



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

NEWS RELEASE

For immediate release

**ESR-REIT Delivers 15.1% year-on-year Growth
for 3Q2021 Distributable Income**

- *Distributable income for 3Q2021 increased 15.1% year-on-year (“y-o-y”) to S\$28.6 million underpinned by broad-based y-o-y increases in gross revenue (+7.2%) and net property income (+8.6%)*
- *Solid leasing momentum with 702,500 sqft of new leases and renewals executed during the quarter with only 2.4% of leases expiring for the rest of the year*
- *Successfully raised S\$149.6 million of equity, which saw approximately 3.5x demand, to finance acquisitions, asset enhancements and rebalance capital structure*
- *Divested 45 Changi South Avenue 2 at 7.8% premium to fair value*
- *Remains well-positioned to enhance ESR-REIT by focusing on growing its portfolio with new additions of high-quality properties with stable cash flows in strong rental growth markets*

Summary of Financial Results:

	3Q2021 (S\$ million)	3Q2020 (S\$ million)	+/(-) (%)
Gross Revenue ⁽¹⁾	61.1	56.9	7.2
Net Property Income (“NPI”) ⁽¹⁾	43.9	40.4	8.6
Distributable Income ⁽²⁾	28.6	24.8	15.1
Applicable number of units for calculation of DPU (million) ⁽³⁾	4,007	3,545	13.1
Distribution per Unit (“DPU”) (cents)	0.712	0.700	1.7

(1) Higher gross revenue and net property income mainly due to the absence of provision for COVID-19 rental rebates to tenants in 3Q2021 (3Q2020: S\$2.0 million) and contributions from 46A Tanjong Penjuru, which was acquired on 29 June 2021.

(2) Distributable income comprises taxable income of S\$28.5 million (3Q2020: S\$24.8 million) and capital distribution of S\$0.1 million (3Q2020: Nil). The higher distributable income was mainly due to higher NPI, as well as contribution from ESR-REIT’s investment in 10% interest in ESR Australia Logistics Partnership (“EALP”) which was completed on 14 May 2021. The capital distribution is derived from EALP.

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

Singapore, 27 October 2021 – ESR Funds Management (S) Limited, as manager of ESR-REIT (the “Manager”), is pleased to announce that ESR-REIT’s distributable income for the period from 1 July 2021 to 30 September 2021 (“3Q2021”) increased 15.1% y-o-y to S\$28.6 million. Distribution per Unit (“DPU”) to unitholders was 0.712 cents for 3Q2021.

Financial Performance

Gross revenue for 3Q2021 grew 7.2% to S\$61.1 million and NPI for 3Q2021 rose 8.6% to S\$43.9 million, respectively, on a y-o-y basis. The increase was mainly due to contributions from the acquisition of 46A Tanjong Penjuru, as well as the absence of provision for COVID-19 rental rebates. Driven by higher NPI and contribution from ESR-REIT’s 10.0% interest in ESR Australia Logistics Partnership, the amount available for distribution for 3Q2021 was up 15.1% y-o-y to S\$28.6 million. DPU for 3Q2021 increased 1.7% y-o-y as a result of an enlarged unit base due to the issuance of new units.¹ Rental collection for 3Q2021 was close to 98% of total receivables, better than pre-pandemic levels.

The record date for the distribution of 0.712 cents per unit for the period from 1 July 2021 to 30 September 2021 is on 5 November 2021 and the expected payment date is 29 December 2021.

Portfolio Performance

Portfolio occupancy rate remained resilient at 91.2%² in 3Q2021, consistently above JTC’s industrial average of 90.1%³. During 3Q2021, a total of 702,500 sqft of space was leased comprising 251,800 sqft of new leases and 450,700 sqft of lease renewals, bringing the year-to-date (“YTD”) total leased area to approximately 1.79 million sqft. Majority of the new leases were attributed to the logistics/warehouse and general industrial segments. The YTD rental reversion was -2.2% as at 30 September 2021 primarily due to lower renewal rates for some large business park tenants in 3Q2021. The high-specs industrial and logistics/warehouse sectors registered positive rental reversions in 3Q2021. Rental income contributed by the top 10 tenants as at 30 September 2021 was 30.1%. The retention rate for 3Q2021 was 67.5% with YTD retention rate at 71.6%. New tenants secured during 3Q2021 include Gebruder Weiss and Sistic.com while some existing tenants such as YCH Logistics DistriPark Pte. Ltd. have expanded their leased area. More leasing interest was received from local technology firms, media and e-commerce sectors, as well as logistics companies. Only 2.4% of leases are expiring for the rest of the year with approximately 18% of leases renewed ahead of expiries in FY2022.

Portfolio Optimisation and Rejuvenation

In 3Q2021, the Manager divested 45 Changi South Avenue 2, a non-core general industrial property for S\$11.1 million at a 7.8% premium to its fair value, in line with its portfolio optimisation strategy to focus on core properties. With the delays in construction due to restrictions in activities under Phase Two (Heightened Alert) in July/August 2021, the expected date of temporary occupation permit (“TOP”) for 19 Tai Seng Avenue will be in 4Q2021, with the Manager having secured over 76.0% committed occupancy. Asset enhancement

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

² Excludes properties in the pipeline for divestment and redevelopment.

³ Based on 2Q2021 data from JTC.

initiatives (“AEI”) at 7000 Ang Mo Kio Avenue 5 (“7000AMK”) is scheduled to start in 4Q2021. The AEI comprises the development of unutilised plot ratio for a new building atop the existing car park, adding approximately 265,000 sqft of gross floor area. Designed to be suitable for both data centre operators and advanced manufacturing tenants, the fully air-conditioned new building will be fitted-out with higher power capacity and higher floor loading.

Strengthened Capital Position

ESR-REIT has a well-staggered debt maturity profile with a weighted average debt expiry of 2.6 years and an aggregate leverage of 41.3%. The weighted average all-in cost of debt was 3.41% per annum as at 30 September 2021, with 88.1% of the REIT’s borrowings on fixed interest rates over the next 2.2 years while the portfolio remains 100% unencumbered⁴. As at 30 September 2021, ESR-REIT has committed undrawn revolving credit facilities of S\$252.9 million available. During 3Q2021, the Manager completed a S\$149.6 million equity fund raising exercise comprising a S\$100.0 million Private Placement and a S\$49.6 million Preferential Offering that saw demand for approximately 3.5 times the total offer size, and strong participation from new and existing investors. The Manager also successfully issued S\$125.0 million five-year senior notes due 2026 in August 2021 which was priced at a new benchmark of 2.60% coupon to refinance loans ahead of expiry.

Outlook

Based on advance estimates by Ministry of Trade and Industry (“MTI”), Singapore’s economy grew at a slower pace of 6.5% on a y-o-y basis in 3Q2021 compared to the 15.2% growth recorded in 2Q2021.⁵ MTI expects Singapore’s GDP to grow by 6.0% to 7.0% in 2021.⁶ The Purchasing Managers’ Index (“PMI”) registered marginal decrease of 0.1-point to 50.8 for the overall manufacturing sector in September 2021 after twelve consecutive months of expansion.⁷ Based on JTC’s latest market data, the rental and price index of industrial space in 2Q2021 had marginal increases with overall occupancy increasing slightly by 0.1% to 90.1% as compared to the previous quarter. Industrial leasing market is expected to continue its recovery with logistics rents expected to grow on sustained demand driven by e-commerce growth.⁸

Looking Ahead

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, “ESR-REIT delivered a good operating performance during the third quarter, driven by continued acceleration in digital adoption and paradigm shifts in the global manufacturing supply chain. Despite the impact of P2(HA), our leasing activities increased with approximately 702,500 sqft of space leased and renewed, underpinned by strong leasing interest received from technology, e-commerce and logistics sectors. We are also heartened by the strong endorsement demonstrated by our unitholders during the recent S\$149.6 million equity fund raising and the S\$125.0 million notes issuance which is a validation of our business strategy.”

“Although leasing challenges in the business park segment remain due to the prolonged work-from-home measures while operating expenses may also be affected by the increasing fuel

⁴ Excludes ESR-REIT’s 49% interest in 48 Pandan Road.

⁵ Based on advance estimates released by Ministry of Trade and Industry on 14 October 2021.

⁶ Information obtained from the Economic Survey of Singapore Second Quarter 2021 released by Ministry of Trade and Industry on 11 August 2021.

⁷ Based on monthly PMI figures obtained from the SPIMM institute.

⁸ Based on Colliers Singapore Industrial Report 1H2021 released on 18 August 2021.

prices and overall general inflation attributed to labour shortages from continued border closures, this quarter has highlighted the fundamental strength of our business and the resilience of our diversified portfolio when the P2(HA) restrictions eased. With the continued support of our unitholders and our Sponsor, ESR Cayman, we are well-positioned to enhance our performance by adding high-quality properties with stable cash flows in strong rental growth markets to our portfolio, undertaking asset enhancements and/or redevelopments while divesting non-core assets to deliver sustainable growth with lower risks for all unitholders,” added Mr. Chui.

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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 30 June 2021 holds interest in a diversified portfolio of 58 properties located across Singapore, with a total gross floor area of approximately 15.6 million square feet and an aggregate property value of S\$3.2 billion⁹. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

The Manager's objective is to provide Unitholders with a stable income stream through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Proactive asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, 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 APAC 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 with a growing presence in data centres. ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, CPP Investments, JD.com, Oxford Properties, PGGM and SK Holdings. The ESR platform spans major economies across the APAC region, including China, Japan, South Korea, Singapore, Australia, India, Vietnam and Indonesia. As of 30 June 2021, 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\$36.3 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 22.6 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

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

⁹ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

Important Notice

The value of units in ESR-REIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations, of ESR Funds Management (S) Limited (“**Manager**”), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (“**Trustee**”), or any of their respective related corporations and affiliates (individually and collectively “**Affiliates**”). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither ESR-REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-REIT, any particular rate of return from investing in ESR-REIT, or any taxation consequences of an investment in ESR-REIT. Any indication of ESR-REIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This news release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT’s future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

This news release 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 material 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.