



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

NEWS RELEASE

For immediate release

ESR-REIT's DPU Up 5.6% for YTD 3Q2019; Achieves Total Distributable Income of S\$33.8 million for 3Q2019

- Distribution per Unit (DPU) for 3Q2019 was 1.000 cents; DPU up 5.6% for YTD 3Q2019 vs YTD 3Q2018
- Gross revenue was S\$62.0 million while Net Property Income was S\$45.3 million for 3Q2019
- Completed the acquisition of 49% interest in 48 Pandan Road ("PTC Logistics Hub"), strengthening portfolio exposure to the ramped-up logistics sector with a long 10-year lease with fixed annual rental escalations
- Secured new tenant at 8 Tuas South Lane, diversifying tenant concentration risks
- Occupancy remained stable at 91.0%; YTD positive rental reversions at 0.6% with improved tenant retention rate at 71.2%
- No refinancing requirements for 2019 with 2.8 years debt tenor and 85.3% of interest rate exposure fixed for 2.8 years

Summary of Financial Results:

	3Q2019 (S\$ million)	3Q2018 (S\$ million)	+/(-) (%)	YTD 3Q2019 (S\$ million)	YTD 3Q2018 (S\$ million)	+/(-) (%)
Gross Revenue ⁽¹⁾⁽²⁾	62.0	32.4	91.5	190.5	98.5	93.4
Net Property Income ⁽¹⁾⁽²⁾	45.3	22.5	101.1	141.7	69.8	103.2
Distributable Income ⁽³⁾	29.2	13.4	118.0	87.4	40.9	113.7
Distribution from Other Gains ⁽⁴⁾	4.6	2.5	84.2	10.5	4.3	144.7
Total Distribution to Unitholders	33.8	15.9	112.7	97.9	45.2	116.6
Applicable number of units for calculation of DPU (million)	3,383.4	1,583.7	113.6	3,250.1	1,583.7	105.2
Distribution Per Unit ("DPU") (cents)	1.000	1.004	(0.4)	3.011	2.852	5.6

Notes:

- (1) Higher gross revenue and NPI mainly due to the contributions from (a) the acquisition of Viva Trust's nine properties pursuant to the Merger and 15 Greenwich, both in October 2018; (b) the leasing up of 30 Marsiling subsequent to the asset enhancement works completed in January 2019; and (c) rental escalations from the existing property portfolio. The growth was partially offset by the lease conversion from single to multi-tenancy for certain properties.
- (2) Includes straight line rent adjustment of -\$0.8 million for 3Q2019 (3Q2018: S\$0.4 million) and S\$1.0 million for YTD 3Q2019 (YTD 3Q2018: S\$1.6 million).
- (3) Includes management fees payable to the Manager and the Property Manager in units of S\$2.3 million for 3Q2019 (3Q2018: S\$0.7 million) and S\$6.5 million for YTD 3Q2019 (YTD 3Q2018: S\$0.7 million).
- (4) Capital gains from disposal of investment properties in prior years and ex-gratia payments received from Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

Singapore, 25 October 2019 – ESR Funds Management (S) Limited, the manager of ESR-REIT (the “Manager”), is pleased to announce the total distribution to Unitholders for the financial quarter ended 30 September 2019 (“3Q2019”) was S\$33.8 million, a 112.7% increase y-o-y. ESR-REIT’s DPU for 3Q2019 was 1.000 cents, a decrease of 0.4% as compared to the same period in 2018. The decrease was mainly attributed to a larger unit base resulting from the placement of new units and longer-than-expected completion for the acquisition of 49% interest in PTC Logistics Hub against the backdrop of trade war uncertainties. Annualised distribution yield was 7.5% based on ESR-REIT’s market closing price of S\$0.53 per Unit as at 30 September 2019.

Financial Performance

Gross revenue for 3Q2019 was recorded at S\$62.0 million, an increase of 91.5% y-o-y while Net Property Income (“NPI”) rose 101.1% to S\$45.3 million over the same period. The increase in gross revenue and NPI was largely contributed from the acquisition of 15 Greenwich Drive and the 9 properties from Viva Trust’s portfolio following the completion of the merger in October 2018 in addition to the leasing up of 30 Marsiling Industrial Estate Road 8 subsequent to its asset enhancements which were completed in January 2019 as well as rental escalations from the existing property portfolio. This increase was partially offset by the lease conversion from single to multi-tenancy for certain properties.

Portfolio Performance

As at 30 September 2019, ESR-REIT holds interest in a portfolio of 57 properties across Singapore, with a total gross floor area of approximately 15.1 million sqft, taking into account the completion of the acquisition of 48 Pandan Road. Currently, the portfolio spans the following sub-asset classes: Business Parks, High-Specs Industrial, Logistics / Warehouse and General Industrial.

Portfolio occupancy for 3Q2019 maintained at 91.0%, above JTC average of 89.3%¹ while tenant retention rate improved to 71.2% as at 30 September 2019. YTD 3Q2019 rental reversions remained positive at 0.6%. During the quarter, 1,439,600 sqft of space was renewed and leased out, which reduced the total lease expiry concentration for multi-tenanted buildings from 12.2% in 2Q2019 to 6.0% in 3Q2019.

Among the new leases signed this quarter, 30,000 sqft of space at UE BizHub EAST was leased to Future Electronics, an established multinational electronic components distribution company, demonstrating the property’s potential to attract quality tenants. A master lease was also signed with LS Modular (S) Pte Ltd, a container solutions provider, leasing the entire 7 Tuas South Street 5. During the quarter, we also secured a new tenant at 8 Tuas South Lane. P-Way Construction & Engineering

¹ Based on 3Q2019 data from JTC.

Pte. Ltd., a company specializing in railway construction, installation and maintenance and currently under contract with Land Transport Authority to provide track work services for the upcoming Jurong Region Line and extension of Changi Airport Terminal has leased 168,000 sqft to house its operations. The new lease reduces ESR-REIT's portfolio exposure to Hyflux Membrane Manufacturing (S) Pte. Ltd. ("Hyflux Membrane").

As at 30 September 2019, ESR-REIT has a diversified tenant base of 332 tenants. The weighted average lease expiry ("WALE") has improved from 3.6 years in 2Q2019 to 3.8 years this quarter. The top 10 tenants accounted for 30.2% of ESR-REIT's portfolio by rental income, with no individual trade sector contributing more than 30% of the REIT's rental income.

Portfolio Optimisation

On 7 August 2019, ESR-REIT completed the acquisition of a 49% interest in PTC Logistics Hub, a newly-completed and modern ramp-up warehouse strategically located within the Jurong Industrial Estate, for a purchase consideration of S\$225.0 million (on a 100% basis).² Located in close proximity to Jurong Port and Jurong Island and well-connected to major expressways, PTC Logistics Hub is well-positioned to capture potential capital appreciation amidst a limited supply within the region. The property is leased back to Poh Tiong Choon Logistics Limited under a 10-year lease with fixed annual rental escalations, which lengthens the WALE of the portfolio and provides stable and growing distributions for unitholders.

The yield-accretive acquisition of PTC Logistics Hub is in line with ESR-REIT's ongoing portfolio optimization to strengthen its portfolio exposure to the logistics sector. With approximately 60% of the logistics portfolio comprising in-demand and modern ramp-up facilities, this will provide ESR-REIT with greater stability in the long term.

Prudent Capital Structure with No Refinancing Needs in 2019

On 13 September 2019, the Manager launched a non-renounceable Preferential Offering of new units at an issue price of S\$0.51 per new unit to raise gross proceeds of up to S\$50.0 million to partially finance the two AEs at 7000 Ang Mo Kio Avenue 5 and UE BizHub EAST, with the remaining balance for debt repayment. The Preferential Offering, which was completed on 14 October 2019, saw strong participation from existing unitholders at 2.13x subscribed (including the excess application by the Sponsor).

² The acquisition was made through a joint venture in which ESR-REIT holds 49% interest, with the remaining 51% interest held by Poh Tiong Choon Logistics Limited. ESR-REIT's total acquisition cost (based on debt financing of S\$146.2 million taken by PTC Logistics Hub LLP) is approximately S\$44.4 million (inclusive of transaction costs).

As at 30 September 2019, ESR-REIT's Debt to Total Assets is 41.6%³ (following the debt repayment with gross proceeds from the preferential offering, ESR-REIT's Debt to Total Assets is 40.1%), with a weighted average debt expiry of 2.8 years. Approximately 85.3% of interest rate exposure is fixed for the next 2.8 years. The portfolio remains 100% unencumbered, while maintaining a well-staggered debt maturity profile.⁴ As at 30 September 2019, the REIT has no refinancing requirements in 2019.

Looking Ahead

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, "Our proactive asset management efforts continue to yield stable results in our portfolio. The new lease at 8 Tuas South Lane has reduced our lease exposure to Hyflux Membrane and diversified our tenant concentration risks. Hyflux Membrane now accounts for 3.0% of the portfolio's rental income, down from 3.6% last quarter. To-date, we have continued to receive strong leasing interest and enquiries due to the property's close proximity to the upcoming Tuas Megaport, slated to become the world's largest fully automated terminal when completed in 2040. Furthermore, our effective leasing strategy has led to an increase in new leases and lease renewals this quarter, bringing the total leased area to 2,164,900 sqft for YTD 3Q2019."

Mr. Chui further added, "Headwinds such as uncertainty over the status of US-China talks and weak global demand have started to affect business performance of industrialists, contributing to negative business sentiments which is expected to impact demand for space in the short-to-medium term. Looking ahead, the REIT will continue to focus on proactive asset management and capital management to balance its risks-return profile to generate stable returns and long-term capital growth for our Unitholders."

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³ Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019.

⁴ Excludes ESR-REIT's 49% interest in 48 Pandan Road.

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 30 September 2019 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S\$3.13 billion⁵. 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.

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. 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 partners including APG, SK Holdings, JD.com, 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 30 June 2019, 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\$20.2 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development added up to over 15.3 million square metres of GFA in total.

⁵ Includes (i) 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in which ESR-REIT holds 80% interest; and (ii) 49% of the valuation of 48 Pandan Road in which ESR-REIT holds 49% interest, but excludes the effects arising from the adoption of FRS 116 Leases which became effective on 1 January 2019.

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.

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