



FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2021

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 half year ended 30 June 2021 (“1H2021”).

ESR-REIT (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between ESR-FM as the Manager and RBC Investor Services Trust Singapore Limited as the trustee (the “Trustee”), and is governed by the laws of the Republic of Singapore (“Trust Deed”). On 31 March 2006, ESR-REIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Group in trust for the holders (“Unitholders”) of units in the Trust (“Units”).

On 25 July 2006, ESR-REIT was admitted to the Official List of Singapore Exchange Securities Trading Limited (“SGX-ST”). On 3 April 2006, ESR-REIT was included under the Central Provident Fund (“CPF”) Investment Scheme.

The principal activity of ESR-REIT is to invest in a diversified portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth.

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 6 May 2021, ESR-REIT launched an equity fund raising comprising a private placement and a non-renounceable preferential offering to raise gross proceeds of up to approximately S\$150.0 million. On 18 May 2021, ESR-REIT completed the private placement of approximately 268.8 million new Units to raise gross proceeds of approximately S\$100.0 million (the “Private Placement”). The Manager will announce details of the non-renounceable preferential offering to raise gross proceeds of up to approximately S\$50.0 million (the “Preferential Offering”) at the appropriate time.

On 14 May 2021, ESR-REIT completed the acquisition of 10.0% of the total issued units in ESR Australia Logistics Partnership (“EALP”). EALP is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of ESR Cayman Limited, and it owns 33 income-producing properties, two land parcels for future development and another two properties which are currently under development. Collectively, the 37 prime logistics assets are located in core industrial markets of New South Wales, Victoria, Queensland, South Australia and Western Australia.

On 29 June 2021, ESR-REIT completed the acquisition of its sixth modern ramp-up logistics property, located at 46A Tanjong Penjuru, Singapore 609040, and has a total of 12 logistics properties.

As at 30 June 2021, the Group holds interest in a diversified portfolio of 58 properties (including 48 Pandan Road held through a joint venture) located across Singapore with a diversified tenant base of 360 tenants across the following sub sectors: business park, high-specs industrial, logistics/warehouse and general industrial.

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Summary of the Group's Results

	1H2021	1H2020	Fav/(Unfav)
	S\$'000	S\$'000	%
Gross revenue	119,840	113,754	5.4
Net property income	86,967	80,228	8.4
Amount available for distribution	56,778	47,829	18.7
- <i>Taxable income</i>	56,778	47,829	18.7
Distributable amount available per unit (cents)	1.554	1.359	14.3
- <i>Taxable income</i>	1.554	1.359	14.3

Breakdown of distributable amount available per unit by quarter

	2021	2020	Fav/(Unfav)
	cents	cents	%
For the first quarter ended 31 March	0.800	0.697	14.8
For the second quarter ended 30 June	0.754	0.662	13.9
For the half year ended 30 June	1.554	1.359	14.3

Breakdown of distribution per unit ("DPU") paid / payable by quarter

	Note	2021	2020	Fav/(Unfav)
		cents	cents	%
For the first quarter ended 31 March	(1)	0.800	0.500	60.0
For the second quarter ended 30 June		0.754	0.662	13.9
For the half year ended 30 June		1.554	1.162	33.7

Note:

- (1) The 1Q2020 DPU excluded 0.197 cents equivalent to about S\$7.0 million of distributable income (the "Retained Distribution"), which was retained for prudent cash flow management in view of COVID-19 uncertainties. The Retained Distribution was subsequently distributed to Unitholders as part of the 3Q2020 and 4Q2020 distributions.

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Total Distribution for 2Q2021

	Advanced Distribution⁽¹⁾	Remaining Distribution	Total Distribution
Distribution Period	1 April 2021 to 17 May 2021 S\$'000	18 May 2021 to 30 June 2021 S\$'000	2Q2021 S\$'000
Net income available for distribution	14,723	13,334	28,057
Applicable number of units ('000)	3,591,126	3,877,237	3,721,322
DPU (cents)	0.410	0.344	0.754

⁽¹⁾ An Advanced Distribution of 0.410 cents per unit for the period from 1 April 2021 to 17 May 2021 has been paid on 17 June 2021.

Details of the Remaining Distribution for 2Q2021

Distribution period	18 May 2021 to 30 June 2021
Distribution rate	0.344 cents per unit
Record date	To be announced at a later date
Payment date	To be announced at a later date

The Manager has determined that the distribution reinvestment plan ("DRP") **will not apply** to the distribution for the period from 18 May 2021 to 30 June 2021.

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1(a) Statement of Total Return, together with comparative statement for the corresponding period of the immediately preceding financial year

	Note	1H2021 S\$'000	Group 1H2020 S\$'000	Fav/(Unfav) %
Gross revenue	6	119,840	113,754	5.4
Property expenses	7	(32,873)	(33,526)	1.9
Net property income		86,967	80,228	8.4
Management fees	8	(7,208)	(7,330)	1.7
Trust expenses	9	(1,366)	(1,535)	11.0
Interest income		10	10	-
Borrowing costs	10	(21,696)	(23,441)	7.4
Finance costs on lease liabilities for leasehold land		(5,817)	(5,722)	(1.7)
Net income		50,890	42,210	20.6
Unrealised foreign exchange gain		1	-	n.m.
Change in fair value of investment at fair value through profit or loss		(2,360)	-	n.m.
Change in fair value of financial derivatives		13,899	(22,739)	161.1
Change in fair value of investment properties	3	(2,481)	(46,684)	94.7
Change in fair value of right-of-use of leasehold land	3	757	829	(8.7)
Share of results of joint venture		3,222	835	285.9
Total return for the period before income tax		63,928	(25,549)	350.2
Income tax		52	(7)	842.9
Total return for the period after income tax		63,980	(25,556)	350.4
Attributable to:				
Unitholders of the Trust and perpetual securities holders		62,016	(26,642)	332.8
Non-controlling interest		1,964	1,086	80.8
Total return for the period		63,980	(25,556)	350.4
Earnings per Unit (cents)				
Basic and diluted		1.604	(0.859)	286.7
Distribution per Unit (cents)		1.554	1.359	14.3
<u>Distribution Statement</u>				
Total return after income tax, before distribution for the period		62,016	(26,642)	332.8
Distribution adjustments (Note A)		(1,816)	77,912	(102.3)
		60,200	51,270	17.4
Amount reserved for distribution to perpetual securities holders		(3,422)	(3,441)	0.6
Net Income available for distribution to Unitholders for the period		56,778	47,829	18.7

n.m. – not meaningful

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Note A - Distribution adjustments

	1H2021	Group	
	S\$'000	1H2020	Fav/(Unfav)
		S\$'000	%
Non-tax deductible/(chargeable) items and other adjustments:			
Management fees paid/payable in Units	2,910	3,030	(4.0)
Property Manager's fees paid/payable in Units	1,415	1,367	3.5
Trustee's fees	268	271	(1.1)
Amortisation of transaction costs relating to debt facilities	3,254	2,970	9.6
Unrealised foreign exchange gain	(1)	-	n.m.
Change in fair value of investment at fair value through profit or loss	2,360	-	n.m.
Change in fair value of investment properties	2,481	46,684	(94.7)
Change in fair value of financial derivatives	(13,899)	22,739	(161.1)
Legal and professional fees	-	19	(100.0)
Adjustment for straight line rent and lease incentives	(388)	(186)	(108.6)
Share of results of joint venture	(3,222)	(835)	(285.9)
Distributable income from joint venture	2,489	2,349	6.0
Miscellaneous expenses	605	322	87.9
Non-controlling interest share of non-tax deductible items	-	(818)	100.0
Rollover adjustment from prior years	(2)	-	n.m.
Tax exempt income from a subsidiary	(86)	-	n.m.
Net effect of distribution adjustments	(1,816)	77,912	(102.3)

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Financial Review of the Statement of Total Return

Gross revenue

The Group recorded gross revenue of S\$119.8 million in 1H2021, 5.4% higher than 1H2020 mainly due to the absence of provision for COVID-19 rental rebates to tenants in 1H2021 (1H2020: S\$4.6 million).

Net property income

Net property income increased by 8.4% to S\$87.0 million in 1H2021 due to higher gross revenue, as well as lower property expenses. Lower property expenses in 1H2021 was mainly attributable to (a) lower electricity rates being re-contracted for certain properties, as well as lower consumption of electricity in the common areas; and (b) lower maintenance costs in 1H2021 as more costs were incurred in 1H2020 to implement temperature screening, heightened sanitisation and other safe management measures during the start of the COVID-19 pandemic. The extent of such measures had since been scaled back in accordance with the gradual relaxation of the requirements by the Government.

Trust expenses

Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. The lower trust expenses in 1H2021 was mainly due to the absence of certain non-claimable input Goods and Services Tax ("GST") in 1H2021 as the De Minimis rule under the GST Act was not satisfied in 1H2020.

Borrowing costs

Borrowing costs comprised interest expenses on loans and interest rate swaps, as well as the amortisation of debt related transaction costs. Borrowing costs were 7.4% lower in 1H2021 mainly due to lower average cost of debt during the period.

Please refer to Note 4 of the *Notes to the Financial Statements Announcement* for more details on borrowings.

Lease liabilities and right-of-use of leasehold land

Following the adoption of FRS 116 *Leases*, lease payments made for land rent are reflected as finance cost on lease liabilities for leasehold land 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.

The amount of finance costs on lease liabilities for leasehold land net of the change in fair value of right-of-use of leasehold land for 1H2021 increased to S\$5.1 million (1H2020: S\$4.9 million) mainly due to upward revision in land rent following an annual review of land rent payable.

Change in fair value of investment at fair value through profit or loss

The change in fair value of investment at fair value through profit or loss relates to the fair value changes in the Group's 10.0% interest in EALP, which was acquired on 14 May 2021. The fair value loss was mainly due to the write-off of the stamp duty and other transaction costs related to its acquisition. Such fair value changes are recognised on the Statement of Total Return but are not tax deductible and therefore, have no impact on distributable income.

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Change in fair value of financial derivatives

The change in fair value of financial derivatives represented the change in fair values of interest rate swaps entered into to hedge against interest rate fluctuations on the floating rate borrowings of the Group. Such fair value changes are recognised on the Statement of Total Return but are not taxable / tax deductible and therefore, have no impact on distributable income.

Change in fair value of investment properties

The change in fair value of investment properties of S\$2.5 million in 1H2021 comprised the following:

- fair value gains on 11 Serangoon North Avenue 5 and 3C Toh Guan Road East based on their respective selling prices pursuant to the put and call option agreements entered into on 28 April 2021 to divest the 2 properties for approximately S\$53.0 million;
- fair value loss on 46A Tanjong Penjuru, which was acquired on 29 June 2021, as the stamp duties and other transaction costs related to its acquisition were written off; and
- adjustments for straight-line rent and marketing commission for 1H2021.

Such fair value changes are recognised on the Statement of Total Return but are not tax deductible and therefore, have no impact on distributable income.

Share of results of joint venture

Share of results of joint venture relates to the Group's 49.0% share of the net income of PTC Logistics Hub LLP, which owns 48 Pandan Road.

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

	Note	Group		Trust	
		30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 S\$'000	31-12-20 S\$'000
Assets					
Non-current assets					
Investment properties	3	3,201,899	3,119,058	1,619,890	1,551,337
Investments in subsidiaries		-	-	792,896	792,896
Investment in joint venture		38,750	38,018	38,018	38,018
Investment at fair value through profit or loss		61,541	-	61,541	-
Loans to subsidiaries		-	-	625,500	613,500
		3,302,190	3,157,076	3,137,845	2,995,751
Current assets					
Investment properties held for divestment	3	61,025	-	61,025	-
Trade and other receivables		15,402	12,216	32,851	23,492
Cash and cash equivalents		13,982	18,101	6,762	8,556
		90,409	30,317	100,638	32,048
Total assets		3,392,599	3,187,393	3,238,483	3,027,799
Liabilities					
Current liabilities					
Trade and other payables		56,442	62,347	33,513	34,124
Lease liabilities for leasehold land		2,771	2,770	2,771	2,770
Liabilities directly attributable to investment properties held for divestment	5	14,593	-	14,593	-
Interest-bearing borrowings	4	124,739	190,467	124,739	190,467
Derivative financial instruments		1,927	3,332	1,927	3,332
Amount due to non-controlling interest		60,262	60,262	-	-
		260,734	319,178	177,543	230,693
Non-current liabilities					
Trade and other payables		21,053	19,729	10,843	10,429
Lease liabilities for leasehold land		222,595	226,988	160,508	162,867
Interest-bearing borrowings	4	1,172,047	988,147	1,172,047	988,147
Derivative financial instruments		22,752	35,246	22,752	35,246
		1,438,447	1,270,110	1,366,150	1,196,689
Total liabilities		1,699,181	1,589,288	1,543,693	1,427,382
Net assets		1,693,418	1,598,105	1,694,790	1,600,417
Represented by:					
Unitholders' funds		1,542,303	1,446,990	1,543,675	1,449,302
Perpetual securities holders' funds		151,115	151,115	151,115	151,115
		1,693,418	1,598,105	1,694,790	1,600,417
Units in issue ('000)		3,877,237	3,576,362	3,877,237	3,576,362
Net asset value per Unit (cents)		39.8	40.5	39.8	40.5

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Financial Review of the Statement of Financial Position

Investment properties

As at 30 June 2021, the total carrying value of investment properties was S\$3.2 billion, an increase of S\$82.8 million from 31 December 2020. The increase was mainly due to the acquisition of 46A Tanjong Penjuru, which was completed on 29 June 2021, as well as capital expenditure and asset enhancement costs incurred for certain properties. This was partially offset by the reclassification of 2 properties as investment properties held for divestment as further elaborated below.

Lease liabilities and right-of-use of leasehold land

The Group is required to pay land rent, whether annually or on an upfront land premium basis, for properties in its portfolio. Following the adoption of FRS 116 *Leases*, the Group recognised right-of-use assets and lease liabilities for these land leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Investment in joint venture

Investment in joint venture relates to ESR-REIT's 49.0% 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 the joint venture.

Investment at fair value through profit or loss

Investment at fair value through profit or loss relates to ESR-REIT's 10.0% interest in EALP, which was acquired on 14 May 2021.

Investment properties held for divestment

Investment properties held for divestment comprise 2 properties, namely 11 Serangoon North Avenue 5 and 3C Toh Guan Road East, for which put and call option agreements have been entered into on 28 April 2021 to divest them for approximately S\$53.0 million.

Trade and other receivables

Trade and other receivables increased by S\$3.2 million mainly due to deposits received for the on-going divestment of 2 properties, which are held in escrow by the legal counsel. This was partially offset by lower trade receivables as the Group has received payments from certain tenants who have been granted deferred payment plans as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak.

Trade and other payables

Trade and other payables decreased by S\$4.6 million mainly due to the disbursement of rental rebates to tenants as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak, as well as under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020. Such rebates were provided for in FY2020 and formed part of the trade and other payables as at 31 December 2020.

Amount due to non-controlling interest

The amount due to non-controlling interest represents 20.0% interest in 7000 AMK LLP that is not owned by the Group.

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Derivative financial instruments

Derivative financial instruments represent the fair value of interest rate swaps entered into to hedge against interest rate fluctuations on the Group's floating rate borrowings. The aggregate notional amount of interest rate swaps as at 30 June 2021 was S\$930.0 million (31 December 2020: S\$1,005.0 million).

Aggregate leverage and interest coverage ratios

	Note	Group	
		30-06-21	31-12-20
Aggregate leverage ratio	(1)	42.9%	41.6%
Interest coverage ratio	(2)	2.5x	2.3x

- (1) The aggregate leverage ratio includes ESR-REIT's 49.0% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP, but excludes the effects arising from the adoption of FRS 116 *Leases* 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.

On a pro forma basis, assuming the Preferential Offering to raise gross proceeds of approximately S\$50.0 million had been completed and the gross proceeds had been fully utilised to repay existing debt as at 30 June 2021, the Group's pro forma aggregate leverage ratio as at 30 June 2021 would have been 41.3%.

- (2) The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense (including finance costs on lease liabilities for leasehold land) and borrowing-related fees (including amortisation of debt-related transaction costs).

For details of the Group's interest-bearing borrowings, please refer to Note 4 of the *Notes to the Financial Statements Announcement*.

Liabilities directly attributable to investment properties held for divestment

Liabilities directly attributable to investment properties held for divestment include the lease liabilities for the leasehold land of the properties, deposits received from tenants pursuant to the underlying leases of the properties, as well as the refundable deposits in relation to the on-going divestment of the properties.

Perpetual securities

ESR-REIT has issued S\$150.0 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.

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1(c) Statement of Cash Flows

	Group	
	1H2021 S\$'000	1H2020 S\$'000
Cash flows from operating activities		
Total return for the period before income tax and distribution	63,928	(25,549)
Adjustments for:		
Interest income	(10)	(10)
Unrealised foreign exchange gain	(1)	-
Borrowing costs	21,696	23,441
Finance costs on lease liabilities for leasehold land	5,817	5,722
Management fees paid/payable in Units	2,910	3,030
Property Manager's fees paid/payable in Units	1,415	1,367
Share of results of joint venture	(3,222)	(835)
Change in fair value of investment at fair value through profit or loss	2,360	-
Change in fair value of financial derivatives	(13,899)	22,739
Change in fair value of investment properties	2,481	46,684
Change in fair value of right-of-use of leasehold land	(757)	(829)
Operating income before working capital changes	82,718	75,760
Changes in working capital		
Trade and other receivables	(3,187)	(4,918)
Trade and other payables	(2,046)	10,883
Cash generated from operating activities	77,485	81,725
Income tax paid	(349)	-
Net cash generated from operating activities	77,136	81,725
Cash flows from investing activities		
Acquisition of an investment property	(122,492)	-
Capital expenditure on investment properties	(17,541)	(4,345)
Dividend received from joint venture	2,489	2,349
Acquisition of investment at fair value through profit or loss	(64,900)	-
Interest received	10	10
Net cash used in investing activities	(202,434)	(1,986)
Cash flows from financing activities		
Proceeds from issuance of new Units	100,000	-
Equity issue costs paid	(2,464)	(296)
Borrowing costs paid	(24,172)	(24,709)
Proceeds from borrowings	414,630	295,000
Repayment of borrowings	(293,000)	(300,000)
Payment for lease liabilities for leasehold land	(4,014)	(3,932)
Payment of principal portion of lease liabilities for leasehold land	(1,046)	(961)
Distributions paid to Unitholders (Note A)	(63,354)	(33,982)
Distributions paid to perpetual securities holders	(3,422)	(3,441)
Distribution to non-controlling interest	(1,979)	(1,938)
Net cash generated from/(used in) financing activities	121,179	(74,259)
Net (decrease)/increase in cash and cash equivalents	(4,119)	5,480
Cash and cash equivalents at beginning of the period	18,101	15,662
Cash and cash equivalents at end of the period	13,982	21,142

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Note:

(A) Distributions paid to Unitholders

Distributions for the half-year ended 30 June 2021 were partially paid by issuing an aggregate of 25.6 million Units (1H2020: 31.6 million Units) amounting to S\$10.1 million (1H2020: S\$13.4 million) pursuant to the Distribution Reinvestment Plan.

	Group	
	1H2021	1H2020
	S\$'000	S\$'000
Distributions paid to Unitholders	(73,494)	(47,347)
Distributions paid in Units pursuant to Distribution Reinvestment Plan	10,140	13,365
Distributions paid to Unitholders in cash	<u>(63,354)</u>	<u>(33,982)</u>

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

	Group		Trust	
	1H2021 S\$'000	1H2020 S\$'000	1H2021 S\$'000	1H2020 S\$'000
Unitholders' Funds				
Balance at beginning of period	1,446,990	1,508,576	1,449,302	1,530,318
<u>Operations</u>				
Total return/(loss) for the period attributable to Unitholders and perpetual securities holders	62,016	(26,642)	61,076	(7,193)
Amount reserved for distribution to perpetual securities holders	(3,422)	(3,441)	(3,422)	(3,441)
Net increase/(decrease) in net assets resulting from operations	58,594	(30,083)	57,654	(10,634)
<u>Unitholders' transactions</u>				
Issuance of new Units pursuant to:				
- Management fees paid in Units	2,537	4,506	2,537	4,506
- Distribution Reinvestment Plan	10,140	13,365	10,140	13,365
- Private Placement	100,000	-	100,000	-
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(281)	(204)	(281)	(204)
- Private Placement	(2,183)	(11)	(2,183)	(11)
- Preferential Offering	-	(81)	-	(81)
Distributions paid to Unitholders	(73,494)	(47,347)	(73,494)	(47,347)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	36,719	(29,772)	36,719	(29,772)
Balance at end of period	1,542,303	1,448,721	1,543,675	1,489,912
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	3,422	3,441	3,422	3,441
Distribution to perpetual securities holders	(3,422)	(3,441)	(3,422)	(3,441)
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,693,418	1,599,836	1,694,790	1,641,027

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

	Note	Trust	
		1H2021 Units	1H2020 Units
Issued units at beginning of the period		3,576,362,126	3,487,315,971
Issuance of new Units pursuant to:			
- Management fees paid in units		6,485,995	12,016,430
- Distribution Reinvestment Plan		25,570,437	31,613,071
- Private Placement	(1)	268,818,000	-
Issued units at end of the period		3,877,236,558	3,530,945,472

Note:

(1) The new units were issued on 18 May 2021 at an issue price of S\$0.372 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.

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 accounting policies and methods of computation applied by the Group in the preparation of these interim financial statements for the current financial period are the same as those applied by the Group in its audited annual financial statements for the financial year ended 31 December 2020, except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual period beginning on 1 January 2021. The adoption of these standards did not have any effect on the financial performance or position of the Group.

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- 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 distributable amount available per unit for the period**

		Note	Group	
			1H2021	1H2020
<u>EPU</u>				
Total return/ (loss) after income tax before distribution for the period	(\$'000)		58,594	(30,083)
Weighted average number of units	('000)		3,653,542	3,502,505
Basic and diluted EPU	(cents)	(a)	1.604	(0.859)
<u>Distributable amount available per unit</u>				
Total amount available for distribution for the period	(\$'000)		56,778	47,829
Applicable number of units	('000)		3,653,717	3,519,645
Distributable amount available per unit	(cents)	(b)	1.554	1.359

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) Distributable amount available per unit was calculated using the total amount available for distribution and the number of units entitled to such distributable amount for the period.

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

	Note	Group		Trust	
		30-06-21	31-12-20	30-06-21	31-12-20
NAV / NTA per unit (cents)	(a)	39.8	40.5	39.8	40.5

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.

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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.

(a) Market Outlook

Based on advance estimates released by the Ministry of Trade and Industry (“MTI”) on 14 July 2021, Singapore’s economy grew by 14.3% on a year-on-year basis in 2Q2021, extending the 1.3% growth in 1Q2021. The strong growth was largely due to the low base in 2Q2020 when GDP fell by 13.3% due to Circuit Breaker (“CB”) measures implemented from 7 April to 1 June 2020. In complete terms, GDP in 2Q2021 remained 0.9% below its pre-pandemic level in 2Q2019. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.0% in 2Q2021, a reversal from the 3.1% growth in 1Q2021. Notwithstanding the latest curbs, economists have said Singapore’s recovery remains on track, driven by manufacturing and exports and sectors are more immune to Covid-19 curbs.

Singapore Purchasing Managers’ Index (“PMI”) for June 2021 posted an increase of 0.1 point from May 2021 to record an expansion at 50.8. This is the 12th consecutive month of expansion for the overall manufacturing sector. The Electronics Sector PMI posted an increase of 0.2 point from the previous month to record an expansion at 50.6 and marking the 11th month of consecutive expansion for the electronics sector.

While Singapore’s economy may outperform its growth forecast for 2021, there are significant downside risks. Countries experiencing resurgences in infections and slowness in population vaccination rate could disrupt global economic growth and dampen Singapore’s outlook. Nevertheless, having considered these factors, Singapore’s stronger than expected manufacturing performance, its effective containment of local Covid-19 infections and good vaccination progress, business sentiments are cautiously optimistic about their growth outlook for Singapore.

According to JTC’s market report for 1Q2021, the occupancy rate of the overall industrial property market rose by 0.1% on a quarter-on-quarter basis and 0.8% on a year-on-year basis to 90%. As completions delays continue to persist, only about 131,000 sqm of industrial space were completed in 1Q2021 compared to the originally target completion of 1 million sqm. Price index of all industrial space rose by 0.9% from the previous quarter and fell 1.3% as compared to a year ago. The rental index of all industrial space rose by 0.6% from the previous quarter and fell by 0.9% as compared to a year ago. This is in line with the broad recovery of the economy as the prices and rentals have continued to rebound.

As at 31 March 2021, approximately 2.4 million sqm of new industrial space could be completed over the next three quarters of 2021 and an additional 2.8 million sqm of new industrial space between 2022 and 2024. An average annual supply of about 1.4 million sqm is expected to complete from now to end 2024. This is twice the average annual supply of 0.6 million sqm and annual demand of 0.7 million sqm of industrial space over the last three years. MTI has launched 5.14 ha of industrial land supply across seven sites under the industrial government land sales for second half of 2021.

During 2Q2021, the Manager secured new leases and renewed existing leases totalling approximately 0.8 million sqft across the various sub-sectors, bringing the total to approximately 1.1 million sqft of space secured in 1H2021, of which new leases accounted for approximately 46.1% or 0.5 million sqft. As businesses continue to transform during this new norm of COVID-19 becoming endemic, changes in the Industrial technical specifications continue to evolve. Logistics and warehouse space continues to be in demand with manufacturers and distributors still continuing the trend of maintaining buffers for their raw materials and products for their businesses in the event of disruptions to the supply chain. This is in addition to the rapidly increasing freight charges which compels businesses to weigh against the costs of additional storage space.

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The General Industrial and High-Specs sectors have seen more demand for tenants relocating to buildings with better specifications such as electrical provisions and accessibility as part of the business transformation. Expansion due to the digitalization of businesses, technology, research and development, pharmaceutical and advanced manufacturing activities have added on to the space requirements in new leases.

Overall, business uncertainties remain as Singapore grapples to attract businesses and new investments. Industrial tenants continue to show preference to remain status quo on their leases whilst taking on a wait and see approach. The Manager expects the industrial market rents and prices to remain flat in the remainder of 2021. The Manager has embarked on asset enhancement initiatives to reposition selected properties to meet the new norm requirements of industrialists in line with our proposition to grow with our tenants.

(b) Preferential Offering

On 6 May 2021, the Manager launched an equity fund raising comprising a private placement and a non-renounceable preferential offering of new Units to raise gross proceeds of up to S\$150.0 million to partially finance the acquisition of 46A Tanjong Penjuru; the proposed asset enhancement initiatives at 16 Tai Seng Street and 7000 Ang Mo Kio Avenue 5; and the repayment of existing debt. On 18 May 2021, the Manager completed the Private Placement of 268,818,000 new Units at an issue price of S\$0.372 per Unit to raise gross proceeds of approximately S\$100.0 million. As gross proceeds of approximately S\$100.0 million have been raised from the Private Placement, the gross proceeds to be raised from the Preferential Offering will not exceed S\$50.0 million.

To demonstrate its continued support and commitment for ESR-REIT and the equity fund raising exercise, as well as alignment of interests with Unitholders, the sponsor, ESR Cayman Limited, has provided an undertaking to the Manager to subscribe for new Units under the Preferential Offering for up to S\$50.0 million.

An extraordinary general meeting will be held on 26 July 2021 to seek approval from the independent Unitholders for the proposed whitewash resolution as set out in the Unitholders' circular dated 2 July 2021. Thereafter, the Manager will announce details of the Preferential Offering to raise gross proceeds of up to approximately S\$50.0 million at the appropriate time.

(c) Proposed Asset Enhancement Initiatives ("AEI")

On 6 May 2021, the Manager announced the proposed AEI at 16 Tai Seng Street and 7000 Ang Mo Kio Avenue 5.

16 Tai Seng Street

16 Tai Seng Street is centrally located within the Paya Lebar iPark, an industrial hub for lifestyle related and light manufacturing industries. The Manager intends to conduct AEI on 16 Tai Seng Street which will include redesigning and repositioning works to the façade, drop-off point, lift lobbies, lifts, the external linkway to the Mass Rapid Transit station and to maximise the plot ratio by adding an additional floor to increase gross floor area ("GFA") by approximately 29,000 sqft or 13.8%. The AEI in respect of 16 Tai Seng Street is expected to cost approximately S\$25.9 million.

7000 Ang Mo Kio Avenue 5 ("7000 AMK")

On 17 June 2019, ESR-REIT issued a news release on plans to conduct AEI on, among others, 7000 AMK. The proposed AEI on 7000 AMK was to develop a new building for various prospective tenants and was expected to cost approximately S\$35.7 million and it was intended to develop 7000 AMK such that it would be suitable for advanced manufacturing, info-communications and data centre tenants given its location and the availability of power. However, in view of the current demand for quality high-specifications spaces from the advance manufacturing and electronics sector, the Manager intends to proceed with the AEI on 7000 AMK on a multi-tenanted basis to create approximately 265,000 sqft of additional GFA. This requires changes to the design plans which the Manager expects will result in additional costs of approximately S\$17.6 million. The new design has the flexibility and specifications

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that are suitable for potential data centre tenants. The revised total cost for the proposed AEI on 7000 AMK is expected to be S\$53.3 million. After the AEI, there will be approximately 230,000 sqft of unutilised GFA remaining. ESR-REIT holds an economic interest of 80.0% in 7000 AMK, with the remaining 20.0% stake held by Ho Lee Properties Pte Ltd.

(d) Proposed Divestment

On 28 April 2021, the Manager announced the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East for approximately S\$53.0 million. The sale price of S\$53.0 million represents a 5.0% premium to the total fair value of the 2 properties at S\$50.5 million as at 31 December 2020 and a 7.1% premium to their total acquisition price. The divestment is expected to be completed in 2H2021.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:

Yes

Name of distribution:

64th distribution for the period from 18 May 2021 to 30 June 2021

(Distribution for the period from 1 April 2021 to 17 May 2021 of 0.410 cents per unit has been paid on 17 June 2021.)

Distribution Type:

Taxable income

Distribution Rate:

0.344 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).

Record date:

To be announced at a later date

Date payable:

To be announced at a later date

The Manager has determined that the DRP **will not apply** to the distribution for the period from 18 May 2021 to 30 June 2021.

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(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **59th distribution for the period from 1 April 2020 to 30 June 2020**

Distribution Type: Taxable income

Distribution Rate: 0.662 cents per unit

Par value of units: Not meaningful

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

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

Not applicable.

13 If the Group has obtained a general mandate from 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 705(5) of the Listing Manual

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

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

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

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16 Use of proceeds raised from offerings pursuant to Chapter 8 of the Listing Manual

- a) 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 “2019 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)	Remaining 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 ESR BizPark @ Changi (formerly known as UE BizHub East)	45.7	10.0	35.7
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 2019 Equity Fund Raising	3.1	3.1	-
Total	150.0	114.3	35.7

The use of proceeds from the 2019 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 2019 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”.

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- b) Gross proceeds of S\$100.0 million raised pursuant to the Private Placement of 268,818,000 new units completed on 18 May 2021 has been used in the following manner:

Intended Use of Proceeds	Amount Allocated (S\$ million)	Aggregate Amount Utilised To Date (S\$ million)	Remaining Proceeds Pending Utilisation (S\$ million)
To partially finance the total acquisition costs for 46A Tanjong Penjuru	71.8	71.8	-
To partially finance the proposed asset enhancements at 16 Tai Seng Street and 7000 Ang Mo Kio Avenue 5	24.5	-	24.5
To pay for the transaction related expenses including the underwriting and selling commission and expenses related to the 2021 equity fund raising	3.7	2.2	1.5
Total	100.0	74.0	26.0

The use of proceeds from the Private Placement set out above is in accordance with the stated use and in accordance with the percentage of the gross proceeds of the Private Placement allocated to such use as set out in the announcement dated 6 May 2021 titled "Launch of Equity Fund Raising to raise Gross Proceeds of up to approximately S\$150.0 million".

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	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
Properties held by the Trust										
Logistics/Warehousing Properties ⁽¹⁾										
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	10.5 ⁽⁵⁾	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701	100	100	10,440	10,400	0.68	0.72
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33.3 ⁽⁶⁾	25 Changi South Ave 2 Singapore 486594	100	100	12,200	12,200	0.79	0.84
160 KALLANG WAY	Leasehold	30+30	11.6 ⁽⁷⁾	160 Kallang Way Singapore 349246	100	100	25,106	25,100	1.63	1.73
3C TOH GUAN ROAD EAST	Leasehold	30+30	29.6 ⁽⁸⁾	3C Toh Guan Road East Singapore 608832	76	76	31,739	30,500	2.06	2.11
4/6 CLEMENTI LOOP	Leasehold	30+30	32.3 ⁽⁹⁾	4/6 Clementi Loop Singapore 129810 and 129814	80	76	39,394	39,200	2.55	2.71
24 JURONG PORT ROAD	Leasehold	30+12	15.7 ⁽¹⁰⁾	24 Jurong Port Road Singapore 619097	96	96	85,690	85,200	5.56	5.89
3 PIONEER SECTOR 3	Leasehold	30+30	29.5 ⁽¹¹⁾	3 Pioneer Sector 3 Singapore 628342	93	99	96,348	96,200	6.25	6.65
15 GREENWICH DRIVE	Leasehold	30	20.5 ⁽¹²⁾	15 Greenwich Drive Singapore 534022	100	100	96,273	96,500	6.24	6.67
46A TANJONG PENJURU	Leasehold	30+14	28.9 ⁽⁶¹⁾	46A Tanjong Penjuru	100	-	119,600	-	7.75	-
Total Logistics/Warehousing Properties held by the Trust							516,790	395,300	33.51	27.32

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	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
<u>Properties held by the Trust (cont'd)</u>										
General Industrial Properties ⁽²⁾										
70 SELETAR AEROSPACE VIEW	Leasehold	30	20.3 ⁽¹⁴⁾	70 Seletar Aerospace View Singapore 797564	100	100	7,300	7,300	0.47	0.50
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	17.9 ⁽¹⁵⁾	30 Teban Gardens Crescent Singapore 608927	100	100	30,502	30,500	1.98	2.11
30 TOH GUAN ROAD	Leasehold	30+30	34.1 ⁽¹⁶⁾	30 Toh Guan Road Singapore 608840	97	95	58,398	58,400	3.79	4.04
128 JOO SENG ROAD	Leasehold	30+30	30.9 ⁽¹⁷⁾	128 Joo Seng Road Singapore 368356	96	96	11,702	11,700	0.76	0.81
130 JOO SENG ROAD	Leasehold	30+30	30.4 ⁽¹⁸⁾	130 Joo Seng Road Singapore 368357	100	100	15,330	15,300	0.99	1.06
136 JOO SENG ROAD	Leasehold	30+30	29.3 ⁽¹⁹⁾	136 Joo Seng Road Singapore 368360	100	100	12,641	12,600	0.82	0.87
11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	35.8 ⁽²⁰⁾	11 Serangoon North Avenue 5 Singapore 554809	85	85	20,811	20,000	1.35	1.38
79 TUAS SOUTH STREET 5	Leasehold	30+30	38.6 ⁽²¹⁾	79 Tuas South Street 5 Singapore 637604	100	100	10,700	10,700	0.69	0.74
<i>Balance carried forward</i>							167,384	166,500	10.85	11.51

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	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
General Industrial Properties (cont'd)										
Balance brought forward							167,384	166,500	10.85	11.51
31 TUAS AVENUE 11	Leasehold	30+30	32.8 ⁽²²⁾	31 Tuas Avenue 11 Singapore 639105	100	100	12,100	12,100	0.78	0.84
1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	39.7/44.4 ⁽²³⁾	1/2 Changi North Street 2 Singapore 498808/498775	100	100	22,400	22,400	1.45	1.55
9 TUAS VIEW CRESCENT	Leasehold	30+30	37.1 ⁽²⁴⁾	9 Tuas View Crescent Singapore 637612	–	100	9,997	10,000	0.65	0.69
28 SENOKO DRIVE	Leasehold	30+30	18.5 ⁽²⁵⁾	28 Senoko Drive Singapore 758214	100	100	13,600	13,600	0.88	0.94
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33.7 ⁽²⁶⁾	31 Changi South Avenue 2 Singapore 486478	100	100	13,200	13,200	0.86	0.91
22 CHIN BEE DRIVE	Leasehold	30	14.2 ⁽²⁷⁾	22 Chin Bee Drive Singapore 619870	–	–	14,300	14,300	0.93	0.99
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	35.0 ⁽⁴⁷⁾	54 Serangoon North Avenue 4 Singapore 555854	99	99	22,004	22,000	1.43	1.52
2 TUAS SOUTH AVENUE 2	Leasehold	60	37.5 ⁽²⁸⁾	2 Tuas South Ave 2 Singapore 637601	100	100	36,701	36,700	2.38	2.54
21B SENOKO LOOP	Leasehold	30+30	31.6 ⁽²⁹⁾	21B Senoko Loop Singapore 758171	100	100	27,500	27,500	1.78	1.90
Balance carried forward							339,186	338,300	21.99	23.39

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	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
General Industrial Properties (cont'd)										
Balance brought forward							339,186	338,300	21.99	23.39
60 TUAS SOUTH STREET 1	Leasehold	30	13.7 ⁽³⁰⁾	60 Tuas South Street 1 Singapore 639925	100	100	4,100	4,100	0.27	0.28
5/7 GUL STREET 1	Leasehold	29.5	16.3 ⁽³¹⁾	5/7 Gul Street 1 Singapore 629318/629320	63	66	13,908	13,900	0.90	0.96
28 WOODLANDS LOOP	Leasehold	30+30	34.3 ⁽³²⁾	28 Woodlands Loop Singapore 738308	100	100	17,307	17,300	1.12	1.20
25 PIONEER CRESCENT	Leasehold	30+28	45.6 ⁽³³⁾	25 Pioneer Crescent Singapore 628554	100	100	16,400	16,400	1.06	1.13
11 WOODLANDS WALK	Leasehold	30+30	34.3 ⁽³⁴⁾	11 Woodlands Walk Singapore 738265	100	100	17,400	17,400	1.13	1.20
43 TUAS VIEW CIRCUIT	Leasehold	30	16.6 ⁽³⁵⁾	43 Tuas View Circuit Singapore 637360	100	100	17,400	17,400	1.13	1.20
13 JALAN TERUSAN	Leasehold	28	13.7 ⁽³⁶⁾	13 Jalan Terusan Singapore 619293	100	100	25,002	25,000	1.62	1.73
160A GUL CIRCLE	Leasehold	27	19.3 ⁽³⁷⁾	160A Gul Circle Singapore 629618	82	82	13,792	13,700	0.89	0.95
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	37.9 ⁽³⁸⁾	3 Tuas South Avenue 4 Singapore 637610	100	100	43,000	43,000	2.79	2.97
8 TUAS SOUTH LANE	Leasehold	30+16	32.8 ⁽³⁹⁾	8 Tuas South Lane Singapore 637302	100	92	104,207	103,700	6.76	7.17
120 PIONEER ROAD	Leasehold	30+28	33.7 ⁽⁴⁰⁾	120 Pioneer Road Singapore 639597	84	66	36,574	36,500	2.37	2.52
Balance carried forward							648,276	646,700	42.03	44.70

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Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
General Industrial Properties (cont'd)										
Balance brought forward							648,276	646,700	42.03	44.70
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34.2 ⁽⁴¹⁾	45 Changi South Avenue 2 Singapore 486133	68	68	10,300	10,300	0.67	0.71
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	32.9/32.4 ⁽⁴²⁾	511/513 Yishun Industrial Park A Singapore 768768/768736	59	59	25,609	25,600	1.66	1.77
86/88 INTERNATIONAL ROAD	Leasehold	30+30	33.5 ⁽⁴³⁾	86/88 International Road Singapore 629176/629177	100	100	39,875	39,800	2.59	2.75
Total General Industrial Properties held by the Trust							724,060	722,400	46.95	49.93

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	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
High-Specs Industrial Properties ⁽³⁾										
21/23 UBI ROAD 1	Leasehold	30+30	35.6 ⁽⁴⁴⁾	21/23 Ubi Road 1 Singapore 408724/408725	79	83	36,416	36,400	2.36	2.52
2 JALAN KILANG BARAT	Leasehold	99	41.0 ⁽⁴⁵⁾	2 Jalan Kilang Barat Singapore 159346	91	77	28,534	28,500	1.85	1.97
11 CHANG CHARN ROAD	Leasehold	99	35.5 ⁽⁴⁶⁾	11 Chang Charn Road Singapore 159640	42	42	28,500	28,500	1.85	1.97
12 ANG MO KIO STREET 65	Leasehold	30+30	29.3 ⁽⁴⁸⁾	12 Ang Mo Kio Street 65 Singapore 569060	91	91	37,601	37,600	2.44	2.60
16 TAI SENG STREET	Leasehold	30+30	46.0 ⁽¹⁵⁾	16 Tai Seng Street Singapore 534138	57	73	58,571	58,500	3.80	4.04
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	28.4 ⁽⁴⁹⁾	30 Marsiling Industrial Estate Road 8 Singapore 739193	100	100	46,686	46,500	3.03	3.21
Total High-Specs Industrial Properties held by the Trust							236,308	236,000	15.33	16.31
Business Park Properties ⁽⁴⁾										
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	35.1 ⁽⁵⁰⁾	16 International Business Park Singapore 609929	100	100	32,004	32,000	2.08	2.21
Total Business Park Properties held by the Trust							32,004	32,000	2.08	2.21
Total Properties held by the Trust							1,509,162	1,385,700	97.87	95.77

**ESR-REIT
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Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %
Properties held by subsidiaries										
Logistics/Warehousing Properties ⁽¹⁾										
6 CHIN BEE AVENUE	Leasehold	30	22.3 ⁽⁵¹⁾	6 Chin Bee Avenue Singapore 619930	100	100	96,407	96,400	6.25	6.66
30 PIONEER ROAD	Leasehold	30	15.6 ⁽⁵²⁾	30 Pioneer Road Singapore 628502	100	100	41,420	41,400	2.69	2.86
Total Logistics/Warehousing Properties held by subsidiaries							137,827	137,800	8.94	9.52
General Industrial Properties ⁽²⁾										
11 UBI ROAD 1	Leasehold	30+30/ 21+30	34.2 ⁽⁵⁴⁾	11 Ubi Road 1 Singapore 408723	100	100	87,300	87,300	5.66	6.03
29 TAI SENG STREET	Leasehold	30+30	45.9 ⁽⁵⁵⁾	29 Tai Seng Street Singapore 534120	100	100	35,502	35,500	2.30	2.45
11 LORONG 3 TOA PAYOH	Leasehold	60	7.9 ⁽⁵⁶⁾	11 Lorong 3 Toa Payoh Singapore 319579	84	84	51,507	51,500	3.34	3.56
81 TUAS BAY DRIVE	Leasehold	60	45.1 ⁽⁵⁷⁾	81 Tuas Bay Drive Singapore 637308	100	100	28,000	28,000	1.82	1.94
Total General Industrial Properties held by subsidiaries							202,309	202,300	13.12	13.98

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Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders		
					30-06-21 %	31-12-20 %	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 %	31-12-20 %	
Properties held by subsidiaries (cont'd)											
High-Specs Industrial Properties ⁽³⁾											
	19 TAI SENG AVENUE	Leasehold	30+30	46.2 ⁽⁵³⁾	19 Tai Seng Avenue Singapore 534054	39	27	50,877	44,800	3.30	3.10
#	7000 ANG MO KIO AVENUE 5	Leasehold	32+30	35.6 ⁽⁵⁸⁾	7000 Ang Mo Kio Avenue 5 Singapore 569877	94	97	302,829	302,500	19.63	20.91
Total High-Specs Industrial Properties held by subsidiaries								353,706	347,300	22.93	24.01
Business Park Properties ⁽⁴⁾											
	750 - 750E CHAI CHEE ROAD	Leasehold	60/43	9.8/9.7 ⁽⁵⁹⁾	750 to 750E Chai Chee Road Singapore 469000	83	80	280,382	278,200	18.18	19.23
	6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46.6 ⁽⁶⁰⁾	6/8 Changi Business Park Avenue 1 Singapore 486017	65	64	380,697	373,000	24.68	25.78
	2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46.6 ⁽⁶⁰⁾	2/4 Changi Business Park Avenue 1 Singapore 486015	100	100	165,000	165,000	10.70	11.40
Total Business Park Properties held by subsidiaries								826,079	816,200	53.56	56.41
Total Properties held by subsidiaries								1,519,921	1,503,600	98.55	103.92
Total Properties held by the Group								3,029,083	2,889,300	196.42	199.69

**ESR-REIT
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Investment Properties Portfolio Statement

	30-06-21 S\$'000	31-12-20 S\$'000	Percentage of net assets attributable to Unitholders	
			30-06-21 %	31-12-20 %
Trust				
Investment properties (Note 3)	1,509,162	1,385,700	97.76	95.61
Other assets and liabilities (net)	185,628	214,717	12.03	14.82
Net assets of the Trust	1,694,790	1,600,417	109.79	110.43
Perpetual securities holders' funds	(151,115)	(151,115)	(9.79)	(10.43)
Net assets attributable to Unitholders	1,543,675	1,449,302	100.00	100.00
Group				
Investment properties (Note 3)	3,029,083	2,889,300	196.40	199.68
Other assets and liabilities (net)	(1,335,665)	(1,291,195)	(86.60)	(89.23)
Net assets of the Group	1,693,418	1,598,105	109.80	110.45
Perpetual securities holders' funds	(151,115)	(151,115)	(9.80)	(10.45)
Net assets attributable to Unitholders	1,542,303	1,446,990	100.00	100.00
			Fair value	
			30-06-21	31-12-20
			S\$'000	S\$'000
As disclosed in the Statement of Financial Position:				
Trust				
Investment properties – non-current			1,619,890	1,551,337
Investment properties held for divestment			61,025	–
Less: Right-of-use assets (Note 3)			(171,753)	(165,637)
Total investment properties			1,509,162	1,385,700
Group				
Investment properties – non-current			3,201,899	3,119,058
Investment properties held for divestment			61,025	–
Less: Right-of-use assets (Note 3)			(233,841)	(229,758)
Total investment properties			3,029,083	2,889,300

**ESR-REIT
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Investment Properties Portfolio Statement

Notes:

- (1) Logistics/Warehousing properties are typically equipped with high floor loading and also have a high floor-to-ceiling height. Such buildings can be either single-storey or multi-storey properties with vehicular ramp access and/or heavy-duty cargo lift access.
- (2) General Industrial properties can be single or multi-storey facilities dedicated to general industrial, manufacturing or factory activities. Such spaces also have a low percentage of the usable space which can be set aside for office use.
- (3) High-Specs Industrial properties are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings typically have facilities such as air-conditioned units and sufficient floorboard, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.
- (4) Business Parks are clusters of buildings and offices typically dedicated to business activities relating to high-technology, research and development (R&D) value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
- (5) ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (6) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (7) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1973.
- (8) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
- (9) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
- (10) ESR-REIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (11) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
- (12) ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2011.
- (13) ESR-REIT holds the remainder of a 30 year lease commencing from 16 October 2011.
- (14) ESR-REIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
- (15) ESR-REIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
- (16) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (17) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (18) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
- (19) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (20) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (21) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (22) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
- (23) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.

**ESR-REIT
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Investment Properties Portfolio Statement

Notes:

- (24) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- (25) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
- (26) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
- (27) ESR-REIT holds the remainder of a 30 year lease commencing from 16 September 2005.
- (28) ESR-REIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (29) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (30) ESR-REIT holds the remainder of a 30 year lease commencing from 16 March 2005.
- (31) ESR-REIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
- (32) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (33) ESR-REIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
- (34) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (35) ESR-REIT holds the remainder of a 30 year lease commencing from 1 February 2008.
- (36) ESR-REIT holds the remainder of a 28 year lease commencing from 25 March 2007.
- (37) ESR-REIT holds the remainder of a 27 year lease commencing from 30 September 2013.
- (38) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1999.
- (39) ESR-REIT holds the remainder of a 30+16 year lease commencing from 1 April 2008.
- (40) ESR-REIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
- (41) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
- (42) ESR-REIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 year lease commencing from 1 December 1993 for 513 Yishun.
- (43) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
- (44) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (45) ESR-REIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (46) ESR-REIT holds the remainder of a 99 year lease commencing from 1 January 1958.
- (47) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
- (48) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
- (49) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
- (50) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.
- (51) Viva Trust holds the remainder of a 30 year lease commencing from 16 October 2013.
- (52) Viva Trust holds the remainder of a 30 year lease commencing from 16 February 2007.

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Investment Properties Portfolio Statement

Notes:

- ⁽⁵³⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 11 September 2007.
- ⁽⁵⁴⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 1 September 1995 for Plot 1 and 21+30 year lease commencing from 1 September 2004 for Plot 2.
- ⁽⁵⁵⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 1 May 2007.
- ⁽⁵⁶⁾ Viva Trust holds the remainder of a 60 year lease commencing from 16 May 1969.
- ⁽⁵⁷⁾ Viva Trust holds the remainder of a 60 year lease commencing from 19 July 2006.
- ⁽⁵⁸⁾ 7000 AMK LLP holds the remainder of a 32+30 year lease commencing from 30 January 1995.
- ⁽⁵⁹⁾ Viva Trust holds the remainder of a 60 year lease commencing from 1 April 1971 for Plot 1: Lot 8134N Mukim 27 and 43 year lease commencing from 1 March 1988 for Plot 2: Lot 7837V Mukim 27.
- ⁽⁶⁰⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 1 February 2008.
- ⁽⁶¹⁾ ESR-REIT holds the remainder of a 30+14 year lease commencing from 1 May 2006.
- # Property is on 100% basis which includes a 20% non-controlling interest.

Investment properties comprise a diversified portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multi-tenancy and the tenancies range from 2 to 25 years for single tenancy and from 1 month to 12 years for multi-tenancy.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
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Notes to the Financial Statements Announcement

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2021**

1. Summary of significant accounting policies

1.1 Basis of preparation

The interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with FRS 34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* applicable to interim financial statements issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since its last annual financial statements for the financial year ended 31 December 2020.

1.2 Basis of measurement

The interim financial statements are prepared on the historical cost basis, except for investment properties, investment at fair value through profit or loss, and derivative financial instruments, which are measured at fair value.

As at 30 June 2021, the current liabilities of the Group and the Trust exceeded their current assets by S\$170.3 million and S\$76.9 million, respectively. This is primarily due to the classification of a revolving credit facility of S\$50.0 million and a term loan facility of S\$75.0 million as current liabilities as they are maturing within the next 12 months from 30 June 2021. Notwithstanding the net current liabilities position, based on the Group’s available financial resources and sources of funding, the Manager is of the view that the Group will be able to refinance its borrowings and meet its current financial obligations as and when they fall due.

1.3 Functional and presentation currency

The interim financial statements are presented in Singapore dollars (“S\$”), which is the Trust’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

1.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Trust.

2. Significant accounting judgements and estimates

The preparation of interim financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant judgements made by the Manager in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group’s annual financial statements for the financial year ended 31 December 2020.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
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2. Significant accounting judgements and estimates (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

Information about critical judgements, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the interim financial statements are included in Note 12.

3. Investment properties

	Group		Trust	
	30-06-21 \$'000	31-12-20 \$'000	30-06-21 \$'000	31-12-20 \$'000
<u>Investment properties</u>				
At beginning of the period/year	2,889,300	2,934,400	1,385,700	1,403,800
Acquisition of investment property	124,589	-	124,589	-
Capital expenditure incurred	18,156	14,217	1,835	3,751
Change in fair value during the period/year*	(2,962)	(59,317)	(2,962)	(21,851)
At end of the period/year	3,029,083	2,889,300	1,509,162	1,385,700
Investment properties (non-current)	2,976,533	2,889,300	1,456,612	1,385,700
Investment properties held for divestment (current)	52,550	-	52,550	-
	3,029,083	2,889,300	1,509,162	1,385,700
<u>Right-of-use assets</u>				
At beginning of the period/year	229,758	227,681	165,637	169,691
Re-measurement due to change in lease rates	(373)	1,137	3,069	(2,161)
Recognition due to acquisition of investment property	3,996	-	3,996	-
Change in fair value during the period/year**	460	940	(949)	(1,893)
At end of the period/year	233,841	229,758	171,753	165,637
Right-of-use assets (non-current)	225,366	229,758	163,278	165,637
Right-of-use assets attributable to investment properties held for divestment (current)	8,475	-	8,475	-
	233,841	229,758	171,753	165,637
Investment properties (including right-of-use assets) (non-current)	3,201,899	3,119,058	1,619,890	1,551,337
Investment properties held for divestment (including right-of-use assets) (current)	61,025	-	61,025	-
	3,262,924	3,119,058	1,680,915	1,551,337

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3. Investment properties (cont'd)

* The fair value loss of \$3.0 million (2020: \$59.3 million), together with an adjustment for the effect of lease incentives and marketing fee amortisation of -\$0.5 million (2020: \$0.4 million), aggregate to \$2.5 million (2020: \$59.7 million) as disclosed in the Statement of Total Return.

** The change in fair value of right-of-use of leasehold land has been adjusted for the effect of interest and payments borne by tenants of \$0.3 million (2020: \$0.7 million).

Information on the fair value assessment of investment properties is disclosed in Note 12.

Security

All the investment properties are fully unencumbered as at 30 June 2021 and 31 December 2020.

4. Interest-bearing borrowings

	Group		Trust	
	30-06-21	31-12-20	30-06-21	31-12-20
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities				
Unsecured loans	125,000	191,000	125,000	191,000
Unamortised debt transaction costs	(261)	(533)	(261)	(533)
	124,739	190,467	124,739	190,467
Non-current liabilities				
Unsecured loans	1,131,630	945,000	1,131,630	945,000
Unsecured fixed rate notes	50,000	50,000	50,000	50,000
Unamortised debt transaction costs	(9,583)	(6,853)	(9,583)	(6,853)
	1,172,047	988,147	1,172,047	988,147
Total interest-bearing borrowings	1,296,786	1,178,614	1,296,786	1,178,614

As at 30 June 2021, the Group has in place unsecured borrowings comprising:

- (i) the following note issued under its \$750 million Multicurrency Debt Issuance Programme:
- \$50 million 7-year fixed rate notes (the "Series 005 Notes") issued in May 2016, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2023.
- (ii) loan facility of \$150 million from CIMB Bank Berhad, Singapore Branch consisting of:
- Facility A: \$100 million term loan facility maturing in May 2024 at an interest margin plus swap offer rate ("SOR"); and
 - Facility B: \$50 million revolving credit facility maturing in May 2022 at an interest margin plus SOR.

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4. Interest-bearing borrowings (cont'd)

- (iii) loan facility of \$500 million from a syndicate of four banks comprising United Overseas Bank Limited (“UOB”), The Hongkong and Shanghai Banking Corporation Limited (“HSBC”), Malayan Banking Berhad, Singapore Branch (“Maybank”) and RHB Bank Berhad (“RHB”) consisting of:
- Facility A: \$160 million term loan facility at an interest margin plus SOR, which has been fully repaid and cancelled;
 - Facility B: \$180 million term loan facility maturing in October 2022 at an interest margin plus SOR; and
 - Facility C: \$160 million term loan facility maturing in October 2023 at an interest margin plus SOR.
- (iv) term loan facility of \$100 million from BNP Paribas, Singapore Branch maturing in October 2023 at an interest margin plus SOR.
- (v) club loan facility of \$155 million from three banks comprising Australia and New Zealand Banking Group Limited, Singapore Branch, CTBC Bank Co., Ltd., Singapore Branch, and Standard Chartered Bank (Singapore) Limited consisting of:
- Facility A: \$75 million term loan facility maturing in March 2022 at an interest margin plus SOR; and
 - Facility B: \$80 million term loan facility maturing in March 2023 at an interest margin plus SOR.
- (vi) club loan facility of \$200 million from MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch consisting of:
- Facility A: \$150 million term loan facility maturing in February 2024 at an interest margin plus SOR; and
 - Facility B: \$50 million revolving credit facility maturing in February 2024 at an interest margin plus SOR.
- (vii) club loan facility of \$320 million from UOB, Maybank, RHB and HSBC consisting of:
- Facility A: \$160 million term loan facility maturing in March 2026 at an interest margin plus SOR; and
 - Facility B: \$160 million revolving credit facility maturing in March 2025 at an interest margin plus SOR.
- (viii) loan facility of A\$68.5 million from RHB consisting of:
- Facility A: A\$60.5 million term loan facility maturing in May 2027 at an interest margin plus BBSY Bid; and
 - Facility B: A\$8.0 million revolving credit facility maturing in May 2027 at an interest margin plus BBSY Bid.

As at 30 June 2021, the total amounts outstanding under the term loan and revolving credit facilities were \$1,066.6 million and \$190.0 million, respectively.

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5. Liabilities directly attributable to investment properties held for divestment

	Group		Trust	
	30-06-21 \$'000	31-12-20 \$'000	30-06-21 \$'000	31-12-20 \$'000
<u>Liabilities</u>				
Lease liabilities	8,475	–	8,475	–
Security deposits	818	–	818	–
Other deposits ⁽¹⁾	5,300	–	5,300	–
	<u>14,593</u>	<u>–</u>	<u>14,593</u>	<u>–</u>

⁽¹⁾ Deposits received pursuant to the put and call option agreements entered into for the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East.

6. Gross revenue

	Group	
	1H2021 \$'000	1H2020 \$'000
Property rental income	110,238	110,426
Other income	9,248	7,937
Rental rebates ⁽¹⁾	354	(4,609)
	<u>119,840</u>	<u>113,754</u>

⁽¹⁾ Rental rebates to eligible tenants as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak, and under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020.

7. Property expenses

	Group	
	1H2021 \$'000	1H2020 \$'000
Property Manager's fees paid and payable in:		
- cash	3,950	3,850
- Units	1,415	1,367
	5,365	5,217
Property tax	9,794	9,541
Repair and maintenance expenses	9,343	9,656
Other property operating expenses	8,371	9,112
	<u>32,873</u>	<u>33,526</u>

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8. Management fees

	Group	
	1H2021	1H2020
	\$'000	\$'000
Base fees paid and payable in:		
- cash	4,298	4,300
- Units	2,910	3,030
	7,208	7,330
	7,208	7,330

9. Trust expenses

	Group	
	1H2021	1H2020
	\$'000	\$'000
Auditor's remuneration		
- audit fees	153	152
- non-audit fees	46	109
Trustee's fees	268	271
Valuation fees	114	70
Professional fees	90	96
Other expenses ⁽¹⁾	695	837
	1,366	1,535
	1,366	1,535

⁽¹⁾ Other expenses comprise investor relations costs, compliance costs, listing fees and other non-property related expenses.

10. Borrowing costs

	Group	
	1H2021	1H2020
	\$'000	\$'000
Borrowing costs paid and payable:		
- bank loans	9,172	13,131
- financial derivatives	9,280	5,084
- fixed rate notes	979	3,369
Amortisation of transaction costs relating to debt facilities	2,265	1,857
	21,696	23,441
	21,696	23,441

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11. Related parties

For the purposes of these interim financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

Other than as disclosed elsewhere in the interim financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	Group	
	1H2021	1H2020
	\$'000	\$'000
ESR Funds Management (S) Limited (the "Manager")		
Management fees paid and payable		
-in cash	4,298	4,300
-in units	2,910	3,030
Acquisition fees payable in cash	1,196	-
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)		
Property and lease management fees paid and payable		
-in cash	2,092	1,943
-in units	1,415	1,367
Lease marketing services commissions paid and payable	1,716	2,635
Project management fees paid and payable	248	25
Site staff cost recovery	331	416
Rental income receivable ⁽¹⁾	1,906	-
RBC Investor Services Trust Singapore Limited (the "Trustee")		
Trustee fees paid and payable	175	176
Perpetual (Asia) Limited (the "Sub-trust Trustee")		
Trustee fees paid and payable	93	95
ESR Cayman Group		
Acquisition of a 10% interest in ESR Australia Logistics Partnership	62,630	-

⁽¹⁾ Relates to the total rental receivable from ESR Property Management (S) Pte Ltd ("ESR-PM") pursuant to a 3-year tenancy agreement entered into between the Group and ESR-PM.

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12. Fair value measurement

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable input and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation input used as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable input for the asset or liability.

If the input used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous financial periods.

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12. Fair value measurement (cont'd)

(b) Assets and liabilities measured at fair value

The table below shows an analysis of each class of assets and liabilities of the Group and the Trust measured at fair value as at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
As at 30.06.2021				
Non financial assets				
Investment properties (including right-of-use assets and investment properties held for divestment)	–	–	3,262,924	3,262,924
Financial assets				
Investment at fair value through profit or loss	–	–	61,541	61,541
	–	–	3,324,465	3,324,465
Derivatives				
Derivative financial instruments	–	(24,679)	–	(24,679)
As at 31.12.2020				
Non financial assets				
Investment properties (including right-of-use assets)	–	–	3,119,058	3,119,058
Derivatives				
Derivative financial instruments	–	(38,578)	–	(38,578)

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12. Fair value measurement (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust				
As at 30.06.2021				
Non financial assets				
Investment properties (including right-of-use assets and investment properties held for divestment)	–	–	1,680,915	1,680,915
Financial assets				
Investment at fair value through profit or loss	–	–	61,541	61,541
	–	–	1,742,456	1,742,456
Derivatives				
Derivative financial instruments	–	(24,679)	–	(24,679)
As at 31.12.2020				
Non financial assets				
Investment properties (including right-of-use assets)	–	–	1,551,337	1,551,337
Derivatives				
Derivative financial instruments	–	(38,578)	–	(38,578)

12. Fair value measurement (cont'd)

(c) **Level 2 fair value measurements**

The following is a description of the valuation techniques and input used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Financial derivatives

The fair value of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cashflows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(d) **Level 3 fair value measurements**

The following is a description of the valuation techniques and input used in the fair value measurement for assets and liabilities that are categorised within Level 3 of the fair value hierarchy:

Investment properties

Investment properties are stated at fair value based on valuations as at the reporting date. Any change in the fair value is recorded in the Statement of Total Return.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the reporting date between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

The fair value of the Group's investment properties is determined based on significant unobservable input and is categorised under Level 3 of the fair value hierarchy. Level 3 fair value has been derived using the income capitalisation approach where it capitalises an income stream into a present value reflecting the present and potential income growth over the unexpired lease term. The most significant input used in the income capitalisation approach is the capitalisation rate of 5.00% to 7.35% (31 December 2020: 5.00% to 7.35%) per annum.

An increase/(decrease) in capitalisation rate will result in a (decrease)/increase in the fair value of the investment property.

Investment at fair value through profit or loss

The fair value of the investment at fair value through profit or loss, which is an unquoted equity investment in a property fund, is determined based on significant unobservable input and is categorised under Level 3 of the fair value hierarchy. The fair value is determined based on the Group's share of the net assets of the property fund with reference to the fair value of the underlying assets of the property fund, which mainly comprise a portfolio of investment properties.

An increase/(decrease) in the net asset value of the property fund will result in an increase/(decrease) in the fair value of the investment at fair value through profit or loss.

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12. Fair value measurement (cont'd)

(e) Classification of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statement of Financial Position, are as follows:

Group	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
As at 30.06.2021						
Investment at fair value through profit or loss		–	61,541	–	61,541	61,541
Trade and other receivables*		15,033	–	–	15,033	15,033
Cash and cash equivalents		13,982	–	–	13,982	13,982
Loans and borrowings	4	–	–	(1,296,786)	(1,296,786)	(1,298,312)
Trade and other payables^		–	–	(74,509)	(74,509)	(74,509)
Liabilities directly attributable to investment properties held for divestment^		–	–	(6,118)	(6,118)	(6,118)
Derivative financial instruments		–	(24,679)	–	(24,679)	(24,679)
		<u>29,015</u>	<u>36,862</u>	<u>(1,377,413)</u>	<u>(1,311,536)</u>	<u>(1,313,062)</u>
As at 31.12.2020						
Trade and other receivables*		9,591	–	–	9,591	9,591
Cash and cash equivalents		18,101	–	–	18,101	18,101
Loans and borrowings	4	–	–	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^		–	–	(78,998)	(78,998)	(78,998)
Derivative financial instruments		–	(38,578)	–	(38,578)	(38,578)
		<u>27,692</u>	<u>(38,578)</u>	<u>(1,257,612)</u>	<u>(1,268,498)</u>	<u>(1,268,470)</u>

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12. Fair value measurement (cont'd)

(e) *Classification of financial instruments*

	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
Trust						
As at 30.06.2021						
Investment at fair value through profit or loss		–	61,541	–	61,541	61,541
Trade and other receivables*		32,590	–	–	32,590	32,590
Cash and cash equivalents		6,762	–	–	6,762	6,762
Loans and borrowings	4	–	–	(1,296,786)	(1,296,786)	(1,298,312)
Trade and other payables^		–	–	(43,028)	(43,028)	(43,028)
Liabilities directly attributable to investment properties held for divestment+		–	–	(6,118)	(6,118)	(6,118)
Derivative financial instruments		–	(24,679)	–	(24,679)	(24,679)
		39,352	36,862	(1,345,932)	(1,269,718)	(1,271,244)
As at 31.12.2020						
Trade and other receivables*		23,376	–	–	23,376	23,376
Cash and cash equivalents		8,556	–	–	8,556	8,556
Loans and borrowings	4	–	–	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^		–	–	(43,197)	(43,197)	(43,197)
Derivative financial instruments		–	(38,578)	–	(38,578)	(38,578)
		31,932	(38,578)	(1,221,811)	(1,228,457)	(1,228,429)

* Excludes prepayments.

^ Excludes rent received in advance and GST payable.

+ Excludes lease liabilities.

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13. Segment reporting

Segment information is presented based on the information reviewed by the Manager's Chief Operating Decision Makers ("CODMs") for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that the Group has only one reportable segment – Leasing of investment properties. This forms the basis of identifying the operating segments of ESR-REIT under FRS 108 *Operating Segments*. No geographical segment information has been presented as all of the Group's investment properties are located in Singapore.

14. Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

15. Financial ratios

	30.06.2021	30.06.2020
	%	%
Expenses to weighted average net assets ⁽¹⁾		
- including performance component of management fees	0.52	0.54
- excluding performance component of management fees	0.52	0.54
Portfolio turnover rate ⁽²⁾	7.26	–

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs and income tax expense.

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

16. Capital commitments

As at the reporting date, the Group had \$3.4 million (31 December 2020: \$18.1 million) of capital commitments in respect of asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided for in the financial statements. These projects are targeted to complete in 2021.

17. Subsequent events

There are no known subsequent events which have led to adjustments to the interim financial statements.

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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)

Adrian Chui

Chief Executive Officer and Executive Director

23 July 2021

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