



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

## RESULTS OF THE PRIVATE PLACEMENT AND PRICING OF NEW UNITS UNDER THE PRIVATE PLACEMENT

*Capitalised terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the announcement of ESR-REIT dated 17 June 2019 titled "Launch of Equity Fund Raising to Raise Gross Proceeds of Up To Approximately S\$150.0 Million" (the "**Announcement**").*

### 1. INTRODUCTION

We refer to the Announcement on the launch of the proposed equity fund raising, comprising an offering of new units in ESR-REIT ("**Units**", and the new Units, the "**New Units**") by way of:

- (i) a private placement of up to approximately 195.0 million New Units (the "**Private Placement**", and the New Units, the "**Private Placement New Units**") to institutional and other investors at an issue price of between S\$0.515 and S\$0.525 per Private Placement New Unit (both figures inclusive) (the "**Private Placement Issue Price Range**") to raise gross proceeds of not less than approximately S\$75.0 million, subject to an upside option (the "**Upsize Option**") to raise additional gross proceeds such that the total gross proceeds of the Private Placement will amount to not more than approximately S\$100.0 million; and
- (ii) a non-renounceable preferential offering of New Units (the "**Preferential Offering**", and the New Units, the "**Preferential Offering New Units**") to the existing holders of Units (the "**Unitholders**") on a *pro rata* basis to raise gross proceeds of not more than approximately S\$75.0 million,

(together, the "**Equity Fund Raising**"). Pursuant to the Equity Fund Raising, the Manager has no intention of raising aggregate gross proceeds in excess of approximately S\$150.0 million.

ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**Manager**"), wishes to announce that Citigroup Global Markets Singapore Pte. Ltd. and RHB Securities Singapore Pte. Ltd., as the joint global co-ordinators and bookrunners for the Private Placement (the "**Joint Global Co-ordinators and Bookrunners**"), have in consultation with the Manager closed the book of orders for the Private Placement on 18 June 2019.

The issue price per New Unit under the Private Placement has been fixed at S\$0.515 per New Unit (the "**Private Placement Issue Price**"), as agreed between the Manager and the Joint Global Co-ordinators and Bookrunners following a book-building process.

The Upsize Option has been exercised in full. With the exercise of the Upsize Option, a total of 194,174,000 New Units will be issued pursuant to the Private Placement, increasing the aggregate gross proceeds raised to approximately S\$100.0 million.

The Private Placement was approximately 2.5 times covered (based on aggregate gross proceeds of approximately S\$100.0 million) and saw strong participation from new and existing institutional and other investors.

The Private Placement Issue Price of S\$0.515 per New Unit represents a discount of:

- (a) approximately 8.3% to the volume weighted average price ("**VWAP**") of S\$0.5616 per Unit for all trades in the Units done on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the preceding Market Day<sup>1</sup> on 14 June 2019, up to the time the Placement Agreement was signed on 17 June 2019; and
- (b) (for illustrative purposes only) approximately 6.7% to the adjusted VWAP ("**Adjusted VWAP**")<sup>2</sup> of S\$0.5521 per Unit.

## 2. USE OF PROCEEDS

It was stated in the Announcement that subject to relevant laws and regulations, on the basis that the Manager will raise gross proceeds of approximately S\$150.0 million from the Equity Fund Raising, the Manager intends to use the gross proceeds from the Equity Fund Raising in the following manner:

- (i) approximately S\$44.4 million (which is equivalent to approximately 29.6% of the gross proceeds of the Equity Fund Raising) to fully finance ESR-REIT's total costs of the acquisition of the property located at 48 Pandan Road, Singapore 609289 (the "**Property**", and the proposed acquisition of the Property, the "**Proposed Acquisition**") and the associated costs (the "**Total Acquisition Costs**"). Please refer to the announcement titled "Entry into Joint Venture and Acquisition of 48 Pandan Road, Singapore 609289" dated 17 June 2019 (the "**Proposed Acquisition Announcement**") for further details of the Proposed Acquisition<sup>3</sup>;

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<sup>1</sup> "**Market Day**" refers to a day on which the SGX-ST is open for securities trading.

<sup>2</sup> The "**Adjusted VWAP**" is computed based on the VWAP of all trades in the Units on the SGX-ST for the preceding Market Day on 14 June 2019, up to the time the Placement Agreement was signed on 17 June 2019, and subtracting the estimated Advanced Distribution of approximately 0.9510 Singapore cents per Unit (being the mid-point of the estimated Advanced Distribution Range). This amount is only an estimate based on information currently available to the Manager and the actual Advanced Distribution may differ and will be announced on a later date.

<sup>3</sup> On 17 June 2019, the Manager announced that RBC Investor Services Trust Singapore Limited, in its capacity as trustee of ESR-REIT (the "**Trustee**") and Poh Tiong Choon Logistics Limited ("**PTC**") had entered into a joint venture through the formation of PTC Logistics Hub LLP (the "**JV LLP**"), a limited liability partnership registered in Singapore. ESR-REIT and PTC have each made an initial capital contribution to the JV LLP of S\$1.00 in cash. ESR-REIT currently holds 49.0% of the partnership interests in the JV LLP and PTC holds the remaining 51.0% of the partnership interests in the JV LLP.

Further to the joint venture, the JV LLP has on 17 June 2019 entered into a put and call option agreement (the "**Option Agreement**") with PTC to acquire the leasehold interest over the Property. The purchase consideration of the Property under the Proposed Acquisition is S\$225.0 million, which is to be funded through a S\$40.2 million contribution by PTC, a S\$38.6 million contribution by the Trustee, and debt of approximately S\$146.2 million to be taken out by the JV LLP. In connection with the Proposed Acquisition, the Total Acquisition Costs to ESR-REIT is approximately S\$44.4 million. On completion of the Proposed Acquisition, the Property will be leased back by the JV LLP as landlord to PTC as tenant for a term of ten years with fixed rental escalation per annum. Please refer to the Proposed Acquisition Announcement for further details of the Proposed Acquisition.

- (ii) approximately S\$45.7 million (which is equivalent to approximately 30.5% of the gross proceeds of the Equity Fund Raising) to fully finance an asset enhancement of the property located at 7000 Ang Mo Kio Avenue 5, Singapore 569877 and an asset enhancement of the property located at 2, 4, 6 & 8 Changi Business Park Avenue 1, Singapore 486015/486016/486017/486018 (UE BizHub EAST) (the "**Proposed Asset Enhancement Initiatives**"). Please refer to the press release titled "ESR-REIT's AEI Plans for 2 Existing Properties Positioned to Attract High Value Tenants" dated 17 June 2019 (the "**Proposed AEI Announcement**") for further details of the Proposed Asset Enhancement Initiatives;
- (iii) approximately S\$56.8 million (which is equivalent to approximately 37.9% of the gross proceeds of the Equity Fund Raising) for the repayment of existing indebtedness of ESR-REIT (the "**Debt Repayment**"); and
- (iv) approximately S\$3.1 million (which is equivalent to approximately 2.0% of the gross proceeds of the Equity Fund Raising) to pay the transaction related expenses including the estimated underwriting and selling commission and expenses related to the Equity Fund Raising.

Based on the timing requirements for the funding of the Proposed Acquisition, Proposed Asset Enhancement Initiatives and Debt Repayment, subject to relevant laws and regulations, the Manager intends to use the gross proceeds of approximately S\$100.0 million from the Private Placement in the following manner:

- (a) approximately S\$44.4 million (which is equivalent to approximately 44.4% of the gross proceeds of the Private Placement) to fully finance the Total Acquisition Costs. Please refer to the Proposed Acquisition Announcement for further details of the Proposed Acquisition;
- (b) approximately S\$26.2 million (which is equivalent to approximately 26.2% of the gross proceeds of the Private Placement) to partially finance the Proposed Asset Enhancement Initiatives. Please refer to the Proposed AEI Announcement for further details of the Proposed Asset Enhancement Initiatives;
- (c) approximately S\$26.3 million (which is equivalent to approximately 26.3% of the gross proceeds of the Private Placement) to partially finance the Debt Repayment; and
- (d) approximately S\$3.1 million (which is equivalent to approximately 3.1% of the gross proceeds of the Private Placement) to pay the transaction related expenses including the estimated underwriting and selling commission and expenses related to the Equity Fund Raising.

For clarity, the Manager will announce details of the intended utilisation of the proceeds of the Preferential Offering at the appropriate time.

Notwithstanding its current intention, in the event that the Private Placement is completed but the Proposed Acquisition and/or the Proposed Asset Enhancement Initiatives do not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Private Placement at its absolute discretion for other purposes, including without limitation, for funding capital expenditures.

Pending the deployment of the net proceeds of the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or be 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.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement 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. Where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in ESR-REIT's announcements on the use of proceeds and in ESR-REIT's annual report and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

### **3. APPLICATION TO THE SGX-ST FOR IN-PRINCIPLE APPROVAL**

The Manager will make a formal application to the SGX-ST for the listing of, dealing in and quotation for the New Units to be issued pursuant to the Private Placement on the Main Board of the SGX-ST. An announcement will be made upon the receipt of such in-principle approval from the SGX-ST. The trading of the New Units on the SGX-ST is currently expected to commence at 9.00 a.m. on or around 26 June 2019.

The Private Placement shall be subject to certain conditions precedent more particularly set out in the Placement Agreement, including the receipt of the approval in-principle of the SGX-ST for the listing of, dealing in and quotation for the New Units on the Main Board of the SGX-ST.

#### **BY ORDER OF THE BOARD**

##### **ESR Funds Management (S) Limited**

As Manager of ESR-REIT

(Company Registration No. 200512804G, Capital Markets Services Licence No. 1001312-5)

##### **Adrian Chui**

Chief Executive Officer and Executive Director

18 June 2019

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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 March 2019 has a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 14.1 million square feet and an aggregate property value of S\$3.03 billion<sup>4</sup>. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, 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 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 namely, ESR Cayman Limited ("ESR") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

For further information on ESR-REIT, please visit [www.esr-reit.com.sg](http://www.esr-reit.com.sg).

## About the Sponsor, ESR

ESR is the largest Asia-Pacific focused logistics real estate platform by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages<sup>5</sup>. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, SK Holdings, JD.com, CLSA, Goldman Sachs, CPPIB, Ping An and Allianz Real Estate. The ESR platform spans across the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 2018, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$16 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development stood at over 12 million square metres in total.

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<sup>4</sup> Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-REIT has 80% economic interest, and excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases* which became effective on 1 January 2019.

<sup>5</sup> Source: JLL market report.

## 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, 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.

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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.