



FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2017

The Directors of ESR Funds Management (S) Limited (“ESR-FM”) (formerly known as Cambridge Industrial Trust Management Limited), as manager (“Manager”) of ESR-REIT (formerly known as Cambridge Industrial Trust) are pleased to announce the unaudited results of ESR-REIT and its subsidiaries (the “Group”) for the third quarter ended 30 September 2017.

ESR-REIT is a Singapore-based real estate investment trust constituted by the Trust Deed entered into on 31 March 2006 between ESR-FM as the Manager of ESR-REIT and RBC Investor Services Singapore Limited as the Trustee of ESR-REIT, as amended and restated. ESR-REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 July 2006.

Following the change in the controlling shareholders of the manager of Cambridge Industrial Trust, Cambridge Industrial Trust Management Limited, to e-Shang Infinity Cayman Limited, a subsidiary of e-Shang Redwood Limited, in January 2017, the names of Cambridge Industrial Trust and its manager were renamed as ESR-REIT and ESR-FM respectively on 23 June 2017.

On 21 September 2017, the industrial property at 3 Tuas South Avenue 4 was transferred from Cambridge SPV1 LLP (“Cambridge LLP”) to ESR-REIT to streamline the manner in which the property is held. Cambridge LLP will be struck off subsequent to the property transfer to simplify the group structure.

ESR-REIT’s distribution policy is to distribute at least 90% of its annual distributable income, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager’s discretion.

As at 30 September 2017, the Group has a diversified portfolio of 48 properties located across Singapore with a diversified tenant base of over 200 tenants across the following sectors: logistics/warehouse, hi-specs industrial, light industrial, general industrial and business park. The portfolio has a carrying value of approximately S\$1.34 billion and a total gross floor area of approximately 8.2 million square feet.

The Group’s results include the consolidation of its wholly-owned subsidiaries, ESR-MTN Pte. Ltd. (“ESR-MTN”), Cambridge LLP and Cambridge SPV2 Pte. Ltd. (“Cambridge SPV2”). The commentaries below are based on Group results unless otherwise stated.

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Summary of Group's Results

	3Q2017	3Q2016	Inc/ (Dec)	YTD 3Q2017	YTD 3Q2016	Inc/ (Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	27,111	27,644	(1.9)	82,523	84,304	(2.1)
Net property income	19,606	19,916	(1.6)	58,519	62,574	(6.5)
Amount available for distribution	12,623	12,887	(2.0)	38,194	41,472	(7.9)
Distribution per unit ("DPU") (cents)	0.964	0.987	(2.3)	2.924	3.177	(8.0)

Distribution and Book Closure Date Details

Distribution period	1 July 2017 to 30 September 2017
Distribution rate	0.964 cents per unit
Books closure date	26 October 2017
Payment date	24 November 2017

The Manager has determined that the distribution reinvestment plan ("DRP") **will apply** to the distribution for the period from 1 July 2017 to 30 September 2017. The pricing of the DRP units issued will be based on the market price less a discount of 2%, to be announced by the Manager on 27 October 2017.

1(a) Statements of Total Return together with comparative statements for the corresponding period of the immediate preceding financial year

Statements of Total Return

Note	Group			Trust		
	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %
Gross revenue	27,111	27,644	(1.9)	26,490	26,973	(1.8)
Property manager's fees	(1,249)	(1,271)	(1.7)	(1,229)	(1,253)	(1.9)
Property tax	(1,760)	(1,787)	(1.5)	(1,760)	(1,787)	(1.5)
Land rental	(2,220)	(2,228)	(0.4)	(2,220)	(2,228)	(0.4)
Other property expenses	(2,276)	(2,442)	(6.8)	(2,275)	(2,428)	(6.3)
Property expenses	(7,505)	(7,728)	(2.9)	(7,484)	(7,696)	(2.8)
Net property income	19,606	19,916	(1.6)	19,006	19,277	(1.4)
Management fees	(1,716)	(1,776)	(3.4)	(1,716)	(1,776)	(3.4)
Trust expenses	(593)	(471)	25.9	(586)	(466)	25.8
Interest income	11	10	10.0	11	10	10.0
Borrowing costs	(5,094)	(5,467)	(6.8)	(5,094)	(5,461)	(6.7)
Non-property expenses	(7,392)	(7,704)	(4.0)	(7,385)	(7,693)	(4.0)
Net income before distributable income from subsidiary	12,214	12,212	0.0	11,621	11,584	0.3
Distributable income from subsidiary	-	-	-	430	434	(0.9)
Net income after distributable income from subsidiary	12,214	12,212	0.0	12,051	12,018	0.3
(Loss)/Gain on disposal of investment properties	(66)	698	(109.5)	(66)	698	(109.5)
Total return for the period before income tax and distribution	12,148	12,910	(5.9)	11,985	12,716	(5.7)
Less: Income tax expense*	-	-	-	-	-	-
Total return for the period after income tax before distribution	12,148	12,910	(5.9)	11,985	12,716	(5.7)

*Amounts less than S\$1,000

Distribution Statements

Note	Group			Trust		
	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %
Total return for the period after income tax before distribution	12,148	12,910	(5.9)	11,985	12,716	(5.7)
Net effect of non-tax deductible/(taxable) items	475	(23)	n.m	638	171	273.1
Net income available for distribution for the period	12,623	12,887	(2.0)	12,623	12,887	(2.0)
Distribution per unit (cents):						
For the period	0.964	0.987	(2.3)	0.964	0.987	(2.3)
Annualised	3.856	3.948	(2.3)	3.856	3.948	(2.3)

Notes:

- (a) ESR-REIT registered gross revenue of S\$27.1 million and net property income of S\$19.6 million for 3Q2017, representing 1.9% and 1.6% decrease respectively on the corresponding quarter last year.

The lower net property income in 3Q2017 was mainly driven by the following:

- loss of revenue during the transition phase of the properties moving from single-tenanted to multi-tenanted;
- increase in property operating expenses (property tax, land rental, maintenance costs and other property expenses) as a result of the above conversions;
- higher maintenance costs; and
- property divestments.

- (b) The Manager has elected to receive its management fee wholly in cash for 3Q2017. Management fee decreased in 3Q2017 due to lower assets under management.

- (c) Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. Trust expenses for 3Q2017 were higher mainly due to legal and professional fees in connection with projects which did not materialise.

- (d) Borrowing costs, which comprised loan interest expense and amortised loan transaction costs of establishing debt facilities, were lower in 3Q2017 due to lower borrowings and lower transaction costs.

Please refer to 1(b)(ii) for more details on borrowings.

- (e) 3Q2017 refers to the costs of disposing of the property at 55 Ubi Avenue 3 in 3Q2017 after taking into account the gain on sale.
- (f) Non-tax deductible/(taxable) items (distribution adjustments)

	Group		Trust	
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
<u>Non-tax deductible/(taxable) items and other adjustments:</u>				
Trustee's fees	94	97	94	97
Transaction costs relating to debt facilities	394	713	394	708
Professional fees	165	166	165	154
Straight line rent and lease incentives	(404)	(470)	(240)	(258)
Miscellaneous expenses	160	169	159	168
	409	675	572	869
<u>Income not subject to tax:</u>				
Loss/(Gain) on disposal of investment properties	66	(698)	66	(698)
Net effect of non-tax deductible/(taxable) items	475	(23)	638	171

- (g) The total distributable amount of S\$12.6 million, based on 1,308.3 million units which were entitled to the distribution for the quarter, translates to a DPU of 0.964 cents for 3Q2017 which is 2.3% below 3Q2016 DPU.

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Statements of Total Return (YTD 3Q2017 vs YTD 3Q2016)

Note	Group			Trust		
	YTD		Inc/ (Dec) %	YTD		Inc/ (Dec) %
	3Q2017 S\$'000	3Q2016 S\$'000		3Q2017 S\$'000	3Q2016 S\$'000	
Gross revenue	82,523	84,304	(2.1)	80,580	82,316	(2.1)
Property manager's fees	(4,276)	(3,863)	10.7	(4,220)	(3,810)	10.8
Property tax	(5,077)	(5,092)	(0.3)	(5,077)	(5,092)	(0.3)
Land rental	(6,620)	(6,367)	4.0	(6,620)	(6,367)	4.0
Other property expenses	(8,031)	(6,408)	25.3	(8,026)	(6,386)	25.7
Property expenses	(24,004)	(21,730)	10.5	(23,943)	(21,655)	10.6
Net property income	58,519	62,574	(6.5)	56,637	60,661	(6.6)
Management fees	(5,077)	(5,311)	(4.4)	(5,077)	(5,311)	(4.4)
Trust expenses	(1,410)	(1,415)	(0.4)	(1,389)	(1,385)	0.3
Interest income	34	29	17.2	34	29	17.2
Borrowing costs	(15,172)	(16,006)	(5.2)	(15,172)	(16,001)	(5.2)
Non-property expenses	(21,625)	(22,703)	(4.7)	(21,604)	(22,668)	(4.7)
Net income before distributable income from subsidiary	36,894	39,871	(7.5)	35,033	37,993	(7.8)
Distributable income from subsidiary	-	-	-	1,353	1,297	4.3
Net income after distributable income from subsidiary	36,894	39,871	(7.5)	36,386	39,290	(7.4)
(Loss)/Gain on disposal of investment properties	(66)	698	(109.5)	(66)	698	(109.5)
Change in fair value of financial derivatives	-	(493)	(100.0)	-	(493)	(100.0)
Change in fair value of investment properties	(386)	(838)	(53.9)	(40)	(442)	(91.0)
Total return for the period before income tax and distribution	36,442	39,238	(7.1)	36,280	39,053	(7.1)
Less: Income tax expense*	-	-	-	-	-	-
Total return for the period after income tax before distribution	36,442	39,238	(7.1)	36,280	39,053	(7.1)

*Amounts less than S\$1,000

Distribution Statements

Note	Group			Trust		
	3Q2017 S\$'000	3Q2016 S\$'000	(Dec) %	3Q2017 S\$'000	3Q2016 S\$'000	(Dec) %
Total return for the period after income tax before distribution	36,442	39,238	(7.1)	36,280	39,053	(7.1)
Net effect of non-tax deductible items	1,752	2,234	(21.6)	1,914	2,419	(20.9)
Net income available for distribution for the period	38,194	41,472	(7.9)	38,194	41,472	(7.9)
Distribution per unit (cents):						
For the period	2.924	3.177	(8.0)	2.924	3.177	(8.0)
Annualised	3.899	4.236	(8.0)	3.899	4.236	(8.0)

Notes:

- (a) ESR-REIT registered gross revenue of S\$82.5 million and net property income of S\$58.5 million for YTD3Q2017, representing 2.1% and 6.5% decrease respectively on the corresponding YTD3Q2016.

The lower net property income in YTD3Q2017 was mainly driven by the following:

- loss of revenue during the transition phase of the properties moving from single-tenanted to multi-tenanted;
- increase in property operating expenses (property tax, land rental, maintenance costs and other property expenses) as a result of the above conversions;
- higher maintenance costs;
- property divestments; and
- one-off accrual of costs related to the fire at 30 Toh Guan Road.

- (b) The Manager has elected to receive its management fee wholly in cash for YTD3Q2017. Management fee decreased due to lower assets under management.

- (c) Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. Trust expenses for YTD3Q2017 were lower mainly due to lower statutory and consultancy fees than YTD3Q2016.

- (d) Borrowing costs, which comprised loan interest expense and amortised loan transaction costs of establishing debt facilities, were lower in YTD3Q2017 due to lower borrowings and lower transaction costs.

Please refer to 1(b)(ii) for more details on borrowings.

- (e) 3Q2017 refers to the costs of disposing the property at 55 Ubi Avenue 3 in 3Q2017 after taking into account the gain on sale.
- (f) Relates to the change in fair value of interest rate swaps which were unwound in 2Q2016.
- (g) Relates to the adjustment for straight line rent. It is non-tax deductible and has no impact on the net income available for distribution.
- (h) Non-tax deductible items (distribution adjustments)

	Group		Trust	
	YTD			
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
<u>Non-tax deductible/(taxable) items and other adjustments:</u>				
Trustee's fees	278	289	278	288
Transaction costs relating to debt facilities	1,178	1,865	1,178	1,860
Change in fair value of investment properties	386	838	40	442
Change in fair value of financial derivatives	-	493	-	493
Professional fees	208	234	208	222
Straight line rent and lease incentives	(837)	(1,308)	(327)	(700)
Miscellaneous expenses	473	521	471	512
	1,686	2,932	1,848	3,117
<u>Income not subject to tax:</u>				
Loss/(Gain) on disposal of investment properties	66	(698)	66	(698)
Net effect of non-tax deductible items	1,752	2,234	1,914	2,419

- (i) The total distributable amount of S\$38.2 million, based on 1,308.3 million units which were entitled to the distribution for YTD3Q2017, translates to a DPU of 2.924 cents for YTD3Q2017 which is 8.0% below the DPU in YTD3Q2016.

1(b)(i) Statements of Financial Position, together with comparatives as at the end of the immediately preceding financial year

Note	Group		Trust	
	30-09-17 S\$'000	31-12-16 S\$'000	30-09-17 S\$'000	31-12-16 S\$'000
Assets				
Non-current assets				
Investment properties	(a) 1,302,491	1,332,000	1,302,491	1,292,000
Investments in subsidiaries	(b) -	-	25,206	25,206
	1,302,491	1,332,000	1,327,697	1,317,206
Current assets				
Investment properties held for divestment	(a) 34,603	22,000	34,603	22,000
Trade and other receivables	(c) 9,175	9,278	9,654	9,867
Cash and cash equivalents	2,751	3,699	2,003	2,517
	46,529	34,977	46,260	34,384
Total assets	1,349,020	1,366,977	1,373,957	1,351,590
Liabilities				
Current liabilities				
Trade and other payables	(d) 22,728	21,464	22,657	21,384
	22,728	21,464	22,657	21,384
Non-current liabilities				
Trade and other payables	(d) 6,433	8,894	6,433	8,664
Amount due to a subsidiary	(e) -	-	40,247	-
Interest-bearing borrowings	(f) 492,806	509,590	492,806	509,590
	499,239	518,484	539,486	518,254
Total liabilities	521,967	539,948	562,143	539,638
Net assets	827,053	827,029	811,814	811,952
Represented by:				
Unitholders' funds	827,053	827,029	811,814	811,952

Notes:

- (a) The total carrying values of investment properties and investment properties held for divestment were S\$1,337.1 million as at 30 September 2017. The net decrease was mainly attributable to property divestment net of capital expenditure (“capex”) and asset enhancement initiatives of S\$5.1 million during YTD3Q2017.

As at 30 September 2017, two investment properties were classified as investment properties held for divestment. This classification is required by *FRS 105 – Non-current Assets held for Sale and Discontinued Operations* as the divestments are planned within the next 12 months from the reporting date.

- (b) At the Trust level, the cost of investment in wholly-owned subsidiaries comprises Cambridge LLP, ESR-MTN and Cambridge SPV2, which are eliminated at the consolidated level.
- (c) Trade and other receivables decreased by S\$0.1 million mainly due to lower rent receivables and amortisation of deferred marketing service fees.
- (d) Trade and other payables decreased by S\$1.2 million mainly due to the payment of fees and capex.
- (e) This refers to the amount due to Cambridge LLP in connection with the transfer of a property at 3 Tuas South Avenue 4 in 3Q2017.
- (f) Borrowings are stated net of unamortised transaction costs. The decrease in the interest-bearing borrowings as at 30 September 2017 resulted from the repayment of revolving credit facilities.

1(b)(ii) Aggregate amount of borrowings

Note	Group and Trust	
	30-09-17 S\$'000	31-12-16 S\$'000
Unsecured borrowings		
Amount payable after one year	495,000	512,500
Less: Unamortised loan transaction costs	(2,194)	(2,910)
Total unsecured borrowings	492,806	509,590
Total borrowings	492,806	509,590

Details of borrowings and collateral:

(a) Unsecured borrowings

The unsecured borrowings of the Group comprise:

- (i) the following notes issued under its S\$750 million Multicurrency Debt Issuance Programme:
- S\$30 million six-year Singapore Dollar MTN in series 002 (the "Series 002 Notes") issued in April 2014 and maturing in April 2020. The Series 002 Notes have a fixed interest rate of 4.10% per annum payable semi-annually in arrears;
 - S\$155 million four-year Singapore Dollar MTN in series 003 comprising Tranche 1 S\$100 million Notes issued in November 2014 and Tranche 2 S\$55 million Notes issued in January 2015 respectively. These notes tranches, which were issued and consolidated to form a single series (the "Series 003 Notes"), have a fixed interest rate of 3.50% per annum payable semi-annually in arrears and mature in November 2018;
 - S\$130 million five-year Singapore Dollar MTN in series 004 (the "Series 004 Notes") issued in May 2015 and maturing in May 2020. The Series 004 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears; and
 - S\$50 million seven-year Singapore Dollar MTN in series 005 (the "Series 005 Notes") issued in May 2016 and maturing in May 2023. The Series 005 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears.

(ii) 4-year unsecured loan facility maturing in June 2019 (“TLF1”) consisting of:

- Facility A: S\$100 million term loan facility at a fixed interest rate of 3.60% per annum for 3.5 years from the date of loan drawn down; and
- Facility B: S\$50 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$105.0 million was drawn down on the TLF1 as at 30 September 2017.

(iii) 4.75-year unsecured loan facility maturing in June 2021 (“TLF2”) consisting of:

- Facility A: S\$25 million term loan facility at an interest rate of margin plus swap offer rate, for 4.75 years from the date of loan drawn down; and
- Facility B: S\$75 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$25.0 million was draw down on TLF2 as at 30 September 2017.

(c) Unencumbered investment properties

As at 30 September 2017, the Group has 48 unencumbered investment properties with a combined carrying value of approximately S\$1.34 billion, representing 100% of the investment properties by value.

1 (c) Statements of Cash Flows

Note	Group			
	3Q2017 S\$'000	3Q2016 S\$'000	YTD 3Q2017 S\$'000	YTD 3Q2016 S\$'000
Cash flows from operating activities				
Total return for the period before income tax and distribution	12,148	12,910	36,442	39,238
Adjustments for:				
Interest income	(11)	(10)	(34)	(29)
Borrowing costs	5,094	5,467	15,172	16,006
Loss/(Gain) on disposal of investment properties	66	(698)	66	(698)
Change in fair value of investment properties	-	-	386	838
Change in fair value of financial derivatives	-	-	-	493
Operating income before working capital changes	17,297	17,669	52,032	55,848
Changes in working capital				
Trade and other receivables	(1,566)	277	(284)	(1,539)
Trade and other payables	57	(187)	(633)	(3,006)
Income tax paid	-	(54)	-	(54)
Net cash generated from operating activities	15,788	17,705	51,115	51,249
Cash flows from investing activities				
Capital expenditure on investment properties	(2,436)	(893)	(9,107)	(4,358)
Proceeds from disposal of investment properties	22,138	16,500	22,138	16,500
Payment for divestment costs	(154)	(102)	(154)	(102)
Interest received	11	10	34	29
Net cash from investing activities	19,559	15,515	12,911	12,069
Cash flows from financing activities				
Equity issue costs paid	(72)	-	(72)	(145)
Proceeds from borrowings	-	61,000	17,000	111,000
Borrowing costs paid	(1,468)	(2,444)	(11,056)	(12,549)
Repayment of borrowings	(24,500)	(72,000)	(34,500)	(113,500)
Distributions paid to Unitholders	(10,257)	(14,062)	(36,346)	(40,060)
Net cash used in financing activities	(36,297)	(27,506)	(64,974)	(55,254)
Net (decrease)/increase in cash and cash equivalents	(950)	5,714	(948)	8,064
Cash and cash equivalents at beginning of the period	3,701	5,006	3,699	2,656
Cash and cash equivalents at end of the period	2,751	10,720	2,751	10,720

Note:

(a) Non cash transactions

The Group issued 3,873,670 units in ESR-REIT amounting to approximately S\$2.2 million (net of withholding tax) in 3Q2017 as part payment of the distribution for 2Q2017, pursuant to the DRP.

1(d)(i) Statements of Movements in Unitholders' funds (3Q2017 vs 3Q2016)

	Group		Trust	
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
Balance at beginning of period	825,234	873,208	810,158	859,809
Operations				
Total return for the period after income tax before distribution	12,148	12,910	11,985	12,716
Net increase in net assets resulting from operations	12,148	12,910	11,985	12,716
Unitholders' transactions				
Issuance of units pursuant to:				
- Distribution Reinvestment Plan	2,213	-	2,213	-
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(72)	-	(72)	-
Distributions to Unitholders	(12,470)	(14,062)	(12,470)	(14,062)
Net decrease in net assets resulting from Unitholders' transactions	(10,329)	(14,062)	(10,329)	(14,062)
Balance at end of period	827,053	872,056	811,814	858,463

Statements of Movements in Unitholders' funds (YTD 3Q2017 vs YTD3Q2016)

	Group		Trust	
	YTD			
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
Balance at beginning of period	827,029	872,911	811,952	859,503
Operations				
Total return for the period after income tax before distribution	36,442	39,238	36,280	39,053
Net increase in net assets resulting from operations	36,442	39,238	36,280	39,053
Unitholders' transactions				
Issuance of units pursuant to:				
- Distribution Reinvestment Plan	2,213	3,288	2,213	3,288
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(72)	(33)	(72)	(33)
Distributions to Unitholders	(38,559)	(43,348)	(38,559)	(43,348)
Net decrease in net assets resulting from Unitholders' transactions	(36,418)	(40,093)	(36,418)	(40,093)
Balance at end of the period	827,053	872,056	811,814	858,463

1(d)(ii) Details of any changes in the units

	Trust			
	3Q2017 Units	3Q2016 Units	YTD 3Q2017 Units	YTD 3Q2016 Units
Issued units at the beginning of period	1,304,434,416	1,304,434,416	1,304,434,416	1,297,775,187
Issue of new units pursuant to:				
- Distribution Reinvestment Plan	3,873,670	-	3,873,670	6,659,229
Total issued units at the end of the period	1,308,308,086	1,304,434,416	1,308,308,086	1,304,434,416

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

The total number of issued units, excluding treasury units, as at the end of the current and the preceding financial periods are disclosed in 1(d)(ii). There were no treasury units acquired since the date of listing of ESR-REIT on 25 July 2006.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above.

6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period

	Note	Group			
		3Q2017	3Q2016	YTD 3Q2017	YTD 3Q2016
EPU					
Total return after income tax before distribution for the period (S\$'000)		12,148	12,910	36,442	39,238
Weighted average number of units ('000)		1,305,740	1,304,434	1,304,874	1,303,000
Basic and diluted EPU (cents)	(a)	0.930	0.990	2.793	3.011
DPU					
Total amount available for distribution for the period (S\$'000)		12,623	12,887	38,194	41,472
Applicable number of units for calculation of DPU ('000)		1,308,308	1,304,434	1,304,874	1,304,434
DPU (cents)	(b)	0.964	0.987	2.924	3.177

Note:

- (a) The basic EPU was calculated using total return after income tax before distribution for the period, which included loss on disposal of an investment property and the weighted average number of units in issue during the period.

The basic and diluted EPU were the same as there were no dilutive instruments in issue during the period.

- (b) DPU was calculated using the total amount available for distribution and the number of units entitled to distribution during the period.

7 Net asset value (“NAV”) per unit based on units issued at the end of the period

	Note	Group		Trust	
		30-09-17	31-12-16	30-09-17	31-12-16
NAV (cents)	(a)	63.2	63.4	62.0	62.2

Note:

- (a) NAV per unit was calculated based on the number of units issued and issuable as at the end of the respective periods. The decrease was due to dilution from units issued in 3Q2017 as part payment of the distribution pursuant to the DRP for 2Q2017.

8 Review of the performance

The review of the performance is found in Section 1(a) – Statements of Total Return and Distribution Statement and Section 1(b)(i) – Statement of Financial Position.

9 Review of the performance against Forecast/Prospect Statement

The Group has not disclosed any forecast to the market.

10. Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 4.6% on a year-on-year basis in 3Q2017, higher than the 2.9% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualized basis, the economy expanded by 6.3%, an improvement from the 2.4% growth in the 2Q2017.

Singapore’s Purchasing Managers’ Index (“PMI”) for September 2017 posted a reading of 52.0, a slight increase from the 51.8 reading in the preceding month. This was attributed to faster rate of expansion in factory output, new orders and new exports. The electronics sector gained 0.4 points from August to post a reading of 53.6 – its 14th straight month of expansion and highest level since July 2010. Furthermore, the manufacturing sector has grown 11.2% in the first 8 months of the year, the highest since April 2011. The above readings indicate robust performance from a rise in manufacturing employment deriving from expansion of factory activity arising from the growth of the electronic sector.

The overall industrial property market is showing some signs of improvement but remains soft despite the improved manufacturing outlook. Global trade uncertainties, rising operating costs and increased supply coming on-stream continued to weigh down on rents and occupancy rates. The Jurong Town Corporation (“JTC”) 2Q 2017 Industrial Property Statistics showed prices and rental of industrial space continued to moderate in tandem with occupancy rates. The overall price and rental indices for the industrial property market fell by 1.6% and 0.8% respectively compared to the previous quarter. With more supply coming on-stream in the coming quarters, this is likely to put downward pressures on the prices and rentals.

During the quarter, we successfully renewed another master lease at 11 Woodlands Walk bringing down the lease expiry concentration for single-tenanted properties from 1.9% to 0.6% for FY2017. There is only one small single tenanted lease left for 2017 which will expire in 4Q2017. In the next 3 years, less than 25% of ESR-REIT’s income represents expiring leases for single tenanted properties. This compares favourably to 5 years ago in 2012, when the same figure was 44%. This allows the Manager to focus its efforts on the expiring leases in its multi-tenanted properties in 2018 where about 18% of the income represents multi-tenanted lease expiries.

Although an increase in enquiry has been noted recently, the Manager expects the leasing market to remain competitive due to high levels of new supply that are not expected to abate until late 2018. Accordingly ESR-REIT’s portfolio performance will continue to be impacted by the prevailing downward pressure on rents resulting in further negative rental reversions. Nevertheless, the Manager will continue to focus on improving asset quality and maintaining occupancy in the current challenging leasing market.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: **Forty-seventh** distribution for the period from 1 July 2017 to 30 September 2017

Distribution Type: Taxable income

Distribution Rate: 0.964 cents per unit

Par value of units: Not meaningful

Tax Rate: Taxable income distribution
The distribution is made out of ESR-REIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

Books closure date: 26 October 2017

Date payable: 24 November 2017

The Manager has determined that the DRP **will apply** to the distribution for the period from 1 July 2017 to 30 September 2017.

The DRP provides the unitholders with an option to receive fully paid units in ESR-REIT in lieu of the cash amount of distribution (including any final or other distribution) which is declared on the units then held by them after the deduction of any applicable income tax. The Unitholders will receive a copy of the Notice of Election for their distribution election. The pricing of the DRP units issued will be based on the market price less a discount of 2%, to be announced by the Manager on 27 October 2017.

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **Forty-third** distribution for the period from 1 July 2016 to 30 September 2016

Distribution Type: Taxable income

Distribution Rate: 0.987 cents per unit

Par value of units: Not meaningful

Tax Rate: Taxable income distribution
The distribution is made out of ESR-REIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

12 If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs , the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained any IPT mandate from the Unitholders.

14 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

15 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

This 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 (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.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board
ESR Funds Management (S) Limited
(as Manager of ESR-REIT)
Company Registration No. 200512804G, Capital Markets Services Licence No. 100132-5

Adrian Chui
Chief Executive Officer
17 October 2017