



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

NEWS RELEASE

For immediate release

ESR-REIT declares S\$12.6 million distributable income; stable business performance for 3Q2017

- Amount available for distribution was 2.0% below the same period last year
- More than 1 million sqft of space was renewed in 3Q2017; occupancy at 91.1%

Summary of Financial Results:

	3Q2017	3Q2016	Y-on-Y
	(S\$ mil)	(S\$ mil)	(%)
Gross Revenue	27.1	27.6	(1.9)
Net Property Income	19.6	19.9	(1.6)
Amount available for distribution	12.6	12.9	(2.0)
Distribution Per Unit ("DPU") (cents)	0.964	0.987	(2.3)

Singapore, 17 October 2017 – ESR Funds Management (S) Limited, the Manager ("Manager") of ESR-REIT, today announced Gross Revenue of S\$27.1 million for the three months ended 30 September 2017 ("3Q2017"). Net Property Income for 3Q2017 was S\$19.6 million, only slightly below the comparative period last year as income from new leases helped to partially offset the loss of revenue during the conversion of properties from single-tenanted to multi-tenanted, higher property operating expenses as a result of the conversions, increased maintenance costs and property divestments.

A distribution of S\$12.6 million has been declared for the quarter, which translates to a Distribution per Unit ("DPU") of 0.964 cents. The Distribution Reinvestment Plan ("DRP") will apply for 3Q2017.

Mr Adrian Chui, Chief Executive Officer and Executive Director of ESR Funds Management (S) Limited, said “Despite continuing challenging market conditions, we have reported a stable business performance in 3Q2017.”

Portfolio Updates

In 3Q2017, more than 1.08 million sq ft of space was renewed, with occupancy of 91.1% and Weighted Average Lease Expiry (“WALE”) at 3.4 years.

The 3Q2017 occupancy was lower than 2Q2017 due to the inclusion of 120 Pioneer Road into the occupancy calculation following completion of its Asset Enhancement Initiative (“AEI”) and impact of the non-renewal of the CWT lease at 3 Pioneer Sector 3. Both assets are being actively marketed and good progress is being made towards leasing out the spaces at both buildings.

Capital Management

As at 30 September 2017, ESR-REIT has a well-diversified fully unencumbered portfolio of 48 investment properties with a combined value of approximately S\$1.33 billion. ESR-REIT’s gearing ratio was slightly lower at 36.7% due to divestment proceeds being used to repay debt. ESR-REIT has no major refinancing requirements until 2H2018 and maintains financial flexibility with S\$120.0 million in undrawn committed revolving credit facilities. Approximately 93.9% of interest rate exposure is fixed for the next 2.1 years.

Agent Incentive Programme

As part of efforts to achieve healthy occupancy and to improve overall portfolio WALE, ESR-REIT has launched its Agent Incentive Programme, its first partner rewards initiative. This scheme will support the Manager’s leasing and marketing efforts, with incentives awarded to the top property agents and agency with the best sales and leasing performance.

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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 has a diversified portfolio of 48 properties located across Singapore, with a total gross floor area of approximately 8.2 million sq ft and a property value of S\$1.33 billion as at 30 September 2017. The properties are in the following business sectors: Logistics/ Warehouse, Hi-Specs Industrial, Light Industrial, General Industrial and Business Parks, 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 and secure 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 two stakeholders, namely, ESR Cayman Limited ("ESR") (indirectly c.80 percent) and Mitsui & Co., Ltd ("Mitsui") (20 percent):

- Headquartered in Hong Kong, ESR is one of the leading "pure-play" pan-Asia logistics real estate platforms, focusing on developing and managing institutional-quality logistics facilities that cater to third-party logistics ("3PLs") providers, e-commerce companies, bricks-and-mortar retailers, cold-chain logistics providers and industrial companies. Co-founded by Warburg Pincus and backed by some of the world's preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley AIP, PGGM, Ping An and SK Holdings, ESR's platform represents one of the largest in the Asia-Pacific region managing approximately 9.0 million square metres of projects owned and under development across China, Japan, Singapore, South Korea and India, with capital and funds management offices in Hong Kong and Singapore. Current assets under management over US\$8 billion
- Mitsui is one of the largest corporate conglomerates in Japan and listed on the Tokyo Stock Exchange. It is one of the largest publicly traded companies in the world. Mitsui also developed the Japan Logistics Fund Inc., a publicly listed REIT in Japan dedicated to investing in distribution facilities.

For further information on ESR-REIT, please visit www.esr-reit.com.sg

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 announcement 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.

This announcement is for informational purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this announcement 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.