



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

PROPOSED DIVESTMENT OF 87 DEFU LANE 10

ESR Funds Management (S) Limited, as manager of ESR-REIT, wishes to announce that RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the “**Trustee**”), had on 6 July 2017, entered into an agreement with NC Precision Pte. Ltd. by way of an Option To Purchase (the “**Option**”) for the proposed sale of the remaining leasehold interest in 87 Defu Lane 10 Singapore 539219 (the “**Property**”) for S\$17.5 million (excluding divestment costs and applicable goods and services tax, if any) (the “**Sale Consideration**”). The current book value of the Property is S\$17.4 million¹.

The Property is a 6-storey light industrial building nestled within the Defu Industrial Estate. It has a gross floor area of approximately 109,920 square feet with a remaining land tenure of approximately 33 years.

The proposed sale originated from an unsolicited enquiry. The completion of the sale of the Property is subject to approval by the Housing & Development Board and is expected to take place in the third quarter of 2017. The sale proceeds will be used for the repayment of debt, acquisition opportunities, asset enhancement initiatives and/or for working capital purposes. This divestment is in-line with ESR-REIT’s FY2017 business strategy, which includes the divestment of non-core properties and recycling of capital for greater investment flexibility and better returns.

¹ Based on the valuation of the Savills Valuation And Professional Services (S) Pte Ltd as at 31 December 2016, being the most recent valuation commissioned by the Manager on behalf of ESR-REIT.

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

6 July 2017

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About ESR-REIT

ESR-REIT has been publicly 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\$1.35 billion as at 31 March 2017. The properties range from logistics, warehousing, light industrial, general industrial, a car showroom and a workshop to a 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:

- 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):

- ESR is a leading pan-Asia logistics real estate developer, owner, operator and fund manager focused on the key metropolitan areas most closely tied with consumption and global trade. Co-founded by Warburg Pincus and backed by some of the world's preeminent investors including APG, PGGM, CPPIB, Ping An, Morgan Stanley and Goldman Sachs, ESR's platform represents one of the largest in the region with over 7.3 million square metres of projects owned and under development across China, Japan and South Korea, and capital and funds management offices in Hong Kong and Singapore. ESR is one of the largest third-party landlords for market leading top e-commerce companies, "bricks-and-mortar" retailers, third party logistics providers and cold storage companies across the region.
- 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

About ESR

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, our 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.

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.

This announcement 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 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.