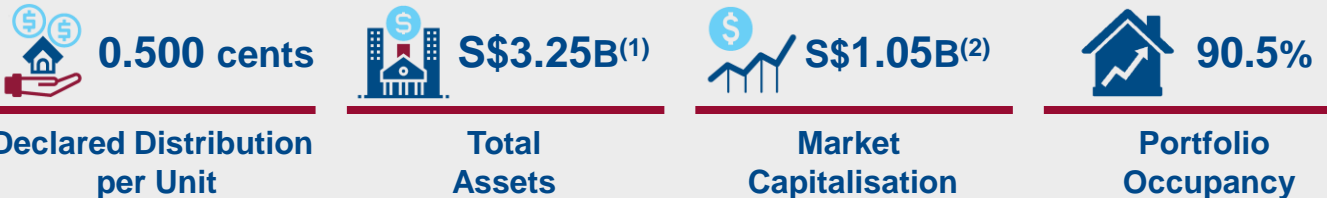


ESR-REIT announces Distributable Income Available Per Unit of 0.697 Singapore cents for 1Q2020 and declares 1Q2020 DPU of 0.500 Singapore cents amid continued COVID-19 uncertainties

1Q2020 Interim Update



“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 undrawn committed 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. Adrian Chui
Chief Executive Officer and Executive Director

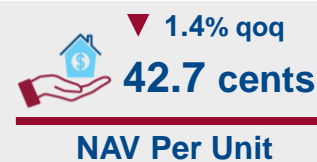
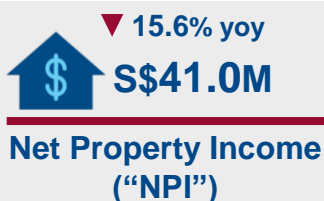
KEY HIGHLIGHTS

- Distributable Income Available Per Unit for 1Q2020 at 0.697 Singapore cents, a decrease of 26.0%⁽³⁾ 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 has been declared for 1Q2020 with S\$7.0 million of 1Q2020 distributable income retained for prudent cash flow management in view of COVID-19 uncertainties.
- Net asset value (“NAV”) per unit was 42.7 cents as at 31 March 2020.
- Portfolio occupancy and weighted average lease expiry (“WALE”) remained stable at 90.5% and 3.6 years, respectively.
- Committed undrawn RCF of S\$250.0 million and S\$36.7 million of cash as at 31 March 2020.
- S\$160.0 million MTN expiring in 2Q2020 will be repaid utilising existing loan facilities.⁽⁴⁾ No more refinancing risks in FY2020.
- We stand ready to provide further support for tenants in a targeted and managed manner, in view of an uncertain operating environment ahead.

Notes:

1. 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.
2. Based on closing price of S\$0.30 as at 31 March 2020.
3. Excluding “Distributions from Other Gains”. Refer to the Press Release dated 23 April 2020.
4. Refer to announcement titled “Entry into S\$200 million Unsecured Loan Facility” dated 28 February 2020.

- 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.
- DPU of 0.500 Singapore cents for 1Q2020 has been declared with S\$7.0 million of 1Q2020 distributable income retained for prudent cash flow management in view of COVID-19 uncertainties.
- Lower gross revenue and NPI was mainly due to the lease conversion from single to multi tenancy for five properties, non-renewals and downsizing by certain tenants and rental rebates for tenants.



Distribution Details

Distribution Period	1 January 2020 – 31 March 2020
Distribution Rate	0.500 cents taxable income per unit

Distribution Timetable

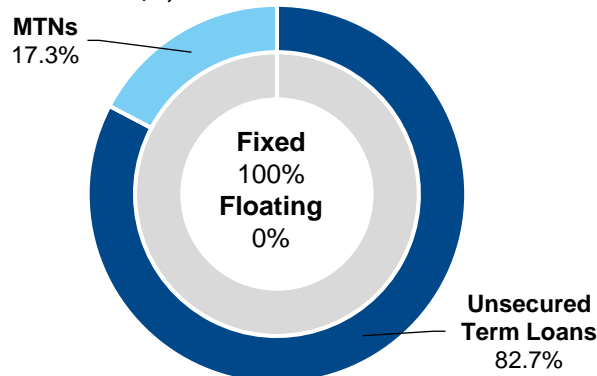
Books Closure Date	4 May 2020
Distribution Payment Date	24 June 2020

Prudent Capital Management

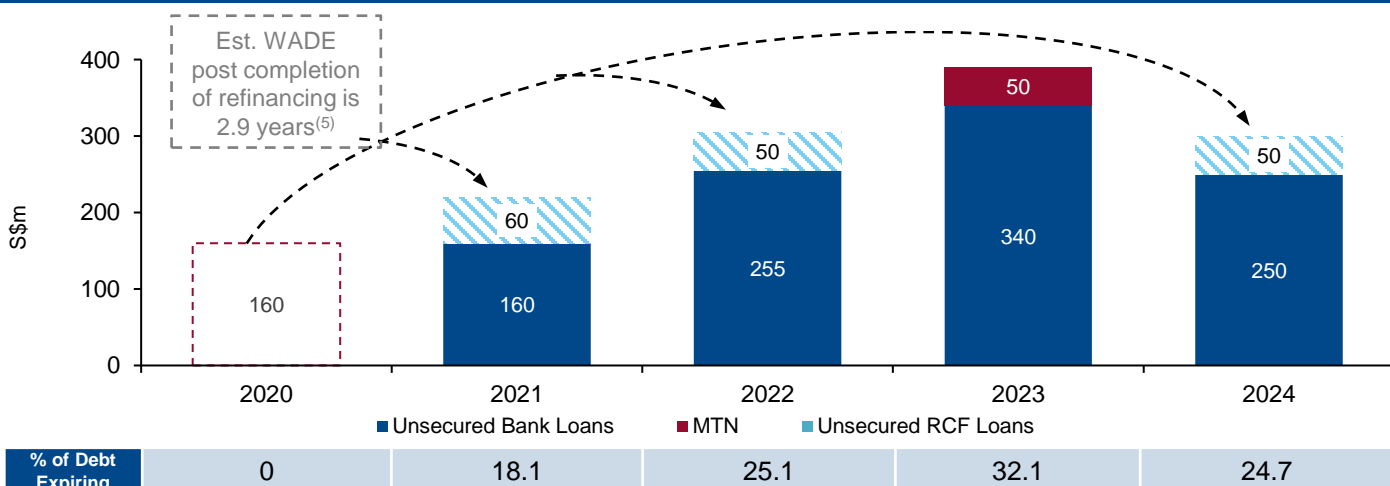
- Gearing at 41.7%.
- S\$160.0 million MTN maturing in 2Q2020 will be repaid by utilising existing loan facilities.⁽²⁾ No further refinancing requirements for FY2020.
- WADE⁽³⁾ at 2.4 years (est. 2.9 years post MTN refinancing).
- Weighted average all-in cost of debt at 3.81% (est. c.3.7% post MTN refinancing).
- Interest rate 100% fixed with WAFDE⁽⁴⁾ at 2.6 years.
- Interest Coverage Ratio at 3.35x.
- Portfolio remains 100% unencumbered.
- Committed undrawn RCF of S\$250.0 million.

Breakdown of Debt (as at 31 Mar 2020)

Total Debt of S\$1,215.0m



Debt Maturity Profile (as at 31 Mar 2020)



Notes:

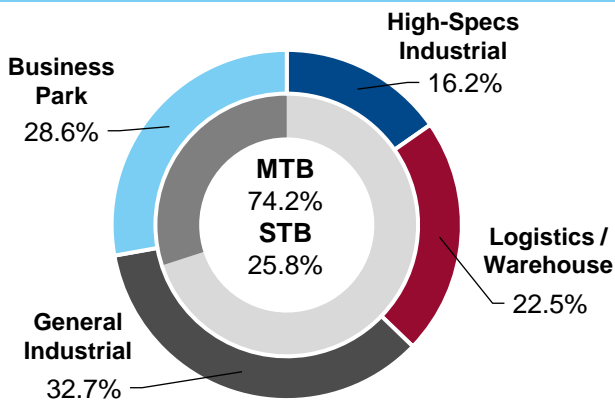
1. Excluding "Distributions from Other Gains".
2. Refer to announcement titled "Entry into S\$200 million Unsecured Loan Facility" dated 28 February 2020.
3. Weighted average debt expiry.
4. Weighted average fixed debt expiry.
5. S\$160 million of the committed undrawn RCF of S\$250 million available for refinancing of MTN.

Portfolio and Operational Updates

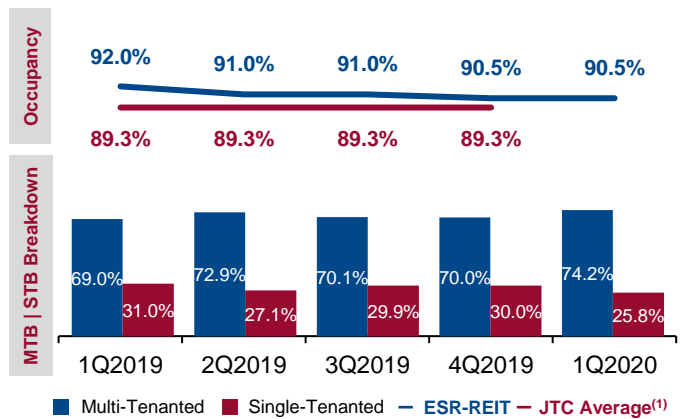
- Portfolio occupancy at 90.5% remained consistently above JTC's average of 89.2%⁽¹⁾ while YTD tenant retention rate was 87.1%.
- Demonstration of active leasing strategies to drive value and lease future expiries. Rental reversions have remained stagnant at -0.1%.
- Portfolio's WALE remained unchanged at 3.6 years. 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%.
- The portfolio's average security deposit at 5.5 months with multi-tenanted buildings (MTB) at 4.1 months and single-tenanted buildings (STB) at 9.6 months.



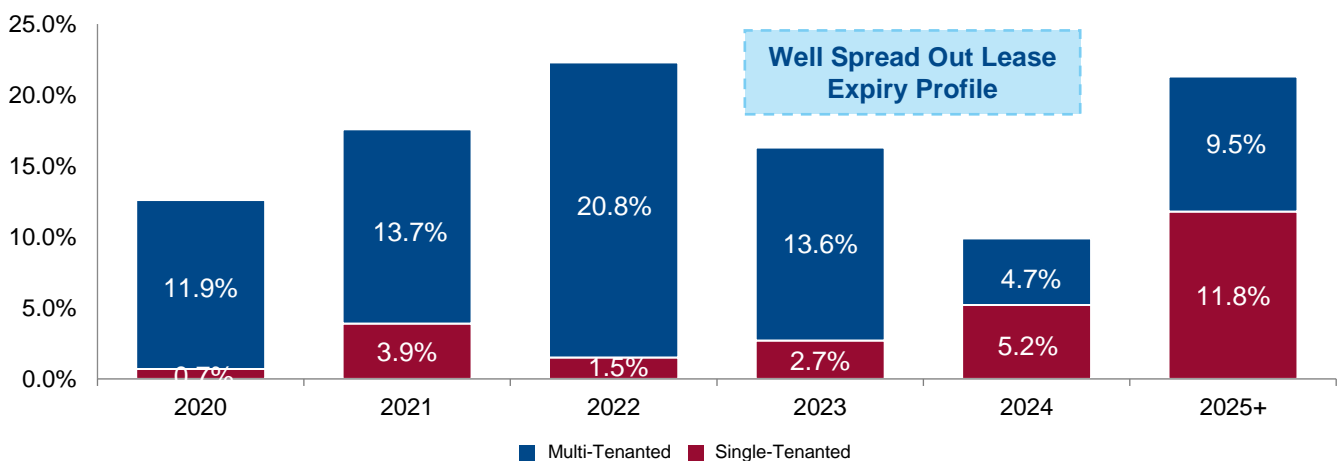
Asset Class by Rental Income (as at 31 Mar 2020)



Stabilised Occupancy, Consistently Above JTC



WALE by Rental Income (as at 31 Mar 2020)



Operational Updates (as at 31 Mar 2020)

- During the quarter, we have renewed 300,000 sqft of space and secured 600,000 sqft of new leases bringing the total leases signed to 900,000 sqft.
- Two general industrial properties, 13 Jalan Terusan and 30 Teban Gardens Crescent have been converted into multi tenancies in 1Q2020. These 2 properties were leased up to an occupancy of 88.9% and 100.0% respectively since conversion.

Note:
1. Based on 4Q2019 data from JTC.

Industrial Property Market Outlook

- 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.⁽¹⁾
- Manufacturing output decreased by 1.1% y-o-y while factory activity dropped 22.3% on a month-on-month basis in February 2020.⁽²⁾ Purchasing Managers' Index (PMI) registered a drop of 3.3 points to record a further contraction at 45.4 in March 2020.⁽³⁾
- 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 external demand for goods and services.⁽⁴⁾
- 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 coronavirus pandemic.⁽⁴⁾

Tenant Relief Measures

- The property tax rebates announced in the Singapore Government's Resilience Budget will be fully passed on to qualifying tenants.
- We will proactively work together with our tenants in a targeted and managed manner to provide support during this period.

Precautionary Measures during COVID-19

- Implemented safe distancing measures across the properties.
- Enhanced sanitation protocols such as increased frequency of cleaning and sanitising of high contact points and public areas.
- Protective measures to safeguard the health of the local community at all MTBs i.e. conduct temperature screening; administer health and travel declarations for all tenants and visitors; designated special transfer routes for suspect cases to minimise exposure.
- Group activities such as bazaars and weekly physical activities organised by Health Promotion Board are temporarily suspended.

Working with Our Stakeholders

- 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.

Notes:

1. Based on 1Q2020 advanced estimates released by Ministry of Trade and Industry (MTI).
2. Based on monthly manufacturing performance data obtained from Economic Development Board (EDB).
3. Based on monthly PMI figures obtained from the SPIMM institute.
4. 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>

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