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

NEWS RELEASE

For immediate release

ESR-REIT's 2Q2019 DPU Remains Stable at 1.004 Cents

- 2Q2019 distributions remained stable increasing 0.3% year-on-year ("y-o-y") to 1.004 cents; with lower portfolio and capital structure risk, demonstrating effective execution of strategy
- Gross revenue was S$63.8 million while Net Property Income was S$47.8 million for 2Q2019
- No major refinancing requirements for 2019; portfolio remains 100% unencumbered with 3.1 years debt tenor and 89.2% of interest rate exposure fixed for 2.9 years
- Completed Private Placement of S$100.0 million
- Announced DPU accretive acquisition of 48 Pandan Road ("PTC Logistics Hub"), strengthening portfolio exposure to the logistics sector with in-demand and modern ramp-up facilities and lengthening WALE
- Established strategic partnership with PTC Logistics to provide real estate solutions for their business expansion and logistics real estate needs in Singapore and the region
- Two asset enhancement initiatives ("AEIs") planned for 7000 Ang Mo Kio Avenue 5 ("7000 AMK") and UE BizHub EAST with an estimated yield on cost of up to c.9%
- Completed divestment of 31 Kian Teck Way at above valuation

Summary of Financial Results:

	2Q2019 (S$ million)	2Q2018 (S$ million)	+/(-) (%)
Gross Revenue (1)(2)	63.8	32.5	95.9
Net Property Income ("NPI") (1)(2)	47.8	23.4	103.9
Distributable Income (3)	28.3	14.0	101.1
Distribution from Other Gains (4)	3.8	1.8	112.4
Total Distribution to Unitholders	32.1	15.8	102.4
Distribution Per Unit ("DPU") (cents)	**1.004**	**1.001**	**0.3**

Notes:

(1) Higher gross revenue and NPI mainly due to the contributions from the acquisition of 15 Greenwich, Viva Trust's portfolio of 9 properties after the Merger in Oct 2018 and the leasing up of 30 Marsiling and rental escalations from the existing property portfolio. The growth was partially offset by the lease conversion from single to multi-tenancy for certain properties.

(2) Includes straight line rent adjustment of S$1.1 million (2Q2018: S$0.3 million).

(3) Includes management fees payable in units of S$2.1 million for 2Q2019. All management fees for 2Q2018 were paid in cash.

(4) Capital gains from disposal of investment properties in prior years and ex-gratia payments received from Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

Singapore, 22 July 2019 – ESR Funds Management (S) Limited, the manager of ESR-REIT (the "Manager"), is pleased to announce that for the financial quarter ended 30 June 2019 ("2Q2019"), ESR-REIT's DPU remains stable at 1.004 cents[1]. This translates to an annualised distribution yield of 7.6%[2] on the back of a more diversified portfolio with lower capital structure risks.

Financial Performance

Gross revenue for 2Q2019 was recorded at S$63.8 million, an increase of 95.9% y-o-y while Net Property Income ("NPI") rose 103.9% to S$47.8 million over the same period. The total distribution to Unitholders for 2Q2019 was S$32.1 million, an increase of 102.4% y-o-y. The increase in gross revenue and NPI was largely contributed from the acquisition of 15 Greenwich Drive and the 9 properties from Viva Trust's portfolio following the completion of the merger in October 2018 in addition to the leasing up of 30 Marsiling Industrial Estate Road 8, as well as rental escalations from the existing property portfolio. This increase was partially offset by the lease conversion from single to multi-tenancy for certain properties.

Portfolio Performance

As at 30 June 2019, ESR-REIT's portfolio comprises 56 properties across Singapore, with a total gross floor area of approximately 14.0 million sqft spanning the following sub-asset classes: Business Parks, High-Specs Industrial, Logistics / Warehouse and General Industrial. Portfolio occupancy for 2Q2019 is 91.0%, above JTC average of 89.3%[3] while tenant retention rate was 54.7%[4]. 2Q2019 YTD rental reversions remained positive at +0.1%. Approximately 327,700 sqft of space were renewed and leased out during 2Q2019, which reduced the total lease expiry concentration for multi-tenanted buildings from 16.0% in 1Q2019 to 12.2% in 2Q2019. As at 30 June 2019, ESR-REIT has a diversified tenant base of 328 tenants and a weighted average lease expiry ("WALE") of 3.6 years. The top 10 tenants accounted for 31.1% of ESR-REIT's portfolio by rental income, with no individual trade sector contributing more than 30.0% of ESR-REIT's rental income.

DPU Accretive Acquisition of PTC Logistics Hub, Strengthens Portfolio Exposure

On 17 June 2019, ESR-REIT announced the acquisition of PTC Logistics Hub via a joint venture ("JV") in which ESR-REIT holds 49% interest, with the remaining 51% interest held by Poh Tiong Choon Logistics Limited ("PTC"). The purchase consideration of the asset is S$225.0 million (on a 100% basis), of which ESR-REIT's total acquisition cost (based on debt financing of S$146.2 million to be taken by

[1] With reference to the Manager's announcement dated 12 July 2019 titled "Details of Advanced Distribution in connection with the Private Placement", the Advanced Distribution per unit for the period from 1 April 2019 to 25 June 2019 of 0.945 cents will be paid on or around 26 July 2019. The remaining distribution per unit for 2Q2019 of 0.059 cents will be paid on or around 30 August 2019.

[2] Based on market closing price of S$0.525 per unit as at 28 June 2019 and 2Q2019 DPU of 1.004 cents on an annualised basis.

[3] Based on 1Q2019 data from JTC.

[4] Mainly due to the non-renewal of Cisco System (USA) Pte. Ltd. at UE BizHub EAST.

the JV) is c. S$44.4 million (inclusive of transaction costs). The asset is a newly-completed and modern ramp-up warehouse, strategically located within the Jurong Industrial Estate and in close proximity to Jurong Port and Jurong Island and well-accessible by major expressways. This acquisition will strengthen the REIT's portfolio exposure to the logistics sector with c.60% of the logistics portfolio comprising in-demand and modern ramp-up facilities. PTC Logistics Hub will be leased back to PTC under a 10-year lease with fixed annual rental escalations, which will lengthen the WALE of the portfolio and provide stable and growing distributions for unitholders.

Two AEIs Expected to Position the Portfolio to be "Future-Ready"

The Manager also announced plans to conduct AEIs on two existing assets within the portfolio, which include utilising untapped plot ratio to develop a modern high-specification industrial facility on the site of 7000 AMK and rejuvenation works at UE BizHub EAST.

The development of a new building onsite at 7000 AMK will increase its plot ratio from 1.7 to 2.1, with c.270,000 sqft of brand new high-specification industrial gross floor area ("GFA"). The AEI is expected to commence in 4Q2019, pending regulatory approval and targeted to complete in 18 to 24 months.

UE BizHub EAST will be undergoing AEI to enhance its work-live-play offerings to offer a city-lifestyle experience to attract surrounding working professionals and quality tenants. The proposed scope of works includes improving the accessibility of the property with an extended drop-off area, a reconfiguration of the access lobbies and internal food street. The façade of the property will be given a facelift for a sleek and contemporary look. Alfresco dining and entertainment options, as well as communal spaces will be enhanced to promote community activities and placemaking initiatives. The AEI is expected to commence in 4Q2019 and targeted to complete in 4Q2020.

The above continues the Manager's strategy of pursuing AEI to unlock portfolio value to deliver growth in net asset value and increase the attractiveness and efficiency of our assets. The two development works are projected to cost approximately S$45.7 million and are expected to provide an estimated yield on cost of up to 9%. Both properties will be fully operational with limited downtime expected during the AEI.

Divestment of Non-Core Asset to Optimise Portfolio

The Manager has completed the divestment of 31 Kian Teck Way for a sale consideration of S$5.8 million, representing a premium of 1.7% above the book value of the property. The divestment allows the REIT to improve the overall quality of its portfolio via disposals of non-core properties.

Prudent Capital Structure with No Major Refinancing Needs Due in 2019

On 17 June 2019, the Manager launched an equity fund raising exercise to raise gross proceeds of up to S$150.0 million comprising a Private Placement and a non-renounceable Preferential Offering of new units to finance the yield-accretive acquisition of PTC Logistics Hub and two accretive AEIs at 7000 AMK and UE BizHub EAST, with the remaining balance for debt repayment. On 18 June 2019, the Private Placement of S$100.0 million was successfully placed at the issue price of S$0.515 per new unit. The exercise saw strong participation from new and existing unitholders and was approximately 2.5 times covered.

The Preferential Offering of new units to raise gross proceeds of up to S$50.0 million will be open to existing unitholders. The said offering will be backstopped by the Sponsor, ESR Cayman Limited, subject to the relevant approvals being obtained. Details of the launch date and issue price of the Preferential Offering will be announced at a later date.

As at 30 June 2019, ESR-REIT's Debt to Total Assets is at 39.0%[5], with a weighted average debt expiry of 3.1 years. Approximately 89.2% of interest rate exposure is fixed for the next 2.9 years. The portfolio remains 100% unencumbered, while maintaining a well-staggered debt maturity profile. As at 30 June 2019, the REIT has no major refinancing requirements due in 2019.

Looking Ahead

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, "During this quarter, we undertook an equity fund raising exercise as we continue to execute our strategies of selective value-adding acquisitions and organic growth via AEIs to improve our portfolio quality while reducing portfolio and capital risks. The acquisition of PTC Logistics Hub will enable us to provide sustainable returns for unitholders through fixed annual rental escalations over the 10-year lease term. The strategic partnership with PTC will allow us to provide real estate solutions for their business expansion, thereby creating a potential pipeline of assets for ESR-REIT. 7000 AMK was selected for AEI as there is a demand for high-quality high-specifications industrial space and we are currently in advance negotiations with several prospects for the leasing of the new building. Our flagship asset, UE BizHub EAST, strategically located at the interchange of two train lines in the Changi Business Park region, will undergo AEI to enhance its competitiveness and efficiency to attract and retain quality tenants and working professionals in the vicinity. Post-merger, we continue to diversify our portfolio and execute on our AEI opportunities and rejuvenation strategies to ensure that our assets are Future-Ready. With an enlarged market capitalization and broader investor base, we are seeing significantly higher trading liquidity, research, investor and stock brokering coverage. We have significantly reduced

[5] Excluding the effects of FRS 116 *Leases* which became effective on 1 January 2019.

the capital risks in our portfolio with a reduction in gearing, a longer debt tenor and higher proportion of fixed rate debt at longer tenor."

Mr. Chui further added, "However, the ongoing global trade tensions have resulted in increased risk-averse behaviour amongst industrialists on the demand-side in the short-to-medium term and these uncertainties may have started to impact their profitability. It is pertinent that the Manager continues to enhance its portfolio to meet the needs of the "industrialists-of-tomorrow". Going forward, we will continue to seek opportunities to optimise our portfolio and reinforce our strategies to unlock further value for our unitholders while managing the overall risk profile of ESR-REIT."

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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 30 June 2019 has a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 14.0 million square feet and an aggregate property value of S$3.02 billion[6]. 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;
- Pro-active 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[7]. 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 partners including APG, SK Holdings, JD.com, Goldman Sachs, CPPIB, Ping An, Allianz Real Estate and CSOBOR Fund. The ESR platform spans across the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 2018, 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$16 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development stood at over 12 million square metres in total.

[6] Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-REIT has 80% economic interest, and excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases* which became effective on 1 January 2019.
[7] JLL market report.

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 material 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.

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