



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

NEWS RELEASE

For immediate release

ESR-REIT Records 14.8% y-o-y Growth in 1Q2021 with DPU of 0.800 cents

- Core Distributable Income per Unit (“DPU”) growth of 14.8% y-o-y and 8.0% q-o-q, to 0.800 Singapore cents
- Total leases of 317,000 sqft signed with tenant retention rate of 87.0%
- Portfolio remained resilient with 90.8% occupancy rate
- Successfully refinanced all expiring debt due in FY2021 ahead of expiry
- All-in cost of debt reduced to 3.52% per annum with a weighted average debt expiry of 2.7 years
- AEI works at ESR BizPark @ Changi have been completed, with Temporary Occupation Permit (“TOP”) obtained on 31 March 2021
- Rental collections remained at over 97%
- Net asset value (“NAV”) per Unit improved q-o-q to 40.6 cents

Summary of Financial Results:

| | 1Q2021 (S\$ million) | 1Q2020 (S\$ million) | +/(-) (%) |
|--|-------------------------|-------------------------|--------------|
| Gross Revenue ⁽¹⁾ | 60.3 | 57.8 | +4.4 |
| Net Property Income (“NPI”) ⁽¹⁾⁽²⁾ | 44.1 | 41.0 | +7.6 |
| Total amount available for distribution to Unitholders ⁽³⁾ | 28.7 | 24.5 | +17.1 |
| Applicable number of units for calculation of DPU (million) | 3,591.1 | 3,506.1 | +2.4 |
| Core DPU (cents) | 0.800 | 0.697 | +14.8 |

(1) Higher gross revenue and NPI mainly attributed to the absence of provision for COVID-19 rental rebates to tenants in 1Q2021 (1Q2020: S\$2.5 million).

(2) Lower property expenses also contributed to the higher NPI. Lower property expenses incurred was mainly due to (i) lower utilities expenses arising from lower contracted electricity rates at certain properties, as well as reduction in electricity consumption for common areas of the properties; and (ii) lower maintenance costs in relation to safe management measures at the properties following the gradual relaxation of the safe management requirements.

(3) Includes management fees payable to the Manager and the Property Manager in ESR-REIT units of S\$1.8 million for 1Q2021 (1Q2020: S\$2.2 million).

Singapore, 22 April 2021 – ESR Funds Management (S) Limited, the Manager of ESR-REIT (the “Manager”), announced today its interim business update for the quarter ended 31 March 2021 (“1Q2021”). Core DPU for 1Q2021 increased 14.8% year-on-year (“y-o-y”) from 0.697 cents to 0.800 cents.

Financial Performance

Gross revenue increased 4.4% from a year ago to S\$60.3 million and NPI rose 7.6% y-o-y to S\$44.1 million. The y-o-y increase was mainly due to the absence of provision for COVID-19 rental rebates to tenants and lower property expenses. In 1Q2021, the total amount available for distribution to Unitholders was up 17.1% y-o-y to S\$28.7 million mainly due to higher NPI and lower borrowing costs. Core DPU for 1Q2021 was 0.800 Singapore cents, up 14.8% y-o-y from 0.697 Singapore cents in 1Q2020 and 8.0% q-o-q from 0.741 Singapore cents in 4Q2020.

The books closure date for the DPU of 0.800 Singapore cents for the period from 1 January 2021 to 31 March 2021 is 30 April 2021 and the expected payment date is 24 June 2021.

Portfolio Performance

Portfolio occupancy rate maintained at 90.8%, consistently above JTC's average of 89.9%¹. The portfolio has a weighted average lease expiry ("WALE") of 2.9 years across a well spread-out lease expiry profile.

During the quarter, total leases signed were 317,000 sqft across 32 leasing transactions with renewals for about 135,000 sqft of space and 182,000 sqft of new leases secured. As at 31 March 2021, tenant retention rate was 87.0%. Major leases secured in this quarter include a manufacturing company at 8 Tuas South Lane, United Test and Assembly Center Ltd at 12 Ang Mo Kio Street 65 and Happy Fish Swim School at ESR BizPark @ Chai Chee. As at 31 March 2021, 16.9% of the portfolio leases by rental income are expiring in FY2021. Out of these 16.9% expiring leases, about 28.1% have been renewed ahead of expiry. The Manager has received more leasing interest from technology, media, e-commerce and pharmaceutical sectors, and observed new leasing demand from glove manufacturing and AgriTech companies.

The top 10 tenants accounted for 31.0% of ESR-REIT's portfolio rental income with no single tenant contributing more than 5.3% of the portfolio rental income. The Manager will continue to achieve an optimal balance between improving occupancy levels and maximising returns from the portfolio.

Portfolio Optimisation

Asset enhancement initiatives ("AEI") at ESR BizPark @ Changi have been completed with TOP obtained on 31 March 2021. The AEI took into consideration collective feedback obtained from existing and prospective tenants to transform the business park into a vibrant self-contained community, with offerings of amenities and traffic circulation improved. Workspaces were also reshaped in response to work-from-home arrangements to enhance the overall tenant experience. Following the AEI, UE BizHub EAST was rebranded as ESR BizPark @ Changi to reinforce its position as ESR-REIT's flagship property.

Strong Capital Position with no more debt refinancing requirements in FY2021

The Manager has successfully refinanced all expiring debt due in FY2021 ahead of expiry and has a well-staggered debt maturity profile with a weighted average debt expiry of 2.7 years. ESR-REIT's weighted average all-in cost of debt has been reduced further to 3.52% per annum with 88.1% of its borrowings on fixed interest rates over the next 2.0 years while the portfolio remains 100%

¹ Based on 4Q2020 data from JTC.

unencumbered². As at 31 March 2021, ESR-REIT has committed undrawn revolving credit facilities of S\$118.0 million.

COVID-19 Update

Rental collection for 1Q2021 was 97.5% of total receivables, in line with pre-pandemic levels. Given that the COVID-19 situation in Singapore has largely stabilised with the progressive rollout of vaccinations, no rental rebates were provided to tenants in 1Q2021 while tenants have gradually resumed rental payments that were deferred under the COVID-19 (Temporary Measures) Act 2020.

Outlook for FY2021

Based on the latest advance GDP estimates by Ministry of Trade and Industry (“MTI”), Singapore’s economy grew by 0.2% on a y-o-y basis in 1Q2021, an improvement from the 2.4% contraction recorded in 4Q2020.³ MTI expects Singapore’s GDP to grow by 4.0% to 6.0% in 2021.⁴ The Purchasing Managers’ Index (“PMI”) registered the ninth consecutive month of expansion for the overall manufacturing sector with a 0.3-point increase to 50.8 in March 2021.⁵ According to JTC, the rental and price index of industrial space in 4Q2020 were muted with overall occupancy increased slightly by 0.3% to 89.9% as compared to the previous quarter. Completion of new industrial space has been delayed to 2021 and 2022, directly impacting rents and prices in the coming quarters.⁶ With the additional supply due to the delayed completions, the Manager expects rental pressure in the industrial market in the short-to-medium term as international trade conditions and economic recovery are dependent on the COVID-19 situation and the progress of the global vaccination rollout.

Looking Ahead

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, “Notwithstanding the widespread impact of COVID-19, 1Q2021 has been characterised by increased leasing momentum, strong rental collections and ongoing initiatives to enhance our portfolio quality. Our core DPU has registered quarterly improvements since Singapore reopened its economy in 3Q2020. We will continue to improve our asset portfolio via AEs and/or redevelopments, taking into consideration industrialists’ requirements, expectations and preferences to ensure that our portfolio remains future-ready.”

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² Excludes ESR-REIT’s 49% interest in 48 Pandan Road.

³ Based on advance GDP estimates for 1Q2021 released by Ministry of Trade and Industry on 14 April 2021.

⁴ Based on information obtained from the Economic Survey of Singapore 2020 released by Ministry of Trade and Industry on 15 February 2021.

⁵ Based on monthly PMI figures obtained from the SPIMM institute.

⁶ Based on JTC 4Q2020 Industrial Property Market Statistics.

About ESR-REIT

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

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 2020 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S\$3.1 billion⁷. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide.

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

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

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, ESR Cayman Limited ("**ESR**") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

For further information on ESR-REIT, please visit www.esr-reit.com.sg.

About the Sponsor, ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, SK Holdings, JD.com, CPP Investments, Oxford Properties and PGGM. The ESR platform spans across the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 2020, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$30 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 20 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the Hang Seng Composite Index and MSCI Hong Kong Index.

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

⁷ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

Important Notice

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

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

This news release is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this material is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in ESR-REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.