



FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

The Directors of ESR Funds Management (S) Limited (“ESR-FM”), as manager (“Manager”) of ESR-REIT, are pleased to announce the unaudited financial results of ESR-REIT and its subsidiaries (the “Group”) for the fourth quarter and full year ended 31 December 2018.

ESR-REIT is a Singapore-based real estate investment trust constituted by the Trust Deed entered into on 31 March 2006 between ESR-FM as the Manager of ESR-REIT and RBC Investor Services Trust Singapore Limited as the Trustee of ESR-REIT, as amended and restated. ESR-REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 July 2006.

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 15 October 2018, ESR-REIT completed its merger with Viva Industrial Trust (“VIT”) (comprising Viva Industrial Real Estate Investment Trust and Viva Industrial Business Trust) by way of a trust scheme of arrangement (“Merger”). Under the Merger, ESR-REIT acquired all of VIT’s issued stapled securities for S\$9.60 in cash and 160 new ESR-REIT units in exchange for every 100 VIT stapled securities held by the stapled securityholders of VIT.

Following the completion of the Merger, VIT was delisted from SGX-ST. Viva Industrial Real Estate Investment Trust ceased to be an authorised collective investment scheme and became a sub-trust of ESR-REIT and was renamed as Viva Trust. Viva Industrial Business Trust, which was dormant, had been wound up subsequently.

Pursuant to the Merger, an advanced distribution from the distributable income accrued by ESR-REIT for the period from 1 October 2018 to 15 October 2018 (“Advanced Distribution”) was made together with 3Q2018 distribution in November 2018. 4Q2018 distribution will comprise the unpaid distributable income for the period from 16 October 2018 to 31 December 2018. Please refer to Statement of Total Return 1(a)(j) for further details of the Advanced Distribution.

As at 31 December 2018, the Group has a diversified portfolio of 57 properties located across Singapore with a diversified tenant base of over 339 tenants across the following sub sectors: logistics/warehouse, hi-specs industrial, light industrial, general industrial and business park. The portfolio has a carrying value of approximately S\$3.02 billion* and a total gross floor area of approximately 14.1 million square feet.

The Group’s results include the consolidated results of its wholly-owned subsidiaries, Viva Trust, ESR-MTN Pte. Ltd. (“ESR-MTN”), Cambridge SPV1 LLP and ESR-SPV2 LLP and an 80%-owned subsidiary, 7000 AMK LLP. 7000 AMK LLP was converted from a private company to a limited liability partnership with effect from 1 February 2018. The commentaries below are based on the Group’s results unless otherwise stated.

*Includes a 20% non-controlling interest in 7000 AMK valued at S\$61.1 million as at 31 December 2018.

4Q2018 Financial Statements

The 4Q2018 financial statements include the following key items:

1. ESR-REIT has successfully completed the Merger with VIT by way of a trust scheme of arrangement on 15 October 2018 (acquisition date) and all the assets and liabilities of VIT have been consolidated thereafter. Revenue and expenses of VIT for the period from 16 October 2018 to 31 December 2018 have been included in the Group's results.
2. The consideration for the Merger was S\$936.7 million, comprising 10% cash of S\$93.7 million and 90% consideration units (1,561.2 million units) issued by ESR-REIT valued at S\$843.0 million.
3. The payment of the acquisition fee for the Merger to ESR-FM amounting to S\$11.7 million was made by way of the issuance of 23.8 million ESR-REIT units to ESR-FM.
4. Fair value adjustments relating to the Merger of S\$283.2 million which represents the write-off of acquisition-related costs of S\$21.7 million and premium over the fair value of net assets of VIT of S\$261.5 million at acquisition date. While this was recorded in the Statement of Total Return, it does not have any impact on the distributable income.
5. Post-Merger, ESR-REIT extended interest-bearing loans of S\$561.8 million to Viva Trust to enable Viva Trust to fully repay all its borrowings and unencumber all its assets.
6. Acquisition of property at 15 Greenwich for S\$99.5 million (inclusive of acquisition related costs and upfront land premium) was completed on 25 October 2018.
7. The drawdown of S\$673.6 million from the S\$700 million unsecured loan facilities in October 2018 from a syndicate of four lenders, namely UOB, HSBC, MBB and RHB to finance the payment of the 10% cash consideration and transaction costs of the Merger and to refinance the existing borrowings of Viva Trust.
8. The drawdown of S\$100.0 million from the S\$100 million unsecured term loan facility in October 2018 from BNP to finance the acquisition of 15 Greenwich.
9. The increase in aggregate notional amount of interest rate swaps from S\$200.0 million to S\$855.0 million in 4Q2018 to increase the proportion of hedged loans and the weighted average hedged tenor.

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Summary of the Group's Results

	4Q2018	4Q2017	Fav/ (Unfav)	FY2018	FY2017	Fav/ (Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	58,401	27,177	114.9	156,916	109,700	43.0
Net property income	42,262	19,928	112.1	112,036	78,445	42.8
Amount available for distribution	29,288	12,195	140.2	74,466	50,390	47.8
- Taxable income	27,529	12,195	125.7	67,908	50,390	34.8
- Tax exempt income	-	-	-	519	-	n.m.
- Other gains	1,759	-	n.m.	6,039	-	n.m.
Distribution per unit ("DPU")	1.005	0.929	8.2	3.857	3.853	0.1

n.m. – not meaningful

Distribution and Book Closure Date Details

Distribution period (i)	16 October 2018 to 31 December 2018
Distribution rate	0.841 cents per unit comprising (a) taxable income 0.794 cents per unit (b) other gains 0.047 cents per unit
Books closure date	28 January 2019
Payment date	28 February 2019

Note:

- (i) This relates to the unpaid distribution for 4Q2018. Distribution for period from 1 October 2018 to 15 October 2018 was paid on 26 November 2018, together with the 3Q2018 distribution. Please refer to Section 1(a)(j) for further details.

The Manager has determined that the distribution reinvestment plan ("DRP") **will not apply** to the distribution for the period from 16 October 2018 to 31 December 2018.

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1(a) Statement of Total Return together with comparative statements for the corresponding period of the immediate preceding financial year

Statement of Total Return

	Note	Group		
		4Q2018 S\$'000	4Q2017 S\$'000	Fav/ (Unfav) %
Gross revenue		58,401	27,177	114.9
Property manager's fees		(2,344)	(1,157)	(102.6)
Property tax		(3,778)	(1,866)	(102.5)
Land rental		(2,126)	(2,136)	0.5
Other property expenses		(7,891)	(2,090)	(277.6)
Property expenses		(16,139)	(7,249)	(122.6)
Net property income	(a)	42,262	19,928	112.1
Management fees	(b)	(3,664)	(1,912)	(91.6)
Trust expenses	(c)	(499)	(766)	34.9
Interest income		16	79	(79.7)
Borrowing costs	(d)	(10,885)	(5,267)	(106.7)
Non-property expenses		(15,032)	(7,866)	(91.1)
Net income		27,230	12,062	125.8
Gain on disposal of investment properties		-	287	n.m.
Change in fair value of financial derivatives	(e)	(14,773)	-	n.m.
Change in fair value of investment properties	(f)	(1,954)	(47,393)	95.9
Fair value adjustments relating to the Merger	(g)	(283,219)	-	n.m.
Total loss for the period before income tax and distribution		(272,716)	(35,044)	(678.2)
Less: Income tax expense		-	-	-
Total loss for the period after income tax before distribution		(272,716)	(35,044)	(678.2)
Attributable to:				
Unitholders and perpetual securities holders		(274,151)	(35,826)	(665.2)
Non-controlling interest		1,435	782	83.5
		(272,716)	(35,044)	(678.2)

n.m. – not meaningful

Distribution Statement

Note	Group		
	4Q2018 S\$'000	4Q2017 S\$'000	Fav/ (Unfav) %
Total loss for the period after income tax before distribution attributable to Unitholders and perpetual securities holders	(274,151)	(35,826)	(665.2)
Net effect of non-tax deductible/(non-taxable) items	(h) 303,419	49,136	517.5
	29,268	13,310	119.9
Amount reserved for distribution to perpetual securities holders	(1,739)	(1,115)	(56.0)
Net income available for distribution for the period	27,529	12,195	125.7
Distribution from other gains	(i) 1,759	-	n.m.
Total amount available for distribution for the period	29,288	12,195	140.2
Distribution per unit for the period (cents)	1.005	0.929	8.2

n.m. – Not meaningful

Notes:

- (a) The Group recorded gross revenue and net property income of S\$58.4 million and S\$42.3 million respectively in 4Q2018 and these were higher than the corresponding quarter last year by 114.9% and 112.1% respectively.

The revenue growth was mainly attributed to the full quarter contributions from the two acquisitions at 8 Tuas South Lane and 7000 Ang Mo Kio Avenue 5 ("7000 AMK") acquired in December 2017, additional contributions from newly acquired property at 15 Greenwich and the inclusion of Viva Trust's portfolio of nine properties after the Merger from 16 October 2018.

The revenue growth was partially offset by revenue reduction from the master lease conversion of property at 16 Tai Seng (2Q2018) to multi-tenancy, expiry of leases at several properties, the property at 30 Marsiling undergoing asset enhancement initiatives and the absence of revenue from four properties that have been divested since 4Q2017.

Property expenses increased by S\$8.9 million to S\$16.1 million in 4Q2018, which was 122.6% higher than the corresponding quarter last year. The property expenses increased largely due to property manager's fees, marketing commission expense, property tax and other property expenses from the new property acquisitions, the Merger and master lease conversions.

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- (b) The Manager has elected to receive 50% of its management fees in units and the other 50% in cash for 4Q2018. Higher management fees in 4Q2018 were due to higher assets under management attributable to the Merger and new property acquisitions completed since 4Q2017.
- (c) Trust expenses comprise statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. Trust expenses decreased in 4Q2018 due to lower professional and consultancy fees incurred for certain investment related activities.
- (d) Borrowing costs comprise interest expenses on loans and interest rate swaps, and amortization of debt related transaction costs. These costs were higher in 4Q2018 due to more debts being drawn down to fund the acquisition of 15 Greenwich and the costs related to the Merger which included the funding of the cash consideration, the payment of transaction costs and the refinancing of Viva Trust's existing borrowings.

Please refer to Section 1(b)(ii) for more details on borrowings.

- (e) The change in fair value of financial derivatives represented the change in fair value of interest rate swaps (with aggregate notional amount of S\$855.0 million), entered into to hedge against interest rate fluctuations on the floating rate borrowings of the Group. This fair value change is recognised in the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.
- (f) Independent valuations for the investment properties were undertaken by Edmund Tie & Company (SEA) Pte Ltd (for 24 properties), Savills Valuation and Professional Services (S) Pte Ltd (for 9 properties) and CBRE Singapore (for 24 properties) in December 2018. These firms are independent valuers having the appropriate professional qualifications and relevant experience in the location and category of the properties being valued.

Fair value change on investment properties of approximately S\$2.0 million comprised the following:

- fair value loss of approximately S\$0.2 million from the annual independent valuations in December 2018; and
- adjustments for straight line rent and marketing commission of S\$1.8 million.

This fair value change is recognised in the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (g) Fair value adjustments relating to the Merger of S\$283.2 million represent the write-off of acquisition-related costs and the premium over the fair value of net assets of VIT upon completion of the Merger on 15 October 2018.

This fair value change is recognised in the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

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(h) Non-tax deductible/(Non-taxable) items (distribution adjustments)

	Group	
	4Q2018 S\$'000	4Q2017 S\$'000
<u>Non-tax deductible/(Non-taxable) items and other adjustments:</u>		
Management fees payable in units	1,832	-
Trustee's fees	154	101
Debt related transaction and miscellaneous costs	1,938	758
Fair value adjustments relating to the Merger	283,219	-
Change in fair value of investment properties	2,428	47,993
Change in fair value of financial derivatives	14,773	-
Professional fees	86	325
Straight line rent and lease incentives	(87)	(290)
Utilisation of allowance for doubtful debts	(1,163)	-
Miscellaneous expenses	239	139
Income from subsidiary	-	(718)
Returns attributable to Perpetual Securities holders	-	1,115
	303,419	49,423
<u>Income not subject to tax:</u>		
Gain on disposal of investment properties	-	(287)
Net effect of non-tax deductible/(non-taxable) items	303,419	49,136

(i) Distribution from other gains represents partial payout of total S\$6.3 million ex-gratia payments received from the Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

(j) The total amount available for distribution for the period comprised:

	Group		
	4Q2018 S\$'000	4Q2017 S\$'000	Fav/ (Unfav) %
Taxable income	27,529	12,195	125.7
Other gains ⁽¹⁾	1,759	-	n.m.
Total amount available for distribution for the period	29,288	12,195	140.2

⁽¹⁾ Represents partial payout of ex-gratia payments from the Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

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The total distributable amount of S\$29.3 million, based on units which are entitled to the distribution for the quarter, translates to a DPU of 1.005 cents for 4Q2018 which is 8.2% higher than 4Q2017 DPU.

Unpaid distribution for 4Q2018

	1/10/2018 to 15/10/2018 S\$'000 (1)	16/10/2018 to 31/12/2018 S\$'000	Total distribution for 4Q2018 S\$'000
Net income available for distribution for the period	2,328	25,201	27,529
Distribution from other gains	269	1,490	1,759
Total amount available for distribution for the period	2,597	26,691	29,288
Applicable number of units ('000)	1,583,702	3,170,173	3,170,173
Distribution per unit for the period (cents)	0.164	0.841	1.005

An advanced distribution, computed based on the distributable income accrued by ESR-REIT for the period from 1 October 2018 to 15 October 2018, was paid together with 3Q2018 distribution in November 2018. Following the advanced distribution, the unpaid distribution for 4Q2018 will comprise distributable income for the period from 16 October 2018 to 31 December 2018.

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Statement of Total Return (FY2018 vs FY2017)

	Note	Group		
		FY2018 S\$'000	FY2017 S\$'000	Fav/ (Unfav) %
Gross revenue		156,916	109,700	43.0
Property manager's fees		(6,683)	(5,433)	(23.0)
Property tax		(11,260)	(6,944)	(62.2)
Land rental		(8,324)	(8,756)	4.9
Other property expenses		(18,613)	(10,122)	(83.9)
Property expenses		(44,880)	(31,255)	(43.6)
Net property income	(a)	112,036	78,445	42.8
Management fees	(b)	(9,805)	(6,989)	(40.3)
Trust expenses		(1,891)	(2,176)	13.1
Interest income		48	113	(57.5)
Borrowing costs	(c)	(27,442)	(20,439)	(34.3)
Non-property expenses		(39,090)	(29,491)	(32.5)
Net income		72,946	48,954	49.0
Gain on disposal of investment properties	(d)	128	221	(42.1)
Change in fair value of financial derivatives	(e)	(16,200)	-	n.m.
Change in fair value of investment properties	(f)	(1,954)	(47,779)	95.9
Fair value adjustments relating to the Merger	(g)	(283,219)	-	n.m.
Total (loss)/return for the year before income tax and distribution		(228,299)	1,396	n.m.
Less: Income tax expense	(h)	(97)	-	n.m.
Total (loss)/return for the year after income tax before distribution		(228,396)	1,396	n.m.
Attributable to:				
Unitholders and perpetual securities holders		(232,562)	614	n.m.
Non-controlling interest		4,166	782	432.7
		(228,396)	1,396	n.m.

n.m. – not meaningful

Distribution Statement

	Note	Group		
		FY2018 S\$'000	FY2017 S\$'000	Fav/ (Unfav) %
Total (loss)/return for the year after income tax before distribution attributable to Unitholders and perpetual securities holders		(232,562)	614	n.m.
Net effect of non-tax deductible/(non-taxable) items	(i)	307,889	50,891	505.0
		75,327	51,505	46.3
Amount reserved for distribution to perpetual securities holders		(6,900)	(1,115)	(518.8)
Net income available for distribution for the year		68,427	50,390	35.8
Distribution from other gains	(j)	6,039	-	n.m.
Total amount available for distribution for the year	(k)	74,466	50,390	47.8
Distribution per unit for the year (cents)		3.857	3.853	0.1

n.m. – Not meaningful

Notes:

- (a) The Group recorded gross revenue and net property income of S\$156.9 million and S\$112.0 million respectively in FY2018 and these were higher than those of FY2017 by 43.0% and 42.8% respectively.

The revenue growth was mainly attributed to the full year contributions from two acquisitions at 8 Tuas South Lane and 7000 Ang Mo Kio Avenue 5 ("7000 AMK") acquired in December 2017, additional contributions from newly acquired property at 15 Greenwich and the inclusion of Viva Trust's portfolio of nine properties after the merger from 16 October 2018.

The revenue growth was partially offset by revenue reduction from the master lease conversion of property at 16 Tai Seng (2Q2018), 21B Senoko Loop (1Q2018) and 3 Pioneer Sector 3 (3Q2017) to multi-tenancy, expiry of leases at several properties, the property at 30 Marsiling undergoing asset enhancement initiatives and the absence of revenue from four properties that have been divested since FY2017.

Property expenses increased by S\$13.6 million to S\$44.9 million in FY2018, which was 43.6% higher than last year. The property expenses increased largely due to property manager's fees, property tax and other property expenses from the new property acquisitions, the Merger and master lease conversions.

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- (b) Management fees increased due to higher assets under management from new acquisitions and inclusion of Viva Trust's assets after the Merger. The Manager has elected to receive its management fees partially in units and cash during the year.
- (c) Borrowing costs were higher in FY2018 due to more debts being drawn down to fund the acquisition of 15 Greenwich and the costs related to the Merger which included the funding of the cash consideration, the payment of transaction costs and the refinancing of Viva Trust's existing borrowings.

Please refer to Section 1(b)(ii) for more details on borrowings.

- (d) Gain arose from the disposal of the property at 9 Bukit Batok in March 2018.
- (e) The change in fair value of financial derivatives represented the change in fair value of interest rate swaps (with aggregate notional amount of S\$855.0 million), entered into to hedge against interest rate fluctuations on the floating rate borrowings of the Group. This fair value change is recognised in the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.
- (f) Fair value change on investment properties of approximately S\$2.0 million comprised the following:
- fair value loss of approximately S\$0.2 million from the annual independent valuations in December 2018; and
 - adjustments for straight line rent and marketing commission of S\$1.8 million.

This fair value change is recognised in the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (g) Fair value adjustments relating to the Merger of S\$283.2 million represent the write-off of acquisition related costs and the premium over the fair value of net assets of VIT upon completion of the Merger on 15 October 2018.

This fair value change is recognised in the Statement of Total Return. It is non-tax deductible and has no impact on distributable income.

- (h) Income tax expense mainly related to tax on profits of 7000 AMK Pte. Ltd. for January 2018, prior to its conversion into a limited liability partnership with effect from 1 February 2018.

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- (i) Non-tax deductible/(Non-taxable) items (distribution adjustments)

	Group	
	FY2018 S\$'000	FY2017 S\$'000
<u>Non-tax deductible/(Non-taxable) items and other adjustments:</u>		
Management fees payable in units	2,557	-
Trustee's fees	469	379
Debt related transaction and miscellaneous costs	4,322	1,936
Fair value adjustments relating to the Merger	283,219	-
Change in fair value of investment properties	2,428	48,379
Change in fair value of financial derivatives	16,200	-
Professional fees	256	533
Straight line rent and lease incentives	(1,638)	(1,127)
Utilisation of allowance for doubtful debts	(1,163)	-
Miscellaneous expenses	848	615
Income from subsidiary	519	(718)
Returns attributable to Perpetual Securities holders	-	1,115
	308,017	51,112
<u>Income not subject to tax:</u>		
Gain on disposal of investment property	(128)	(221)
Net effect of non-tax deductible/(non-taxable) items	307,889	50,891

- (j) Distribution from other gains represents partial payout of total S\$6.3 million ex-gratia payments received from the Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

- (k) The total amount available for distribution for the year comprised:

	Group		
	FY2018 S\$'000	FY2017 S\$'000	Fav/ (Unfav) %
Taxable income	67,908	50,390	34.8
Tax exempt income ⁽¹⁾	519	-	n.m.
Other gains ⁽²⁾	6,039	-	n.m.
Total amount available for distribution for the year	74,466	50,390	47.8

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Note:

- (1) Tax exempt income relates to share of profits from 7000 AMK Pte. Ltd. prior to its conversion into a limited liability partnership with effect from 1 February 2018.
- (2) Represents partial payout of ex-gratia payments from the Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

The total distributable amount of S\$74.5 million, based on units which were entitled to the distribution for the year, translates to a DPU of 3.857 cents for FY2018 which is 0.1% higher than FY2017 DPU.

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

Note	Group		Trust	
	31-12-18 S\$'000	31-12-17 S\$'000	31-12-18 S\$'000	31-12-17 S\$'000
Assets				
Non-current assets				
Investment properties	(a) 3,016,200	1,652,200	1,452,500	1,349,200
Investments in subsidiaries	(b) -	-	1,173,978	215,463
Loans to subsidiaries	(c) -	-	612,264	50,500
	3,016,200	1,652,200	3,238,742	1,615,163
Current assets				
Investment property held for divestment	(a) 5,700	23,600	5,700	23,600
Trade and other receivables	(d) 11,144	8,374	30,535	6,999
Cash and cash equivalents	(e) 17,664	11,651	6,560	8,156
	34,508	43,625	42,795	38,755
Total assets	3,050,708	1,695,825	3,281,537	1,653,918
Liabilities				
Current liabilities				
Trade and other payables	(f) 58,230	28,647	45,856	21,987
Interest-bearing borrowings	(g) 281,921	154,895	281,921	154,895
Amount due to non-controlling interest	(h) 61,074	60,600	-	-
	401,225	244,142	327,777	176,882
Non-current liabilities				
Trade and other payables	(f) 16,129	6,783	7,860	5,715
Amount due to a subsidiary	(i) -	-	40,247	40,247
Interest-bearing borrowings	(g) 986,282	514,896	986,282	514,896
Derivative financial instruments	(j) 16,289	-	16,289	-
	1,018,700	521,679	1,050,678	560,858
Total liabilities	1,419,925	765,821	1,378,455	737,740
Net assets	1,630,783	930,004	1,903,082	916,178
Represented by:				
Unitholders' funds	(k) 1,479,668	778,889	1,751,967	765,063
Perpetual securities holders' funds	(l) 151,115	151,115	151,115	151,115
	1,630,783	930,004	1,903,082	916,178

Notes:

- (a) The total carrying value of investment properties was S\$3.02 billion as at 31 December 2018. Investment properties increased by S\$1.35 billion mainly due to the acquisition of 15 Greenwich and the inclusion of Viva Trust's portfolio of nine properties after the Merger, net of the divestment of 9 Bukit Batok in March 2018.

As at 31 December 2018, an investment property was classified as an investment property held for divestment as the divestment is planned within the next 12 months from the reporting date.

- (b) At the Trust level, the investment in subsidiaries relates to the cost of investment in subsidiaries, namely Cambridge SPV1 LLP, ESR-MTN, ESR-SPV2 LLP, Viva Trust and 7000 AMK LLP, which are eliminated at the Group level.
- (c) At the Trust level, ESR-REIT provided loans of S\$612.3 million to 7000 AMK LLP and Viva Trust to repay their borrowings at completion of their acquisitions. Loans to subsidiaries are interest-bearing and the interest expense is payable in arrears on a quarterly basis.
- (d) Trade and other receivables increased by S\$2.8 million mainly due to the utilities receivables of 7000 AMK LLP and the inclusion of Viva Trust's trade receivables and utilities deposits to service providers.
- (e) Cash balance increased due to inclusion of the cash balances of Viva Trust after the Merger.
- (f) Trade and other payables increased by S\$38.9 million mainly due to the interest accrual on borrowings, professional fees payable for the Merger and the inclusion of Viva Trust's rental deposits from tenants and property expenses accruals.
- (g) Interest-bearing borrowings increased by S\$598.4 million mainly due to additional debt drawn down to fund the acquisition of 15 Greenwich and the costs related to the Merger which included the funding of the cash consideration, the payment of transaction costs and the refinancing of Viva Trust's existing borrowings.
- (h) The amount due to non-controlling interest represents 20% interest in 7000 AMK LLP that is not owned by the Group. The increase from 31 December 2017 was mainly due to the non-controlling interest's share of valuation surplus of the property.
- (i) The amount relates to the transfer of property at 3 Tuas South Avenue to the Trust from Cambridge SPV1 LLP in 3Q2017.
- (j) Derivative financial instruments (with aggregate notional amount of S\$855.0 million) represent the fair value of interest rate swaps entered into to hedge against interest rate fluctuations on the floating rate borrowings.
- (k) Increase in Unitholders' funds was mainly due to the ESR-REIT units issued to settle the consideration of the Merger during the year. Please refer to "Statement of Movements in Unitholders' Funds".

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- (l) ESR-REIT has issued S\$150 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. Payment to ordinary unitholders can only be made if the payment to Perp holders has already 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.

- (m) As at 31 December 2018, the Group’s current liabilities exceeded its current assets by S\$366.7 million (31 December 2017: S\$200.5 million) mainly due to the classification of its bank loans of S\$282.6 million as current liabilities as they are repayable within one year from 31 December 2018. The Manager is currently at an advanced stage of refinancing a portion of the bank loans maturing in 2019 with a new term loan facility of S\$155.0 million. The remaining balance of S\$127.6 million of bank loans maturing in 2019 can be refinanced by issuing new MTN/perpetual securities under the S\$750 million Debt Issuance Programme, which has an undrawn balance of S\$390 million. As such, the Manager is of the view that the Group will be able to meet its obligations as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group	
	31-12-18	31-12-17
	S\$'000	S\$'000
Unsecured borrowings		
Amount payable within one year	282,569	155,000
Less: Unamortised loan transaction costs	(648)	(105)
	281,921	154,895
Amount payable after one year	995,000	517,000
Less: Unamortised loan transaction costs	(8,718)	(2,104)
	986,282	514,896
Total unsecured borrowings	1,268,203	669,791
Total borrowings	1,268,203	669,791

Details of borrowings and collateral:

(a) Unsecured borrowings

The unsecured borrowings of the Group comprise:

(i) the following notes issued under its S\$750 million Multicurrency Debt Issuance Programme:

- S\$30 million six-year Singapore Dollar MTN in series 002 (the “Series 002 Notes”) issued in April 2014 and maturing in April 2020. The Series 002 Notes have a fixed interest rate of 4.10% per annum payable semi-annually in arrears;
- S\$130 million five-year Singapore Dollar MTN in series 004 (the “Series 004 Notes”) issued in May 2015 and maturing in May 2020. The Series 004 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears; and
- S\$50 million seven-year Singapore Dollar MTN in series 005 (the “Series 005 Notes”) issued in May 2016 and maturing in May 2023. The Series 005 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears.

MTN series 003 of S\$155.0 million was redeemed in November 2018 upon maturity.

(ii) 4-year unsecured loan facility maturing in June 2019 from CIMB (“TLF1”) consisting of:

- Facility A: S\$100 million term loan facility at a fixed interest rate of 3.60% per annum for 3.5 years from the date of loan draw down; and
- Facility B: S\$50 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$109.0 million was drawn down on the TLF1 as at 31 December 2018.

(iii) 4.75-year unsecured loan facility maturing in June 2021 from HSBC (“TLF2”) consisting of:

- Facility A: S\$25 million term loan facility at an interest margin plus swap offer rate, for 4.75 years from the date of loan draw down; and
- Facility B: S\$175 million revolving credit facility at an interest margin plus swap offer rate.

A total of S\$185.0 million was drawn down on the TLF2 as at 31 December 2018.

- (iv) Unsecured S\$700 million loan facility from a syndicate of four banks, UOB, HSBC, MBB and RHB (“TLF3”) consisting of:
- Facility A: S\$160.0 million term loan facility at an interest margin plus swap offer rate, for three years from the date of loan draw down;
 - Facility B: S\$180.0 million term loan facility at an interest margin plus swap offer rate, for four years from the date of loan draw down;
 - Facility C: S\$160.0 million term loan facility at an interest margin plus swap offer rate, for five years from the date of loan draw down; and
 - Facility D: S\$200.0 million revolving credit facility at an interest margin plus swap offer rate for one year from the date of loan draw down.

A total of S\$673.6 million was drawn down on the TLF3 as at 31 December 2018.

- (v) 5-year unsecured term loan facility maturing in October 2023 from BNP (“TLF4”) at an interest margin plus swap offer rate. TLF4 was fully drawn down as at 31 December 2018.

(b) Unencumbered investment properties

As at 31 December 2018, the Group has 57 unencumbered investment properties with a combined carrying value of approximately S\$3.02 billion*, representing 100% of the investment properties by value.

*Includes a 20% non-controlling interest in 7000 AMK valued at S\$61.1 million as at 31 December 2018.

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1 (c) Statements of Cash Flows

Note	Group			
	4Q2018 S\$'000	4Q2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000
Cash flows from operating activities				
Total (loss)/return for the period/year before income tax and distribution	(272,716)	(35,044)	(228,299)	1,396
Adjustments for:				
Interest income	(16)	(79)	(48)	(113)
Borrowing costs	10,885	5,267	27,442	20,439
Management fees paid/payable in units	1,832	-	2,557	-
Gain on disposal of investment property	-	(287)	(128)	(221)
Fair value adjustments relating to the Merger	283,219	-	283,219	-
Change in fair value of investment properties	1,954	47,393	1,954	47,779
Change in fair value of financial derivatives	14,773	-	16,200	-
Operating income before working capital changes	39,931	17,250	102,897	69,280
Changes in working capital				
Trade and other receivables	8,884	341	1,839	57
Trade and other payables	(36,176)	301	(32,987)	(331)
Income tax paid	-	-	(3,953)	-
Net cash generated from operating activities	12,639	17,892	67,796	69,006
Cash flows from investing activities				
Net cash outflow on acquisition of investment properties	(98,989)	(110,462)	(100,374)	(110,462)
Capital expenditure on investment properties	(2,006)	(661)	(5,307)	(9,768)
Proceeds from disposal of investment properties	-	35,180	23,900	57,318
Payment for divestment costs	-	(279)	(194)	(433)
Acquisition of subsidiary	(65,525)	(237,712)	(65,525)	(237,712)
Payment for acquisition costs of subsidiary	(1,925)	(2,826)	(1,925)	(2,826)
Interest received	16	79	48	113
Net cash used in investing activities	(168,429)	(316,681)	(149,377)	(303,770)
Cash flows from financing activities				
Proceeds from issuance of new units	-	-	141,939	-
Proceeds from issuance of perpetual securities	-	150,000	-	150,000
Issue costs for perpetual securities paid	-	(1,227)	(272)	(1,227)
Equity issue costs paid	-	(72)	(1,151)	(144)
Proceeds from borrowings	947,569	189,000	964,569	206,000
Borrowing costs paid	(18,332)	(8,359)	(30,824)	(19,415)
Repayment of borrowings	(741,764)	(12,000)	(920,764)	(46,500)
Distributions paid to Unitholders	(18,497)	(9,653)	(55,937)	(45,998)
Distributions paid to perpetual securities holders	(3,478)	-	(6,900)	-
Distribution to non-controlling interest	(1,985)	-	(3,066)	-
Net cash generated from financing activities	163,513	307,689	87,594	242,716
Net increase in cash and cash equivalents	7,723	8,900	6,013	7,952
Cash and cash equivalents at beginning of the period/year	9,941	2,751	11,651	3,699
Cash and cash equivalents at end of the period/year	17,664	11,651	17,664	11,651

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Notes:

- (a) Net cash outflow on acquisition of investment properties (including acquisition related costs)

	Group		Group	
	4Q2018 S\$'000	4Q2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000
Investment properties acquired	95,557	106,094	95,557	106,094
Acquisition related costs	3,633	4,368	4,938	4,368
Retention sums	(201)	-	(121)	-
Net cash outflow	98,989	110,462	100,374	110,462

- (b) Acquisition of subsidiary

ESR-REIT completed its merger with VIT by way of a trust scheme of arrangement on 15 October 2018. The consideration for the Merger comprised 90% in units issued by ESR-REIT and 10% in cash.

The fair value of the assets acquired and liabilities assumed as at the acquisition date were as follows:

	S\$'000
Investment properties	1,257,717
Trade and other receivables	5,840
Cash and cash equivalents	28,148
Interest-bearing borrowings	(561,764)
Trade and other payables	(54,732)
Fair value of net assets acquired	675,209
Premium over the fair value of net assets acquired	261,519
Total consideration paid	936,728
<u>Less:</u>	
Cash and cash equivalents acquired	(28,148)
Consideration paid in units	(843,055)
Cashflow on acquisition net of cash acquired	65,525

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(c) Proceeds from borrowings

The Group obtained additional borrowings in 4Q2018 to fund the acquisition of 15 Greenwich and the costs related to the Merger which included the funding of the cash consideration, the payment of transaction costs and the refinancing of Viva Trust's existing borrowings.

(d) Non-cash transactions

The Group issued a total of 1.59 billion ESR-REIT units during FY2018 for the following non-cash transactions:

Date of issue	Purpose	Units (in million)	Amounts (\$ in million)
28 February 2018	Partial payment of 4Q2017 distribution paid in units	7.2	4.0
15 October 2018	Acquisition fee paid to the Manager in units pursuant to the Merger	23.8	11.7
17 October 2018	Partial consideration paid in units pursuant to the Merger	1,561.2	843.0
30 November 2018	Management fees for 3Q2018 paid in units to the Manager	1.45	0.7
	Total	1,593.65	859.4

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1(d)(i) Statements of Movements in Unitholders' funds (4Q2018 vs 4Q2017)

	Group		Trust	
	4Q2018 S\$'000	4Q2017 S\$'000	4Q2018 S\$'000	4Q2017 S\$'000
Unitholders' Funds				
Balance at beginning of period	918,565	827,053	904,823	811,814
<u>Operations</u>				
Total (loss)/return for the period attributable to Unitholders and perpetual securities holders	(274,151)	(35,826)	11,890	(34,413)
Amount reserved for distribution to perpetual securities holders	(1,739)	(1,115)	(1,739)	(1,115)
Net (decrease)/increase in net assets resulting from operations	(275,890)	(36,941)	10,151	(35,528)
<u>Unitholders' transactions</u>				
Issuance of units pursuant to:				
- Management fees paid in units	724	-	724	-
- Distribution Reinvestment Plan	-	2,959	-	2,959
- Acquisition fees paid in units pursuant to the Merger	11,711	-	11,711	-
- Partial consideration paid in units pursuant to the Merger	843,055	-	843,055	-
Payment of equity costs pursuant to:				
- Distribution Reinvestment Plan	-	(72)	-	(72)
- Perpetual Securities	-	(1,498)	-	(1,498)
Distributions to Unitholders	(18,497)	(12,612)	(18,497)	(12,612)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	836,993	(11,223)	836,993	(11,223)
Balance at end of period	1,479,668	778,889	1,751,967	765,063
Perpetual Securities Holders' Funds				
Balance at beginning of period	152,854	-	152,854	-
Issue of perpetual securities	-	150,000	-	150,000
Amount reserved for distribution to perpetual securities holders	1,739	1,115	1,739	1,115
Distribution to perpetual securities holders	(3,478)	-	(3,478)	-
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,630,783	930,004	1,903,082	916,178

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Statements of Movements in Unitholders' funds (FY2018 vs FY2017)

	Group		Trust	
	FY2018 S\$'000	FY2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000
Unitholders' Funds				
Balance at beginning of year	778,889	827,029	765,063	811,952
<u>Operations</u>				
Total (loss)/return for the year attributable to Unitholders and perpetual securities holders	(232,562)	614	53,563	1,865
Amount reserved for distribution to perpetual securities holders	(6,900)	(1,115)	(6,900)	(1,115)
Net (decrease)/increase in net assets resulting from operations	(239,462)	(501)	46,663	750
<u>Unitholders' transactions</u>				
Issuance of units pursuant to:				
- Management fees paid in units	724	-	724	-
- Distribution Reinvestment Plan	4,031	5,173	4,031	5,173
- Acquisition fees paid in units pursuant to the Merger	11,711	-	11,711	-
- Preferential Offering	141,939	-	141,939	-
- Partial consideration paid in units pursuant to the Merger	843,055	-	843,055	-
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(74)	(143)	(74)	(143)
- Preferential Offering	(1,177)	(1,498)	(1,177)	(1,498)
Distributions to Unitholders	(59,968)	(51,171)	(59,968)	(51,171)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	940,241	(47,639)	940,241	(47,639)
Balance at end of year	1,479,668	778,889	1,751,967	765,063
Perpetual Securities Holders' Funds				
Balance at beginning of year	151,115	-	151,115	-
Amount reserved for distribution to perpetual securities holders	6,900	150,000	6,900	150,000
Distribution to perpetual securities holders	(6,900)	1,115	(6,900)	1,115
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,630,783	930,004	1,903,082	916,178

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

	Trust			
	4Q2018 Units	4Q2017 Units	FY2018 Units	FY2017 Units
Issued units at the beginning of period/year	1,583,701,947	1,308,308,086	1,313,623,314	1,304,434,416
Issue of new units pursuant to:				
- Management fees paid in units	1,449,130	-	1,449,130	-
- Distribution Reinvestment Plan	-	5,315,228	7,229,019	9,188,898
- Acquisition fees paid in units pursuant to the Merger	23,807,948	-	23,807,948	-
- Partial consideration paid in units pursuant to the Merger	1,561,213,700	-	1,561,213,700	-
- Preferential offering	-	-	262,849,614	-
Total issued units at the end of the period/year	3,170,172,725	1,313,623,314	3,170,172,725	1,313,623,314

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 preceding financial year are disclosed in 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.

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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 Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2017, except that in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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 distribution per unit ("DPU") for the period/year

	Note	Group			
		4Q2018	4Q2017	FY2018	FY2017
EPU					
Total loss after income tax before distribution for the period/year (S\$'000)		(275,890)	(36,941)	(239,462)	(501)
Weighted average number of units ('000)		2,893,572	1,310,504	1,850,780	1,306,293
Basic and diluted EPU (cents)	(a)	(9.535)	(2.819)	(12.938)	(0.038)
DPU					
Total amount available for distribution for the period/year (S\$'000)		29,288	12,195	74,466	50,390
Applicable number of units on 31 December for calculation of DPU ('000)		3,170,173	1,313,623	3,170,173	1,313,623
DPU (cents)	(b)	1.005	0.929	3.857	3.853

Notes:

- (a) The basic EPU was calculated using total return after income tax before distribution for the period/year, which included fair value change of financial derivatives and investment properties and the weighted average number of units in issue during the period/year. The basic and diluted EPU were the same as there were no dilutive instruments in issue during the period/year.

- (b) DPU was calculated using the total amount available for distribution and the number of units entitled to distribution during the period.

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

	Note	Group		Trust	
		31-12-18	31-12-17	31-12-18	31-12-17
NAV per unit (cents)	(a)	46.7	59.3	55.3	58.2

Note:

- (a) NAV per unit was calculated based on the number of units issued as at the end of the respective years.

The decrease in the Group’s NAV per unit in FY2018 was mainly due to (a) the write-off of acquisition related costs and the premium over the fair value of net assets of VIT upon completion of the Merger; and (b) the dilutive effect of ESR-REIT units issued during the year. Please refer to Section 1(d)(ii) for more details on the issue of ESR-REIT units during the year.

8 Review of the performance

The review of the performance is set out in Section 1(a) – Statements of Total Return and Distribution Statement and Section 1(b)(i) – Statement of Financial Position.

9 Review of the performance against Forecast/Prospect Statement

The Group has not disclosed any forecast to the market.

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Based on advance estimates released on 2 January 2019 by the Ministry of Trade and Industry (“MTI”), Singapore’s GDP grew by 2.2% on a year-on-year basis in the fourth quarter of 2018 easing slightly from the 2.3% growth in 3Q2018. On quarter-on-quarter seasonally-adjusted annualized basis, the economy expanded at a slower pace of 1.6% as compared to the 3.5% growth in the previous quarter. For the year 2018, the economy grew by 3.3%.

Singapore’s Purchasing Managers’ Index (“PMI”) for December 2018 showed a decline of 0.4 points to 51.1, recording a slower expansion. Notwithstanding the drop, the PMI has a record 28 straight months of consecutive expansion. The lower reading was mainly due to slower growth recorded for new orders and new exports, factory output, inventory and employment level. Despite slower growth, the employment index has recorded 16 months of consecutive expansion. The indexes of finished goods, imports, input prices and supplier deliveries were expanded at a lower rates. The order backlog index continued to contract for the third month.

The economic outlook for 2019 is expected to ease from 2018’s level of economic expansion across the major advanced and regional economies. This is due to the impact of the ongoing trade conflicts between US and its key trading partners. In addition, the weakening of global economic outlook could lead to pullback of investment and consumption growth. Notwithstanding the interest rate hikes, trade wars, and geopolitical tensions leading to slowdown in the global and Singapore economies, the market outlook could improve if the trade tension between US and China is resolved by 2 March 2019.

According to JTC’s market report for 3Q2018, the occupancy rate of the overall industrial property market grew marginally by 0.4% as compared to the previous quarter. Prices and rental of industrial space remained relatively stable. Price index increased marginally by 0.1% while rental index fell marginally by 0.1% as compared to the previous quarter. As new supply is expected to taper in the near future, prices and rental may start to stabilise in tandem with occupancy rates.

During the quarter, ESR-REIT successfully completed the acquisition of VIT and 15 Greenwich, bringing the total number of properties to 57. The lease expiry by revenue for FY2019 is 21.2% of which 20.0% relates to multi-tenanted properties and 1.2% relates to two master leases of which one will be converted into a multi-tenanted property in 1Q2019 while the other which is due to expire in 4Q2019 is under negotiation with the tenant for renewal.

We expect the leasing market to remain increasingly competitive due to uncertainty in the global economic outlook in the short to medium term. The Manager will continue to focus on the integration of the two portfolios of assets to extract synergies in operations and achieve cost savings. The Manager also plans to undertake asset enhancement initiatives and asset rejuvenation to reposition certain properties.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: **52nd** distribution for the period from 16 October 2018 to 31 December 2018.

(Note: Distribution for the period from 1 October 2018 to 15 October 2018 of 0.164 cents per unit was paid on 26 November 2018)

Distribution Type: Taxable income/Other gains

Distribution Rate: 0.841 cents per unit comprising:
(a) Taxable income 0.794 cents per unit
(b) Other gains 0.047 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).

Other gains distribution
The distribution from other gains is not a taxable distribution to the Unitholders.

Books closure date: 28 January 2019

Date payable: 28 February 2019

The Manager has determined that the DRP **will not apply** to the distribution for the period from 16 October 2018 to 31 December 2018.

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **48th** distribution for the period from 1 October 2017 to 31 December 2017

Distribution Type: Taxable income

Distribution Rate: 0.929 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 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 of the Singapore Exchange Securities Trading Limited.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

No business segment information has been presented as all the properties are used predominantly for industrial purposes and are located in Singapore.

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 17 Breakdown of revenue**

	FY2018 S\$'000	FY2017 S\$'000	Fav/ (Unfav) %
(a) Gross revenue reported for first half	66,151	55,412	19.4
(b) Total return after tax before distribution for first half year	29,635	24,294	22.0
(c) Gross revenue reported for second half	90,765	54,288	67.2
(d) Total loss after tax before distribution for second half year*	(258,031)	(22,898)	n.m.

n.m. – not meaningful

*Included fair value adjustments relating to the Merger of S\$283.2 million.

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18 Breakdown of the total distributions for the financial year ended 31 December 2018

	FY2018 S\$'000	FY2017 S\$'000
01-07-2018 to 15-10-2018	18,497	-
01-04-2018 to 30-06-2018	15,853	-
01-01-2018 to 31-03-2018	13,414	-
01-10-2017 to 31-12-2017	12,204	-
01-07-2017 to 30-09-2017	-	12,612
01-04-2017 to 30-06-2017	-	12,470
01-01-2017 to 31-03-2017	-	13,097
01-10-2016 to 31-12-2016	-	12,992
Total distributions to Unitholders⁽¹⁾	59,968	51,171

Note:

- ⁽¹⁾ Distributions were partly paid by ESR-REIT issuing an aggregate of 7.2 million units (FY2017: 9.2 million units) amounting to S\$4.0 million (FY2017: S\$5.2 million) pursuant to its distribution reinvestment plan.

19 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of ESR Funds Management (S) Limited (the "Company"), as manager of ESR-REIT, confirms that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or the Chief Executive Officer or substantial Unitholders of ESR-REIT.

20 Interested Person Transactions (“IPTs”)

Merger of ESR-REIT and VIT

ESR-REIT successfully completed the Merger with VIT on 15 October 2018 via a trust scheme of arrangement. The consideration for the Merger comprised 10% in cash and 90% in units issued by ESR-REIT in exchange for all VIT stapled securities held by VIT’s stapled security holders. Following the completion of the Merger, VIT was delisted from the SGX-ST and Viva Industrial Real Estate Investment Trust was renamed as Viva Trust and became a subtrust of ESR-REIT.

The Merger was approved by the Unitholders of ESR-REIT at the extraordinary general meeting held on 31 August 2018. ESR-REIT paid an aggregate consideration of S\$936.7 million for the acquisition of VIT comprising S\$843.0 million in ESR-REIT units and S\$93.7 million in cash.

Entry into Property Management Agreements

On 31 December 2018, ESR-FM as the Manager of both ESR-REIT and Viva Trust, entered into property management agreements (“PMAs”) with the following trustees and ESR Property Management (S) Pte. Ltd. (“ESR-PM as the Property Manager”) to provide property management services for all the properties located in Singapore:

- (i) RBC Investor Services Trust Singapore Limited as trustee of ESR-REIT in respect of 48 properties held by ESR-REIT; and
- (ii) Perpetual (Asia) Limited as trustee of Viva Trust in respect of nine properties held by Viva Trust.

The term for each of the PMAs is for a period of three-and-a half years commencing from 1 January 2019. The existing property management agreements entered into with the Property Manager in respect of ESR-REIT and Viva Trust were terminated on 1 January 2019.

The services to be provided by the Property Manager for each of the properties under its management in respect of both PMAs include the following:

- (i) property management services
- (ii) lease management services
- (iii) marketing services
- (iv) project management services

The aggregate contract value of the PMAs is estimated at approximately S\$40.4 million, which is less than 5.0% of the latest audited net tangible assets of ESR-REIT as at 31 December 2017. Therefore, Unitholders’ approval is not required for the entry into the PMAs.

Please refer to the SGX-ST announcement dated 31 December 2018 for more details.

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20 Interested Person Transactions ("IPTs") (continued)

Name of Entity	2018		2017	
	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Funds Management (S) Limited (the "Manager")				
Management fees paid and payable				
- in cash	7,126	-	6,989	-
- in units	2,557	-	-	-
Acquisition fees paid in relation to the acquisition of investment properties				
- in cash	958	-	3,461	-
- in units	11,711	-	-	-
Divestment fees paid in relation to the divestment of investment properties				
- in cash	120	-	287	-
Viva Industrial Trust Management Pte Ltd (Manager of Viva Trust)				
Management fees paid in cash	122	-	-	-

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20 Interested Person Transactions ("IPTs") (continued)

Name of Entity	2018		2017	
	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)				
Property manager's fees paid and payable	4,488	-	3,220	-
Lease marketing services commissions paid and payable	2,139	-	1,137	-
Project management fees paid and payable	216	-	-*	-
RBC Investor Services Trust Singapore Limited (the "Trustee")				
Trustee fees paid and payable	429	-	379	-
Perpetual (Asia) Limited (the "Sub-trust Trustee")				
Trustee fees paid and payable*	-	-	-	-

*Amount less than S\$100,000.

Note:

(a) Except as disclosed, these interested party transactions exclude transactions less than \$100,000.

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21 Use of proceeds from the Preferential Offering completed in March 2018

With reference to our announcement dated 28 March 2018 (the “**Use of Proceeds from the Preferential Offering Announcement**”), the net proceeds of approximately S\$140.9 million raised from the preferential offering completed on 28 March 2018 (the “**Preferential Offering**”) had been fully deployed to partially repay the debt facilities utilised to partially fund the acquisition of 80% equity interest in 7000 AMK Pte. Ltd. which holds the property at 7000 Ang Mo Kio Avenue 5. 7000 AMK Pte. Ltd. had been converted into a limited liability partnership and was renamed as 7000 AMK LLP with effect from 1 February 2018.

The aforementioned use of proceeds is in accordance with the intended use and is materially in accordance with the allocated percentage of the proceeds of the Preferential Offering as stated in the “Launch of Preferential Offering Announcement” dated 27 February 2018.

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This 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 (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future ESR-REIT 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. 100132-5

Adrian Chui
Chief Executive Officer
18 January 2019