

ESR-REIT Delivers 15.1% year-on-year Growth for 3Q2021 Distributable Income

3Q2021 Interim Business Update

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



**Core Distributable
Income per Unit**



Total Assets



**Market
Capitalisation**

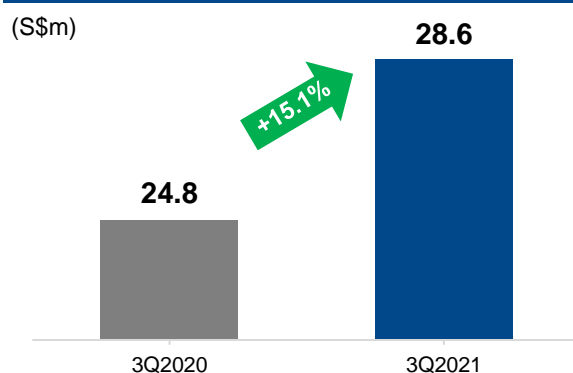


**Portfolio
Occupancy**

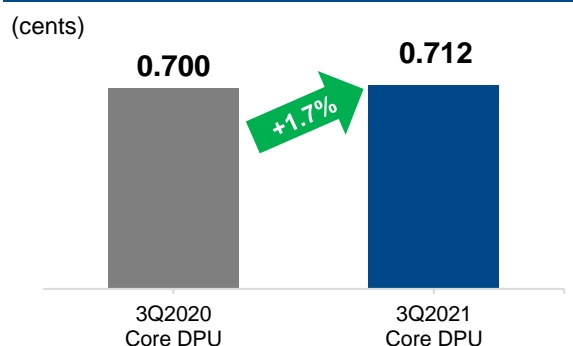
KEY HIGHLIGHTS

- Distributable income for 3Q2021 increased 15.1% y-o-y to S\$28.6 million, underpinned by broad-based increases in gross revenue and net property income. The higher distributable income was driven by higher net property income and contribution from ESR-REIT's 10.0% interest in ESR Australia Logistics Partnership ("EALP")
- Core distributable income per Unit ("DPU") grew 1.7% y-o-y to 0.712 cents
- Portfolio remained resilient with 91.2%⁽²⁾ occupancy rate
- Divested 45 Changi South Avenue 2, a non-core general industrial property, at 7.8% premium to fair value
- AEI works at 19 Tai Seng Avenue slightly delayed due to P2(HA) in 2Q2021, expected to complete in 4Q2021
- Rental collection for 3Q2021 was about 98% of total receivables – better than pre-pandemic levels
- Included in FTSE EPRA NAREIT Global Real Estate Index Series (Global Developed Index) w.e.f. 20 September 2021, enhancing our trading liquidity and visibility to investors worldwide
- Successfully issued S\$125.0 million 5-year senior notes due 2026 in August 2021, priced at a benchmark 2.60% coupon
- Completed a S\$149.6 million equity fundraising (comprising S\$49.6 million Preferential Offering and S\$100.0 million Private Placement) that was ~3.5x covered, with strong participation from new and existing investors

3Q2021 Distributable Income Grew 15.1% y-o-y



3Q2021 Core DPU⁽³⁾ Increased 1.7% y-o-y



Gross Revenue



S\$61.1M

▲ 7.2% y-o-y
▲ 2.6% q-o-q

Net Property Income



S\$43.9M

▲ 8.6% y-o-y
▲ 2.4% q-o-q

Distributable Income



S\$28.6M

▲ 15.1% y-o-y
▲ 1.8% q-o-q

NAV per Unit



39.8 cents

▼ 3.0% y-o-y
- % q-o-q

- In 3Q2021, Gross Revenue **increased 7.2% y-o-y to S\$61.1 million** and Net Property Income **rose 8.6% y-o-y to S\$43.9 million**.
- Distributable Income for 3Q2021 was **up 15.1% y-o-y to S\$28.6 million** mainly due to **higher NPI and contribution from ESR-REIT's 10.0% interest in EALP**
- Core DPU** for 3Q2021 was 0.712 Singapore cents, an **increase of 1.7% y-o-y** from 0.700 Singapore cents in 3Q2020
- Core DPU for 3Q2021 decreased 5.6% q-o-q from 0.754 Singapore cents last quarter as a result of an **enlarged unit base⁽¹⁾** to rebalance our capital structure and working capital
- NAV per Unit remained flat q-o-q at 39.8 cents

Distribution Details

Distribution Period

1 July 2021 – 30 September 2021

Distribution Rate

0.712 cents per unit
– 0.709 cents taxable income per unit
– 0.003 cents capital distribution per unit

Distribution Timetable

Record Date

5 November 2021

Distribution Payment Date

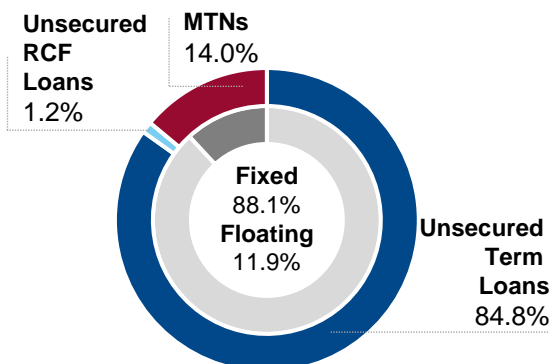
29 December 2021

Prudent Capital Management

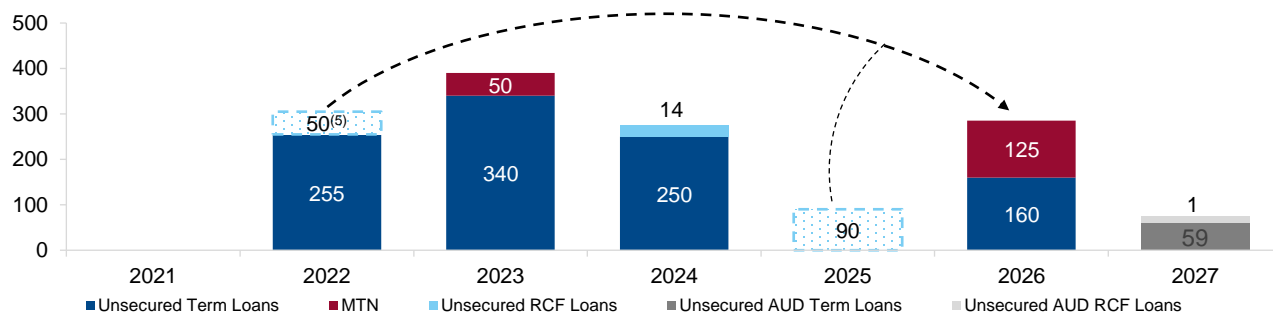
- Successfully issued S\$125.0 million 5-year senior notes due 2026 in August 2021, **priced at a new benchmark 2.60% coupon with more than 2.2x subscription**
- Completed S\$149.6 million equity fundraising (S\$49.6 million Preferential Offering and S\$100.0 million Private Placement) in August 2021, which was ~3.5x covered
- All-In Cost of Debt at 3.41% p.a.**, a reduction from 3.5% p.a in 3Q2020
- Weighted Average Debt Expiry as at 30 Sep 2021 was **2.6 years**
- Debt to Total Assets (Gearing)⁽²⁾ at 41.3%
- 88.1% of debt on fixed interest rates** with Weighted Average Fixed Debt Expiry of **2.2 years**
- Interest Coverage Ratio ("ICR") and MAS ICR⁽³⁾ at 4.0x and 2.9x respectively
- Portfolio **remains 100% unencumbered⁽⁴⁾**
- Committed undrawn RCF of S\$252.9 million

Breakdown of Debt

Total Debt of S\$1,254.4m



Debt Maturity Profile



% of Debt Expiring	2021	2022	2023	2024	2025	2026	2027
	0.0	20.3	31.1	21.0	0.0	22.7	4.8

Notes: (1) Higher applicable number of units mainly due to the equity fund raising comprising a private placement of 268.8 million new ESR-REIT Units and a preferential offering of 124.1 million new ESR-REIT Units which were completed on 18 May 2021 and 26 August 2021 respectively. (2) 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. (3) Interest expense includes amortisation of debt-related transaction costs and finance costs on lease liabilities under FRS 116. (4) Excludes ESR-REIT's 49% interest in 48 Pandan Road. (5) Unsecured RCF of S\$50m due in 2022 was repaid using a combination of proceeds from the S\$125.0m 2.60% unsecured fixed rate note due in 2026 which was issued on 4 August 2021 and S\$50.0m preferential offering completed on 24 August 2021.

- **Portfolio occupancy rate maintained at 91.2%**⁽¹⁾, consistently above JTC's average of 90.1%⁽²⁾
- Portfolio has a **weighted average lease expiry of 2.9 years** and a well-spread lease expiry profile **with only 2.7% multi-tenanted leases expiring in the rest of the year**
- YTD rental reversions improved slightly and recorded 2.2% decline as at 3Q2021, primarily due to renewals of some large tenants in the business park segment
- **Top 10 tenants accounted for 30.1% of ESR-REIT's portfolio rental income.** Tenant base is well-diversified with **no single tenant accounting for more than 5.2% of portfolio rental income**



91.2%⁽¹⁾

**Portfolio
Occupancy**



71.6%

**YTD3Q2021
Tenant Retention**



2.9 years

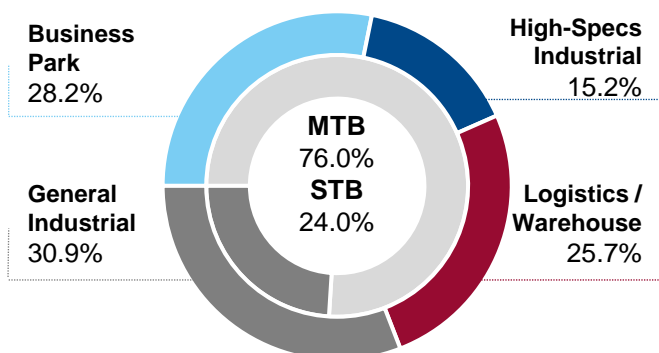
**Weighted Average
Lease Expiry**



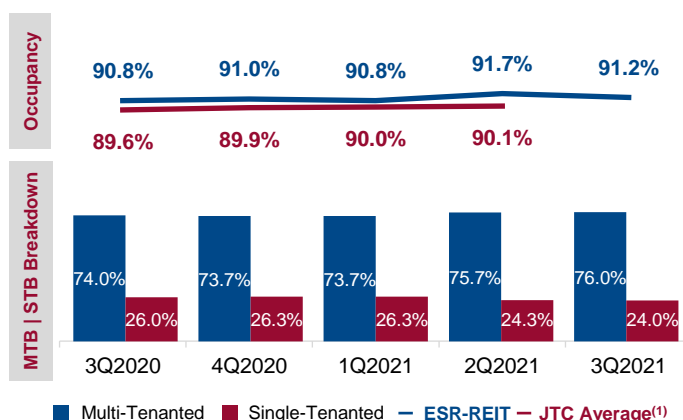
-2.2%

**YTD3Q2021
Rental Reversions**

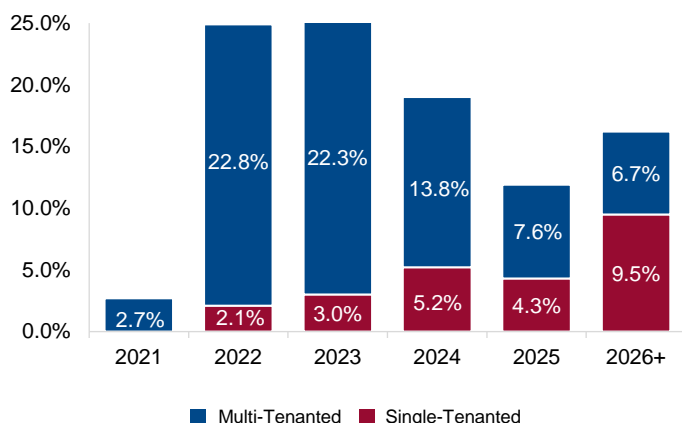
Asset Class (by Rental Income)



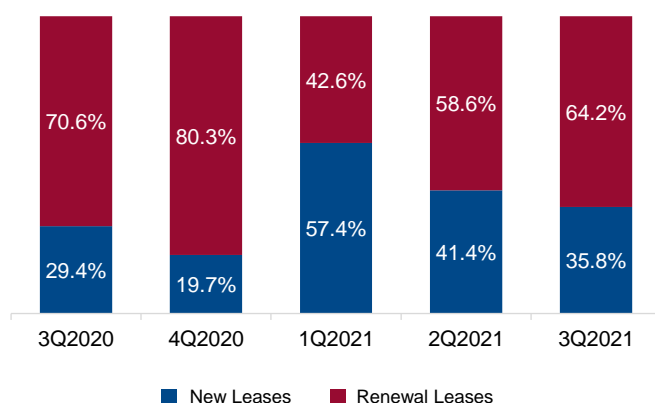
Stabilised Occupancy, Consistently Above JTC



WALE (by Rental Income)



Leases Committed by Type



3Q2021 Leasing Updates

- During the quarter, we leased a **total area of 702,500 sqft** by renewing about 450,700 sqft of space and securing 251,800 sqft of new leases across 52 leasing transactions. **YTD tenant retention rate was 71.6%**
- Major leases secured in this quarter include an engineering company at 8 Tuas South Lane (119,000 sqft), YCH Distripark (Pte) Ltd (51,700 sqft) at 8 Tuas South Lane, Gebruder Weiss (28,700 sqft) at 3 Pioneer Sector 3 and Sistic.com (11,800 sqft) at ESR BizPark @ Changi
- More leasing interest received from **technology, media, e-commerce and logistics sectors**. New leasing demand also observed in **warehousing companies and IT/electronics firms**

Notes:

1. Excludes properties in the pipeline for divestment and redevelopment.
2. Based on 2Q2021 data from JTC.

- Asset enhancement initiatives (“AEI”) at 19 Tai Seng Avenue is expected to complete in 4Q2021 due to delays arising from P2(HA) in 2Q2021
- AEI at 7000 Ang Mo Kio Avenue 5 (“7000 AMK”) is expected to **commence end-Oct** and **target to complete by 3Q2023**. Scope of work includes the development of a new high-specs building with a gross floor area of approximately 265,000 sqft, atop the existing open-air car park at 7000 AMK. Designed to be suitable for both data centre operators and advanced manufacturing tenants, the fully air-conditioned new building will be fitted-out with higher power capacity and higher floor loading

Looking Ahead

Singapore Economy



- Based on the latest advance estimates by MTI, Singapore’s economy grew at a slower pace of 6.5% on a y-o-y basis in 3Q2021 compared to the 15.2% growth recorded in the preceding quarter⁽¹⁾
 - ✓ MTI expects Singapore’s GDP to grow by 6.0% to 7.0% in 2021 ⁽²⁾
- Singapore’s Purchasing Managers’ Index recorded a marginal decrease of 0.1% points from the previous month to 50.8 in September 2021 ⁽³⁾
- Manufacturing output increased 11.2% y-o-y in August 2021 with transport engineering, general manufacturing, electronics, precision engineering and chemicals clusters recording output growth ⁽⁴⁾
- Latest non-oil domestic export figures also expanded for the ninth straight month as Singapore slowly recovers from the ongoing pandemic ⁽⁴⁾

Industrial Property Market



- Rental and price index of industrial space in 2Q2021 remain steady, overall occupancy increased slightly by 0.1% to 90.1% as compared to the previous quarter ⁽⁵⁾
 - ✓ Price and rental increased by 0.6% and 1.8% respectively as compared to the previous quarter ⁽⁵⁾
- Industrial leasing market is expected to continue its recovery with logistics rents expected to grow on sustained demand driven by e-commerce growth. ⁽⁶⁾ Occupancy is expected to remain robust driven by an increase in demand for general industrial as the manufacturing sector continues to recover ⁽⁶⁾
- Barring further construction delays, 2.0 million sqm of industrial space is expected to complete in 2021

COVID-19 Update



- Rental collection for 3Q2021 was 98% of total receivables, better than pre-pandemic levels
- No rental rebates were provided to tenants in 3Q2021

Outlook



- Good operating performance during the third quarter, driven by continued acceleration in digital adoption and paradigm shifts in the global manufacturing supply chain
- Leasing challenges in Business Park segment remain due to prolonged work-from-home measures
- Operating expenses may be affected by increasing fuel prices and overall general inflation due to labour shortages from continued border closures
- Well-positioned to enhance its portfolio with the addition of high-quality properties with stable cash flows in strong rental growth markets to deliver sustainable growth for all unitholders

Notes:

1. Based on advance estimates released by Ministry of Trade and Industry on 14 October 2021.
2. Information obtained from the Economic Survey of Singapore Second Quarter 2021 released by Ministry of Trade and Industry on 11 August 2021.
3. Based on monthly PMI figures obtained from the SPIMM Institute.
4. Information obtained from Economic Development Board.
5. Based on JTC 2Q2021 Industrial Property Market Statistics.
6. Based on Colliers Singapore Industrial Report 1H2021 released on 18 August 2021.

For media and investor enquires, please contact:

Gloria Low
Corporate Communications Manager

Tel: (65) 6222 3339

Fax: (65) 6827 9339

Email: gloria.low@esr-reit.com.sg

Lyn Ong
Investor Relations Manager

Tel: (65) 6222 3339

Fax: (65) 6827 9339

Email: lyn.ong@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 presentation 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, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT's future 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 presentation is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this material 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.