



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

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## NEWS RELEASE

For immediate release

### ESR-REIT announces Effective Date of Scheme for Merger with Viva Industrial Trust

- *Scheme in relation to merger with Viva Industrial Trust has become effective and binding in accordance with its terms*
- *Landmark merger will strengthen ESR-REIT's market position, resulting in the creation of a larger REIT, enhanced portfolio quality and greater diversification*
- *Enlarged Trust also benefits from strong support from ESR-REIT's Developer-Sponsor, the ESR Group*

**Singapore, 15 October 2018** – ESR Funds Management (S) Limited, as manager of ESR-REIT, is pleased to announce that the trust scheme of arrangement (the “**Scheme**”) in relation to its proposed merger with Viva Industrial Trust (“**VIT**”) (the “**Merger**”) has become effective and binding in accordance with its terms. This follows the approval from Unitholders of ESR-REIT and Stapled Securityholders of VIT at their respective meetings on 31 August 2018, the sanction of the Scheme by the High Court of the Republic of Singapore, as well as the receipt of approval of Jurong Town Corporation under the Scheme Conditions<sup>1</sup>.

The merger of ESR-REIT and VIT is poised to be a landmark transaction for the S-REIT sector, marking the first-ever merger of two S-REITs into an enlarged trust upon completion (the “**Enlarged Trust**”). Expected to be the 4<sup>th</sup> largest industrial S-REIT listed on the Singapore Exchange Securities Trading Limited, the Enlarged Trust will have a combined asset size of approximately S\$3.0 billion<sup>2</sup> with a more diversified portfolio of industrial properties across 5 sub-asset classes.

The post-Merger portfolio will comprise 56 properties with a total gross floor area (“**GFA**”) of 13.6 million square feet. The portfolio’s strategic combination of Business Parks and High-Specs Industrial assets, as well as Logistics & Warehouse, General Industrial and Light Industrial properties will result in a wider product suite, creating a bigger pool of leasing opportunities for tenants. Consequently, the Enlarged Trust is expected to gain from the economies of scale of a larger portfolio, stronger bargaining power with service providers, and enjoy greater flexibility to undertake asset enhancement and redevelopment initiatives. The larger, fully-unencumbered portfolio with increased debt tenor is expected to provide greater access to pools of capital and a lower cost of debt.

Additionally, the Enlarged Trust will be well-supported by a strong and committed Developer-Sponsor, the ESR Group<sup>3</sup>, a leading Pan-Asian logistics real estate developer, operator and fund manager. The ESR Group has total assets under management of approximately US\$13 billion<sup>4</sup>, and GFA of over 10

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<sup>1</sup> As defined in the circular dated 7 August 2018 dispatched to Unitholders of ESR-REIT in relation to the Merger (the “**Circular**”).

<sup>2</sup> As at 31 March 2018.

<sup>3</sup> ESR Cayman Limited and its subsidiaries.

<sup>4</sup> As at 30 June 2018.

million square metres<sup>4</sup> in operation and under development. The Enlarged Trust will have the opportunity to acquire the ESR Group's visible pipeline of assets and will also be able to leverage on its strong network of strategic relationships with leading global e-commerce companies, retailers, logistics service providers and manufacturers. With a larger post-merger market capitalisation and increased free float, the Enlarged Trust is expected to have higher trading liquidity, and attract a larger investor base which could potentially lead to more index inclusions and increased analyst coverage.

Mr Adrian Chui, Chief Executive Officer and Executive Director of ESR Funds Management (S) Limited, as manager of ESR-REIT, said: "The strong voting support we have received from our Unitholders validates our strategy that size does matter for REITs. We are now one step closer to completing the transformational transaction which will ultimately provide us with a more robust, competitive platform and strengthens our market position. This allows us to grow and manage ESR-REIT more efficiently and create long-term, sustainable returns for our Unitholders."

"We would like to thank our Stapled Securityholders for voting in favour of the Merger and for their strong support since VIT's listing in November 2013," said Mr Wilson Ang, Chief Executive Officer and Executive Director of the VIT Managers. "Looking ahead, there is better clarity to our journey of growth and value creation, one that is underpinned by a strong and committed sponsor in ESR Group and proactively managed by an experienced and inspired management team."

As mentioned in the Circular, in connection with the Merger and the Scheme, RBC Investor Services Trust Singapore Limited, as the trustee of ESR-REIT, has entered into a S\$700 million unsecured loan facility agreement with several lenders including United Overseas Bank Limited, RHB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Malaysian Banking Berhad, Singapore Branch. The proceeds will be applied towards the part refinancing of existing loan facilities granted to RBC Investor Services Trust Singapore Limited, as the trustee of ESR-REIT, the refinancing of VIT's existing loan facilities and its multicurrency medium term note programme, the part financing of the cash consideration for the Scheme, and the payment of other expenses incurred in connection with the Scheme.

As the Scheme has become effective and binding in accordance with its terms, the VIT stapled securities are expected to be delisted on 22 October 2018.

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### **Responsibility Statement**

The directors of the ESR-REIT Manager (including those who may have delegated detailed supervision of this Press Release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Press Release (other than those relating to VIT and/or the VIT Managers) are fair and accurate and that there are no other material facts not contained in this Press Release, the omission of which would make any statement in this Press Release misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from VIT and/or the VIT Managers, the sole responsibility of the directors of the ESR-REIT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Press Release. The directors of the ESR-REIT Manager jointly and severally accept responsibility accordingly.

## 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 15 October 2018 has a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 13.6 million sq ft and a property value of S\$2.94 billion<sup>5</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):

- ESR is a leading pure-play pan-Asia logistics real estate developer, owner, and operator focused on the key metropolitan areas most closely tied with consumption and global trade. Co-founded by senior management and Warburg Pincus, ESR is backed by some of the world's preeminent investors including APG, CITIC CLSA, CPPIB, Goldman Sachs, JD.com, PGGM, Ping An and SK Holdings. The ESR platform represents one of the largest in the Asia-Pacific region, spanning across Mainland China, Japan, Singapore, South Korea, Australia and India. The company also runs capital and fund management offices in Hong Kong and Singapore. As at 30 June 2018, the company's assets under management (AUM) reached approximately US\$13 billion, and the gross floor area (GFA) of projects owned and under development stood at over 10 million square metres.
- 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>5</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.