



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

NEWS RELEASE

For immediate release

ESR-REIT Strengthens its Portfolio with New Logistics Acquisitions and Asset Enhancement Initiatives to Improve Competitive Standing

- *Strengthens position with strategic acquisition of a modern ramp-up logistics facility in Singapore, increasing portfolio exposure to the resilient and in-demand logistics sector*
- *Acquisition of a 10.0% interest in ESR Australia Logistics Partnership (the “Fund”) provides geographical diversification, access to freehold assets and opportunity to capitalise on Australia’s attractive logistics market*
- *Continues portfolio optimisation strategy with asset enhancement initiatives for two high-specification properties by developing un-utilised plot ratio to increase gross floor area (“GFA”)*

Singapore, 6 May 2021 – ESR Funds Management (S) Limited, as manager of ESR-REIT (the “**Manager**”), is pleased to announce the proposed acquisition of 46A Tanjong Penjuru, a modern ramp-up logistics facility, for a purchase price of approximately S\$119.6 million¹ (the “**Singapore Acquisition**”), the acquisition of 10.0% of the total issued units of the Fund for a purchase consideration of A\$60.5 million (approximately S\$62.4 million²) (the “**Australia Acquisition**”), and the asset enhancement initiatives for two high-specification properties, being 16 Tai Seng Avenue³ and 7000 Ang Mo Kio Avenue 5⁴ (the “**AEIs**”, and together with the Singapore Acquisition and the Australia Acquisition, the “**Transactions**”).

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager said, “Both the Singapore and Australia Acquisitions complement our investment strategy of focusing primarily on higher value business segments to meet the needs of industrialists. The Singapore Acquisition will enhance our ability to tap into the rising demand for quality logistics facilities. With the acceleration in e-commerce and a global transformational shift from a “just-in-time” inventory model to a “just-in-case” inventory approach towards manufacturing, demand for high quality warehouse facilities is expected to remain robust over the medium-to-long term. Likewise, the Australia Acquisition marks the first step for ESR-REIT’s overseas diversification across key regional markets. We are pleased to have this unique opportunity to make a strategic investment in Australia by leveraging our Sponsor’s network of quality pipeline opportunities to accelerate our growth trajectory overseas. The Australia Acquisition will strengthen ESR-REIT’s portfolio geographically, provide us with access to freehold assets and broaden our exposure in the logistics segment.”

Mr. Chui added, “This is also an opportune time to conduct AEIs to boost our competitive positioning as we gear up for the post-pandemic recovery. The AEIs for 16 Tai Seng Avenue and 7000 Ang Mo Kio Avenue 5 will increase the gross floor area in both properties by developing the unutilised plot ratio to capture growth opportunities in the high-tech space for high-value manufacturers, in line with the nationwide digitisation

¹ Includes estimated upfront land premium payable to JTC Corporation (“**JTC**”) for the balance of the first 30-year JTC lease term of S\$7.6 million.

² Using an illustrative exchange rate of A\$1.000 : S\$1.032.

³ 16 Tai Seng Avenue, Singapore 534138.

⁴ 7000 Ang Mo Kio Avenue 5, Singapore 569877 (“**7000 AMK**”).

drive. We are optimistic about the long-term growth prospects of the logistics and high-specs sectors and will continue to actively optimise our portfolio to deliver greater income stability for Unitholders.”

A. Details of the Singapore Acquisition

RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) has entered into a conditional put and call option agreement with Montview Investments Pte. Ltd. for the proposed acquisition of 46A Tanjong Penjuru at a purchase price of S\$119.6 million, which comprises the purchase consideration of S\$112.0 million and an estimated upfront land premium of S\$7.6 million payable to JTC for the balance of the first 30-year JTC lease term. The purchase price of S\$119.6 million is in line with the market valuation of the property.⁵

The completion of the Singapore Acquisition is subject to conditions precedent and is expected to take place within this year. Following the acquisition of 46A Tanjong Penjuru, ESR-REIT's diversified portfolio will consist of 58 properties⁶ located across Singapore with a total GFA of approximately 15.6 million⁶ square feet (“sqft”).

Rationale and Key Benefits of the Singapore Acquisition

1. Strategically Located Property in a Well Sought-After Location

46A Tanjong Penjuru is strategically located within an established logistics cluster in Tanjong Penjuru in the western part of Singapore. The property is well sought after by logistics players due to its relatively central location and is well served by major expressways and is in close proximity to the Central Business District, Jurong Port, Tuas Megaport and key container yards. Furthermore, the building specifications of the property are also suitable for multi-tenancy leases.

2. DPU Accretive Acquisition

The Singapore Acquisition is expected to be distribution per unit (“DPU”) accretive. Based on the *pro forma* financial effects of the Singapore Acquisition on ESR-REIT's DPU for the financial year ended 31 December 2020 (“FY2020”), assuming the Singapore Acquisition had been completed on 1 January 2020 and ESR-REIT had held 46A Tanjong Penjuru through to 31 December 2020, the Singapore Acquisition would have increased ESR-REIT's FY2020 DPU by 0.4%.

3. Opportunity to Enhance Specifications to Capture Higher Rental Demand through Active Asset Management

Given the central location of 46A Tanjong Penjuru, it is sought after by potential higher rental tenants handling high-valued goods, such as electronics and pharmaceutical products, and e-commerce players. These tenants would typically require a controlled environment to store, pack and distribute temperature-sensitive products. The Manager intends to upgrade the property into an air-conditioned warehouse to capture such higher rental tenants. The multi-tenanted property with a weighted average lease tenure of 2.7 years⁷ and a staggered lease expiry profile will allow the Manager to actively manage and progressively enhance the property to capture such higher rental demand.

4. Strengthens ESR-REIT's Portfolio Exposure to the Logistics Sector

The logistics sector has remained resilient during the COVID-19 pandemic with a sustained demand for well-located warehouse space underpinned by a surge in e-commerce and stockpiling of essential goods. Industrialists have also been increasingly stocking up on raw materials for production as there is an industry shift from “just-in-time” inventory model to a “just-in-case”

⁵ The valuation was conducted by Jones Lang LaSalle Property Consultants Pte Ltd as at 30 April 2021 and was commissioned by the Manager.

⁶ Based on 57 properties as at 31 December 2020 excluding the divestment of two properties announced on 28 April 2021 (which is expected to be completed in the second half of the financial year ending 31 December 2021 or as soon as JTC grants the necessary approval for said divestment).

⁷ As at 30 April 2021.

inventory approach towards manufacturing. The Singapore Acquisition will increase ESR-REIT's portfolio exposure to the logistics sector from 23.3% to 26.0% (by rental income) as at 31 March 2021. 46A Tanjong Penjuru will become the sixth modern ramp up warehouse in ESR-REIT's portfolio. As such, the proportion of in-demand ramp-up warehouses within ESR-REIT's logistics asset class will increase from 68.2% to 83.9% (by rental income).

5. Improves Portfolio Asset Offering with Reduced Single Tenant Concentration

46A Tanjong Penjuru is currently fully committed with six tenants, providing ESR-REIT with stable income and reducing single-tenant concentration and credit risks. The proportion of single-tenant buildings in ESR-REIT's portfolio will decrease from 26.3% as at 31 March 2021 to 25.4% post-completion of the Singapore Acquisition. The property also has a relatively long land lease tenure of approximately 29 years (comprising the balance of approximately 15 years from the first 30-year JTC lease term and an option to renew for a further term of 14 years).

About 46A Tanjong Penjuru

46A Tanjong Penjuru is a five-storey modern ramp-up logistics facility with mezzanine offices on each floor. Located in the western central area of Singapore within a mature industrial estate of Tanjong Penjuru and well-served by major expressways, the property is strategically located and is well sought after due to its close proximity to the Central Business District, Jurong Port, Tuas Megaport and key container yards. Fully committed with six tenants, the multi-tenanted property has a land lease tenure of approximately 29 years and a GFA of approximately 523,689 sqft.

B. Details of the Australia Acquisition

RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) has entered into a unit sale agreement with ESR Investment Management 2 (Australia) Pty Limited, in its capacity as trustee of ESR Co-Invest Trust, and One Funds Management Limited, in its capacity as trustee of ESR Queensland Hold Trust, to acquire 10.0% of the total issued units of the Fund for a purchase consideration of A\$60.5 million (approximately S\$62.4 million⁸).

The Fund is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of the sponsor of ESR-REIT, ESR Cayman Limited (the "**Sponsor**"). Currently, ESR Queensland Hold Trust holds a 20.0% interest in the Fund, with the remaining 80.0% interest in the Fund held by a wholly owned subsidiary of GIC (Realty) Private Limited ("**GIC**"), whose primary business is to hold real estate investments of the GIC Private Limited, a global investment firm established in 1981 to manage Singapore's foreign reserves. Following the Australia Acquisition, ESR-REIT and ESR Queensland Hold Trust will each hold a 10.0% interest in the Fund, with GIC holding the remaining 80.0% interest in the Fund.

Including estimated professional and other fees and expenses, the total transaction cost is estimated to be approximately S\$64.9 million. No acquisition fees will be payable by ESR-REIT to the Manager in relation to the Australia Acquisition. In addition, the unitholders of the Fund have committed A\$70.5 million which is payable to the Fund at any time when called upon by the Fund to finance its activities. Based on its 10.0% interest in the Fund, ESR-REIT will commit A\$7.05 million, which is payable to the Fund at any time post-completion of the Australia Acquisition to finance its activities.

The Australia Acquisition is expected to be completed in May 2021.

⁸ Using an illustrative exchange rate of A\$1.000 : S\$1.032.

Rationale and Key Benefits of the Australia Acquisition

1. ESR-REIT's Maiden Overseas Acquisition Provides Geographical Diversification

The Australia Acquisition 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. Post-completion of the Australia Acquisition, ESR-REIT's exposure to Australia is expected to be 2.3% by rental income as at 31 March 2021⁹. This provides geographical diversification to ESR-REIT's portfolio, and an exposure to an established economic market, thereby reducing its current concentration risk due to its 100% exposure to the Singapore economy.

2. DPU Accretive Acquisition

The Australia Acquisition is expected to be DPU accretive. Based on the pro forma financial effects of the Australia Acquisition on ESR-REIT's DPU for FY2020, assuming the Australia Acquisition had been fully funded by debt and completed on 1 January 2020 and ESR-REIT had held 10.0% of the total issued units of the Fund through to 31 December 2020, the Australia Acquisition would have increased ESR-REIT's FY2020 DPU by 2.9%. Any debt to be incurred will be in Australian dollars which will create a natural hedge to reduce foreign currency risk.

3. Exposes ESR-REIT to Freehold Assets and Lengthens the Weighted Average Land Lease Tenure of its Portfolio

ESR-REIT's existing portfolio in Singapore comprises only leasehold properties with a weighted average land lease expiry of 31.3 years as at 31 March 2021. The land leases of the 32 income-producing properties⁹ of the Fund are predominantly freehold (81.4% by value as at 31 March 2021) with weighted average land lease expiry of 89.8 years.¹⁰ Post-completion of the Australia Acquisition, the *pro forma* weighted average land lease expiry of ESR-REIT's existing portfolio and the 32 income-producing properties⁹ will increase from 31.3 years to 33.4 years¹⁰ as at 31 March 2021.

4. Increases Portfolio Weighted Average Lease Expiry ("WALE") and Occupancy with Built-in Rental Escalations Averaging 2.5% to 3.0% p.a. for Single-Tenant Master Leases

As at 31 March 2021, 55.3% of the leases in the Fund's portfolio (by rental income)⁹ are single tenant master leases with longer lease tenures and built-in rental escalations averaging 2.5% to 3.0% per annum. These complement ESR-REIT's existing portfolio, which as at 31 March 2021, mainly comprises multi-tenanted leases (73.7% by rental income) with average lease tenure of three years. With the inclusion of the Fund's properties⁹, the *pro forma* WALE (by rental income)¹¹ of ESR-REIT's enlarged portfolio will increase from 2.86 years to 2.90 years as at 31 March 2021 and the *pro forma* portfolio occupancy rate of ESR-REIT's enlarged portfolio will increase from 90.8% to 92.3% as at 31 March 2021.

5. Provides Opportunity to Capitalise on Australia's Attractive Logistics Market and Exposure to an Income-Producing Portfolio with a Complementary Opportunity for Risk-Managed Development Upside

According to the independent market research report issued by Colliers International Consultancy & Valuation Pty Ltd dated 31 March 2021, despite the outbreak of COVID-19, the industrial and logistics sector in Australia has outperformed all other mainstream real estate sectors. Key market drivers such as infrastructure investment and e-commerce growth are expected to remain strong and will continue to be a positive influence on industrial occupancy and investor demand. Occupiers in e-commerce, food logistics, pharmaceutical, transport and logistics have performed well with some businesses reporting a doubling of revenue since March 2020.

⁹ Excludes 65-75 Strelecki Avenue, Sunshine West, Victoria, ("65-75 Strelecki Avenue") which was acquired by the Fund on 19 April 2021.

¹⁰ Assuming that freehold land has an equivalent land lease tenure of 99 years and taking into account only a 10.0% interest in the Fund.

¹¹ Taking into account only a 10.0% interest in the Fund.

The Fund's portfolio consists of predominantly income-producing assets with long leases and built-in rental escalations averaging 2.5% to 3.0% per annum, and also assets with risk-managed development upside.

As at 31 March 2021, 94.6%¹² of the Fund's portfolio (by value)¹³ consists of income-producing real estate, contributing a stable and growing income stream for ESR-REIT. The remaining 5.4% of the Fund's portfolio (by value)¹³ comprises four land parcels, two of which are currently under development. These developments will be undertaken by an experienced development team at ESR Australia, thereby providing development upside while reducing development risks.

6. Demonstrates ESR-REIT's Access to the Sponsor's Pipeline of Assets with the Fund's Underlying Assets a Potential Asset Pipeline for ESR-REIT

The Australia Acquisition signals the Sponsor's commitment to grow ESR-REIT by facilitating the diversification of ESR-REIT's portfolio and reducing its operational risks. The Australia Acquisition also demonstrates ESR-REIT's ability to access the Sponsor's pipeline of quality assets and to leverage the established regional real estate platform of the Sponsor for a clear growth trajectory overseas.

About the Fund's portfolio

The Fund's portfolio currently comprises 33 income-producing properties¹⁴, two land parcels for future development and another two properties which are currently under development. Collectively, the 37 prime logistics assets are located in core industrial markets of New South Wales, Victoria, Queensland, South Australia and Western Australia, with a total land area of approximately 1,319,468 square metres, an occupancy rate of 95.9% and a WALE of 4.87¹⁵ years as at 31 March 2021¹³.

C. Details of the AElS

As part of ongoing efforts to ensure the portfolio remains relevant to the evolving needs of industrialists, the Manager has identified 16 Tai Seng Street and 7000 AMK for asset enhancements to develop un-utilised plot ratio to increase GFA.

16 Tai Seng Street is centrally located within the Paya Lebar iPark, an industrial hub for lifestyle-related and light manufacturing industries. AEI for 16 Tai Seng Street will include maximising the plot ratio of the property by adding an additional floor to increase its GFA by approximately 29,000 sqft or 13.8%, and refurbishing the façade, drop-off point, lift lobbies, lifts and the external linkway to the Mass Rapid Transit station to improve tenant experience. The AEI cost for 16 Tai Seng Street is estimated at S\$25.9 million.

On 17 June 2019, ESR-REIT issued a news release on its plans to conduct AEI for, among others, 7000 AMK. The initial AEI plan was to develop a new building at 7000 AMK for a prospective tenant that was expected to cost approximately S\$35.7 million. Given its location and proximity to substations in the area, the initial AEI was intended for 7000 AMK to be suitable for advanced manufacturing, info-comm and data centre tenants. However, in view of the current demand for quality high-specifications spaces from advanced manufacturing and electronics sectors for quality high-specs space, the Manager intends to proceed with new AEI plans of 7000 AMK which will create approximately 265,000 sqft of additional GFA to suit multi-tenancies of high-tech tenants. This requires changes to the design plans which will incur estimated additional costs of S\$17.6

¹² Of the 94.6% of income-producing real estate (by value), 49.6% are single tenant master leases (by value) and 45.0% are multi-tenant leases (by value).

¹³ Excludes 65-75 Strelecki Avenue which was acquired by the Fund on 19 April 2021.

¹⁴ Includes 65-75 Strelecki Avenue which was acquired by the Fund on 19 April 2021.

¹⁵ Weighted by rental income.

million. With the new design engineering, 7000 AMK will retain the flexibility and specifications that are suitable for potential data centre tenants should the moratorium end, as well as catering to tenants from other high-tech sectors. The revised total AEI cost for 7000 AMK is estimated at S\$53.3 million. Post the AEIs, there will be approximately 230,000 sqft of un-utilised GFA remaining. ESR-REIT holds 80.0% interest in 7000 AMK with the remaining 20.0% interest held by Ho Lee Properties Pte Ltd.

The AEIs for 16 Tai Seng Street and 7000 AMK are estimated to cost approximately S\$79.2 million.

Method of Financing

The Transactions will be financed through a combination of debt and equity. As part of the Manager's active capital management strategy to optimise ESR-REIT's capital structure, an equity fund raising ("EFR") will be launched in conjunction with the Transactions. On a *pro forma* basis, assuming the EFR had raised gross proceeds of up to S\$150.0 million and the EFR and the Transactions had been completed on 31 December 2020, ESR-REIT's aggregate leverage as at 31 December 2020 would have decreased from 41.6% to 41.4%¹⁶. Please refer to the announcement titled "Launch of Equity Fund Raising to Raise Gross Proceeds of Up to Approximately S\$150.0 million" dated 6 May 2021 for more details.

For more information on the Transactions, please refer to the presentation slides titled "Proposed Acquisition of 46A Tanjong Penjuru, Proposed Acquisition of 10.0% Interest in ESR Australia Logistics Partnership and the Asset Enhancement Initiatives" dated 6 May 2021.

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¹⁶ 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%.

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 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 billion¹⁶. 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.

¹⁶ 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.

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 news release 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 news release is for information 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.