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

NEWS RELEASE

For immediate release

ESR-REIT Achieves Higher DPU of 1.001 cents for 2Q2018, An Increase of 4.7% Year-on-Year

- Net Property Income ("NPI") increased 22.0% mainly due to full-quarter contributions from the two new acquisitions completed in mid-December 2017
- DPU increase due to higher NPI and distributions from gains relating to past divestments.
- Continued execution of proactive asset management has resulted in:
    - Substantial reduction in proportion of leases expiring in 2018 from 18.1% (1Q2018) to 7.3%
    - WALE increased to 4.5 years, one of the highest among industrial S-REITs
    - Portfolio occupancy increased by 0.7% to 91.4% in 2Q2018
- Focus remains on identifying and executing AEI opportunities and strategic acquisitions to extract additional value for Unitholders
- Long-term strategy includes unlocking potential additional GFA of more than 1.0 million sq ft through the development of unutilised plot ratio

Summary of Financial Results:

	2Q2018 (S$ million)	2Q2017 (S$ million)	+/(-) (%)
Gross Revenue [(1)(3)]	**32.5**	27.7	17.6
Net Property Income [(2)(3)]	**23.4**	19.2	22.0
Amount Available for Distribution to Unitholders	**14.0**	12.5	12.0
Distribution from Other Gains[(4)]	**1.8**	-	n.m
Total Amount Available for Distribution to Unitholders	**15.8**	12.5	26.4
Distribution Per Unit ("DPU") (cents)	**1.001**	0.956	4.7

Notes:

(1) Includes straight line rent adjustment of S$0.2 million (2Q2017: S$0.2 million).

(2) Higher Net Property Income ("NPI") mainly due to full quarter contributions from two acquisitions (8 Tuas South Lane and 7000 Ang Mo Kio Avenue 5) in mid-December 2017, partially offset by non-renewal of leases at 12 Ang Mo Kio Street 65, 31 Kian Teck Way and 30 Marsiling Industrial Estate Road 8, lease conversion of 16 Tai Seng Road (2Q2018), 21B Senoko Loop (1Q2018) and 3 Pioneer Sector 3 (3Q2017) and 4 property divestments (87 Defu Lane 10, 23 Woodlands Terrace, 55 Ubi Avenue 3 and 9 Bukit Batok Street 22) since 2Q2017.

(3) Includes Non-Controlling Interest ("NCI") of 20% of 7000 Ang Mo Kio Avenue 5 in 2Q2018.

(4) Represents part payout of total S$6.3 million ex-gratia payments received from the Singapore Land Authority in connection to the compulsory acquisition of land from prior years.

Singapore, 13 August 2018 – ESR Funds Management (S) Limited, the Manager ("Manager") of ESR-REIT, is pleased to announce a DPU of 1.001 cents for 2Q2018, an increase of 4.7% from the DPU of 0.956 cents for 2Q2017. This improvement was largely due to an increase in Net Property Income ("NPI") for the quarter and distributions from other gains which offset the negative impact of ongoing

Asset Enhancement Initiatives ("AEI") and conversion of Single-Tenanted Buildings ("STB") to Multi-Tenanted Buildings ("MTB").

NPI rose 22.0% year-on-year ("y-o-y") to S$23.4 million, mainly due to the full-quarter contributions from 8 Tuas South Lane and 7000 Ang Mo Kio Avenue 5, two properties which were acquired in December 2017 which helped to offset the master lease conversions, lease non-renewals, absence of revenue from properties divested in the past year.

Mr Adrian Chui, Chief Executive Officer and Executive Director of ESR Funds Management (S) Limited said, "Although the operating environment for the industrial sector remains highly-competitive, we are pleased that recent acquisitions of quality assets as well as from the distributions from other gains from past divestments recorded in this quarter, have enabled us to record an increase in DPU for 2Q2018."

Value-Enhancing Acquisition

In 2Q2018, the Manager has also continued to focus on building a more modern and balanced portfolio. On 24 April 2018, it announced the proposed acquisition of 15 Greenwich Drive, a modern four-storey ramp-up logistics facility, which is strategically located within Tampines LogisPark, a dedicated logistics park in Singapore with limited supply and available space, for an estimated purchase price of S$95.8 million, which includes the purchase consideration of S$86.2 million and estimated upfront land premium payable for the balance lease term. When completed, the acquisition is expected to boost ESR-REIT's portfolio, expanding the REIT's exposure to the Logistics/Warehouse sector from 23.0%[1] to 27.6%, and increasing its portfolio's occupancy from 91.4%[2] to 91.8%. The acquisition is expected to be completed in 4Q2018.

A Well-Diversified and Resilient Portfolio

As at 30 June 2018, ESR-REIT's portfolio comprises 47 properties across Singapore, with a diversified tenant base of 197 tenants and a total gross floor area of approximately 9.7 million square feet, across the following five sub-asset classes: General Industrial, Light Industrial, Logistics/Warehouse, High-Specs Industrial and Business Park.

The Manager's pro-active approach has resulted in improvements to ESR-REIT's portfolio. In 2Q2018, the Manager renewed and leased approximately 680,124 sq ft of leases, which translates to a total of 1,074,739 sq ft of space renewed for 1H2018. This led to portfolio occupancy growing 0.7% quarter-on-quarter ("q-o-q") to 91.4% and the portfolio Weighted Average Lease Expiry ("WALE") improving to 4.5 years, one of the highest WALE amongst the industrial S-REITs, from the 4.4 years recorded in the last quarter.

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[1] As at 30 June 2018.

The portfolio's proportion of expiring leases in 2018 has also been reduced substantially from 18.1% as at the end of 1Q2018 to 7.3%, with a master lease extension being secured for 9 Tuas View Crescent and the conversion of 16 Tai Seng Street to a MTB.

Pro-active Capital Management

As at 30 June 2018, ESR-REIT continues to maintain a low gearing, with an aggregate leverage of 30.5% and with a Weighted Average All in Cost of Debt maintained at 3.75%. ESR-REIT currently has a debt-headroom of c.S$443.4 million and S$202.0 million in undrawn available committed revolving credit facilities. In June 2018, ESR-REIT entered into two forward start hedging contracts to reduce interest rate volatility and lengthen the maturity of its fixed debt. ESR-REIT's interest rate exposure is 90.6% hedged for the next 2.4 years.

Proposed Merger with Viva Industrial Trust

On 18 May 2018, the Managers of both ESR-REIT and Viva Industrial Trust ("VIT") issued a joint announcement on the proposed merger by way of a trust scheme of arrangement. The circular on the proposed merger was dispatched to Unitholders on 7 August 2018 with an extraordinary general meeting ("EGM") to be convened on 31 August 2018. If the resolutions pertaining to the Merger are passed at the EGM and other relevant approvals are obtained, Unitholders' next distribution entitlement is expected to be from 1 July 2018 up to the Effective Date of the Scheme.

Confirmation of Capital Gains

On 7 May 2018, the Manager announced that IRAS had confirmed that the disposal gain from the sale of 63 Hillview Avenue[2] in 2013 would not be subject to income tax. This provides the Manager with the flexibility to potentially utilise such gains of over S$70 million to either offset any negative impact on ESR-REIT's income due to its ongoing and/or future AEIs or for the acquisition of high value-added assets.

Recent Achievements

In August 2018, ESR-REIT gained recognition in two of Singapore's corporate governance indices, the Singapore Governance and Transparency Index ("SGTI") and the Governance Index for Trusts ("GIFT"), for its corporate governance practices.

ESR-REIT was ranked number 18 in SGTI's REIT and Business Trust category for 2018, with an overall score of 80.8, a significant improvement from the previous year when ESR-REIT, formerly known as Cambridge Industrial Trust, was ranked 28 with a score of 58.2. A total of 43 REITS and Business Trusts were assessed as part of the SGTI 2018. The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies and is a collaboration between CPA Australia,

[2] See Announcement dated 7 May 2018 "Disposal Gain on 63 Hillview Avenue – Confirmation of Tax Treatment".

NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), and the Singapore Institute of Directors (SID).

On the GIFT index, ESR-REIT maintained its sixth-place position on the index with an overall score of 77, an increase from 2017's score of 71.5. The GIFT index is the first-ever published governance index in Singapore that focuses on listed REITS and is supported by the Singapore Exchange (SGX).

Market Outlook for FY2018

The oversupply of industrial space that is expected to ease towards the end of 2018. Amidst continuing challenging market conditions and growing uncertainty over the macroeconomic and global trade outlook, the Manager intends to continue to focus on its long-term strategy of organic growth, acquisition and development growth and prudent capital management.

ESR-REIT's organic growth will come from developing the unutilized plot ratio that could potentially create up to 1.0 million sq ft of potential new Gross Floor Area ("GFA") and rejuvenating its existing assets into modern facilities that cater to the requirements and standards of tomorrow's industrialists. Two potential properties with unutilized plot ratios have been identified: 7000 Ang Mo Kio Avenue 5 has c.495,000 sq ft of untapped GFA at its overground carpark and 3 Tuas South Avenue 4, which is located within the JTC Tuas Bio-Medical Park, has c.500,000 sq ft of untapped GFA which could be further redeveloped for Pharmaceutical use. Feasibility studies are also currently being carried out on several assets to carry out AEI and redevelopment projects such as upgrading and improvement of building specifications, change of building use to align with current market trends and redevelopment and amalgamation of adjacent sites to enjoy economies of scale.

Mr. Chui said: "As part of our long-term plans, as we continue to rejuvenate and unlock value from our existing portfolio, we continue to look at investment opportunities that support our pursuit of building a more balanced, modern and resilient portfolio. Our proposed acquisition of 15 Greenwich Drive and the proposed merger with VIT are part of this plan. To position for this, we have also taken a proactive approach to capital management by engaging with various capital providers to provide us with adequate committed lines and maintaining gearing at the lower end of the range which enables us to exercise financial flexibility moving forward."

For media and analyst enquiries, please contact:

ESR Funds Management (S) Limited

Cheryl Lim
Marketing Communications Manager
Tel: +65 6222 3339
cheryl.lim@esr-reit.com.sg

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 2018 has a diversified portfolio of 47 properties located across Singapore, with a total gross floor area of approximately 9.7 million sq ft and a property value of S$1.65 billion[3]. The properties are in the following business sectors: General Industrial, Light Industrial, Logistics/Warehouse, Hi-Specs Industrial, and Business Park, 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):

- ESR is a leading pure-play pan-Asia logistics real estate developer, owner, and operator focused on the key metropolitan areas most closely tied with consumption and global trade. Co-founded by senior management and Warburg Pincus, ESR is backed by some of the world's preeminent investors including APG, CPPIB, Goldman Sachs, PGGM, Ping An and SK Holdings. The ESR platform represents one of the largest in the Asia-Pacific region with assets under management (AUM) of US$12 billion, and over 10 million square metres of projects owned and under development across China, Japan, Singapore, South Korea and India. The company also runs capital and fund management offices in Hong Kong and Singapore.

- 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

[3] Includes valuation of of 7000 Ang Mo Kio Avenue 5 on a 100% basis, of which ESR-REIT has 80% economic interest.

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 (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.

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