



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

NEWS RELEASE

For immediate release

ESR-REIT Delivers Steady Performance for 2Q2017

- Gross Revenue of S\$27.7 million, Net Property Income of S\$19.2 million and Distribution Per Unit of 0.956 cents
- Continued focus on employing proactive asset and lease management and prudent capital and risk management
- Leases due for renewal in FY2017 currently at only 14.8% of rental income
- Further alignment with Sponsor e-Shang Redwood Limited with name change to ESR-REIT

Summary of Financial Results:

	2Q2017 (S\$ mil)	2Q2016 (S\$ mil)	Y-on-Y (%)
Gross Revenue	27.7	28.3	(2.2)
Net Property Income	19.2	21.2	(9.2)
Amount Available for Distribution	12.5	14.1	(11.4)
Distribution Per Unit ("DPU") (cents)	0.956	1.078	(11.3)

Singapore, 13 July 2017 – ESR Funds Management (S) Limited, the Manager ("Manager") of ESR-REIT, today announced Gross Revenue of S\$27.7 million for the second quarter ended 30 June 2017 ("2Q2017"), a marginal decrease of 2.2% from a year ago ("2Q2016"). Net Property Income ("NPI") decreased 9.2% to S\$19.2 million due mainly to loss of revenue and resultant property operating expenses during the conversion of properties from single-tenanted to multi-tenanted, higher maintenance costs and property divestments in FY2016.

Amount available for distribution for 2Q2017 was S\$12.5 million, which translates to a Distribution Per Unit (“DPU”) of 0.956 cents for 2Q2017.

Mr. Adrian Chui, Chief Executive Officer and Executive Director of ESR Funds Management (S) Limited, said “Although challenging business conditions continue to bring about a slowdown in the industrial property market, we are establishing the foundation for ESR-REIT’s next stage of development by employing a proactive asset and lease management strategy and exercising a prudent capital and risk management approach to our business.”

“In doing so, we remain committed towards unlocking value for our Unitholders and ensuring that we are well-positioned to capitalise on any market upside.”

Real Estate Highlights

In 1H2017, the Manager reduced the number of ESR-REIT’s leases due for renewal in FY2017 to 14.8%, a 6.7% reduction from 21.5% at the start of the year. Out of the five single-tenanted buildings with leases expiring in FY2017, three have been renewed. Of the two remaining leases, one tenant has expressed its intention to renew its lease while the Manager expects to divest the other building, a smaller non-core property. Approximately 692,509 sq ft of space was renewed in 1H2017, with occupancy remaining stable at 95.4%¹ and the Weighted Average Lease Expiry (“WALE”) at 3.4 years.

In line with its strategy of capital recycling, ESR-REIT entered into an agreement on 14 June 2017 to divest the property at 23 Woodlands Terrace for a consideration of S\$17.68 million, reflecting a 2.8% premium above valuation, and an agreement on 6 July 2017 to divest 87 Defu Lane 10 for a consideration of S\$17.5 million, reflecting a 0.6% premium above valuation.

ESR-REIT has reduced its exposure to the Oil and Gas sector with the replacement of Tellus Marine, a master tenant at 21B Senoko Loop. Tellus Marine’s lease constitutes approximately 2.4% of the REIT’s portfolio rental income. As the company is facing business sustainability issues, the Manager has proactively identified a replacement tenant from the construction sector that is set to take over the entire site for a three-year lease term. Tellus Marine’s security deposit will be gradually drawn down to largely offset any loss in rental in the interim until the new tenant takes over.

¹ Excluding 120 Pioneer Road which is currently undergoing AEI and 55 Ubi Ave 3 and 23 Woodlands Terrace that are held for divestment

During 2Q2017, the property at 30 Toh Guan Road was affected by fire. This property (which represents only about c.4.4% of ESR-REIT's portfolio valuation) has seen its operations affected with the building only expected to return to full operation in July 2017. Accordingly, we have prudently accrued for one-off costs.

Capital Management

As at 30 June 2017, ESR-REIT has a fully unencumbered portfolio of 49 investment properties with a combined value of approximately S\$1.36 billion. ESR-REIT's gearing ratio was at 37.9%, within the Manager's target gearing range of 30-40%. ESR-REIT has no major refinancing requirements until 2H2018, and maintains financial flexibility with \$95.5 million in undrawn committed revolving credit facilities. Approximately 89.5% of its interest rates exposure is fixed for the next 2.4 years.

Corporate Developments

To strengthen its alignment with its Sponsor, e-Shang Redwood ("ESR"), the REIT announced that it has changed its name from Cambridge Industrial Trust to ESR-REIT, effective from 23 June 2017. The name change involved an integration of ESR's corporate identity and signified the REIT's importance as part of ESR's business activities as well as ESR's continued support to the REIT. This also included a change in name of its Manager to ESR Funds Management (S) Limited.

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 has a diversified portfolio of 49 properties located across Singapore, with a total gross floor area of approximately 8.4 million sq ft and a property value of S\$1.36 billion as at 30 June 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, e-Shang Redwood Limited ("ESR") (indirectly 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, PGGM and Ping An, our platform represents one of the largest in the Asia-Pacific region managing over 8 million square metres of projects owned and under development across China, Japan, Singapore and South Korea, with capital and funds 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

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.