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

LAUNCH OF EQUITY FUND RAISING TO RAISE GROSS PROCEEDS OF UP TO APPROXIMATELY S\$150.0 MILLION

| Principal Terms of the Issue | : | Description |
|-------------------------------------|----------|---|
| Issue Price Range | : | Between S\$0.372 and S\$0.384 per Private Placement New Unit. The Manager will announce details of the Preferential Offering at the appropriate time. |
| Discount | : | The Private Placement Issue Price Range of between S\$0.372 and S\$0.384 per Private Placement New Unit represents a discount of between: (i) approximately 6.0% and 8.9% to the VWAP of S\$0.4084 per Unit of all trades in the Units on the SGX-ST for the preceding Market Day ¹ on 5 May 2021, up to the time the Placement Agreement was signed on 6 May 2021; and |

¹ “Market Day” refers to a day on which the SGX-ST is open for securities trading.

| | | |
|-------------------------------------|---|---|
| | | (ii) (for illustrative purposes only) approximately 5.0% and 8.0% to the Adjusted VWAP ² of S\$0.4043 per Unit. The Manager will announce details of the Preferential Offering at the appropriate time. |
| Allotment Ratio | : | The Manager will announce details of the Preferential Offering at the appropriate time. |
| Use of Proceeds | : | Please refer to paragraph 4 below. |
| Purpose of Issue | : | Please refer to paragraphs 4 and 9 below. |
| Previous Equity Fund Raising | : | ESR-REIT has not undertaken any equity fund raising within the past 12 months prior to the date of this announcement. |

1. INTRODUCTION

ESR Funds Management (S) Limited, in its capacity as manager of ESR-REIT (the “**Manager**”), wishes to announce the proposed offering of new units in ESR-REIT (“**Units**”, and the new Units, the “**New Units**”) by way of a private placement of between 195,313,000 and 201,613,000 New Units (the “**Private Placement**”, and the New Units, the “**Private Placement New Units**”) to institutional and other investors at an issue price of between S\$0.372 and S\$0.384 per Private Placement New Unit (the “**Private Placement Issue Price Range**”) to raise gross proceeds of not less than approximately S\$75.0 million, subject to an upside option (the “**Upsize Option**”) to issue up to 67,205,000 additional Private Placement New Units to raise additional gross proceeds such that the total gross proceeds of the Private Placement will amount to not more than approximately S\$100.0 million.

2. DETAILS OF THE PRIVATE PLACEMENT

The Manager and Citigroup Global Markets Singapore Pte. Ltd. and DBS Bank Ltd., as the joint global co-ordinators and bookrunners for the Private Placement (the “**Joint Global Co-ordinators and Bookrunners**”), have today entered into a placement agreement (the “**Placement Agreement**”) in relation to the Private Placement. Pursuant to the Placement Agreement, the Joint Global Co-ordinators and Bookrunners have severally agreed to procure subscriptions and payments for, and failing which to subscribe and pay for, the Private Placement New Units in their respective proportions at the issue price per Private Placement New Unit (the “**Private Placement Issue Price**”) to be determined on the terms and subject to the conditions of the Placement Agreement.

2 The “**Adjusted VWAP**” is computed based on the VWAP of all trades in the Units on the SGX-ST for the preceding Market Day 5 May 2021, up to the time the Placement Agreement was signed on 6 May 2021, and subtracting the estimated Advanced Distribution (as defined in paragraph 12.1 below) of approximately 0.410 Singapore cents per Unit (being the mid-point of the estimated Advanced Distribution Range (as defined in paragraph 12.1 below)). This amount is only an estimate based on information currently available to the Manager and the actual Advanced Distribution may differ and will be announced on a later date.

The Private Placement shall be subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of, dealing in and quotation for the Private Placement New Units on the Main Board of the SGX-ST. The Private Placement is fully underwritten by the Joint Global Co-ordinators and Bookrunners on the terms and subject to the conditions of the Placement Agreement.

The Private Placement Issue Price Range of between S\$0.372 and S\$0.384 per Private Placement New Unit represents a discount of between:

- (i) approximately 6.0% and 8.9% to the volume weighted average price (“**VWAP**”) of S\$0.4084 per Unit of all trades in the Units on the SGX-ST for the preceding Market Day³ on 5 May 2021, up to the time the Placement Agreement was signed on 6 May 2021; and
- (ii) (for illustrative purposes only) approximately 5.0% and 8.0% to the adjusted VWAP (“**Adjusted VWAP**”)⁴ of S\$0.4043 per Unit.

The Private Placement Issue Price will be determined by the Manager and the Joint Global Coordinators and Bookrunners following a book-building process, and will be announced by the Manager thereafter via SGXNET.

3. **DETAILS OF THE PREFERENTIAL OFFERING**

The Manager also wishes to announce that it intends to undertake a non-renounceable preferential offering of New Units (the “**Preferential Offering**”, and the New Units, the “**Preferential Offering New Units**”) to the holders of Units (the “**Unitholders**”) on a *pro rata* basis to raise gross proceeds of not more than approximately S\$50.0 million. The Manager will announce details of the Preferential Offering at the appropriate time. Further details of the Preferential Offering will be set out in the Circular (as defined below).

Pursuant to the Private Placement and the Preferential Offering (together with the Private Placement, the “**Equity Fund Raising**” or “**EFR**”), the Manager has no intention of raising aggregate gross proceeds in excess of approximately S\$150.0 million.

The structure, timing and the issue price of the Preferential Offering New Units (the “**Preferential Offering Issue Price**”) of the Preferential Offering have not been determined and the Manager will announce the details of the Preferential Offering via SGXNET at the appropriate time.

The Private Placement Issue Price may differ from the Preferential Offering Issue Price.

3 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

4 The “**Adjusted VWAP**” is computed based on the VWAP of all trades in the Units on the SGX-ST for the preceding Market Day 5 May 2021, up to the time the Placement Agreement was signed on 6 May 2021, and subtracting the estimated Advanced Distribution (as defined in paragraph 12.1 below) of approximately 0.410 Singapore cents per Unit (being the mid-point of the estimated Advanced Distribution Range (as defined in paragraph 12.1 below)). This amount is only an estimate based on information currently available to the Manager and the actual Advanced Distribution may differ and will be announced on a later date.

It is contemplated that the Preferential Offering will not be underwritten, and that a financial adviser will be appointed to manage the Preferential Offering and to do all such acts and things as it may deem reasonably necessary in connection with the Preferential Offering. In addition, to demonstrate its support for ESR-REIT and the Preferential Offering, ESR Cayman Limited (the “**Sponsor**”), which owns an aggregate interest of approximately 9.9% of the total number of Units in issue through its subsidiaries (including, among others, the Manager as at the date of this announcement), will be providing an undertaking to the Manager (the “**Sponsor Undertaking**”) to subscribe for a number of Preferential Offering Units such that the Sponsor's total subscription under the Preferential Offering will not exceed S\$50.0 million (the “**Sponsor Backstop**”). The specific details of the Sponsor Undertaking will be announced in due course.

The Manager will be issuing a circular to Unitholders (the “**Circular**”) in due course, setting out the details of, and other relevant information in relation to, amongst others, the Preferential Offering, for the purposes of seeking Unitholders’ approval for the Preferential Offering, among others.

Given the provision of the Sponsor Undertaking by the Sponsor (subject to the Sponsor Backstop), the Manager is of the view that there is no requirement for the Preferential Offering to be underwritten. Taking into account the Sponsor Undertaking and external bank borrowings, the Manager is of the view that the proceeds to be raised from the Equity Fund Raising will be sufficient to meet ESR-REIT’s present funding requirements comprising the funding of the Transactions and its present obligations as and when they fall due. The Sponsor Undertaking (subject to the Sponsor Backstop) saves underwriting fees for Unitholders while ensuring financing certainty for EST-REIT.

4. **USE OF PROCEEDS**

Subject to relevant laws and regulations, on the basis that the Manager will raise gross proceeds of approximately S\$150.0 million from the Equity Fund Raising, the Manager intends to use the gross proceeds from the Equity Fund Raising in the following manner:

- (i) approximately S\$71.8 million (which is equivalent to 47.8% of the gross proceeds of the Equity Fund Raising) to partially finance ESR-REIT’s total costs of the acquisition of a modern ramp-up logistics asset located at 46A Tanjong Penjuru, Singapore 609040 (together with the plant and mechanical and electrical equipment) (the “**Property**”, and the acquisition of the Property, the “**Singapore Acquisition**”);
- (ii) approximately S\$43.5 million (which is equivalent to 29.0% of the gross proceeds of the Equity Fund Raising) to partially finance the asset enhancement initiatives of the properties located at 16 Tai Seng Street, Singapore 534138 and 7000 Ang Mo Kio Avenue 5, Singapore 569877 (the “**Asset Enhancement Initiatives**” or “**AEIs**”);
- (iii) approximately S\$31.0 million (which is equivalent to approximately 20.7% of the gross proceeds of the Equity Fund Raising) for the repayment of existing indebtedness of ESR-REIT (the “**Debt Repayment**”, together with the Singapore Acquisition, the Australia Acquisition (as defined below) and the Asset Enhancement Initiatives, the “**Transactions**”); and
- (iv) approximately S\$3.8 million (which is equivalent to 2.5% of the gross proceeds of the Equity Fund Raising) to pay for the estimated fees and expenses, including professional

fees and expenses, incurred or to be incurred by ESR-REIT in connection with the Equity Fund Raising.

Based on the timing requirements for the funding of the Singapore Acquisition and the Asset Enhancement Initiatives, subject to relevant laws and regulations, the Manager intends to use the gross proceeds of approximately S\$100.0 million from the Private Placement in the following manner:

- (i) approximately S\$71.8 million (which is equivalent to 71.8% of the gross proceeds of the Private Placement) to partially finance the Singapore Acquisition;
- (ii) approximately S\$24.5 million (which is equivalent to 24.5% of the gross proceeds of the Private Placement) to partially finance the Asset Enhancement Initiatives; and
- (iii) approximately S\$3.8 million (which is equivalent to 3.8% of the gross proceeds of the Private Placement) to pay for the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by ESR-REIT in connection with the Equity Fund Raising.

For clarity, the Manager will announce details of the intended utilisation of the proceeds of the Preferential Offering at the appropriate time

Notwithstanding its current intention, in the event that the Equity Fund Raising is completed but the Singapore Acquisition, the Asset Enhancement Initiatives and/or the Debt Repayment do not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds from the Equity Fund Raising at its absolute discretion for other purposes, including, without limitation, for funding capital expenditures.

Pending the deployment of the net proceeds from the Equity Fund Raising, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Equity Fund Raising via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in ESR-REIT's announcements on the use of proceeds and in ESR-REIT's annual report and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

5. The Singapore Acquisition

The Manager announced on 6 May 2021 that ESR-REIT has, through RBC Investor Services Trust Singapore Limited (as trustee of ESR-REIT) (the "**Trustee**"), entered into a put and call option agreement with Montview Investments Pte. Ltd. in connection with the Singapore Acquisition at a purchase consideration of S\$112.0 million.

Please refer to ESR-REIT's announcement titled "Proposed Acquisition of 46A Tanjong Penjuru" dated 6 May 2021 (the "**Singapore Acquisition Announcement**") for further details

of the Singapore Acquisition.

6. The Australia Acquisition

It was also announced by the Manager on 6 May 2021 that ESR-REIT has, through the Trustee, acquired 10.0% of the total issued units of ESR Australia Logistics Partnership (the “**Australia Acquisition**”, and together with the Singapore Acquisition, the “**Acquisitions**”), which indirectly holds 33 income-producing properties, two land parcels for future development and two properties which are currently under development.

Please refer to ESR-REIT’s announcement titled “Acquisition of Stake in 37 Australian Assets via 10.0% of the Units in ESR Australia Logistics Partnership” dated 6 May 2021 (the “**Australia Acquisition Announcement**”) for further details of the Australia Acquisition.

7. Asset Enhancement Initiatives

7.1 16 Tai Seng Street

16 Tai Seng Street is centrally located within the Paya Lebar iPark, an industrial hub for lifestyle-related and light manufacturing industries. The Manager intends to conduct asset enhancement initiatives on 16 Tai Seng Street which will include redesigning and repositioning works to the façade, drop-off point, lift lobbies, lifts, the external linkway to the Mass Rapid Transit station and to maximise the plot ratio by adding an additional floor to increase gross floor area (“**GFA**”) by approximately 29,000 square feet (“**sq ft**”) or 13.8%. The asset enhancement initiatives in respect of 16 Tai Seng Street is expected to cost approximately S\$25.9 million.

7.2 7000 Ang Mo Kio Avenue 5 (“7000 AMK”)

On 17 June 2019, ESR-REIT issued a news release on plans to conduct AEI on, among others, 7000 AMK. The AEI to 7000 AMK was to develop a new building for various prospective tenants and were expected to cost approximately S\$35.7 million and was intended to develop 7000 AMK such that it would be suitable for advanced manufacturing, info-communications and data centre tenants given its location and the availability of power. However, in view of the current demand for quality high-specifications spaces from the advance manufacturing and electronics sector, the Manager intends to proceed with the AEI to 7000 AMK on a multi-tenanted basis to create approximately 265,000 sq ft of additional GFA. This requires changes to the design plans which the Manager expects will result in additional costs of approximately S\$17.6 million. The new design has the flexibility and specifications that are suitable for potential data centre tenants. The revised total cost for the AEI to 7000 AMK is expected to be S\$53.3 million. After the Asset Enhancement Initiatives, there will be approximately 230,000 sq ft of un-utilised GFA remaining. ESR-REIT holds an economic interest of 80% in 7000 AMK, with the remaining stake held by Ho Lee Properties Pte Ltd.

8. THE FINANCIAL EFFECTS OF THE TRANSACTIONS

8.1 METHOD OF FINANCING

The Manager currently intends to finance the total cost of the Transactions by a combination of equity and debt. The proportion and mode of financing is disclosed below.

8.2 ASSUMPTIONS

The *pro forma* financial effects of the Transactions presented below are strictly for illustration purposes only and do not reflect the actual position of ESR-REIT following completion of the Transactions. The *pro forma* financial effects were prepared based on ESR-REIT's latest audited financial statements for the financial year ended 31 December 2020 ("FY2020") and the following assumptions:

A. For an EFR Size of S\$125.0 million:

- (i) assuming that approximately 333.3 million new Units are issued at an illustrative issue price of S\$0.375 per new Unit to raise gross proceeds of S\$125.0 million from the Equity Fund Raising;
- (ii) approximately S\$71.8 million from the Equity Fund Raising and approximately S\$47.8 million of existing bank loan facilities with an all-in interest cost of approximately 1.85% per annum are used to finance ESR-REIT's total costs of the Singapore Acquisition;
- (iii) approximately S\$62.4 million of bank loan facilities with an all-in interest cost of approximately 2.31% per annum are used to finance ESR-REIT's total costs of the Australia Acquisition;
- (iv) approximately S\$43.5 million from the Equity Fund Raising are used to finance the AEs;
- (v) approximately S\$6.6 million from the Equity Fund Raising are used for the Debt Repayment;
- (vi) approximately S\$3.1 million from the Equity Fund Raising and approximately S\$8.3 million of existing bank loan facilities are used to pay for the stamp duties, acquisition fees in respect of the Singapore Acquisition, estimated professional and other fees and expenses (including upfront fees of the borrowings referred to in paragraph (ii) above) incurred or to be incurred by ESR-REIT in connection with the Equity Fund Raising and the Transactions; and
- (vii) using an illustrative exchange rate of A\$1.000 : S\$1.032.

B. For an EFR Size of S\$150.0 million:

- (i) assuming that approximately 400.0 million new Units are issued at an illustrative issue price of S\$0.375 per new Unit to raise gross proceeds of S\$150.0 million from the Equity Fund Raising;
- (ii) approximately S\$71.8 million from the Equity Fund Raising and approximately S\$47.8 million of existing bank loan facilities with an all-in interest cost of approximately 1.85% per annum are used to finance ESR-REIT's total costs of the Singapore Acquisition
- (iii) approximately S\$62.4 million of bank loan facilities with an all-in interest cost of approximately 2.31% per annum are used to finance ESR-REIT's total costs of the Australia Acquisition;
- (iv) approximately S\$43.5 million from the Equity Fund Raising are used to finance the AEs;
- (v) approximately S\$31.0 million from the Equity Fund Raising are used for Debt Repayment;

- (vi) approximately S\$3.8 million from the Equity Fund Raising and approximately S\$8.3 million of existing bank loan facilities are used to pay for the stamp duties, acquisition fees in respect of the Singapore Acquisition, estimated professional and other fees and expenses (including upfront fees of the borrowings referred to in paragraph (ii) above) incurred or to be incurred by ESR-REIT in connection with the Equity Fund Raising and the Transactions; and
- (vii) using an illustrative exchange rate of A\$1.000 : S\$1.032.

8.3 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Transactions on ESR-REIT's distribution per unit ("DPU") for FY2020, assuming the Transactions had been completed on 1 January 2020, and ESR-REIT held the properties pursuant to the Acquisitions and the sale units pursuant to the Australia Acquisition through to 31 December 2020:

| | Before the Transactions and EFR | After the Transactions and EFR size of S\$125.0 million | After the Transactions and EFR size of S\$150.0 million |
|--|---------------------------------|---|---|
| Net Property Income ("NPI") (S\$'000) | 164,207 | 174,736 ⁽¹⁾ | 174,736 ⁽¹⁾ |
| Dividend Income from the Australian Acquisition (S\$'000) | - | 4,216 ⁽²⁾ | 4,216 ⁽²⁾ |
| Income available for distribution (S\$'000) | 99,127 | 110,996 | 111,447 |
| Applicable number of Units ('000) | 3,540,250 ⁽³⁾ | 3,874,809 ⁽⁴⁾ | 3,941,476 ⁽⁵⁾ |
| DPU (cents) | 2.800 | 2.865 | 2.828 |
| DPU Accretion | | 2.3% | 1.0% |

Notes:

- (1) Includes the net property income from the AEl's based on assumed yield on cost of approximately 7.1%.
- (2) Based on an assumed first year pre-tax dividend yield of approximately 7.3% on the purchase consideration of the Australia Acquisition (the "**Purchase Consideration**") and assuming 50% of the dividend income is subject to Australia withholding tax at 15%, the post-tax dividend income on the Purchase Consideration is approximately 6.8%.
- (3) Based on the applicable number of Units during FY2020.
- (4) Includes approximately 333.3 million new Units issued at the illustrative issue price of S\$0.375 per new Unit to raise gross proceeds of S\$125.0 million and approximately 1.2 million new Units issued as payment of management fees to the Manager for FY2020 at an illustrative issue price of S\$0.410 per Unit as at 5 May 2021.
- (5) Includes approximately 400.0 million new Units issued at the illustrative issue price of S\$0.375 per new Unit to raise gross proceeds of S\$150.0 million and approximately 1.2 million new Units issued as payment of management fees to the Manager for FY2020 at an illustrative issue price of S\$0.410 per Unit as at 5 May 2021.

8.4 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Transactions on the net asset value ("**NAV**") per Unit of ESR-REIT as at 31 December 2020, assuming the

Transactions had been completed on 31 December 2020 are as follows:

| | Before the Transactions and EFR | After the Transactions and EFR size of S\$125.0 million | After the Transactions and EFR size of S\$150.0 million |
|--|---------------------------------|---|---|
| NAV attributable to Unitholders (S\$'000) | 1,446,990 | 1,561,306 ⁽²⁾ | 1,585,681 ⁽²⁾ |
| Number of Units ('000) | 3,576,362 ⁽¹⁾ | 3,909,695 ⁽³⁾ | 3,976,362 ⁽⁴⁾ |
| NAV per ESR-REIT Unit (cents) | 40.5 | 39.9 | 39.9 |

Notes:

- (1) Number of Units in issue as at 31 December 2020.
- (2) After payment of approximately S\$7.6 million in stamp duties, acquisition fees in respect of the Singapore Acquisition, estimated fees and expenses, professional fees and expenses, incurred or to be incurred by ESR-REIT in connection with the Transactions.
- (3) Includes approximately 333.3 million new Units issued at the illustrative issue price of S\$0.375 per new Unit to raise net proceeds of S\$121.9 million.
- (4) Includes approximately 400.0 million new Units issued at the illustrative issue price of S\$0.375 per new Unit to raise net proceeds of S\$146.3 million.

8.5 Pro Forma Capitalisation and Gearing

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Transactions on the capitalisation and gearing of ESR-REIT as at 31 December 2020, assuming the Transactions had been completed on 31 December 2020, are as follows:

| | Before the Transactions and EFR | After the Transactions and EFR size of S\$125.0 million | After the Transactions and EFR size of S\$150.0 million |
|--|---------------------------------|---|---|
| Gross debt (S\$'000) | 1,264,926 | 1,376,939 | 1,352,564 |
| Total deposited property (S\$'000) | 3,038,272 | 3,268,223 | 3,268,223 |
| Aggregate Leverage⁽¹⁾⁽²⁾ | 41.6% | 42.1% ⁽²⁾ | 41.4% ⁽³⁾ |

Note:

- (1) Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases* which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019.
- (2) On 28 April 2021, ESR-REIT announced the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East for approximately S\$53.0 million (the "**Divestment**"). Assuming the Divestment had been completed on 31 December 2020 and the net proceeds from the Divestment had been fully utilised to repay outstanding borrowings, the *pro forma* aggregate leverage of ESR-REIT as at 31 December 2020 would have been reduced by approximately 1.0% from 42.1% to 41.1%.
- (3) On 28 April 2021, ESR-REIT announced the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East for approximately S\$53.0 million. Assuming the Divestment had been completed on 31 December 2020 and the

net proceeds from the Divestment had been fully utilised to repay outstanding borrowings, the *pro forma* aggregate leverage of ESR-REIT as at 31 December 2020 would have been reduced by approximately 1.0% from 41.4% to 40.4%.

9. RATIONALE FOR THE EQUITY FUND RAISING

The Manager intends to apply the net proceeds from the Equity Fund Raising towards the Transactions, which will bring the following benefits to Unitholders.

9.1 The Acquisitions and the AElS are DPU accretive and value enhancing

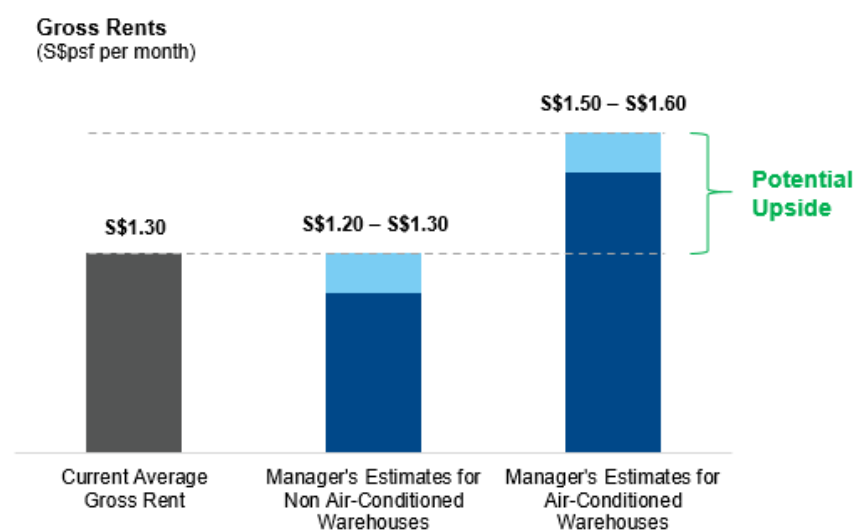
The DPU accretions for the Acquisitions on a standalone *pro forma* historical basis for FY2020 are 0.4%⁵ (in respect of the Singapore Acquisition, which shall be partially funded by proceeds raised from the Equity Fund Raising) and 2.9%⁶ (in respect of the Australia Acquisition, which shall be fully funded by debt). The AElS shall be partially funded by proceeds raised from the Equity Fund Raising. Please see Paragraph 8 above for the financial effects of the Transactions.

9.2 Use of proceeds are in line with the Manager's strategy of acquisition growth, diversification and organic growth

The Singapore Acquisition strengthens ESR-REIT's exposure to the logistics sector from 23.3% to 26.0% (by rental income) of ESR-REIT's asset portfolio. The Property will be the sixth modern ramp-up warehouse, consequently increasing the proportion of modern ramp-up logistics assets from 68.2% to 83.9% (by rental income) in its logistics portfolio.

Located within the established Tanjong PenjurU logistics cluster, the Property allows the Manager to leverage on the resilient and growing demand for logistics space from both e-commerce and industrialists looking to stock up raw materials as the manufacturers shift from Just-In-Time manufacturing to Just-In-Case manufacturing.

In addition, opportunities exist to enhance specifications of the Property into air-conditioned warehouse space to capture higher rental demand through active asset management.



⁵ Please refer to the Singapore Acquisition Announcement for further details.

⁶ Please refer to the Australia Acquisition Announcement for further details.

The Australia Acquisition is ESR-REIT's maiden overseas acquisition, which provides geographical diversification and lengthens the weighted average land lease tenure of ESR-REIT's portfolio, and is in line with the Manager's strategy to invest in markets where the Sponsor has real estate operational capabilities and presence so as to leverage the Sponsor's capabilities in those markets.

The Asset Enhancement Initiatives reflect the Manager's commitment to continually seek organic growth by active asset management to unlock value. Creating new GFA through the development of un-utilised plot ratio for high-specifications assets will enhance ESR-REIT's portfolio to ensure that they remain relevant to the needs and demands of industrialists in the manufacturing and data centre sectors.

9.3 Maintaining ESR-REIT's balance sheet and capital structure and enhancing its financial flexibility

On a *pro forma* basis as at 31 December 2021, assuming the Equity Fund Raising raised gross proceeds of up to approximately S\$150.0 million, ESR-REIT's aggregate leverage is expected to decrease from 41.6%⁷ to 41.4%⁷ after the Equity Fund Raising and following the completion of the Transactions. On 28 April 2021, ESR-REIT announced the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East for approximately S\$53.0 million. Assuming the Divestment had been completed on 31 December 2020 and the net proceeds from the Divestment had been fully utilised to repay outstanding borrowings, the *pro forma* aggregate leverage of ESR-REIT as at 31 December 2020 would have been reduced by approximately 1.0% from 41.4% to 40.4%.

The proposed funding of the Transactions through a mix of debt and equity is part of the Manager's active capital management strategy for ESR-REIT, while the commitment by the Sponsor to subscribe for the Preferential Offering New Units pursuant to the Sponsor Undertaking (subject to the Sponsor Backstop) further demonstrates the Sponsor's support for ESR-REIT. The Manager believes that this will provide ESR-REIT with greater financial capacity to capitalise on potential growth opportunities as and when they may arise. The Manager will also continue to evaluate value-accretive opportunities while maintaining a well-balanced capital structure.

9.4 Possible increase in trading liquidity of the Units

The New Units to be issued pursuant to the Equity Fund Raising will increase the number of Units in issue. This increase in the total number of Units in issue and the enlarged Unitholder base are expected to improve the trading liquidity of the Units.

10. AUTHORITY TO ISSUE NEW UNITS

The Manager will be relying on the general mandate obtained at ESR-REIT's annual general meeting held on 22 April 2021 for the issue of the New Units pursuant to the Private Placement. The Manager will be obtaining the approval of Unitholders at an extraordinary general meeting for the issue of the New Units pursuant to the Preferential Offering and will announce details of the Preferential Offering at the appropriate time.

⁷ As at 31 December 2021.

11. ELIGIBILITY TO PARTICIPATE IN THE PRIVATE PLACEMENT

The offer of New Units under the Private Placement will be made to eligible institutional, accredited and other investors.

The New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, or under the securities laws of any other jurisdiction, and may not be offered, sold, resold, granted, delivered, allotted, taken up or transferred, directly or indirectly, in the United States except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws.

The New Units will not be offered or sold to any person in the United Kingdom except in circumstances which have not resulted and will not result in an offer to the public in contravention of section 85(1) of the United Kingdom Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) or article 3(1) of Regulation (EU) 2017/1129 as it forms part of domestic law pursuant to section 3 of the European Union (Withdrawal) Act 2018 (as amended) (the “**EUWA**”).

The New Units will not be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any person who is not a professional investor (as defined in the United Kingdom Alternative Investment Fund Managers Regulations 2013) and will not be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any person who is a retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client (as defined in point (7) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law pursuant to section 3 of the EUWA) who is not a professional client; or (b) a customer, where that customer would not qualify as a professional client. For these purposes the term “customer” means a customer within the meaning of the provisions of FSMA and any rules or regulations made under FSMA which were relied on immediately before 23:00 (GMT) on 31 December 2020 to implement Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution.

The Manager, along with the Joint Global Co-ordinators and Bookrunners, reserves the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

12. STATUS OF THE NEW UNITS

12.1 Entitlement to Advanced Distribution

ESR-REIT's distribution policy is to distribute at least 90.0% of its annual distributable income, comprising substantially its income from the letting of the properties owned by it after deduction of allowable expenses, on a quarterly basis to Unitholders.

In connection with the Private Placement, the Manager intends to declare, in respect of the Units in issue on the day immediately prior to the date on which the New Units pursuant to the Private Placement are issued (the “**Existing Units**”), an advanced distribution for the period

from 1 April 2021 to 17 May 2021, being the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement (the “**Advanced Distribution**”). The distribution per Existing Unit under the Advanced Distribution is estimated to be between 0.389 Singapore cents to 0.431 Singapore cents (the “**Advanced Distribution Range**”). A further announcement on the actual quantum of the Advanced Distribution (which may differ from the estimate above) will be made by the Manager in due course.

The New Units pursuant to the Private Placement are expected to be issued and listed on or around 18 May 2021. The Advanced Distribution is intended to ensure that the distributable income accrued by ESR-REIT up to the day immediately preceding the date of issue of the New Units pursuant to the Private Placement (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

The next distribution thereafter will comprise ESR-REIT’s distributable income for the period from the day the New Units are issued pursuant to the Private Placement to 30 June 2021. Quarterly distributions will resume thereafter.

12.2 Status of New Units issued pursuant to the Private Placement

The New Units issued pursuant to the Private Placement will, upon issue and delivery, rank *pari passu* in all respects with the Existing Units, including the eligibility to participate in the Preferential Offering and the right to distributions out of ESR-REIT’s distributable income from the day of issuance of the New Units pursuant to the Private Placement as well as all distributions thereafter, other than in respect of the Advanced Distribution.

For the avoidance of doubt, the holders of the New Units to be issued pursuant to the Private Placement will not be entitled to the Advanced Distribution.

13. APPLICATION TO THE SGX-ST FOR APPROVAL IN-PRINCIPLE

The Manager will make a formal application to the SGX-ST for the listing of, dealing in and quotation of, the Private Placement New Units on the Main Board of the SGX-ST. An announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited

As Manager of ESR-REIT

(Company Registration No. 200512804G, Capital Markets Services Licence No.1001312-5)

Adrian Chui

Chief Executive Officer and Executive Director

6 May 2021

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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 2020 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S\$3.1 billion⁸. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, 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 income stream through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Proactive 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 namely, ESR Cayman Limited ("ESR") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

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

About the Sponsor, ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area ("GFA") and by value of the assets owned directly and by the funds and investment vehicles it manages. ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, CPP Investments, JD.com, Oxford Properties, PGGM and SK Holdings. The ESR platform spans major economies across the APAC region, including the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 2020, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$30 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 20 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

For more information on ESR, please visit www.esr.com.

⁸ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 31 December 2020.

Important Notice

This announcement is not for publication or distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale or an invitation or offer to acquire, purchase or subscribe for securities in the United States or any other jurisdictions.

The value of 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 the Manager, the 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’s 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 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, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT’s future 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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, United Kingdom (other than to professional investors), Canada, Japan or Australia, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

ESR-REIT is an unregulated collective investment scheme for the purposes of the FSMA, which has not been authorised or recognised by the United Kingdom Financial Conduct Authority (the “**FCA**”). The promotion of the Units and the distribution of this announcement in the United Kingdom is accordingly restricted by law.

Where the person distributing this announcement is:

- (i) a person authorised under FSMA to carry on business in the United Kingdom, this announcement is being communicated only to:
 - (a) persons outside the United Kingdom;

- (b) firms that are authorised under FSMA and certain other persons who are investment professionals falling within Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended) (the “**CIS Promotion Order**”);
 - (c) high net worth companies, unincorporated associations and other bodies within the categories described in Article 22 of the CIS Promotion Order;
 - (d) the directors, officers and employees (“**A**”) of any person falling within (i)(b)-(c) above (“**B**”), where this announcement is communicated to A in that capacity and where the responsibilities of A, when acting in that capacity, involve A in B’s participation in unregulated schemes; or
 - (e) persons to whom it may otherwise lawfully be communicated; and
- (ii) a person not authorised under FSMA, this announcement is being communicated only to:
- (a) persons outside the United Kingdom;
 - (b) firms that are authorised under FSMA or certain other persons who are “investment professionals” falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**FPO**”) and the directors, officers and employees (“**A**”) of any such firms and persons (“**B**”), where this announcement is communicated to A in that capacity and where A’s responsibilities, when acting in that capacity, involve A in the carrying on by B of controlled activities (as defined in the FPO);
 - (c) high net worth companies, unincorporated associations and other bodies falling within the categories described in Article 49 of the FPO and the directors, officers and employees (“**A**”) of any such high net worth companies, unincorporated associations and other bodies (“**B**”), where this announcement is communicated to A in that capacity and where A’s responsibilities, when acting in that capacity, involve A in B’s engaging in investment activity;
 - (d) certified sophisticated investors falling within Article 50 of the FPO; or
 - (e) persons to whom it may otherwise lawfully be communicated,
- (the persons described in (i) or (ii) as relevant, together “**Relevant Persons**”).

This announcement should not be communicated, distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this announcement. The provision of this announcement to, or reliance on it, by any person who is not a Relevant Person is unauthorised and may contravene FSMA, and any such person should return it immediately. Any Relevant Person seeking to rely on this announcement is warned that buying Units may expose the Relevant Person to a significant risk of losing all the property the Relevant Person invested. If a Relevant Person is in doubt about the Units the Relevant Person should consult a person authorised under FSMA who specialises in advising on such investments. The Manager is not authorised to carry on investment business in the UK and prospective investors are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to any investment in the ESR-REIT and that compensation will not be available under the UK Financial Services Compensation Scheme.

The Units are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client (as defined in point (7) of Article 2(1) of the UK Markets in Financial Instruments Regulation (defined below)) who is not a professional client; or (b) a customer, where that customer would not qualify as a professional client. For these purposes the term “customer” means a customer within the meaning of the provisions of FSMA and any rules or regulations made under FSMA which were relied on immediately before 23:00 (GMT) on 31 December 2020 to implement Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution. Consequently, no key information document required by the UK PRIIPS Regulation (defined below) for offering or selling the Units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling Units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPS Regulation.

This announcement does not constitute an offer document or an offer of transferable securities in the United Kingdom to which section 85 of FSMA or article 3(1) of the UK Prospectus Regulation (defined below) applies and should not be considered as a recommendation that any person should subscribe for or purchase any Units. The Units will not be offered or sold to any person in the United Kingdom except in circumstances which have not resulted and will not result in an offer to the public in contravention of section 85(1) of FSMA or article 3(1) of the UK Prospectus Regulation.

For these purposes: (a) the phrase “an offer to the public” in relation to any offer of Units in the United Kingdom means the communication to persons in any form and by any means, presenting sufficient information on the terms of any offer and any Units to be offered, so as to enable an investor to decide to purchase any Units; (b) the phrase “UK Prospectus Regulation” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC; (c) the phrase “UK Markets in Financial Instruments Regulation” means Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012; and (d) the phrase “UK PRIIPS Regulation” means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products, provided that references to the “UK Prospectus Regulation”, the “UK Markets in Financial Instruments Regulation” and the “UK PRIIPS Regulation” shall be construed as a reference to that legislation as it forms part of domestic law pursuant to section 3 of the European Union (Withdrawal) Act 2018 (as amended), and shall also be construed in accordance with any regulations made under that Act in relation to that legislation, in each case from the time when that legislation so forms part of domestic law, where the phrase “domestic law” has the meaning given in that Act.

For the purposes of marketing (as defined in the UK Alternative Investment Fund Managers Regulations 2013 (as amended) (the “**UK AIFM Regulations**”) the Units to investors domiciled in or with a registered office in the UK, the Manager (as an AIFM for the purposes of the UK AIFM Regulations) intends to rely on the UK’s national private placement regime pursuant to Article 59 of the UK AIFM Regulations.

Any Relevant Persons who wish to invest in the Units must qualify as a “professional investor” under the UK AIFM Regulations. Units are not offered to investors in the UK who are not professional investors. Neither ESR-REIT nor the Manager is subject to supervision by the competent authorities of the UK.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States or other jurisdiction and may not be offered or

sold within the United States or to or for the account or benefit of any U.S. person except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. There will be no public offering of the securities referred to herein in the United States.

This advertisement has not been reviewed by the Monetary Authority of Singapore.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore:

The New Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).