NEWS RELEASE

For immediate release

ESR-REIT announces 1H2020 DPU of 1.162 Singapore cents

- Total Distributable Income for 1H2020 was S$47.8 million amidst a challenging operating environment.
- While industrialists have become more risk adverse post-circuit breaker, demand in certain industrial sub-sectors is increasing as businesses are reviewing their space requirements in view of disruptions in the global manufacturing supply chain due to COVID-19 and the ongoing US-China tensions although rentals are expected to remain soft.
- Improved portfolio occupancy at 91.1% with stable weighted average lease expiry at 3.4 years.
- The industrial leasing market is expected to remain challenging in 2H2020 due to protracted economic uncertainties as a result of potential recurring waves of COVID-19.

Summary of Financial Results:

<table>
<thead>
<tr>
<th></th>
<th>1H2020 (S$ million)</th>
<th>1H2019 (S$ million)</th>
<th>+/(-) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>118.4</td>
<td>128.6</td>
<td>(7.9)</td>
</tr>
<tr>
<td>COVID-19 Rental Rebates</td>
<td>(4.6)</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net Property Income (“NPI”)</td>
<td>80.2</td>
<td>96.4</td>
<td>(16.8)</td>
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<tr>
<td>Distributable Income</td>
<td>47.8</td>
<td>58.1</td>
<td>(17.8)</td>
</tr>
<tr>
<td>Distribution from Other Gains</td>
<td>-</td>
<td>5.9</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Total Amount Available for Distribution to Unitholders</td>
<td>47.8</td>
<td>64.0</td>
<td>(25.3)</td>
</tr>
<tr>
<td>Amount retained for cash flow management purpose</td>
<td>(7.0)</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td>Total Distribution to Unitholders after retention</td>
<td>40.8</td>
<td>64.0</td>
<td>(36.3)</td>
</tr>
<tr>
<td>Applicable number of units for calculation of DPU (million)</td>
<td>3,519.6</td>
<td>3,184.4</td>
<td>10.5</td>
</tr>
<tr>
<td>Distributable Amount Available per Unit (cents)</td>
<td>1.359</td>
<td>2.011</td>
<td>(32.4)</td>
</tr>
<tr>
<td>Distribution per Unit (“DPU”) after retention (cents)</td>
<td>1.162</td>
<td>2.011</td>
<td>(42.2)</td>
</tr>
</tbody>
</table>

Notes:
(1) Lower gross revenue and NPI mainly attributed to (a) lease conversion from single to multi-tenancy for certain properties; and (b) non-renewals and downsizing by certain tenants.
(2) Includes straight-line rent adjustments of S$0.2 million for 1H2020 (1H2019: S$1.3 million).
(3) Rental rebates set aside for and/or given to tenants as part of ESR-REIT’s measures to support tenants adversely affected by the COVID-19 outbreak.
(4) Includes management fees paid/payable to the Manager and the Property Manager in ESR-REIT units of S$4.4 million for 1H2020 (1H2019: S$4.3 million).
(5) 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.
(6) Retention of 1Q2020 distributable income due to COVID-19 uncertainties.
Singapore, 16 July 2020 – ESR Funds Management (S) Limited, the Manager of ESR-REIT (the “Manager”), announced today that the total distributable income for the period from 1 January 2020 to 30 June 2020 (“1H2020”) was S$47.8 million, with Distributable Amount Available per Unit of 1.359 Singapore cents.

1H2020 DPU was lower compared to the previous year mainly due to the impact of COVID-19 outbreak and the subsequent circuit breaker measures imposed by the Singapore government, as well as the retention of approximately S$7.0 million of distributable income in 1Q2020 for prudent cash flow management. This brings the total DPU for 1H2020 to 1.162 Singapore cents after the retention, with total distribution to Unitholders amounting to S$40.8 million.

Financial Performance
Gross revenue before the COVID-19 rental rebates for 1H2020 was S$118.4 million, 7.9% lower than the previous year. NPI for 1H2020 was registered at S$80.2 million, 16.8% lower than the previous year. The lower gross revenue, NPI and DPU was mainly attributed to the following:

- lease conversions from single to multi-tenancy for seven properties across 2019 and 1H2020, where ESR-REIT had to bear the costs of land rent, property tax and maintenance fees that tenants used to bear under a master lease arrangement;
- non-renewals and downsizing of certain tenants;
- rental rebates set aside for and/or given to tenants as part of ESR-REIT’s measures to support tenants adversely affected by the COVID-19 outbreak;
- S$7.0 million of distributable income from 1Q2020 retained for cash flow management purposes; and
- no distribution from other gains in 1H2020.

The books closure date for the distribution of 0.662 Singapore cents per unit for the period from 1 April 2020 to 30 June 2020 is on Friday, 24 July 2020 and the expected payment date is Thursday, 17 September 2020.

Portfolio Performance
As at 30 June 2020, ESR-REIT’s portfolio occupancy improved by 0.6% from 90.5% in 1Q2020 to 91.1% this quarter, consistently above JTC’s average of 89.2%¹. Leasing activities gained traction in 1H2020 with a total of 49 new leases accounting for about 1.18 million sqft or 60.8% of the total area secured in 1H2020. Renewal leases accounting for approximately 765,000 sqft of space were secured in 1H2020, bringing the total leases signed in 1H2020 to 1.95 million sqft. The year-to-date (“YTD”) tenant retention rate as at 30

¹ Based on JTC 1Q2020 Industrial Property Market Statistics.
June 2020 was 85.7%. The YTD portfolio rental reversions recorded -4.3%, mainly contributed by one anchor tenant with a lease renewal of 130,000 sqft of warehouse space, which is approximately 28.5% of the total space renewed in 2Q2020. Excluding this lease renewal, the YTD rental reversions as at 30 June 2020 would have been -0.2% instead.

ESR-REIT has a diversified tenant base of 343 tenants with weighted average lease expiry of 3.4 years as at 30 June 2020. The portfolio’s weighted average security deposit is 5.5 months with multi-tenanted buildings at 4.1 months and single-tenanted buildings at 9.5 months. The top 10 tenants accounted for 30.7% and 27.9% of ESR-REIT’s portfolio by rental income and net leasable area, respectively, with no single tenant accounting for more than 5.2%. Through active asset management, the Manager has successfully reduced tenant concentration risk for 8 Tuas South Lane as Hyflux Membrane Manufacturing (S) Pte. Ltd. is no longer a top 10 tenant. During the quarter, the Manager secured two new sub-leases with a collective area of 284,700 sqft at 8 Tuas South Lane, thereby reducing the rental income exposure to Hyflux Membrane from 2.8% to 1.6% on a portfolio basis.

**Prudent Capital Management with No Refinancing Requirements for FY2020**

ESR-REIT continued with its disciplined and proactive capital management strategy with 88.3% of its borrowings on fixed interest rates over the next 2.5 years. As at 30 June 2020, ESR-REIT’s Debt to Total Assets was 41.8%, with a weighted average debt expiry of 2.7 years. The weighted average all-in cost of debt was 3.54% per annum as at 30 June 2020, down from 3.92% per annum as at 31 December 2019. The portfolio remains 100% unencumbered, while maintaining a well-staggered debt maturity profile. As at 30 June 2020, ESR-REIT has committed undrawn revolving credit facilities of S$110.0 million and a debt headroom of S$501.0 million. The Manager will continue to balance its funding requirements, capital structure and portfolio risks.

**Outlook for 2020**

According to advance estimates by the Ministry of Trade and Industry, Singapore’s economy contracted 12.6% y-o-y in 2Q2020, attributable to circuit breaker measures and weak external demand.³ Although the Purchasing Managers’ Index (PMI) improved marginally by 2.1 points to 46.8 points⁴ in May 2020; global social unrest, increasing trade and political tensions between US and China, and the continued fears surrounding recurring waves of COVID-19 infections have led business sentiments to contract for the third quarter at -5.16% points.⁵ Therefore, economic headwinds are expected as continuing uncertainties over demand and the prolonged closure of borders affect the growth recovery momentum of industrial and economic activities for the rest of the year. While some industrialists have become more risk adverse and

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2 Excludes ESR-REIT’s 49% interest in 48 Pandan Road.
3 Based on advance GDP estimates for second quarter 2020 released by Ministry of Trade and Industry (MTI).
4 Based on monthly PMI figures obtained from the SPIMM Institute.
5 Based on the latest quarterly survey results released by Singapore Commercial Credit Bureau.
cautious about space requirements post-circuit breaker, demand in the logistics sector is increasing as businesses are expanding their storage requirements in view of disruptions in global manufacturing supply chain and the national stockpiling of essential goods. Leasing activities had also seen an increase in enquiries for space in the high-spcs industrial sector as industrialists review their global manufacturing supply chain locations amidst increasing US-China trade and political tensions. Prices and rentals of industrial space are likely to remain muted with pressure on rental reversions expected due to cautious industrialists’ sentiments.

COVID-19 Update

At the operational level, the Manager is committed to enforce safe management measures at all its multi-tenanted properties to protect the community. These include mandatory temperature screening, increased frequency of disinfection for public areas, heightened cleaning standards and safe distancing. Even as Singapore transitions into Phase 2 of its reopening, the Manager will continue to take precautions against potential recurring waves of community transmissions.

More than half of ESR-REIT’s tenants are essential service providers and were operational during the circuit breaker. Besides putting in place the government-mandated rental relief framework, the asset and lease management teams are in constant dialogue with tenants affected by the COVID-19 situation to support their business continuity. Given that the significant uncertainty on the duration of the COVID-19 outbreak remains, the full extent of its impact on ESR-REIT’s financial performance cannot be ascertained at this point. In light of this, the Manager will continue to implement cost-saving measures on operating expenses and defer all non-essential capital expenditures, where possible, to conserve cash.

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager, said, “The COVID-19 pandemic continues to pose challenges for the global economy and industrialists in Singapore. The full impact of the circuit breaker measures earlier imposed by the government will be felt in the coming months before recovery sets in. While challenges remain in the operating environment, our cash position remains stable with no refinancing needs until June 2021. At the same time, we are seeing value opportunities for us to continue our growth and diversification strategies to protect and enhance our portfolio and long-term value for our Unitholders. Our focus is operational excellence and portfolio resilience to ensure that our stakeholders overcome this challenging period while continuing to pursue our long-term sustainable growth strategies.”

-End-
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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 2020 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S$3.1 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;
- Proactive asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

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


**About the Sponsor, ESR**

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

For more information on ESR, please visit [www.esr.com](http://www.esr.com).

\(^6\) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.
Important Notice

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

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

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