



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

NEWS RELEASE

For immediate release

ESR-REIT Delivers DPU of 0.723 cents for 1Q2022

- Amount available for distribution for 1Q2022 increased 2.1% year-on-year (“y-o-y”) to S\$29.3 million
- Distribution per Unit (“DPU”) for 1Q2022 increased 0.3% quarter-on-quarter (“q-o-q”) to 0.723 cents
- Aggregate leverage was 39.5% with a lower all-in cost of debt at 3.34% per annum (1Q2021: 3.52% per annum)
- Positive rental reversion at +3.1% (4Q2021: +3.0%) driven by robust rental reversion in the logistics/warehouse, general industrial and business park sectors
- Unlocked further value with divestments of 28 Senoko Drive and 45 Changi South Avenue 2
- Surges in global energy prices and higher electricity demand are expected to continue weighing down on utilities costs in the near term

Summary of Financial Results:

	1Q2022 (S\$m)	4Q2021 (S\$m)	+/(-) (%) (q-o-q)	1Q2021 (S\$m)	+/(-) (%) (y-o-y)
Gross Revenue ⁽¹⁾	59.6	60.4	-1.3	60.3	-1.2
Net Property Income (“NPI”) ⁽²⁾	39.5	42.5	-7.1	44.1	-10.4
Amount available for distribution to Unitholders ⁽³⁾	29.3	29.1	+0.4	28.7	+2.1
Applicable number of units for calculation of DPU (million) ⁽⁴⁾	4,053.4	4,030.6	+0.6	3,591.1	+12.9
DPU (cents)	0.723	0.721	+0.3	0.800	-9.6

(1) Lower gross revenue mainly due to the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East in 4Q2021, as well as 28 Senoko Drive and 45 Changi South Avenue 2 in 1Q2022.

(2) Lower NPI was mainly due to higher utilities expenses arising from a surge in global energy prices and higher electricity demand resulting in higher property expenses in 1Q2022.

(3) Higher amount available for distribution y-o-y was mainly due to (i) lower borrowing costs, (ii) contribution from ESR-REIT’s 10.0% interest in EALP, and (iii) a non-recurrent tax-exempt income distribution of S\$2.5 million from Viva Trust, a wholly-owned sub-trust of ESR-REIT.

(4) Higher applicable number of units y-o-y was mainly due to the equity fund raising comprising a private placement of 268.8 million new ESR-REIT Units and a preferential offering of 124.1 million new ESR-REIT Units which were completed on 18 May 2021 and 26 August 2021, respectively.

Singapore, 27 April 2022 – ESR Funds Management (S) Limited, the manager of ESR-REIT (the “**Manager**”), is pleased to announce that the amount available for distribution for the financial quarter ended 31 March 2022 (“**1Q2022**”) was S\$29.3 million.

Financial Performance

The 1Q2022 distribution to Unitholders of S\$29.3 million was an increase of 2.1% y-o-y from S\$28.7 million in 1Q2021 from lower borrowing costs, contributions from ESR-REIT’s 10% interest in EALP and a non-recurrent tax-exempt income distribution from Viva Industrial Trust. Despite the higher amount of distribution to Unitholders, NPI for 1Q2022 was S\$39.5 million, 7.1% and 10.4% lower than 4Q2021 (q-o-q) and 1Q2021 (y-o-y) respectively, primarily due to the surge in utilities costs arising from the increase in global energy prices and higher electricity demand.

DPU for 1Q2022 was 0.723 cents, 0.3% higher than 4Q2021 (q-o-q) and 9.6% (y-o-y) lower than 1Q2021 with the latter due to an enlarged unit base as a result of the issuance of new units pursuant to ESR-REIT’s equity fund raising.¹ Rental collection for 1Q2022 remains healthy at approximately 99% of total receivables.

The distribution of 0.723 cents per unit for the period from 1 January 2022 to 31 March 2022 will be paid, together with the clean-up distribution of 0.187 cents in respect of the period from 1 April 2022 to 21 April 2022, in connection with the merger of ESR-REIT and ARA LOGOS Logistics Trust. The record date for the cumulative distribution totalling 0.910 cents was on 21 April 2022 and the expected payment date is 23 June 2022.

Portfolio Performance

Portfolio rental reversion for 1Q2022 recorded an increase of 3.1%, with logistics/warehouse, general industrial and business park sectors registering robust positive rental reversions, offset by negative rental reversions in the business park retail space as the workforce gradually returns.

Portfolio occupancy rate remained steady at 91.5%² in 1Q2022, consistently above JTC’s average of 90.2%³. During 1Q2022, a total of 305,613 sqft of space was leased comprising 75,836 sqft of new leases (24.8% of total leases) and 229,777 sqft of lease renewals (75.2% of total leases). Tenant retention rate in 1Q2022 was 75.6%.

The weighted average lease expiry as at 31 March 2022 remained at 2.5 years. Rental income contributed by the top 10 tenants accounted for 30.6% of the portfolio by rental income as at 31 March 2022. New tenants secured during 1Q2022 include Sika (Singapore) Pte Ltd while some existing tenants such as Kerry Logistics Centre and Ecoplas Manufacturing Pte Ltd have renewed their leases. Leasing remained active with new demand coming from logistics, semiconductor, and manufacturing sectors.

Portfolio Optimisation and Rejuvenation

In 1Q2022, the Manager completed the divestments of 28 Senoko Drive and 45 Changi South Avenue 2, two general industrial properties for S\$23.1 million. Additionally, the Manager has recently announced the build-to-suit redevelopment of 21B Senoko Loop to convert the property

¹ Higher applicable number of units was mainly due to the equity fund raising comprising a private placement of 268.8 million new ESR-REIT Units and a preferential offering of 124.1 million new ESR-REIT Units which were completed on 18 May 2021 and 26 August 2021, respectively.

² Excludes properties in the pipeline for divestment.

³ Based on 4Q2021 data from JTC.

from a general industrial building to a high-specs asset for approximately S\$38.5 million. The Manager has also improved the income growth profile of the REIT by securing a triple-net lease for 21B Senoko Loop with the tenant, NTS Components Singapore Pte Ltd, a company specialising in complex mechatronics assemblies and manufacturing of high-accuracy frames and sheet metal for the high-tech industry.

Strong Capital Position

As at 31 March 2021, ESR-REIT's aggregate leverage was 39.5%⁴ with 93.3% of its total borrowings on fixed interest rates over the next 1.7 years while the portfolio remains 100% unencumbered⁵. ESR-REIT has a well-staggered debt maturity profile with a weighted average debt expiry of 2.2 years. The weighted average all-in cost of debt has been reduced further from 3.52% per annum as at 31 March 2021 to 3.34% per annum as at 31 March 2022. As at 31 March 2022, ESR-REIT has committed undrawn revolving credit facilities of S\$250.1 million. The Manager continues to proactively manage its capital structure including assessing early refinancing options and managing interest costs.

Outlook

According to the Ministry of Trade and Industry ("**MTI**"), Singapore's economy expanded by 7.6% in FY2021.⁶ MTI expects Singapore's GDP to expand at a slower pace of 3.0% to 5.0% in 2022.⁷ The manufacturing sector expanded by 3.4% on a y-o-y basis in March 2022 due to output expansions in transport engineering, electronics, general manufacturing, biomedical engineering and chemicals clusters.⁸ Singapore's Purchasing Managers' Index recorded a marginal decrease of 0.1 point to 50.1 in March 2022.⁹ According to JTC's market report for 4Q2021, the occupancy rate of the overall industrial property market remains unchanged from the previous quarter at 90.2%. MAS expects headline inflation figures to reach 4.5% to 5.5%, compared with the earlier range of 2.5% to 3.5%¹⁰ as global energy prices and demand continue to surge and the lockdowns in China crimping the already tight supply chain.

Despite the external factors, the industrial leasing market is expected to remain stable with tight supply pipeline and strong demand.¹¹ Limited logistics supply could see some demand gravitating towards the general industrial segment as third-party logistics providers and end-users are actively seeking prime space to meet stronger consumer demand and to ramp up production. Leasing challenges in the business park segment are also expected to ease slightly as work-from-home measures have relaxed and people are gradually returning to the workplaces.

Looking Ahead

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, "While we are encouraged by the steady recovery from the pandemic, the global energy crisis is raising power costs for utilities and coupled with the rising inflation, have increased our utilities and maintenance expenses. Nonetheless, the industrial market is seeing a healthy demand from the logistics and general industrial sectors due to an acute shortage of quality space, and this was reflected in the positive rental reversions recorded for this quarter, continuing the positive trend

⁴ Includes ESR-REIT's 49.0% share of borrowings and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of FRS 116 Leases.

⁵ Excludes ESR-REIT's 49.0% interest in 48 Pandan Road.

⁶ Based on the Economic Survey of Singapore released by Ministry of Trade and Industry ("**MTI**") on 17 February 2022.

⁷ Based on the Economic Survey of Singapore released by MTI on 17 February 2022.

⁸ Information obtained from Economic Development Board.

⁹ Based on monthly PMI figures obtained from the SPIMM institute.

¹⁰ Information obtained from MAS Monetary Policy Statement – April 2022 released on 14 April 2022.

¹¹ Based on 2022 Market Outlook by CBRE Research.

from last quarter. Given the external headwinds, we expect utilities costs to remain high in the near term, impacting net property income. We are keeping a close eye and taking proactive steps to manage these surges in utilities costs and inflationary pressures. For example, we have secured electricity tariff rates with SP Services (which are lower than current pool rates) for tenants who consume large amounts of electricity in their production.

With a larger and more diversified portfolio, ESR-LOGOS REIT (“**E-LOG**”) will look to leverage its Sponsor, ESR Group’s fully integrated development and investment management platform as well as its global tenant network to attract and retain value tenants. We will also identify and improve economies of scale in managing our property expenses. As one of the top 10 S-REITs by free float market capitalisation¹², E-LOG will have better access to competitive sources of capital and enjoy greater funding flexibility.

The enlarged E-LOG portfolio will have enhanced flexibility and ability to drive sustainable DPU and net asset value growth via an increased capacity to undertake larger transactions (both acquisitions and divestments); execute asset enhancement initiatives; and manage development projects to recalibrate its portfolio into becoming the leading Pan-Asian New Economy REIT.”

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¹² Refer to Circular to Unitholders dated 25 February 2022.

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 2021 holds interest in a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 15.3 million square feet and an aggregate property value of S\$3.2 billion¹³. 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. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

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;
- Proactive 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, the ESR Group ("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 APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140.2 billion in total assets under management (AUM), its fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by ESR and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. ESR's purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage sustainably and impactfully and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information is available at www.esr.com.

¹³ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (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 news release 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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