



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

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## USE OF PROCEEDS FROM THE PREFERENTIAL OFFERING

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*Capitalised terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the announcement of ESR-REIT dated 27 February 2018 titled "Launch of Preferential Offering on the Basis of 199 New Units for Every 1,000 Existing Units to Raise Gross Proceeds of Up To Approximately S\$141.9 Million" (the "**Launch Announcement**").*

ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**Manager**"), wishes to announce that further to the Launch Announcement and the announcements dated 27 February 2018, 12 March 2018 and 26 March 2018, the gross proceeds of approximately S\$141.9 million from the Preferential Offering has been used in the following manner:

- (a) approximately S\$140.9 million (which is equivalent to approximately 99.3% of the gross proceeds of the Preferential Offering) to reduce the debt facilities utilised to partially fund the total acquisition cost for the acquisition of 80 issued and paid-up ordinary shares of 7000 AMK Pte. Ltd., which has a leasehold interest in the piece of land comprised in Lot 16070P of Mukim 18 known as 7000 Ang Mo Kio Avenue 5, Singapore 569877 (together with the buildings and plant and equipment thereon); and
- (b) approximately S\$1.0 million (which is equivalent to approximately 0.7% of the gross proceeds of the Preferential Offering) to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by ESR-REIT in connection with the Preferential Offering.

Following this application of the proceeds, ESR-REIT's aggregate leverage will decrease from 39.6% as at 31 December 2017 to approximately 30.3%<sup>1</sup> on a pro forma basis.

This use of proceeds arising from the Preferential Offering is in accordance with the stated use and is in accordance with the percentage of the gross proceeds of the Preferential Offering allocated to such use as set out in the Launch Announcement.

Following this use of proceeds, the proceeds from the Preferential Offering have been fully utilised.

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<sup>1</sup> The pro forma aggregate leverage takes into account repayment of debt using the proceeds from the divestment of the property located at 9 Bukit Batok Street 22.

**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  
28 March 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 December 2017 has a diversified portfolio of 48 properties located across Singapore, with a total gross floor area of approximately 9.9 million sq ft and a property value of S\$1.68 billion<sup>2</sup>. 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:

- 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, 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 "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 AIP, PGGM, Ping An, SK Holdings, State Street Global Advisors and Stepstone, 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](http://www.esr-reit.com.sg).

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<sup>2</sup> 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.

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.

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The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States 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. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.