



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

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## PROPOSED UNIT CONSOLIDATION

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### 1. INTRODUCTION

ESR-REIT Management (S) Limited, the manager of ESR-REIT (the “**Manager**”), wishes to announce the proposed unit consolidation (the “**Proposed Unit Consolidation**”), details of which are set out below.

#### 1.1 Overview of the Proposed Unit Consolidation

The Proposed Unit Consolidation involves the consolidation of every ten (10) existing units in ESR-REIT (“**Units**”) held by unitholders of ESR-REIT (“**Unitholders**”) as at a record date to be determined by the Manager (the “**Record Date**”, and the existing Units held as at the Record Date, the “**Existing Units**”) into one (1) Unit (the “**Consolidation Ratio**”, and the consolidated unit, the “**Consolidated Unit**”). The number of Consolidated Units which Unitholders will be entitled to, based on their holdings of Existing Units as at the Record Date, will be rounded up to the nearest whole Consolidated Unit and any fractions of Consolidated Units arising from the Proposed Unit Consolidation will be rounded up. Each Consolidated Unit will rank *pari passu* with each other.

### 2. RATIONALE FOR THE PROPOSED UNIT CONSOLIDATION

#### 2.1 Potential reduction of magnitude of fluctuation in ESR-REIT’s Unit trading price and market capitalisation

The Manager believes that the Proposed Unit Consolidation will reduce the percentage change fluctuation in the trading of ESR-REIT’s Units, reduce excessive volatility in its market capitalisation and allow for Unit price movements that are more consistent with general market movements in terms of percentage changes.

As an illustrative example:

- Since 1 January 2022, ESR-REIT has traded in the range of S\$0.245 to S\$0.485.
- Using a rounded Unit trading price of S\$0.260 within the above-mentioned range for illustrative purposes, the mandated SGX bid-ask spread of S\$0.005 for counters below S\$1.00/unit will result in a 1.9 percentage change in Unit trading price.
- Applying the Consolidation Ratio, the new theoretical price of a Unit would be S\$2.60. With a unit trading price above S\$1.00/unit, a S\$0.01 bid-ask spread will now apply, resulting in a much smaller impact of 0.4 percentage change in Unit trading price.

The smaller percentage change impact from Unit trading price fluctuations may reduce volatility in its trading, and further facilitate tighter price discount ranges during corporate actions, such as equity fund raising exercises, which will provide long-term benefits to all Unitholders. The Proposed Unit Consolidation may then result in increased market interest and activity in the Consolidated Units and generally enhance the attractiveness of the Consolidated Units to investors, including institutional

investors.

## **2.2 Reduced interest from share speculators or punters and short sellers on the Units**

Share speculators or punters are investors who trade financial instruments with the hope of making quick profits, often based on speculation rather than fundamental in-depth analysis. Unlike long-term investors, who are more likely to focus on the fundamentals of the underlying asset, share speculators or punters often engage in short-term trading, trying to capitalise on market fluctuations, anomalies, volatility and rumours.

Short sellers are investors whose trading strategy is to speculate on a stock's decline. They bet and profit from a drop in prices of financial instruments by borrowing a security and selling it on the open market, planning to repurchase it later for less money.

Given ESR-REIT's trading range of S\$0.245 – S\$0.485 since 1 January 2022 being below S\$1.00, share speculators or punters and short sellers have shown keen interest in trading ESR-REIT as a "penny stock".

"Penny stocks" are typically securities which:

- Are generally priced under S\$1.00;
- Have high volatility causing prices to fluctuate dramatically over short periods; and
- Have a low entry point due to its low price, thus allowing investors to buy a large number of the stock with minimal capital and leverage; etc.

The Proposed Unit Consolidation would increase the theoretical price of ESR-REIT's Units to above S\$1.00, reducing the interest from share speculators or punters and short sellers due to the following reasons:

- Increase in Unit price will raise the barrier of entry in the stock, requiring share speculators or punters and short sellers to put up more capital and leverage to buy a similar number of Units as compared to pre-consolidation.
- Reduced volatility would reduce the trading price ranges of Units, reducing profit opportunities for share speculators or punters and short sellers.
- Consolidation may cause Unit prices to become more stable, reducing Unit price momentum, which is less appealing for share speculators or punters and short sellers.
- A reduction of interest from share speculators or punters and short sellers may potentially keep ESR-REIT's trading prices within a more stable price band, thereby reducing ESR-REIT's vulnerability to sharp price declines.

## **2.3 Lower brokerage trading costs to investors**

Trading in Singapore's stock market may involve certain minimum fixed expenses (including but not limited to minimum brokerage fees, clearance fees, and settlement fees). Consequently, trading in the Units with small denominations may result in higher costs relative to the trading price for each board lot of Units, leading to greater price fluctuations. The Proposed Unit Consolidation will result in higher Unit price denomination, therefore reducing the brokerage trading costs as a percentage of each board lot

of Consolidated Units.

**Unitholders should note, however, that there is no assurance that the Proposed Unit Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

## **2.4 Increase in the market interest and attractiveness of ESR-REIT and its Consolidated Units**

The Manager believes the Proposed Unit Consolidation will generally be beneficial to ESR-REIT and its Unitholders as it would improve the attractiveness of ESR-REIT and the Units.

The Proposed Unit Consolidation will rationalise the capital of ESR-REIT by reducing the large number of Units in issue from 8,049,164,215 Existing Units in issue as at the date of this announcement to at least 804,916,422 Consolidated Units following the completion of the Proposed Unit Consolidation.

In addition, the Existing Units have historically traded between S\$0.245 and S\$0.485 per Existing Unit in the period from 1 January 2022 to the last trading day one day prior to the date of this announcement. Following the Proposed Unit Consolidation, the Manager expects that, all other things being equal, the theoretical trading price and net asset value ("**NAV**") of each Consolidated Unit would be higher than the trading price and NAV of each Existing Unit, taking into account the decrease in the number of Units in issue following the Proposed Unit Consolidation.

For illustrative purposes in this announcement and based on the illustrative historical price of S\$0.260 per Existing Unit (the "**Illustrative Price**"), the Manager has assumed that the theoretical trading price of each Consolidated Unit following the Proposed Unit Consolidation would be S\$2.60 per Consolidated Unit.

The Volume Weighted Average Price ("**VWAP**") for the six-month period up to and including the date of this announcement and the theoretical adjusted VWAP of ESR-REIT's Units, assuming that the Proposed Unit Consolidation was carried out prior to the six-month period up to and including the last trading day one day prior to the date of this announcement, are as follows<sup>1</sup>:

VWAP for the six-month period up to and including the date of this announcement	S\$0.2711
Adjusted VWAP for the six-month period up to and including the date of this announcement	S\$2.71

The Manager believes that, immediately following the Proposed Unit Consolidation, with the reduction in the number of Existing Units in issue and the resulting increase in the theoretical trading price of each Consolidated Unit, the Proposed Unit Consolidation is likely to improve the attractiveness of ESR-REIT and the Units, particularly among institutional investors, research houses and fund managers.

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<sup>1</sup> ESR-REIT does not have any existing warrants and convertibles as well as any employee unit options which would result in new Units being issued. The theoretical adjusted 6-month VWAP is calculated based on market data from Bloomberg (sourced from SGX-ST market data) as per the industry definition of VWAP as the volume-weighted average price at which ESR-REIT's Units have traded throughout the day over a 6-month period as at the date of this announcement. The theoretical VWAP price post-consolidation therefore is a direct multiplication of 10 times the 6-month VWAP price pre-consolidation.

### 3. FINANCIAL EFFECTS OF THE PROPOSED UNIT CONSOLIDATION

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Proposed Unit Consolidation are set out below based on the unaudited financial statements of ESR-REIT for the financial year ended 31 December 2024 (“FY2024”, the unaudited financial statements, the “FY2024 Unaudited Financial Statements”).

#### 3.1 Pro Forma Distribution per Unit (“DPU”)

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Proposed Unit Consolidation on the amount available for distribution to Unitholders, the applicable number of Units and ESR-REIT’s DPU thereof, assuming that the Proposed Unit Consolidation was completed on 1 January 2024, are as follows:

	<b>FY2024 Unaudited Financial Statements</b>	<b><i>Pro forma</i> financial effects of the Proposed Unit Consolidation on the FY2024 Unaudited Financial Statements</b>
<b>Amount available for distribution</b>	164,064	164,064
<b>Applicable Number of Units<sup>(1)</sup> (’000)</b>	7,742,520	774,252 <sup>(2)</sup>
<b>DPU (cents)</b>	2.119	21.19 <sup>(2)</sup>

**Notes:**

- (1) Refers to the applicable number of Existing Units of 7,742,520,000 before the Proposed Unit Consolidation and the assumed applicable number of Consolidated Units of 774,252,000 after the Proposed Unit Consolidation.
- (2) As fractional entitlement will be rounded up, the applicable number of Consolidated Units may be higher than the number of Units set out above, accordingly the *pro forma* DPU may differ slightly based on the actual number of Consolidated Units.

Assuming that such Unitholder received a distribution of 2.119 cents per Unit for FY2024, or S\$21.19 in total for the 1,000 Units held prior to the Proposed Unit Consolidation, post-consolidation, the FY2024 *pro forma* DPU would be 21.19 cents per Consolidated Unit, and S\$21.19 in total for the 100 Consolidated Units, which is equivalent to the amount received pre-consolidation.

Unitholders should note that the Proposed Unit Consolidation will not affect the total distributable income of ESR-REIT.

#### 3.2 Pro Forma NAV per Unit

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Proposed Unit Consolidation on the NAV, the number of Units in issue, and the NAV per Unit, assuming that the Proposed Unit Consolidation had been completed on 31 December 2024, are as follows:

	<b>FY2024 Unaudited Financial Statements</b>	<b><i>Pro forma</i> financial effects of the Proposed Unit Consolidation on the FY2024 Unaudited Financial Statements</b>
<b>NAV (S\$'000)</b>	2,213,895	2,213,650 <sup>(1)</sup>
<b>Number of Units in issue<sup>(2)</sup> ('000)</b>	8,049,164	804,916 <sup>(3)</sup>
<b>NAV per Unit (cents)</b>	27.5	275.0 <sup>(3)</sup>

**Notes:**

- (1) After payment of the anticipated costs of approximately S\$245,000 relating to the consolidation exercise.
- (2) Refers to the 8,049,164,215 Existing Units in issue before the Proposed Unit Consolidation and the 804,916,422 Consolidated Units assumed to be in issue after the Proposed Unit Consolidation.
- (3) As fractional entitlement will be rounded up, the number of Consolidated Units may be higher than the number of Units set out above, accordingly the *pro forma* NAV per Unit may differ slightly based on the actual number of Consolidated Units.

Assuming that prior to the Proposed Unit Consolidation, a Unitholder owned 1,000 units and the trading price of a Unit was equal to the NAV per Unit as at 31 December 2024 of 27.5 cents, the Unitholder's 1,000 Units would be worth a total of S\$275.00. Post-consolidation, the Unitholder would own 100 Consolidated Units and the revised NAV per Consolidated Unit as at 31 December 2024 would adjust to 275.0 cents per Consolidated Unit such that the 100 Consolidated Units held by the Unitholder would still be worth a total of S\$275.00.

Unitholders should note that the Proposed Unit Consolidation will not affect the total NAV of ESR-REIT with the exception of anticipated costs of approximately S\$245,000 relating to the Proposed Unit Consolidation exercise, these anticipated costs are expected to be minimal in light of the expected benefits relating to the Proposed Unit Consolidation exercise as explained earlier.

#### **4 APPROVALS AND CONDITIONS FOR THE PROPOSED UNIT CONSOLIDATION**

The Manager will be seeking the approval of Unitholders by way of an ordinary resolution at an extraordinary general meeting ("**EGM**") to be convened. The Manager will also be seeking the in-principle approval of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Consolidated Units created pursuant to the Proposed Unit Consolidation. An announcement on the outcome of the application will be made in due course.

#### **5 DESPATCH OF CIRCULAR**

Upon receipt of approval from the SGX-ST, a circular containing further details of the Proposed Unit Consolidation and the EGM will be despatched to Unitholders in due course.

**BY ORDER OF THE BOARD**

**ESR-REIT Management (S) Limited**

As Manager of ESR-REIT

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

**Adrian Chui**

Chief Executive Officer and Executive Director

10 February 2025

For further enquiries, please contact:

**ESR-REIT Management (S) Limited**

**Lyn Ong**

Senior Manager,  
Capital Markets and Investor Relations  
Tel: +65 6222 3339  
Email: [lyn.ong@esr-reit.com.sg](mailto:lyn.ong@esr-reit.com.sg)

**Sua Xiu Kai**

Manager,  
Corporate Communications  
Tel: +65 6222 3339  
Email: [xiukai.sua@esr-reit.com.sg](mailto:xiukai.sua@esr-reit.com.sg)

## About ESR-REIT

ESR-REIT is a leading New Economy and future-ready Asia Pacific S-REIT. Listed on the Singapore Exchange Securities Trading Limited since 25 July 2006, ESR-REIT invests in quality income-producing industrial properties in key gateway markets.

As at 31 December 2024, ESR-REIT holds interests in a diversified portfolio of logistics properties, high-specifications industrial properties, business parks and general industrial properties with total assets of approximately S\$6.0 billion. Its portfolio comprises 72 properties (excluding 48 Pandan Road held through a joint venture) located across the developed markets of Singapore (52 assets), Australia (18 assets) and Japan (2 assets), with a total gross floor area of approximately 2.5 million sqm, as well as investments in three property funds in Australia. ESR-REIT is also a constituent of the FTSE EPRA Nareit Global Real Estate Index.

ESR-REIT is managed by ESR-REIT Management (S) Limited (the “**Manager**”) and sponsored by ESR Group Limited (“**ESR**”). The Manager is owned by ESR (99.0%) and Shanghai Summit Pte. Ltd. (1.0%), respectively.

For further information on ESR-REIT, please visit [www.esr-reit.com.sg](http://www.esr-reit.com.sg).

## About the Sponsor, ESR Group

ESR Group is Asia-Pacific's leading New Economy real asset manager and one of the largest listed real estate investment managers globally. Our fully integrated fund management and development platform extends across Australia and New Zealand, Japan, South Korea, Greater China, Southeast Asia, and India, including a presence in Europe. We provide investors with a diverse range of real asset investment and development solutions across private and public investment vehicles. Our focus on New Economy real assets offers customers modern solutions for logistics, data centres, and infrastructure and renewables. Our purpose, Space and Investment Solutions for a Sustainable Future, drives us to manage sustainably and impactfully for the communities where we operate and the spaces we develop to thrive for generations to come. ESR Group Limited is listed on The Stock Exchange of Hong Kong (HKSE: 1821.HK). Visit [www.esr.com](http://www.esr.com) for more information.

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**This announcement is not for distribution, directly or indirectly, in or into the United States or the United Kingdom (other than to professional investors) and is not an offer of securities for sale in the United States or any other jurisdictions.**

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-REIT Management (S) Limited (“**Manager**”), Perpetual (Asia) 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 announcement 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 announcement is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. This announcement does not constitute or form part of an offer, invitation or solicitation of any securities of ESR-REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. Any information contained in this announcement 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.

The past performance of ESR-REIT is not necessarily indicative of the future performance of ESR-REIT.

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

**Notification under Section 309B of the Securities and Futures Act 2001:** The 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).