



Financial Results Presentation

2Q2017



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Change in REIT Name



“This name change signifies the importance of the REIT as part of the e-Shang Redwood Group’s business activities and its continued support. As a leading pan-Asia logistics and industrial developer, owner, operator and fund manager, ESR has a strong track record and presence in the Asia Pacific logistics and industrial real estate sector. Our ties with them will enable us to leverage on shared networks and expertise for our tenants, have greater resources to support the REIT’s continued expansion efforts via asset acquisitions and development projects, and be well-poised to take on the next stage of development for our Unitholders”

Adrian Chui, Chief Executive Officer and Executive Director

2Q2017 At A Glance



Proactive Asset Management

- WALE 3.4 years
- Occupancy rate maintained at 95.4%
- c.0.7m sq ft of space renewed and leased in 1H2017
- 3 divestments planned

Prudent Capital Management

- No refinancing till 2H2018
- c.90% of interest rates fixed
- 100% unencumbered

Financial Performance

- No capital distribution
- 100% management fees payable in cash
- DRP switched on

Financial Performance

3 Pioneer Sector 3



2Q2017 Financial Results

	2Q2017 (S\$ million)	2Q2016 (S\$ million)	YoY (%)
Gross Revenue ⁽¹⁾	27.7	28.3	(2.2)
Net Property Income ⁽²⁾	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)

Note:

(1) Includes straight line rent adjustment of S\$0.2million (2Q2016: S\$0.4 million)

(2) Lower net property income mainly due to the lease conversion effect of properties to multi-tenancy after master lease expiries, property divestments since 2Q2016, higher maintenance costs on existing property portfolio and one-off accrual of cost related to the fire at 30 Toh Guan Road.

1H2017 Financial Results

	1H2017 (S\$ million)	1H2016 (S\$ million)	YoY (%)
Gross Revenue ⁽¹⁾	55.4	56.7	(2.2)
Net Property Income ⁽²⁾	38.9	42.7	(8.8)
Amount Available for Distribution	25.6	28.6	(10.5)
Distribution Per Unit (“DPU”) (cents)	1.960	2.190	(10.5)

Note:

(1) Includes straight line rent adjustment of S\$0.4million (2Q2016: S\$0.8 million)

(2) Lower net property income mainly due to the lease conversion effect of properties to multi-tenancy after master lease expiries, property divestments since 2Q2016, higher maintenance costs on existing property portfolio and one-off accrual of cost related to the fire at 30 Toh Guan Road.

Balance Sheet Summary

	As at 30 Jun 2017 (S\$ million)	As at 31 Dec 2016 (S\$ million)
Investment Properties	1,358.5	1,354.0
Other Assets	11.3	13.0
Total Assets	1,369.8	1,367.0
Total Borrowings (net of loan transaction costs)	517.1	509.6
Other Liabilities	27.5	30.4
Total Liabilities	544.6	540.0
Net Assets Attributable to Unitholders	825.2	827.0
No. of Units Issued (million)	1,304.4	1,304.4
NAV Per Unit (cents)	63.3	63.4

Distribution Timetable

Distribution Details

Distribution Period	1 April 2017 to 30 June 2017
Distribution Rate	0.956 cents per unit from taxable income
Distribution Reinvestment Plan (“DRP”)	DRP switched on; 2% discount

Distribution Timetable

Last Trading Day on a “Cum Distribution” Basis	18 July 2017
Distribution Ex-Date	19 July 2017
Books Closure Date	21 July 2017
Fixing of Unit Price for DRP Units	24 July 2017
Distribution Payment Date	31 August 2017
Listing of the DRP Units	31 August 2017

Prudent Capital Management



Key Capital Management Indicators

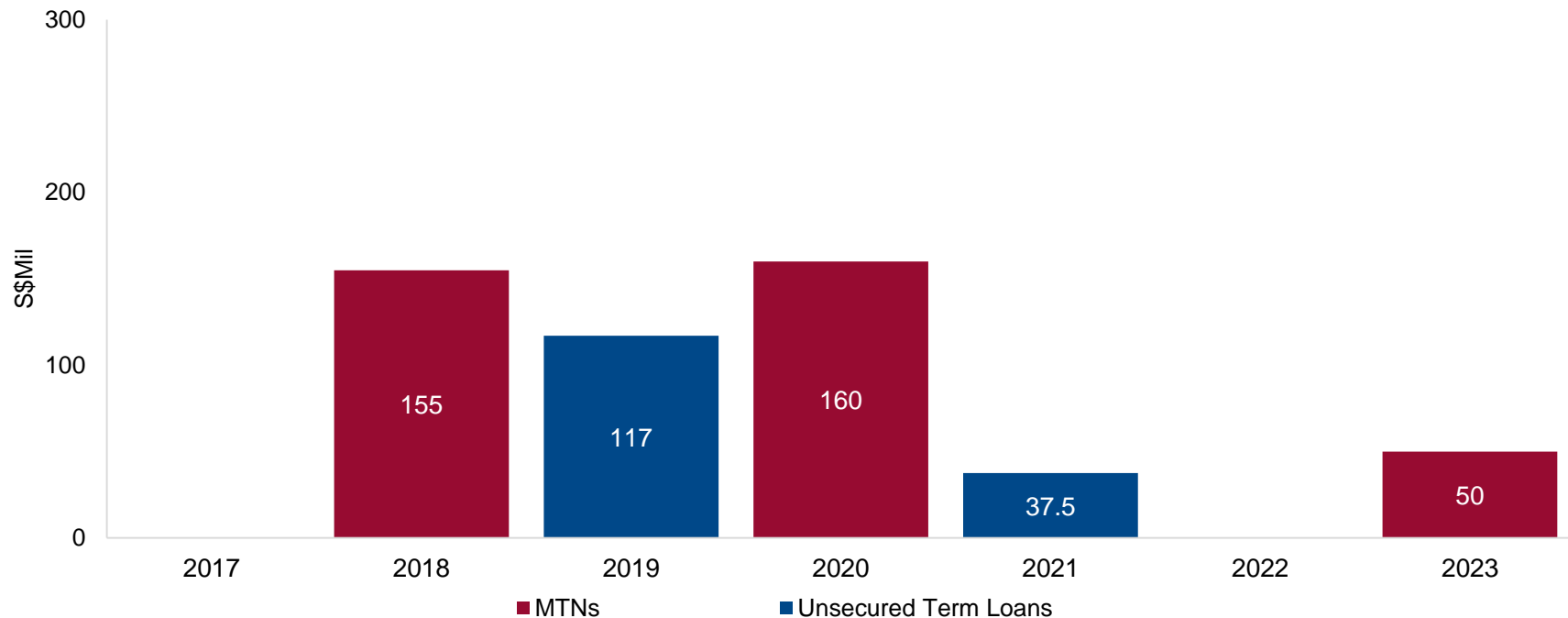
- **89.5% of interest rates fixed for the next 2.4 years**
- **100% unencumbered investment properties**

	As at 30 Jun 2017	As at 31 Dec 2016
Total Gross Debt (S\$ million)	519.5	512.5
Gearing Ratio (%)	37.9	37.5
All-in Cost (%) p.a.	3.67	3.71
Weighted Average Debt Expiry (years)	2.6	3.1
Interest Coverage Ratio (times)	3.6	3.6
Interest Rate Exposure Fixed (%)	89.5	90.7
Proportion of Unencumbered Investment Properties (%)	100	100
Available Committed Facilities (S\$ million)	95.5	102.5

Well-Staggered Debt Maturity Profile

- No refinancing due till 2H2018
- Undrawn committed RCF of S\$95.5m provides ESR-REIT with financial flexibility

Debt Maturity Profile (as at 30 June 2017)



Real Estate Highlights

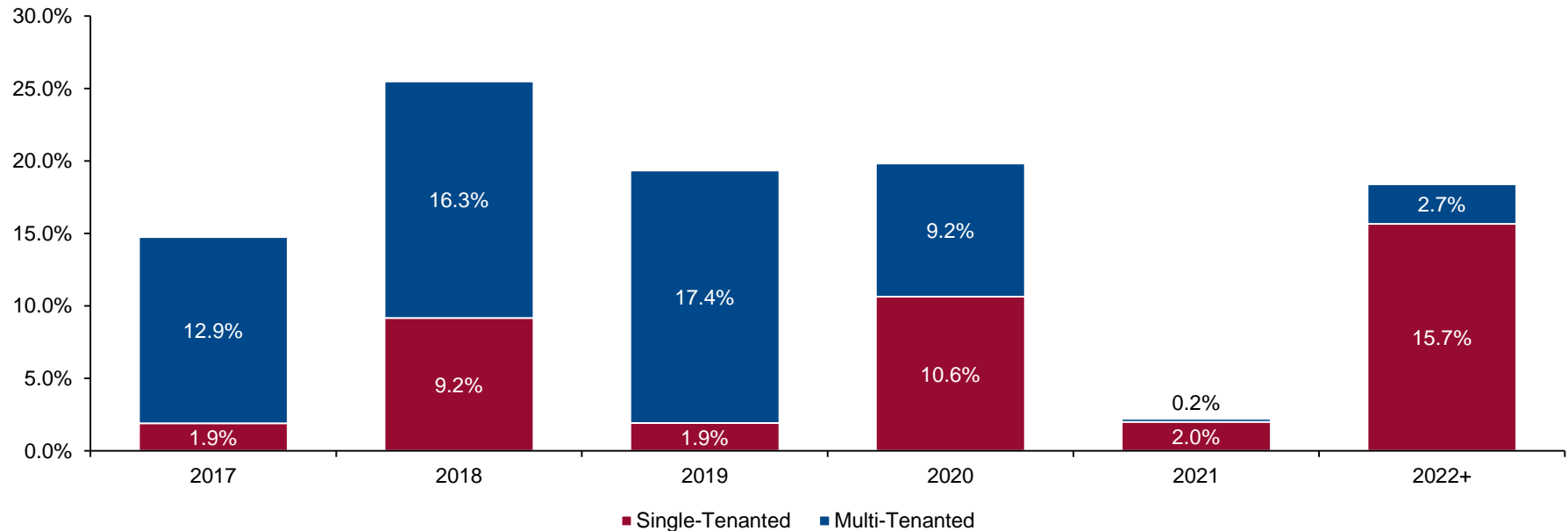
3 Pioneer Sector 3



Proactive Lease Management

- Renewed and leased approximately 692,509 sq ft of leases in 1H2017
- Tenant retention rate of 66.6% for 1H2017
- Rental reversion of -18.3% for 1H2017

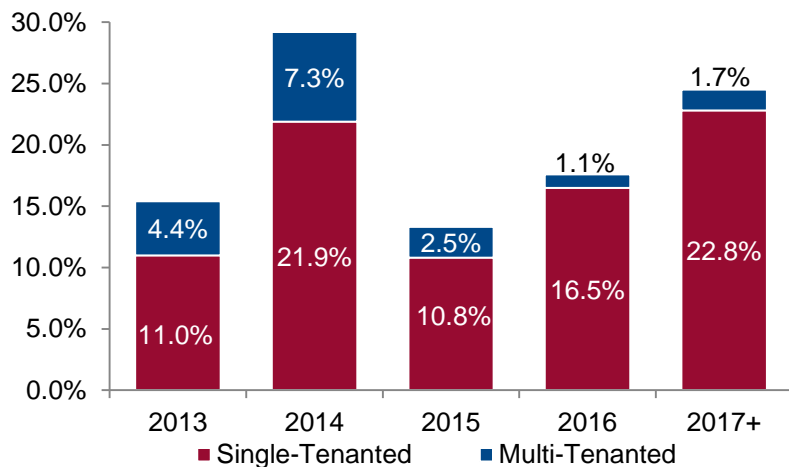
WALE by Rental Income (as at 30 June 2017)



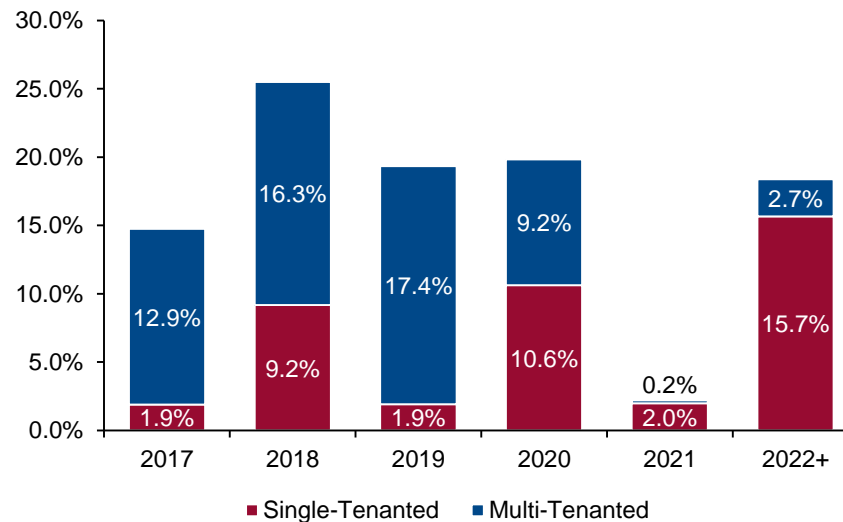
Increasingly Balanced Portfolio

- ESR-REIT's portfolio is more balanced with a move from single-tenanted to multi-tenanted over the last few years
- In 2012, 44% of the portfolio represented single tenant leases expiring in the next 3 years
- Today, only 13% of the portfolio represents single tenant leases expiring in the next 3 years

WALE by Rental Income (2012)

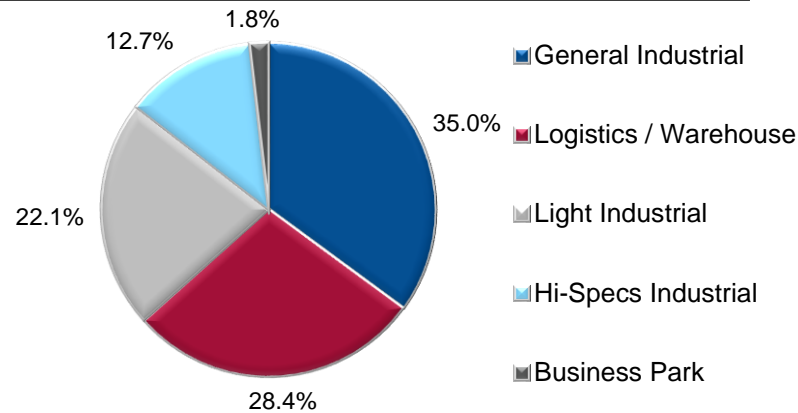


WALE by Rental Income (2Q2017)

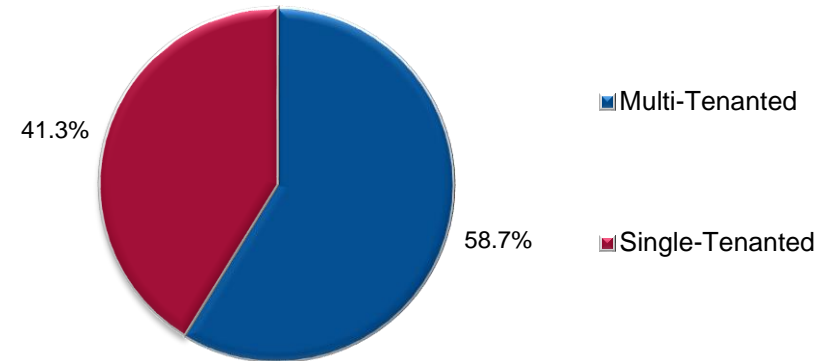


Diversified Portfolio with Healthy Occupancy

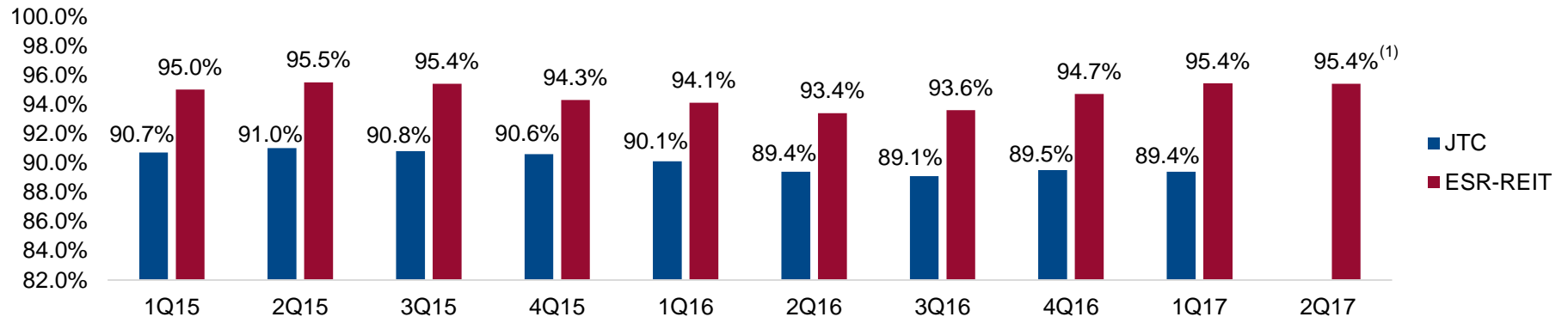
Asset Class by Rental Income
(2Q2017)



Single-Tenanted vs Multi-Tenanted by Rental Income
(2Q2017)



Portfolio Occupancy
(As at 30 June 2017)



Note:

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

Key Portfolio Updates

Renewal of Expiring Leases

- For FY2017, lease expiry concentration was reduced by 6.7% from 21.5% at the start of 2017 to 14.8%
- 3 out of the 5 STB leases have been renewed
- For the remaining 2 STB leases representing 1.9% of portfolio rental income:
 - 1 has expressed intention to renew their lease
 - 1 smaller asset is intended to be divested

Replacement Tenant

- The lease with Tellus Marine (oil and gas sector), a master tenant at 21B Senoko Loop has been pre-terminated as a replacement tenant has been found
 - Accounts for c.2.4% of portfolio rental income
- New tenant is in the construction sector, taking over the entire site for a 3 year lease term starting from 1 January 2018
- Portfolio now has minimal exposure to tenants in the oil and gas sector

30 Toh Guan Road

- Fire occurred in May 2017 – asset accounts for c.4.4% of portfolio valuation
- Building only expected to return to full operation in July 2017
- We have prudently accrued for one-off costs

Proposed Divestments



55 Ubi Avenue 3

Sale Consideration

S\$22.138 million
0.2% above valuation
18% above acquisition price

Description

A 5-storey light industrial building

Land Tenure

~ 39 years balance

Gross Floor Area

141,135 sq ft

Completion Date

Target 3Q 2017



23 Woodlands Terrace

Sale Consideration

S\$17.68 million
2.8% above valuation
15% above acquisition price

Description

A 4-storey light industrial building

Land Tenure

~ 39 years balance

Gross Floor Area

124,425 sq ft

Completion Date

Target 4Q 2017



87 Defu Lane 10

Sale Consideration

S\$17.5 million
0.6% above valuation
34% above acquisition price

Description

A 6-storey light industrial building

Land Tenure

~ 33 years balance

Gross Floor Area

109,920 sq ft

Completion Date

Target 3Q 2017

Market Outlook and Strategy



Market Outlook

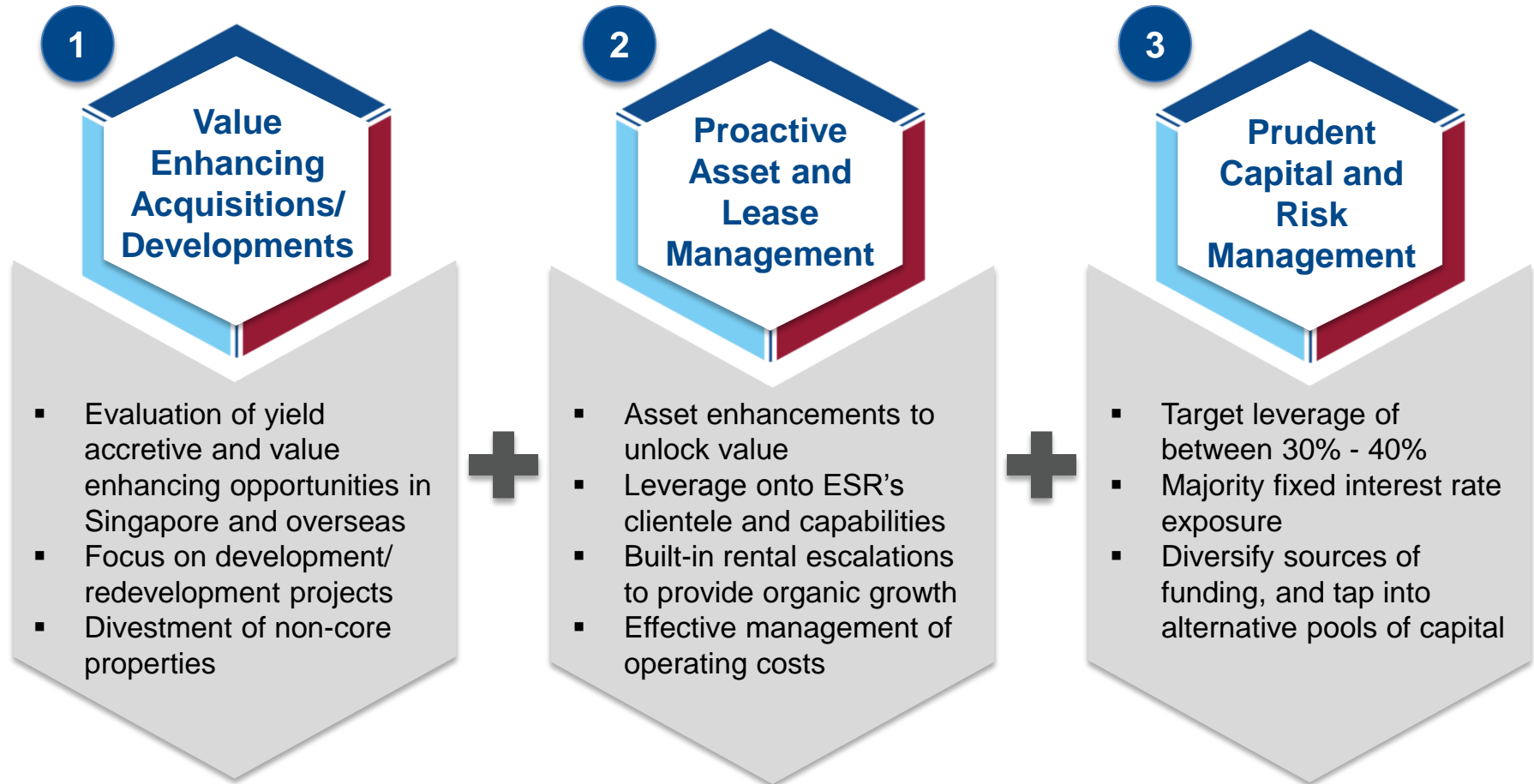
Potential to capitalise on the upside after Rental Index decline in recent years due to oversupply and on the back of improving macroeconomic indicators

Industrial Market



- JTC 1Q2017 Industrial Property Statistics showed that occupancy rates of multiple-user factories declined 0.3% points Q-o-Q (0.3% points Y-o-Y) to 87%
- Amid falling demand, rental rates continued to fall with the rental indices of multiple-user factory space declining 1.1% Q-o-Q (5.2% Y-o-Y)
- However, it is encouraging to note that new supply forecast is expected to fall off after 2017 amidst improving macroeconomic indicators
- Portfolio occupancy maintained at 95.4%⁽¹⁾, above JTC industrial average
- The Manager remains focused on managing our assets and lease expiries proactively, while divesting non-core assets
- Ability to leverage onto ESR's clientele and capabilities
- Prudent capital management with 89.5% of the portfolio's interest rates fixed, and a 100% unencumbered portfolio

Concise Strategy to Unlock Value



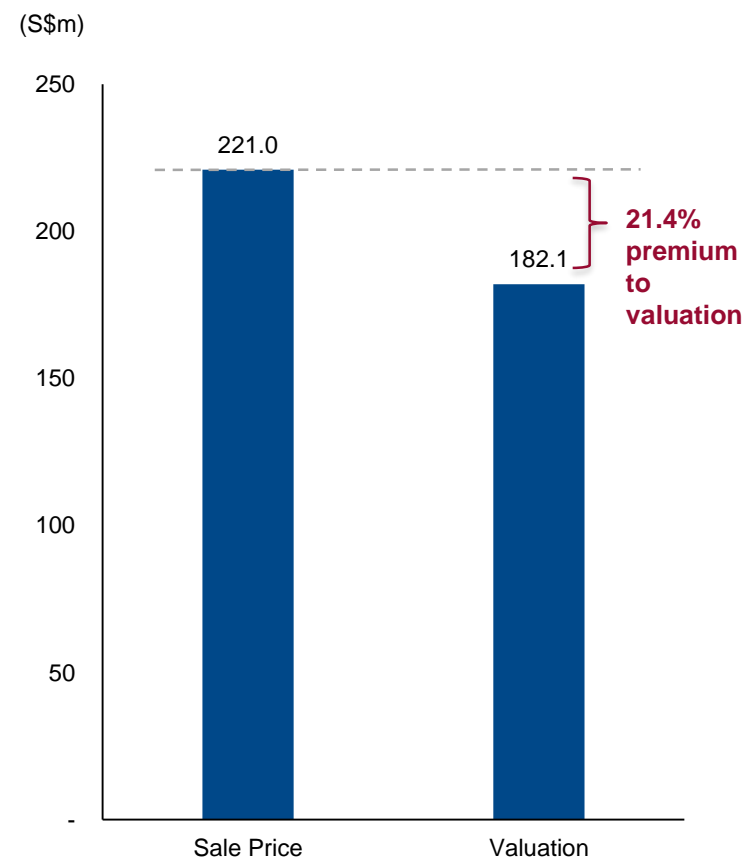
Value Unlocked for Unitholders

Divestments To Improve Portfolio Returns

Since 2013, ESR-REIT has identified and divested the following non-core assets at an average of 21.4% premium to valuation. ESR-REIT remains a long term investor of industrial assets. However, consideration will be given to divest assets on a case-by-case basis to improve portfolio returns

Year of Divestment	Asset	Sale Price (\$m)	Premium to Valuation
2016	2 Ubi View	\$10.5	6.1%
2016	23 Tuas Ave 10	\$16.5	5.1%
2014	81 Defu Lane 10	\$7.8	16.4%
2013	361 Ubi Road 3	\$18.5	2.8%
2013	63 Hillview Avenue	\$140.8	28.0%
2013	23 Lor 8 Toa Payoh	\$18.4	15.0%
2013	7 Gul Lane	\$8.5	46.6%
Total/ Average		\$221.0	21.4%

Cumulative Divestments Since 2013



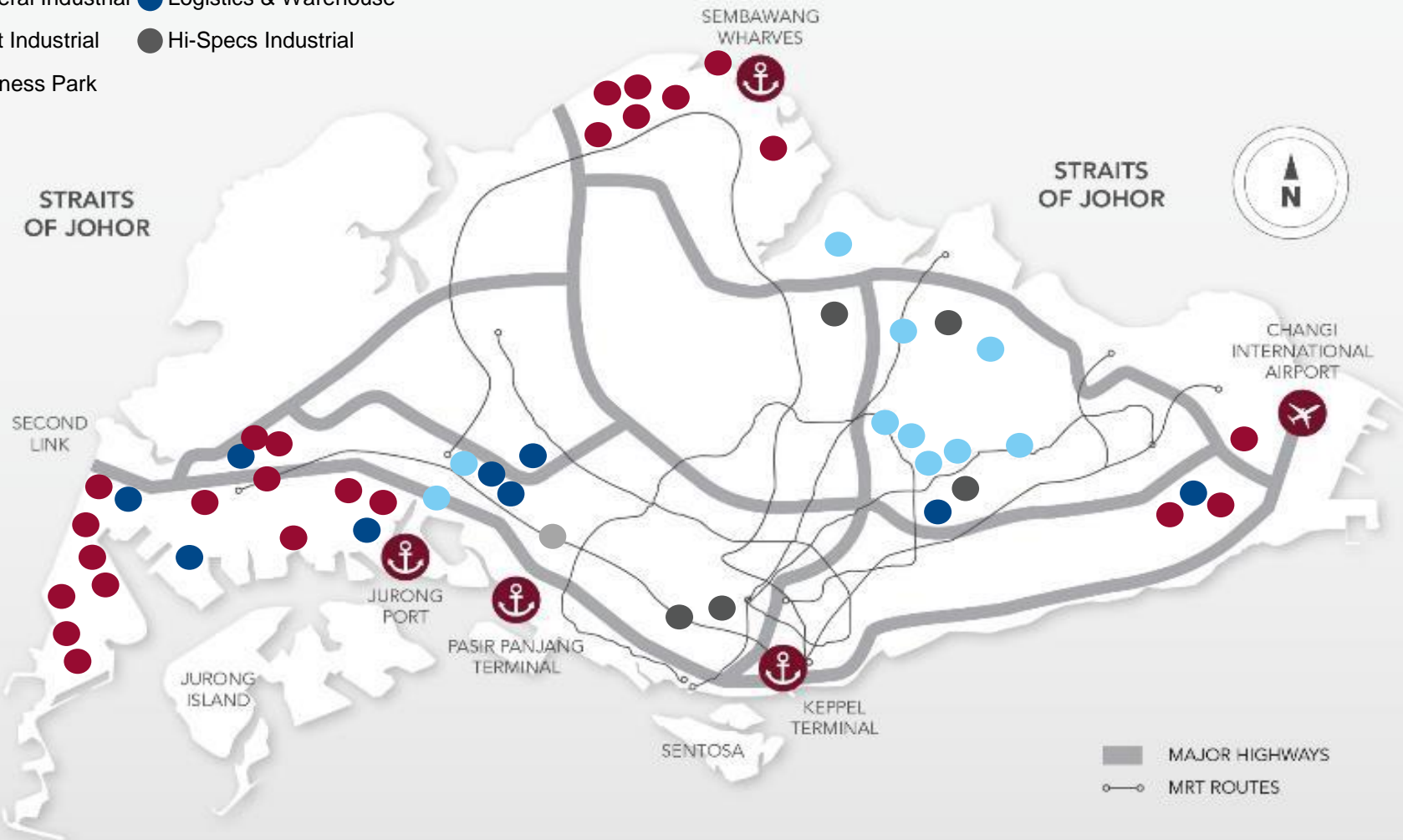
Appendix

3 Pioneer Sector 3



ESR-REIT Portfolio

- General Industrial
- Logistics & Warehouse
- Light Industrial
- Hi-Specs Industrial
- Business Park



Key Portfolio Statistics

	As at 30 Jun 2017	As at 31 Dec 2016
Number of Properties	49	49
Valuation (S\$ million)	1,354	1,354
GFA (million sq ft)	8.4	8.4
NLA (million sq ft)	7.7	7.7
Weighted Average Lease Expiry (“WALE”) (years)	3.4	3.7
Weighted Average Land Lease Expiry (years)	33.4	34.0
Occupancy (%)	95.4 ⁽¹⁾	94.7 ⁽²⁾
Number of Tenants	208	215
Security Deposit (months)	8.4	8.2

Note:

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

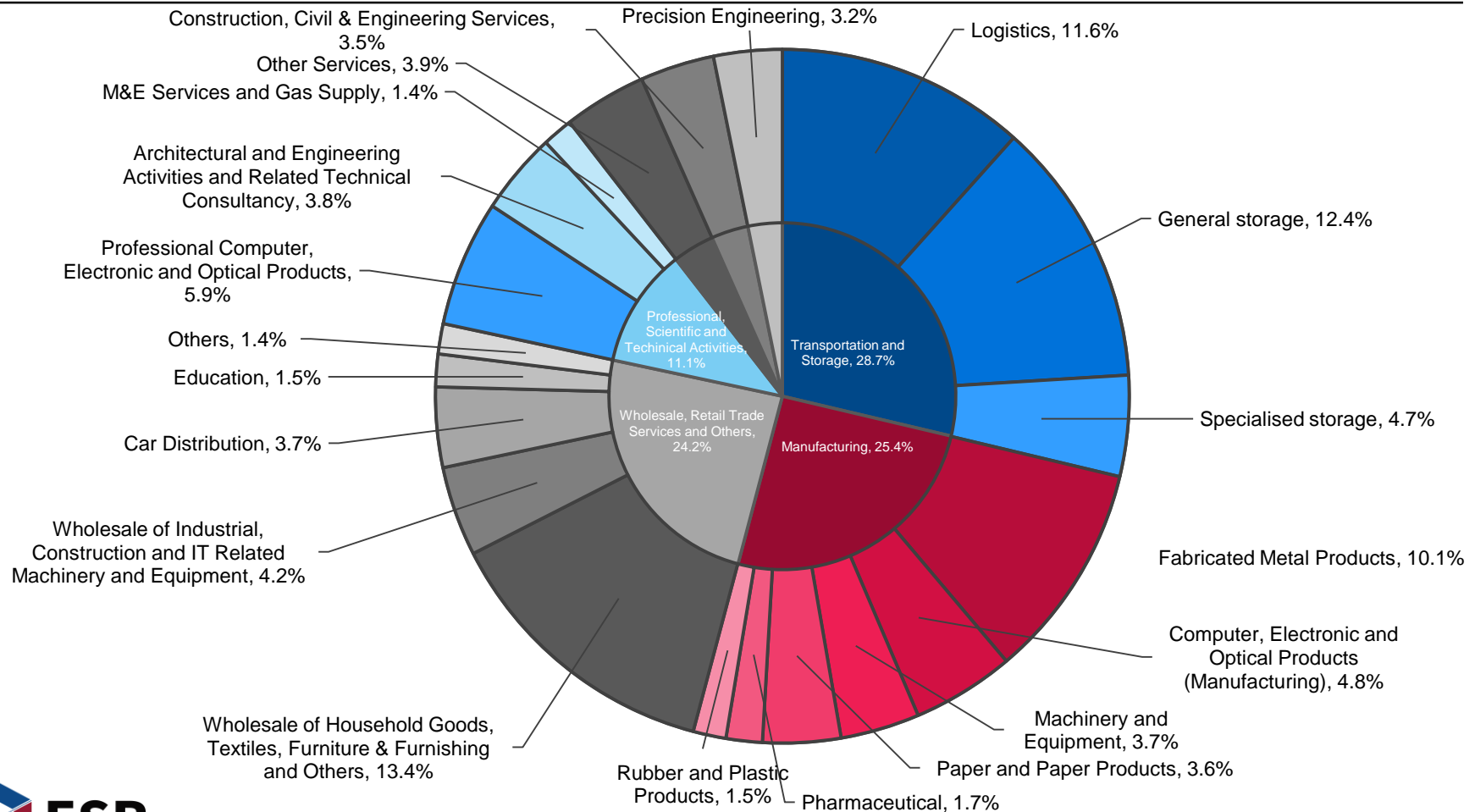
(2) Excluding 120 Pioneer Road which is currently undergoing AEI

Diversified Tenant Base and Trade Sectors

No individual trade sector accounts for more than 13.4% of ESR-REIT's rental income

Breakdown by Trade Sectors (by Rental Income)

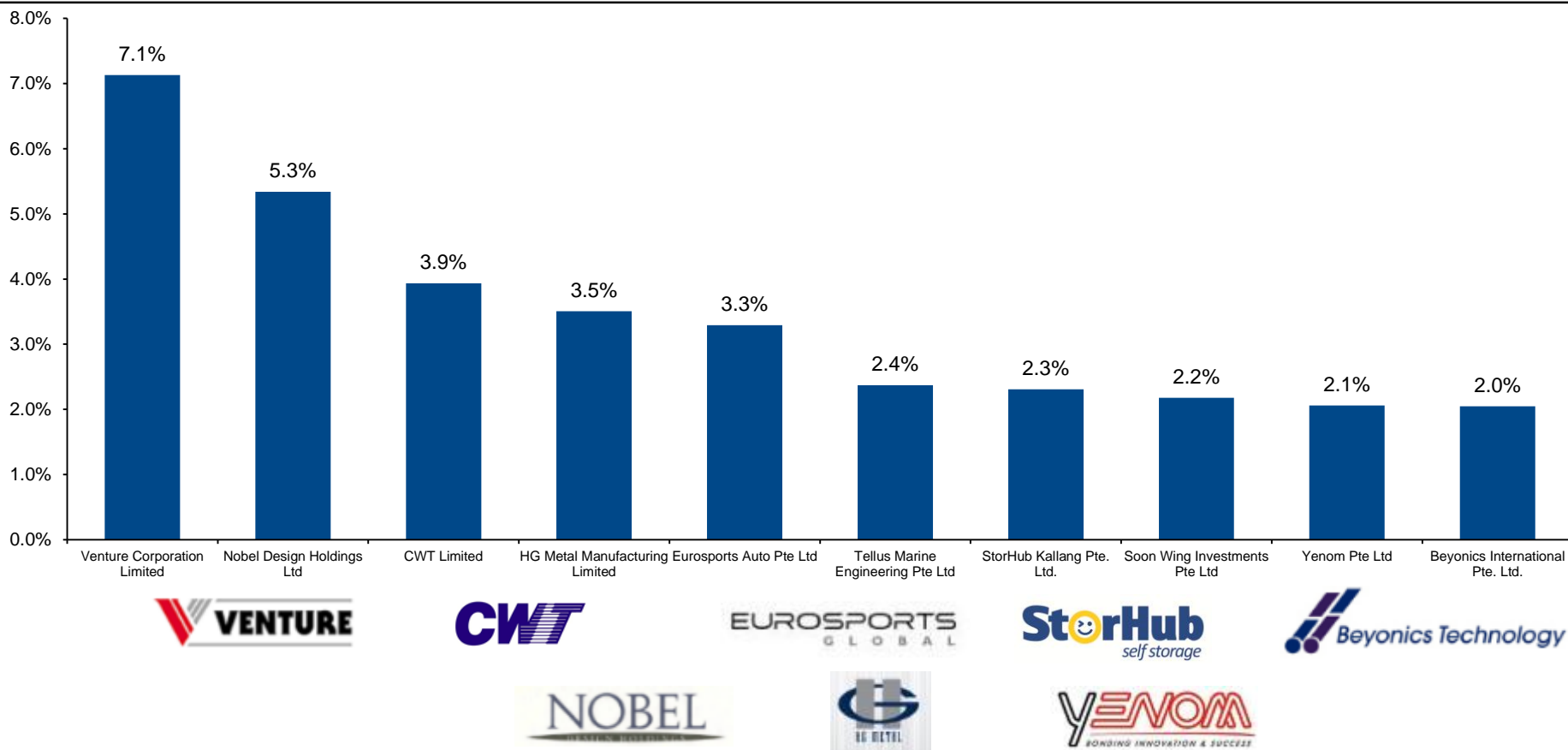
(2Q2017)



Quality and Diversified Tenant Base

Top 10 Tenants Account for c.34.1% of rental income

Top 10 Tenants (by Rental Income)
(2Q2017)



Important Notice

This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 30 June 2017.

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