



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

TAX RULING IN RELATION TO THE S\$150,000,000 4.60% FIXED RATE SUBORDINATED PERPETUAL SECURITIES

ESR Funds Management (S) Limited, as manager of ESR-REIT (the “**Manager**”) refers to its earlier announcements dated 26 October 2017 and 3 November 2017 relating to the issue of S\$150,000,000 fixed rate subordinated perpetual securities (the “**Securities**”) by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the “**Issuer**”) and its Information Memorandum dated 20 October 2017 issued in connection with the offering of the Securities.

Based on the tax ruling from the Inland Revenue Authority of Singapore (“**IRAS**”):

- a. for the purposes of Singapore income tax, the Securities issued are regarded as “debt securities” for the purpose of Section 13(16) and Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”) and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations (“**QDS Regulations**”);
- b. the distributions (including optional distributions) on the Securities will be regarded as interest expenses;
- c. holders of the Securities (the “**Holders**”) may be granted tax exemption and concession available for qualifying debt securities (“**QDS**”) on the distributions (including optional distributions) incurred on the Securities, provided that all the governing conditions under the QDS Regulations, Section 43N and Section 13(16) of the ITA are met; and
- d. ESR-REIT may be allowed a tax deduction under the Section 14(1)(a) of the ITA on the distributions (including the optional distributions) on the Securities, provided that:
 - i. such distributions (including optional distributions) are incurred by ESR-REIT on capital (raised through the issuance of the Securities) employed in acquiring the income of ESR-REIT that is chargeable to tax; and
 - ii. the requirements under Section 14 of the ITA are satisfied and the deduction is not prohibited under any other provisions of the ITA.

The tax ruling obtained from the IRAS is based on facts presented to the IRAS and on the IRAS’ current interpretation and application of the existing tax laws.

Holders are advised to consult their own tax advisers on the tax consequences that may be applicable to them, in Singapore or in their own tax jurisdiction.

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited

As Manager of ESR-REIT

(Company Registration No. 200512804G, Capital Markets Services Licence No.100132-5)

Adrian Chui

Chief Executive Officer and Executive Director

28 February 2018

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About ESR-REIT

ESR-REIT has been listed on Singapore Exchange Securities Trading Limited since 25 July 2006.

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 2017 has a diversified portfolio of 48 properties located across Singapore, with a total gross floor area of approximately 9.9 million sq ft and a property value of S\$1.68 billion¹. The properties are in the following business sectors: Logistics/ Warehouse, Hi-Specs Industrial, Light Industrial, General Industrial and Business Parks, and are located close to major transportation hubs and key industrial zones island-wide.

The Manager's objective is to provide Unitholders with a stable and secure income stream through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Pro-active asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by two stakeholders, namely, ESR Cayman Limited ("ESR") (indirectly c.80 percent) and Mitsui & Co., Ltd ("Mitsui") (20 percent):

- Headquartered in Hong Kong, ESR is one of the leading "pure-play" pan-Asia logistics real estate platforms, focusing on developing and managing institutional-quality logistics facilities that cater to third-party logistics ("3PLs") providers, e-commerce companies, bricks-and-mortar retailers, cold-chain logistics providers and industrial companies. Co-founded by Warburg Pincus and backed by some of the world's preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley AIP, PGGM, Ping An, SK Holdings, State Street Global Advisors and Stepstone, ESR's platform represents one of the largest in the Asia-Pacific region managing approximately 10.2 million square metres of projects owned and under development across China, Japan, Singapore, South Korea and India, with capital and funds management offices in Hong Kong and Singapore. Its current assets under management stands at over US\$10 billion.
- Mitsui is one of the largest corporate conglomerates in Japan and listed on the Tokyo Stock Exchange. It is one of the largest publicly traded companies in the world. Mitsui also developed the Japan Logistics Fund Inc., a publicly listed REIT in Japan dedicated to investing in distribution facilities.

For further information on ESR-REIT, please visit www.esr-reit.com.sg

¹ Includes valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis, in line with accounting policy.

Important Notice

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

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This material may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future ESR-REIT business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

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