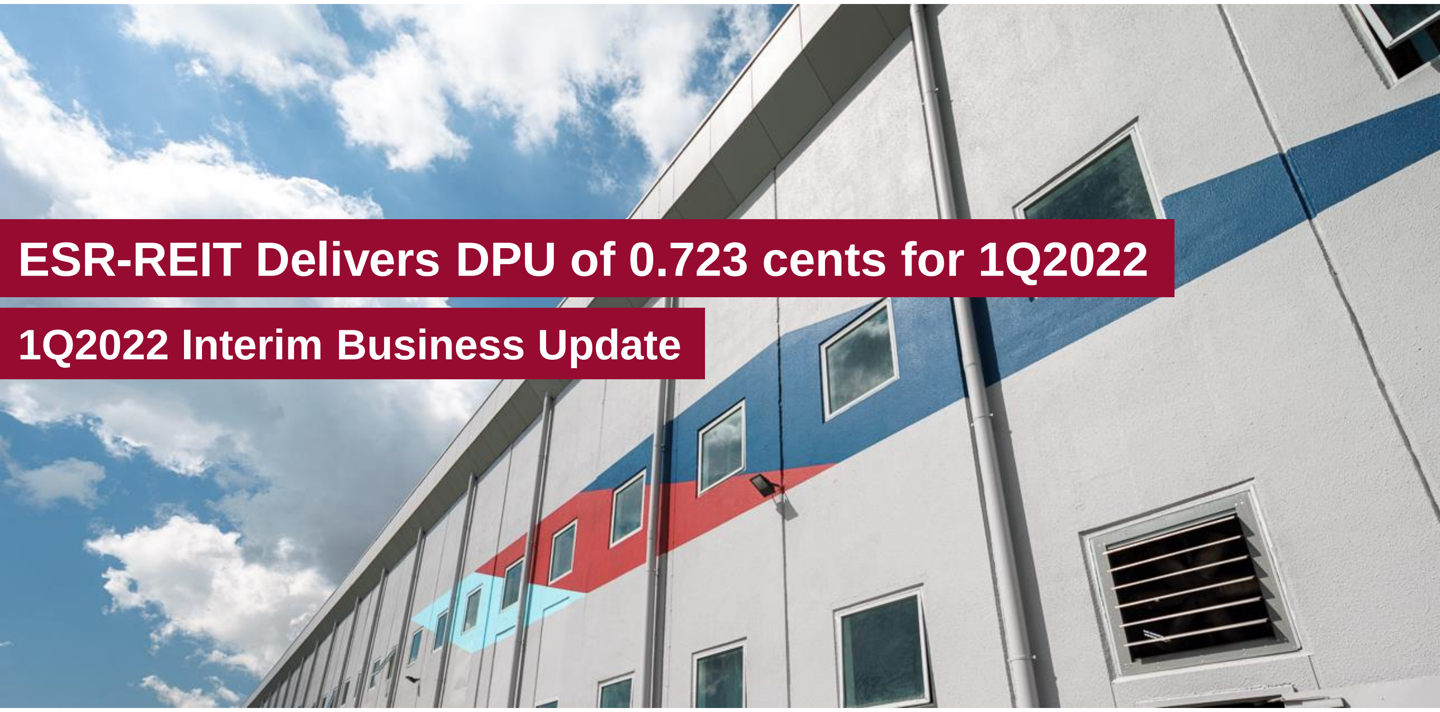
ESR-REIT Delivers DPU of 0.723 cents for 1Q2022

1Q2022 Interim Business Update



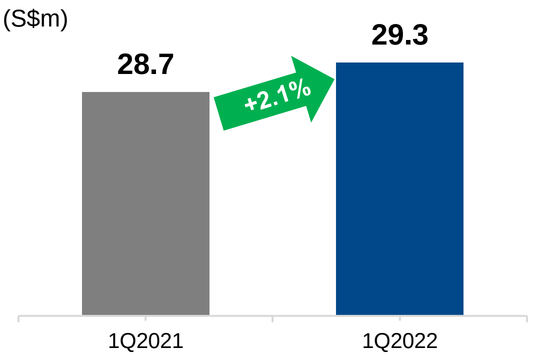
0.723 cents	S$3.3B	S$1.7B(1)	+3.1%
Distribution per Unit	Total Assets	Market Capitalisation	Portfolio Rental Reversion

KEY HIGHLIGHTS

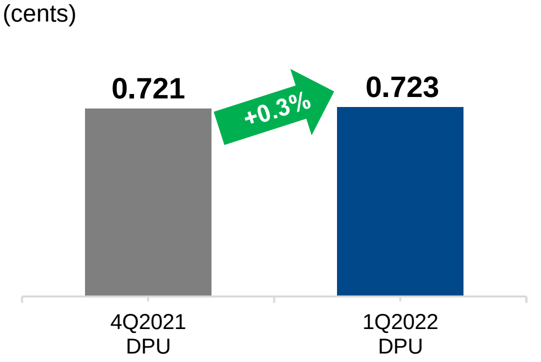
- 1Q2022 Amount Available for Distribution increased 2.1% year-on-year ("y-o-y") to S$29.3 million
- Net Property Income ("NPI") impacted by surges in utilities costs arising from increase in global energy prices and higher electricity demand, which is expected to continue
- 1Q2022 DPU at 0.723 cents, 0.3% higher than 4Q2021 (0.721 cents) and 9.6% lower than 1Q2021 (0.800 cents) primarily due to an enlarged unit base as a result of an equity fund raising
- Positive rental reversion at +3.1% (4Q2021: +3.0%) driven by robust rental reversion in the logistics/warehouse, general industrial and business park sectors
- Portfolio occupancy remains resilient at 91.5%(2)
- Completed the divestments of 28 Senoko Drive and 45 Changi South Avenue 2, two non-core general industrial properties, for S$23.1 million
- Gearing remains healthy at 39.5%, underpinned by robust financial metrics and capital structure
- All-in cost of debt reduced to 3.34% p.a. and the weighted average debt expiry is 2.2 years
- 93.3% of interest rate exposure fixed with weighted average fixed debt expiry of 1.7 years

- The Merger with ARA LOGOS Logistics Trust will be completed on 28 April 2022
- ESR-REIT will comprise S$5.4 billion of total assets and renamed as ESR-LOGOS REIT ("E-LOG")

Amount Available for Distribution Grew 2.1% y-o-y in 1Q2022



Distribution per Unit Increased 0.3% q-o-q for 1Q2022



Notes: (1) Based on closing price of S$0.430 as at 31 March 2022. (2) Excludes properties in the pipeline for divestment and redevelopment.

Financial Updates

Gross Revenue

S$59.6M ▼ -1.2% y-o-y ▼ -1.3% q-o-q

Net Property Income

S$39.5M ▼ -10.4% y-o-y ▼ -7.1% q-o-q

Amount Available for Distribution

S$29.3M ▲ 2.1% y-o-y ▲ 0.4% q-o-q

NAV per Unit

40.1 cents ▼ 1.2% y-o-y ▲ 1.3% q-o-q

- In 1Q2022, Net Property Income fell 10.4% y-o-y, or 7.1% q-o-q to S$39.5 million primarily due to higher property expenses as a result of the surges in utilities costs attributed to the increase in global energy prices and higher electricity demand which is expected to continue
- Amount Available for Distribution for 1Q2022 was up 2.1% y-o-y, or 0.4% q-o-q, to S$29.3 million from lower borrowing costs, contributions from ESR-REIT's 10.0% interest in EALP and a non-recurrent tax-exempt income distribution from Viva Industrial Trust
- NAV per Unit saw an increase of 1.3% q-o-q to 40.1 Singapore cents, boosted by fair value gains from ESR-REIT's 10.0% interest in EALP (1)
- DPU for 1Q2022 was 0.723 Singapore cents, an increase of 0.3% q-o-q from 0.721 Singapore cents in 4Q2021 and 9.6% lower y-o-y from 0.800 Singapore cents in 1Q2021, weighed down by the higher number of Units in issue pursuant to an equity fund raising(2) and higher utilities cost

1Q2022 DPU will be paid together with the clean-up distribution of 0.187 cents for the period from 1 April 2022 to 21 April 2022

Distribution Details

Distribution Period	1 January 2022 – 21 April 2022
Distribution Rate	**0.910 cents per unit, comprising:** ▪ 0.805 cents taxable income per unit ▪ 0.099 cents tax-exempt income per unit ▪ 0.006 cents capital distribution per unit

Distribution Timetable

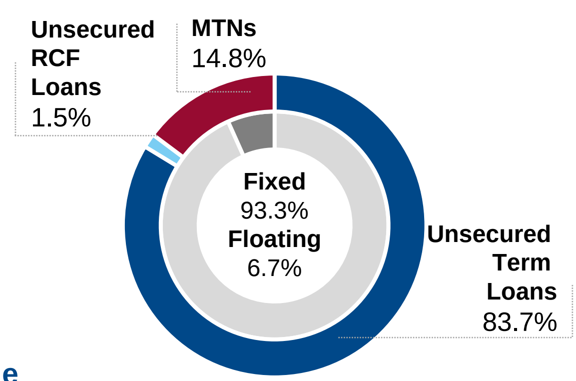
Record Date	21 April 2022
Distribution Payment Date	23 June 2022

Prudent Capital Management

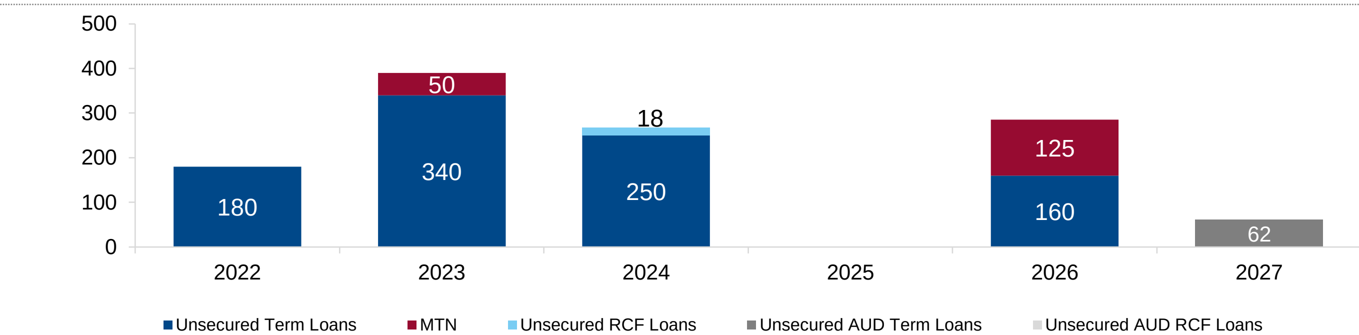
- All-In Cost of Debt at 3.34% p.a., a reduction from 3.52% p.a in 1Q2021
- Weighted Average Debt Expiry as at 31 Mar 2022 was 2.2 years
- Debt to Total Assets (Gearing)(3) at 39.5%
- 93.3% of debt on fixed interest rates with Weighted Average Fixed Debt Expiry of 1.7 years
- MAS ICR(4) and MAS Adjusted ICR(5) at 3.5x and 3.0x respectively
- Portfolio remains 100% unencumbered(6)
- Committed undrawn revolving credit facilities of S$250.1 million

Breakdown of Debt

Total Debt of S$1,184.6m



Debt Maturity Profile



	2022	2023	2024	2025	2026	2027
% of Debt Expiring	15.2	32.9	22.6	0	24.1	5.2

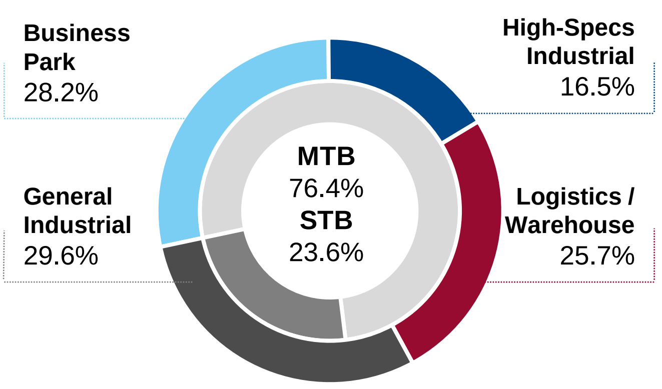
Notes: (1) In September 2021, EALP was revalued from S$66.5 million to S$80.9 million. (2) Higher applicable number of units was mainly due to the equity fund raising comprising a private placement of 268.8 million new ESR-REIT Units and a preferential offering of 124.1 million new ESR-REIT Units which were completed on 18 May 2021 and 26 August 2021, respectively. (3) Includes ESR-REIT's 49% share of the borrowings and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases*. (4) Interest expense includes amortisation of debt-related transaction costs but excludes finance costs on lease liabilities under FRS 116. (5) Interest expense includes amortisation of debt-related transaction costs and distributions on perpetual securities but excludes finance costs on lease liabilities under FRS 116. (6) Excludes ESR-REIT's 49% interest in 48 Pandan Road.

Operational Updates

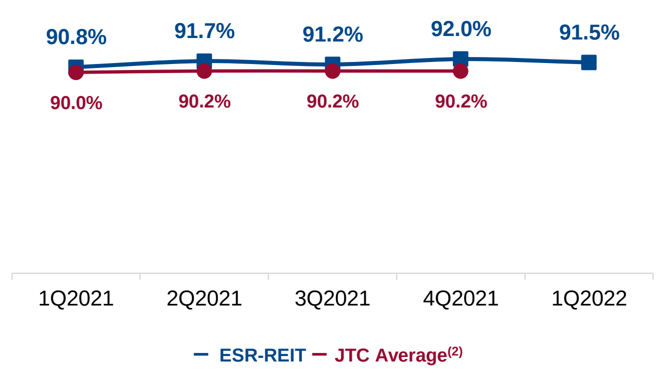
- Portfolio rental reversion recorded an increase of 3.1% as at 1Q2022, driven by robust positive rental reversions from the logistics/warehouse, general industrial and business park sectors
- Portfolio occupancy rate maintained at 91.5%[(1)], consistently above JTC's average of 90.2%[(2)]
- Portfolio has a weighted average lease expiry of 2.5 years with less than 25% of leases due for renewal in FY2022. Of these expiring leases, about 40% are in the process of renewal.
- Top 10 tenants accounted for 30.6% of ESR-REIT's portfolio rental income. Tenant base is well-diversified with no single tenant accounting for more than 5.3% of portfolio rental income.
- Rental collection remains healthy at approximately 99% of total receivables

91.5%[(1)]	75.6%	2.5 years	+3.1%
Portfolio Occupancy	1Q2022 Tenant Retention	Weighted Average Lease Expiry	Portfolio Rental Reversion

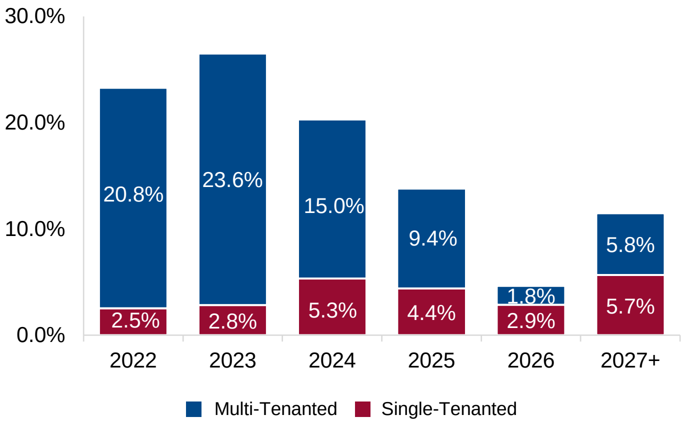
Asset Class (by Rental Income)



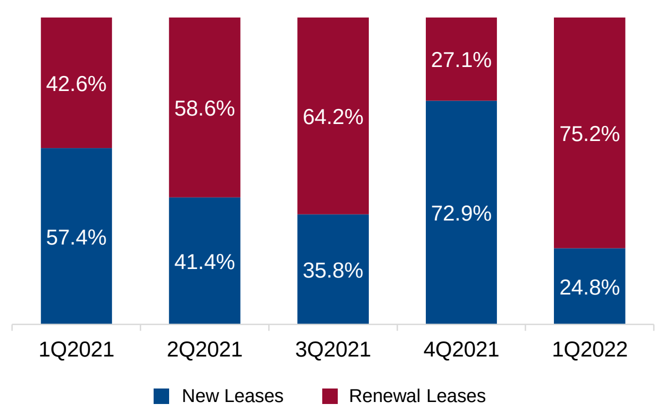
Stabilised Occupancy, Consistently above JTC



WALE (by Rental Income)



Leases Committed by Type



1Q2022 Leasing Updates

- In 1Q2022, we leased total area of 305,613 sqft by renewing 229,777 sqft of space and securing 75,836 sqft of new leases across 30 leasing transactions. 1Q2022 tenant retention rate was 75.6%.
- Major leases secured in this quarter include Sika (Singapore) Pte Ltd (~48,000 sqft) and Ecoplas Manufacturing Pte. Ltd. (~19,000 sqft) at 8 Tuas South Lane and a logistics company (~100,483 sqft) at 24 Jurong Port Road.
- Strong leasing interest received from third-party logistics providers and end-users with new demand from chip manufacturers and electronics companies looking to expand amidst the global supply chain disruptions.

Notes:
1. Excludes properties in the pipeline for divestment and redevelopment.
2. Based on 4Q2021 data from JTC.

Portfolio Updates

- Completed the divestments of 28 Senoko Drive and 45 Changi South Avenue 2 for S$23.1 million on 14 January 2022 and 14 March 2022, respectively
- Announced a build-to-suit redevelopment at 21B Senoko Loop for NTS Components Singapore Pte Ltd at an estimated redevelopment cost of S$38.5 million.
  - ✓ Redevelopment will be executed in two phases to convert 21B Senoko Loop from a general industrial building to a high-specifications industrial asset
  - ✓ Phase one expected to be completed in the first half of 2023 and phase two to follow about ten months after

Looking Ahead

Singapore Economy

- Based on the latest figures by MTI, Singapore's economy expanded by 7.6% in 2021.[1] Singapore's economy grew by 6.1% on a y-o-y basis in 4Q2021, moderating from the 7.5% growth recorded in the preceding quarter[1]
  - ✓ MTI expects Singapore's GDP to grow by 3.0% to 5.0% in 2022[1]
- Singapore's Purchasing Managers' Index recorded a marginal decrease of 0.1 point from the previous month to 50.1 in March 2022[2]
- Manufacturing output increased 3.4% y-o-y in March 2022 with transport engineering, electronics, general manufacturing, biomedical engineering and chemicals clusters recording output growth[3]
- Latest non-oil domestic export figures eased to the slowest in six months at 9.5% y-o-y, headwinds from the ongoing Russian-Ukraine war and China's localised lockdowns[3]
- According to MTI, manufacturers' utilities costs went up in 2021, and energy costs for businesses will likely keep climbing in 2022. Utilities expenses contributed a 0.9-point increase to the manufacturing unit business cost in 2021[1]
- MAS has also tightened its monetary policy for the third time in response to rising inflation, with core inflation projected at 2.5% to 3.5% this year[4]

Industrial Property Market

- Rental and price index of industrial space in 4Q2021 remain steady, unchanged from last quarter[5]
  - ✓ Price and rental increased by 1.4% and 0.2% respectively as compared to the previous quarter[5]
- Overall industrial vacancy rate tightened to 9.9% in 2021, a six-year low. Overall industrial rent has continued to increase by 2.0% in 2021, the strongest growth in annual rents since 2013[5]
- Industrial leasing market is expected to see a tight supply pipeline and strong demand in 2022, supported by economic growth and e-commerce expansion[6]
- With the limited supply of Grade 'A' offices in Singapore, some demand could gravitate towards city-fringe business parks and high-tech spaces, where tech companies are eligible tenants[7]
- Third-party logistics providers and end-users are actively seeking prime logistics space to meet stronger consumer demand and ramp up of manufacturing production amidst Singapore's re-opening of economic activities and global shortage of semiconductor chips. Limited logistics space supply may see more tenants seeking space in the general industrial segment[7]

Notes:
1. Based on the Economic Survey of Singapore released by Ministry of Trade and Industry on 17 February 2022.
2. Based on monthly PMI figures obtained from the SPIMM Institute.
3. Information obtained from Economic Development Board.
4. Information obtained from MAS Monetary Policy Statement – April 2022 released on 14 April 2022.
5. Based on JTC 4Q2021 Industrial Property Market Statistics.
6. Based on by Industrial Marketbeat Report by Cushman & Wakefield.
7. Based on 2022 Market Outlook by CBRE Research.

Outlook

- 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
- Leasing challenges in Business Park segment expected to ease slightly as work-from-home measures have relaxed and people are gradually returning to the workplaces
- 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 utilities and maintenance expenses
- Given the external headwinds, the Manager expects utilities costs to remain high in the near term, impacting net property income. The Manager has taken proactive steps to manage these surges in utilities costs and inflationary pressures. For example, the Manager has 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
- The Manager is managing the overall interest costs by undertaking various measures to reduce the all-in cost of debt on the back of a much larger and more diversified E-LOG
- With a larger and more diversified portfolio, E-LOG can leverage its Sponsor, ESR Group's fully integrated development and investment management platform and global tenant network to attract and retain value tenants. The Manager will also identify and improve economies of scale in managing its property expenses. As one of the top 10 S-REITs by free float market capitalisation, 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 NAV 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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