



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

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**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**

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*Capitalised terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the circular of ESR-REIT dated 2 February 2018 (the "Circular").*

## 1. INTRODUCTION

ESR Funds Management (S) Limited, as manager (the "Manager") of ESR-REIT, wishes to announce the *pro rata* and non-renounceable preferential offering of up to approximately 262.8 million<sup>1</sup> new units in ESR-REIT (the "New Units") on the basis of 199 New Units for every 1,000 existing units in ESR-REIT (the "Existing Units") held as at 5.00 p.m. on Wednesday, 7 March 2018 (the "Books Closure Date") to Entitled Unitholders (as described in paragraph 8 below) (fractions of a New Unit to be disregarded) at the issue price of S\$0.54 per New Unit (the "Issue Price") to raise gross proceeds of up to approximately S\$141.9 million (the "Preferential Offering").

The Issue Price of S\$0.54 per New Unit represents a discount of approximately 7.1% to the volume weighted average price of S\$0.5812 per unit in ESR-REIT ("Unit") for trades in the Units done on Singapore Exchange Securities Trading Limited (the "SGX-ST") for the full Market Day<sup>2</sup> on 27 February 2018.

ESR Cayman Limited (the "Sponsor") has provided an irrevocable undertaking to the Manager (the "Undertaking") that it will (i) accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement, and (ii) exercise the Sponsor Excess Application (as defined herein), provided that its total subscription under the Preferential Offering will not exceed S\$125.0 million. Please refer to paragraph 3 below for further details on the Undertaking.

Mitsui & Co., Ltd ("Mitsui") has also provided a commitment letter to the Manager (the "Commitment Letter") that it will accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement. Please refer to paragraph 4 below for further details on the Commitment Letter.

Given the provision of the Undertaking by the Sponsor and the Commitment Letter by Mitsui, the Manager is of the view that there is no requirement for the Preferential Offering to be underwritten. Taking into account the Undertaking, the Commitment Letter, and the approval

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<sup>1</sup> Calculated based on the aggregate of the total number of Units in issue as at the date of this announcement and an estimated number of Units to be issued on 28 February 2018 pursuant to ESR-REIT's Distribution Reinvestment Plan.

<sup>2</sup> "Market Day" refers to a day on which the SGX-ST is open for securities trading.

obtained from Unitholders at the extraordinary general meeting held earlier today (the "**EGM**") in respect of the Sponsor Excess Application pursuant to the Undertaking, the minimum gross proceeds which will be raised from the Preferential Offering is approximately S\$127.3 million.

The net proceeds from the Preferential Offering will be used to reduce the debt facilities utilised to partially fund the total acquisition cost of approximately S\$243.5 million (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). Please refer to paragraph 5 below for more details on the use of proceeds from the Preferential Offering.

Taking into account the Undertaking and the Commitment Letter, the minimum proceeds to be raised from the Preferential Offering will be sufficient to meet ESR-REIT's present funding requirements. The proceeds to be raised from the Preferential Offering will be sufficient to enable ESR-REIT to meet its obligations and continue to operate as a going concern.

The Manager has appointed RHB Securities Singapore Pte. Ltd. as the sole financial adviser and global coordinator in relation to the Preferential Offering. As the Preferential Offering is not underwritten, the number of New Units to be issued under the Preferential Offering may be less than approximately 262.8 million New Units and accordingly, the gross proceeds raised may be less than approximately S\$141.9 million.

## 2. DETAILS OF THE PREFERENTIAL OFFERING

The Manager intends to issue up to approximately 262.8 million New Units at the Issue Price to raise gross proceeds of up to approximately S\$141.9 million through the Preferential Offering to the Entitled Unitholders on the basis of 199 New Units for every 1,000 Existing Units.

As the Preferential Offering is made on a non-renounceable basis, the provisional allotments of New Units cannot be renounced in favour of a third party or traded on the SGX-ST. Each Entitled Unitholder will be provisionally allotted the New Units under the Preferential Offering on the basis of their unitholdings in ESR-REIT as at the Books Closure Date (fractions of a New Unit to be disregarded).

Entitled Unitholders are at liberty to accept or decline their provisional allotments of New Units and are eligible to apply for additional New Units in excess of their provisional allotments under the Preferential Offering ("**Excess New Units**"). Entitled Unitholders are prohibited from trading, transferring, assigning or otherwise dealing with (in full or in part) their (i) provisional allotments of New Units or (ii) eligibility to apply for Excess New Units.

The New Units under the Preferential Offering represented by the provisional allotments of (i) Entitled Unitholders who decline or do not accept, in full or in part, their provisional allotments of New Units under the Preferential Offering and/or (ii) ineligible Unitholders, may be issued to satisfy applications for Excess New Units as the Manager may, in its absolute discretion, deem fit. The Manager may also, in its absolute discretion, scale down any application for Excess New Units if the satisfaction of such application would, in full or in part, result in a transfer of a controlling interest (as defined in the Listing Manual of the SGX-ST) in ESR-REIT.

In the allotment of Excess New Units, preference will be given to the rounding of odd lots. Directors of the Manager and substantial Unitholders who have control or influence over ESR-REIT or the Manager in connection with the day-to-day affairs of ESR-REIT or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of

directors of the Manager, will rank last in priority for the rounding of odd lots and allotment of Excess New Units.

### **3. UNDERTAKING BY THE SPONSOR**

To demonstrate its support for ESR-REIT and the Preferential Offering, the Sponsor, which owns an aggregate interest of approximately 12.4% of the total number of Units in issue as at the date of this announcement<sup>3</sup>, has irrevocably undertaken to the Manager on 18 January 2018 that it will (i) accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) apply for such number of Sponsor Excess Units so that if it is fully allotted the Sponsor Excess Units, it will hold 14.9% of the total number of Units in issue immediately following the completion of the Preferential Offering.

The Sponsor has further irrevocably undertaken to the Manager that, subject to the approval of Unitholders having been obtained, the number of Sponsor Excess Units for which it will apply will be increased to such number of Units equal to the aggregate number of Units to be issued pursuant to the Preferential Offering, to the extent they remain unsubscribed after satisfaction of all applications (if any) for excess Units by Unitholders (other than the Sponsor) (the "**Sponsor Excess Application**"), provided that its total subscription under the Preferential Offering will not exceed S\$125.0 million.

The Manager has obtained the approval of Unitholders at the EGM for the transfer of a controlling interest to the Sponsor under the circumstances described in the Circular in respect of the Sponsor Excess Application.

### **4. COMMITMENT BY MITSUI**

To demonstrate its support for ESR-REIT and the Preferential Offering, Mitsui, which owns an aggregate interest of approximately 1.6% of the total number of Units in issue as at the date of this announcement<sup>3</sup>, has provided the Commitment Letter to the Manager on 1 February 2018 that it will accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement.

### **5. USE OF PROCEEDS**

Subject to relevant laws and regulations and assuming the Preferential Offering is fully subscribed, the Manager intends to utilise the gross proceeds of up to approximately S\$141.9 million from the Preferential Offering 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; 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.

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<sup>3</sup> Excludes the Units to be issued on 28 February 2018 pursuant to ESR-REIT's Distribution Reinvestment Plan.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Preferential Offering at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Preferential Offering via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated.

Pending the deployment of the net proceeds from the Preferential Offering, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

## 6. RATIONALE FOR THE PREFERENTIAL OFFERING

As stated in paragraph 4.3.2 of the Circular, the Manager believes that the Preferential Offering is an efficient and overall beneficial method of ensuring that ESR-REIT maintains a well-balanced capital structure and debt level, given the borrowing limit imposed by the Monetary Authority of Singapore on property funds such as ESR-REIT. As the net proceeds from the Preferential Offering will be used to reduce the debt facilities utilised to partially fund the Total Acquisition Cost, ESR-REIT would have additional debt headroom to finance any future asset acquisitions and/or merger and acquisition activities.

## 7. AUTHORITY TO ISSUE NEW UNITS

The Manager proposes to issue up to approximately 262.8 million New Units pursuant to the Preferential Offering. The New Units represent approximately 20.0% of the existing total issued units in ESR-REIT<sup>4</sup>. The New Units to be issued pursuant to the Preferential Offering will be within the limits of the general mandate given by Unitholders at the most recent annual general meeting of ESR-REIT held on 25 April 2017.

The Manager has on 22 January 2018 obtained in-principle approval from the SGX-ST for the listing of, dealing in, and quotation for the New Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Equity Fund Raising, the New Units, ESR-REIT and/or its subsidiaries.

## 8. ELIGIBILITY TO PARTICIPATE IN THE PREFERENTIAL OFFERING

**Entitled Unitholders.** Only Entitled Depositors (as defined herein) are eligible to participate in the Preferential Offering.

**Entitled Depositors.** Entitled Depositors are Unitholders with Units standing to the credit of their respective securities accounts with The Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date and (a) whose registered addresses with CDP are in Singapore as at the Books Closure Date; or (b) who have at least three Market Days prior to the Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore. Entitled Depositors will be provisionally allotted with New Units under the Preferential

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<sup>4</sup> Excludes the Units to be issued on 28 February 2018 pursuant to ESR-REIT's Distribution Reinvestment Plan.

Offering on the basis of 199 New Units for every 1,000 Existing Units then standing to the credit of their securities accounts with CDP (fractions of a New Unit to be disregarded).

**Foreign Unitholders.** The making of the Preferential Offering may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation applicable in countries (other than Singapore) where Unitholders may have as their addresses registered with CDP, the Preferential Offering will not be extended to Unitholders whose registered addresses with CDP are outside Singapore, and who have not, at least three Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notices and documents at least three Market Days prior to the Books Closure Date. Details of the Preferential Offering and procedures for acceptance of and payment and excess application for provisional allocations of New Units under the Preferential Offering by Entitled Unitholders will be set out in an instruction booklet to be despatched to Entitled Unitholders in due course (the "**Instruction Booklet**"). A further announcement on the despatch will be made by the Manager at the appropriate time.

For the avoidance of doubt, even if a Unitholder has provided a Singapore address as aforesaid, the offer of New Units under the Preferential Offering to him will be subject to compliance with applicable securities laws outside Singapore.

Notwithstanding the foregoing, the Manager may in its sole discretion determine whether to allow the participation in the Preferential Offering by Unitholders who are located, resident or with a registered address outside of Singapore, subject to and in compliance with the applicable securities and other laws of the relevant jurisdiction.

The New Units to be offered under the Preferential Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or jurisdiction of the United States, or under the securities laws of any other jurisdiction, and may not be offered, sold, resold, granted, delivered, allotted, taken up or transferred, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws.

## **9. STATUS OF NEW UNITS**

The New Units issued pursuant to the Preferential Offering will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately prior to the date on which the New Units are issued pursuant to the Preferential Offering, including the right to ESR-REIT's distributable income from 1 January 2018 up to the day immediately prior to the date on which the New Units are issued pursuant to the Preferential Offering as well as all distributions thereafter.

## 10. INDICATIVE TIMETABLE

Entitled Unitholders should note that the dates and times of the following key events in relation to the Preferential Offering are set out below:

Event	Date and Time
Books Closure Date for eligibility to participate in the Preferential Offering	: Wednesday, 7 March 2018 at 5.00 p.m.
Despatch of Instruction Booklet (together with the ARE <sup>5</sup> ) to Entitled Unitholders	: Monday, 12 March 2018
Opening date and time for the Preferential Offering	: Monday, 12 March 2018 at 9.00 a.m. (9.00 a.m. for Electronic Applications (as defined in the Instruction Booklet))
Last date and time for acceptance, application (if applicable) and payment for provisional allotments of New Units and Excess New Units	: Tuesday, 20 March 2018 at 5.00 p.m. (9.30 p.m. for Electronic Applications)
Expected date for crediting of New Units	: Wednesday, 28 March 2018
Listing of New Units pursuant to the Preferential Offering	: Wednesday, 28 March 2018 at 9.00 a.m.

The above timetable is indicative only and is subject to change. As at the date of this announcement, the Manager does not expect the timetable to be modified. However, the Manager may, with the approval of the SGX-ST, modify the timetable subject to any limitation under any applicable law. The Manager will publicly announce any change to the above timetable through an SGXNET announcement to be posted on the SGX-ST's website at <http://www.sgx.com>.

### 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  
27 February 2018

For further enquiries, please contact:

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<sup>5</sup> "ARE" refers to the acceptance form for New Units provisionally allotted to Entitled Unitholders under the Preferential Offering and application form for Excess New Units.

## About ESR-REIT

ESR-REIT has been listed on 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>6</sup>. 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, 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 10.2 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\$10 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>6</sup> Includes valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis, in line with accounting policy.

## 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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, 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.

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.