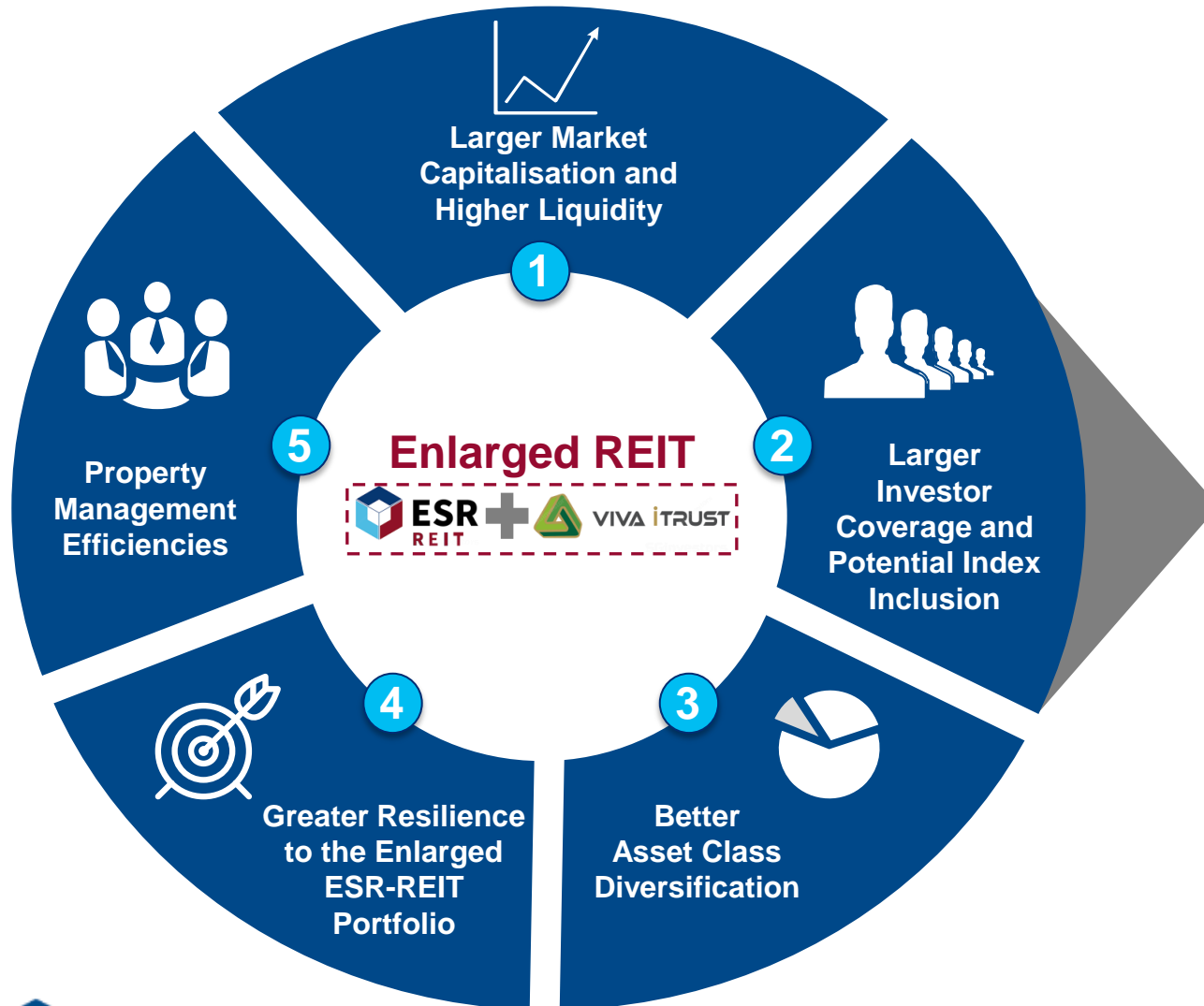
Source: Company Filings.

Note:

(1) Total asset size as at 31 December 2017, save for a-iTrust, AA-REIT and ECWREIT, which are as at 30 September 2017.

3 Larger Size and Increased Liquidity

Provides Resilience, Diversification and Cost of Capital Benefits for Unitholders



✓ Benefit from Longer Debt Tenors at More Competitive Cost of Debt on an Unsecured Basis

✓ Strong Banking Support and Relationship, Better Access to Alternative Funds and Diversified Pools of Capital, Resulting in Improved Cost of Capital

✓ Potentially Enjoy a Positive Re-rating on ESR-REIT's Unit Price

4 Strong and Committed Developer Sponsor with Visible Pipeline of Regional Assets and Pan-Asian Footprint

- A** ESR group – a leading “pure-play” Pan-Asian logistics real estate developer, operator and fund manager platform
 - ESR group has a stake of c. 80% in the ESR-REIT Manager and is ESR-REIT’s second largest unitholder
- B** ESR-REIT may have opportunities to acquire ESR group’s visible pipeline of regional assets, positioning it for future scalable growth and overseas expansion where ESR group has a presence
- C** Ability to leverage off ESR group’s strong network of strategic relationships with leading global e-commerce companies, retailers, logistic service providers and manufacturers, in order to enhance its tenant quality and diversify its tenant base
- D** Strong and committed sponsor
 - Alignment of interest as 2nd largest shareholder
 - Undertake to backstop up to S\$125m in the proposed Equity Fund Raising⁽²⁾

Equity Investors	
Fund Level Investors	
External AUM	> US\$10bn⁽¹⁾
GFA	10.2m sqm in operation and under development⁽¹⁾

ESR Group’s Presence in Asia

China	Korea	Japan	Singapore	India	Australia
<ul style="list-style-type: none"> ▪ One of the top players by logistics facilities area ▪ A leading landlord of key global e-commerce players 	<ul style="list-style-type: none"> ▪ One of the largest modern warehouse developers in Korea upon completion of projects under development 	<ul style="list-style-type: none"> ▪ One of the highest starts by value in 2015 and 2016 ▪ Strong execution and capital market capability to manage sizable developments 	<ul style="list-style-type: none"> ▪ Invested in ESR-REIT, an early industrial S-REIT player with >9m sq ft of GFA ▪ c. 12% stake in ESR-REIT; c. 80% stake in ESR-REIT Manager and c. 100% stake in its property manager 	<ul style="list-style-type: none"> ▪ To build a leading real estate platform in both size and volume ▪ Initial focus on Tier-1 city agglomerations 	<ul style="list-style-type: none"> ▪ Entered the Australia market in 2017 and became the largest shareholder of Propertylink and Centuria Capital which collectively have over A\$6bn of AUM



Notes:

(1) As at December 2017.

(2) If the Equity Fund Raising is undertaken via a preferential offering. Please refer to ESR-REIT announcement dated 14 December 2017.

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