



ESR-REIT Records 14.8% y-o-y Growth in 1Q2021 with DPU of 0.800 cents

1Q2021 Interim Business Update

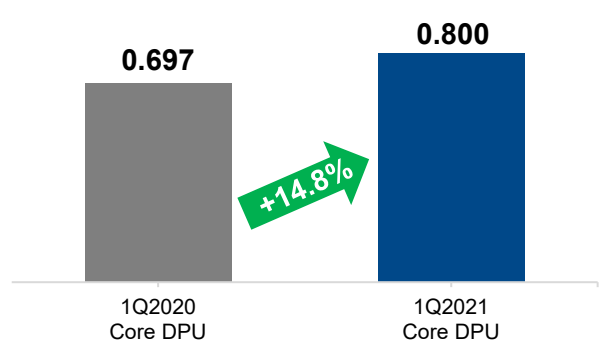
ESR BizPark @ Changi (formerly known as UE BizHub EAST)

0.800 cents	S\$3.2B	S\$1.4B⁽¹⁾	90.8%
Core Distributable Income per Unit	Total Assets	Market Capitalisation	Portfolio Occupancy

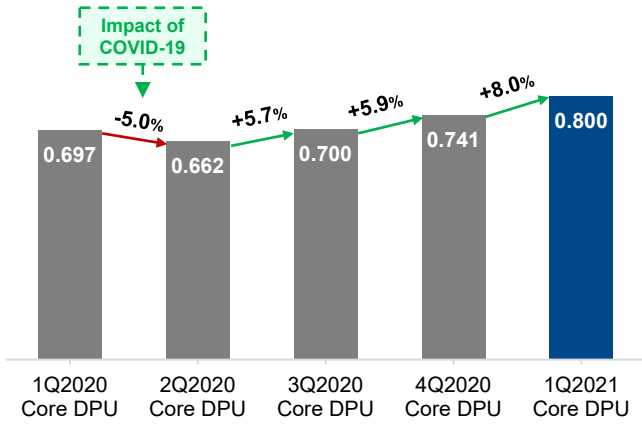
KEY HIGHLIGHTS

- Core distributable income per Unit (“DPU”) growth of 14.8% year-on-year (“y-o-y”) and 8.0% quarter-on-quarter (“q-o-q”) to 0.800 Singapore cents
- Total leases of 317,000 sqft signed with tenant retention rate of 87.0%
- Portfolio remained resilient with 90.8% occupancy rate
- Successfully refinanced all expiring debt due in FY2021 ahead of expiry
- All-in cost of debt reduced to 3.52% p.a.
- AEI works at ESR BizPark @ Changi have been completed with Temporary Occupation Permit (“TOP”) obtained on 31 March 2021
- Rental collection for 1Q2021 was 97.5% of total receivables
- Net asset value (“NAV”) per Unit improved q-o-q to 40.6 cents

1Q2021 Core DPU Increased 14.8% y-o-y



1Q2021 Core DPU Increased 8.0% q-o-q



Notes:
 1. Based on closing price of S\$0.390 as at 31 March 2021.
 2. Core DPU refers to Distributable Income per Unit

Gross Revenue



S\$60.3M

▲ 4.4% y-o-y

▲ 1.7% q-o-q

Net Property Income



S\$44.1M

▲ 7.6% y-o-y

▲ 1.2% q-o-q

Distributable Income



S\$28.7M

▲ 17.1% y-o-y

▲ 8.3% q-o-q

NAV per Unit



40.6 cents

▼ 4.9% y-o-y

▲ 0.2% q-o-q

- In 1Q2021, Gross Revenue increased 4.4% from a year ago to S\$60.3 million and Net Property Income rose 7.6% y-o-y to S\$44.1 million. The y-o-y increase was mainly due to the absence of provision for COVID-19 rental rebates to tenants and lower property expenses
- Distributable Income was up 17.1% y-o-y and 8.3% q-o-q to S\$28.7 million for 1Q2021 mainly due to higher NPI and lower borrowing costs
- Core DPU for 1Q2021 was 0.800 Singapore cents, up 14.8% y-o-y from 0.697 Singapore cents in 1Q2020 and 8.0% q-o-q from 0.741 Singapore cents last quarter
- NAV per Unit has improved q-o-q to 40.6 cents

Distribution Details

Distribution Period	1 January 2021 – 31 March 2021
Distribution Rate	0.800 cents taxable income per unit

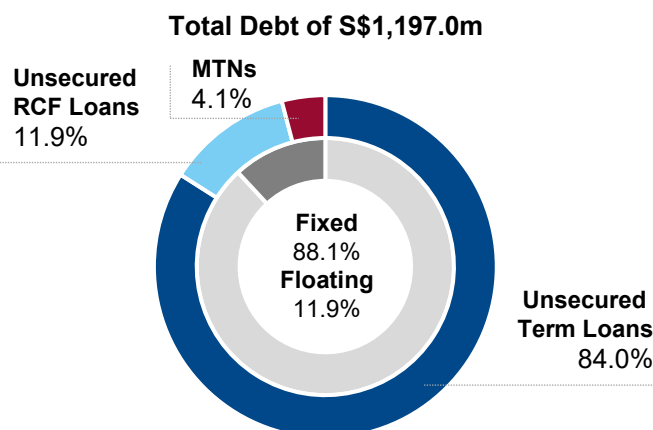
Distribution Timetable

Books Closure Date	30 April 2021
Distribution Payment Date	24 June 2021

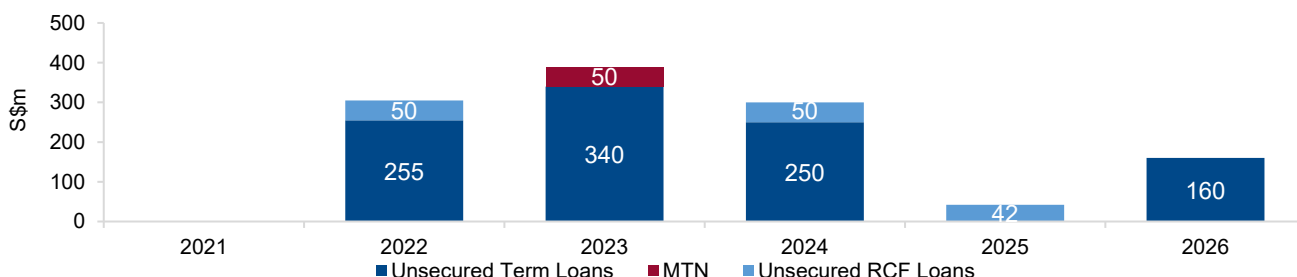
Prudent Capital Management

- Successfully refinanced all expiring debt due in FY2021 ahead of expiry
- All-In Cost of Debt reduced to 3.52% p.a.
- Weighted Average Debt Expiry as at 31 March 2021 was 2.7 years
- Debt to Total Assets (Gearing)⁽¹⁾ at 42.0%
- 88.1% of debt on fixed interest rates with Weighted Average Fixed Debt Expiry of 2.0 years
- Interest Coverage Ratio ("ICR") and MAS ICR⁽²⁾ at 3.7x and 2.7x respectively
- Portfolio remains 100% unencumbered⁽³⁾
- Committed undrawn RCF of S\$118.0 million

Breakdown of Debt



Debt Maturity Profile



% of Debt Expiring	2021	2022	2023	2024	2025	2026
	0	25.5	32.6	25.0	3.5	13.4

Notes: (1) Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019. (2) Interest expense includes amortisation of debt-related transaction costs and finance costs on lease liabilities under FRS 116. (3) Excludes ESR-REIT's 49% interest in 48 Pandan Road.

- **Maintained portfolio occupancy rate at 90.8%**, consistently above JTC's average of 89.9%⁽¹⁾
- Portfolio has a **weighted average lease expiry of 2.9 years** and a well-spread lease expiry profile with leases representing 16.9% of portfolio rental income expiring in FY2021. Out of these 16.9% expiring leases, about **28.1% have been renewed ahead of expiry**
- Rental reversions recorded 5.0% decline in 1Q2021, mainly due to renewals of certain large tenants in the business park segment
- Top 10 tenants accounted for 31.0% of ESR-REIT's portfolio rental income. Tenant base is well-diversified with no single tenant accounting for more than 5.3% of portfolio rental income



90.8%

**Portfolio
Occupancy**



87.0%

**1Q2021 Tenant
Retention**



2.9 years

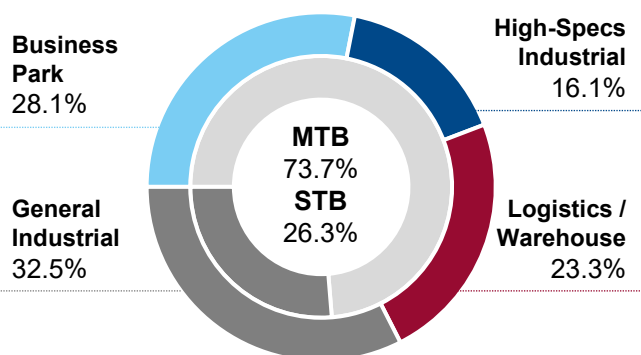
**Weighted Average
Lease Expiry**



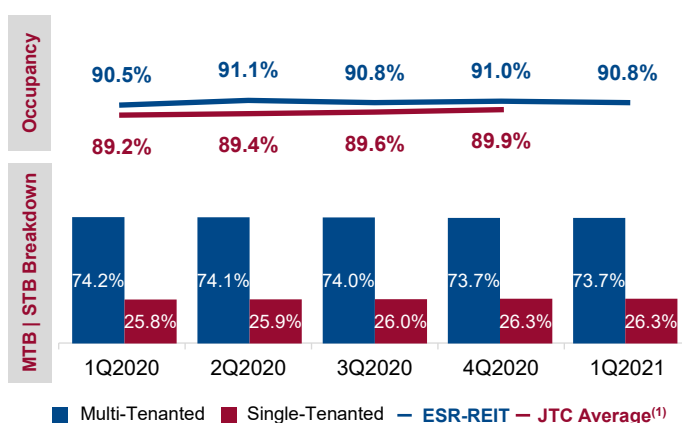
-5.0%

**1Q2021 Rental
Reversions**

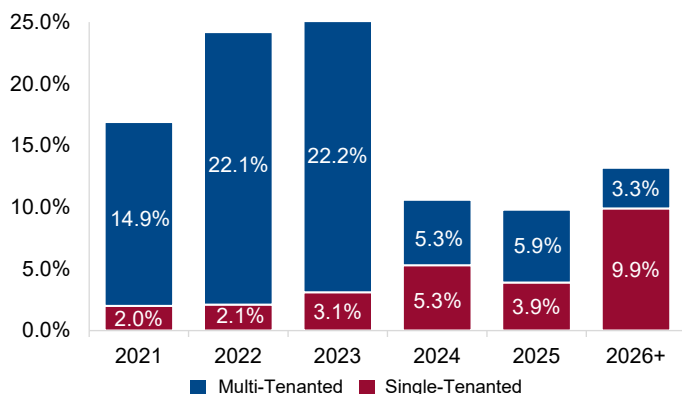
Asset Class (by Rental Income)



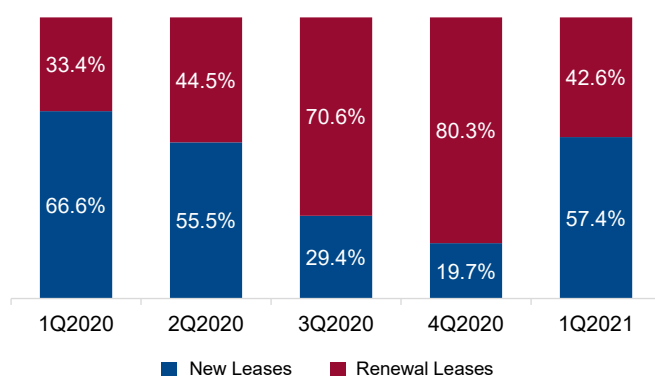
Stabilised Occupancy, Consistently Above JTC



WALE (by Rental Income)



Leases Committed by Type



1Q2021 Leasing Updates

- During the quarter, we leased a **total area of 317,000 sqft** by renewing about 135,000 sqft of space and securing 182,000 sqft of new leases across 32 leasing transactions. **Tenant retention rate was 87.0%**
- **More leasing interest received from technology, media, e-commerce and pharmaceutical sectors.** New leasing demand also observed in glove manufacturing and AgriTech companies
- Major leases secured in this quarter include a manufacturing company (52,000 sqft) at 8 Tuas South Lane, United Test and Assembly Center Ltd (80,000 sqft) at 12 Ang Mo Kio Street 65 and Happy Fish Swim School (10,000 sqft) at ESR BizPark @ Chai Chee

Note:
1. Based on 4Q2020 data from JTC.

- On 31 March 2021, TOP was obtained following the completion of AEI at ESR BizPark @ Changi (formerly known as UE BizHub EAST). The AEI transformed the business park into a vibrant self-contained community, with offerings of amenities and traffic circulation improved. Workspaces were also reshaped in response to work-from-home arrangements to enhance overall tenant experience. Following the AEI, UE BizHub EAST was rebranded as ESR BizPark @ Changi to reinforce its position as ESR-REIT's flagship property

Looking Ahead

Singapore Economy



- Based on the latest advance GDP estimates by MTI, Singapore's economy grew by 0.2% on a y-o-y basis in 1Q2021, an improvement from the 2.4% contraction recorded in 4Q2020 ⁽¹⁾
 - ✓ MTI expects Singapore's GDP to grow by 4.0% to 6.0% in 2021 ⁽²⁾
- Singapore's Purchasing Managers' Index recorded a marginal increase of 0.3 points from the previous month to 50.8 in March 2021 – the ninth consecutive month of expansion for the overall manufacturing sector and the highest reading recorded since March 2019 ⁽³⁾
- Manufacturing output increased 16.4% y-o-y in February 2021 with electronics, biomedical manufacturing, precision engineering and chemicals clusters recording output growth ⁽⁴⁾

Industrial Property Market



- Rental and price index of industrial space in 4Q2020 were muted, overall occupancy increased slightly by 0.3% to 89.9% as compared to the previous quarter ⁽⁵⁾
 - ✓ Price and rental increased by 1.0% and 0.1% respectively as compared to the previous quarter ⁽⁵⁾
 - ✓ Completion of new industrial space (~1.8 million sqm) which has been delayed to 2021 and 2022 due to COVID-19 is likely to impact price and rental in 2021
- The industrial leasing market is expected to remain soft in 2021 due to protracted economic uncertainties as a result of recurring waves of COVID-19 globally and the effectiveness of vaccines rollouts

COVID-19 Update



- Rental collection for 1Q2021 was 97.5% of total receivables, in line with pre-pandemic levels
- No rental rebates were provided to tenants in 1Q2021
- Tenants have gradually resumed rental payments that were deferred under the COVID-19 (Temporary Measures) Act 2020

Outlook



- Repositioning and rejuvenation of existing assets to ensure that our portfolio remains future-ready
- Strong capital position with all debts due in FY2021 refinanced ahead of expiry at lower interest margin
- Ongoing consolidation of operations and business space needs coupled with new industrialists coming into Singapore present both challenges and opportunities

Notes:

- Based on advance GDP estimates for 1Q2021 released by Ministry of Trade and Industry on 14 April 2021.
- Based on Information obtained from the Economic Survey of Singapore 2020 released by Ministry of Trade and Industry on 15 February 2021.
- Based on monthly PMI figures obtained from the SPIMM Institute.
- Information obtained from Economic Development Board.
- Based on JTC 4Q2020 Industrial Property Market Statistics.

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