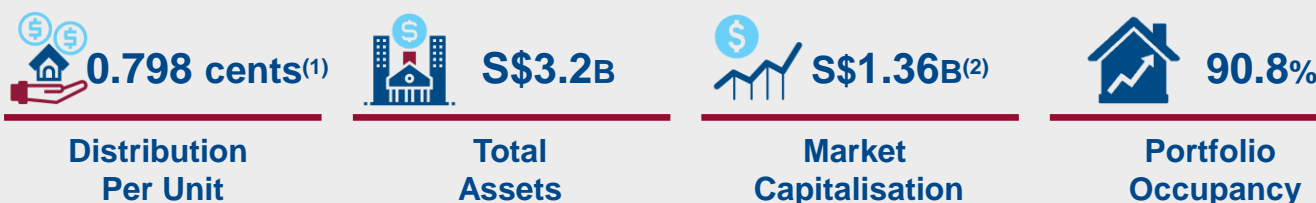


ESR-REIT declares DPU of 0.798 Singapore cents⁽¹⁾ for 3Q2020

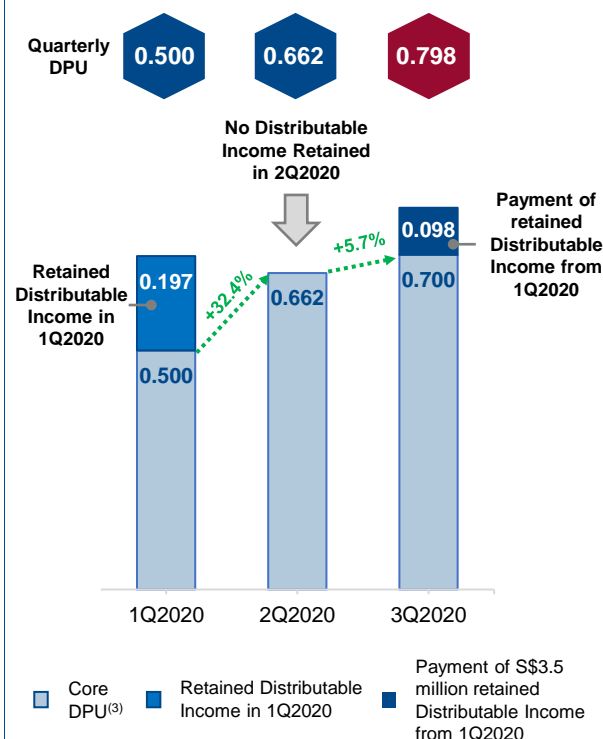
3Q2020 Interim Update



KEY HIGHLIGHTS

- Distribution per Unit ("DPU") for 3Q2020 is 0.798 Singapore cents including the payment of S\$3.5 million distributable income from 1Q2020 which was previously retained in view of COVID-19 uncertainties.
- Core Distributable Income Available Per Unit ("Core DPU")⁽³⁾ for 3Q2020 is 0.700 Singapore cents, an increase of 5.7% quarter-on-quarter ("q-o-q") and a 19.0%⁽⁴⁾ decrease year-on-year ("y-o-y") after setting aside rental rebates to support tenants adversely affected by COVID-19.
- The Manager has previously estimated that S\$10.1 million of rental rebates may be required for tenant support. As at 30 Sep 2020, S\$3.8 million of rental rebates have been given to eligible tenants and another S\$3.2 million has been recognized but yet to be given out as the majority of it are pending IRAS's confirmation of the cash grants and eligibility for SME tenants.
- Rental rebates due to the COVID-19 outbreak and lease conversions from single to multi-tenancies for five properties led to y-o-y declines in Gross Revenue and Net Property Income.
- Net asset value ("NAV") per unit was 41.0 cents as at 30 Sep 2020.
- Portfolio remained resilient with occupancy at 90.8%. Year-to-Date ("YTD") rental reversions improved from -4.3% as at 30 Jun 2020 to -0.2% this quarter.
- Renewed 585,000 sqft of space and secured 244,000 sqft of new leases, bringing the total leases signed in 3Q2020 to 829,000 sqft.
- Prudent and proactive capital management with no debt refinancing till June 2021.

Distribution per Unit for 3Q2020 at 0.798 Singapore cents includes payment of S\$3.5 million retained 1Q2020 distributable income



Notes:

- Includes the payment of S\$3.5 million retained distributable income from 1Q2020.
- Based on closing price of S\$0.385 as at 30 September 2020.
- Core DPU refers to Distribution per Unit from Operations.
- Excluding "Distributions from Other Gains". Refer to the Press Release dated 30 October 2020.

- Core Distributable Income Available Per Unit for 3Q2020 at 0.700 Singapore cents. This reflects an increase of 5.7% q-o-q and a decrease of 19.0%⁽¹⁾ y-o-y after setting aside rental rebates to support tenants adversely affected by COVID-19.
- 3Q2020 DPU of 0.798 Singapore cents has been declared, which includes payment of S\$3.5 million or 50% of the S\$7.0 million distributable income, which was previously retained in 1Q2020 in view of COVID-19 uncertainties.

Gross Revenue



S\$56.9M

▲ 1.6% q-o-q

▼ 8.1% y-o-y

Net Property Income ("NPI")



S\$40.4M

▲ 3.1% q-o-q

▼ 10.9% y-o-y

Distributable Income



S\$24.8M

▲ 6.0% q-o-q

▼ 15.2%⁽¹⁾ y-o-y

NAV per Unit



41.0 cents

- % q-o-q

▼ 11.4% y-o-y

- New leases that commenced in 3Q2020 contributed to the improved q-o-q showing of gross revenue and NPI while the y-o-y decrease in gross revenue and NPI was mainly due to the lease conversion from single to multi tenancies for five properties, non-renewals and downsizing by certain tenants and rental rebates for tenants.

Distribution Details

Distribution Period

1 July 2020 – 30 September 2020

Distribution Rate

0.798 cents taxable income per unit

Distribution Timetable

Books Closure Date

9 November 2020

Distribution Payment Date

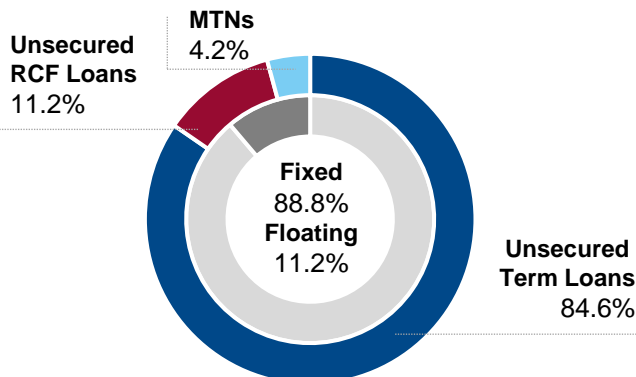
30 December 2020

Prudent Capital Management

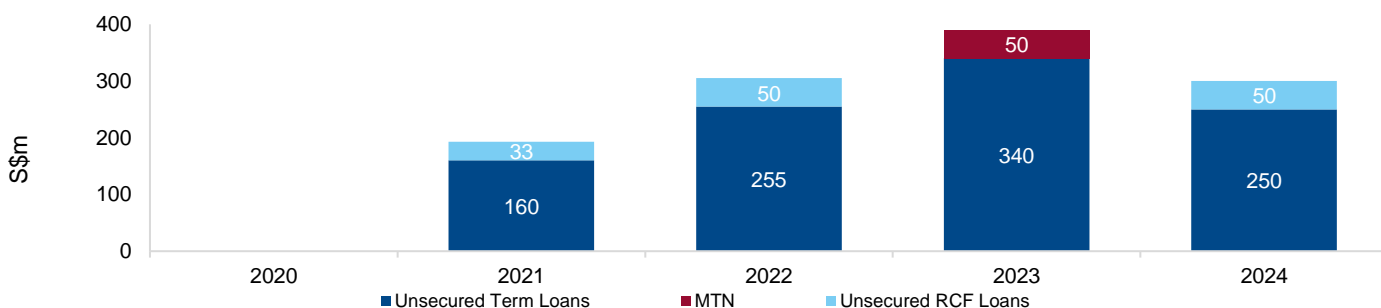
- Debt to Total Assets (Gearing) at 41.6%.
- All-In Cost of Debt reduced to 3.5% p.a.
- No debt refinancing requirements till June 2021.
- Weighted Average Debt Expiry as at 30 Sep 2020 was 2.5 years.
- 88.8% of debt on fixed interest rates with Weighted Average Fixed Debt Expiry at 2.3 years.
- Interest Coverage Ratio at 3.6x.
- Portfolio remains 100% unencumbered.
- Committed undrawn RCF of S\$117.0 million.

Breakdown of Debt

Total Debt of S\$1,188.0m



Debt Maturity Profile



% of Debt Expiring

0

16.2

25.7

32.8

25.3

Notes:

1. Excluding "Distributions from Other Gains".

- Portfolio occupancy at 90.8% remained consistently above JTC's average of 89.6%⁽¹⁾ while YTD tenant retention rate was 85.0%.
- YTD rental reversions improved from -4.3% as at 30 June 2020 to -0.2% this quarter.
- Portfolio's Weighted Average Lease Expiry (WALE) reduced to 3.0 years. The top 10 tenants accounted for 30.9% and 25.2% of ESR-REIT's portfolio by rental income and net leasable area respectively. Well-diversified tenant base with no single tenant accounting for more than 6.0% by portfolio rental income.
- Well spread out lease expiry profile with only 5.3% of expiring leases (by rental income) due for renewal in 4Q2020.



90.8%

**Portfolio
Occupancy**



85.0%

**YTD Tenant
Retention**



3.0 years

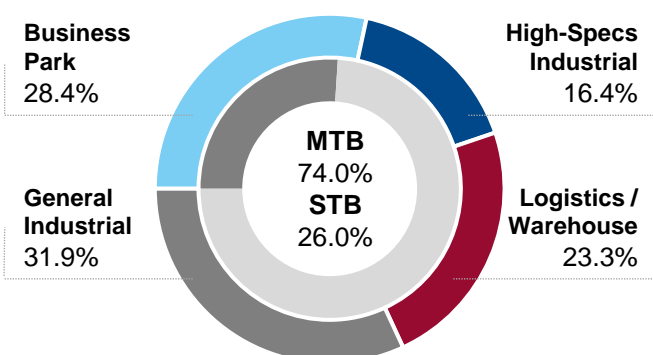
**Weighted Average
Lease Expiry**



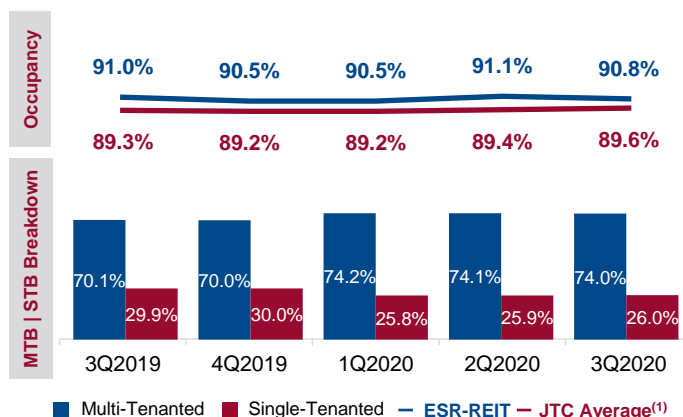
-0.2%

**YTD Rental
Reversions**

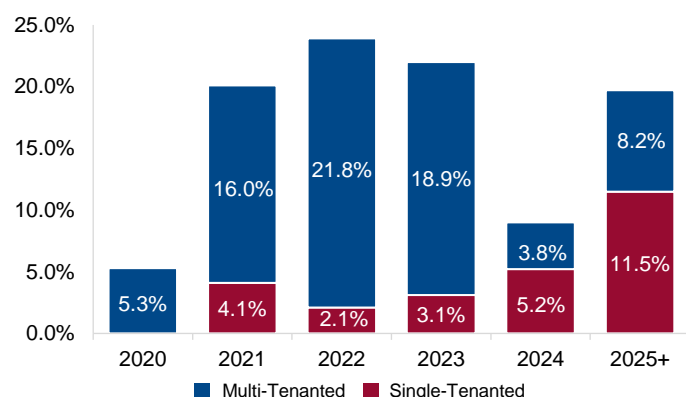
Asset Class (by Rental Income)



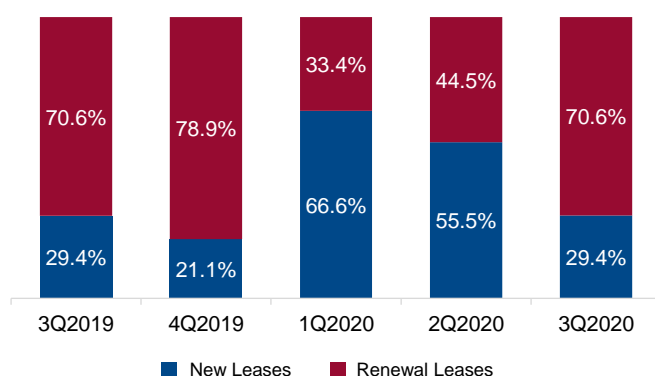
Stabilised Occupancy, Consistently Above JTC



WALE (by Rental Income)



Leases Committed by Type



3Q2020 Operational Updates

- During the quarter, we have renewed about 585,000 sqft of space and secured 244,000 sqft of new leases bringing the total leases signed in 3Q2020 to 829,000 sqft.
- More leasing enquiries received from businesses looking to increase their stockpile requirements or to right-size their current operations. New leasing demand from pharmaceutical and mechanical manufacturing sectors with expansion and relocation needs.
- Major leases secured in this quarter includes Egis Nanotech (49,300 sqft) and NIPO International Private Ltd (22,700 sqft) at 8 Tuas South Lane and Marquis Furniture Gallery at 130 Joo Seng Road (20,250 sqft).



EGIS NANOTECH

NIPO

MARQUIS

Singapore Economic Outlook

- Advanced estimates by the Ministry of Trade & Industry ("MTI") indicated that the Singapore economy contracted by 7.0% y-o-y but expanded by 7.9% q-o-q in 3Q2020.⁽¹⁾ MTI estimates GDP growth forecast for 2020 will be between -7.0% to -5.0%.⁽²⁾
- Manufacturing output recorded a 13.7% growth y-o-y in August, led by strong growth in electronics sector, after contracting for three consecutive months.⁽³⁾
- The Purchasing Managers' Index registered the third month of expansion for the overall manufacturing sector with a 0.2-point increase to 50.3 in September 2020.⁽⁴⁾

Industrial Property Market

- External demand conditions and the softening labour market will pose a drag on economic recovery. The ongoing US-China trade standoff has also disrupted the recovery pace.
- Despite signs of gradual stabilisation, the industrial outlook remains uncertain with pressures from the staggered openings of international borders and potential resurgence of COVID-19 in some countries having impeded global trade and production volumes.
- Industrial property rents and prices continue to slide in 3Q2020.⁽⁵⁾ In addition, the delay in construction of industrial space is expected to push new-supply completion into 2021.
- Industrial rents are expected to remain muted due to pandemic pressures and current weak trade conditions which prevent industrialists from committing to long term space needs while local industrialists are looking at short-term expansion to meet stockpiling requirements.

COVID-19 Updates

Operational Resilience	<ul style="list-style-type: none"> Rental collection in 3Q2020 is approximately 94% of the gross rental income, consistent with 1H2020, as well as pre-COVID-19 level. Of the 5.3% leases expiring in 4Q2020, approximately 4.4% of such leases are in advanced negotiations where tenants have given indications of renewal.
Stakeholders	<ul style="list-style-type: none"> Notifications for relief received from 22 tenants out of 346 tenants. The Manager has previously estimated that S\$10.1 million of rental rebates may be required for tenant support. As at 30 Sep 2020, S\$3.8 million of rental rebates have been given to eligible tenants and another S\$3.2 million has been recognized but yet to be given out as the majority of it are pending IRAS's confirmation of the cash grants and eligibility for SME tenants. The Manager does not expect major changes to the rental rebates to be given out for the remainder of the year. As the COVID-19 situation in Singapore has stabilised considerably, as is our portfolio performance and cashflow metrics, where S\$3.5 million or 50% of the retained Distributable Income in 1Q2020 will be released to Unitholders.
Looking Forward	<ul style="list-style-type: none"> We are cautiously optimistic as the economy has shown signs of stabilisation while uncertainties over the pandemic lingers. <ul style="list-style-type: none"> ✓ Resumed asset enhancement initiatives ("AEI") at UE BizHub EAST, scheduled for completion in 1Q2021. ✓ AEI works have commenced at 19 Tai Seng Avenue to convert the property from a general industrial building to high-specs industrial to unlock value to meet the increasing demand of technology companies and firms from higher value-added industries. The AEI is expected to complete in 2H2021. ✓ We will continue to review potential AEI and redevelopments within our portfolio to position ESR-REIT to ride out the economic recovery and cater to partnerships with new and upcoming industrialists. Strengthening ESR-REIT's presence to capitalise on growth opportunities locally and overseas will be a key focus.

Notes:

- Based on Advanced Estimates for Third Quarter of 2020 released on 14 October 2020 by Ministry of Trade and Industry (MTI).
- Based on 2Q2020 Economic Survey of Singapore released on 11 August 2020 by Ministry of Trade and Industry (MTI).
- Based on monthly manufacturing performance data obtained from Economic Development Board (EDB).
- Based on monthly PMI figures obtained from the SPIMM institute.
- Based on JTC 3Q2020 Industrial Property Market Statistics.

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