



# ESR-REIT

## Investor Presentation

May 2018



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# Overview of ESR-REIT

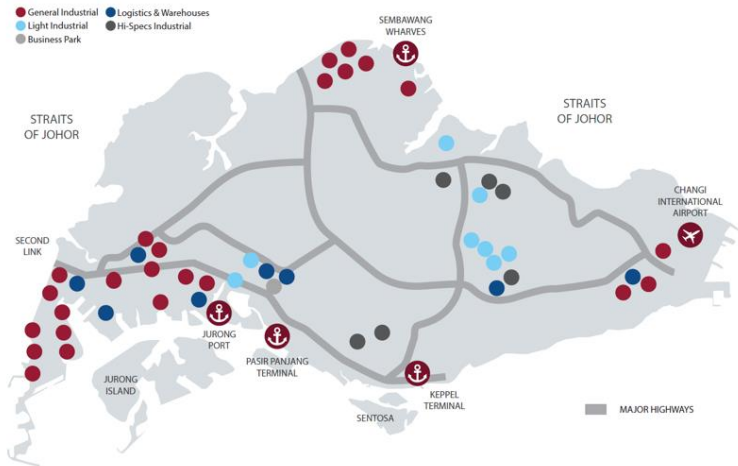
120 Pioneer Road



# Overview of ESR-REIT

Listed on the SGX-ST, Backed By Strong Developer-Sponsor ESR

- Listed on the SGX-ST since 25 July 2006 (formerly known as Cambridge Industrial Trust)
- Current market cap of c.S\$847.3m<sup>(1)</sup>
- 47 quality income-producing industrial properties valued at S\$1.65<sup>(2)</sup> billion across 5 sub-sectors



Diversified portfolio of

47

Properties across Singapore

Total GFA of approximately **9.7 million sq ft**



Portfolio valued at **S\$1.65<sup>(2)</sup> billion**

Portfolio occupancy of **90.7%<sup>(3)</sup>**

Above JTC Average of **89.0%**



Weighted Average Lease Expiry of **4.4 years**

Located close to major transportation hubs and key industrial zones



Note:

(1) As at 31 March 2018.

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

(3) Excludes 31 Kian Teck Way which is being held for divestment.

# Key Developments in FY2017 and 1Q2018

120 Pioneer Road



# Key Developments in FY2017

## FY2017 Corporate Developments Established ESR-REIT's Strong Foundations

### New Developer Sponsor

Majority shareholder and 2<sup>nd</sup> largest Unitholder; demonstrates alignment of interest



### Name change to "ESR-REIT"

Signifies importance of ESR-REIT and ESR's commitment towards it as part of ESR's business activities and growth plans



### Rejuvenated Board of Directors

Board comprises of industry veterans with industry network and expertise



## Successful Capital Recycling Has Grown Portfolio By >24%

### Divestments

- Divested S\$57.3m
- Lower-yielding non-core assets
- Each asset <S\$25m in size



### Acquisitions

- Acquired S\$346.1m
- Higher-yielding value-adding assets
- Scalable with long-term growth prospects

# Key Developments in 1Q2018

## Creating Opportunities Through Prudent Capital Management

- Debt headroom of c.S\$458.2m (1Q2018)
- Well-poised with financial flexibility for future acquisitions, organic growth and AEI opportunities



Successfully issued S\$150.0m subordinated Perpetual Securities at 4.6% coupon in November 2017



Successfully completed S\$141.9m Preferential Offering on 28 March 2018, with 262.8m new units issued

- 1.7x subscribed
- Proceeds from Preferential Offering used to pay down debt



Gearing reduced from 39.6%<sup>(1)</sup> to 30.0% (as at 31 March 2018)



Provides a debt headroom of c.S\$458.2m

- Undrawn available RCF of S\$213.0m
- Well-poised with financial flexibility for future acquisitions, organic growth and AEI opportunities

# 1Q2018 at a Glance



## Proactive Asset Management

- Healthy WALE of 4.4 years
- Healthy 90.7%<sup>(2)</sup> occupancy

## Prudent Capital Management

- No refinancing till 4Q2018
- 100% of assets remains unencumbered
- 92.6% of interest rates fixed

## Financial Performance

- No capital distribution
- 100% management fees payable in cash



# Key Investment Highlights

120 Pioneer Road



# Key Investment Highlights

ESR-REIT's Competitive Strengths



# 1 Resilient & Balanced Portfolio

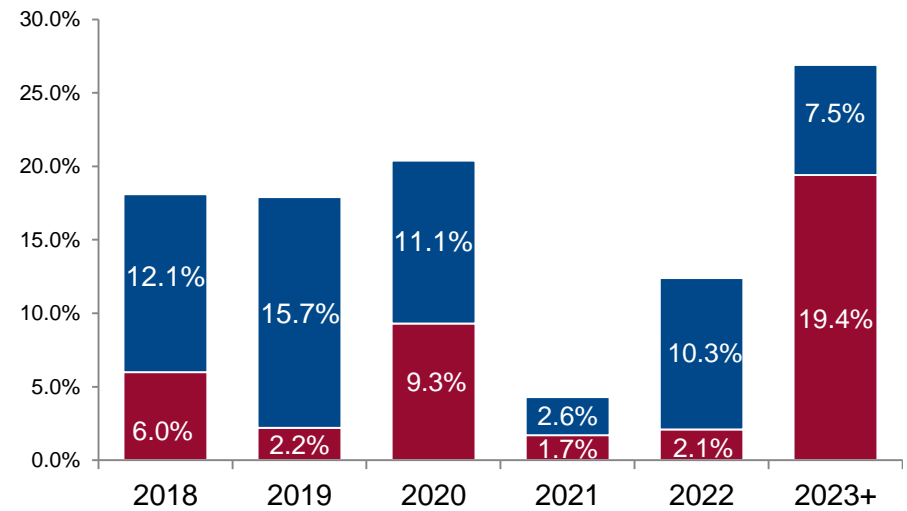
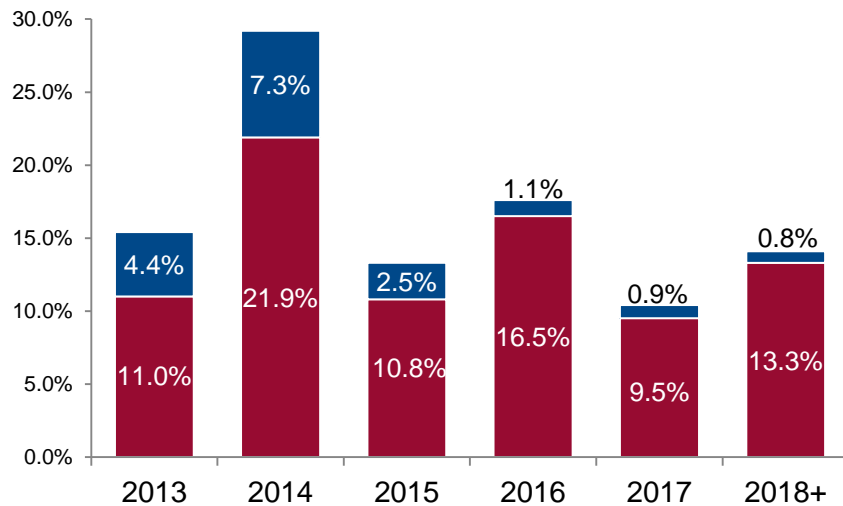
## Pro-active Lease Management with an Increasingly Balanced Portfolio



- **ESR-REIT's portfolio is more balanced with the move from single-tenanted to multi-tenanted since 2012**
  - In 2013 almost 44% of income expiring by way of single tenanted leases in the next 3 years
  - Now only c.18% of single tenanted leases are expiring in the next 3 years
- **Renewed and leased approximately 394,616 sq ft of leases in 1Q2018**
  - Occupancy at 7000 Ang Mo Kio Ave 5 up 2.3% to 94.2%, 3 months post acquisition
  - Renewed 1 master lease, reducing single-tenanted lease expiries in FY2018 from 7.2%<sup>(1)</sup> to 6.0%
- **Tenant retention rate of 70.7%**
- **Rental reversion of -0.2%% for 1Q2018**

**WALE by Rental Income (as at 31 Dec 2012)**

**WALE by Rental Income (as at 31 Mar 2018)**



■ Single-Tenanted

■ Multi-Tenanted

# 1 Resilient & Balanced Portfolio (cont'd)

## Value-Enhancing Acquisition to Expand Real Estate Portfolio



<b>Announcement Date</b>	24 April 2018
<b>Description</b>	4-storey multi-tenanted ramp up logistics facility with ancillary offices, located within Tampines LogisPark
<b>Land Area</b>	271,894 sq ft
<b>Gross Floor Area</b>	455,396 sq ft
<b>Land Tenure</b>	30 years expiring in 2041 (c.23 years remaining)
<b>Estimated Purchase Price</b>	S\$95.8 million <sup>(1)</sup>
<b>Independent Valuation<sup>(2)</sup></b>	S\$96.4 million
<b>Occupancy</b>	100.0%
<b>Method of Financing:</b>	Fully funded by debt

- ✓ **Ease of access to Changi Airport and Seletar Aerospace Park**
  - Strategic location favoured by logistics players
- ✓ **Strategically located next to Paya Lebar Airbase**
  - Potential upside upon site redevelopment after airbase relocates in 2030

★ Location of property

- ✓ **Located within established dedicated logistics park in Singapore with tight supply and limited available space**
- ✓ **Increases portfolio occupancy from 90.7%<sup>(3)</sup> to 91.2%**
- ✓ **Logistics/Warehouse will form bigger portfolio proportion, increasing from 22.6%<sup>(3)</sup> to 27.1%**
- ✓ **Income diversification from addition of leading logistics tenants**

Note:

(1) Includes the consideration of S\$86.2 million and estimated upfront land premium payable for the balance lease term of S\$9.6 million.  
 (2) Independent valuation conducted by Savills Valuation and Professional Services (S) Pte Ltd as at 9 April 2018.  
 (3) As of 31 March 2018.

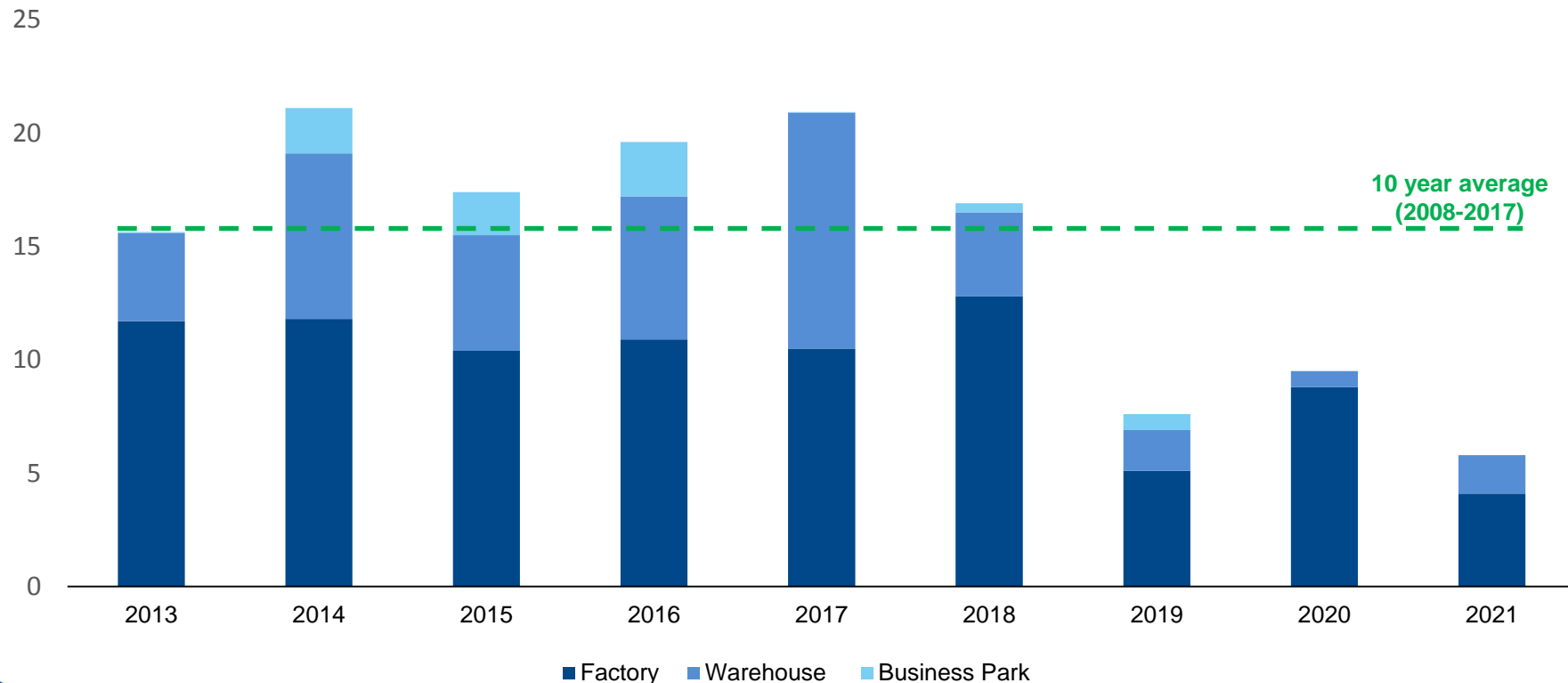
# 1 Resilient & Balanced Portfolio (cont'd)

## Singapore Industrial Property Market Demonstrates Signs of Stabilization



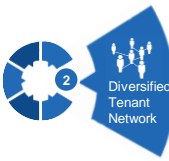
- Last 5 years saw large supply of industrial space (factory, warehouse and business park) coming on-stream
- Market expected to see signs of a slowdown in pipeline supply from 2018 onwards
- Latest forecasts show a considerable drop in supply from 2019 onwards

### Historical and Future Industrial Property Market Pipeline (million sq ft)<sup>(1)</sup>

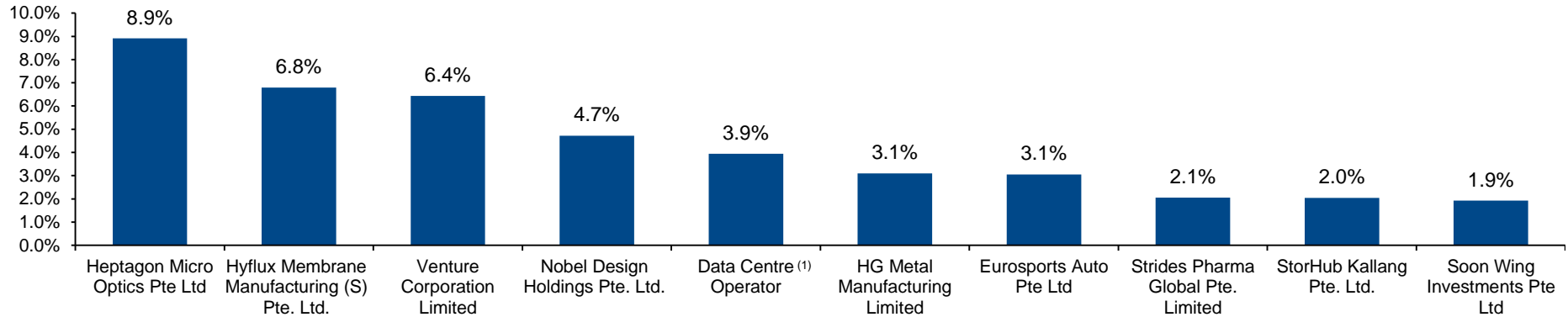


# 2 Diversified Tenant Network

## Diversified Portfolio Across Tenant Base and Asset Class

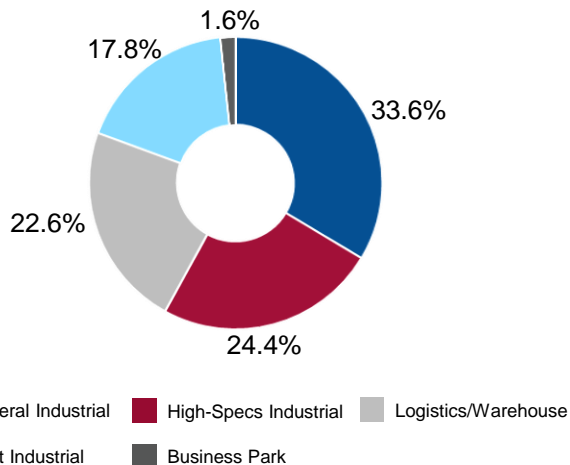


### Top 10 Tenants Account for 42.9% of Rental Income (as at 31 Mar 2018)



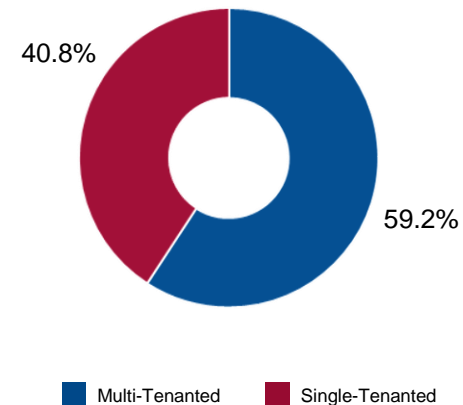
### Asset Class by Rental Income (as at 31 Mar 2018)

No asset class accounts for > 33.6% of rental income



### Single-Tenanted vs Multi-Tenanted by Rental Income (as at 31 Mar 2018)

Stable mix of single and multi-tenanted portfolio



## 2 Diversified Tenant Network (cont'd)

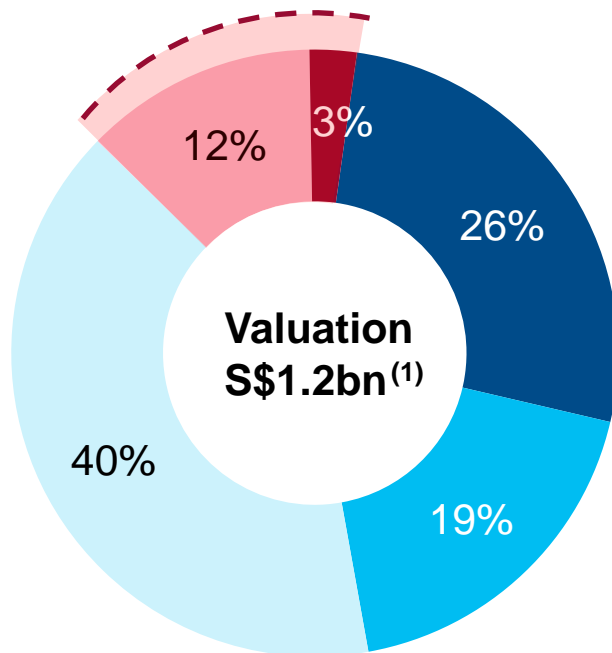
### Enhanced Portfolio with Addition of New Assets



- Increased exposure to tenants from High-Specs and Business Park sectors from c.15% to c.30%

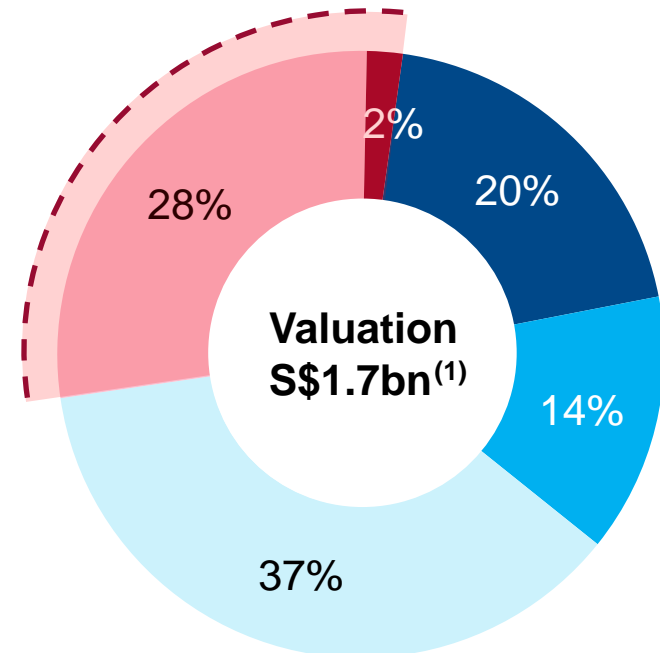
#### Pre Acquisition of 8 TSL and 7000AMK

High-Specs / Business Park  
c.15% (S\$0.2bn)



#### Post Acquisition of 8 TSL and 7000AMK

High-Specs / Business Park  
c.30% (S\$0.5bn)



High-Specs Industrial

Business Park

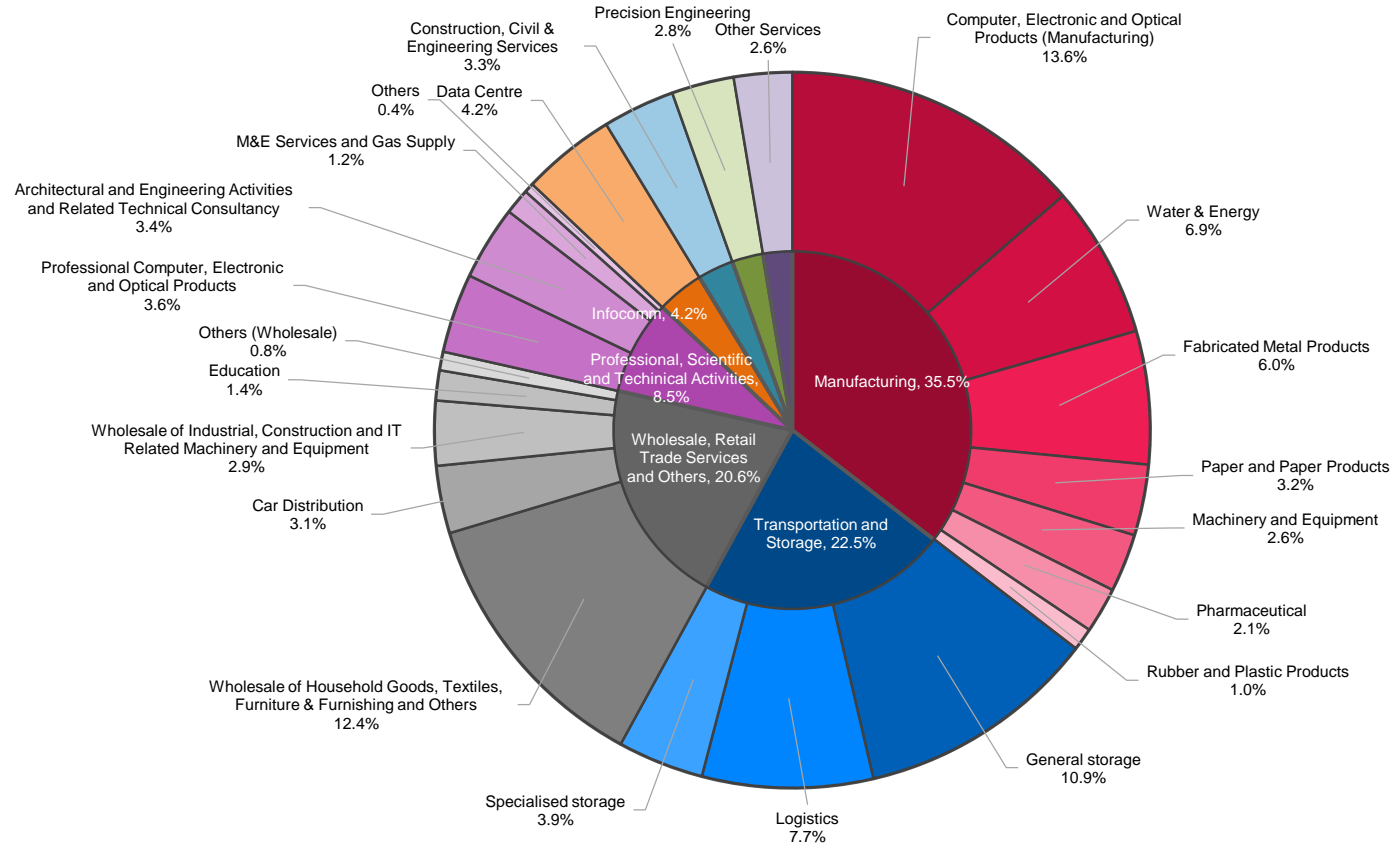
Logistics/Warehouse

Light Industrial

General Industrial

## 2 Diversified Tenant Network (cont'd)

No Industry Trade Sector Accounts For More Than 13.6% of ESR-REIT's Rental Income<sup>(1)</sup>



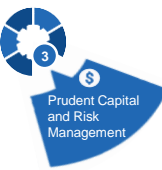
- Portfolio is well-diversified across 4 primary industry segments with no individual sub-sector accounting for more than 13.6% of ESR-REIT's rental income
- ESR-REIT's rental income is derived from over 23 different sub-sectors
- Notable key tenants include:





# 3 Prudent Capital and Risk Management

100% Unencumbered Assets, with 92.6% of Interest Rates Fixed for the Next 1.6 Years



- **Non-renounceable S\$141.9m Preferential Offering successfully completed on 28 March 2018**
  - Proceeds used for debt repayment
- **Low gearing of 30.0%**
  - Debt headroom of c.S\$458.2m provides financial flexibility
- **92.6% of interest rates fixed for the next 1.6 years**
- **Portfolio remains 100% unencumbered**

As at 31 Mar 2018

Total Gross Debt (S\$ million)	502.0
Debt to Total Assets (%)	30.0
Weighted Average All-in Cost of Debt (%) p.a.	3.75
Weighted Average Debt Expiry (years)	1.8
Interest Coverage Ratio (times)	3.6
Interest Rate Exposure Fixed (%)	92.6
Proportion of Unencumbered Investment Properties (%)	100
Available Committed Facilities (S\$ million)	213.0

# 3 Prudent Capital and Risk Management (cont'd)

## Financial Flexibility Given Low Gearing and Available Undrawn RCF



**ESR-REIT's current gearing at 30.0% provides for a debt headroom of c.\$458.2m**

- Undrawn available RCF of S\$213.0m



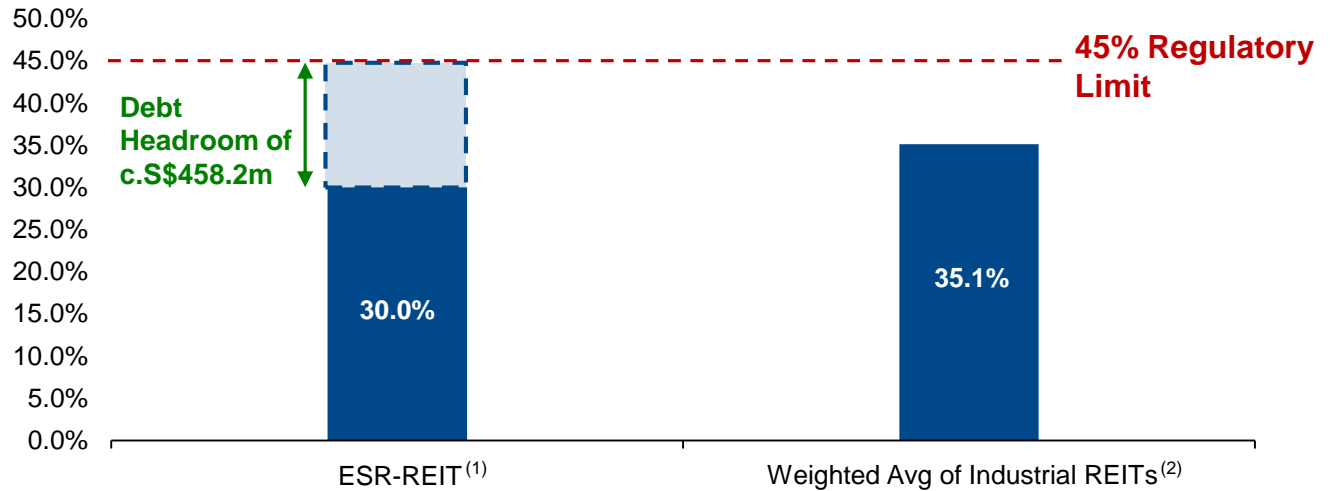
**Financial flexibility enables the REIT to be well poised for future acquisitions and portfolio enhancements**



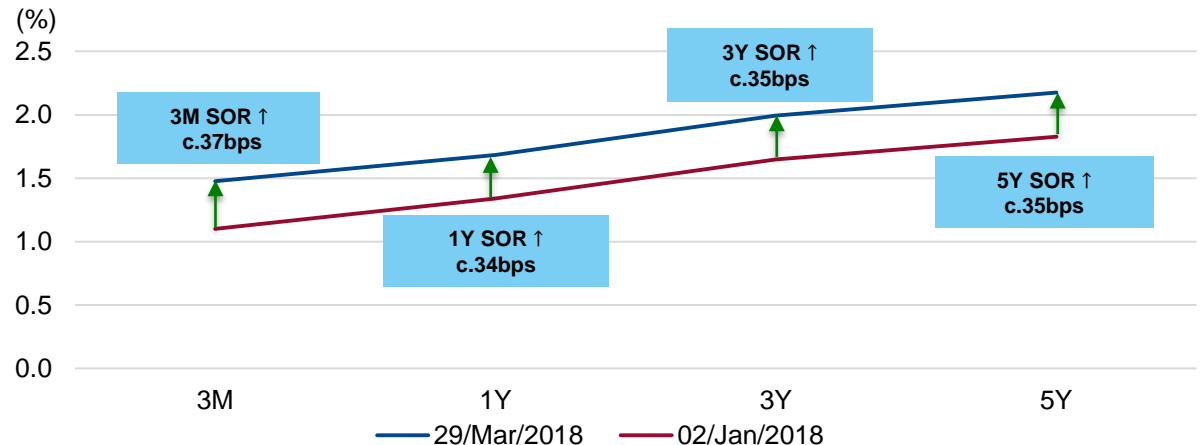
**Base SOR rates have increased by c.35bps**

- ESR-REIT is well protected given 92.6% of its interest rates are fixed

### Gearing (as at 31 Mar 2018)



### Base SOR Rates Overtime



Note:

- (1) Reflects ESR-REIT gearing as at 31 March 2018.
- (2) Refers to weighted average gearing of industrial REITs as at 31 December 2017.

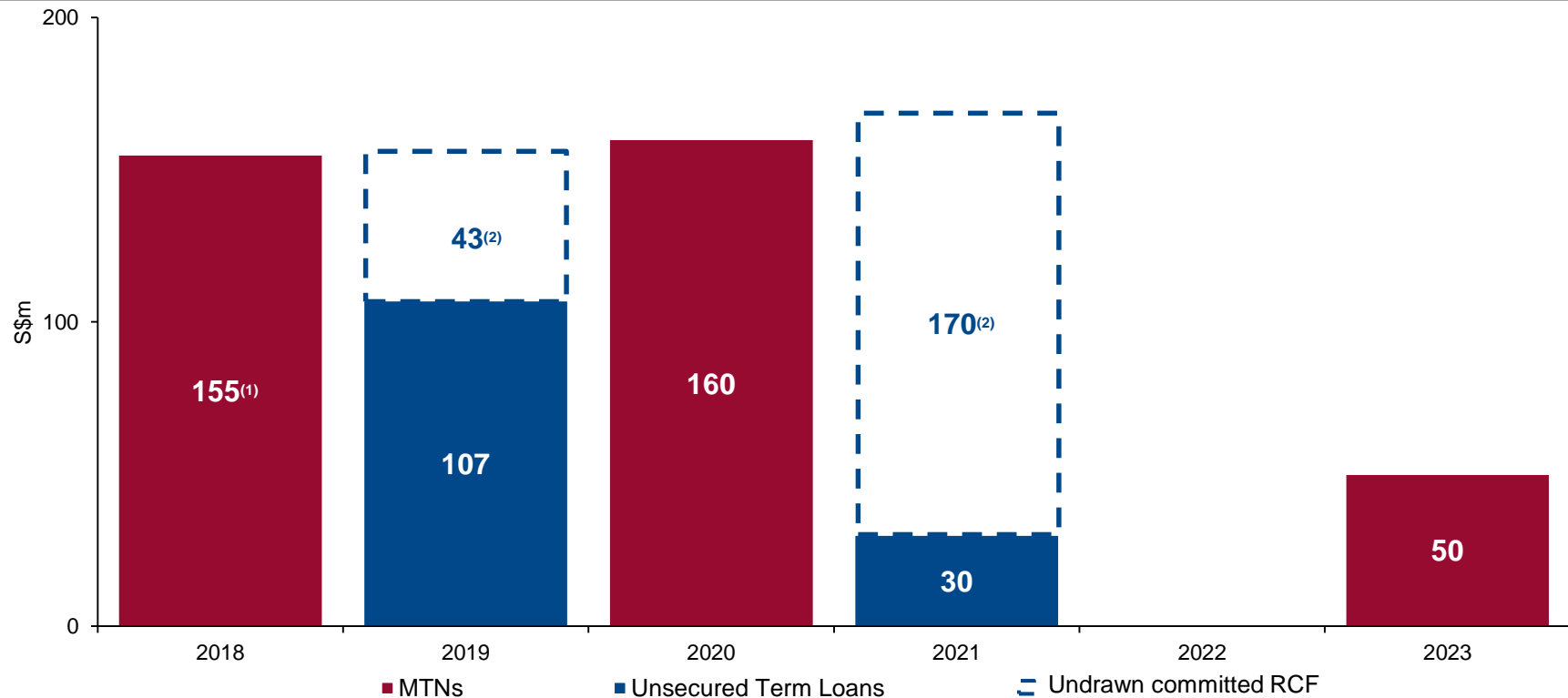
# 3 Prudent Capital and Risk Management (cont'd)

## Well-Staggered Debt Maturity Profile



- No refinancing till 4Q2018
- Undrawn available committed RCF of S\$213.0m provides financial flexibility

Debt Maturity Profile (as at 31 Mar 2018)



# 4 Active Asset Management

## AEI to Rejuvenate Portfolio and Attract High-valued Tenants



**30 Marsiling Industrial Estate Road 8**

<b>Address</b>	30 Marsiling Industrial Estate Road 8
<b>Gross Floor Area</b>	217,953 square feet
<b>Remaining Land Tenure</b>	31.7 years
<b>Valuation</b>	S\$36.6 million
<b>Estimated Project Completion Date</b>	1Q2019

### Benefits of AEI

- ✓ **Asset enhancement will facilitate addition of two good quality tenants to ESR-REIT's portfolio**
- ✓ **Exposure to high-value added automotive technology and precision engineering sector<sup>(1)</sup>**



- ✓ **Asset and Portfolio Stability**
  - Secured long leases with two major tenants
  - Following project completion, property will be fully occupied for the next 5 years
- ✓ **Well-positioned asset with improved specifications**
  - Strategically located close to Woodlands Industrial Estate and close to key transport networks to cater to prospective users in the future



Note:

(1) Aptiv is a global technology company that develops safer, greener and more connected solutions, which enable the future of mobility. FormFactor, Inc. is a Nasdaq-listed company and is a leading provider of essential test and measurement technologies along the full Integrated Circuit life cycle - from characterization, modelling, reliability, and design de-bug, to qualification and production test.

# 4 Active Asset Management (cont'd)

## Divestments of Non-Core Assets to Improve Portfolio Returns



- Divestments of non-core assets remain a part of our strategy to continuously improve our portfolio and returns

### Divestment of 9 Bukit Batok Street 22



### Sale Consideration

- S\$23.9 million
- 1.3% above valuation of S\$23.6 million
- 30.6% above acquisition price

### Completion Date

- 5 March 2018

# 5 Experienced Management Team

Experienced Professionals with Proven Track Record and Real Estate Expertise



## Board of Directors

**Ooi Eng Peng**  
*Independent Chairman*

**Adrian Chui**  
*CEO and Executive Director*

**Akihiro Noguchi**  
*Non-Executive Director*

**Jeffrey David Perlman**  
*Non-Executive Director*

**Jeffrey Shen Jinchu**  
*Non-Executive Director*

**Bruce Kendle Berry**  
*Independent Non-Executive Director*

**Erle William Spratt**  
*Independent Non-Executive Director*

**Philip John Pearce**  
*Independent Non-Executive Director*

## Management Team



**Adrian Chui**  
*CEO and Executive Director*



**Shane Hagan**  
*COO and CFO*



**Nancy Tan**  
*Head of Real Estate*



**Charlene-Jayne Chang**  
*Head of Capital Markets*



**Loy York Ying**  
*Head of Compliance*

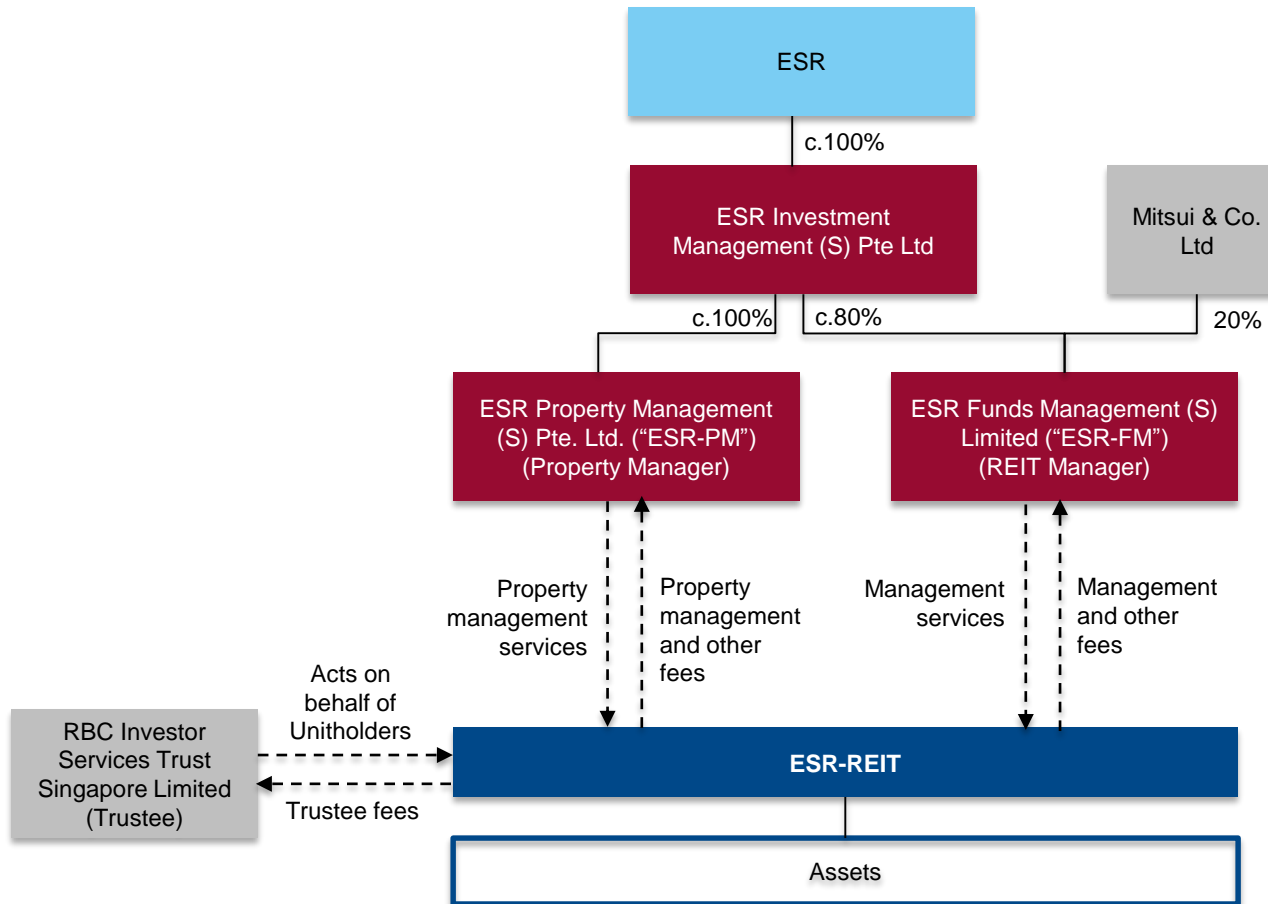
The management of ESR-REIT has collective experience of more than 70 years in the real estate and financial services industries

# 6 Strong and Committed Sponsor

## ESR-REIT Corporate Structure



ESR is the REIT's second largest unitholder; has c.80% stake in the REIT Manager, c.100% stake in Property Manager and a c.13% stake in the REIT



# 6 Strong and Committed Sponsor (cont'd)

## ESR - Leading Pan-Asian Logistics Real Estate Platform

- Focused on developing and managing modern, institutional-quality logistics facilities with a high quality tenant base
- Co-founded by Warburg Pincus and backed by blue-chip institutional investors, including:

**Equity Investors**

**Fund Level Investors**

**External Assets Under Management**

**>US\$11 billion**

**Gross Floor Area**

**10 million sq metres in operation and under development**

- With operations across China, Japan, Korea, Singapore and India, ESR has emerged as a leading Pan-Asian logistics real estate platform
- ESR-REIT has access to the pipeline of assets from ESR in an increasingly asset scarce environment for quality logistics assets
- In August 2017, SK Holdings made a strategic equity investment of USD 333 million for a 10% fully diluted stake in ESR

### China

- One of the top players by logistics facilities area
- A leading landlord of key global e-commerce players

### Korea

- One of the largest modern warehouse developers in Korea upon completion of projects under development

### Japan

- A market leader in terms of new development starts over the last 24 months
- A top 5 institutional operator with an established and experienced team

### Singapore

- Invested in ESR-REIT, an early industrial S-REIT player with >9m sq ft of GFA across key industrial zones
- c.13% stake in ESR-REIT; c.80% stake in ESR-REIT Manager and c.100% stake in its Property Manager

### India

- To build a leading real estate platform in both size and volume
- Initial focus on Tier-1 city agglomerations, including Mumbai, Pune, Delhi, Chennai and Bangalore

### Australia

- Entered Australia market in 2017 and became the largest shareholder of PropertyLink and Centuria Capital which collectively have over A\$6b of AUM



# 6 Strong and Committed Sponsor (cont'd)

## Ability to Leverage Off Sponsor's Network and Expertise

Strategic relationship with leading global e-commerce companies, retailers, logistic service providers/ 3PLs and manufacturers

### Landlord of E-Commerce Companies & Retailers

- One of the largest landlords of leading e-commerce companies in China
- One of the major warehouse facilities providers for offline retailers
- Examples of key clientele:



Diversified Customer Source

### Collaborations with 3PLs / Logistics Operators

- Strategic alliance with major 3PLs and reputable logistics service providers
- Examples of key clientele:



Broad Offering to Clients

### Built-to-suit Logistics Solutions Provider & Reliable Landlord

- Developing built-to-suit state of the art modern warehousing and distribution facilities for leading global e-commerce companies and manufacturers
- One of the landlords of choice for cold-storage users
- Examples of key clientele:



Economies of Scale

# ESR-REIT's Strategy

120 Pioneer Road



# ESR-REIT's Strategy

## ESR-REIT's Targeted 3-pronged Strategy to Grow into a Sizable Pan-Asian Industrial REIT

ESR-REIT has adopted a 3-pronged strategy to optimise Unitholders returns while reducing risks



### Organic Growth

- AEl's to unlock value and attract high-valued tenants
- Pro-active asset management to optimise investor returns
- Divest low-yielding assets and redeploy to higher quality properties
- Enhance tenant base by leveraging Sponsor networks



### Acquisition and Development Growth

- Yield-accretive, scalable, value-enhancing acquisition opportunities in Singapore
- Potential pipeline of assets from ESR
- Exploring opportunities to participate in development projects, either individually or in JV with ESR



### Capital Management

- Debt to Total Assets between 30- 40%
- 100% unencumbered
- Well-staggered debt maturity profile
- Diversify funding sources into alternative pools of capital
- Broaden and strengthen banking relationships

# ESR-REIT's Strategy

## Market Conditions Still Challenging but Opportunities Remain

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1

### **Market conditions remain challenging but we remain cautiously optimistic**

- Continue to build on the strong foundations established in 2017
- To continue rejuvenation of existing asset portfolio in a pro-active manner
- Strategy continues with asset acquisitions, development projects and appropriate M&A transactions which offset the impact of conversions from STB to MTB

2

### **Continued Support From Developer-Sponsor ESR**

- ESR demonstrated financial support by committing to undertake up to S\$125.0m in March 2018 Preferential Offering
- Continued support in terms of expertise, access to their tenant base and partner networks

3

### **Financial Flexibility**

- Low gearing of 30.0%, with debt headroom of c.S\$458.2m (1Q2018)
- Undrawn available committed RCF of S\$213.0m (1Q2018)

# Appendix

120 Pioneer Road



# ESR-REIT's Key Milestones

## 13 Years of Development, Chartering Into A New Growth Phase

2006

- Listing of Cambridge Industrial Trust ("CIT") on the SGX-ST



2007

- Launched first private placement in the USA under Rule 144A – the first Singapore REIT to raise funds in this manner

2008

- Acquisition of majority ownership of CITM by NAB, Oxley Capital and Mitsui remain as JV partners
- S\$358m IRS completed
- Established S\$100m of revolving credit facilities



2009

- Private placement of S\$28.0m for AEI and working capital purposes
- Completed S\$390.1m of loan refinancing

2010

- Private placement of S\$70.0m and preferential offering of S\$20.4m
- Awarded the "Best Deal in Singapore 2009" at the Asset Triple A Asian Awards for raising S\$390.1m in 2009

2011

- Rights issue of S\$56.7m for acquisition of 3 properties
- Refinanced S\$320m of loan facilities

2016

- REIT was included as a constituent of the first SGX Sustainability Leaders Index
- Completed refinancing of NAB loan facility, unencumbering 100% of portfolio
- Updated S\$500m Multi-currency MTN programme to S\$750m

- Issued S\$50m of 3.95% fixed rate notes due 2023
- Entered into S\$100m unsecured loan facility
- Published first Sustainability Report, one of the first few companies in Singapore to do so
- Completed the notification process with JFSA, the first S-REIT to do so

2015

- Refinanced S\$250m Club Loan, unencumbering S\$1.1b of assets
- Issued S\$55m of 3.50% fixed rate notes due 2018 and S\$130m of 3.95% fixed rate notes due 2020
- Won the Adam Smith Asia Award for Best Financing Solution in 2015

2014

- Issued S\$30m of 4.10% fixed rate notes due 2020
- Issued S\$100m of 3.50% fixed rate notes due 2018
- Won prestigious Solar Pioneer Award at the Asia Clean Energy Summit from EDB Singapore

2013

- Entered into S\$250m IRS and reduced all-in cost of debt
- Refinanced S\$100m of term loan facility and S\$50m of revolving credit facility
- Refinanced and converted S\$120m of acquisition term loan to S\$100m loan facility

2012

- Established S\$500m Multi-currency MTN Programme
- Issued S\$50m of 4.75% fixed rate notes
- Established S\$40m revolving credit facility
- Increased existing S\$320m term loan facility with S\$100m short term loan facility and S\$50m revolving credit facility

2017

- e-Shang Redwood acquires c.80% indirect stake in Manager from NAB and Oxley (remaining 20% in Manager held by Mitsui), and c.12% of REIT units, becoming REIT's second largest unitholder
- Cambridge Industrial Trust changes its name to "ESR-REIT"

- Issued S\$150m of 4.6% subordinated perpetual securities as part of the S\$750m Multicurrency MTN programme

2018

- Awarded Best Corporate Governance Company, Singapore at Global Banking & Finance Awards 2017
- Announced the launch of a non-renounceable preferential offering on the basis of 199 new units for every 1,000 existing units to raise gross proceeds of up to c.S\$141.9m

- Announced Proposed Merger with VIT
- Announced Proposed Acquisition of 15 Greenwich Drive, a modern multi-tenanted ramp-up logistics facility

Present

- Corporate Actions
- Awards and Achievements
- Capital Management

# 1Q2018 Financial Results

	1Q2018 (S\$ million)	1Q2017 (S\$ million)	QoQ (%)
Gross Revenue <sup>(1)(3)</sup>	33.6	27.7	21.2
Net Property Income <sup>(2)(3)</sup>	23.8	19.7	20.8
Amount Available for Distribution to:	15.1	13.1	
- Perpetual Securities Holders	1.7	-	n.m
- Unitholders <sup>(4)</sup>	13.4	13.1	2.4
<b>Distribution Per Unit (“DPU”) (cents)</b>	<b>0.847<sup>(5)</sup></b>	<b>1.004</b>	<b>(15.6)</b>
<b>Adjusted DPU (cents)</b>	<b>1.008<sup>(6)</sup></b>	<b>1.004</b>	<b>0.4</b>

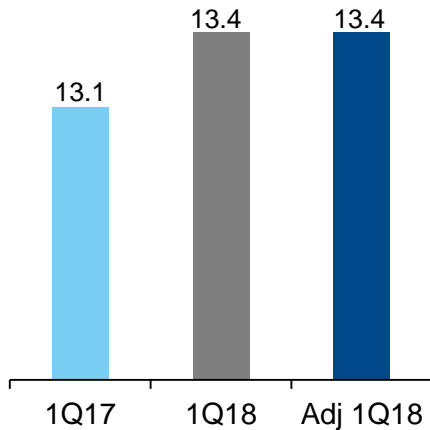
Note:

- (1) Includes straight line rent adjustment of S\$0.4 million (1Q2018: S\$0.2 million).
- (2) Higher Net Property Income (“NPI”) mainly due to full quarter contributions from two acquisitions (8TS and 7000 AMK) in mid December 2017, partially offset by non renewal of leases at 12 AMK, 31 KT and 30 TG, lease conversion of 21B Senoko Loop (1Q2018) and 3PS3 (3Q2017) and 4 property divestments (87 Defu, 23WT, 55 Ubi and 9BB) since 1Q2017.
- (3) Includes Non-Controlling Interest (“NCI”) of 20% of 7000 Ang Mo Kio Avenue 5 in 1Q2018.
- (4) Higher distributable income to Unitholders due to better NPI performance of the portfolio as per (2).
- (5) Lower DPU due to dilution from new units issued pursuant to the Preferential Offering (262.8 million units) and Distribution Reinvestment Plan (“DRP”) units issued since 1Q2017.
- (6) Adjusted DPU is based on the weighted average number of units in issue during 1Q2018 (assumes the units issued under the Preferential Offering were only entitled to distributable income from 28 March to 31 March 2018).

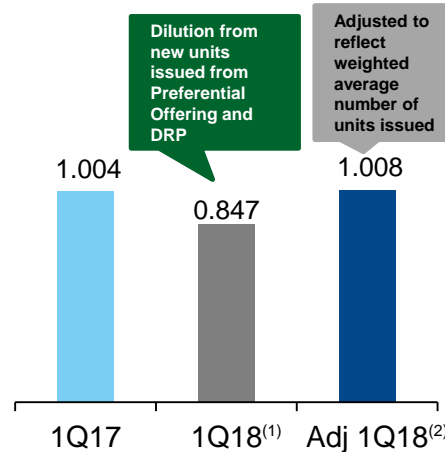
# Comparison of Key Metrics Across Time

1Q17  
VS  
1Q18

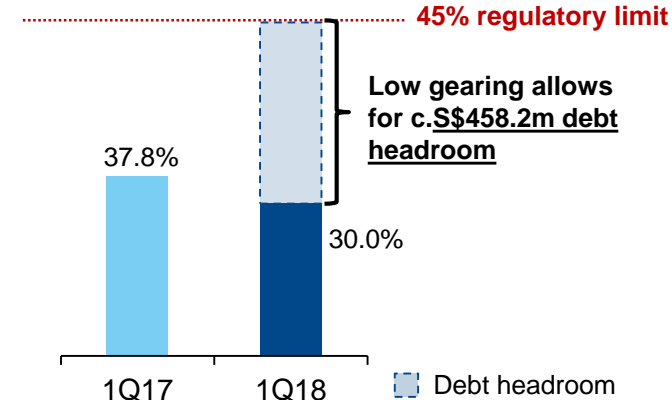
Distributable Income (\$m)



DPU (cents)

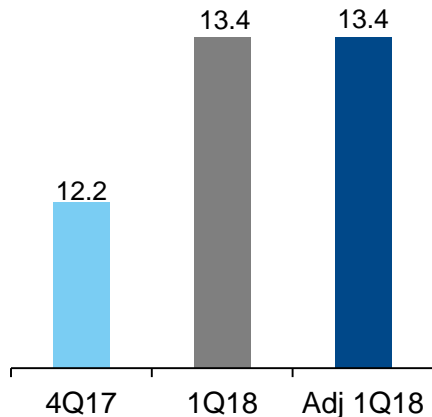


Gearing (%)

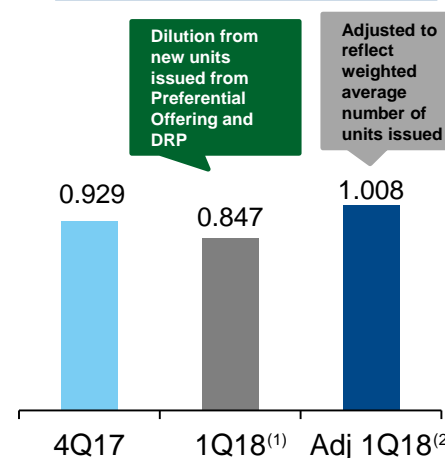


4Q17  
VS  
1Q18

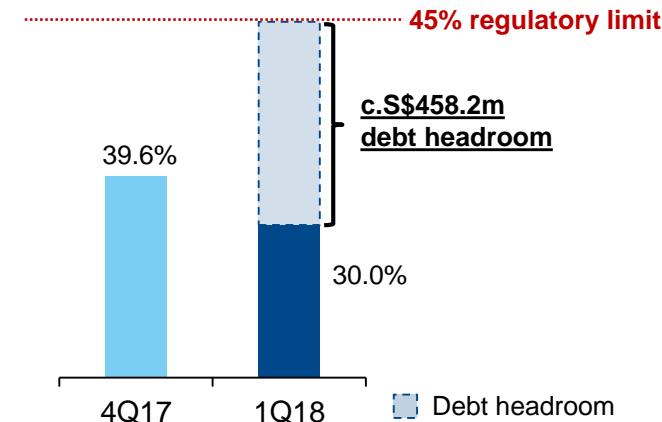
Distributable Income (\$m)



DPU (cents)



Gearing (%)



Note:

- (1) Lower DPU due to dilution from new units issued pursuant to the Preferential Offering (262.8 million units) and DRP units issued since 1Q2017.
- (2) Adjusted DPU is based on the weighted average number of units in issue during 1Q2018 (assumes the units issued under the Preferential Offering were only entitled to distributable income from 28 March to 31 March 2018).



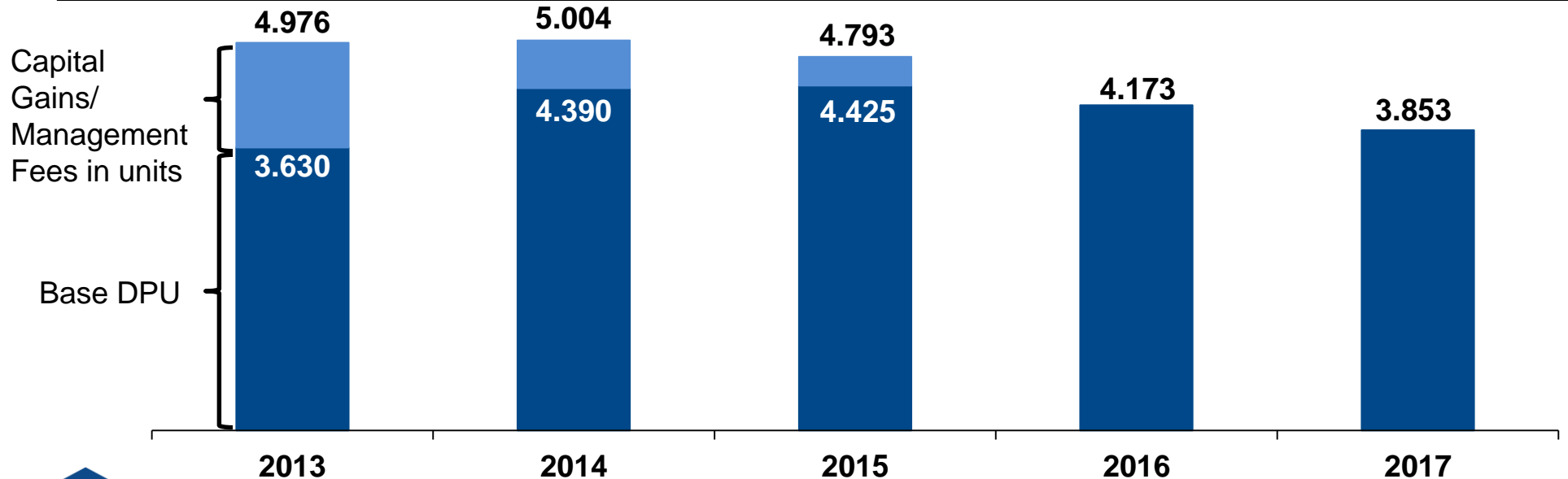
# Balance Sheet Summary

	As at 31 Mar 2018 (S\$ million)	As at 31 Dec 2017 (S\$ million)
Investment Properties	1,653.1 <sup>(1)</sup>	1,675.8 <sup>(1)</sup>
Other Assets	22.5	20.0
<b>Total Assets</b>	<b>1,675.6</b>	<b>1,695.8</b>
Total Borrowings (net of loan transaction costs)	500.0	669.8
Other Liabilities	38.1	35.4
Non-Controlling Interest	60.6	60.6
<b>Total Liabilities</b>	<b>598.7</b>	<b>765.8</b>
<b>Net Assets Attributable to:</b>		
- Perpetual Securities Holders	152.8	151.1
- Unitholders	924.1	778.9
No. of Units Issued (million)	1,583.7	1,313.6
<b>NAV Per Unit (cents)</b>	<b>58.4</b>	<b>59.3</b>

# DPU Profile Over Last 5 Years

- From FY2013 - FY2015, headline DPU was higher
  - Capital gains paid out and management fees paid in units
- Since FY2016, distributions has been based on earnings
  - Narrowed gap between earnings per unit and DPU
- Conversion of STBs to MTBs has negatively impacted DPU in recent years
  - Reduced revenue and increased property expenses

Five-Year Distribution Per Unit (cents)

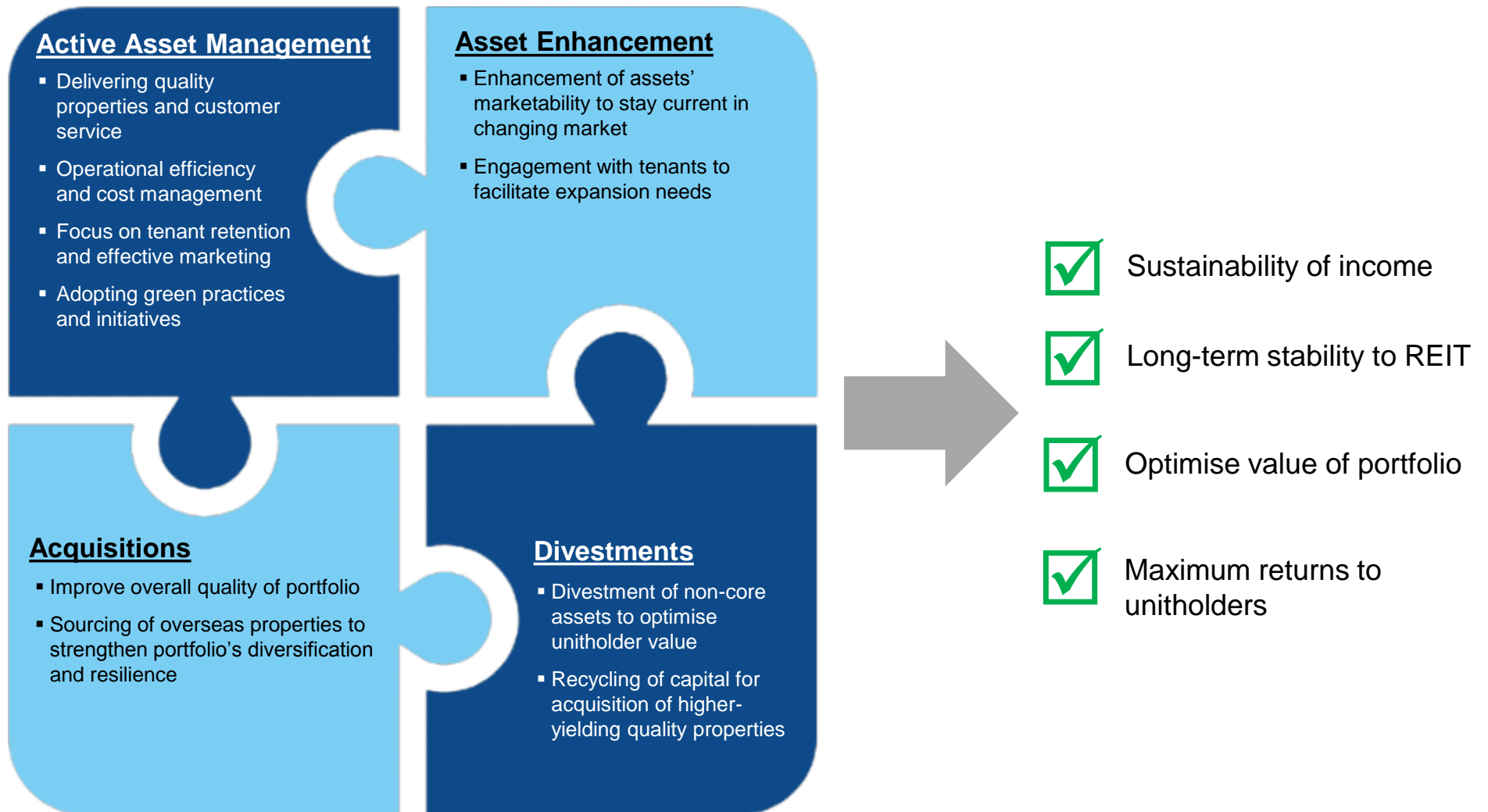


# Key Portfolio Statistics

	As at 31 Mar 2018	As at 31 Dec 2017
Number of Properties	47	48
Valuation (S\$ million)	1,652.2 <sup>(1)</sup>	1,675.8 <sup>(1)</sup>
GFA (million sq ft)	9.7	9.9
NLA (million sq ft)	8.9	9.0
Weighted Average Lease Expiry (“WALE”) (years)	4.4	4.3
Weighted Average Land Lease Expiry (years)	33.5	33.8
Occupancy (%)	90.7 <sup>(2)</sup>	93.0
Number of Tenants	194	207
Security Deposit (months)	7.0	7.0

# Pro-active Asset Management

## Pro-active Approach Targeted At Maximising Portfolio's Return



# ESR-REIT Development Capabilities

## Pro-active Team Focused on Delivering Customer-Focused Solutions

- Track record of acquiring strategic assets and managing built-to-suit development projects
- Specifically address requirements of our clients and their projects
- Team of experienced professionals who pro-actively manage every aspect of the development to ensure we deliver quality results on time and on budget
- Sponsor ESR is a developer of built-to-suit warehousing and distribution facilities for leading global e-commerce companies

### The ESR-REIT Built-to-Suit Advantage:

- ✓ Customised purpose-built facility to suit end user requirements
- ✓ Modern, innovative and sustainable solutions offered at market rents
- ✓ Maximising site and leased area efficiency using best-in-class, industry standards in construction technology
- ✓ Capital recycling initiatives which support business growth, resources and technology
- ✓ Integrated ownership, development and management model with a focus on sustainable development
- ✓ Dedicated team of pro-active and experienced in-house professionals with focus on developing long-term customer partnerships
- ✓ Extensive client network with presence in key and developing markets
- ✓ Consultative design process with streamlined single point-of-contact



Built-to-Suit Projects



AEI & Redevelopment

# Acquisitions in FY2017

## 8 Tuas South Lane



<b>Description</b>	Five detached factories, one 8-storey warehouse and four blocks of dormitory buildings
<b>Gross Floor Area</b>	c.781,126 square feet
<b>Remaining Land Tenure</b>	c.36 years
<b>Purchase Consideration</b>	S\$106.1 million
<b>Independent Valuation</b>	S\$115.0 million
<b>Lease Term</b>	15 years for majority of the space (with Hyflux), with built-in rental escalations
<b>Acquisition Completed</b>	13 December 2017

## 7000 Ang Mo Kio Avenue 5<sup>(1)</sup>



<b>Description</b>	6-storey high-specifications production block 5-storey ancillary office block
<b>Gross Floor Area</b>	1,073,233 square feet
<b>Net Lettable Area</b>	834,783 square feet
<b>Remaining Land Tenure</b>	c.39 years
<b>Purchase Consideration</b>	S\$240.0 million <sup>(2)</sup> (80% interest)
<b>Independent Valuation</b>	S\$303.0 million (100% basis)
<b>Acquisition Completed</b>	14 December 2017

# Larger and More Yield-Accretive Acquisitions



Two acquisitions of c.S\$346.1m conducted in 2017 boosted portfolio by >24%

- 7000 AMK acquisition (c.S\$303m on a 100% basis) is REIT's largest acquisition since IPO



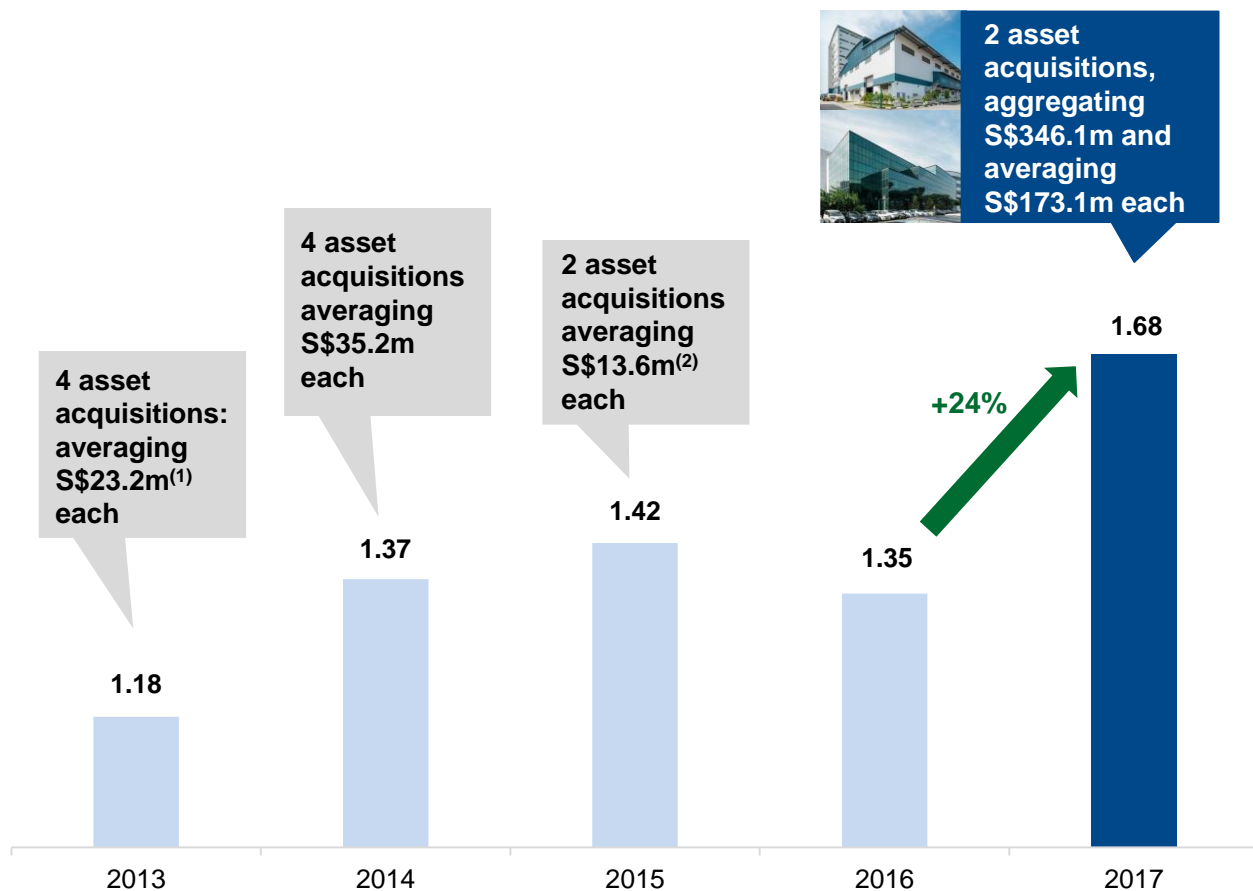
Facilitated by obtaining General Mandate at 2017 AGM

- Demonstrates Unitholder support for REIT's growth strategy



Acquisitions are larger in size and yield-accretive, future acquisitions expected to be of similar nature

## Portfolio Valuation Over Time (S\$billion)



# ESR-REIT's Competitive Strengths

- **Leading Pan-Asian** logistics real estate platform with **>US\$11.0bn AUM**
- ESR has c.80% stake in the REIT Manager, c.100% stake in Property Manager and a c.13% stake in the REIT
  - Demonstrates long-term **commitment** and **alignment of interest**
- **Co-founded by Warburg Pincus** and backed by blue-chip institutional ownership and investors
- Provides ESR-REIT with **development expertise** and extensive **network access to strong regional tenant base**

- **Close to 70 years of collective experience** in local and regional real estate companies and financial institutions
  - In-depth knowledge, proven track record and capabilities in Real Estate market, with focus in industrial property sector
- Members have played key roles in the shaping and management of successful REITs in Singapore

- **Proactively conducting AEI Initiatives** to optimize asset returns
- **Established track record** of acquiring strategic assets and managing build-to-suit ("BTS") development projects
- **In-house expertise** to specifically address the requirements of clients and their projects
- **Experienced and flexible team** to **pro-actively manage** projects
- **Sponsor ESR has proven track record** of developing BTS warehousing and distribution facilities for leading global e-commerce companies



- 47 properties valued at S\$1.65 billion<sup>(1)</sup>
- **Strategically located** in key industrial zones across Singapore
- **Proactive** asset and lease management focus
- **Well-balanced portfolio** with Single-Tenanted Building conversions to Multi-Tenanted Buildings
- **Diversified Portfolio**: No individual trade sector accounts for ≥13.6% of rental income
- **Healthy occupancy rate** of 90.7%<sup>(2)</sup>
- Healthy Portfolio WALE of 4.4 years
- Leases backed by **7 months security deposits**
- **Built-in rental escalations** provide organic growth

- Extensive network of 194 tenants
- Diversified across industries including: Logistics, Wholesale Trade, General Storage, Fabrication and Electronics
- Top 10 tenants account for 42.9% of rental income
- **Long lease terms** of 3-15 years provide **stability** for Unitholders, with in-built escalation
- **70.7% tenant retention rate**

- **Stable and secure income stream** supported by **prudent capital and risk management**
  - Staggered debt maturity profile; no refinancing until 4Q2018
  - **92.6% of interest rates fixed**
  - **100% of assets unencumbered**
- **Diversified sources of funding**, with **alternative pools of capital**



# ESR-REIT Portfolio Details



**1/2 Changi North Street 2**

Asset type	General Industrial
Valuation (S\$m)	S\$22.0m
Term of lease (years)	60.0/60.0
Remaining term of lease (years)	43.2/47.9
NLA (sqft)	125,870
Lease type	Master Lease



**160A Gul Circle**

Asset type	General Industrial
Valuation (S\$m)	S\$18.2m
Term of lease (years)	27.0
Remaining term of lease (years)	22.8
GFA (sqft)	86,075
Lease type	Master Lease



**22 Chin Bee Drive**

Asset type	General Industrial
Valuation (S\$m)	S\$14.5m
Term of lease (years)	30.0
Remaining term of lease (years)	17.7
NLA (sqft)	120,653
Lease type	Master Lease



**28 Woodlands Loop**

Asset type	General Industrial
Valuation (S\$m)	S\$17.5m
Term of lease (years)	60.0
Remaining term of lease (years)	37.8
NLA (sqft)	131,859
Lease type	Master Lease



**31 Kian Teck Way**

Asset type	General Industrial
Valuation (S\$m)	S\$5.7m
Term of lease (years)	49.0
Remaining term of lease (years)	24.7
NLA (sqft)	33,088
Lease type	Master Lease



**11 Woodlands Walk**

Asset type	General Industrial
Valuation (S\$m)	S\$17.2m
Term of lease (years)	60.0
Remaining term of lease (years)	37.8
NLA (sqft)	96,625
Lease type	Master Lease



**2 Tuas South Ave 2**

Asset type	General Industrial
Valuation (S\$m)	S\$36.1m
Term of lease (years)	60.0
Remaining term of lease (years)	41.0
NLA (sqft)	217,351
Lease type	Master Lease



**25 Pioneer Crescent**

Asset type	General Industrial
Valuation (S\$m)	S\$16.3m
Term of lease (years)	58.0
Remaining term of lease (years)	49.1
NLA (sqft)	76,003
Lease type	Master Lease



**3 Tuas South Ave 4**

Asset type	General Industrial
Valuation (S\$m)	S\$42.9m
Term of lease (years)	60.0
Remaining term of lease (years)	41.4
NLA (sqft)	315,522
Lease type	Master Lease



**43 Tuas View Circuit**

Asset type	General Industrial
Valuation (S\$m)	S\$16.0m
Term of lease (years)	30.0
Remaining term of lease (years)	20.1
NLA (sqft)	122,836
Lease type	Master Lease



**15 Jurong Port Road**

Asset type	General Industrial
Valuation (S\$m)	S\$37.5m
Term of lease (years)	28.0
Remaining term of lease (years)	17.2
NLA (sqft)	245,172
Lease type	Master Lease



**21B Senoko Loop**

Asset type	General Industrial
Valuation (S\$m)	S\$26.4m
Term of lease (years)	60.0
Remaining term of lease (years)	35.1
NLA (sqft)	195,823
Lease type	Master Lease



**28 Senoko Drive**

Asset type	General Industrial
Valuation (S\$m)	S\$13.7m
Term of lease (years)	60.0
Remaining term of lease (years)	22.0
NLA (sqft)	159,338
Lease type	Master Lease



**31 Changi South Ave 2**

Asset type	General Industrial
Valuation (S\$m)	S\$12.0m
Term of lease (years)	60.0
Remaining term of lease (years)	37.2
NLA (sqft)	59,697
Lease type	Master Lease



**5/7 Gul Street 1**

Asset type	General Industrial
Valuation (S\$m)	S\$15.0m
Term of lease (years)	29.5
Remaining term of lease (years)	19.8
NLA (sqft)	98,864
Lease type	Master Lease

# ESR-REIT Portfolio Details



**60 Tuas South Street 1**

Asset type	General Industrial
Valuation (S\$m)	S\$4.0m
Term of lease (years)	30.0
Remaining term of lease (years)	17.2
NLA (sqft)	44,675
Lease type	Master Lease



**120 Pioneer Road**

Asset type	General Industrial
Valuation (S\$m)	S\$40.6m
Term of lease (years)	58.0
Remaining term of lease (years)	37.2
NLA (sqft)	219,331
Lease type	Multi-Tenanted



**511/513 Yishun Industrial Park A**

Asset type	General Industrial
Valuation (S\$m)	S\$26.1m
Term of lease (years)	59.0/60.0
Remaining term of lease (years)	36.4/35.9
NLA (sqft)	200,562
Lease type	Multi-Tenanted



**16 Tai Seng Street**

Asset type	Light Industrial
Valuation (S\$m)	S\$60.5m
Term of lease (years)	60.0
Remaining term of lease (years)	49.5
NLA (sqft)	215,666
Lease type	Master Lease



**11 Serangoon North Ave 5**

Asset type	Light Industrial
Valuation (S\$m)	S\$20.0m
Term of lease (years)	60.0
Remaining term of lease (years)	39.3
NLA (sqft)	112,601
Lease type	Multi-Tenanted



**8 Tuas South Lane**

Asset type	General Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$115.0m
Term of lease (years)	46.0
Remaining term of lease (years)	36.3
NLA (sqft)	768,201
Lease type	Master Lease



**30 Marsiling Industrial Estate Road 8**

Asset type	General Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$36.6m
Term of lease (years)	60.0
Remaining term of lease (years)	31.9
NLA (sqft)	175,747
Lease type	Multi-Tenanted



**86/88 International Rd**

Asset type	General Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$43.0m
Term of lease (years)	60.0
Remaining term of lease (years)	37.0
NLA (sqft)	237,229
Lease type	Multi-Tenanted



**30 Teban Gardens Crescent**

Asset type	Light Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$38.9m
Term of lease (years)	32.0
Remaining term of lease (years)	21.4
NLA (sqft)	139,525
Lease type	Master Lease



**128 Joo Seng Road**

Asset type	Light Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$12.0m
Term of lease (years)	60.0
Remaining term of lease (years)	34.4
NLA (sqft)	73,407
Lease type	Multi-Tenanted



**9 Tuas View Crescent**

Asset type	General Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$10.2m
Term of lease (years)	60.0
Remaining term of lease (years)	40.6
NLA (sqft)	71,581
Lease type	Master Lease



**45 Changi South Ave 2**

Asset type	General Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$12.1m
Term of lease (years)	60.0
Remaining term of lease (years)	37.7
NLA (sqft)	63,530
Lease type	Multi-Tenanted



**79 Tuas South Street 5**

Asset type	General Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$11.0m
Term of lease (years)	60.0
Remaining term of lease (years)	42.1
NLA (sqft)	67,942
Lease type	-



**70 Seletar Aerospace View**

Asset type	Light Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$9.2m
Term of lease (years)	30.0
Remaining term of lease (years)	23.8
NLA (sqft)	53,729
Lease type	Master Lease



**130 Joo Seng Road**

Asset type	Light Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$15.6m
Term of lease (years)	60.0
Remaining term of lease (years)	33.9
NLA (sqft)	89,626
Lease type	Multi-Tenanted

# ESR-REIT Portfolio Details



**136 Joo Seng Road**

Asset type	Light Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$12.8m
Term of lease (years)	60.0
Remaining term of lease (years)	32.8
NLA (sqft)	78,189
Lease type	Multi-Tenanted



**160 Kallang Way**

Asset type	Logistics & Warehouse
Valuation (S\$m) <sup>(1)</sup>	S\$26.8m
Term of lease (years)	60.0
Remaining term of lease (years)	15.1
NLA (sqft)	322,604
Lease type	Master Lease



**24 Jurong Port Road**

Asset type	Logistics & Warehouse
Valuation (S\$m) <sup>(1)</sup>	S\$89.4m
Term of lease (years)	42.0
Remaining term of lease (years)	19.2
NLA (sqft)	737,817
Lease type	Multi-Tenanted



**4/6 Clementi Loop**

Asset type	Logistics & Warehouse
Valuation (S\$m) <sup>(1)</sup>	S\$48.1m
Term of lease (years)	60.0
Remaining term of lease (years)	35.8
NLA (sqft)	255,560
Lease type	Multi-Tenanted



**2 Jalan Kilang Barat**

Asset type	Hi-Specs Industrial
Valuation (S\$m) <sup>(1)</sup>	S\$26.9m
Term of lease (years)	99.0
Remaining term of lease (years)	44.5
NLA (sqft)	67,667
Lease type	Multi-Tenanted



**30 Toh Guan Road**

Asset type	Light Industrial
Valuation (S\$m)	S\$59.7m
Term of lease (years)	60.0
Remaining term of lease (years)	37.6
NLA (sqft)	292,944
Lease type	Multi-Tenanted



**25 Changi South Ave 2**

Asset type	Logistics & Warehouse
Valuation (S\$m)	S\$12.5m
Term of lease (years)	60.0
Remaining term of lease (years)	36.8
NLA (sqft)	72,998
Lease type	Master Lease



**3 Pioneer Sector 3**

Asset type	Logistics & Warehouse
Valuation (S\$m)	S\$95.7m
Term of lease (years)	60.0
Remaining term of lease (years)	33.0
NLA (sqft)	645,499
Lease type	Multi-Tenanted



**11 Chang Charn Road**

Asset type	Hi-Specs Industrial
Valuation (S\$m)	S\$29.7m
Term of lease (years)	99.0
Remaining term of lease (years)	39.0
NLA (sqft)	74,064
Lease type	Multi-Tenanted



**21/23 Ubi Road 1**

Asset type	High-Specs Industrial
Valuation (S\$m)	S\$35.6m
Term of lease (years)	60.0
Remaining term of lease (years)	39.1
NLA (sqft)	148,055
Lease type	Multi-Tenanted



**1 3<sup>rd</sup> Lok Yang Rd & 4<sup>th</sup> Lok Yang Rd**

Asset type	Logistics & Warehouse
Valuation (S\$m)	S\$11.7m
Term of lease (years)	30.0
Remaining term of lease (years)	14.0
NLA (sqft)	114,111
Lease type	Master Lease



**31 Tuas Ave 11**

Asset type	Logistics & Warehouse
Valuation (S\$m)	S\$12.3m
Term of lease (years)	60.0
Remaining term of lease (years)	36.3
NLA (sqft)	75,579
Lease type	Master Lease



**3C Toh Guan Road East**

Asset type	Logistics & Warehouse
Valuation (S\$m)	S\$29.7m
Term of lease (years)	60.0
Remaining term of lease (years)	33.1
NLA (sqft)	172,323
Lease type	Multi-Tenanted



**12 Ang Mo Kio Street 65**

Asset type	Hi-Specs Industrial
Valuation (S\$m)	S\$38.9m
Term of lease (years)	60.0
Remaining term of lease (years)	32.8
NLA (sqft)	166,124
Lease type	Multi-Tenanted



**54 Serangoon North Ave 4**

Asset type	Hi-Specs Industrial
Valuation (S\$m)	S\$22.3m
Term of lease (years)	60.0
Remaining term of lease (years)	38.5
NLA (sqft)	116,761
Lease type	Multi-Tenanted

# ESR-REIT Portfolio Details



**7000 Ang Mo Kio Ave 5**

<b>Asset type</b>	Hi-Specs Industrial
<b>Valuation (\$m)</b>	S\$303.0m <sup>(1)</sup>
<b>Term of lease (years)</b>	62.0
<b>Remaining term of lease (years)</b>	39.1
<b>NLA (sqft)</b>	834,783
<b>Lease type</b>	Multi-Tenanted



**16 International Business Park**

<b>Asset type</b>	Business Park
<b>Valuation (\$m)</b>	S\$31.3m
<b>Term of lease (years)</b>	60.0
<b>Remaining term of lease (years)</b>	38.6
<b>NLA (sqft)</b>	69,258
<b>Lease type</b>	Master Lease

# Important Notice

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This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 31 March 2018.

## 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.

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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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