



FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

The Directors of ESR Funds Management (S) Limited (“ESR-FM”), as manager of ESR-REIT (the “Manager”), are pleased to announce the unaudited financial results of ESR-REIT and its subsidiaries (the “Group”) for the fourth quarter and full year ended 31 December 2019 (“4Q2019”).

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 Trust 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.

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.

On 15 October 2018, ESR-REIT completed its merger with Viva Industrial Trust (“VIT”) comprising Viva Industrial Real Estate Investment Trust and Viva Industrial Business Trust by way of a trust scheme of arrangement (the “Merger”). Under the Merger, ESR-REIT acquired all of VIT’s issued stapled securities for S\$9.60 in cash and 160 new ESR-REIT units in exchange for every 100 VIT stapled securities held by the stapled securityholders of VIT.

Following the completion of the Merger, VIT was delisted from SGX-ST. Viva Industrial Real Estate Investment Trust ceased to be an authorised collective investment scheme and became a sub-trust of ESR-REIT and was renamed as Viva Trust. Viva Industrial Business Trust, which was dormant, was wound up in December 2018.

On 7 August 2019, PTC Logistics Hub LLP (a joint venture between ESR-REIT and Poh Tiong Choon Logistics Limited) completed the acquisition of 48 Pandan Road at a purchase consideration of S\$225.0 million under a sale-and-leaseback arrangement with Poh Tiong Choon Logistics Limited.

As at 31 December 2019, the Group holds interest in a diversified portfolio of 57 properties (including 48 Pandan Road) located across Singapore with a diversified tenant base of 328 tenants across the following sub sectors: business park, high-specs industrial, logistics/warehouse and general industrial. The portfolio has an aggregate carrying value of approximately S\$2.93 billion¹ and a total gross floor area of approximately 15.1 million square feet.

The Group’s financial results include the consolidated results of its subsidiaries and its share of results of the joint venture, PTC Logistics Hub LLP, using the equity method. The commentaries below are based on the Group’s financial results unless otherwise stated.

¹ Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-REIT holds 80% interest, but excludes (i) the valuation of 48 Pandan Road which is held through a joint venture in which ESR-REIT holds 49% interest; and (ii) the effects arising from the adoption of Financial Reporting Standard 116 *Leases* (“FRS 116”) which became effective on 1 January 2019.

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Summary of the Group's Results

	4Q2019 S\$'000	4Q2018 S\$'000	Fav/ (Unfav) %	FY2019 S\$'000	FY2018 S\$'000	Fav/ (Unfav) %
Gross revenue	62,495	58,401	7.0	253,044	156,916	61.3
Net property income	46,183	42,262	9.3	187,930	112,036	67.7
Amount available for distribution	34,703	29,288	18.5	132,566	74,466	78.0
- Taxable income	29,078	27,529	5.6	116,466	67,908	71.5
- Tax exempt income	-	-	-	-	519	n.m.
- Other gains	5,625	1,759	219.8	16,100	6,039	166.6
Distribution per unit ("DPU") (cents)	1.000	1.005	(0.5)	4.011	3.857	4.0

n.m. – not meaningful

Total Distribution for 4Q2019

	Advanced Distribution ⁽¹⁾	Remaining Distribution	Total Distribution
Distribution Period	1 Oct 2019 to 13 Oct 2019 S\$'000	14 Oct 2019 to 31 Dec 2019 S\$'000	4Q2019 S\$'000
Taxable income	4,009	25,069	29,078
Other gains	897	4,728	5,625
Total distribution	4,906	29,797	34,703
Applicable number of units ('000)	3,383,351	3,487,316	3,470,300
DPU (cents)	0.145	0.855	1.000

(1) An Advanced Distribution of 0.145 cents per unit for the period from 1 October 2019 to 13 October 2019 has been paid together with 3Q2019 distribution on 8 November 2019.

Details of the Remaining Distribution for 4Q2019

Distribution period	14 October 2019 to 31 December 2019
Distribution rate	0.855 cents per unit comprising:
	(i) taxable income 0.719 cents per unit
	(ii) other gains 0.136 cents per unit
Books closure date	3 February 2020
Payment date	9 March 2020

The Manager has determined that the distribution reinvestment plan ("DRP") **will apply** to the distribution for the period from 14 October 2019 to 31 December 2019. The price of the DRP units to be issued will be based on the market price less a discount of 2% to be announced by the Manager on 4 February 2020.

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

	Note	Group		
		4Q2019 S\$'000	4Q2018 S\$'000	Fav/ (Unfav) %
Gross revenue	(a)	62,495	58,401	7.0
Property manager's fees	(b)	(2,536)	(2,344)	(8.2)
Property tax		(4,572)	(3,778)	(21.0)
Land rental	(e)	-	(2,126)	n.m.
Other property expenses		(9,204)	(7,891)	(16.6)
Property expenses	(a)	(16,312)	(16,139)	(1.1)
Net property income	(a)	46,183	42,262	9.3
Manager's fees	(b)	(3,841)	(3,664)	(4.8)
Trust expenses	(c)	(592)	(499)	(18.6)
Interest income		4	16	(75.0)
Borrowing costs	(d)	(12,503)	(10,885)	(14.9)
Finance costs on lease liabilities for leasehold land	(e)	(2,724)	-	n.m.
Non-property expenses		(19,656)	(15,032)	(30.8)
Net income		26,527	27,230	(2.6)
Change in fair value of financial derivatives	(f)	(1,618)	(14,773)	89.0
Change in fair value of investment properties	(g)	(91,611)	(1,954)	n.m.
Change in fair value of right-of-use of leasehold land	(e)	528	-	n.m.
Fair value adjustments relating to the Merger	(h)	-	(283,219)	100.0
Share of results of joint venture	(i)	(2,204)	-	n.m.
Total return for the period before income tax and distribution		(68,378)	(272,716)	74.9
Less: Income tax expense		(5)	-	n.m.
Total return for the period after income tax before distribution		(68,383)	(272,716)	74.9
Attributable to:				
Unitholders and perpetual securities holders		(69,353)	(274,151)	74.7
Non-controlling interest		970	1,435	(32.4)
		(68,383)	(272,716)	(74.9)

n.m. – not meaningful

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Distribution Statement

	Note	Group		
		4Q2019 S\$'000	4Q2018 S\$'000	Fav/ (Unfav) %
Total return for the period after income tax before distribution attributable to Unitholders and perpetual securities holders		(69,353)	(274,151)	74.7
Net effect of non-tax deductible/(chargeable) items and other adjustments	(j)	100,170	303,419	(67.0)
		30,817	29,268	5.3
Amount reserved for distribution to perpetual securities holders		(1,739)	(1,739)	-
Net income available for distribution for the period		29,078	27,529	5.6
Distribution from other gains	(k)	5,625	1,759	219.8
Total distribution for the period	(k)	34,703	29,288	18.5
DPU for the period (cents)	(k)	1.000	1.005	(0.5)

n.m. – not meaningful

Notes:

- (a) The Group recorded gross revenue and net property income (“NPI”) of S\$62.5 million and S\$46.2 million respectively in 4Q2019 and these were higher than the corresponding quarter last year by 7.0% and 9.3% respectively.

The growth in revenue and NPI was mainly attributed to (a) the full quarter contributions from Viva Trust’s nine properties and 15 Greenwich, which were acquired 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 lease conversion from single to multi-tenancies for certain properties.

Property expenses increased from S\$16.1 million to S\$16.3 million in 4Q2019, which was 1.1% higher than the corresponding quarter last year. Property expenses increased largely due to the Merger and the acquisition of 15 Greenwich, as well as master lease conversions. The increase was partially offset by effects arising from the adoption of FRS 116 (see note (e) below for more details in relation to FRS 116).

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- (b) Higher management fees for the Manager and the Property Manager in 4Q2019 were due to higher deposited property and higher rental revenue respectively, which are attributable to the Merger and the acquisition of 15 Greenwich. The acquisition of 49% interest in 48 Pandan Road in August 2019 also contributed to higher management fees for the Manager.
- (c) Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. Included in 4Q2019 was a full quarter of Viva Trust's expenses subsequent to the Merger.
- (d) Borrowing costs comprised interest expenses on loans and interest rate swaps, and amortisation of debt related transaction costs. These costs were higher in 4Q2019 due to the full quarter effect of more debts being drawn down in 4Q2018 to fund the acquisition of 15 Greenwich and the costs related to the Merger which included the funding of the cash consideration, the payment of transaction costs and the refinancing of Viva Trust's borrowings.

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

- (e) The Group is required to pay land rent, whether annually or on an upfront land premium basis to JTC and CapitalLand Singapore BP&C for properties in its portfolio. The Group adopted FRS 116 on a modified retrospective basis on 1 January 2019 and did not adjust its comparatives for the effects arising from the adoption of the new standard.

With the adoption of FRS 116, the Group is required to recognise the land leases on the Statement of Financial Position to reflect the right to use the leasehold land and the associated obligation for the lease payments, i.e. lease liabilities. The right-of-use of leasehold land and the corresponding lease liabilities are derived by discounting the future lease payments using the Group's incremental borrowing rate for borrowings of similar amount and tenor, and with similar security.

The lease liabilities increase with the accretion of imputed interest expense computed using the effective interest method and decrease as lease payments are made. Fair value change on the right to use the leasehold land is recorded to ensure that the carrying values of the right-of-use of leasehold land and lease liabilities are equal at all times.

As at 31 December 2019, the Group recognised the right-of-use of leasehold land of S\$227.7 million and lease liabilities of the same amount for its leases previously classified as operating land leases on the Statement of Financial Position. Such right-of-use of leasehold land and lease liabilities for leasehold land are excluded from the computation of gearing ratio as at 31 December 2019, to the extent that the relevant leases were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019. The right-of-use of leasehold land is also excluded from deposited property for the purpose of calculating the Manager's base fee.

In 4Q2019, the Group recognised finance cost on lease liabilities for leasehold land of S\$2.7 million and change in fair value of right-of-use of leasehold land of S\$0.5 million on the Statement of Total Return.

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Prior to the adoption of FRS 116, lease payments made for land rent were presented as land rent expenses in arriving at the net property income on the Statement of Total Return and formed part of the Group's operating cash flows on the Statement of Cash Flows. However, with the adoption of FRS 116, such payments are now reflected as finance cost and fair value change of the right-of-use of leasehold land on the Statement of Total Return and as payments for lease liabilities under financing cash flows on the Statement of Cash Flows.

- (f) The change in fair value of financial derivatives represented the change in fair value of interest rate swaps (with aggregate notional amount of S\$855.0 million), entered into to hedge against interest rate fluctuations on the floating rate borrowings of the Group. This fair value change is recognised on the Statement of Total Return. It is not tax deductible and has no impact on distributable income.
- (g) Independent valuations for the investment properties were undertaken by Savills Valuation and Professional Services (S) Pte Ltd and CBRE Pte. Ltd. in December 2019. These firms are independent valuers with the appropriate professional qualifications and relevant experience in the location and category of the properties being valued.

The change in fair value of investment properties of approximately S\$91.6 million comprised the following:

- fair value loss of S\$91.3 million based on the independent valuations of the investment properties as at 31 December 2019; and
- adjustments for straight-line rent and marketing commission of S\$0.3 million.

This fair value change is recognised on the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (h) Fair value adjustments relating to the Merger of S\$283.2 million represent the write-off of acquisition-related costs and the premium over the fair value of net assets of VIT upon completion of the Merger on 15 October 2018.

This fair value change is recognised on the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (i) Share of results of joint venture relates to the Group's 49% share of the net income of PTC Logistics Hub LLP. The share of loss of the joint venture in 4Q2019 was mainly due to the write-off of the stamp duty incurred by PTC Logistics Hub LLP for the acquisition of 48 Pandan Road.

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(j) Non-tax deductible/(chargeable) items and other adjustments

	Group		
	4Q2019 S\$'000	4Q2018 S\$'000	Fav/ (Unfav) %
<u>Non-tax deductible/(chargeable) items and other adjustments:</u>			
Manager's fees payable in units	1,561	1,832	(14.8)
Property Manager's fees payable in units	743	-	n.m.
Trustee's fees	144	154	(6.5)
Amortisation of transaction costs relating to debt facilities	1,558	1,938	(19.6)
Fair value adjustments relating to the Merger	-	283,219	(100.0)
Change in fair value of investment properties	91,611	2,428	n.m.
Change in fair value of financial derivatives	1,618	14,773	(89.0)
Legal and professional fees	11	86	(87.2)
Adjustment for straight line rent and lease incentives	(425)	(87)	(388.5)
Share of results of joint venture	2,204	-	n.m.
Distributable income from joint venture	1,043	-	n.m.
Utilisation of allowance for doubtful debts	-	(1,163)	100.0
Miscellaneous expenses	102	239	(57.3)
Net effect of non-tax deductible/(chargeable) items and other adjustments	100,170	303,419	(67.0)

(k) Total distribution for the period comprises:

	Group			
	Note	4Q2019 S\$'000	4Q2018 S\$'000	Fav/ (Unfav) %
Taxable income		29,078	27,529	5.6
Other gains	(1)	5,625	1,759	219.8
Total distribution for the period		34,703	29,288	18.5

Note:

- (1) Other gains represented the partial payout of the 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.

The total distribution of S\$34.7 million, based on units which are entitled to the distribution for the quarter, translates to a DPU of 1.000 cent for 4Q2019 which is 0.5% lower than the 4Q2018 DPU of 1.005 cents.

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Statement of Total Return (FY2019 vs FY2018)

	Note	Group		
		FY2019 S\$'000	FY2018 S\$'000	Fav/ (Unfav) %
Gross revenue	(a)	253,044	156,916	61.3
Property manager's fees	(b)	(10,674)	(6,683)	(59.7)
Property tax		(18,059)	(11,260)	(60.4)
Land rental	(e)	-	(8,324)	n.m.
Other property expenses		(36,381)	(18,613)	(95.5)
Property expenses	(a)	(65,114)	(44,880)	(45.1)
Net property income	(a)	187,930	112,036	67.7
Manager's fees	(b)	(14,926)	(9,805)	(52.2)
Trust expenses	(c)	(2,578)	(1,891)	(36.3)
Interest income		15	48	(68.8)
Borrowing costs	(d)	(51,161)	(27,442)	(86.4)
Finance costs on lease liabilities for leasehold land	(e)	(10,799)	-	n.m.
Non-property expenses		(79,449)	(39,090)	(103.2)
Net income		108,481	72,946	48.7
Gain on disposal of investment property		48	128	(62.5)
Change in fair value of financial derivatives	(f)	(6,076)	(16,200)	62.5
Change in fair value of investment properties	(g)	(91,611)	(1,954)	n.m.
Change in fair value of right-of-use of leasehold land	(e)	2,091	-	n.m.
Fair value adjustments relating to the Merger	(h)	-	(283,219)	100.0
Share of results of joint venture	(i)	(1,519)	-	n.m.
Impairment loss on investment in joint venture	(j)	(1,465)	-	n.m.
Total return for the period before income tax and distribution		9,949	(228,299)	104.4
Less: Income tax expense		(26)	(97)	73.2
Total return for the period after income tax before distribution		9,923	(228,396)	104.3
Attributable to:				
Unitholders and perpetual securities holders		6,080	(232,562)	102.6
Non-controlling interest		3,843	4,166	(7.8)
		9,923	(228,396)	104.3

n.m. – not meaningful

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Distribution Statement

	Note	Group		
		FY2019 S\$'000	FY2018 S\$'000	Fav/ (Unfav) %
Total return for the period after income tax before distribution attributable to Unitholders and perpetual securities holders		6,080	(232,562)	102.6
Net effect of non-tax deductible/(chargeable) items and other adjustments	(k)	117,286	307,889	(61.9)
		123,366	75,327	63.8
Amount reserved for distribution to perpetual securities holders		(6,900)	(6,900)	-
Net income available for distribution for the period		116,466	68,427	70.2
Distribution from other gains	(l)	16,100	6,039	166.6
Total distribution for the period	(l)	132,566	74,466	78.0
DPU for the period (cents)	(l)	4.011	3.857	4.0

n.m. – not meaningful

Notes:

- (a) The Group recorded gross revenue and NPI of S\$253.0 million and S\$187.9 million respectively in FY2019 and these were higher than FY2018 by 61.3% and 67.7% respectively.

The growth in revenue and NPI was mainly attributed to (a) the full year contributions from Viva Trust's nine properties and 15 Greenwich, which were acquired 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-tenancies for certain properties.

Property expenses increased from S\$44.9 million to S\$65.1 million in FY2019, which was 45.1% higher than FY2018. Property expenses increased largely due to the Merger and the acquisition of 15 Greenwich, as well as master lease conversions. The increase was partially offset by effects arising from the adoption of FRS 116.

- (b) Higher management fees for the Manager and the Property Manager in FY2019 were due to higher deposited property and higher rental revenue respectively, which are attributable to the Merger and the acquisition of 15 Greenwich. The acquisition of 49% interest in 48 Pandan Road in August 2019 also contributed to higher management fees for the Manager.
- (c) Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. The increase in trust expenses in FY2019 was largely due to the trust expenses of Viva Trust, which was acquired in October 2018.

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- (d) Borrowing costs comprised interest expenses on loans and interest rate swaps, and amortisation of debt related transaction costs. These costs were higher in FY2019 due to more debts being drawn down in 4Q2018 to fund the acquisition of 15 Greenwich and the costs related to the Merger which included the funding of the cash consideration, the payment of transaction costs and the refinancing of Viva Trust's borrowings.

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

- (e) Following the adoption of FRS 116, the Group recognised finance cost on lease liabilities for leasehold land of S\$10.8 million and change in fair value of right-of-use of leasehold land of S\$2.1 million on the Statement of Total Return for FY2019.

Prior to the adoption of FRS 116, lease payments made for land rent were presented as land rent expenses in arriving at the net property income on the Statement of Total Return and formed part of the Group's operating cash flows on the Statement of Cash Flows. However, with the adoption of FRS 116, such payments are now reflected as finance cost and fair value change of the right-of-use of leasehold land on the Statement of Total Return and as payments for lease liabilities under financing cash flows on the Statement of Cash Flows.

- (f) The change in fair value of financial derivatives represented the change in fair value of interest rate swaps (with aggregate notional amount of S\$855.0 million), entered into to hedge against interest rate fluctuations on the floating rate borrowings of the Group. This fair value change is recognised on the Statement of Total Return. It is not tax deductible and has no impact on distributable income.

- (g) The change in fair value of investment properties of approximately S\$91.6 million comprised the following:

- fair value loss of S\$91.3 million based on the independent valuations of the investment properties as at 31 December 2019; and
- adjustments for straight-line rent and marketing commission of S\$0.3 million.

This fair value change is recognised on the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (h) Fair value adjustments relating to the Merger of S\$283.2 million represent the write-off of acquisition-related costs and the premium over the fair value of net assets of VIT upon completion of the Merger on 15 October 2018.

This fair value change is recognised on the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (i) Share of results of joint venture relates to the Group's 49% share of the net income of PTC Logistics Hub LLP. The share of loss of the joint venture in FY2019 was mainly due to the write-off of the stamp duty incurred by PTC Logistics Hub LLP for the acquisition of 48 Pandan Road.

- (j) Impairment loss on investment in joint venture was due to the write-off of the acquisition fee paid to the Manager, as well as the legal and professional fees incurred by ESR-REIT for the acquisition of 49% interest in 48 Pandan Road, which is held through PTC Logistics Hub LLP.

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(k) Non-tax deductible/(chargeable) items and other adjustments

	Group		
	FY2019 S\$'000	FY2018 S\$'000	Fav/ (Unfav) %
<u>Non-tax deductible/(chargeable) items and other adjustments:</u>			
Manager's fees paid/payable in units	6,491	2,557	153.9
Property Manager's fees paid/payable in units	2,360	-	n.m.
Trustee's fees	764	469	62.9
Amortisation of transaction costs relating to debt facilities	6,048	4,322	39.9
Fair value adjustments relating to the Merger	-	283,219	(100.0)
Impairment loss on investment in joint venture	1,465	-	n.m.
Change in fair value of investment properties	91,611	2,428	n.m.
Change in fair value of financial derivatives	6,076	16,200	(62.5)
Legal and professional fees	117	256	(54.3)
Adjustment for straight line rent and lease incentives	(1,435)	(1,638)	12.4
Share of results of joint venture	1,519	-	n.m.
Distributable income from joint venture	1,858	-	n.m.
Gain on disposal of investment property	(48)	(128)	62.5
Utilisation of allowance for doubtful debts	-	(1,163)	100.0
Miscellaneous expenses	669	848	(21.1)
Tax exempt income	-	519	n.m.
Rollover adjustment from prior years	(209)	-	n.m.
Net effect of non-tax deductible/(chargeable) items and other adjustments	117,286	307,889	(61.9)

(l) Total distribution for the period comprises:

	Note	Group		
		FY2019 S\$'000	FY2018 S\$'000	Fav/ (Unfav) %
Taxable income		116,466	67,908	71.5
Tax-exempt income	(1)	-	519	n.m.
Other gains	(2)	16,100	6,039	166.6
Total distribution for the period		132,566	74,466	78.0

Notes:

- (1) Tax exempt income relates to share of profits from 7000 AMK Pte. Ltd. prior to its conversion to limited liability partnership with effect from 1 February 2018.
- (2) Other gains represented the partial payout of the 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.

The total distribution of S\$132.6 million, based on units which are entitled to the distribution for the year, translated to a DPU of 4.011 cents for FY2019 which is 4.0% higher than the FY2018 DPU of 3.857 cents.

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

Note	Group		Trust	
	31-12-19 S\$'000	31-12-18 S\$'000	31-12-19 S\$'000	31-12-18 S\$'000
Assets				
Non-current assets				
Investment properties	(a) 2,934,400	3,016,200	1,403,800	1,452,500
Right-of-use of leasehold land	(b) 227,681	-	169,691	-
Subsidiaries	(c) -	-	1,455,271	1,786,242
Interest in joint venture	(d) 39,806	-	43,183	-
	3,201,887	3,016,200	3,071,945	3,238,742
Current assets				
Investment property held for divestment	(a) -	5,700	-	5,700
Trade and other receivables	(e) 12,103	11,144	20,315	30,535
Cash and cash equivalents	(f) 15,662	17,664	8,200	6,560
	27,765	34,508	28,515	42,795
Total assets	3,229,652	3,050,708	3,100,460	3,281,537
Liabilities				
Current liabilities				
Trade and other payables	(g) 47,806	58,230	25,452	45,856
Lease liabilities for leasehold land	(b) 2,608	-	2,608	-
Interest-bearing borrowings	(h) 159,926	281,921	159,926	281,921
Amount due to non-controlling interest	(i) 61,074	61,074	-	-
	271,414	401,225	187,986	327,777
Non-current liabilities				
Trade and other payables	(g) 20,000	16,129	10,484	7,860
Amount due to a subsidiary	(j) -	-	-	40,247
Lease liabilities for leasehold land	(b) 225,073	-	167,083	-
Interest-bearing borrowings	(h) 1,031,198	986,282	1,031,198	986,282
Derivative financial instruments	(k) 22,276	16,289	22,276	16,289
	1,298,547	1,018,700	1,231,041	1,050,678
Total liabilities	1,569,961	1,419,925	1,419,027	1,378,455
Net assets	1,659,691	1,630,783	1,681,433	1,903,082
Represented by:				
Unitholders' funds	(l) 1,508,576	1,479,668	1,530,318	1,751,967
Perpetual securities holders' funds	(m) 151,115	151,115	151,115	151,115
	1,659,691	1,630,783	1,681,433	1,903,082

Notes:

- (a) As at 31 December 2019, the total carrying value of investment properties was S\$2.93 billion based on independent external valuations. The decrease in investment properties was due to fair value loss of S\$91.3 million, partially offset by the capital expenditure incurred in FY2019. The decrease in investment property held for divestment was due to the divestment of 31 Kian Teck Way in FY2019.
- (b) Please refer to note (e) under Section 1(a) for more details on the adoption of FRS 116 with effect from 1 January 2019.
- (c) At the Trust level, subsidiaries comprise the cost of investments in subsidiaries of S\$844.8 million and interest-bearing loans to subsidiaries of S\$610.5 million. The cost of investment in Viva Trust has been written down by S\$304.0 million in FY2019. However, this has no impact on the Group as the Group had recognised the fair value adjustments relating to the Merger in FY2018.
- (d) Interest in joint venture relates to ESR-REIT's 49% share of the net assets of PTC Logistics Hub LLP, which owns 48 Pandan Road. The Group applies the equity method to account for its interest in PTC Logistics Hub LLP.
- (e) Trade and other receivables increased by S\$1.0 million mainly due to higher prepayments for property expenses.
- (f) Please refer to Section 1(c) for more details on cash and cash equivalents.
- (g) Trade and other payables decreased by S\$6.5 million mainly due to the payments of professional fees related to the Merger, as well as capital expenditure on investment properties.
- (h) Please refer to Section 1(b)(ii) for more details on interest-bearing borrowings.
- (i) The amount due to non-controlling interest represents 20% interest in 7000 AMK LLP that is not owned by the Group.
- (j) The amount relates to the transfer of the property at 3 Tuas South Avenue from a subsidiary to the Trust in FY2017, which has been settled in FY2019.
- (k) Derivative financial instruments (with aggregate notional amount of S\$855.0 million) represent the fair value of interest rate swaps entered into to hedge against interest rate fluctuations on the Group's floating rate borrowings.
- (l) Please refer to Section 1(d)(i) for the movements in Unitholders' funds during 4Q2019 and FY2019.

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- (m) ESR-REIT has issued S\$150 million of subordinated perpetual securities (“Perps”) under Series 006 of its S\$750 million Multicurrency Debt Issuance Programme (“Series 006 PS”). The Perps confer a right to receive distribution at a rate of 4.60% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every 5 years thereafter. The distribution will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative in accordance with the terms and conditions of the Perps. Distribution to Unitholders can only be made if distribution to Perps holders has been made.

The Series 006 PS may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance. The Series 006 PS is classified as equity instruments and recorded as equity in the financial statements.

- (n) As at 31 December 2019, the Group’s current liabilities exceeded its current assets by S\$243.6 million (2018: S\$366.7 million) mainly due to the classification of Medium Term Notes (“MTN”) of S\$160 million as current liabilities as they are maturing within one year from 31 December 2019. On 30 December 2019, ESR-REIT executed a commitment letter with MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch for a S\$200 million Committed Club Loan Facility, which can be used to repay the maturing MTN of S\$160 million. As such, the Manager is of the view that the Group will be able to meet its obligations as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group and Trust	
	31-12-19	31-12-18
	S\$'000	S\$'000
Unsecured borrowings		
Amount payable within one year	160,000	282,569
Less: Unamortised debt transaction costs	(74)	(648)
	159,926	281,921
Amount payable after one year	1,040,000	995,000
Less: Unamortised debt transaction costs	(8,802)	(8,718)
	1,031,198	986,282
Total borrowings	1,191,124	1,268,203

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\$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) Unsecured S\$150 million loan facility from CIMB (“TLF1”) consisting of:

- Facility A: S\$100 million term loan facility maturing in May 2024 at an interest margin plus swap offer rate; and
- Facility B: S\$50 million revolving credit facility maturing in May 2022 at an interest margin plus swap offer rate.

A total of S\$126 million was drawn down on the TLF1 as at 31 December 2019.

(iii) 4.75-year unsecured S\$200 million loan facility maturing in June 2021 from HSBC (“TLF2”) consisting of:

- Facility A: S\$25 million term loan facility at an interest margin plus swap offer rate, for 4.75 years from the date of draw down; and
- Facility B: S\$175 million revolving credit facility at an interest margin plus swap offer rate, of which S\$25 million has been cancelled in 4Q2019.

A total of S\$109 million was drawn down on the TLF2 as at 31 December 2019.

- (iv) Unsecured S\$700 million loan facility from a syndicate of four banks comprising UOB, HSBC, MBB and RHB (“TLF3”) consisting of:
- Facility A: S\$160 million term loan facility maturing in October 2021 at an interest margin plus swap offer rate;
 - Facility B: S\$180 million term loan facility maturing in October 2022 at an interest margin plus swap offer rate;
 - Facility C: S\$160 million term loan facility maturing in October 2023 at an interest margin plus swap offer rate; and
 - Facility D: S\$200 million revolving credit facility at an interest margin plus swap offer rate, which has been fully repaid and cancelled in 4Q2019.

A total of S\$500 million was drawn down on the TLF3 as at 31 December 2019.

- (v) 5-year unsecured S\$100 million term loan facility maturing in October 2023 from BNP (“TLF4”) at an interest margin plus swap offer rate. TLF4 was fully drawn down as at 31 December 2019.
- (vi) Unsecured S\$155 million club loan facility from three banks comprising ANZ Singapore Branch, CTBC Bank Singapore Branch, and SCB Singapore Branch (“TLF5”) consisting of:
- Facility A: S\$75 million term loan facility maturing in March 2022 at an interest margin plus swap offer rate; and
 - Facility B: S\$80 million term loan facility maturing in March 2023 at an interest margin plus swap offer rate.

TLF5 was fully drawn down as at 31 December 2019.

(b) Unencumbered investment properties

As at 31 December 2019, the Group has 56 unencumbered investment properties with an aggregate carrying value of approximately S\$2.93 billion², representing 100% of the investment properties by value. The above does not include 48 Pandan Road, which has been mortgaged to a bank as security for a term loan facility granted to PTC Logistics Hub LLP.

² Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-REIT holds 80% interest, but excludes (i) the valuation of 48 Pandan Road which is held through a joint venture in which ESR-REIT holds 49% interest; and (ii) the effects arising from the adoption of FRS 116 which became effective on 1 January 2019.

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(c) Aggregate leverage ratio

	Group	
	31-12-19	31-12-18
Aggregate leverage ratio	41.5% ⁽¹⁾⁽²⁾	41.9%

Notes:

- (1) Excludes the effects arising from the adoption of FRS 116 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.
- (2) Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP.

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1(c) Statements of Cash Flows

	Group			
	4Q2019	4Q2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period before income tax and distribution	(68,378)	(272,716)	9,949	(228,299)
Adjustments for:				
Interest income	(4)	(16)	(15)	(48)
Borrowing costs	12,503	10,885	51,161	27,442
Finance costs on lease liabilities for leasehold land	2,724	-	10,799	-
Manager's fees paid/payable in units	1,561	1,832	6,491	2,557
Property Manager's fees paid/payable in units	743	-	2,360	-
Share of results of joint venture	2,204	-	1,519	-
Gain on disposal of investment property	-	-	(48)	(128)
Fair value adjustments relating to the Merger	-	283,219	-	283,219
Impairment loss on investment in joint venture	-	-	1,465	-
Change in fair value of investment properties	91,611	1,954	91,611	1,954
Change in fair value of financial derivatives	1,618	14,773	6,076	16,200
Change in fair value of right-of-use of leasehold land	(528)	-	(2,091)	-
Operating income before working capital changes	44,054	39,931	179,277	102,897
Changes in working capital				
Trade and other receivables	1,429	8,884	(864)	1,839
Trade and other payables	3,660	(36,176)	57	(32,987)
Cash generated from operating activities	49,143	12,639	178,470	71,749
Income tax paid	-	-	(397)	(3,953)
Net cash generated from operating activities	49,143	12,639	178,073	67,796
Cash flows from investing activities				
Net cash outflow on purchase of investment properties	-	(98,989)	-	(100,374)
Capital expenditure on investment properties	(3,067)	(2,006)	(18,425)	(5,307)
Proceeds from disposal of investment properties	-	-	5,797	23,900
Payment for divestment costs	-	-	-	(194)
Loan to joint venture	-	-	(7,718)	-
Repayment of loan by joint venture	7,718	-	7,718	-
Dividend received from joint venture	1,858	-	1,858	-
Investment in joint venture	-	-	(44,648)	-
Acquisition of subsidiary, net of cash acquired	-	(65,525)	-	(65,525)
Payment for acquisition costs of subsidiary	-	(1,925)	-	(1,925)
Interest received	4	16	15	48
Net cash generated from/(used in) investing activities	6,513	(168,429)	(55,403)	(149,377)
Cash flows from financing activities				
Proceeds from issuance of new units	50,039	-	150,039	141,939
Issue costs for perpetual securities paid	-	-	-	(272)
Equity issue costs paid	(1,018)	-	(3,211)	(1,151)
Borrowing costs paid	(13,650)	(18,332)	(50,723)	(30,824)
Proceeds from borrowings	30,000	947,569	422,200	964,569
Repayment of borrowings	(78,569)	(741,764)	(499,769)	(920,764)
Payment for lease liabilities for leasehold land	(2,196)	-	(8,708)	-
Distributions paid to Unitholders	(38,739)	(18,497)	(124,876)	(55,937)
Distributions paid to perpetual securities holders	(3,478)	(3,478)	(6,900)	(6,900)
Distribution to non-controlling interest	-	(1,985)	(2,724)	(3,066)
Net cash (used in)/generated from financing activities	(57,611)	163,513	(124,672)	87,594
Net (decrease)/increase in cash and cash equivalents	(1,955)	7,723	(2,002)	6,013
Cash and cash equivalents at beginning of the period	17,617	9,941	17,664	11,651
Cash and cash equivalents at end of the period	15,662	17,664	15,662	17,664

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1(d)(i) Statements of Movements in Unitholders' funds

	Group		Trust	
	4Q2019 S\$'000	4Q2018 S\$'000	4Q2019 S\$'000	4Q2018 S\$'000
<u>Unitholders' Funds</u>				
Balance at beginning of period	1,565,534	918,565	1,837,648	904,823
<u>Operations</u>				
Total return for the period attributable to Unitholders and perpetual securities holders	(69,353)	(274,151)	(319,725)	11,890
Amount reserved for distribution to perpetual securities holders	(1,739)	(1,739)	(1,739)	(1,739)
Net increase/(decrease) in net assets resulting from operations	(71,092)	(275,890)	(321,464)	10,151
<u>Unitholders' transactions</u>				
Issuance of new units pursuant to:				
- Management fees paid in units	3,113	724	3,113	724
- Preferential Offering	50,039	-	50,039	-
- Acquisition fees paid in units pursuant to the Merger	-	11,711	-	11,711
- Partial consideration paid in units pursuant to the Merger	-	843,055	-	843,055
Equity costs pursuant to:				
- Preferential Offering	(279)	-	(279)	-
Distributions paid to Unitholders	(38,739)	(18,497)	(38,739)	(18,497)
Net increase in net assets resulting from Unitholders' transactions	14,134	836,993	14,134	836,993
Balance at end of period	1,508,576	1,479,668	1,530,318	1,751,967
<u>Perpetual Securities Holders' Funds</u>				
Balance at beginning of period	152,854	152,854	152,854	152,854
Amount reserved for distribution to perpetual securities holders	1,739	1,739	1,739	1,739
Distribution to perpetual securities holders	(3,478)	(3,478)	(3,478)	(3,478)
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,659,691	1,630,783	1,681,433	1,903,082

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Statements of Movements in Unitholders' funds (FY2019 vs FY2018)

	Group		Trust	
	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000
Unitholders' Funds				
Balance at beginning of period	1,479,668	778,889	1,751,967	765,063
<u>Operations</u>				
Total return for the period attributable to Unitholders and perpetual securities holders	6,080	(232,562)	(244,477)	53,563
Amount reserved for distribution to perpetual securities holders	(6,900)	(6,900)	(6,900)	(6,900)
Net increase/(decrease) in net assets resulting from operations	(820)	(239,462)	(251,377)	46,663
<u>Unitholders' transactions</u>				
Issuance of new units pursuant to:				
- Management fees paid in units	8,380	724	8,380	724
- Distribution Reinvestment Plan	4,578	4,031	4,578	4,031
- Private Placement	100,000	-	100,000	-
- Preferential Offering	50,039	141,939	50,039	141,939
- Acquisition fees paid in units pursuant to the Merger	-	11,711	-	11,711
- Partial consideration paid in units pursuant to the Merger	-	843,055	-	843,055
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(103)	(74)	(103)	(74)
- Private Placement	(2,156)	-	(2,156)	-
- Preferential Offering	(1,556)	(1,177)	(1,556)	(1,177)
Distributions paid to Unitholders	(129,454)	(59,968)	(129,454)	(59,968)
Net increase in net assets resulting from Unitholders' transactions	29,728	940,241	29,728	940,241
Balance at end of period	1,508,576	1,479,668	1,530,318	1,751,967
Perpetual Securities Holders' Funds				
Balance at beginning of period	151,115	151,115	151,115	151,115
Amount reserved for distribution to perpetual securities holders	6,900	6,900	6,900	6,900
Distribution to perpetual securities holders	(6,900)	(6,900)	(6,900)	(6,900)
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,659,691	1,630,783	1,681,433	1,903,082

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

Note	Trust			
	4Q2019 Units	4Q2018 Units	FY2019 Units	FY2018 Units
Issued units at beginning of the period	3,383,351,165	1,583,701,947	3,170,172,725	1,313,623,314
Issuance of new units pursuant to:				
- Management fees paid in units	5,847,623	1,449,130	15,915,230	1,449,130
- Distribution Reinvestment Plan	-	-	8,936,833	7,229,019
- Private Placement	(1) -	-	194,174,000	-
- Preferential Offering	(2) 98,117,183	-	98,117,183	262,849,614
- Acquisition fees paid in units pursuant to the Merger	-	23,807,948	-	23,807,948
- Partial consideration paid in units pursuant to the Merger	-	1,561,213,700	-	1,561,213,700
Issued units at end of the period	3,487,315,971	3,170,172,725	3,487,315,971	3,170,172,725

Notes:

- (1) The new units were issued on 26 June 2019 at an issue price of S\$0.515 per unit.
- (2) The new units were issued on 14 October 2019 at an issue price of S\$0.510 per unit.

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 comparative financial period are disclosed in Section 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 the auditors.

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

Not applicable.

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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 financial period, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2018, except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2019.

Other than the adoption of FRS 116 with effect from 1 January 2019, the adoption of these standards did not have any material effect on the financial statements of the Group. Please refer to note (e) under Section 1(a) for more details on the effects of the adoption of FRS 116.

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			
		4Q2019	4Q2018	FY2019	FY2018
EPU					
Total return after income tax before distribution for the period (S\$'000)		(71,092)	(275,890)	(820)	(239,462)
Weighted average number of units ('000)		3,470,591	2,893,572	3,303,551	1,850,780
Basic and diluted EPU (cents)	(a)	(2.048)	(9.535)	(0.025)	(12.938)
DPU					
Total amount available for distribution for the period (S\$'000)		34,703	29,288	132,566	74,466
Applicable number of units for calculation of DPU ('000)		3,470,300	2,914,229	3,305,061	1,930,672
DPU (cents)	(b)	1.000	1.005	4.011	3.857

Notes:

(a) The basic EPU was calculated using total return after income tax before distribution for the period 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 the distribution for the period.

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

Note	Group		Trust	
	31-12-19	31-12-18	31-12-19	31-12-18
NAV / NTA per unit (cents)	43.3	46.7	43.9	55.3

Note:

(a) NAV / NTA per unit was calculated based on the number of units issued as at the end of the respective periods.

8 Review of the performance

The review of the performance is set out in Section 1(a) – Statements of Total Return and Distribution Statements and Section 1(b)(i) – Statements 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 advanced estimates released on 2 January 2020 by the Ministry of Trade and Industry, the Singapore economy grew by 0.8% on a year-on-year basis in 4Q2019, extending the 0.7% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew at a slower pace of 0.1% as compared to the 2.4% growth in 3Q2019. For the whole of 2019, the Singapore economy grew by 0.7%.

Singapore Purchasing Managers’ Index (“PMI”) for December 2019 expanded by 0.3 point to 50.1 from 49.8 in the previous month. This is the first expansion after seven consecutive months of contraction for the overall manufacturing sector. The increase was due to first-time expansion of new orders, new exports and employment, as well as faster rates of growth in factory output and inventory.

Business sentiment should improve as the US and China have signed the Phase 1 trade deal assuming that the global trade tensions do not escalate further and the manufacturing and trade outlook sees a modicum of stabilisation. The biggest risk for Singapore economy continues to be the fragility of the external environment and the prospect of anaemic global growth amid uncertainties pertaining to US-China tension beyond trade, Brexit, China’s slowdown, and geopolitical hotspots such as the US-Iran tensions in the Middle East which could continue to weigh on business and consumer confidence.

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According to JTC's market report for 3Q2019, the occupancy rate of the overall industrial property market remained unchanged for the past four quarters at 89.3%. Prices and rental of industrial space remained relatively stable. Price index increased marginally by 0.1% while rental index remained unchanged as compared to the previous quarter. However, price index fell by 0.1% while rental index rose by 0.1% as compared to a year ago. In 2020, around 1.9 million sqm of industrial space is estimated to come on-stream. In comparison, the average annual supply and demand of industrial space in the past three years were around 1.3 million and 1.2 million sqm respectively. Of the 1.9 million sqm of industrial space coming on-stream in 2020, about one third (or 0.62 million sqm) of the supply comes from single-user factory space developed by industrialists for their own use. Multiple-user factory supply accounts for another 45% or around 0.85 million sqm, of which about 80% is meant for replacement space for lessees affected by JTC's Industrial Redevelopment Programme. The remaining 23% or so is warehouse and business park space.

During 4Q2019, the Manager secured new leases and renewed existing leases totalling approximately 0.6 million sqft across the various sub-sectors, bringing the total to approximately 2.7 million sqft of space secured in FY2019.

The Manager expects the industrial leasing market to remain very competitive due to ongoing global trade, geopolitical tensions and weak global demand, which continues to affect business performance of industrialists, contributing to cautious business sentiment which is expected to impact demand for space in the short-to-medium term given the time lag between any improved business conditions and its positive impact on the industrial leasing market. The Manager will continue to focus on its marketing and leasing efforts so as to improve portfolio occupancy and rentals while identifying new emerging industrialists, and continue to rejuvenate and reposition certain assets and acquire assets in order to ensure that its portfolio remains "future-ready".

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: **57th** distribution for the period from 14 October 2019 to 31 December 2019

(Note: An Advanced Distribution for the period from 1 October 2019 to 13 October 2019 of 0.145 cents per unit was paid on 8 November 2019)

Distribution Type: Taxable income/Other gains

Distribution Rate: 0.855 cents per unit comprising:
(a) Taxable income 0.719 cents per unit
(b) Other gains 0.136 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).

Other gains distribution
The distribution from other gains is not a taxable distribution to the Unitholders.

Books closure date: 3 February 2020

Date payable: 9 March 2020

The Manager has determined that the DRP **will apply** to the distribution for the period from 14 October 2019 to 31 December 2019.

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **52nd** distribution for the period from 16 October 2018 to 31 December 2018

(Note: An Advanced Distribution for the period from 1 October 2018 to 15 October 2018 of 0.164 cents per unit was paid on 26 November 2018)

Distribution Type: Taxable income/Other gains

Distribution Rate: 0.841 cents per unit comprising:
(a) Taxable income 0.794 cents per unit
(b) Other gains 0.047 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).

Other gains distribution
The distribution from other gains is not a taxable distribution to the Unitholders.

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 unitholders 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 general mandate from the Unitholders.

14 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.

15 Use of Proceeds raised from Offerings pursuant to Chapter 8 of the Listing Manual

Gross proceeds of S\$150.0 million raised pursuant to the private placement of 194,174,000 new units completed on 26 June 2019 and the pro rata and non-renounceable preferential offering of 98,117,183 new units completed on 14 October 2019 (together, the “Equity Fund Raising”) has been used in the following manner:

Intended Use of Proceeds	Amount Allocated (S\$ million)	Aggregate Amount Utilised to Date (S\$ million)	Balance Proceeds Pending Utilisation (S\$ million)
To fully finance the total acquisition costs for 48 Pandan Road	44.4	44.4	-
To fully finance the proposed asset enhancements at 7000 Ang Mo Kio Avenue 5 and UE BizHub East	45.7	-	45.7
To repay existing indebtedness	56.8	56.8	-
To pay for the transaction related expenses including the underwriting and selling commission and expenses related to the Equity Fund Raising	3.1	3.1	-
Total	150.0	104.3	45.7

The use of proceeds from the Equity Fund Raising set out above is in accordance with the stated use and in accordance with the percentage of the gross proceeds of the Equity Fund Raising allocated to such use as set out in the announcement dated 17 June 2019 titled “Launch of Equity Fund Raising to Raise Gross Proceeds of Up To Approximately S\$150.0 Million”.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

No business segment information has been presented as all the properties are used predominantly for industrial purposes and are located in Singapore.

- 17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 18 Breakdown of revenue**

	FY2019 S\$'000	FY2018 S\$'000	Fav/ (Unfav) %
(a) Gross revenue reported for first half year	128,584	66,151	94.4
(b) Total return after tax before distribution for first half year	54,481	29,635	83.8
(c) Gross revenue reported for second half year	124,460	90,765	37.1
(d) Total loss after tax before distribution for second half year	(44,558)	(258,031)	82.7

- 19 Breakdown of the total distributions for the financial year ended 31 December 2019**

	FY2019 S\$'000	FY2018 S\$'000
01-07-2019 to 13-10-2019	38,739	-
01-04-2019 to 30-06-2019	32,094	-
01-01-2019 to 31-03-2019	31,960	-
16-10-2018 to 31-12-2018	26,661	-
01-07-2018 to 15-10-2018	-	18,497
01-04-2018 to 30-06-2018	-	15,853
01-01-2018 to 31-03-2018	-	13,414
01-10-2017 to 31-12-2017	-	12,204
Total distributions to Unitholders	129,454	59,968

FINANCIAL STATEMENTS ANNOUNCEMENT

FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of ESR Funds Management (S) Limited (the "Company"), as manager of ESR-REIT, confirms that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or the Chief Executive Officer or substantial Unitholders of ESR-REIT.

21 Interested Person Transactions ("IPTs")

Name of Entity	2019		2018	
	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Funds Management (S) Limited (the "Manager")				
Management fees paid and payable				
-in cash	8,435	-	7,126	-
-in units	6,491	-	2,557	-
Acquisition fees paid in relation to the acquisition of investment properties				
-in cash	1,103	-	958	-
-in units	-	-	11,711	-
Divestment fees paid in relation to the divestment of investment properties				
-in cash	29	-	120	-
Viva Industrial Trust Management Pte Ltd (Manager of Viva Trust)				
Management fees paid in cash	-	-	122	-

21 Interested Person Transactions ("IPTs") (continued)

Name of Entity	2019		2018	
	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)				
Property manager's fees paid and payable				
-in cash	5,044	-	4,488	-
-in units	2,360	-	-	-
Lease marketing services commissions paid and payable	2,556	-	2,139	-
Project management fees paid and payable	58	-	216	-
RBC Investor Services Trust Singapore Limited (the "Trustee")				
Trustee fees paid and payable	574	-	429	-
Perpetual (Asia) Limited (the "Sub-trust Trustee")				
Trustee fees paid and payable	190	-	-*	-

* Amount less than S\$100,000.

Note:

(a) Except as disclosed, these IPTs exclude transactions of less than S\$100,000 each.

This announcement 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.

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 and Executive Director

23 January 2020

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About ESR-REIT

ESR-REIT has been listed on Singapore Exchange Securities Trading Limited since 25 July 2006.

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 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\$3.04 billion³. 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 investors including APG, SK Holdings, JD.com, Goldman Sachs, CPPIB, OMERS, 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 June 30, 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 comprised over 15.3 million sqm in total. ESR has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 November 2019.

For more information on ESR, please visit www.esr.com.

³ 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 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 announcement 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 announcement is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this announcement 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.