



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

NEWS RELEASE

For immediate release

ESR-REIT Increases Exposure to Logistics Sector With S\$95.8 Million Acquisition of a Modern Ramp-Up Logistics Facility

Strategically-located asset will be ESR-REIT's first modern ramp-up logistics facility in the Eastern region

Singapore, 24 April 2018 – ESR Funds Management (S) Limited, the manager (“Manager”) of ESR-REIT, is pleased to announce the proposed acquisition of 15 Greenwich Drive, a modern ramp-up logistics facility, for an estimated purchase price of S\$95.8 million⁽¹⁾.

When completed, the acquisition is expected to boost ESR-REIT’s portfolio, expanding the REIT’s exposure to the Logistics/Warehouse sector from 22.6%⁽²⁾ to 27.1%, and increasing its portfolio’s occupancy from 90.7%⁽²⁾ to 91.2%.

Mr Adrian Chui, CEO of the Manager, said, “Logistics real estate needs have been revolutionised given the growing demand for high-quality modern ramp-up facilities in Singapore and the Southeast Asia region to support the Fast Moving Consumer Goods (“FMCG”) and the e-commerce logistics sectors. The Singapore Government’s plan to transform and grow Singapore’s logistics sector through the Logistics Industry Transformation Map has also provided a conducive environment for the industry to enter the next stage of growth.

“The addition of this quality asset enables us to leverage on this demand and will provide further income diversification from a wider base of quality tenants by adding leading logistics companies to our existing tenant network. This is in line with our overall portfolio enhancement strategy of creating a more balanced, modern and diversified mix of assets in order to generate stable and recurring returns for our Unitholders.”

The proposed acquisition, has an occupancy of 100% and is valued at S\$96.4 million⁽³⁾. It is a four-storey ramp-up logistics facility with ancillary offices located within Tampines LogisPark, an established

⁽¹⁾ Includes the Purchase Consideration of S\$86.2 million and estimated upfront land premium payable for the balance lease term.

⁽²⁾ As at 31 March 2018.

⁽³⁾ Independent valuation conducted by Savills Valuation and Professional Services (S) Pte Ltd as at 9 April 2018.

dedicated logistics park in Singapore's Eastern region, one of the key industrial zones where there is limited supply and available space.

The multi-tenanted logistics facility fronts the Kallang Paya Lebar Expressway and its strategic location is one that is favoured by logistics players due to its easy access to both Seletar Aerospace Park and Changi Airport via major expressways. The property is also within close proximity to Paya Lebar Airbase and offers potential upside when the airbase is relocated in 2030 and the site undergoes redevelopment.

The asset occupies a land area of 271,894 sq ft and has a gross floor area of approximately 455,395 sq ft and a 30-year lease tenure expiring in 2041. The property has an occupancy of 100% and is currently tenanted to two tenants.

The Manager currently intends to finance the Total Acquisition Cost wholly through debt financing. However, the Manager may finance the Total Acquisition Cost via a combination of cash from divestment proceeds, equity, debt and/ or hybrid securities. The proportion and mode of financing will be determined closer to Completion.

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About ESR-REIT

ESR-REIT has been listed on the Singapore Exchange Securities Trading Limited since 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 of approximately 9.7 million sq ft and a property value of S\$1.65 billion⁽⁴⁾. The properties are in the following business sectors: General Industrial, Light Industrial, Logistics/Warehouse, Hi-Specs Industrial, and Business Park, 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:

- Pro-active asset management
- Acquisition of value-enhancing properties
- Divestment of non-core properties
- 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 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 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\$11 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

⁽⁴⁾ Includes valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis, of which ESR-REIT has 80% economic interest.

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.

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