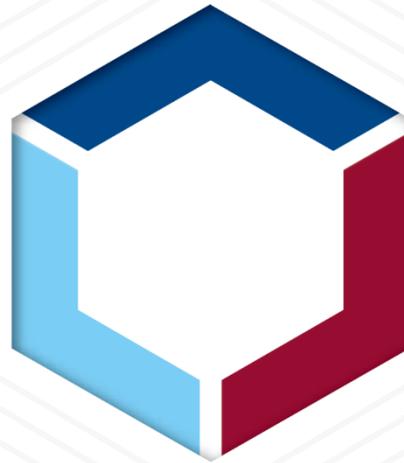


# GREATER SCALE AND INCREASED PRESENCE



**Proposed Acquisition of 46A Tanjong Penjuru,  
Proposed Acquisition of 10.0% Interest in ESR Australia  
Logistics Partnership and the Asset Enhancement Initiatives**

**6 May 2021**

# Table of Contents

---



**Executive Summary**



**Proposed Acquisition of 46A Tanjong Penjuru ("Singapore Acquisition")<sup>(1)</sup>**



**Proposed Acquisition of ESR Australia Logistics Partnership ("Australia Acquisition")**



**Proposed Asset Enhancement Initiatives ("AEIs")**



**Proposed Equity Fund Raising ("EFR")**



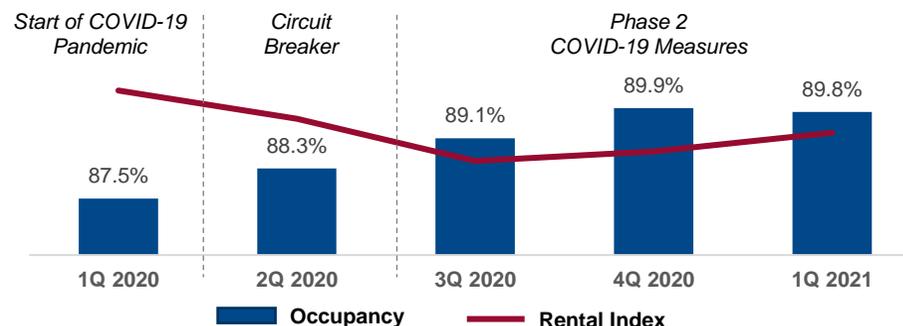
**Appendix**

# Executive Summary

## A Singapore Acquisition

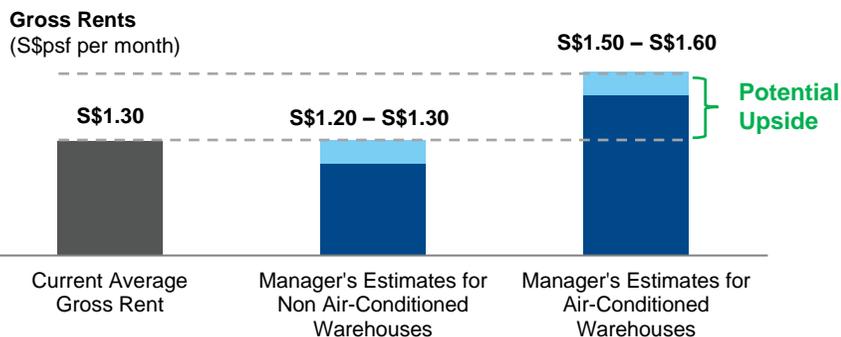


### Strengthens ESR-REIT's Portfolio Exposure to the Logistics Sector which has Remained Resilient During the COVID-19 Pandemic



Source: JTC Quarterly Market Reports 1Q2020 – 1Q2021

### Opportunity to Enhance Specifications of the Singapore Property to Capture Higher Rental Demand through Active Asset Management

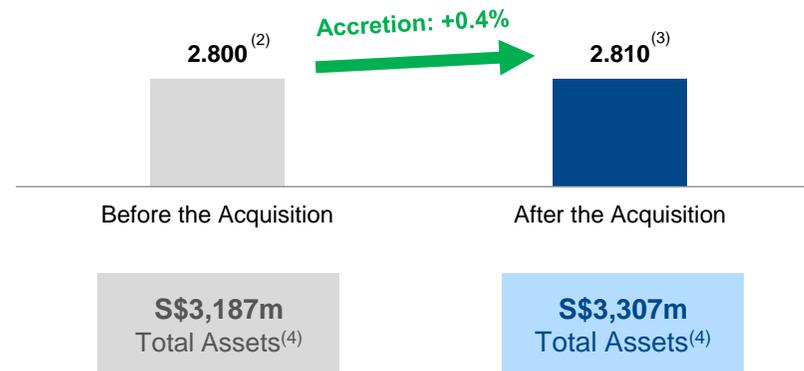


Source: Manager's estimates

Current average gross rent of the Property vs the Manager's estimates of the gross rents for air-conditioned and non air-conditioned warehouses

### Singapore Acquisition is Expected to be DPU Accretive on a Pro Forma Historical Basis for FY2020<sup>(1)</sup>

#### Distribution per Unit (Singapore Cents)



Notes: (1) Assumes the Singapore Acquisition had been completed on 1 January 2020 and ESR-REIT had held the Singapore Property through to 31 December 2020. (2) Based on ESR-REIT's DPU for FY2020. (3) Includes approximately 196.3 million new Units issued at an illustrative issue price of S\$0.375 per new Unit to raise gross proceeds of S\$73.6 million and approximately 0.9 million new Units issued as payment of management fees to the Manager in FY2020 at an issue price of S\$0.410 per Unit as at 5 May 2021. (4) As at 31 December 2020.

# Executive Summary

## B Australia Acquisition

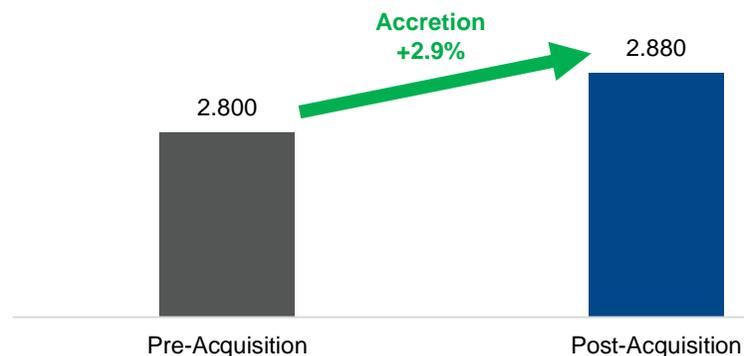
1. Acquisition of a 10.0% interest in ESR Australia Logistics Partnership (the “Fund”) from a subsidiary of the sponsor of ESR-REIT, ESR Cayman Limited (the “Sponsor”) for A\$60.5m (approximately S\$62.4m<sup>(1)</sup>) (the “Purchase Consideration)
2. The land leases of the 32 Income-Producing Properties<sup>(2)</sup> are predominantly freehold (81.4% by value as at 31 March 2021) with assumed first year post tax dividend yield of 6.8%<sup>(3)</sup>
3. Provides opportunity to capitalise on Australia’s attractive logistics market
4. Provides exposure to an income-producing portfolio with a complementary opportunity for risk-managed development upside
  - 55.3% of the leases in the Fund’s portfolio (by rental income)<sup>(2)</sup> are single tenant master leases with longer lease tenures and built-in rental escalations (averaging 2.5% to 3.0% per annum)
  - Potential for development upside with four land parcels, two of which are currently under development
5. Provides geographical diversification and exposes ESR-REIT to freehold assets while leveraging on the Sponsor’s operational capabilities and presence in Australia

### Properties by State<sup>(2)</sup>



### Australia Acquisition is Expected to be DPU Accretive on a Pro Forma Historical Basis for FY2020<sup>(3)(4)</sup>

#### Distribution per Unit (Singapore Cents)



# Executive Summary

## C Proposed Asset Enhancement Initiatives (“AEIs”)

- The AEIs reflect the Manager’s commitment to continually seek organic growth by active asset management to unlock value
- Creating new gross floor area (“GFA”) through the development of un-utilised plot ratio for high-specifications assets will enhance ESR-REIT’s portfolio to ensure that they remain relevant to the needs and demands of industrialists in the manufacturing and data centre sectors

### 16 Tai Seng Street



**Location** 16 Tai Seng Street, Singapore 534138

**Estimated Costs** Approximately S\$25.9m

#### Description

- Maximising the plot ratio by adding an additional floor to increase GFA by approximately 29,000 square feet (“sq ft”) or 13.8%
- Redesigning and repositioning works to the façade, drop-off point, lift lobbies, lifts, the external linkway to the Mass Rapid Transit station

### 7000 Ang Mo Kio Ave 5 (“7000 AMK”)



**Location** 7000 Ang Mo Kio Avenue 5, Singapore 569877

**Estimated Costs** Approximately S\$53.3m<sup>(1)</sup>

#### Description

- In view of the current demand for quality high-specifications spaces from the advance manufacturing and electronics sector, the Manager intends to proceed with the previously announced AEI to 7000 AMK on a multi-tenanted basis to create approximately 265,000 sq ft of additional GFA
- New design to allow for flexibility and specifications that are suitable for potential data centre tenants
- Post-AEI, there will be approximately 230,000 sq ft of un-utilised GFA remaining

# Executive Summary

## D Proposed Equity Fund Raising (“EFR”)

- Assuming up to approx. S\$150.0 million EFR proceeds raised:

### 1. Private Placement

- Up to approx. S\$100.0 million
  - Base Deal: S\$75.0 million
  - Upsize Option: S\$25.0 million
- Up to approx. 400.0 million new Units<sup>(1)</sup>
  - Base Deal: Up to approx. 333.3 million new Units<sup>(1)</sup>
  - Upsize Option: Up to approx. 66.7 million Units<sup>(1)</sup>

### Use of Proceeds

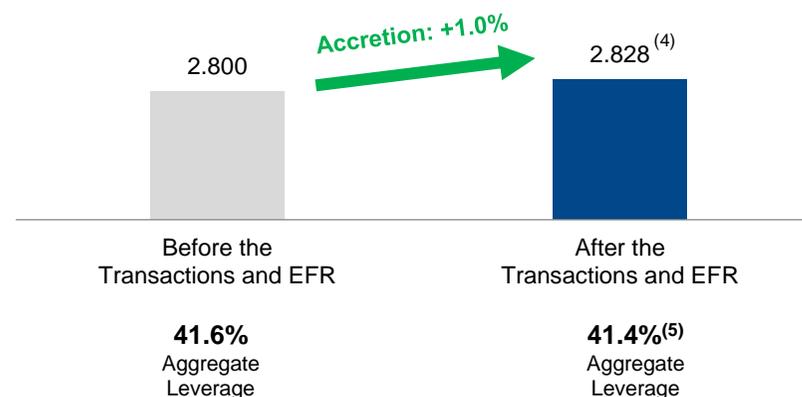
	Amount	% of EFR gross proceeds
Singapore Acquisition	Approx. S\$71.8m	47.8%
AEIs	Approx. S\$43.5m	29.0%
Debt Repayment	Approx. S\$31.0m	20.7%
Estimated fees and expenses	Approx. S\$3.8m	2.5%
	<b>Approx. S\$150.0m</b>	<b>100.0%</b>

### 2. Preferential Offering

- Up to approx. S\$50.0 million
- The Sponsor will be providing an undertaking
  - Sponsor Backstop<sup>(2)</sup> – Subscription of up to S\$50.0 million

Transactions are expected to be DPU Accretive on a *Pro Forma* Historical Basis for FY2020 based on an EFR size of S\$150.0 million<sup>(3)</sup>

### Distribution per Unit (Singapore Cents)

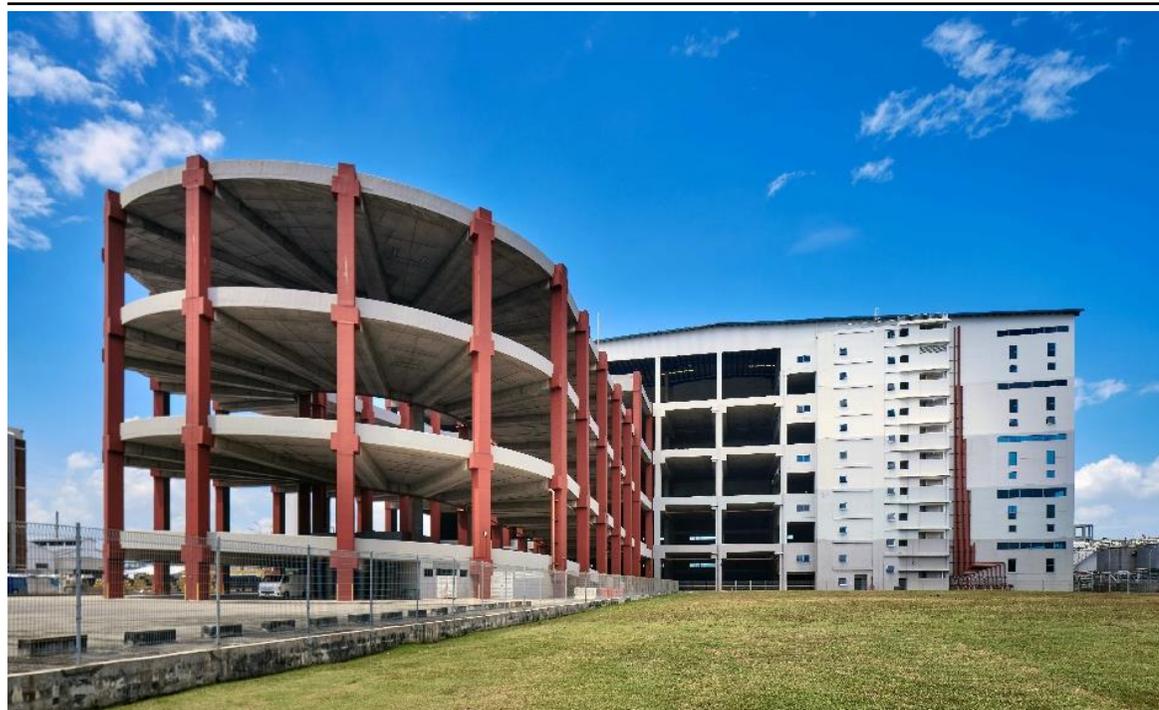


# Proposed Acquisition of 46A Tanjong Penjuru ("Singapore Acquisition")



# Proposed Acquisition of 46A Tanjong Penjuru

## 46A Tanjong Penjuru



<b>Description</b>	5-storey modern ramp-up logistics facility with mezzanine offices on each floor
<b>Location</b>	46A Tanjong Penjuru, Singapore 609040
<b>Independent Valuation<sup>(1)</sup></b>	S\$119.6m
<b>Purchase price<sup>(2)</sup></b>	S\$119.6m
<b>Total Acquisition Cost<sup>(3)</sup></b>	c. S\$124.7m
<b>Lease Term</b>	30 years <sup>(4)</sup> with an option to renew for a further term of 14 years

# Rationale for the Singapore Acquisition

---

1



Strategically Located Property in a Well Sought After Location

2



Opportunity to Enhance Specifications of the Property to Capture Higher Rental Demand through Active Asset Management

3



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

4



Improves Portfolio Asset Offering with Reduced Single Tenant Concentration

5

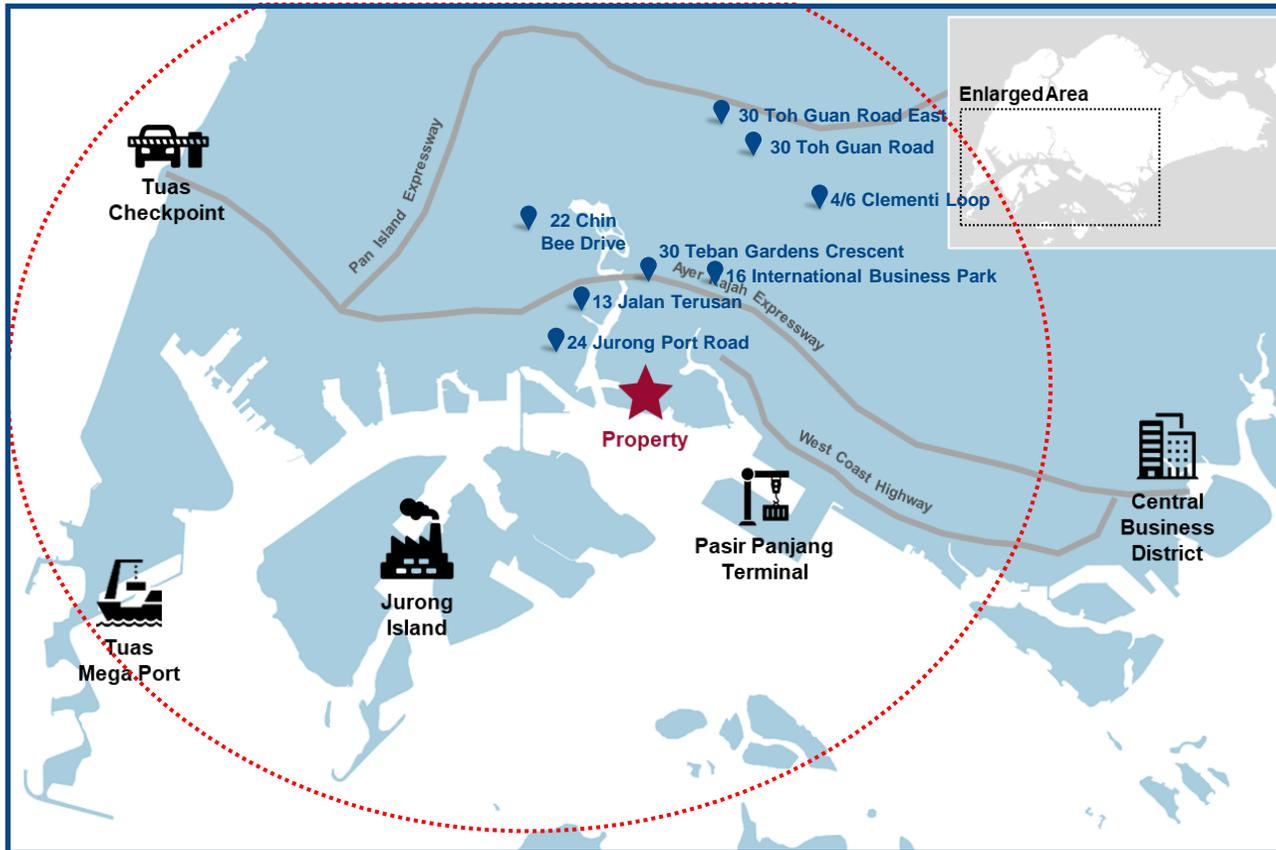


DPU Accretive Acquisition

# 1 Strategically Located Property in a Well Sought After Location

Strategically Located within Tanjong Penjuru, an established logistics cluster in Singapore

Established Logistics Cluster Well Sought After by Logistics Players due to its Relatively Central Location



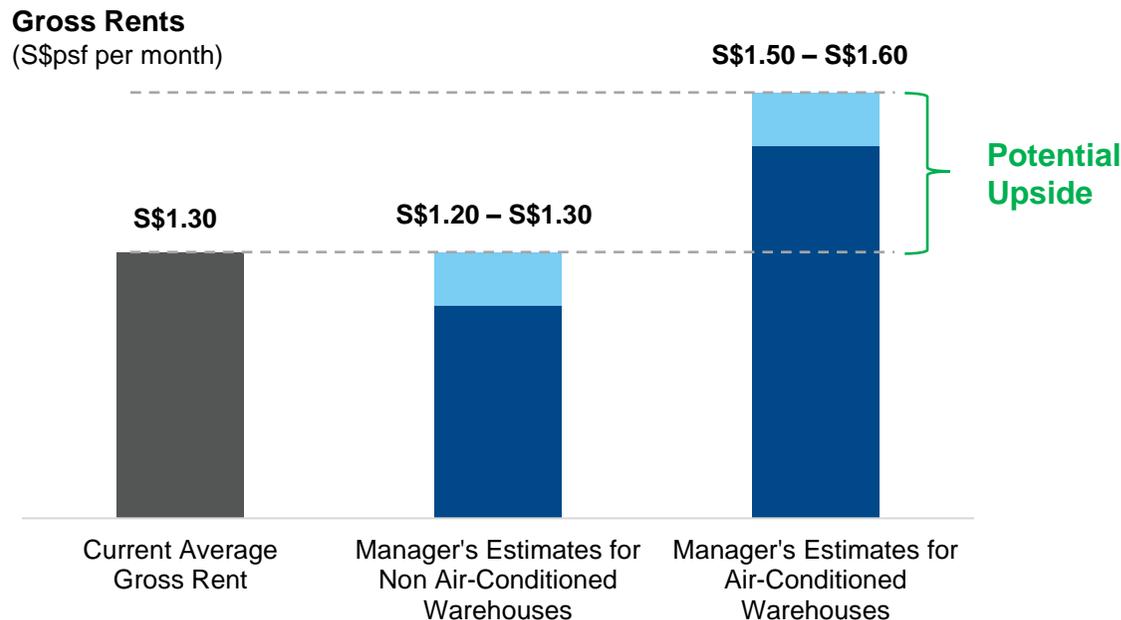
- Located within Tanjong Penjuru, an established logistics cluster well sought after by logistics players
- Well served by major expressways such as the Ayer Rajah Expressway, the West Coast Highway and the Pan Island Expressway
- Close proximity to the Central Business District, Jurong Port, Tuas Megaport and key container yards

★ 46A Tanjong Penjuru    ◆ Other ESR-REIT properties

## 2 Opportunity to Enhance Specifications of the Property to Capture Higher Rental Demand through Active Asset Management

- The Singapore Property is well sought after by potential higher rental paying tenants handling high-valued goods, such as electronics and pharmaceutical products, and e-commerce players who typically require a controlled environment to store, pack and distribute temperate-sensitive products
- The Manager intends to enhance the Singapore Property's specifications into an air-conditioned warehouse to capture such tenants
- The multi-tenanted nature of the Singapore Property, weighted average lease tenor of 2.7<sup>(1)</sup> years and the staggered lease expiry profile will allow the Manager to actively manage and progressively enhance the Singapore Property to capture such higher rental demand

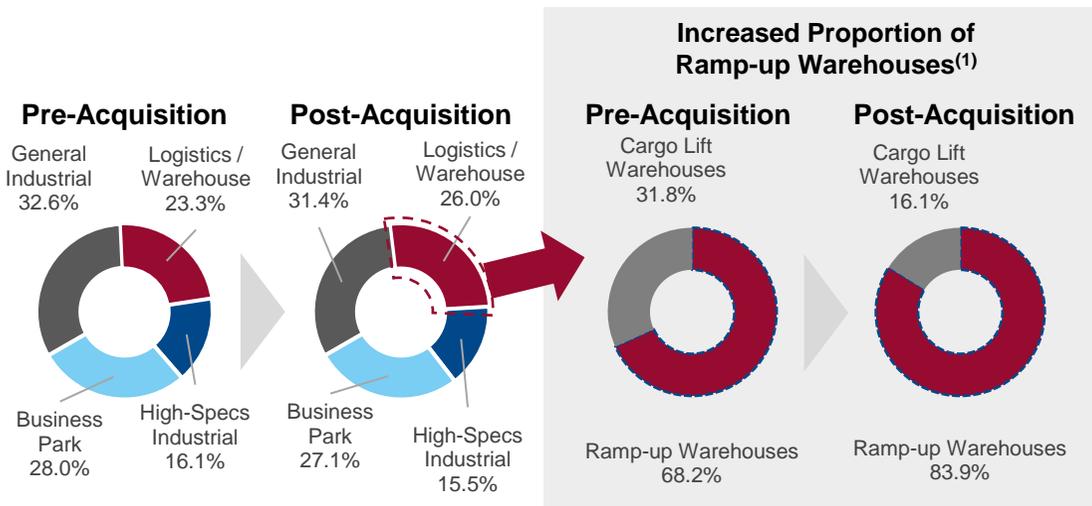
### Current Average Gross Rent of the Property vs the Manager's Estimates of the Gross Rents for Air-conditioned and Non Air-conditioned Warehouses



### 3 Strengthens ESR-REIT's Portfolio Exposure to the Logistics Sector

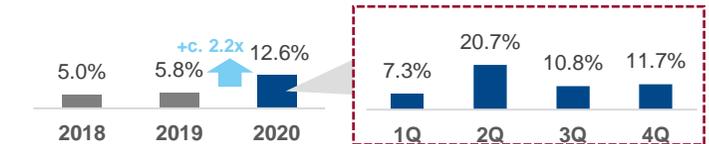
- The logistics sector has remained resilient during the COVID-19 pandemic amid an e-commerce surge, as well as stockpiling for essential goods
- Singapore Acquisition will raise the REIT's portfolio income exposure in the logistics sector from 23.3% to 26.0%<sup>(1)</sup>
- Singapore Property will be the 6<sup>th</sup> modern ramp up warehouse in ESR-REIT's portfolio
- Proportion of in-demand ramp-up warehouses within the ESR-REIT's logistics sector would be increased from 68.2% to 83.9%<sup>(1)</sup>
- Acquisition is in line with ESR-REIT's strategy to rejuvenate its portfolio organically and through the acquisition of quality assets

#### Increased Proportion of Logistics in Portfolio<sup>(1)</sup>



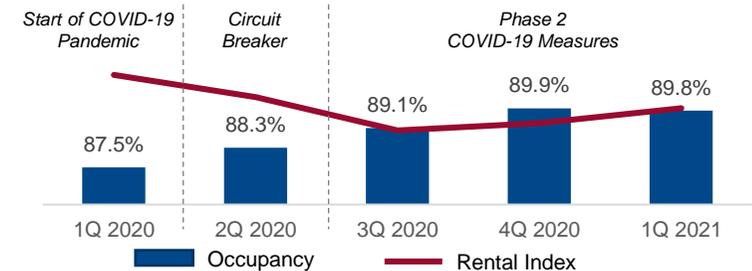
#### Average E-commerce Adoption in Singapore has Increased to 12.6% in 2020

(as measured by proportion of total retail sales)



Source: Singapore Department of Statistics

#### Strengthens ESR-REIT's Portfolio Exposure to the Logistics Sector which has Remained Resilient During the COVID-19 Pandemic

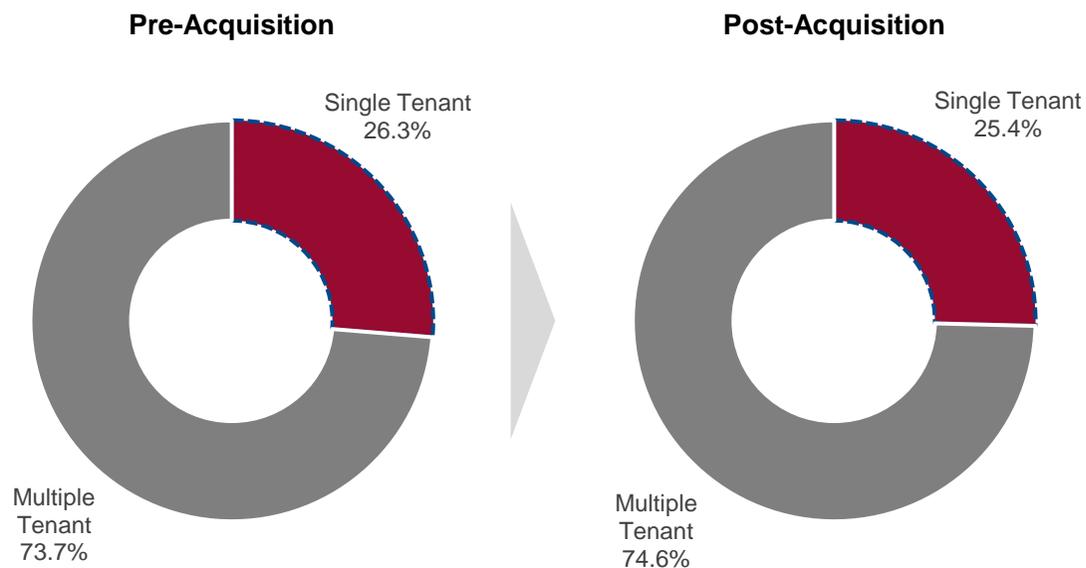


Source: JTC Quarterly Market Reports 1Q2020 – 1Q2021

## 4 Improves Portfolio Asset Offering with Reduced Single Tenant Concentration

- The Singapore Property is currently fully committed with six tenants<sup>(1)</sup>
- Leases will provide stable income to ESR-REIT and reduce single-tenant concentration and credit risks
- The proportion of single-tenant buildings in ESR-REIT's portfolio will decrease from 26.3%<sup>(1)</sup> to 25.4% post-Singapore Acquisition
- Remaining land lease tenure of the Singapore Property is relatively long at approximately 29 years<sup>(2)</sup>

### Reduced Single-tenant Concentration Risk (by rental income)<sup>(1)</sup>

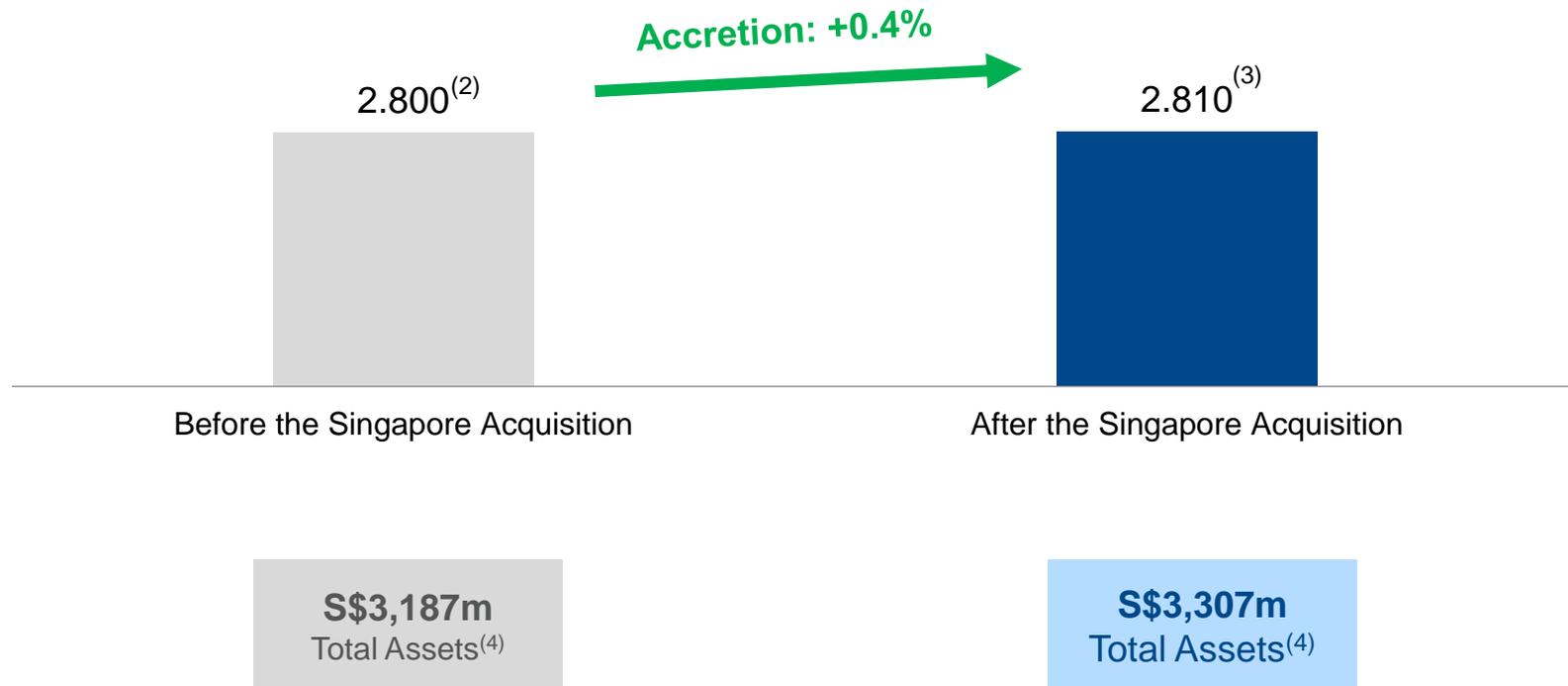


## 5 DPU Accretive Acquisition

The Singapore Acquisition is expected to be distribution per unit (“DPU”) accretive on a *pro forma* historical basis for FY2020

Distribution per Unit (Singapore Cents)<sup>(1)</sup>

FOR ILLUSTRATIVE PURPOSES ONLY



**Proposed Acquisition  
of ESR Australia  
Logistics Partnership  
("Australia  
Acquisition")**



# ESR-REIT's Maiden Overseas Acquisition

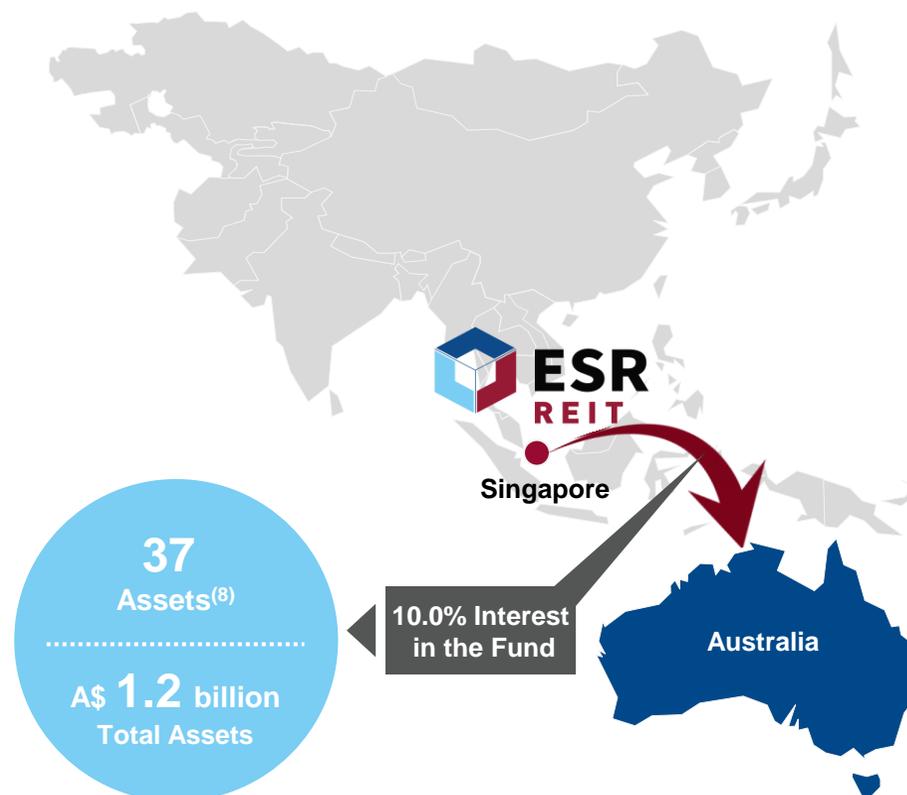
## Transaction Overview

- A\$60.5m (approximately S\$62.4m<sup>(1)</sup><sup>(2)</sup>) acquisition for a 10.0% interest in the Fund (the “**Australia Acquisition**”) from a subsidiary of the Sponsor
- As at 31 March 2021, the Fund’s portfolio consists of 32 income – producing properties (the “**32 Income-Producing Properties**)<sup>(3)</sup>, 2 land parcels for future development (the “**Land Parcels**”) and 2 properties which are currently under development (the “**Development Properties**”)
- As at 31 March 2021, the Fund’s Assets under Management is A\$1.2b

## Key Statistics of the Fund’s Portfolio<sup>(3)</sup>

Assumed 1 <sup>st</sup> Year Post Tax Dividend Yield	6.8% <sup>(4)</sup>
Occupancy (as at 31 March 2021)	95.9%
Weighted Average Lease Expiry (“WALE”) (as at 31 March 2021)	4.87 years <sup>(5)</sup>
Weighted Average Land Lease Expiry	89.8 years <sup>(6)</sup>
Lease structure	55.3% single tenant master lease (by rental income) <sup>(7)</sup> with built-in rental escalations averaging 2.5% to 3.0% per annum

ESR-REIT strengthens its portfolio with Maiden Overseas Acquisition of 10.0% interest in A\$1.2b Fund



# Fund Portfolio Overview

As at 31 March 2021



**32 Income-Producing Logistics Properties<sup>(1)</sup>**  
**2 Land Parcels**  
**2 Development Properties**



**81.4%**  
**Freehold<sup>(2)</sup>**



**1,319,468**  
**Total Land Area (sqm)**



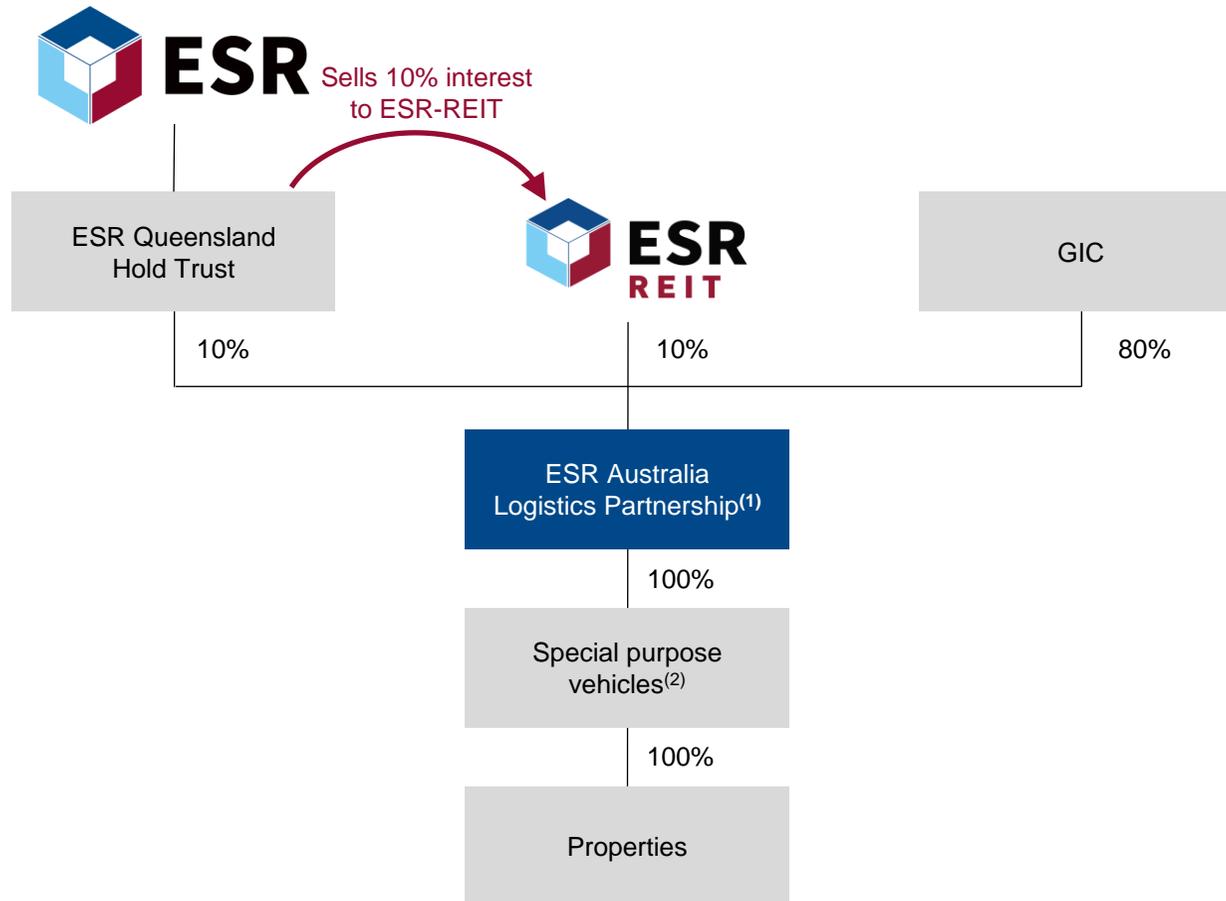
**95.9%**  
**Occupancy**

## Rental Income Breakdown by State<sup>(1)</sup>



# Transaction Structure

Following the Australia Acquisition, ESR-REIT and ESR Queensland Hold Trust will each hold a 10.0% interest in the Fund, and a wholly owned subsidiary of GIC (Realty) Private Limited (“GIC”) will hold the remaining 80.0% interest in the Fund



# Transaction Rationale and Key Benefits

---

1

**ESR-REIT's Maiden Overseas Acquisition Provides Geographical Diversification**

2

Provides Opportunity to Capitalise on Australia's Attractive Logistics Market

3

**Exposes ESR-REIT to Freehold Assets and Lengthens the Weighted Average Land Lease Tenure of ESR-REIT's Portfolio**

4

Provides Exposure to an Income-Producing Portfolio with a Complementary Opportunity for Risk-managed Development Upside

5

**Increases Portfolio WALE and Occupancy**

6

DPU Accretive Acquisition

7

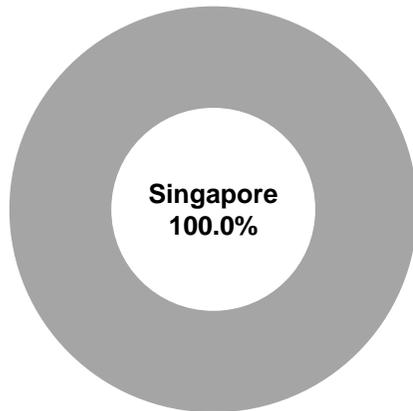
**Demonstrates ESR-REIT's Access to the Sponsor's Pipeline of Assets with the Fund's Underlying Assets a Potential Asset Pipeline for ESR-REIT**

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

- The Australia Acquisition is ESR-REIT's maiden overseas acquisition
- 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 on the Sponsor's capabilities in those markets

## Pre-Acquisition

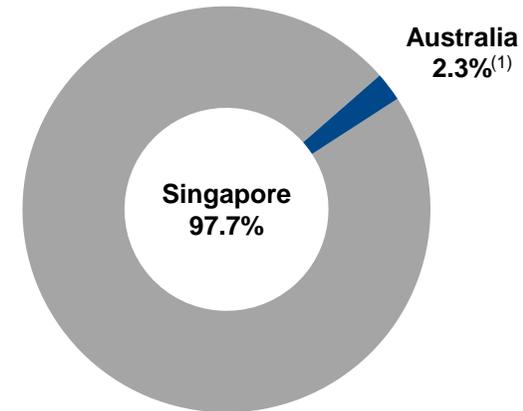
Portfolio Geographical Breakdown  
(By rental income)



As at 31 March 2021

## Post-Acquisition

Portfolio Geographical Breakdown  
(By rental income)



*Pro forma* as at 31 March 2021

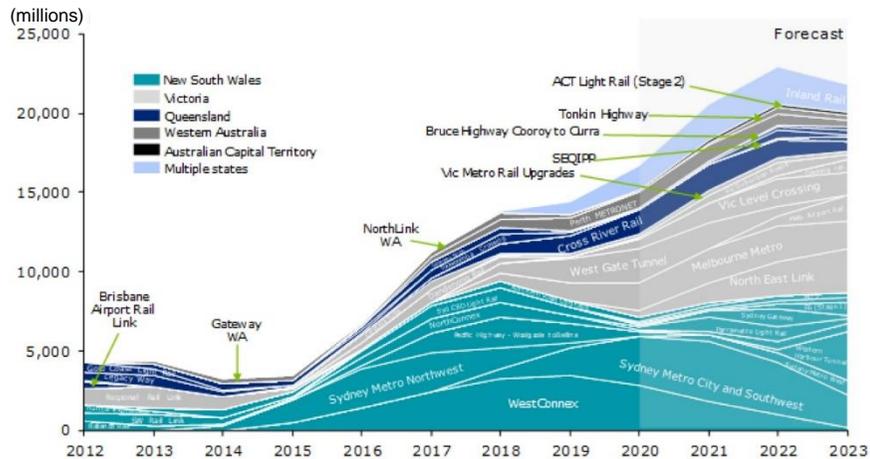
ESR-REIT's exposure to Australia post-Australia Acquisition is expected to be 2.3% by rental income as at 31 March 2021<sup>(1)</sup>. This provides geographical diversification to ESR-REIT's portfolio, thereby reducing current concentration risk.

## 2

# Provides Opportunity to Capitalise on Australia's Attractive Logistics Market

- Despite the outbreak of COVID-19, the industrial and logistics sector in Australia has outperformed all other mainstream real estate sectors
  - Occupiers in e-commerce, food logistics, pharmaceutical, transport and logistics sectors have performed well with some businesses reporting a doubling of revenue since March 2020

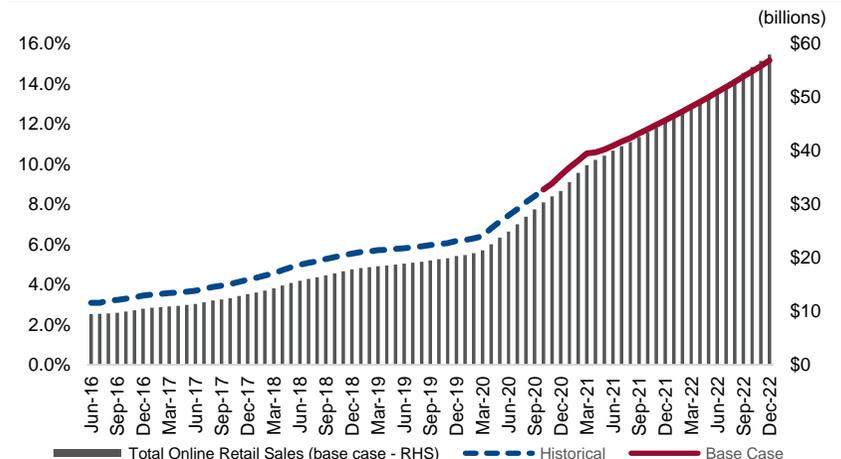
### Unprecedented Amount of Transport Infrastructure Projects under Construction and Committed



Source: Deloitte Access Economics, Colliers Research

- These projects will shape the location of industrial demand as areas that were previously considered secondary may become prime demand areas
- Estimated A\$133 billion worth of transport infrastructure projects are under construction and committed, 65% of which is scheduled for completion in the next 3-5 years

### The Attractiveness of E-commerce Has Increased Exponentially as a Result of COVID-19



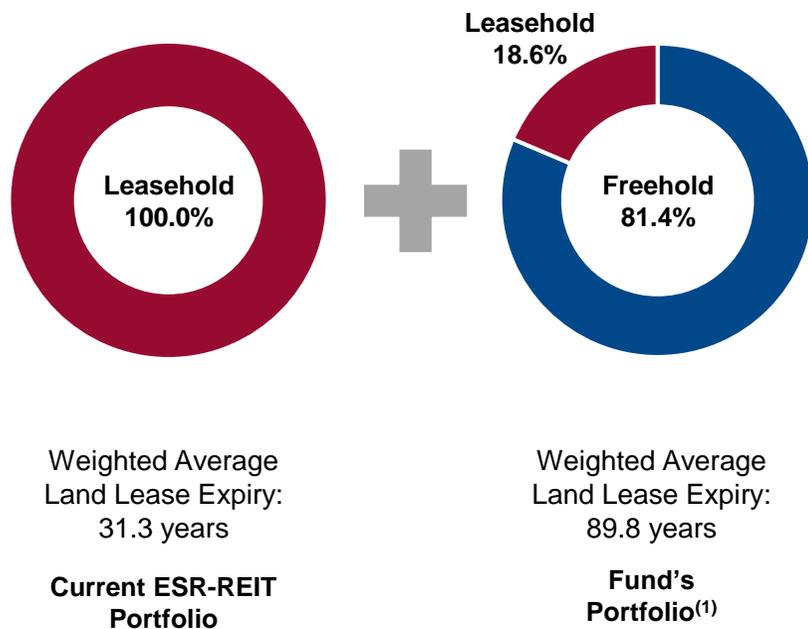
Source: Colliers Research

- COVID-19 is expected to pave the way to a significant structural and cultural shift in the way consumers buy their goods
- In the long term, these buying habits are expected to be permanent as consumers become accustomed to online shopping

### 3 Exposes ESR-REIT to Freehold Assets and Lengthens the Weighted Average Land Lease Tenure of ESR-REIT's Portfolio

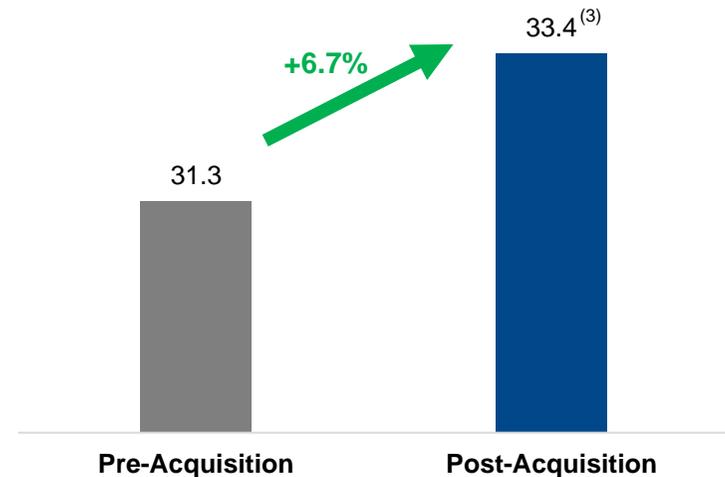
- Land lease of the 32 Income-Producing Properties<sup>(1)</sup> is predominantly freehold (81.4% by value<sup>(2)</sup>), with weighted average land lease expiry of 89.8 years<sup>(3)</sup>
- Post-Australia Acquisition<sup>(4)</sup>, the *pro forma* weighted average land lease expiry of ESR-REIT's enlarged portfolio will increase from 31.3 years to 33.4 years<sup>(3)</sup>

#### Fund's Portfolio<sup>(1)</sup> Provides the REIT Exposure to Predominantly Freehold Land



#### Resulting in the Lengthening of ESR-REIT's Land Lease Tenure<sup>(1)</sup>

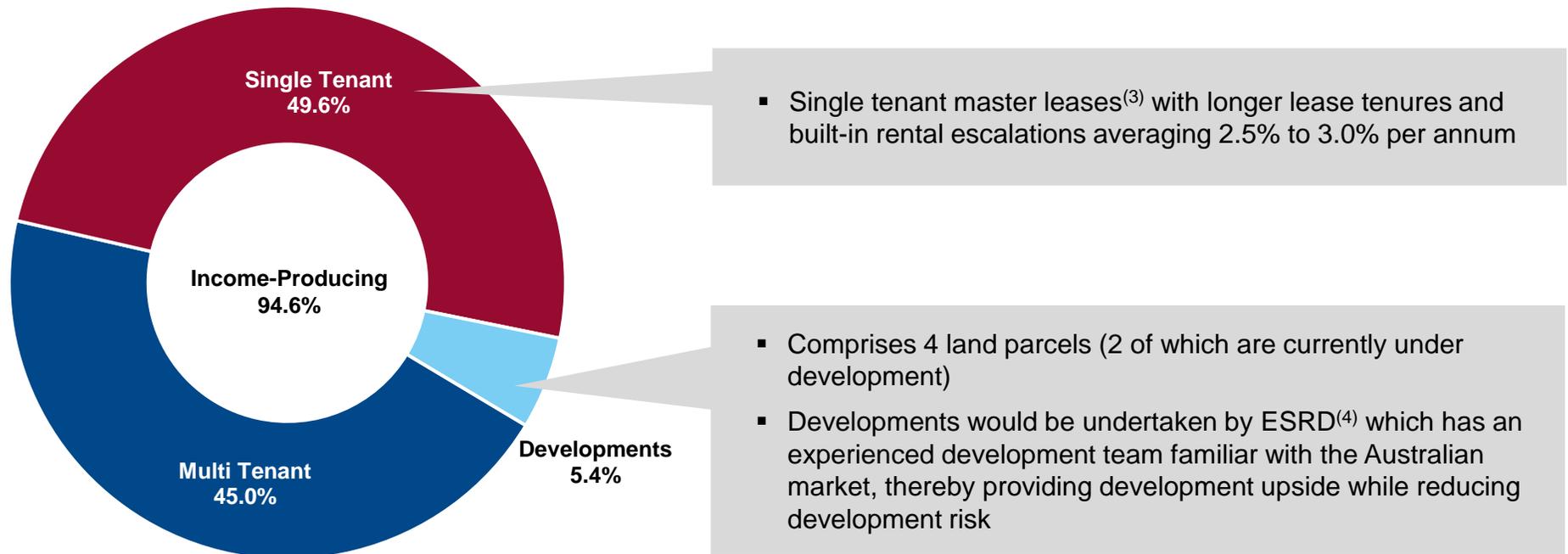
Weighted Average Land Lease Expiry (years)



## 4 Provides Exposure to an Income-Producing Portfolio with a Complementary Opportunity for Risk-managed Development Upside

- 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 comprises assets with risk-managed development upside

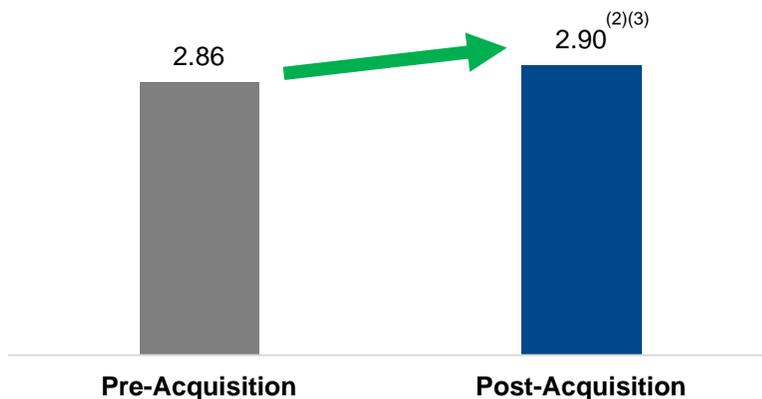
Fund Portfolio <sup>(1)(2)</sup> (by value)



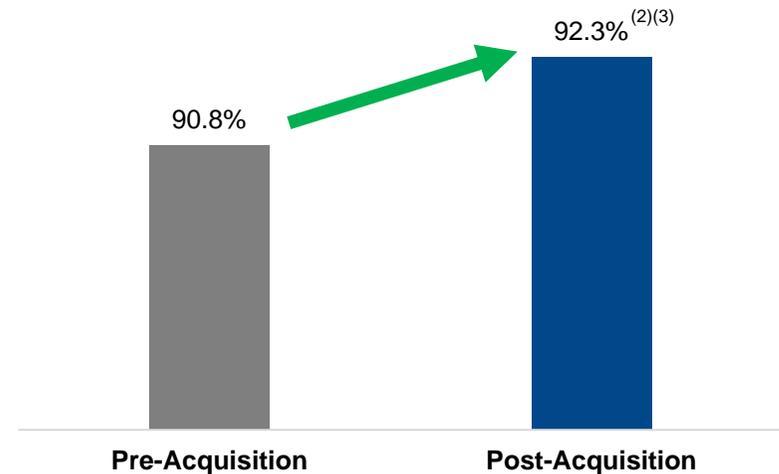
## 5 Increases Portfolio WALE and Occupancy

- Complements ESR-REIT's existing portfolio<sup>(1)</sup> which consists wholly of income-producing assets, of which a majority are multi-tenanted (73.7% by rental income) with average lease tenure of 3 years
- *Pro forma* WALE profile by rental income<sup>(2)</sup> of the enlarged portfolio will increase from 2.86 years to 2.90 years<sup>(1)</sup>
- 55.3% of leases in the Fund's portfolio (by rental income)<sup>(1)(3)</sup> are single tenant master leases with longer lease tenures and built-in rental escalations averaging 2.5% to 3.0% per annum
- *Pro forma* portfolio occupancy rate of ESR-REIT's enlarged portfolio will increase from 90.8% to 92.3% post-Australia Acquisition<sup>(1)</sup>

ESR-REIT Portfolio WALE (by rental income)<sup>(1)</sup>  
(years)



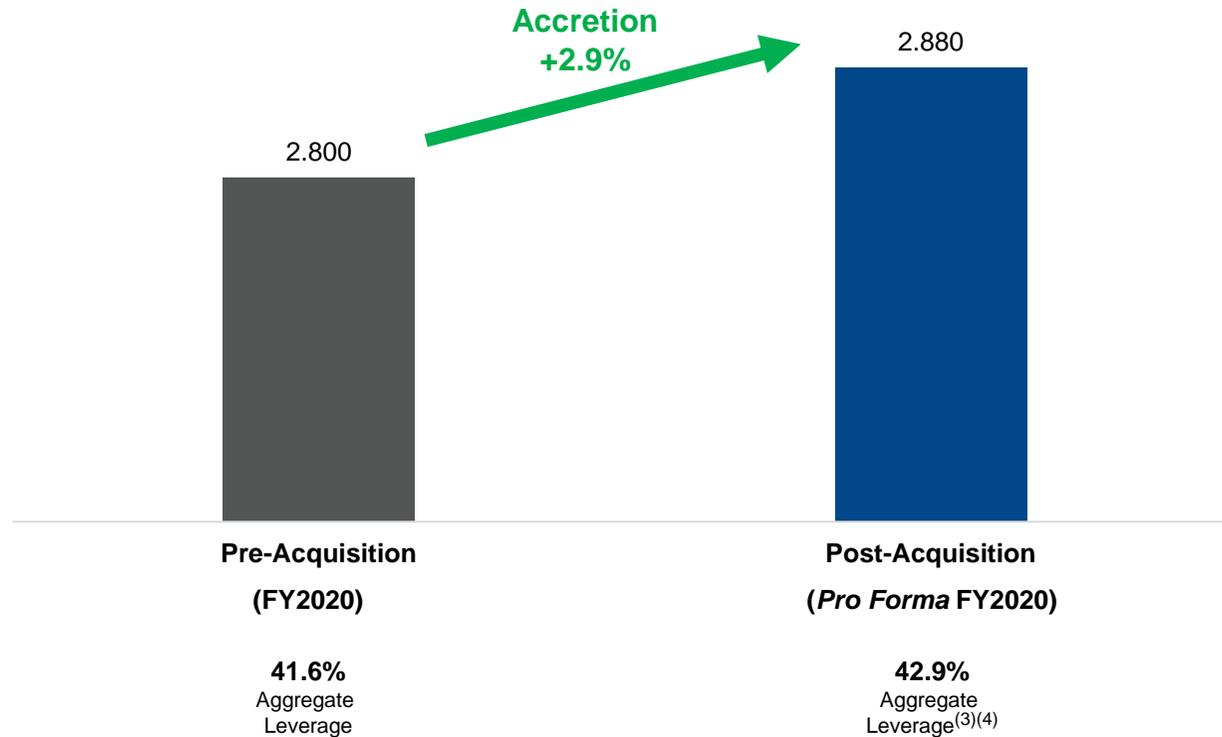
ESR-REIT Portfolio Occupancy<sup>(1)</sup>  
(%)



# 6 DPU Accretive Acquisition

The Australia Acquisition is expected to be distribution per unit (“DPU”) accretive on a *pro forma* basis

(DPU Singapore cents)<sup>(1)(2)</sup>



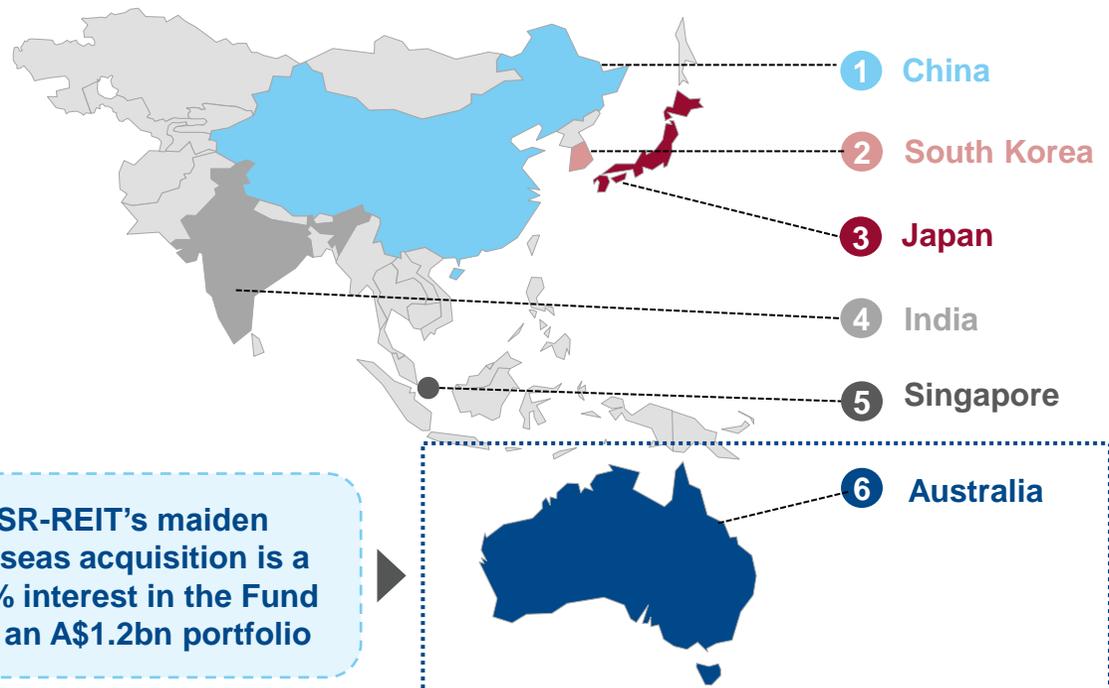
## 7 Demonstrates ESR-REIT's Access to the Sponsor's Pipeline of Assets with the Fund's Underlying Assets a Potential Asset Pipeline for ESR-REIT

- The Australia Acquisition demonstrates ESR-REIT's ability to access the Sponsor's pipeline of quality assets
- Signals the Sponsor's commitment to grow ESR-REIT by facilitating the diversification of ESR-REIT's portfolio and reducing ESR-REIT's operational risks
- ESR-REIT's 10.0% interest in the Fund provides comparative advantage in acquisition opportunities should the Fund decide to divest its underlying assets in an increasingly competitive market where access to quality logistics assets is scarce

### ESR Group's Regional Presence

ESR-REIT has first look on more than US\$27.0bn<sup>(1)</sup> of ESR Group's portfolio of assets in an increasingly scarce environment for quality logistics assets

ESR-REIT's maiden overseas acquisition is a 10.0% interest in the Fund with an A\$1.2bn portfolio



# Proposed Asset Enhancement Initiatives (“AEIs”)



# Executing ESR-REIT's AEI Strategies

## Optimising Asset Value Through AEIs

### 16 Tai Seng Street



<b>Location</b>	16 Tai Seng Street, Singapore 534138
<b>Estimated Costs</b>	Approximately S\$25.9 million

- Description**
- Maximising the plot ratio by adding an additional floor to increase GFA by approximately 29,000 square feet ("sq ft") or 13.8%
  - Redesigning and repositioning works to the façade, drop-off point, lift lobbies, lifts, the external linkway to the Mass Rapid Transit station

### 7000 Ang Mo Kio Avenue 5



<b>Location</b>	7000 Ang Mo Kio Avenue 5, Singapore 569877
<b>Estimated Costs</b>	Approximately S\$53.3 million <sup>(1)</sup>

- Description**
- In view of the current demand for quality high-specifications spaces from the advance manufacturing and electronics sector, the Manager intends to proceed with the previously announced AEI to 7000 AMK on a multi-tenanted basis to create approximately 265,000 sq ft of additional GFA
  - New design to allow for flexibility and specifications that are suitable for potential data centre tenants
  - Post-AEI, there will be approximately 230,000 sq ft of un-utilized GFA remaining

# Proposed Equity Fund Raising



# Overview of the Equity Fund Raising

To Raise Gross Proceeds of Up to approx. S\$150.0 million

Private Placement	Preferential Offering
<p><b>Issue Size</b></p> <ul style="list-style-type: none"> <li>▪ Up to approx. S\$100.0 million               <ul style="list-style-type: none"> <li>– Base Deal: S\$75.0 million</li> <li>– Upsize Option: S\$25.0 million</li> </ul> </li> </ul>	<p><b>Issue Size</b></p> <ul style="list-style-type: none"> <li>▪ Up to approx. S\$50.0 million</li> </ul>
<p><b>Further Details</b></p> <ul style="list-style-type: none"> <li>▪ Up to approx. 400.0 million Units<sup>(1)</sup> <ul style="list-style-type: none"> <li>– Base Deal: Up to approx. 333.3 million new Units<sup>(1)</sup></li> <li>– Upsize Option: Up to approx. 66.7 million Units<sup>(1)</sup></li> </ul> </li> </ul>	<p><b>Further Details</b></p> <ul style="list-style-type: none"> <li>▪ The Sponsor will be providing an undertaking to the Manager (the “<b>Sponsor Undertaking</b>”) to subscribe for a number of Preferential Offering New Units such that Sponsor's total subscription under the Preferential Offering will not exceed S\$50.0 million</li> </ul>

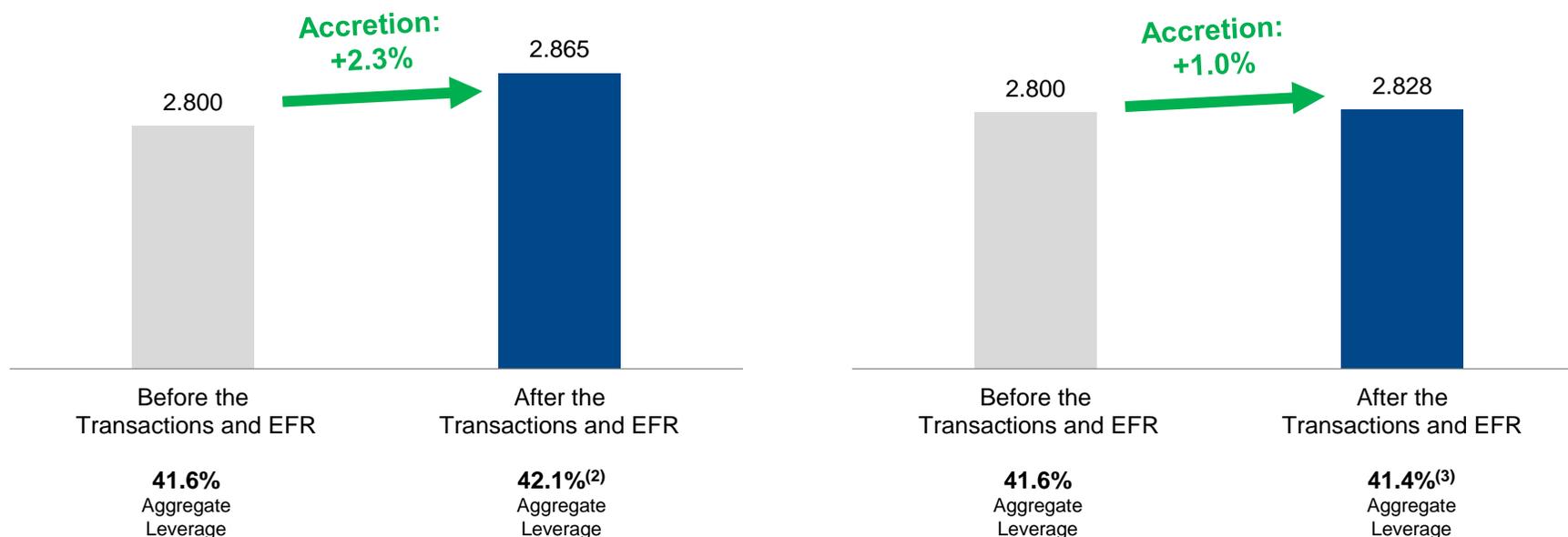
# Pro forma Financial Effects

## Distribution per Unit (Singapore Cents)

FOR ILLUSTRATIVE PURPOSES ONLY<sup>(1)</sup>

EFR size of S\$125.0m

EFR size of S\$150.0m



Notes: 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 (1) Assumes the Transactions had been completed on 1 January 2020 and ESR REIT held the properties pursuant to the Acquisitions and the sale units pursuant to the Australia Acquisition through to 31 December 2020. (2) Includes the net property income from the AElS based on assumed yield on cost of approximately 7.1%. (3) 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 (the “Divestment”). 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 42.1% to 41.1% for the EFR Size of S\$125.0 million and from 41.4% to 40.4% for the EFR Size of S\$150.0 million.

# Equity Fund Raising and Use of Proceeds

Assuming up to approx. S\$150.0m Equity Fund Raising (“EFR”) proceeds raised:

			Amount	% of EFR Gross Proceeds
1	 Singapore Acquisition	<ul style="list-style-type: none"> <li>To partially finance ESR-REIT’s total costs of the acquisition of a modern ramp-up logistics asset located at 46A Tanjong Penjuru (together with the plant and mechanical and electrical equipment)</li> <li>Total Acquisition Cost: S\$124.7m</li> </ul>	Approx. S\$71.8m	47.8%
2	 AEIs	<ul style="list-style-type: none"> <li>To partially finance the AEIs of the properties</li> </ul> <p>AEI (1) : 16 Tai Seng Street      AEI (2) : 7000 Ang Mo Kio Ave 5</p> <ul style="list-style-type: none"> <li>Total Cost: S\$25.9m      Additional Cost: S\$17.6m<sup>(1)</sup></li> </ul>	Approx. S\$43.5m	29.0%
3	 Debt Repayment	<ul style="list-style-type: none"> <li>Repayment of existing indebtedness of ESR-REIT</li> </ul>	Approx. S\$31.0m	20.7%
4	 Estimated fees and expenses	<ul style="list-style-type: none"> <li>Including professional fees and expenses, incurred or to be incurred by ESR-REIT in connection with the EFR</li> </ul>	Approx. S\$3.8m	2.5%
			Approx. S\$150.0m	100.0%

# Appendix



# Australia – Logistics Market Overview

## Sydney

### ~A\$95bn in transport infrastructure projects underway

- The A\$16.8bn WestConnex project, expected to complete in 2023, will bring several important road projects together which would form a vital link in Sydney's Orbital Network. The Sydney Metro City and Southwest project, valued at A\$15.5bn, is currently in stage two of works, which will line 5.5 kilometres ("km") twin rail tunnels from Chatswood to Sydenham and seven new stations

### Leasing activity & demand concentrated in western markets in Sydney

- Despite recent events surrounding COVID-19, the short-term outlook for the Sydney industrial market remains positive. On the demand side, there has been a large pick-up in active requirements come to the market, totaling ~1.3m square metres ("sqm") which should flow through to lease deals throughout 2021
- Demand is being led by transport and logistics and warehouse/storage while more recently there has been an evident pick-up in manufacturing requirements. Enquiry levels have picked up significantly over the past month with 1.3m sqm in active briefs, up from 0.5m sqm at the depths of COVID-19

### Rental growth forecasted to improve in 2021 with yields expected to tighten

- Colliers is forecasting rental growth to improve in 2021 across most submarkets as economic growth picks up
- Current momentum within the investment market as well as stock which has remained tightly held, is expected to place downward pressure on prime yields in 2021

Sydney Industrial Net Face Rents (A\$/sqm per annum ("p.a.)) and Yields (%)



## Melbourne

### ~A\$70bn in upcoming transport infrastructure projects

- The largest project, the North East Link, valued at A\$15.8bn, will connect the M80 Ring Road with an upgraded Eastern Freeway. Expected to complete in 2028, it will slash travel time between the M80 Ring Road and the Eastern Freeway by up to 35 minutes

### Leasing activity & demand remains positive across Melbourne

- Tenant demand has been dominated by e-commerce, retails and transport and logistics groups underpinned by the continued rise of online retail
- Leasing volumes are expected to pick up further in 2021 with several major tenant briefs within the market

### Rents to improve in 2021 with expected yield compression

- Rental growth is forecasted to measure 1.0% in 2021, before picking up in 2022
- Strong demand relative to supply of investment grade stock has driven a tightening of prime and secondary yields across all precincts
- With stock remaining tightly held and given the high level of institutional ownership in the West submarket, yield compression for prime assets is expected

Melbourne Net Face Rents (A\$/sqm p.a) and Yields (%)



# Australia – Logistics Market Overview

## Brisbane

### ~A\$15bn in transport infrastructure projects

- 55% of the transport infrastructure projects are currently under construction
- The A\$10.0bn Inland Rail project, expected to complete in 2028, is a rail freight route which will connect Melbourne to Brisbane via regional New South Wales, strategically lifting the national freight capacity by creating distribution and transport efficiencies

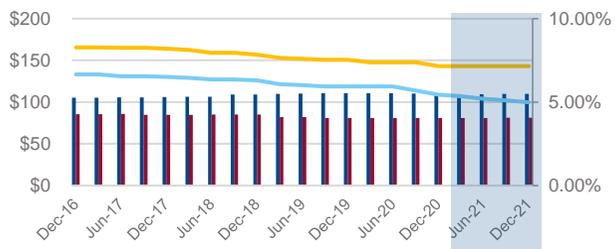
### Leasing activity & demand remained steady

- Occupier demand has remained steady over the past 12 months despite the uncertainties brought about by COVID-19, with increasing demand from industrial operators within the pharmaceutical and logistics sectors

### Rents to see modest growth in 2021 with further yield compression anticipated

- Net face rents will experience modest growth within the prime market over the next 12 months
- Redirected capital to perceived lower-risk profile investments have triggered a compression of prime grade yields

Brisbane Industrial Net Face Rents (A\$/sqm p.a) and Yields (%)



■ Prime Net Face Rent      ■ Secondary Net Face Rent  
— Prime Grade Avg Yields      — Secondary Grade Avg Yields

## Perth

### ~A\$8bn in transport infrastructure projects

- The A\$5.2bn METRONET (Stage One) is a planned integrated transport network that will significantly expand rail capacity across the city – 70km of new heavy passenger rail and 14 new rail stations

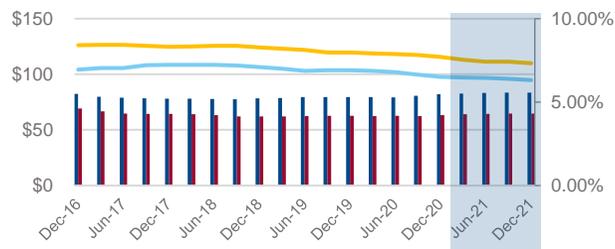
### Leasing activity & demand have improved significantly following the COVID-19 lockdown

- Leasing enquiries are reporting stronger tenant interest than pre-COVID-19 levels
- Tenant demand is starting to generate better prospects for rental growth in the larger prime (above 5,000 sqm) segment

### Expected rental growth in 2021 with yields to compress further

- Net face rents are forecasted to record growth of 2.0 - 2.2% in 2021
- Yields are expected to compress further due to high levels of pent-up demand for well-leased assets backed by strong covenants

Perth Industrial Net Face Rents (A\$/sqm p.a) and Yields (%)



■ Prime Net Face Rent      ■ Secondary Net Face Rent  
— Prime Grade Avg Yields      — Secondary Grade Avg Yields

## Adelaide

### ~A\$12bn in transport infrastructure projects in the pipeline or underway

- The A\$9.0bn North-South Corridor will provide a dedicated non-stop thoroughfare for north and south bound traffic running between Gawler and Old Noarlunga and passing through Adelaide's Central Business District

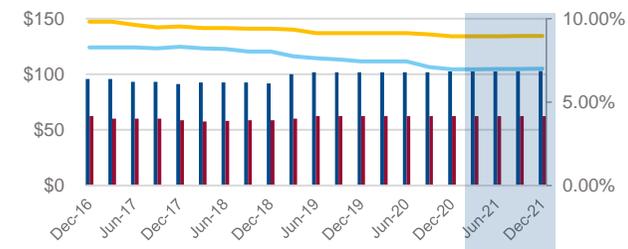
### Rebound in leasing activity & demand

- The Adelaide industrial leasing market saw a small lull in activity at the height of the pandemic, but has since seen a rebound in enquiry levels above pre-COVID-19 levels
- Recent demand has largely stemmed from the smaller end of the market (sub-2,000 sqm)

### Rents expected to remain at or near current levels with further yield compression forecasted in 2021

- Industrial rents have held firm in Adelaide submarkets
- Continued yield compression has been recorded across all Adelaide submarkets in 2020, albeit contained within the prime market

Adelaide Industrial Net Face Rents (A\$/sqm p.a) and Yields (%)



■ Prime Net Face Rent      ■ Secondary Net Face Rent  
— Prime Grade Avg Yields      — Secondary Grade Avg Yields

# Disclaimer

This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 31 December 2020 and the announcements dated 6 May 2021 in relation to the proposed Singapore Acquisition, Australia Acquisition and the proposed Equity Fund Raising.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale or an invitation or offer to acquire, purchase or subscribe for securities in the United States or any other jurisdictions.

The value of 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 the Manager, RBC Investor Services Trust Singapore Limited (as trustee of ESR-REIT) (the "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's 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 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, 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 material 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 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. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, United Kingdom (other than to professional investors), Canada, Japan or Australia, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

ESR-REIT is an unregulated collective investment scheme for the purposes of the FSMA, which has not been authorised or recognised by the United Kingdom Financial Conduct Authority (the "FCA"). The promotion of the Units and the distribution of this announcement in the United Kingdom is accordingly restricted by law. Where the person distributing this announcement is: (i) a person authorised under FSMA to carry on business in the United Kingdom, this announcement is being communicated only to: (a) persons outside the United Kingdom; (b) firms that are authorised under FSMA and certain other persons who are investment professionals falling within Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended) (the "CIS Promotion Order"); (c) high net worth companies, unincorporated associations and other bodies within the categories described in Article 22 of the CIS Promotion Order; (d) the directors, officers and employees ("A") of any person falling within (i)(b)-(c) above ("B"), where this announcement is communicated to A in that capacity and where the responsibilities of A, when acting in that capacity, involve A in B's participation in unregulated schemes; or (e) persons to whom it may otherwise lawfully be communicated; and (ii) a person not authorised under FSMA, this announcement is being communicated only to: (a) persons outside the United Kingdom; (b) firms that are authorised under FSMA or certain other persons who are "investment professionals" falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "FPO") and the directors, officers and employees ("A") of any such firms and persons ("B"), where this announcement is communicated to A in that capacity and where A's responsibilities, when acting in that capacity, involve A in the carrying on by B of controlled activities (as defined in the FPO); (c) high net worth companies, unincorporated associations and other bodies falling within the categories described in Article 49 of the FPO and the directors, officers and employees ("A") of any such high net worth companies, unincorporated associations and other bodies ("B"), where this announcement is communicated to A in that capacity and where A's responsibilities, when acting in that capacity, involve A in B's engaging in investment activity; (d) certified sophisticated investors falling within Article 50 of the FPO; or (e) persons to whom it may otherwise lawfully be communicated, (the persons described in (i) or (ii) as relevant, together "Relevant Persons").

This announcement should not be communicated, distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this announcement. The provision of this announcement to, or reliance on it, by any person who is not a Relevant Person is unauthorised and may contravene FSMA, and any such person should return it immediately. Any Relevant Person seeking to rely on this announcement is warned that buying Units may expose the Relevant Person to a significant risk of losing all the property the Relevant Person invested. If a Relevant Person is in doubt about the Units the Relevant Person should consult a person authorised under FSMA who specialises in advising on such investments. The Manager is not authorised to carry on investment business in the UK and prospective investors are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to any investment in the ESR-REIT and that compensation will not be available under the UK Financial Services Compensation Scheme.

# Disclaimer

---

The Units are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client (as defined in point (7) of Article 2(1) of the UK Markets in Financial Instruments Regulation (defined below)) who is not a professional client; or (b) a customer, where that customer would not qualify as a professional client. For these purposes the term “customer” means a customer within the meaning of the provisions of FSMA and any rules or regulations made under FSMA which were relied on immediately before 23:00 (GMT) on 31 December 2020 to implement Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution. Consequently, no key information document required by the UK PRIIPS Regulation (defined below) for offering or selling the Units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling Units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPS Regulation.

This announcement does not constitute an offer document or an offer of transferable securities in the United Kingdom to which section 85 of FSMA or article 3(1) of the UK Prospectus Regulation (defined below) applies and should not be considered as a recommendation that any person should subscribe for or purchase any Units. The Units will not be offered or sold to any person in the United Kingdom except in circumstances which have not resulted and will not result in an offer to the public in contravention of section 85(1) of FSMA or article 3(1) of the UK Prospectus Regulation.

For these purposes: (a) the phrase “an offer to the public” in relation to any offer of Units in the United Kingdom means the communication to persons in any form and by any means, presenting sufficient information on the terms of any offer and any Units to be offered, so as to enable an investor to decide to purchase any Units; (b) the phrase “UK Prospectus Regulation” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC; (c) the phrase “UK Markets in Financial Instruments Regulation” means Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012; and (d) the phrase “UK PRIIPS Regulation” means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products, provided that references to the “UK Prospectus Regulation”, the “UK Markets in Financial Instruments Regulation” and the “UK PRIIPS Regulation” shall be construed as a reference to that legislation as it forms part of domestic law pursuant to section 3 of the European Union (Withdrawal) Act 2018 (as amended), and shall also be construed in accordance with any regulations made under that Act in relation to that legislation, in each case from the time when that legislation so forms part of domestic law, where the phrase “domestic law” has the meaning given in that Act.

For the purposes of marketing (as defined in the UK Alternative Investment Fund Managers Regulations 2013 (as amended) (the “**UK AIFM Regulations**”) the Units to investors domiciled in or with a registered office in the UK, the Manager (as an AIFM for the purposes of the UK AIFM Regulations) intends to rely on the UK’s national private placement regime pursuant to Article 59 of the UK AIFM Regulations.

Any Relevant Persons who wish to invest in the Units must qualify as a “professional investor” under the UK AIFM Regulations. Units are not offered to investors in the UK who are not professional investors. Neither ESR-REIT nor the Manager is subject to supervision by the competent authorities of the UK.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States or other jurisdiction and may not be offered or sold within the United States or to or for the account or benefit of any U.S. person except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. There will be no public offering of the securities referred to herein in the United States.

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

## **Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore:**

The New 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).

## For enquires, please contact:

**Gloria Low**

**Corporate Communications Manager**

Tel: (65) 6222 3339

Fax: (65) 6827 9339

Email: [gloria.low@esr-reit.com.sg](mailto:gloria.low@esr-reit.com.sg)

**Lyn Ong**

**Investor Relations Manager**

Tel: (65) 6222 3339

Fax: (65) 6827 9339

Email: [lyn.ong@esr-reit.com.sg](mailto:lyn.ong@esr-reit.com.sg)