



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

ANNOUNCEMENT REGARDING HYFLUX MEMBRANE MANUFACTURING (S) PTE. LTD.

ESR Funds Management (S) Limited, as the manager of ESR-REIT (the "Manager"), refers to the announcement released by Hyflux Ltd ("Hyflux") on 22 May 2018 entitled "Commencement of Court Supervised Process for Reorganisation" (the "Hyflux announcement").

The Manager wishes to announce that Hyflux Membrane Manufacturing (S) Pte. Ltd. ("Hyflux Membrane"), one of the five subsidiaries named in the Hyflux announcement, is a tenant of ESR-REIT at the property at 8 Tuas South Lane. As disclosed in our announcement of the financial results of ESR-REIT for the first quarter ended 31 March 2018, the lease to Hyflux Membrane represented 6.8% of the rental income of ESR-REIT as at 31 March 2018.

The Manager wishes to highlight to unitholders that 8 Tuas South Lane is currently leased to Hyflux Membrane on two different lease terms, which lends itself well to be multi-tenanted. We have on average 3 months security deposits for the two leases. The property is located within an established industrial area and next to Singapore's future global port and international maritime hub - Tuas Megaport. This port is expected to be the largest container terminal globally housing Singapore's port-related activities with the Maritime Port Authority (MPA) beefing up the area with more warehouses and distribution centres to make the overall port operations more efficient and seamless. The transformation of the Tuas area for port development is also expected to increase the attractiveness of the Property. As a result, we have been receiving leasing interest and enquiries.

With respect to the Hyflux Membrane leases, the Manager wishes to inform:

- all rental payments made by Hyflux Membrane have been prompt since the property was acquired in December 2017;
- there are currently no arrears due from Hyflux Membrane; and
- Management has had discussions with Hyflux and its financial advisers. We believe that the property is essential to the continued operation of Hyflux Group's business. As such, we believe that rental payments will continue throughout the reorganisation process.

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
24 May 2018

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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 billion¹. 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, JD.com, PGGM, Ping An and SK Holdings, 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

¹ 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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