



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

CLARIFICATION ANNOUNCEMENT REGARDING NEWS ARTICLE AND TV REPORT

ESR Funds Management (S) Limited (the “Manager”), as the Manager of ESR-REIT, refers to an article published online by Straits Times entitled “36 Buildings may have combustible cladding; police report lodged” (the “**Article**”) and the news reported on TV on 24 August 2017. Both the Article and the news report refer to ESR-REIT’s property at 30 Toh Guan Rd, where a fire occurred in May, as “*using external cladding that may not adhere to safety standards in the Fire Code*” and “*Cladding that did not meet safety standards*” respectively. We would like to clarify that the aluminium composite panels supplied and installed in 30 Toh Guan Rd were compliant with the fire safety guidelines at the point of installation and we were provided with a certificate of conformity at that time. We are still in discussion with the supplier regarding this issue. We initiated the removal of the cladding from 30 Toh Guan Rd as a precautionary measure in mid June 2017 and completed the full removal on 18 July 2017.

The Article and the news report also refer to another of ESR-REIT’s properties, 3 Pioneer Sector 3, where a similar external cladding product was also installed. The cladding in this case only covers around 3% of the total external building area. SCDF had previously advised us that in relation to 3 Pioneer Sector 3, a comprehensive fire safety risk assessment had been conducted and we were informed that the building remains fit and safe for occupancy. However the decision was made to remove the affected cladding which will be completed by today.

We remain committed to ensuring that our buildings are fully compliant with all safety guidelines and the safety of our tenants is paramount.

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
25 August 2017

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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 has a diversified portfolio of 49 properties located across Singapore, with a total gross floor area of approximately 8.4 million sq ft and a property value of S\$1.36 billion as at 30 June 2017. The properties are in the following business sectors: Logistics/ Warehouse, Hi-Specs Industrial, Light Industrial, General Industrial and Business Parks, 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:

- Acquisition of value-enhancing properties;
- Pro-active 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 two stakeholders, namely, e-Shang Redwood Limited ("ESR") (indirectly 80 percent) and Mitsui & Co., Ltd ("Mitsui") (20 percent):

- Headquartered in Hong Kong, ESR is one of the leading "pure-play" pan-Asia logistics real estate platforms, focusing on developing and managing institutional-quality logistics facilities that cater to third-party logistics ("3PLs") providers, e-commerce companies, bricks-and-mortar retailers, cold-chain logistics providers and industrial companies. Co-founded by Warburg Pincus and backed by some of the world's preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley, PGGM, and Ping An and SK Holdings, ESR's platform represents one of the largest in the Asia-Pacific region managing over 8 million square metres of projects owned and under development across China, Japan, Singapore and South Korea, with capital and funds management offices in Hong Kong and Singapore.
- 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

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 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 (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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