



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

NEWS RELEASE

For immediate release

ESR-REIT Achieves Stable DPU for FY2019 up 4.0% y-o-y to 4.011 Cents

- FY2019 Distribution per Unit (“DPU”) rose 4.0% year-on-year (“y-o-y”) to 4.011 Singapore cents; DPU for 4Q2019 was 1.00 Singapore cent
- Portfolio occupancy and weighted average lease expiry (“WALE”) remained stable at 90.5% and 3.8 years, respectively
- Rejuvenation works have commenced for UE BizHub EAST, target to complete by 1Q2021
- Committed term sheet received for refinancing of expiring debt in 2020

Summary of Financial Results:

	4Q2019 (S\$ million)	4Q2018 (S\$ million)	+/(-) (%)	FY2019 (S\$ million)	FY2018 (S\$ million)	+/(-) (%)
Gross Revenue ⁽¹⁾⁽²⁾	62.5	58.4	7.0	253.0	156.9	61.3
Net Property Income (“NPI”) ⁽¹⁾⁽²⁾	46.2	42.3	9.3	187.9	112.0	67.7
Distributable Income ⁽³⁾	29.1	27.5	5.6	116.5	67.9	71.5
Distribution from Tax Exempt Income	-	-	-	-	0.5	n.m.
Distribution from Other Gains ⁽⁴⁾	5.6	1.8	211.1	16.1	6.0	168.3
Total Distribution to Unitholders	34.7	29.3	18.4	132.6	74.5	78.0
Applicable number of units for calculation of DPU (million)	3,470.3	2,914.3	19.1	3,305.1	1,930.7	71.2
Distribution Per Unit (“DPU”) (cents)	1.000	1.005	(0.5)	4.011	3.857	4.0

Notes:

- (1) Higher gross revenue and NPI was mainly attributed to (a) the full quarter/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-tenancy for certain properties.
- (2) Includes straight-line rent adjustments of S\$0.3 million for 4Q2019 (4Q2018: S\$0.3 million) and S\$0.7 million for FY2019 (FY2018: S\$1.1 million).
- (3) Includes management fees paid/payable to the Manager and the Property Manager in ESR-REIT units of S\$2.3 million for 4Q2019 (4Q2018: S\$1.8 million) and S\$8.9 million for FY2019 (FY2018: S\$2.6 million).
- (4) Capital gains from disposal of investment properties in prior years and ex-gratia payments received from Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

Singapore, 23 January 2020 – ESR Funds Management (S) Limited, the Manager of ESR-REIT (the “Manager”), is pleased to announce that the total distribution to Unitholders for the fourth quarter ended 31 December 2019 (“4Q2019”), grew 18.4% y-o-y to S\$34.7 million. For FY2019, ESR-REIT’s total distribution was S\$132.6 million, an uplift of 78.0% from FY2018. DPU of 4.011 Singapore cents for FY2019 was 4.0% higher than the DPU for FY2018. DPU for 4Q2019 was 1.00 cent, a marginal decrease of 0.5% y-o-y. Based on the FY2019 DPU of 4.011 Singapore cents and the closing price per unit of S\$0.53 on 31 December 2019, ESR-REIT’s distribution yield is 7.6%.

As at 31 December 2019, independent appraisals valued ESR-REIT’s investment properties at S\$2.93 billion¹, a decrease of 2.7% y-o-y. Net asset value per unit was 43.3 Singapore cents as at 31 December 2019, down 7.3% y-o-y.

Financial Performance

ESR-REIT registered gross revenue of S\$62.5 million and NPI of S\$46.2 million for 4Q2019, a y-o-y increase of 7.0% and 9.3%, respectively. Gross revenue for FY2019 was S\$253.0 million, 61.3% higher than the previous year. NPI for FY2019 was S\$187.9 million, 67.7% higher than the previous year. The improved performance was mainly driven by contributions from the nine properties in Viva Trust’s portfolio and 15 Greenwich Drive, which were acquired in October 2018, in addition to the leasing up of 30 Marsiling Industrial Estate Road 8 following the completion of its asset enhancements in early 2019, as well as rental escalations from the existing property portfolio. This increase was partially offset by the lease conversion from single to multi-tenancy for certain properties within the portfolio.

The books closure date for the distribution of 0.855 Singapore cents per unit for the period from 14 October 2019 to 31 December 2019 is Monday, 3 February 2020 and the expected payment date is Monday, 9 March 2020.²

Portfolio Performance

As at 31 December 2019, portfolio occupancy at 90.5% remained consistently above JTC’s average of 89.3%³ while tenant retention rate was 69.6%. Rental reversions have improved from a negative 2.9% in FY2018 to 0.0% in FY2019. A total of 2.7 million sqft of lease renewals and new leases were secured during the year. New leases signed during 4Q2019 included multinational companies such as Giti Tire Global Trading Pte. Ltd., a global tire manufacturer and Koa Denko (S) Pte Ltd, a high precision electronic components manufacturer from Japan. As at 31 December 2019, ESR-REIT has a diversified

¹ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in 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 (“FRS”) 116 Leases which became effective on 1 January 2019.

² Advanced distribution of 0.145 Singapore cents per unit for the period from 1 October 2019 to 13 October 2019 has been paid on 8 November 2019 pursuant to the Preferential Offering completed on 14 October 2019.

³ Based on 3Q2019 data from JTC.

tenant base of 328 tenants. The portfolio's WALE remained unchanged at 3.8 years. The top 10 tenants accounted for 30.5% of ESR-REIT's portfolio by rental income, with no single tenant accounting for more than 5%, validating the Manager's strategy of maintaining stable distributions while diversifying its portfolio risks.

Portfolio Optimisation

In line with the Manager's ongoing portfolio optimisation strategy to rejuvenate the assets, asset enhancement initiative ("AEI") at UE BizHub EAST has commenced and is expected to complete in 1Q2021. The scope of works includes reconfiguration of public areas to improve accessibility and traffic circulation, refurbishment of building façade and upgrading of public facilities. The common areas within the property will be improved in order to attract and retain quality tenants. The property will remain operational during the AEI.

As part of our continued community engagement program, the Manager has partnered with Nanyang Polytechnic's School of Design to produce and design art installations to be displayed at selected properties within the portfolio. UE BizHub EAST will be the first such platform for the school's young artistic talents to showcase their works. This is part of the Manager's outreach initiative to encourage awareness and appreciation of the arts and provide a platform for talented artists to display their works in Singapore.

Prudent Capital Management and Successful Equity Fund Raising

As at 31 December 2019, ESR-REIT's Debt to Total Assets was 41.5%, with a weighted average debt expiry ("WADE") of 2.6 years. The Manager has secured committed loan facilities early to refinance all its expiring debts in FY2020.⁴ Upon completion of refinancing, the WADE is expected to increase to 3.1 years. Approximately 88.8% of interest rate exposure is fixed for the next 2.6 years. The portfolio remains 100% unencumbered, while maintaining a well-staggered debt maturity profile.⁵ During FY2019, ESR-REIT successfully completed S\$150.0 million equity fund raising for growth opportunities via a Private Placement and Preferential Offering with its Sponsor, ESR Cayman Limited, demonstrating its alignment of interest and financial support via a full backstop of the Preferential Offering. The Manager will continue to balance its fund-raising requirements, growth momentum, capital structure and portfolio improvements and risks.

⁴ Assume utilisation of new committed loan facility to refinance the maturing medium term notes post execution of a commitment letter for a S\$200.0m loan facility with MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch on 30 December 2019.

⁵ Excludes ESR-REIT's 49% interest in 48 Pandan Road.

Looking Ahead

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, “Our proactive asset management efforts continue to yield stable results while reducing portfolio risks in our portfolio. We have signed new leases this quarter with a few multinational companies, diversifying our tenant networks and will continue to work on our strategy of creating and rejuvenating value in our AEs and rejuvenation projects to ensure our assets are future-ready.”

Mr. Chui further added, “Continued global trade uncertainties due to prolonged status of US-China trade talks have impacted industrial activities as output slumped. This may have a negative impact on demand for space in the short to medium term. Looking ahead, with the continued support of our Sponsor, the REIT will continue to pursue opportunities to strengthen portfolio quality and diversify our portfolio risks while maintaining a disciplined and balanced capital management approach to generate stable returns and long-term capital growth for our Unitholders.”

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About ESR-REIT

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

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 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 billion⁶. 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;
- Proactive asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, 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.

⁶ 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 material may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT’s future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

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