

NEWS RELEASE

For immediate release

ESR-REIT announces Distributable Income Available Per Unit of 0.697 Singapore cents for 1Q2020 and declares 1Q2020 DPU of 0.500 Singapore cents amid continued COVID-19 uncertainties

- Distributable Income Available Per Unit for 1Q2020 at 0.697 Singapore cents, a decrease of 26.0%¹ y-o-y after setting aside potential rental rebates to support tenants adversely affected by COVID-19.
- Distribution per Unit (“DPU”) of 0.500 Singapore cents for 1Q2020 declared with S\$7.0 million of 1Q2020 distributable income retained for prudent cash flow management in view of COVID-19 uncertainties.
- Portfolio occupancy and weighted average lease expiry (“WALE”) stable at 90.5% and 3.6 years, respectively.
- S\$160.0 million MTN expiring in 2Q2020 will be repaid utilising existing loan facilities.² No more refinancing risks for FY2020.

Summary of Financial Results:

| | 1Q2020 (S\$ million) | 1Q2019 (S\$ million) | +/(-) (%) |
|---|-------------------------|-------------------------|--------------|
| Gross Revenue ⁽¹⁾⁽²⁾ | 57.8 | 64.8 | (10.9) |
| Net Property Income (“NPI”) ⁽¹⁾⁽²⁾ | 41.0 | 48.6 | (15.6) |
| Distributable Income ⁽³⁾ | 24.5 | 29.9 | (18.2) |
| Distribution from Other Gains ⁽⁴⁾ | - | 2.1 | (100.0) |
| Total amount available for distribution to Unitholders | 24.5 | 32.0 | (23.5) |
| Amount retained for cash flow management purpose ⁽⁵⁾ | (7.0) | - | n.m. |
| Distribution to Unitholders | 17.5 | 32.0 | (45.2) |
| Applicable number of units for calculation of DPU (million) | 3,506.1 | 3,170.2 | 10.6 |
| Distributable Income Available Per Unit (cents) | 0.697 | 1.007 | (30.8) |
| Declared Distribution Per Unit (“DPU”) (cents) | 0.500 | 1.007 | (50.3) |

Notes:

- (1) Lower gross revenue and NPI was mainly attributed to (a) lease conversion from single to multi-tenancy for certain properties; (b) non-renewals and downsizing by certain tenants; and (c) rental rebates set aside as part of ESR-REIT’s measures to support tenants adversely affected by the COVID-19 outbreak.
- (2) Includes straight-line rent adjustments of S\$0.1 million for 1Q2020 (1Q2019: S\$0.3 million).
- (3) Includes management fees paid/payable to the Manager and the Property Manager in ESR-REIT units of S\$2.2 million for 1Q2020 (1Q2019: S\$2.1 million).
- (4) Capital gains from disposal of investment properties in prior years.
- (5) Cash retained due to COVID-19 uncertainties.

¹ Excluding “Distributions from Other Gains”.

² Refer to announcement titled “Entry into S\$200 million Unsecured Loan Facility” dated 28 February 2020.

Singapore, 23 April 2020 – ESR Funds Management (S) Limited, the Manager of ESR-REIT (the “Manager”), is pleased to announce that the total amount available for distribution to Unitholders and the Distributable Income Available Per Unit for the first quarter ended 31 March 2020 (“1Q2020”) stood at S\$24.5 million and 0.697 Singapore cents, respectively. However, in anticipation of a challenging operating environment due to continued uncertainties from the COVID-19 pandemic, the Manager has decided to retain approximately S\$7.0 million of 1Q2020 distributable income for prudent cash flow management. As such, the distribution for 1Q2020 is S\$17.5 million and the DPU payable for the same quarter is 0.500 Singapore cents.

Financial Performance

ESR-REIT registered gross revenue of S\$57.8 million, net property income (“NPI”) of S\$41.0 million and distributable income of S\$24.5 million for 1Q2020, a y-o-y decrease of 10.9%, 15.6% and 18.2%, respectively. Excluding “Distributions from Other Gains”, y-o-y DPU decrease is 26.0%. The lower gross revenue and NPI was mainly due to the lease conversion from single to multi tenancy for five properties where ESR-REIT now has to bear the costs of land rent, property tax and maintenance fees that tenants used to pay under a master lease arrangement, non-renewals and downsizing of certain tenants and rental rebates set aside as part of ESR-REIT’s measures to support tenants whose businesses were adversely affected by the COVID-19 outbreak.

The books closure date for the distribution of 0.500 Singapore cents per unit for the period from 1 January 2020 to 31 March 2020 is Monday, 4 May 2020 and the expected payment date is Wednesday, 24 June 2020.

Portfolio Performance

As at 31 March 2020, ESR-REIT’s portfolio occupancy stood at 90.5%, consistently above JTC’s average of 89.2%³. Leasing activity for 1Q2020 was relatively stable with 0.3 million sqft of space renewed and 0.6 million sqft of new leases secured, bringing the total leases signed to 0.9 million sqft. The year-to-date tenant retention rate in 1Q2020 was 87.1%. Rental reversions are -0.1% this quarter due mainly to weaker market conditions in Singapore. ESR-REIT has a diversified tenant base of 343 tenants with a WALE of 3.6 years as at 31 March 2020. The portfolio’s average security deposit is 5.5 months with multi-tenanted buildings at 4.1 months and single-tenanted buildings at 9.6 months. The top 10 tenants accounted for 31.0% of ESR-REIT’s portfolio by rental income, with no single tenant accounting for more than 5.0%. Two general industrial properties, 13 Jalan Terusan and 30 Teban Gardens Crescent were converted into multi tenancies in 1Q2020. The occupancy at both properties currently stand at 88.9% and 100.0% respectively with our active lease management since the conversion.

³ Based on 4Q2019 data from JTC.

Prudent Capital Management with No Refinancing Requirements for FY2020

As at 31 March 2020, ESR-REIT's Debt to Total Assets was 41.7%, with a weighted average debt expiry ("WADE") of 2.4 years and 100% of interest rate exposure fixed for the next 2.6 years. Weighted average all-in cost of debt is at 3.81%. The portfolio remains 100% unencumbered, while maintaining a well-staggered debt maturity profile.⁴ The S\$160.0 million MTN maturing in 2Q2020 will be repaid by utilising existing loan facilities and there are no further refinancing requirements for FY2020. Post MTN refinancing, estimated WADE is expected to be 2.9 years, with interest expense savings expected (estimated weighted average all-in cost of debt will be c.3.7%). As at 31 March 2020, ESR-REIT has committed undrawn revolving credit facilities of S\$250.0 million. The Manager will continue to balance its fund-raising requirements, capital structure and portfolio risks.

Outlook for 2020

Advanced estimates by the Ministry of Trade & Industry indicated that the Singapore economy contracted by 2.2% y-o-y in 1Q2020. The 2020 outlook had sharply deteriorated amid the escalating widespread COVID-19 pandemic.⁵ Manufacturing output decreased by 1.1% y-o-y while factory activity dropped 22.3% on a month-on-month basis in February 2020.⁶ The Purchasing Managers' Index (PMI) registered a drop of 3.3 points to record a further contraction at 45.4 in March 2020.⁷ The tightening of border controls to reduce the importation of the disease, implementation of safe distancing measures such as the cancellation of all events and mass gatherings and the physical separation of patrons at public places have weighed heavily on domestic consumption and the external demand for goods and services. Economists expect Singapore GDP growth figures for the next two quarters to be worse than the first quarter. As a result, Singapore's economy looks headed for severe contractions and very likely a full-year recession amid the mounting border controls and lockdowns around the world from the COVID-19 pandemic.⁸

Protective Measures during COVID-19

The Manager has put in place protective measures across its multi-tenanted properties to safeguard the health of the local community. The Manager conducts daily temperature screening; administers health and travel declarations for all tenants and visitors and identified special transfer routes and isolation rooms for suspect cases to minimise exposure to the public. Enhanced sanitation protocols such as increased frequency of cleaning and sanitising of high contact points and public areas have been observed. The Manager has also implemented safe distancing measures across its properties such as queue

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

⁵ Based on 1Q2020 advanced estimates released by Ministry of Trade and Industry (MTI).

⁶ Based on monthly manufacturing performance data obtained from Economic Development Board (EDB).

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

⁸ Subhani, O. (2020, March 26). Singapore Economy could be headed for its worst-ever contraction this year. *The Straits Times*. Retrieved from <https://www.straitstimes.com/business/economy/singapore-economy-shrinks-22-in-q1-full-year-growth-forecast-slashed-to-4-to-1>

management system, floor markers and signages to remind tenants and visitors to maintain physical distance. Group activities such as weekend bazaars and weekly physical activities organised by Health Promotion Board at some properties are also temporarily suspended. The Manager provided free parking for visitors during lunch and dinner hours at UE BizHub EAST and Viva Business Park before circuit breaker measures came into force.

Working with Our Stakeholders

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, “We are going through an unprecedented global economic situation brought about by COVID-19 which is unique in its severity. Our cash position is stable with no more refinancing risk for FY2020, in addition to the availability of committed undrawn credit facilities. However, the COVID-19 pandemic is highly uncertain in terms of the length and depth of its economic impact. Hence, as a precautionary measure, we are retaining certain amount of the distributable income available in this quarter. We will continue to proactively manage our business by engaging and working closely with all our stakeholders to overcome this difficult period and seek to pay out the retained distribution as soon as the situation stabilises.”

Mr. Chui added, “We have been diligent in following the guidelines set out by the Ministry of Health to implement precautionary and safe distancing measures across our properties to minimize community spread. We have put in place measures to provide tangible relief for tenants in view of the elevated safe distancing measures and stop-work orders imposed by the Singapore Government. Besides fully passing on the property tax rebates to all qualifying tenants, we are expanding the current measures to help tenants whose businesses are badly affected by the outbreak. As a proactive manager who values long term tenant-landlord relationships, we stand ready to further assist our tenants in a targeted and managed manner to help alleviate their operating pressures. We will continue to monitor the developments closely and are prepared to step up and work together with our stakeholders towards recovery.”

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About ESR-REIT

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

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 2019 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S\$3.2 billion⁹. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide.

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

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

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

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

About the Sponsor, ESR

ESR is the largest Asia-Pacific focused logistics real estate platform by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, SK Holdings, JD.com, Goldman Sachs, CPPIB, OMERS, PGGM, Ping An and Allianz Real Estate. The ESR platform spans across the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 2019, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$22.1 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 17.2 million sqm in total. ESR has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 November 2019.

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

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

Important Notice

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

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

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